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WE TURN COMMITMENTS INTO ACTIONS

ANNUAL REPORT 2024

GENERALI zavarovalnica d. d.

GENERALI

WE TURN COMMITMENTS INTO ACTIONS

The implementation of the lifetime partnership commitments defined the year 2024 at Generali zavarovalnica. In the strategic cycle Lifelong Partner 24: Driving Growth that is coming to its end, we successfully developed sustainable initiatives and projects, which we will continue to focus on in the future. By accelerating innovation and creatively adapting solutions, we successfully face the challenges brought by environmental and social changes, and we are aware of the important role we play as an insurance company, investor, employer and corporate citizen. Our responsible sustainable business operations have become a good example of the green transition on the Slovenian market. The Green Star certificate, which we received for the second year in a row, also confirms that we are on the right track.

THE MANAGEMENT BODIES

as at 31 December 2024

Supervisory Board
Gregor Pilgram (Chairman)
Carlo Schiavetto (Deputy Chairman)
Miroslav Singer (Member)
Andrea Leskovská (Member)
Suzana Meglič (Member)
Matjaž Pavlin (Member)

Management Board
Vanja Hrovat (President)
Mitja Feri (Member)
Katarina Guzej (Member)

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1000 Ljubljana, Slovenia
T: +386 (0)1 47 57 100
info.si@generali.com
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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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Visit www.generali.si for more information on GENERALI Zavarovalnica d. d.
Visit www.generali.com for more information on the Generali Group.

LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

In the past three years, the strategic plan *Lifetime Partner 24: Driving Growth* has guided the operations of our insurance company—both in developing new products and services, strengthening relationships with customers and partners, and advancing sustainability initiatives. With this plan, we have more than exceeded the goals set by the Generali Group. Now, we are ambitiously entering a new strategic cycle: *Lifetime Partner 27: Driving Excellence.*

Dear policyholders and co-workers, distinguished business partners.

The past year was a period of prudence, adaptation and perseverance for our Insurance Company. Many factors impacted our operations, among them economic and energy uncertainty and demographic changes, but also the emergence of new risks. Furthermore, the end of the year coincided with the conclusion of our three-year strategic cycle Lifetime Partner 24: Driving Growth.

We were able to face challenges and turn many of them into new opportunities. This is demonstrated by both the achieved business results (we ended the year with a profit of 33.5 million EUR) and our strong market position, which places Generali among the three largest insurance companies on the Slovenian market.

The Company is financially solid, has an adequate capital position and an insurance and investment portfolio that enables it to successfully pursue its strategic goals. Our successes are the result of quality products and services as well as the standout work of our employees.

We developed tools and processes for better risk assessment of natural hazards and successfully introduced an environmental damage insurance product and an investment-insurance product, Responsible Future, which follows the sustainability guidelines of the Generali Group.

The Company totalled EUR 424.6 million of gross written premiums, ranking us third on the Slovenian insurance market. We achieved premium growth in non-life insurance, which was 11%, while maintaining the level of the previous year in life insurance. As expected, and in line with the transfer of complementary health insurance to compulsory health insurance (in early 2024), health insurance have fallen.

Committed to implementing sustainable principles

We remain the largest global insurance company in Slovenia, which, as a socially responsible company, persistently and consistently implements the values of the Generali Group strategy. The commitments set out in the previous strategic plan Lifetime Partner 24: Driving Growth has accompanied us at every step – in planning, decision-making and our daily operations.

Sustainability, which is strongly emphasized in our strategy, has also had a significant impact on the development of new insurance products – for additional financial security in old age, for health and other long-term care – and on non-life insurance. As already mentioned in the introduction, we introduced a new investment insurance product, Responsible Future, which combines savings in sustainably oriented investment funds and life insurance to ensure financial security. We have also expanded the range of sustainable investments from which policyholders can choose when taking out investment life insurance.

We are also committed to protecting the environment. Our carbon footprint has been steadily decreasing since 2019. Moreover, in 2024, we reduced greenhouse gas emissions by 47% compared to 2019, exceeding the Generali Group's 2025 target by five percentage points. We have also decided to move our company headquarters at the end of 2026 to the Vilharia office building, which will meet the criteria of the highest international sustainability certificates.

We received the Green Star certificate for the second time in a row for our sustainable operations and successful implementation of ESG principles. The innovative business models we have introduced and the new knowledge and

Vanja Hrovat,
President of the Management Board

competencies we have acquired allow us to be ambitious not only in setting new goals, but also in acting.

Among the activities we carry out under the auspices of our sustainability strategy is the strategic initiative SME EnterPRIZE, which is becoming an increasingly recognized and reputable award in Slovenia. The initiative rewards and strengthens the visibility of the best sustainable practices implemented by small and medium-sized enterprises. The rapidly growing number of companies participating in the competition and the strong media coverage of the SME EnterPRIZE initiative prove that more and more stakeholders share our vision that it is possible to do business successfully and at the same time responsibly towards the environment, employees and the wider community.

Customer focus is reflected in high satisfaction

The implementation of the Lifetime partnership commitment requires our constant attention and development. Particularly in relation to customers, whom we have placed at the centre of our operations since we entered the Slovenian market more than 25 years ago. By recognizing and understanding the needs and desires of our customers, which is also enabled by the Riskine sales tool for needs analysis, we customize our offerings with their needs in mind. We develop new solutions, new insurance products and new services for our customers and continue to invest in digital business. In 2024, a strong emphasis was placed on the development of fast and modern assistance services, especially in the field of health insurance. After the abolition of complementary health insurance, we strengthened and more robustly connected our health insurance products and services, all with the aim to offer policyholders comprehensive care and even higher quality support. Our professionalism and keen attention to policyholders was ultimately confirmed by a comparative assessment of the way we inform consumers about health insurance, in which the portal of the International Institute for Consumer Research gave us the highest score among Slovenian insurance companies.

High customer satisfaction, which we have been achieving for many years* and regularly monitoring through market research and our own tools, remains our strong trademark and asset. In addition to market and consumer research conducted with the help of external partners, we have also designed our own research panel, which provides us with high-quality insight into existing policyholders, their needs and expectations.

The fact that we are considered a trusted insurance company on the market is ultimately proven by the Superbrands title we were awarded for the sixth time in a row, and which ranks us among only one percent of brands that consumers see as unique brands that meet their needs and desires.

Building an agile working environment

Global changes and technological development require us to constantly invest in employee development. Thus, through various socially responsible measures, we pursued the goal of the Socially Responsible Company Certificate, developed the competencies of a lifetime partner and sustainable leadership, built a balanced hybrid work model and developed the culture of a learning organization.

We received the TOP Investor in Education certificate again this year, awarded for our systematic investment in employee education and training.

We have been increasingly implementing sustainability principles in the way we work. We are simplifying, automating and standardizing our key processes. Special attention is dedicated to reducing bureaucracy in our work processes.

Socially responsible in many areas

Insurance companies have an important responsibility towards the wider social environment. We strive to create added value for all stakeholders and build a more resilient and just society.

We are proud of The Human Safety Net movement, which helps the most vulnerable individuals in society. Not only as an insurance company, but also as active volunteers and responsible citizens, in cooperation with the Anita Ogulin and ZPM Association, we wholeheartedly help children in need. We contributed to the digital empowerment of the elderly in rural areas again this year. We improved traffic safety by installing innovative 3D pedestrian crossings and by supporting the Heroes Drive in Pajamas initiative (Heroji furajo v pižamah).

We place great emphasis on preserving Slovenian cultural and art heritage and supporting artists. At the heart of these efforts is the Generali Gallery, which celebrated its 10th anniversary in 2024.

We also support athletes – not only top athletes, but also beginners, and not only federations, but also small clubs – with the aim of promoting an active life.

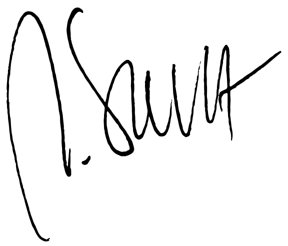
From growth to excellence

We successfully completed the Lifetime Partner 24: Driving Growth strategic plan by the end of 2024 and led the Generali Group to a global leading position in insurance and asset management.

The new strategic plan Lifetime Partner 27: Driving Excellence will guide our operations over the next three years. As the name suggests, we will keep moving forward in pursuit of excellence in all areas – in customer and partner relationships, in operating models, in product and service development and in key growth areas. The latest digital technologies and artificial intelligence tools will support us in strengthening the user experience and introducing innovations into our operations. We will invest heavily in the upskilling our employees and continue to pursue the target to be seen by our customers as their lifetime partner.

I would like to thank everyone who contributed to our achievements – employees, customers and business partners for their trust, support and cooperation.

Vanja Hrovat,
President of the Management Board
GENERALI zavarovalnica d. d.



* Brand Track research, Aragon, May 2024, and internal customer satisfaction survey of Generali zavarovalnica (Medallia NPS), 2024.

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BUSINESS REPORT

WE REWARD SUSTAINABLE BUSINESS PRACTICES

THE SME EnterPRIZE PROJECT

As a socially responsible company, we actively promote sustainable business models. The SME EnterPRIZE award competition, which was created as a strategic initiative of the Generali Group and is taking place simultaneously in several European as well as Asian markets, we reward sustainable business practices of small and medium-sized enterprises. We are proud that in this way we expand the reputation of companies as ambassadors of sustainability, inspiring many and that together we build an inclusive and green economy.

1. GENERALI ZAVAROVALNICA D. D. IN 2024

Generali zavarovalnica d. d. is the largest international insurance company in Slovenia and part of the Generali Group, one of the leading global insurance companies and asset managers. With almost 200 years of tradition, we are the leading insurance group in Europe, present in more than 50 countries around the world, connecting over 71 million customers.

Since our very beginnings on the Slovenian market (1 January 1997), we have focused our operations on our customers - we want to stand by them in all their life situations, on their private and business journeys, and build long-term relationships with them as their lifetime partner.

In 2024, we honoured this commitment at all levels of operations under the Generali Group's common strategy *Lifetime Partner 24: Driving Growth*, following which we firmly raised awareness of and implemented our values that we stand for as a responsible insurance company, investor, employer and citizen.

Our commitment to innovation, sustainability and long-term partnership with our customers is the guiding principle of our operations. We introduce new technologies, rely on artificial intelligence and hybrid ways of doing business to adapt to changes in the local and global environment. We support sustainable development and assume co-responsibility for building a more resilient and just society. Our goal is the transition to sustainable ways of living, which includes developing products and services that have a positive impact on the lives of our customers, the community and other stakeholders.

We put customer satisfaction as the top priority of our operations and consistently focus on their needs and expectations. We strive to make every interaction with customers simple, friendly and high-quality, and to build trust and loyalty with them.

The key to our success is competent, committed and satisfied employees. We invest in the development of key skills and competencies, intergenerational mentoring, sustainable leadership and a hybrid working model. We maintain the culture of a learning organization.

Our strong capital position and diversified business model ensure a successful business based on quality insurance and services. With discipline and integrity, we commit to delivering on our promises and strive for long-term relationships with our customers.

Key performance data of the Generali zavarovalnica in 2024

Generali's business conducted in 2024 was affected by the implementation of the announced abolition of complementary health insurance, which caused a significant drop in premiums in the field of health insurance. At the same time, the negative inflationary pressure on claims paid and costs continued. Even without natural disasters, such as the floods experienced in Slovenia in 2023, total claims due to extreme weather conditions in 2024 were significantly higher than the long-term average.

Nevertheless, we ended 2024 on a positive note, with a profit of EUR 33.5 million, which is an exceptional growth compared to 2023 (EUR 1.4 million) that testifies to our resilience and ability to adapt and effectively implement measures in a crisis year.

In 2024, the Insurance Company totalled EUR 424.6 million of the gross written premium thus ranking in third place on the Slovenian insurance market.

- Premium growth was recorded in the non-life insurance sector (+11.9%), while the life insurance sector maintained the level of the previous year (- 0.6%).
- Health insurance premiums fell drastically (-92.7%) due to the abolition of complementary health insurance.
- 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.

