

# ANNUAL REPORT 2023

GENERALI zavarovalnica d.d.



WE CREATE  
A RESPONSIBLE  
FUTURE

[generali.si](http://generali.si)



RESPONSIBLE BUSINESS

# WE CREATE A RESPONSIBLE FUTURE

On account of the challenges brought by climate change and social inequalities, we proactively develop and implement sustainable solutions for our customers and partners as well as for our employees.

Generali zavarovalnica builds its responsible and sustainable business as a responsible investor, a responsible insurer and a responsible employer, and its employees as responsible citizens. Our activities, defined in our sustainability strategy, are already considered a good example of the green transition among insurance companies and Slovenian companies. This was further confirmed by the first national ESG rating and the Green Star Certificate awarded to us.

## THE MANAGEMENT BODIES as at 31 December 2023

### Supervisory Board

**Gregor Pilgram** (Chairman)  
**Carlo Schiavetto** (Deputy Chairman)  
**Miroslav Singer** (Member)  
**Suzana Meglič** (Member)  
**Matjaž Pavlin** (Member)

### Management Board

**Vanja Hrovat** (President)  
**Katarina Guzej** (Member)  
**Mitja Feri** (Member)



In this Annual Report, the name **GENERALI** Zavarovalnica d.d. is also used in the following forms: Generali zavarovalnica, Generali d.d., Insurance Company or Company.

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# LETTER FROM THE PRESIDENT OF THE MANAGEMENT



**Vanja Hrovat, President of the Management Board**

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Raging rivers ravaged Slovenia last year, many lost everything, but solidarity and mutual connection shone through during the worst hardships. In the Company, in addition to immediately organizing the appropriate services, which directed all capacities to solving claims, we also came to the aid of our policyholders, friends and neighbours who needed help.

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## Dear policyholders and co-workers, distinguished business partners

The year 2023 was very challenging for the insurance industry in Slovenia and for Generali zavarovalnica. Despite the tough economic environment, Generali remains the largest international insurance company and one of the three largest insurance companies in Slovenia. We have achieved many business goals, which proves the effectiveness of our strategic plan Lifetime Partner 24: Driving Growth. Generali zavarovalnica is well capitalized, we have confirmed to be an efficient, resilient and solid company. Positive responses from the public and survey reports on the satisfaction of our customers, including those who suffered damage in storms and floods, testify that we have fulfilled their expectations.

Natural disasters are becoming a regular occurrence. If a year ago we were talking about the biggest fire in the history of Slovenia, the floods in early August 2023 went down in history as the worst natural disaster in our country so far. The Company played an extremely important role in repairing the damage after the floods. Despite the record number of claims, we ensured quick payment of claims to our policyholders, something we are proud of. We enabled damage reporting through all communication

channels and provided the necessary assistance and useful information for dealing with such extraordinary events. These events have also shown that our claim settlement process works perfectly, not only because of advanced infrastructure and technology, but above all because of professional, passionate and dedicated colleagues.

The freezing of premiums and later the abolition of complementary health insurance also had a major impact on the insurance market and our business. Demanding business conditions were increased by inflation, while the transition to new accounting standards further contributed to the complex developments in the insurance industry in general.

Despite the challenges faced, we closed the year 2023 on a positive note, with a profit of 1.4 million euros, even though, as expected, results were significantly worse than the multiannual average. The drop in net profit is largely the result of the government decree to freeze the complementary health insurance premium in April 2023. Because of the abolition of complementary health insurance, competition among insurance companies in the field of complementary health insurance has significantly increased on the market.

The Company totalled EUR 516.3 million of gross written premiums and achieved premium growth in all three

core business areas. The largest growth of 10.7% was recorded in the area of non-life insurance. Compared to the previous year, we achieved high growth of as much as 6.3% in the sale of life insurance, while health insurance remained at the same level as the year before (1.7% growth), despite the announced abolition of complementary health insurance. Our achievements are the result of the excellent work of our employees and relevant and high-quality products and services. All this leads to a high degree of trust and satisfaction of our customers, which we have strengthened even more during difficult times.

#### **The customer at the centre**

From the very beginning, the customer has been at the centre. We recognize the wishes and needs of consumers through digitization, data-driven decision-making and innovation to offer them tailor-made insurance and coverage. Last year, in accordance with sustainable guidelines, we updated our offer and investment policy and significantly increased the share of policies taken out online. We significantly simplified, standardized and automated key processes. Nevertheless, we will maintain the classic channels, among which personal contact is still the most important one, even in the future. As a result of the strategy of intertwining the knowledge of our colleagues and modern technologies, including artificial intelligence tools, we can offer our customers even higher quality services - from consulting and taking out insurance to claims procedures.

Customer satisfaction is our central goal, a goal that we have been systematically monitoring for five years with the Net Promoter Score Programme, through which we have made almost a million customer calls and verified their satisfaction with the cooperation with our Company. Their feedback helps us become even better.

#### **Long-term and comprehensive sustainability commitments**

We are aware of the responsibility that a financial institution, such as our insurance company, has in society. Therefore, sustainability guides us in all decision-making. We strive to create added value for all our stakeholders and at the same time build a more resilient and fairer society. Our four responsible roles, responsible insurer, investor, employer and citizen, guide us on the path of sustainable transformation. We measure our progress continuously and with clear performance indicators in all areas of operation. The future holds many challenges, among them environmental and climate changes, an aging society

and even greater pressures on the sustainability of the health and pension systems. The Company therefore focuses on the development of insurance products that provide additional financial security in old age, health and other long-term care, and quality property insurance. In addition, we develop sustainable products and modern insurance such as environmental liability insurance, which we recently introduced to the market.

Our sustainability commitments are comprehensive and long-term. We comply with all EU legislation imposed on our industry and proactively manage sustainability risks in all areas. To this end, we are increasing ESG investments and using a taxonomy to segment the industries in which we will invest at an accelerated rate. As part of the Generali Group, we joined the UN-convened Net Zero Asset Owner Alliance (NZAOA) and plan to become carbon neutral by 2050.

Along with our own transformation, we also encourage sustainable operations and investments in the wider business environment. Last year, for the first time in Slovenia, we launched the SME EnterPRIZE strategic initiative of the Generali Group to reward and strengthen the visibility of the best sustainable practices implemented by small and medium-sized companies.

Through various socially responsible projects, our Company is also an important supporter in the Slovenian environment. We are proud of The Human Safety Net Foundation, which helps the most vulnerable individuals in society. In this context, not only as a company, but also as active volunteers and responsible citizens, we help and cooperate with the Association of Friends of Youth Ljubljana Moste-Polje, where we support the »Together We Grow« programme for children. We also support numerous sports and cultural societies and organizations and contribute to the preservation of Slovenian cultural heritage as part of the Generali Gallery's activities.

Our sustainable operation and projects were awarded the national Green Star Certificate which confirms the regularity of our strategy and activities. We are also proud of the awards we received in the HR field, including the award for the best HR practice in 2023. Last year, for the 5<sup>th</sup> year in a row, we also received the Superbrands award, which distinguishes only 1% of Slovenian brands that consumers trust the most, see as unique and that meet their needs and desires.

The current strategic plan »Lifelong Partner 24: Driving Growth« will also guide our work in 2024 - the key drivers remain, but we will place even greater emphasis on the most important development projects such as digitization and the achievement of sustainable goals.

Thank you to all our colleagues for your constructive cooperation in achieving the strategic goals and fulfilling our Lifetime Partner purpose. I would also like to thank customers and business partners for their trust and cooperation.

**Vanja Hrovat,**  
President of the Management Board



# BUSINESS REPORT



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# WE CREATE SUSTAINABLE INVESTMENTS

## RESPONSIBLE INVESTOR

When it comes to the environment, commitments are not enough. The Generali Group allocated between 8.5 and 9.5 billion euros last year to investments that combine environmental protection with business efficiency. Moreover, as we are aware of the importance of global action, the Generali Group founded last year the Net-Zero Insurance Alliance, whose aim is the gradual decarbonization of direct investments. Generali zavarovalnica successfully achieves the Group's decarbonisation goals. We have already set ourselves the goal of reducing emissions by 42% by the end of 2025 against the 2019 baseline and by as much as 49% in the following five years, by year 2030.

# 1. GENERALI ZAVAROVALNICA D.D. IN 2023

Generali Zavarovalnica d.d. has been successfully operating on the Slovenian market since 1 January 1997. It is the largest international insurance company in Slovenia and part of the global Generali Group. In 2023, its operating activities were directed at all levels towards the goals set by the strategy Lifetime Partner 24: Driving Growth.

The mission of the Insurance Company has been a constant since its very first beginnings - we wish to stand by our customers on their life and professional journey and build long-term relationships with them as their lifetime partner. We respond to changes in the local and global environment with innovation, digitization of business operations and hybrid ways of doing business and cooperating with customers, as well as by developing new products and services. Moreover, innovation is one of the fundamental building blocks of business. A look into history shows that we were the first on the market to offer customers the possibility to take out car insurance over the phone, the first to reward safe drivers, the first to have an insurance bonus club and the first to offer online insurance services.

Longstanding relationships with our customers at all stages of their lives and a contribution to the sustainable future of the environment in which we operate form the basis of our operations. Sustainability orientation is also the foundation and driving force of our strategic plan, which is focused on doing business with technological and product innovations aimed at transitioning to sustainable ways of being and existing. We understand sustainability as a commitment to share responsibility for building a more resilient and fairer society.

We put lifetime partnership with customers and customer satisfaction first. We incessantly focus on them and their expectations, we want to stand by them on their life journey and build longstanding relationships with them. As a lifetime partner to our customers, we want to create the best-in-class experience and design sustainable and innovative products that make a positive impact on their lives, the community and other stakeholders.

**By embracing sustainable practices across our businesses, we want to ensure a safer and more sustainable future: as a responsible investor, a responsible insurer, a responsible employer and as responsible citizens.**

A solid capital position and a diverse business model, which match the changes in the environment and meet the new needs of our customers, ensured success of the Company's business operations again in 2023. The success is built on the offer and development of quality insurance and assistance services, as well as on a strong and omnichannel sales network, one of the broadest on the Slovenian market.

As a lifetime partner, we provide our clients with a comprehensive range of insurance products and assistance services in the fields of non-life, life, pension and health insurance. We develop comprehensive but simple insurance solutions for our clients. We are constantly introducing innovations that reflect changing needs and provide tailored-made solutions for our customers. At the same time, we will continue strengthening one of our important competitive advantages - longstanding, lifetime partnerships with policyholders, personal contact and strong digital support. We enable our customers to choose their own method of communication with the Insurance Company by making available services from both environments – for example, they may choose to receive information or assistance via digital channels, while at the same time

they can manage their insurance contracts in person by contacting an agent or in a branch. "Phygital" advice contributes to a comprehensive and advanced experience that blends the best features of both environments.

At the same time, we strive to make every interaction with customers simple, friendly and of high quality. This means that we provide our customers with impeccable and efficient counselling, underwriting and claim management, as we are aware that these are the key elements of customer trust and loyalty. Each customer is unique, so we strive to understand and meet individual wishes and expectations as well as create a tailored-made service and experience for our customers.

As competent, committed and satisfied employees, we are actively involved in the design and achievement of business goals. In the field of human resources, in order to address ever-increasing digitization and global changes, the Company constantly invests in the development of key employee skills and development of competences, intergenerational mentoring and sustainable leadership, develops a hybrid working model and maintains the culture of a learning organization aiming at a lifetime partnership with customers.

## Key performance data of the Generali zavarovalnica in 2023

The year 2023 was extremely challenging for Generali zavarovalnica, as the business was affected by the historically highest amount of claims paid due to natural disasters and by the introduction of level on the amount of supplementary health insurance premiums, which caused a loss in health insurance. At the same time, negative inflationary pressure on claims paid and costs continued. The Company countered the unfavourable circumstances with further digitization of operations, introduction of measures in the area of claims settlement, adjustment of premiums, cost rationalization and efforts to replace supplementary health insurance income by increasing the sale of other health insurance classes. Despite the negative developments, the Company increased the total volume of business in 2023 and recorded growth in all key insurance segments.

In 2023, the Insurance Company totalled EUR 516.3 million of the gross written premium thus ranking in third place on the Slovenian insurance market.

- Premium growth was recorded in all three insurance sectors: non-life insurance (+10.7%), life (+6.3%) and health insurance (+1.7%).

Generali zavarovalnica d.d.	2023	2022
Gross written premium (in EUR million)*	516.3	480.8
Gross claims paid (in EUR million)*	386.8	306.6
Market share	17.1%	17.4%
Combined ratio (other insurance)	103.0%	101.9%
Profit before tax (in EUR million)	2.5	8.0
Net profit (in EUR million)	1.4	7.5
	31.12.2023	31.12.2022
Total assets (in EUR million)	1,149.5	1,096.7
Equity (in EUR million)	190.0	201.5
Investment contracts liabilities (net; in EUR million)	794.0	725.8
Reinsurance contracts assets (net; in EUR million)	69.2	27.3
Number of employees	1,280	1,296

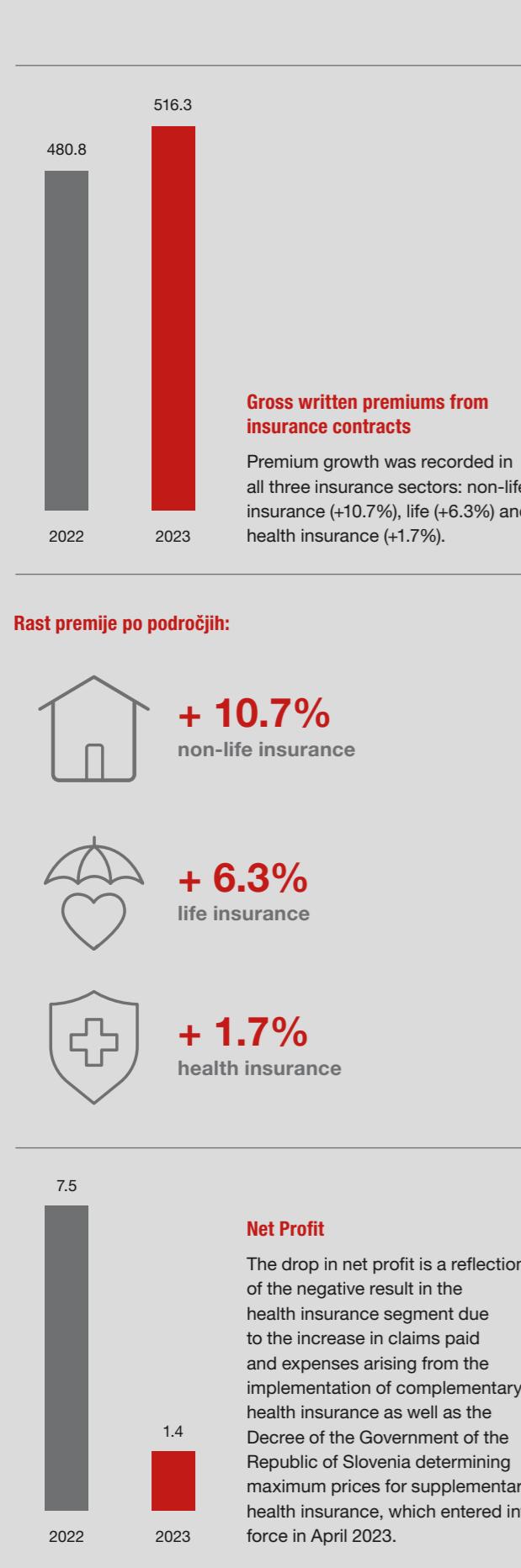
\* Gross written premium and gross claims paid defined according to IFRS4.

**Gross written premium  
EUR 516.3 million**

**P&C Market Share  
18.9%**

**Life Market Share  
12.4%**

**Ranking #3  
17.1% Market Share**



- The Insurance Company is financially sound, has an adequate capital position and resilient insurance and investment portfolios, with which it follows closely the set strategic goals.
- The company is rapidly developing and simplifying remote services and solutions, and puts special focus on the development of comfortable, fast and modern assistance services.

## 1.1 SIGNIFICANT EVENTS IN 2023 AND EARLY 2024

the value of income from insurance services arising from complementary health insurance. The provisions of the Decree, which provide the basis for the implementation of the difference, are valid until 30 June 2024.

our commitment to a lifetime partnership.

- Throughout the Group, we will promote data-driven innovation, increase customer value and achieve additional operational efficiency by increasing automation and the use of technology.

### CORE BELIEFS AT THE HEART OF THE NEW STRATEGY

#### Purpose driven

Our purpose – “Enabling people to shape a safer and more sustainable future by caring for their lives and dreams” guides all our efforts. We help them by offering with innovative, personalized solutions that enable them to take the right decisions and shape a safer future for themselves, their loved ones, their business and their communities.

#### Lifetime Partner

Evolving our customer relationship model. Develop our model of building customer relationships. It is our commitment to a lifetime partnership with customers based on personalised advice and digitally enabled interactions tailored to changing customer needs.

#### Future Ready

Continuing to build future-ready business models, increasing efficiency and capital productivity while investing in digital skills for our colleagues.

### SUSTAINABILITY AT THE CENTRE OF OUR STRATEGY

Sustainability is at the heart of our Strategy, and Generali wants to actively contribute towards building a more resilient and just social environment and work for the benefit of all. We can achieve this by developing a lifetime partnership to meet our clients' needs. As supporters of sustainability, we commit ourselves to being:

- a responsible employer** which promotes activities that create, increase and nurture inclusion, competence upskilling and new way of working;
- a responsible insurer** which promotes the development of the 2050 carbon-neutral insurance portfolio, provides new sustainable solutions and fosters sustainable transition for small and medium-sized enterprises;
- a responsible investor**, pursuing full ESG integration into our investment activities by 2024 and achievement of the 2050 carbon neutral investment portfolio;

- a **responsible citizen**, meaning that by volunteering in The Human Safety Net foundation (a global movement of people helping people) we create a social innovation hub supporting the most vulnerable groups in unlocking their full potential.

#### Three Strategic Pillars

We want to provide our customers with good financial results, the best-in-class customer experience and an even more positive impact on the communities in which we operate. We achieve this by working on three strategic pillars:

**Sustainable growth** that we will achieve in both core and new, emerging business areas, through effective cost management. Our targets are to:

- Boost P&C revenues and maintain best-in-class technical margins.
- Grow capital light business, technical profits and ESG product range.
- Underpin growth with effective cost management.

**Enhancing of earnings and profitability profiles** which we will achieve by:

- Improving Life business profile and profitability.
- Redeploying capital to profitable growth initiatives.
- Developing asset management franchise further.

**Lead innovation** that we will achieve by considering the following approaches:

- Increase customer value through Lifetime Partner advisory model.
- Accelerate innovation as a data-driven company.
- Achieve additional operating efficiency by scaling automation and technology.

maintained financial stability, adequate capital position and a diverse insurance and investment portfolio.

The Company continues to remain customer-focused and strives to create and enhance the best customer experience with its services and products. As a true lifetime partner, the Company wants to provide customers with comprehensive support when taking out insurance and whenever they need assistance.

## 1.3 IMPLEMENTATION OF THE COMPANY STRATEGY IN 2023

The Insurance Company actively followed, in the past year, the strategic targets of the Generali Group and

### 1.4 INTRODUCTION OF IFRS 17

The International Financial Reporting Standard IFRS 17 entered into force on 1 January 2023. The aim of the new standard was to standardise the rules for the recognition, measurement and disclosure of business events related to insurance contracts globally and thereby ensure transparency and comparability of financial statements and operational results of insurance companies at international level.

In the context of accounting, the application of IFRS 17 mainly led to changes in the measurement and accounting of (re)insurance contracts. Upon transition to the new standard, the Company changed the structure of the statements and adjusted the comparative data for the year 2022 starting on 1 January 2022. The nature and effects of the key changes resulting from the transition to IFRS 17 are detailed in the accounting section of the annual report.

The introduction of the new IFRS 17 not only led to the changes in the presentation of financial data, but it also radically altered the existing business processes from the design of the products to information systems and data warehouses and consequently the preparation of data for recording business events in the general ledger as well as data sources for strategic assessment and planning.

The key accounting challenge in the Company in 2023 was to establish, in cooperation with actuaries, a new process of accounting of business events and keeping records of insurance contracts or the preparation of financial statements and disclosures required by IFRS 17.

# STRATEGIC PLAN

## LIFETIME PARTNER 24: DRIVING GROWTH



### DRIVE SUSTAINABLE GROWTH

- Boost P&C revenues and maintain best-in-class technical margins.
- Grow capital light business, technical profits and ESG product range.
- Underpin growth with effective cost management.



### ENHANCE EARNINGS PROFILE

- Improve Life business profile and profitability.
- Redeploy capital to profitable growth initiatives.
- Develop Asset Management franchise further.



### LEAD INNOVATION

- Increase customer value through Lifetime Partner advisory model.
- Accelerate innovation as a data-driven company.
- Achieve additional operating efficiency by scaling automation and technology.

Deliver strong financial performance, best-in-class customer experience and an even greater social and environmental impact thanks to our empowered people



# WE CREATE LIFETIME PARTNERSHIPS

## RESPONSIBLE INSURER

»Because you listen to us and you know exactly what we need,« is the answer from our customers when asked why they have stayed with us for many years. The satisfaction of customers and business partners is the goal that drives sustainable development and improvement of insurance products, assistance and the most comfortable, advanced and simple services for customers. As a lifetime partner, we promote sustainability initiatives that lead to a better future for all of us. We reward a healthy lifestyle, support preventive activities, and through the SME EnterPRIZE competition we encourage companies on their path to sustainable transformation.

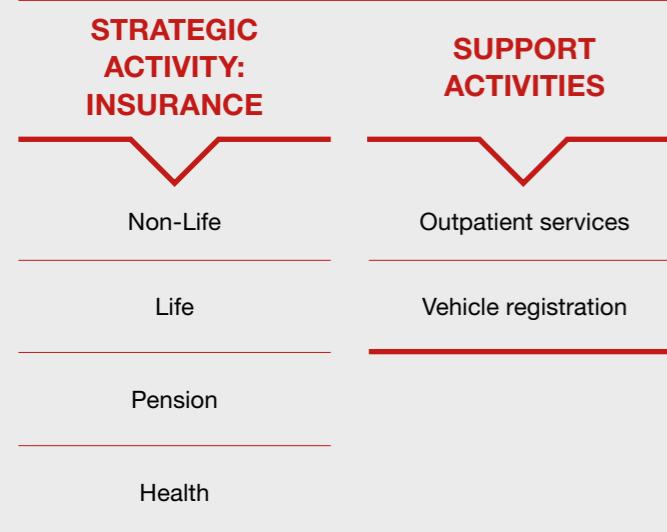
## 2. ACTIVITIES, MARKETS AND POSITION OF THE GENERALI ZAVAROVALNICA AND ITS SUBSIDIARIES

Generali Zavarovalnica operates in Slovenia with a long-term mission of providing a comprehensive range of products in the field of insurance and support activities. The clients may choose from a full range of non-life, life, health and pension insurance and an ever-widening range of diverse assistance services. The Insurance Company complements its core business with asset management, vehicle registration and outpatient services provided by its subsidiaries.

**Non-life** insurance comprises a comprehensive range of property-related insurance and insurance services both for individual customers as for companies (immovable property and movable property, cars, etc.).

**Health and accident insurance** provides greater social and financial security in the event of illness, longer treatment and serious accidents as well as a faster route to doctors and specialists. We are the provider of supplementary health insurance with the longest tradition on the Slovenian market and with our own assistance centre and two clinics.

**Life and pension insurance** comprises a rich range of standard and investment insurance as well as pension insurance that meet the needs of security and savings at all stages of life.



The Insurance Company complements its core business with vehicle registration and outpatient services provided by its subsidiaries.

The subsidiary **LEV Registracija d.o.o.** was established to enable the customers of Generali Zavarovalnica to obtain and manage all the necessary documents and procedures related to insurance and vehicle registration in a simple, quickly and, therefore, consumer-friendly way. The subsidiary has an extensive business network in Slovenia, consisting of six business units, which offer their customers services related to the registration of motor vehicles and trailers.

The subsidiary **Ambulanta ZDRAVJE d.o.o.** operates in two business units, in Ljubljana and in Koper, and conducts activities in the fields of general surgery, orthopaedics, X-ray diagnostics, dermatology and ultrasound diagnostics. The clients of the outpatient clinics are mainly health insurance policyholders and self-payers. Based on the experience of its own clinic, the Insurance Company develops health insurance products and market approaches in the field of health insurance and shapes sustainable and digitized relationships with other health care providers. In this way, it also contributes to the development of the insurance market of contractual health insurance in Slovenia.

### Information about Generali zavarovalnica d.d. and its subsidiaries as at 31 December 2023

#### Generali zavarovalnica d.d.

Abbreviated company name **GENERALI d.d.**

Address Kržičeva ulica 3, 1000 Ljubljana, Slovenia

Phone 386 (0) 47 57 100

Company registration number 5186684000

VAT identification number SI88725324

Share capital 39,520,347.18 EUR

Equity attributable to the controlling company 100%

Date of entry into the Companies Register: 20 December 1990

Management Board: Vanja Hrovat, President of the Management Board; Mitja Feri, Katarina Guzej, Members of the Management Board

Supervisory Board: Gregor Pilgram, Chairman; Carlo Schiavetto, Deputy Chairman; Miroslav Signer, Suzana Meglič and Matjaž Pavlin, Members

E-mail info.si@generali.com

Web site www.generali.si

#### Share capital and shareholders of the Company as at 31 December 2023

Shareholder structure	No. of shares	Portion
Generali CEE Holding B. V.	2,364,563	100.00%
<b>Total</b>	<b>2,364,563</b>	<b>100.00%</b>

Since 13 February 2019, Generali CEE Holding B. V. is the sole Shareholder.

As at 31 December 2023, the share capital of Generali zavarovalnica d.d. amounted to EUR 39,520,347.18.

#### LEV Registracija d.o.o.

Registered office	Pod lipami 5, 3313 Polzela, Slovenia
Company registration number	6651887000
Activity:	Vehicle registration
Share capital	154,323.03 EUR
Equity attributable to the controlling company:	100%
Management	Manging Directors: Saša Krašovec Terglav, Vanda Zorc Rems

#### Ambulanta ZDRAVJE d.o.o.

Registered office	Dunajska cesta 63, 1000 Ljubljana, Slovenia
Company registration number	6332846000
Activity:	Specialist outpatient health care service
Share capital	410,665.69 EUR
Equity attributable to the controlling company:	100%
Management	Managing Directors: Katerina Rihter, Slavica Glavaš

#### Changes among subsidiaries in 2023

In early 2023, Generali Zavarovalnica decided to make a status change, pursuant to which a part of the assets of the Company (investment in the subsidiary Generali Investments d.o.o.) was demerged and transferred to the new company Generali Investments SI d.o.o.

Following the entry in the Court Register on 2 October 2023, the demerge and transfer of a part of the assets of Generali Zavarovalnica d.d. to the company Generali Investments SI d.o.o. were completed, whereby Generali Zavarovalnica ceased to be the holder of the direct qualifying interest in the company Generali Investments d.o.o. On the same day, Generali Investments SI d.o.o. became the holder of the direct qualifying interest in the company Generali Investments d.o.o. Generali CEE Holding B.V., Netherlands remains the holder of the indirect qualifying share in the company Generali Investments d.o.o.

In addition to the demerger of assets and the transfer of qualified shareholding to the sister company, the following ownership changes were carried out within Generali Investments in 2023:

- On 29 March 2023, Generali Investments disposed of its interest in the Croatian investment fund management company Generali Investments d.o.o., Zagreb.
- On 13 June 2023, Generali Investments closed the sale of its interests in Generali Investments GP 1 d.o.o. and Generali Investments GP 2 d.o.o. and the sale of equity shares in the company Generali Investments CP d.o.o.k.d., transferring, as of 13 Jun 2023, the management of the private equity fund Generali Growth Equity Fund to a new manager, ALFI PE d.o.o.
- On 10 November 2023, Generali Investments signed an agreement with NLB Skladi, upravljanje premoženja, d.o.o. for the sale of shares in the company Generali Investments AD Skopje.

## 3. INSURANCE AND SERVICES DEVELOPMENT

After announcement of the abolition of complementary health insurance, which brought many changes, we developed additional health insurance products in year 2023.

After a period of high inflation, 2023 was also marked by natural disasters of an exceptional scale, which had a significant impact on our operations and accelerated the adaptation to new conditions. We developed even more accessible and customer-tailored insurance products and services, additionally promoted sustainability activities, significantly increased the share of digital policies and updated the range of life insurance products. In the past year, we significantly simplified, standardized and automated key processes. Data-driven decision-making and smart automation of processes are the foundation of future sustainable development.

### 3.1 NON-LIFE INSURANCE

The year 2023 was marked by exceptional events in the field of natural disasters, which resulted in extremely high claims, but no record extreme individual claims were recorded. These events affected almost all processes of the Company and their impact will be felt in the following years. This underlines the important role played by insurance companies in mitigating the consequences of natural disasters. Comprehensive data and in-depth knowledge of changes and risks remain key factors in designing adequate coverage to protect people and their property from natural disasters.

Last year was also marked by high inflation and various measures that we took in order to mitigate its effects (introduction of revaluation of sums insured, where it did not exist before, premium increases within the existing non-life insurance portfolio). We adjusted the products accordingly, e.g. by correcting the premium systems and underwriting instructions, and made sure that our clients have the most

adequate protection and that, as a result, we continue to be recognized as an insurance company that meets its promises with above-average success in the underwriting procedure.

We placed great emphasis on further consolidation of unformed insurance products as well as sales and back-office processes. In addition, taking into account the guidelines and rules of the Group, we improved the products and as a lifetime partner listened to the needs of the sales and the market and adapted renewed products and information systems to them. For example, we arranged the underwriting of professional liability insurance to make it friendlier to the underwriter and the client.

In order to adapt to the changing market circumstances, we launched a renewed product Odpoved turističnega potovanja (Tourist Trip Cancellation) in mid-2023. It can be taken out via the product website and via the underwriting application at G24 online point of sale at [www.g24.si](http://www.g24.si) and WIZ online point of sale at [www.wiz.si](http://www.wiz.si). The underwriting apps enable the customer to take out insurance in an easier and user-friendly way. We also launched the extremely up-to-date Cyber Insurance, which complements the previously offered Cyber and IT support service. In accordance with the requirements of the legislation, in autumn 2023 we offered our customers environmental liability insurance.



#### News:

Cyber Insurance  
Environmental Liability Insurance

Product development, as well as other processes in the Insurance Company, are increasingly moving towards the development of sustainability solutions. The share of premium paid for products with ESG components (renewable energy, reducing the consequences of natural disasters, ecological damage) is growing. We are

also preparing to meet the requirements and reporting obligations brought by European legislation in this area.

We are also following up other activities, among them: unification of system solutions of the product development process, adaptation and coordination of insurance bases, unification of sales support processes, reinsurance, unification and regulation of back-end processes, adaptation of reporting systems, unification of provisioning systems, preparation of joint information solutions, etc.

## 3.2 LIFE INSURANCE

Activities aimed at a lifetime partnership with our customers guided us in the development of life insurance in 2023. We also continued our efforts for the sustainable orientation of the Company. In 2023, as many as 12 of the 22 investments, the customers can choose from when taking out investment life insurance, were classified as investments that promote sustainable development. The investment strategy for long-term capital growth of such funds includes consideration of environmental, social and governance (ESG) aspects of sustainability, but without the obligation to invest in so-called sustainable investment. We also plan to further expand the selection of sustainable investment in the future.

**As many as 12 out of 22 investment products promote sustainable development.**

We have noticed that the demand for and conclusion of life insurance contracts is constantly increasing regardless of the events (inflation, wars, etc.). In 2023 we recorded an 18% increase in the new premium compared against the previous year. Customers want life insurance in case of death, and they mostly take out life insurance MOJ ŽIVLJENJSKI KASKO. On the other hand, they see opportunities for saving in the investment insurance MOJ ŽIVLJENJSKI BONUS and ENKRATNI ŽIVLJENJSKI BONUS.

Taking into account the needs of our customers and concern for their healthy lifestyle, we updated the insurance MOJ ŽIVLJENJSKI KASKO, which provides financial security in the event of unpredictable life events such as accident, illness, unemployment and death. For new customers up to the age of 45, we increase the death insurance sum for free by 30% for a period of 4 months in the event of important life events (birth of a child, marriage, job promotion, taking out a loan). We also expanded the range of critical illnesses so that we now cover 26 different illnesses, including pre-invasive cancer. One of the key advantages of this insurance is that it satisfies the customer's various needs for insurance protection over time to the greatest extent possible.

The Company offers insurance for every period of life. Our customers can take care of their own security and the security of their loved ones and save in selected investments.

Customers who are no longer in the active life period can choose VARNA LETA life insurance, where the insurance period is not specified, but the person is insured for life. The advantage of this insurance is that you take care of yourself in the event of cancer or an accident, while the next of kin are relieved of costs in the event of death.

MOJ ŽIVLJENJSKI BONUS (My life bonus) is an investment insurance with premium payment in instalments, in which the customer is rewarded for each year of savings enabling him to save more. It was designed for those who want to ensure their financial security in the future. The advantage of this insurance is that, depending on the chosen investment goal, the Company properly allocates the customer's funds to investments, so that the savings are automatically shifted between different investments. In this way, we take care of ensuring optimal returns with adequate investment security.

ENKRATNI ŽIVLJENJSKI BONUS (One-off life bonus) is an investment insurance with a one-off payment. The funds are enriched in selected investments, which enables the achievement of the set saving goals.

ZLATA LETA (Golden years) is an investment insurance for people aged 60 years or over, which allows the customer to offer security to the loved ones in the event of death and to save at the same time. It offers security in the event of serious injury or cancer. Even in the period after retirement, the customer can save with a low monthly premium for various purposes such as: travel, home renovation or saving for grandchildren, etc.

Our offer also includes life insurance for borrowers, which is offered through bank sales channels when taking out a loan

or limit. By taking out such insurance, the customer protects his loved ones and himself, because in the event of death or incapacity for work, the debt is paid from the insurance.

All insurance products are also suitable for companies that want to ensure social and financial security for company employees, as well as the security of their loved ones or the financial security of company.

The advantage of our life and investment insurance products is flexibility. In addition, customers can monitor the current value of their savings assets and past history through the MOJ Generali portal. On the portal, customers can also view coverage, payments and beneficiaries for all life and investment insurances, arrange changes and report insurance claims.

Through the Generali ZAME (For Me) Loyalty Programme, we offer discounts on additional health insurance upon the conclusion of life insurance contracts. Thus, by taking care of a healthy life, new foundations are laid for rewarding the loyalty of our customers.

## 3.3 PENSION INSURANCE

Generali zavarovalnica is the manager of the PN-A01 Guaranteed Return Guarantee Fund and two groups of pension funds that implement a life-cycle investment policy: the Group of Guarantee Funds Pokojninsko varčevanje AS and the LEON 2 Umbrella Mutual Pension Fund.

### Performance of pension funds

The year 2023 was highly successful for our pension funds. We achieved good returns on all pension funds. We also exceeded the limit of EUR 100 million in assets under management, and 15.6% growth in assets was achieved, which is a high growth compared to the previous year. We increased the volume of premiums paid and the number of members in pension funds, while we kept surrenders at low levels. Provisions for not reaching the guaranteed return due to negative returns decreased significantly compared to 2022. We were also successful in achieving returns compared to comparable pension funds of other providers.

Unfavourable economic and capital market conditions were predicted for 2023, but they were actually better than expected. With a tailored investment policy in the management of pension fund portfolios, we try to achieve our goal, which is to ensure long-term capital growth and a long-term, risk-adjusted return. Our view into the future is very positive, as in 2024 we expect an additional calming in global economic conditions and conditions on the capital markets.

The following activities were carried out in 2023 regarding the aforementioned pension funds.

### Marketing of the supplementary pension insurance

When marketing insurance products to existing and potential customers, account managers apply a concise and transparent collective supplementary pension insurance brochure, which is regularly updated with the latest statistical and other data. We continued implementing the set marketing strategy and ended the year with an almost 4% increase in supplementary pension insurance membership.

When communicating with foreign employers or their members, we use documentation such as offers of cooperation, contracts regarding joining the pension plan, the LEON 2K pension plan and the Management Rules in English. The documentation is in this way comprehensible to all members who do not speak Slovenian as their first language.

### Notifying employers involved in collective pension plans

Employers were notified of new developments in 2023 regarding insurance through various communication channels. Publication of news, articles, quarterly reports on the performance of pension funds on our website, additional content on the Notice to the employer regarding premium payments into supplementary pension insurance and quarterly e-newsletters were used to notify them about the legal insurance requirements for 2023, about the performance of pension funds, the possibility of secure transmission of employee data via GENERALI B2B and other social activities of the Company.

The administrators of our employers and other users of the GENERALI B2B portal receive all notifications about premium payments via the online portal or by mail. The portal provides them with simple communication with the Company and with a safe and easy exchange of files with confidential content – data on employees and paid premiums of supplementary pension insurance every day of the year.

At the request of all employers, we organise open days or refresher presentations for their employees. We meet with the employers at annual meetings, and we are available to them to adjust their pension plans to any changed circumstances in their business.

#### Notifying members of pension funds

Members were regularly notified about news through the publication of the news and advice on Generali's website. Owing to our experience in daily communication with the members, we are strongly aware that this insurance is exceedingly difficult to understand due to its characteristics. For this reason, we prepared advices for our clients in the form of online blogs, providing answers to the most frequently asked questions of the members. The questions relate to the content of the insurance, entitlement to tax deduction arising from payments to additional pension insurance and the payout of pension annuities.

In 2023, the Projection of the member's pension benefits upon his regular termination of insurance - retirement in accordance with the law was attached to the Certificate of the member's supplementary pension insurance rights for 2022 and the balance of funds in his personal pension account as at 31 December 2022. Each member who was 58 years old or older at the beginning of 2023, also received an informative projection of the supplementary pension - annuity or of a one-time payment of the funds saved in the supplementary pension insurance, in accordance with the law, including additional explanations regarding his rights arising from supplementary pension insurance to which he is entitled upon his regular termination of insurance - retirement.

#### Notifying members of pension funds through the Moj Generali portal

Members may access and edit their insurance data in the My pension tab on the Moj Generali portal. They have access to information about the premiums paid by the employer and by the member broken down by year, the balance of funds saved, the movement of assets, the chosen investment policy all days of the year. They can also directly communicate with the Company's back office regarding the implementation of data changes from the member's supplementary pension insurance.

We direct our activities towards the greatest possible use of the Moj Generali portal by all members, especially those who do not yet use it. This will remain our priority activity in the future.

#### Changes to supplementary pension insurance documentation

No changes to the supplementary pension insurance documentation were made in 2023, next changes are scheduled for 2024 to respond to the pension reform planned for 2024.

#### Unification of pension annuities and pension schemes of supplementary pension insurance

The unification of other business processes continued in 2023. We are still awaiting the regulation of the formalities enabling the unification of our pension schemes and pension funds, which depends upon the legal framework and procedures of the competent Ministry, including the opinions of the two regulators. The pension reform planned by the Government, scheduled for 2024, will also have a huge impact.

#### Information on the integration of environmental, social and governance factors in the selection of pension fund investments

We are advocates of environmental, social and governance (ESG) principles and incorporate them into our business activities. This commitment goes beyond financial benefits; its goal is to promote a sustainable culture in the Company and create long-term value for all our stakeholders. We are making changes both globally, where the Generali Group took the initiative, and locally, as all Generali insurance companies have included sustainability in their plans and operation in their local markets.

In addition to basic goals, such as optimal return and maximum security of members' assets in pension funds, we incorporate sustainability aspects in our investment decision-making. We include available data on environmental, social and governance factors in the assessment of investment decisions whereby we want to follow EU criteria that promote environmental and social characteristics of sustainability factors. Nevertheless, due to their low availability on the market and information about such investments, we do not include them in the pension fund portfolio.

The Generali Group and the pension fund investment manager Generali Investments, already follow the exclusion method based on their own investment guidelines. This method limits investments in countries, companies or sectors based on selected sustainability criteria (e.g. a ban on investing in the military industry, industry involving child labour, major polluters, etc.) and the best-in-class inclusion

method, whereby investments in financial instruments of those government or corporate issuers (economic sectors, companies or projects) that achieve better sustainability assessment results than comparable issuers (viewed from a sectoral or regional perspective) are selected.

In 2024, we will direct, to the fullest extent possible, the pension fund investment policy towards investments that are oriented towards sustainability and we will also introduce such policy and operation into the base of additional pension insurance. All members will be informed accordingly by publishing published news on [www.generali.si](http://www.generali.si).



**> than EUR 100 million**

assets under management



**15.6%**

growth of assets under management compared to 2022



**4% more**

new policyholders in 2023

With our range of health insurance products we provide comprehensive health care and assistance services for policyholders and strive to maintain the leading position among insurance companies. In the field of accident insurance, we regularly monitor the events and needs of our policyholders and foster a constantly active portfolio. In our work, we are committed to building lifetime partnerships with customers. With the aim of creating a fairer and more resilient society and values for all stakeholders, we include sustainable development in all our decisions.

2023 was largely marked by complementary health insurance (CHI). In May 2023, we used the reserves, in 2020 and 2021 on the basis of the Healthcare Intervention Measures Act (the so-called "covid reservations"). They were used to cover additional medical services to reduce waiting times. In April 2023, after more than three years, we informed our customers about the increase in the monthly premium. As of 1 May 2023, we increased the premium from the current EUR 34.50 to EUR 44.89. The reasons for the premium increase include inflation, a high level of employment, high economic growth, health policy measures and, of course, an increase in the prices of health and health-related services. Furthermore, more medical services were provided in the last year, also due to the impact of legislation in the area of shortening waiting times.

The Government of the Republic of Slovenia then adopted the Decree determining maximum prices for complementary health insurance (Official Gazette of the Republic of Slovenia, No. 44/2023) and limited the amount of the premium to EUR 35.67 until the end of 2023. In July 2023, an amendment to the Health Care and Health Insurance Act (ZZVZZ) followed, which provided for the abolition of CHI from 1 January 2024 and its transformation into a compulsory health contribution in the form of a fixed amount of EUR 35.

The abolition of the CHI did not solve the challenges in the public health system: overworked doctors, difficult access to a doctor, excessively long waiting times and thus late diagnosis and treatment, which affect the general health status of Slovenians. The Company has been aware of these challenges for a long time and has responded to them in various ways. One of the solutions is the introduction of a new health ecosystem, which consists of the health insurance package Moj zdravstveni kasko, the assistance centre Asistenca Zdravje, health service providers, digital solutions provider Medifit with the Halo Doctor service and the Assistant tool for an integrated health system, and the Generali ZAME Loyalty Programme. Each of these stakeholders plays an

## 3.4 HEALTH AND ACCIDENT INSURANCE

We provide individuals and companies with the possibility of taking out modern insurance policies as we are aware of the importance of constant monitoring of the changing needs and wishes of our policyholders during development. When developing insurance products, we look for innovative and customized solutions, offer the best user experience and we pride ourselves on digitized marketing approaches.

important role in satisfying our policyholders and meeting their needs as well as in providing quality services.

The product solution is the Moj zdravstveni kasko package, which, in addition to the Specialists with Assistance health insurance, also includes the Cancer health insurance. The contract allows the policyholder immediate consultation with a Halo Doktor general practitioner and provides a faster path to a diagnosis, which can be confirmed with the Second medical opinion. In this way, the policyholder is convinced of the established diagnosis and the received treatment plan. The policyholder can also opt for coverage Operations (we offer a wide range of surgical interventions) and Rehabilitation (the coverage includes a treatment plan, physiotherapy and psychological assistance). If diagnosed with cancer, the policyholder is entitled to psychological assistance and receives a payment that wards off his financial worries.

### **Halo Doktor: Direct contact with a doctor every day from 6 a.m. to 10 p.m.**

Due to the lack and poor accessibility of general practitioners, our customers especially appreciate the Halo Doktor service, which enables them direct contact with a doctor without visiting the clinic. The service provides an immediate video call with a general practitioner or a family medicine doctor every day, even on weekends or holidays, from 6 a.m. to 10 p.m. The doctor is generally available within 15 minutes, but the customer can choose a consultation at a pre-arranged appointment (video or phone call). The number of calls is unlimited. Another huge advantage of this service is that the doctor gives the patient a report with an explanation, but can also issue a referral for a specialist examination under the Specialists with Assistance insurance - a referral from the selected family doctor is not required. In this way, the policyholder receives a diagnosis much faster. The implementation of the service is modern, fast and easy and is available both with individual and collective health insurance Specialists with Assistance, Moje zdravje (My Health) health insurance and to online insurance WIZ Specialists and G24 Specialists.

Our advisors from the Asistenca Zdravje assistance centre provide the necessary information on how to benefit from insurance. The advisors approve and organize the health service and arrange for the payment of the service rendered. In doing so, they use the appointment scheduling digital solution "Asistent", which supports communication and facilitates contact with the policyholders and booking of the appropriate health service. The Asistent optimizes the handling of requests for our call centre as it is connected to internal systems and provides easy access to communication with our customers and supports all requests in our internal systems.

The ecosystem is rounded off by the Generali ZAME Loyalty Programme, which offers benefits and discounts on insurance for our customers, an excellent offer from our partners in the fields of tourism, sport, healthcare, leisure and motoring, and promotes a healthy and active lifestyle.

In the future we will continue building on the recognition of the already well-established Specialists with Assistance insurance and upgrade it to reflect the wishes and needs of our customers and market conditions. In times when waiting times are too long and access to a personal doctor and medical services is difficult, we make our policyholders aware of the importance of preventive action and the importance of insurance, which provides a path to a quick diagnosis and the start of treatment.

Preventive health check-ups enable early detection of the risks of developing more serious diseases and encourage the maintenance of health, while a timely diagnosis is key to the start and course of treatment. This significantly affects the quality of the policyholder's health and the speed of his recovery, prevents potential complications and consequences that could arise, and contributes to his faster return to the workplace and to everyday life.



#### **53% policyholders**

say that the call made treatment easier.  
A referral to a specialist was issued to them by a doctor within the Halo Doktor service, and they did not have to see their family medicine doctor again.



#### **More than 20%**

of the policyholders say that doctor's instruction were sufficient to solve their problem.

## **4. CORPORATE GOVERNANCE STATEMENT**

The Statement is drafted pursuant to the fifth paragraph of Article 70 of the Companies Act (ZGD-1). The Statement is provided as a special section of the Business Report of the Annual Report 2023.

### **4.1 COMPANY GOVERNANCE ACTS**

#### **4.1.1 ARTICLES OF ASSOCIATION**

The General Meeting adopted the Company's Articles of Association, which regulate the way in which the Company and its bodies operate.

#### **4.1.2 MANAGEMENT SYSTEM GUIDELINES**

The Company's Management Board adopted the Management System Guidelines, which were approved by the Supervisory Board. The Guidelines specify, in particular, the management system, the key elements of the internal control and risk management system, and the roles and responsibilities of the management system.

#### **4.1.3 REFERENCE TO THE CODE AND OTHER SIMILAR ACTS**

The Company subscribed to the Corporate Governance Code for Unlisted Companies issued by the Chamber of Commerce and Industry of Slovenia, the Ministry of Economic Development and Technology, the Association of Supervisory Board Members of Slovenia, May 2016 (hereinafter referred to as the Code). The text of the Code is publicly available in Slovenian and English on the website of the Ministry of Economic Development and Technology (<https://www.gzs.si/Portals/SN-Pravni-Portal/Vsebine/novice-priponke/kodeks-slo.pdf>).

In its operations undertaken in 2023, the Company was obliged to comply with the provisions of:

- the Declaration on Fair Business, to which the Company acceded as early as in 2012; the text of the Declaration is publicly available in the Slovenian language;
- the Generali Group Code of Conduct; the text of the Code is publicly available in Slovenian on the website of the Company (<http://www.generali.si>);
- the Insurance Code of 1 June 2013; the text of the Code is publicly available in Slovenian on the website of the Slovenian Insurance Association GIZ (<http://www.zav-zdruzenje.si>);
- the sustainable development goals as adopted by the UN within the framework of the 2030 Sustainable Development Agenda.

## 4.2 EXTENT OF DEVIATIONS FROM THE CORPORATE GOVERNANCE CODE FOR UNLISTED COMPANIES

The Company respects both the guiding principles and the specific recommendations of the Code in its operations. Individual deviations from the recommendations of the Code are disclosed by individual recommendation elsewhere under this item, stating the reasons for such deviations and presenting potential suitable alternative practices. The reasons for a different practice particularly concern specific features related to the ownership structure and related inclusion of the Company in the management system of the Generali Insurance Group (hereinafter referred to as the Group) through a controlling insurance holding company and/or the end parent undertaking, industry or the activity of the Company, and the complexity of its operations.

Recommendation	Explanation
2.1.1	The Articles of Association of the Company do not explicitly state the purpose and key objectives of the Company in the light of Article 183 of the Companies Act. In terms of content, the statutory provision on the stable and effective management is currently supplemented by acts adopted by the Company on the basis of the Group's acts, as well as by the Company's strategic acts. The content is summarized on the Company's website at <a href="https://www.generali.si/vizija-poslanstvo-vrednote">https://www.generali.si/vizija-poslanstvo-vrednote</a> .
2.2.2	The starting points for calculating remuneration for members of the Management Board of the Company are determined in the applicable Remuneration Policy; a competent committee also participates within the management system of the Group in the calculation of remuneration.
2.5.4	Depending on changes in the applicable legislative guidelines and good business practice in this field, the need to amend the patterns of annual statement of members of the Management Board and Supervisory Board of the Company from the aspect of (uniform realisation of) elements of independence (example in the second paragraph of Article 66 of the Insurance Act) should be considered
2.7	See 2.1.1.

Recommendation	Explanation
2.8.4	The need to formalise the annual activities of the Supervisory Board of the Company at the level of the Company has so far not been recognised, since it is implemented by the Group from the aspect of the comprehensive and systematic organisation of supervision at the Group level.
2.9	The Rules of Procedure of the Management Board of the Company and of the Supervisory Board of the Company are planned to be made available in the future on the website of the Company.
3.3.3	The need for the presence of a certified auditor of the Company in the General Meeting has not been recognised to date, since annual financial statements are discussed in detail by the Supervisory Board of the Company, including a comprehensive report for the General Meeting of the Company.
3.4.1	The Articles of Association of the Company determine that any transfer of share ownership due to any lawful purpose are subject to the approval of the General Meeting of the Company. The General Meeting of the Company may refuse to issue an approval for valid reasons as set out by the Companies Act.
3.6	See 2.2.2.
4.3.2	When recruiting members of the Supervisory Board of the Company, the goals are the fulfilment of conditions on expertise, experience, skills and personality traits which facilitate responsible supervision by a member, the Supervisory Board of the Company as a collective authority, and the comprehensive and systematic organisation of supervision at the level of the Group. Depending on the current considered legislative guidelines and good business practice in this field, the aspect of independent supervisory assessment shall be provided by appointing an audit committee (appointment of an external member of this committee) with suitable management of work, and the competences of the Audit Committee and the Supervisory Board of the Company (example 2.5.4.).
4.6	See 4.3.2.
4.7	The procedure for selecting candidates and assessing candidates' suitability for membership of the Supervisory Board of the Company is conducted on the basis of regulations which regulate the appointment, remuneration and delegated powers and regulations which regulate the fitness and suitability to provide the fitness and properness of a member of the Supervisory Board of the Company and the Supervisory Board as a collective authority, and the comprehensive and systematic organisation of supervision at the level of the Group.
5.6	The starting points for calculating remuneration for the members of the Supervisory Board of the Company are determined in the applicable Remuneration Policy; a competent committee also participates within the management system of the Group in the calculation of remuneration (cf. Article 66(2) of the Insurance Act).

Recommendation	Explanation
5.7.1	See 2.5.4.
5.7.13	The need for such elaboration of the report of the Supervisory Board of the Company has not been recognised to date, since the Company Shareholder is regularly and thoroughly notified of individual aspects of the recommendation through established procedures for reporting on, monitoring, and managing business within the Group.
5.8	The need for such elaboration of the self-assessment of the Supervisory Board of the Company has not been recognised, since the Company Shareholder is regularly and thoroughly notified of individual aspects of the recommendation through established procedures for reporting on, monitoring, and managing business within the Group.
5.11	See 5.6.
6.33	The procedure for selecting candidates, and assessing candidates' suitability for membership of the Management Board of the Company is conducted on the basis of regulations which regulate the appointment, remuneration and delegated powers and regulations which regulate the fitness and suitability to provide the fitness and properness of a member of the Supervisory Board of the Company and the Supervisory Board as a collective authority, and the comprehensive and systematic organisation of supervision at the level of the Group.
8.1	See 2.2.2.
9.2	The need to formalise the training programme for members of the Supervisory Board of the Company at the level of the Company has so far not been recognised, since it is implemented by the Group from the aspect of the comprehensive and systematic organisation of supervision at the Group level.
10.2	The Shareholder's right to be informed is realised in accordance with the agenda of individual General Meetings of the Company but also outside the General Meeting of the Company through established procedures for reporting on, monitoring, and managing business within the Group.

## 4.3 DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE COMPANY INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCEDURE

An efficient and integrated internal control and risk management system in the Company is regularly adjusted to the development and changes in its organisation. The system complies with the legal requirements for insurance companies defined in the Companies Act and the Insurance Act, as well as in the special implementing regulations issued by the Insurance Supervision Agency concerning establishing and maintaining a suitable internal control and risk management system. The internal control and risk management system is upgraded and harmonised with the quantitative, qualitative and reporting requirements of the normative framework established on the basis of the Solvency II Directive.

At all levels and in all units and processes, the system comprises:

- a clear organisational structure with a precisely defined and transparent system of competences and authorisations;
- efficient procedures for regular supervision, the prevention of errors, and the recognition, assessment, management, and monitoring of risks to which insurance companies are, or could be, exposed in their operations;
- a suitable internal control system, which includes suitable administrative and accounting procedures (reporting, operating procedures, limits to limit risk exposure, and physical control);
- a system to provide compliance with legal requirements.

Internal control comprises the guidelines and procedures established and implemented by the Company at all levels to manage risks, also in relation to financial reporting.

The purpose of internal control is to provide for efficient and effective operations, reliable financial reporting and compliance with applicable laws and other external and internal regulations. Accounting control is closely related to control in the field of information technology, which ensures, *inter alia*, the restrictions on and supervision of access to the network, data and applications, as well as the completeness and accuracy of data capture and processing. In addition to the aforementioned, the Company has also established an internal control system for other important business processes. Internal control comprises procedures and activities facilitating compliance with legislation and internal rules. All important business processes in the Company are also described by defining supervision points and individual supervisors.

The risk management system of the Company is composed of three lines of defence. The first line of defence consists of senior management, which provides, in its field of operation, suitable procedures for recognising and assessing risks, while at the same time defining responses to risks, risk owners and the existence and functioning of the internal control system. The second line of defence consists of the risk management function, the compliance function and actuarial function. The third line of defence is represented by the internal audit function, which is independent and organised in accordance with the law. It regularly examines the efficiency of the internal control and risk management system, proposes improvements and reports to the Management Board, the Audit Committee and the Supervisory Board of the Company. External and thus independent control of the functioning of the internal control system is carried out by external audit within regular annual audits of financial statements. The suitability of the functioning and establishment of suitable control within information systems is verified by experts from this field also within regular annual audits of financial statements.

The Company complies with the regulations and rules on the suitable management of confidential and internal information, the admissibility of investments and the prohibition of insider trading.

The characteristics and functioning of the risk management system are presented in more detail in Section 8.1.

### 4.3.1 KEY FUNCTIONS

The Company established an effective corporate governance system with organised and operational four key functions: the risk management function, the actuarial function, the compliance function and the internal audit function. They are set up as separate organisational units (teams), which are directly subordinated to the Management Board. The tasks, responsibilities, processes and reporting obligations of every key function are regulated in detail in the respective internal documents.

#### 4.3.1.1 ACTUARIAL FUNCTION

The actuarial function forms part of the second pillar (line of defence) of an effective risk management system.

The actuarial function is performed separately by two holders of the actuarial key function - for non-life insurance and for life insurance.

The key duties of the actuarial function include:

- coordination of the calculation of insurance technical provisions for the purposes of calculating capital requirements;
- information of the managing and supervisory bodies on the reliability and adequacy of methods, models and assumptions, which were used in the calculation of insurance technical provisions, and on the adequacy of calculated insurance technical provisions;
- control of the calculation of insurance technical provisions when approximations are applied in the calculation;
- verification of the appropriateness of the overall underwriting risk policy; provision of an opinion whether the amount of the premium of individual products is sufficient to cover all the obligations arising from these insurance contracts;
- verification of the adequacy of reinsurance or transfer of risk to a special purpose vehicle;
- participation in the introduction and implementation of the risk management system, particularly in the development, application and monitoring of the appropriateness of capital requirement calculation models and in conducting own risk and solvency assessment.

The actuarial function has access to all information of the Company needed to perform the duties of the actuarial function (records, data, documents, reports, correspondence with the Insurance Supervision Agency).

#### 4.3.1.2 RISK MANAGEMENT FUNCTION

The risk management function forms part of the second pillar (line of defence) of an effective risk management system.

Its main task is to report on the risks defined as material to both the Management Board and the Supervisory Board. On its own initiative or at the request of the Management Board or the Supervisory Board, the risk management function also reports on other specific areas of risk.

The key duties of the risk management function:

- comprehensive coordination and supervision of activities related to risk management in the Company;
- measurement and assessment of the comprehensive risk profile of the Company, including early identification of potential future risks;
- reporting to the Management Board on the risks defined as material.

Moreover, the risk management function coordinates all internal and external reporting procedures related to risks.

Risk management is discussed in greater detail in Section 8.1 herein.

#### 4.3.1.3 COMPLIANCE FUNCTION

The compliance function is placed within the second pillar (line of defence) of an effective risk management system.

The function is guaranteed an appropriate independence and access to the necessary information and the members of the broader management team. When carrying out its tasks, the function cooperates with other key functions, where appropriate also with members of other organisational units, whereby it has to be ensured that every task is performed by a person who did not participate in the planning or carrying out of an activity that is the subject of a task, i.e. that the

conflict of interest which could affect the performance of the tasks in the context of compliance monitoring is avoided.

The tasks and responsibilities of the compliance function are:

- monitoring and regular assessment of the appropriateness and effectiveness of regular procedures and measures introduced to remedy any deficiencies in the Company's compliance with the applicable regulations and other commitments;
- provision of advice and assistance in ensuring compliance of the Company's operations with the obligations set by the applicable regulations and with any other commitments;
- assessment of potential impacts of changes in the legal environment on the operations of the Company in terms of compliance with the applicable regulations and other commitments;
- definition and assessment of risks relating to the compliance of the operations of the Company with the applicable regulations and other commitments;
- informing the Management Board and the Supervisory Board on compliance of the operations of the Company with the applicable regulations and other commitments as well as on the assessed compliance risk of the operations of the Company.

#### 4.3.1.4 INTERNAL AUDIT

The Internal Audit is, both functionally and organisationally, separated from other organisational units of the Company. Based on the risk assessment, the Internal Audit performs permanent and comprehensive supervision of the operations of the Company in order to verify and assess whether the risk management processes, internal controls and governance of the Company are adequate and operate in the manner ensuring the achievement of the following important objectives:

- effective and efficient operations of the Company, including the achievement of business and financial performance goals, and protection of assets against loss;
- reliable, timely and transparent internal and external financial and non-financial reporting;

- compliance with the law, other applicable regulations and internal rules.

Internal Audit department reports on its work to the Management Board, the Audit Committee and the Supervisory Board.

The work of the internal audit is described in detail in Section 7.2. of the Business Report contained in this Annual Report.

### 4.3.2 EXTERNAL AUDIT

The audit of the financial statements is performed by the audit firm KPMG Slovenia d.o.o. The Company adheres to the provisions of the Insurance Act on the regular change of the external auditor.

## 4.4 DISCLOSURE OF INFORMATION IN LINE WITH ARTICLE 70(6) OF THE COMPANIES ACT

Data as of 31 December 2023:

- Significant direct and indirect ownership of the Company's securities in terms of achieving a qualified holding, as determined by the act governing mergers and acquisitions.*

Generali CEE Holding B.V. is the holder of 2,364,563 ordinary, registered, no par value shares, which is 100.00% of the share capital of the Company. The transfer of share ownership requires the consent of the Company's Supervisory Board.

The indirect holder of the qualified holding taken into account is Assicurazioni Generali S.p.A. Potential other indirect holders of the qualifying holding taken into account are not known to the Company.

- Holders of securities with special controlling rights*

The Company has not issued any securities with special controlling rights to control.

### 3. *Restrictions on voting rights*

There are no restrictions on voting rights.

### 4. *Company's rules on the appointment or replacement of members of the management or supervisory bodies and on amendments to the Articles of Association*

The Management Board of the Company comprises at least two members appointed by the Supervisory Board of the Company for a maximum of five years. Only persons whose appointment is approved by the Insurance Supervision Agency, which has also issued an authorisation to perform the function of a member of the Management Board, and who meet other statutory conditions to take office may be appointed members of the Management Board. One of the members of the Management Board is appointed president of the Management Board by the Supervisory Board of the Company. The Supervisory Board of the Company may recall an individual member or the president of the Management Board on statutory grounds. Each member of the Management Board may terminate his/her term of office at any time by submitting a written statement to the Chairperson of the Supervisory Board.

The Supervisory Board of the Company comprises two to seven members appointed by the General Meeting of Shareholders, and a suitable number of members appointed by the Works Council pursuant to the Worker Participation in Management Act. The precise number of members of the Supervisory Board is determined by the General Meeting of the Company. Only natural persons who meet the conditions stipulated by the Insurance Act and the Companies Act may be appointed members of the Supervisory Board of the Company. The term of office of members of the Supervisory Board elected by the General Meeting may be up to four years. Re-election is possible. If the time or date of termination of the term of office of a member of the Supervisory Board is not precisely determined by a decision of the General Meeting, the term of the Supervisory Board shall be terminated at the General Meeting of the Company convened to approve the third annual report after the Supervisory Board's election. The General Meeting of the Company may recall a member of the Supervisory Board at any time prior to the termination of the member's term of office. Any member of the Supervisory Board may terminate their term of office, also without stating the reason, by registered letter addressed to the Chairperson or Deputy Chairperson of the Supervisory Board.

All amendments to the Articles of Association require a decision of the General Meeting of the Company. The

authorisation to amend the Articles of Association has been transferred to the Supervisory Board of the Company and may refer only to the harmonisation of the text of the Articles of Association with validly adopted decisions. In decisions made by the represented initial capital, a three-quarters majority of all the votes cast is required for a decision to be adopted by the General Meeting. The Management Board of the Company must report any amendment to the Articles of Association for entry in the companies' register. An amendment to the Articles of Association enters into force upon its entry in the companies' register.

### 5. *Authorisations to the management, particularly authorisations to issue or purchase treasury shares*

The Company has no treasury shares and the Management Board has no authorisations regarding the issue or purchase of treasury shares.

Board; to decide how to cover losses at the proposal of the Management Board and the Supervisory Board; to decide on the appointment and recall of members of the Supervisory Board, and on the discharge of members of the Supervisory Board and the Management Board; to decide on amendments to the Articles of Association; to decide on measures to increase and reduce capital; to decide on the winding up the Company and amendments to the Articles of Association; to appoint auditors; to consent to the transfer of shares; to decide on other matters determined in the Articles of Association and the laws governing companies or insurance; to decide on remuneration for members of the Supervisory Board; to decide on the Rules of Procedure of the General Meeting; to decide on proposals of the Management Board to conduct business for which the Supervisory Board has denied consent.

By announcing an agenda, the General Meeting may also be convened by the Management Board, the Supervisory Board or shareholders whose total participation amounts to 20% of the share capital. The General Meeting is convened in certain cases stipulated by law or the Articles of Association and always when it is deemed to be in the interests of the Company. All shareholders must be able to review the documents pertaining to the General Meeting at least thirty days prior to the General Meeting. All shareholders are entitled to receive copies of all documents pertaining to the General Meeting at their expense. A quorum of the General Meeting is reached if at least 50% of the initial capital of the Company with the right to vote is represented. If the total share capital with the right to vote is represented in the General Meeting, the General Meeting may decide on all matters within its competence, even if the convocation or the agenda of the General Meeting were not published in due time or in the correct manner. The decisions of the General Meeting require a majority of votes cast (simple majority) in order for them to be binding, unless the law or the Articles of Association stipulate a higher majority or additional conditions.

## 4.5 DATA ON THE OPERATION OF THE GENERAL MEETING OF THE COMPANY AND ITS KEY COMPETENCES, AND A DESCRIPTION OF THE RIGHTS OF SHAREHOLDERS AND HOW THESE ARE EXERCISED

### 4.5.1 GENERAL

The General Meeting of the Company, consisting of shareholders with voting right, is the supreme body of the Company.

The competences of the General Meeting of the Company are: to approve revised annual reports (if the Supervisory Board adopts a suitable decision pursuant to the law governing companies); to approve annual internal audit reports; to decide on the use of distributable profit at the proposal of the Management Board and the Supervisory

The General Meeting of the Company may be attended only by those shareholders who are entered in the share register on the day the General Meeting is held; if a shareholder is a legal person, it is represented by persons authorised to do so. All shareholders are entitled to be represented at the General Meeting on the basis of a written authorisation for each General Meeting. The permanent transfer of the right to attend the General Meeting or the right to vote at the General Meeting without the transfer of the ownership of shares is not possible.

## 4.5.2 THE GENERAL MEETINGS OF THE COMPANY IN 2023

The 65<sup>th</sup> General Meeting of the Company was held on 28 February 2023 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the working bodies of the General Meeting.
2. Appointment of the Members of the Supervisory Board.

The 66<sup>th</sup> General Meeting of the Company was held on 25 May 2023 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the working bodies of the General Meeting.
2. Approval of the agenda.
3. Presentation of the Annual Report for the financial year 2022 with the auditor's opinions, report of the Supervisory Board on the results of the verification of the Annual Report, internal audit reports and information on the remuneration of management and supervisory bodies.
4. Proposal of the use of distributable profit.
5. Granting of discharge papers to the Management Board and Supervisory Board.
6. Periodic assessment of the adequacy of the Supervisory Board.
7. Consent to the division of the company Generali d.d., namely the demerger of part of the assets to the newly established company Generali Investments SI d.o.o., pursuant to the Division Plan dated 12 April 2023.

The 67<sup>th</sup> General Meeting of the Company was held on 16 August 2023 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the working bodies of the General Meeting.
2. Approval of the agenda.
3. Consent to the Amendment to Generali zavarovalnica d.d. Division Plan dated 7 July 2023.

## 4.6 DATA ON THE COMPOSITION AND OPERATION OF THE MANAGEMENT OR SUPERVISORY BODIES, AND THEIR COMMITTEES

The Company is managed by means of a two-tier system. The operations of the Company are managed by the Management Board, while operations are supervised by the Supervisory Board. The management of the Company is based on the provisions of legislation, the Articles of Association of the Company, internal acts of the Company, acts of the Group, and on established and generally accepted good business practice.

### 4.6.1 MANAGEMENT BOARD OF THE COMPANY

The operations of the Company are managed by the Management Board with full responsibility and due diligence, in accordance with the applicable legislation, the Articles of Association of the Company, the Rules of Procedure of the Management Board, and the decisions of the General Meeting and the Supervisory Board of the Company, in the exclusive interest and to the advantage of the Company, taking into account the interests of shareholders and employees. Decisions of the Management Board of the Company must be unanimous. If the Management Board of the Company has more than two members, decisions are taken by a majority of votes cast. In the event of a tied vote, the president of the Management Board has the casting vote.

The Company is fully represented without limitation by two members of the Management Board of the Company.

The Management Board of the Company is responsible for establishing and implementing a solid and reliable

management system for the Company, particularly through a transparent organisational structure, with precisely defined, transparent, and consistent internal relationships regarding responsibility; an efficient system of information transfer; efficient and key management functions integrated in the organisational structure and decision-making processes of the Company; through risk management strategy, written rules, processes and procedures; and through measures to ensure regular and permanent operations which comply with the systems, resources and procedures of the Company. The rules of the management system of the Company are subject to regular, at least annual, review, and must be approved by the Management Board of the Company with the consent of the Supervisory Board of the Company.

In accordance with the law, the following key functions of the Company have been established within the management system: the risk management function, the compliance function, the internal audit function and the actuarial function. The holders of the key functions are persons authorised by the Management Board of the Company with the consent of the Supervisory Board of the Company as persons responsible for one or several key functions of the Company.

In 2023, the Management Board of the Company were as follows:

- Vanja Hrovat, President (since 27 May 2014, member of the Management Board since 2 September 2008),
- Mitja Feri, Member (since 28 July 2016),
- Katarina Guzej, Member (since 2 March 2020),
- Matija Šenk, Member (from 7 September 2020 to 6 September 2023).

### 4.6.2 SUPERVISORY BOARD OF THE COMPANY

The Supervisory Board of the Company supervises the Company's management and must perform tasks under the law and the Articles of Association of the Company. The Supervisory Board of the Company is particularly entitled to review the books and documents of the Company, or to order a certified auditor to do so, and request the Management Board to report to it at any time. The Supervisory Board of the Company is authorised to convene General Meetings.

The Supervisory Board of the Company is particularly responsible to supervise the accuracy of procedures and the efficiency of internal audit operations; to address the findings of the Insurance Supervision Agency, tax inspectors, and other supervisory authorities engaged in supervisory procedures of the Company; to verify annual and other financial reports of the Company, and prepare a written report for the General Meeting; to pass to the General Meeting of Shareholders its opinion of the annual internal audit report, the annual report of the Company and the report on relationships with related parties.

The Supervisory Board of the Company gives its consent to the Management Board of the Company to determine the financial plan and the business policy of the Company; to determine the organisation of the internal control system and the Rules of Procedure of the internal audit department; to determine the framework annual programme for the work of the internal audit department; to determine the operation of the actuarial function and the Rules of Procedure of the actuarial function which Rules define the tasks of the actuarial function, the competences of the holder of the actuarial function, the procedure to authorise the holder of the actuarial function, and the knowledge of the holder of the actuarial function; to determine written rules on the management system pursuant to the Insurance Act; to appoint and dismiss persons as holders of key functions pursuant to the Insurance Act; to determine the income of holders of key functions, which must be in accordance with the remuneration policy; and to other matters stipulated by the Insurance Act and the Companies Act.

In 2023, the Supervisory Board of the Company were:

- Gregor Pilgram, Chairman,
- Carlo Schiavetto, Deputy Chairman,
- Miroslav Singer, Member,
- Suzana Meglič, Member, employee representative,
- Matjaž Pavlin, Member, employee representative.

In 2023, the Supervisory Board of the Company met eight times.

#### 4.6.2.1 THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD

The Audit Committee, which is consultative body of the Supervisory Board, operates within the Supervisory Board. The Committee prepares proposals for decisions of the Supervisory Board, is responsible for their implementation, and performs other professional tasks. Committees of the Supervisory Board cannot decide on issues that are within the competences of the Supervisory Board, but they may prepare proposals and materials for the Supervisory Board and provide advice to members of the Supervisory Board.

The Audit Committee of the Supervisory Board monitors the procedure of financial reporting and prepares reports and proposals to foster its integrity; monitors the efficiency and effectiveness of internal control in the Company, of the internal audit and of the risk management systems; monitors mandatory audits of annual financial statements, particularly the effectiveness of the mandatory audit, by taking into account all findings and conclusions of the competent authority; reviews and monitors the independence of the auditor of the Company's annual report, particularly regarding the provision of additional non-auditing services; is responsible for the selection procedure of an auditor and proposes the appointment of a candidate for the auditor of the Company's annual report to the Supervisory Board; supervises the integrity of financial information provided by the Company; assesses the drafting of annual reports, and prepares draft proposals for the Supervisory Board; participates in determining important areas of auditing; participates in preparing a contract between the auditor and the Company; reports

to the Supervisory Board on the result of mandatory audits, including an explanation of how the mandatory audit contributed to the integrity of financial reporting and of the role the Audit Committee in this procedure; carries out other tasks specified in the Articles of Association or by decisions of the Supervisory Board; cooperates with the auditor on auditing the Company's annual report, particularly through the reciprocal provision of information on the main subjects of the audit; and cooperates with the internal auditor, particularly through the reciprocal provision of information on the main subjects of internal auditing.

In 2023, the Audit Committee of the Company were:

- Carlo Schiavetto, Chairman,
- Gregor Pilgram, Member,
- Renata Eržen Potisek, Independent Member.

In 2023, the Audit Committee of the Company met five times.

#### 4.7 DIVERSITY POLICY

The Company has adopted, through internal acts, the diversity policy which calls for the implementation, in management and supervisory bodies, of diversity aspects such as gender, age, expertise and experience, and strives to ensure that the management and supervisory bodies are composed in a way that ensures the complementarity of the expertise and experience of the members and the heterogeneity of the composition of the management body and the supervisory body. The composition of the Management Board and the Supervisory Board takes into account the following aspects of diversity: age, education and professional experience. There must be at least one representative of the underrepresented gender in the company's bodies.

Ljubljana, 29 March 2024

**Vanja Hrovat,**  
President of the  
Management Board



**Mitja Feri,**  
Member of the  
Management Board



**Katarina Guzej,**  
Member of the  
Management Board



# COMPANY MANAGEMENT BOARD

The operations of the Company are managed by the Management Board with full responsibility, care and diligence, in accordance with the applicable legislation, the Articles of Association of the Company, the Rules of Procedure of the Management Board, and the decisions of the General Meeting and the Supervisory Board of the Company, in the exclusive interest and to the advantage of the Company, taking into account the interests of shareholders and employees.



## **Vanja Hrovat**

President of the Management Board

since 27 May 2014 (Member of the Management Board since 2 September 2008)

Manages and directs the work of the Management Board and the operations of the Sales, Claims, HR, Information Technology and Business Operations, Marketing and Public Relations and Customer Relationship Management sectors. She is in charge of the General Consulting, Internal Audit, Risk Management and Compliance functions.

## **Mitja Feri**

Member of the Management Board

since 28 July 2016

In charge of the Insurance Techniques and Reinsurance sector.

## **Katarina Guzej**

Member of the Management Board

since 2 March 2020

In charge of the Financial sector and the Actuarial function for life insurance and Actuarial function for non-life insurance.

# 5. SUPERVISORY BOARD REPORT

## Supervision of the operation of Generali zavarovalnica d.d.

The purpose of the Supervisory Board Report is to provide the General Meeting with an expert evaluation of the materials for the session in which the Shareholders will examine the Annual Report and decide on the distribution of distributable profit. The Supervisory Board is responsible for reviewing the Annual Report of the public limited company Generali zavarovalnica d.d. In its report, the Supervisory Board is required to specify the manner and scope of its supervision of the Company's operation in the course of the business year and provide its opinion of the auditor's report and other statutory reports.

In 2023, the Supervisory Board of the Company were

- Gregor Pilgram, Chairman,
- Carlo Schiavetto, Deputy Chairman,
- Miroslav Singer, Member,
- Suzana Meglič, Member,
- Matjaž Pavlin, Member.

The Supervisory Board performed its activities in accordance with the agreed model of supervision over the work of the Management Board. The Supervisory Board held eight sessions, four of which by correspondence. In the course of the sessions, the Supervisory Board discussed the quarterly business reports. The Supervisory Board approved the Annual Report of Generali Zavarovalnica d.d. for the financial year 2022 as well as reviewed the report on the relationship with related companies in 2022. The Supervisory Board also examined the reports prepared by the actuarial function with regard to non-life and life insurance for 2022 and approved the work plan of the actuarial function for the year 2023. The Supervisory Board reviewed and gave its positive opinion to the internal audit reports for 2022. The Supervisory Board approved the business strategy and financial plan for 2023. Furthermore, the Supervisory Board gave its consent to the Solvency and Financial Condition

Report (SFCR) for 2022, conducted a regular annual review of the management policies of the Insurance Company and examined the report on the activities of Internal Audit in the first half of 2023 and gave its consent to the work plan of the internal audit for 2024. The Supervisory Board also reviewed the results of the external assessment of the quality of the internal audit, which is carried out every five years in accordance with the International Standards for the Professional Practice of Internal Auditing.

Further to the proposal of the Management Board, the Supervisory Board approved the convening of the sessions of the General Meeting in which the Sole Shareholder decided on the appointment of the members of the Supervisory Board and the use of distributable profit and granted discharge papers to the members of the Supervisory Board and Management Board for the financial year 2021. The Supervisory Board also approved the division of the company Generali d.d., namely the demerger of part of the assets to the newly established company Generali Investments SI d.o.o.

The Supervisory Board discussed the findings of the supervisory bodies on a quarterly basis.

In addition to its regular tasks, the Supervisory Board also performed human resources tasks. It accepted the assessment of the ability and suitability of the member and president of the Management Board and appointed them for a new mandate. The Supervisory Board reviewed the term of office of the member of the Management Board and accepted the assessment that the Management Board as a collective body continues to meet the adequacy standards. It also accepted the assessment of the ability and suitability of two members of the Supervisory Board and proposed their appointment for a new term of office to the General Meeting. The Supervisory Board gave its consent to the cancellation of the power of attorney for the current procuration holders and to the authorization of a new holder of the actuarial function. Upon adoption of the Annual Report for 2022, the Supervisory Board reviewed the periodic assessment of the ability and suitability of the Management Board as a

collective body. It also accepted the self-assessment of the ability and suitability of the Supervisory Board as a collective body and informed the Company's General Meeting thereof.

From the end of the year until the date of this report, the Supervisory Board considered the Internal Audit Report for the second half of 2023 as well as the Internal Audit Annual Report for 2023.

## Review and approval of the Annual Report

In its session held on 5 April 2024, the Supervisory Board examined the Annual Report of Generali zavarovalnica for 2023 along with the report of the certified auditor KPMG Slovenia d.o.o., the proposal of the Management Board on the use of distributable profit and the proposal for granting discharge papers. The reports of the certified auditor indicate that the financial statements of the Company are a fair presentation of the Company's financial conditions as at 31 December 2023 as well as of its financial results and cash flows in the business year 2023 and are in accordance with IFRS.

The Supervisory Board took note of the report of the Audit Committee giving a positive opinion on the Annual Report. The Supervisory Board had previously taken note of the Internal Audit Activity Report for the second half of 2023 and the 2023 Activity Report. The Supervisory Board issued a positive opinion on the Internal Audit Annual Activity Report for 2023. On the basis of familiarization with the work of the Supervisory Board and the presented internal audit reports, the Supervisory Board may therefore assess that no such breaches in the management of risks have been identified which could endanger the safety of the Company's operations.

Furthermore, the Supervisory Board took note of the Report on the relationship with the related companies in 2023 and the Auditor's opinion on this Report, issued on the basis of Article 546 of the Companies Act. The Auditor's opinion states that none of the collected data suggested that the factual information provided in the Report on the relationship with related companies was inaccurate, or that the value of the Company's performance with respect to the legal transactions listed in the Report was disproportionately high or that there were any circumstances warranting a different assessment of disadvantages than that provided by the Management Board. The Supervisory Board finds that the content of the Annual Report is a fair presentation of the operations of the Company.

Pursuant to the review of the Annual Report and the examination of the Auditor's Reports for 2023, the Supervisory Board

- approves the Annual Report for 2023;
- gives a positive opinion on the reports of the Auditor KPMG d.o.o.;
- proposes to the General Meeting to grant a discharge to the Management Board and Supervisory Board and to use the distributable profit in accordance with the proposal of the Management Board.

## The following resolution is proposed to the general meeting:

The distributable profit as per 31 December 2023 amounts to EUR 124,213,905.00.

The distributable profit shall not be distributed and its use will be decided in following years.

Ljubljana, 5 April 2024

**Gregor Pilgram,**  
Chairman of the Supervisory Board



# 6. REPORT OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD

**Report of the Audit Committee of the Supervisory Board on its activities in 2023 and on the review of materials for the approval of the Annual Report for 2023**

## Formal aspect

The purpose of the report of the Audit Committee is to provide the Supervisory Board with an expert assessment of the materials which are the basis for the examination by the Supervisory Board of the Annual Report, along with Auditor's Reports, the Management Board's proposal on the distribution of distributable profit, the Report on the Relationship with Related Companies including the Auditor's opinion and the Internal Audit Annual Activity Report for 2023.

The Audit Committee provides the Supervisory Board with expertise required for the implementation of supervision over the management of the Company. In 2023, the Audit Committee off the Company were

- Carlo Schiavetto, Chairman,
- Gregor Pilgram, Deputy Chairman,
- Renata Eržen Potisek, Independent member.

In 2023, the Audit Committee held five sessions.