Generali zavarovalnica d.d.	2024	2023
Revenue from insurance services (in EUR million)	366.3	457.8
Expenses from insurance services (in EUR million)	325.7	487.1
Market share	15.8%	17.1%
Combined ratio (non-life insurance)	95%	103%
Profit before tax (in EUR million)	42.6	2.5
Net profit (in EUR million)	33.5	1.4
	31.12.2024	**31.12.2023**
Total assets (in EUR million)	1,237.8	1,149.5
Equity (in EUR million)	230.1	190.0
Net liabilities from insurance contracts (in EUR million)	848.0	794.0
Net assets from reinsurance contracts (in EUR million)	56.1	69.2
Number of employees	1,217	1,280

Gross written premium:

EUR 424.6 million

P&C Market Share:

17.8%

Life Market Share:

11.7%

Ranking:

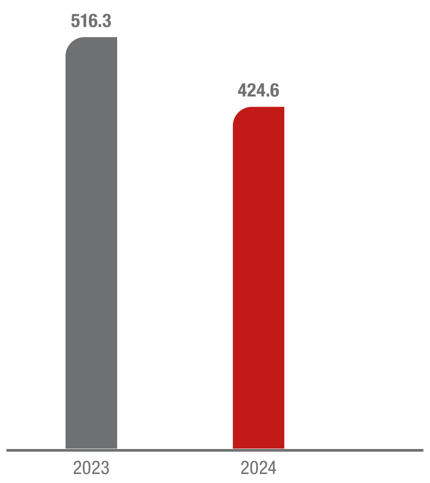
#3

15.8 Market Share

1.1 SIGNIFICANT EVENTS IN 2024

- The management of the subsidiary Ambulanta ZDRAVJE d.o.o. changed in 2024:
  - On 7 February 2024, Mitja Feri was appointed the Company Managing Director,
  - On 1 October 2024 Vanda Rems Zorc was appointed the Company Managing Director. The Managing Directors jointly represent the Company.
- On 19 April 2024, GENERALI zavarovalnica d.d. disposed of its interest in the associate company NAMA d.d.
- On 23 July 2024, the sole member GENERALI zavarovalnica d. d. increased the capital of the subsidiary Ambulanta ZDRAVJE d.o.o. by EUR 300,000.
- On 31 December 31 2024, GENERALI zavarovalnica d.d. sold its business shares in the company LEV Registracija d.o.o., thereby completely divesting the company, which is no longer its subsidiary.

Gross written premiums from insurance contracts



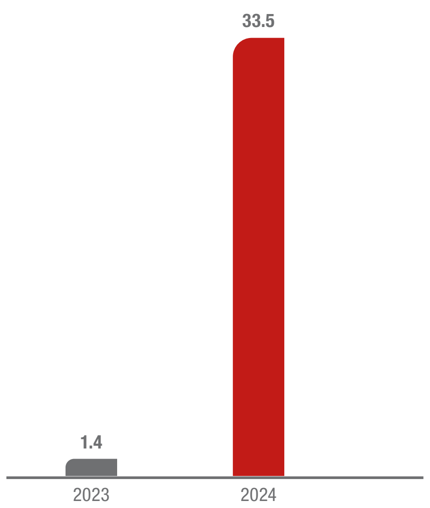
Premium growth

+ 11,9%
non-life insurance

– 0,6%
life insurance

- 92,7%
health insurance

Net profit or loss for the period



1.2 STRATEGIC PLAN: "LIFETIME PARTNER 24: DRIVING GROWTH"

In recent years, we witnessed major shifts and changes in the social and economic environment in the areas of development of new technologies, changing demographic structures and socio-political relations; and the increasingly concrete consequences of the climate crisis. Factors such as the increasing frequency of natural disasters and the aging population have a significant impact on the formation of modern society and on the needs and expectations of our customers.

Aware that a greater responsibility towards the environment and the community is key to our future, we continued intensively pursuing sustainable policies also in 2024, introducing measures to protect the environment and implementing numerous socially responsible initiatives. Our innovation and operational adaptability in a dynamic environment enabled us to develop and offer individually tailored solutions.

In 2024, the Generali Group and Generali Insurance were achieving the targets set in the Generali Group Strategic Plan *Lifetime Partner 24: Driving Growth*, which expired in the late reporting year and was replaced in January by a new three-year plan *Lifetime Partner 27: Driving Excellence*.

CORE BELIEFS AT THE HEART OF 2022-2024 STRATEGY

We were Purpose driven

Our purpose – "Enabling people to shape a safer and more sustainable future by caring for their lives and dreams" guided all our efforts. We helped our customers by offering innovative, personalized solutions that enabled them to take the right decisions and shape a safer future for themselves, their loved ones, their business and their communities.

Lifetime Partner

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

Future Ready

We continued 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 - Generali zavarovalnica wants to actively contribute towards building a more just and resilient social environment and work for the benefit of the community. We were achieving this by developing a lifetime partnership to meet our customers' needs. As supporters of sustainability, we committed 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 we create a social innovation hub supporting the most vulnerable groups in unlocking their full potential.

1.3 IMPLEMENTATION OF THE COMPANY STRATEGY IN 2024

The Insurance Company actively followed, in the past year, the strategic targets of the Generali Group and maintained financially 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 to offer them tailored services.

THREE KEY STRATEGIC PILLARS

We wanted 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 were achieving this by working on three strategic pillars:

SUSTAINABLE GROWTH
that we were and will continue achieving in both core and new, emerging business areas, through effective cost management.
Our targets were 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
towards which we strived by:

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

LEAD INNOVATION
that we were trying to achieve by considering the following approaches:

- Through Lifetime Partner advisory model.
- Accelerate innovation as a data-driven company.
- Achieving additional operating efficiency by scaling automation and technology.

WE HELP CHILDREN IN NEED

THE HUMAN SAFETY NET MOVEMENT

We also implement our commitment to creating a healthy, resilient and sustainable society through The Human Safety Net global movement, which helps children from vulnerable backgrounds. At the heart of this initiative are our employees, who create positive and inspiring stories through various charitable initiatives throughout the year. In collaboration with the Anita Ogulin & ZPM Association, we help and encourage children in need to fulfil their dreams and potential, and empower them to improve the lives of their families and communities.

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. It provides its customers with the widest range of insurance and assistance services within the scope of property, life, health and pension insurance.

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.

STRATEGIC ACTIVITY: INSURANCE

- Non-Life
- Life
- Pension
- Health

SUPPORT ACTIVITY

- Outpatient services

The Insurance Company complements its core business with outpatient services provided by its subsidiary Ambulanta ZDRAVJE, zdravstvene storitve d.o.o. (hereinafter: Ambulanta ZDRAVJE).

Ambulanta ZDRAVJE d.o.o. operates in two business units, in Ljubljana and in Koper. The core activity of the company is providing specialist outpatient health care service in the fields of dermatology, general surgery, orthopaedics, X-ray diagnostics and ultrasound diagnostics. The clients of the outpatient clinic 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. It thereby 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 2024

Generali zavarovalnica d. d.	
Abbreviated company name	GENERALI d. d.
Address	Křžičeva ulica 3, 1000 Ljubljana, Slovenia
Phone	386 (0)1 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 Singer, Andrea Leskovská, 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 2024

Shareholder structure	No. of shares	Portion
Generali CEE Holding B. V.	2,364,563	100.00%
Total	**2,364,563**	**100.00%**

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

As at 31 December 2024, the share capital of Generali zavarovalnica d.d. amounted to EUR 39,520,347.18.

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	710,665.69 EUR
Equity attributable to the controlling company:	100%
Management	Managing Directors: Vanda Zorc Rems and Mitja Feri

Changes among subsidiaries and associates in 2024

In April 2024, GENERALI zavarovalnica d.d. withdrew its ownership in the company NAMA d.d. As of the date of disposal of the interest, NAMA d.d. is no longer an associated company of the Insurance Company.

At the end of September 2024, GENERALI zavarovalnica d. d. initiated the procedures for withdrawing its ownership in the daughter company LEV Registracija d.o.o. As a result of the planned measures, three business units of the company in Ptuj, Murska Sobota and Kranj were closed in the last months of last year. The sale of the subsidiary LEV Registracija d.o.o. to an external business partner was completed by the end of 2024.

The company LEV Registracija d.o.o. continues its operations in its business units in Žalec and Novo mesto and is no longer part of the Generali Group as of 31 December 2024.

GENERALI zavarovalnica d.d. remains the 100% owner of the subsidiary Ambulanta ZDRAVJE d.o.o. and a 25% owner of the associated company Medifit d.o.o. after the end of 2024.

WE DEVELOP SUSTAINABLE PRODUCTS

THE RESPONSIBLE FUTURE INVESTMENT INSURANCE

With a strong commitment and vision of a better tomorrow, and as a lifetime partner of our customers, we have created the Responsible Future investment insurance, designed with sustainability and responsible investing in mind. The product combines responsible saving, which builds financial capital in funds focused on environmentally friendly investments, and life insurance, which ensures the financial security of individuals and their loved ones.

3. INSURANCE AND SERVICES DEVELOPMENT

With the aim of providing customers with a comprehensive user experience, in the area of development of insurance products and services with added value, we developed all types of insurance in 2024, with the greatest focus on investment and health insurance. We introduced the ODGOVORNA PRIHODNOST (RESPONSIBLE FUTURE) investment insurance with sustainable investments and successfully developed a comprehensive range of personal insurance.

In the area of non-life insurance, we further focused our development on customers, adapting to their needs and requirements, while developing a sustainable component and pursuing the goals of the Group's strategic plan. We simplified the underwriting processes and automated back-end processes. We also linked insurance even more closely with the Generali ZAME Loyalty Programme, which rewards customer loyalty and encourages a healthy and active lifestyle.

We will continue upgrading our lifetime partnership with our customers. We will continue simplifying and digitizing processes. In addition to smart automation and data-driven decision-making, we will also introduce artificial intelligence tools into some processes, while ensuring sustainable operations in all areas.

3.1 NON-LIFE INSURANCE

In the challenging period following the frequent natural disasters of recent years, in 2024 in the field of non-life insurance we focused largely on activities to manage the risks of insurable natural hazards. We developed tools and processes for better assessment of natural hazard risks in order to provide our customers with appropriate insurance services and maintain the growth and profitability of the non-life insurance portfolio, where coverage for such hazards is provided. The year 2024 saw quite a few extreme weather events that caused relatively high claims costs. This demonstrates the correct orientation of the Company towards development activities to manage such hazards.

The high cost of claims in the property insurance portfolio, mainly due to natural disasters, was the reason why the Company changed its premium price lists - with the aim of continuing to provide our customers with quality insurance services. The environmental damage insurance product, which we developed in 2023, was successfully introduced to the market in 2024 and several insurance policies were concluded, thereby supporting the insurance Company's commitment to ESG principles. In this context, it is worth mentioning the renewal of the product for insuring photovoltaic systems and highlighting the fact that the share of non-life insurance premiums which comprise the ESG component (renewable energy, reducing the consequences of natural disaster and ecological damage) is continuously growing.

In the area of insurance services development, the Company has adapted the products Professional Liability Insurance for Insurance Brokers and Professional Liability Insurance for Insolvency and Winding-Up Practitioners due to changed legal requirements. We dedicated great attention to improving the process of managing the non-life insurance portfolio, especially in the area of housing insurance and non-life insurance for small and medium-sized enterprises. We renewed the tourist insurance with assistance product, and in the area of construction and assembly insurance, the insurance contract renewal process for small and medium-sized projects was redesigned.

The share of non-life insurance premiums which comprise the ESG component (renewable energy, reducing the consequences of natural disaster and ecological damage) is continuously growing.

3.2 LIFE INSURANCE

In the development of life insurance, we focused all our activities on the lifetime partnership with our customers and we followed our sustainability guidelines. We started marketing a new investment insurance product, ODGOVORNA PRIHODNOST (RESPONSIBLE FUTURE), designed with sustainability and responsible investing in mind. It combines responsible saving, which builds financial capital in investments focused on environmentally friendly investments, and life insurance, which provides financial security. Investing in sustainable investments brings benefits such as long-term stability, a positive impact on the environment and society, and compliance with international sustainability standards.

We also expanded the range of sustainable investments that customers can opt for when taking out investment life insurance. Out of 24 investments that promote sustainable development, our range currently includes 14 such investments. The investment strategy for long-term capital growth of such funds incorporates consideration of environmental, social and governance (ESG) aspects of sustainability, however without an obligation to invest in sustainable investments. Also in the future, we plan to expand the range of sustainable investments in the ENKRATNI ŽIVLJENJSKI BONUS (ONE-OFF LIFE BONUS) (with a one-off premium payment) and MOJ ŽIVLJENJSKI BONUS (MY LIFE BONUS) (with premium payment in instalments) products, whereby any saved funds are automatically shifted between different investments, depending on the selected investment goal. This ensures optimal returns with adequate investment security. As part of the MOJ ŽIVLJENJSKI BONUS product, we reward customers for their loyalty by awarding bonuses, which further increases the savings. The ZLATA LETA (GOLDEN YEARS) is an investment insurance intended for people aged 60 years or over, which also provides security in the event of cancer or an accident.

Customers who signed the Home Package insurance contract for 10 years saw 25% of the annual premium paid for the selected home insurance transferred to an investment insurance policy.

MOJ ŽIVLJENJSKI KASKO (MY LIFE COMPREHENSIVE INSURANCE) life insurance provides comprehensive financial security in the event of accident, illness, unemployment, disability and death. This insurance offers customer security in unpredictable life situations and helps protect their loved ones. One of the main advantages is that the insurance is adapted to the different needs of customers over time.

In their autumn years, customers can opt for VARNA LETA (SAFE YEARS) life insurance, which provides life-long insurance and, in the event of death, makes the financial situation of loved ones easier. It also offers additional security in the event of cancer or an accident

ur offer also includes life insurance for borrowers, offered through bank sales channels, and all our insurance products are also suitable for companies, as they provide social and financial security for employees and their loved ones, as well as the financial security of the company.

The advantage of our life insurance products is flexibility and transparency. Customers can adjust the policy to their current life circumstances during the term of the insurance. Through the Moj Generali user portal, they can monitor and view their payments, asset value, coverage, beneficiaries, make changes and report an insurance claim at any time.

Our portfolio includes 14 investments that promote sustainable development.

Our Generali ZAME (For Me) Loyalty Programme offers our customers advice on a healthy and active lifestyle, as well as various benefits and discounts. We encourage them to ensure comprehensive personal insurance protection by taking out life insurance in the event of death, investment insurance, health, accident and pension insurance.

3.3 PENSION INSURANCE

Company's pension insurance products comprise the PN-A01 Guaranteed Return Guarantee Fund and two groups of umbrella pension funds that implement a life-cycle investment policy: the LEON 2 Umbrella Mutual Pension Fund and the Group of Guarantee Funds Pokojninsko varčevanje AS.

Performance of pension funds

Last year was highly successful for our pension funds as they all achieved good returns. At the end of 2024, our funds had EUR 123.8 million assets under management, representing a 15.2% growth in assets compared to the previous year. We also increased the number of members and the volume of premiums paid. We kept surrenders at a low level and further reduced provisions for not reaching the guaranteed return, formed in 2022 and already reduced in 2023. We were also successful in achieving returns compared to comparable pension funds of other supplementary pension insurance providers.

The economic and capital market conditions in 2024 turned out to be extremely favourable, more than was expected even in the optimistic forecasts at the beginning of the year. As a result, we continued applying the investment policy in pension fund management, which actively adapts to the conditions in the capital markets, the economic situation and geopolitical developments. In this way, we ensure the long-term growth of our members' assets for the highest possible retirement annuities.

The Company implements lifetime partnerships and sustainable practices at all levels of our operations. In 2024, the following activities were carried out in connection to the above-mentioned pension funds:

Notifying employers involved in collective pension plans

We are always available to employers who are already included in our collective insurance. At their request, we can meet at annual meetings and also organize open days or refresher presentations for employees. If there have been any changes in their business circumstances since they joined the insurance, we are ready to adjust their pension plans.

We regularly inform employers about news, legal requirements regarding insurance and the operations of our pension funds through quarterly e-newsletters. We have also informed employers and other members by publishing on our website news summarising important proposals for pension reform measures the Government of the Republic of Slovenia is preparing for 2025.

The Company is striving to introduce the greatest possible degree of secure paperless operations. The GENERALI B2B portal is available to employers and other users; in addition to the secure and easy exchange of files with confidential content - data on employees and paid supplementary pension insurance premiums, the portal ensures simple communication with the Company 24/7. At the employer's request, notifications about premium payments can also be sent by mail.

The activities to ensure paperless sending of documentation upon inclusion of employees in insurance to employees' email addresses, in accordance with the changed position of the Ministry of Labour, Family, Social Affairs and Equal Opportunities, have continued.

Notifying members of pension funds

Our members can find many useful articles on the Generali website regarding supplementary pension insurance and the benefits it brings. Last year, we prepared three new pieces of advice in the form of online blogs intended primarily for young people starting their first job. The blogs cover various topics such as the importance of saving for a financially secure old age and getting to know the parameters that affect the calculation of the state pension.

For our members who are approaching retirement, we prepared the publication "I'm retired, what now?", which provides answers to the most frequently asked questions by the members regarding the use of funds in retirement.

Notifying members of pension funds through the Moj Generali portal

Members can view and manage their insurance in the My Pension tab on the My Generali portal. Data on the employer's and member's paid premium by year, the status of savings, asset movements, and the selected investment policy are available to them every day of the year.

Activities to maximize the use of the My Generali portal by all members, especially those who do not yet use it, are one of our main priorities, primarily with the aim of increasing paperless communication with members.

Unification of pension annuities and pension schemes of supplementary pension insurance

We continued to unify our business processes last year. We are still waiting for the formalities to be settled to enable the procedures for unifying our pension plans and pension funds, which depends on the legal framework and procedures of the competent Ministry, including the opinions of both regulators. We expect that the pension reform will also regulate the formal framework and enable the procedure for unifying pension plans and pension funds.

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

In addition to the basic goals of optimal profitability and the greatest possible security of members' assets in pension funds, we also try to follow sustainable aspects in our investment decisions as much as possible. We include available data on environmental, social and governance factors (ESG factors) in our assessment of investment decisions, although this is not formally regulated within the Pension Fund Rules.

The Generali Group, as well as the investment manager Generali Investments, already follow, based on their own investment guidelines, the exclusion method, which limits investments in countries, companies or sectors based on selected sustainability criteria (such as a ban on investments in the military industry), and the best-in-class inclusion method by selecting 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 s sectoral or regional perspective).

More than
EUR 120 million
assets under management

15.2% growth
of assets under management
compared to 2023

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 health system and market as well as of the changing needs and wishes of our current and potential policyholders. When developing insurance products, we look for innovative and customized solutions, offer the best user experience and we pride ourselves on digitized marketing approaches.

With our range of health insurance products, we provide comprehensive health care and assistance services for policyholders and strive to maintain the leading rank 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 and communicate with them in simple and understandable language. With the aim of creating a fairer and more resilient society and values for all stakeholders, sustainable development is included in all our decisions.

The challenges in the public healthcare system, which persist despite the changes made, offer us opportunities to find new solutions. In times when waiting times are too long and access to a personal doctor and health services is difficult, we are raising awareness among our policyholders and those who are not yet insured about the significance of taking preventive action and the importance of insurance, which provides a path to a quick diagnosis and the start of treatment.

One of the solutions to the challenges was the introduction of a healthcare ecosystem consisting of the Moj zdravstveni kasko comprehensive health insurance package, the Asistenca Zdravje assistance centre, healthcare service providers, a digital solutions provider with the Halo Doktor service and the digital tool Asistent, and the Generali ZAME loyalty reward system. Each stakeholder plays an important role in satisfying and meeting the needs of our policyholders and providing quality services.

Preventive health check-ups enable early detection of risks for the development of serious diseases and encourage the maintenance of health, while 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 possible complications and consequences that could arise, and contributes to a faster return to work and everyday life. In this way, we also affect the general health status in Slovenia.

Throughout the entire treatment journey, the policyholder is guided by our consultants from the Asistenca Zdravje assistance centre, who approve and organize the health service. In doing so, they use the Asistent - a modern digital tool for making appointments, which supports communication, making it easier to connect with the policyholders and book them for the appropriate health service. Being connected to internal systems, the tool optimizes the handling of requests for our call centre, provides easy access to communication with our customers and supports all requests in our internal systems.

The satisfaction of our customers is very important to us, which is why we are constantly improving and adapting our services and related applications to their needs. Since the end of April 2024, by visiting the Halo Doktor application which allows them to contact their general practitioner immediately and without visiting the clinic, the policyholders may submit the report they received after the consultation and in which the doctor referred them for further examinations directly from the application. When submitting the report, they can express their wish for the specialist examination to be performed by a specific provider. The assistance centre will take into account the wish and inform the policyholders about their options. This upgrade enables a faster and easier path to use services under the insurance contract.

In 2024, we also developed a search engine of active providers of self-pay health services with which Generali cooperates. The search engine, which includes a map, can be used by policyholders but also representatives, whom they often contact with questions about specific providers, as it enables a simple and customized search for providers and quick access to their data. The map is available on our insurance Company's website.

Our insurance products are also included in the Generali ZAME Loyalty Programme, which offers benefits and discounts on insurance for our customers and excellent offers from our partners in the fields of tourism, sports, healthcare, leisure and motoring, and promotes a healthy and active lifestyle.

Company's health services rated the best

At the end of October 2024, Potrošnikov zoom (a portal of the International Consumer Research Institute) gave Generali the highest score among all Slovenian insurance companies in a comparative assessment of the way consumers are informed about health insurance.

Halo Doktor

Given the shortage and poor accessibility of general practitioners, our customers particularly appreciate the **modern Halo Doktor service**, which makes treatment easier for patients.
In 2024:

- As many as 62% of policyholders said that the call made treatment easier, as they did not have to visit their personal doctor again for a referral to a specialist, but the referral was issued by a doctor within the framework of the Halo Doktor service.
- 16% of policyholders said that doctor's instructions were sufficient to solve their health problem.
- A Halo Doktor doctor is also available if the policyholder is on holiday or on a business trip abroad, **every day of the year, including weekends or holidays, from 6 a.m. to 10 p.m.**

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 2024.

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.

The company publishes information about the Company's Management Board and Supervisory Board, vision, mission, values and strategy, as well as other information related to the management of the Company, on its website www.generali.si, under the »About Us« banner.

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 Corporate Governance Code for Unlisted Companies). The text of the Corporate Governance Code for Unlisted Companies is publicly available in Slovenian and English on the website of the Chamber of Commerce and Industry of Slovenia.

In its operations undertaken in 2024, the Company was obliged to comply with the provisions of:

- the Generali Group Code of Conduct; the text of the Code is publicly available in Slovenian on the website of the Company and
- 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.

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. Any deviations from the recommendations are disclosed and explained below. The reasons for such deviations mainly concern the ownership structure, the inclusion of the Company in the management system of the Generali Insurance Group (hereinafter also referred to as the Group); the industry and the activity of the Company, and the complexity of its operations.

Recom-mendation	Explanation
2.1.1	The Articles of Association of the Company define the corporate governance framework of the Company and, through the definition of activities, also the purpose of establishing the Company. The key and other objectives of the Company are not explicitly stated; however, the Company defines them through other internal acts, including those adopted by the Company on the basis of the Group's acts. The vision, mission and values are published on the company's website at https://www.generali.si/vizija-poslanstvo-vrednote. The Company's strategy and related objectives are published on the Company's website at https://www.generali.si/strategija.
2.2.2	The remuneration and reward system for members of the Management Board is developed and implemented by the Group. The remuneration of members of the Management Board, the criteria for variable payments and the targets of members of the Management Board are determined by the sole shareholder, who also determines their performance.
2.7.1	See 2.1.1
2.8	The Company does not publish the Corporate Governance Guidelines policy on the Company's website, but rather publishes the Company's Annual Report, which describes the Company's governance policy.
2.8.4	The Supervisory Board, considering the common rules set by the Group, determines each year an indicative timetable for meetings and activities of the Supervisory Board. The procedure for nominating Supervisory Board members is determined by the Group's guidelines equally for all companies in the Group.
2.8.6	See 2.8
2.9	The Company has adopted Rules of Procedure of the Management Board and of the Supervisory Board, which are not publish publicly because the Company is owned by a sole shareholder. For the same reason, the Company has not adopted special rules of procedure for the General Meeting.
3.3.3	Upon reviewing the Annual Report, the General Meeting is informed of the opinion of the Company's certified auditor and the report of the Supervisory Board on the review of the Company's Annual Report. The Company's certified auditor makes an oral presentation of his findings and opinion to the Audit Committee and the Supervisory Board of the Company, but is not normally invited to the General Meeting.
3.4.1	The Articles of Association of the Company defines that any transfer of share ownership due to any lawful purpose is subject to the approval of the General Meeting of the Company.
4.3.2	The Company conducts an annual self-assessment of the competence, suitability and independence of the members of the Supervisory Board. The Company's rules do not specify the obligation of the shareholder and the works council to appoint at least one independent member of the supervisory body, however the self-assessments given at the beginning of 2024 show that all members of the Supervisory Board meet the competence standards (they have several years of experience in managing or supervising the operations of the insurance company) and that they are independent. The same follows from the statement of the member of the Supervisory Board and from the assessment of the Supervisory Board for the member who was appointed in mid-2024.
4.6	See 4.3.2

Recom-mendation	Explanation
5.6	The members of the Supervisory Board do not receive any remuneration for performing their functions, which is in accordance with the internal remuneration policy of the Generali Group.
5.7.11	See 2.2.2
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
6.3.3	The Group's guideline sets out a nomination procedure whereby which applications are distributed among the various bodies and professional services of the Group, the sole shareholder and the Company. The rules do not specify the requirement to choose from among at least three candidates.
6.3.4	See 6.3.3
8.1	See 2.2.2
8.1.2	See 2.2.2
8.4	See 2.2.2
9.1	Ensuring that members of the Management Board and Supervisory Board regularly update and upgrade their skills and maintain their level of knowledge is the responsibility of each individual member.
9.2	See 9.1
10.2	The Management Board does not usually orally present at the General Meeting, but rather provides written materials. The sole shareholder is informed regularly about important aspects of the Company's operations through established procedures for reporting, monitoring and managing business operations within the Group.
10.3	The Company publishes the Corporate Governance Statement on its website as a part of the Annual Report.

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 concerning establishing and maintaining a suitable internal control and risk management system defined in the Companies Act and the Insurance Act, as well as in the special implementing regulations issued by the Insurance Supervision Agency. 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 2 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 company is, or could be, exposed in its 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.