In these sessions, the Audit Committee focused on the following topics:

1. Risk management and efficiency of internal controls;
2. Internal Audit reports (reports on the implementation of recommendations, half-yearly reports, annual report) and the annual and long-term work plans of the Internal Audit;
3. Financial reporting;
4. Audit of financial statements;
5. Annual report, report on the relationship with related companies including the auditor's opinion, solvency and financial condition report;
6. Strategy and the annual business plan;
7. Auditor selection and his independence

## Substantive aspect

### Risk management and efficiency of the internal control system

In the reporting period, the Audit Committee monitored the efficiency of risk management in the Company by closely following the Company's performance and examining risk reports.

### Operating efficiency of Internal Audit

The Audit Committee monitored the functioning of Internal Audit, the adequacy of procedures, the operating efficiency and performance as well as the compliance of operations with the International Standards for the Professional Practice of Internal Auditing. The Audit Committee reviewed the report on the external assessment of the quality of the internal audit, from which it follows that the internal audit function complies with the mandatory components of the International Professional Practices Framework (IPPF). The Audit Committee examined both the half-yearly and annual reports of the Internal Audit and established that the auditees were successful in implementing the recommendations thus redressing the deficiencies and irregularities. In addition to auditing and monitoring the implementation of the recommendations, Internal Audit also provided advisory services and monitored the Company's operations on an ongoing basis, including risk exposure.

Based on the aforementioned, the Audit Committee is of the opinion that the Internal Audit in 2023 was performed successfully and efficiently, using the appropriate auditing procedures.

## Financial statements and external audit

In accordance with its competences, the Audit Committee was involved in determining the frame of reference for the relationship with the auditor KPMG Slovenia d.o.o. The Audit Committee was informed about the progress of the audit and about all the findings and the Auditor's Report after the completion of the audit.

Based on the Auditor's opinion, the audit was conducted without any difficulties. With regard to the Annual Report of Generali Zavarovalnica for business year 2023 and the corresponding audit reports by KPMG Slovenia d.o.o., the Audit Committee concludes that:

- the Annual Report was prepared within the statutory time limit and contains all the mandatory elements;
- the disclosures in the financial statements are complete;
- the financial statements are prepared in compliance with the generally accepted auditing standards and adequately reflect the applied accounting policies;
- the Insurance Company adequately formed its statutory reserves and reserves for own shares;
- the Auditor KPMG d.o.o. issued an unqualified opinion on the financial statements of the Company.

## Conclusions

In the light of the above, the Audit Committee proposes to the Supervisory Board:  
to issue a positive opinion on the Internal Audit Activity Report for the second half of 2023 and the Internal Audit Annual Activity Report for 2023;  
to issue a positive opinion on the Auditor's Report and to approve the Annual Report for the business year 2023 in their proposed form.

Ljubljana, 5 April 2024

**Carlo Schiavetto,**  
*Chairman of the Audit Committee*





# WE CREATE AN INCLUSIVE WORKING ENVIRONMENT

## RESPONSIBLE EMPLOYER

We like constant challenges, but even more we like to respond to them with freshly acquired knowledge in a wide variety of fields. Together with our colleagues, we develop advanced solutions and day by day build a balanced, inclusive, diverse and pleasant working environment where we take care of the balance between work and family life and where good ideas are always welcome. This is also evidenced by the Advanced Level 1 Socially Responsible Employer certificate.

# 7. PERFORMANCE IN 2023

## 7.1 OVERVIEW OF DEVELOPMENTS IN THE ECONOMY ENVIRONMENT AND THE INSURANCE MARKET

### Slovenia's macroeconomic environment in 2023

At the end of 2023, most of the available short-term economic indicators for Slovenia have improved, but the economic situation remains uncertain and worse than a year ago. Consumer confidence remains in negative territory with an improving trend. The economy is also showing signs of gradual recovery.

Trade in goods decreased again at the end of the year after two months of growth. The reasons for weak activity are the uncertain situation in Slovenia's main trading partners. The competitiveness indicators of Slovenian exporters improved slightly at the end of 2023, but still indicate an unfavourable price competitive position. Conditions remain challenging for processing companies, as they are hindered mainly by weak demand and uncertain economic conditions. At the same time, the effect of high energy prices, which had the greatest impact on energy-intensive industries, began to ease somewhat at the end of the year. In service activities and trade, the volume of sales is maintained at the levels of the previous months, however a relatively encouraging level of sales revenue in motor vehicle trade continues to be perceived. At the end of the year, the results in tourism and construction industries were also relatively favourable. According to the latest data on the value of completed construction works, construction activity was a fifth higher in most of 2023 than in the same period in 2022.

The trend of employment growth and unemployment decline continued on the labour market, but the lack of qualified labour on the labour market remains high. With further employment planned at the aggregate level, many companies have problems with a lack of workers. In the second half of last year, more than half of the companies in Slovenia was facing this problem and were solving it mainly by hiring foreign workers. A larger number of foreign workers contributed to the year-on-year increase in employment at the end of 2023, while the number of working Slovenian citizens was lower year-on-year.

Due to the labour market tightness, the year-on-year wage growth remains high, however lower than at the beginning of 2023. The year-on-year real growth of the average gross wage was 2.2% in October 2023, 2.3% in the private sector. It was the highest in other administrative and support service activities, which, in addition to construction and catering industries, are among the activities suffering the greatest labour shortage. In the public sector in October 2023, the average gross salary was 1.9% higher in real terms year-on-year, which is less than in previous months due to the higher last year's base at the start of the implementation of the agreement on salary increases.

Year-on-year growth in consumer prices fell to 4.2% at the end of last year, which is less than half of the 10.3% in December 2022. The price increases of all main groups of consumer goods are slowing down. Compared to the beginning of the year, lower food price increases and lower energy prices contributed the most to the moderation in inflation. At 4.2%, the year-on-year growth in food prices was only about a fifth of the growth recorded at the beginning of 2023. The prices of energy products, which at the beginning of last year were almost 10% higher year-on-year, however, due to the government's measures to mitigate the consequences of high energy prices and favourable trends in world prices declined by more than 2.3% in annual terms in December. The year-on-year growth in the prices of services, which had been around 8% since April last year, started to moderate in the last two months and reached 6.1% in December.

The general government deficit was by around 330 million euros higher in the first eleven months of 2023 than in the same period last year. Among revenues, the highest growth was recorded in revenues from excise duties, revenues from social contributions, income tax and taxes on goods and services, which is a reflection of favourable conditions on the labour market for public finances and of high inflation. The slightly higher growth of expenses was caused by the growth of wages and other remuneration, which were affected by the agreement on raising wages in the public sector. The increase in the deficit is also the result of a larger volume of support measures to mitigate energy costs and post-flood reconstruction. The growth of expenditure on investments remained high.

International institutions estimate that activity in the euro area began to recover in the last quarter of last year, and the gradual increase in growth is expected to continue in the coming quarters. GDP growth is expected to be increasing this year and next year, mainly due to the strengthening of private consumption, which will be supported by higher confidence, low unemployment, wage growth and a further reduction in inflation. The European Central Bank estimates that the GDP of the euro area increased by 0.6% in 2023, and forecasts a slightly higher growth rate in 2024 and 2025 (0.8% in 2024 and 1.5% in 2025), accompanied by great uncertainty related to the development of the conflict in the Middle East.

### Slovene insurance market in 2023

22 (re)insurance, pension and other companies having their registered seat in Slovenia operated in the Slovenian insurance market. Of the insurance companies, seven are composite, five life and five non-life insurance companies. The Slovene insurance market is characterised by a high concentration rate. The five largest insurance companies held an 80.8% share of the insurance market. Generali zavarovalnica ranked third among the insurance companies on the market by holding a 17.1% market share.

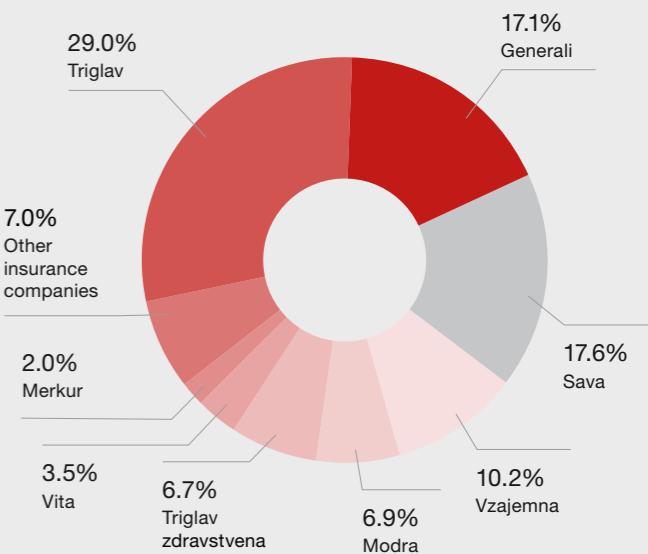
Slovenia recorded an increase in insurance activity in 2023. According to the data collected by the Slovenian Insurance Association, the gross written premium for 2023 amounts to 3.06 billion euros, which is 9% more than in 2022.

Written premium from non-life insurance totalled EUR 2,223 million (72.6%), while written premium from life insurance amounted to EUR 837 million (27.4%). Within non-life insurance, the highest growth was recorded in motor vehicle liability insurance (22.6%), land motor vehicle insurance (20.8%) and fire and natural disaster

insurance (15%). Slight growths in premiums were also recorded in other major insurance segments.

In the area of life and pension insurance, unit-linked life insurance (9.6%) and traditional life insurance (7.8%) went up, while supplementary pension insurance increased by 4.1%. In the area of health insurance, a drop in premium was recorded compared to 2022 as a consequence of the abolition of complementary health insurance on 1 January 2024.

### The structure of the Slovene insurance market in 2023:



## 7.2 CAPITAL MARKETS

### Overview of capital markets in 2023

Global equity indices showed great resistance to higher interest rates, elevated inflation, economic slowdown and geopolitical tensions in 2023, recording one of the most profitable years in the last 30 years. The pessimistic predictions of a recession and a major decline in profits in developed economies have not come true. What is more, economic growth in the US has been above long-term trends, and the unemployment rate is at historically low levels. At the same time, inflation has decreased significantly compared to the previous year, which has given investors

strong confidence in lower interest rates in 2024. The ugly duckling in 2023 was Chinese shares, as the most heavily weighted country in emerging market indices is dealing with a whole range of obstacles, from low economic growth to the real estate crisis and deflation. The MSCI All Countries global index gained 16.2% in euros. After a very bad 2022 and the first three quarters of 2023, bonds recovered nicely in the last quarter. The required yields on bonds have reached their highest levels since 2007 in October, which raised a lot of concern on the global financial markets regarding the consequences of high debt servicing costs. Subsequently, favourable inflation data and predictions that central bankers would relax monetary policy significantly this year triggered a rebound in bond prices. Required yields on bonds fell at the end of the year to levels that predict a 1.5 percentage point cut in the FED's key interest rate at the end of 2024. Europe's largest bond index QW7A gained 7.2%.

### Developed markets

The 2023 buzzword in the US stock markets is "the Magnificent Seven". Namely, 7 stocks were identified on Wall Street as responsible for a large part of the growth of American stock indices in the past 12 months. These include tech companies Tesla, Nvidia, Apple, Amazon, Meta Platforms, Microsoft, and Alphabet, which gained between 50% and 250%, contributing to roughly 60% of the S&P 500's growth. All of them share another major buzzword in 2023, namely AI or artificial intelligence. The absolute winner was Nvidia's stock. The latter, with more than an 80% market share, strongly dominates the market for sophisticated chips, which are one of the key elements of artificial intelligence (AI) models. The general public experienced the AI breakthrough mainly through the ChatGPT program, which became the fastest growing application in history. Currently available artificial intelligence programs only represent the surface of the ocean of possibilities that AI will bring in the future. The progress of companies in this area is also closely monitored by investors, which has given additional wind to the sails of some technology giants.

Despite an extremely profitable year, the stock markets did not fare without interim ups and downs. The collapse of Silicon Valley Bank triggered a domino effect and a mini-financial crisis, which was fatal for quite a few smaller regional banks in the USA and the Swiss multinational Credit Suisse. The shaken trust in banks briefly revived the fear of a repeat of the 2008 financial crisis scenario, but due to the quick reaction of the US central bank, the Department of the Treasury and the fact that systemically important banks are much more prepared for such shocks than before 2008, the crisis did not extend to the wider financial

system and economy. The stock market indexes quickly recovered, the banking stress nevertheless affected the performance of financial sector shares, which at the end of the year lagged well behind the returns of the entire market.

On the other hand, in addition to artificial intelligence, the positive story in 2023 was the moderation of inflation. In both the US and Europe, also thanks to lower energy prices, inflation fell close to the target of 2% towards the end of the year. Investors' expectations regarding monetary policy quickly adjusted to favourable inflation figures. Central bankers maintained, for a little longer, the position that they were not considering lowering interest rates, however in the December meeting the representatives of the Federal Reserve Bank did not hide the fact that interest rates would very likely be below the current level at the end of next year.

Significantly less encouraging economic data were recorded in Europe than in the USA. Throughout 2023, the Euro economy was teetering on the brink of recession. Despite the challenges, Europe avoided the dark scenarios and the severe energy crisis that had threatened it just over a year ago. Together with the prospect of a relaxing monetary policy in 2023 and a decline in inflation, this was reflected in the growth of the most watched European stock indices and of the value of the euro, which ended the year at 1.10 US dollars.

Japanese stocks cannot be ignored as they rose like a phoenix from the ashes and reached the highest values after the bursting of the stock market and real estate bubble in 1990. Japanese companies delivered good results and with a weak yen, competitiveness and exports increased. After a long period of price stagnation, inflation rose slightly and real wage growth was positive, which is welcome for domestic consumption. In addition, foreign investments in the Japanese stock market were encouraged by the world's most famous investor, Warren Buffet, who increased exposure to some Japanese stocks in his portfolio.

### Emerging markets

The disappointment of the year was the emerging markets, to be more precise, especially the largest of them. This is, of course, China, which ended the year deep in the red. The recovery of the real estate sector is not yet in sight, unemployment among young people is high, the revival of consumption after the abandonment of long-term Covid restrictions was significantly less marked than in Europe and the USA. The Chinese government tried to revive economic growth with several small measures to stimulate financial policy, but they were less generous than investors'

expectations and ineffective. In addition to all the negative news related to China in 2023, according to numerous analysts, valuations in Chinese stock markets have reached levels that represent an attractive entry point for investors willing to take on more risk to reach above-average returns. The poor economic climate in China has also affected important partner countries. For example, the Thai and Hong Kong stock markets saw a 14% decline. With significantly lower oil prices compared to 2022, the stock market indices of countries whose economy is heavily dependent on the export of black gold also ended the year in the negative zone. The main stock market index of the United Arab Emirates, for example, fell by 7%, and Kuwait's by 9%.

In stark contrast to China's stocks, Indian stocks pampered investors with hefty returns. The country's core stock index Nifty recorded its eighth consecutive year of positive returns, gaining 20%. With a 7% GDP growth, India was the fastest growing large economy in 2023, and forecasts for this year remain similarly encouraging. The figures are a reflection of effective economic policy, adequate regulatory and legislative arrangements and a favourable demographic landscape. While other large developing countries are facing problems, India is becoming increasingly attractive for foreign investment. The Mexican and Brazilian stock markets also performed very well. Despite some positive stories, emerging market indices ended the year with negative returns due to the heavy weighting of Chinese stocks.

### Slovenia and South-Eastern Europe

Investors on the Ljubljana Stock Exchange can be more than satisfied with a 20% return. In view of good business results, the dividends also remain very substantial; including the latter, the yield was as much as 27%. The domestic equity index SBITOP started the year exceptionally well, but the August floods left a strong mark, with the shares of domestic insurance companies in particular running into problems. Recovery could be seen towards the end of the year, after which the SBITOP came close to the pre-flood values. Among domestic listed companies, NLB gained the most and can, together with dividends, boast a 45% return. The shares of Luka Koper and Telekom Slovenije also performed very well. Due to the problems of the most important trading partners, economic growth in Slovenia moderated over the course of the year but remained above 1%. Inflation also moderated, falling from 10.3% in January to 4.2% at the end of the year.

The growth of regional stock market indices was led by the Romanian stock exchange, the largest in the region of South-Eastern Europe, with a 57.7% return. The first public

offering of the Romanian state-owned energy company Hidroelectrica resonated; this was one of the largest IPOs in Europe in 2023. The Croatian stock market index CROBEX was also highly successful, gaining 27% and 32% taking dividends into account. The absolute winner were the shares of Podravka, which rose in price by more than 90%.

## 7.3 ANALYSIS OF OPERATIONS OF GENERALI ZAVAROVALNICA D.D.

### Gross written premiums from insurance, co-insurance and reinsurance contracts

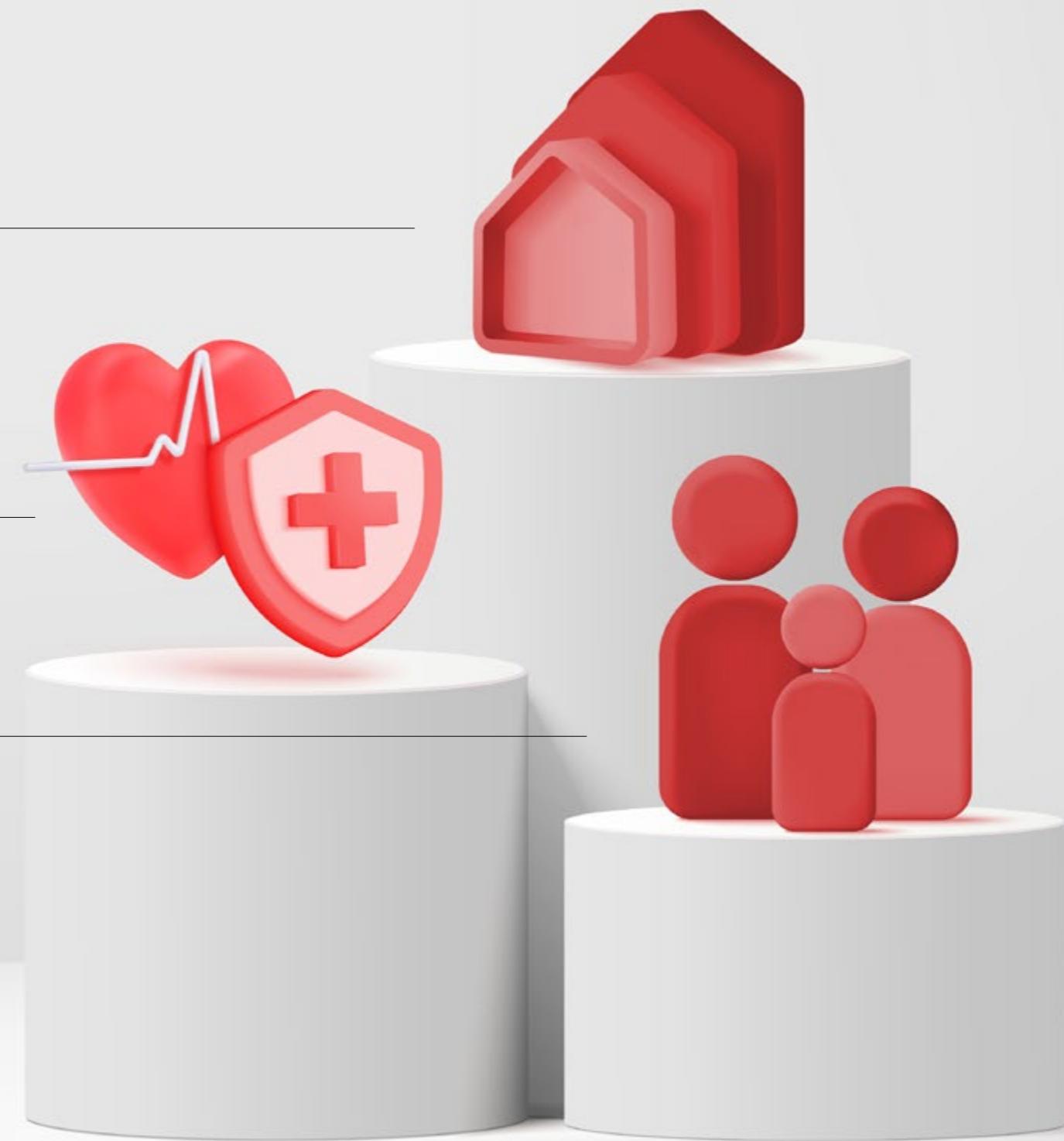
The written premium of Generali zavarovalnica totalled EUR 516.3 million in 2023, which is an increase of 7.4% compared to the previous year. Premium from the non-life insurance segment accounted for the bulk of total written premium with a 55.8% structural share, followed by health insurance with a 26.2% share and life insurance with an 18% share.

### The structure of written premium by insurance class in 2023

**56%**  
Non-life insurance

**26%**  
Health insurance

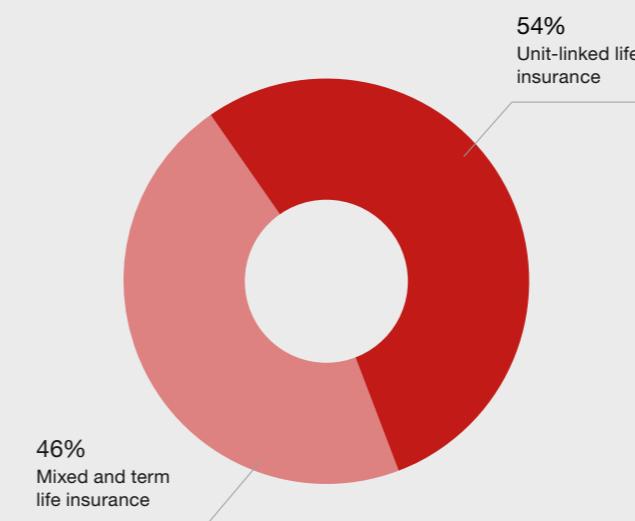
**18%**  
Life insurance



### Gross written premiums from insurance contracts, without accepted co-insurance (by insurance class)

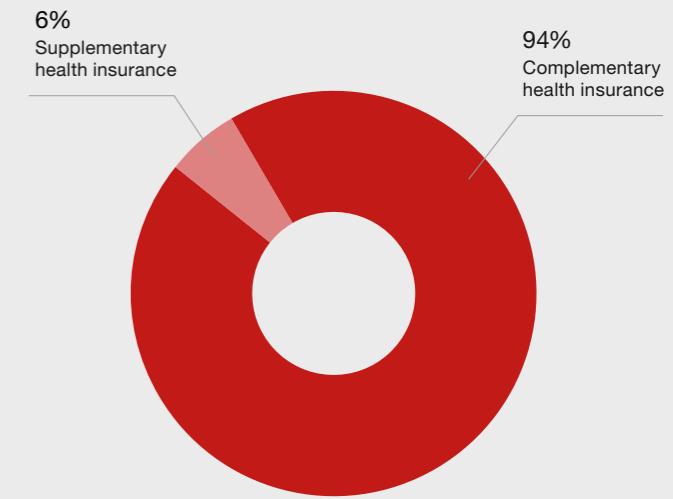
in EUR	1-12 2023	1-12 2022	Structure 2023 (in %)	Structure 2022 (in %)
Accident insurance	25,255,062	24,645,889	4.9	5.2
Land motor vehicle insurance	85,675,886	79,246,688	16.8	16.6
Fire and natural disaster insurance	42,551,205	35,109,241	8.3	7.4
Other damage to property insurance	27,890,844	24,764,459	5.4	5.2
Motor third party liability insurance	64,000,215	58,087,284	12.5	12.2
General liability insurance	19,839,604	17,959,818	3.9	3.8
Other insurance	19,126,115	16,442,234	3.7	3.4
<b>Total non-life (other) insurance</b>	<b>284,338,931</b>	<b>256,255,613</b>	<b>55.5</b>	<b>53.8</b>
Mixed and term life insurance	42,451,609	41,007,268	8.3	8.6
Unit-linked life insurance	50,470,262	46,341,788	9.8	9.7
<b>Total life insurance</b>	<b>92,921,871</b>	<b>87,349,056</b>	<b>18.1</b>	<b>18.3</b>
<b>Health insurance</b>	<b>135,363,815</b>	<b>133,146,635</b>	<b>26.4</b>	<b>27.9</b>
<b>TOTAL</b>	<b>512,624,617</b>	<b>476,751,304</b>	<b>100.0</b>	<b>100.0</b>

### The structure of life insurance premium in 2023



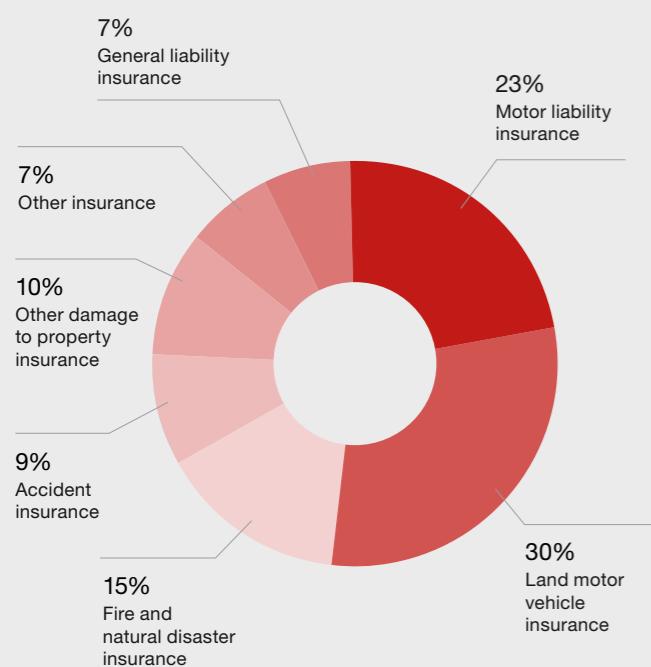
The life insurance premium amounted to EUR 92.9 million in 2023. A large share is represented by unit-linked life insurance with a structural share of 54%, while the rest is represented by mixed and risk life insurance. Traditional life insurance types increased by 3.5% and the unit-linked life insurance by 8.9%.

### The structure of health insurance premium in 2023



Health insurance premium amounted to EUR 135.4 million in 2023, with a significant share being complementary health insurance. Compared to the previous year, health insurance premium was higher by 1.7%. Complementary health insurance was abolished on 1 January 2024, which will drastically reduce the volume of health insurance in 2024.

### The structure of premium in (other) non-life insurance in 2023



The written premium of non-life insurance amounted to EUR 284.3 million. More than half of all premiums arise from car insurance, namely 23% from motor vehicle liability insurance and 30% from land motor vehicle insurance. These are followed by fire and natural disaster insurance, other damage to property insurance, accident insurance, general liability insurance and, to a lesser extent, other insurance classes.

The highest growth in premiums was recorded by fire and natural disaster insurance, namely 21.2%. The remaining main insurance classes also recorded growth compared to 2022.

## Gross claims paid

Gross claims paid totalled EUR 386.4 million throughout 2023, which is a raise of 26.2% compared to 2022. The largest share of EUR 171 million is due to the claims paid in the area of non-life insurance. This is

followed by claims paid in the area of health insurance amounting to EUR 145.2 million, while in the area of life insurance claims paid totalled EUR 70.2 million.

## Gross claims paid by insurance class

in EUR	1-12 2023	1-12 2022	Structure 2023 (in %)	Structure 2022 (in %)
Accident insurance	9,815,515	9,548,530	2.5	3.1
Land motor vehicle insurance	57,351,799	50,533,238	14.8	16.6
Fire and natural disaster insurance	37,931,757	20,587,284	9.8	6.7
Other damage to property insurance	16,262,053	8,409,431	4.2	2.7
Motor third party liability insurance	34,188,479	34,192,860	8.8	11.2
General liability insurance	5,540,129	4,111,375	1.4	1.3
Other insurance	9,891,354	7,178,276	2.6	2.3
<b>Total non-life (other) insurance</b>	<b>170,981,086</b>	<b>134,560,994</b>	<b>44.2</b>	<b>43.9</b>
Mixed and term life insurance	21,817,561	20,139,630	5.6	6.6
Unit-linked life insurance	48,367,326	33,345,485	12.5	10.9
<b>Total life and pension insurance</b>	<b>70,184,887</b>	<b>53,485,115</b>	<b>18.1</b>	<b>17.4</b>
Health insurance	145,219,027	118,140,415	37.7	38.7
<b>TOTAL</b>	<b>386,384,999</b>	<b>306,186,524</b>	<b>100.0</b>	<b>100.0</b>

## Analysis of operations of Generali zavarovalnica d.d. - Financial result and condition

### Financial result

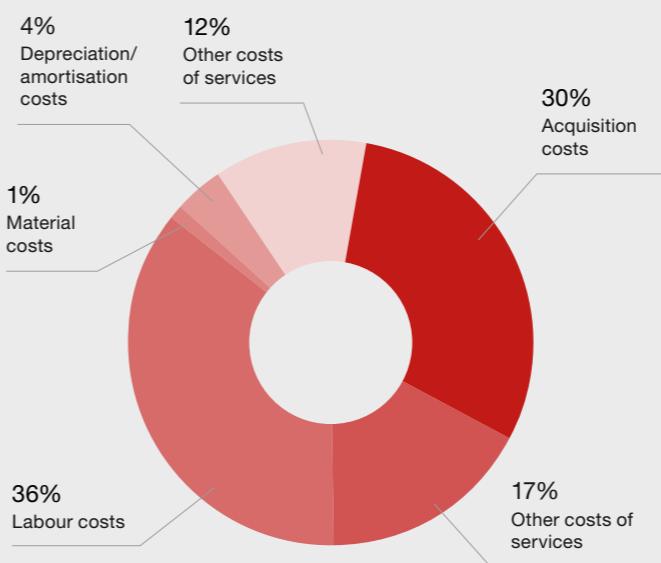
The Company Generali zavarovalnica d.d. ended 2023 with a net profit of EUR 1.4 million, which is less than planned and less than in 2022 when it reported a net profit of EUR 7.5 million. Compared to the previous year, the result of non-life and life insurance improved, however, the results of health insurance deteriorated significantly, reaching a negative result. The deterioration of the health insurance result was affected by higher claims paid and as well as the Decree of the Government of the Republic of Slovenia determining maximum prices for complementary health insurance, which entered into force in April 2023.

The result generated by investments amounted to EUR 52.2 million in 2023, which is significantly better than in the previous year, when it amounted to EUR -39.5 million, and is primarily a reflection of favourable trends on financial markets. Compared to the previous year, the result arising from insurance contracts deteriorated significantly. The profit was positively influenced by the increase in net other operating revenue, which amounted to 23.3 million euros (EUR 18.8 million in 2022).

## Income statement key highlights

in EUR	Generali zavarovalnica d.d.		
	2023	2022	Index 2023/2022
<b>Insurance service result</b>	<b>-1,377,997</b>	<b>733,779</b>	<b>59.8</b>
Insurance revenue from insurance contracts	425,705,442	391,176,844	108.8
Insurance service expenses from insurance contracts	-454,941,071	-377,756,642	120.9
Net expenses from reinsurance contracts	27,857,632	-12,686,423	-219.6
<b>Net investment income (expenses)</b>	<b>52,211,500</b>	<b>-39,459,260</b>	<b>-132.3</b>
<b>Finance income (expenses) from insurance contracts</b>	<b>-39,235,173</b>	<b>57,577,115</b>	<b>-85.9</b>
<b>Change of investment contract liabilities</b>	<b>510,288</b>	<b>347,816</b>	<b>146.7</b>
<b>Other income and expenses</b>	<b>-9,634,986</b>	<b>-11,212,277</b>	<b>85.9</b>
<b>Profit before tax</b>	<b>2,473,633</b>	<b>7,987,173</b>	<b>31.0</b>
<b>Tax</b>	<b>-1,038,240</b>	<b>-511,807</b>	<b>202.9</b>
<b>Profit after tax</b>	<b>1,435,392</b>	<b>7,475,365</b>	<b>19.2</b>

## The structure of operating expenses in 2023



Operating expenses amounted to EUR 155.8 million, which an increase of 10.6% compared against the previous year mostly due to higher acquisition costs, higher labour costs and higher other costs.

The largest share is represented by labour costs, which amounted to EUR 56.7 million, and acquisition costs in the amount of EUR 46.7 million. These are followed by other costs, costs of services and, to a lesser extent, by depreciation/amortisation costs in the amount of EUR 6.6 million.

## Financial condition

As at 31 December 2023, total assets of the Company stood at EUR 1,149 million, which is an increase of 4.8% compared to the previous year. The bulk of the assets at 2023 year-end was accounted for by life insurance assets (60.6%), 38.5% was used in the activities of non-life insurance and the rest was intended for health insurance.

### The structure of assets

in EUR	Generali zavarovalnica d.d.			
	31.12.23	in %	31.12.22	in %
<b>ASSETS</b>	<b>1,149,467,966</b>	<b>100.0</b>	<b>1,096,730,221</b>	<b>100.0</b>
Property, plant and equipment	26,340,157	2.3	26,390,125	2.4
Investment property	9,748,897	0.8	9,885,908	0.9
Assets arising from a lease	3,646,761	0.3	2,208,318	0.2
Intangible assets and goodwill	7,441,484	0.6	7,815,254	0.7
Deferred tax assets	5,376,634	0.5	16,232,596	1.5
Investments in subsidiaries, joint ventures and associates	473,945	0.0	29,599,952	2.7
Investments in associates accounted for using equity method	11,738,050	1.0	11,738,050	1.1
Financial assets, measured at:	920,381,663	80.1	872,615,377	79.6
- fair value through other comprehensive income	494,506,677	43.0	470,675,003	42.9
- amortised cost	168,740	0.0	672,083	0.1
- fair value through profit or loss	425,706,245	37.0	401,268,292	36.6
Investment contract assets:	40,939,566	3.6	35,484,203	3.2
Financial assets, measured at:	40,018,912	3.5	33,097,764	3.0
- fair value through profit or loss	40,018,912	3.5	33,097,764	3.0
Receivables	7,603	0.0	54,624	0.0
Cash and cash equivalents	913,051	0.1	2,331,815	0.2
Insurance contracts assets	27,711,071	2.4	27,091,329	2.5
Reinsurance contracts assets	69,583,759	6.1	28,805,686	2.6
Current tax assets	-	0.0	4,325,000	0.4
Receivables	17,977,032	1.6	14,821,969	1.4
Cash and cash equivalents	6,575,612	0.6	8,953,709	0.8
Other assets	1,533,335	0.1	762,744	0.1

Total investments accounted for EUR 990 million or 86% of total assets. The largest portion is represented by financial investments measured at fair value through other comprehensive income in the amount of EUR 494.5 million, followed by financial investments measured at fair value through profit and loss in the amount of EUR 425.7 million.

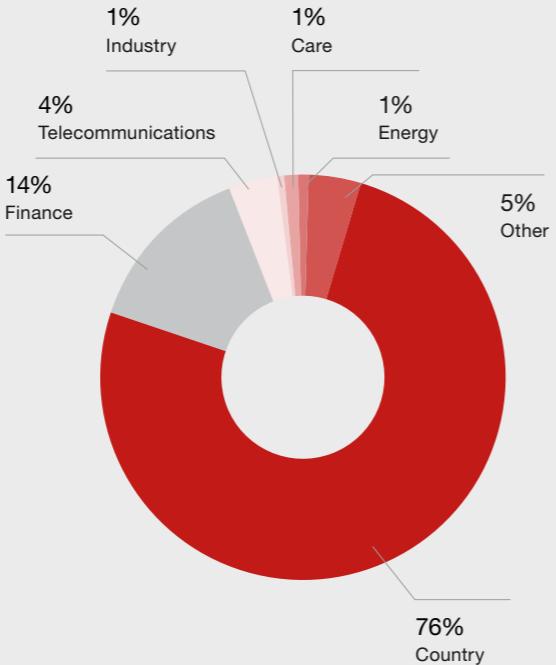
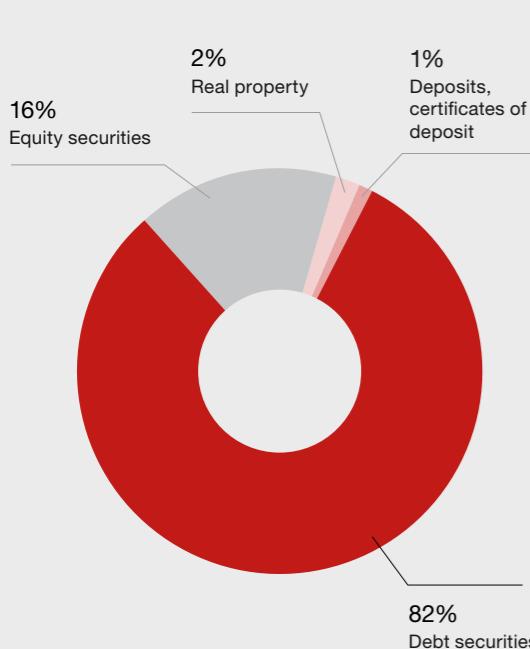
As at the 2023 year-end, the value of property plant and equipment and intangible fixed assets amounted to EUR 33.8 million. The former represented 2.4% and the latter 0.7% of all assets. The amount of assets from reinsurance contracts was EUR 69.6 million, and the amount of assets from insurance contracts was EUR 27.7 million.

### The structure of capital and liabilities

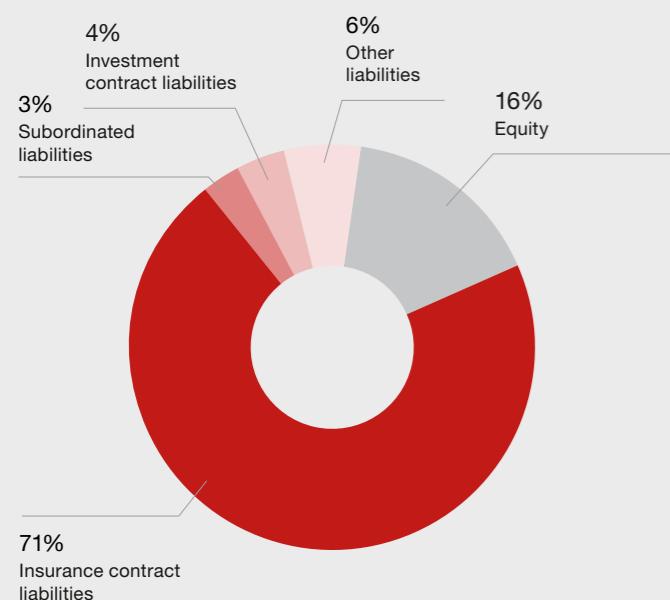
in EUR	Generali zavarovalnica d.d.			
	31. 12. 2023	%	31. 12. 2022	%
<b>EQUITY AND LIABILITIES</b>	<b>1,149,467,966</b>	<b>100.0</b>	<b>1,096,730,221</b>	<b>100.0</b>
Equity	190,036,962	16.5	201,544,314	18.4
Share capital	39,520,347	3.4	39,520,347	3.6
Capital reserve	20,771,169	1.8	50,197,176	4.6
Profit reserve	9,589,086	0.8	9,522,501	0.9
Accumulated other comprehensive income	-4,057,544	-0.4	-17,082,616	-1.6
Retained earnings	122,777,468	10.6	119,386,906	10.9
Net profit loss for the period	1,436,437	0.2	-	0.0
Subordinated liabilities	31,255,092	2.7	30,583,235	2.8
Deferred tax liabilities	360,813	0.0	21,965,382	2.0
Insurance contracts issued that are liabilities	821,738,473	71.5	752,887,119	68.6
Reinsurance contracts held that are liabilities	409,738	0.0	1,550,569	0.1
Investment contracts liabilities	40,939,566	3.6	35,405,344	3.2
Provisions	7,832,325	0.7	8,281,994	0.8
Other financial liabilities	3,685,669	0.3	2,247,453	0.2
Current tax liabilities	11,257,579	1.0	1,521,496	0.1
Other liabilities	41,951,749	3.6	40,743,314	3.7

As at the end of the 2023 reporting period, total equity amounted to EUR 190 million. The proportion of equity in total assets stood at 16.5% as at 31 December 2023.

The structure of Company assets by type as at 31 December 2023 (excluding unit-linked insurance assets)



The structure of liabilities of the Company as at 31 December 2023



On the liabilities side, the insurance contract liabilities totalled EUR 821.7 million as at the end of 2023, with their share in total assets of 71.5%. Investment contract liabilities were EUR 40.9 million and subordinated liabilities were EUR 31.3 million.

## 8. RISK MANAGEMENT AND INTERNAL AUDIT

### 8.1 RISK MANAGEMENT

GENERALI zavarovalnica, just like the entire insurance sector, is primarily exposed to risks arising from risk insured and risks arising from financial markets and the macroeconomic environment. In general, insurance risks took on a much higher profile in 2023, when they were joined by regulatory risk.

2023 was still marked by the war in Ukraine and, in the last quarter, the start of the conflict between Israel and the extreme Palestinian movement Hamas, and the related humanitarian emergency and its consequences for international stability and macroeconomic effects, especially regarding supply and prices of energy and raw materials as well as further risks to the international financial system. Locally, in 2023, insurance companies were faced with several severe adverse weather conditions, among which devastating summer floods prevailed.

The Government of the Republic of Slovenia, by adopting an amendment to the Health Care and Health Insurance Act, abolished complementary health insurance and transferred it to compulsory health insurance. The Decree determining maximum prices for complementary health insurance was adopted and in force until the transfer, which caused a great financial burden to insurance companies that offer complementary health insurance. Despite the crises listed above, the insurance industry in Slovenia has once again proven to be a strong and resilient sector.

The solvency position of Generali zavarovalnica, despite a slight decrease, mainly as a result of the freezing of the complementary health insurance premium, the catastrophic summer floods and the demerger of the subsidiary Generali investments d.o.o., remained strong throughout 2023 owing to the effective management of key vulnerabilities, mainly financial, with effective investment management

policies, general management of assets and liabilities and capital, and adequate reinsurance protection.

The Company will publish its 2023 Solvency and Financial Condition Report (SFCR) of the Company in April 2024. The Report, together with the annual set of quantitative reporting templates (QRT) and the Regular report to the supervisor, presents the disclosure requirements in accordance with the third pillar of Solvency II. The Report will be reviewed by an independent external auditor. The purpose of the SFCR is to provide publicly available information about the Company to be used by policyholders, shareholders and other interested parties. Part of the report is dedicated to risks, including their quantification, in the case of GENERALI zavarovalnica, in accordance with the provisions of the Standard Formula. The SFCR to be submitted in April will be followed by the annual Own Risk and Solvency Assessment Report, which is not part of public disclosures and is reported only to the regulator.

In the third quarter of 2023, based on the assessment of operations for 2023 and projections until 2026, also a capital adequacy projection was carried out for the period. The projection showed that the Company would demonstrate excess capital adequacy and would move within the risk appetite throughout the business-planning period.

In 2023, in line with the Generali Group Strategy, the Insurance Company continued implementing measures and tools for monitoring and managing digital risks, which are becoming increasingly important, especially in the field of cyber security.

On account of unfavourable claims in 2023, especially as a result of extreme weather events, the Company continued implementing measures regarding its own tariffs and conditions, and once again the adequacy of the reinsurance program was confirmed. Due to the abolishment of complementary health insurance, the Company is forced to implement measures to lessen the loss of premium arising from this heading as well as to mitigate the negative financial

consequences of the abolishment of this type of insurance and of the freezing of the premium amount in 2023.

In order to manage the risks arising from financial markets and the macroeconomic environment, the Company continued implementing its strict policies regarding the management of market, liquidity and credit risks. In 2023, within the context of non-financial risks management and, especially, reporting, the greatest attention was again paid to risks related to sustainability. The Company has already included the first results of the climate stress scenario in its latest Own Risk and Solvency Assessment Report (for the year 2022), which will be further refined in the following years.

## 8.1.1 RISK MANAGEMENT SYSTEM

Risk management is the first line of defence against risk in the Company and is a way to avoid the occurrence of a situation which would negatively affect the Company's operations or even endanger its existence.

The purpose of the risk management system is to ensure adequate and effective management of all risks the Insurance Company is exposed to, based on a defined risk management strategy, using a set of processes and procedures and based on clear management provisions.

The principles that define the risk management system are set out in the Risk Management Policy, which is the basis of all risk-related policies and guidelines. The Risk Management Policy addresses risks to which the Company is exposed to on current and forward-looking basis.

The risk management system is managed and supervised by the Management Board and designed not only to identify potential events which may have a negative impact on the Company, but also to manage risks in the Company within the framework definition of risk acceptance (risk appetite) by giving reasonable assurances on the achievement of business goals of the Company. The risk management system is proportional to the nature, scope and complexity of the Company's operations.

The Risk Management Function is responsible for the implementation of the risk management system, consistent with applicable legislation, policies and guidelines approved by the Insurance Company's management. The Risk

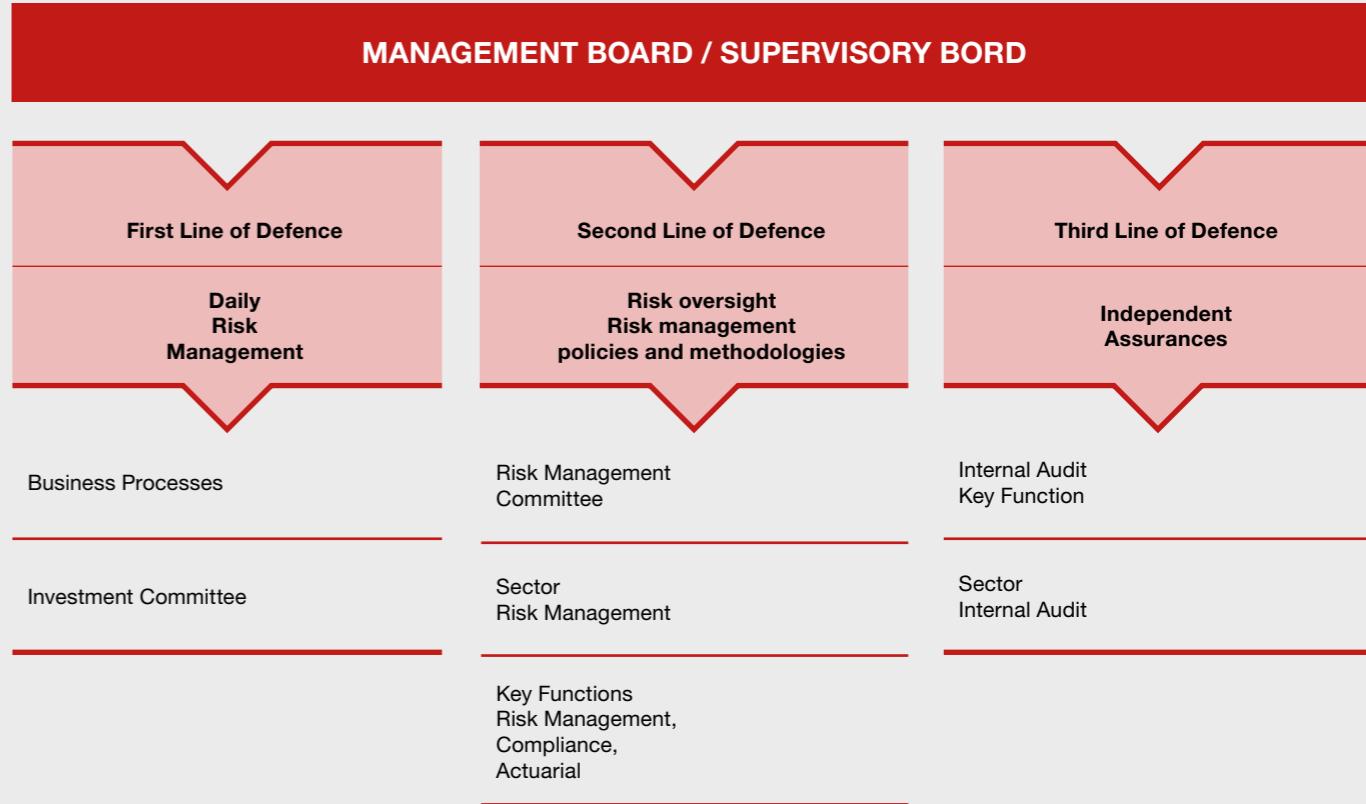
Management Function supports the management and sector directors as well as other managing staff in determining the risk management strategy, developing risk identification tools, monitoring and managing risks and reporting. Within the framework of its tasks and responsibilities, but especially reporting, the Risk Management Function spreads the culture and awareness of risks and their management across the company. Among the key measures for strengthening the risk management culture are the identification and inclusion of risk owners (the first line of defence) in risk management activities, such as the process of own risk and solvency assessment, the inventory and evaluation of operational risks and incidents, and the like. An important measure is also the definition and development of new policies in the field of risk management, including the Risk Appetite Framework (RAF), aimed at optimizing the risk acceptance process across the entire Insurance Company.

In accordance with the three lines of defence system, the risk management process is implemented throughout the entire Company. The first line of defence, which includes all business processes in the Company (or their owners) and various committees in the company, is responsible for regular operational management of risks arising from the processes or being a result of these processes. Risk owners therefore assume risks and are responsible for ongoing identification, evaluation, measurement and reporting (to the Risk Management Sector) as well as for the initial management of risks arising from their processes.

The Risk Management Committee, the Risk Management Sector and the Risk Management key function, including the Actuarial and Compliance key functions, form the second line of defence, which is responsible for reviewing and coordinating the first line of defence, developing policies and strategies, setting risk tolerances and limits, as well as preparing reports and presenting them to the management and supervisory bodies of the Company.

The third line of defence includes the Internal Audit Function which is responsible for an independent evaluation of the efficiency and effectiveness of the activities of the internal control system and the risk management system, for providing assurances on their adequacy to the Company's Management Board and Supervisory Board and for providing timely and objective recommendations for improvements to both systems.

### The three lines of defence against risk:



## 8.1.2 RISK MANAGEMENT PROCESS

Risk management means the identification, measurement and evaluation, management and monitoring of risks at all levels, including reporting on the risks to which the Company is or may be exposed in its operations.

In the context of the policies defining the risk management system, the Company has developed specific risk management action plans, which include internal risk management procedures, risk management measures and internal procedures for their implementation, as well as internal procedures for monitoring the implementation of risk management measures.

The risk management process comprises the following key steps:

- risk identification, which involves a comprehensive and timely identification of risks to which the Company is or may be exposed and an analysis of the causes of their occurrence;

- risk measurement or evaluation, which includes the preparation of quantitative and/or qualitative evaluations of measurable and/or unmeasurable risks identified in the risk identification process;
- risk management, which encompasses the process of selection and introduction of risk reduction measures;
- risk monitoring, which comprises the rules on liability, frequency and manner of risk monitoring;
- risk reporting, which includes regular and extraordinary reports and the frequency of reporting.

As part of risk reporting, the business functions, senior management, the Management Board and the Supervisory Board are informed on an ongoing basis about the development of the Company's risk profile, individual risk trends and possible violations of risk appetite, limits and tolerances. From a risk perspective, the most comprehensive report is ORSA, which includes reporting on the assessment of all risks, both current and forward-looking. The Risk Management Function continuously prepares other internal reports and part of the disclosures about risks, which are contained in publicly published documents such as the

Company's Annual Report and the Solvency and Financial Condition Report (SFCR). In 2023, the Risk Management Function introduced a quarterly internal risk report. This is designed to combine standard regular quarterly reports in the field of risk management by individual content sections, and additionally, it includes or summarizes the results of other reports that have a different reporting schedule (annual, semi-annual, extraordinary reports, etc.), if they were compiled in the reporting quarter.

### 8.1.3 DEFINITION OF RISK CATEGORIES

The risk management system includes at least the following key areas of risks:

The material risk of the Company in which, directly or indirectly, all the other mentioned types of risk are reflected is the capital adequacy risk. It is the risk that the capital of the Company is insufficient to cover all the risks assumed. Namely, capital risk relates to inappropriate structure and amount of capital in relation to the volume and manner of operation or to the problems which the Company would face in acquiring fresh capital, particularly if it needed to increase its capital rapidly or in unfavourable conditions. An adequate capital base provides a safety reserve for various risks to which the Company is exposed in its operations. The Company manages this risk primarily by maintaining an appropriate surplus capital (eligible own funds) above its solvency needs, calculated in accordance with the standard formula. Risk types are discussed in greater detail in Section 6 of the financial part of the Report.

**Underwriting risk** is the risk of loss or of unfavourable change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions taken into account in the calculation of insurance technical provisions.

**Market risk** is the risk of loss or of adverse changes in the financial situation of an insurance undertaking, resulting from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

**Credit risk** is the risk of loss or of adverse changes in the financial situation of an insurance undertaking, resulting from fluctuations in the credit position of securities issuers, counterparties and potential debtors, to which an insurance undertaking is exposed in the form of counterparty default risk, spread risk and concentration risk.

**Operational risk** is the risk of loss resulting from inadequate or failed implementation of internal

processes, human behaviour or the operation of systems or from external events.

**Liquidity risk** is the risk that the Company is unable to realise its investments and other assets in order to meet its financial obligations when they fall due.

**Concentration risk** means exposure to risk with the possibility of loss, which is high enough to be a threat to the solvency or financial position of the Company.

**Other risks**, which include strategic risk, risks in making management and strategic decisions, risks in the supervision of insurance companies and the risk of loss of reputation.

Within non-financial risks, the Insurance Company also deals with risks associated with sustainability issues. These are risks related to environmental, social and governance (ESG) events or conditions which may have a significant negative impact on the invested funds of companies and their responsibility. If realized, these risks may have a significant negative impact on the invested assets of companies and their liability, which in turn has a negative impact on the value or performance of investments.

In addition to the risks described above, the Insurance Company regularly monitors emerging risks. These are risks which may still be developing or which already exist, are difficult to quantify, but can have a significant impact on business. In the current annual assessment of emerging risks, the Insurance Company highlighted the following risks: the risks of climate change and natural disasters, the risk of changes in healthcare and the risk of geopolitical instability.

**Climate change risks** are generated by an excessive increase in CO<sub>2</sub> and other greenhouse gas emissions that affect the Earth's climate and cause progressive global warming. Risks deriving from climate change can be grouped into three main categories:

- Physical risks, resulting from increasingly destructive catastrophic events due to rising temperature, such as storms, floods, droughts;
- Transition risks, deriving from more or less sudden changes in market factors (such as consumer preferences, climate regulations and policies and new technologies) and resulting from the transition to a greener economy with reduced or almost eliminated greenhouse gas emissions;

- Risks related to controversies, arising from environmental legal cases and/or due to the inadequate environmental disclosure.

In its previous Own Risk and Solvency Assessment Report, the insurance company already described how it includes risks associated with sustainability issues into the risk management process. The Company additionally included in the 2022 report the first results of the climate stress scenario. Six scenarios with different possible future trends were selected, based on the latest recommendations of the Network for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC), which allow capturing both effects of the transition, taking into account the different speeds and order of implementation of decarbonization policies and physical effects.

Based on the methodology of the Generali Group, a preliminary assessment of climate impacts was also carried out for individual companies within the Group. The financial implications of transition risks on the investment portfolio of the Generali zavarovalnica thus show expected losses that, even in the worst-case scenario, are lower than 5% of the net value of the investments, which indicates an already achieved high degree of alignment of the investment portfolio with the sustainability commitments of the Company and the Group.

With regard to the impact of physical risk on the portfolio of non-life insurance contracts of Generali zavarovalnica, the results indicate that in the worst case scenarios, floods and drought are the worst threats, followed by forest fires.

In 2023, the Company continued to prepare data for a more extensive reporting of risks associated with sustainability issues, including the reporting of the double materiality of these risks.

**The risk of change in healthcare** relates mainly to the aging of the population and the increase in chronic diseases, which brings about an increase in the number of older individuals who are more prone to multiple diseases and chronic diseases, while at the same time being more fragile during medical emergencies and to the increase in the cost of health services due to privatization, regulatory developments, scientific progress and technical complexity, as well as an increased number of referrals for diagnostic or preventive medical procedures.

In addition, medical errors are among the risks in healthcare which are reflected in the increase in costs due to judicial proceedings for errors caused by medical personnel. In Slovenia, in 2023, the most pronounced regulatory risk in

healthcare referred to the sudden decision of the legislators to abolish complementary health insurance and freeze the amount of the premium of this insurance until it is abolished.

Areas with increased risks of geopolitical instability are characterized by protectionism, military conflicts, large-scale migration, growing social inequality and populism, increased activity of extreme movements, and international cooperation is threatened.

**Geopolitical tensions** have a direct impact on financial instability, along with the potential to cause business interruptions, supply chain failures, trade wars and other tensions in the economic environment. Pressure on prices and reserves of food, water, energy and other raw materials can spark market and social unrest and reduce confidence in financial markets, whereby reducing appetite for financial products.

The Company and the Group closely monitor developments around the world. At the annual level, the Company adopts the Framework Definition of Willingness to Accept Risks, which enables effective selection of risks by determining which risks need to be avoided, which can be accepted, and which need to be eliminated completely. The key indicators that guide the Company in risk management are determined, as well as supervisory and escalation activities.

In 2023, this risk was most clearly materialised with the continuation of the war in Ukraine, and the outbreak of conflicts between Israel and the extreme Palestinian movement Hamas.

### 8.1.4 THE INTEGRATION OF THE RISK MANAGEMENT SYSTEM AND THE COMPANY'S BUSINESS STRATEGY

Risk management begins with the Company strategy, as is the case with all the other business-related activities. After the strategy is created, the supervisory mechanisms are set up enabling the strategy to be implemented by optimally implementing the key value factors and by effectively managing the risks arising from these factors within all Company processes.

## The integration of the Company's business strategy and the risk management system:



The basic concept of the risk management strategy is to determine the appropriate risk appetite (framework definition of willingness to accept risk), including tolerance to the most material risks, on the basis of the business and capital management strategy. The Company's framework definition of willingness to accept risk represents, at the Company level, the total amount of risk which the Company is willing to accept in the pursuit of its mission and vision, business and strategic goals. It is limited with the risk capacity which the Company is able to assume based on its eligible own funds. The framework definition of willingness to accept risk is expressed in the form of statements and metrics and is clearly defined and appropriately presented throughout the whole organisation at all levels and is included in the business planning process of future operations.

The two most important risk appetites, which are consistently measured by means of selected indicators, are solvency and liquidity of the Company. Tolerances have been set for both indicators and are updated annually.

Tolerance is defined as »soft tolerance« when its exceeding means that the Insurance Company operates below its risk appetite in terms of solvency, or as »hard

tolerance« when its exceeding means that the Insurance Company operates far from the established risk appetite and, consequently, accepts unacceptable levels of risk. In the event that both tolerances are exceeded, the Insurance Company has a predetermined set of possible measures, presented in the table below, in addition to the quantitatively determined tolerance thresholds applied by Generali Insurance Company.

Apart from both tolerances, the desired or target range of capital adequacy has also been determined.

TOLERANCE	THRESHOLD	POSSIBLE MEASURES IN THE EVENT OF EXCEEDING
Upper Limit	170%	Inclusion of riskier investments in the portfolio, additional growth of insurance portfolios, reduction of capital (redemption of subordinated debt, additional dividend, share buy-back).
"Soft Limit"	150%	Reinsurance programs; portfolio protection strategies (divestment of riskier investments, change of investment structure), securitization ...
"Hard Limit"	110%	All measures in force in case of violation of the soft limit and additional reduction of rewards to the company senior management and suspension of the payment of dividends.
Regulatory Limit	100%	Initiate the implementation of the recovery plan.

Similarly, tolerances are determined in the case of liquidity, taking into account an additional, stress scenario.

Exceeding of the »soft tolerance« means that the Insurance Company operates below its risk appetite in terms of liquidity, exceeding of the »hard tolerance« means that the Insurance Company operates far from the established risk appetite and, consequently, accepts unacceptable levels of liquidity risk. Soft and hard tolerances are also set for the stress scenario, where the exceeding would mean that the Insurance Company would act outside its risk appetite in the event of a stress scenario.

In the event liquidity tolerances are exceeded, the Insurance Company has a predetermined set of possible measures. These are presented in the table below, in addition to the quantitatively determined tolerance thresholds applied by Generali Insurance Company.

TOLERANCE	THRESHOLD	POSSIBLE MEASURES IN THE EVENT OF EXCEEDING
"Soft Limit"	-2,50%	Restructuring of investment portfolios into more liquid ones, activation of credit lines, issuance of bonds within the Group, intra-Group loans.
Hard Limit"	-5,00%	Immediate implementation of measures set in violation of the soft limit.
"Soft Stress Limit"	-2,50%	It is an early warning indicator that an insurance company could violate its liquidity tolerances in the event of stress. The implementation of measures is not necessary.
"Hard Stress Limit"	-7,50%	Measures are envisaged, similar to the ones for basic hard and soft tolerances, to be implemented in the event of the occurrence of a scenario.

Permissible risk limits represent the maximum risk that the Company is willing to accept in relation to each risk category to achieve business and strategic goals while the Company keeps acting cumulatively within the defined risk appetite. Operational limits refer to day-to-day business decisions. Operational limits are set in more detail for:

- Investment activity, in particular for concentration risk, currency risk and credit risk, and for individual investment classes (investment portfolio structure) or types of transactions;
- Concentration of insurance portfolios, exposure to assumed insurance risks and to reinsurers;
- Operational risk assumption limits, separately for the non-life insurance and life insurance portfolios (by LoB);
- Liquidity by types of assets/investments.

## 8.1.5 OWN RISK AND SOLVENCY ASSESSMENT

As one of the integral parts of its business strategy, the Company specifically plans its capital requirements and the available capital so as to reflect all material risks the Company is exposed to. This is performed in the context of Own Risk and Solvency Assessment (ORSA). The primary ORSA objectives are to ensure sound and prudent risk management within the Company through a better understanding of comprehensive capital requirements and capital allocation (own

assessment), as well as through the understanding of the interconnection between risks and capital management in the planning of future operations of the Company.

Furthermore, the aim of the ORSA is to provide another view of the capital adequacy assessment of the Company by comparing its own risk profile assessment with the assumptions used to calculate the regulatory capital requirements so as to verify whether the regulatory SCR Standard Formula correctly takes into account the entire risk profile of the Company. The Company can manage its risks either through capital requirements and by ensuring regulatory capital or with other risk mitigation techniques, taking into consideration the business strategy, the risk profile, and the accepted risk limits and tolerances. By identifying its comprehensive capital requirements, the Company decides whether to assume or transfer certain risks, sets optimal capital allocation and assesses other performance parameters, which are reflected in the strategic decisions of the Company.

On the other hand, the ORSA has to reflect the business strategy of the Company and business plans deriving from it. When performing the ORSA, it is therefore necessary to take into consideration the strategic decisions, reflected in the business plan and projections, affecting the risk profile of the Company, the capital requirements and the eligible own funds of the Company. The management and supervisory bodies of the Company should be aware of and clearly understand the implications of the strategic decisions on the abovementioned capital aspects of the Company. Furthermore, they should take into account whether such implications are desired, feasible and whether the Company could even afford them, considering the scope and the quality of its own funds.

### In the ORSA, the Company also presents the findings of various risk assessments

- The collection of data on actual events in connection with operational risks that result in business loss is carried out quarterly.
- Once a year, the Company carries out a regular annual evaluation of operational risks and compliance risks. The evaluation is jointly prepared by Risk Management and Compliance. The evaluation is carried out in two phases, the first phase (preliminary assessment) is carried out by the two already mentioned functions, while in the second phase, process and risk owners are invited to participate.
- Prior to the implementation of the first phase, the aforementioned functions obtain data related to these

risks, namely the internal audit reports, past risk assessments and findings, operational loss reports, lawsuits, complaints and fraud investigation findings. Based on the obtained data, the risks and the control system that deals with these risks are evaluated.

- In the second part of the evaluation, or the second phase of the implementation of a comprehensive risk assessment, the process and risk owners review the results of the previous evaluation phase and propose possible changes. Then both functions, together with the risk owners, fill out the part of the questionnaire that refers to projected business plans, changes in the IT environment and macroeconomic trends in the area of selected risks.
- The final evaluation assessment after the second phase is presented to the Company's Management Board, which approves it.
- Main Risk Self-Assessment (MRSA) is a process whose purpose is to identify and qualitatively evaluate the main risks and scenarios that threaten the achievement of strategic planning goals and the stability of the Company in terms of its solvency, profit or liquidity. As all risk categories are considered within MRSA, the aim is also to verify that all relevant risks are included in the risk map, all measurable risks are included in dedicated models. In addition, MRSA captures the risks of a range of events that are not modelled directly in quantitative models. The goal of the Main Risk Self-Assessment (MRSA) is to ensure the identification of the main risks and / or scenarios that threaten the achievement of the goals and objectives of the strategic planning, including the associated mitigations.
- The Company pays special attention to digital risks. Digitization is part of the Generali Group's strategy for the coming years, which is why the Group has developed a framework for managing IT (digital) risks, designed to adequately address and manage potential threats arising from IT systems. As part of digital risks, the risk management department in cooperation with the information security and IT compliance department prepares a quarterly report on digital risks. Digital risks can be recognized by the risk owners, by the information security department, by internal audit and by other various assessments the Company carries out in the course of the year both in the Risk Management Department and in the information security and IT compliance department. Risks are regularly presented to the Company's Management Board as part of reporting to the Risk Committee.

In 2023, in addition to the regular process of its own risk and solvency assessment, Generali zavarovalnica also carried out an extraordinary ORSA, which focused on the impacts and consequences of the abolition of complementary health insurance and the freezing of premiums on the Company's operations and capital adequacy.

In 2023, the Internal Audit carried out its activities based on the 2023 annual work plan, which was adopted by the Management Board of the Company after receiving the approval of the Supervisory Board. The key activities of the internal audit comprised the auditing, monitoring and verification of the implementation of recommendations, monitoring of the Company's operations and cooperation with key functions within the Company.

## 8.2 INTERNAL AUDIT

The Internal Audit is organised as an independent function, directly subordinated to the Management Board. It is separated from other units of the Company, both functionally and organisationally. It is headed by the internal audit director who directly reports to the Management Board, the Audit Committee and the Supervisory Board of the Company on the performed tasks and operations, which guarantees the independence of its functioning.

Internal Audit assesses the effectiveness and efficiency of the internal control system and all other elements of the management system, provides assurances on their operation to the Management Board, the Audit Committee and the Supervisory Board of the Company. A part of the tasks of internal audit is to advise in these areas by making recommendations to address deficiencies and to make improvements within the framework of audits and consulting activities. It carries out its activities on the basis of an annual plan and a strategic plan of the function prepared on the basis of a risk assessment and taking into account the company's business strategy. The annual and strategic internal audit plans are adopted by the Management Board in agreement with the Company's Supervisory Board.

The Internal Audit carries out its activities in accordance with the requirements of the Insurance Act (ZZavar-1) and other legislation, with the Hierarchy of Internal Auditing Rules issued by the Slovenian Institute of Auditors, with the internal documents of the Company and the Generali Group Internal Audit.

In accordance with the requirements of the professional rules of internal audit, Internal Audit develops and maintains a programme for ensuring and maintaining the quality of internal audit. Within this programme, internal audit is subject to regular internal and external evaluations of the quality of performance.

The emphasis of internal audits was on the areas which represent higher potential risks for the Company and on the areas that Internal Audit is required to review on a regular basis in accordance with sectoral legislation. Assessing the impact of environmental, social and governance factors has become a regular component of audit reviews. The findings of the audits, recommendations and their implementation were regularly reported by the Internal Audit to the Management Board, the Audit Committee and the Supervisory Board. The Internal Audit also prepared half-yearly and annual internal audit reports.

The Insurance Company's Internal Audit also provides internal auditing services for the Insurance Company's subsidiaries, which must, in accordance with the law, provide an internal auditing function. In 2023, the Company's Internal Audit provided internal audit services in the companies Generali Investments d.o.o. Ljubljana, Generali Investments d.o.o. Zagreb (until the sale of the company was completed), Croatia, and Generali Investments AD Skopje North Macedonia. The implementation of internal auditing services for the company Generali Investments d.o.o. Ljubljana and its subsidiary Generali Investments AD Skopje, North Macedonia, continues to be provided by the internal audit of the Company even after the transfer of ownership to Generali Investments d.o.o. Ljubljana to Generali Investments SI d.o.o.

# 9. ORGANISATION AND EMPLOYEES

## 9.1 ORGANISATION AND ORGANISATIONAL STRUCTURE OF GENERALI ZAVAROVALNICA

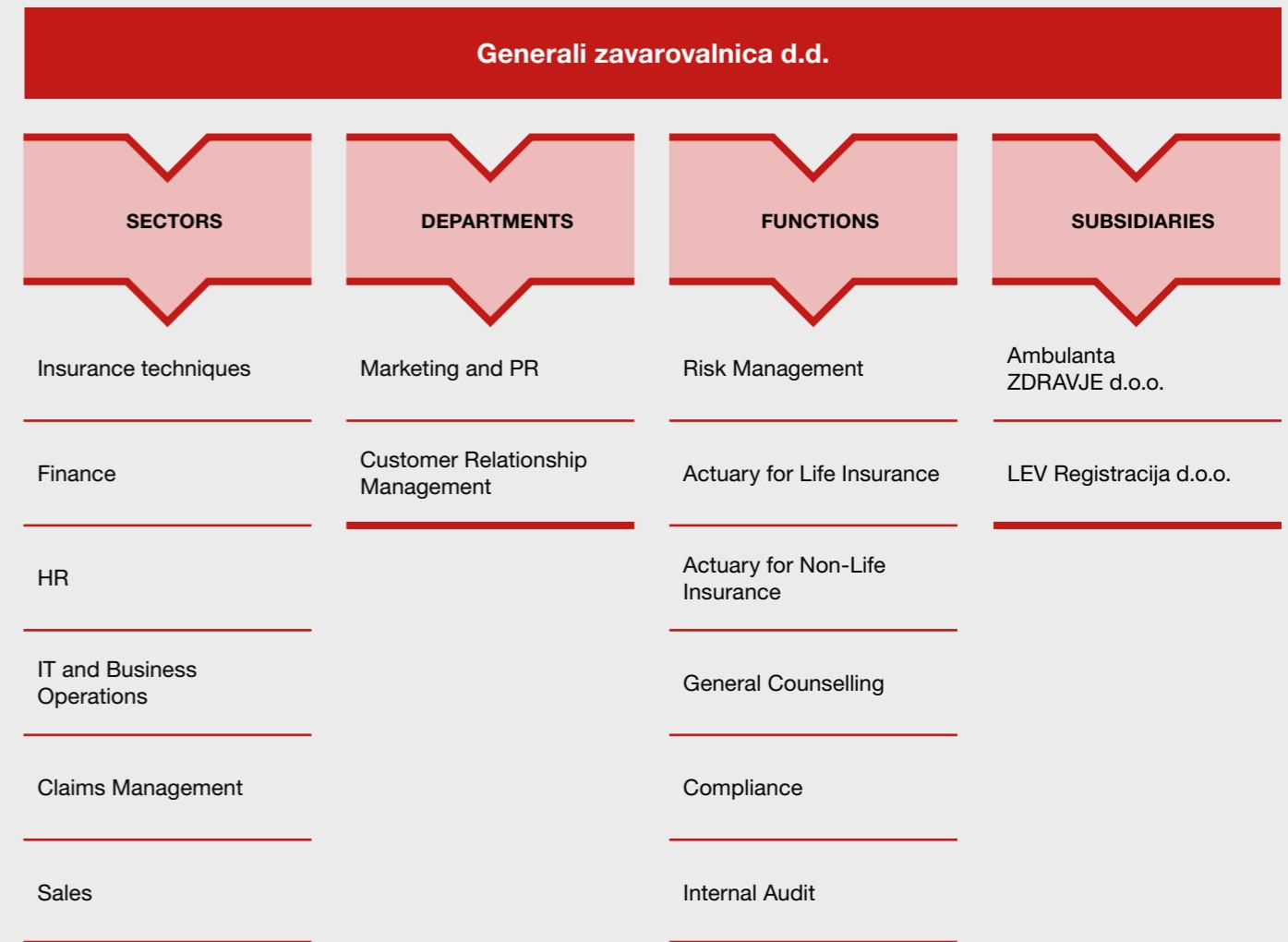
Generali zavarovalnica d.d. is part of the insurance Generali Group and as such is obliged to comply with the rules of the parent company, taking into account and respecting national legislation, byelaws, internal acts and other regulations that bind it.

The Company is organized into 3 segments, which are further divided into sectors, departments and functions. The Company's back-office organizational units - both support and business sectors - are mostly organized at locations in Ljubljana and Koper. The entire sales network and claims centres are organized regionally and cover the entire territory of Slovenia. The Insurance Company's registered office and the largest branch are in Ljubljana, while larger branches can be found in all Slovenian regional centres: Koper, Nova Gorica, Postojna, Kranj; Maribor, Celje, Ptuj and Murska Sobota.

The Claims Management sector, which deals with car, property, personal, corporate and international claims, is widely branched. Product development takes place within the Insurance Techniques sector.



### Organisational scheme



## Sales Network

We provide sales and after-sales services to our customers throughout our extensive own sales network, where 785 employed agents and exclusive sales agents work.

Sales services are also provided by other contractual partners, such as non-exclusive agencies, banks, vehicle control stations, vehicle dealers, leasing companies and travel agencies. We have concluded contracts with 334 other contractual partners, where several persons can provide our services.

We are, therefore, available to our customers at a total of 974 points of sale throughout Slovenia, in our own branches, agency branches (exclusive and non-exclusive), banks, leasing companies, travel agencies and with partners at vehicle control stations and vehicle sales points.

 **974**  
points of sale  
throughout Slovenia

 **785**  
employed agents and  
exclusive sales agents

## Online Sales

We are also available online (G24 and WIZ) to customers looking for their insurance protection through modern, digital sales channels. Our online sales points celebrated the 10<sup>th</sup> anniversary of online business in 2022, and this year G24 was awarded the highest, gold award of the Slovenian digital communications conference DIGGIT 2023 for an innovative communication project with personalized videos using artificial intelligence in the category Financial services, insurance, banking.

Our online sales service receives great reviews and comments, and we are also grateful for any suggestions for improvement. Among the latter, the desire to include Tourist Trip Cancellation insurance in the online offer stood out. Therefore, in 2023, we enriched the online offer, which includes insurance for Avto (Car), Mladi voznik (Young driver), Specialisti (Specialists), Kolesar (Cyclist), Kuža (Dog), Smučar (Skier), Abroad (Tujina) and accident insurance for young children, Toddler/Pupil/Student (Malček/Šolar/Študent), Boat (Plovila) and MikroGO, with the Tourist Trip Cancellation (Odpoved turističnega potovanja) product.

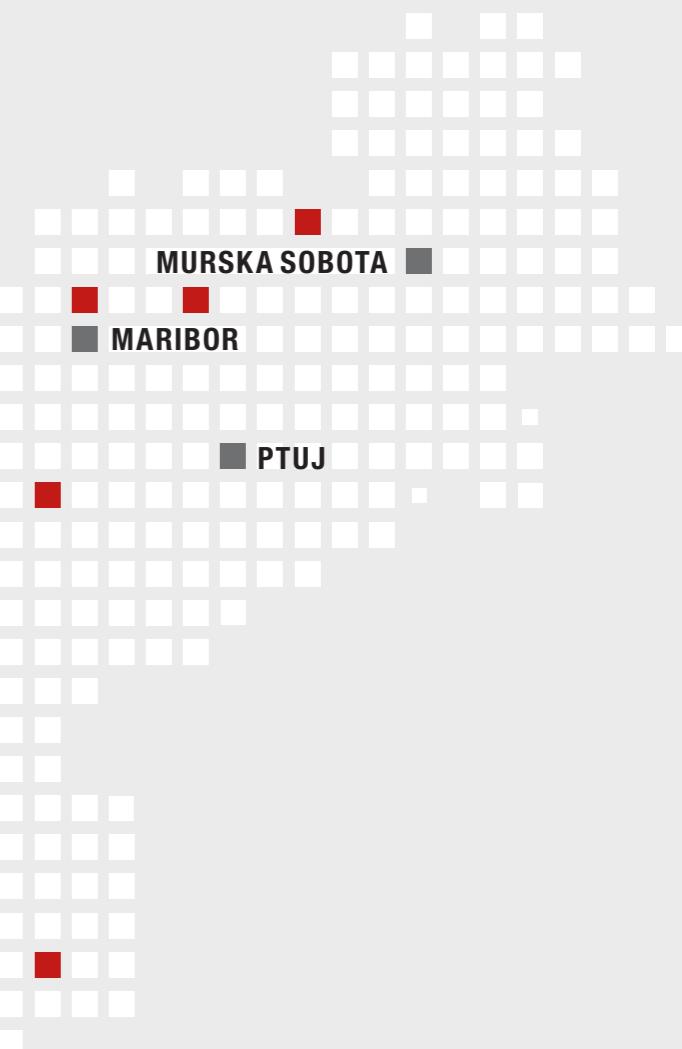
## Own sales network

-  Regional centre
-  Other own branches

**51**  
own branches

The improvements have enabled our customers an even better user experience, as evidenced by the average rating of 4.8 out of 5. In particular, our online customers are more satisfied with the method of insurance renewal year after year because before their policy expires, they always receive a ready-made proposal for a new insurance, which can be adjusted according to their changing needs.

We wanted to further simplify the car insurance renewal process at the G24 point of sale and make it even more transparent and friendly. We prepared personalized



videos using AI technology featuring the avatar Nina, who addresses each customer before the renewal, presents them with all the necessary information and invites them to easily change the policy if the customer needs it. In this way, policyholders can arrange a change of coverage or payment method directly from the video. When we asked our customers how we could improve our services, they surprised us with positive comments:

**Janez:** I think that you can continue in the same way without worry. Thank you very much for the convenience and your transparency.

**Mitja:** Keep going, you are on the right path.

**Anita:** You made an effort for me. You are the best.



## Gold Award

DIGGIT 2023



The online sales point G24 was awarded the gold award for 2023 at the Slovenian digital communications conference DIGGIT 2023 for an innovative communication project with personalized videos using artificial intelligence in the category Financial services, insurance, banking.

The project of personalized videos for the renewal of car insurance using AI assistance was recognized as an excellent example of bold use of modern technology in communication with customers. In the justification, they stated that this is an extremely innovative, interesting approach that coincides with the heyday of AI and represents a look into the future of similar institutions. They emphasized that it is truly commendable that such a large and extensive (mainly from an information point of view) system as the insurance company Generali has embarked on such a concept. As they also wrote, the insurance company recognized the problem, turned it into an opportunity to present insurance products, and thus highlighted the Generali brand as extremely sensitive to the modern needs and habits of customers. With a fresh approach, they achieved excellent results both internally and with external users.

We strive to provide our customers with the best possible user experience through an omnichannel approach, or through a combination of personal and digital communication according to the customer's preferences. The development of digital transformation is remarkable in the process of taking out an increasing number of insurance products and the settlement of claims remotely, as well as in almost all other communication. The Insurance Company offers its clients a combination

of personal and virtual cooperation tailored to their needs; the clients may choose the path to arrange their insurance as comfortably, easily and quickly as possible, where the Moj Generali portal is of great assistance.

We dedicate a lot of attention to the digital visibility of agents, who communicate with clients through this channel. In this regard, Slovenian agents, also within the Generali Group, have been achieving visible progress and success. The Company provides them with support and encourages them to stay connected with their clients at all times.

The ambitious strategic goals we have set ourselves in the field of human resources and desired company culture are achieved by competent, committed and satisfied employees, who are actively involved in HR strategic initiatives.

A significant portion of human resources activities in 2023 was dedicated to initiatives for sustainable development, the continuations of development of lifetime partnership competences, development of the employees, management of potential and key personnel, initiatives of diversity, equality and inclusion, and to establishing a model of balanced hybrid work.

## 9.2 GENERALI PEOPLE

### Number of employees

Generali zavarovalnica d.d.	Number of Employees						Difference	
	2021		2022		2023			
	per person*	FTE**	per person*	FTE**	per person*	FTE**		
	1,305	1,283.43	1,296	1,277.55	1,280	1,261.73	-16 -15.83	

\* The number of employees as at 31 December.

\*\* FTE – The number of employees in relation to the share of employment in the Company.



**1,280**  
employees

Our employees work at various locations across Slovenia, with the largest share of them working in Ljubljana (42%) and Koper (18%):

Employees by location	No.	Share in %
Ljubljana	535	41.80
Koper	236	18.40
Maribor	109	8.50
Celje	75	5.90
Kranj	45	3.50
Nova Gorica	50	3.90
Murska Sobota	41	3.20
Novo mesto	42	3.30
Ptuj	33	2.60
Postojna	20	1.60
Other locations	94	7.30
<b>TOTAL</b>	<b>1,280</b>	<b>100</b>

### 9.2.1 DEMOGRAPHIC AND OTHER CHARACTERISTICS OF EMPLOYEES

Employee data are given as at 31 December 2023.

At the end of 2023, Generali zavarovalnica had 1,280 employees, of which 96% worked full-time and 4% part-time. We strive to have the majority of our employees employed for an indefinite period (97.5%).

Working time	No.	%
Full-time	1,229	96,0
Part-time	51	4,0
<b>Total</b>	<b>1,280</b>	<b>100</b>

Employment Contract	No.	%
Indefinite duration	1,248	97,5
Fixed-term	32	2,5
<b>Total</b>	<b>1,280</b>	<b>100</b>

According to the level and type of work, the Insurance Company has 9% of senior and middle management staff, 3% of sales group managers and claims centre managers, 29% of agents and 60% of employees in the back offices:



**63%**  
Women



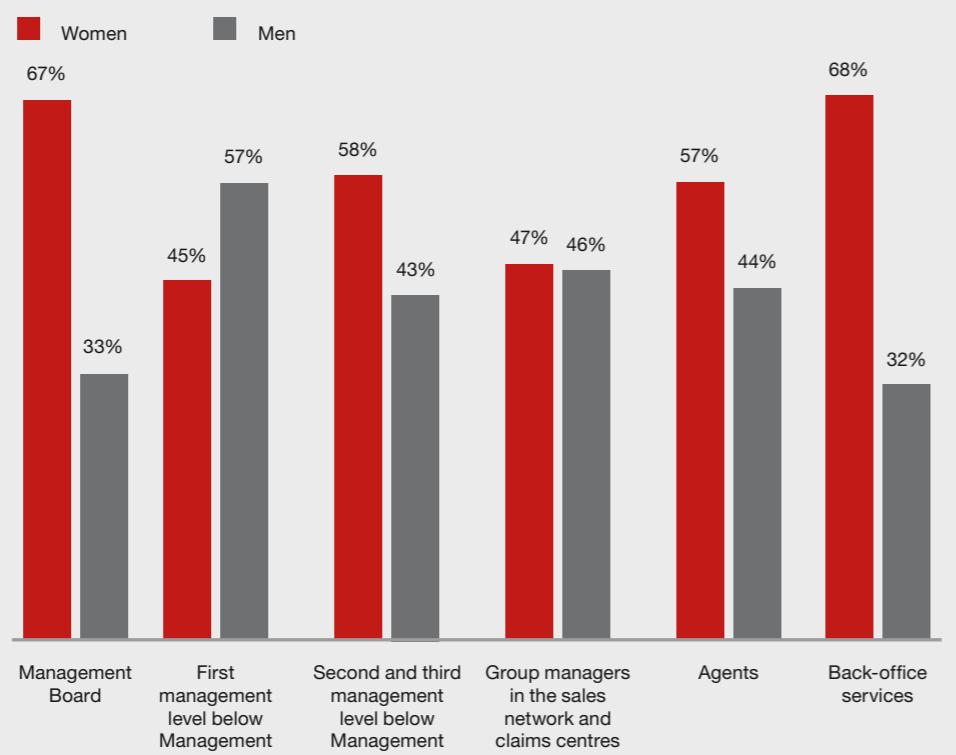
**37%**  
Men



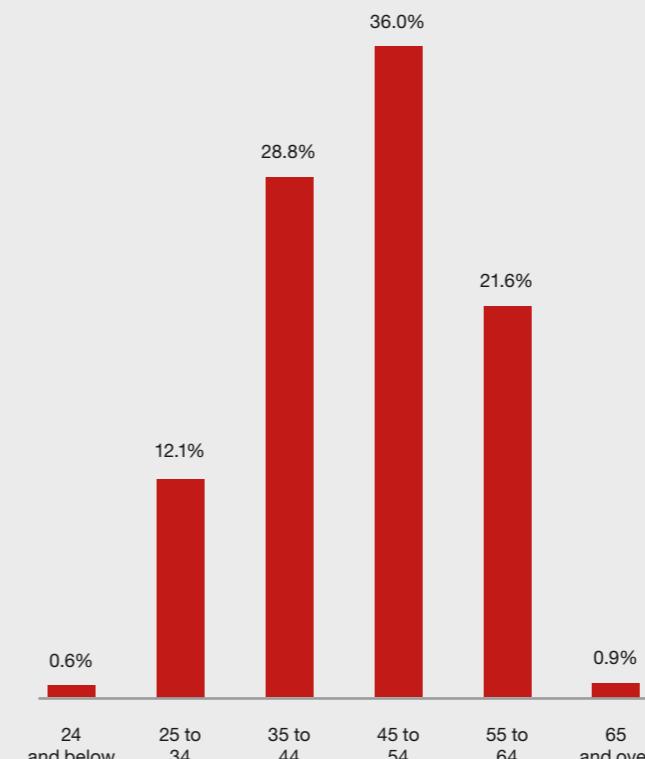
**46%**  
The largest share  
of employees has  
completed level VII  
or higher education.

Employees by levels	No. of employees	Share in %
Management Board	3	0.2
First management level below Management Board	11	0.9
Second and third management levels below Management Board	99	7.7
Group managers in the sales network and claims centres	36	2.8
Agents	366	28.6
Back-office services	765	59.8
<b>Total</b>	<b>1,280</b>	<b>100</b>

Among the Company staff of the entire Company, 63% were women and 37% were men, the share of women by individual structural level is fairly evenly represented:



The average age of employees was 46 years. The age structure is dominated by the 45 to 54 age group (36%):



The largest share (46%) of the employees of Generali zavarovalnica has completed level VII or higher education.

Level of education	2020	2021	2022	2023
	Share (in %)	Share (in %)	Share (in %)	Share (in %)
Level I-IV	3.3	3.2	3.1	3.1
Level V	36.7	36.6	36.3	36.6
Level VI	13.3	13.8	14.2	14.1
Level VII	43.7	44.3	44.4	44.3
Level VIII-IX	3.0	2.1	2.0	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## 9.2.2 HR STRATEGY IN 2023

The year 2023 in the human resources field was marked by intensive work towards achieving the goals of the GPeople24 human resources strategy, which is based on four pillars:

- Customer-centric, sustainable and meritocratic culture,
- Diversity, equity and inclusion,
- Development in business and digital skills,
- Effective organization and development of a sustainable hybrid work model rooted in digital.

At the forefront of our operations is the focus on sustainability in all areas, including HR, where, in accordance with the strategy, we focus on the development of lifetime partner competencies, sustainable leadership, a balanced hybrid work model and the development of a culture of a learning organization. We want to systematically connect different generations in the work environment, which was achieved by introducing an intergenerational mentoring program. Through international mobility and the formation of teams with different cultural backgrounds, we continued to intensively develop a global mindset. The ambition to become a lifetime partner to our customers, changes in the world and the increasing digitization require us to continue investing in the development of the key skills of our employees. In this area, we focus mainly on the development of the educational ecosystem and the upgrading of learning platforms, on the development of digital and business skills, while our potential personnel programme has been expanding and at the same time deepening its impact in parallel with the involvement of potential personnel in key company projects. We will continue to optimize our organization, processes and technology with the aim of creating an agile working environment and new working methods. One of our important goals is to maintain a sustainable, balanced, hybrid work model.

## 9.2.3 EMPLOYEE DEVELOPMENT

With our customers, but also in the development of and care for our employees, we follow our lifetime partnership commitment, which means that we stand by our employees and develop their skills throughout their employment period. We provide them with the best opportunities for the development of competencies and continuous personal growth, greater creativity and teamwork, the ability to adapt to market changes and easier business decisions making. Education and training of employees take place

under the wing of the Generali Academy (GAS). We are proud of the company-internal transfer of knowledge, provided by internal lecturers. Their contribution was awarded in 2023 with the TOP Lecturer of the Year award.

A lot of training courses were held under the wing of the GAS this year, and we added some new practices to the established ones. This year, we added our own-led team-building workshops, skills training in the area of SME sales, a mentoring programme within the framework of the development accelerator, mutual coaching for managers and the First Time Manager programme to the already familiar training provided by the Generali Group, which takes place via the WeLEARN platform, the Time for Knowledge programme, the onboarding programme for new employees, the program for managing potential personnel, and the training program for managers.

#### Annual educational plan

Generali Academy Slovenia takes care of educational programmes in the Company. The Academy develops development programs and ensures their implementation and the active introduction and implementation of educational goals. Furthermore, in 2023, we continued implementing the hybrid educational model - some sessions take place live, others online, and we also conduct asynchronous trainings via the WeLEARN and eCampus educational platforms. In addition to local educational programmes, our colleagues are also involved in various long-term international professional training within the Group's programmes such as the New Role Schools, Upskilling and Reskilling, Exponential Leadership Journey, GIFT etc.



**44,888 hours**  
of training in 2023

In 2023, training needs were systematically collected through the system of digitized annual interviews and an annual training schedule was prepared in line with the strategic direction of development of competences of the future. In 2023, our full-time employees received 44,888 hours of training, of which 4,661 hours were allocated to management training. Each employee attended at least one training session in 2023, and each employee received an average of 35 hours of training. We carried out 14,140 hours of training for our contractual partners.

In terms of content, the year 2023 was marked mainly by the Generali Group Sustainability Strategy followed by a dedicated online course. We continued developing lifetime partnership skills, digital skills, agile work methods, effective challenge solving, excellence in communication and leadership in a hybrid work environment. Employees completed 8,039 hours of international training in the areas of strategy, compliance, IT security, code of conduct, data science, customer experience, creative thinking, process automation and various technical and professional contents in the insurance industry.

Special thematic training sessions were conducted as part of our own team-building workshops aimed at addressing networking within individual organizational units. In 2023, we held workshops for 65 teams, all of which were designed and conducted by employees of the HR Development and the Academy.



#### 65 teams

attended thematic training

The intergenerational aspect of social responsibility is pursued within the framework of cooperation with students, enabling them to gain experience already during their studies. We cooperate with various secondary schools and universities, enabling students to complete mandatory practical training and gain their first work experience. We support our employees in work-study and obtaining a higher level of formal education. In 2023, we also collaborated with students at the Business Hive hackathon, where students from various countries sought a solution to our challenge in the field of telemetry.

#### Time for insurance and Time for knowledge

Within the framework of the activities for employees, in 2023 we continued the series of webinars in the thematic clusters Time for insurance and Time for knowledge. The webinars were held once a week and were aimed at dealing with two important topics - furthering knowledge about the insurance industry, sustainability and developing the knowledge and competences of the future. In the past year, as part of Time for Insurance, we learn more about various topics, including: the basics of using the QlikSense and ChatGPT tools, parenting in the digital age, brain development in childhood and adolescence, the contribution of colleagues to the co-creation of an inclusive work environment, safety

when doing household chores, urban gardening, preparing healthy meals for work, health through self-massage, partner relationships, intergenerational cooperation in the workplace, complementary pension insurance, environmental liability insurance, liability in practice, insurance fraud, reporting concerns, consultative selling from the perspective of a lifetime partnership. As part of disability week, we learned the basics of the one-handed alphabet.

The educational cluster "Time for insurance" is also strategically important from a regulatory point of view, as it allows employees to accumulate educational hours in a fixed period, as dictated by the IDD Directive. Colleagues will once again vote for the TOP Lecturer of the year and propose topics for next year.

#### Lifetime partner for newly-recruited staff

The values of the Company, we use to create additional value in the eyes of the customers and to strive for excellence, were transferred to newly-recruited employees through the behaviour of a lifetime partner (responsibility for success, innovation, personal approach and simplification of complexity). The workshops entitled Become a Lifetime Partner were held twice and were attended by everyone who joined Generali zavarovalnica in 2023. In this way we maintain the ambition that all employees attend the workshops, learn about the behaviour of a lifetime partner and make a commitment to implement them in their everyday work.

#### Management skills

In 2023, we continued assisting the managers to operate in the new normal, which brings new challenges in the field of employee management. We also addressed the further development of management skills and provided training in the field and mutual coaching for all managers within the framework of the Academy of Management.

For managers who took up this position for the first time in 2023, we designed the internal First-Time Manager programme, which includes participation in the Leadership and Management 1.0 training course, where they learned the basics of management skills in six modules, as well as support through coaching and mentoring in the first the year of performing the new role. In addition to the First-Time Manager programme, all new managers also attended the MAP2theNew training, which is aimed at maintaining the pursuit of the competency model of leadership in the Generali Group.

#### Education in sales

Equipping newly-recruited sales employees with the skills they need to excel in the future remains a key focus of our training programme. Again in 2023, the onboarding programmes for new sales employees continued enabling them to acquire knowledge and skills for a successful start of the insurance agent job through the First Voice and Voice modules, and to acquire all the necessary skills to be successful at the licence testing through the I will obtain the licence training. In addition to all the product trainings organized by the Regular Sales Network, the Financial School and product-focused How to Sell training programmes intended for personal account managers who want to take a step forward in their journey. We also started implementing training in the field of advisory approach to sales, an orientation that the Generali Group calls Lifetime Partner Advisory. This represents a significant leap in the sales mentality of personal account managers.

#### Management of potential personnel

2023 saw the continuation of the Development Accelerator programme for the development of those employees who were recognized, through a systematic evaluation process, as having ambitions and potential for accelerated development. In 2023, the participants of the Development Accelerator programme took part in the mentoring offered by the management. The programme was expanded in 2023 to include the sales. The process of identification of key and potential human resources took place in several steps, and a pool of new colleagues who joined the Development Accelerator programme was formed through nomination and validation processes. An individual approach in development was monitored through development tasks within the workplace. 9 thematically focused trainings were also conducted in the fields of sales approaches, personal agility and efficiency.

#### 9.2.4 AWARDS

2023 again brought us some publicly recognized HR successes. As part of the 42<sup>nd</sup> international scientific conference on the development of organizational sciences, the Development Accelerator programme received the award for the best HR practice in 2023. As part of the Edutainment conference, we received the TOP Investor in Education certificate, where we were recognized for the systematic investment in education and training.

## 9.2.5 EMPLOYEE BENEFITS AND THE QUALITY OF LIFE IN THE COMPANY

### Socially Responsible Employer Certificate

Social responsibility today plays an extremely important role in society as well as in the Generali Group. The Socially Responsible Employer certificate is a certificate based on the guidelines of the international standard for social responsibility ISO 26000, whose purpose and goal is to improve socially responsible management in organizations in Slovenia, in relation to employees, as it brings many benefits for employees, the environment, wider society and other stakeholders.

Again in 2023, by applying a wide range of socially responsible and sustainable measures, we pursued the goal of obtaining full Socially Responsible Employer (SRE) certificate. With our activities, we want to further increase the satisfaction, motivation and commitment of employees and ensure a better organizational culture and climate, as well as employee cooperation. The activity and the contents continued to be aimed at raising employee awareness in the areas of social responsibility and organizational management - in this context, the employees were familiarised with the contents of building biology, where we obtained useful advice on how to make our living space even more health-friendly and we learned about modern traps for adults and children brought by the new digital age. A considerable part of the content was devoted to the areas of sustainability and self-care.

After the audit procedure was carried out in November 2023, on 29 December 2023 we received the decision by which the Ekvilib Institute granted us the "Umbrella Certificate - Level 1 Socially Responsible Employer" 1 year early. Early receipt of the umbrella certificate proves the quality of our programme.



Družbeno  
odgovoren  
delodajalec

### Umbrella Certificate – Level 1

Socially Responsible Employer in 2023

Corporate volunteering is strongly rooted in the company and is implemented within the Generali Group THSN (The Human Safety Net) project and in cooperation with the Association of Friends of Youth Ljubljana Moste-Polje. The implementation of the project takes place in three major campaigns: Summer vacations, School supplies and Magical winter, with the aim of helping socially weak families.

In the area of environmental care, we raised awareness of and informed employees about the economical use of energy, reduction of waste, use of paper and water, and sustainable mobility.

In terms of health protection, we followed our most important goal, namely that our employees stay healthy and satisfied. To this purpose, we took care of the ergonomic refurbishing of workplaces, we taught employees how to do house chores safely, how to prepare a healthy meal for work, how to curb the desire for sweets, what the body tells us, the healing power of self-massage, how to preserve and manage our own energy and successfully solve life's challenges. We also took care of vulnerable groups of employees and adjusted the working environment to their needs.

In the field of intergenerational cooperation, we held an online seminar for all employees on the topic of Intergenerational Relations and took a closer look at the key differences between individual generations and how we can create positive energy in the workplace.

In the area of promoting and balancing professional and private life, we continued our already outlined path by implementing measures such as a time bonus, school-holiday childcare, New Year gifts to children of employees and gifts to newborns. Among these measures, greatest attention was turned to the field of psychological counselling, as the trend showed an increase in interest in this form of help. We also made employees aware and held a webinar on the topic of good partner relationship and knowledge of the impact of brain development on the behaviour of children and adolescents.

The Company also pays a lot of attention to the area of diversity and inclusion. For this purpose, we organized two special webinars, where we hosted special guests and talked about the life of physically challenged people and how we communicate in sign language.

We are aware that the success of the Company is not only measured in numbers and balance sheets, but also in terms of employee satisfaction, a good company climate and social responsibility, as it is one of the fundamental values of the company, as well as the basis of a healthy and stimulating environment for which we strive in our business and build on it every day.

### Promotion of health

Health is the basis of good and successful life and work, both for the individual and for the society. Care for maintaining and improving the health of employees is

expedient, as healthy and satisfied workers who work in a safe and stimulating work environment are more productive and creative, get sick less often and go on sick leave less often, and remain loyal to the organization and the employer.

Promotion of health at the workplace is a targeted activity and measure that the employer implements on the basis of the law with the aim of maintaining and strengthening the physical and mental health of workers. This means the joint efforts of the employer, employees and society to improve the health and well-being of employees. It is a combination of changes in the physical and social environment and in the health-related lifestyle, because there is no mental fitness without physical fitness and vice versa.

The following activities were carried out:

- provision of preliminary preventive, targeted periodical preventive and other targeted preventive check-ups;
- theoretical and practical training in the field of health and safety at work;
- fire protection training;
- enabling employees to submit a proposal regarding the purchase of accessories that working in the work environment easier for employees suffering health problems (purchase of electric desks, purchase of office chairs, ergonomic computer mice);
- giving employees appropriate instructions for working from home;
- promotion of good mutual relationships and support between colleagues (climate measurement by area, annual development interviews, management by objectives);
- ensuring a good flow of information and a positive working atmosphere;
- provision of common social spaces (kitchenettes, small meeting rooms, speaking rooms);
- encouraging employees to use stairs instead of lifts;
- purchase of company bicycles for commuting between locations or for an active break;
- purchase and supply of company e-cars;
- balancing professional and private life (flexible working hours, working from home, doctor's time bonus);
- dissemination of information on healthy eating (articles on the topic of healthy eating, webinars on the topic of healthy meals and urban gardening);

- encouraging employees to participate in physical fitness tests in their local community and to participate in sports and recreational events through the Generali Sports Club (hiking, cycling, skiing);
- taking a daily active break and exercising in the morning;
- weekly supply of fresh fruit for employees;
- the possibility of using psychological counselling.

### Generali Sports and Cultural Club

The important goals of the Club are co-creating a positive climate in the Company, strengthening ties between colleagues outside of working hours and promoting a healthy lifestyle. The new Generali Sports and Cultural Club was registered On 1 September 2023; it was created by merging the two existing clubs and already has more than 630 members. In 2023, the Club carried out already established activities of the association: guided recreation of volleyball, beach volleyball, basketball, swimming, fitness, badminton and other exercises that members participate in. The hiking section carried out five mountain trips, the cycling section two cycling trips. Two tourist trips were organized, one to Milan and the Borromean Islands and another to Tuscany with Florence.



**630 members**  
of the Generali Sports  
and Cultural Club

The Club is connected with the Generali Sports Club in Trieste – the ASD Generali Trieste, together they organised a ski weekend in 2023. The Generali sports team took part in the Summer Sports Games of Financial Organizations (ŠIFO) and won the overall first place. The traditional annual social sports meeting of all employees (including contractual employees and pensioners), attended by more than half of our colleagues, was held in May. The Club offers many opportunities for exercising, socializing and spending free time also for family members and retired colleagues. The Club is also open to outside members, family and friends of employees and any other lover of sport, culture and a healthy lifestyle.

### Holidaying

Generali zavarovalnica offers its employees and their families, retired employees and Slovene war veterans,

holiday stays in quality and affordable accommodation facilities of the Company. The Company offers a two-day free stay to the target group of older workers 55+. In 2023, 145 employees benefited from holidaying facilities.

#### Employee insurance

All employees may join the group accident insurance and the health insurance scheme Specialists with Assistance, where both premiums are paid by the Company, with the option of a larger scope of coverage upon extra payment. In addition to the employees who are included in both schemes, 1,037 family members are included in the collective accident insurance, and 763 family members are included in the Specialists with assistance health insurance. Moreover, all employees have the option of joining the voluntary complementary pension insurance in accordance with the Agreement on Accession to the PN LEON 2K Pension Plan - Umbrella Pension Fund LEON 2, co-financed by the Company. Pursuant to the Agreement, the Company pays the statutory minimum premium for all employees. As at 31 December 2023, 57.45% of employees added up to the amount of the premium from their gross or net wages. In the case of health insurance, the Company offers employees favourable conditions for underwriting the above-standard insurance Težke bolezni in operacije (Critical illness and surgery insurance). Employees can also insure their pre-school and schoolchildren against accidents.

#### 9.2.6 MONITORING EMPLOYEE ENGAGEMENT

The Company is fully aware that the ambitious strategic goals set in the field of human resources can only be

Work-related injuries in Generali – number and share of injuries	2021		2022		2023	
	number	share in %	number	share in %	number	share in %
At work	1	25	2	100	1	100
During business trip, training	2	50	0	0	0	0
Absence due to injury at work from previous years	1	25	0	0	0	0
<b>Total</b>	<b>4</b>	<b>100</b>	<b>2</b>	<b>100</b>	<b>1</b>	<b>100</b>
<b>Lost time due to injuries at work</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>		
		number	number	number		
		96	21	20		

achieved by engaged employees. As part of the Generali Group, Generali zavarovalnica is involved in regular and systematic monitoring of employee engagement. The global employee engagement survey is conducted every three years, last time 2021, while a shortened Pulse Survey will be conducted every year in the interim. THE pulse Survey of October 2023 had a 94% participation. The results showed that in five out of six categories saw improvement compared to 2022, and the engagement index was 86%. The 94% participation means that we have obtained relevant data on the basis of which appropriate action plans can be derived.

#### 9.2.7 WORK-RELATED INJURIES

Generali zavarovalnica actively ensures legislative requirements in the field of health and safety at work and fire safety. Safety risks are identified by recording risky events and eliminating hazards in the work environment, by training employees in the field of healthy and safe at work including using personal protective equipment, which employees receive based on a risk assessment. We actively reduce the risks of work-related injuries, check the conditions and monitor compliance with the instructions for safe work in the Company's premises as well as when working from home or remotely, which we provide to most employees.

We strive to become an employer without work related injuries, which is why we constantly carry out a series of preventive activities and introduce improvements. In 2023, we recorded one injury that occurred in the work environment. An employee injured her right wrist when leaving the workplace.

## 10. MARKETING AND COMMUNICATION

2023 will certainly be remembered for the devastating floods that affected many in Slovenia. The Insurance Company provided assistance to people through our services, donations and volunteering. In all these activities, it was essential that we were quick, efficient and responsive in communication. Furthermore, 2023 was characterised by sustainability and the development of new sustainable projects that we designed in the marketing and public relations department. Another important event for our Insurance Company, which required strong communication support, both internally and in relation to customers, the media and other stakeholders, was the abolition of complementary health insurance.

Nevertheless, despite the challenges, we ended the year successfully - we achieved the marketing goals related to the strength of the brand and RNPS\*\*. We maintained the brand preference at the same high level throughout the year\*, and the RNPS remained high throughout the year and well above the average recorded by the insurance industry in Slovenia.

We also received the Superbrands award. The award itself, and even more so the fact that we received it for the fifth year in a row, confirms that professional and consistent work pays off. Our brand is once again among the percentage of brands on the Slovenian market that both the consumers participating in the selection and the expert jury recognize as a "Super brand".

Our strategy and commitment to introduce sustainability into all areas of the Company's operations is strongly reflected in the projects and initiatives we develop. With each new project or initiative, we try to respond to challenges that we recognize as pressing in the social environment. Thus, in 2023, we presented three new initiatives, which were well received by the participants, and at the same time received extensive media attention.

In late 2022 and early 2023, we implemented the Paint Your Memories project, which shed light on the too often overlooked topic of dementia and encouraged discussion about this increasingly widespread disease.

Source: \*Epiphany, Brand Health & RNPS Tracking, 2023.

\*\* RNPS measures how likely are our customers to recommend Generali zavarovalnica to their friends and acquaintances.

We are proud of the huge response we received online with our application for generating colouring books from family photographs. This Project raised a greater awareness and knowledge of the disease and fostered help to people with dementia and their relatives.

In the spring of 2023, the Company presented the SME EnterPRIZE Competition in Slovenia. The Competition takes place in other 10 European markets under the auspices of the Generali Group and rewards small and medium-sized companies that successfully introduce sustainable practices into their operations. Since it was held in Slovenia for the first time this year, it was necessary to focus a lot of attention on building awareness of the competition, encouraging companies to apply, as well as conducting the competition, which ended with the award ceremony in Slovenia and later also with the Generali Group event in Brussels. The response among companies exceeded expectations, and the applications received confirm that companies also see sustainability as an opportunity and their own competitive advantage.

**SME EnterPRIZE Competition for the first time in Slovenia in 2023.**

The last quarter of 2023 saw the launching of a project to strengthen digital skills among the elderly - DIGITALLY INDEPENDENT, which will continue in 2024. As part of this initiative, multi-day free digital literacy courses are held, aimed at empowering the elderly with the key digital skills necessary for everyday life. The fully booked courses and the remarkably high satisfaction of the participants with the newly acquired knowledge are the sign that we addressed another social challenge.

In the field of road prevention, we continued in 2023 the 3-D Zebra Crossing project, i.e. the placing of 3 dimensional crossings for pedestrians in areas of calm traffic near schools and kindergartens. To promote a healthy and active life, we strengthened the visibility of the ZAME Loyalty Programme, encouraged memberships and provided relevant content on digital channels.

Last year, we also took an important step in the field of sports sponsorships – to achieve a more consistent communication, we developed a new platform, "RAZPIRAMO KRILA LEVJESRČNIM" (Spreading the wings of the lionhearted), to endorse all sports sponsorship projects that financially support children's first sporting steps, all the way up to top athletes. A large part of our charity projects, as in previous years, was carried out in cooperation with the Association of Friends of Youth Ljubljana Moste-Polje and the global foundation The Human Safety Net.

In the field of marketing and communication, in accordance with the goals of the marketing strategy, we combined both classic and digital channels to build awareness

and preference, as well as to achieve conversions and encouragement of customer contact. Last year great attention was dedicated to content marketing through which we want to address existing and new potential customers as effectively as possible and offer them enough reasons and information to contact us.

The extraordinary events mentioned in the introduction, in the light of an effective communication response during and after the floods demanded from us to redistribute both the resources and the activities and to focus on informing and guiding our policyholders. The fact that we accomplished this task successfully was also thanks to our marketing and communication team, who, like many other colleagues, especially the loss adjusters, did everything possible during the floods to make the cooperation between people who suffered damage and the Insurance Company as comfortable as possible.

All our activities are aimed at achieving high satisfaction of our customers. They recognize us as a reliable, professional and responsible insurance company that



## USING A COMPUTER - A PIECE OF CAKE

DIGITALLY INDEPENDENT

Free course for improving  
digital skills for the elderly.



not only understands their needs, but also strives to provide customer-tailored products and services. And it is precisely the fact that our policyholders experience us as their lifetime partner that will guide us in 2024 as well.

### Intranet

The Intranet Generali Kompas intranet is the entry point into the working environment of all employees. In 2023, an extensive content and design upgrade was carried out, and the renewed Intranet was launched in January 2024. The Generali Kompas contains an extensive, and after the new update, even more transparent series of documents and applications the employees use on a daily basis.

Owing to its informative and educational role and work tools, it is an important part of the business environment and culture of cooperation in the Company. In 2023, more than 1,300,000 hits were recorded on the Intranet, 426 news items, 180 original videos and 38 Focus weekly newsletters were published and are received by employees and employees of authorized agencies.

 1,300,000  
hits

 180  
author videos

 426  
internal news items

 38  
weekly newsletters  
Generali Fokus

## RESPONSIBLE CITIZEN

Together and as active individuals, we support and implement initiatives for a better everyday life and a better tomorrow. We co-create opportunities in society, spread the wings of Slovenian athletes, promote traffic safety and foster digital literacy among older people. In a long-term partnership with the Association of Friends of the Youth of Ljubljana Moste-Polje and as volunteers within the framework of Generali's global movement The Human Safety Net, we dedicate special attention to the most vulnerable groups of the population - children and their families, who are included, due to their disadvantaged backgrounds, in the programmes provided by the Association.



# WE CREATE A BETTER EVERYDAY

# 11. CUSTOMER AT THE CENTRE OF PRODUCTS AND SERVICES

We strive to create and upgrade the best customer experience with our services and products, both in our and contracted sales network, as well as in the sales network of our business partners. As real lifetime partners, we want to provide our customers with comprehensive support in taking out insurance and excellent assistance. The Generali ZAME Loyalty Programme offers our customers, as well as those who are not yet familiar with our services, advantages in insurance and partner benefits, as well as support in achieving a healthier and more active lifestyle.

## 11.1 CUSTOMER CARE AND SUPPORT

Customers follow a variety of channels when connecting us, however we constantly strive to meet and exceed their expectations. We offer numerous options for active communication and monitoring customer satisfaction: a central toll-free telephone number, the e-mail address [info@generali.com](mailto:info@generali.com), the My Generali portal, Facebook, Chat and personal contacts in our branch offices.

**Interaction with customers:**  
In the past year, we recorded an exceptional number of interactions with customers through various communication channels. We recorded a total of 527,180 interactions, which testifies to the active participation and trust of our customers in our services.

**Financial asset management:**  
By providing expert advice on asset management in the area of life and pension insurance, we maintained a high surrender value of EUR 52.7 million in 2023 as well. This reflects our commitment to delivering lasting value to our customers.

### Customer satisfaction:

Almost 93% of our policyholders expressed their satisfaction with the Customer Care and Support Department. This high level of satisfaction is the result of our continuous effort to provide quality and efficient services that exceed customer expectations (Source: Internal survey, 2023).

## 11.2 HEALTH INSURANCE ASSISTANCE

It is worth highlighting the key role of the Health Insurance Assistance in providing support and assistance to our customers in asserting their rights from supplementary health coverage. Our team of experts, consisting of Specialists with Assistance and Transitional Care, is dedicated to facilitating the procedures for booking appointments for private healthcare services with our partners and at the same time assisting them coordinate appointments in the public healthcare system. In addition, we provide customers with valuable information about the content of their insurance, health care providers and procedures for exercising rights.

Our customer care extends beyond the coordination of appointments, as we provide help at home in cases where they cannot take care of themselves due to their health condition. We organize transport to check-up specialist examinations or chemotherapy and enable obtaining a second medical opinion from abroad in case of doubts regarding the correctness of the treatment. For those who need psychological help, we provide access to psychotherapy.

We are proud of the growing number of cases solved through our Assistance Centre, which reached an impressive figure of almost 23,000 cases in 2023, or a 26% increase compared to 2022. The reasons for this increase are the number of new insurance contracts taken

out, increased awareness of people about their rights and the challenges the public health system is facing.

We particularly highlight the most common organisation of examinations in the field of orthopaedics, which account for almost half of the cases. We also observed an increase in the number of cases under the preventive coverage of approximately 85%, which reflects a greater interest of policyholders in preventive measures.

Along with the increase in the volume of concluded insurance contracts and requests to exercise the rights, the need for communication with customers also increased. Compared to 2023, we recorded 8% more calls and slightly less communication via e-mail, which we attribute to the efficient booking of customers in the new information system, Assistant which enables a secure exchange of medical documentation and feedback on the status of the service. Customer satisfaction remains extremely high as we received the rating of 4.89 out of 5\*, reflecting the exceptional quality of our services. Customers also gave a remarkably high rating to our contractual partners who provide medical services (4.85 out of 5).

(\*Source: Internal survey 2023)

## 11.3 HALO DOKTOR

Halo Doktor is a modern coverage in individual and collective health insurance Specialists with Assistance, which enables a phone or video call with a family doctor. The video consultation is available to customers immediately, usually within 15 minutes. If they wish, customers can also make an appointment for a telephone or video call at a time that suits them. Based on the conversation, the family doctor can suggest various measures to improve the condition or issue a referral for further tests or a specialist examination. In 2023, 2,011 treatments were performed within the Halo Doctor service.



**2.98 out of 3**  
average rating of satisfaction with the doctor



**2.93 out of 3**  
average rating of satisfaction with the booking process and the call

Satisfaction with the Halo Doktor service is extremely high, the average rating of satisfaction with the doctor with who consulted the customer remotely is 2.97 out of 3\*\*, and the average rating of satisfaction with the booking process and the call is 2.94 out of 3.

(\*\* Source: Medifit survey 2023)

## 11.4 MOJ GENERALI

Our Moj Generali (My Generali) Portal remains a key tool for customers who want to manage their insurance needs easily and efficiently. In addition to enabling fast and transparent communication with the Insurance Company, it contributes to a more sustainable business. With even better electronic business, we reduce the need for paper documentation, which contributes to preserving the environment and reducing our ecological footprint. By furthering development of the Portal, we will continue to follow the trends of digital transformation in order to offer our customers the best options for managing their insurance and financial assets.

## 11.5 GENERALI LOYALTY PROGRAMME ZAME

In 2023, we continued our extraordinary efforts in the development and improvement of the Generali Loyalty Programme ZAME, which was successfully launched in 2022. In accordance with our commitments to our customers, we further adjusted and upgraded the

programme to ensure an optimal experience for all our policyholders and for all individuals who decide to become part of our insurance community.

We have maintained the fundamental principle of the programme, which emphasizes customization for each individual. In order to encourage rapid progression between the four classes, we successfully upgraded the scoring system and added the option of joining via the internal network, which makes the entire offer of the loyalty programme even more accessible. At the same time, we worked more closely with our network of loyal partners, which led to even better offers and benefits for programme members.

We particularly focused on our most loyal customers, who were given special benefits as a result of our commitment to long-term relationships. Our work continues to be focused on ensuring safety, offering more affordable insurance and rewarding a healthy and active lifestyle.

We strive to offer customers a rich experience with numerous tips and content that promote prevention and a healthy lifestyle. Through all these measures, we remain committed to the goal of strengthening the trust of our customers, while improving their safety and quality of life.

## 11.6 MONITORING CUSTOMER SATISFACTION

The NPS - "Net Promoter System" - is an internal system which allows us to obtain feedback continuously and automatically from our customers at certain moments of contact (purchase, renewal of policies, reporting and claim settlement...). We send customers a service satisfaction questionnaire by e-mail, we also call dissatisfied customers by phone, listen to them and find the best solution to improve the experience.

Based on customer feedback and an analysis of their needs, in 2023 we focused on the integrated management of the customer experience and the optimization of individual steps.

### NPS-index 61 in 2023

The NPS customer satisfaction index of the Company remained at a very high level despite the high-profile events in 2023 (announced price increase of complementary health insurance, storms and floods), which confirms that customers are very satisfied with our work.

Source: Internal customer satisfaction survey of Generali zavarovalnica (Medallia NPS), 2023, N = 30,045.

The quantity of interactions proactively created by the Insurance Company and satisfaction with the characteristics of the interactions also contribute to overall customer satisfaction. In 2023, we increased the share of proactive interactions\*\*\*, and compared to the main competing insurance companies, the interaction with the insurance company Generali\*\*\* was recognized as the most professional, human and transparent.

\*\*\*Epiphany, Brand Health and RNPS Tracking online survey, commissioned by Generali zavarovalnica, August - September 2023, representative sample of financial decision makers in a household with at least one insurance policy, N = 972.

At the end of 2023, we enriched the monitoring of satisfaction of our customers by establishing of the Generali Research Panel. The internal research panel will enable us to conduct marketing research more often and more effectively (faster research execution, representative customer base and higher response rate). The panel consists of an organized and engaged customer base dedicated to research, which enables the building of a relationship with customers, whose opinions contribute to the development of the Company (co-creation of the offer, improvement of products and services, better overall experience, customized services, etc.).

## 11.7 CLAIM SETTLEMENT PROCESS

The year 2023 will be remembered for the catastrophic natural disasters that ravaged the entire country during the summer months. As early as in July, natural disasters caused enormous damage. It started with a storm in the Prekmurje region, continued with hail in Dolenjska and then

Primorje regions. Most of the buildings were damaged, and there was also a lot of damage to vehicles. On 4 August, severe floods affected almost all municipalities in Slovenia and caused damage of historic proportions.

In July 2023, we handled nearly 8,000 storm and landslide claims and just under 9,000 hail claims. Total claims due to natural events in July amounted to EUR 29 million, mostly due to hail (18 million). Most of the damage was caused to residential and commercial buildings, while to vehicles amounted to approximately EUR 6 million.

August was marked by catastrophic floods, which burdened our Company mostly in the wider Celje area (mainly in the Savinja Valley), and to a lesser extent in Gorenjska and the Central Slovenia regions. We recorded 5,300 property claims due to floods, of which 350 were to vehicles. Claims arising from floods reached as much as EUR 28 million. There were 3,000 other claims due to natural events in August, in the amount of EUR 3.5 million.

Due to the extremely large amount of claims, we involved all internal employees and contractual partners in the settlement of claims, and with exceptional engagement we managed to resolve the majority of claims without major delays. The success of claims settlement was confirmed by a customer satisfaction survey, which we continuously conduct using the NPS method. We are aware that only a satisfied customer is the driver of development, which is why we try to adapt our processes to customer expectations. Customer satisfaction with the Company is significantly influenced by satisfaction with the settlement of claims. In comparison with the main competing insurance companies, we recorded the highest level of satisfaction among policyholders of Generali zavarovalnica. As many as 89% of policyholders were (fully) satisfied with the settlement of claims in car insurance and 93% (fully) satisfied in property insurance.\*\*

\*\*Source: Aragon, online survey BrandTrack, commissioned by Generali zavarovalnica, April 2023, representative sample of the general Slovenian population, N = 1014.

When solving the July claims, we found that a large number of our customers have adequate insurance coverage on their property policies. Regarding the August flood damage, it is worth noting that many customers did not have sufficient insurance coverage, as they did not expect or were aware that the floods could reach them (e.g. Mengeš and its surroundings). This is where the advantage of package insurance, which automatically includes flood, was revealed. We estimate that if customers were to choose coverage themselves, far fewer customers would be insured against the risk of flooding. On the other hand, it will be necessary

to raise additional awareness of the public and policyholders regarding preservation of the value of the property and the appropriate insurances with suitably high sums insured.

At a time of this extraordinary increase in reported claims, our online claim reporting solution proved to be extremely efficient, enabling us to work faster and more smoothly, so we plan to further develop it and improve its functions in the future.

In terms of costs, we faced a further sharp increase in vehicle repair costs, as well as buildings, due to a lack of spare parts, personnel, and an increase in energy costs. The year 2023 saw a significant positive effect of improvements in the field of assistance services, which will continue to be the focus of our development in the future, as we are aware of how important it is for the customer to get help at the moment when it is needed most. Despite the exceptional engagement of our colleagues in solving claims in the field, we maintained a combination of working from home and working in the office in 2023 as well, which our colleagues recognized as an advantage. (Source: Internal Generali Engagement Survey, October 2023).

Reporting and settling of claims cases remotely also contributes to reducing the carbon footprint, as we reduce car trips by means of new technologies (video calls, electronic data exchange) and the engagement of trusted partners. We also equip the claim centres with electric vehicles and in this way contribute to a reduced environmental pollution, we have reduced the use of paper drastically. We are paying special attention to optimization and digitization, and we are introducing new tools to enable simpler and faster internal processes.

All activities in the claims area are designed with the goal of enabling even faster and simpler services for our customers, who we want to provide with the best possible experience in the event of a claim. Our greatest incentive and commitment for future work is the satisfaction of our customers with claim settlement, as they evaluate our services very positively\*.

\*Source: Internal customer satisfaction survey of Generali zavarovalnica (Medallia NPS), 2023, contact point: claims, N = 6108.

## 12. SUSTAINABLE DEVELOPMENT

The cornerstone of the Generali Group's and Generali zavarovalnica's Strategy is sustainable development, ensuring long-term financial performance and changing the society in which we operate for the better. The focusing on sustainability is the generator of business, whereby we want to be responsible at all levels of our operation: as an insurance company, investor, employer and, last but not least, as responsible corporate citizens, and in this way further strengthen our role as a lifetime partner to customers. Commitment to sustainability is the foundation of our strategy, and we build long-term, lifetime partnerships with our customers, employees, shareholders, investors and suppliers.

We strive for a transition to sustainable business, a sustainability-driven transformation of our products

and, above all, the abandonment of activities which are not in line with the principles of sustainable business. Our business strategy therefore goes beyond financial indicators and strives for a long-term positive impact on society and the environment.

Our efforts and operational guidelines are confirmed both by the results of the projects we implement and also by the Green Star Certificate we received for sustainable business in 2023.

As asset managers, we are convinced that the proactive integration of environmental, social and governance (ESG) factors into the investment processes of our insurance portfolios in various asset classes will help us achieve capital strength and financial return, as

well as demonstrate social responsibility towards the wider community and thereby gain social value.

The Generali Group is a signatory to the United Nations Global Compact (2007), the Principles of Responsible Investment (2011), the Paris Agreement (2015), the TCFD (2017) and the Net-Zero Asset Owner Alliance (2020). In line with these initiatives, the Generali Group has for many years included environmental, social and governance (ESG) criteria in its investment strategies, without sacrificing profitability. This enables the Generali Group to have a positive impact on stakeholders, reduce risks for investors and protect reputation.



### Green Star Certificate

for sustainable business in 2023

In 2006, the Generali Group formalized its commitment to responsible investment and in 2010 adopted the Group's Ethical Guidelines. In 2015, it further strengthened its commitment by establishing the Group's Responsible Investment Committee, guided by the Guidelines for Responsible Investment, which aim to guide the governance framework towards integrating ESG factors into the investment decision-making process.

In 2020, the Generali Group adopted the Guidelines for Active Ownership, which set the goal of using the Group's role as an institutional investor to drive change through investment. Generali zavarovalnica also follows the guidelines for active ownership and their set goal.

The Generali Group has accepted all the recommendations of the new Italian Corporate Governance Code, which was notified to the market on 14 October 2020. The Code of Ethics, which aims to ensure continuous compliance of Italian listed companies with international best practices, encompasses the concept of sustainable performance. It is about achieving long-term value for shareholders while taking into account the interests of other stakeholders important to the company. Thus, sustainable performance has become a goal which guides the conduct of the Generali Group and which will be implemented throughout the entire organization of the Generali Group. That the Generali Group's efforts in this direction are correct is also shown by the AAA credit rating which was again confirmed in 2023 by Morgan Stanley Capital International Inc. (MSCI Inc.).

MSCI's rating highlights Generali's integration of advanced climate risk management practices into its operations by assessing the impact of different climate stress scenarios on its underwriting activities and investment portfolio. MSCI Inc. also refers to the Group's leading role in managing human capital, promoting responsible investments and effective cyber security systems. It is the highest possible rating, which confirmed that the Generali Group adopts the best practices in the industry. Generali zavarovalnica will also pursue this goal and include it in its regular operations.

Furthermore, the Generali Group was confirmed in the Dow Jones Sustainability World Index (DJSI) and in the European Dow Jones Sustainability Europe Index (DJSI Europe) in late 2023. The inclusion of Generali in the 2023 indices particularly highlights a special approach in terms of transparency and reporting, tax strategy, risk management, attention to cyber security and climate change strategy.

The Dow Jones Sustainability World Index represents the top 10 percent of the 2,500 companies included in the S&P Global BMI Index based on long-term economic, environmental and social criteria.

The Dow Jones Sustainability Europe Index focuses on European sustainability leaders.

Pursuant to the requirements of the Regulation (EU) 2019/2088, which sets out harmonized rules for financial market participants and financial advisers regarding transparency in relation to the integration of sustainability risks in their processes, by taking into account adverse impacts regarding sustainability in their processes and providing sustainability-related information with respect to financial products, Generali zavarovalnica published on its website ([www.generali.si](http://www.generali.si)) disclosures about integration of sustainability risks in its investment decision-making process. We have also published a statement on our due diligence policies regarding the main adverse impacts of investment decisions on sustainability factors, and disclosed information on how our remuneration policies are consistent with integrating sustainability risks; information regarding the carbon footprint and the main adverse impacts on sustainability was provided within pre-contractual disclosures for insurance investment products.

Integration of sustainability risks in our investment decision-making processes as well as due diligence policies regarding the main adverse impacts of investment decisions on sustainability factors are disclosed below.



## 12.1 HOW GENERALI INTEGRATED SUSTAINABLE RISKS IN ITS INVESTMENT PROCESS

Sustainability risk is the risk associated with environmental, social and governance (ESG) events or conditions that, if materialised, may have a significant negative impact on the invested assets of companies and their liability, which in turn negatively affects the value or performance of investments. Identifying sustainable risks that can significantly affect the value of our investments is a duty we owe to our stakeholders and investors.

### ESG Factors

Environmental, Social and Governance factors provide insight into the stability of a company's operations. Inconsistencies in the integrity of a company's conduct can have a significant impact on its business and provide early warnings of serious fundamental problems.

Environmental violations (Factor E) can indicate a lack of accountability, but also lead to penalties and significant costs to remedy environmental damage.

Equally, violations of human and employment rights (Factor S) can damage a company's reputation and reliability, highlighting a lack of awareness of the company's operations and, in the worst case, even a lack of basic ethical principles. A company with a tarnished reputation may experience a boycott of its products, suffer difficulties in raising capital or even face fines and penalties and have less business opportunities.

In the case of corruption (Factor G), companies face high risks and the associated ethical and business risks, as well as possible costs if corruption is not dealt with successfully. This causes legal risks and affects business performance.

The Generali Group detects such sustainable risks through an internal evaluation, which assesses companies' compliance with the principles of the UN Global Compact. As stated in the Guidelines for Responsible Investment - which provide a framework for integrating ESG factors

into investment decisions, where investment risk is borne by insurance companies or distributed among insurance providers - cases of identified human and employment rights violations, environmental damage and corruption may lead to business exclusion from the Company's investment objectives. Their positioning is further assessed in cooperation initiatives. In dialogue with companies and cooperation initiatives, we can better understand some of the problems and give our opinion to companies.

These assessments are constantly updated, which allows the Company to immediately detect potential new cases related to companies in our portfolio.

### Climate Change Risk

In its latest Global Risk Report, the World Economic Forum noted that the risks related to environmental aspects are increasing year by year both in terms of probability and strength of impact. Among the various risks associated with environmental factors, including reduced biodiversity and water and soil pollution, the risk due to climate change is particularly important. Failure to act and extreme events are considered the most important risks today.

With respect to climate change and rising global temperatures, two main categories of risk are used – transition risk and physical risk. A change in the structure of the economy (which includes energy, production, transport and agricultural systems) is required to limit global warming to less than 2°C. In this context, transition risk is defined as the risk arising from humanity's actions to limit global warming by transitioning to a low-carbon economy. On the other hand, the absence or appropriate introduction of measures to limit global warming would have a physical impact on climate change. Physical risk is defined as risk arising from the increased frequency and intensity of climate-related risks, such as floods, strong storms, droughts, etc., which can cause damage and business disruptions.

In any case, both climate change risks pose a major societal risk. The Generali Group and Generali zavarovalnica take all these factors into account in the assessment they carry out in order to integrate sustainable risks in the process of investment decision making.

The transition risk stems from the transition to a low-carbon economy. Companies which have significantly higher discharges in operation or sell polluting products run the risk of having their investments stranded (stranded investments), which means that they will lose their value before the end of their economic life. Coal-fired power plants are the

most obvious example of this type of risk. Environmental legislation increases the cost of energy production through the use of coal, while demand for electricity from such sources is reduced due to public pressure, which together can lead to stranded investments, i.e. premature loss of their value. This can have a significant impact on our investments, therefore this risk must be managed carefully.

At the same time, the Generali Group adopted the Climate Change Strategy in 2018, which reflects the Generali Group's strategy for the transition to a low-carbon future, in order to manage the risk of transition and especially the risk of stranded investments of companies in the portfolio. The concrete introduction of this Strategy in investment activities means the exclusion of companies operating in energy coal and tar sands from our investments and the orientation of the Generali Group towards green and sustainable investments. Being part of the Generali Group, this strategy is also followed by Generali zavarovalnica.

The latest findings of the Intergovernmental Panel on Climate Change (IPCC) show that there should be no new coal-fired power plants and that all coal use should be phased out by 2030 in OECD countries and by 2040 in other countries if we want to limit climate change and rising of temperatures by 1.5 °C. In line with the need to move to a cleaner energy mix, we are developing our policy of coal exclusion in the direction of gradually raising the exclusion threshold.

As the transition risk also affects industries other than coal and tar sands, we are developing a cross-sectoral internal methodology to continuously reduce the transition risk in our portfolio by reducing exposure to companies that are the biggest polluters, especially those without a clear decarbonisation strategy. The goal of reducing the carbon footprint of the Generali Group's investments is also reflected in joining the Net-Zero Asset Owner Alliance (NZ AOA – <https://www.unepfi.org/net-zero-alliance/>); by joining this initiative, the Generali Group has committed to decarbonise its portfolio and to become carbon neutral by 2050.

Efforts and measures taken to reduce GHG emissions are only part of the climate change effort. Even if we manage to reduce emissions, we must face the possibility of irreversibly changing global climate patterns in the future. The IPCC report estimates that the atmosphere has already warmed by about 1.0 °C due to human activity since pre-industrial times and that warming is likely to reach 1.5 °C between 2030 and 2052 at the current level. The consequences of this phenomenon include serious impacts on ecosystems, rising sea levels and more extreme weather events (drought, cyclones, floods, forest fires) – the so-called physical risks.

The Generali Group has launched a dedicated project to identify, measure, manage and report on transition risk and physical risk that balance sheets and investments may face based on different climate scenarios. The aim is also to better understand which industries and companies are most exposed according to their activity and geographical location.

## 12.2 IDENTIFICATION AND PRIORITIZATION OF MAJOR ADVERSE SUSTAINABLE IMPACTS

In recent years, the Generali Group has formalized this commitment by joining several initiatives in the area, including the Global Compact (2007), the Principles for Responsible Investment (2011) and the Net-Zero Asset Owner Alliance (2020). In 2018, the Generali Group introduced the Climate Change Strategy, which sets out actions and targets for compliance with the objectives of the Paris Agreement.

The framework defined by the Guidelines for Responsible Investment is based on commitments and care that investment decisions are in line with the interests of our stakeholders and the interests of society and the environment as a whole.

At the same time, the Generali Group conducts a three-year assessment of the importance of sustainability: the selection of ESG factors that may be relevant to our activities, business strategy and the circumstances in which we operate. The assessment is prepared using input information from various companies of the Generali Group: as in other business activities, the sustainability factors that are most important for investment activities are used for analysis. The Generali Group sought for those systemic changes, briefly called Megatrends, which could pose significant risks and opportunities for the Generali Group in the next ten years.

This is a key step in identifying and prioritizing the impacts that the Generali Group may have externally.

Sustainability factors are environmental, social and employment issues, respect for human rights and the prevention of corruption and bribery. As any investment decision can have a negative impact on these factors,

sustainability factors are directly related to the concept of adverse effects. The main adverse effects are those effects of investment decisions and consultancy which negatively affect sustainability factors.

Climate change is crucial for investment operations (both in terms of the impact on investment decisions and in the form of significant portfolio risk). As investors, the Generali Group and Generali zavarovalnica can influence the companies in which they invest by reducing investments in polluting companies and providing more financing to clean and environmentally friendly activities. This impact depends not only on investment decisions, investments and their divestitures, but we can also actively cooperate with companies in their efforts to comply with the urgent global need to reduce warming.

With regard to the most important sustainability factors for our investments, in accordance with the commitments arising from the Guidelines for Responsible Investments and the Matrix of Importance, we have identified three main adverse impacts that are best suited to present potential adverse impacts on the environment and society.

These are:

- The carbon footprint of our investments;
- Violations of the principles of the UN Global Compact;
- Exposure to controversial weapons.

In accordance with Article 4 of the Regulation EU 2019/2088 ("Sustainable Finance Disclosure Regulation" or "SFDR") and Articles 4 to 10 of the Delegated Regulation EU 2022/1288, supplementing EU Regulation 2019/2088 (RTS), the Insurance Company published the Statement on due diligence policies with respect to principal adverse impacts of investment decisions on sustainability factors (PAI reporting), which includes:

- information about their policies on the identification and prioritisation of principal adverse sustainability impacts and indicators;
- a description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned;
- brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC;
- a reference to their adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and,

where relevant, the degree of their alignment with the objectives of the Paris Agreement.

The statement is available at the following link [www.generali.si/nasa-odgovornost](http://www.generali.si/nasa-odgovornost).

We have established a PAI reporting solution which, to the best of our understanding, meets the requirements currently expressed in the Regulations, subject to limitations encountered such as data availability, regulatory interpretation topics and reliance on independent third-party providers in terms of data and reporting solutions. Thus, the PAI figures presented here to a greater extent only include direct investments of the general account portfolio of individual insurance companies within the Group, while the establishment of a reporting solution that also includes indirect investments (e.g. funds and assets linked to units of investment funds) is underway.

In the future, we plan to further refine our reporting, liaising with data providers to increase coverage, and further develop our methodology in accordance with the guidance notes of the Regulation to provide the best overview of our portfolio's exposure to adverse impacts.

#### Description of the main adverse sustainability effects and any related implemented or planned measures

By implementing the framework described in the previous chapters, the Generali Group can identify, monitor and manage the set of major adverse effects, summarized below.

##### Carbon footprint

By making investment decisions the Generali Group can finance companies and activities with higher or lower carbon dioxide emissions (expressed in units of CO<sub>2</sub>). A transparent display of the carbon footprint of portfolios and investments shows how investments can promote a cleaner and less polluting world. In January 2020, the Generali Group joined the Net-Zero Asset Owner Alliance convened by the UN and the PRI. Through this initiative, the Generali Group committed itself to transition its investment portfolio to carbon emissions set out in the initiative by 2050, with Generali zavarovalnica joining the commitment. The reduction will be due to investment decisions (e.g. divestment of polluting companies) and efforts in cooperation with companies towards decarbonisation. The aim of this long-term initiative is to reduce climate

impact through investment and to positively steer the real economy towards a more sustainable future.

#### Exposure to companies involved in violations of the UN Global Compact

As part of the Generali Group, we have introduced an ethical filter in accordance with the principles of the Guidelines for Responsible Investment, which aims to prevent investments in companies responsible for ethical violations (e.g. breaches of UN Global Compact principles) or operating in controversial industries:

- companies involved in serious or systematic violations of human and/or labour rights;
- companies involved in serious environmental damage;
- companies involved in cases of high-level corruption and bribery.

Based on the ESG evaluation, a company found to be involved in such practices is excluded from the investment environment if it does not meet the conditions of the Generali Group, or the company is closely monitored and, if necessary, its positioning is further assessed.

#### Exposure to controversial weapons

In accordance with the principles of the ethical filter, no investment is made in companies which use, develop, manufacture, procure, stockpile controversial weapons (cluster bombs, anti-personnel mines, nuclear weapons, biological and chemical weapons) or key components/services for or trade in such weapons.

#### Engagement Policy Overview

Our goal is to bring about change through investment in our role as an institutional investor, namely, to encourage in dialogue companies, investee issuer companies, to act responsibly and invite them to explain their behaviour if they do not meet sustainable standards.

For the wider purpose of steering the role we have as an active asset owner, the Generali Group has defined a comprehensive Active Ownership Framework regulated by the Guidelines. The Active Ownership Group Guideline defines the principles, main activities and responsibilities leading the role of the Generali Group as an active owner. In this role, the Generali Group, as a long-term and liability-driven institutional investor and asset owner, has a fiduciary duty to its stakeholders and takes action accordingly

by (i) monitoring investee issuer companies (ii) engaging them on financial and non-financial topics, including ESG issues, and (iii) voting at general meetings to introduce best practices in terms of governance, professional ethics, social cohesion, environmental protection and digitalisation.

## 12.3 SUSTAINABILITY POLICY

Commitment to sustainability is the foundation of the Strategy of the Generali Group and of Generali zavarovalnica. Sustainability policy establishes a framework based on which the Company can identify, assess and manage risks and opportunities related to environmental, social and governance factors ("ESG factors") in line with the objective of fostering sustainable business development and creating long-term value.

Sustainability policy establishes rules for:

- identifying, evaluating and managing ESG factors which may pose risks and opportunities for achieving business objectives;
- identifying, evaluating and managing the positive and negative consequences of business decisions and activities on the external environment and the legitimate interests of stakeholders.

## 12.4 REMUNERATION POLICY

The Generali Group strives to achieve long-term growth by integrating the principles of sustainability into its core business and by acting as a lifetime partner to its stakeholders. Sustainability commitments are a pillar of the Generali Group's business priorities and are fully integrated into the Generali Group's remuneration policy and into the incentive scheme in connection with long-term and sustainable value creation.

The Generali Group's incentive scheme for the management is based on a meritorious approach and a multi-annual target monitoring scheme combined with annual variable cash benefits and deferred payments of renumerations

from shares, and includes sustainable/ESG strategic objectives based on the Generali zavarovalnica 2022 Strategy and the strategy for achieving climate objectives, which have already been presented to the market:

- a. A significant part of the annual variable remuneration of executive management is related to ESG objectives and key performance indicators in connection with specific perspectives: human resources (e.g. diversity and inclusion index) and sustainability (e.g. percentage of the growth in investment in green technologies and sustainability, percentage of the growth in environmentally and socially friendly products, social development of the community through The Human Safety Net);
- b. Deferred or long-term payments of variable remuneration strengthen the link with long-term sustainable value creation;
- c. The final element supporting sustainable value creation is the malus and clawback provisions applicable to incentives for management.

The remuneration policy takes into account the inclusion of sustainable risks into investment decision-making processes and specific references to the Generali Group's internal rules governing sustainable risk in investment decisions.

Continuous improvement of the relationship between sustainability and income is the primary goal of the Generali Group and Generali zavarovalnica.

## 12.5 POLICIES ON THE INTEGRATION OF SUSTAINABILITY RISKS INTO THE INVESTMENT DECISION-MAKING PROCESS

The purpose of the "Sustainability Risk Policy", set up by the Generali Group, is to include sustainability risks into the investment decision-making process by identifying, measuring and managing risks arising from ESG factors.

Sustainability risk is the risk associated with environmental, social and governance (ESG) events or conditions that, if

materialised, may have a significant negative impact on the invested assets of companies and their liability, which in turn negatively affects the value or performance of investments. Identifying sustainable risks that can significantly affect the value of our investments is a duty we owe to our stakeholders and investors. The Company believes that ESG risks will have a significant impact on macroeconomic risk factors and thus on risks and portfolio returns.

The sustainability risk determination process ensures the correct determination, assessment and consideration of all significant risks to which the company is exposed, based on the probability of their occurrence and their severity. The process also helps to determine and correctly implement mitigation measures.

Sustainability risks, the so called ESG factors, which may adversely affect the value of investments are identified within a two-tier framework and measured from a quantitative and qualitative point of view, providing the most up-to-date and reliable figures and information for the investment decision-making process.

Sustainability risk can be measured in absolute and relative (by comparison) terms. The design of the data set is based on the results of research by in-house experts on ESG factors, as well as news, assessments and raw data provided by various external providers. Third party data, i.e. data provided by external data providers on aspects of the ESG are reviewed and cross-checked against external and internal research. Qualitative assessments may also be carried out within the Generali Group in cases where the available data are insufficient to correctly calculate and manage significant sustainability risks.

We strive to identify and quantify those factors and insights that can strengthen and improve the provision of information required for investment recommendations based on their financial importance.

We believe that an issuer having a positive view of the ESG is more likely to have resilience and a better long-term strategic position than issuers with a negative view of the ESG. As important indicators can affect the issuer's balance sheet, income statement and cash flow statement, the key principle of avoiding the "reputational risk", i.e. news which could negatively affect the reputation and valuation of the issuer, is built into our approach.

- In accordance with contracts with clients and their priority areas as well as management rules/ fund prospectuses, Generali Group may introduce various strategies for screening ESG factors.

- Among these, Generali Group can use the following:
  - Negative/exclusionary screening, limiting investment in governments, companies or sectors based on selected sustainability criteria;
  - Norms-based screening, limiting investments in financial instruments of issuers which failed to meet the minimum international norms in the class or country;
  - Positive screening or best-in-class screening, whereby investments in financial instruments of those government or corporate issuers (economic sectors, companies or projects) which achieve better sustainability performance results than comparable issuers (from an industry or regional perspective) are selected.
  - In addition to negative screening, norms-based screening and best-in-class screening, the ESG integration techniques may also be used. The objectives are to
    - integrate financial and ESG information when building a portfolio;
    - detect hidden risks such as reputational risks;
    - improve profitability by anticipating trends;
    - focus on ESG factors that are identified as relevant and likely to have an impact on business and investment performances.

- Definition of Engagement priority list – The first step is to define "Priority Engagement Lists" (list of issuers), defined within the "Engagement Committees" and driven by an evaluation of the ESG risks of investments.
- Engagement Case – Each Engagement Case is composed of different elements: risk identified, questions, suggestions, task force creation, strategy, status and results.
- Engagement Execution – the Investment Stewardship is in charge for the engagement execution activities.
- Engagement Monitoring – The Engagement Committee evaluates the status of each Engagement Case presented depending on the initial goals defined. Based on this evaluation, the Company may decide to continue the engagement activities, increase engagement intensity or close the Engagement Case.
- Engagement Impacts – All Engagement Cases identify specific metrics as indicators to be improved over time, as a result of the engagement.

## 12.7 SUSTAINABILITY AND NON-FINANCIAL DISCLOSURES

The Generali Group places materiality assessment at the heart of its sustainable business transformation and uses it as a compass to sharpen the priorities related to environmental, social and governance (ESG) factors. This strategic tool directs the strategies and actions of the Generali Group and ensures its ability to create lasting value.

Sustainability issues are defined and prioritized by means of a double materiality assessment at the level of the Generali Group, taking into account the dynamic nature of trends and events. This assessment, which is updated every three years in accordance with the Strategic Plan, is subject to change due to significant contextual changes. The Generali Group has started conducting the process of defining a new dual materiality assessment in 2023, taking into account the Corporate Sustainability Reporting Directive (CSRD). This strategic mission, which will be completed in 2024, sets the direction for the next cycle and defines sustainability priorities embedded in business goals and actions.

## 12.6 ENGAGEMENT POLICY OVERVIEW

The Group's Active Ownership Guideline has been drawn up in compliance with the obligations introduced by the Shareholder Rights Directive II regarding the policy of engagement of institutional investors (Article 3g of Directive (EU) 2017/828 amending Directive 2007/36/EC), and duly takes into account best practices from international standards to which the Group adheres.

The engagement process has the following structure:

- Engagement approach – engagement as a constructive dialogue with different goals: to reinforce the understanding of the investee companies, to share the concerns on ESG and finally making actionable suggestions aimed to resolve potential ESG issues.

The Generali Group also identified sustainability issues material to the Company in 2023. For this reason, a double materiality analysis will be prepared in the coming years. The »impact« and »financial materiality« will be considered in this respect. More detailed information is available in Annual Integrated Report and Consolidated Financial Statements - Generali Group at [www.generali.si/porocila](http://www.generali.si/porocila).

The Company actively participates in the process of the Generali Group aimed at defining double materiality and coordinates its sustainability priorities with the overall strategic orientation. In addition, the Company is authorized to expand these issues by including locally specific circumstances, priorities and business models. This approach emphasizes the commitment of the Company to adapting sustainability efforts to local specificities and at the same time to coordinating with the wider sustainability framework of the Generali Group. In order to monitor the processes of collecting non-financial information, the Generali Group introduced a consolidated data quality framework. The latter is based on a simplified approach that enables the identification and assessment of control activities against the applicable control objectives and risks.

In addressing environmental issues, we follow megatrends such as climate change, resource management and electrification, and actively reduce risks related to sustainability, insurance, financial, operational and reputational aspects. We have identified opportunities in capital investments in low-emissions sectors, in renewable energy sources and in new emerging products and solutions for the green industry.

The Company has conducted an analysis of climate-related risks in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD - is a global organization formed to develop a set of recommended climate-related disclosures that companies and financial institutions can use to better inform investors, shareholders and the public of their climate-related financial risks). This is an initial assessment of climate-related risks, which are not static; they may change over time due to changing factors such as regulations and market conditions. Therefore, continuous monitoring and adaptation of risk management strategies will be essential to effectively address identified and potential climate-related risks. This comprehensive risk assessment will play a key role in thoroughly analysing and establishing the management of climate-related risks and opportunities in shaping our strategy, refining our risk management practices, and setting clear benchmarks and goals for the future.

Our risk assessment covers six main categories (physical, transition, legal, technology, market and reputation) and different time frames - short-term (today), medium-term (5 years) and long-term (more than 5 years). We are committed to continuous assessment of climate-related risks.

## 12.8 LIABILITY TOWARDS COMMUNITY

The Company and its employees invest a lot of effort and resources in the development of the community in which we do business. We support many projects, initiatives and campaigns of local, regional and national importance, thus enriching the social environment in various ways. Through long-term partnerships, we pursue our sustainability goals, and we pay a lot of attention to sports, a healthy lifestyle, traffic safety, culture and charity and to other projects that bring improvements in society.

The Company's new projects reflect the commitment to introduce sustainability in all areas of our operations and respond to the challenges of modern society. Among them, the SME EnterPRIZE competition (under the auspices of the Generali Group) was the most notable one in 2023. It rewards small and medium-sized companies that successfully introduce sustainable practices into their operations. The completely new Digitally Independent project is another one of the sustainability initiatives for a better tomorrow that is being developed in the Company's marketing department and is aimed at developing the digital skills of the elderly in smaller towns. Free computer courses, which we called »Naj bo uporaba računalnika mala mal'ca« (Using a computer - a piece of cake) were made available to elderly citizens in Kranjska Gora, Lendava and Piran, and the project will continue in the spring of 2024 in new municipalities. Many positive reactions were received for the projects "Pobarvajte spomine" (Paint Your Memories) aimed at raising awareness about dementia and for the "3D zebra" (3D zebra crossings) project, dedicated to the most vulnerable groups of the population, the elderly and the children.

We offer a long-standing support to the "Heroji furajo v pižamah" (Heroes drive in pyjamas) project of the Vozim Institute, and in 2023 we continued our cooperation with the Varna Pot Institute on the "Čista nula - čista vest" (Net Zero - Clean Conscience) Project, aimed at achieving as many days as possible without traffic accidents and

reducing the number of drivers under the influence of alcohol. "Varno ima vedno prav" (Safe is always right) is a project designed together with the Varna pot Institute to protect the most vulnerable groups in traffic. The innovative 3D-zebra crossings - seemingly floating 3D crossings for pedestrians were applied in 2021 in Piran, Velenje, Ptuj and Ljubljana to ensure a safer route in school areas and kindergarten zones, where traffic calming is particularly important. In 2022, further 3D zebra crossings were added in Črnomlje, Kobarid, Kranj, Maribor, Murska Sobota and Novi Mesto, and in 2023 five more were added in Nova Gorica, Celje, Krško, Trebnje and Bled.

As Insurance Company, and responsible corporate citizens, we participate in The Human Safety Net (THSN) global movement of the Generali Group, providing assistance to people from vulnerable backgrounds. Employees in Slovenia, as active volunteers, cooperate with the Association of Friends of Youth Ljubljana Moste-Polje in the program "Rastemo skupaj" (Together we Grow) and as a lifetime partner we help children and their parents coming from a socially weaker background. Through various campaigns, we help them develop their capabilities and offer them both financial and non-financial assistance.

The Company has for many years been one of the key supporters of high-level Slovenian sport in a wide variety of disciplines. As a gold sponsor of the Ski Association of Slovenia, we support the Alpine ski national team, we

**As part of The Human Safety Net global movement, we cooperate with the Association of Friends of Youth Ljubljana Moste-Polje, helping children from vulnerable backgrounds and their parents.**

are a long-time supporter of the Vitranc Cup - the men's World Cup competition, we supported Grubin Memorial, and we also support selected promising alpine skiers. We support the Volleyball, Handball and Cycling Associations of Slovenia. As part of the Pogi Team, we support the activities of the Rog Cycling Association. We are the proud gold sponsor of the Prekmurje premier league football club NŠ Mura and the sponsor of the Bravo football club. Our support is also intended for recreational athletes and fostering the sports development of young people. In 2023, we joined the 27<sup>th</sup> edition of the largest Slovenian running event, the Volkswagen Ljubljana Marathon, as a diamond sponsor. We are aware of the importance



of supporting smaller clubs, associations, teams and individuals who are still developing their potential, so we provide assistance to them as well. We are especially happy to support initiatives such as the Goran Dragič Foundation (since 2021), which enable sports activities even for children from socially disadvantaged families.

In cooperation with the Alpine Association of Slovenia, we offer favourable insurance and assistance abroad to its members.

In the field of preservation of natural and cultural heritage, the Company has been a long-lasting supporter of the Volčji Potok Arboretum and the oldest stud farms for breeding Lipizzans in the world – the Lipica Stud Farm, which is included in the UNESCO's Intangible Cultural Heritage list.

Our partners in the field of culture also work with the support of the Company: the Slovenian National Theatre Drama, Ljubljana National Gallery, Koper Theatre, Siti Theatre of Ljubljana and Portorož Auditorium, and in 2023 we started supporting new cultural and other educational and social institutions within the Municipality of Ljubljana (Kinodvor, Pionirski dom, Mala ulica and Institute for Home Care).

We have continued our support of professionalism and values such as kindness, humanity and respectful treatment of patients by supporting the Moj zdravnik (My doctor) campaign in the organisation of the Viva Medicina & ljudje magazine in 2023, for the 20<sup>th</sup> year in a row.



### Generali Gallery

A notable part of our socially responsible and sustainable orientation is the activity of our own art gallery at Dunajska cesta 63 in Ljubljana, which celebrated its tenth anniversary in 2023.

Since 2013, the works of the best Slovenian and occasionally foreign artists have been exhibited in the Generali Gallery. In addition to the exhibitions, the Generali Gallery takes care of a collection of more than a thousand works of art, mostly paintings and several sculptural exhibits, mainly by Slovenian authors. These were first presented in the Gallery before regular gallery activity and exhibition openings were established, but many of them are now exhibited at the Company's premises. We promote and present the activities of the Gallery on a special website, where art lovers can learn about current exhibitions, watch virtual videos of exhibitions, video interviews with artists (since 2020) and art critics. All the works that we keep in our own collection can also be viewed on the website.

In 2023, the Gallery hosted high-profile and well-attended exhibitions of well-established academic painters Peter Uhan, Apolonija Simon, Tina Konec and the artistic tandem Beli sladoled, consisting of Miha Perne and Leon Zuodar.

## 12.9 RESPONSIBLE ATTITUDE TOWARDS THE ENVIRONMENT

Reducing the carbon footprint is one of the important goals of the Group and Generali zavarovalnica.

Upon approval of the Climate Strategy in 2021, the Generali Group set, among other things, the goals of reducing greenhouse gas emissions by 25% by year 2025 against the 2019 baseline. However, since the members of the Generali Group, including Generali zavarovalnica, have been extremely successful in implementing measures so far, the Generali Group has set itself a new, even more ambitious goal, namely a 35% reduction in emissions by the end of 2025. Generali zavarovalnica has set itself the goal of reducing emissions by 42% by year 2025 against the 2019 baseline, and by 49% by year 2030.



Our goal is to reduce emissions:  
**by 42%**  
 by year 2025,  
**by 49%**  
 by year 2030.

The Company joined the Environmental Management System, managed by the Generali Group, in 2022 and continued to monitor its carbon footprint in 2023 within the framework of the System.

Upon accessing the Environmental Management System, the Company collected data on the amount of different energy products and other factors that cause emissions for the 2019 to 2022 period. The year 2019 represents the baseline year against which 2025 data will be compared. The full set of data is entered into the online tool Sphera, which calculates the amount of greenhouse gases (GHG) based on the entered data. The amounts are calculated in real time, which means that data regarding the amount of GHG is available as soon as energy consumption data is entered. Emissions are measured in accordance with the Greenhouse Gas Protocol (GHG Protocol). It is an internationally recognized standard for measuring and managing GHG emissions.

Analyses show that the carbon footprint has been steadily decreasing since 2019 until 2022, as shown in the table below. The 2020 drastic reduction in emissions was, of course, the result of the pandemic and the introduction of hybrid working. The table shows the total amount of emissions for all scopes and business premises. In 2023, the amount of emissions decreased even more despite the return of employees to offices and a greater volume of business trips after the pandemic. All this is a sign that we have managed to include a sustainability aspect in our operations.

Year	Total greenhouse gas emissions v tCO <sub>2</sub> e*
2019	3,223
2020	2,550
2021	2,474
2022	2,019
2023	1,931

\*tCO<sub>2</sub>e – tonnes of carbon dioxide equivalents → the unit contains, in addition to carbon dioxide, other greenhouse gases (e.g. methane), which have a different impact on climate change than carbon dioxide. In order to compare them with the influence of carbon dioxide, they are therefore converted to carbon dioxide.

**Greenhouse gas emissions are measured within three scopes:**

- Scope 1: emissions from sources owned or directly controlled by the organization (e.g. emissions from car fuel);
- Scope 2: indirect emissions related to the purchase of electricity, heating, cooling. These are emissions created by the suppliers of the energy used by the organization;
- Scope 3: all indirect emissions not included in Scope 2 and part of the organization's value chain (e.g. paper consumption, water, airplane flights.).

The following tables show the breakdown of greenhouse gas data and goals by year, scope and source.

## Carbon footprint and goals

CARBON FOOTPRINT	2019	2020	2021	2022	2023	GOAL 2025	GOAL 2030
<b>TOTAL tCO<sub>2</sub>e</b>	<b>3,223</b>	<b>2,550</b>	<b>2,474</b>	<b>2,019</b>	<b>1,931</b>	<b>1,869</b>	<b>1,646</b>
Scope 1	1,031	767	761	899	836	818	750
Scope 2	1,271	1,175	1,132	453	456	432	423
Scope 3	921	608	581	667	640	619	473
<b>Diminishing our carbon footprint on 2019 basis</b>				<b>- 37.6%</b>	<b>- 41%</b>	<b>- 42%</b>	<b>- 49%</b>
<b>CO<sub>2</sub> emissions (in t) Index</b>							
Individual activities by scope	2019	2020	2021	2022	2023	2022/2019	
Scope 1 - energy consumption for heating	353	388	389	389	390	110	
Scope 1 – fuel consumption for company cars	678	379	372	510	445	66	
<b>Scope 1 - direct emissions</b>	<b>1,031</b>	<b>767</b>	<b>761</b>	<b>899</b>	<b>836</b>	<b>81</b>	
<b>Scope 2 – indirect emissions</b>	<b>1,271</b>	<b>1,175</b>	<b>1,132</b>	<b>453</b>	<b>456</b>	<b>36</b>	
Scope 3 - energy consumption for heating	76	79	82	78	78	103	
Scope 3 - electric energy consumption	93	82	76	71	85	91	
Scope 3 - paper consumption	96	66	53	48	38	40	
Scope 3 - water consumption and waste management	59	66	56	54	53	90	
Scope 3 - business trips (vehicle, plane, train)	597	314	315	417	385	64	
<b>Scope 3 - other direct emissions</b>	<b>921</b>	<b>608</b>	<b>581</b>	<b>667</b>	<b>640</b>	<b>69</b>	
<b>Total - emissions 1-3</b>	<b>3,223</b>	<b>2,550</b>	<b>2,474</b>	<b>1,766</b>	<b>1,931</b>	<b>60</b>	

Given the continued reduction in emissions in 2023, we expect the goal to be met, while the sustainability strategy defined more detailed achievement activities.

The following tables present the goals and activities for achieving them by scopes 1, 2 and 3.

### Decarbonisation activities for Scope 1

Among the activities that have proven to be the most effective for reducing emissions in Scope 1 are the activities related to the vehicle fleet. The »transformation« of the vehicle fleet successfully continued in 2023 as well. We are increasing the number of hybrid and electric vehicles and, on the other hand, reducing the number of fossil fuel vehicles, which pollute the environment the most.

At the end of 2023, our fleet consisted of:

- 7 hybrid vehicles,
- 14 electric vehicles,
- 83 fossil fuel vehicles.

In January 2024, 8 more hybrid vehicles were added, with another 6 hybrid vehicles on order, to be delivered in the third quarter of 2024. In this way we are successfully approaching the Generali Group's goal of at least 35% of hybrid and electric vehicles in the vehicle fleet. For this purpose, additional charging stations for electric vehicles were installed, bringing their number to 17. In 2025, we also plan to renovate one of the largest branch offices (in Koper), which will improve the energy efficiency of the building.

Sustainability goal	Activities 2024	Activities 2025	Sustainability goal	Activities 2024	Activities 2025
<b>Better energy efficiency of the buildings</b>	Get energy passports for all business premises own and rented.	Renovate buildings to improve their energy performance.	<b>Use only renewable energy</b>	Switch to 100% of purchased renewable energy on all locations where possible.	Switch to 100% of purchased renewable energy on all locations where possible.
	Find weak spots and prepare mid-term plan of bettering energy efficiency of buildings.	Move to new more sustainable offices.	<b>Produce own renewable energy</b>	Check the possibilities to produce own renewable energy (buildings, parking lots, garage – solar power plants)	Invest in production of own renewable energy to tackle energy price peaks.
	Introduce green tech: sensors, led or SPOT lights.		<b>Lower heating consumption</b>	Lower the usage of LPG where possible.	Evade district heating where applicable.
<b>Better energy efficiency of processes</b>	Lower energy consumption of servers.	Further diminish the use of servers.	<b>Lower cooling consumption</b>	Switch to greener refrigerants.	
<b>Digitalize core business processes</b>	Enable remote underwriting.	Introduce remote damage assessment.			
<b>Support remote work</b>	Conduct meeting online whenever applicable.				
<b>Introduce more sustainable habits</b>	Change habits campaigns: less heating and cooling, turning off the lights and electronic equipment, ride and car share, cycling, walking...	Gamify sustainability habits. Award more sustainable habits achievements. Celebrate sustainability champions.			
<b>Electrify own fleet</b>	Change from diesel to EV and hybrid.	Conduct mobility plan to reach sustainability goals.			
<b>Build EV infrastructure</b>	Grow EV infrastructure for business use (cars, e-bikes...)	Grow EV infrastructure for business use (cars, e-bikes...)			

### Decarbonisation activities for Scope 2

As early as in 2022, we switched to purchasing electricity from renewable sources. We will continue with the same strategy in the future, as we leased the so-called »green« electricity also for the years 2024 and 2025. Such electricity will be available at all those locations where we have the option of choosing a supplier. This means that at least 90% of the surfaces of our business premises are supplied with »green« energy.

One of the measures that will significantly contribute to reducing emissions is reducing the use of liquefied petroleum gas, which is used for heating in only one branch, but its impact on the amount of emissions is extremely high.

### Decarbonisation activities for Scope 3

Within Scope 3, we implement a maximum of the so-called smaller activities which do not require a large financial investment, but nevertheless have an impact on reducing the carbon footprint. The following is worth highlighting:

- Change of plastic water bottles for glass jars and glasses;
- Replacing water dispensers that use plastic gallon water bottles with water fountains that use plumbing and water filtration (no excess plastic);
- Reduced use of paper, reduced printing;
- Installation of waterless urinals;
- Applied faucet water filters to reduce use of water.

Sustainability goal	Activities 2024	Activities 2025
Green purchase	Prepare the set of rules for green purchases (Environment, Social)	Roll out green purchase.
Engage with suppliers	Prepare first project with suppliers to diminish Scope 3 emissions.	Implement solutions for suppliers
Reduce the use of plastics	Change plastic water bottles for glass jars and glasses. Say no to one-time plastic use at corporate events. Say no to plastics for corporate gifting.	
Reduce the use of paper	Digitalize business processes to reduce the use of paper. Switch to recycled paper.	
Reduce the use of water	Apply sensors to water pipes. Lower flushing water needs.	
Reduce business travel	Promote on-line communication.	Measure % of on-line communication.
Promote more sustainable employee commuting	Use public transport for business travel.	Prepare maps for employees for using the public transport



**41% less tCO<sub>2</sub>e**  
than in 2019



**In 90%**  
of business premises  
only green electricity obtained  
from renewable sources is used.



**23%**  
less paper used in 2023  
than in 2022

#### Paper consumption 2019 – 2023

Year	2019	2020	2021	2022	2023
kg	87,491	20,200	45,510	44,816	34,370

In 2023, the Company continued reducing paper consumption, which was radically reduced in 2021 thanks to the effective digitization of processes. We estimate that we have reduced the total consumption of paper by 50% in the 2019 to 2022 period, with further reduction in paper consumption in 2023 compared to 2022 of 23%.