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 compliance 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 function 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 8.2. 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 2024:

1. *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% 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 considered is Assicurazioni Generali S.p.A. Potential other indirect holders of the qualifying holding considered are not known to the Company.

2. *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.

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 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.

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 2024

The 68th General Meeting of the Company was held on 29 May 2024 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 2023 with the auditor's opinion, report of the Supervisory Board on the results of the verification of the Annual Report and on the opinion concerning the internal audit report.
4. 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. Appointment of a Member of the Supervisory Board.

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, considering 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 always represented by two members of the Management Board without limitations.

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 2024, the Management Board of the Company were

- 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).

4.6.2 SUPERVISORY BOARD OF THE COMPANY

The Supervisory Board of the Company supervises the Company's management and performs tasks under the law and the Articles of Association of the Company. The Supervisory Board 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 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 regarding its financial plan and the business strategy of the Company, written rules of the management system, definition of the internal control system and appointment and dismissal of persons as holders of key functions. With regard to the internal audit key function, the Supervisory Board also gives its consent to the act determining internal audit activity and to the internal audit work plan. The Supervisory Board of the Company gives its consent to other matters stipulated by the Insurance Act and the Companies Act.

In 2024, the Supervisory Board of the Company were

- Gregor Pilgram, Chairman,
- Carlo Schiavetto, Deputy Chairman,
- Miroslav Singer, Member,
- Andrea Leskovská, Member of the Supervisory Board since 1 June 2024,
- Suzana Meglič, Member, employee representative,
- Matjaž Pavlin, Member, employee representative.

In 2024, the Supervisory Board of the Company met seven 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 provides advice and prepares proposals to the Supervisory Board, is responsible for the supervision of the implementation of decisions, and performs other professional tasks. The Committee of the Supervisory Board cannot decide on issues that are within the competences of the Supervisory Board, but it 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 controls in the Company, of the internal audit and of the risk management systems; discusses the annual and multi-year internal audit plans; discusses the annual and semi-annual internal audit reports; discusses the ORSA report; monitors mandatory audits of annual financial statements, particularly the effectiveness of the mandatory audit, and reports to the Supervisory Board of the Company on the result of the mandatory audit; reviews and monitors the independence of the auditor of the Company's annual report; participates in the process of selecting the auditor of the Company's annual report; supervises the integrity of financial information provided by the Company; assesses the content and structure of the annual report; participates in defining the most important areas of the audit and in preparing of contracts between the auditor and the Company; in relation to the audit, cooperates with the auditor in carrying out the audit of the Company's annual report with the internal auditor; reviews the company's audited annual report and the letter to the management; performs other tasks specified in the Articles of Association, the Decision of the Supervisory Board of the Company and the Rules of Procedure of the Audit Committee.

The Audit Committee adopts the annual Audit Committee plan and regularly reports on its work to the Supervisory Board of the Company

In 2024, the Audit Committee of the Company were:

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

In 2024, the Audit Committee of the Company met four times.

4.7 DIVERSITY POLICY

The Company has adopted, through internal acts, the diversity policy which is implemented in relation to representation in the Management Board and the Supervisory Board of the Company and, in the nomination procedures for candidates to both bodies, strives to ensure that they are composed in a manner that ensures the complementarity of the expertise and experience of the members and the heterogeneity of the composition of both bodies. In doing so, it is sought to the greatest extent possible that the members differ in age, gender as well as total length of previous mandates and comparable experience, that their collective competencies are suitable for achieving the set objectives and that the number of members ensures optimal functioning of the bodies.

At the end of 2024, the gender representation was in the ratio of 1:2, i.e. there is 33.3% of representatives of the underrepresented gender in both bodies. The members are in the age group of 50-60 years, with different total lengths of previous mandates and comparable experience. All members of the Management Board and Supervisory Board have extensive experience in the insurance industry in various fields. The theoretical knowledge and practical experience of the members of both bodies extend to the areas of knowledge of insurance and financial markets; insurance company management system; insurance company business strategy and model; actuarial and financial analysis, and regulatory frameworks and requirements. In addition, they also possess knowledge and experience in the areas of sales, marketing communications, non-life insurance, life insurance, finance and accounting, financial investment management, information technology, actuarial science, controlling, risk management, claims management, human resources management, internal audit, external audit in the field of insurance and insurance law.

Ljubljana, 31 March 2025

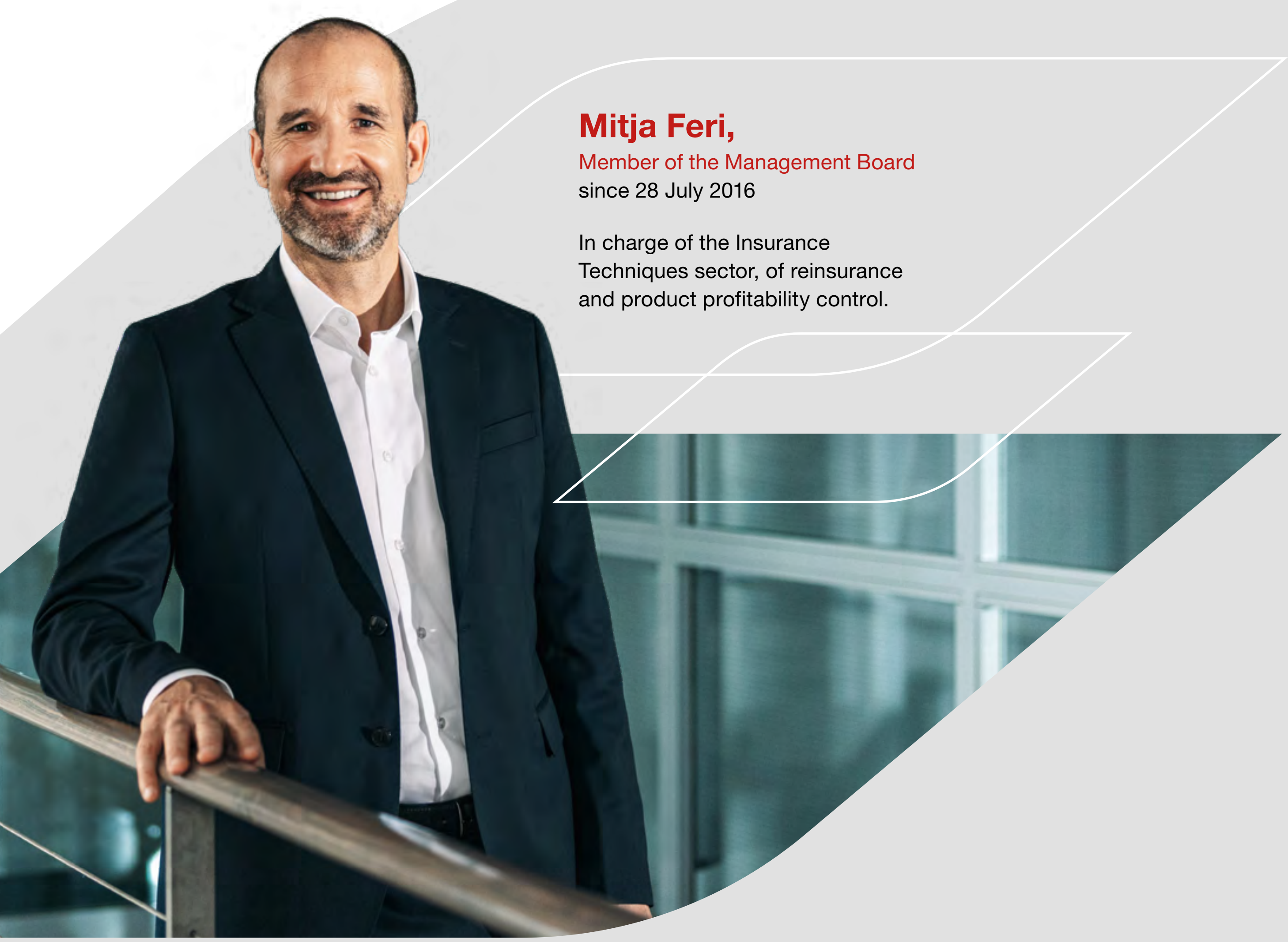
Vanja Hrovat,
President of the Management Board

Mitja Feri,
Member of the Management Board

Katarina Guzej,
Member of the Management Board

MANAGEMENT BOARD OF THE COMPANY

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. The Management Board acts in the exclusive interest and to the advantage of the Company, considering the interests of shareholders and employees.



Mitja Feri,

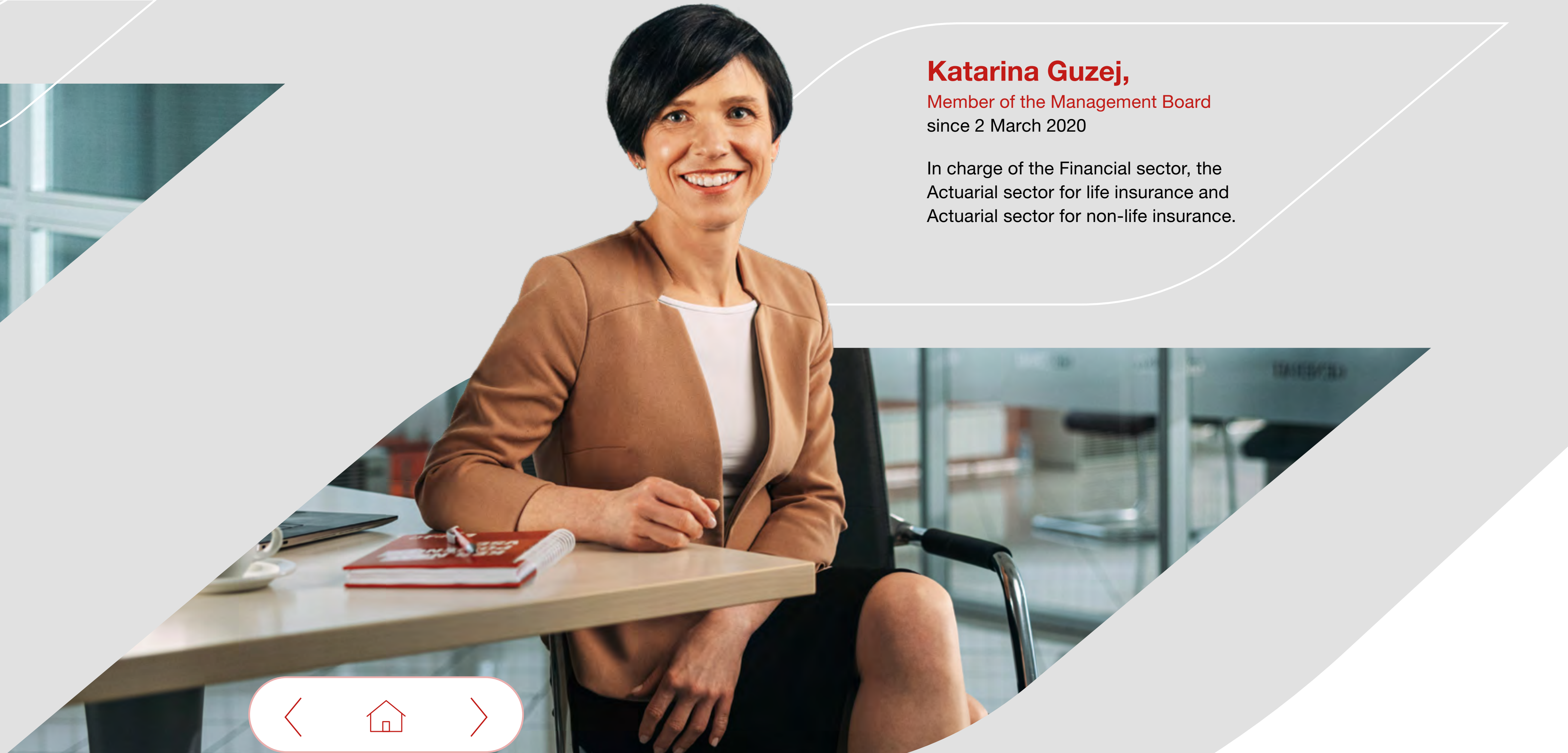
Member of the Management Board
since 28 July 2016

In charge of the Insurance Techniques sector, of reinsurance and product profitability control.

Vanja Hrovat,

President of the Management Board
since 27 May 2014

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



Katarina Guzej,

Member of the Management Board
since 2 March 2020

In charge of the Financial sector, the Actuarial sector for life insurance and Actuarial sector 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 2024, the Supervisory Board of the Company were

- Gregor Pilgram, Chairman,
- Carlo Schiavetto, Deputy Chairman,
- Miroslav Singer, Member,
- Andrea Leskovská, Member since 1 June 2024,
- 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 seven sessions, three of which by correspondence. In the course of the sessions, the Supervisory Board considered the quarterly business reports and reviewed the work of the Audit Committee on a quarterly basis, including the Audit Committee's report on the Annual Report for 2023. The Supervisory Board approved the Annual Report of Generali Zavarovalnica d. d. for 2023 as well as reviewed the report on the relationship with related companies in 2023 and the corresponding auditor's opinion and found that in 2023, the operations and activities listed in the Report did not result in any disadvantage for the Company. The Supervisory Board reviewed and gave its positive opinion to the internal audit reports for the second half-year and for 2023. The Supervisory Board also reviewed the reports for 2023 and the work plans for 2024 for the key functions of risk management, compliance and both actuarial functions. It considered and reviewed the Own Risk and Solvency Assessment (ORSA) report for 2023.

Furthermore, the Supervisory Board gave its consent to the Solvency and Financial Condition Report (SFCR) for 2023, conducted a regular annual review of the management system rules of the Insurance Company.

It consented to the proposal of the Management Board to adopt the Business Strategy and Financial Plan for 2024, and also reviewed the Capital Management Plan for the period 2024-2026. In connection with the proposal of the Management Board, the Supervisory Board confirmed the convening of the General Meeting where the sole shareholder decided on the use of distributable profit, granted discharge papers to the members of the Supervisory Board and Management Board for financial year 2023, and appointed a new member of the Supervisory Board. The Supervisory Board also reviewed, on a quarterly basis, the report on the findings of the Insurance Supervision Agency and other inspection bodies in the supervision procedures of the Insurance Company

In addition to its regular tasks, the Supervisory Board also performed HR tasks, namely it adopted the assessment of the competence and suitability of a member of the Supervisory Board and, upon the appointment of the new member, adopted the assessment that, as a collective body in the new composition, the Supervisory Board would possess an appropriate diversity of theoretical and practical experience for the professional supervision of the Company and an appropriate diversity in terms of gender, age, country of residence, type of education achieved, type of professional experience and length of professional experience. Upon adoption of the 2023 Annual Report, it also adopted the periodic assessment of the own competence and suitability of the members and the body, and reviewed the periodic self-assessment of the competence and suitability of individual members of the Management Board, as well as of the Management Board as a collective body. The Supervisory Board appointed an independent member of the Audit Committee of the Supervisory Board for a new term of office.

The Supervisory Board considered the Internal Audit Report and the Compliance Report for the first half of 2024. It approved the Internal Audit Work Plan for 2024. It considered and reviewed of the indicative timetable of meetings and activities of the Supervisory Board in 2025.

Review and approval of the Annual Report

In its session held on 9 April 2025, the Supervisory Board examined the Annual Report of Generali zavarovalnica for 2024, 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 2024 as well as of its financial results and cash flows in the business year 2024 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 2024 and the 2024 Activity Report. The Supervisory Board issued a positive opinion on the Internal Audit Annual Report for 2024. Further to the review of the work of the Supervisory Board and the presented internal audit reports, the Supervisory Board 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 2024 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 Annua 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 2024, the Supervisory Board

- approves the Annual Report for 2024;
- 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 Management Board proposes to the Supervisory Board to submit the following resolution proposal for the decision of the General Meeting:

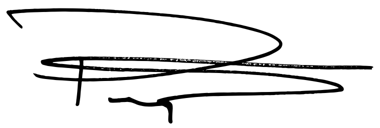
The distributable profit of the Generali zavarovalnica d.d., as at 31 December 2024, amounts to EUR 158,069,587.

The distributable profit shall be allocated in the following manner:
A part of the distributable profit amounting to EUR 33,529,503.34 shall be used for dividend payments of EUR 14.18 gross per share. The dividend shall be paid on 24 April 2025, to all shareholders registered with the Central Securities Clearing Corporation one business day before the payout date.

The rest of the distributable profit amounting to EUR 124,540,083.66 shall remain undistributed and the decision on its use shall be made in the coming years.

Ljubljana, 9 April 2025

Gregor Pilgram,
Chairman of the Supervisory Board



6. REPORT OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD

Purpose of the report

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.

Activities of the Audit Committee

The Audit Committee provides the Supervisory Board with expertise required for the implementation of supervision over the management of the Company. In 2024, the Audit Committee off the Company were

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

In 2024, the Audit Committee held four sessions. In these sessions, the Audit Committee focused on the following topics:

1. Risk management and monitoring of the operations of internal controls;
2. Internal audit reports; (reports on the implementation of recommendations, half-yearly reports, annual report) and the annual work plan of the internal audit;
3. Financial reporting;
4. Audit of financial statements and the annual report of the Company;
5. Selection of the auditor and his independence;

Risk management and monitoring of the operations of internal controls

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. It reviewed the Own Risk and Solvency Assessment (ORSA) report and internal audit reports. Risks are adequately managed through internal controls and other activities in this area.

Operating efficiency of the 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 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.

The Audit Committee also reviewed the internal audit work plan for the upcoming accounting period.

Based on the aforementioned, the Audit Committee is of the opinion that the Internal Audit in 2024 was performed successfully and efficiently, using the appropriate auditing procedures.

Financial statements and cooperation with the external auditor

In accordance with its competences, the Audit Committee was involved in determining the content of the contractual relationship with the auditor KPMG Slovenia d.o.o. In the meetings of the Audit, it reviewed the progress of the audit of financial statements, and all the findings and the Auditor's Report after the completion of the audit. In the meeting, the Audit Committee also took note of the statement on the independence of the certified auditor from the Company.

Further to the Auditor's opinion, the audit was conducted without any specific issues. With regard to the Generali Zavarovalnica Annual Report for business year 2024 and the audit report 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 accounting 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:

1. to issue a positive opinion on the Internal Audit Activity Report for the second half of 2024 and the Internal Audit Annual Activity Report for 2024;
2. to issue a positive opinion on the Auditor's Report and to approve the Annual Report for the business year 2024 in their proposed form.

Ljubljana, 31 March 2025

Carlo Schiavetto,
Chairman of the Audit Committee

WE SUPPORT ART AND PRESERVE CULTURAL HERITAGE

THE 10TH ANNIVERSARY OF THE GENERALI GALLERY

We also implement our commitment to sustainability and co-creation of a more responsible society by supporting artistic projects. The Generali Gallery, which celebrated its 10th anniversary in 2024, is a true treasure trove of art with more than 1,000 works of art. The Gallery also provides space for young and unestablished Slovenian artists, enriches wider culture and encourages dialogue on sustainable development and the preservation of cultural heritage.

7. PERFORMANCE IN 2024

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

Slovenia's macroeconomic environment in 2024

The macroeconomic environment in Slovenia in 2024 was marked by relatively low confidence in the economy, which was slightly higher year-on-year compared to 2023, but still lags behind the long-term average. Due to the aggravated geopolitical situation, sentiment in the manufacturing sector soured in the last quarter of 2024. Trends in services and trade remained favourable, mainly owing to solid domestic consumption and tourism. Despite the uncertainties in the international environment, trends in industry remain relatively positive. After several months of stagnation, construction activity strengthened significantly at the end of 2024, but was still lower year-on-year than in 2023.

Despite the fact that consumer confidence had been steadily improving over the past two years, it declined again in the last quarter of 2024 due to weaker expectations regarding the economic situation in Slovenia. The latest data shows that households are becoming more pessimistic about their future financial situation and are once again focusing on saving.

Labour market developments remain subdued, however in November 2024 Slovenia reached a record number of persons employed (948,444 persons), with the tightness of the labour market remaining high. Conditions remain favourable mainly in service activities, while the number of employees in manufacturing activities is decreasing. The number of registered unemployed persons remains low and amounted to 47,038 persons at the end of 2024, which is 2.7% less than at the end of 2023. High labour market tightness and the effects of past inflation maintain relatively high wage growth. Year-on-year real wage growth in October 2024 was higher than in previous months and reached 6.8%. Growth comes mainly from the private sector (7.9% growth), where the shortage of labour remains an important growth factor. In the public sector, where wage growth was 4.7%, growth was associated with an increase in the value of salary grades due to the partial adjustment to inflation in June.

Inflation picked up at the end of 2024 as a consequence of higher energy prices and higher growth in processed food prices, reaching 1.9% year-on-year in December, which is more than half the rate at the end of 2023, when it was 4.2%. The increase in energy prices was mainly driven by the base effect associated with the reduction in excise duties and margins on motor fuels in December 2023. Higher food and non-alcoholic beverage prices also had a significant impact, contributing approximately a quarter to the year-on-year inflation. Average inflation, which was 7.4% in 2023, decreased to 2.0% in 2024.

The general government deficit was lower in the first eleven months of 2024 than in the same period in 2023. In addition to revenues from social contributions due to the transformation of complementary health insurance into a mandatory health contribution, revenues from corporation tax and non-tax revenues, and more notably revenues from personal income tax, contributed the most to public finance revenues. At the same time, the growth of expenditures gradually slowed down until November 2024 owing to the contraction of investments and the gradual abolition of extraordinary measures to mitigate high energy prices. The government debt as a share of GDP continued to decrease and at the end of the third quarter of 2024 amounted to 66.9% of GDP, which is less in share than in 2023, but more nominally than at the end of 2023.

Sentiment indicators for the euro area, which declined in the last quarter of 2024, do not show a notable recovery in early 2025. Uncertainty also remains in Slovenia and globally regarding future trends in economic activity. The domestic labour market remains tight, but there are signs of cooling, and unemployment remains low.

Slovene insurance market in 2024

13 insurance companies, 5 foreign branches and 2 reinsurance companies operated on the Slovenian insurance market. The Slovenian insurance market is characterised by a high level of concentration. The five largest insurance companies controlled 87.3% of the insurance market. Generali zavarovalnica ranked third among insurance companies on the market, holding a 15.8% market share.

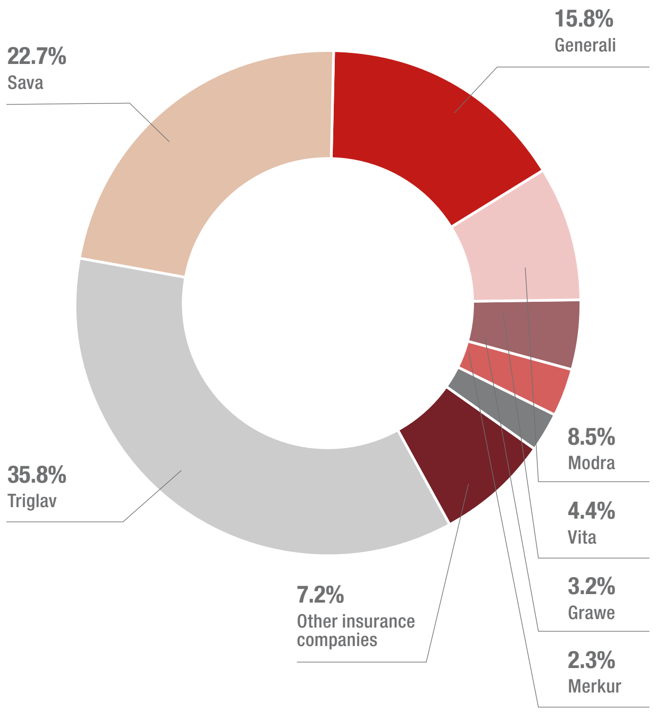
Slovenia recorded a decrease in insurance activity in 2024. According to the data collected by the Slovenian Insurance Association, the gross written premium for 2024 amounted to 2.73 billion euros, which is 10.9% less than in 2023. The drop in total premium is a result of the abolition of complementary health insurance. If the effect of the latter is ignored, the premium increased by 10.6% on the market.

Written premium from non-life insurance totalled EUR 1,842 million (67.5%), while written premium from life insurance amounted to EUR 885 million (32.5%). Within non-life insurance, the highest growth was recorded in fire and natural disaster insurance (18.1%), motor vehicle liability insurance (17.4%) and land motor vehicle insurance (14.8%). Slight growths in premiums were also recorded in other major insurance segments.

In the area of life and pension insurance, both unit-linked life insurance (8.7%) and traditional life insurance (1.8%) went up, while supplementary pension insurance increased by 7.3%.

In the area of health insurance, a sharp drop in premium was recorded compared to 2023 as a consequence of the abolition of complementary health insurance on 1 January 2024.

The market structure of the Slovene insurance market in 2024:



7.2 CAPITAL MARKETS

Overview of capital markets in 2024

Persistent investors were rewarded in 2024 by capital markets, which built on and strengthened the good returns from 2023. Four factors were at the forefront. On the one hand, central banks began a cycle of lowering interest rates to reflect cooling inflation. In the USA, inflation fell more slowly than in Europe and than it was desired, but its decline was nevertheless enabled by the FED's decision to lower interest rates.

The third factor was the long-awaited US elections, which brought Donald Trump back to office, and the continuation of his policies from the 2017-21 period. The easing of inflation and the lowering of interest rates brought positive returns to both stock and bond markets. Trump's election, due to promises of further and more uncontrolled spending and, above all, a reduction in federal revenues, led to a turnaround in bond markets and a resurgence in required yields, while stocks shot higher on the promise of lower taxes and reduced administration.