## 13. INFORMATION TECHNOLOGY

In 2023, we followed the IT and business operations strategies. In addition to strictly technologically oriented activities, the focus was on business requirements that enabled the achievement of the company's strategic goals, in particular sustainability at all levels of our business and lifetime partnership with our customers. We paid special attention to the identification and implementation of those business needs that bring the Company the greatest benefits for further development and growth.

In order to be able to offer our customers the best possible service, we optimized our business processes as their effective implementation is part of the comprehensive image of our Company on the insurance market. By making appropriate adjustments to the information solutions, we increased the share of standard and digital policies and put into pilot production a new solution for managing the process of solving insurance claims. We continued using the tool for robotic process automation (RPA) and in this way automated the implementation of some steps in the implementation of business processes in a simple and efficient way. We also defined the basic rules of management and the life cycle of RPA solutions, which is closely related to the business processes modelling and the management of business needs. With regard to online sales, we established the Sales Force Marketing Cloud platform and expanded the range of insurance products that customers can take out via the WIZ and G24 online portals. We upgraded the Generali Zame loyalty platform and updated the Moj Generali self-service portal.

In addition to solutions intended for our customers, the digital transformation of our colleagues and partners is also extremely important. We have expanded the set of digital tools for colleagues and partners with a modern solution for analysing customer needs. Personal account managers, who mostly work in the field, started using a mobile application to access data faster and easier, in real time and from anywhere.

We continue to strive for the introduction of agile development models and the development of agile project

management competencies, as they enable flexibility and rapid adaptation to changes in the market.

In 2023, we completed the consolidation of data centres from three to two locations. At the same time, we optimized the local network and speeded up Internet connections, which are a key factor in ensuring a hybrid way of working. We renovated the server environment for databases and installed a modern disk system at a backup location. In this way we improved the speed and efficiency of database operation and increased the high availability of applications. At the same time, by replacing old equipment with significantly more efficient new equipment, we reduced the need for electricity and room cooling, thereby taking a new step towards the sustainable use of resources. We greatly upgraded the security mechanisms at all levels of access to information resources, for internal and external users and partners.

Digital transformation, through the ever-increasing scope of use of new technologies, brings about the evolving of the threats area. The Generali Group is therefore focusing its security strategy on the global implementation and strengthening of security foundations. We are introducing a "one security" approach that aims to integrate corporate and physical security strategies into an overall security program.

A special focus is still on cybersecurity. In 2023, in order to improve the protection of mobile devices against cyber attacks, we expanded the mobile device management solution to all mobile devices that access Company information resources. We place special emphasis on providing multi-factor authentication for access to the IT environment and the Company's information systems. Security checks of selected applications were carried out, as well as the Red Teaming attack simulation.

The company also dedicates a close attention to employee awareness. All employees are included in regular training in the field of information security and several times a year also in simulations of email attacks, which represent a way of training employees to make them as skilled as

possible in recognizing »phishing« attacks and other frauds on the Internet. In addition, special training in the field of security is provided for IT personnel.

We fulfil the requirements for high productivity of employees and partners through careful planning and implementation of a simple and intuitive user work environment. The user work environment is mostly based on solutions and services available in the set of the Microsoft Cloud Technology Platform. We have made sure that users always have the latest versions of tools from the Microsoft O365 family available.

As the computing environment increases both in terms of the number of users and the number of services, the complexity of managing IT components increases. To this end, we have revamped the Microsoft SCCM platform and introduced additional management mechanisms.

Compliance with legislation is key to reputation, regulatory compliance and risk management, and last but not least, customer trust maintenance. Among other things, as part of activities to ensure the compliance of our information solutions with legislation, in connection with the international accounting standard MSRP 17, we established a system of control over processes at completing financial periods.

In 2023, we continued providing information support to companies owned by Generali zavarovalnica and ensuring hosting in the Company's private cloud, which, among other things, contributes to sustainable business of our Company.

We started to implement the initiative which entails the unification of information systems - the project of modernization of the central information system, which is a strategic project of the Generali International. The basic purpose is to increase the business efficiency and effectiveness of operations through digitization and modernization of the business model. Implementation of innovations remains one of the strategic pillars of the Generali Group Strategy. The new information system is aimed at improving services for our customers. We want to offer agents and business partners a better user experience and raise the level of service in the performance of daily activities. In order to facilitate and accelerate the unification of the central business system, we will use the best and proven platforms available on the market and already in use in Western Europe.

## 13.1 BUSINESS INTELLIGENCE

We upgraded the unified platform of analytical tools for end users.

We continued providing data, up-to-date analytical applications and analyses to various user groups, both internal and external, including reporting to the Group, auditors and supervisors. We furnished various stakeholders with information necessary for decision-making in the design of a sustainable, market- and customer-oriented offer.

Reporting is based on Generali zavarovalnica's unified organizational structure and provides information necessary for monitoring sales and claims trends. Among other things, we centralized the maintenance of various code lists and offered automatic preparation of model points for life insurance.

We upgraded the Anti Money Laundering automated controls and continued improving the processes of anonymizing the data of individuals in accordance with GDPR requirements. In the area of data management, we continued to follow the policies of the Generali Group: »Data Quality Policy« and »Data Management Policy«. The Prima Group's system has once again confirmed that we have adequate indices in the field of data quality.

In the area of data management, we continued following the policies of the Generali Group: »Data Quality Policy« and »Data Management Policy«. The Group's system Prima has once again confirmed that our data quality indices are adequate.

The process to manage security vulnerabilities that are identified during various security checks and regular security scans of our information systems has been established. The Group's Security Operations Center (SOC) monitors events in our information systems 24/7 and regularly informs us about detected potential security events. Various security and cyber self-assessments are carried out annually and several IT risks were identified and recorded in the IT risk management tool. We also recognize IT risks in the context of IT audits, security vulnerability management and ad-hoc. The departments of information technology, information security and risk management actively participate in the management of IT risks.

The range and scope of security checks, security scans of information systems and security and cyber self-assessments increased in 2023 compared to the previous year.

## 13.2 SECURITY RISKS

Based on the experience of the Cyber Security Transformation Program CSTP 2.0, the Generali Group launched the Security Strategic Program (SSP) in 2022, whose completion is expected at the end of 2024. As part of the Security Strategic Program, various activities were or are still being carried out to further improve the management of IT security risks.

# **GENERALI ZAVAROVALNICA D.D. FINANCIAL STATEMENTS**

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TO 31 DECEMBER 2023**

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# 1. STATEMENT OF MANAGEMENT RESPONSIBILITY

The Management Board of GENERALI zavarovalnica d.d. confirms the financial statements of GENERALI zavarovalnica d.d. for the year ended on 31st of December 2023 and the applied accounting policies and notes to the financial statements.

The Management Board is responsible for the preparation of the Insurance Company's Annual Report in accordance with the International Financial Reporting Standards as adopted by the EU and with the requirements of the Companies Act and the Insurance Act, so that it presents a true and fair view of the financial position and performance results of the Insurance Company for the year ended on 31 December 2023.

The Management Board confirms that the appropriate accounting policies were consistently applied and that the accounting estimates are based on the principle of prudence and good management. The Management Board also confirms that the financial statements of the Insurance Company, and the notes thereto, were prepared on a

going concern basis and in compliance with the applicable legislation and with the International Financial Reporting Standards as adopted by the EU. In addition to the financial statements, the Management Board agrees to and confirms the content of other parts of the 2023 Annual Report.

The Management Board is also responsible for proper management of accounting, for taking appropriate measures to protect the assets and for preventing and detecting fraud and other irregularities or illegal acts.

The tax authorities may, at any time within five years of the date on which the tax was due, inspect the Company's operations, which may result in additional tax liabilities, default interest and penalties arising from corporate tax or other taxes and duties. The Management Board is not aware of any circumstances which may give rise to any material liability arising from these taxes.

Ljubljana, 29 March 2024

## Management Board of the Company:

**Vanja Hrovat,**  
President of the  
Management Board

**Mitja Feri,**  
Member of the  
Management Board

**Katarina Guzej,**  
Member of the  
Management Board



## 2. AUDITOR'S OPINION



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# Independent Auditors' Report

To the shareholder of GENERALI zavarovalnica d.d.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of GENERALI zavarovalnica d.d. (the »Insurance Company«), which comprise:

- the statement of financial position as at 31 December 2023;
- and, for the period from 1 January to 31 December 2023:
- the income statement;
- the statement of other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;
- and
- notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Insurance Company as at 31 December 2023, 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 ("IFRS EU").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and EU Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (OJ L 158, 27.5.2014, p. 77-112 - EU Regulation EU No 537/2014). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Insurance Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants' (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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vpis v sodni register: Okrožno sodišče v Ljubljani  
št. reg. vl.: 061/12062100  
osnovni kapital: 54.892,00 EUR  
ID za DDV: SI20437145  
matična št.: 5648556000

### Key Audit Matters

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

We have determined the following key audit matters:

Transition to the International Financial Reporting Standard 17 Insurance Contracts (IFRS 17)	
Key audit matter	Our response
<p>Total net impact of initial application of IFRS 17 "Insurance contracts" ("IFRS 17" or "the Standard") as at 1 January 2022 ("transition date") amounted to EUR 57.3 million (Cr), recognized as an increase in retained earnings by EUR 58.5 million and a decrease in accumulated other comprehensive income (OCI) by EUR 1.2 million. Reference to the financial statements: Note 5.22 "Changes in significant accounting policies"</p> <p>IFRS 17, effective for annual reporting periods beginning on 1 January 2023, introduced new recognition, measurement, presentation and disclosure requirements for insurance contracts. Following the requirements of the Standard, at transition date, the Insurance Company identified, recognized and measured each group of insurance contracts based on the full retrospective approach (FRA), unless impracticable, in which case modified retrospective approach (MRA) or fair value approach were applied. The above approaches were applied to different groups of insurance contracts, as considered appropriate under the circumstances. The Standard's adoption was associated with the following main complexities:</p> <ul style="list-style-type: none"> <li>application of the said approaches required significant judgment and developing new assumptions;</li> <li>under the Standard, the Insurance Company was also required to determine the appropriate model to be applied in measuring the liability for remaining coverage (LRC) for a given group of contracts. Management's use of the premium allocation approach (PAA) or variable fee approach (VFA) was associated with a complex eligibility assessment;</li> <li>IFRS 17 expanded on the scope of disclosures required in the financial statement</li> </ul>	<p>Our audit procedures, carried out with the assistance of our own actuarial specialists, included:</p> <ul style="list-style-type: none"> <li>assessing the compliance of the accounting policies adopted by the Insurance Company with IFRS 17;</li> <li>for a sample of insurance contracts, challenging the grouping of the contracts, by inspecting the contractual conditions and also evaluating the appropriateness of the transition approach adopted;</li> <li>challenging key assumptions applied within the transition-date measurement models, by reference to a range of external and internal sources of data;</li> <li>for the fair value approach (FVA), challenging whether methodologies and assumptions applied, were derived using reasonable and supportable information.</li> <li>for the modified retrospective approach (MRA), challenging whether the modifications applied, including those related to future cash flows at the date of initial recognition, were derived using reasonable and supportable information and maximized the use of information that would have been used to apply a fully retrospective approach;</li> <li>challenging, for a sample of insurance contract groups management's judgements and estimates applied in establishing the eligibility for the use of the PAA or VFA measurement models for the LRC;</li> <li>assessing the appropriateness of the disclosures with respect to the impacts of the transition to the new accounting standard IFRS 17.</li> </ul>

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compared with those previously required by IFRS 4 Insurance contracts.

In the wake of the above factors, auditing the Standard's initial application by the Insurance Company was also complex and required significant judgement due to complexity of models and accounting policy choices. The area was therefore considered by us to be a key audit matter.

### 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")

Key audit matter	Our response
<p>The financial statements at 31 December 2023 include "Insurance contracts issued that are liabilities" of EUR 821.7 million, accounting for about 71% 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 516.7 million and EUR 10.7 million respectively. 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 Insurance 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).</p> <p>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:</p> <ul style="list-style-type: none"> <li>mortality, accident, and morbidity rates;</li> <li>resignation/lapse ratios;</li> <li>expenses; and</li> <li>discount rates.</li> </ul>	<p>Our audit procedures, carried out with the assistance of our own actuarial specialists, included:</p> <ul style="list-style-type: none"> <li>evaluating the Insurance Company's methods and models applied in estimating the liability, for consistency of application and also against relevant legal, regulatory and financial reporting requirements;</li> <li>testing the design and implementation of selected controls within the process of the liability measurement, including those over: <ul style="list-style-type: none"> <li>establishing and revising actuarial assumptions;</li> <li>completeness and accuracy of underlying data; and</li> <li>calculation of present value of future cash flows;</li> </ul> </li> <li>challenging the key actuarial assumptions used by the Insurance Company, as follows: <ul style="list-style-type: none"> <li>mortality, accident and morbidity rates, lapse ratios and expenses - by reference to the Insurance Company's historical studies or external market data, as considered appropriate;</li> <li>discount rates – primarily by reference to risk free rates obtained from publicly available external sources;</li> </ul> </li> <li>for selected groups of insurance contracts - independently recalculating present value of future cash flows and comparing the results to those of the Insurance Company at 31 December 2023;</li> </ul>

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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.

- 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 that are liabilities".

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

Key audit matter	Our response
The financial statements at 31 December 2023 include "Insurance contracts that are liabilities" of EUR 821.7 million, accounting for about 71% of total liabilities. The caption includes, among others, liabilities for remaining coverage and liabilities for incurred claims measured under PAA for EUR 61.5 million and EUR 232.8 million, respectively.	Our audit procedures, performed with the assistance of our actuarial specialists, included, among others: <ul style="list-style-type: none"> <li>testing the design and implementation of selected controls within the process of estimating IBNR, including those over: <ul style="list-style-type: none"> <li>establishing and revising actuarial assumptions;</li> <li>completeness and accuracy of the underlying data; and</li> <li>output of the calculation of IBNR;</li> </ul> </li> <li>for selected insurance contract groups - independent recalculation of the IBNR and investigating any material differences in comparison to the Insurance Company's estimate;</li> <li>performing a retrospective assessment of the Insurance Company's estimation of IBNR by comparing the prior year's estimate with the actual outcomes;</li> <li>assessing the key assumptions in the estimation of IBNR, by analysing changes over time in their value, as well as: <ul style="list-style-type: none"> <li>for claim development ratios - by reference to the Insurance Company's historical data regarding reported and settled claims;</li> </ul> </li> <li>examining whether the Insurance Company's disclosures in the financial statements relating to LIC under PAA appropriately address the relevant quantitative and</li> </ul>
The estimation of PVFCF in part related to incurred but not reported claims (IBNR) requires the Insurance 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: <ul style="list-style-type: none"> <li>claims development ratios.</li> </ul>	

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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.

qualitative requirements of the applicable financial reporting framework.

#### Other Information

Management is responsible for the other information. The other information comprises the »Letter from the President of the Management Board«, the »Business Report« that includes the »Report of Supervisory Board for business year 2023«, and the »Appendix to the financial statements« included in the Annual Report but does not include the financial statements and our auditor's report thereon. Other information was obtained prior to the date of this auditors' report, except for the Report of the Supervisory Board, which will be available after that date.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In addition, with respect to the Business Report, we are required to report on its consistency with the financial statements and on whether the Business Report includes the disclosures required by the Companies Act dated 4 May 2006 (official gazette of Republic of Slovenia No. 42/2006 with amendments - hereafter referred to as »the applicable legal requirements«). Based solely on the work required to be undertaken in the course of the audit of the financial statements and the procedures above, in our opinion:

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

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

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

In preparing the financial statements, management is responsible for assessing the Insurance 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 Insurance Company or to cease operations, or has no realistic alternative but to do so.

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

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#### 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 and EU Regulation (EU) No 537/2014 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 and EU Regulation (EU) No 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- 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 Insurance 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 Insurance 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 Insurance Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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#### Report on Other Legal and Regulatory Requirements

We were appointed by the shareholder of the Insurance Company on the shareholders meeting dated 12 April 2021 to audit the financial statements of the Insurance Company for the year ended 31 December 2023. Our total uninterrupted period of engagement is 3 years.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Insurance Company dated 5 April 2024;
- we have not provided any prohibited non-audit services (NASs) referred in Article 5 of EU Regulation (EU) No 537/2014. We also remained independent of the Insurance Company in conducting the audit.

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

On behalf of audit firm

**KPMG SLOVENIJA,  
podjetje za revidiranje, d.o.o.**

*Signed on the Slovenian original*

Domagoj Vuković, FCCA  
Certified Auditor

Partner **KPMG Slovenija, d.o.o.**  
1

Ljubljana, 5 April 2024

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# 3. FINANCIAL STATEMENTS

## 3.1 STATEMENT OF FINANCIAL POSITION

Statement of financial position as at 31 December 2023

(in EUR)	Note	31.12.2023	31.12.2022 Restated	1. 1. 2022 Restated
<b>Assets</b>		<b>1,149,467,966</b>	<b>1,096,730,221</b>	<b>1,222,834,404</b>
Property, plant and equipment	7.2	26,340,157	26,390,125	26,817,258
Investment property	7.4	9,748,897	9,885,908	10,064,777
Assets arising from a lease	7.3	3,646,761	2,208,318	3,780,108
Intangible assets and goodwill	7.1	7,441,484	7,815,254	7,467,031
Deferred tax assets	7.21	5,376,634	16,232,596	4,926,772
Investments in subsidiaries	7.5	473,945	29,599,952	43,379,160
Investments in associates	7.5	11,738,050	11,738,050	-
Financial assets, measured at:	7.6	920,381,663	872,615,377	986,268,589
Fair value through other comprehensive income		494,506,677	470,675,003	525,403,796
Amortised cost		168,740	672,083	887,826
Fair value through profit or loss		425,706,245	401,268,292	459,976,967
Investment contract assets	7.8	40,939,566	35,484,203	38,942,974
Financial assets, measured at:		40,018,912	33,097,764	37,244,020
Fair value through profit or loss		40,018,912	33,097,764	37,244,020
Receivables		7,603	54,624	10,223
Cash and cash equivalents		913,051	2,331,815	1,688,731
Insurance contracts assets	7.7	27,711,071	27,091,329	41,203,219
Reinsurance contracts assets	7.7	69,583,759	28,805,686	31,121,042
Current tax assets	7.20	-	4,325,000	977,843
Receivables	7.9	17,977,032	14,821,969	16,044,678
Cash and cash equivalents	7.11	6,575,612	8,953,709	11,079,817
Other assets	7.10	1,533,335	762,744	761,136
<b>Total assets</b>		<b>1,149,467,966</b>	<b>1,096,730,221</b>	<b>1,222,834,404</b>

(in EUR)	Note	31.12.2023	31.12.2022 Restated	1. 1. 2022 Restated
<b>Equity</b>		<b>190,036,962</b>	<b>201,544,314</b>	<b>239,686,460</b>
Share capital	7.12	39,520,347	39,520,347	39,520,347
Capital reserve	7.12	20,771,169	50,197,176	50,940,548
Profit reserve	7.12	9,589,086	9,522,501	9,479,165
Accumulated other comprehensive income	7.12	(4,057,544)	(17,082,616)	15,788,366
Retained earnings	7.12	122,777,468	119,386,906	123,958,033
Net profit loss for the period	7.12	1,436,437	-	-
<b>Liabilities</b>		<b>959,431,004</b>	<b>895,185,907</b>	<b>983,147,944</b>
Subordinated liabilities	7.13	31,255,092	30,583,235	30,544,800
Deferred tax liabilities	7.21	360,813	21,965,382	20,530,171
Insurance contracts issued that are liabilities	7.7	821,738,473	752,887,119	837,884,362
Reinsurance contracts held that are liabilities	7.7	409,738	1,550,569	499,708
Investment contracts liabilities	7.8	40,939,566	35,405,344	38,942,974
Provisions	7.14	7,832,325	8,281,994	5,661,374
Other financial liabilities	7.15	3,685,669	2,247,453	4,268,243
Current tax liabilities	7.20	11,257,579	1,521,496	4,557,460
Other liabilities	7.15	41,951,749	40,743,314	40,258,853
<b>Total equity and liabilities</b>		<b>1,149,467,966</b>	<b>1,096,730,221</b>	<b>1,222,834,404</b>

The accounting policies and notes set out on pages from 134 to 257 form an integral part of the financial statements.

## 3.2 INCOME STATEMENT

Income statement for the period from 1 January 2023 to 31 December 2023

(in EUR)	Note	2023	2022 Restated
<b>Insurance service result</b>	<b>7.16</b>	<b>(1,377,997)</b>	<b>733,779</b>
Insurance revenue from insurance contracts		425,705,442	391,176,844
Insurance service expenses from insurance contracts		(454,941,071)	(377,756,642)
Net expenses from reinsurance contracts		27,857,632	(12,686,423)
Insurance service result		(1,377,997)	733,779
<b>Investment income</b>	<b>7.17</b>	<b>52,211,500</b>	<b>(39,459,260)</b>
Interest revenue calculated using the effective interest method		7,900,047	6,403,495
Dividend income		6,339,905	5,410,355
Net gains/(losses) on derecognition of financial assets measured at:		863,698	(537,791)
- Fair value through profit or loss		622,360	(4,365,376)
- Fair value through other comprehensive income		241,338	3,827,584
Net impairments on financial assets		392,463	(295,169)
Other investment income		36,715,386	(50,440,150)
Net investment income (expenses)		52,211,500	(39,459,260)
Finance income (expenses) from insurance contracts issued and reinsurance contracts held recognised in profit or loss	<b>7.16</b>	<b>(39,235,173)</b>	<b>57,577,115</b>
Net finance expenses from insurance contracts		(39,334,054)	57,521,903
Net finance income from reinsurance contracts		98,881	55,213
Finance income (expenses) from insurance contracts		(39,235,173)	57,577,115
<b>Change of investment contract liabilities</b>	<b>7.18</b>	<b>510,288</b>	<b>347,816</b>
<b>Other income and expenses</b>	<b>7.19</b>	<b>(9,634,986)</b>	<b>(11,212,277)</b>
Revenue from investment management services		618,355	574,062
Other operating income and expenses		2,792,227	(460,400)
Other finance income and expenses		(1,539,843)	(1,076,904)
Non-attributable expenses		(13,329,901)	(11,556,303)
Net impairments on non- financial assets		1,162,277	313,111
Other income and expenses		661,899	994,156
<b>Profit before tax</b>		<b>2,473,633</b>	<b>7,987,173</b>
<b>Current income taxes</b>		-	(1,521,497)
<b>Deferred taxes</b>		(1,038,240)	1,009,689
<b>Profit after tax</b>		<b>1,435,392</b>	<b>7,475,365</b>
<b>Earnings per share (basic and diluted)</b>		<b>0.61</b>	<b>3.16</b>

The accounting policies and notes set out on pages from 134 to 257 form an integral part of the financial statements.

## 3.3 STATEMENT OF OTHER COMPREHENSIVE INCOME

Statement of other comprehensive income for the period from 1 January 2023 to 31 December 2023

(in EUR)	Note	2023	2022 Restated
<b>Profit for the year</b>		<b>1,435,392</b>	<b>7,475,365</b>
Other comprehensive income after tax	<b>7.12</b>	<b>13,025,072</b>	<b>(32,015,610)</b>
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>15,530,287</b>	<b>(39,525,445)</b>
Unrealised change in value of financial assets measured at fair value through other comprehensive income		24,287,470	(73,196,099)
Net change in fair value		24,046,132	(77,023,683)
Net amount reclassified to profit or loss		241,338	3,827,584
Net finance expenses from insurance contracts		(9,466,972)	37,086,889
<b>Net finance income from reinsurance contracts</b>	<b>7.12</b>	<b>709,789</b>	<b>(3,416,235)</b>
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss		(2,891,099)	7,509,834
<b>Total items that will not be reclassified to profit or loss</b>		<b>385,883</b>	<b>(855,372)</b>
Remeasurements of post-employment benefit obligation		(23,637)	-
Other items that will not be reclassified subsequently to profit or loss		391,621	(1,056,015)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		17,899	200,643
<b>Comprehensive income</b>		<b>14,460,464</b>	<b>(25,395,617)</b>

The accounting policies and notes set out on pages from 134 to 257 form an integral part of the financial statements.

## 3.4 STATEMENT OF CASH FLOWS

Statement of cash flows for the period from 1 January 2023 to 31 December 2023

(in EUR)	Note	2023	2022 Restated
<b>Cash flow from operating activities</b>			
Income statement items		3,506,683	8,255,782
Net income		1,435,392	7,475,365
Adjustments to net income for:		2,071,291	780,417
Depreciation and amortisation		6,781,697	6,647,183
Net income and expenses from investments		(12,607,314)	(9,701,794)
Changes in other provisions		(461,639)	2,714,795
Revaluation gains/losses		(38,678,836)	52,332,666
-from receivables value adjustment		(1,124,887)	(306,500)
-from financial investments		(37,553,949)	52,639,166
Tax expenses		1,038,240	511,807
Net exchange difference		100,749	(288,840)
Write-off of receivables		1,387,498	361,690
Net financial income and expenses from insurance contracts issued and reinsurance contracts received		44,510,896	(51,797,090)
Changes in net operating assets (receivables for insurance, other receivables, other assets and deferred tax assets and liabilities) of balance sheet items		(54,799,093)	14,574,284
Net change in assets and liabilities from insurance contracts		14,154,864	17,943,414
Net change in assets and liabilities from reinsurance contracts		(41,110,233)	5,194
Opening less closing other receivables and assets		(20,819,461)	(912,580)
Closing less opening other liabilities		(7,024,262)	(2,461,744)
<b>Net cash from/(used in) operating activities</b>		<b>(51,292,410)</b>	<b>22,830,067</b>

(in EUR)	Note	2023	2022 Restated
<b>Cash flows from investing activities</b>			
Cash inflows from investing activities		188,775,390	169,353,958
Cash inflows from interest received from investing activities		9,773,350	9,747,709
Cash inflows from dividends and participations in profit of others		6,107,210	5,433,199
Cash inflows from disposal of property, plant and equipment		-	68,420
Cash inflows from disposal of financial investments		172,894,830	154,104,630
Cash outflows from investing activities		(136,608,424)	(176,357,182)
Cash outflows for acquisition of intangible assets		(2,594,134)	(3,151,649)
Cash outflows for acquisition of property, plant and equipment		(1,423,689)	(1,080,666)
Cash outflows for acquisition of financial investments		(132,590,600)	(172,124,866)
- other cash outflows for acquisition of financial investments		(132,590,600)	(172,124,866)
Net cash from /(used in) investing activities		52,166,966	(7,003,223)
Cash outflows for financing activities		(3,251,247)	(17,801,194)
Cash outflows for interest paid		(1,128,065)	(902,947)
Cash outflows for payments of long-term financial liabilities		(2,123,182)	(2,190,666)
Cash outflows for dividends and profit sharing		-	(14,707,582)
Net cash from/(used in) financing activities		(3,251,247)	(17,801,194)
<b>Closing balance of cash and cash equivalents</b>		<b>6,575,612</b>	<b>8,953,709</b>
Net cash flow for the period	7.11	(2,376,690)	(1,974,352)
Effects of exchange rate differences +		(1,407)	(151,757)
<b>Opening balance of cash and cash equivalents</b>		<b>8,953,709</b>	<b>11,079,817</b>

The accounting policies and notes set out on pages from 134 to 257 form an integral part of the financial statements.

## 3.5 STATEMENT OF CHANGES IN EQUITY

### Statement of changes in equity for the period from 1 January 2023 to 31 December 2023

(in EUR)	Note	I. Share capital	II. Capital reserve	III. Reserves from profit		IV. Accumulated other comprehensive income	V. Retained earnings	VI. Net profit/loss	TOTAL EQUITY
				Legal and statutory	Other reserves				
<b>OPENING BALANCE IN THE FINANCIAL PERIOD</b>		39,520,347	50,197,176	1,742,399	7,780,102	(17,082,616)	119,386,906	-	201,544,314
Accumulated other comprehensive income net of tax	7.12	-	-	-	-	13,025,072	(110,134)	1,435,392	14,350,330
a. Net profit/loss for the year		-	-	-	-	-	-	1,435,392	1,435,392
b. Accumulated other comprehensive income	7.12	-	-	-	-	13,025,072	(110,134)	-	12,914,937
Retained earnings of pension funds		-	-	-	-	-	(1,068)	1,044	(24)
Other		-	(29,426,008)	-	66,585	-	3,501,765	-	(25,857,658)
<b>CLOSING BALANCE AS AT 31 DECEMBER</b>		39,520,347	20,771,169	1,742,399	7,846,687	(4,057,544)	122,777,468	1,436,436	190,036,962

The accounting policies and notes set out on pages from 134 to 257 form an integral part of the financial statements.

### Statement of changes in equity for the period from 1 January 2022 to 31 December 2022 Restated

(in EUR)	Note	I. Share capital	II. Capital reserve	III. Reserves from profit		IV. Accumulated other comprehensive income	V. Retained earnings	VI. Net profit/loss	TOTAL EQUITY
				Legal and statutory	Other reserves				
<b>Total amount at the end of previous financial year</b>		39,520,347	50,940,548	1,742,399	7,736,766	11,619,961	33,153,482	24,525,393	169,238,896
<b>1. Januar 2022 restated</b>		-	-	-	-	4,168,406	66,279,158	-	70,447,564
Adjustment on initial application of IFRS 17, net of tax		-	-	-	-	(1,163,017)	58,477,686	-	57,314,669
Adjustment on initial application of IFRS 9, net of tax		-	-	-	-	5,331,423	7,801,472	-	13,132,895
Allocation of net profit/loss for the preceding year to retained profit/loss		-	-	-	-	-	24,525,393	(24,525,393)	-
<b>OPENING BALANCE IN THE FINANCIAL PERIOD</b>		39,520,347	50,940,548	1,742,399	7,736,766	15,788,366	123,958,033	-	239,686,460
Increase at acquisition of subsidiary		-	(743,372)	-	-	-	-	-	(743,372)
<b>Comprehensive income net of tax (Restated)</b>	7.12	-	-	-	-	(32,870,983)	707,601	7,475,365	(24,688,016)
a. Net profit/loss for the year		-	-	-	-	-	-	7,475,365	7,475,365
b. Other comprehensive income	7.12	-	-	-	-	(32,870,983)	707,601	-	(32,163,382)
Allocation of net profit/loss for the preceding year to retained profit/loss		-	-	-	-	-	7,476,460	(7,476,460)	-
Payment (accounting) of dividends/bonuses in the form of shares		-	-	-	-	-	(14,707,582)	-	(14,707,582)
Retained earnings of pension funds		-	-	-	-	-	(1,094)	1,094	-
Other		-	-	-	43,336	-	1,953,489	-	1,996,825
<b>CLOSING BALANCE AS AT 31 DECEMBER</b>		39,520,347	50,197,176	1,742,399	7,780,102	(17,082,616)	119,386,906	-	201,544,314

The accounting policies and notes set out on pages from 134 to 257 form an integral part of the financial statements.

### Statement of accumulated profit for 2023\*

(in EUR)	2023	2022 Restated
Net profit/(loss) for the financial year	1,436,437	7,475,365
Net profit carried forward (+) / net loss carried forward (-)	122,777,468	111,911,541
- result for the current year under effective standards	122,777,468	43,669,509
- reconciliation to new accounting standards	-	68,242,032
Balance-sheet profit allocated by the Annual General Meeting as follows:	124,213,905	119,386,906

\*Statement of accumulated profit it is not an integral part of the previous statements.

# 4. GENERAL INFORMATION

## 4.1 BASIC INFORMATION CONCERNING GENERALI ZAVAROVALNICA

GENERALI zavarovalnica d.d. (hereinafter the Insurance Company, Generali or the Company) is a joint stock company having its registered office in Ljubljana, Kržičeva ulica 3, Slovenia. The Company is registered with the Companies Register kept by the Court Register of the Ljubljana District Court.

### Access to consolidated annual reports and financial statements for the year ended on 31 December 2023

GENERALI zavarovalnica d.d. is owned by the Generali CEE Holding B.V. having its registered office in Amsterdam, the Netherlands, De Entree 91, 11014 BH Amsterdam Group and is included in the consolidated financial statements of the company Assicurazioni Generali S.p.A., which prepares the consolidated annual report for the widest range of companies in the Group.

Assicurazioni Generali S. p. A., the ultimate parent company having its registered office in Trieste, Piazza Duca degli Abruzzi 2, Italy, where the consolidated report for the entire Generali Group (hereinafter the Generali Group) can be obtained, controls the company Generali CEE Holding B.V.

## 4.2 MANAGEMENT AND GOVERNANCE BODIES

### Management Board

- Vanja Hrovat – President of the Management Board
- Katarina Guzej – Member of the Management Board
- Mitja Feri – Member of the Management Board
- Matija Šenk – Member of the Management Board (until 6 September 2023)

### Supervisory Board

- Gregor Pilgram – Chairman of the Supervisory Board
- Carlo Schiavetto – Member
- Miroslav Singer – Member, Deputy President Member
- Suzana Meglič – Member, employee representative
- Matjaž Pavlin – Member, employee representative

### Audit Committee

- Carlo Schiavetto – Chairman
- Gregor Pilgram – Member
- Renata Eržen Potisek – Member

### Shareholder as at 31 December 2023

Generali CEE Holding B. V.	100%
SKUPAJ	100%

## 4.3 STATEMENT ON COMPLIANCE

Financial Statements for GENERALI zavarovalnica d.d. for 2023 have been prepared in accordance with the provisions of International Financial Reporting Standards (IFRS), as adopted by the EU. The financial statements and annual report have also been prepared in accordance with the provisions of local legislation, the Companies Act (ZGD-1) and its amendments, the Insurance Act (ZZavar-1) and in accordance with by-laws, the Decision on annual reports and quarterly financial statements of insurance companies issued by the ISA - Insurance Supervision Agency (Official Gazette of the Republic of Slovenia, No. 82/2020).

The Annual Reports for 2022 and 2023 are approved by the Management Board and confirmed by the Supervisory Board. The financial statements for year 2022 were approved by the Management Board on 29.03.2023. Financial statements for year 2023 were approved by the Management Board and on 29 March 2024.

The annual report with financial statements is available at the headquarters of GENERALI zavarovalnica d.d. and on the website <https://www.generali.si/aboutus/annual-reports>.

## 4.4 BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the going concern assumption. The reporting periods of the insurance is equal to the calendar year.

The Management takes into account the requirements of comprehensibility, adequacy, reliability and comparability when selecting accounting policies and deciding on their application and when preparing financial statements. In the current financial year, the accounting policies were changed.

For the financial statements for the year 2023, the insurance company applies the new accounting standards IFRS 17 Insurance contracts and IFRS 9 – Financial instruments. There were no other changes to the accounting principles adopted by the insurance Company. Further details can be found under accounting policies in the section 5.22.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that may have a material effect on the value of reported assets and liabilities at the reporting date and on the amount of revenues and expenses in the reporting period. Estimates and assumptions are reviewed and determined based on past experience and other factors, including expectations of future events (further discussed in Section 5.1).

## 4.5 CONSOLIDATION

GENERALI zavarovalnica d.d., as the parent company of two subsidiaries from Slovenia, does not prepare consolidated financial statements because it meets the requirements referred to in Article 56(6) of the Companies Act (ZGD-1), since the Insurance Company's securities are not traded on a regulated securities market.

Subsidiaries are included in the consolidated financial statements of Assicurazioni Generali S.p.A having its registered office in Trieste, Piazza Duca degli Abruzzi 2, Italy, which is the parent company of Generali CEE Holding B.V. established in Amsterdam, and the indirect parent company of GENERALI zavarovalnica d.d.

The consolidated financial statements of the insurance group are publicly available on the website:

- the Assicurazioni Generali S. p. A. Group on Generali Group <https://www.generali.com/investors/reports-and-presentations>.

Subsidiary name	Equity Interest 31.12.2023	Equity Interest 31.12.2022
Ambulanta ZDRAVJE zdravstvene storitve d.o.o., Slovenia	100%	100%
LEV Registracija d.o.o., Slovenia	100%	100%

#### Changes in the structure of operations

##### Generali Investments, družba za upravljanje, d.o.o. Slovenia

In early 2023, GENERALI zavarovalnica d.d. decided to demerge part of the business. 100% stake of Generali Investments d.o.o. was demerged into the new company Generali Investments SI d.o.o.

The planned change was successfully completed upon registration of the new company in the Court Register on 2 October 2023. The owner of the new company is the Company's sole shareholder, GENERALI CEE HOLDING B.V., and it is jointly represented by two managers, namely Martin Vit and Vanda Zorc Rems.

Generali Investments d.o.o. is no longer a subsidiary of GENERALI zavarovalnica. However, regardless of the change in ownership, the business cooperation between GENERALI zavarovalnica and Generali Investments d.o.o. remains unchanged.

#### 4.6.2 FOREIGN CURRENCY TRANSACTIONS AND ITEMS

The translation of items of assets and liabilities in foreign currency into the functional currency is made at the reference exchange rates of the European Central Bank - ECB (for currencies for which the ECB does not publish reference exchange rates, the reference exchange rates of the Bank of Slovenia are applied) at the date of the financial statements. The effects of translation are shown in the income statement as net foreign exchange gains or losses.

All transactions in foreign currency are translated into the functional currency at the exchange rate on the day of the individual business event. Foreign exchange gains and losses from such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies at the balance sheet date and translated into the functional currency, are recognized in the income statement.

Non-monetary items that are measured at purchase price in a foreign currency are translated using the exchange rate applicable at the date of the event, while non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate applicable at the date when the fair value was determined.

In the context of changes in the fair value of securities denominated in foreign currency classified as at fair value through other comprehensive income (FVTOCI), a change in amortised cost resulting from a change in the exchange rate is accounted for separately from other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in the income statement.

Translation differences on financial assets and liabilities are treated as an integral part of fair value gains or losses. Translation differences on financial assets and liabilities are reported in the income statement as part of the fair value gain or loss. Translation differences for debt securities at fair value through other comprehensive income (FVTOCI) are recognized in the income statement, while for equity securities they are recognized under the impact of the valuation at fair value in the statement of comprehensive income.

#### 4.6 TRANSLATION FROM FOREIGN CURRENCIES

##### 4.6.1 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in euros, which is the functional and presentation currency of Generali zavarovalnica. All financial statement disclosures are also presented in euros. Due to rounding of amounts, very small differences may arise from summing up certain items (EUR ±1).

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 5.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The significant accounting policies used for the preparation of the financial statements are presented in the text below and were followed consistently in the preparation of the financial statements for the financial year 2023.

##### New accounting principles

From 1 January 2023 the Group applies the accounting standards IFRS 17 - Insurance contracts and IFRS 9 - Financial Instruments.

The first application of both standards introduces significant changes in measurement and accounting of (re)insurance contracts and financial instruments.

On 9 December 2021, the IASB published a limited amendment to the transition requirements of IFRS 17 (Amendment to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 - Insurance Contracts), as regards the application of the requirements of IFRS 9 to the periods of comparison. The proposed amendment allows for a better alignment of the presentation of comparative information pursuant to IFRS 17 and IFRS 9, by means of a classification overlay effectively applies to all financial instruments, including assets sold in 2022, of the rules envisaged by IFRS 9 for purposes of classification and measurement.

GENERALI zavarovalnica d.d. has restated the period of comparison to the first application of IFRS 9 for all financial instruments, to produce 2022 comparative information consistent with IFRS 17 and IFRS 9 requirements, in line with the financial information provided from 1 January 2023.

Insurance company prepares the financial statements by using estimates, judgements and assumptions, that affect the value of assets and liabilities on the reporting date and the amount of income and expenses in the reporting period.

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are disclosed in paragraph 5.14.1.

There were significant changes in the application of new accounting judgements, estimates and assumptions during transition to the new accounting standards IFRS 17 and IFRS 9.

##### Accounting judgements, estimates and assumptions in the recognition and measurement of assets and liabilities from insurance contracts.

- Classification of insurance, reinsurance and investment contracts: assessing whether the contract transfers significant insurance risk and whether an insurance contract contains direct participation features;
- Level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;
- Measurement of insurance and reinsurance contracts: determining the techniques for estimating

risk adjustments for non-financial risk and the coverage units provided under a contract;

- Transition to IFRS 17: determining whether sufficient reasonable and supportable information is available to apply a full or modified retrospective approach.

#### Accounting judgements, estimates and assumptions in the recognition and measurement of financial assets and liabilities;

- Determination of business model and assessing whether the contractual cash flows represent exclusively principal repayments and interest on the outstanding principal amount (SPPI test);
- Impairment of financial assets;
- Determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information;
- Measurement of the fair value of financial instruments.

## 5.2 INTANGIBLE ASSETS

Intangible assets are valued at the cost value, that is, intangible assets are carried at cost less amortisation and any accumulated impairment losses.

The annual amortisation rates are determined according to the useful life of an individual intangible asset. The straight-line depreciation method was used. The amortisation of intangible assets is calculated individually by applying the following amortisation rates.

#### Amortisation rates and useful lives of intangible assets

Name of intangible asset by amortisation groups	Amortisation rate	Useful life
Investments in third party intangible assets	20%	5
Other material rights	10%	10
Computer software	20%	5
Other intangible assets	10-33.3%	3-10

The expected useful life of intangible assets is the period in which it is possible to expect economic benefits from the asset. It is determined according to the duration of contractual or other rights. Based on this, the useful life cannot be longer from the period in which the Company may use the asset; however, it may be shorter.

The impairment assessment is performed for all significant intangible assets, if their carrying amount exceeds their recoverable amount. The assessment is performed for all assets whose individual purchase price exceeds EUR 50,000. The determined impairment loss (the asset's carrying amount that exceeds its recoverable amount) is recognised in the income statement as loss due to impairment.

The Company derecognises the recognized intangible assets upon disposal when no future benefits from their use or disposal are expected. Gains or losses arising from derecognition of an intangible asset are recognised as a difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statement as revaluation income/expense non-financial assets.

and equipment, the effects of such changes in the useful life are recognised in the income statement.

The annual depreciation rates are determined according to the useful life of an individual item of property, plant and equipment. The useful life of an asset is determined by the expected useful life for the Company.

The assessment of the useful life of an asset is a matter of judgment based on the experience of the Company with similar assets. The depreciation method used by the Company is straight-line depreciation. Assets are depreciated when they are available for use, on the first day of the following month.

#### Depreciation rates and useful lives of property, plant and equipment

Property, plant and equipment by depreciation groups	Depreciation rate	Useful life
Buildings	1.3 -1.8%	56-77
Motor vehicles	12.5-15.5%	6-8
Computer equipment	20.0%-50.0%	2-5
Office equipment	10 -25%	4-10
Other equipment (furniture, fittings & fixtures)	10 -33.3%	3-10

## 5.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are classified according to their nature as property (property held for own use) and equipment, which are further divided in subcategories based on their purpose. They are recognised at the time of its acquisition and valued at initial recognition at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item includes its purchase price and all costs directly attributable to bringing the asset to use. An asset is recognized as part of property, plant and equipment once it is ready for use. The value also includes the costs incurred to replace parts of property, plant and equipment that help prolong the useful life of the asset are accounted for as well as the costs which increase future economic benefits from its use (modernisation costs, enhancement costs, costs increasing the capability of the fixed asset).

In the event of changed circumstances, which affect the estimated useful life of an item of property, plant

Property (buildings) held by the Company for own use are part of a whole – of the cash-generating unit. Therefore the Company, which generates cash inflows by performing its principal activities. The Company has defined three cash-generating units: non-life insurance, health insurance and life insurance. The recoverable amount is generally the amount that is larger either the value in use or fair value decreased by costs of sale.

The management believes that in normal - expected business conditions, the carrying amount of property held for own use is at least equal to the recoverable amount of property. Operating conditions deviate from normal if in the past three years the cash-generating unit has reached a negative profit, which in each case exceeds the amount of the insurance company's significance and there are no prospects for improving its business in the coming years.

The management assesses the values of these properties in the case the business circumstances significantly change or deviate from normal (expected) business conditions (in the last three years, the cash generating unit achieves a negative operating result) or if the properties intended for own use are reclassified into investment properties.

In such cases, recoverable amount is determined based on property appraisals by external certified appraisers. The appraisals are prepared using the same methodology as used by the Insurance Company for measurement of recoverable amounts of investment property. If the recoverable amount of properties is lower than their carrying amount, such properties are impaired, and this difference is recognized in the income statement as an other financial income and expenses.

The management derecognises an item of property, plant and equipment when it is disposed of or when it is determined that no economic benefits can be expected from its use, at least annually. Gains or losses arising from the derecognition of an item of property, plant and equipment, as the difference between any net disposal proceeds and the carrying amount of the asset and disposal costs, are recognized in profit or loss as revaluation income or expenses.

## 5.4 RIGHT TO USE LEASE ASSETS

Leases of property, plant and equipment are classified in accordance with the contract and the provisions of IFRS 16 Leases. At the time of concluding the contract, the Company assesses whether it is a lease contract, i.e. whether the contract contains all elements of a lease. A contract is a lease or contains a lease if it transfers the right to control the use of an identified asset for a specified period in exchange for compensation.

Upon initial recognition of a lease, the lessee recognizes an asset that represents a right to use and a lease liability.

At the date of commencement of the lease, the lessee measures the asset that represents the right to use at cost. The lessee, at the commencement date of the lease, measures the lease liability at the present value of the leases not yet paid at that date. Rents are discounted using a discount rate, which is equal to the current market interest rate applicable to the Company's lending on the date of the lease.

The highest annual depreciation rate corresponding to the actual depreciation period of the asset is used for the depreciation of the right to use the lease asset.

Lease liabilities are measured according to the estimated duration of the lease. The Company determines the duration of the lease as the period during which the lease cannot be cancelled. In cases where it is fairly certain that the lessee will exercise the option to extend the lease, the lease is considered to be long-term.

Rents related to short-term leases (lease duration up to one year) and leases where the leased asset is of small value (up to EUR 5,000) are recognized as lease costs within operating costs.

## 5.5 INVESTMENT PROPERTIES

Investment properties (land and buildings) are assets held by the Company with the purpose to earn cash flow from rent, increase in value or both. If a property is classified as an investment property, the management considers the purpose of the property.

Investment properties (land and buildings) are measured initially at their cost and recognised at cost comprised of transaction costs and any expenditure directly attributable to purchase. Subsequently, they are measured at cost less any accumulated depreciation and any accumulated impairment losses. The straight-line method is used to calculate depreciation.

### Depreciation rates and useful lives of investment properties

Investment properties	Depreciation rate	Useful life
Buildings	1.3 -1.8%	56-77

At least once per year, the Management performs an impairment test of investment properties, using accredited independent appraisers qualified to perform valuation of property. For new property, its purchase price is considered as fair value.

In the performance of the impairment test for investment properties, the return of each property and market profitability criteria are considered. If the actual return of an individual property exceeds the required return of property, the property does not show signs of impairment.

Otherwise, the recoverable amount is determined for the property, using the following property valuation methods; the market value approach: this approach determines the indication value of the real property based on transactions for the same or very similar property. This approach is especially useful for real properties that are sold in large numbers on the secondary market (fair value).

Property, which the management intends to sell in near future and whose carrying amount will be settled mainly through sale rather than further use, are classified under non-current assets held for trading.

Gains or losses arising from derecognition or disposal of investment property are recognised in the income statement through other financial income and expenses.

Lease income from investment property is charged based on contracts and is stated in the financial statements among other financial income and expenses.

## 5.6 FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

### Subsidiaries

Subsidiaries are companies in which the Insurance Company, as the controlling company, directly or indirectly holds more than 50% of the voting rights. Irrespective of the nature of its participation in the company, the Insurance Company assesses whether it controls the company and determines whether the company is a controlling company or a subsidiary.

Investments in a subsidiary are valued in financial statements using the cost method, which means that they are shown at cost less impairment. Any impairment needs are determined at the end of the financial year or during the year if there are indications of impairment. The assessment of recoverable amount is performed by external appraisers based on external appraisals of companies or using internal assessments and evaluations.

The following valuation procedures are used to recognize impairment losses for subsidiaries:

- subsidiaries in bankruptcy, financial reorganization (compulsory settlement) or liquidation are impaired to the amount of recoverable amount,
- subsidiaries whose operating results deteriorate and operating losses increase are impaired in the amount of the loss in proportion to the share of ownership if the value of the company's capital, in proportion to the share of ownership, is lower than the cost of the investment,
- valuation based on discounted cash flows,
- net asset value method.

Impairment losses are measured as the difference between the carrying amount of the investment in the subsidiary and its recoverable amount or amount of the estimated future cash flows, discounted at present market returns for similar assets. The difference in value is recognized as other investments income.

### Associates

The Company considers an investment to be an investment in an associate if it holds a significant but not controlling influence, which is usually accompanied by direct or indirect ownership of between 20% and 50% of the capital.

After initial recognition, the Company values the investment in the associate at cost. Any impairment needs are determined at the end of the financial year or during the year if there are indications of impairment. The assessment of possible impairments is performed by external appraisers based on external valuations of companies or using internal models. The same procedures are used for the recognition of impairment losses as for subsidiaries, and the difference in value is recognized as other investments income.

## 5.7 FINANCIAL INVESTMENTS

The Insurance company adopted IFRS 9 - Financial Instruments, replacing IAS 39 - Financial Instruments: classification and measurement, from 1 January 2023.

The main new aspects are as follows:

- The classification and measurement of financial assets based on the business model and on the characteristics

of cash flows generated by the financial instruments (SPPI test - Solely Payments of Principal and Interest).

- The introduction of a single impairment model, for application to all financial assets not measured at fair value through profit or loss, based on the Expected Credit Loss (ECL) model. The recognition of expected loss is envisaged over the lifetime of the financial instrument when significant increases in credit risk are detected since the initial recognition. Otherwise, recognition of expected loss is based on a 12-month horizon.

### Classification and measurement

#### Financial assets

IFRS 9 envisages a classification approach for financial instruments based on models through which financial instruments are managed (business models) and on their contractual cash flow characteristics (SPPI test – Solely Payments of Principal and Interest).

**The standard identifies three possible business models:**

**“Hold to collect”** with the aim of holding financial assets to maturity and collecting the contractual cash flows.

**“Hold to collect and sell”** with the aim of holding financial assets, both to collect the contractual cash flows and to realise gains from their sale.

**“Other”** which covers all cases not included in the previous two business models.

The Insurance Company conducted a full analysis of the investment portfolio management methods, considering specific features linked to the management of insurance business and ancillary activities, and has concluded that the **“Hold to collect and sell” model is the main business model for the Company.**

In addition to the analysis related to the business model, the standard requires analysis of the contractual terms of financial assets. To allow their classification at amortised cost (AC) or at fair value through other comprehensive income (FVOCI), cash flows generated by the financial asset must be performed by Solely Payments of Principal and Interest (SPPI test). This analysis is conducted for debt securities and loans, at individual financial instrument level, and from the moment of initial recognition in the financial statements.

The contractual cash flow analysis for a financial asset must be based on the general concept of "basic lending arrangement". Where specific contractual clauses introduce exposure to risk or volatility of contractual cash flows that are not consistent with this concept, the contractual flows are not in compliance with the SPPI requirements (e.g., cash flows exposed to changes in share, index or commodity prices). If there are contractual conditions that modify the time value of money element, a "benchmark cash flows test" should be performed - considering quantitative and qualitative elements - to confirm whether the contractual cash flows still satisfy the SPPI requirements.

In accordance with the results of the business model and SPPI test, financial assets can be classified in the following accounting categories:

**Financial assets at amortised cost:** these include debt instruments managed under the "Hold to collect" business model, the contractual terms for which are represented solely by payments of principal and interest (SPPI test passed).

**Financial assets at fair value through other comprehensive income with recycling in the income statement:** these include debt instruments managed under the "Hold to collect and sell" business model, the contractual terms for which are performed solely by payments of principal and interest (SPPI test passed).

**Financial assets at fair value through profit or loss:** these include all financial assets managed under the "Other" business model and financial assets compulsorily measured at fair value due to failing the SPPI test.

For equity instruments, the standard requires the measurement at fair value through profit or loss, except for instruments that are not held for trading purposes, for which the option of irrevocable designation at fair value through other comprehensive income is adopted. If this option is adopted, income components other than dividends cannot be recycled in the income statement.

The Company has adopted the option of designation at fair value through other comprehensive income for equity instruments held in portfolios other than those covering contracts underlying insurance contracts with direct participation features (VFA business).

There is also the option to designate a financial instrument at fair value through profit or loss on initial recognition, if that would eliminate or significantly reduce the accounting

mismatch in the measurement of assets or liabilities or recognition of gains and losses related to them.

#### Financial liabilities

IFRS 9 does not substantially change the previous accounting rules for the classification and measurement of financial liabilities. The difference between standards essentially relates the recognition of a change in the fair value of financial liabilities designated at fair value through profit or loss, which requires that the portion of the change in fair value attributable to a change in credit risk of the issuer is presented under other comprehensive income.

The Company has recorded no significant impact from application of the above requirement. The only financial liabilities designated at fair value through profit or loss are investment contracts, the value change of which is linked to the underlying asset and not to credit risk of the liability. Financial loan liability is measured at amortised cost.

#### Impairment

IFRS 9 envisages an impairment approach for debt instruments measured at amortised cost or at fair value through other comprehensive income which is based on expected credit losses (ECL). The standard outlines an approach for impairment in three stages based on the change in credit quality of the instrument since the date of initial recognition.

In particular:

- Stage 1 includes debt instruments that, as at the reporting date, have not reported a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date (investment grade - low credit risk exemption). For these assets, the 12-month expected credit losses are recognised in the income statement. Interest is calculated on the gross carrying amount.
- Stage 2 includes debt instruments that have reported a significant increase in credit risk since initial recognition (unless they are investment grade at the reporting date) but show no evidence of impairment. For these assets expected credit losses arising from all possible default events over the entire expected lifetime of the financial instrument (lifetime ECL) are recognised in the income statement. Interest is calculated on the gross carrying amount.
- Stage 3 includes debt instruments that show evidence of impairment. For these instruments, expected credit

losses arising from all possible default events over the entire expected life of the instrument are recognised, with a balancing entry in the income statement. Interest is calculated on the net carrying amount.

The expected credit loss calculation is based on probability of default (PD), loss given default (LGD) and total exposure at default (EAD) parameters that are influenced by forward-looking information obtained by processing specific scenarios.

The expected credit loss calculation model is performed on the basis of Group model.

Regarding quantification of a significant increase in credit risk, necessary in order to allocate debt instruments to the various stages, the Group has defined a model based on a combination of quantitative elements (e.g. measurement based on a comparison with lifetime probability of default) and qualitative elements (e.g. watch lists). A similar approach is used to identify default events, required for classification of an instrument as Stage 3. In the approaches used by the Group to quantify a significant increase in credit risk, the aforementioned low credit risk exemption is not taken into consideration directly.

The model also envisages the option of a simplified approach for trade receivables and leases, for which it is not necessary to calculate the 12-month expected credit losses, but lifetime expected credit losses are always recognised.

The introduction of the Company Expected Credit Losses model has had a limited impact on the Financial Statements, reflecting the strong credit rating of the debt securities portfolio held by the Company.

#### Fair Value

Financial assets measured at fair value through profit or loss FVTPL) at initial recognition and at fair value through other comprehensive income (FVOCI) are carried at fair value. Loans, deposits, receivables and hold-to-collect financial assets are stated at amortised cost using the method of future cash flow value discounting using effective interest rates, reduced by impairments.

Fair value is reported if it is reliably measurable. It depends on available market data, which enable the Company to evaluate fair value. The fair value of listed financial asset instruments (equity and debt securities) which have a price on an active securities market is determined as the product of the units of financial assets

and the quoted market price or the final rate as at the date of the balance sheet. An appropriate rate is selected depending on the type of financial investment and on the organised securities market, on which the financial investment is quoted and sets it as a reference market for the insurance company. Prices are primarily acquired from the Bloomberg Data License (BDL) system.

Units of mutual funds that are not traded on an organized market are valued at the value of the unit of property Net asset value (NAV) calculated by the management company and/or published in the Bloomberg system (BDL) on the balance date. In case that the NAV of a mutual fund unit is not published on Bloomberg (BDL), the value of the NAV is obtained by management company or other publicly published exchange rates. For units of mutual funds whose NAV is calculated and published with a delay, the last known and valid NAV on the valuation date is used for valuation.

An active market is a market in which transactions for an asset occur with sufficient frequency and volume to provide price information on a regular basis. As an active market, we consider the market where the selected security was traded and for which the exchange rate was published - CBBT Close BID.

In fair value assessment of equity securities, the Management continuously assesses the market activity, where the final rate of the last day of trading with the security must not be older than ten calendar days. If the exchange rate published on the regulated market does not meet the active market criteria, the appropriate valuation model to calculate the fair value of the equity security is used to calculate the market value. If the observed prices on active markets are not an indicator of fair value, the Company applies an appropriate valuation model, namely the internal model, or hires an external certified valuer.

In the evaluation of fair value of debt securities traded on the regulated securities market, in order to perform the valuation at the balance sheet date, the Management sets an exchange rate based on the closing price published on the stock exchange on the balance sheet date. If there is no information about the closing price on the balance sheet date for an individual debt security, the closing price from the last day, on which the debt security was traded, will be used, but this closing price may not be older than 14 days. Non-market or Unlisted securities and securities whose price is older than 14 days, meet the definition of a non-active market and are valued under the internal model.

With regard to debt securities traded on a regulated securities market, their fair value for valuation at the balance sheet date is determined on the basis of the below criteria, whereby price determination is done in the following order:

- Bloomberg CBBT Close BID;
- Bloomberg BGN Close BID;
- Bloomberg price has priority. The second method of evaluation is permissible in the case of obtaining a price from an external provider (refinitive-EJV). The Company assesses whether the price obtained reflects the fair price of the debt security;
- Based on the internal model for calculating the fair value of a debt security i.e. the price determined by valuation techniques.

The BID price represents the fair value in accordance with IFRS 13. The MID price is used in the case of an unbiased fair value during the transaction on the part of the buyer and the seller.

Fair value is determined on a monthly basis using internal models. The fair value of corporate debt securities is determined based on the internal model for calculating the fair value of corporate debt securities while for government debt securities based on the internal model for calculating the fair value of government debt securities.

Valuation methods and important parameters for individual financial assets are presented in the table below, where the use of different types of methods is also classified according to the fair value hierarchy.

#### Allocation according to the fair value hierarchy

In order to improve compliance and comparability of fair value measurement and related disclosures, financial assets are allocated into three levels of fair value hierarchy. The allocation to a particular level is based on inputs to valuation methods used for fair value measurement. In the fair value hierarchy, the types with highest priority are unadjusted, quoted prices in active markets for identical assets or liabilities (Level 1 inputs), and the ones with the lowest priority are unobservable inputs (Level 3 inputs).

The Company applies estimation techniques to encourage the use of appropriate observable inputs as much as possible and to limit the use of unobservable inputs as much as possible. The objective of applying the value estimation technique is to estimate the price at which a

regular transaction would be made for the sale of an asset between market participants at the measurement date under current market conditions. When choosing a value estimation technique, market inputs are mostly used.

When allocating into the hierarchy, the Company follows the following inputs in value estimation techniques:

- Level 1: determined by inputs that present the quoted prices (unadjusted) in an active market for identical assets or liabilities, to which the Company has access on the date of the measurement. They ensure the most reliable proof of fair value and must be used without adjustments for fair value measurement.
- Level 2: determined by inputs that are not quoted prices from Level 1, but could be indirectly or directly observable for an asset or liability. If an asset or liability has a determined (contractual) maturity, the input must be observable during the whole validity period of the asset or liability. Level 2 inputs include: quoted prices for identical or similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs that are not quoted prices observable for an asset or liability, and inputs, approved on the market.
- Level 3: determined by unobservable inputs that include an insignificant market component, if it exists at all, for the asset or liability on the day of measurement. The goal of fair value measurement remains the same, namely the output price on the day of measurement from the viewpoint of a participant in the market who owns an asset or has a liability. Therefore, unobservable inputs must reflect the assumptions that would be used by the market participants for the estimation of the value of an asset or liability, including the risk assumptions.

Financial assets, for which there is no active market and the fair value of which cannot be measured reliably, are valued at cost and the need for their impairment is determined individually. These financial assets are allocated into Level 3 in the fair value hierarchy.

#### Techniques of value estimation and inputs for allocation to Level 2 and Level 3 of the fair value hierarchy

Main market	Level 1	Level 2	Level 3
<b>Equity securities</b>			
Stock exchange	<ul style="list-style-type: none"> <li>• Shares valued on the basis of the closing price on the stock exchange while meeting the criteria of an active market.</li> <li>• Mutual funds valued at the value of the unit on the day of valuation published in the Bloomberg system or if the price is not published in the Bloomberg system, the price obtained from the management company or other publicly announced price list.</li> </ul>	<ul style="list-style-type: none"> <li>• Equity securities, valued using the valuation model (internal model or valuation by an internal/external business appraiser on the basis of Level 2 inputs, which are not quoted prices included in Level 1 and cannot be observable directly or indirectly).</li> </ul>	<ul style="list-style-type: none"> <li>• Equity securities valued using the valuation model based on Level 3 inputs and are unobservable inputs.</li> </ul>
<b>Debt securities</b>			
OTC market	<ul style="list-style-type: none"> <li>• Debt securities, which are valued on the basis of the BID price obtained from CBBT.</li> </ul>	<ul style="list-style-type: none"> <li>• Debt securities, valued using the valuation model (internal model or valuation by an internal/external business appraiser on the basis of Level 2 inputs, which are not quoted prices included in Level 1 and cannot be observable directly or indirectly).</li> </ul>	<ul style="list-style-type: none"> <li>• Debt securities, which are valued on the basis of the BID rate obtained from BGN.</li> <li>• Debt securities, valued on the basis of the price obtained by an external provider (refinitive-EJV).</li> <li>• Debt securities valued using the valuation model based on Level 3 inputs and are unobservable inputs.</li> </ul>
<b>Deposits, certificates of deposit and loans</b>			
Deposits, certificates of deposit and loans with fixed maturity			<ul style="list-style-type: none"> <li>• Valued at amortized cost.</li> </ul>
Loans received			<ul style="list-style-type: none"> <li>• Valued at amortized cost.</li> </ul>
Loans received			

## 5.8 FINANCIAL ASSETS WHERE THE INVESTMENTS RISK IS BORNE BY POLICYHOLDERS

Assets where the investments risk is borne by policyholders are measured at fair value through profit or loss (FVTPL) upon initial recognition. Assets relate to VFA business portfolios and therefore not directly impacting the income statement, as changes in the fair value of the underlying financial assets are offset by symmetrical movement in the reference insurance liabilities.

## 5.9 OTHER ASSETS

Other assets comprise inventories, deferred acquisition costs and short-term deferred costs (expenses) and accrued revenues for the cases where the payment of the rendered services refers to a later period.

## 5.10 CASH AND CASH EQUIVALENTS

Cash and balances held on the accounts with banks and other financial institutions are treated separately for monetary assets denominated in local currency and separately for monetary assets denominated in foreign currencies, which must be broken down into monetary assets available immediately and those placed as deposits redeemable at notice (demand deposits). Cash of the Company consists solely of cash, while cash equivalents include demand deposits serving to ensure short-term liquidity and short-term deposits placed with maturity up to three months.

Revaluation of monetary assets is performed only for the monetary assets denominated in foreign currencies, if after initial recognition the exchange rate of the foreign currency against the euro is changed. The foreign exchange difference is recognised as other finance income and expenses in income statement.

## 5.11 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Assets and liabilities are offset in the balance sheet when there is a legally enforceable right to set off the recognised amounts on a net basis, namely, to realise the asset and settle the liability simultaneously.

Receivables and liabilities arising from internal relationships (between individual funds or general ledgers) are separately presented in financial statements. At the end of the reporting period, the receivables and liabilities among individual funds are offset and the balance is presented as receivables or liabilities, which are offset, i.e. balanced, in the cumulative balance sheet.

## 5.12 EQUITY

The Company, as a composite insurance company, discloses the share capital and other capital components separately by insurance segments. The baseline split ratio is established to ensure capital adequacy separately for the non-life insurance segment and separately for the life insurance segment.

### Share capital

Share capital is defined with the amounts invested by the owners and with amounts that have been generated through operations and that belong to the owners. Share capital is the nominal value of the fully paid ordinary no-par value shares denominated in euros.

### Capital reserves

Capital reserves consist of the paid-up surplus capital and the amount generated by the elimination of the general capital revaluation adjustment. Capital reserves can be used in accordance with the Companies Act, which strictly defines the terms of capital reserves usage for covering net loss of the period, net loss carried forward or increase of equity using assets of the Company.

### Reserves from profit

Reserves from profit are divided to contingency reserves, legal and statutory reserves, treasury shares reserve and other reserves from profit. The reserves from profit are formed pursuant to provisions of the Slovenian Companies Act (ZGD-1), legislation governing insurance for establishing reserves and on the basis of the decision adopted by the Management Board and endorsed by the Supervisory Board according to the needs for achieving and preserving the adequate level of capital adequacy (other reserves from profit).

### Other comprehensive income

The revaluation surplus includes a revaluation adjustment in connection with the changes in and valuation of financial assets at fair value through other comprehensive income. The amounts of the revaluation surplus shown in the balance sheet are adjusted by the amounts of deferred tax.

### Accumulated profit or loss and net profit for the financial year

Accumulated profit or loss consist of retained earnings from previous years, while net profit for the financial year consists of net profit in the current year. The net profit of an individual financial year is recognized as retained earnings when a decision on the distribution of the profit of an individual financial year is made and the amounts for settling past losses, amounts for reserves and dividends are excluded from it.

### Estimates of future cash flows

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

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

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

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

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

## 5.13 SUBORDINATED LIABILITIES

Among subordinated liabilities, the insurance company includes a subordinated loan received from a related party GP Reinsurance EAD, Bulgaria. The subordinated loan is measured at amortized cost.

## 5.14 IFRS 17 INSURANCE CONTRACTS

### 5.14.1 SIGNIFICANT JUDGEMENTS AND ESTIMATES

#### Fulfilment cash flows

Fulfilment cash flows comprise:

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

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

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

- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

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

Where not required by specific regulatory requirements, the operating assumptions underlying the projections of Expected Future Cash Flows are generally in line with the ones adopted within the Solvency II framework. However, as regards expense perimeter, differences may arise because of the IFRS 17 requirement envisaging that only expenses directly attributable to insurance and reinsurance contracts must be considered for the measurement of Expected Future Cash Flows.

### Contract boundaries

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

GENERALI zavarovalnica d.d. considers the contract boundary requirements as linked to the Company's ability to fully reprice a contract. All future premiums and policyholder options should be included in the initial projections if the Company does not have the ability to fully reprice the contract when the premium is paid/the option or exercise or reprice the portfolio in which the contract is included. According to this requirement, the contract boundaries are set considering the insurance contract as a whole rather than considering each single component independently, leading to a difference compared to the current approach applied under Solvency II, with particular reference to multi-risk contracts, where different risk components may have different contract boundaries.

Company has two different types of policy loans. One of them are bundled with policies (in case of VFA products) and therefore modelled together with the policy cash flow. Other type (in case of traditional products) are valued under IFRS9. For those policy loans there are no connections of the cash flows, i.e. if the policy ceases the loan continues to exist.

In the case of reinsurance contracts, cash flows are within the boundary of a contract if the insurance company can require the reinsurance company to provide coverage and other services, or if there is a

significant obligation of the insurance company to pay a reinsurance premium to the reinsurance company.

### Life insurance contracts

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

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

The main mortality assumptions used by the Company are the following:

- future mortality - a set of statistical tables is used to estimate mortality: tables issued by statistical authorities (e.g. Slovenian mortality tables from 1992 and 2007, modified Austrian mortality tables from 1980);
- tables defined by reinsurers;
- lifestyle depending tables;
- tables for annuity insurance (e.g. German tables from 1987 and 1994, etc).

Policyholder behaviour is a key assumption in the measurement of life savings and participating insurance contracts. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience.

In last period, increased surrender rates for portfolio linked to investment funds and decreased surrender rates for pure risk portfolio have been observed.

For deferred fixed annuity and universal life contracts, crediting rates and discount rates and for participating contracts, the extent to which participation percentages exceed minimum participation percentages are key assumptions in measuring those contracts. The assumed estimated crediting rates and participation percentages are generally based on the actual rates and percentages applied in the current year. In the current economic environment, the amounts credited are often determined by interest rate guarantees. The participation percentages applied in both 2023 and 2022 were the minimum participation rates.

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

### Non-life insurance contracts

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

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

### Discount rates

IFRS 17 requires adjusting the estimates of expected cash flows to reflect the time value of money and

The table below sets out the yield curves used to discount the cash flows of insurance contracts.

Insurance contracts	Annual rate for the duration of years				
	1 year	5 years	10 years	15 years	20 years
<b>Life insurance</b>					
BBA	3,87%	3,82%	3,78%	3,71%	3,45%
VFA	3,68%	3,63%	3,59%	3,52%	3,26%
<b>Non-life insurance</b>					
	3,87%	3,82%	3,78%	3,71%	3,45%

the financial risks associated with those cash flows to the extent that the financial risks are not already included in the cash flow estimates.

In order to comply with the market consistent approach prescribed by the principle, the Company applies a bottom-up approach to define the discount rates to apply to insurance and reinsurance contracts, consistently with Solvency II framework, where appropriate. In detail, the Company's position is to apply a risk neutral approach for IFRS 17 both for participating and non-participating business for the purpose of fulfilling market consistency requirements. In this context, the IFRS 17 discount curve, is determined as the sum of:

- a risk-free base curve; and
- an adjustment for the illiquidity premium (so-called IFRS 17 adjustment).

As regards the risk-free base curve, the approach is aligned with the parametrization and the current Solvency II method. In particular, the same extrapolation algorithm is applied (i.e., the Smith-Wilson method).

To determine the IFRS 17 adjustment, the average spread of a reference asset portfolio is considered, adjusted to exclude credit risk components (i.e., risk corrections) and the effect of potential misalignments of cash flows of underlying assets with respect to the portfolio of liabilities. In particular:

- for the GMM and PAA businesses, the same Solvency II adjustment is used (i.e., the volatility adjustment);
- for the VFA business, applied IFRS 17 adjustment is nil.

## Risk Adjustment

The Risk Adjustment (RA) corresponds to the component of the insurance liability that captures the uncertainty the entity bears on the amount and timing of cash flows arising from non-financial risk. In evaluating the Risk Adjustment, GENERALI zavarovalnica d.d. considers the following scope of risks:

- Life and Health Underwriting risks (i.e., mortality and mortality catastrophe, longevity, lapse, morbidity);
- P&C Underwriting risks (i.e., Reserving risk and Pricing risk, Lapse and CAT risks);
- Expense risk.

GENERALI zavarovalnica d.d. RA reflects the risk diversification at entity level only, not benefitting from diversification among life and property & casualty segments.

Differently from Solvency II framework for which the Cost of Capital method is applied to quantify the Risk Margin, IFRS 17 does not prescribe a specific method to calculate the Risk Adjustment. In this context, GENERALI zavarovalnica d.d. defines the RA as the value at risk at the 75<sup>th</sup> percentile of the PVFCF probability distribution, leveraging on methodology and calculation models developed for the Solvency II, and therefore with the so called “one-year view” for the calibration of the underlying shocks, anyway, applied over the whole cash flows projection.

For the sake of comparison, please note that the 75-th percentile applied by GENERALI zavarovalnica d.d. adopting a “one-year” approach is estimated to be equivalent, at entity level, to the following percentiles determined on the basis of an “ultimate” view, i.e., considering a risk distribution that reflects cash flows volatility on a multi-year horizon, consistent with liability’s duration:

- the 60-th percentile for Life segment – assuming a normal distribution of future cash flows;
- the 70-th percentile for P&C segment – deriving from “ultimate” distribution of P&C Underwriting risks.

## Contractual Service Margin

The Contractual Service Margin (CSM) reflects the estimate of the unearned profit of a group of insurance contracts that has not yet been recognized in profit or loss at the reporting date, because it relates to future service still to be provided.

## Determination of coverage units

IFRS 17 requires to calculate the release of CSM in accordance to the pattern of the coverage units that are determined by considering for each contract the quantity of the benefits provided to the policyholder and its expected coverage duration.

Depending on the type of service provided, the coverage unit and the related quantity of benefit are defined by GENERALI zavarovalnica d.d. following centrally defined Group rules that vary on the basis of product’s features and type of coverage:

- in case of insurance contracts with direct participation features, the coverage units are generally defined as a function of the assets under management;
- in case of contracts providing only insurance services, the coverage units are generally defined as a function of the sum insured.

Future coverage units used to determine the CSM release are generally discounted. In details:

- for GMM business, coverage units are discounted using the reference locked-in curve of each group of insurance contracts;
- for VFA business, in order to avoid undue CSM release volatility caused by the fluctuations of interest rates, a 10-year rolling weighted average curve is applied.

CSM release is calculated based on the proposed formula for coverage units from the Czech actuarial association. It is namely designed as a function of sum assured for traditional products and fund value for VFA portfolio.

## Investment components

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

The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

## Fair value of insurance contracts

The Company has measured the fair value of insurance contracts when it applied the fair value approach on transition to IFRS 17 (see Note 5.22). The Company has measured the fair value of insurance contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) cost of capital.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary.

The Company’s approach to measuring fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of transition. In particular, in measuring fair value the Company considers the cash flows included in the measurement of fulfilment cash flows but adjusts them to reflect the perspective of market participants. For example, expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear.

## 5.14.2 SIGNIFICANT ACCOUNTING POLICIES

### Insurance, reinsurance and investment contracts – Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts.

Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

According to the Standard, IFRS 17 is applied to all contracts that meet the definition of an insurance contract:

- insurance contracts, including reinsurance contracts (i.e., assumed business), issued;
- reinsurance contracts held; and
- investment contracts with discretionary participation features (DPF) issued if the entity also issues

- insurance contracts.

Some contracts entered into by the Company have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities and are referred to as ‘investment contracts’. In particular, policies of the Life segment are classified as insurance contracts or investments contracts on the basis of the following steps:

- identification of the characteristics of products (guarantees/options, discretionary participation features) and services provided;
- determination of the level of insurance risk in the contract;
- application of the applicable international principle.

The Company has no significant impacts on the insurance contract classification when compared to IFRS 4, except for pension insurance contracts during the saving period, which are treated in accordance with IFRS 9.

Above mentioned pension contracts are purely financial accumulation contracts. In case of death or cancellation of contract the outpayment is done based on the accumulated paid premium only.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

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

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. Some of these contracts are measured under the PAA.

## Insurance and reinsurance contracts

### Separation of components of an insurance contract

Insurance contracts create a bundle of rights and obligations which work together to generate a package of cash flows. While some types of insurance contracts only provide insurance coverage (e.g. most short-term non-life contracts), other types of insurance contracts may contain one or more components which would be within the scope of another standard if they were separate contracts. Some insurance contracts may contain:

- investment components (e.g., pure deposits, such as financial instruments whereby an entity receives a specified sum and undertakes to repay that sum with interest);
- goods and services components (e.g., services other than insurance contract services, such as pension administration, risk management services, asset management or custody services); and
- financial derivatives (e.g., financial derivatives, such as interest rate options or options linked to an equity index).

In certain cases, specifically defined by IFRS 17, the above-mentioned components must be separately considered and measured under another IFRS standard.

IFRS 17 requires separating a distinct investment component from the host contract. In fact, an investment component is distinct if, and only if, both the following conditions are met:

- the investment component and the insurance component are not highly interrelated. The two components are highly interrelated if the value of one component varies with the value of the other component and hence the entity is unable to measure each component without considering the other one. The components are also highly interrelated if the policyholder is unable to benefit from one component unless the other is also present;
- a contract with terms equivalent to the investment component is sold, or could be sold, separately in the same market or same jurisdiction.

If the investment component does not satisfy the two conditions above, it would be identified as non-distinct and IFRS 17 would apply on the contract as a whole (no separation from host contract) whereby the effect of the investment component is excluded from insurance revenue and insurance expenses.

With reference to service component, the latter is considered as a separate component when cash flows and its associated risks are not closely related with the one arising from the primary insurance contract and therefore there is no evidence of an integration between service and insurance component.

The Company does not have significant impacts on the insurance contract classification when compared to IFRS 4, nor on the separation of distinct investment components, except for pension insurance contracts during the saving period, which are treated in accordance with IFRS 9.

### Level of aggregation and initial recognition

IFRS 17 requires that an entity should aggregate contracts at inception in groups for recognition, measurement, presentation and disclosure. An entity shall establish the groups at initial recognition and shall not reassess the composition of the groups subsequently.

The starting point for aggregating contracts is to identify portfolios of insurance contracts. A portfolio comprises contracts that are subject to similar risks and managed together.

The assessment of "similar risks" should take into consideration the prevailing risks of the contracts. In case the prevailing risks are similar, then two contracts can be considered as exposed to similar risks.

GENERALI zavarovalnica d.d. applies level of aggregation on Life and Non-life segment.

With reference to reinsurance contracts, the GENERALI zavarovalnica d.d.'s position is that a portfolio of reinsurance contracts could be composed by one or more reinsurance treaties grouped together that are managed together if exposed to similar risks. Type of coverage (proportional or non-proportional, Loss Occurring or Risk Attaching), as well as the nature of reinsurance contracts, can be considered as drivers that may be used to determine whether reinsurance contracts belong to the same portfolio.

IFRS 17 then requires the entity to divide the contracts in each portfolio on initial recognition into the following groups:

- group of contracts that are onerous at initial recognition;
- group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- group of the remaining contracts in the portfolio.

IFRS 17 prescribes that an entity cannot include contracts issued more than one year apart in the same group.

Therefore, each portfolio should be disaggregated into annual cohorts, or cohorts consisting of periods of less than one year. With regard to life insurance, the Company disaggregates each portfolio into annual cohorts or cohorts consisting of periods of less than one year. The Company applies the PAA for the valuation of non-life insurance contracts and reinsurance contracts (for life and non-life insurance).

However, as per amendment done in the endorsement phase of IFRS 17, the Art.2 of European Commission Regulation (EU) 2021/2036 grants an entity applying IFRS 17 the option (i.e., Carve-out option) not to apply the requirement laid down in paragraph 22 of the IFRS 17 (i.e., annual cohort requirement) to:

- groups of insurance contracts with direct participation features and groups of investment contracts with discretionary participation features as defined in Appendix A to the Annex to the Regulation, and with cash flows that affect or are affected by cash flows to policyholders of other contracts as laid down in paragraphs B67 and B68 of Appendix B of that Annex;
- groups of insurance contracts that are managed across generations of contracts and that meet the conditions laid down in Article 77b of Directive 2009/138/EC and have been approved by supervisory authorities for the application of the matching adjustment.

GENERALI zavarovalnica d.d. did not adopt the exemption for applying the annual cohort to most of its profit-sharing contracts valued according to the VFA model, as there is no mutuality among the cash flows of the different generations of policyholders.

The Company divides the portfolios of reinsurance contracts held in the same way as for insurance contracts issued, whereby the references to onerous contracts in those paragraphs are replaced with a reference to contracts on which there is a net gain on initial recognition.

A group of insurance contracts issued is recognized from the earliest of the following events:

- the beginning of the coverage period;
- the date when the first payment from a policyholder in the group becomes due;
- for a group of onerous contracts, when the group becomes onerous.

With reference to reinsurance contracts held, the initial recognition is set:

- at the beginning of the coverage period, except reinsurance contracts for which the initial recognition is postponed until the date that the underlying insurance contract is initially recognised;
- at the date the entity recognizes an onerous group of underlying insurance contracts if the entity entered into the related reinsurance contract at or before that date.

The Company recognises a group of insurance contracts in accordance with the Standard.

### Insurance acquisition cash flows

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

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. commissions paid on issuance of a contract), then they are allocated to that group. If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

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

### Contract boundaries

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

#### a. Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.

#### b. Reinsurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

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

### Measurement Model

#### General Model Measurement (GMM)

The GMM represents the standard measurement model envisaged by the standard for the measurement of insurance assets and liabilities.

According to the provisions of the standard, the General Measurement Model (GMM) or the Building Block Approach (BBA) is used as the basic method for measuring insurance contracts.

Within the Life segment, the GMM measurement model is mainly applied to pure risk multiyear products and traditional savings policies not eligible for application of the VFA business.

On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM.

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

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

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

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

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

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

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

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

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

insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;

- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

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

#### Variable Fee Approach (VFA)

Standard prescribes that VFA can be applied if the following conditions are met:

- there is a clearly identified pool of underlying items contractually defined (B.101a)
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items (B.101b) and
- the entity 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 conditions are fulfilled only for Unit Linked and Hybrid products.