The fourth factor has been spreading across capital markets for a long time and specifically affects some companies more and others less. We are talking about megatrends. Technological megatrends have strengthened the most. Investors were impressed by companies that somehow managed to apply artificial intelligence – AI – in their goals and plans. The AI was the main factor in the strong growth of Magnificent 7 technology stocks, which brought the bulk of the growth not only to American, but also to global stocks. As a result, the American market stood out strongly in terms of growth in stock markets, while the remaining ones followed more or less successfully. And since American stocks already represent more than two-thirds of market capitalization in the global stock index, the MSCI All Countries global stock index recorded a growth of 23.5% in euros in 2024.

European bond markets also continued to recover, but this was weaker than expected at the beginning of the year. Iboxx Europe, a broad index of European bonds, gained 2.56% in 2024, but during the year the movements were very divergent and the political crisis in France led to the required yields on French 10-year government bonds falling to the level of Greece, which was unthinkable 10 years ago. A significant gap in monetary policy between the US and Europe, and especially expectations of interest rate cuts in 2025, led to the euro sliding against the dollar, ending the year at $1.04 per euro and losing as much as 5.7% of its value against the dollar.

Developed markets

US stock markets remain in the spotlight, having further increased their dominance among developed markets in 2024. US stocks gained an exceptional 31.2%, making 2024 one of the best years in the last 50 years. On the other hand, European stocks returned a below-average 5.2%, once again lagging far behind their US competitors.

The key to returns lies in the Magnificent 7 technology stocks, which have driven much of the growth in US stock indexes over the past 12 months. These are technology companies Tesla, Nvidia, Apple, Amazon, Meta Platforms, Microsoft and Alphabet, which contributed to most of the growth in the S&P 500 index. They all have one thing in common - the AI megatrend. Although growth was expected to spread to more industries and companies at the beginning of 2024, the reality at the end of the year was different. Almost all of the growth in US stock markets continued to be based on 25-30 stocks. Financial stocks, which benefit from high interest rates, also stood out positively among the industries, but everywhere else the situation was similar. There are huge differences in returns between similar or competing companies, the reasons for this being seemingly simple. Namely, the perception or belief of investors that some companies are successfully addressing megatrends, especially artificial intelligence, while others are not, has strengthened. This was particularly evident in some otherwise unexpected industries: industrial companies that build and equip data centres, energy companies that supply power to these energy-hungry data centres, and energy efficiency companies. Most of the most successful companies are American, and investors have consequently moved their capital to American capital markets.

Europe seriously lagged behind, partly due to growing political instability and the failure of European companies to adapt to global political and, above all, economic challenges. The unstable political situation in France, with its inability to form a stable government, the collapse of the German coalition and the first early elections in 50 years, reflect the accumulated economic problems and misguided economic policies in Europe over the past 20 years. Europe is therefore seen as risky by global investors, and as a result, the valuations of comparable companies in Europe are much lower than in the US. Fortunately, despite the grave situation, some companies in Europe are successfully addressing global megatrends and investors have also rewarded some European companies with share price increases of 100% or more. Industrial companies and companies in the defence sector are at the forefront.

Unfortunately, 2024 was a bad year for European technology and pharmaceutical companies, which significantly lagged behind their American competitors in 2024. At the same time, sales of European luxury goods to China also stopped due to the weak Chinese consumer, which brought to a strong correction in the manufacturers of these products. It should not be forgotten that some European luxury goods manufacturers were among the 20 largest European companies in 2023, and the correction in 2024 reached 40% or more against the peaks reached in 2023 and early 2024.

Developed markets finally saw the awakening of Japanese stocks in 2024. Although returns did not significantly differ from European ones and lagged behind American ones, after the huge crisis of the early 1990s, Japanese companies are slowly and surely returning to the radar of global investors. The reasons can be found mainly in reforms and a more investor-friendly environment in Japanese companies.

Emerging markets

Despite all the economic problems of these countries, emerging markets successfully weathered 2024. The MSCI Emerging Markets Index, which tracks emerging markets, grew by almost 12% in 2024. However, the growth was very unevenly distributed among individual markets. China has the largest weight. Owing mainly to optimism in the last part of the year, the Chinese index grew by as much as 24%, and the domestic Chinese stock market by 21%. Despite the declining economic indicators and falling consumer confidence, which has severely affected not only European exporters of consumer goods, but also local Chinese companies, optimism that the central authorities and the party would loosen financial conditions and untie the purse strings and boost consumption with a large stimulus strengthened in the last part of the year. Unfortunately, this has not been fully realized, as the measures remain very partial, but optimism in the capital markets remains and was carried over into 2025, as Chinese stock valuations are among the lowest in the last 20 years.

On the other side is India, where strong capital market growth over the past three years has greatly inflated valuations and investors are increasingly moving its capital to this world's most populous country due to strong economic growth and rising consumer spending. The Indian capital market gained as much as 17% in 2024, despite a minor correction recorded in the latter part of the year. Indian stocks remain an attractive investment owing to a very encouraging business environment, good legal certainty and a young and growing population.

Latin America was mainly disappointing in 2024. Argentina provided the positive surprise of the year with very high returns, but its share is very small compared to the faltering Brazilian economy. The latter, coupled with political tensions, a large budget deficit and a sharp decline in the value of the real, caused the Brazilian market to fall by almost 25%, and unresolved problems will drag on into 2025.

Slovenia and South-Eastern Europe

Local Slovenian and South-Eastern European markets were above-average profitable in 2024. The Slovenian market grew by almost 33%, mainly thanks to the strong growth of Krka and NLB shares, although other shares did not fall behind. The growth in prices was supported by the good performance of companies, a stable macroeconomic environment and high dividend payments, which attracted investors amid the once again falling interest rates on bank deposits. Relatively stable performance of Slovenian listed companies and continued highly attractive dividend yields are expected in 2025. This, along with approximately 27 billion euros in retail deposits and more than 10 billion euros in deposits from non-financial companies in Slovenian banks, continues to support the Slovenian capital market, which remains attractively valued even through the prism of valuations. Despite high growth, valuations of the Slovenian capital market remain lower than of comparable European markets.

The situation is similar in the South-Eastern Europe region, which gained over 22% in 2024. The lion's share of the market is represented by Romanian stocks, where a correction was experienced at the end of the year after high returns in the first three quarters, mainly due to political uncertainty related to parliamentary and presidential elections. At the same time, the high budget deficit indicates that the new government will raise taxes, and the hardest hit will be large companies listed on the Bucharest Stock Exchange. Valuations and growth profiles remain attractive in Romania and other regional markets. An additional bonus could be a de-escalation of the war in Ukraine, which would bring international investors back to the region.

Local Slovenian and South-Eastern European markets were above-average profitable in 2024. The Slovenian market grew by almost 33%.

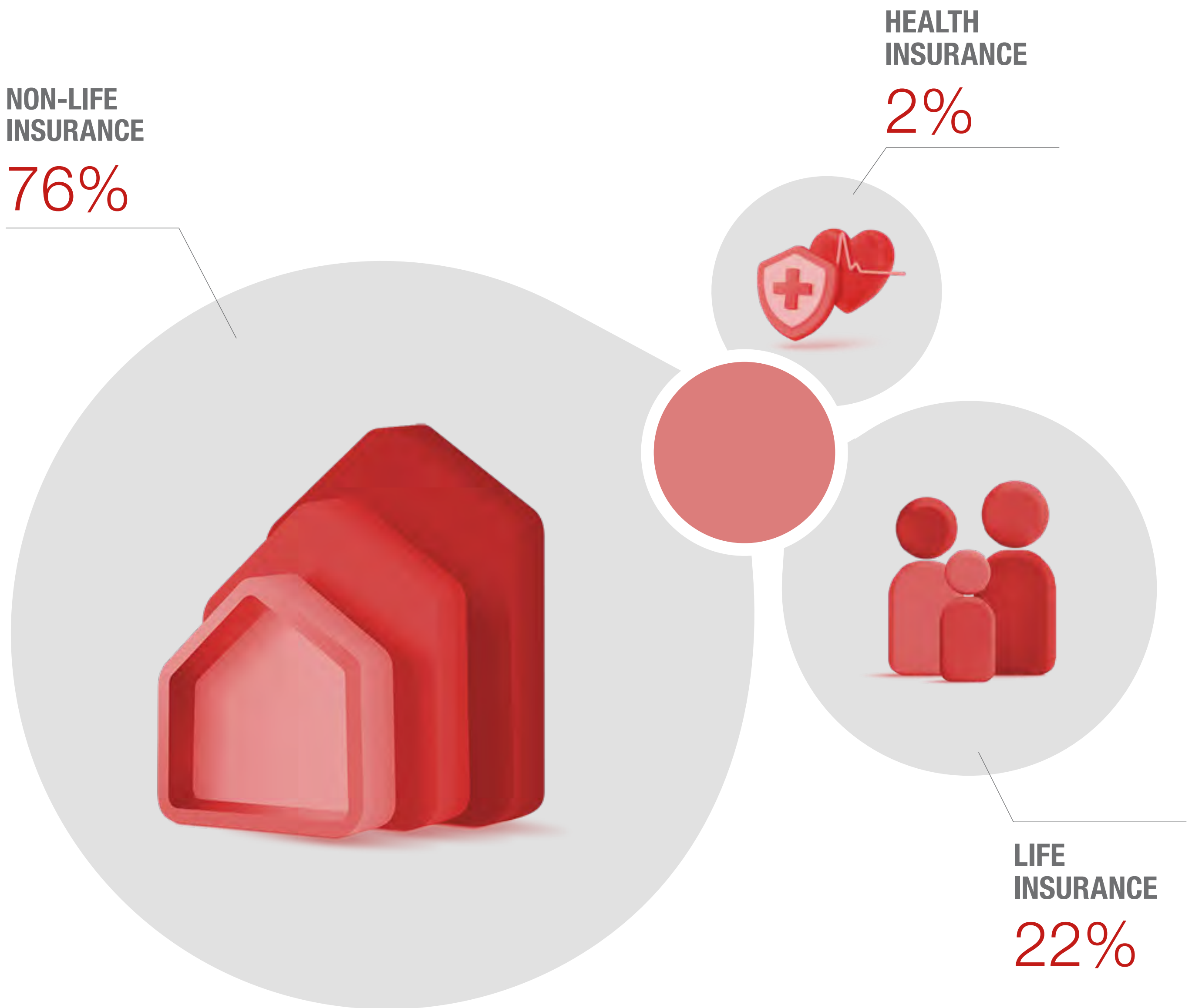
7.3 ANALYSIS OF OPERATIONS OF GENERALI ZAVAROVALNICA D.D.

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

The written premium of Generali zavarovalnica totalled EUR 424.6 million in 2024, which is a decrease of 17.8% compared to the previous year. The negative divergence is a result of the abolition of complementary health insurance. If this premium shortfall is disregarded, the Insurance Company totalled 9.1% more premium than in 2023.

Premium from the non-life insurance segment accounted for the bulk of total written premium with a 75.9% structural share, followed by life insurance with a 21.7% share, while life insurance now account for only a 2.3% share.

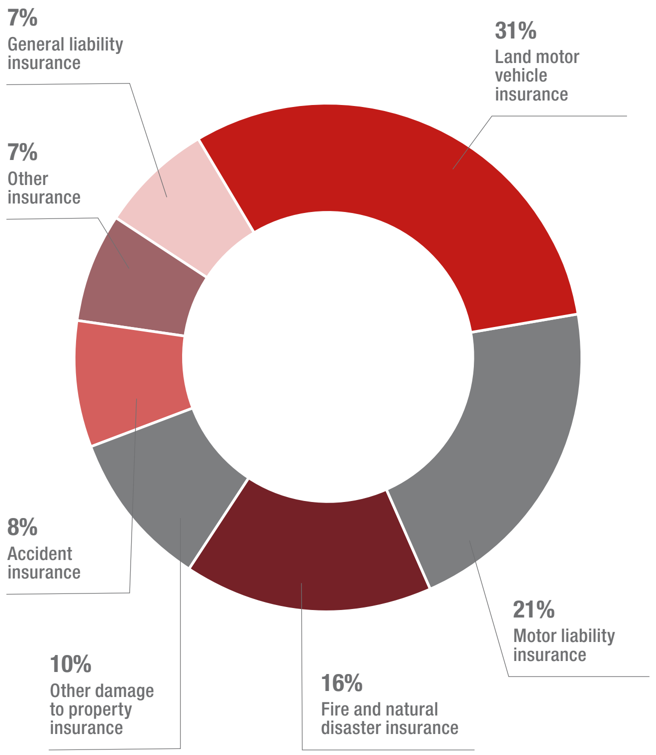
The structure of written premium by insurance class in 2024



Gross written premiums from insurance contracts (by insurance class)