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

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

GENERALI zavarovalnica d.d. assesses whether the conditions above are met using its expectations at inception of the contract and does not expect to repeat the assessment unless the contract is modified.

When measuring a group of direct participating contracts, the Company applies Variable Fee Approach (VFA) by adjusting the fulfilment cash flows for the whole of

the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

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

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

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

GENERALI zavarovalnica d.d. applies the VFA only to the insurance portfolio of the Life segment.

#### Premium Allocation Approach (PAA)

This is a simplified method for the measurement of insurance contracts. It can be applied for contracts having a coverage period shorter than one year or when the entity

reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the entity that would not differ materially from the one that would be produced applying the GMM. Using the Premium Allocation Approach, the Liability for Remaining Coverage is equal to premiums received at initial recognition less any insurance acquisition cash flows and any amounts recognized on a pro-rata temporis basis as insurance revenue at the closing date. The GMM remains applicable for the measurement of the Liability for Incurred Claims.

This model is predominantly applied to the insurance portfolio of the P&C segment.

Company's non-life insurance and reinsurance contracts applies (PAA) approach, and therefore it applies the simplified approach (PAA), pursuant to the IFRS 17.

With reference to life insurance, the application of this measurement model by the Company is limited to reinsurance contracts only.

#### Insurance contracts

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

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

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, the Company recognises a loss in profit or

loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

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

#### Reinsurance contracts

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

If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

#### Derecognition and contract modification

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

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

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

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

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

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

#### Presentation and Disclosure

The Company presents separately in the statement of financial position the carrying amount of portfolios of:

- insurance contracts issued that are assets;
- insurance contracts issued that are liabilities;
- reinsurance contracts held that are assets; and
- reinsurance contracts held that are liabilities.

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into:

- an insurance service result, comprising insurance revenue and insurance service expenses; and
- insurance finance income or expenses.

#### Insurance revenue – Contracts not measured under the PAA

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

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.

- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

#### Release of the CSM

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

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

- an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);
- the investment component or withdrawal amount is expected to include an investment return; and

- the Company expects to perform investment activities to generate that investment return.

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

#### Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the following bases:

- certain property contracts: the expected timing of incurred insurance service expenses; and
- other contracts: the passage of time.

#### Loss components

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

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

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

#### Insurance service expenses

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

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

#### Net expenses from reinsurance contracts

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

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

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

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services

that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

#### Insurance finance income and expenses

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

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

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

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

## 5.15 ASSETS AND LIABILITIES FROM INVESTMENT CONTRACTS

Investment contracts comprise voluntary supplementary pension insurance concluded under the Pokojninsko varčevanje AS – individualno (Pension savings AS – individual), Pokojninsko varčevanje AS – kolektivno (pension savings AS – collective) and Kritni sklad z zajamčenim donosom PN-A01 pension schemes.

The Company manages assets from supplementary pension insurance in the pension funds Pokojninsko varčevanje AS in accordance with the life cycle investment policy. Pension funds Pokojninsko varčevanje AS and Kritni sklad z zajamčenim donosom PN-A01 were formed based on the legislation of the Republic of Slovenia regulating supplementary pension insurance (SPI) and provides significant financial optimization of saving for supplementary pension as well as tax benefits to both employees and employers.

The Pokojninsko varčevanje AS (Pension savings) life cycle funds consists of:

- the Pokojninsko varčevanje AS Drzni up to 50 fund,
- the Pokojninsko varčevanje AS Umirjeni between 50 and 60 fund
- the Pokojninsko varčevanje AS Zajamčeni above 60 fund.

The investment policy of each pension funds is designed specifically for the target age group of policyholders and in accordance with the investment goals for the age group, at which individual funds are aimed.

For the Pokojninsko varčevanje AS Zajamčeni above 60 and Kritni sklad z zajamčenim donosom PN-A01, the insurance company guarantee a return of 60% of average annual interest rate (yield) on Slovenian government securities with a maturity of more than one year, taking into account the legal basis prescribed by the Slovenian Ministry of finance for the calculation of the minimum return (yield). Annual interest rate (yield) is publish at the beginning of business year.

All financial assets, loans, deposits and cash are classified as financial assets measured at fair value through profit

and loss. Liabilities from investment contracts comprise obligations of the Pokojninsko varčevanje AS funds and Kritni sklad z zajamčenim donosom PN-A01. Those are formed for voluntary supplemental pension insurance concluded using all pension funds offered by insurance company. They are calculated based on the collected net premium from policyholders by savings account and fund by multiplying the number of asset units in the fund with the value of an asset unit in the fund on the valuation date. Net premium of policyholders is gross written premium less entry costs.

For investment contracts in the fund with a guaranteed return (Pokojninsko varčevanje AS Zajamčeni above 60), the guaranteed asset value is also calculated – the number of guaranteed asset units multiplied with the value of the guaranteed asset unit on the valuation date. The guaranteed return under the adopted pension scheme for the Pokojninsko varčevanje AS Zajamčeni above 60 provides guaranteed return of 60% of the average annual interest rate on government securities with a maturity of more than one year, taking into account the legal basis prescribed by the Slovenian Ministry of finance to calculate the minimum guaranteed return.

If asset value in an individual savings account is lower than the guaranteed asset value, the Company forms liabilities (or provision) due to not achieving the guaranteed return for the total value of this difference on personal accounts (policies). The liability may not, however, exceed 20% of the capital of the Company. Provisions to policyholder for failing to achieve guaranteed return are formed for the Company's own life insurance funds, namely among other long-term liabilities under Pension and Disability Insurance Act (ZPIZ 2). For the fund Pokojninsko varčevanje AS Zajamčeni above 60, these liabilities are formed as contingent liabilities to policyholders among off-balance sheet items, which are, upon payment (surrender), paid in the value calculated on the day of surrender as the difference between the higher guaranteed value and the actual value in the personal account of the policyholder.

## 5.16 OTHER PROVISIONS

Other provisions are formed for present obligations arising from past events to be settled for the period that has not been determined with certainty and whose value cannot be reliably assessed.

### Employee benefits

Employee benefits include provisions for the unused part of annual leave, provisions for long-service benefits and provisions for termination benefits at retirement and are presented as a separate item under other provisions and accruals.

### Post-employment and other long-term employee benefits

The items referring to post-employment and other long-term employee benefits include:

- retirement allowances and
- long-service benefits,

for which provisions for long service benefits and retirement allowances are formed. Provisions are calculated in accordance with the Projected Unit Credit Method in accordance with the IAS 19 (the method for calculating benefits in proportion to the work performed), and the calculation takes into account mortality, employee retention, future increase in salaries, expected inflation rate and expected return on investments. In the balance sheet, liabilities are recognised as net present value of all post-employment liabilities. The future cash flows are discounted by applying the market rate for high quality long-term bonds on the balance-sheet date. The discount rate assumption is based on the ECB curve, including all EU countries, by taking into account the average interest rate according to the expected duration of liabilities arising from retirement allowances and long service benefits. The adequacy of the applied actuarial assumptions is reviewed periodically.

For the purpose of forming provisions for length of the service benefits, the amount of one to two Company average gross salaries, depending on the long service, is taken into account. The liability for long service benefits upon reaching the threshold of 10, 20 or 30

years of service of an employee is recognised pro rata with the years of service with the employer.

As a basis for establishing retirement allowances, the amount of three or two (set out in an individual employment contract/collective agreement) gross salaries (of the employee or the average salary in the Republic of Slovenia if the latter is higher) is taken into account. The liability for retirement allowances is increased and recognised through the entire period of service of the employee.

The liabilities for provisions for retirement allowances and long service benefits are recognised on the basis of obligations, which arise from the concluded employment contracts and effective labour legislation, including also taxes and contributions of the employer.

Changes in the provisions for employees due to repayments or new formations are recognised as operating costs (labour costs) in the income statement. Revaluation of provisions arising from an increase or decrease of the present value of liabilities due to changes in actuarial assumptions and adjustments arising from experience are recognised as actuarial gains or losses within other comprehensive income, however only with relation to provisions for retirement allowances.

## 5.17 OPERATING LIABILITIES

Operating liabilities are initially carried at fair value that arises from appropriate documents. Later on, they are increased in accordance with the documents and decreased on the same basis or based on the payments made.

Liabilities arising from direct insurance contracts, reinsurance and co-insurance coverage liabilities, and current tax liabilities are recognised amongst operating liabilities. The liabilities for the payment of premiums on the basis of reinsurance contracts are recognised as reinsurance liabilities.

## 5.18 OTHER LIABILITIES

Other liabilities include short-term accrued and deferred items that comprise short-term employee benefits, short-term accrued expenses and short-term deferred revenues, liabilities for the payout of dividends and other operating liabilities, such as current liabilities to employees, securities, liabilities for consumer loans, received advances and other similar items.

### Short-term employee benefits

Liabilities for short-term employee benefits are accounted for in nominal value and presented as labour costs in the income statement. Short-term employee benefits represent salaries, summer bonus, etc.

### Short-term accrued expenses

Short-term accrued expenses are set up with the intention to spread disbursements over the income statement, even though these expenses have not yet occurred. Considering past developments in operations, the management can estimate the expenses that will occur for the period concerned, even though they did not yet receive appropriate documents. Based on this estimate, the amount is taken into account in the financial statement. When the business event occurs, accrued expenses are decreased and the difference between accrued and actual expenses is recognised through profit or loss. Apart from that, expenses for unused annual leave are carried under short-term accrued expenses.

## 5.19 REVENUES AND EXPENSES

Revenues include fair value of received compensation or receivables for the sale of services under the normal operating conditions of the Company.

### Revenues and expenses from investments

Revenues and expenses from investments include revenues arising from interest, unrealised gains/losses, realised gains/losses from the disposal of investments, dividends, gains and losses from foreign exchange differences, revenues, and expenses from the expected credit loss of financial assets and impairment of participations.

Revenues and expenses for interest on investments are recognised through profit or loss upon their occurrence and are calculated in accordance with the effective interest rate method, except for financial assets measured at fair value through profit or loss, in which case, they are calculated using the nominal interest method.

Unrealised gains and losses for financial assets at fair value through profit or loss are recognised in profit and loss statement.

Profit (loss) arising from disposal of investments is recognised in the income statement within net gains/(losses) on derecognition of financial assets. Except for capital instruments valued at fair value through other comprehensive income, realised gain or loss is recognised within retained earnings in balance sheet.

Gains and losses from exchange differences are calculated for assets in foreign currencies. They are translated at the balance sheet date by applying the reference exchange rate of the European Central Bank.

Dividend income on a capital instruments recognised in the income statement when the right to receive payment is established.

Expected credit loss for debt instruments valued at fair value through other comprehensive income or at amortised cost is recognised through profit and loss.

Impairment of participations is recognised if there is objective evidence of impairment due to an event occurring after the initial recognition of the asset and that event has an impact on the estimated future cash flows from the financial asset.

### Other revenues

Other revenues include revenues from rentals of investment properties charged on the basis of the concluded lease contracts and other operating revenues such as the recovered amount of previously written-off debt, received fines and compensations, and other similar items.

### Other expenses

Expenses from investment properties, revaluation operating expenses, and other operating and financial expenses not arising from investments are included in other expenses.

## 5.20 TAXES AND DEFERRED TAXES

Tax expense includes current tax and deferred tax. The effects of recognizing deferred tax assets and liabilities are recognized as income or expense in the income statement, except when the tax arises from an event recognized in other comprehensive income.

### Current tax

The Company calculates and pays tax on insurance transactions in accordance with the Insurance Premium Tax Act at the rate of 8.5% of the taxable amount.

The Company charges VAT for the taxable part of its activities in accordance with the Value Added Tax Act and exercises the right to deductible VAT. For its basic activity the Company is entitled to a 1% deduction of VAT (the rate is checked annually). The Company exercises the right to a 100% deduction of VAT for the activity of property lease.

Current tax or corporate income tax is calculated in accordance with the Corporate Income Tax Act in the Republic of Slovenia, whereby the tax rate is equal to the legally valid rate on the date of the balance sheet. The tax rate for 2023 was 19%.

Tax expenses consist of current taxes and deferred taxes. These are recognized in the income statement or in the statement of other comprehensive income when taxes relate to revenue or expenses recognized through the statement of other comprehensive income (in equity) or if tax liabilities are recognized for tax assets from previous periods.

### Deferred taxes

Deferred taxes are effects of the differences between the carrying amount of the posted items in the balance sheet and their tax value, calculated in accordance

with the liability method under the balance sheet for all temporary differences. Deferred taxes are accounted for as deferred tax assets or as deferred tax liabilities.

Deferred tax assets and deferred tax liabilities have been established for the financial year under review and for the past financial years to the extent that it is probable that future taxable profit will be available and tax will be paid to the tax authorities (recovered from the tax authorities), by applying the tax rates (and tax regulations) effective as at the balance sheet date. Any deductible temporary differences are recognised if it is to be expected that disposable taxable income will be recognised against which the temporary differences can be utilised. Any deductible temporary differences are recognised by the prescribed tax rate for the year when disposable taxable profit is expected.

Deductible temporary differences are expenses not recognised for tax purposes that arise primarily from provisions set up for employee benefits, calculated depreciation that exceeds the amount of the calculated depreciation at the rates recognised for tax purposes, and revaluation adjustments as a consequence of temporary impairment of receivables and financial investments in the statement of other comprehensive income.

## 5.21 NEW AND AMENDED STANDARDS WITH INTERPRETATIONS

In 2023, the International Accounting Standards Board (IASB) published a number of new or amended standards and interpretations which are effective for annual periods beginning on or after 1 January 2023, but have not yet been endorsed by the EU and earlier application is permitted. When preparing the financial statements for the year ended 31 December 2023, the Company decided not to apply them earlier.

### Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, has

removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early).

The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).

The Insurance company will apply the amendments from 1 January 2024. The Insurance company is still assessing the effects of the amendment to the standard on the financial statements.

#### **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures:**

The amendments introduce additional disclosure requirements for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. The amendments apply to supplier finance arrangements (also referred to as supply chain finance, payables finance or reverse factoring arrangements) that have all of the following characteristics:

- a finance provider (also referred to as the factor) pays amounts a company (the buyer) owes its suppliers;
- a company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid;
- the company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

However, the amendments do not apply to arrangements for financing receivables or inventory.

The Insurance company has assessed that the amendments, when initially applied, will not have an impact on the financial statements of the Insurance company, but on the disclosure of material accounting policies. This effect however cannot be estimated reliably at this time.

#### **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction;
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction.

The Insurance company will apply the amendments from 1 January 2024. The Insurance company is still assessing the effects of the amendment to the standard on the financial statements.

#### **Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules**

'Pillar Two taxes' are taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The Pillar Two model rules aim to ensure that large multinational groups pay taxes at least at the minimum rate of 15 percent on income arising in each jurisdiction in which they operate by applying a system of top-up taxes. There are three active mechanisms under Pillar Two model rules that countries can adopt: the income inclusion rule, the undertaxed payment rule and a qualified domestic minimum top-up tax. They are often referred to as 'global minimum top-up tax' or 'top-up tax'.

The amendments address stakeholders' concerns about deferred tax accounting in relation to the new top-up tax under IFRSs by:

- providing entities with a temporary mandatory relief from deferred tax accounting for top-up tax; and
- requiring entities to provide new disclosures in relation to the top-up tax and the relief.

The Insurance company will apply the amendments once the respective tax law is enacted.

The Insurance company does not expect that the below-listed other new standards which are not yet effective will have a material impact on the financial statements of the Company.

- IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture;
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Lack of exchangeability (Amendments to IAS 21).

requires the application of similar principles to reinsurance contracts and investment contracts with discretionary participation features.

The new standard thus introduces the General Measurement Model (GMM) of insurance contracts, which is structured on the basis of the Building Block Approach (BBA). The General Measurement Model is based on Fulfilment Cash Flows (FCF), which comprise the present value of future cash flows, weighted by the probability of occurrence (Present Value of Future Cash Flows - PVFC), and the adjustment for non-financial risks (Risk Adjustment - RA) and on the expected value of the unearned profit for the services rendered (Contractual Service Margin - CSM). The adoption of a simplified approach (Premium Allocation Approach - PAA) is allowed if the contractual coverage period is less than one year or if the model used for measurement provides a reasonable approximation with respect to the Building Block Approach (BBA). The simplification applies to the measurement of the Liability for Remaining Coverage (LRC), which does not have to be broken down into PVFCF, RA and CSM, but is essentially based on the premium received net of acquisition costs. As regards the Liability for Incurred Claims (LIC), it is consistently measured by applying the General Measurement Model (GMM), where all claims incurred are discounted and the calculation of the Risk Adjustment is performed accordingly.

The Variable Fee Approach (VFA) is applied to contracts entailing the direct participation of the policyholders in the Company's financial and/or insurance results; this is an alternative model to GMM, which provides for a different treatment of changes in cash flows linked to financial variables whose impact is reported in the CSM rather than directly in the statement of comprehensive income.

The IFRS 17 also affects the presentation of revenues from insurance contracts, which no longer include the premiums written, previously included in the premiums, claims and changes in technical provisions. In addition, insurance revenues and costs for insurance services gross of reinsurance are presented with the reinsurance result included in the costs of the insurance service. Pursuant to the IFRS 17, insurance assets and liabilities are subject to discounting, with the financial effect to be included in the financial result.

On 9 December 2021, the IASB published a limited amendment to the transition requirements of IFRS 17, as regards the application of the requirements of IFRS 9 to the comparative periods. The amendment allows for a better alignment of the presentation of comparative information

## **5.22 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

The Company has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain amounts in the statement of financial position as at 1 January 2022.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarised below.

### **5.22.1 IFRS 17 INSURANCE CONTRACTS**

IFRS 17 Insurance Contracts sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. At the same time, the standard

pursuant to IFRS 17 and IFRS 9, by means of a classification overlay, which effectively applies to all financial instruments, including assets sold in 2022, the rules envisaged by IFRS 9 for the purposes of classification and measurement.

The Company restated the comparative period to the first application of IFRS 9 and envisages the application of this amendment to all financial instruments, in order to produce 2022 comparative information consistent with the IFRS 17 and IFRS 9 requirements, in line with the financial information from 1 January 2023 onwards.

#### Transition IFRS 17

IFRS 17 is applied starting from the 1 January 2023. However, the transition date is identified by the beginning of the annual reporting period immediately preceding the date of initial application (i.e., 1 January 2022).

IFRS 17 envisages the following methods to recognize and measure insurance and reinsurance contracts for transition purposes:

- Full Retrospective Approach (FRA): this method requires the Company:
  - to identify, recognise and measure each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
  - to identify, recognise and measure any assets for insurance acquisition cash flows as if IFRS 17 had always applied;
  - to derecognise any existing balances that would not exist had IFRS 17 always applied; and
  - to recognise any resulting net difference in equity.
- Modified Retrospective Approach (MRA): if FRA is impracticable, an entity can choose to apply MRA that introduces a set of simplifications to the general Standard's requirements having regard to the level of aggregation, discount rate, recognition of CSM and allocation of insurance finance income and expenses. However, the objective of the Modified Retrospective Approach, similarly to the Fully Retrospective Approach, is to determine CSM at initial recognition (allowing for some simplification) and to carry it forward to the transition date;
- Fair Value Approach (FVA): if FRA is impracticable, an entity can choose to apply FVA. This transition method relies on the possibility to determine the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

The Company applied Full Retrospective Approach (FRA) in case full historical data existed and hindsight is not required. The Company applied the FRA to all portfolios of non-life insurance and to all reinsurance contracts. The listed portfolios are short-term contracts measured by applying PAA.

As for long-term life insurance contracts where FRA is impracticable, MRA is considered as the preferred transition method since it is more in line with the Company's estimation of the underlying unearned profit and more aligned to valuation of insurance contracts that are sold after transition date. The Company applied MRA to the portfolio of risk life insurance, to policies issued in 2021. The Company adjusted the adjustment for non-financial risk at the transition date by the expected release of risk before this date.

The reasons for applying MRA are as follows:

- historical information necessary for the calculation is not available in the appropriate form or at the required level of granularity;
- historical information on assumptions and estimates as well as changes in these assumptions and estimates are not available;
- obtaining such information would require excessive effort and cost.

In case MRA is not practicable (e.g., in case of lack of historical information), FVA should be applied. Due to the above-mentioned limitations in obtaining historical information, the Company applied FVA to most portfolios of long-term life insurance at the date of transition.

In applying Fair Value Approach the Company has, based on the information available at the date of transition:

- defined groups of insurance contracts;
- judged whether the insurance contract meets the definition of an insurance contract with direct participation features; and
- defined discretionary cash flows for insurance contracts without direct participation features.

In applying the Fair Value Approach the Company defined at the transition date the contractual service margin or the loss component of the Liability for Remaining Coverage as the difference between the fair value of the groups of insurance contracts and the value of expected cash flows (including risk adjustment for non-financial risk) and additional profit components, measured at the transition date.

To estimate the fair value of future cash flows the Company used the same assumptions and information on cash flows as in the assessment of liabilities from insurance contracts within IFRS 17 but including non-attributable expenses. In applying the Fair Value Approach to most portfolios, the Company also included contracts issued more than one year apart in the same group of insurance contracts.

## 5.22.2 IFRS 9 FINANCIAL INSTRUMENTS

The new accounting standard IFRS 9, issued by the IASB in July 2014 and endorsed by the European Commission through Regulation No. 2016/2016, replaced IAS 39 which governed the classification and measurement of financial instruments, as from 1 January 2018. Insurance companies deferred the implementation of IFRS 9 due to simultaneous application alongside IFRS 17.

IFRS 9 is divided into three different areas:

- Classification and measurement of financial instruments,
- Impairment and
- Hedge accounting.

### Classification and measurement

In the classification and measurement area, IFRS 9 provides that the classification of a financial asset be guided by the characteristics of the contractual cash flows and by the business model within which the Company holds the asset. Under IFRS 9 financial assets may be classified into three categories:

- Financial assets at amortised cost,
- Financial assets measured at fair value through other comprehensive income,
- Financial assets measured at fair value through profit or loss.

Debt financial instruments are measured or valued in the first two categories at amortized cost and at fair value through other comprehensive income, if they meet the SPPI test (Solely Payment of Principal and Interest - SPPI), meaning that the cash flows consist solely of payments of principal and interest.

A debt financial instrument which does not meet the SPPI test is valued at fair value through profit and loss.

Equity securities can be valued at fair value through other comprehensive income and through profit or loss. Equity securities that are not held for trading are valued through other comprehensive income. On derecognition, realised losses and gains are recognized through equity and are never transferred to the income statement, as is the case for debt financial instruments.

Mutual funds are valued at fair value through profit or loss.

Financial assets intended to cover liabilities arising from unit-linked policies are measured and valued at fair value through profit or loss.

Financial assets that cover liabilities from pension policies are measured and valued at fair value through the profit or loss. The assets of the PN-A01 pension fund are considered in accordance with IFRS 9 Financial Contracts.

As regards financial liabilities, no substantial changes have been introduced by the new standard concerning their classification and measurement. The Company continues to measure financial liabilities at amortised cost.

### Impairment

IFRS 9 introduces the impairment of financial assets measured at amortized cost and at fair value through other comprehensive income by applying the Expected Credit Loss (ECL) model instead of loss or impairment based on objective and realized events. IFRS 9 requires the calculation of the expected loss in the following 12-month horizon right from the initial recognition of the financial instrument, the so-called Stage 1 where the credit quality of the financial instrument has undergone significant deterioration compared with the initial measurement upon recognition, the so-called Stage 2, or when the financial instrument is in default, the so-called Stage 3, the Expected Credit Loss model is extended over the remaining life-time horizon of the financial instrument.

### Hedge accounting

The Company has no derivative financial instruments, hence hedge accounting is not included in the new accounting policies according to IFRS 9.

### Transition IFRS 9

For the purposes of the transition, the Company has defined following:

- Business models for categories of assets according to their purpose and objectives. The Company has classified financial instruments to cover the liabilities of the life, non-life and health funds as well as own funds in the "Hold to collect cash flows and to sell" business model. Financial investments resulting from unit-linked investment products and investments of guaranteed pension savings funds and pension funds with a guaranteed return have been classified in other business models. The business model "Hold to collect contractual cash flows at transition" has not been selected for any category of financial instruments. At the transition date, debt securities from the measured at amortised cost (Held to Maturity - HTM) category are reclassified into the at fair

value through other comprehensive income category. The difference between the amortized cost and the fair value is recognized through other comprehensive income.

- Classification of assets according to the characteristics of contractual cash flows, the so-called SPPI test; all debt securities, except one, passed the SPPI test. Debt securities that have passed the so-called SPPI test were at transition classified i.e. qualified, for valuation at fair value through other comprehensive income. A debt security that failed the SPPI test was reclassified, i.e. qualified, from the as available-for-sale (AFS) category into the category of valuation at fair value through profit or loss.

Equity instruments have been classified and measured at fair value through other comprehensive income, whereby the permanent impairment from previous years having an impact on retained earnings has been reversed.

- Mutual funds have been classified and measured at fair value through profit or loss and have been transferred from the available-for-sale (AFS) category at transition date.
- Impairment of debt financial instruments has been considered at transition date according to the ECL assessment model. The model has been formed at the level adopted from the Generali Group.

- All financial instruments related to unit-linked funds, guarantee funds for pension savings and guarantee funds with a guaranteed return are reclassified from the existing valuation categories (HTM and AFS) to categories at fair value through profit or loss.
- There have been no changes and no impact on capital on the financial liabilities side.

Reclassification of IAS 39 and IFRS 9 balances for financial instruments as at the date of first application of IFRS 9. The following tables show the reclassification of IAS 39 and IFRS 9 balances of financial assets and liabilities as at the first-time application of the new standard.

#### FINANCIAL ASSETS 1.1.2022

IAS 39 (in EUR)	Total 1.1.2022	Reclassification	Revaluation	Recognition/de- recognition	Total 1.1.2022	IFRS 9
<b>FINANCIAL INVESTMENTS</b>	<b>1,046,397,745</b>	<b>29,240,555</b>	<b>3,273,650</b>	<b>(21,374,500)</b>	<b>1,057,537,449</b>	<b>FINANCIAL INVESTMENTS</b>
Financial investments:	582,165,824	447,562,435	3,082,482	(3,559,917)	1,029,250,825	Financial investments
In loans and deposits	7,948,281	(4,388,364)	-	(3,559,917)	-	
In held-to-maturity	9,541,236	(9,541,236)	-	-	-	
	-	889,580	(1,754)	-	887,826	Financial investments measured at amortised cost
Available for sale	560,210,312	(37,497,364)	2,690,847	-	525,403,796	Financial investments at fair value through other comprehensive income
Valued at fair value through profit or loss	4,465,995	498,099,819	393,389	-	502,959,203	Financial investments at fair value through profit or loss
Financial assets where the investment risk is borne by policyholders	436,136,464	(418,321,881)	-	(17,814,584)	-	
Assets from financial contracts	28,095,456	10,656,349	191,168	-	28,286,624	Assets from financial contracts
<b>RECEIVABLES</b>	<b>-</b>	<b>3,401</b>	<b>-</b>	<b>-</b>	<b>3,401</b>	<b>RECEIVABLES</b>
Financial receivables	-	3,401	-	-	3,401	Financial receivables

\*Financial investments also including the investments of the pension fund PN-A01.

#### FINANCIAL ASSETS 1.1.2023

IAS 39 (in EUR)	Total 1.1.2023	Reclassification	Revaluation	Recognition/de- recognition	Total 1.1.2023	IFRS 9
<b>FINANCIAL INVESTMENTS</b>	<b>925,304,943</b>	<b>(867,184)</b>	<b>900,130</b>	<b>(19,624,748)</b>	<b>905,713,141</b>	<b>FINANCIAL INVESTMENTS</b>
Financial investments:	520,197,452	355,526,901	836,694	(3,945,670)	872,615,377	Financial investments:
Loans, deposits and financial receivables	5,500,033	(1,554,363)	-	(3,945,670)	-	
Held-to-maturity	8,186,815	(8,186,815)	-	-	-	
	-	673,853	(1,770)	-	672,083	Financial investments measured at amortised cost
Available for sale	501,178,125	(31,341,586)	838,464	-	470,675,003	Financial investments at fair value through other comprehensive income
Valued at fair value through profit or loss	5,332,479	395,935,812	-	-	401,268,292	Financial investments at fair value through profit or loss
Financial assets where the investment risk is borne by policyholders	380,592,066	(364,912,988)	-	(15,679,078)	-	
Assets from financial contracts	24,515,425	8,518,902	63,437	-	33,097,764	Assets from financial contracts
<b>RECEIVABLES</b>	<b>-</b>	<b>867,184</b>	<b>-</b>	<b>-</b>	<b>867,184</b>	<b>RECEIVABLES</b>
Financial receivables	-	867,184	-	-	867,184	Financial receivables

\*Financial investments also including the investments of the pension fund PN-A01.

Due to application of the new standard IFRS 9 the following tables show the reconciliation of IAS 39 and IFRS 9 balances of financial assets and liabilities as at the date of first-time application of the new standard, together with the related impact arising from changes in classification and measurement as at the date. Changes among assets, resulting from the application the new standard are shown in column reclassification.

With the reference to the composition of the portfolio of financial instruments in the IFRS 9 scope as at 01.01.2023, of financial instruments at FVOCI represent 54% of the portfolio (96% AFS, pursuant IAS 39). This category mainly includes debt instruments classified in line with hold to

collect and sell business model and that pass SPPI test, as well as equity instruments measured at FVOCI without recycling to the income statement. Financial instruments measured at fair value through profit or loss present 46% (1% in IAS 39), while those measured at amortised cost are 0% (2% in IAS 39). In particular 4% of the financial instruments measured at fair value through profit or loss relate to non unit-linked instruments. 42% of financial assets relate to VFA business portfolios and therefore not directly impacting the income statement, as changes in the fair value of the underlying financial assets are offset by symmetrical movement in the reference insurance liabilities. The reclassification as financial instruments at fair value through profit or loss mainly includes investment

fund units (EUR 31,408,550) and debt securities that do not pass the SPPI test (around EUR 2,351,244), to which there is limited exposure, and instruments measured at fair value through profit or loss that are essentially attributable to VFA business (EUR 364,912,988). Investment portfolio of pension fund PN-A01 was reclassified from financial investment to Assets from financial contracts (EUR 8,518,902). Financial receivables were reclassified from financial investments to financial receivables in amount of EUR 867,184.

In terms of measurement the total balance sheet impact on financial assets is EUR 900,130, mainly related to debt instruments previously recognised at amortised cost.

The main differences refer to policy loans which are de-recognised under IFRS 9 in amount of EUR 19,624,748 (2% of all financial assets). Reclassification of IAS 39 and IFRS 9 of financial liabilities as at the date of first application of IFRS 9.

#### FINANCIAL LIABILITIES 1.1.2022

IAS 39 (in EUR)	Total 1.1.2022	Reclassification	Revaluation	Recognition/de- recognition	Total 1.1.2022	IFRS 9
<b>SUBORDINATED LIABILITIES subordinated loan</b>						
Financial liabilities measured at amortised cost	-	30,544,800	-	-	30,544,800	<b>SUBORDINATED LIABILITIES -subordinated loan</b>
Financial liabilities measured at amortised cost						
<b>FINANCIAL LIABILITIES</b>	<b>34,789,750</b>	<b>(34,789,750)</b>	-	-	<b>4,291,535</b>	<b>FINANCIAL LIABILITIES</b>
<b>Other financial liabilities</b>	<b>34,789,750</b>	<b>(34,789,750)</b>	-	-	<b>4,291,535</b>	<b>Other financial liabilities</b>
Long-term loans	30,544,800	(30,544,800)	-	-	-	Long-term loans-Financial liabilities measured at amortised cost
Long-term lease liabilities	3,832,685	-	-	-	3,832,685	Long-term lease liabilities-Financial liabilities measured at amortised cost
Short-term liabilities from dealing with securities	670	411,595	-	23,293	435,557	Short-term liabilities from dealing with securities-Financial liabilities at fair value through profit or loss
Other short-term financial liabilities	411,595	(411,595)	-	-	-	Other short-term financial liabilities-Financial liabilities at fair value through profit or loss
<b>Investment contract liabilities</b>	<b>28,095,456</b>	<b>10,656,349</b>	<b>191,168</b>	-	<b>38,942,974</b>	<b>Investment contract liabilities</b>

#### FINANCIAL LIABILITIES 1.1.2023

IAS 39 (in EUR)	Total 1.1.2023	Reclassification	Revaluation	Recognition/de- recognition	Total 1.1.2023	IFRS 9
<b>SUBORDINATED LIABILITIES - subordinated loan</b>						
Financial liabilities measured at amortised cost	-	30,583,235	-	-	30,583,235	<b>SUBORDINATED LIABILITIES - subordinated loan</b>
Financial liabilities measured at amortised cost	-	30,583,235	-	-	30,583,235	Financial liabilities measured at amortised cost
<b>FINANCIAL LIABILITIES</b>	<b>59,586,365</b>	<b>(22,072,567)</b>	<b>63,437</b>	-	<b>37,652,797</b>	<b>FINANCIAL LIABILITIES</b>
<b>Other financial liabilities</b>	<b>32,838,923</b>	<b>(30,591,470)</b>	-	-	<b>2,247,453</b>	<b>Other financial liabilities</b>
Long-term loans	30,583,235	(30,583,235)	-	-	-	Long-term loans-Financial liabilities measured at amortised cost
Long-term lease liabilities	2,254,606	-	-	-	2,254,606	Long-term lease liabilities-Financial liabilities measured at amortised cost
Short-term liabilities from dealing with securities	670	(7,823)	-	-	(7,153)	Short-term liabilities from dealing with securities-Financial liabilities at fair value through profit or loss
Other short-term financial liabilities	412	(412)	-	-	-	Other short-term financial liabilities-Financial liabilities at fair value through profit or loss
<b>Investment contract liabilities</b>	<b>26,747,442</b>	<b>8,518,902</b>	<b>63,437</b>	-	<b>35,405,344</b>	<b>Investment contract liabilities</b>

The impact of the first – time adoption of IFRS 17 of the introduction of IFRS 17 and IFRS 9

(in EUR)	1 January 2022
<b>Transition impact on retained earnings</b>	<b>66,279,158</b>
<b>IFRS 17 Transition Adjustments</b>	
Life insurance contracts	46,797,365
Non-life insurance contracts	25,397,299
Effect of deferred taxes	(13,716,977)
<b>Net impact of transition</b>	<b>58,477,686</b>
<b>IFRS 9 Transition Adjustments</b>	
Classification and revaluation of financial investments according to Life insurance	3,408,438
Classification and revaluation of financial investments according to Non-life insurance	6,223,009
Effect of deferred taxes	(1,829,975)
<b>Net impact of transition</b>	<b>7,801,472</b>
<b>Transition impact on OCI</b>	<b>4,168,406</b>
<b>IFRS 17 Transition Adjustments</b>	
Life insurance contracts	(324,955)
Non-life insurance contracts	(1,110,869)
Effect of deferred taxes	272,807
<b>Net impact of transition</b>	<b>(1,163,017)</b>
<b>IFRS 9 Transition Adjustments</b>	
Classification and revaluation of financial investments according to Life insurance	12,875,787
Classification and revaluation of financial investments according to Non-life insurance	(6,293,783)
Effect of deferred taxes	(1,250,581)
<b>Net impact of transition</b>	<b>5,331,423</b>
<b>Total impact on Capital</b>	<b>70,447,564</b>

The transition to the IFRS 17 and IFRS 9 standards at the opening on 1. January 2022 affected an increase in capital after taxation in the amount of EUR 70,447,564.

## 5.23 MEASUREMENT OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

Fair value of financial assets and liabilities is the amount by which an asset can be exchanged, or a debt can be repaid between knowledgeable and willing parties in an orderly transaction. The fair value assessment of financial investments depends on the availability of market data serving as a basis for fair value assessment by the insurance. The insurance uses the valuation techniques presented in Section 5.5. to measure financial assets at fair value and classify them into hierarchy.

Assets, operating receivables and operating liabilities which are of short-term nature are not included in the display of assets and liabilities at fair value because it has been confirmed that their carrying value is a very good approximation of fair value.

### Classification of financial assets and financial liabilities 2023

(in EUR)	Financial assets measured at fair value through P&L (FVTPL) - not passed SPPI test (Mandatory)	Financial assets measured at fair value through P&L (FVTPL) - (Designated)	Financial assets measured at fair value through other comprehensive income (FVTOCI)	Financial assets measured at fair value through other comprehensive income (FVTOCI - without recycling)	At amortised costs (AC)	Total
Equity securities	5,033,881	-	-	15,266,756	-	20,300,638
Corporate bonds	2,123,798	-	114,107,822	-	-	116,231,621
Government bonds	-	-	351,896,496	-	-	351,896,496
Investment fund units	28,492,451	-	13,235,603	-	-	41,728,054
Assets from investment contracts	-	40,018,912	-	-	-	40,018,912
Financial assets where the investment risk is borne by policyholder	-	390,056,114	-	-	-	390,056,114
Loand and deposits	-	-	-	-	168,740	168,740
<b>Total financial assets for which the fair value is disclosed</b>	<b>35,650,131</b>	<b>430,075,027</b>	<b>479,239,921</b>	<b>15,266,756</b>	<b>168,740</b>	<b>960,400,576</b>
Subsidiaries loan	-	-	-	-	(31,255,092)	(31,255,092)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,255,092)</b>	<b>(31,255,092)</b>

### Classification of financial assets and financial liabilities 2022

(in EUR)	Financial assets measured at fair value through P&L (FVTPL) - not passed SPPI test (Mandatory)	Financial assets measured at fair value through P&L (FVTPL) - (Designated)	Financial assets measured at fair value through other comprehensive income (FVTOCI)	Financial assets measured at fair value through other comprehensive income (FVTOCI - without recycling)	At amortised costs (AC)	Total
Equity securities	4,636,293	-	-	14,903,015	-	19,539,308
Corporate bonds	4,946,754	-	123,276,564	-	-	128,223,318
Government bonds	-	-	321,875,547	-	-	321,875,547
Investment fund units	26,772,257	-	10,619,877	-	-	37,392,134
Assets from investment contract	-	33,097,764	-	-	-	33,097,764
Financial assets where the investment risk is borne by policyholder	-	364,912,988	-	-	-	364,912,988
Loand and deposits	-	-	-	-	672,083	672,083
<b>Total financial assets for which the fair value is disclosed</b>	<b>36,355,304</b>	<b>398,010,752</b>	<b>455,771,988</b>	<b>14,903,015</b>	<b>672,083</b>	<b>905,713,141</b>
Subsidiaries loan	-	-	-	-	(30,583,235)	(30,583,235)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,583,235)</b>	<b>(30,583,235)</b>

Financial assets and liabilities categorised in the fair value hierarchy in 2023

(in EUR) as at 31.12.2023	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	35,650,131	35,650,131	2,250,110	-	33,400,021
Equity securities	5,033,881	5,033,881	-	-	5,033,881
Debt securities	2,123,798	2,123,798	-	-	2,123,798
Investment fund units	28,492,451	28,492,451	2,250,110	-	26,242,341
Financial assets at fair value through other comprehensive income	494,506,677	494,506,677	412,187,068	38,238,984	44,080,625
Equity securities	15,266,756	15,266,756	-	-	15,266,756
Debt securities	466,004,318	466,004,318	412,187,068	25,003,381	28,813,869
Investment fund units	13,235,603	13,235,603	-	13,235,603	-
Financial assets where the investment risk is borne by policyholder	390,056,114	390,056,114	345,567,666	-	44,488,449
Assets from investment contracts	40,010,992	40,010,992	38,466,804	1,400,708	143,479
<b>Total financial assets measured at fair value</b>	<b>960,223,915</b>	<b>960,223,915</b>	<b>798,471,649</b>	<b>39,639,692</b>	<b>122,112,573</b>
Deposits and loans	168,740	168,740	-	-	168,740
Assets from investment contracts	7,921	7,921	-	-	7,921
<b>Total financial assets for which the fair value is disclosed</b>	<b>176,661</b>	<b>176,661</b>	<b>-</b>	<b>-</b>	<b>176,661</b>
<b>TOTAL ASSETS</b>	<b>960,400,576</b>	<b>960,400,576</b>	<b>798,471,649</b>	<b>39,639,692</b>	<b>122,289,234</b>
Subsidiaries loan	31,255,092	31,168,049	-	-	31,168,049
<b>Total liabilities for which the fair value is disclosed</b>	<b>31,255,092</b>	<b>31,168,049</b>	<b>-</b>	<b>-</b>	<b>31,168,049</b>
<b>TOTAL LIABILITIES</b>	<b>31,255,092</b>	<b>31,168,049</b>	<b>-</b>	<b>-</b>	<b>31,168,049</b>

Financial assets and liabilities categorised in the fair value hierarchy in 2022

(in EUR) as at 31.12.2022	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	36,355,304	36,355,304	3,899,398	-	32,455,906
Equity securities	4,636,293	4,636,293	-	-	4,636,293
Debt securities	4,946,754	4,946,754	-	-	4,946,754
Investment fund units	26,772,257	26,772,257	3,899,398	-	22,872,859
Financial assets at fair value through other comprehensive income	470,675,003	470,675,003	404,805,723	3,715,173	62,154,106
Equity securities	14,903,015	14,903,015	35	-	14,902,980
Debt securities	445,152,110	445,152,110	394,185,811	3,715,173	47,251,126
Investment fund units	10,619,877	10,619,877	10,619,877	-	-
Financial assets where the investment risk is borne by policyholder	364,912,988	364,912,988	303,217,194	-	61,695,793
Assets from investment contracts	33,084,650	33,084,650	31,840,930	808,475	435,244
<b>Total financial assets measured at fair value</b>	<b>905,027,944</b>	<b>905,027,944</b>	<b>743,763,247</b>	<b>4,523,648</b>	<b>156,741,049</b>
Deposits and loans	672,083	672,083	-	-	672,083
Assets from investment contracts	13,114	13,114	-	-	13,114
<b>Total financial assets for which the fair value is disclosed</b>	<b>685,197</b>	<b>685,197</b>	<b>-</b>	<b>-</b>	<b>685,197</b>
<b>TOTAL ASSETS</b>	<b>905,713,141</b>	<b>905,713,141</b>	<b>743,763,247</b>	<b>4,523,648</b>	<b>157,426,246</b>
Subsidiaries loan	30,583,235	30,302,320	-	-	30,302,320
<b>Total liabilities for which the fair value is disclosed</b>	<b>30,583,235</b>	<b>30,302,320</b>	<b>-</b>	<b>-</b>	<b>30,302,320</b>
<b>TOTAL LIABILITIES</b>	<b>30,583,235</b>	<b>30,302,320</b>	<b>-</b>	<b>-</b>	<b>30,302,320</b>

## Level 3 financial assets and liabilities

### Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2023

(in EUR)	1.01.2023	Total profit/ loss in profit or loss	Total profit/ loss in com- prehensive income	Purchase	Sale	Transfers (to) from Level 3	Exchange rate differences	31.12.2023
<b>Assets measured at fair value</b>								
<b>Financial assets at fair value through profit or loss</b>	<b>32,455,906</b>	<b>1,012,780</b>		<b>3,179,184</b>	<b>(3,247,850)</b>			<b>33,400,021</b>
Equity securities	4,636,293	(218,682)		1,164,121	(547,850)			5,033,881
Debt securities	4,946,754	(287,955)		165,000	(2,700,000)			2,123,798
Investment fund units	22,872,859	1,519,418		1,850,063				26,242,341
<b>Financial assets at fair value through other comprehensive income</b>	<b>62,154,106</b>		<b>2,872,963</b>		<b>(1,826,000)</b>	<b>(19,120,445)</b>		<b>44,080,625</b>
Equity securities	14,902,980		1,863,741		(1,500,000)	35		15,266,756
Debt securities	47,251,126		1,009,222		(326,000)	(19,120,480)		28,813,869
<b>Financial assets where the investment risk is borne by policyholder</b>	<b>61,695,793</b>	<b>(489,209)</b>		<b>4,329,678</b>	<b>(21,551,690)</b>	<b>503,876</b>		<b>44,488,449</b>
<b>Assets from investment contracts</b>	<b>435,244</b>	<b>(5,569)</b>		<b>57,398</b>	<b>(5,330)</b>	<b>(338,264)</b>		<b>143,479</b>
<b>Total assets</b>	<b>156,741,049</b>	<b>518,002</b>	<b>2,872,963</b>	<b>7,566,261</b>	<b>(26,630,870)</b>	<b>(18,954,832)</b>		<b>122,112,573</b>

### Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2022

(in EUR)	1. 1. 2022	Total profit/ loss in profit or loss	Total profit/ loss in com- prehensive income	Purchase	Sale	Transfers (to) from Level 3	Exchange rate differences	31.12.2022	
<b>Assets measured at fair value</b>									
<b>Financial assets at fair value through profit or loss</b>	<b>27,649,958</b>	<b>2,433,489</b>		<b>2,673,520</b>	<b>(301,061)</b>			<b>32,455,906</b>	
Equity securities	2,881,209	612,725		1,443,421	(301,061)			4,636,293	
Debt securities	5,632,674	(865,920)		180,000				4,946,754	
Investment fund units	19,136,075	2,686,684		1,050,100				22,872,859	
<b>Financial assets at fair value through other comprehensive income</b>	<b>379,394,209</b>		<b>(6,089,623)</b>	<b>6,434,900</b>	<b>(35,289,929)</b>	<b>(282,295,450)</b>		<b>62,154,106</b>	
Equity securities	14,902,980		-	-	-	-		14,902,980	
Debt securities	364,491,229		-	(6,089,623)	6,434,900	(35,289,929)	(282,295,450)	-	47,251,126
<b>Financial assets where the investment risk is borne by policyholder</b>	<b>70,024,425</b>	<b>(10,652,728)</b>		<b>4,600,128</b>	<b>(2,276,032)</b>			<b>61,695,793</b>	
<b>Assets from investment contracts</b>	<b>14,651,338</b>	<b>(55,344)</b>		<b>96,850</b>	<b>(5,330)</b>	<b>(14,252,270)</b>		<b>435,244</b>	
<b>Total assets</b>	<b>491,719,930</b>	<b>(8,274,583)</b>	<b>(6,089,623)</b>	<b>13,805,398</b>	<b>(37,872,353)</b>	<b>(296,547,721)</b>		<b>156,741,049</b>	

In 2023, the insurance company reclassified EUR 19,458,743 financial assets from Level 3 to Level 2, out of which:

- EUR 19,120,480 financial assets at fair value through other comprehensive income,
- EUR 383,264 assets from investment contracts.

There was also reclassification from Level 1 to Level 3, out of which:

- EUR 503,876 financial assets where the investment risk is borne by policyholder,
- EUR 35 financial assets at fair value through other comprehensive income.

Level 3 movements are shown only for financial assets measured at fair value.

The following is an analysis of the sensitivity of financial assets classified in level 3, measured at fair value. The table does not include unit-linked investments of policyholders.

Sensitivity Factor	Factor Description
<b>Change in fair value of equity securities</b>	The analysis shows how much the fair values of these financial assets would increase or decrease according to differently applied assumptions which are not based on observable market data. In calculating the deviation, ± 25% of the change in the value of the investment is taken into account.
<b>Change in fair value of debt securities</b>	The analysis shows how much the fair values of these financial assets would increase or decrease according to differently applied assumptions which are not based on observable market data. In calculating the deviation, ± 0.5% (50 basis points) of the change in the value of the investment due to the change in the interest rate is taken into account.

### Sensitivity analysis of securities - classified in Level 3, measured at fair value

(in EUR)	2023	2022
Value of investments classified to Level 3	75,016,211	113,459,891
Estimated value deviation	+405,105 / -405,105	+621,747 / -621,747
Capital investments in associates	47,096,362	43,281,159
Estimated value deviation	+11,774,090 / -11,774,090	+10,820,290 / -10,820,290

## Level 3 financial assets valuation methods

Internal valuation models are used in the valuation of equity securities, while the valuation of debt securities is carried out on the basis of the BID price obtained from the BGN source, on the basis of the price obtained from an external provider (refinitive-EJV) and by application of the valuation model based on Level 3 inputs which are unobservable.

Assumption / Parameter	Change
Interest rate change	0.5

### Reclassification of financial assets between Levels 1 and 2

(in EUR)	2023	2022
Reclassification from level 1 to level 2		13,235,603

Until 31 December 2023, the Company did not reclassify financial asset between groups due to the change in their intended.

The Company reclassified debt securities from Level 1 to Level 2 because they failed to meet the conditions for classification at Level 1 (sufficient liquidity on the stock exchange).

# 6. RISK MANAGEMENT

The Insurance Company is already exposed to insurance risks by the nature of its business, as its activity is underwriting insurance contracts and consequently accepting risk from its policyholders. As all other financial organizations, it is also exposed to various financial risks, such as liquidity, credit and market risks (interest rate, currency and price risks). In addition to exposure to insurance and financial risks, the companies are also exposed to operational risks and other risks, including strategic risk and reputational risk. In the last couple of years, sustainability risks are becoming increasingly important. The purpose of risk management is to ensure stable and long-term operations and decrease exposure to individual risks. Risk management is a continuous cyclical process that can be broken down into three stages. In the first stage, potential risks are identified. In the second stage, individual risks are modelled and measured.

## Pillar I Risks covered by Standard Formula

Market risks	Counterparty default	Insurance risks-Non-Life	Insurance risks - Health	Insurance risks Life	Operational risks	Non-Pillar I risks
Interest rate	Counterparty default	Premium & Reserve	NSLT Health	Mortality	Capital requirements for operational risk based on insurance technical provisions, premiums and costs of UL insurance	Liquidity risk
Equity	CAT	SLT Health	Longevity		Strategic risk	
Property	Lapse	Health CAT	Disability		Reputational risk	
Spread			Lapse		Contagion risk	
Currency			Expense		Emerging risk	
Concentration			CAT		ESG risks	
			Revision			

Based on the identification and measurement of risks within the insurance company, the board implements appropriate measures to reduce or control them (third stage). Additionally, a continuous monitoring system has been established to track the success of implemented measures, monitor remaining risks, and detect potential new risks early. The insurance company employs various risk management levers, which vary depending on the level of exposure and the type of risk.

The below table shows the risk profile of the insurance company in accordance with the approach of the standard formula used by the insurance company to calculate the required solvency capital (hereafter SCR).

In order for the risk management system to be effective, it follows the risk management strategy and policy adopted by the Company's management. The goal of effective risk management is not to avoid risks at any cost, but to consciously take appropriate risks and take appropriate measures to prevent their materialisation or to prevent that their eventual materialisation causes excessive economic damage. Management accepts risks with the awareness that, in principle, riskier transactions bring higher returns and that the optimisation of the risk-return ratio is crucial for ensuring adequate security for policyholders while at the same time increasing the Company's value.

In addition to setting guidelines regarding the balance between risks, returns and capital, guidelines for the implementation of business policies and strategies for individual segments in the Company, Management also promotes transparent and unambiguous decisions and processes which represent a very important building block of risk awareness in the Company. By constantly upgrading the risk management function, the Company remains prepared for all the risks that await them in future operations. A general presentation of the risk management system and processes is presented in the management part of the annual report in Section 8.1.

from profitability of operations and liquidity, one of the two most significant accepted risk appetites.

In accordance with regulatory deadlines, the Company publishes the Solvency and Financial Condition Report for the previous year in early April, disclosing its capital requirements and eligible own funds calculated in accordance with the provisions of the Solvency II Directive and the EC Delegated Regulation. The report is also reviewed by an independent external auditor.

## Risk profile of the Company in 2023

Risks	Explanation
Risk of capital inadequacy	The capital adequacy of the Company remains in the target area of the set risk appetite, which ensures a sufficient excess of own funds over capital requirements. The Company uses a standard formula to determine these. The Company manages the risk primarily by maintaining adequate excess capital over its solvency needs.
Insurance risks	With respect to its portfolio, among insurance risks the Company identifies risks arising from non-life insurance, health insurance and life insurance. The Company maintains premium growth, the combined ratio is within the strategically defined area. The profitability of pension and life insurance is hampered by the difficult situation on the financial markets, especially by low interest rates. Together, insurance risks represent the largest share in the Company's capital requirements.
Credit risks	In order to manage credit risk, the Company regularly monitors and manages individual exposures within the risk and ensures a good diversification of the portfolio. Credit risks, as well as operational ones, do not represent a significant share of the Company's total capital requirements.
Market risks	Despite the demanding conditions on the financial markets and the prolonged low yields, the Company manages market risks, maintains a conservative investment policy and will increasingly take into account sustainability criteria when investing. Market risks represent the largest individual module of capital requirements according to the standard formula.
Operational risks	The Insurance Company regularly monitors operational risks and takes measures to manage them. In 2023, the identified key risks comprised risks in the field of information technology, thus the measures for their identification, measurement, reduction and reporting, which started in 2021, continued. The capital requirement for operational risks has remained stable.

## 6.1 CAPITAL ADEQUACY REQUIREMENTS AND CAPITAL MANAGEMENT

One of the most important missions of GENERALI zavarovalnica is ensuring an adequate capital level (capital adequacy) in line with the volume and types of insurance business and the risks it is exposed to in the course of its operations.

In the framework of its capital management policy, the Company pursues the goal of maintaining a certain surplus of available capital above the required level (pursuant to applicable legislation), which not only ensures protection against unpredictable adverse events but also guarantees continued operation and coverage for potential losses from current operations, while maintaining adequate return on capital. Ensuring a suitable surplus of capital above the required level represents, apart

In 2024, due to the abolition of Complementary health insurance, a reduction in capital requirements for the health underwriting risk is expected, and consequently also for credit and operational risk.

The Company performs the own risk and solvency assessment (ORSA) as an additional verification of capital surplus adequacy, bringing a new perspective on the assessment of the Company's capital adequacy by comparing the own assessment of the Company's risk profile with the assumptions used in the calculation of regulatory capital requirements to check if the regulatory SCR calculation method (standard formula) covers the entire risk profile of the Company correctly. As part of the own assessment, the impact of planned activities in terms of their effect on the Company's capital adequacy in its future operations was also tested.

The management and supervisory bodies of the Company need to be aware of and clearly understand the implications of strategic decisions for the above-mentioned capital aspects of the Company, as well as consider whether these implications are desired, feasible or if the Company can even afford them, considering the amount and quality of own funds. Therefore, in line with the applicable policies, all major strategic decisions that could affect the capital requirements and the company's available capital are examined in terms of their impact on the Company's capital adequacy.

According to the results of the actual own risk and solvency assessment, the capital adequacy of the Company exceeds risk appetite, also in comparison with the own assessment of capital requirements over the entire business planning period. Furthermore, according to the own risk and solvency assessment, the tested negative shocks and scenarios would not jeopardize capital adequacy.

## 6.2 TYPES OF RISKS

**6.2.1 INSURANCE RISKS**

Insurance risks are all risks which the Company faces during its principal activity - acceptance of risk from a policyholder.

Given the type of insurance contracts, insurance risk is random and unpredictable. It can be materialised at any stage of the Company's principal activity, be it the formation of insurance product (the product is improperly designed), the formation of price (price risk that the amount of premium is insufficient to cover contractual obligations and compensation of losses) or underwriting risk (wrong

decision about risk acceptance, non-compliance with the price list and terms of insurance, signing insurance contracts based on false data, improper reinsurance for particular risks, improper assessment of probable maximum loss (PML), insurance for concentrated risks (e.g. geographic concentration), insufficient employee qualifications for risk assessment). When accepting risks for insurance, the following risks can materialise as well: the risk of insufficient technical provisions, claim risk (the risk that the reported number or amount of claims will exceed the expected values and that the retention will be too high due to improper reinsurance security, especially in case of catastrophic events), the risk of change in policyholder behaviour (which reflects especially in the number of insurance fraud attempts) and, the risk of changes in the economic environment, which can lead to a lower number of policies signed due to a lower purchasing capacity on the one hand and a higher number of contract surrenders and of claims enforced on the other hand.

The Company manages insurance risks primarily through effective implementation of internal controls, internal auditing, through forming adequate technical provisions to cover future liabilities from already issued insurance contracts and through appropriate reinsurance. Much attention is devoted to the development of new products to ensure that the relevant statistics are carefully observed already in the process of product development, confirming the appropriateness of the considered assumptions. After the implementation of a product, the Company constantly monitors the underwriting results by line of business, analyses any deterioration and corrects premium rates or terms of insurance, if necessary. The other area, critical for the materialisation of insurance risks, is the underwriting process. The Company controls this risk by means of instructions on the underwriting process, stricter criteria and procedures for risk acceptance, especially for high sums insured and coverage. Specialised departments in charge of high risks (in the field of non-life insurance) monitor the development of particular insurance contracts and may deny renewal of contracts or re-assess the underwritten risk. Reinsurance is an important means of insurance risk management and will be described in further detail in the following text.

### Concentration of insurance risk

Concentration of insurance risk is the exposure of the insurance portfolio to loss events over an individual territory, which may result in mass loss. The concentration of insurance risk is managed by means of various

types of reinsurance per risk, per event and in annual aggregate, where all these types are complementary.

### Non-life insurance contracts

As regards non-life insurance, the Company is exposed to various types of risk associated with the sectors of the economy in which policyholders engage in business activities.

The concentration of individual risks is determined by analysing the insurance portfolio. For this purpose, a detailed examination of the exposure to the following risks by number, area and amount of insurance is produced:

- earthquake,
- storm, and
- flood.

### Non life insurance

#### Concentrations of underwriting risk - by country of issue

(in EUR)	Gross 2023	Net of reinsurance 2023	Gross 2022	Net of reinsurance 2022
Slovenia	418,856,686	386,193,393	388,749,725	360,475,215
EU	846,060	668,904	652,523	515,861
<b>Total</b>	<b>419,702,746</b>	<b>386,862,297</b>	<b>389,402,248</b>	<b>360,991,076</b>

#### Concentrations of underwriting risk - by type of product

(in EUR)	Gross 2023	Net of reinsurance 2023	Gross 2022	Net of reinsurance 2022
Motor insurance	149,783,700	141,886,530	137,333,972	131,063,683
Accident and health insurance	160,634,979	160,300,846	157,792,521	157,485,904
Other non-life insurance	109,284,067	84,674,921	94,275,755	72,441,489
<b>Total non-life</b>	<b>419,702,746</b>	<b>386,862,297</b>	<b>389,402,248</b>	<b>360,991,076</b>

### Life insurance

The table below shows the concentration of insurance risk arising from life insurance contracts, and specifically the aggregate underwritten sum insured split into

The analyses show that, according to its structure, the portfolio of the Company is most exposed to the above risks. These are managed by proportional reinsurance protection above the maximum own shares in the form of reinsurance of individual events, as well as a greater number of such events in the form of reinsurance coverage of annual claims aggregate.

In order to ensure an adequate level of reinsurance coverage, the results of internationally recognized modelling of the exceptional events offered by the reinsurance broker are also used.

The level and form of the reinsurance programme has so far proved to be adequate. Over the past two years, reinsurance protection was activated in case of a major event and in case of coverage of the annual aggregate of claims.

five categories according to the amount of the sum insured under a separate insurance contract.

## Aggregate underwritten sum insured under all contracts

(in EUR)	Gross 2023	Net of reinsurance 2023	Gross 2022	Net of reinsurance 2022
0–9,999 euros	320,579,041	309,328,179	375,484,938	362,558,653
10,000–29,999 euros	1,028,723,079	967,181,661	991,960,514	924,057,046
30,000–59,999 euros	1,254,764,658	900,973,643	1,122,337,345	778,818,667
60,000–99,999 euros	953,950,091	398,269,985	913,296,357	360,727,575
Over 100,000 euros	964,399,955	318,618,718	813,451,774	212,365,779
<b>Total</b>	<b>4,522,416,824</b>	<b>2,894,372,185</b>	<b>4,216,530,928</b>	<b>2,638,527,720</b>

For annuity insurance risk, concentration is presented with total annual annuities classified into five categories, depending on the amount of the annual annuity per

individual policyholder. Annual annuity is considered to be the amount which the policyholder would receive if the payments under the contract were due.

## Structure of annually paid annuities

(in EUR)	TOTAL ANNUAL ANNUITY PAYMENTS IN 2023		TOTAL ANNUAL ANNUITY PAYMENTS IN 2022	
	amount	%	amount	%
Annual annuity payments to the insured person as at 31 December				
EUR 0–999	327,062	10.93	308,090	10.65
EUR 1,000–1,999	863,054	28.84	793,519	27.42
EUR 2,000–2,999	520,034	17.38	533,524	18.44
EUR 3,000–3,999	421,314	14.08	411,262	14.21
Over EUR 4,000	861,530	28.78	847,556	29.29
<b>Total</b>	<b>2,992,995</b>	<b>100</b>	<b>2,893,952</b>	<b>100</b>

The structure of the concentration of insurance risk with respect to the annuity business is comparable with the previous year. Concentration of insurance risk was the highest in the EUR 1,000–1,999 payment bracket and in the over EUR 4,000 annuity payment bracket.

## Sensitivity analysis

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

## Sensitivity analysis 2023

(in EUR)	CSM gross	CSM net of reinsurance	Profit/loss gross	Profit/loss net of reinsurance	Equity gross	Equity net of reinsurance
<b>Life insurance</b>						
Lapses*110%	251,640	-	18,098,592	-	(2,380,147)	-
Lapses*90%	(268,241)	-	13,181,927	-	2,536,517	-
Lapses 1st year +10% absolute increase	601,986	-	22,258,025	-	(6,539,580)	-
<b>Life insurance - participating VFA</b>						
Lapses*110%	108,231	-	(78,428)	-	-	-
Lapses*90%	(107,847)	-	77,764	-	-	-
Lapses 1st year +10% absolute increase	257,787	-	(233,724)	-	-	-
<b>Non -life insurance</b>						
Expected claims + 5%	-	-	(17,743,364)	(14,998,412)	(17,743,364)	(14,998,412)
Expected claims - 5%	-	-	17,743,364	14,998,412	17,743,364	14,998,412

## Sensitivity analysis 2022

(in EUR)	CSM gross	CSM net of reinsurance	Profit/loss gross	Profit/loss net of reinsurance	Equity gross	Equity net of reinsurance
<b>Life insurance - BBA</b>						
Lapses*110%	(2,436,375)	-	2,436,375	-	(2,498,388)	-
<b>Life insurance - participating VFA</b>						
Lapses*110%	(1,778,331)	-	1,778,331	-	-	-
<b>Non - life insurance</b>						
Expected claims + 5%	-	-	(13,909,902)	(13,697,323)	(13,909,902)	(13,697,323)
Expected claims - 5%	-	-	13,909,902	13,697,323	13,909,902	13,697,323

## 6.2.2 INSURANCE RISK MANAGEMENT THROUGH REINSURANCE PROTECTION

### Purpose and objectives of reinsurance protection

Insurance risks are managed through reinsurance protection programme, ensuring solvency and liquidity of operations, stability of operating results and financial soundness. The reinsurance programme is prepared centrally for the entire CEE Region, however taking into account local needs. Most reinsurance contracts are concluded with reinsurers of the Generali Group.

The Company plans the amount of maximum own shares based on the portfolio structure, risk appetite, available

capital, reinsurance guidelines, reinsurance policy and other risk-mitigation techniques. The Company focuses on providing optimal reinsurance protection, both against individual large claims and against the concentration of the insurance portfolio's exposure to natural forces, such as hail, storms, floods and earthquakes, which are the most common in our country. Catastrophe reinsurance contracts are determined on the basis of a conservative analysis of several loss scenarios resulting from the processing of exposure data using advanced stochastic models, taking into account various levels of risk capital absorption. Such characteristics are identified for other risks through a comprehensive exposure analysis and portfolio loss history.

Reinsurance contracts provide the Company with automatic reinsurance coverage for the majority of the risks assumed up to the agreed limit and under the agreed conditions.

For exceptional risks, which exceed the limits of contractual reinsurance protection, the Company ensures facultative reinsurance protection. The programme of the planned reinsurance is composed of traditional proportional and non-proportional forms of facultative reinsurance protection.

Within the operational risk management, the Company integrated the control mechanisms in the information system which prevent concluding insurance contracts with sum insured that exceeds reinsurance contract limits without prior confirmation of the Reinsurance Department that facultative reinsurance has been provided or that facultative reinsurance is not needed.

#### Analysis of the Company's portfolio from the aspect of reinsurance risk

Earthquake risk presents the highest concentration of the Company's insurance risk. Reinsurance protection for catastrophic risks is established for the entire region on the basis of the results of modelling individual portfolios and their exposure to catastrophic risks. Portfolio modelling is performed by experts hired by reinsurance intermediaries. The earthquake exposure is managed by the Company through excess of loss reinsurance for catastrophic risks.

### 6.2.3 FINANCIAL RISKS

Insurance companies are exposed to financial risks through its asset and liability management, reinsurance assets and liabilities arising from its insurance and investment contracts. The key financial risks is that the future changes in market and other financial conditions will affect the value of the Company's financial assets, meaning that the financial liabilities of counterparties will not be covered. This could potentially lead to a situation when the inflows

from financial investments will not be sufficient to cover the outflows, arising from insurance and investment contracts. In line with analyses of situations in financial markets, risk assessment and stress testing with regard to the changed circumstances in the financial market as well as by taking into consideration the general investment strategy of the Company, the Risk Management Department proposes limits for risk measures, exposures to individual investment grades, issuers and their rating as well as individual markets. They are addressed by the Risk Management Committee and then approved by the Investment Committee. Strategic and tactical implementation of the investment activity is performed by the Investment Committee. Its competences and responsibilities as well as all other provisions relating to its operation are laid down in the Rules on the Performance of Investment Activity. The Treasury Department is responsible for operational implementation of the investment activity. When designing individual investment policies, the Company takes into consideration the characteristics of liabilities and the assumed risk appetite. The Company actively manages and controls all risks to which it is exposed with its assets and liabilities by constantly monitoring cash flows and ensuring that it always has enough liquid assets at its disposal to settle its liabilities, by investing its assets in a manner which ensures long-term returns high enough to exceed the amount of returns on insurance liabilities, by matching the terms of financial assets against financial liabilities, and by ensuring adequacy of financial assets. The most important components of financial risks, including market risks, are:

- liquidity risk,
- credit risk,
- risk of change in prices of equity securities,
- interest risk,
- currency risk.

#### Analysis of assets and liabilities for financial risk management as at 31 December 2023

(in EUR)	Life insurance BBA	Life insurance VFA	Life insurance PAA	Investment contracts pension savings	Non-life insurance contracts (PAA)	Complementary health insurance contracts (PAA)	Total 31.12.2023
<b>Financial assets at fair value through profit or loss</b>	<b>20,082,809</b>	<b>390,056,114</b>	-	<b>40,018,912</b>	<b>15,567,322</b>	-	<b>465,725,158</b>
Equity securities	-	-	-	11,307,642	5,033,881	-	16,341,523
Debt securities	2,123,798	43,984,573	-	18,290,224	-	-	64,398,595
Investment fund units	17,959,011	346,071,542	-	10,413,126	10,533,440	-	384,977,119
Deposits and loans	-	-	-	7,921	-	-	7,921
<b>Financial assets at fair value through other comprehensive income</b>	<b>194,706,046</b>	-	-	-	<b>281,442,654</b>	<b>18,357,978</b>	<b>494,506,677</b>
Equity securities	659,154	-	-	-	13,951,417	656,185	15,266,756
Debt securities	188,150,147	-	-	-	260,152,378	17,701,793	466,004,318
Investment fund units	5,896,745	-	-	-	7,338,858	-	13,235,603
<b>Financial assets at amortised cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168,740</b>	<b>-</b>	<b>168,740</b>
Deposits and loans	-	-	-	-	168,740	-	168,740
<b>Total financial investments</b>	<b>214,788,855</b>	<b>390,056,114</b>	-	<b>40,018,912</b>	<b>297,178,716</b>	<b>18,357,978</b>	<b>960,400,576</b>
Investments in subsidiaries and associates	825,134	-	-	-	8,174,451	3,212,409	12,211,994
Investment properties	-	-	-	-	9,748,897	-	9,748,897
<b>Total financial assets</b>	<b>215,613,989</b>	<b>390,056,114</b>	-	<b>40,018,912</b>	<b>315,102,063</b>	<b>21,570,387</b>	<b>982,361,467</b>
Assets from insurance contracts	27,704,786	-	-	-	6,285	-	27,711,071
Assets from reinsurance contracts	-	-	-	-	69,583,759	-	69,583,759
Cash and cash equivalents	536,323	3,522,487	-	913,051	2,481,206	35,597	7,488,663
Other nonfinancial assets	18,520,283	-	-	7,603	55,945,814	7,672,864	62,323,007
<b>Total assets</b>	<b>262,375,380</b>	<b>393,578,601</b>	-	<b>40,939,566</b>	<b>443,119,127</b>	<b>29,278,848</b>	<b>1,149,467,966</b>
<b>LIABILITIES AND EQUITY</b>							
Liabilities from insurance contracts	120,832,717	406,524,186	-	-	278,202,523	16,179,047	821,738,474
Liabilities from reinsurance contracts	-	-	291,915	-	117,822	-	409,738
Liabilities from investment contracts	-	-	-	40,868,082	-	-	40,868,082
Equity	81,920,539	-	-	-	117,725,390	(9,608,967)	190,036,962
Subsidiaries loan	31,255,092	-	-	-	-	-	31,255,092
Other liabilities	15,129,531	-	-	71,484	47,073,392	22,708,768	65,159,619
<b>Total liabilities and equity</b>	<b>249,137,880</b>	<b>406,524,186</b>	<b>291,915</b>	<b>40,939,566</b>	<b>443,119,127</b>	<b>29,278,848</b>	<b>1,149,467,966</b>

## Analysis of assets and liabilities for financial risk management as at 31 December 2022

(in EUR)	Life insurance BBA	Life insurance VFA	Life insurance PAA	Investment contracts pension savings	Non-life insurance contracts (PAA)	Complementary health insurance contracts (PAA)	Total 31.12.2022
<b>Financial assets at fair value through profit or loss</b>	<b>21,515,328</b>	<b>364,912,988</b>	-	<b>33,097,764</b>	<b>14,839,976</b>	-	<b>434,366,056</b>
Equity securities	-	-	-	3,422,960	4,636,293	-	8,059,253
Debt securities	4,946,754	60,826,767	-	16,746,150	-	-	82,519,671
Investment fund units	16,568,574	304,086,221	-	12,915,540	10,203,683	-	343,774,018
Deposits and loans	-	-	-	13,114	-	-	13,114
<b>Financial assets at fair value through other comprehensive income</b>	<b>174,130,889</b>	-	-	-	<b>274,707,473</b>	<b>21,836,641</b>	<b>470,675,003</b>
Equity securities	610,137	-	-	-	13,630,987	661,891	14,903,015
Debt securities	168,031,464	-	-	-	255,945,896	21,174,750	445,152,110
Investment fund units	5,489,287	-	-	-	5,130,590	-	10,619,877
<b>Financial assets at amortised cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>672,083</b>	-	<b>672,083</b>
Deposits and loans	-	-	-	-	672,083	-	672,083
<b>Total financial investments</b>	<b>195,646,217</b>	<b>364,912,988</b>	-	<b>33,097,764</b>	<b>290,219,531</b>	<b>21,836,641</b>	<b>905,713,141</b>
Investments in subsidiaries and associates	30,001,142	-	-	-	8,124,451	3,212,409	41,338,002
Investment properties	-	-	-	-	9,885,908	-	9,885,908
<b>Total financial assets</b>	<b>225,647,358</b>	<b>364,912,988</b>	-	<b>33,097,764</b>	<b>308,229,890</b>	<b>25,049,051</b>	<b>956,937,051</b>
Assets from insurance contracts	27,042,775	-	-	-	48,554	-	27,091,329
Assets from reinsurance contracts	-	-	-	-	28,805,686	-	28,805,686
Cash and cash equivalents	883,922	3,735,171	-	2,331,815	3,456,704	877,913	11,285,525
Other nonfinancial assets	7,064,479	-	-	54,624	58,555,413	6,936,114	72,610,629
<b>Total assets</b>	<b>260,638,534</b>	<b>368,648,159</b>	-	<b>35,484,203</b>	<b>399,096,247</b>	<b>32,863,077</b>	<b>1,096,730,221</b>
<b>LIABILITIES AND EQUITY</b>							
Liabilities from insurance contracts	119,529,744	377,367,683	-	-	231,908,561	24,081,132	752,887,120
Liabilities from reinsurance contracts	-	-	1,383,463	-	167,105	-	1,550,569
Liabilities from investment contracts	-	-	-	35,418,915	-	-	35,418,915
Equity	77,413,365	-	-	-	117,046,675	7,084,274	201,544,314
Subsidiaries loan	30,583,235	-	-	-	-	-	30,583,235
Other liabilities	23,068,463	-	-	(13,571)	49,973,907	1,697,671	74,746,069
<b>Total liabilities and equity</b>	<b>250,594,807</b>	<b>377,367,683</b>	<b>1,383,463</b>	<b>35,405,344</b>	<b>399,096,247</b>	<b>32,863,077</b>	<b>1,096,730,221</b>

## Liquidity risk

Liquidity risk is the risk of liquidity-related difficulty and inability of the Company to fulfil current obligations from in-force insurance contracts and other current operating liabilities of the Company, due to mismatch between maturity of assets and liabilities. Liquidity risk also includes the risk of the Company suffering losses of liquid assets due to settlement of unexpected or unexpectedly high liabilities.

The insurance company mitigates its exposure to liquidity risk by maintaining a suitable structure and adequate diversification of investments, planning future cash flows to cover future foreseeable liabilities

and providing an adequate volume of high liquidity investments in order to cover future contingencies.

The exposure to liquidity risk is also measured through measurement of duration match between assets and liabilities. The following tables present the types of the Company's assets and liabilities through undiscounted cash flows according to their maturity.

In addition, liabilities arising from unit-linked insurance contracts are also disclosed. In the annual periods where the cash flows of assets and liabilities are not balanced, liquidity is balanced with available short-term investments without maturity.

### Overview of maturity of assets and liabilities in 2023 Liquidity risk - Financial assets and liabilities - (UNDISCOUNTED CASH FLOWS)

(in EUR)	Without maturity	1 year or less	1-3 years	3-5 years	5-10 years	10-15 years	more than 15 years	Total 31.12.2023
<b>Financial assets at fair value through profit or loss</b>	<b>33,526,333</b>	<b>112,500</b>	<b>225,000</b>	<b>225,000</b>	<b>562,500</b>	<b>562,500</b>	<b>3,675,000</b>	<b>38,888,833</b>
Equity securities	5,033,881	-	-	-	-	-	-	5,033,881
Debt securities	-	112,500	225,000	225,000	562,500	562,500	3,675,000	5,362,500
Investment fund units	28,492,451	-	-	-	-	-	-	28,492,451
<b>Financial assets at fair value through other comprehensive income</b>	<b>28,502,359</b>	<b>54,948,105</b>	<b>154,599,376</b>	<b>90,816,816</b>	<b>140,005,229</b>	<b>23,206,992</b>	<b>96,427,916</b>	<b>588,506,791</b>
Equity securities	15,266,756	-	-	-	-	-	-	15,266,756
Debt securities	-	54,948,105	154,599,376	90,816,816	140,005,229	23,206,992	96,427,916	560,004,432
Investment fund units	13,235,603	-	-	-	-	-	-	13,235,603
<b>Financial assets at amortised cost</b>	<b>-</b>	<b>132,196</b>	<b>42,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174,602</b>
Deposits and loans	-	132,196	42,405	-	-	-	-	174,602
<b>Financial assets where the investment risk is borne by policyholder</b>	<b>346,071,542</b>	<b>5,499,000</b>	<b>26,231,214</b>	<b>12,129,332</b>	<b>5,000,781</b>	-	-	<b>394,931,869</b>
Assets from investment contracts	22,633,819	4,392,404	4,060,289	3,021,683	4,324,924	1,833,021	2,781,008	43,047,147
<b>Total financial investments</b>	<b>430,734,052</b>	<b>65,084,205</b>	<b>185,158,284</b>	<b>106,192,831</b>	<b>149,893,434</b>	<b>25,602,513</b>	<b>102,883,923</b>	<b>1,065,549,241</b>
<b>Cash and cash equivalents</b>	<b>6,575,612</b>	-	-	-	-	-	-	<b>6,575,612</b>
<b>Total financial assets</b>	<b>437,309,664</b>	<b>65,084,205</b>	<b>185,158,284</b>	<b>106,192,831</b>	<b>149,893,434</b>	<b>25,602,513</b>	<b>102,883,923</b>	<b>1,072,124,854</b>
<b>FINANCIAL LIABILITIES</b>								
Subsidiaries loan	-	937,800	4,049,829	4,052,400	38,110,351	-	-	47,150,380
Liabilities from investment contracts	-	1,207,651	1,394,531	1,984,359	7,863,598	8,711,396	19,706,547	40,868,082
<b>Total financial liabilities</b>	<b>-</b>	<b>2,145,451</b>	<b>5,444,360</b>	<b>6,036,759</b>	<b>45,973,949</b>	<b>8,711,396</b>	<b>19,706,547</b>	<b>88,018,462</b>

**Overview of maturity of assets and liabilities in 2022 Liquidity risk - Financial assets and liabilities - (UNDISCOUNTED CASH FLOWS)**

(in EUR)	Without maturity	1 year or less	1-3 years	3-5 years	5-10 years	10-15 years	more than 15 years	Total 31.12.2022
Financial assets at fair value through profit or loss	31,408,550	2,812,500	225,000	225,000	562,500	562,500	3,787,500	39,583,550
Equity securities	4,636,293	-	-	-	-	-	-	4,636,293
Debt securities	-	2,812,500	225,000	225,000	562,500	562,500	3,787,500	8,175,000
Investment fund units	26,772,257	-	-	-	-	-	-	26,772,257
Financial assets at fair value through other comprehensive income	25,522,892	43,995,484	134,937,535	131,434,458	160,102,047	35,963,578	110,323,400	642,279,394
Equity securities	14,903,015	-	-	-	-	-	-	14,903,015
Debt securities	-	43,995,484	134,937,535	131,434,458	160,102,047	35,963,578	110,323,400	616,756,502
Investment fund units	10,619,877	-	-	-	-	-	-	10,619,877
Financial assets at amortised cost	-	515,820	174,602	-	-	-	-	690,422
Deposits and loans	-	515,820	174,602	-	-	-	-	690,422
Financial assets where the investment risk is borne by policyholder	304,086,221	18,618,000	20,024,214	17,833,800	11,002,313	-	-	371,564,548
Assets from investment contracts	18,670,315	2,749,453	5,886,039	3,843,228	5,814,967	2,064,490	3,036,074	42,064,566
<b>Total financial investments</b>	<b>379,687,978</b>	<b>68,691,256</b>	<b>161,247,390</b>	<b>153,336,486</b>	<b>177,481,827</b>	<b>38,590,569</b>	<b>117,146,973</b>	<b>1,096,182,480</b>
Cash and cash equivalents	8,953,709	-	-	-	-	-	-	8,953,709
<b>Total financial assets</b>	<b>388,641,688</b>	<b>68,691,256</b>	<b>161,247,390</b>	<b>153,336,486</b>	<b>177,481,827</b>	<b>38,590,569</b>	<b>117,146,973</b>	<b>1,105,136,190</b>
<b>FINANCIAL LIABILITIES</b>								
Subsidiaries loan	-	937,800	4,049,829	4,052,400	38,110,351	-	-	47,150,380
Liabilities from investment contracts	-	976,851	1,033,359	1,779,513	6,805,781	7,367,774	17,392,202	35,355,478
<b>Total financial liabilities</b>	<b>-</b>	<b>1,914,651</b>	<b>5,083,188</b>	<b>5,831,913</b>	<b>44,916,132</b>	<b>7,367,774</b>	<b>17,392,202</b>	<b>82,505,858</b>

**Overview of maturity of liabilities in 2023 Liquidity risk – Insurance and reinsurance contracts - current year (UNDISCOUNTED CASH FLOWS)**

Undiscounted ches flow -CF in the future year (in EUR)	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total 31.12.2023
<b>Insurance contracts</b>							
Life insurance LRC	(6,075,171)	(29,263,700)	(17,267,388)	(13,570,162)	(17,766,451)	(492,474,418)	(576,417,290)
BBA	1,897,107	(2,821,411)	(180,837)	(235,424)	(1,690,105)	(62,209,763)	(65,240,433)
VFA	(7,972,277)	(26,442,289)	(17,086,551)	(13,334,738)	(16,076,346)	(430,264,656)	(511,176,857)
Non-life insurance LIC - PAA	(120,079,407)	(27,149,690)	(17,397,291)	(10,823,908)	(8,796,842)	(60,391,680)	(244,638,818)
Direct	(118,940,759)	(26,506,736)	(17,012,598)	(10,579,735)	(8,618,676)	(59,575,919)	(241,234,423)
Assumed	(1,138,648)	(642,954)	(384,693)	(244,173)	(178,166)	(815,762)	(3,404,395)
<b>TOTAL INSURANCE CONTRACTS</b>	<b>(126,154,578)</b>	<b>(56,413,390)</b>	<b>(34,664,679)</b>	<b>(24,394,070)</b>	<b>(26,563,292)</b>	<b>(552,866,099)</b>	<b>(821,056,108)</b>
<b>Reinsurance contracts</b>							
Life reinsurance - PAA							
Non-life reinsurance AIC - PAA	31,155,734	6,238,397	5,151,279	2,807,408	2,506,618	11,399,473	59,258,909
Reinsurance	30,666,306	5,960,010	4,985,898	2,696,234	2,423,369	11,027,032	57,758,848
Retroceded	489,428	278,388	165,381	111,173	83,250	372,442	1,500,061
<b>TOTAL REINSURANCE CONTRACTS</b>	<b>31,155,734</b>	<b>6,238,397</b>	<b>5,151,279</b>	<b>2,807,408</b>	<b>2,506,618</b>	<b>11,399,473</b>	<b>59,258,909</b>

**Overview of maturity of liabilities in 2022 Liquidity risk – Insurance and reinsurance contracts - current year (UNDISCOUNTED CASH FLOWS)**

Undiscounted ches flow -CF in the future year (in EUR)	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total 31.12.2022
<b>Insurance contracts</b>							
Life insurance LRC	(20,292,809)	(7,938,562)	(28,593,358)	(21,025,296)	(16,750,650)	(468,866,651)	(563,467,326)
BBA	1,294,801	(1,057,579)	(3,381,062)	(1,714,798)	(1,528,367)	(66,623,154)	(73,010,159)
VFA	(21,587,610)	(6,880,982)	(25,212,296)	(19,310,498)	(15,222,282)	(402,243,498)	(490,457,166)
Non-life insurance LIC - PAA	(93,862,438)	(24,492,179)	(13,999,548)	(11,411,974)	(7,628,283)	(52,706,533)	(204,100,955)
Direct	(93,862,438)	(24,492,179)	(13,999,548)	(11,411,974)	(7,628,283)	(52,706,533)	(204,100,955)
Assumed	(2,416,595)	(205,737)	(147,561)	(67,631)	(29,831)	(79,023)	(2,946,376)
<b>TOTAL INSURANCE CONTRACTS</b>	<b>(114,155,247)</b>	<b>(32,430,741)</b>	<b>(42,592,906)</b>	<b>(32,437,270)</b>	<b>(24,378,933)</b>	<b>(521,573,184)</b>	<b>(767,568,281)</b>
<b>Reinsurance contracts</b>							
Life reinsurance - PAA							
Non-life reinsurance AIC - PAA	12,510,179	4,897,142	2,968,734	2,647,305	1,822,374	9,170,585	34,016,320
Reinsurance	11,227,872	4,799,954	2,899,067	2,615,678	1,808,662	9,134,952	32,486,186
Retroceded	1,282,307	97,188	69,667	31,627	13,712	35,633	1,530,133
<b>TOTAL REINSURANCE CONTRACTS</b>	<b>12,510,179</b>	<b>4,897,142</b>	<b>2,968,734</b>	<b>2,647,305</b>	<b>1,822,374</b>	<b>9,170,585</b>	<b>34,016,320</b>

**Credit risk**

Credit risk is a potential loss in case of failure by a third party/debtor to fulfil the contractual obligations. The segments most exposed to credit risk are financial investments, assets from investments and reinsurance contracts.

The Company manages its exposure to credit risk mainly by constant monitoring of credit rating of issuers of financial instruments and ensuring adequate dispersal of investments between investments involving a degree of risk and no-risk investments. The Company monitors credit risk

associated with receivables from insurance transactions and reinsurance assets on the basis of assessing the collectability of individual receivables. Credit rating procedures are based on obtaining and checking of publicly accessible information on the existing financial position of the issuers of financial instruments and their future liquidity.

In reinsurance, as with respect to financial assets, the credit risk management procedures involve checking the reinsurer's credit rating. In accordance with the strategy for credit risk management, liabilities covered by reinsurance arrangements are reinsured by first-class reinsurers.

#### Investments grade credit ratings

Category	Grading	External rating
Low risk	Grade 1	AAA
	Grade 2	AA- to AA+
	Grade 3	A- to A+
	Grade 4	BBB- to BBB+
Fair risk	Grade 5	BB- to BB+
Substandard	Grade 6	CCC- to B+
Doubtful	Grade 7	C to CC
Loss	Grade 8	D

#### Maximum exposure to credit risk by financial asset class as at 31 December 2023

(in EUR)	AAA	AA- to AA+	A- to A+	BBB- to BBB+	BB- to BB+	CCC- to B+	No credit rating	Total 31.12.2023
Financial assets at fair value through profit or loss	-	-	-	2,123,798	-	-	-	2,123,798
Debt securities	-	-	-	2,123,798	-	-	-	2,123,798
Financial assets at fair value through other comprehensive income	11,775,286	40,693,167	280,674,689	90,064,941	25,363,942	937,645	16,494,648	466,004,318
Debt securities	11,775,286	40,693,167	280,674,689	90,064,941	25,363,942	937,645	16,494,648	466,004,318
Stage 1	11,775,286	40,693,167	280,674,689	90,064,941	25,363,942	937,645	16,494,648	466,004,318
Financial assets at amortised cost	-	-	-	-	-	-	168,740	168,740
Stage 1	-	-	-	-	-	-	168,740	168,740
Assets from investment contracts	975,840	1,026,028	11,368,783	4,162,666	756,907	-	7,921	18,298,144
Debt securities	975,840	1,026,028	11,368,783	4,162,666	756,907	-	7,921	18,298,144
Financial assets where the investment risk is borne by policyholder	-	43,663,987	-	320,586	-	-	-	43,984,573
Debt securities	-	43,663,987	-	320,586	-	-	-	43,984,573
<b>Total financial investments</b>	<b>12,751,126</b>	<b>85,383,181</b>	<b>292,043,472</b>	<b>96,671,992</b>	<b>26,120,849</b>	<b>937,645</b>	<b>16,671,309</b>	<b>530,579,574</b>
Cash and cash equivalents	-	-	319,621	2,671,924	2,219,135	-	1,364,933	6,575,612
Stage 1	-	-	319,621	2,671,924	2,219,135	-	1,364,933	6,575,612
<b>Total assets exposed to credit risk</b>	<b>12,751,126</b>	<b>85,383,181</b>	<b>292,363,093</b>	<b>99,343,915</b>	<b>28,339,984</b>	<b>937,645</b>	<b>18,036,241</b>	<b>537,155,187</b>
Insurance and reinsurance contracts	-	-	-	-	-	-	(794,027,402)	(794,027,402)
Insurance contracts	-	-	-	-	-	-	2,693	69,174,021
Reinsurance contracts	-	3,798,013	11,341,757	54,031,558	-	-	(794,024,709)	(724,853,381)
<b>Total insurance and reinsurance contracts</b>	<b>-</b>	<b>3,798,013</b>	<b>11,341,757</b>	<b>54,031,558</b>	<b>-</b>	<b>-</b>	<b>(794,024,709)</b>	<b>(724,853,381)</b>

Investments in debt securities that remained non-rated in 2023 comprise debt securities of Slovenian and European issuers. The largest exposure from loans granted by an individual non-rated issuer is a loan granted to the

company, which represents 66,25% of all granted loans, deposits and financial receivables without a credit rating (EUR 168,740). All given loans are adequately collateralized.

#### Maximum exposure to credit risk by financial asset class as at 31 December 2022

(in EUR)	AAA	AA- to AA+	A- to A+	BBB- to BBB+	BB- to BB+	CCC- to B+	No credit rating	Total 31.12.2022
Financial assets at fair value through profit or loss	-	-	-	2,595,510	2,351,244	-	-	4,946,754
Debt securities	-	-	-	2,595,510	2,351,244	-	-	4,946,754
Financial assets at fair value through other comprehensive income	23,768,761	43,303,840	245,969,514	96,359,438	33,789,690	840,715	1,120,151	445,152,110
Debt securities	23,768,761	43,303,840	245,969,514	96,359,438	33,789,690	840,715	1,120,151	445,152,110
Stage 1	23,768,761	43,303,840	245,969,514	96,359,438	33,789,690	840,715	1,120,151	445,152,110
Financial assets at amortised cost	-	-	-	-	-	-	-	672,083
Stage 1	-	-	-	-	-	-	-	672,083
Assets from investment contracts	1,174,341	1,441,125	9,419,256	3,940,979	770,450	-	13,114	16,759,265
Debt securities	1,174,341	1,441,125	9,419,256	3,940,979	770,450	-	13,114	16,759,265
Financial assets where the investment risk is borne by policyholder	-	41,113,303	19,327,898	385,566	-	-	-	60,826,767
Debt securities	-	41,113,303	19,327,898	385,566	-	-	-	60,826,767
<b>Total financial investments</b>	<b>24,943,102</b>	<b>85,858,268</b>	<b>277,312,177</b>	<b>103,037,227</b>	<b>34,560,141</b>	<b>840,715</b>	<b>1,805,348</b>	<b>528,356,978</b>
Cash and cash equivalents	-	-	267,202	4,915,180	3,198,725	-	572,603	8,953,709
Stage 1	-	-	267,202	4,915,180	3,198,725	-	572,603	8,953,709
<b>Total assets exposed to credit risk</b>	<b>24,943,102</b>	<b>85,858,268</b>	<b>277,579,380</b>	<b>107,952,406</b>	<b>37,758,866</b>	<b>840,715</b>	<b>2,377,951</b>	<b>537,310,687</b>
Insurance contracts	-	-	-	-	-	-	(725,795,790)	(725,795,790)
Reinsurance contracts	-	1,024,196	6,916,463	19,461,056	25,860	-	(172,458)	27,255,118
<b>Total insurance and reinsurance contracts</b>	<b>-</b>	<b>1,024,196</b>	<b>6,916,463</b>	<b>19,461,056</b>	<b>25,860</b>	<b>-</b>	<b>(725,968,248)</b>	<b>(698,540,672)</b>

Investments in debt securities that remained non-rated in 2022 comprise debt securities of Slovenian and European issuers. The largest exposure from loans granted by an individual non-rated issuer is a loan granted to a company, which represents 27,61% of all granted loans, deposits and financial receivables without a credit rating (EUR 672,083). All given loans are adequately collateralized.

#### Concentrations of credit risk

For insurance company is concentrations of credit risk for reinsurance ceded through GP RE across all geographic regions in which the reinsurers operate. The Insurance company monitors concentrations of credit risk arising from investments in debt instruments by geographic location of the issuer and by sector analysis of the carrying amounts of financial investments is shown below.

### Concentration of credit risk by area (Debt securities)

(in EUR)	2023	2022
<b>Financial assets - Debt securities</b>	<b>512,112,690</b>	<b>510,925,631</b>
Slovenia	257,629,285	220,616,903
EU	221,688,155	250,012,125
USA	15,694,408	19,346,115
Other	17,100,842	20,950,489
<b>Assets from investment contracts - Debt securities</b>	<b>18,290,224</b>	<b>16,746,150</b>
Slovenia	9,270,044	7,399,539
EU	9,020,179	9,164,171
USA	-	182,441

### Concentration of credit risk by sector (Debt securities)

(in EUR)	2023	2022
<b>Financial assets - Debt securities</b>	<b>512,112,690</b>	<b>510,925,631</b>
Government	351,896,496	321,875,547
Bank	104,012,128	127,976,198
Other financial organizations	8,991,797	10,500,952
Telecommunications	16,171,326	14,702,521
Other	31,040,943	35,870,413
<b>Assets from investment contracts - Debt securities</b>	<b>18,290,224</b>	<b>16,746,150</b>
Government	16,832,107	15,586,241
Bank	964,473	683,838
Other	493,644	476,072

### Risk of changes in prices of equity securities

The risk of changes in prices of equity securities is defined as the risk of fluctuation in the price of equity investments which would affect the expected return of financial assets or their value, recognised in the investment portfolio of the Company. To mitigate this risk, the Company maintains a sector and geographic spread of share capital investments, does not cross the allowed limitations of exposure towards individual issuers and invests its assets in investments with an appropriate ratio between risk and profitability.

The risk of changes in prices of equity securities is measured by means of analysis of sensitivity to changes in share

prices. This risk affects equity securities, share mutual funds and mixed mutual funds (corresponding part). The results are presented within the market risks sensitivity analysis.

#### Sensitivity analysis to changes in prices of equity price risk

##### Factors

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

Sensitivity Factor	Factor Description
<b>CSM</b>	<ul style="list-style-type: none"> <li>Changes in fulfilment cash flows of profitable direct participating contracts arising from equity guarantees to which the risk mitigation option is not applied.</li> <li>Changes in the amount of the fair value of underlying items of profitable direct participating contracts to which the risk mitigation option is not applied.</li> </ul>
<b>Profit or loss</b>	<ul style="list-style-type: none"> <li>Changes in the fair value of equity investments measured at FVTPL that are not underlying items.</li> <li>Changes in the amount of the fair value of underlying items of onerous direct participating contracts.</li> <li>Changes in fulfilment cash flows of onerous direct participating contracts arising from equity guarantees.</li> <li>The effect of the risk mitigation option recognised in profit or loss.</li> </ul>
<b>Equity</b>	<ul style="list-style-type: none"> <li>Changes in the fair value of equity investments measured at FVOCI.</li> <li>The effect on profit or loss under the Profit or loss.</li> </ul>

### Sensitivity analysis

(in EUR)	CSM	Profit/loss	Equity
<b>31 Dec 2023</b>			
<b>Financial assets</b>			
Change in prices of equities +25%	-	94,899,469	7,125,590
Change in prices of equities -25%	-	(94,899,469)	(7,125,590)
<b>Insurance contracts issued and reinsurance contracts held</b>			
<b>Total</b>			
Total increase	-	94,899,469	7,125,590
Total decrease	-	(94,899,469)	(7,125,590)
<b>31 Dec 2022</b>			
<b>Financial assets</b>			
Change in prices of equities +25%	-	83,873,693	6,380,723
Change in prices of equities -25%	-	(83,873,693)	(6,380,723)
<b>Insurance contracts issued and reinsurance contracts held</b>			
<b>Total</b>			
Total increase	-	83,873,693	6,380,723
Total decrease	-	(83,873,693)	(6,380,723)

Under the sensitivity analysis, the changes in share prices refer to prices obtained through closing price on the reporting date for the current and previous years. The investments of the unit-linked guarantee fund reflect to the greatest extent possible the value of the units of mutual funds arising from insurance contracts. The changes in values have no material effect on the profit or loss. The change affects both income from investments and changes in provisions, which means that the changes in prices of securities have no material impact on profit or loss.

### Risk of changes in property prices

The Company is exposed to the risk of changes in property prices due to real estate for own use, investment properties and leased properties. The total exposure of

the Company amounts to EUR 34,258,126. Properties held for own use also comprise properties or rights to use leased properties. The rights to use leased properties are not directly exposed to property risk, as these are mostly long-term leases. The property assets of the Group Companies are largely in Slovenia.

### Exposure to properties according to their purpose

(in EUR)	31.12.2023	31.12.2022
Investment properties	9,748,897	9,885,908
Properties (buildings and land)	24,509,230	23,357,085
Properties used for own activities	20,862,469	21,148,767
assets arising from a lease	3,646,761	2,208,318
<b>Total</b>	<b>34,258,126</b>	<b>33,242,993</b>

## Interest rate risk

Interest rate risk is the risk that a change in interest rates on the market will affect the value of assets and liabilities that are sensitive to interest rate fluctuations.

It is reflected in change in market value of investments in debt securities, except when they are classified into the group of financial instruments at amortised cost, or the risk associated with the ability to reinvest financial assets at maturity under at least identical conditions with those for financial assets past due. The change in interest rates can also affect the fair value of liabilities that are prone to this risk.

With the aim to manage its exposure to interest rate risk, the Company applies the following procedures:

### Interest rate risk

(in EUR)	Fixed interest rate	Floating interest rate	Total 31.12.2023	Fixed interest rate	Floating interest rate	Total 31.12.2022
<b>Financial assets</b>						
Financial assets	459,905,521	8,391,336	468,296,857	438,498,053	12,272,894	450,770,947
Assets from investment contracts	18,290,224	7,921	18,298,144	16,746,150	13,114	16,759,265
Underlying items of participating contracts	43,984,573	-	43,984,573	60,826,767	-	60,826,767
Financial liabilities	-	(31,255,092)	(31,255,092)	-	(30,583,235)	(30,583,235)
<b>Total financial assets</b>	<b>522,180,317</b>	<b>(22,855,836)</b>	<b>499,324,482</b>	<b>516,070,970</b>	<b>(18,297,226)</b>	<b>497,773,743</b>

- for liabilities with determinable future cash flows, it employs immunisation procedures, which allow it to balance the average duration of investments with the average duration of liabilities;
- ensuring the matching of lending and deposit rates;
- ensuring a suitable structure of investments in terms of profitability and duration.

Interest rate risk is measured by means of sensitivity analysis, namely by changes in value of investments in debt financial instruments and value of provisions when interest rates change. The effect of changes in interest rates is presented within the following market risks sensitivity analysis.

## Sensitivity analysis

(in EUR)	CSM	Profit/loss	Equity
<b>31 Dec 2023</b>			
<b>Financial assets</b>			
Change of market interest rate + 50 bp	-	(93,695)	(11,560,965)
Change of market interest rate - 50 bp	-	93,695	11,560,965
<b>Insurance contracts issued - BBA</b>			
Change of interest rate + 50 bps	-	15,718,445	2,829,913
Change of interest rate - 50 bps	-	15,718,445	(3,079,276)
<b>Insurance contracts issued - PAA</b>			
Change of interest rate + 50 bps	-	774,596	3,144,096
Change of interest rate - 50 bps	-	(804,784)	(3,423,593)
<b>Reinsurance contracts issued - PAA</b>			
Change of interest rate + 50 bps	-	(169,764)	(631,342)
Change of interest rate - 50 bps	-	173,543	673,346
<b>Total</b>			
Total increase	-	15,624,750	(8,731,052)
Total decrease	-	15,812,139	8,481,688
<b>31 Dec 2022</b>			
<b>Financial assets</b>			
Change of market interest rate + 50 bp	-	(78,468)	(10,284,028)
Change of market interest rate - 50 bp	-	78,468	10,284,028
<b>Insurance contracts issued - BBA</b>			
Change of interest rate + 50 bps	-	(183,390)	2,632,226
Change of interest rate - 50 bps	-	197,156	(3,277,187)
<b>Insurance contracts issued - VFA</b>			
Change of interest rate + 50 bps	1,194,931	(3,321,515)	-
Change of interest rate - 50 bps	(2,425,646)	4,741,598	-
<b>Insurance contracts issued - PAA</b>			
Change of interest rate + 50 bps	-	674,170	2,689,933
Change of interest rate - 50 bps	-	(708,080)	(2,949,461)
<b>Reinsurance contracts issued - PAA</b>			
Change of interest rate + 50 bps	-	(56,853)	(453,753)
Change of interest rate - 50 bps	-	58,450	493,126
<b>Total</b>			
Total increase	1,194,931	(3,583,374)	(7,651,802)
Total decrease	(2,425,646)	5,017,223	7,006,841

## Interest rate sensitivity analysis

Changes in interest rates mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

Sensitivity Factor	Factor Description
CSM	<ul style="list-style-type: none"> <li>Changes in the amount of the fair value of underlying items of profitable direct participating contracts to which the risk mitigation option is not applied.</li> <li>Changes in fulfilment cash flows of profitable direct participating contracts arising from interest rate guarantees to which the risk mitigation option is not applied.</li> </ul>
Profit or loss	<ul style="list-style-type: none"> <li>Interest revenue and other finance costs on floating-rate financial instruments (assuming that interest rates had varied by 50 basis points during the year).</li> <li>Changes in the fair value of derivatives and fixed-rate financial instruments measured at FVTPL.</li> <li>Changes in the fair value of underlying items of direct participating contracts recognised as insurance finance income or expenses.</li> <li>Changes in the amount of the fair value of underlying items of onerous direct participating contracts.</li> <li>Changes in fulfilment cash flows of onerous direct participating contracts arising from interest rate guarantees.</li> <li>Insurance finance income or expenses recognised in profit or loss for participating and non-life contracts as a result of discounting future cash flows at a revised current rate.</li> <li>The effect of the risk mitigation option recognised in profit or loss.</li> </ul>
Equity	<ul style="list-style-type: none"> <li>Changes in the fair value of fixed-rate financial assets measured at FVOCI.</li> <li>Insurance finance income and expenses recognised in OCI for life risk and life savings contracts as a result of discounting future cash flows at a revised current rate.</li> <li>The effect on profit or loss under Profit or loss.</li> </ul>

## Risk of guaranteed return

The Company ensured prudent management of portfolios to achieve optimum return in relation to risk. In line with the existing portfolio structure, assets were invested primarily in European government bonds and, mainly in life insurance, also in global equity securities. In 2023, the classic life insurance fund achieved a return of 2.75%, which is 19 basis points above the guaranteed one of 2.56%.

With respect to the guarantee fund with a guaranteed return under the PN-A01 pension scheme, the Company did not significantly change the structure of its portfolio, which consists mainly of euro government and corporate

### Actual exposure to risk of guaranteed return

(in EUR)	2023	2022
<b>LIFE INSURANCE</b>		
<b>Traditional life insurance</b>		
Average return on investments for the period	2.75%	4.45%
Average guaranteed return	2.56%	2.71%
<b>Difference in interest rates</b>	<b>0.19%</b>	<b>1.74%</b>
<b>PENSION INSURANCE SCHEME/PLAN</b>		
<b>Pension saving AS Zajamčeni od 60</b>		
Average return on investments for the period	4.11%	-12.88%
Regulatory (guaranteed) return	0.60%	0.05%
<b>Difference in interest rates</b>	<b>3.51%</b>	<b>-12.93%</b>
<b>Pension insurance PN-A01</b>		
Average return on investments for the period	5.96%	-15.65%
Regulatory (guaranteed) return	0.60%	0.05%
<b>Difference in interest rates</b>	<b>5.36%</b>	<b>-15.70%</b>

## Currency risk

Currency risk is the risk that the exchange rate between the domestic currency in which assets are measured and the currency in which the value of individual assets is denominated will fluctuate and, consequently, negatively affect the value of investments.

## Currency risk

(in EUR)	EUR	USD	OTHER	Total
<b>31 Dec 2023</b>				
Financial assets	915,957,099	935,244	3,489,320	920,381,663
Assets from Investment contracts	28,029,856	10,205,317	1,783,739	40,018,912
Financial liabilities	31,255,092	-	-	31,255,092
<b>Insurance and reinsurance contracts</b>				
Liabilities of insurance contracts	821,738,473	-	-	821,738,473
Liabilities of reinsurance contracts	409,738	-	-	409,738
Assets of insurance contracts	27,711,071	-	-	27,711,071
Assets of reinsurance contracts	69,583,759	-	-	69,583,759

(in EUR)	EUR	USD	OTHER	Total
<b>31 Dec 2022</b>				
Financial assets	862,104,186	6,387,968	4,123,224	872,615,377
Assets from Investment contracts	26,338,967	5,653,225	1,105,572	33,097,764
Financial liabilities	30,583,235	-	30,583,235	61,166,469
<b>Insurance and reinsurance contracts</b>				
Liabilities of insurance contracts	752,887,119	-	-	752,887,119
Liabilities of reinsurance contracts	1,550,569	-	-	1,550,569
Assets of insurance contracts	27,091,329	-	-	27,091,329
Assets of reinsurance contracts	28,805,686	-	-	28,805,686

## Sensitivity Analysis

Changes in exchange rates mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

Sensitivity Factor	Factor Description
<b>CSM</b>	<ul style="list-style-type: none"> <li>Changes in the carrying amount of the CSM as a result of translation into the functional currency at the closing rate.</li> <li>Changes in the amount of the fair value of underlying items of profitable direct participating contracts</li> </ul>
<b>Profit or loss</b>	<ul style="list-style-type: none"> <li>Foreign currency gains and losses on insurance and reinsurance contracts that are recognised in profit or loss, including those arising from the translation of the carrying amount of the CSM.</li> <li>Changes in the amount of the fair value of underlying items of onerous direct participating contracts.</li> <li>Foreign currency gains and losses on financial instruments that are recognised in profit or loss.</li> </ul>
<b>Equity</b>	<ul style="list-style-type: none"> <li>Foreign currency gains and losses recognised in OCI.</li> <li>The effect on profit or loss.</li> </ul>

## Currency Risk Sensitivity Analysis 2023

(in EUR)	CSM	Profit/loss	Equity
<b>31 Dec 2023</b>			
<b>Financial assets</b>			
change USD +10%	-	85,022	-
change USD -10%	-	(103,916)	-
<b>Assets from Investment contracts</b>			
change USD +10%	-	927,756	-
change USD -10%	-	(1,133,924)	-
<b>Total</b>			
change USD increase	-	1,012,778	-
change USD za decrease	-	(1,237,840)	-
<b>Financial assets</b>			
change Other +10%	-	317,208	-
change Other -10%	-	(387,699)	-
<b>Assets from Investment contracts</b>			
change Other +10%	-	162,158	-
change Other -10%	-	(198,193)	-
<b>Total</b>			
change Other increase	-	479,366	-
change Other decrease	-	(585,892)	-

## Currency Risk Sensitivity Analysis 2022

(in EUR)	CSM	Profit/loss	Equity
<b>31 Dec 2022</b>			
<b>Financial assets</b>			
change USD +10%	-	580,724	-
change USD -10%	-	(709,774)	-
<b>Assets from Investment contracts</b>			
change USD +10%	-	513,930	-
change USD -10%	-	(628,136)	-
<b>Total</b>			
change USD increase	-	1,094,654	-
change USD za decrease	-	(1,337,910)	-
<b>Financial assets</b>			
change Other +10%	-	374,835	-
change Other -10%	-	(458,132)	-
<b>Assets from Investment contracts</b>			
change Other +10%	-	100,507	-
change Other -10%	-	(122,841)	-
<b>Total</b>			
change Other increase	-	475,342	-
change Other decrease	-	(580,973)	-

The Company is subject to changes in exchange rates that affect its financial position and cash flows. Given that the Republic of Slovenia is in EMU and has the euro as its means of payment, the estimated currency risk of the Company is relatively low. The Company's liabilities are shown in euros and are not exposed to currency risk.

### Sensitivity analysis to changes in exchange rates

The insurance business is taking place in EMU, which mean that liabilities are denominated in EUR. The

#### Exchange rates

(in EUR)	Exchange rate for the last day in 2023	Average exchange rate in 2023	Exchange rate for the last day in 2022	Average exchange rate in 2022
EUR	1.000	1.000	1.000	1.000
USD	1.105	1.081	1.067	1.053
GBP	0.869	0.870	0.887	0.853
CHF	0.926	0.972	0.985	1.005

## 6.2.4 OPERATIONAL RISK AND STRATEGIC RISK

### Operational risk

Operational risk mostly includes the risk of loss as a result of ineffectiveness, failure or errors in the business process implementation, malfunction or non-existence of internal controls. Operational risks may materialise also due to unprofessional, inappropriate or harmful employee behaviour, system or infrastructure malfunction, attempts of internal and external fraud or any other external factors, including amendments to legislation, business interruptions due to natural catastrophes or epidemics, competition, etc.

The key moment for management of operational risks is their identification and assessment, and in the second stage the execution of measures for their minimisation and uninterrupted monitoring of other risks. Risk control, especially that of operational risk, is primarily a responsibility of owners of processes where these risks occur or are related to. The internal control system, internal control reviews and calculations of key risk indicators are used as the primary tool for management of operational risk. The Company adopted the business continuity strategy aimed at a quick recovery of business processes critical for its operations.

Company invests most of its investments in euros and shows low levels of exposure to the currencies. It took measures for the matching of assets and liabilities in foreign currencies aimed at decreasing currency risk.

The following table includes the currency analysis for the three currencies which are more represented in Company transactions.

In the last couple of years, the insurance company has been increasingly actively implementing digital (IT) risk evaluation and management procedures. Guidelines have been adopted that aim to identify actors, address related responsibilities, relationships, and provide methodological and operational guidelines for the implementation of the digital risk management process at the company level. Digital risk management is increasingly being integrated into operational processes, as well as management processes, with the aim of strengthening and expanding comprehensive awareness of exposure to these risks and at the same time improving control systems. The insurance company continues with regular trainings and up-to-date announcements on the topic of safety and fishing campaigns, thereby raising awareness of employees in the field of safety.

### Other risks (strategic and reputational risk)

Strategic risks can occur in the early stages of strategy planning, strategy execution, management and strategic decision-making and supervision of the companies. The realisation of these risks can crucially affect the ability of the Company to reach its strategic goals. In order to eliminate these risks, it is of utmost importance that the Company has clearly determined responsibilities and competences, effective communication and reporting system and constant monitoring of fulfilment of the set goals. In order to manage the strategic risks as effectively as possible, operating categories of the business plan are designed

in line with the Company's accepted risk appetite. Before the final approval, the business plan is being tested in order to find out if the risk appetite and capital adequacy, as required by the Solvency II principles, are reached.

Reputational risk is the risk of potential losses due to deterioration of the reputation or negative perceptions of the Company by customers, business partners, shareholders and supervisors. The Company follows the guidelines of the Generali Group (Italy) regarding the management of the reputational risk and has strict rules regarding communication with the media. In accordance with the requirements of the SII Directive, the Company has appointed a holder of the compliance key function to ensure that the Company operates in accordance with applicable law.

As part of the regular annual review and update of the umbrella Risk Management Policy, the Company included new provisions relating to sustainable risks, as defined by the Commission's Delegated Regulation, in the current version of this Policy.

The new provisions thus provide an explanation of sustainable risks, include them in the map of risks to which the Company is exposed, and define roles and responsibilities regarding the management of sustainable risks. The responsibilities and responsibilities of the key risk management functions now extend to the identification and assessment of sustainable risks related to investment and risk-taking processes, as determined by this and other relevant Company policies and guidelines. The Own Risk and Solvency Assessment Report, which the Company prepared in 2023, has already been prepared in accordance with the provisions of the Regulation and addresses sustainable risks including the results of the climate change scenario exercise.

## 7. NOTES TO INDIVIDUAL ITEMS OF FINANCIAL STATEMENTS

### 7.1 INTANGIBLE ASSETS

#### Intangible assets

(in EUR)	31.12.2023	31.12.2022
Material in rights and licences	62,222	8,888
Software	7,379,261	7,806,365
<b>Total</b>	<b>7,441,483</b>	<b>7,815,253</b>

#### Movements in intangible assets

(in EUR)	Material in rights and licences	Software	ND assets in the process of acquisition	Total
<b>AT COST</b>				
Balance as at 1 Jan 2022	66,666	34,717,717	-	34,784,383
Increases due to acquisition of companies	-	21,384	-	21,384
Direct increases - investments	-	3,151,587	-	3,151,587
Other changes	-	11	-	11
<b>Balance as at 31 Dec 2022</b>	<b>66,666</b>	<b>37,890,699</b>	<b>-</b>	<b>37,957,365</b>
<b>New balance as at 1 Jan 2023</b>				
Direct increases - investments	66,667	2,527,467	-	2,594,134
<b>Balance as at 31 Dec 2023</b>	<b>133,333</b>	<b>40,418,166</b>	<b>-</b>	<b>40,551,499</b>
<b>VALUE ADJUSTMENT</b>				
Balance as at 1 Jan 2022	44,445	27,272,908	-	27,317,352
Increases due to acquisition of companies	-	21,333	-	21,333
Depreciation during the year	-	2,790,093	-	2,790,093
Decreases during the year	13,333	-	-	13,333
<b>Balance as at 31 Dec 2022</b>	<b>57,778</b>	<b>30,084,333</b>	<b>-</b>	<b>30,142,111</b>
<b>New balance as at 1 Jan 2023</b>				
Depreciation during the year	13,333	2,954,571	-	2,967,904
<b>Balance as at 31 Dec 2023</b>	<b>71,111</b>	<b>33,038,904</b>	<b>-</b>	<b>33,110,016</b>
<b>BOOK VALUE</b>				
Balance as at 31 Dec 2022	8,888	7,806,365	-	7,815,253
<b>Balance as at 31 Dec 2023</b>	<b>62,222</b>	<b>7,379,262</b>	<b>-</b>	<b>7,441,483</b>

At the end of 2023, the balance of intangible assets was lower by EUR 373,770 compared to the balance at the end of the previous year, mainly due to the depreciation of the period and write-offs. The increase in 2023 was mainly due to the investments in the purchase and completion of software in the amount of EUR 2,527,467.

Apart from the depreciation of material rights within intangible assets in the amount of EUR 13,333, the Company did not make any other impairments.

As at 31 December 2023, the Company had unsettled operating liabilities to suppliers of intangible assets worth EUR 37,932. The Company has no financial liabilities arising from the purchase of intangible assets, no intangible assets pledged as security, no legal restrictions were put on intangible assets nor were these pledged as collateral for debts. The Company has no internally generated intangible assets and no intangible assets acquired by government grant. All disclosed intangible assets are owned by the Company and are free of encumbrances.

Intangible fixed assets at the disposal of the Company will be definitively depreciated on the basis of certain useful lives and depreciation rates by 2037. The Company uses the straight line method of depreciation and did not change depreciation rates in 2023. Depreciation of intangible assets is recognized in the income statement under operating expenses.

## 7.2 PROPERTY, PLANT AND EQUIPMENT

### Property, plant and equipment

(in EUR)	31.12.2023	31.12.2022
Land and building	20,862,469	21,148,767
Office and other equipment	4,999,367	4,732,785
Property, plant and equipment in process of acquisition	365,841	362,334
Investment in foreign tangible fixed assets	112,480	146,238
<b>Total</b>	<b>26,340,157</b>	<b>26,390,125</b>

### Movements in intangible assets

(in EUR)	Land and building	Office and other equipment	Property, plant and equipment in process of acquisition	Investment in foreign tangible fixed assets	Total
<b>AT COST</b>					
Balance as at 1 Jan 2022	27,371,471	19,963,654	338,550	1,042,388	48,716,062
Direct increases - investments	-	1,080,666	170,022	-	1,250,688
Decreases during the year	-	(535,203)	(146,238)	-	(681,440)
<b>Balance as at 31 Dec 2022</b>	<b>27,371,471</b>	<b>20,509,117</b>	<b>362,334</b>	<b>1,042,388</b>	<b>49,285,309</b>
<b>New balance as at 1 Jan 2023</b>	<b>27,371,471</b>	<b>20,509,117</b>	<b>362,334</b>	<b>1,042,388</b>	<b>49,285,309</b>
Direct increases - investments	-	1,428,249	3,507	2,212	1,433,968
Decreases during the year	-	(875,775)	-	-	(875,775)
<b>Balance as at 31 Dec 2023</b>	<b>27,371,471</b>	<b>21,061,591</b>	<b>365,841</b>	<b>1,044,600</b>	<b>49,843,502</b>
<b>VALUE ADJUSTMENT</b>					
Balance as at 1 Jan 2022	5,936,405	15,124,462	-	837,938	21,898,804
Depreciation during the year	286,299	1,118,652	-	58,212	1,463,163
Decreases during the year	-	(466,782)	-	-	(466,782)
<b>Balance as at 31 Dec 2022</b>	<b>6,222,703</b>	<b>15,776,332</b>	<b>-</b>	<b>896,150</b>	<b>22,895,185</b>
<b>New balance as at 1 Jan 2023</b>	<b>6,222,703</b>	<b>15,776,332</b>	<b>-</b>	<b>896,150</b>	<b>22,895,185</b>
Depreciation during the year	286,299	1,113,231	-	35,970	1,435,499
Decreases during the year	-	(827,339)	-	-	(827,339)
<b>Balance as at 31 Dec 2023</b>	<b>6,509,002</b>	<b>16,062,224</b>	<b>-</b>	<b>932,119</b>	<b>23,503,345</b>
<b>BOOK VALUE</b>					
Balance as at 31 Dec 2022	21,148,767	4,732,785	362,334	146,238	26,390,125
<b>Balance as at 31 Dec 2023</b>	<b>20,862,469</b>	<b>4,999,367</b>	<b>365,841</b>	<b>112,480</b>	<b>26,340,157</b>

At the end of 2023, compared to the previous year, the balance of property, plant and equipment is lower by EUR 49,967 mainly caused by the depreciation and the sale of fixed assets.

Sales in 2023 relate mainly to the sale of means of transport (cars), computer equipment and other assets of lower value. In 2023, the Company totalled a profit of EUR 49,850 from the sale of other property, plant and equipment. All profits from the sale of fixed assets are shown under other operating income.

Despite the lower balance of property, plant and equipment, in 2023 the Company invested mainly in computer equipment in the amount of EUR 1,212,291.

Among fixed assets, as at 31 December 2023, fully depreciated assets worth EUR 34,158,047 (gross carrying amount of these assets) are in use.

As at 31 December 2023, the Company had EUR 7,688 outstanding operating liabilities to suppliers of property, plant and equipment. The Company has no financial liabilities arising from the purchase of property, plant and equipment, no property, plant and equipment pledged as security, no legal restrictions were put on property, plant and equipment nor were these assets pledged as collateral for debt.

With the except of buildings, which have longer useful lives and are expected to be fully depreciated by 2076, it is expected that all other items of property, plant and equipment at the disposal of the Company will be fully depreciated based on the determined useful lives and depreciation rates by the year 2032. The Company applies the straight-line depreciation method and it did not change the depreciation rates in 2023. Depreciation of property, plant and equipment is posted in the income statement among operating costs.

In 2023, the Management assessed whether there were grounds for impairment of the property as described

in sections 5.3. The last appraisal of the recoverable amount of property intended for own use was performed by an external certified appraiser in October 2023.

Based on the assessment, at the end of 2023 there were no signs of impairment of property used for business activity, because no cash-generating unit showed negative results in the last three years.

## 7.3 ASSETS ARISING FROM A LEASE

Assets arising from a lease are disclosed separate item in section 5.4. Lease liabilities are shown as a separate item under the heading of other financial liabilities.

In 2023, the discount rate of 1.8% was used to calculate lease liabilities for cars, 4.5% for parking spaces and a discount rate ranging from 1% to 1.15% for commercial premises. The rates have not changed compared to the previous year.

Assets arising from a lease are depreciated on a straight-line basis over the lease term. Depreciation costs are recognized in operating expenses and interest expenses in other financing expenses.

### Assets arising from lease

(in EUR)	31.12.2023	31.12.2022
At cost value (Assets arising from a lease)	6,674,425	6,341,738
Value adjustment (Assets arising from a lease)	(3,027,664)	(4,133,420)
<b>Book value (Assets arising from a lease)</b>	<b>3,646,761</b>	<b>2,208,318</b>

### Movements in assets arising from lease

(in EUR)	Assets arising from a lease 2023	Assets arising from a lease 2022
<b>AT COST</b>		
Balance as at 1 Jan	6,341,737	6,341,737
Direct increases - investments	4,175,020	1,117,192
Decreases during the year	(3,842,332)	(1,229,164)
<b>Balance as at 31 Dec</b>	<b>6,674,425</b>	<b>6,341,737</b>
<b>VALUE ADJUSTMENT</b>		
Balance as at 1 Jan	4,133,420	2,673,601
Depreciation during the year	2,217,758	2,219,726
Decreases during the year	(3,323,513)	(759,908)
<b>Balance as at 31 Dec</b>	<b>3,027,664</b>	<b>4,133,420</b>
<b>BOOK VALUE</b>		
	<b>3,646,761</b>	<b>2,208,318</b>

### Leases in the statement of financial position

(in EUR)	31.12.2023	31.12.2022
<b>ASSETS</b>		
Right to use real estate (land and buildings)	303,196	289,091
Right to use vehicles	1,014,446	691,133
Rights to use business premises and car parks	2,329,119	1,228,095
Right to use lease assets	3,646,761	2,208,318
<b>LIABILITIES</b>		
Short-term lease liabilities with a term of less than 1 year	339,751	801,088
Long-term lease liabilities with a term between 1 and 5 years	3,352,466	1,453,518
<b>Total lease liabilities</b>	<b>3,692,216</b>	<b>2,254,606</b>

The liabilities as at 31 December 2023 amounted to EUR 3,692,216 and is EUR 1,437,610 higher than in the previous year due to the conclusion of new financial leases, such as new vehicle leases and new parking leases. In 2023, the depreciation of these assets amounted to EUR 2,217,758. EUR 66,785 of financial expenses for lease were recognized for interest from the lease.

### Leases in the income statement

(in EUR)	2023	2022
<b>Profit or loss - Leases</b>		
Lease income	777,200	689,641
Total income	777,200	689,641
Operating expenses	(79,213)	(86,907)
Short-term lease expense and low-value lease expense	(79,213)	(86,907)
Depreciation of the right of use	(2,217,758)	(2,219,726)
Right to use real estate (land and buildings)	(235,593)	(306,293)
Right to use vehicles	(563,641)	(480,923)
Rights to use business premises and car parks	(1,418,524)	(1,432,509)
Other expenses	(66,785)	(54,567)
Financial expenses for lease interests	(66,785)	(54,567)
<b>Total expenses</b>	<b>(2,363,756)</b>	<b>(2,361,201)</b>
<b>Profit or loss recognized in financing</b>	<b>(1,586,556)</b>	<b>(1,497,745)</b>

As a lessor, the Company mainly has operating leases. Lease assets are mainly investment property (Section 7.4), while to a lesser extent rents relate to the lease of fixed assets and leased premises (sublease agreements). Lease agreements are mostly concluded for an indefinite period with the possibility of cancellation. Lessees do not have the option to purchase the property after the end of the lease.

## 7.4 INVESTMENT PROPERTIES

### Investment properties

(in EUR)	31.12.2023	31.12.2022
At cost value Investment property	14,839,954	14,816,430
Value adjustment Investment property	(5,091,058)	(4,930,522)
<b>Book value Investment property</b>	<b>9,748,897</b>	<b>9,885,908</b>

## Movements in investment properties

(in EUR)	31.12.2023	31.12.2022
<b>AT COST VALUE</b>		
Balance as at 1 Jan	14,816,430	14,893,450
Direct increases - investments	23,524	21,994
Decreases during the year	-	(99,015)
<b>As at 31 Dec</b>	<b>14,839,954</b>	<b>14,816,430</b>
<b>VALUE ADJUSTMENT</b>		
Balance as at 1 Jan	4,930,522	4,828,673
Depreciation in the financial year	160,536	160,869
Decreases during the year	-	(59,020)
<b>As at 31 Dec</b>	<b>5,091,058</b>	<b>4,930,522</b>
<b>BOOK VALUE</b>		
<b>As at 31 Dec</b>	<b>9,748,897</b>	<b>9,885,908</b>

The Company leases entire investment properties or business premises of investment properties. All operating leases can be cancelled. Rents are charged at market prices and are re-assessed if necessary. Lease agreements are generally concluded for an indefinite period.

The lowest rent charged for business premises EUR 157 and the lowest rent per m<sup>2</sup> is 4,21 EUR/m<sup>2</sup> while in 2023 the average rent for business premises was 12 EUR/m<sup>2</sup>.

After investments in the renovation of business premises and the depreciation of buildings, the balance of investment properties decreased by EUR 137,011 at the end of 2023 compared to the previous year.

In 2023, the Management assessed whether there were basis for impairment of investment property as described in Section 5.3. The last appraisal of the fair amount of investment property for December 2023 was carried out by an external certified appraiser in October 2023, applying the market approach (the direct sales comparison method) and the income approach (the direct yield capitalisation method).

In the direct sales comparison method, the fair value was assessed based on market data arising from comparable transactions of similar property.

In the income approach (the direct yield capitalisation method), the fair value was assessed using the capitalisation

rate (discount rate) ranging between 9.7% and 11.1%. The capitalisation rate was assessed based on market returns.

Based on the appraisal, at the end of 2023 the Company management assessed that no impairment of investment property was necessary at 2023 year-end.

The fair value of investment property as at 31 December 2023 was EUR 11,077,000 and was higher than the carrying amount of EUR 9,748,897.

The straight-line depreciation is used for the depreciation of investment property; in 2023 no changes were made to depreciation rates. Depreciation of investment property is recognised in the income statement under the other finance income and expenses.

The Company has no investment properties pledged as security, no legal restrictions were put on them nor were they pledged as collateral for debt.

## Income and expenses from investment properties

(in EUR)	2023	2022
Revenues from investment properties	777,200	765,023
Other revenues arising from rents charged on investment properties	777,200	689,641
Gains on the disposal of investment properties	-	75,382
Expenses for investment properties	(620,316)	(614,685)
Depreciation	(160,536)	(160,869)
Direct operating expenses for investment properties that generate rental income	(459,760)	(444,217)
Direct operating expenses for investment properties that do not generate rental income	(20)	(9,598)

## 7.5 FINANCIAL INVESTMENTS IN COMPANIES AND ASSOCIATES

Generali classifies among subsidiaries those companies in which it has, directly or indirectly, more than 50% of the voting rights or has any other power to control their

business. In 2023, the control of all subsidiaries was based on a majority or 100% share of voting rights.

### Interests in subsidiaries and associates

	total share (%) 31.12.2023	total share (%) 31.12.2022	Δ%	Comments
<b>Subsidiaries</b>				
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	100.00	100.00		
Generali Investments, družba za upravljanje, d.o.o. Ljubljana	-	100.00	(100)	Sale of the share
LEV Registracija d.o.o.	100.00	100.00		
<b>Associated companies</b>				
NAMA trgovsko podjetje d.d., Slovenia	48.51	48.51		
MEDIFIT d.o.o., Slovenia	24.99	24.99		

\* The share of voting rights is equal to equity interest.

### Carrying amount of the equity interest

	Book value	2023	2022
<b>Subsidiaries</b>			
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	309,162	159,162	
Generali Investments, družba za upravljanje, d.o.o. Ljubljana	-	29,326,008	
LEV Registracija d.o.o.	164,783	114,783	
<b>Total</b>	<b>473,945</b>	<b>29,599,952</b>	
<b>Associated companies</b>			
NAMA trgovsko podjetje d.d., Slovenia	11,705,901	11,705,901	
MEDIFIT d.o.o., Slovenia	32,148	32,148	
<b>Total</b>	<b>11,738,050</b>	<b>11,738,050</b>	

The balance of investments in subsidiaries decreased in 2023 compared to 2022 by EUR 29,126,008. This decrease was primarily due to the demerger of the share of the subsidiary Generali Investments d.o.o. in amount of EUR 29,326,008.

However, there was also increase attributable to capital increase in subsidiaries LEV Registracija d.o.o. (EUR 50,000) and Ambulanta Zdravje d.o.o. (EUR 150,000).

## Changes in subsidiaries and associates

### Movement in investments in subsidiaries and associates

(in EUR)	2023	2022
<b>Subsidiaries</b>		
As at 1 January	29,599,952	31,641,110
Capital increase	200,000	50,000
Decreases during the year	(29,326,008)	(2,091,158)
<b>As at 31 December</b>	<b>473,945</b>	<b>29,599,952</b>
<b>Associates</b>		
As at 1 January	11,738,050	11,738,050
<b>As at 31 December</b>	<b>11,738,050</b>	<b>11,738,050</b>

### LEV Registracija d.o.o.

In 2023, the Insurance Company converted loan assets of EUR 50,000 into a shareholding in the subsidiary, LEV Registracija d.o.o.

### Ambulanta ZDRAVJE zdravstvene storitve d.o.o.

In 2023, GENERALI zavarovalnica d.o.d. made capital increase in the subsidiary Ambulanta Zdravje d.o.o. in the amount of EUR 150,000.

### Generali Investments, družba za upravljanje, d.o.o. Slovenia

In early 2023, GENERALI zavarovalnica d.o.d. decided to demerge part of the business. 100% stake of Generali Investment d.o.o. was demerged into the new company Generali Investments SI d.o.o.

## NAMA d.d.

Investments in associates are recognised in the Company financial statements at cost. For the purpose of financial reporting and potential impairments of investment in the associate NAMA d.d., the Company measures the recoverable amount of the investment based on appraisals performed by external appraisers. In 2023, external appraisers performed an appraisal as at 30 June 2023.

Measuring of the recoverable amount is made using the net asset value method, whereby the recoverable amount of properties owned by NAMA d.d. was assessed on the basis of the market approach and the income approach using the following assumptions:

- required rate of return on equity: 11.5%,
- required rate of return on debt: 6.0%,
- required rate of return on total (equity + debt) capital WACC: 9.3%,
- control premium 0%,
- liquidity discount rate in the range between 14.3% in 25%.

In line with the company strategy, the company may, in addition to performing its principal activity, also lease and sell Nama's real property. Pursuant to the appraisal, the Management assessed that no impairments were required in 2023.

## 7.6 FINANCIAL INVESTMENTS

### Financial investment assets

(in EUR)	31.12.2023	31.12.2022
<b>Financial assets measured at fair value through profit or loss (FVTPL)</b>	<b>425,706,245</b>	<b>401,268,292</b>
Equity securities	5,033,881	4,636,293
Non-listed securities	5,033,881	4,636,293
Debt securities	46,108,371	65,773,520
Other bonds	46,108,371	65,773,520
Listed securities	45,787,785	65,387,954
Non-listed securities	320,586	385,566
Investment funds	374,563,993	330,858,479
Listed securities	347,817,776	307,985,620
Non-listed securities	26,746,217	22,872,859
<b>FI measured at fair value through other comprehensive income (FVTOCI)</b>	<b>494,506,677</b>	<b>481,294,880</b>
Equity securities	15,266,756	14,903,015
Listed securities	31	35
Non-listed securities	15,266,726	14,902,980
Debt securities	466,004,318	445,152,110
Government bonds	351,896,496	321,875,547
Listed securities	351,896,496	321,875,547
Other bonds	114,107,822	123,276,564
Listed securities	89,712,266	101,065,135
Non-listed securities	24,395,556	22,211,429
Investment funds	13,235,603	10,619,877
Listed securities	13,235,603	10,619,877
<b>At amortised costs (AC)</b>	<b>168,740</b>	<b>672,083</b>
<b>Loans and deposits</b>	<b>168,740</b>	<b>672,083</b>
Loans	113,944	245,906
Deposits	54,797	426,177
<b>Total</b>	<b>920,381,663</b>	<b>872,615,377</b>

At the end of 2023, the value of financial investments assets increased by EUR 47,766,286 compared to the previous year. This was mainly influenced by favourable developments in the capital markets (debt and equity).

Note: The property and financial information on the subsidiaries and associates are taken from financial statements, prepared by these companies and are unaudited for the current year.

### Financial assets where the investment risk is borne by policyholder

(in EUR)	31.12.2023	31.12.2022
<b>Financial assets measured at fair value through profit or loss (FVTPL)</b>	<b>390,056,114</b>	<b>364,912,988</b>
Debt securities	43,984,573	60,826,767
Other bonds	43,984,573	60,826,767
Listed securities	43,663,987	60,441,201
Non-listed securities	320,586	385,566
Investment funds	346,071,542	304,086,221
Listed securities	345,567,666	304,086,221
Non-listed securities	503,876	-
<b>Total</b>	<b>390,056,114</b>	<b>364,912,988</b>

### Financial assets and ECL allocation

(in EUR)	Stage 1	Stage 2	Stage 3	Total	Total
				31.12.2023	31.12.2022
<b>INVESTMENTS</b>					
Financial assets at fair value through other comprehensive income (FVOCI)	466,004,318	-	-	466,004,318	445,152,110
Corporate bonds	114,107,822	-	-	114,107,822	123,276,564
Government bonds	351,896,496	-	-	351,896,496	321,875,547
<b>Financial assets at amortised cost (AC)</b>	<b>168,740</b>	<b>-</b>	<b>-</b>	<b>168,740</b>	<b>672,083</b>
Deposits and loans	168,740	-	-	168,740	672,083
<b>ECL</b>					
Financial assets at fair value through other comprehensive income (FVOCI)	(284,490)	-	-	(284,490)	(683,585)
Corporate bonds	(195,062)	-	-	(195,062)	(429,161)
Government bonds	(89,427)	-	-	(89,427)	(254,424)
<b>Financial assets at amortised cost (AC)</b>	<b>(168)</b>	<b>-</b>	<b>-</b>	<b>(168)</b>	<b>(1,770)</b>
Deposits and loans	(168)	-	-	(168)	(1,770)
<b>Total ECL</b>	<b>(284,657)</b>	<b>-</b>	<b>-</b>	<b>(284,657)</b>	<b>(685,356)</b>

Total ECL in 2023 decreased by EUR 400,699 compared to the previous year, mainly due to favourable condition on capital markets.

### Movement in financial investments

(in EUR)	At fair value through profit or loss (FVTPL)	At fair value through other comprehensive income (FVOCI)	At amortised costs (AC)	Total
<b>Balance 1. 1. 2022</b>	<b>459,976,967</b>	<b>525,403,796</b>	<b>887,826</b>	<b>986,268,589</b>
Increase	64,220,394	106,048,151	50,000	170,318,545
Changes in fair value (+/-) through P&L	(56,737,276)	-	-	(56,737,276)
Changes in fair value (+/-) through other comprehensive income	-	(73,213,419)	-	(73,213,419)
Exchange rate differences	76,799	300,497	-	377,295
Change due to interests	-	(609,617)	(21,905)	(631,522)
Expected Credit Loss (ECL)	-	-	(296)	(296)
Decrease	(66,268,592)	(87,254,405)	(243,542)	(153,766,539)
<b>Balance 31.12.2022</b>	<b>401,268,292</b>	<b>470,675,003</b>	<b>672,083</b>	<b>872,615,377</b>
<b>Balance 1. 1. 2023</b>	<b>401,268,292</b>	<b>470,675,003</b>	<b>672,083</b>	<b>872,615,377</b>
Increase	43,002,856	64,882,158	-	107,885,014
Changes in fair value (+/-) through P&L	37,784,681	-	-	37,784,681
Changes in fair value (+/-) through other comprehensive income	-	24,584,237	-	24,584,237
Exchange rate differences	(44,222)	(53,527)	-	(97,749)
Change due to interest	(45)	206,132	(6,935)	199,151
Expected Credit Loss (ECL)	-	-	635	635
Decrease	(56,305,316)	(65,787,325)	(497,041)	(122,589,683)
<b>Balance 31.12.2023</b>	<b>425,706,245</b>	<b>494,506,677</b>	<b>168,740</b>	<b>920,381,663</b>

### Insurance and reinsurance contracts

(in EUR)	2023	2022
Insurance contract assets	(27,711,071)	(27,091,329)
Non-life insurance PAA	(6,285)	(48,554)
Life insurance BBA	(27,704,786)	(27,042,775)
Insurance contract liabilities	821,738,474	752,887,120
Non-life insurance PAA	294,381,570	255,989,693
Life insurance BBA	120,832,717	119,529,744
Life insurance VFA	406,524,186	377,367,683
Reinsurance contract assets	(69,583,759)	(28,805,686)
Non-life insurance PAA	(69,583,759)	(28,805,686)
Reinsurance contract liabilities	(97,318)	167,105
Non-life insurance PAA	(97,318)	167,105

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered) settled more than 12 months after the reporting date.

## 7.7 INSURANCE AND REINSURANCE CONTRACTS

Insurance contracts – life insurance 31.12.2023

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Risk adjustment (Excluding loss component)	Risk adjustment (Loss component)	Contractual service margin	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>(404,580,751)</b>	<b>(1,081,985)</b>	<b>(10,568,158)</b>	<b>(3,963)</b>	<b>(66,696,026)</b>	<b>(482,930,883)</b>	<b>(5,397,145)</b>	<b>-</b>	<b>(5,397,145)</b>	<b>(11,324,090)</b>	<b>(499,652,117)</b>
Insurance contracts - life insurance FVA	-	-	-	-	(42,400,144)	(42,400,144)	-	-	-	-	(42,400,144)
Insurance contracts - life insurance MRA	-	-	-	-	(6,592,696)	(6,592,696)	-	-	-	-	(6,592,696)
Other insurance contracts	-	-	-	-	(17,703,186)	(17,703,186)	-	-	-	-	(17,703,186)

Insurance contracts – life insurance 31.12.2022

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Risk adjustment (Excluding loss component)	Risk adjustment (Loss component)	Contractual service margin	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>(385,559,518)</b>	<b>(1,164,100)</b>	<b>(9,379,659)</b>	<b>(7,646)</b>	<b>(61,383,503)</b>	<b>(457,494,427)</b>	<b>(9,385,789)</b>	<b>-</b>	<b>(9,385,789)</b>	<b>(2,974,436)</b>	<b>(469,854,652)</b>
Insurance contracts - life insurance FVA	-	-	-	-	(45,984,699)	(45,984,699)	-	-	-	-	(45,984,699)
Insurance contracts - life insurance MRA	-	-	-	-	(7,101,485)	(7,101,485)	-	-	-	-	(7,101,485)
Other insurance contracts	-	-	-	-	(8,297,319)	(8,297,319)	-	-	-	-	(8,297,319)

Insurance contracts – life insurance – end of period 31.12.2023

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Risk adjustment (Excluding loss component)	Risk adjustment (Loss component)	Contractual service margin	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Balance of insurance contracts issued that are assets</b>	<b>68,355,928</b>	<b>-</b>	<b>(5,251,466)</b>	<b>-</b>	<b>(28,179,749)</b>	<b>34,924,713</b>	<b>(4,259,403)</b>	<b>-</b>	<b>(4,259,403)</b>	<b>(2,960,524)</b>	<b>27,704,786</b>
Balance of insurance contracts issued that are assets BBA	68,355,928	-	(5,251,466)	-	(28,179,749)	34,924,713	(4,259,403)	-	(4,259,403)	(2,960,524)	27,704,786
Balance of insurance contracts issued that are assets VFA	-	-	-	-	-	-	-	-	-	-	-
<b>Balance of insurance contracts issued that are liabilities</b>	<b>(472,936,679)</b>	<b>(1,081,985)</b>	<b>(5,316,692)</b>	<b>(3,963)</b>	<b>(38,516,277)</b>	<b>(517,855,596)</b>	<b>(1,137,742)</b>	<b>-</b>	<b>(1,137,742)</b>	<b>(8,363,566)</b>	<b>(527,356,903)</b>
Balance of insurance contracts issued that are liabilities BBA	(111,756,900)	-	(708,777)	-	(6,778,876)	(119,244,552)	(569,727)	-	(569,727)	(1,018,438)	(120,832,717)
Balance of insurance contracts issued that are liabilities VFA	(361,179,779)	(1,081,985)	(4,607,915)	(3,963)	(31,737,401)	(398,611,044)	(568,015)	-	(568,015)	(7,345,128)	(406,524,186)

Insurance contracts – life insurance – end of period 31.12.2022

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Risk adjustment (Excluding loss component)	Risk adjustment (Loss component)	Contractual service margin	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Balance of insurance contracts issued that are assets</b>	<b>63,161,446</b>	<b>(62,380)</b>	<b>(4,861,245)</b>	<b>(3,112)</b>	<b>(24,489,467)</b>	<b>33,745,241</b>	<b>(6,849,744)</b>	<b>-</b>	<b>(6,849,744)</b>	<b>147,278</b>	<b>27,042,775</b>
Balance of insurance contracts issued that are assets BBA	63,161,446	(62,380)	(4,861,245)	(3,112)	(24,489,467)	33,745,241	(6,849,744)	-	(6,849,744)	147,278	27,042,775
Balance of insurance contracts issued that are assets VFA	-	-	-	-	-	-	-	-	-	-	-
<b>Balance of insurance contracts issued that are liabilities</b>	<b>(448,720,965)</b>	<b>(1,101,720)</b>	<b>(4,518,414)</b>	<b>(4,534)</b>	<b>(36,894,036)</b>	<b>(491,239,668)</b>	<b>(2,536,044)</b>	<b>-</b>	<b>(2,536,044)</b>	<b>(3,121,715)</b>	<b>(496,897,427)</b>
Balance of insurance contracts issued that are liabilities BBA	(109,177,807)	-	(718,295)	-	(8,225,478)	(118,121,580)	(979,395)	-	(979,395)	(428,769)	(119,529,744)
Balance of insurance contracts issued that are liabilities VFA	(339,543,158)	(1,101,720)	(3,800,118)	(4,534)	(28,668,558)	(373,118,088)	(1,556,650)	-	(1,556,650)	(2,692,945)	(377,367,683)

### Reinsurance contracts - life insurance 31.12.2023

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Risk adjustment (Excluding loss component)	Risk adjustment (Loss component)	Contractual service margin	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>933,045</b>	-	-	-	-	<b>933,045</b>	<b>825,295</b>	-	<b>825,295</b>	<b>(2,050,256)</b>	<b>(291,915)</b>
Balance of insurance contracts issued that are assets	-	-	-	-	-	-	-	-	-	-	-
Balance of insurance contracts issued that are liabilities	933,045	-	-	-	-	933,045	825,295	-	825,295	(2,050,256)	(291,915)

### Reinsurance contracts - life insurance 31.12.2022

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Risk adjustment (Excluding loss component)	Risk adjustment (Loss component)	Contractual service margin	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>1,107,246</b>	-	-	-	-	<b>1,107,246</b>	<b>317,857</b>	-	<b>317,857</b>	<b>(2,808,566)</b>	<b>(1,383,463)</b>
Balance of insurance contracts issued that are assets	-	-	-	-	-	-	-	-	-	-	-
Balance of insurance contracts issued that are liabilities	1,107,246	-	-	-	-	1,107,246	317,857	-	317,857	(2,808,566)	(1,383,463)

### Insurance contracts – direct - non-life insurance 31.12.2023

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Insurance acquisition cash flows	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>(138,597,471)</b>	<b>(2,254,374)</b>	<b>9,148,822</b>	<b>(131,703,022)</b>	<b>(212,080,213)</b>	<b>(6,637,705)</b>	<b>(218,717,918)</b>	<b>59,928,475</b>	<b>(290,492,465)</b>
Balance of insurance contracts issued that are assets	-	-	-	-	-	-	-	-	-
Balance of insurance contracts issued that are liabilities	(138,597,471)	(2,254,374)	9,148,822	(131,703,022)	(212,080,213)	(6,637,705)	(218,717,918)	59,928,475	(290,492,465)

### Insurance contracts - direct - non-life insurance 31.12.2022

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Insurance acquisition cash flows	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>(128,495,753)</b>	<b>(1,909,158)</b>	<b>7,804,466</b>	<b>(122,600,445)</b>	<b>(183,001,837)</b>	<b>(5,840,645)</b>	<b>(188,842,482)</b>	<b>58,941,917</b>	<b>(252,501,011)</b>
Balance of insurance contracts issued that are assets	-	-	-	-	-	-	-	-	-
Balance of insurance contracts issued that are liabilities	(128,495,753)	(1,909,158)	7,804,466	(122,600,445)	(183,001,837)	(5,840,645)	(188,842,482)	58,941,917	(252,501,011)

### Insurance contracts - assumed - non-life insurance 31.12.2023

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Insurance acquisition cash flows	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>(917,592)</b>	-	-	<b>(917,592)</b>	<b>(3,069,686)</b>	<b>(257,711)</b>	<b>(3,327,398)</b>	<b>355,885</b>	<b>(3,889,105)</b>
Balance of insurance contracts issued that are assets	-	-	-	-	-	-	-	-	-
Balance of insurance contracts issued that are liabilities	(917,592)	-	-	(917,592)	(3,069,686)	(257,711)	(3,327,398)	355,885	(3,889,105)

Insurance contracts - assumed - non-life insurance 31.12.2022

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Insurance acquisition cash flows	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>(889,727)</b>	-	-	<b>(889,727)</b>	<b>(2,837,308)</b>	<b>(162,686)</b>	<b>(2,999,994)</b>	<b>401,039</b>	<b>(3,488,682)</b>
Balance of insurance contracts issued that are assets	-	-	-	-	-	-	-	-	-
Balance of insurance contracts issued that are liabilities	<b>(889,727)</b>	-	-	<b>(889,727)</b>	<b>(2,837,308)</b>	<b>(162,686)</b>	<b>(2,999,994)</b>	<b>401,039</b>	<b>(3,488,682)</b>

Reinsurance contracts held - ceded - non-life insurance 31.12.2023

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Insurance acquisition cash flows	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>1,007,909</b>	<b>430,012</b>	-	<b>1,437,921</b>	<b>52,124,653</b>	<b>1,979,150</b>	<b>54,103,803</b>	<b>12,531,639</b>	<b>68,073,363</b>
Balance of insurance contracts issued that are assets	992,060	430,012	-	1,422,072	52,060,156	1,979,150	54,039,306	12,701,676	68,163,054
Balance of insurance contracts issued that are liabilities	<b>15,849</b>	-	-	<b>15,849</b>	<b>64,497</b>	-	<b>64,497</b>	<b>(170,037)</b>	<b>(89,690)</b>

Reinsurance contracts held - ceded - non-life insurance 31.12.2022

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Insurance acquisition cash flows	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>930,082</b>	<b>78,617</b>	-	<b>1,008,699</b>	<b>27,211,237</b>	<b>1,075,684</b>	<b>28,286,921</b>	<b>(2,100,050)</b>	<b>27,195,570</b>
Balance of insurance contracts issued that are assets	926,111	78,617	-	1,004,728	27,149,509	1,074,370	28,223,878	(1,905,488)	27,323,118
Balance of insurance contracts issued that are liabilities	<b>3,971</b>	-	-	<b>3,971</b>	<b>61,728</b>	<b>1,315</b>	<b>63,043</b>	<b>(194,561)</b>	<b>(127,548)</b>

Reinsurance contracts held - retroceded - non-life insurance 31.12.2023

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Insurance acquisition cash flows	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>25,552</b>	-	-	<b>25,552</b>	<b>1,337,236</b>	<b>171,642</b>	<b>1,508,879</b>	<b>(141,857)</b>	<b>1,392,573</b>
Balance of insurance contracts issued that are assets	25,552	-	-	25,552	1,337,236	171,642	1,508,879	(113,725)	1,420,705
Balance of insurance contracts issued that are liabilities	-	-	-	-	-	-	-	(28,132)	(28,132)

Reinsurance contracts held - retroceded - non-life insurance 31.12.2022

(in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Insurance acquisition cash flows	Liability for remaining coverage (LRC)	Liabilities for incurred claims - Present value of the future cash flows	Liabilities for incurred claims (LIC) - Risk adjustment (RA)	Liability for incurred claims (LIC)	Other	Total
<b>Total</b>	<b>29,418</b>	-	-	<b>29,418</b>	<b>1,465,315</b>	<b>86,820</b>	<b>1,552,134</b>	<b>(138,542)</b>	<b>1,443,011</b>
Balance of insurance contracts issued that are assets	29,418	-	-	29,418	1,465,315	86,820	1,552,134	(98,984)	1,482,568
Balance of insurance contracts issued that are liabilities	-	-	-	-	-	-	-	(39,558)	(39,558)

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and other comprehensive income OCI. For each segment, the insurance presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and other comprehensive income OCI.

#### Insurance contracts - non-life insurance PAA 31.12.2023

Insurance contracts - non-life insurance PAA (in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Total LRC	Liabilities for incurred claims (Estimates of the present value of the future cash flows)	Liabilities for incurred claims (Risk adjustment for non-financial risk)	Total LIC	Total 31.12.2023
Opening balance insurance contracts issued that are liabilities	51,461,724	1,909,158	53,370,882	196,615,479	6,003,331	202,618,811	255,989,693
Opening balance insurance contracts issued that are assets	(63,978)	-	(63,978)	15,424	-	15,424	(48,554)
<b>Net opening balance as per 1. 1. 2023</b>	<b>51,397,746</b>	<b>1,909,158</b>	<b>53,306,904</b>	<b>196,630,903</b>	<b>6,003,331</b>	<b>202,634,234</b>	<b>255,941,139</b>
<b>Insurance contract revenue</b>	<b>(386,115,412)</b>	<b>-</b>	<b>(386,115,412)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(386,115,412)</b>
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	401,164,903	-	401,164,903	401,164,903
Changes related to past services (e.g. adj in cf related to the liability for incurred claims)	-	-	-	22,435,939	690,152	23,126,091	23,126,091
Losses and reversals of losses on onerous contracts	-	345,216	345,216	-	-	-	345,216
Amortisation of insurance acquisition cash flows	(1,258,025)	-	(1,258,025)	-	-	-	(1,258,025)
<b>Insurance service expenses</b>	<b>(1,258,025)</b>	<b>345,216</b>	<b>(912,810)</b>	<b>423,600,842</b>	<b>690,152</b>	<b>424,290,994</b>	<b>423,378,184</b>
<b>Insurance service result</b>	<b>(387,373,438)</b>	<b>345,216</b>	<b>(387,028,222)</b>	<b>423,600,842</b>	<b>690,152</b>	<b>424,290,994</b>	<b>37,262,772</b>
Net finance expenses from insurance contracts	1,204,871	-	1,204,871	6,875,560	202,072	7,077,632	8,282,502
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(386,168,567)</b>	<b>345,216</b>	<b>(385,823,351)</b>	<b>430,476,401</b>	<b>892,224</b>	<b>431,368,625</b>	<b>45,545,274</b>
Premiums received	426,882,520	-	426,882,520	-	-	-	426,882,520
Claims and other insurance service expenses paid, including investment components	-	-	-	(401,160,406)	-	(401,160,406)	(401,160,406)
Insurance acquisition cash flows	(32,833,242)	-	(32,833,242)	-	-	-	(32,833,242)
<b>Total cash flows</b>	<b>394,049,278</b>	<b>-</b>	<b>394,049,278</b>	<b>(401,160,406)</b>	<b>-</b>	<b>(401,160,406)</b>	<b>(7,111,127)</b>
<b>Net closing balance as per 31. 12. 2023</b>	<b>59,278,457</b>	<b>2,254,374</b>	<b>61,532,831</b>	<b>225,946,899</b>	<b>6,895,555</b>	<b>232,842,454</b>	<b>294,375,285</b>
Closing balance insurance contracts issued that are liabilities	59,291,148	2,254,374	61,545,521	225,940,633	6,895,416	232,836,049	294,381,570
Closing balance insurance contracts issued that are assets	(12,690)	-	(12,690)	6,266	139	6,405	(6,285)
<b>Net closing balance as per 31. 12. 2023</b>	<b>59,278,457</b>	<b>2,254,374</b>	<b>61,532,831</b>	<b>225,946,899</b>	<b>6,895,555</b>	<b>232,842,454</b>	<b>294,375,285</b>

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

Analysis by remaining coverage and incurred claims for non life insurance contracts.

#### Insurance contracts - non-life insurance PAA 2022

Insurance contracts - non-life insurance PAA (in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Total LRC	Liabilities for incurred claims (Estimates of the present value of the future cash flows)	Liabilities for incurred claims (Risk adjustment for non-financial risk)	Total LIC	31.12.2022
Opening balance insurance contracts issued that are liabilities	48,782,034	1,499,408	50,281,441	198,071,083	2,760,544	200,831,627	251,113,068
Opening balance insurance contracts issued that are assets	(6,456)	-	(6,456)	(6,305)	-	(6,305)	(12,761)
<b>Net opening balance as per 1.1.</b>	<b>48,775,578</b>	<b>1,499,408</b>	<b>50,274,985</b>	<b>198,064,778</b>	<b>2,760,544</b>	<b>200,825,322</b>	<b>251,100,307</b>
<b>Insurance contract revenue</b>	<b>(384,962,494)</b>	<b>-</b>	<b>(384,962,494)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(384,962,494)</b>
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	-	-	332,824,506	332,824,506
Changes related to past services (e.g. adj in cf related to the liability for incurred claims)	-	-	-	13,469,281	3,258,108	16,727,390	16,727,390
Losses and reversals of losses on onerous contracts	-	409,750	409,750	-	-	-	409,750
Amortisation of insurance acquisition cash flows	27,993,159	-	27,993,159	-	-	-	27,993,159
<b>Insurance service expenses</b>	<b>27,993,159</b>	<b>409,750</b>	<b>28,402,909</b>	<b>346,293,787</b>	<b>3,258,108</b>	<b>349,551,896</b>	<b>377,954,804</b>
<b>Insurance service result</b>	<b>(356,969,336)</b>	<b>409,750</b>	<b>(356,559,586)</b>	<b>346,293,787</b>	<b>3,258,108</b>	<b>349,551,896</b>	<b>(7,007,690)</b>
Net finance expenses from insurance contracts	1,300,347	-	1,300,347	(18,198,755)	(15,321)	(18,214,076)	(16,913,729)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(355,668,989)</b>	<b>409,750</b>	<b>(355,259,239)</b>	<b>328,095,032</b>	<b>3,242,788</b>	<b>331,337,819</b>	<b>(23,921,419)</b>
Premiums received	388,003,262	-	388,003,262	-	-	-	388,003,262
Claims and other insurance service expenses paid, including investment components	-	-	-	(329,528,907)	-	(329,528,907)	(329,528,907)
Insurance acquisition cash flows	(29,712,105)	-	(29,712,105)	-	-	-	(29,712,105)
<b>Total cash flows</b>	<b>358,291,158</b>	<b>-</b>	<b>358,291,158</b>	<b>(329,528,907)</b>	<b>-</b>	<b>(329,528,907)</b>	<b>28,762,251</b>
<b>Net closing balance as per 31.12.</b>	<b>51,397,746</b>	<b>1,909,158</b>	<b>53,306,904</b>	<b>196,630,903</b>	<b>6,003,331</b>	<b>202,634,234</b>	<b>255,941,139</b>
Closing balance insurance contracts issued that are liabilities	51,461,724	1,909,158	53,370,882	196,615,479	6,003,331	202,618,811	255,989,693
Closing balance insurance contracts issued that are assets	(63,978)	-	(63,978)	15,424	-	15,424	(48,554)
<b>Net closing balance as per 31.12.</b>	<b>51,397,746</b>	<b>1,909,158</b>	<b>53,306,904</b>	<b>196,630,903</b>	<b>6,003,331</b>	<b>202,634,234</b>	<b>255,941,139</b>

Below we present analysis by remaining coverage and incurred claims for non life reinsurance contracts.

### Reinsurance contracts - non-life insurance PAA 31.12.2023

Reinsurance contracts - non-life insurance PAA (in EUR)	Assets for remaining coverage (Excluding loss-recovery component)	Loss-recovery component	Total ARC	Assets for incurred claims (Estimates of the present value of the future cash flows)	Assets for incurred claims (Risk adjustment for non-financial risk)	Total AIC	31.12.2023	Total
Opening balance reinsurance contracts held that are liabilities	304,331	-	304,331	(135,911)	(1,315)	(137,226)	167,105	
Opening balance reinsurance contracts held that are assets	6,128,596	(78,617)	6,049,980	(33,694,476)	(1,161,189)	(34,855,666)	(28,805,686)	
<b>Net opening balance as per 1. 1. 2023</b>	<b>6,432,927</b>	<b>(78,617)</b>	<b>6,354,311</b>	<b>(33,830,388)</b>	<b>(1,162,504)</b>	<b>(34,992,892)</b>	<b>(28,638,581)</b>	
<b>Insurance contract revenue ceded to reinsurers</b>	<b>27,420,400</b>	-	<b>27,420,400</b>	-	-	-	<b>27,420,400</b>	
Insurance claims and insurance operating expenses recovered from reinsurers	(1,348,777)	-	(1,348,777)	(30,884,403)	-	(30,884,403)	(32,233,181)	
Changes in amounts recoverable arising from changes in assets for incurred claims	-	-	-	(24,014,644)	(949,158)	(24,963,802)	(24,963,802)	
Changes in fulfilment cash flows which relates to onerous underlying contracts	-	(351,395)	(351,395)	-	-	-	(351,395)	
Total amounts recoverable from reinsurers	(1,348,777)	(351,395)	(1,700,173)	(54,899,047)	(949,158)	(55,848,205)	(57,548,378)	
<b>Net Income/Expense from reinsurance contract held</b>	<b>26,071,623</b>	<b>(351,395)</b>	<b>25,720,227</b>	<b>(54,899,047)</b>	<b>(949,158)</b>	<b>(55,848,205)</b>	<b>(30,127,978)</b>	
Net finance income from reinsurance contracts	-	-	-	(769,540)	(39,130)	(808,670)	(808,670)	
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>26,071,623</b>	<b>(351,395)</b>	<b>25,720,227</b>	<b>(55,668,587)</b>	<b>(988,288)</b>	<b>(56,656,875)</b>	<b>(30,936,647)</b>	
Premiums paid	(26,441,119)	-	(26,441,119)	-	-	-	(26,441,119)	
Reinsurance service expenses recovered for insurance contracts issued	-	-	-	16,550,411	-	16,550,411	16,550,411	
<b>Total cash flows</b>	<b>(26,441,119)</b>	-	<b>(26,441,119)</b>	<b>16,550,411</b>	-	<b>16,550,411</b>	<b>(9,890,708)</b>	
<b>Net closing balance as per 31. 12. 2023</b>	<b>6,063,431</b>	<b>(430,012)</b>	<b>5,633,419</b>	<b>(72,948,564)</b>	<b>(2,150,792)</b>	<b>(75,099,356)</b>	<b>(69,465,936)</b>	
Closing balance reinsurance contracts held that are liabilities	215,141	-	215,141	(97,318)	-	(97,318)	117,822	
Closing balance reinsurance contracts held that are assets	5,848,291	(430,012)	5,418,279	(72,851,246)	(2,150,792)	(75,002,037)	(69,583,759)	
<b>Net closing balance as per 31. 12. 2023</b>	<b>6,063,431</b>	<b>(430,012)</b>	<b>5,633,419</b>	<b>(72,948,564)</b>	<b>(2,150,792)</b>	<b>(75,099,356)</b>	<b>(69,465,936)</b>	

### Reinsurance contracts - non-life insurance Total PAA 31.12.2022

Reinsurance contracts - non-life insurance PAA (in EUR)	Assets for remaining coverage (Excluding loss-recovery component)	Loss-recovery component	Total ARC	Assets for incurred claims (Estimates of the present value of the future cash flows)	Assets for incurred claims (Risk adjustment for non-financial risk)	Total AIC	31.12.2022	Total
Opening balance reinsurance contracts held that are liabilities	536,303	-	536,303	(404,246)	(40)	(404,287)	132,017	
Opening balance reinsurance contracts held that are assets	5,850,354	(298,697)	5,551,657	(36,225,649)	(447,051)	(36,672,699)	(31,121,042)	
<b>Net opening balance as per 1. 1. 2022</b>	<b>6,386,658</b>	<b>(298,697)</b>	<b>6,087,960</b>	<b>(36,629,895)</b>	<b>(447,091)</b>	<b>(37,076,986)</b>	<b>(30,989,026)</b>	
<b>Insurance contract revenue ceded to reinsurers</b>	<b>22,274,549</b>	-	<b>22,274,549</b>	-	-	-	<b>22,274,549</b>	
Insurance claims and insurance operating expenses recovered from reinsurers	-	-	-	(11,268,831)	-	(11,268,831)	(11,268,831)	
Changes in amounts recoverable arising from changes in assets for incurred claims	-	-	-	(861,845)	(717,894)	(1,579,739)	(1,579,739)	
Changes in fulfilment cash flows which relates to onerous underlying contracts	-	220,081	220,081	-	-	-	220,081	
Total amounts recoverable from reinsurers	-	220,081	220,081	(12,130,676)	(717,894)	(12,848,570)	(12,628,489)	
<b>Net Income/Expense from reinsurance contract held</b>	<b>22,274,549</b>	<b>220,081</b>	<b>22,494,629</b>	<b>(12,130,676)</b>	<b>(717,894)</b>	<b>(12,848,570)</b>	<b>9,646,059</b>	
Net finance income from reinsurance contracts	-	-	-	3,398,826	2,481	3,401,307	3,401,307	
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>22,274,549</b>	<b>220,081</b>	<b>22,494,629</b>	<b>(8,731,849)</b>	<b>(715,413)</b>	<b>(9,447,262)</b>	<b>13,047,367</b>	
Premiums paid	(22,228,279)	-	(22,228,279)	-	-	-	(22,228,279)	
Reinsurance service expenses recovered for insurance contracts issued	-	-	-	11,531,357	-	11,531,357	11,531,357	
<b>Total cash flows</b>	<b>(22,228,279)</b>	-	<b>(22,228,279)</b>	<b>11,531,357</b>	-	<b>11,531,357</b>	<b>(10,696,922)</b>	
<b>Net closing balance as per 31. 12. 2022</b>	<b>6,432,927</b>	<b>(78,617)</b>	<b>6,354,311</b>	<b>(33,830,388)</b>	<b>(1,162,504)</b>	<b>(34,992,892)</b>	<b>(28,638,581)</b>	
Closing balance reinsurance contracts held that are liabilities	304,331	-	304,331	(135,911)	(1,315)	(137,226)	167,105	
Closing balance reinsurance contracts held that are assets	6,128,596	(78,617)	6,049,980	(33,694,476)	(1,161,189)	(34,855,666)	(28,805,686)	
<b>Net closing balance as per 31. 12. 2022</b>	<b>6,432,927</b>	<b>(78,617)</b>	<b>6,354,311</b>	<b>(33,830,388)</b>	<b>(1,162,504)</b>	<b>(34,992,892)</b>	<b>(28,638,581)</b>	

Below we present analysis by remaining coverage and incurred claims for life insurance contracts not measured under the PAA.