In EUR	1-12 2024	1-12 2023	Structure 2024 (in %)	Structure 2023 (in %)
Accident insurance	25,853,050	25,271,163	6.1	4.9
Land motor vehicle insurance	100,819,556	85,749,861	23.8	16.6
Fire and natural disaster insurance	52,152,443	44,577,819	12.3	8.6
Other damage to property insurance	31,219,090	28,686,803	7.4	5.6
Motor third party liability insurance	66,907,317	64,033,839	15.8	12.4
General liability insurance	22,706,454	20,390,167	5.3	3.9
Other insurance	22,777,138	19,433,073	5.4	3.8
Total non-life (other) insurance	**322,435,048**	**288,142,726**	**76.0**	**55.8**
Mixed and term life insurance	42,380,295	42,451,609	10.0	8.2
Unit-linked life insurance	49,870,593	50,380,791	11.7	9.8
Total life insurance	**92,250,887**	**92,832,400**	**21.7**	**18.0**
Health insurance	**9,866,322**	**135,363,815**	**2.3**	**26.2**
TOTAL	**424,552,257**	**516,338,941**	**100.0**	**100.0**

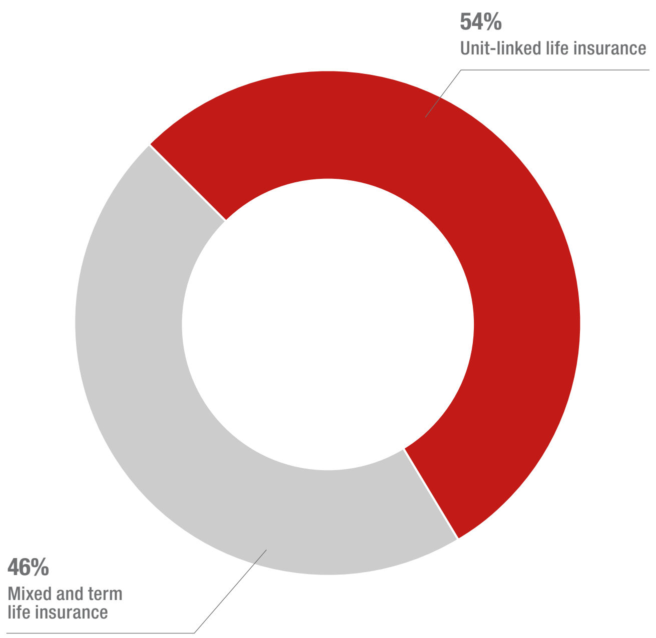
The structure of premium in (other) non-life insurance in 2024



The written premium of non-life insurance amounted to EUR 322.4 million. More than half of all premiums arise from car insurance, namely 31% from land motor vehicle insurance and 21% from motor vehicle liability insurance 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 land motor vehicle insurance, namely 17.6%. The remaining main insurance classes also recorded growth compared to 2023.

The structure of life insurance premium in 2024



The life insurance premium amounted to EUR 92.3 million in 2024. 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 remained at the same level as in 2023, while unit-linked life insurance fell by 1%.

The structure of health insurance premium in 2024

Health insurance premium amounted to EUR 9.9 million in 2024, which is a sharp drop (-92.7%) compared to last year and is the consequence of the abolition of complementary health insurance

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

Financial result

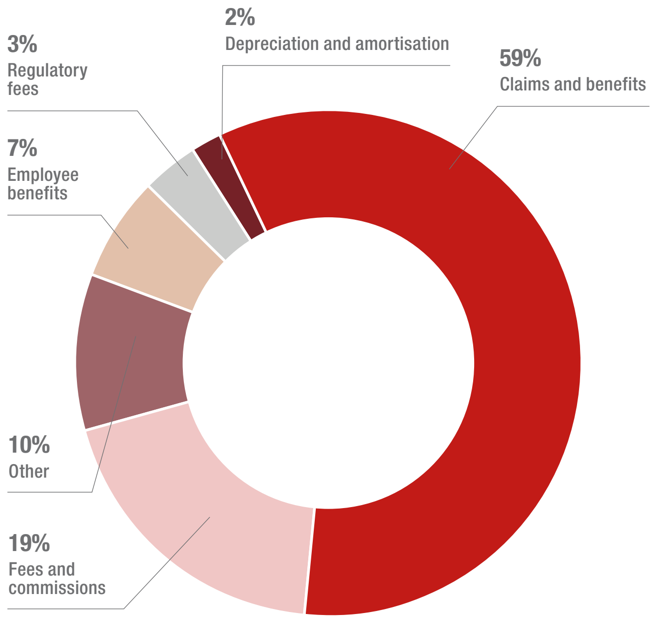
The Company Generali zavarovalnica d.d. ended 2024 with a net profit of EUR 33.5 million, which is significantly more than planned and than in the previous year, when it reported a net profit of EUR 1.4 million. Compared to the previous year, the result of non-life and health insurance improved, however, the results of life insurance fell and amounted to EUR 11.3 million (EUR 12.4 million in 2023) deteriorated significantly. The improvement of the health insurance result was significantly impacted by lower claims paid and lower expenses arising from the implementation of complementary health insurance.

The result generated by investments amounted to EUR 82.8 million in 2024, which is significantly better than in the previous year, when it amounted to EUR 52.2 million, and is a reflection of favourable trends on financial markets. Compared to the previous year, the result arising from insurance contracts deteriorated significantly.

Income statement key highlights

in EUR	Generali zavarovalnica d.d.		
	2024	2023	Index 2024/2023
Insurance service result	**34,766,847**	**-1,377,997**	**-**
Insurance revenue from insurance contracts	366,303,956	457,830,006	80.0
Insurance service expenses from insurance contracts	-325,726,188	-487,065,635	66.9
Net expenses from reinsurance contracts	-5,810,920	27,857,632	-
Net investment income /expenses	**82,814,322**	**52,211,500**	**158.6**
Result from insurance contracts	**-72,935,910**	**-39,235,173**	**185.9**
Change of investment contract liabilities	**569,384**	**510,288**	**111.6**
Other income and expenses	**-2,652,593**	**-9,634,986**	**27.5**
Profit before tax	**42,562,049**	**2,473,633**	**1,720.6**
Tax	**-9,026,672**	**-1,038,240**	**869.4**
Net profit for the period	**33,535,377**	**1,435,392**	**2,336.3**

Expense structure without insurance acquisition cash flows



Expenses without insurance acquisition cash flows decreased by 32%, mainly due to lower claims as a consequence of the abolition of complementary health insurance and fewer extraordinary claims compared to the previous year. Advertising costs (-24.4%) and intellectual and consulting services costs (-16.6%) also decreased.

Financial condition

As at 31 December 2024, total assets of the Company stood at EUR 1,238 million, which is an increase of 7.7% compared to the previous year. The bulk of the assets at 2024 year-end was accounted for by life insurance assets (61.6%), 38.4% was used in the activities of non-life insurance and the rest was intended for health insurance.

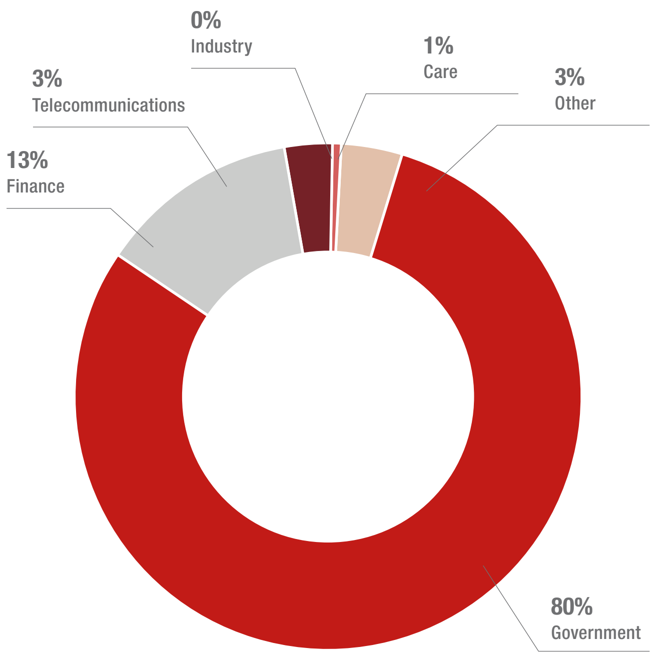
The structure of assets

in EUR	Generali zavarovalnica d.d.			
	31.12.2024	in %	31.12.2023	in %
ASSETS	**1,237,793,577**	**100.0**	**1,149,467,966**	**100.0**
Property, plant and equipment	25,844,201	2.1	26,340,157	2.3
Investment property	8,470,374	0.7	9,748,897	0.8
Assets arising from a lease	4,665,301	0.4	3,646,761	0.3
Intangible assets and goodwill	6,997,443	0.6	7,441,484	0.6
Deferred tax assets	3,985,114	0.3	5,376,634	0.5
Investments in subsidiaries	289,162	0.0	473,945	0.0
Investments in associates	32,148	0.0	11,738,050	1.0
Financial assets, measured at:	1,037,747,849	83.8	920,381,663	80.1
Fair value through other comprehensive income	550,714,679	44.5	494,506,677	43.0
Amortised cost	41,718	0.0	168,740	0.0
Fair value through profit or loss	486,991,452	39.3	425,706,245	37.0
Investment contract assets:	45,856,110	3.7	40,939,566	3.6
Financial assets, measured at:	45,342,524	3.7	40,018,912	3.5
Fair value through profit or loss	45,342,524	3.7	40,018,912	3.5
Receivables	9,137	0.0	7,603	0.0
Cash and cash equivalents	504,449	0.0	913,051	0.1
Insurance contracts assets	25,893,068	2.1	27,711,071	2.4
Reinsurance contracts assets	57,236,973	4.6	69,583,759	6.1
Current tax assets	1,701,264	0.1	0	0.0
Receivables	10,364,358	0.8	17,977,032	1.6
Cash and cash equivalents	7,277,353	0.6	6,575,612	0.6
Other assets	1,432,859	0.1	1,533,335	0.1

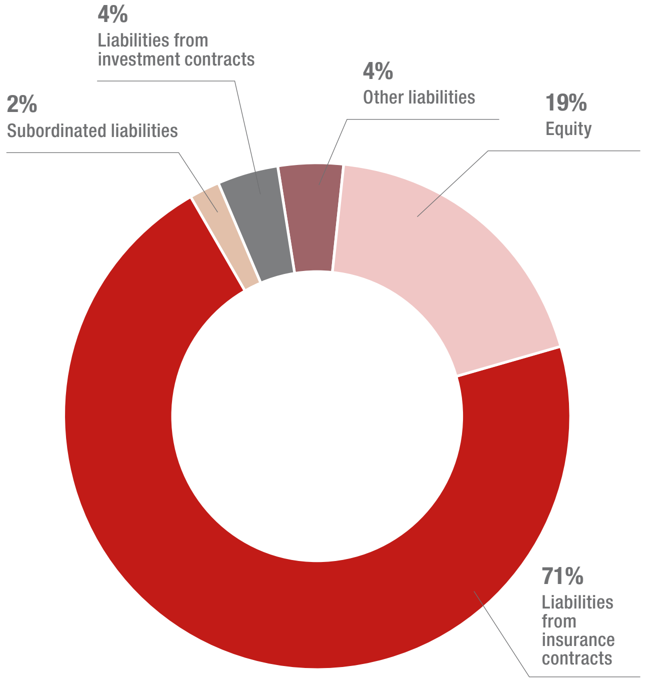
Total investments accounted for EUR 1,100 million or 89% of total assets. The largest portion is represented by financial investments measured at fair value through other comprehensive income in the amount of EUR 550.7 million, followed by financial investments measured at fair value through profit and loss in the amount of EUR 487 million.

As at the 2024 year-end, the value of property, plant and equipment and intangible fixed assets amounted to EUR 32.8 million. The former represented 2.1% and the latter 0.6% of all assets. The amount of assets from reinsurance contracts was EUR 57.2 million, and the amount of assets from insurance contracts was EUR 25.9 million.

The structure of Company financial assets by sector as at 31 December 2024 (excluding unit-linked insurance assets)



The structure of liabilities of the Company as at 31 December 2024



The structure of capital and liabilities

in EUR	Generali zavarovalnica d. d.			
	31.12.2024	in %	31.12.2023	in %
EQUITY AND LIABILITIES	**1,237,793,577**	**100.0**	**1,149,467,966**	**100.0**
Equity	230,059,764	18.6	190,036,962	16.5
Share capital	39,520,347	3.2	39,520,347	3.4
Capital reserve	20,771,169	1.7	20,771,169	1.8
Profit reserve	9,721,593	0.8	9,589,086	0.8
Accumulated other comprehensive income	1,977,068	0.2	-4,057,544	-0.4
Retained earnings	124,534,210	10.1	122,777,468	10.7
Net profit or loss for the period	33,535,377	2.7	1,436,437	0.1
Subordinated liabilities	31,231,211	2.5	31,255,092	2.7
Deferred tax liabilities	555,771	0.0	360,813	0.0
Insurance contracts issued that are liabilities	873,911,983	70.6	821,738,473	71.5
Reinsurance contracts held that are liabilities	1,171,659	0.1	409,738	0.0
Investment contracts liabilities	45,856,110	3.7	40,939,566	3.6
Provisions	7,692,324	0.6	7,832,325	0.7
Other financial liabilities	4,768,324	0.4	3,685,669	0.3
Current tax liabilities	3,193,528	0.3	11,257,579	1.0
Other liabilities	39,352,904	3.2	41,951,749	3.6

As at the end of the 2024 reporting period, total equity amounted to EUR 230.1 million. The proportion of equity in total assets stood at 18.6% as at 31 December 2024.