Insurance contracts - life insurance BBA 31.12.2023

Insurance contracts - life insurance BBA (in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Total LRC	Liabilities for incurred claims	Total 31.12.2023
Opening balance insurance contracts issued that are liabilities	117,148,953	-	117,148,953	2,380,791	119,529,744
Opening balance insurance contracts issued that are assets	(34,004,610)	65,493	(33,939,117)	6,896,342	(27,042,775)
<b>Net opening balance as per 1. 1. 2023</b>	<b>83,144,343</b>	<b>65,493</b>	<b>83,209,836</b>	<b>9,277,133</b>	<b>92,486,969</b>
Contracts under the modified retrospective approach	(2,960,057)	-	(2,960,057)	-	(2,960,057)
Contracts under the fair value approach	(14,585,203)	-	(14,585,203)	-	(14,585,203)
Other contracts	(8,673,386)	-	(8,673,386)	-	(8,673,386)
<b>Insurance contract revenue</b>	<b>(26,218,646)</b>	<b>-</b>	<b>(26,218,646)</b>	<b>-</b>	<b>(26,218,646)</b>
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	22,710,776	22,710,776
Changes related to past services (e.g. adj. in cash flow related to the liability for incurred claims)	-	-	-	(3,000,009)	(3,000,009)
Losses and reversals of losses on onerous contracts	-	(65,404)	(65,404)	-	(65,404)
Amortisation of insurance acquisition cash flows	1,552,005	-	1,552,005	-	1,552,005
<b>Insurance service expenses</b>	<b>1,552,005</b>	<b>(65,404)</b>	<b>1,486,601</b>	<b>19,710,767</b>	<b>21,197,368</b>
<b>Insurance service result</b>	<b>(24,666,641)</b>	<b>(65,404)</b>	<b>(24,732,045)</b>	<b>19,710,767</b>	<b>(5,021,278)</b>
Net finance expenses from insurance contracts	3,328,807	(88)	3,328,718	-	3,328,718
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(21,337,834)</b>	<b>(65,493)</b>	<b>(21,403,327)</b>	<b>19,710,767</b>	<b>(1,692,560)</b>
Investment components excluded from insurance revenue and insurance service expenses	(12,932,067)	-	(12,932,067)	12,932,067	-
Premiums received	40,197,956	-	40,197,956	-	40,197,956
Claims and other insurance service expenses paid, including investment components	-	-	-	(31,784,153)	(31,784,153)
Insurance acquisition cash flows	(6,080,280)	-	(6,080,280)	-	(6,080,280)
<b>Total cash flows</b>	<b>34,117,675</b>	<b>-</b>	<b>34,117,675</b>	<b>(31,784,153)</b>	<b>2,333,523</b>
<b>Net closing balance as per 31.12. 2023</b>	<b>82,992,117</b>	<b>-</b>	<b>82,992,117</b>	<b>10,135,814</b>	<b>93,127,931</b>
Closing balance insurance contracts issued that are liabilities	118,279,691	-	118,279,691	2,553,026	120,832,717
Closing balance insurance contracts issued that are assets	(35,287,574)	-	(35,287,574)	7,582,788	(27,704,786)
<b>Net closing balance as per 31. 12. 2023</b>	<b>82,992,117</b>	<b>-</b>	<b>82,992,117</b>	<b>10,135,814</b>	<b>93,127,931</b>

Insurance contracts - life insurance BBA 31.12.2022

Insurance contracts - life insurance BBA (in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Total LRC	Liabilities for incurred claims	Total 31.12.2022
Opening balance insurance contracts issued that are liabilities	153,580,153	-	153,580,153	2,409,769	155,989,922
Opening balance insurance contracts issued that are assets	(47,358,696)	-	(47,358,696)	6,168,238	(41,190,458)
<b>Net opening balance as per 1. 1. 2022</b>	<b>106,221,457</b>	<b>-</b>	<b>106,221,457</b>	<b>8,578,008</b>	<b>114,799,464</b>
Contracts under the modified retrospective approach	(3,548,100)	-	(3,548,100)	-	(3,548,100)
Contracts under the fair value approach	(15,944,694)	-	(15,944,694)	-	(15,944,694)
Other contracts	(3,129,861)	-	(3,129,861)	-	(3,129,861)
<b>Insurance contract revenue</b>	<b>(22,622,655)</b>	<b>-</b>	<b>(22,622,655)</b>	<b>-</b>	<b>(22,622,655)</b>
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	16,966,882	16,966,882
Changes related to past services (e.g. adj. in cash flow related to the liability for incurred claims)	-	-	-	(686,893)	(686,893)
Losses and reversals of losses on onerous contracts	-	75,143	75,143	-	75,143
Amortisation of insurance acquisition cash flows	682,988	-	682,988	-	682,988
<b>Insurance service expenses</b>	<b>682,988</b>	<b>75,143</b>	<b>758,131</b>	<b>16,279,988</b>	<b>17,038,119</b>
<b>Insurance service result</b>	<b>(21,939,666)</b>	<b>75,143</b>	<b>(21,864,524)</b>	<b>16,279,988</b>	<b>(5,584,535)</b>
Net finance expenses from insurance contracts	(20,279,644)	(9,650)	(20,289,294)	-	(20,289,294)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(42,219,310)</b>	<b>65,493</b>	<b>(42,153,817)</b>	<b>16,279,988</b>	<b>(25,873,829)</b>
Investment components excluded from insurance revenue and insurance service expenses	(13,534,346)	-	(13,534,346)	13,534,346	-
Premiums received	38,215,018	-	38,215,018	-	38,215,018
Claims and other insurance service expenses paid, including investment components	-	-	-	(29,115,210)	(29,115,210)
Insurance acquisition cash flows	(5,538,474)	-	(5,538,474)	-	(5,538,474)
<b>Total cash flows</b>	<b>32,676,543</b>	<b>-</b>	<b>32,676,543</b>	<b>(29,115,210)</b>	<b>3,561,334</b>
<b>Net closing balance as per 31.12. 2022</b>	<b>83,144,344</b>	<b>65,493</b>	<b>83,209,836</b>	<b>9,277,133</b>	<b>92,486,969</b>
Closing balance insurance contracts issued that are liabilities	117,148,953	-	117,148,953	2,380,791	119,529,744
Closing balance insurance contracts issued that are assets	(34,004,610)	65,493	(33,939,117)	6,896,342	(27,042,775)
<b>Net closing balance as per 31. 12. 2022</b>	<b>83,144,343</b>	<b>65,493</b>	<b>83,209,836</b>	<b>9,277,133</b>	<b>92,486,969</b>

**Insurance contracts - life insurance VFA 31.12.2023**

Insurance contracts - life insurance VFA (in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Total LRC	Liabilities for incurred claims	Total 31.12.2023
Opening balance insurance contracts issued that are liabilities	371,808,850	1,106,254	372,915,104	4,452,580	377,367,683
<b>Net opening balance as per 1. 1. 2023</b>	<b>371,808,850</b>	<b>1,106,254</b>	<b>372,915,104</b>	<b>4,452,580</b>	<b>377,367,683</b>
Contracts under the fair value approach	(12,080,115)	-	(12,080,115)	-	(12,080,115)
Other contracts	(1,291,268)	-	(1,291,268)	-	(1,291,268)
<b>Insurance contract revenue</b>	<b>(13,371,383)</b>	<b>-</b>	<b>(13,371,383)</b>	<b>-</b>	<b>(13,371,383)</b>
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	10,981,652	10,981,652
Changes related to past services (e.g. adj. in cash flow related to the liability for incurred claims)	-	-	-	(988,634)	(988,634)
Losses and reversals of losses on onerous contracts	-	(20,306)	(20,306)	-	(20,306)
Amortisation of insurance acquisition cash flows	392,808	-	392,808	-	392,808
<b>Insurance service expenses</b>	<b>392,808</b>	<b>(20,306)</b>	<b>372,502</b>	<b>9,993,017</b>	<b>10,365,519</b>
<b>Insurance service result</b>	<b>(12,978,575)</b>	<b>(20,306)</b>	<b>(12,998,882)</b>	<b>9,993,017</b>	<b>(3,005,864)</b>
Net finance expenses from insurance contracts	42,465,528	-	42,465,528	(5,275,723)	37,189,805
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>29,486,952</b>	<b>(20,306)</b>	<b>29,466,646</b>	<b>4,717,294</b>	<b>34,183,941</b>
<b>Investment components excluded from insurance revenue and insurance service expenses</b>	<b>(51,846,042)</b>	<b>-</b>	<b>(51,846,042)</b>	<b>51,846,042</b>	<b>-</b>
Premiums received	52,500,720	-	52,500,720	-	52,500,720
Claims and other insurance service expenses paid, including investment components	-	-	-	(52,902,892)	(52,902,892)
Insurance acquisition cash flows	(4,625,266)	-	(4,625,266)	-	(4,625,266)
<b>Total cash flows</b>	<b>47,875,454</b>	<b>-</b>	<b>47,875,454</b>	<b>(52,902,892)</b>	<b>(5,027,437)</b>
<b>Net closing balance as per 31.12. 2023</b>	<b>397,325,214</b>	<b>1,085,948</b>	<b>398,411,162</b>	<b>8,113,024</b>	<b>406,524,186</b>
Closing balance insurance contracts issued that are liabilities	397,325,214	1,085,948	398,411,162	8,113,024	406,524,186
<b>Net closing balance as per 31. 12. 2023</b>	<b>397,325,214</b>	<b>1,085,948</b>	<b>398,411,162</b>	<b>8,113,024</b>	<b>406,524,186</b>

**Insurance contracts - life insurance VFA 31.12.2022**

Insurance contracts - life insurance VFA (in EUR)	Liabilities for remaining coverage (Excluding loss component)	Liabilities for remaining coverage (Loss component)	Total LRC	Liabilities for incurred claims	Total 31.12.2022
Opening balance insurance contracts issued that are liabilities	426,114,501	-	426,114,501	4,666,870	430,781,371
<b>Net opening balance as per 1. 1. 2022</b>	<b>426,114,501</b>	<b>-</b>	<b>426,114,501</b>	<b>4,666,870</b>	<b>430,781,371</b>
Contracts under the fair value approach	(12,095,035)	-	(12,095,035)	-	(12,095,035)
Other contracts	(515,998)	-	(515,998)	-	(515,998)
<b>Insurance contract revenue</b>	<b>(12,611,032)</b>	<b>-</b>	<b>(12,611,032)</b>	<b>-</b>	<b>(12,611,032)</b>
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	12,989,007	12,989,007
Changes related to past services (e.g. adj. in cash flow related to the liability for incurred claims)	-	-	-	(2,467,298)	(2,467,298)
Losses and reversals of losses on onerous contracts	-	1,106,254	1,106,254	-	1,106,254
Amortisation of insurance acquisition cash flows	155,092	-	155,092	-	155,092
<b>Insurance service expenses</b>	<b>155,092</b>	<b>1,106,254</b>	<b>1,261,346</b>	<b>10,521,709</b>	<b>11,783,056</b>
<b>Insurance service result</b>	<b>(12,455,940)</b>	<b>1,106,254</b>	<b>(11,349,686)</b>	<b>10,521,709</b>	<b>(827,977)</b>
Net finance expenses from insurance contracts	(51,625,743)	-	(51,625,743)	(5,780,025)	(57,405,769)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(64,081,683)</b>	<b>1,106,254</b>	<b>(62,975,429)</b>	<b>4,741,684</b>	<b>(58,233,745)</b>
<b>Investment components excluded from insurance revenue and insurance service expenses</b>	<b>(35,661,004)</b>	<b>-</b>	<b>(35,661,004)</b>	<b>35,661,004</b>	<b>-</b>
Premiums received	49,048,833	-	49,048,833	-	49,048,833
Claims and other insurance service expenses paid, including investment components	-	-	-	(40,616,979)	(40,616,979)
Insurance acquisition cash flows	(3,611,798)	-	(3,611,798)	-	(3,611,798)
<b>Total cash flows</b>	<b>45,437,036</b>	<b>-</b>	<b>45,437,036</b>	<b>(40,616,979)</b>	<b>4,820,057</b>
<b>Net closing balance as per 31.12. 2022</b>	<b>371,808,849</b>	<b>1,106,254</b>	<b>372,915,103</b>	<b>4,452,579</b>	<b>377,367,683</b>
Closing balance insurance contracts issued that are liabilities	371,808,850	1,106,254	372,915,104	4,452,580	377,367,683
<b>Net closing balance as per 31. 12. 2022</b>	<b>371,808,850</b>	<b>1,106,254</b>	<b>372,915,104</b>	<b>4,452,580</b>	<b>377,367,683</b>

Below we present analysis by remaining coverage and incurred claims for life reinsurance contracts.

### Reinsurance contracts - life insurance PAA 31.12.2023

Reinsurance contracts PAA (in EUR)	Assets for remaining coverage (Excluding loss- recovery component)	Loss- recovery component	Total ARC	Assets for incurred claims (Estimates of the present value of the future cash flows)	Assets for incurred claims (Risk adjustment for non- financial risk)	Total AIC	Total 31.12.2023
Opening balance reinsurance contracts held that are liabilities	1,413,853	-	1,413,853	(30,390)	-	(30,390)	1,383,463
<b>Net opening balance as per 1. 1. 2023</b>	<b>1,413,853</b>	<b>-</b>	<b>1,413,853</b>	<b>(30,390)</b>	<b>-</b>	<b>(30,390)</b>	<b>1,383,463</b>
Insurance contract revenue ceded to reinsurers	4,747,446	-	4,747,446	-	-	-	4,747,446
Insurance claims and insurance operating expenses recovered from reinsurers	-	-	-	(1,969,661)	-	(1,969,661)	(1,969,661)
Changes in amounts recoverable arising from changes in assets for incurred claims	-	-	-	(507,439)	-	(507,439)	(507,439)
Total amounts recoverable from reinsurers	-	-	-	(2,477,100)	-	(2,477,100)	(2,477,100)
<b>Net Income/Expense from reinsurance contract held</b>	<b>4,747,446</b>	<b>-</b>	<b>4,747,446</b>	<b>(2,477,100)</b>	<b>-</b>	<b>(2,477,100)</b>	<b>2,270,346</b>
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>4,747,446</b>	<b>-</b>	<b>4,747,446</b>	<b>(2,477,100)</b>	<b>-</b>	<b>(2,477,100)</b>	<b>2,270,346</b>
Premiums paid	(4,830,933)	-	(4,830,933)	-	-	-	(4,830,933)
Reinsurance service expenses recovered for insurance contracts issued	-	-	-	1,469,040	-	1,469,040	1,469,040
<b>Total cash flows</b>	<b>(4,830,933)</b>	<b>-</b>	<b>(4,830,933)</b>	<b>1,469,040</b>	<b>-</b>	<b>1,469,040</b>	<b>(3,361,894)</b>
<b>Net closing balance as per 31. 12. 2023</b>	<b>1,330,365</b>	<b>-</b>	<b>1,330,365</b>	<b>(1,038,450)</b>	<b>-</b>	<b>(1,038,450)</b>	<b>291,915</b>
Closing balance reinsurance contracts held that are liabilities	1,330,365	-	1,330,365	(1,038,450)	-	(1,038,450)	291,915
<b>Net closing balance as per 31. 12. 2023</b>	<b>1,330,365</b>	<b>-</b>	<b>1,330,365</b>	<b>(1,038,450)</b>	<b>-</b>	<b>(1,038,450)</b>	<b>291,915</b>

### Reinsurance contracts - life insurance PAA 31.12.2022

Reinsurance contracts PAA (in EUR)	Assets for remaining coverage (Excluding loss- recovery component)	Loss- recovery component	Total ARC	Assets for incurred claims (Estimates of the present value of the future cash flows)	Assets for incurred claims (Risk adjustment for non- financial risk)	Total AIC	Total 31.12.2022
Opening balance reinsurance contracts held that are liabilities	457,882	-	457,882	(90,190)	-	(90,190)	367,692
<b>Net opening balance as per 1. 1. 2022</b>	<b>457,882</b>	<b>-</b>	<b>457,882</b>	<b>(90,190)</b>	<b>-</b>	<b>(90,190)</b>	<b>367,692</b>
Insurance contract revenue ceded to reinsurers	4,539,561	-	4,539,561	-	-	-	4,539,561
Insurance claims and insurance operating expenses recovered from reinsurers	-	-	-	-	(1,727,662)	-	(1,727,662)
Changes in amounts recoverable arising from changes in assets for incurred claims	-	-	-	-	228,465	-	228,465
Total amounts recoverable from reinsurers	-	-	-	-	(1,499,197)	-	(1,499,197)
<b>Net Income/Expense from reinsurance contract held</b>	<b>4,539,561</b>	<b>-</b>	<b>4,539,561</b>	<b>(1,499,197)</b>	<b>-</b>	<b>(1,499,197)</b>	<b>3,040,363</b>
<b>Net finance income from reinsurance contracts</b>	-	-	-	-	(40,286)	-	(40,286)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>4,539,561</b>	<b>-</b>	<b>4,539,561</b>	<b>(1,539,483)</b>	<b>-</b>	<b>(1,539,483)</b>	<b>3,000,078</b>
Premiums paid	(3,583,589)	-	(3,583,589)	-	-	-	(3,583,589)
Reinsurance service expenses recovered for insurance contracts issued	-	-	-	-	1,599,283	-	1,599,283
<b>Total cash flows</b>	<b>(3,583,589)</b>	<b>-</b>	<b>(3,583,589)</b>	<b>1,599,283</b>	<b>-</b>	<b>1,599,283</b>	<b>(1,984,307)</b>
<b>Net closing balance as per 31. 12. 2022</b>	<b>1,413,853</b>	<b>-</b>	<b>1,413,853</b>	<b>(30,390)</b>	<b>-</b>	<b>(30,390)</b>	<b>1,383,463</b>
Closing balance reinsurance contracts held that are liabilities	1,413,853	-	1,413,853	(30,390)	-	(30,390)	1,383,463
<b>Net closing balance as per 31. 12. 2022</b>	<b>1,413,853</b>	<b>-</b>	<b>1,413,853</b>	<b>(30,390)</b>	<b>-</b>	<b>(30,390)</b>	<b>1,383,463</b>

Below we present analysis by measurement component – Contracts not measured under the PAA.

Insurance contracts - life insurance BBA 31.12.2023

Insurance contracts - life insurance BBA (in EUR)	Estimates of the present value of the future cash flows	Risk adjustment for non- financial risk	CSM - Contracts under the modified retrospective approach	CSM - Contracts under the fair value approach	CSM - Other contracts	Contractual service margin - subtotal	Total 31.12.2023
Opening balance insurance contracts issued that are liabilities	110,585,971	718,295	-	8,156,889	68,589	8,225,478	119,529,744
Opening balance insurance contracts issued that are assets	(56,396,600)	4,864,358	7,101,485	11,078,135	6,309,847	24,489,467	(27,042,775)
<b>Net opening balance as per 1. 1. 2023</b>	<b>54,189,371</b>	<b>5,582,653</b>	<b>7,101,485</b>	<b>19,235,024</b>	<b>6,378,436</b>	<b>32,714,945</b>	<b>92,486,969</b>
CSM recognised in profit or loss for services provided	-	-	(901,057)	(1,758,508)	(1,629,589)	(4,289,154)	(4,289,154)
Release of the risk adjustment for non-financial risk	-	(641,846)	-	-	-	-	(641,846)
Experience adjustments	(87,167)	-	-	-	-	-	(87,167)
<b>Changes that relate to current services</b>	<b>(87,167)</b>	<b>(641,846)</b>	<b>(901,057)</b>	<b>(1,758,508)</b>	<b>(1,629,589)</b>	<b>(4,289,154)</b>	<b>(5,018,166)</b>
Changes in estimates that adjust the contractual service margin	(144,581)	(207,854)	428,222	(1,518,714)	1,442,927	352,435	-
Changes in estimates that do not adjust the contractual service margin, i.e. losses on groups of onerous contracts and reversals of such losses	(2,545)	(567)	-	-	-	-	(3,112)
Effects of contracts initially recognised in the period	(7,054,221)	1,016,957	-	-	6,037,263	6,037,263	-
<b>Changes that relate to future services</b>	<b>(7,201,347)</b>	<b>808,536</b>	<b>428,222</b>	<b>(1,518,714)</b>	<b>7,480,190</b>	<b>6,389,698</b>	<b>(3,112)</b>
Insurance service result	(7,288,513)	166,691	(472,835)	(3,277,222)	5,850,601	2,100,544	(5,021,278)
Net finance expenses from insurance contracts	2,974,684	210,899	(35,954)	(33,736)	212,826	143,136	3,328,718
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(4,313,829)</b>	<b>377,589</b>	<b>(508,789)</b>	<b>(3,310,958)</b>	<b>6,063,427</b>	<b>2,243,680</b>	<b>(1,692,560)</b>
Total cash flows	2,333,523	-	-	-	-	-	2,333,523
<b>Net closing balance as per 31. 12. 2023</b>	<b>52,209,064</b>	<b>5,960,242</b>	<b>6,592,696</b>	<b>15,924,066</b>	<b>12,441,863</b>	<b>34,958,625</b>	<b>93,127,931</b>
Closing balance insurance contracts issued that are liabilities	113,345,065	708,777	-	6,513,056	265,820	6,778,876	120,832,717
Closing balance insurance contracts issued that are assets	(61,136,001)	5,251,466	6,592,696	9,411,010	12,176,043	28,179,749	(27,704,786)
<b>Net closing balance as per 31. 12. 2023</b>	<b>52,209,064</b>	<b>5,960,242</b>	<b>6,592,696</b>	<b>15,924,066</b>	<b>12,441,863</b>	<b>34,958,625</b>	<b>93,127,931</b>

Insurance contracts - life insurance BBA 31.12.2022

Insurance contracts - life insurance BBA (in EUR)	Estimates of the present value of the future cash flows	Risk adjustment for non- financial risk	CSM - Contracts under the modified retrospective approach	CSM - Contracts under the fair value approach	CSM - Other contracts	Contractual service margin - subtotal	Total 31.12.2022
Opening balance insurance contracts issued that are liabilities	145,845,313	1,002,729	-	9,141,881	-	9,141,881	155,989,922
Opening balance insurance contracts issued that are assets	(73,441,776)	5,985,350	8,202,914	18,063,054	-	26,265,968	(41,190,458)
<b>Net opening balance as per 1. 1. 2022</b>	<b>72,403,537</b>	<b>6,988,079</b>	<b>8,202,914</b>	<b>27,204,934</b>	<b>-</b>	<b>35,407,848</b>	<b>114,799,464</b>
CSM recognised in profit or loss for services provided	-	-	(1,020,315)	(2,227,184)	(727,569)	(3,975,068)	(3,975,068)
Release of the risk adjustment for non-financial risk	-	(736,322)	-	-	-	-	(736,322)
Experience adjustments	(973,409)	-	-	-	-	-	(973,409)
<b>Changes that relate to current services</b>	<b>(973,409)</b>	<b>(736,322)</b>	<b>(1,020,315)</b>	<b>(2,227,184)</b>	<b>(727,569)</b>	<b>(3,975,068)</b>	<b>(5,684,799)</b>
Changes in estimates that adjust the contractual service margin	8,871,411	(1,586,403)	(35,597)	(5,591,739)	(1,657,673)	(7,285,009)	-
Changes in estimates that do not adjust the contractual service margin, i.e. losses on groups of onerous contracts and reversals of such losses	509,067	(3,878)	-	-	-	-	505,189
Effects of contracts initially recognised in the period	(10,132,885)	959,000	-	-	8,768,960	8,768,960	(404,925)
<b>Changes that relate to future services</b>	<b>(752,407)</b>	<b>(631,281)</b>	<b>(35,597)</b>	<b>(5,591,739)</b>	<b>7,111,287</b>	<b>1,483,951</b>	<b>100,264</b>
Insurance service result	(1,725,816)	(1,367,603)	(1,055,912)	(7,818,923)	6,383,718	(2,491,117)	(5,584,535)
Net finance expenses from insurance contracts	(20,049,684)	(37,824)	(45,517)	(150,987)	(5,281)	(201,786)	(20,289,294)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(21,775,499)</b>	<b>(1,405,426)</b>	<b>(1,101,429)</b>	<b>(7,969,910)</b>	<b>6,378,436</b>	<b>(2,692,903)</b>	<b>(25,873,829)</b>
Total cash flows	3,561,334	-	-	-	-	-	3,561,334
<b>Net closing balance as per 31. 12. 2022</b>	<b>54,189,371</b>	<b>5,582,653</b>	<b>7,101,485</b>	<b>19,235,024</b>	<b>6,378,436</b>	<b>32,714,945</b>	<b>92,486,969</b>
Closing balance insurance contracts issued that are liabilities	110,585,971	718,295	-	8,156,889	68,589	8,225,478	119,529,744
Closing balance insurance contracts issued that are assets	(56,396,600)	4,864,358	7,101,485	11,078,135	6,309,847	24,489,467	(27,042,775)
<b>Net closing balance as per 31. 12. 2022</b>	<b>54,189,371</b>	<b>5,582,653</b>	<b>7,101,485</b>	<b>19,235,024</b>	<b>6,378,436</b>	<b>32,714,945</b>	<b>92,486,969</b>

Insurance contracts - life insurance VFA 31.12.2023

Insurance contracts - life insurance VFA (in EUR)	Estimates of the present value of the future cash flows	Risk adjustment for non- financial risk	CSM - Contracts under the modified retrospective approach	CSM - Contracts under the fair value approach	CSM - Other contracts	Contractual service margin - subtotal	Total 31.12.2023
Opening balance insurance contracts issued that are liabilities	344,894,473	3,804,652	-	26,749,675	1,918,882	28,668,558	377,367,683
<b>Net opening balance as per 1. 1. 2023</b>	<b>344,894,473</b>	<b>3,804,652</b>	<b>-</b>	<b>26,749,675</b>	<b>1,918,882</b>	<b>28,668,558</b>	<b>377,367,683</b>
CSM recognised in profit or loss for services provided	-	-	-	(2,766,750)	(221,049)	(2,987,799)	(2,987,799)
Release of the risk adjustment for non-financial risk	-	(229,411)	-	-	-	-	(229,411)
Experience adjustments	50,644	-	-	-	-	-	50,644
<b>Changes that relate to current services</b>	<b>50,644</b>	<b>(229,411)</b>	<b>-</b>	<b>(2,766,750)</b>	<b>(221,049)</b>	<b>(2,987,799)</b>	<b>(3,166,565)</b>
Changes in estimates that adjust the contractual service margin	(4,406,546)	636,911	-	2,493,152	1,276,482	3,769,635	-
Changes in estimates that do not adjust the contractual service margin, ie losses on groups of onerous contracts and reversals of such losses	160,701	-	-	-	-	-	160,701
Effects of contracts initially recognised in the period	(2,686,733)	399,726	-	-	2,287,007	2,287,007	-
<b>Changes that relate to future services</b>	<b>(6,932,578)</b>	<b>1,036,637</b>	<b>-</b>	<b>2,493,152</b>	<b>3,563,489</b>	<b>6,056,642</b>	<b>160,701</b>
Insurance service result	(6,881,933)	807,226	-	(273,598)	3,342,441	3,068,843	(3,005,864)
Net finance expenses from insurance contracts	37,189,805	-	-	-	-	-	37,189,805
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>30,307,871</b>	<b>807,226</b>	<b>-</b>	<b>(273,598)</b>	<b>3,342,441</b>	<b>3,068,843</b>	<b>34,183,941</b>
Total cash flows	(5,027,437)	-	-	-	-	-	(5,027,437)
<b>Net closing balance as per 31. 12. 2023</b>	<b>370,174,907</b>	<b>4,611,878</b>	<b>-</b>	<b>26,476,078</b>	<b>5,261,323</b>	<b>31,737,401</b>	<b>406,524,186</b>
Closing balance insurance contracts issued that are liabilities	370,174,907	4,611,878	-	26,476,078	5,261,323	31,737,401	406,524,186
<b>Net closing balance as per 31. 12. 2023</b>	<b>370,174,907</b>	<b>4,611,878</b>	<b>-</b>	<b>26,476,078</b>	<b>5,261,323</b>	<b>31,737,401</b>	<b>406,524,186</b>

Insurance contracts - life insurance VFA 31.12.2022

Insurance contracts - life insurance VFA (in EUR)	Estimates of the present value of the future cash flows	Risk adjustment for non- financial risk	CSM - Contracts under the modified retrospective approach	CSM - Contracts under the fair value approach	CSM - Other contracts	Contractual service margin - subtotal	Total 31.12.2022
Opening balance insurance contracts issued that are liabilities	393,775,573	4,716,124	-	32,289,674	-	32,289,674	430,781,371
<b>Net opening balance as per 1. 1. 2022</b>	<b>393,775,573</b>	<b>4,716,124</b>	<b>-</b>	<b>32,289,674</b>	<b>-</b>	<b>32,289,674</b>	<b>430,781,371</b>
CSM recognised in profit or loss for services provided	-	-	-	(2,928,037)	(62,820)	(2,990,857)	(2,990,857)
Release of the risk adjustment for non-financial risk	-	(261,840)	-	-	-	-	(261,840)
Experience adjustments	1,318,466	-	-	-	-	-	1,318,466
<b>Changes that relate to current services</b>	<b>1,318,466</b>	<b>(261,840)</b>	<b>-</b>	<b>(2,928,037)</b>	<b>(62,820)</b>	<b>(2,990,857)</b>	<b>(1,934,231)</b>
Changes in estimates that adjust the contractual service margin	5,027,044	(971,542)	-	(2,611,961)	(1,443,541)	(4,055,502)	-
Changes in estimates that do not adjust the contractual service margin, ie losses on groups of onerous contracts and reversals of such losses	1,101,720	4,534	-	-	-	-	1,106,254
Effects of contracts initially recognised in the period	(3,742,619)	317,375	-	-	3,425,243	3,425,243	-
<b>Changes that relate to future services</b>	<b>2,386,145</b>	<b>(649,632)</b>	<b>-</b>	<b>(2,611,961)</b>	<b>1,981,702</b>	<b>(630,259)</b>	<b>1,106,254</b>
Insurance service result	3,704,611	(911,472)	-	(5,539,998)	1,918,882	(3,621,116)	(827,977)
Net finance expenses from insurance contracts	(57,405,769)	-	-	-	-	-	(57,405,769)
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	<b>(53,701,157)</b>	<b>(911,472)</b>	<b>-</b>	<b>(5,539,998)</b>	<b>1,918,882</b>	<b>(3,621,116)</b>	<b>(58,233,745)</b>
Total cash flows	4,820,057	-	-	-	-	-	4,820,057
<b>Net closing balance as per 31. 12. 2022</b>	<b>344,894,473</b>	<b>3,804,652</b>	<b>-</b>	<b>26,749,675</b>	<b>1,918,882</b>	<b>28,668,558</b>	<b>377,367,683</b>
Closing balance insurance contracts issued that are liabilities	344,894,473	3,804,652	-	26,749,675	1,918,882	28,668,558	377,367,683
<b>Net closing balance as per 31. 12. 2022</b>	<b>344,894,473</b>	<b>3,804,652</b>	<b>-</b>	<b>26,749,675</b>	<b>1,918,882</b>	<b>28,668,558</b>	<b>377,367,683</b>

### Insurance contracts initially recognised

(in EUR)	Profitable	Onerous	Total 31.12.2023	Profitable	Onerous	Total 31.12.2022
<b>BBA</b>						
New business PVFCF (incl. TVOG)	1,594,041	-	1,594,041	10,147,839	(14,954)	10,132,885
New business - RA at initial recognition	(297,538)	-	(297,538)	(944,255)	(14,745)	(959,000)
New business - CSM at initial recognition	(1,296,503)	-	(1,296,503)	(9,203,584)	-	(9,203,584)
Loss component at initial recognition	-	-	-	-	29,700	29,700
<b>Total BBA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VFA</b>						
New business PVFCF (incl. TVOG)	1,013,970	-	1,013,970	3,742,619	-	3,742,619
New business - RA at initial recognition	(147,217)	-	(147,217)	(317,375)	-	(317,375)
New business - CSM at initial recognition	(866,753)	-	(866,753)	(3,425,243)	-	(3,425,243)
<b>Total VFA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Expected Release of the CSM 31.12.2023

(in EUR)	To 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	More than 10 years	Total 31.12.2023
Life insurance	6,369,468	6,265,900	5,626,923	5,058,539	4,602,487	17,687,954	21,084,755	66,696,026
BBA	3,669,908	3,644,830	3,178,786	2,795,435	2,492,926	9,223,720	9,953,019	34,958,625
VFA	2,699,559	2,621,070	2,448,137	2,263,104	2,109,561	8,464,234	11,131,736	31,737,401
<b>Total</b>	<b>6,369,468</b>	<b>6,265,900</b>	<b>5,626,923</b>	<b>5,058,539</b>	<b>4,602,487</b>	<b>17,687,954</b>	<b>21,084,755</b>	<b>66,696,026</b>

### Expected Release of the CSM 31.12.2022

(in EUR)	To 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	More than 10 years	Total 31.12.2022
Life insurance	6,066,121	5,941,891	5,311,971	4,788,136	4,305,243	16,552,128	18,418,013	61,383,503
BBA	3,386,690	3,372,461	2,938,240	2,573,814	2,268,123	8,470,560	9,705,057	32,714,945
VFA	2,679,431	2,569,430	2,373,730	2,214,322	2,037,120	8,081,568	8,712,956	28,668,558
<b>Total</b>	<b>6,066,121</b>	<b>5,941,891</b>	<b>5,311,971</b>	<b>4,788,136</b>	<b>4,305,243</b>	<b>16,552,128</b>	<b>18,418,013</b>	<b>61,383,503</b>

## 7.7.1 CLAIM DEVELOPMENT TABLES FOR NON-LIFE INSURANCE

The claim development table provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the

Company's estimate of ultimate value of claims for non-life insurance for each accident year has changed depending on year of accident. The bottom half of the table reconciles the cumulative non-life insurance claims to the amount appearing in the balance sheet. In consideration of its portfolio, the Company considers the year of accident to be the most appropriate basis for the analysis below.

### Claim development tables for non-life insurance in 2023

Estimates of undiscounted gross cumulative claims/AY (in EUR)	before 2014	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	SKUPAJ
At the end of loss year	-	-	-	-	-	-	-	-	242,445,387	293,178,239	379,042,702	-
1 year after loss year	-	-	-	-	-	-	-	210,876,959	241,992,479	290,440,217	-	-
2 years after loss year	-	-	-	-	-	-	222,987,620	208,584,755	240,233,658	-	-	-
3 years after loss year	-	-	-	-	-	211,303,560	221,756,549	208,773,921	-	-	-	-
4 years after loss year	-	-	-	-	228,295,286	212,327,671	221,109,790	-	-	-	-	-
5 years after loss year	-	-	-	216,497,050	226,234,805	211,015,171	-	-	-	-	-	-
6 years after loss year	-	-	205,119,403	215,143,740	224,381,572	-	-	-	-	-	-	-
7 years after loss year	-	210,149,203	203,446,610	214,553,079	-	-	-	-	-	-	-	-
8 years after loss year	-	208,924,297	203,125,500	-	-	-	-	-	-	-	-	-
9 years after loss year	-	208,608,782	-	-	-	-	-	-	-	-	-	-
<b>Estimate of gross and undiscounted ultimate cumulative claim costs</b>	<b>208,608,782</b>	<b>203,125,500</b>	<b>214,553,079</b>	<b>224,381,572</b>	<b>211,015,171</b>	<b>221,109,790</b>	<b>208,773,921</b>	<b>240,233,658</b>	<b>290,440,217</b>	<b>379,042,702</b>	<b>214,553,079</b>	
Undiscounted Liability for Incurred claims	24,925,341	3,952,864	3,276,522	8,560,872	4,773,123	8,012,605	9,490,033	12,985,449	19,032,053	28,699,568	117,526,005	241,234,435
Discounting effect												29,154,224
<b>Gross liabilities for incurred claims included in the statement of financial position</b>	<b>-</b>	<b>212,080,211</b>										

### Claim development tables for non-life insurance in 2022

Estimates of undiscounted gross cumulative claims/AY (in EUR)	before 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	SKUPAJ
At the end of loss year	-	-	-	-	-	-	-	-	-	242,445,387	293,178,239	-
1 year after loss year	-	-	-	-	-	-	-	-	210,876,959	241,992,479	-	-
2 years after loss year	-	-	-	-	-	-	-	222,987,620	208,584,755	-	-	-
3 years after loss year	-	-	-	-	-	-	211,303,560	221,756,549	-	-	-	-
4 years after loss year	-	-	-	-	-	228,295,286	212,327,671	-	-	-	-	-
5 years after loss year	-	-	-	-	216,497,050	226,234,805	-	-	-	-	-	-
6 years after loss year	-	-	-	205,119,403	215,143,740	-	-	-	-	-	-	-
7 years after loss year	-	-	210,149,203	203,446,610	-	-	-	-	-	-	-	-
8 years after loss year	-	220,531,834	208,924,297	-	-	-	-	-	-	-	-	-
9 years after loss year	-	219,826,578	-	-	-	-	-	-	-	-	-	-
<b>Estimate of gross and undiscounted ultimate cumulative claim costs</b>	<b>219,826,578</b>	<b>208,924,297</b>	<b>203,446,610</b>	<b>215,143,740</b>	<b>226,234,805</b>	<b>212,327,671</b>	<b>221,756,549</b>	<b>208,584,755</b>	<b>241,992,479</b>	<b>293,178,239</b>		
Undiscounted Liability for Incurred claims	22,934,056	4,247,725	4,288,124	4,064,172	9,438,822	7,540,691	10,170,715	11,846,336	15,460,954	27,178,873	86,930,488	204,100,955
Discounting effect												30,073,303
<b>Gross liabilities for incurred claims included in the statement of financial position</b>	<b>-</b>	<b>-</b>	<b>174,027,653</b>									

## 7.8 ASSETS AND LIABILITIES FROM INVESTMENT CONTRACTS

### 7.8.1 ASSETS ARISING FROM INVESTMENT CONTRACTS

Following the transition to accounting standards IFRS 17 and IFRS 9, the Company reclassified the pension insurance contracts of the PN-A01 pension scheme as investment contracts. These contracts do not carry a significant insurance risk and are therefore, according to the classification of products under IFRS 17, classified as investment contracts.

Thus, in addition to the voluntary supplementary pension insurance Pokojninsko varčevanje AS (Pension savings AS), included in investment contracts under IFRS4, financial products also include pension insurance PN-A01, resulting in assets and liabilities from investment contracts being higher both in 2022 and in 2023 in comparison to standard IFRS4.

#### Assets from investment contracts

(in EUR)	31.12.2023	31.12.2022
Financial investments	40,018,912	33,097,764
Cash and cash equivalents	7,603	2,331,815
Financial receivables	913,051	54,624
<b>Total assets from financial contracts</b>	<b>40,939,566</b>	<b>35,484,203</b>

#### Assets from investment contracts – assets structure

(in EUR)	31.12.2023	31.12.2022
Financial assets measured at fair value through profit or loss (FVTPL)	40,018,912	33,097,764
Equity securities	11,307,642	3,422,960
Listed securities	11,277,680	3,422,960
Non-listed securities	29,962	-
Debt securities	18,290,224	16,746,150
Government bonds	16,832,107	15,586,241
Listed securities	16,832,107	15,586,241
Other bonds	1,458,117	1,159,909
Listed securities	1,074,457	816,452
Non-listed securities	383,660	343,458
Investment funds	10,413,126	12,915,540
Listed securities	10,393,581	12,915,540
Non-listed securities	19,545	-
Loans and deposits	7,921	13,114
Loans	7,921	13,114
<b>Total</b>	<b>40,018,912</b>	<b>33,097,764</b>

#### Movement in assets from investment contracts

(in EUR)	31.12.2023	31.12.2022
Balance as at 1 Jan	33,097,764	37,244,020
Changes in fair value (+/-) through P&L	(336,904)	430,370
Changes in fair value (+/-) through other comprehensive income	24,482,368	4,864,508
Change due to interest	3,697,814	(5,909,363)
Impairments (property)	18,259	(14,314)
Expected Credit Loss (ECL)	(20,940,388)	(3,517,457)
<b>Balance as at 31 Dec</b>	<b>40,018,912</b>	<b>33,097,764</b>

## 7.8.2 LIABILITIES ARISING FROM INVESTMENT CONTRACTS

#### Liabilities arising from investment contracts

(in EUR)	31.12.2023	31.12.2022
Liabilities to pension savers (policyholders)	40,868,082	35,418,915
Liabilities from financial contracts for payments	35,877,835	33,659,723
Liabilities from financial contracts for fund return	4,990,247	1,759,192
Other liabilities	71,484	(13,571)
<b>Total liabilities from financial contracts</b>	<b>40,939,566</b>	<b>35,405,344</b>

As at 31 December 2023, liabilities from policyholders' payments amount to EUR 35,877,835 and represent a net premium (gross premium payments reduced by entry costs). These costs, which are charged to the policyholders, represent revenues from fees and commissions for the manager of AS pension insurance guarantee funds. In 2023, EUR 34,624 (in 2022, EUR 35,647 entry costs were charged).

The gain that increases the liability is calculated from net gain (capital gains and losses), which was generated with asset management and reduced by pension insurance guarantee funds management costs.

Short-term operating liabilities are included under other liabilities.

#### Movement in liabilities to savers from investment contracts

(in EUR)	31.12.2023	31.12.2022
As at 1 January	35,418,915	38,878,216
Increase in the period	11,516,315	11,563,749
for payments	5,145,931	7,974,207
for achieved return	6,370,384	3,589,542
Decrease in the period	6,067,148	15,023,051
for payouts (surrender)	2,927,819	5,562,460
for achieved return	3,139,329	9,460,591
<b>As at 31 December</b>	<b>40,868,082</b>	<b>35,418,915</b>

Annual gain of policyholders for which the liability of the insurance increases varied in 2023 depending on the type of AS pension savings, as follows:

- 14.70% for the guarantee fund Pokojninsko varčevanje AS Drzni do 50,
- 9.11% for the guarantee fund Pokojninsko varčevanje AS Umirjeni med 50 do 60,
- 4.11% achieved (0.6% guaranteed) for the guarantee fund Pokojninsko varčevanje AS Zajamčeni od 60,
- 5.96% achieved (0.6% guaranteed) for the guarantee fund PN -A01.

Each month, at the end of the accounting period, the Company calculates the guaranteed value of assets and compares it with the guaranteed return of, calculated as 60% of the average annual interest rate on government securities. In 2023, the guaranteed return was 0.6%.

Due to not achieve the required guaranteed return in 2023, the insurance company, as a pension insurance manager had long-term liabilities of EUR 325,337 under the Pension and Disability Insurance Act (ZPIZ-2), charged to its own assets in the context of life insurance.

## 7.9 RECEIVABLES

### Balance of receivables

(in EUR)	31.12.2023	31.12.2022
<b>Business receivables from interest (customers)</b>	<b>3,246</b>	<b>3,493</b>
gross value	44,696	42,458
value adjustment	(41,450)	(38,964)
<b>Business receivables from employees</b>	<b>23,748</b>	<b>7,002</b>
gross value	23,791	7,002
value adjustment	(43)	-
<b>Operating receivables from the state</b>	<b>469,580</b>	<b>700,727</b>
gross value	469,567	700,714
value adjustment	12	12
<b>Operating receivables for advances given</b>	<b>100,791</b>	<b>25,768</b>
gross value	143,296	68,274
value adjustment	(42,505)	(42,505)
<b>Other operating receivables</b>	<b>14,052,505</b>	<b>13,245,189</b>
gross value	16,329,355	16,745,583
value adjustment	(2,276,850)	(3,500,394)
<b>Other financial receivables</b>	<b>3,327,162</b>	<b>839,791</b>
gross value	3,333,688	847,592
value adjustment	(6,526)	(7,801)
<b>Total receivables</b>	<b>17,977,032</b>	<b>14,821,969</b>

### Movements in value adjustments of receivables

(in EUR)	Operating receivables from the state	Other operating receivables	Other financial receivables	Total
<b>Balance as at 1 Jan 2022</b>	<b>732,528</b>	<b>11,807,462</b>	<b>3,503,874</b>	<b>16,043,863</b>
Changes during the year	(31,801)	1,473,990	(2,664,083)	(1,221,894)
<b>Balance as at 31 Dec 2022</b>	<b>700,727</b>	<b>13,281,452</b>	<b>839,791</b>	<b>14,821,969</b>
<b>Balance as at 1 Jan 2023</b>	<b>700,727</b>	<b>13,281,452</b>	<b>839,791</b>	<b>14,821,969</b>
Changes during the year	(231,147)	898,839	2,487,371	3,155,063
<b>Balance as at 31 Dec 2023</b>	<b>469,580</b>	<b>14,180,290</b>	<b>3,327,162</b>	<b>17,977,032</b>

In 2023, the transition to IFRS 17 affected the reporting of receivables on the asset side. Receivables from direct insurance operations and recourse receivables are now included among assets and liabilities from insurance contracts, while receivables from reinsurance and coinsurance are included among assets and liabilities arising from reinsurance contracts. As part of the balance sheet category of receivables, other receivables from operations, such as interest receivables, receivables from employees, receivables from the state, advances given and other operating receivables are still shown. In addition to the effect of IFRS 17, the reporting of receivables was also affected by the transition to IFRS 9, whereby financial receivables were reclassified from financial investments to operating receivables.

Other operating receivables predominate among operating receivables with a 78% share and relate to receivables arising from deferred recording of premium payments and claims payments at the year-end and, to a lesser extent, to claims for indemnity payments to a foreign account, receivables due to overpayments of claims and receivables arising from reminder costs. Other financial receivables follow with a 19% share, increased by EUR 2,487,371 in 2023 due to higher receivables for advances given to life insurance funds, where the investment risk is borne by policyholder.

Every reporting period, the Company checks the adequacy of assessments of fair- collectible value of receivables by preparing an estimate of the recoverable amount based on actual realised cash flows in the last observed period and for an individual type of receivables. Value adjustment or utilisation of value adjustments of receivables is recognized directly in the income statement.

## 7.10 OTHER ASSETS

### Other assets – total balance

(in EUR)	31.12.2023	31.12.2022
Deferred expenses and accrued revenues	1,533,335	762,744
Deferred costs	1,533,335	762,744
<b>Total</b>	<b>1,533,335</b>	<b>762,744</b>

## 7.12 EQUITY

### Balance of equity

(in EUR)	31.12.2023	31.12.2022
<b>Share capital</b>	<b>39,520,347</b>	<b>39,520,347</b>
<b>Capital reserves</b>	<b>20,771,169</b>	<b>50,197,176</b>
<b>Reserves from profit</b>	<b>9,589,086</b>	<b>9,522,501</b>
Legal reserves	1,742,399	1,742,399
Other reserves from profit	7,846,687	7,780,102
<b>Accumulated other comprehensive income</b>	<b>(4,057,544)</b>	<b>(17,082,616)</b>
From financial investments (IFRS 9)	(22,263,609)	(43,109,966)
From insurance and reinsurance contracts (IFRS 17)	18,312,565	26,110,213
Other from OCI (actuarial net gain/loss for pension programmes)	(106,500)	(82,863)
<b>Retained net profit</b>	<b>122,777,468</b>	<b>119,386,906</b>
-increase in retained earnings according to IFRS 9	722,801	722,801
<b>Net profit for the financial year</b>	<b>1,436,437</b>	-
Net profit	1,436,437	-
<b>Total</b>	<b>190,036,962</b>	<b>201,544,314</b>

### Share capital

The share capital consists of 2,364,563 no-par value shares fully paid by Generali CEE Holding B.V. in the total amount of EUR 39,520,347.

Data on share capital are entered in the Ljubljana Court Register. All shares are shares of the same class, without preferences and restrictions and have been fully paid up. Apart from share capital, the Company did not issue other documents on participation rights, convertible bonds and similar securities.

The share capital did not change in 2023, nor did the number of shares.

### Distribution of accumulated profits

The Company transfers the net profit for the year to accumulated profits to be used for dividend payments together with the remaining part of the accumulated profits, depending on the decision regarding the distribution of the accumulated profits adopted at the General Meeting.

The General Meeting of Shareholders held in 2023 decided that no dividend would be paid for year 2022 from the accumulated profits. The transition to the new financial standards IFRS 17 and IFRS 9 on 1 January 2022 resulted in an increase of the retained profit or loss by EUR 68,242,032 and consequently an increase of accumulated profits.

The accumulated profits for 2022, including the impact of the transition to new financial standards, amounting to EUR 119,386,906 remained unallocated and were transferred to the accumulated profits for 2023.

#### Distribution of accumulated profit and loss coverage

The Company ended 2023 with a profit before tax totalling EUR 2,473,633 and a net profit for the year amounting to EUR 1,435,392.

Within its responsibilities, the Management Board of the Company can decide on covering the loss for the year. The Management Board also decides on the distribution of net profit by life, non-life and health insurance segments, and therefore on covering the loss within an insurance group.

Following the closure of the accounts, the Management Board of GENERALI zavarovalnica d.d., in the context of capital movements for 2023, did not redistribute profits or cover losses of the current year or previous years.

#### Accumulated profits

The final balance of net profit for the year was EUR 1,435,392, and together with the undistributed profits of the hedge funds (in the amount of EUR 1,044), this amounted to EUR 1,436,437. Considering with the unallocated profit brought forward from previous years amounting to EUR 122,777,468, the balance sheet profit to be distributed at the General Meeting of Shareholders amounted to EUR 124,213,905.

#### Reserves from profit

The Company forms reserves from profit in line with the provisions of the Companies Act (ZGD-1) relating to statutory reserves and on the basis of the decision passed by the Management Board, with the approval of the Supervisory Board, regarding the requirements to achieve and maintain the appropriate capital adequacy level in accordance with the Solvency II requirements (other reserves from profit).

After 2023, the Company did not change or form additional reserves from profit.

#### Capital reserves

Capital reserves as of 31 December 2023 amount to EUR 20,771,169 and are not payable to owners. Their possible use is defined by the Companies Act with the provisions of the ISA to be additionally taken into account. In 2023, the Insurance Company divided the capital share of the subsidiary company Generali Investments, d.o.o. with the transfer of an investment in the amount of EUR 29,326,008 and cash assets in the amount of EUR 100,000. The effect of the demerger was recognized among capital reserves by reducing the balance of capital reserves by EUR 29,426,008.

#### Treasury shares

In 2023, neither the Company nor any third party for the account of the Company accepted any new treasury shares as security. Moreover, as at 31 December 2023 neither the Company nor any third party for the account of the Company held any treasury shares as security. The Insurance Company has no treasury shares.

#### Accumulated other comprehensive income

Accumulated other comprehensive income shows changes in the fair value of financial investments measured at fair value through other comprehensive income, as well as the cumulative amount of financial revenue or expenses from insurance and reinsurance contracts recognized in other comprehensive income. The Company's cumulative amount of financial income or expenses arising from changes in interest rates and other financial assumptions is recognized in the statement of other comprehensive income.

The accumulated other comprehensive income items are classified into items which may be reclassified to profit or loss in subsequent periods and those which will not be reclassified to profit or loss in subsequent periods. Among the items which will not be reclassified to profit or loss in subsequent periods are changes in the value of equity securities measured at fair value through other comprehensive income and the provisions for retirement allowances - actuarial gains and losses.

Within equity, the accumulated other comprehensive income is decreased by deferred taxes.

For the year 2023, movements in accumulated other comprehensive income in 2023, the impact of the transition to the new financial standards IFRS 17 and IFRS 9 and the impact of the increase in the tax rate from 19% to 22% in the calculation of deferred taxes as consequence of change of items are shown below.

#### Movements in accumulated other comprehensive income

	31.12.2023	31.12.2022
<b>(in EUR)</b>		
Balance as at 1 Jan	(17,082,616)	15,788,366
<b>Increases due to acquisition of companies</b>	<b>1,345,419</b>	<b>(855,372)</b>
Change in revaluation surplus from net actuarial gains / losses for pension programs	(23,637)	-
Change in financial investments valued at fair value through other comprehensive income	391,621	(1,056,015)
Change in deferred taxes due to revaluation	(74,408)	200,643
Effect due to change in tax rate	92,307	-
Effect of change in deferred taxes of changes IFRS	959,535	-
<b>Items that may be reclassified to profit or loss in later periods</b>	<b>11,679,653</b>	<b>(32,015,610)</b>
Unrealized net gains/losses on financial investments valued at fair value through other comprehensive income	18,510,256	(59,288,840)
Change due to revaluation to new fair value	24,046,132	(77,023,683)
Change in deferred taxes due to revaluation to new fair value	(4,568,765)	14,634,500
Change due to transfer of profits (losses) to profit or loss on sale	241,338	3,827,584
Change in deferred taxes upon realization of sale	(45,854)	(727,241)
Effect due to change in tax rate	(1,162,595)	-
<b>Change in net financial income (expenses) from insurance contracts</b>	<b>(7,384,238)</b>	<b>30,040,380</b>
Change in financial income (expenses) from insurance contracts	(9,466,972)	37,086,889
Change in deferred taxes - insurance contracts	1,798,725	(7,046,509)
Effect due to change in tax rate	284,009	-
<b>Change in net financial income (expenses) from reinsurance contracts</b>	<b>553,635</b>	<b>(2,767,150)</b>
Change in financial income (expenses) from reinsurance contracts	709,789	(3,416,235)
Change in deferred taxes - reinsurance contracts	(134,860)	649,085
Effect due to change in tax rate	(21,294)	-
<b>Balance as at 31 Dec</b>	<b>(4,057,544)</b>	<b>(17,082,616)</b>

## 7.13 SUBORDINATED LIABILITIES

- Nominal value of the subordinated loan is EUR 30,000,000.
- Interest rate is 2.92% + 12m EURIBOR.
- Frequency of interest's payment is annually.
- The principal will be paid in full upon maturity.

#### Movement of subordinated loan

	2023	2022
<b>(in EUR)</b>		
As at 1.1.	30,583,235	30,544,800
Accrued interest	1,609,658	914,435
Repayment interest	(937,800)	(876,000)
<b>As at 31.12.</b>	<b>31,255,093</b>	<b>30,583,235</b>

The subordinated loan received is valued at amortized cost. The balance of the subordinated loan on 31 December 2023 amounted to EUR 31,255,093. The subordinated loan is included in life portfolio. Until May 19, 2023, the insurance company paid out interest in the amount of EUR 937,800 to creditors.

## 7.14 OTHER PROVISIONS

### 7.14.1 OTHER PROVISIONS

(in EUR)	31.12.2023	31.12.2022
Provisions for employee benefits	5,701,137	4,875,725
Provisions for termination benefits	2,131,187	3,406,269
<b>Total</b>	<b>7,832,325</b>	<b>8,281,994</b>

### 7.14.2 PROVISIONS FOR EMPLOYEE BENEFITS

#### Provisions for employee benefits

(in EUR)	31.12.2023	31.12.2022
Provisions for employee benefits	4,586,660	4,114,770
Other non-current provisions	1,114,477	760,956
<b>Total</b>	<b>5,701,137</b>	<b>4,875,725</b>

#### Movements in provisions for employee benefits

(in EUR)	2023	2022
As at 1.1.	4,875,725	5,259,465
Increases due to acquisition of companies	-	29,129
Increase in current period	539,743	462,861
Decrease due to paid provisions for termination and jubilee benefits	(164,366)	(104,127)
Actuarial gains and losses	450,036	(771,603)
Adjustments arising from past experience	125,112	(217,992)
Effect of change of assumptions	324,923	(553,611)
<b>As at 31 December</b>	<b>5,701,137</b>	<b>4,875,725</b>

Movements in provisions for unused vacation and long-service benefits are recognised in the income statement under operating costs. The same goes for changes in provisions for retirement benefits, except for actuarial gains or losses recognised in other comprehensive income.

#### The main assumptions applied in the calculation of provisions for termination and long-service benefits:

- Discount rates applied in the calculation were defined based on the Euro area yield curve (Source: ECB European Central Bank: AAA-rated euro area central government bonds, Spot rate dated 30 November 2023, [https://www.ecb.europa.eu/stats/financial\\_markets\\_and\\_interest\\_rates/euro\\_area\\_yield\\_curves/html/index\\_en.html](https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/euro_area_yield_curves/html/index_en.html)). For the calculation made on 31 December 2022 the ECB curve dated 30 December 2022 was applied.
- The expected increase in salaries in the Company was determined in accordance with the Company's expectations and on the basis of past trends (inflation of 3.86% and real growth of 5.97%). Inflation of 3.49% and real growth of 5.26% was taken into account for the calculation made on 31 December 2022.
- The expected mortality is determined based on Slovene mortality tables from 2007 (SLO 2007, published by the Statistical Office of the Republic of Slovenia). Same for calculation on 31.12.2022.
- Future fluctuation is analysed separately for sales employees (agents) and other employees. For each category fluctuation is determined according to the age of employees, namely for agents it is 21.0% at the age of 20, then it decreases linearly and at the age of 50 it is 2.0%, from the age of 50 it is constant, i.e. at 2.0%. Fluctuation for other employees is 8.5% at the age of 20, then decreases linearly and at the age of 50 it falls to 1.3%, from the age of 50 it is constant, i.e. at 1.3%. Same for calculation on 31.12.2022.

The effect of changes in assumptions amounted to EUR 324,923.

#### Analysis of sensitivity to changes in parameters

Parameters	Parameter changes	31.12.2023	31.12.2022
Discount rate	discount curve move by +0.25%	(148,701)	(131,853)
	change in annual salary increase by -0.25%	155,204	137,781
Salary increase	sprememba letne rasti plač za +0,5%	297,452	262,617
	change in annual salary increase by -0.5%	(280,942)	(243,072)
Mortality	permanent increase in mortality by +20%	(45,432)	(39,583)
	permanent increase in mortality by -20%	46,016	40,092
Early termination of employment	expense curve move by +20%	(216,797)	(190,987)
	expense curve move by -20%	233,883	206,451

## 7.15.1 FINANCIAL LIABILITIES

(in EUR)	31.12.2023	31.12.2022
Long-term financial obligations	3,692,216	2,254,606
Long-term lease liabilities	3,692,216	2,254,606
<b>Short-term financial liabilities</b>	<b>(6,547)</b>	-
Short-term loans	-	(7,153)
Short-term liabilities from dealing with securities	(6,547)	-
Short-term lease liabilities	-	(7,153)
<b>Total</b>	<b>3,685,669</b>	<b>2,247,453</b>

Long-term financial liabilities include liabilities from the rights to use lease assets.

#### Movements of financial liabilities

(in EUR)	2023	2022
As at 1.1.	2,247,453	4,268,161
Increase in current period (formation)	136,504,423	193,694,866
Decrease (repayment)	(135,066,207)	(195,715,573)
<b>As at 31.12.</b>	<b>3,685,669</b>	<b>2,247,453</b>

Movements in increase and decrease items relate mostly to the purchases and sales of short-term financial liabilities of financial assets where the investment risk is borne by policyholder.

## 7.15 LIABILITIES FROM BUSINESS

#### Liabilities from business

(in EUR)	31.12.2023	31.12.2022
Other financial liabilities	3,685,669	2,247,453
Current tax liabilities	11,257,579	1,521,496
Other liabilities	41,951,749	40,743,314
<b>Total</b>	<b>56,894,997</b>	<b>44,512,263</b>

In the structure of operating liabilities presents other liabilities 74%, followed by current income tax liabilities and liabilities arising from the rights to use lease assets.

Current income tax liability increased by EUR 9,736,083 compared to the previous year, because the change in the tax base, which is the basis for calculating the tax liability, also includes the impact of the transition to IFRS 17 and IFRS 9 on 1. January 2022.

## 7.15.2 OPERATING LIABILITIES

### Operating liabilities, accrued costs and deferred revenue

(in EUR)	31.12.2023	31.12.2022
Long-term operating liabilities	-	4,500
Other long-term operating liabilities	-	4,500
<b>Current operating liabilities</b>	<b>22,178,898</b>	<b>21,606,693</b>
Current operating liabilities to suppliers	1,567,278	1,042,751
Current operating liabilities to employees	3,784,565	3,425,382
Other current liabilities from insurance operations	14,888,130	16,572,489
Current operating liabilities to the state (except for income tax)	763,485	677,257
Other current operating liabilities	1,175,439	(111,186)
<b>Accrued costs and deferred revenue</b>	<b>19,772,850</b>	<b>19,132,121</b>
Short-term deferred revenue	222,353	255,954
Accrued expenses - operating	17,498,917	17,022,656
Accrued expenses - for unused annual holidays	2,051,580	1,853,511
<b>Total</b>	<b>41,951,749</b>	<b>40,743,314</b>

At the end of 2023, the balance of other operating liabilities was higher than in the previous year by EUR 1,208,435. The higher balance was mainly due to accrued costs and deferred revenue and operating liabilities.

Compared to the previous year, the balance of accrued costs and deferred revenue is higher by EUR 640,729, in particular due to higher accrued operating costs in 2023.

In respect of business liabilities, the higher balance compared to the previous year was mainly affected by the higher balance of other current operating liabilities, which increased due to higher liabilities of supplementary health insurance.

The structure of operating liabilities is dominated by other liabilities from insurance operations with a 67% share, which are EUR 1,684,359 lower compared to the previous year. These current liabilities refer to the liabilities that the Company has towards the Slovene Insurance Association for contributions for coverage of claims for damage on unknown and uninsured vehicles and vessels, to fire tax liability and to other liabilities incurred as a result of the payments of premium following the early completion of recording of premiums and claims for December 2023 and overpayments due to terminated complementary health insurance policies following the legal abolition of the conclusion of complementary health insurance by insurance companies.

## 7.16 INSURANCE SERVICE RESULT

With the transition to the new IFRS 17 financial standard, the presentation of income from insurance contracts has changed; the insurance revenue and insurance service expenses are shown below without taking reinsurance into account. The effect of reinsurance is shown as a separate item in the income statement. In accordance with IFRS 17, assets and liabilities from insurance contracts are subject to discounting and financial effects are included in the financial result.

## 7.16.1 INSURANCE SERVICE RESULT

Net income/expenses of insurance services recognized in the income statement

(in EUR)	Life insurance BBA	Life insurance VFA	Non-life insurance PAA	Total
<b>Year 2023</b>				
<b>Insurance contracts - Life insurance</b>				
Expected insurance claims	(8,985,416)	(852,104)	-	(9,837,520)
Expected insurance service expenses	(11,252,192)	(8,990,743)	-	(20,242,935)
Release Risk Adjustment	(641,846)	(229,411)	-	(871,257)
Release of CSM	(4,289,154)	(2,987,799)	-	(7,276,953)
Recovery of insurance acquisition cash flows	(1,552,005)	(392,808)	-	(1,944,813)
Losses and reversals of losses on onerous contracts	62,292	181,007	-	243,299
Changes related to past services (e.g. adj. in cash flow related to the liability for incurred claims)	439,674	(99,526)	-	340,149
Insurance revenue from insurance contracts - Direct	(26,218,646)	(13,371,383)	-	(39,590,030)
Reinsurance revenue from reinsurance contracts held - Ceded	-	-	(2,477,100)	(2,477,100)
<b>Total life</b>	<b>(52,437,292)</b>	<b>(26,742,767)</b>	<b>(2,477,100)</b>	<b>(81,657,159)</b>
<b>Insurance contracts - Non Life insurance</b>				
Insurance revenue from insurance contracts - Direct	-	-	(415,081,484)	(415,081,484)
Insurance revenue from insurance contracts - Assumed	-	-	(3,158,492)	(3,158,492)
Reinsurance revenue from reinsurance contracts held - Ceded	-	-	(57,240,206)	(57,240,206)
Reinsurance revenue from reinsurance contracts held - Retroceded	-	-	(308,172)	(308,172)
<b>Total non-life</b>	<b>-</b>	<b>-</b>	<b>(475,788,354)</b>	<b>(475,788,354)</b>
<b>Total</b>	<b>(52,437,292)</b>	<b>(26,742,767)</b>	<b>(478,265,454)</b>	<b>(557,445,513)</b>

(in EUR)	Life insurance BBA	Life insurance VFA	Non-life insurance PAA	Total
<b>Year 2022</b>				
<b>Insurance contracts - Life insurance</b>				
Expected insurance claims	(8,257,334)	(795,692)	-	(9,053,027)
Expected insurance service expenses	(9,194,200)	(8,388,714)	-	(17,582,913)
Other	(5,509)	(14,630)	-	(20,139)
Release Risk Adjustment	(736,322)	(261,840)	-	(998,162)
Release of CSM	(3,975,068)	(2,990,857)	-	(6,965,925)
Recovery of insurance acquisition cash flows	(682,988)	(155,092)	-	(838,081)
Losses and reversals of losses on onerous contracts	25,121	-	-	25,121
Changes related to past services (e.g. adj. in cash flow related to the liability for incurred claims)	203,646	(4,207)	-	199,439
Insurance revenue from insurance contracts - Direct	(22,622,655)	(12,611,032)	-	(35,233,687)
Reinsurance revenue from reinsurance contracts held - Ceded	-	-	(1,499,197)	(1,499,197)
<b>Total life</b>	<b>(45,245,309)</b>	<b>(25,222,064)</b>	<b>(1,499,197)</b>	<b>(71,966,571)</b>
<b>Insurance contracts - Non Life insurance</b>				
Insurance revenue from insurance contracts - Direct	-	-	(382,084,190)	(382,084,190)
Insurance revenue from insurance contracts - Assumed	-	-	(2,878,305)	(2,878,305)
Reinsurance revenue from reinsurance contracts held - Ceded	-	-	(11,322,211)	(11,322,211)
Reinsurance revenue from reinsurance contracts held - Retroceded	-	-	(1,306,278)	(1,306,278)
<b>Total non-life</b>	<b>-</b>	<b>-</b>	<b>(397,590,984)</b>	<b>(397,590,984)</b>
<b>Total</b>	<b>(45,245,309)</b>	<b>(25,222,064)</b>	<b>(399,090,181)</b>	<b>(469,557,554)</b>

## 7.16.2 FINANCE INCOME (EXPENSES) FROM INSURANCE AND REINSURANCE CONTRACTS ISSUED

### Finance income (expenses) from insurance and reinsurance contracts issued

(in EUR)	Life insurance contracts BBA	Life insurance contracts VFA	Life reinsurance contracts PAA	Non- Life insurance contracts PAA	Non- Life reinsurance contracts PAA	Non- Life contracts PAA - Assumed	Non- Life contracts PAA - Retro-ceded	Total
<b>Year 2023</b>								
<b>Finance income (expenses)</b>								
Changes in fair value of underlying assets of contracts measured under the VFA	-	37,190,035	-	-	-	-	-	37,190,035
Interest accrued	(396,353)	-	-	-	-	-	-	(396,353)
Unwinding of LRC PVFCF	354,034	-	-	905,155	(96,112)	8,501	(3,923)	1,167,655
Other	68,041	(231)	-	983,124	1,155	221,747	-	1,273,836
Effect of changes in interest rates and other financial assumptions - OCI	3,302,996	-	-	-	-	-	-	3,302,996
<b>Total finance income (expenses)</b>	<b>3,328,718</b>	<b>37,189,805</b>	<b>-</b>	<b>1,888,279</b>	<b>(94,958)</b>	<b>230,248</b>	<b>(3,923)</b>	<b>42,538,169</b>
<b>Finance income (expenses)</b>								
Amounts recognised in profit or loss	25,722	37,189,805	-	1,888,279	(94,958)	230,248	(3,923)	39,235,173
Amounts recognised in other comprehensive income	3,302,996	-	-	-	-	-	-	3,302,996
<b>Total finance income (expenses)</b>	<b>3,328,718</b>	<b>37,189,805</b>	<b>-</b>	<b>1,888,279</b>	<b>(94,958)</b>	<b>230,248</b>	<b>(3,923)</b>	<b>42,538,169</b>

(in EUR)	Life insurance contracts BBA	Life insurance contracts VFA	Life reinsurance contracts PAA	Non- Life insurance contracts PAA	Non- Life reinsurance contracts PAA	Non- Life contracts PAA - Assumed	Non- Life contracts PAA - Retro-ceded	Total
<b>Year 2022</b>								
<b>Finance income (expenses)</b>								
Changes in fair value of underlying assets of contracts measured under the VFA	-	(57,405,505)	-	-	-	-	-	(57,405,505)
Interest accrued	(239,610)	-	-	(467,299)	62,595	(6,283)	3,516	(647,081)
Unwinding of LRC PVFCF	(678,405)	-	-	-	-	-	-	(678,405)
Other	(24,883)	(264)	(40,286)	1,412,701	(72,452)	(112,354)	(8,586)	1,153,876
Effect of changes in interest rates and other financial assumptions - OCI	(19,346,395)	-	-	-	-	-	-	(19,346,395)
<b>Total finance income (expenses)</b>	<b>(20,289,294)</b>	<b>(57,405,769)</b>	<b>(40,286)</b>	<b>945,402</b>	<b>(9,857)</b>	<b>(118,638)</b>	<b>(5,070)</b>	<b>(76,923,511)</b>
<b>Finance income (expenses)</b>								
Amounts recognised in profit or loss	(942,899)	(57,405,769)	(40,286)	945,402	(9,857)	(118,638)	(5,070)	(57,577,115)
Amounts recognised in other comprehensive income	(19,346,395)	-	-	-	-	-	-	(19,346,395)
<b>Total finance income (expenses)</b>	<b>(20,289,294)</b>	<b>(57,405,769)</b>	<b>(40,286)</b>	<b>945,402</b>	<b>(9,857)</b>	<b>(118,638)</b>	<b>(5,070)</b>	<b>(76,923,511)</b>

## 7.17 NET FINANCIAL RESULT FROM INVESTMENTS

### Financial result from investments

(in EUR)	2023	2022
<b>Interest income calculated using the effective interest rate method</b>	<b>7,900,047</b>	<b>6,403,495</b>
At amortised costs (AC)	693,316	614,269
At fair value through other comprehensive income (FVTOCI)	7,067,276	5,649,726
At fair value through other profit and loss (FVTPL)	139,455	139,500
<b>Income from dividends</b>	<b>6,339,905</b>	<b>5,410,355</b>
<b>Net gains/(losses) on recognition of financial assets</b>	<b>37,783,845</b>	<b>(56,709,372)</b>
<b>FI measured at fair value through profit or loss (FVTPL)(Mandatory)</b>	<b>1,131,988</b>	<b>1,210,009</b>
Realized gains	64,593	60,014
Unrealized gains	1,573,987	3,328,136
Realized losses	(60,510)	(1,006,297)
Unrealized losses	(446,082)	(1,171,844)
<b>FI measured at fair value through profit or loss (FVTPL) (Designated)</b>	<b>36,651,857</b>	<b>(57,919,381)</b>
Realized gains	1,780,600	132,771
Unrealized gains	38,925,076	1,886,629
Realized losses	(1,162,324)	(3,551,863)
Unrealized losses	(2,891,496)	(56,386,917)
<b>FI measured at fair value through other comprehensive income (FVTOCI)</b>	<b>241,338</b>	<b>3,827,584</b>
Realized gains	529,916	4,595,508
Realized losses	(288,578)	(767,923)
<b>Net impairments/reversals of impairments of financial assets</b>	<b>392,463</b>	<b>(295,169)</b>
Impairment reversal expenses	(13,461)	(333,594)
Revenues from impairment reversal	405,925	38,425
<b>Other investment income/expenses</b>	<b>(446,099)</b>	<b>1,903,847</b>
Income from positive exchange rates differences	1,303,132	2,004,994
Expenses from negative exchange rates differences	(96,913)	(91,350)
Other investment income	(1,646,563)	-
Other investment expenses	(5,755)	(9,798)
<b>NET FINANCIAL RESULT FROM INVESTMENTS</b>	<b>52,211,500</b>	<b>(39,459,260)</b>

Financial result from investments where the investment risk is borne by policyholder

(in EUR)	2023	2022
Interest income calculated using the effective interest rate method	35,052	27,496
At fair value through other profit and loss (FVTPL)	35,052	27,496
<b>Income from dividends</b>	<b>19,128</b>	<b>22,401</b>
<b>Net gains/(losses) on recognition of financial assets</b>	<b>36,651,857</b>	<b>(57,919,381)</b>
<b>FI measured at fair value through profit or loss (FVTPL)</b>	<b>36,651,857</b>	<b>(57,919,381)</b>
Realized gains	1,780,600	132,771
Unrealized gains	38,925,076	1,886,629
Realized losses	(1,162,324)	(3,551,863)
Unrealized losses	(2,891,496)	(56,386,917)
<b>Other investment income/ expenses</b>	<b>(47,329)</b>	<b>220,535</b>
Income from positive exchange rates differences	(1,102)	226,491
Expenses from negative exchange rates differences	(42,984)	(2,214)
Other investment expenses	(3,243)	(3,742)
<b>NET FINANCIAL RESULT FROM INVESTMENTS</b>	<b>36,658,708</b>	<b>(57,648,950)</b>

## 7.19 OTHER REVENUE AND EXPENSES

### 7.19.1 OTHER INCOME AND EXPENSES

(in EUR)	2023	2022
Revenue from investment management services	618,355	574,062
Other operating income and expenses	2,792,227	(460,400)
Other operating income	21,052,798	18,985,487
Other operating expenses	(18,260,571)	(19,445,886)
Other finance income and expenses	(1,539,843)	(1,076,904)
Other finance income	779,242	814,874
Other finance expenses	(2,319,085)	(1,891,777)
Non-attributable expenses	(13,329,901)	(11,556,303)
Net impairments on non-financial assets	1,162,277	313,111
Other income and expenses	661,899	994,156
Other income	693,543	1,017,882
Other expenses	(31,644)	(23,726)
<b>Other income and expenses</b>	<b>(9,634,986)</b>	<b>(11,212,277)</b>

## 7.18 INVESTMENT RETURN ON INVESTMENT CONTRACTS

### Investment return on investment contracts

(in EUR)	2023	2022
Interest	357,111	347,692
Dividends	244,761	137,796
Realised gains/losses	884,331	(734,972)
Unrealised gains/losses	2,762,068	(5,057,869)
Exchange rate changes	(311,067)	436,407
Other investment income/expenses	(17,462)	(580)
<b>Total investment return on investment contracts</b>	<b>3,919,741</b>	<b>(4,871,526)</b>

The Company includes the revenue generated by the management of Leon mutual pension funds among the revenue from asset management. The composition of other operating and other financial revenue (expenses) is presented in detail below. Non-attributable expenses from insurance assets are also presented in detail as part of the presentation of the split of expenses in Section 7.19.5.

Among the impairment/reversal of impairment of non-financial assets, the Company includes both revenue from the reversal of impairment, as well as impairments from the revaluation of other receivables and financial receivables. Increase of net impairments on non-financial assets in year 2023 in comparison to previous year is mainly due to the reversal of impairment of other receivables.

## 7.19.2 OTHER OPERATING INCOME AND EXPENSES

(in EUR)	2023	2022
<b>Other business income</b>	<b>5,582,064</b>	<b>3,909,936</b>
Income from the management of mutual pension funds	1,804,775	397,310
Elimination of receivables impairment	114,047	79,443
Income from insurance services to foreign insurance companies	1,217,441	1,082,434
Income from parking and car rentals	354,796	437,860
Income from the sale of green cards	374,287	591,394
Income from other services	576,827	532,327
Income from interest on trade receivables	25,151	31,192
Income for the management of internal funds	1,114,740	757,977
<b>Other business expenses</b>	<b>(2,789,838)</b>	<b>(4,370,336)</b>
Losses on sale of fixed assets	(595)	(2,791)
Inventory deficits, write-offs (tangible and intangible assets, inventories)	(14,038)	(3,050)
Debt write-offs	(1,385,027)	(352,184)
Reserves for pension funds guaranteed return	182,844	(2,888,006)
Expenses for the management of internal funds	(458,576)	(426,417)
Redemption and cancellation of internal fund contracts	(80,176)	(52,910)
Expenses from the management of mutual pension funds	(540,139)	(453,876)
Other other expenses and extraordinary expenses	(494,131)	(191,101)
<b>Total other operating income and expenses</b>	<b>2,792,227</b>	<b>(460,400)</b>

In 2023, other operating revenues increased in comparison to the previous year, mainly due to higher revenues generated by the management of pension funds by EUR 1,407,466. These revenues refer to commissions for the conclusion and management of financial contracts under the heading Pokojninsko varčevanje AS (Pension savings AS) in accordance with the life cycle investment policy and management of the pension guarantee fund PN -A01.

Compared to the previous year, operating expenses were lower mainly due to favourable developments on the capital markets and better achievement of

the guaranteed return on pension insurance. Write-offs of receivables increased by EUR 1,032,842.

The Company reviews the recoverability of older and overdue receivables on an annual basis and decides about write-offs of receivables whose recoverability has been reviewed several times and there is solid proof (inability to repay, bankruptcy, personal bankruptcy...) that these receivables would not be repaid in the future. Write-offs are made based on the list of the Commission for inventory review and the decision of the Management Board. In 2023, compared to the previous year, the Company recorded higher expenses for the write-off of receivables on account of written-off old premium receivables for which 100% adjustment of receivables was formed.

## 7.19.3 OTHER FINANCIAL INCOME AND EXPENSES

(in EUR)	2023	2022
<b>Other financial income</b>	<b>779,242</b>	<b>814,874</b>
Revenues arising from rents charged for investment properties	777,200	689,641
Revenues arising from disposals of investment properties	-	75,382
Penalties and Claims	724	14,066
Other extraordinary financial income	1,261	-
Other financial income	58	35,784
<b>Other financial expenses</b>	<b>(2,319,085)</b>	<b>(1,891,777)</b>
Financial expenses for interest - subordinated loan	(1,609,658)	(914,435)
Expenses for interest - leases	(66,785)	(54,660)
Financial expenses from business liabilities	(22,326)	(307,999)
<b>Investment property expenses</b>	<b>(620,316)</b>	<b>(614,685)</b>
Expenses from depreciation of investment properties	(160,536)	(160,869)
Other expenses from investment properties	(459,780)	(453,816)
<b>Total other financial income and expenses</b>	<b>(1,539,843)</b>	<b>(1,076,904)</b>

In 2023, interest expenses on subordinated loan amounted to EUR 1,609,658.

Expenses for interest from leases include expenses for interest arising from obligations for the right to use leased assets.

Financial expenses also include expenses for investment properties, such as depreciation, possible impairments, disposal expenses and other expenses. Other expenses for investment properties include management, maintenance and material costs. In 2023, the Company did not impair investment properties.

## 7.19.4 OTHER INCOME AND EXPENSES

(in EUR)	2023	2022
<b>Other income</b>	<b>690,787</b>	<b>1,017,882</b>
Write-offs of liabilities from previous years	2,371	320,361
Other extraordinary income	688,416	697,521
<b>Other expenses</b>	<b>(28,888)</b>	<b>(23,726)</b>
Extraordinary expenses	(28,888)	(23,726)
<b>Total other income and expenses</b>	<b>661,899</b>	<b>994,156</b>

## 7.19.5 OPERATING EXPENSES

### Operating expenses

(in EUR)	Attributable	Non attributable	Total 2023	Attributable	Non attributable	Total 2022
Acquisition costs	46,675,431	29,346	46,704,776	39,448,983	524,214	39,973,197
Costs of services	17,857,381	8,144,664	26,002,045	17,014,321	7,891,997	24,906,318
Costs of transportation and postal services	2,530,757	187,063	2,717,821	2,571,991	190,857	2,762,848
Costs of rents and maintenance of assets	2,898,229	231,337	3,129,566	2,653,646	138,881	2,792,528
Reimbursement of labour-related costs to employees	879,745	17,548	897,294	824,844	11,441	836,286
Payment of transactions costs and bank charges	837,815	117,664	955,479	906,888	95,832	1,002,720
Costs for insurance premiums	322,218	2,284	324,501	348,722	6,545	355,267
Costs of trade fairs, advertising and entertainment	-	4,534,724	4,534,724	-	4,506,044	4,506,044
Costs of securities brokerage	783,912	92,230	876,141	808,205	122,158	930,363
Costs of intellectual and personal services	3,021,514	1,021,250	4,042,763	2,637,816	884,298	3,522,114
Costs of printing	923,270	79,318	1,002,588	839,269	74,345	913,613
Costs of education	5,015	291,927	296,942	5,187	376,948	382,135
Costs of IT services	3,407,021	521,258	3,928,279	3,201,387	611,959	3,813,345
Costs of other services	2,087,304	1,042,956	3,130,260	2,091,897	869,734	2,961,631
Costs of services by natural persons under employment contracts or author's contracts	160,582	5,107	165,688	124,468	2,955	127,423
<b>Labour costs</b>	<b>52,912,009</b>	<b>3,770,364</b>	<b>56,682,373</b>	<b>49,718,817</b>	<b>2,068,550</b>	<b>51,787,367</b>
Costs of wages and salaries	36,488,630	1,829,715	38,318,345	33,179,968	1,322,096	34,502,064
Social security and pension insurance costs	5,853,710	306,425	6,160,136	5,758,257	222,689	5,980,945
Pension insurance costs	5,566,525	295,104	5,861,629	5,505,562	215,993	5,721,555
Social security costs	287,185	11,321	298,506	252,695	6,695	259,390
Other labour cost	9,347,554	1,587,380	10,934,934	10,318,609	514,203	10,832,812
Provisions for employee benefits and unused leave included	1,222,115	46,844	1,268,958	461,984	9,563	471,547
<b>Costs of material and goods</b>	<b>1,395,959</b>	<b>17,537</b>	<b>1,413,496</b>	<b>1,433,279</b>	<b>9,867</b>	<b>1,443,146</b>
Costs of material, raw material and energy	1,395,959	17,537	1,413,496	1,433,279	9,867	1,443,146
Costs of material and raw material	482,906	7,401	490,308	471,857	4,837	476,694
Costs of energy	913,053	10,136	923,189	961,422	5,031	966,452
<b>Depreciation and amortisation</b>	<b>5,938,975</b>	<b>682,186</b>	<b>6,621,162</b>	<b>6,190,804</b>	<b>295,511</b>	<b>6,486,314</b>
<b>Other expenses</b>	<b>17,674,765</b>	<b>685,804</b>	<b>18,360,568</b>	<b>15,491,310</b>	<b>766,164</b>	<b>16,257,474</b>
<b>Total operating expenses</b>	<b>142,454,520</b>	<b>13,329,901</b>	<b>155,784,421</b>	<b>129,297,514</b>	<b>11,556,303</b>	<b>140,853,817</b>

The Company charges input VAT in relation to costs, namely a percentage of the tax-deductible input VAT, which means that the costs are proportionately lower.

## 7.19.6 AUDITOR'S REMUNERATION

Adjustment between the actual and the calculated tax expense by applying the effective tax rate

The audit of the annual financial statements of GENERALI zavarovalnica d.d. for 2023 was performed by the audit firm KPMG Slovenija d.o.o., as also in 2022.

### Fees paid for auditor's services

(in EUR)	2023	2022
Statutory audit of the annual report	640,969	458,220
Other audit services	127,872	38,280
<b>Total fees for independent auditor's services</b>	<b>768,841</b>	<b>496,500</b>

In 2023, auditor's remuneration increased due to auditing of restated comparative data after the transition to the new international standards IFRS 17 and IFRS 9 and new statements prepared according to IFRS 17 and IFRS 9.

## 7.20 CORPORATE INCOME TAX

### Taxes

(in EUR)	2023	2022
Corporate income tax charge	-	1,521,497
Deferred tax income/(expense)	1,038,240	(1,009,689)
<b>Total</b>	<b>1,038,240</b>	<b>511,807</b>

As a rule, the tax base calculated for corporate income tax is higher than profit before tax as a result of the portion of non-deductible expenses, representing permanent differences.

In 2023, the determination of the tax base and consequently, of the tax liability was affected by the transition to the new IFRS 17 and IFRS 9 due to the effects included in the retained profit or loss. According to Article 14 of the Corporate Income Tax Act, the effects on the retained earnings brought forward must be added to the current tax base. Due to the effect of the transition to IFRS 17 and IFRS 9, the retained earnings of previous years increased, which affected the calculation of the tax liability in the amount of EUR 14,734,322.

The effective tax rate, defined as the ratio the tax expense (including accrued tax) and the determined financial result

(in EUR)	2023	2022
Profit or loss before taxation	2,473,633	13,841,837
Rate used for income tax calculation	19	19
Tax calculated by using official tax rate	(469,990)	(2,629,949)
Income excluded from the tax base and other reductions in the tax base	5,223,874	3,000,701
Expenses not recognised in the tax base and other increases in the tax base	(4,723,931)	(2,320,422)
Use of tax allowance in the current year	816,339	428,174
Effect of utilisation of tax loss	558,072	-
Effect of changes related to the adoption of new accounting methods, changes accounting policies and error corrections.	(14,058,396)	-
Changes in deferred taxes in the income statement	499,323	-
Changes in potential deferred tax assets:	(1,537,564)	959,044
Increase of deductible temporary differences	-	959,044
Decrease of deductible temporary differences	(979,492)	-
Decrease of tax loss carry forwards	(558,072)	-
<b>Profit or loss after taxation</b>	<b>(13,692,274)</b>	<b>(562,453)</b>
<b>Effective tax rate (in %)</b>	<b>(553.53)</b>	<b>4.06</b>

before tax for 2023 is 553,53% (2022: the effective tax rate was 4,06%).

According to local tax legislation in Slovenia, the applicable tax rate in 2023 was 19% (as in 2022).

#### Tax expense recognized in other comprehensive income

(in EUR)	2023	2022
Tax on items that may be allocated to profit or loss in subsequent periods	(2,891,099)	7,509,834
Tax on items not to be allocated to profit or loss	17,899	200,643
<b>Total</b>	<b>(2,873,199)</b>	<b>7,710,477</b>

## 7.21 DEFERRED TAXES

Deferred taxes are the result of calculating current and future tax effects, i.e. the future recovery (settlement) of the carrying amount of assets (liabilities) recognized in the balance sheet of the Company and the transactions and other business events during the relevant period, offset and recognized in the consolidated financial statements of the Company in the case of the same tax authority.

Based on Slovene tax legislation tax rate will increase from 19% to 22%, starting 1. January 2024. Based on the legal changes, the management believes that the available taxable profit, against which the deductible temporary differences could be utilised, will occur in 2024 or later, and thus recognises deductible temporary differences at a 22% tax rate and presents the effect of the transition to a higher tax rate in the disclosures.

#### Recognised deferred tax amounts

(in EUR)	31.12.2023	31.12.2022
<b>Deferred tax assets</b>	<b>5,376,634</b>	<b>16,232,596</b>
Receivables for deferred tax to be recovered	5,251,823	15,343,978
Receivables from deductible temporary differences - impairment of IFA, PPE and receivables	3,107,364	2,634,247
Receivables from deductible temporary differences - impairment of financial investments	1,777,555	12,349,148
Receivables from deductible temporary differences - provisions made but not recognised	366,905	360,584
Receivables from unused tax losses	-	888,618
Receivables from unused tax credits	124,811	-
<b>Deferred tax liabilities</b>	<b>360,813</b>	<b>21,965,376</b>
Liabilities for deferred taxes pending payment	360,813	21,965,376
Liabilities from strengthening of financial investments	360,813	21,965,376

#### Movements in deferred tax assets and liabilities

(in EUR)	2023	2022
Deferred tax assets as at 1 Jan	16,232,596	4,926,772
Efect of changes IFRS	-	15,643,213
Offset of deferred tax assets	(6,808,474)	-
Changes during the year	(5,676,405)	(4,337,389)
Debited/credited to income statement due to change in tax rate	499,323	-
Debited/credited to equity due to change in tax rate	1,129,593	-
<b>Deferred tax assets as at 31 Dec</b>	<b>5,376,634</b>	<b>16,232,596</b>
<b>Deferred tax liabilities as at 1 Jan</b>	<b>21,965,376</b>	<b>20,530,164</b>
Efect of changes IFRS	(15,643,213)	-
Offset of deferred tax liabilities	(6,808,474)	-
Changes during the year	573,824	1,435,218
Debited/credited to equity due to change in tax rate	273,301	-
<b>Deferred tax liabilities as at 31 Dec</b>	<b>360,813</b>	<b>21,965,382</b>

## 7.22 NET EARNINGS (LOSS) PER SHARE

The net earnings per share that refers to the holders of ordinary shares is calculated by dividing the net profit (loss) for the year attributable to the holders of ordinary shares with the weighted average number of ordinary outstanding shares for the reporting period.

#### Earnings (loss) per share

(in EUR)	2023	2022
Net profit or loss for the financial year	1,435,392	7,475,365
Weighted average number of ordinary shares outstanding	2,364,563	2,364,563
<b>Basic and adjusted net earnings (loss) per share</b>	<b>0.61</b>	<b>3.16</b>

All shares issued by the Company are ordinary registered shares; therefore, the diluted net earnings/loss per share are equal to the basic net earnings/loss per share.

#### Movements in shares

(in EUR)	2023	2022
As at 1 Jan	2,364,563	2,364,563
<b>As at 31 Dec</b>	<b>2,364,563</b>	<b>2,364,563</b>

## 7.23 ISSUES, SURRENDERS AND PAYOUTS OF SECURITIES AND DIVIDENDS

In 2023, the Company did not issue any subordinated bonds and did not purchase or pay any equity securities.

#### Dividend amount per share

(in EUR)	2023	2022
Amount of dividends (in euros)	-	14,707,582
Dividend per share (in euros)	-	6.22

Dividends are formed from the accumulated profit determined by the Company after financial year end and are paid in the foreseen amount after the General Meeting adopts a resolution.

In 2023 GENERALI zavarovalnica d.d. did not pay dividends to the sole shareholder, Generali CEE Holding B.V.

## 7.24 ADDITIONAL EXPLANATIONS TO THE CASH FLOW STATEMENT

The indirect method is used when preparing the cash flow statement. When adjusting cash flow from operating activities, the indirect method is used to adjust the profit or loss by considering the effects of non-monetary transactions and income and expense items related to investing or financing cash flows.

# 8. RELATED PARTY TRANSACTIONS

In this section, GENERALI zavarovalnica d.d. discloses transactions with related legal entities, with shareholders and associates, and with the management of the Insurance Company.

Transactions between related parties are regulated by the company's internal acts - the Related Parties Transaction Procedure, the Guidelines on Related Parties Transaction and other internal acts that represent the internal regulatory framework for defining which transactions between related parties are exempt or not. The mentioned internal acts also fully regulate the process of identification, review and approval. Internal Rules on ensuring documentation for transactions between related parties further determines which data and documentation must be provided and the methods used to prove arm's length principle.

Transactions with the parent company and other related companies are the following transactions:

- reinsurance services,
- foreign claims processing services,
- information technology services,
- financial transactions – loan received,
- other services:
  - services in the field of joint brand marketing,
  - services in the insurance field, actuarial field and financial field,
  - organization and implementation of assistance services and claims management,
  - human resources management services and
  - general operational services.

Transactions with subsidiaries and associates are the following transactions:

- services in the field of insurance business,
- asset management services,
- financial transactions – loan received,

- other services:
  - lease of business premises and parking spaces,
  - lease of information technology equipment and information solutions,
  - administrative services: human resources, financial and accounting services, payroll services and internal audit services.

In 2023, there were no transactions between the Company and its related parties carried out under unusual market conditions and likely to affect the presentation of the financial position of the Company. All transactions with related parties were conducted as transactions between well-informed parties involved in a transaction.

## 8.1 RELATED PARTIES

### Shareholders

With a 100% ownership of the shares is Generali CEE Holding B. V., established in Amsterdam, is the sole shareholder and direct owner of GENERALI zavarovalnica d.d.

## 8.2 RELATED PARTIES

### Shareholders

With a 100% equity interest, Generali CEE Holding B. V., established in Amsterdam, is the sole shareholder and direct owner of the Parent Company GENERALI d.d.

### Subsidiaries and associates

COMPANY NAME	ADDRESS	Equity interest	Tax rate	VAT ID No.	Activity	Reporting Period
<b>Subsidiaries</b>						
<b>SLOVENIA</b>						
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	Dunajska cesta 63, 1000 Ljubljana	100%	19%	SI22745866	Specialist outpatient health care service	Calendar year
LEV Registracija, registracija vozil, d.o.o.	Pod lipami 005, 3313 Polzela	100%	19%	SI66862221	General public administration activities	Calendar year
<b>Associates</b>						
<b>SLOVENIA</b>						
NAMA trgovsko podjetje d.d., Slovenia	Tomšičeva ulica 1, 1000 Ljubljana	48.51%	19%	SI22348174	Retail trade services of food and non-food products	Calendar year
MEDIFIT d.o.o., Slovenia	Tržaška cesta 116, 1000 Ljubljana	24.99%	19%	SI12848999	Other information technology and computer service activities	Calendar year

### Total other related companies

Assicurazioni Generali S. p. A., established in Trieste, and other related companies are those that are related to the Company through management

and supervisory bodies, namely members of the Management Board and Supervisory Board.

## 8.3 RELATED PARTY TRANSACTIONS

### Transactions with the owner Generali CEE Holding B.V.

(in EUR)	2023	2022
<b>NON-LIFE INSURANCE</b>		
<b>ITEMS IN THE STATEMENT OF FINANCIAL POSITION:</b>		
Intangible assets	152,188	152,188
Other short-term receivables	-	510
Other short-term liabilities	2,625	-
Payment of dividends	-	14,707,582
<b>INCOME STATEMENT ITEMS:</b>		
Other operating expenses	39,262	19,116

### Transactions with subsidiaries

(in EUR)	2023	2022
<b>NON-LIFE INSURANCE</b>		
<b>ITEMS IN THE STATEMENT OF FINANCIAL POSITION:</b>		
Financial investments	164,783	114,783
Short-term loans given	-	50,000
Short-term receivables from direct insurance business	1,855	1,881
Short-term receivables from financing	5,775	146
Other short-term receivables	16,392	1
Other short-term liabilities	68,596	(2)
<b>INCOME STATEMENT ITEMS:</b>		
Expenses due to impairments	-	129,777
Income from insurance business	12,376	10,846
Expenses from insurance business	101,215	118,285
Other operating revenue	155,909	156,512
Interest income	805	183
Financial income	165,067	141,565
Other operating expenses	958,141	1,050,277
<b>LIFE INSURANCE</b>		
<b>ITEMS IN THE STATEMENT OF FINANCIAL POSITION:</b>		
Financial investments	309,162	29,485,169
Short-term receivables from direct insurance business	6,000	-
Short-term receivables from financing	94,836	97,153
Other short-term receivables	9	9
<b>INCOME STATEMENT ITEMS:</b>		
Dividends received	4,704,218	3,182,504
Income from insurance business	49,627	50,595
Expenses from insurance business	6,883	9,504
Other operating revenue	2,480	4,309
Financial income	1,182,726	1,147,156

In 2023 GENERALI d.d. did not purchase or sell investment property to related parties.

### Loans given and dividend received

In 2023, the Company received a dividend from its subsidiary Generali Investments, družba za upravljanje, d.o.o. in the amount of EUR 4,704,218. The dividend was fully paid.

### Transactions with associates

(in EUR)	2023	2022
<b>NON-LIFE INSURANCE</b>		
<b>ITEMS IN THE STATEMENT OF FINANCIAL POSITION:</b>		
Intangible assets	117,885	85,118
Financial investments	11,222,077	11,222,077
Short-term receivables from direct insurance business	199	149
Other short-term receivables	2	1
Other short-term liabilities	9,206	2,000
<b>INCOME STATEMENT ITEMS:</b>		
Dividends received	75,189	75,189
Income from insurance business	1,036	885
Other expenses from insurance business	300,000	275,000
Expenses from insurance business	12,640	1,532
Other operating revenue	12,000	12,000
Other operating expenses	188,572	163,221
<b>LIFE INSURANCE</b>		
<b>ITEMS IN THE STATEMENT OF FINANCIAL POSITION:</b>		
Financial investments	515,972	515,972
<b>INCOME STATEMENT ITEMS:</b>		
Dividends received	3,467	3,467

GENERALI d.d. received the dividend in the amount of EUR 75,189 from the Associated company NAMA d.d. in 2023. The dividend was fully paid.

## Transaction with other related parties

(in EUR)	2023	2022
<b>NON-LIFE INSURANCE</b>		
<b>ITEMS IN THE STATEMENT OF FINANCIAL POSITION:</b>		
Intangible assets	12,480	-
Financial investments	12,372,739	4,636,293
Receivables from reinsurers arising from reinsurance ceded	19,116,400	3,011,911
Short-term receivables for reinsurance premiums accepted	488,110	319,352
Other receivables arising from reinsurance business	(766)	(766)
Short-term liabilities for reinsurance premiums ceded	5,995,679	2,701,102
Liabilities to reinsurers arising from reinsurance accepted	23,381	25,756
Operating liabilities of reinsurers arising from reinsurance contracts with cedants	12,628	54,551
Short-term receivables from direct insurance business	411,592	511,628
Other short-term receivables from insurance business	450,332	393,429
Short-term receivables from financing	266,383	-
Other short-term receivables	226,435	360,897
Short-term liabilities from direct insurance business	746,390	199,435
Other short-term liabilities	2,081,852	1,912,613
<b>INCOME STATEMENT ITEMS:</b>		
Claims paid - reinsurance share	30,111,953	8,210,887
Accepted reinsurance premiums	324,341	597,266
Reinsurance commission and other income	6,286,945	5,279,940
Reinsurers' share of premiums	30,522,879	23,178,398
Accepted reinsurance claims	-	348,978
Accepted reinsurance commission expenses	23,131	42,668
Interest on deposits of reinsurers	1,155	2,195
Dividends received	266,383	-
Income from insurance business	6,379	3,421
Other income from insurance business	211,021	181,228
Other expenses from insurance business	45,261	76,755
Expenses from insurance business	16,331,391	13,456,840
Other operating revenue	37,111	124,496
Financial income	1,350	-
Other operating expenses	4,279,068	4,108,031

(in EUR)	2023	2022
<b>LIFE INSURANCE</b>		
<b>ITEMS IN THE STATEMENT OF FINANCIAL POSITION:</b>		
Financial investments	5,896,745	10,012,452
Receivables from reinsurers arising from reinsurance ceded	706,262	198,376
Other receivables arising from reinsurance business	69,423	-
Short-term liabilities for reinsurance premiums ceded	1,236,455	749,000
Operating liabilities of reinsurers arising from reinsurance contracts with cedants	209,298	218,278
Short-term receivables from financing	257,397	-
Other short-term receivables	-	27,855
Loan received	30,000,000	30,000,000
Long-term financial liabilities	1,255,092	583,235
<b>INCOME STATEMENT ITEMS:</b>		
Claims paid - reinsurance share	452,414	54,222
Reinsurance commission and other income	626,536	504,783
Reinsurers' share of premiums	2,017,160	1,483,130
Other operating revenue	408,766	360,259
Dividends received	213,191	-
Financial income	113,241	123,361
Financial expenses	1,609,658	914,435

GENERALI zavarovalnica d.d. has a subordinated loan received from a related party, GP Reinsurance EAD, Bulgaria, in the amount of EUR 30,000,000. More information about the loan can be found in Section 7.13.

## 8.4 SHAREHOLDERS

As at 31 December 2023, with a 100% ownership of the shares is Generali CEE Holding B. V., established in Amsterdam, the Netherlands, is the sole shareholder of GENERALI zavarovalnica d.d.

## 8.5 MANAGEMENT

The management consists of the members of the Management Board and the Supervisory Board and the employees on individual employment agreements.

## Transactions with senior management of GENERALI zavarovalnica d.d.

### Remuneration of members of management and supervision bodies and employees on individual employment agreements in 2023

Remuneration type (in EUR)	Remuneration of management board and board of directors members	Remuneration of supervisory board members	Remuneration of employees on individual employment agreements	Procurement holders**
Gross salary	541,093	87,316	6,644,461	22,590
Variable part of remuneration	386,220	-	845,111	26,920
Holiday allowances	8,175	4,384	255,379	641
Reimbursements of costs*	7,347	5,792	341,729	819
Meeting attendance fees	-	3,218	-	-
Insurance premiums	19,048	3,623	400,535	562
Commissions, bonuses and other additional payments	28,633	12,975	472,397	905
<b>Total remuneration</b>	<b>990,516</b>	<b>117,307</b>	<b>8,959,612</b>	<b>52,437</b>

\*Including travel expenses for transport by own means of transport.

\*\*From 22 February 2023, GENERALI insurance company no longer has procurators.

Payments are presented in gross amounts and were disbursed to the members of management and/or supervision bodies and employees on individual employment agreements (or on employment agreements, for which the tariff section of the collective agreement does not apply) in 2023 for the period in which they carried

out the function of management and/or supervision in GENERALI zavarovalnica d.d. In 2023, the members of the Management Board of the Company did not receive any payments for the performance of tasks in subsidiaries.

As at the 2023 year-end, GENERALI d.d. recognises following operating receivables and liabilities to related parties:

- EUR 669 of receivables and EUR 41,928 liabilities for remuneration (salaries) related to the members of the Management Board. The receivables arise from the insurance business (premiums due) and from rents of parking spaces;
- EUR 146 of receivables and EUR 7,991 liabilities for remuneration (salaries) related to the members of the Supervisory Board and the Audit Committee. The receivables mainly arise from the insurance business (premiums due);
- EUR 11,001 of receivables and EUR 602,570 of liabilities for remuneration (salaries) related to the employees employed on the basis of contracts to which the tariff section of the collective agreement does not apply. The bulk of receivables in the amount of EUR 9,134 arises from the insurance business (premium due), while the rest arises from rents for parking spaces.

## Transactions with senior management of controlling companies of GENERALI zavarovalnica d.d.

The senior management of the controlling companies of GENERALI zavarovalnica d.d. comprises all members of the Management Board who manage and control the controlling company Generali CEE Holding B. V., The Netherlands and, at the highest level, the controlling company Assicurazioni Generali S. p. A, established in Trieste.

In 2023, the Company did not receive any payments from or made any payments to the senior management. As at 31 December 2023, there were no outstanding receivables from or liabilities to the senior management.

### Remuneration of members of management and supervision bodies and employees on individual employment agreements in 2022

Remuneration type (in EUR)	Remuneration of management board and board of directors members	Remuneration of supervisory board members	Remuneration of employees on individual employment agreements	Procurement holders
Gross salary	563,453	77,123	6,497,640	150,116
Variable part of remuneration	455,020	-	1,012,990	37,960
Holiday allowances	8,029	4,016	235,971	4,016
Reimbursements of costs*	6,940	5,197	288,425	4,258
Meeting attendance fees	-	2,970	-	-
Insurance premiums	19,500	3,580	389,196	9,460
Commissions, bonuses and other additional payments	28,924	13,434	333,035	5,493
<b>Total remuneration</b>	<b>1,081,866</b>	<b>106,320</b>	<b>8,757,256</b>	<b>211,303</b>

\*Including travel expenses for transport by own means of transport.

In 2023, GENERALI zavarovalnica d.d. did not grant to or receive any loans or advances from the members of the Management Board, the members of the Supervisory Board or the employees employed on the basis of the contract to which the tariff section of the collective agreement does not apply. Furthermore, the Management of GENERALI zavarovalnica d.d. did not participate in any scheme offering share options and no significant transactions were made without entering them in the accounting records of the Company.

Transactions with the immediate family members of the members of Management and Supervision Boards and the Audit Committee.

In 2023, the Company GENERALI zavarovalnica d.d. did not enter into transactions with the immediate family members of the members of the Management Board and the Supervisory Board, other than insurance transactions (EUR 5,182 from the premium received and EUR 300 for the payment of claims).

## 9. CONTINGENT RECEIVABLES AND LIABILITIES

Contingent receivables and liabilities include contingent receivables and liabilities held in off-balance sheet items.

### Contingent receivables and liabilities

(in EUR)	31.12.2023	31.12.2022
Outstanding recourse receivables	9,095,057	8,390,087
Received pledged guarantees	60,800	110,800
Other receivables	235,266	235,266
<b>Contingent RECEIVABLES</b>	<b>9,391,123</b>	<b>8,736,153</b>
Liabilities - disputes and litigations (labour and insurance)	60,000	52,500
Liabilities for guarantees	1,956,901	2,083,997
Liabilities for bill of exchange	(1,603,165)	(1,227,576)
Liabilities for guaranteed return	325,337	546,748
Other liabilities	5,385,976	7,941,052
<b>Contingent LIABILITIES</b>	<b>6,125,049</b>	<b>9,396,721</b>
<b>Total contingent receivables and liabilities</b>	<b>15,516,172</b>	<b>18,132,874</b>

Contingent receivables include receivables for unenforced subrogations, pledged guarantees received with securities and a mortgage on property given as collateral for short-term loans given and contingent receivables arising from commercial disputes. Compared to the balance at the end of last year, the balance of contingent receivables is higher by EUR 654,970 mainly due to an increase in the value of not yet unenforced subrogations.

## 10. EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date and before the date of approval of the financial statements, which should be disclosed in the financial statements and which would impact the compiled financial statements and tax obligations of the Company for 2023.

### Events after the balance sheet date, important for business operations in 2024

On 21 December 2023, the Republic of Slovenia adopted the Decree amending the Decree determining maximum prices for complementary health insurance, which determines the basis to claim a possible difference between the amount of costs paid to health care providers and the value of income from insurance services arising from complementary health insurance. The provisions of the Decree, which provide the basis for the implementation of the difference, are valid until 30 June 2024.

# APPENDIX TO THE FINANCIAL STATEMENTS

03

# INDEX

## 272 1. APPENDIX TO THE FINANCIAL STATEMENTS

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# 1. APPENDIX TO THE FINANCIAL STATEMENTS

The Appendix is intended for the supervising authority - the Insurance Supervision Agency (ISA), and has been prepared in compliance with the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings (Official Gazette of the Republic of Slovenia, No. 151/2022 as amended).

The accounting policies applied by the reporting segments are the same as those applied by the Insurance Company.

The Insurance Company is not obliged to report by business segments in accordance with the provisions of IFRS, since as at 31 December 2023 GENERALI zavarovalnica d.d. no longer trades in the public market. Reporting by reporting segments or by business segments is thus prepared in line with the requirements of the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings.

## 1.1 FINANCIAL STATEMENTS ACCORDING TO THE SCHEME PRESCRIBED BY THE ISA

The Insurance Company GENERALI zavarovalnica d.d., whose principal activity is insurance business, provides services in the non-life, life and health insurance segments, and therefore separates business segments by insurance groups, where similar insurance products are grouped. These groups are exposed to different rates of profitability, opportunities for growth, future prospects and risks.

The Management regularly reviews the business results by business segments in order to not only take decisions on the basis thereof regarding the resources to be allocated to a particular segment but also to assess the performance of individual segments and the entire Insurance Company.

Assets and liabilities by reporting segment comprise assets and liabilities that can be directly attributed to an individual business segment, as well as those that can be indirectly allocated to a business segment. Income and expenses of a business segment arise from the operations of a particular business segment and can be directly attributed to the business segment, while the appropriate part of income and expenses can be reasonably allocated to the business segment.

The balance sheet and the income statement by business segment are given below. It must be noted that the values shown in the columns »Total« are not equal to the sum of insurance segment due to offsets between individual segments and on the level of balance sums.

The financial statements have been prepared in accordance with the schemes given in Appendix 1 to the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings.

### Business segments

#### Non-life insurance business segment comprises:

- motor liability insurance,
- land motor vehicle insurance,
- accident insurance,
- fire and natural forces insurance,
- other damage to property insurance,
- general liability insurance,
- credit insurance and suretyship insurance,
- travel medical insurance with emergency assistance abroad (ZZTA),
- other non-life insurance.

The life insurance business segment includes traditional life insurance, annuity life insurance, unit-linked life insurance and voluntary pension insurance (voluntary supplementary pension insurance under the previous PN-A01 pension scheme and the new pension schemes which entered into force in 2017, as well as Pokojninsko varčevanje AS »AS Pension Saving«).

The health insurance business segment includes complementary health insurance (to 31.12.2023) and other supplementary health insurance.

**Statement of financial position of GENERALI d.d. as at 31 December 2023 by insurance group in accordance with the Decision on the Annual Reports of Insurance Undertakings**

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Total
<b>Assets</b>	<b>696,893,548</b>	<b>443,119,127</b>	<b>29,278,848</b>	<b>1,149,467,966</b>
Property, plant and equipment	-	26,340,157	-	26,340,157
Investment property	-	9,748,897	-	9,748,897
Assets arising from a lease	-	3,646,761	-	3,646,761
Intangible assets and goodwill	62,223	7,379,261	-	7,441,484
Deferred tax assets	-	4,316,103	1,060,531	5,376,634
Investments in subsidiaries	309,162	164,783	-	473,945
Investments in associates	515,972	8,009,668	3,212,409	11,738,050
Financial assets, measured at:	604,844,969	297,178,716	18,357,978	920,381,663
Fair value through other comprehensive income	194,706,046	281,442,654	18,357,978	494,506,677
Amortised cost	-	168,740	-	168,740
Fair value through profit or loss	410,138,924	15,567,322	-	425,706,245
Investment contract assets	40,939,566	-	-	40,939,566
Financial assets, measured at:	40,018,912	-	-	40,018,912
Fair value through profit or loss	40,018,912	-	-	40,018,912
Receivables	7,603	-	-	7,603
Cash and cash equivalents	913,051	-	-	913,051
Insurance contracts assets	27,704,786	6,285	-	27,711,071
Reinsurance contracts assets	-	69,583,759	-	69,583,759
Receivables	18,457,943	12,903,221	6,439,424	17,977,032
Cash and cash equivalents	4,058,810	2,481,206	35,597	6,575,612
Other assets	117	1,360,309	172,909	1,533,335
<b>Total assets</b>	<b>696,893,548</b>	<b>443,119,127</b>	<b>29,278,848</b>	<b>1,149,467,966</b>

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Total
<b>Equity</b>	<b>81,920,539</b>	<b>117,725,390</b>	<b>(9,608,967)</b>	<b>190,036,962</b>
Share capital	17,690,167	21,830,180	-	39,520,347
Capital reserve	1,669,017	19,102,152	-	20,771,169
Profit reserve	-	4,806,643	4,782,443	9,589,086
Accumulated other comprehensive income	1,958,517	(4,499,221)	(1,516,840)	(4,057,544)
Retained earnings	48,220,810	70,664,082	3,892,576	122,777,468
Net profit loss for the period	12,382,028	5,821,554	(16,767,146)	1,436,437
<b>Liabilities</b>	<b>614,973,008</b>	<b>325,393,737</b>	<b>38,887,816</b>	<b>959,431,004</b>
Subordinated liabilities	31,255,092	-	-	31,255,092
Deferred tax liabilities	360,813	-	-	360,813
Insurance contracts issued that are liabilities	527,356,903	278,202,523	16,179,047	821,738,473
Reinsurance contracts held that are liabilities	291,915	117,822	-	409,738
Investment contracts liabilities	40,939,566	-	-	40,939,566
Provisions	1,137,813	6,694,511	-	7,832,325
Other financial liabilities	(7,110)	3,692,779	-	3,685,669
Current tax liabilities	11,172,256	85,323	-	11,257,579
Other liabilities	2,465,759	36,600,778	22,708,768	41,951,749
<b>Total equity and liabilities</b>	<b>696,893,548</b>	<b>443,119,127</b>	<b>29,278,848</b>	<b>1,149,467,966</b>

**Statement of financial position of GENERALI d.d. as at 31 December 2022 by insurance group in accordance with the Decision on the Annual Reports of Insurance Undertakings – Restated**

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Total
<b>Assets</b>				
Property, plant and equipment	664,770,896	399,096,247	32,863,077	1,096,730,221
Investment property	-	26,390,125	-	26,390,125
Assets arising from a lease	-	9,885,908	-	9,885,908
Intangible assets and goodwill	8,889	7,806,365	-	7,815,254
Deferred tax assets	5,670,533	9,359,441	1,202,622	16,232,596
Investments in subsidiaries	29,485,169	114,783	-	29,599,952
Investments in associates	515,972	8,009,668	3,212,409	11,738,050
Financial assets, measured at:	560,559,205	290,219,531	21,836,641	872,615,377
Fair value through other comprehensive income	174,130,889	274,707,473	21,836,641	470,675,003
Amortised cost	-	672,083	-	672,083
Fair value through profit or loss	386,428,316	14,839,976	-	401,268,292
Investment contract assets	35,484,203	-	-	35,484,203
Financial assets, measured at:	33,097,764	-	-	33,097,764
Fair value through profit or loss	33,097,764	-	-	33,097,764
Receivables	54,624	-	-	54,624
Cash and cash equivalents	2,331,815	-	-	2,331,815
Insurance contracts assets	27,042,775	48,554	-	27,091,329
Reinsurance contracts assets	-	28,805,686	-	28,805,686
Current tax assets	21,462	4,303,537	-	4,325,000
Receivables	1,363,594	7,532,480	5,925,894	14,821,969
Cash and cash equivalents	4,619,093	3,456,704	877,913	8,953,709
Other assets	-	955,146	(192,403)	762,744
<b>Total assets</b>	<b>664,770,896</b>	<b>399,096,247</b>	<b>32,863,077</b>	<b>1,096,730,221</b>

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Total
<b>Equity</b>				
Share capital	77,413,365	117,046,675	7,084,274	201,544,314
Capital reserve	17,690,167	21,830,180	-	39,520,347
Profit reserve	15,357,729	34,839,447	-	50,197,176
Accumulated other comprehensive income	(5,033,596)	(9,849,594)	(2,199,426)	(17,082,616)
Retained earnings	49,399,065	65,486,584	4,501,257	119,386,906
<b>Liabilities</b>				
Subordinated liabilities	587,357,531	282,049,573	25,778,803	895,185,907
Deferred tax liabilities	30,583,235	-	-	30,583,235
Insurance contracts issued that are liabilities	14,168,606	8,395,820	(599,044)	21,965,382
Reinsurance contracts held that are liabilities	496,897,427	231,908,561	24,081,132	752,887,119
Investment contracts liabilities	1,383,463	167,105	-	1,550,569
Provisions	35,405,344	-	-	35,405,344
Other financial liabilities	2,746,734	5,535,261	-	8,281,994
Current tax liabilities	(7,716)	2,255,169	-	2,247,453
Other liabilities	665,591	1,527,895	(671,991)	1,521,496
<b>Total equity and liabilities</b>	<b>664,770,896</b>	<b>399,096,247</b>	<b>32,863,077</b>	<b>1,096,730,221</b>

Income statement for GENERALI d.d. for the period from 1 January 2023 to 31 December 2023 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Total
<b>Insurance service result</b>	<b>5,756,797</b>	<b>8,922,346</b>	<b>(16,057,140)</b>	<b>(1,377,997)</b>
Insurance revenue from insurance contracts	39,590,030	253,161,990	132,953,422	425,705,442
Insurance service expenses from insurance contracts	(31,562,887)	(274,367,622)	(149,010,563)	(454,941,071)
Net expenses from reinsurance contracts	(2,270,346)	30,127,978	-	27,857,632
<b>Insurance service result</b>	<b>5,756,797</b>	<b>8,922,346</b>	<b>(16,057,140)</b>	<b>(1,377,997)</b>
<b>Investment income</b>	<b>46,547,784</b>	<b>5,442,827</b>	<b>220,889</b>	<b>52,211,500</b>
Interest revenue calculated using the effective interest method	4,178,208	3,450,317	271,521	7,900,047
Dividend income	4,964,328	1,350,328	25,250	6,339,905
Net gains/(losses) on derecognition of financial assets measured at:	486,613	471,361	(94,275)	863,698
- Fair value through profit or loss	557,767	64,593	-	622,360
- Fair value through other comprehensive income	(71,154)	406,767	(94,275)	241,338
Net impairments on financial assets	132,828	241,243	18,393	392,463
Other investment income	36,785,807	(70,421)	-	36,715,386
Net investment income (expenses)	<b>46,547,784</b>	<b>5,442,827</b>	<b>220,889</b>	<b>52,211,500</b>
Finance income (expenses) from insurance contracts issued and reinsurance contracts held recognised in profit or loss	(37,215,527)	(1,868,168)	(151,478)	(39,235,173)
Net finance expenses from insurance contracts	(37,215,527)	(1,967,049)	(151,478)	(39,334,054)
Net finance income from reinsurance contracts	-	98,881	-	98,881
Finance income (expenses) from insurance contracts	(37,215,527)	(1,868,168)	(151,478)	(39,235,173)
<b>Change of investment contract liabilities</b>	<b>510,288</b>	-	-	<b>510,288</b>
<b>Other income and expenses</b>	<b>(3,104,072)</b>	<b>(5,759,836)</b>	<b>(771,078)</b>	<b>(9,634,986)</b>
Revenue from investment management services	618,355	-	-	618,355
Other operating income and expenses	2,497,817	295,995	(1,585)	2,792,227
Other finance income and expenses	(1,625,227)	85,385	-	(1,539,843)
Non-attributable expenses	(4,710,872)	(7,651,432)	(967,597)	(13,329,901)
Net impairments on non-financial assets	(3,102)	1,174,248	(8,869)	1,162,277
Other income and expenses	118,958	335,969	206,973	661,899
<b>Profit before tax</b>	<b>12,495,270</b>	<b>6,737,170</b>	<b>(16,758,807)</b>	<b>2,473,633</b>
<b>Deferred taxes</b>	<b>(114,286)</b>	<b>(915,615)</b>	<b>(8,339)</b>	<b>(1,038,240)</b>
<b>Profit after tax</b>	<b>12,380,984</b>	<b>5,821,554</b>	<b>(16,767,146)</b>	<b>1,435,392</b>

Statement of other comprehensive income for GENERALI d.d. for the period from 1 January 2023 to 31 December 2023 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Total
<b>Profit for the year</b>	<b>12,380,984</b>	<b>5,821,554</b>	<b>(16,767,146)</b>	<b>1,435,392</b>
Other comprehensive income after tax	6,992,113	5,350,373	682,586	13,025,072
Total items that may be reclassified subsequently to profit or loss	8,686,627	6,031,254	812,406	15,530,287
Unrealised change in value of financial assets measured at fair value through other comprehensive income	11,989,623	11,335,507	962,340	24,287,470
Net change in fair value	12,060,777	10,928,740	1,056,615	24,046,132
Net amount reclassified to profit or loss	(71,154)	406,767	(94,275)	241,338
Net finance expenses from insurance contracts	(3,302,996)	(6,014,042)	(149,934)	(9,466,972)
<b>Net finance income from reinsurance contracts</b>	<b>-</b>	<b>709,789</b>	<b>-</b>	<b>709,789</b>
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	(1,741,871)	(1,013,048)	(136,180)	(2,891,099)
Total items that will not be reclassified to profit or loss	47,356	332,167	6,360	385,883
Remeasurements of post-employment benefit obligation	(7,186)	(16,451)	-	(23,637)
Other items that will not be reclassified subsequently to profit or loss	49,016	348,310	(5,706)	391,621
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	5,525	308	12,066	17,899
<b>Comprehensive income</b>	<b>19,373,097</b>	<b>11,171,927</b>	<b>(16,084,560)</b>	<b>14,460,464</b>

Income statement for GENERALI d.d. for the period from 1 January 2022 to 31 December 2022 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings – Restated

(in EUR)	Life insurance	Non-life insurance	Supplementary health insurance	Total
<b>Insurance service result</b>	<b>3,372,148</b>	<b>267,703</b>	<b>(2,906,072)</b>	<b>733,779</b>
Insurance revenue from insurance contracts	35,233,687	231,029,718	124,913,439	391,176,844
Insurance service expenses from insurance contracts	(28,821,175)	(221,115,956)	(127,819,511)	(377,756,642)
Net expenses from reinsurance contracts	(3,040,363)	(9,646,059)	-	(12,686,423)
<b>Insurance service result</b>	<b>3,372,148</b>	<b>267,703</b>	<b>(2,906,072)</b>	<b>733,779</b>
<b>Investment income</b>	<b>(44,460,778)</b>	<b>5,085,980</b>	<b>(84,462)</b>	<b>(39,459,260)</b>
Interest revenue calculated using the effective interest method	3,791,330	2,352,515	259,650	6,403,495
Dividend income	4,308,109	1,067,527	34,720	5,410,355
Net gains/(losses) on derecognition of financial assets measured at:	(715,841)	532,863	(354,813)	(537,791)
- Fair value through profit or loss	(3,871,386)	(493,990)	-	(4,365,376)
- Fair value through other comprehensive income	3,155,545	1,026,853	(354,813)	3,827,584
Net impairments on financial assets	(90,128)	(181,023)	(24,019)	(295,169)
Other investment income	(51,754,248)	1,314,098	(0)	(50,440,150)
Net investment income (expenses)	(44,460,778)	5,085,980	(84,462)	(39,459,260)
Finance income (expenses) from insurance contracts issued and reinsurance contracts held recognised in profit or loss	<b>58,388,953</b>	<b>(633,726)</b>	<b>(178,111)</b>	<b>57,577,115</b>
Net finance expenses from insurance contracts	58,348,667	(648,653)	(178,111)	57,521,903
Net finance income from reinsurance contracts	40,286	14,927	-	55,213
Finance income (expenses) from insurance contracts	<b>58,388,953</b>	<b>(633,726)</b>	<b>(178,111)</b>	<b>57,577,115</b>
<b>Change of investment contract liabilities</b>	<b>347,816</b>	<b>-</b>	<b>-</b>	<b>347,816</b>
<b>Other income and expenses</b>	<b>(6,618,090)</b>	<b>(3,788,613)</b>	<b>(805,574)</b>	<b>(11,212,277)</b>
Revenue from investment management services	574,062	-	-	574,062
Other operating income and expenses	(1,938,260)	1,478,796	(936)	(460,400)
Other finance income and expenses	(1,066,316)	(10,588)	-	(1,076,904)
Non-attributable expenses	(4,248,119)	(6,338,879)	(969,305)	(11,556,303)
Net impairments on non-financial assets	4,664	313,423	(4,975)	313,111
Other income and expenses	55,880	768,634	169,643	994,156
<b>Profit before tax</b>	<b>11,030,048</b>	<b>931,344</b>	<b>(3,974,219)</b>	<b>7,987,173</b>
Current income taxes	(665,591)	(1,527,896)	671,991	(1,521,497)
Deferred taxes	4,493	992,162	13,035	1,009,689
<b>Profit after tax</b>	<b>10,368,949</b>	<b>395,610</b>	<b>(3,289,194)</b>	<b>7,475,365</b>

Statement of other comprehensive income for GENERALI d.d. for the period from 1 January 2022 to 31 December 2022 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings – Restated

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Total
<b>Profit for the year</b>	<b>10,368,949</b>	<b>395,610</b>	<b>(3,289,194)</b>	<b>7,475,365</b>
Other comprehensive income after tax	(18,655,998)	(11,403,951)	(1,955,662)	(32,015,610)
Total items that may be reclassified subsequently to profit or loss	(23,032,096)	(14,048,053)	(2,445,296)	(39,525,445)
Unrealised change in value of financial assets measured at fair value through other comprehensive income	(42,378,491)	(28,240,585)	(2,577,023)	(73,196,099)
Net change in fair value	(45,534,036)	(29,267,438)	(2,222,210)	(77,023,683)
Net amount reclassified to profit or loss	3,155,545	1,026,853	(354,813)	3,827,584
Net finance expenses from insurance contracts	19,346,395	17,608,767	131,727	37,086,889
<b>Net finance income from reinsurance contracts</b>	<b>-</b>	<b>(3,416,235)</b>	<b>-</b>	<b>(3,416,235)</b>
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	4,376,098	2,644,102	489,634	7,509,834
Total items that will not be reclassified to profit or loss	(130,071)	(725,301)	-	(855,372)
Other items that will not be reclassified subsequently to profit or loss	(160,582)	(895,434)	-	(1,056,015)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	30,511	170,132	-	200,643
<b>Comprehensive income</b>	<b>(8,417,119)</b>	<b>(11,733,643)</b>	<b>(5,244,855)</b>	<b>(25,395,617)</b>

## 1.2 FUNDS SEPARATELY MANAGED BY GENERALI ZAVAROVALNICA D.D.

GENERALI d.d. manages registers of non-life and life insurance, whereby the funds from the life insurance register are managed separately as follows:

- the life insurance fund,
- the investment life insurance fund,
- internal unit-linked life insurance funds,
- guarantee funds and ring-fenced pension insurance guarantee funds.

The names of the funds managed separately and the registration numbers of individual registered funds are presented below, in compliance with the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings issued by the Insurance Supervision Agency (Official Gazette of the Republic of Slovenia Nos. 151/2022). Explanations regarding the mentioned funds are prepared in accordance with the schemes given in Appendix 2 of the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings. Assets and liabilities, as well as the profit and loss of pension insurance guarantee funds, are prepared in Accordance with Appendix 1 "Decision on Annual Reports and Interim Financial Statements of Pension funds formed as Guarantee Funds and Groups of Guarantee Funds."

### The name and registration number of individual funds managed separately

Life insurance register	Registration number
<b>Life insurance fund</b>	
<b>Life insurance fund with investment risk</b>	
Life insurance fund with investment risk - Naložbeno tveganje	5186684031
Life insurance fund with investment risk - Naložbeni sklad	5186684011
Life insurance fund with investment risk - FOND POLICA	5186684030
<b>Life insurance internal funds with investment risk</b>	
Aktivni naložbeni paket internal fund	5186684025
Dirigent internal fund	5186684026
KD Vrhunski internal fund	5186684027
Aktivni AS internal fund	5186684021
Drzne naložbe internal fund	5186684007
Dinamične naložbe internal fund	5186684008
Uravnotežene naložbe internal fund	5186684009
Preudarne naložbe internal fund	5186684010
Varne naložbe internal fund	5186684006
<b>Ring fenced funds</b>	
GAS Ring fenced fund for supplementary pension insurance during the annuity payout period	5186684035
Ring fenced for supplementary pension insurance during the annuity payout period	5186684012
Ring fenced fund for supplementary pension insurance during annuity payout under Pension and Disability Act (ZPIZ-2) (DP)	5186684036
Ring fenced fund for pension annuities under the Pension Scheme -ZPIZ -2 (PN)	5186684017
<b>Pension fund and group of pension funds</b>	
<b>Group of AS pension saving funds</b>	
AS pension saving ring fund – DRZNI DO 50	5186684033
AS pension saving fund – UMIRJENI MED 50 IN 60	5186684018
AS pension saving guarantee fund – ZAJAMČENI OD 60	5186684019
Zajamčeni PN-A01 guarantee fund – pension insurance	5186684023

In accordance with the Pension and Disability Insurance Act (ZPIZ-2), in the context of life insurance, GENERALI Zavarovalnica also provides pension insurance and other auxiliary services in the field of insurance and pension funds.

### Pension fund and group of pension funds

Within the scope of life insurance, in 2023 operated funds which are kept as the Group of pension funds of the voluntary supplementary pension insurance (PDPZ), which Group comprises three pension funds where the life cycle investment policy is implemented. Pension plans for collective voluntary supplementary pension insurance and individual voluntary supplementary pension insurance are implemented in all three pension funds. Life cycle pension insurance and the Zajamčeni PN-A01 Guarantee Fund are managed in the financial statements as financial contracts, for which the same policies are applied both in the financial statements and for separate management. The Zajamčeni PN-A01 Guarantee Fund which was opened according to the pension scheme governed by the Pension and Disability Insurance Act (ZPIZ-1) and no more payments are made to it, however the balance of assets is still kept. Following the transition to IFRS 17, the assets and liabilities of the guarantee fund were reclassified as assets and liabilities from financial contracts. Pension insurance managed in the form of guarantee funds, such as the PN-A01 Guaranteed Return Guarantee Fund and the Life Cycle Group Pension Funds called Pokojninsko varčevanje AS (AS Pension Saving), is managed as a unit and is shown as such in the Company's Annual Report. The calculation of the value of the assets of policyholders in pension guarantee funds is the product of the value of the units and the number of units of the policyholder/insured party, and at the fund level as the number of units

of the guarantee fund in circulation. The trustee of these pension funds is Nova KBM d.d. The assets and liabilities and the income statement of these pension funds, formed as a guarantee fund, are presented below in Section 1.5.

### Mutual Pension Funds

The pension insurance provided through the LEON 2 Umbrella Pension Fund is not included in the Company's statements, as it is structured as a mutual pension fund. This form of pension insurance is characterized by the fact that the pension fund is owned by its members and has its own financial statements and annual report, however it is not a legal entity. The calculation of the value of the assets of the members of this mutual pension fund is the product of the value of the units and the number of units of the member, and at the fund level as the number of units of the guarantee fund in circulation. With regard to the management of the LEON 2 Umbrella Pension Fund, the Company, discloses only management agreed revenues provisions for failure to achieve the guaranteed return. The trustee of the LEON 2 Umbrella Fund is UniCredit Banka Slovenija d.d.

In 2023, the Insurance Company, as the pension fund manager, discloses the following key data for all three mentioned mutual pension funds.

### Data regarding the mutual pension funds for 2023

in EUR	Assets	Net asset value	Management fee	Company other revenue	Liabilities for difference in guaranteed return
KPS LEON 2-Zajamčeni	42,215,069	42,106,177	388,103	15,418	105,345
KPS LEON 2-Preudarni	9,346,420	9,335,482	79,922	4,086	-
KPS LEON 2-Dinamični	15,160,391	15,141,593	122,941	7,882	-
<b>Total 2023</b>	<b>42,215,069</b>	<b>42,106,177</b>	<b>388,103</b>	<b>15,418</b>	<b>105,345</b>

### Data regarding the mutual pension funds for 2022

in EUR	Assets	Net asset value	Management fee	Company other revenue	Liabilities for difference in guaranteed return
KPS LEON 2-Zajamčeni	40,049,734	39,888,494	390,317	17,618	41,362
KPS LEON 2-Preudarni	7,201,541	7,192,721	63,909	3,590	-
KPS LEON 2-Dinamični	10,464,491	10,441,797	91,662	6,965	-
<b>Total 2022</b>	<b>57,715,767</b>	<b>57,523,012</b>	<b>545,888</b>	<b>28,174</b>	<b>41,362</b>

## Internal Funds

Life insurance in 2023 comprised also Internal Funds, which are presented separately in the table above, where all funds managed separately within the life insurance register are listed.

The internal funds are included in the management as a whole and are shown as such in the insurance company's statements, whereby the same standards and guidelines are applied to the preparation of the insurance company's financial statements as are used for the management and preparation of financial statements. Entitlements from insurance contracts are directly related to the value of asset units, which means that the calculation of the asset value of policyholders in these funds is calculated as the product of the value of the asset unit (NAV) and the number of asset units of the policyholder. At the fund level value is calculated as the total number of the asset units of the fund in circulation. The custodian of the Internal funds Aktivni naložbeni paket, Dirigent, Vrhunski in Aktivna naložba je Nova KBM d.d., while the administrator of the Internal Funds Drzna naložba, Dinamična naložba, Uravnotežena naložba, Preudarna naložba in Varna naložba is Banka Intesa Sanpaolo d.d., Koper.

For each individual internal fund is presented:

- assets of the fund,
- changes in the net asset value of the fund,
- the total return of the fund and
- movement in the number of fund units.

## Ring fenced funds

Within the register of life insurance, Ring fenced funds are also shown, in which the value of the asset or the attribution of profit is determined on the basis of the technical result. Ring fenced funds are included in the management as a whole and are also shown as such in the insurance company's statements, whereby the same standards and guidelines as apply to the preparation of the insurance company's financial statements are used as a basis for the management and preparation of financial statements.

For each ring fenced fund is presented:

- assets of the fund,
- liabilities of the fund (mathematical provision and unallocated amounts of the technical result) and
- fund result for the period.

### Life insurance where the investment risk is borne by policyholder

Life insurance where the investment risk is borne by policyholder is also managed separately in the life insurance register and is included in the management as a whole and is shown as such in the insurance company's statements, with the same standards and guidelines being used as the basis for managing and preparing financial statements, as applicable to the preparation of the insurance company's financial statements. Entitlements from insurance contracts are directly related to the value of investments on individual policyholder account. At the fund level the total value is calculated as the aggregate of values from all policyholder's accounts.

By individual life insurance fund with investment risk, the following are shown:

- assets of the fund,
- movements of fund assets.

## 1.3 LIFE INSURANCE FUNDS WITH INVESTMENT RISK

### Presentation of assets and changes in assets of funds with investment risk

(in EUR)	Life insurance where the investment risk is borne by policyholder 31 Dec. 2023	Life insurance where the investment risk is borne by policyholder -Naložbeni sklad 31.12.2023	Unit-linked life insurance -Naložbeni sklad 31.12.2023	Life insurance where the investment risk is borne by policyholder 31 Dec. 2022	Life insurance where the investment risk is borne by policyholder -Naložbeni sklad 31 Dec. 2022	Unit-linked life insurance -Naložbeni sklad 31.12.2022
<b>2.3.a) Display of fund assets</b>						
<b>III. Financial investments</b>	<b>18,844,188</b>	<b>201,912,683</b>	<b>24,607,556</b>	<b>16,519,541</b>	<b>204,284,427</b>	<b>23,396,259</b>
3. Financial investments at fair value through IPI	18,844,188	201,912,683	24,607,556	16,519,541	204,284,427	23,396,259
<b>IV. Receivables</b>	<b>-</b>	<b>530,136</b>	<b>76,834</b>	<b>-</b>	<b>275,155</b>	<b>31,128</b>
<b>V. Cash and cash equivalents</b>	<b>430,011</b>	<b>278,345</b>	<b>735,129</b>	<b>966,738</b>	<b>154,367</b>	<b>437,644</b>
<b>TOTAL ASSETS OF THE FUND</b>	<b>19,274,199</b>	<b>202,721,164</b>	<b>25,419,519</b>	<b>17,486,279</b>	<b>204,713,949</b>	<b>23,865,031</b>
<b>2.3.b) Display of the movement of assets in the fund</b>						
<b>1. Initial funds assets</b>	<b>17,486,280</b>	<b>204,713,950</b>	<b>23,865,030</b>	<b>22,875,487</b>	<b>253,796,095</b>	<b>27,321,708</b>
<b>2. Increase in assets, of which:</b>	<b>1,050,531</b>	<b>18,966,721</b>	<b>10,238,889</b>	<b>1,122,051</b>	<b>19,580,388</b>	<b>7,276,760</b>
- paid-in assets	1,050,531	18,966,721	10,238,889	1,122,051	19,580,388	7,276,760
<b>3. Reduction of assets, of which:</b>	<b>(1,723,171)</b>	<b>(39,333,058)</b>	<b>(10,085,080)</b>	<b>(3,799,533)</b>	<b>(34,438,293)</b>	<b>(8,062,820)</b>
- disbursed assets	(1,723,171)	(39,333,058)	(10,085,080)	(3,799,533)	(34,438,293)	(8,062,820)
<b>4. Return on assets</b>	<b>2,460,558</b>	<b>18,373,551</b>	<b>1,400,680</b>	<b>(2,711,725)</b>	<b>(34,224,240)</b>	<b>(2,670,618)</b>
<b>5. End assets</b>	<b>19,274,198</b>	<b>202,721,164</b>	<b>25,419,519</b>	<b>17,486,280</b>	<b>204,713,950</b>	<b>23,865,031</b>

## 1.4 LIFE INSURANCE INTERNAL FUNDS WITH INVESTMENT RISK

### Presentation of internal funds with investment risk

(in EUR)	Internal fund – DIRIGENT 2023	Internal fund – AKTIVNI NALOŽBENI PAKET 2023	Internal fund – VRHUNSKI 2023	Internal fund -Aktivna naložba 2023	Internal fund – DIRIGENT 2022	Internal fund – AKTIVNI NALOŽBENI PAKET 2022	Internal fund – VRHUNSKI 2022	Internal fund -Aktivna naložba 2022
<b>2.1.a) Display of fund assets</b>								
<b>II. Financial investments</b>	<b>3,113,666</b>	<b>30,111,552</b>	<b>3,460,299</b>	<b>32,275,639</b>	<b>3,410,928</b>	<b>26,627,035</b>	<b>3,269,831</b>	<b>25,248,534</b>
3. Financial investments at fair\n value through IPI	3,113,666	30,111,552	3,460,299	32,275,639	3,410,928	26,627,035	3,269,831	25,248,534
<b>III. Receivables</b>	<b>11,924</b>	<b>-</b>	<b>15,093</b>	<b>1,840,000</b>	<b>2,169</b>	<b>-</b>	<b>120</b>	<b>-</b>
<b>IV. Cash and cash equivalents</b>	<b>27,209</b>	<b>370,519</b>	<b>15,142</b>	<b>94,769</b>	<b>45,094</b>	<b>241,227</b>	<b>34,294</b>	<b>364,474</b>
<b>TOTAL ASSETS OF THE FUND</b>	<b>3,152,799</b>	<b>30,482,071</b>	<b>3,490,534</b>	<b>34,210,408</b>	<b>3,458,191</b>	<b>26,868,262</b>	<b>3,304,245</b>	<b>25,613,008</b>
<b>2.1.b) Display of the movement\n of the fund value</b>								
<b>VALUE OF FUND ASSETS at the beginning of the year</b>	<b>3,490,109</b>	<b>26,905,974</b>	<b>3,336,206</b>	<b>25,714,810</b>	<b>4,137,341</b>	<b>31,492,441</b>	<b>4,313,492</b>	<b>24,164,802</b>
I. Assets paid in	-	2,455,650	-	6,760,810	-	2,484,500	-	5,064,490
II. Assets paid out	(659,516)	(2,429,920)	(248,428)	(1,021,454)	(176,388)	(2,433,321)	(262,294)	(806,577)
<b>IV. Return on financial investments of the fund</b>	<b>328,019</b>	<b>3,360,982</b>	<b>436,103</b>	<b>2,836,470</b>	<b>(466,291)</b>	<b>(4,639,560)</b>	<b>(711,064)</b>	<b>(2,731,203)</b>
<b>VI. Expenses of the fund related to\n management and operations</b>	<b>(37,584)</b>	<b>(173,535)</b>	<b>(56,108)</b>	<b>(172,635)</b>	<b>(42,135)</b>	<b>(171,621)</b>	<b>(60,037)</b>	<b>(149,338)</b>
3. Management fee	(34,805)	(158,904)	(53,188)	(157,578)	(39,236)	(157,165)	(57,009)	(136,199)
4. Other costs of the fund	(2,779)	(14,631)	(2,920)	(15,057)	(2,899)	(14,456)	(3,028)	(13,139)
<b>VALUE OF FUND ASSETS at the end of the year</b>	<b>3,121,028</b>	<b>30,119,151</b>	<b>3,467,773</b>	<b>34,118,001</b>	<b>3,452,527</b>	<b>26,732,439</b>	<b>3,280,097</b>	<b>25,542,174</b>
<b>2.1.c) Display of the total return of the fund</b>								
<b>I. Income of the Fund</b>	<b>414,708</b>	<b>3,926,854</b>	<b>554,958</b>	<b>3,116,699</b>	<b>88,544</b>	<b>13,579</b>	<b>30,013</b>	<b>555,266</b>
2. Income from financial\n investments	414,708	3,926,854	554,958	3,116,699	88,544	13,579	30,013	555,266
<b>II. Expenses of the fund</b>	<b>(85,413)</b>	<b>(565,872)</b>	<b>(118,420)</b>	<b>(280,229)</b>	<b>(553,520)</b>	<b>(4,653,127)</b>	<b>618,420</b>	<b>2,987,826</b>
2. Expenses from financial investments	(47,829)	(392,336)	(62,312)	(107,594)	(511,385)	(4,481,506)	678,457	3,137,164
3. Expenses related to management and operations	(37,584)	(173,536)	(56,108)	(172,635)	(42,135)	(171,621)	(60,037)	(149,338)
<b>TOTAL FUND RETURN</b>	<b>329,295</b>	<b>3,360,982</b>	<b>436,538</b>	<b>2,836,470</b>	<b>(464,976)</b>	<b>(4,639,548)</b>	<b>648,433</b>	<b>3,543,092</b>
<b>2.1.d) Display of the movement\n of the number\n of the fund's assets</b>								
1. Opening number of (units) assets	175,799	2,051,780	221,496	2,028,943	184,349	2,048,359	238,021	1,707,088
2. Number of assets (unit) paid-in	-	175,054	-	504,545	-	178,291	-	382,835
3. Number of assets (unit) paid-in	(31,865)	(172,980)	(15,660)	(77,525)	(8,550)	(174,870)	(16,525)	(60,980)
4. Closing number of (units) assets	143,934	2,053,854	205,836	2,455,963	175,799	2,051,780	221,496	2,028,943

**Presentation of internal funds with investment risk**

(in EUR)	Internal unit-linked fund - Drzne naložbe 2023	Internal unit-linked fund - Dinamične naložbe 2023	Internal unit-linked fund - Uravnotežene naložbe 2023	Internal unit-linked fund - Preudarne naložbe 2023	Internal unit-linked fund - Varne naložbe 2023	Internal unit-linked fund - Drzne naložbe 2022	Internal unit-linked fund - Dinamične naložbe 2022	Internal unit-linked fund - Uravnotežene naložbe 2022	Internal unit-linked fund - Preudarne naložbe 2022	Internal unit-linked fund - Varne naložbe 2022
<b>2.1.a) Display of fund assets</b>										
<b>II. Financial investments</b>	<b>27,800,722</b>	<b>21,439,958</b>	<b>15,911,395</b>	<b>4,094,800</b>	<b>6,483,657</b>	<b>24,758,159</b>	<b>16,708,013</b>	<b>11,740,931</b>	<b>3,291,530</b>	<b>5,657,801</b>
3. Financial investments at fair value through IPI	27,800,722	21,439,958	15,911,395	4,094,800	6,483,657	24,758,159	16,708,013	11,740,931	3,291,530	5,657,801
<b>III. Receivables</b>	<b>15,973</b>	<b>6,919</b>	<b>3,469</b>	<b>809</b>	<b>1,663</b>	<b>16,440</b>	<b>1,516</b>	<b>3,581</b>	<b>569</b>	<b>2,462</b>
<b>IV. Cash and cash equivalents</b>	<b>532,125</b>	<b>239,351</b>	<b>241,307</b>	<b>21,747</b>	<b>53,598</b>	<b>306,996</b>	<b>170,270</b>	<b>97,834</b>	<b>46,877</b>	<b>93,535</b>
<b>TOTAL ASSETS OF THE FUND</b>	<b>28,348,820</b>	<b>21,686,228</b>	<b>16,156,171</b>	<b>4,117,356</b>	<b>6,538,918</b>	<b>25,081,595</b>	<b>16,879,799</b>	<b>11,842,346</b>	<b>3,338,976</b>	<b>5,753,798</b>
<b>2.1.b) Display of the movement\n of the fund value</b>										
<b>VALUE OF FUND ASSETS at the beginning of the year</b>	<b>24,775,124</b>	<b>16,718,328</b>	<b>11,748,296</b>	<b>3,294,186</b>	<b>5,645,449</b>	<b>27,584,594</b>	<b>18,069,213</b>	<b>11,167,747</b>	<b>3,218,167</b>	<b>5,085,036</b>
I. Assets paid in	8,083,928	7,205,203	5,084,617	1,575,057	1,734,761	7,373,604	5,024,519	4,028,165	1,580,864	1,869,762
II. Assets paid out	(5,755,604)	(4,014,560)	(1,935,256)	(1,001,935)	(988,846)	(3,313,999)	(2,936,612)	(1,549,409)	(950,577)	(763,310)
<b>IV. Return on financial investments of the fund</b>	<b>2,946,063</b>	<b>2,156,445</b>	<b>1,389,064</b>	<b>327,269</b>	<b>263,356</b>	<b>(4,899,906)</b>	<b>(2,859,901)</b>	<b>(1,528,605)</b>	<b>(459,209)</b>	<b>(377,381)</b>
<b>VI. Expenses of the fund related to management and operations</b>	<b>(2,253,841)</b>	<b>(608,915)</b>	<b>(390,215)</b>	<b>(103,108)</b>	<b>(171,158)</b>	<b>(1,959,089)</b>	<b>(575,083)</b>	<b>(367,142)</b>	<b>(94,352)</b>	<b>(167,504)</b>
1. Entrance fees	(1,615,312)	(263,916)	(142,555)	(26,284)	(40,892)	(1,354,741)	(252,880)	(145,232)	(24,232)	(42,287)
3. Management fee	(419,898)	(238,410)	(161,195)	(45,136)	(79,675)	(407,016)	(221,203)	(140,101)	(40,364)	(74,354)
4. Other costs of the fund	(218,631)	(106,589)	(86,465)	(31,688)	(50,591)	(197,332)	(101,000)	(81,809)	(29,756)	(50,863)
<b>VALUE OF FUND ASSETS at the end of the year</b>	<b>27,795,670</b>	<b>21,456,501</b>	<b>15,896,506</b>	<b>4,091,469</b>	<b>6,483,562</b>	<b>24,785,204</b>	<b>16,722,136</b>	<b>11,750,756</b>	<b>3,294,893</b>	<b>5,646,603</b>
<b>2.1.c) Display of the total return of the fund</b>										
I. Income of the Fund	3,292,335	2,244,629	1,391,887	327,269	263,356	28,984,682	17,572,040	9,411,086	2,073,403	766,105
2. Income from financial investments	3,292,335	2,244,629	1,391,887	327,269	263,356	28,984,682	17,572,040	9,411,086	2,073,403	766,105
<b>II. Expenses of the fund</b>	<b>(2,600,112)</b>	<b>(697,099)</b>	<b>(393,038)</b>	<b>(103,108)</b>	<b>(171,158)</b>	<b>(35,843,676)</b>	<b>(21,007,024)</b>	<b>(11,306,833)</b>	<b>(2,626,964)</b>	<b>(1,310,990)</b>
2. Expenses from financial investments	(346,272)	(88,184)	(2,822)	-	-	(33,884,587)	(20,431,941)	(10,939,691)	(2,532,612)	(1,143,486)
3. Expenses related to management and operations	(2,253,840)	(608,915)	(390,216)	(103,108)	(171,158)	(1,959,089)	(575,083)	(367,142)	(94,352)	(167,504)
<b>TOTAL FUND RETURN</b>	<b>692,223</b>	<b>1,547,530</b>	<b>998,849</b>	<b>224,161</b>	<b>92,198</b>	<b>(6,858,994)</b>	<b>(3,434,984)</b>	<b>(1,895,747)</b>	<b>(553,561)</b>	<b>(544,885)</b>
<b>2.1.d) Display of the movement\n of the fund's assets</b>										
1. Opening number of (units) assets	17,449,249	10,772,465	7,178,525	2,253,338	5,939,595	16,156,947	9,853,646	5,917,308	1,899,862	4,956,456
2. Number of assets (unit) paid-in	4,263,455	2,556,645	2,395,611	552,309	1,749,004	3,954,041	1,726,341	1,709,444	497,238	1,868,939
3. Number of assets (unit) paid-in	(4,221,818)	(997,552)	(782,164)	(243,025)	(1,150,168)	(2,661,739)	(807,522)	(448,226)	(143,762)	(885,799)
4. Closing number of (units) assets	17,490,886	12,331,558	8,791,972	2,562,622	6,538,431	17,449,249	10,772,465	7,178,526	2,253,338	5,939,596

## 1.5 PENSION FUND AND GROUP OF PENSION SAVING FUNDS

### Assets and liabilities of lifecycle pension funds – Pokojninsko varčevanje AS

(in EUR)	AS – DRZNI 31 Dec. 2023	AS – UMIRJENI 31 Dec. 2023	AS – ZAJAMČENI 31 Dec. 2023	Lifecycle group	AS – DRZNI 31 Dec. 2022	AS – UMIRJENI 31 Dec. 2022	AS – ZAJAMČENI 31 Dec. 2022	Lifecycle group
<b>ASSETS</b>	<b>15,227,654</b>	<b>11,624,865</b>	<b>5,238,384</b>	<b>32,090,903</b>	<b>12,389,134</b>	<b>9,631,124</b>	<b>4,727,183</b>	<b>26,747,441</b>
Financial investments	14,857,126	11,252,753	5,131,380	31,241,259	11,279,890	8,812,255	4,423,280	24,515,425
measured at fair value through the income statement, of which:	14,857,126	11,252,753	5,131,380	31,241,259	11,279,890	8,812,255	4,423,280	24,515,425
– debt securities	739,984	4,859,392	4,455,555	10,054,931	717,831	4,157,713	3,801,266	8,676,810
– equity securities	14,117,142	6,393,361	675,825	21,186,328	10,562,059	4,654,542	622,014	15,838,615
Receivables	206,081	132,720	41,786	380,587	211,958	129,747	41,336	383,041
Other receivables	206,081	132,720	41,786	380,587	211,958	129,747	41,336	383,041
Cash and cash equivalents	164,447	239,392	65,218	469,057	897,287	689,122	262,567	1,848,976
Off-balance-sheet assets	-	-	406,023	406,023	-	-	546,748	546,748
Other off-balance-sheet assets	-	-	406,023	406,023	-	-	546,748	546,748
<b>LIABILITIES</b>	<b>15,228,033</b>	<b>11,624,756</b>	<b>5,237,989</b>	<b>32,090,778</b>	<b>12,389,095</b>	<b>9,630,467</b>	<b>4,726,659</b>	<b>26,746,221</b>
Insurance technical provisions	15,204,454	11,605,755	5,226,564	32,036,773	12,370,432	9,613,622	4,714,463	26,698,517
Technical provisions where the assets covering mathematical provisions are split to units (VEP)	15,204,454	11,605,755	5,226,564	32,036,773	12,370,432	9,613,622	4,714,463	26,698,517
Operating liabilities	17,778	13,200	5,624	36,602	13,375	11,558	6,910	31,843
Liabilities arising from the purchase of securities and other financial instruments	-	-	-	-	-	-	514	514
Liabilities to the managing company of the assets covering mathematical provisions	12,507	9,562	4,321	26,390	10,117	7,790	3,819	21,726
Liabilities arising from redemption value to the members of the assets covering mathematical provisions	-	-	-	-	-	1,479	-	1,479
Other operating liabilities	5,271	3,638	1,303	10,212	3,259	2,289	2,577	8,125
Other liabilities	5,801	5,801	5,801	17,403	5,287	5,287	5,287	15,861
Off-balance-sheet liabilities	-	-	406,023	406,023	-	-	546,748	546,748
Other off-balance-sheet liabilities	-	-	406,023	406,023	-	-	546,748	546,748

Income statement of lifecycle pension funds – Pokojninsko varčevanje AS

(in EUR)	AS – DRZNI 2023	AS – UMIRJENI 2023	AS – ZAJAMČENI 2023	Lifecycle group	AS – DRZNI 2022	AS – UMIRJENI 2022	AS – ZAJAMČENI 2022	Lifecycle group
<b>Financial revenue</b>	<b>3,026,262</b>	<b>1,179,627</b>	<b>273,985</b>	<b>4,479,874</b>	<b>808,613</b>	<b>431,723</b>	<b>109,139</b>	<b>1,349,475</b>
Revenue from dividends and shares	205,178	32,075	-	237,253	99,958	37,663	-	137,621
Interest revenue	17,623	66,243	50,292	134,158	248,993	121,288	28,358	398,639
Gains on disposals of financial investments	919,131	325,633	6,086	1,250,850	119,631	25,821	-	145,452
Net revenue from financial investments, measured at fair value through profit and loss	1,884,330	750,577	217,607	2,852,514	340,031	246,951	80,782	667,764
Other financial revenue	-	5,099	-	5,099	-	-	-	-
<b>Financial expenses</b>	<b>982,420</b>	<b>124,916</b>	<b>16,987</b>	<b>1,124,323</b>	<b>2,660,623</b>	<b>1,430,135</b>	<b>659,417</b>	<b>4,750,175</b>
Losses on disposal of financial investments	340,317	75,723	-	416,040	503,687	115,208	15,483	634,378
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	327,823	32,989	16,343	377,155	2,109,237	1,300,470	643,935	4,053,642
Other financial expenses	314,280	16,204	644	331,128	47,699	14,458	-	62,157
<b>Investment property expenses</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net expenses arising from a change in the fair value of investment property recognised at fair value through profit or loss	19	-	-	19	-	-	-	-
<b>Result of investing activities</b>	<b>2,043,823</b>	<b>1,054,711</b>	<b>256,998</b>	<b>3,355,532</b>	<b>1,852,010</b>	<b>998,412</b>	<b>550,278</b>	<b>3,400,700</b>
<b>Other revenue</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>41</b>	<b>547</b>	<b>-</b>	<b>-</b>	<b>547</b>
<b>Expenses relating to the management and operation of the guarantee fund</b>	<b>187,396</b>	<b>142,221</b>	<b>71,487</b>	<b>401,104</b>	<b>154,484</b>	<b>105,537</b>	<b>59,114</b>	<b>319,135</b>
Management fees	135,303	105,915	49,470	290,688	134,037	87,882	42,946	264,865
Expenses relating to custodian bank	7,848	6,605	6,600	21,053	7,774	6,600	6,600	20,974
Expenses relating to auditing	5,792	5,792	5,792	17,376	4,464	4,464	4,464	13,392
Expenses relating to mediation in the purchase and sale of securities	-	-	-	-	414	152	13	579
Other expenses charged directly to guarantee funds in accordance with management rules	38,453	23,909	9,625	71,987	7,794	6,439	5,091	19,324
Other expenses	-	-	-	-	-	-	87	-
<b>Net profit available to policyholders</b>	<b>1,856,427</b>	<b>912,531</b>	<b>185,511</b>	<b>2,954,469</b>	<b>2,005,947</b>	<b>1,103,862</b>	<b>609,392</b>	<b>3,719,201</b>

Lifecycle pension insurance funds, which have been available since 1 February 2016, are underwritten under the new pension insurance schemes Pokojninsko varčevanje AS – individualno (AS pension saving – individual) and Pokojninsko varčevanje AS – kolektivno (AS pension saving – collective). The new payments (as of 1 February 2016) have been invested in the guarantee funds (lifecycle

funds) in relation to the age of policyholders and the level of risks they are prepared to take. The payments into the previous guarantee fund (PN-A01) have not been possible in accordance with the Management Rules since 2016. The assets from this Fund are only intended for payouts or transfers to the lifecycle Pokojninsko varčevanje AS.

**Assets and liabilities of the PN-A01 pension guarantee fund**

(in EUR)	31.12.2023	31.12.2022
<b>ASSETS</b>		
Financial investments	8,848,648	8,736,746
measured at amortised cost, of which:		
– loans and deposits	7,921	13,114
measured at fair value through the income statement, of which:		
– debt securities	8,777,654	8,582,339
– equity securities	8,235,293	8,069,340
Receivables	534,440	499,885
Receivables to the managing company failing to achieve a guaranteed return	46	44,438
Other receivables	-	44,306
Cash and cash equivalents	70,948	109,985
<b>LIABILITIES</b>		
Insurance technical provisions	8,848,717	8,736,761
Technical provisions where the assets covering mathematical provisions are split to units (VEP)	8,831,309	8,720,278
Operating liabilities	8,128	7,943
Liabilities to the managing company of the assets covering mathematical provisions	7,359	7,177
Other operating liabilities	769	766
Other liabilities	9,280	8,540
<b>Income statement of the PN-A01 pension guarantee fund</b>		
(in EUR)	2023	2022
Financial revenue	600,694	267,626
Interest revenue	215,653	198,819
Gains on disposals of financial investments	51,429	37,742
Revaluation financial revenue arising from a change in the fair value of a financial asset through profit and loss	333,612	31,063
Revenue from payment of management company due to failing to achieve guaranteed return	49,928	419,352
Losses on disposal of financial investments	-	8,737
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	49,928	410,615
Result of investing activities	550,766	151,727
Revenue from payments from the manager due to failure to achieve guaranteed return	-	123,535
Expenses relating to the management and operation of the guarantee fund	110,230	117,586
Management fees	87,384	93,492
Expenses relating to custodian bank	6,600	6,600
Expenses relating to auditing	9,270	10,965
Other expenses charged directly to guarantee funds in accordance with management rules	6,976	6,530
Net profit available to policyholders	440,536	145,777

## 1.6 RING-FENCED PENSION INSURANCE FUND – DURING THE ANNUITY PAYOUT PERIOD

**Assets, liabilities and profit or loss of the 1 GAS ring-fenced supplementary pension insurance fund during the annuity payout period**

(in EUR)	2023	2022
<b>2.2.a) Display of fund assets</b>		
<b>III. Financial investments</b>	300,819	299,562
1. Financial investments at fair\n value through OCI	300,819	299,562
<b>V. Cash and cash equivalents</b>	42,629	34,478
<b>TOTAL ASSETS OF THE FUND</b>	343,448	334,040
<b>2.2.b) Display of liabilities of the fund</b>		
<b>MATHEMATICAL PROVISIONS at the beginning of the year</b>	(431,528)	(426,595)
<b>MATHEMATICAL PROVISIONS at the end of the year</b>	(422,088)	(431,528)
<b>2.2.c) Display of fund results</b>		
<b>I. Transfer o funds assets from the pension plan of additional pension insurance</b>	21,883	22,173
<b>II. Income from investments</b>	6,835	6,776
<b>III. Expenses for claims</b>	(43,499)	(39,822)
<b>IV. Change in mathematical provisions</b>	9,440	(4,933)
<b>VI. Costs charged per\n policies</b>	(1,475)	(972)
<b>VIII. Investment expenses</b>	(5,112)	(6,253)
<b>IX. The result of the fund before the attribution\n profit</b>	(11,928)	(23,031)
<b>XII. Fund result for the period</b>	(11,928)	(23,031)

Assets, liabilities and profit or loss of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout

(in EUR)	2023	2022
<b>2.2.a) Display of fund assets</b>		
III. Financial investments	222,848	214,221
1. Financial investments at fair\ln value through OCI	222,848	214,221
V. Cash and cash equivalents	56,819	74,608
<b>TOTAL ASSETS OF THE FUND</b>	<b>279,667</b>	<b>288,829</b>
<b>2.2.b) Display of liabilities of the fund</b>		
MATHEMATICAL PROVISIONS at the beginning of the year	(324,272)	(336,676)
MATHEMATICAL PROVISIONS at the end of the year	(312,522)	(324,272)
<b>2.2.c) Display of fund results</b>		
II. Income from investments	4,966	3,241
III. Expenses for claims	(24,536)	(25,012)
IV. Change in mathematical provisions	11,750	12,404
VIII. Investment expenses	-	(23)
IX. The result of the fund before the attribution\ln profit	(7,820)	(9,390)
<b>XII. Fund result for the period</b>	<b>(7,820)</b>	<b>(9,390)</b>

Assets, liabilities and profit or loss of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout under Pension and Disability Act (ZPIZ-2) (DP)

(in EUR)	2023	2022
<b>2.2.a) Display of fund assets</b>		
III. Financial investments	3,702,273	2,506,444
1. Financial investments at fair\ln value through OCI	3,702,273	2,506,444
V. Cash and cash equivalents	144,198	138,922
<b>TOTAL ASSETS OF THE FUND</b>	<b>3,846,471</b>	<b>2,645,366</b>
<b>2.2.b) Display of liabilities of the fund</b>		
MATHEMATICAL PROVISIONS at the beginning of the year	(2,929,080)	(2,025,520)
MATHEMATICAL PROVISIONS at the end of the year	(3,956,698)	(2,929,080)
<b>2.2.c) Display of fund results</b>		
I. Transfer o funds assets from the pension plan of additional pension insurance	1,604,333	1,256,621
II. Income from investments	48,068	8,748
III. Expenses for claims	(436,488)	(302,273)
IV. Change in mathematical provisions	(1,013,054)	(903,560)
V. Change of other\ln insurance technical provisions for the purpose of determining profit	(97,202)	-
VI. Costs charged per\ln policies	(88,505)	(73,123)
VIII. Investment expenses	(226)	-
IX. The result of the fund before the attribution\ln profit	16,926	(13,587)
XI. Unallocated amounts\ln technical results of the current year	(16,924)	-
<b>XII. Fund result for the period</b>	<b>2</b>	<b>(13,587)</b>

Assets, liabilities and profit or loss of the ring-fenced guarantee fund for supplementary pension insurance during annuity - ZPIZ-2 (PN)

(in EUR)	2023	2022
<b>2.2.a) Display of fund assets</b>		
III. Financial investments	254,289	239,455
1. Financial investments at fair\ln value through OCI	254,289	239,455
V. Cash and cash equivalents	64,218	28,510
<b>TOTAL ASSETS OF THE FUND</b>	<b>318,507</b>	<b>267,965</b>
<b>2.2.b) Display of liabilities of the fund</b>		
MATHEMATICAL PROVISIONS at the beginning of the year	(281,461)	(310,445)
MATHEMATICAL PROVISIONS at the end of the year	(256,124)	(281,461)
UNALLOCATED AMOUNTS OF TECHNICAL\ln RESULTS at the end of the year	1,099	1,099
<b>2.2.c) Display of fund results</b>		
II. Income from investments	3,284	3,200
III. Expenses for claims	(27,828)	(28,026)
IV. Change in mathematical provisions	25,337	28,984
VI. Costs charged per\ln policies	(1,948)	(1,962)
IX. The result of the fund before the attribution\ln profit	(1,155)	2,196
<b>XII. Fund result for the period</b>	<b>(1,155)</b>	<b>2,196</b>

The ring-fenced guarantee fund ceased operations in 2020.