The liabilities from insurance contracts totalled EUR 873.9 million as at the end of 2024, with their share in total assets of 70.6%. Liabilities from investment contracts were EUR 45.9 million and subordinated liabilities were EUR 31.2 million.

8. RISK MANAGEMENT AND INTERNAL AUDIT

8.1 RISK MANAGEMENT

Generali zavarovalnica, just like the entire insurance sector, is exposed to risks arising from risks insured and risks arising from financial markets and the macroeconomic environment. With the increasing frequency of extreme weather events in recent years, insurance risks are coming to the fore. However, other risks are also becoming increasingly important, among which digital risks and risks related to sustainability deserve special mention.

2024 was marked by several key global events in the fields of economics, geopolitics, natural disasters and global risks. The global economy continued to face challenges such as inflation, supply chain disruptions and the energy crisis, which affected the growth and stability of markets. As the war in Ukraine continued, geopolitical tensions between major powers further intensified, especially in Asia and the Middle East, which led to new regional conflicts and further affected international relations. Natural disasters such as earthquakes, floods and forest fires caused significant damage and claimed many lives globally, including in the wider part of Europe. Cyberattacks, hybrid threats and political instability stood out among global risks, which threatened the security and stability of countries around the world.

In Slovenia, weather disasters in 2024 fortunately did not reach the same extent and intensity as in the previous year, but the year was still marked by several natural disasters that had a major impact on agriculture and infrastructure. In April, frost affected numerous agricultural areas, causing significant damage to crops, while in the summer, storms with hail and strong winds occurred, which caused further damaged to crops as well as damage to buildings and infrastructure. In addition, heavy rainfall caused floods that affected several regions in the country, requiring extensive rehabilitation measures. The total damage from natural disasters was therefore also significantly higher in 2024 than the long-term average, which emphasizes the need to improve preparedness for and response to such events.

In its last annual report issued at the end of 2023, Generali zavarovalnica reported a capital adequacy ratio of 154.3%, which brought it closer to its soft tolerance for capital adequacy, but still remained within the accepted risk appetite. The total eligible own funds to cover the SCR at that time amounted to EUR 224.6 million, and the total solvency capital requirement (SCR) was EUR 145.6 million. The Company's capital adequacy improved significantly in 2024 after the introduction of the deferred tax recoverability test, the sale of the subsidiary Nama and the receipt of compensation from the state for the abolition of complementary health insurance, as well as owing to favourable conditions on the capital markets, and the Company was therefore able to report a capital adequacy ratio of 206.5% for the third quarter of 2024. It is expected that Generali zavarovalnica will remain similarly stable in terms of capital also after the situation at the end of 2024.

The Company will publish its 2024 Solvency and Financial Condition Report (SFCR) of the Company in April 2025. 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 2. 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 2024, based on the assessment of operations for 2024 and projections until 2027, 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.

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.

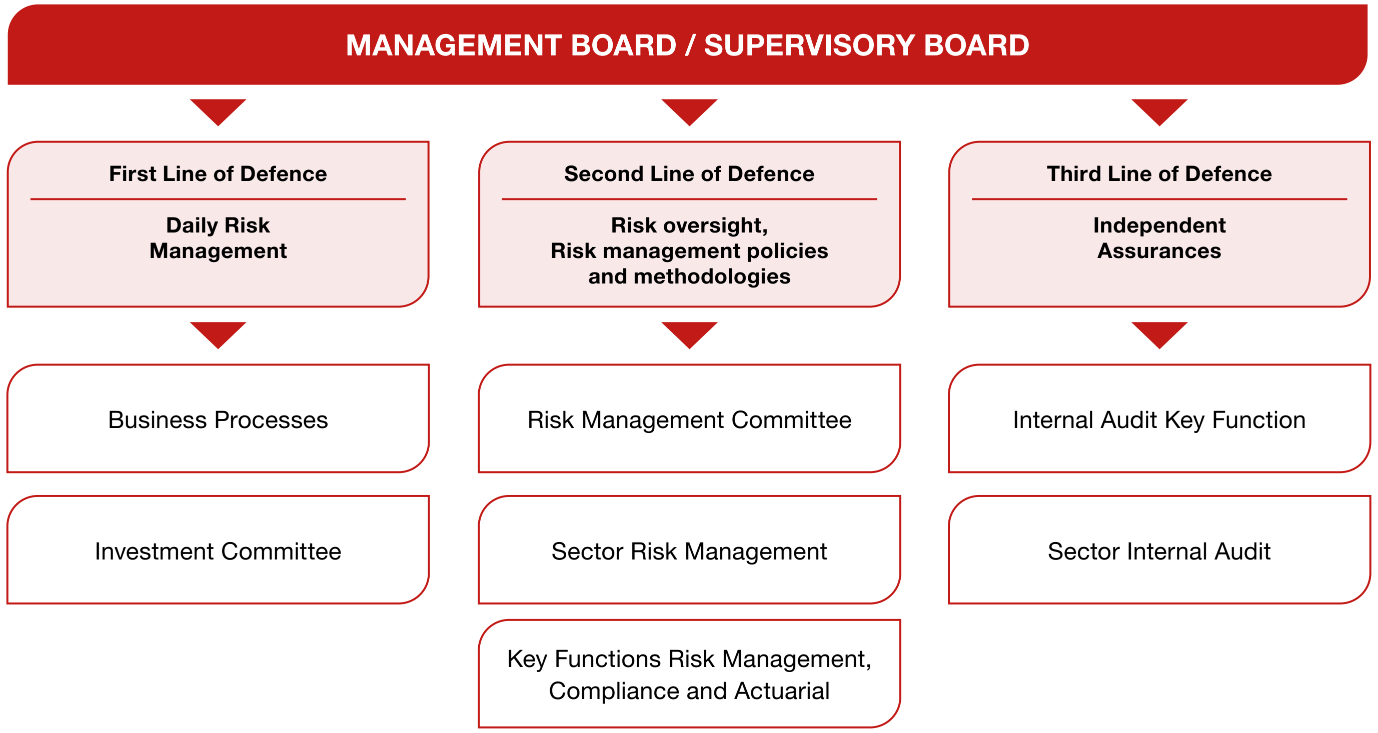
The Risk Management Function is responsible for the implementation of the risk management system, consistent with applicable legislation, policies and guidelines approved by the Insurance Company's management. The Risk Management Function supports the management and sector directors as well as other 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 or 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 and the AMSB members 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).

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 6.2 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, if realized, may have a significant negative impact on the invested funds of companies and their responsibility, which in turn may have 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 evaluate, but can have a significant impact on business. In the current annual assessment of emerging risks, the Insurance Company highlighted as the most worrying emerging risks the risk of climate change and natural disasters and the risks associated with digitisation.

Climate change risks are generated by an excessive increase in CO_2 and other greenhouse gas emissions that affect the Earth's climate and cause progressive global warming. They can be grouped into three main categories:

- Physical risk, resulting from increasingly destructive catastrophic events due to rising temperature, such as storms, floods, droughts;
- Transition risk, 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;
- Risk related to controversies, arising from environmental legal cases and/or due to the inadequate environmental disclosure.

In the Own Risk and Solvency Assessment Report, the Insurance Company describes how it includes risks associated with sustainability issues into the risk management process. For the second year in a row, the current ORSA Report also includes the results of calculating the impacts of climate change scenarios.

In this context, 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, considering the different speeds and order of implementation of decarbonization policies and physical effects.

Based on the methodology of the Generali Group, an evaluation of climate impacts on investment and insurance portfolios of Generali zavarovalnica was also carried out for individual scenarios.

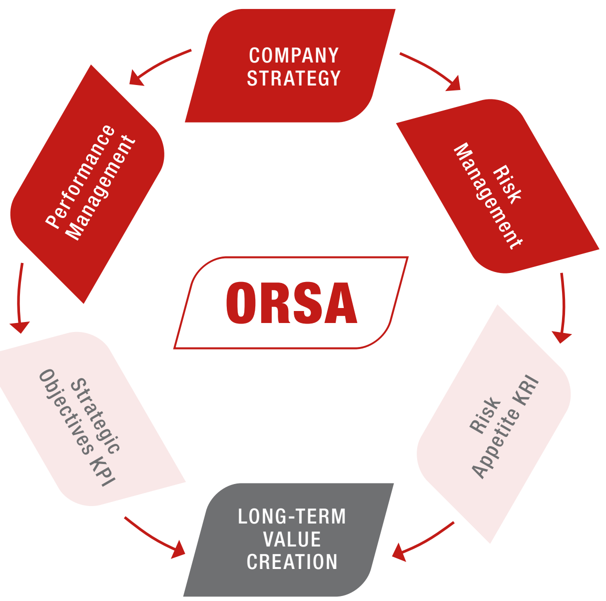
With regard to the investment portfolios, Generali zavarovalnica expects losses in the most adverse scenarios due to transition risk, especially in the real estate portfolio, where the decline in net asset value by 2050 would be most material. The equity portfolio and the corporate bond portfolio would also suffer losses by 2050, but these would be significantly lower. Physical risks have the greatest impact on equity investments, which could lose the most value by 2025. The impacts of physical risks are also expected in life insurance investments, where losses would be smaller.

The greatest threats to the insurance portfolio are floods, followed by storms. The most serious scenario is SSP585, which predicts the largest increase in claims by 2050, followed by SSP245. The most affected segment is the motor vehicle insurance portfolio, followed by the property insurance portfolio. According to the scenarios implemented, storms and natural fires have a smaller impact on these two insurance segments. Risks associated with digitisation include threats of cyberattacks, data breaches, technological failures and challenges in ensuring compliance with regulatory requirements. These risks can lead to financial losses, reputational damage and loss of customer trust. To mitigate these risks, insurers need robust cybersecurity measures, regular risk assessments, compliance monitoring and ongoing training of employees to adapt to the changing digital landscape. Risks associated with digitalization are closely monitored by risk management and IT security departments.

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, together with the quantitatively determined tolerance thresholds applied by Generali Insurance Company.

In 2024, the Company slightly adjusted the tolerance limits in accordance with the revised capital management policy, and also introduced a new early warning zone. This is the zone between the soft tolerance and the lower target range and is intended to identify potential early warnings in the event of a reduction in capital adequacy to a level which is not in line with the accepted risk appetite. Measures of increased vigilance, assessment of the situation and possible implementation of management measures are provided for.

Tolerance	Threshold	Possible measures in the event of exceeding
Upper Target Range	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).
Lower Target Range	150%	The area between the soft tolerance and the lower target range. Measures of increased vigilance, assessment of the situation and possible implementation of management measures are provided for.
"Soft Tolerance"	140%	Reinsurance programmes; portfolio protection strategies (divestment of riskier investments, change of investment structure), securitization, etc.
"Hard Tolerance"	110%	All measures in force in case of violation of the soft tolerance plus 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 also has a predetermined set of possible measures. These are presented in the table below, in addition to the quantitatively determined tolerance thresholds.

Tolerance	Threshold	Possible measures in the event of exceeding
"Soft tolerance"	-2.50%	Restructuring of investment portfolios into more liquid ones, activation of credit lines, issuance of bonds within the Group, intra-Group loans.
"Hard Tolerance"	-5.00%	Immediate implementation of measures set in violation of the soft limit.
"Soft Stress Tolerance "	-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 Tolerance"	-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 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 factors, 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 consider whether such implications are desired and feasible, and whether the Company could even afford them, considering the scope and the quality of its own funds.

In the ORSA Report, 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 functions. 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 various other 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 2024, the Company intensively implemented activities to achieve compliance with the provisions of the new EU Regulation on Digital Operational Resilience for the Financial Sector (DORA), which entered into force in January 2025.

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 carried out its activities in 2024 in accordance with the requirements of the Insurance Act (ZZavar-1) and other legislation, with the Hierarchy of Internal Auditing Rules adopted 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.

In 2024, the Internal Audit carried out its activities based on the 2024 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.

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-year and annual internal audit reports.

In 2024, the Company's internal audit also performed the internal audit function in the related company Generali Investments d.o.o. Ljubljana.

WE BUILD AN AGILE WORK ENVIRONMENT

THE DETOX PROGRAMME

We develop products and create added value for our customers through creativity and innovation, while our desire for maximum efficiency leads us to (re)design our work processes. In line with our sustainability commitments, in 2024 we developed the Detox Programme, enabling every employee to contribute to the development of more flexible workplaces. By streamlining and creating better work processes, we can invest our energy in key work tasks, thus building a more agile work environment.

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 14 parent organisational units. 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 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 structure

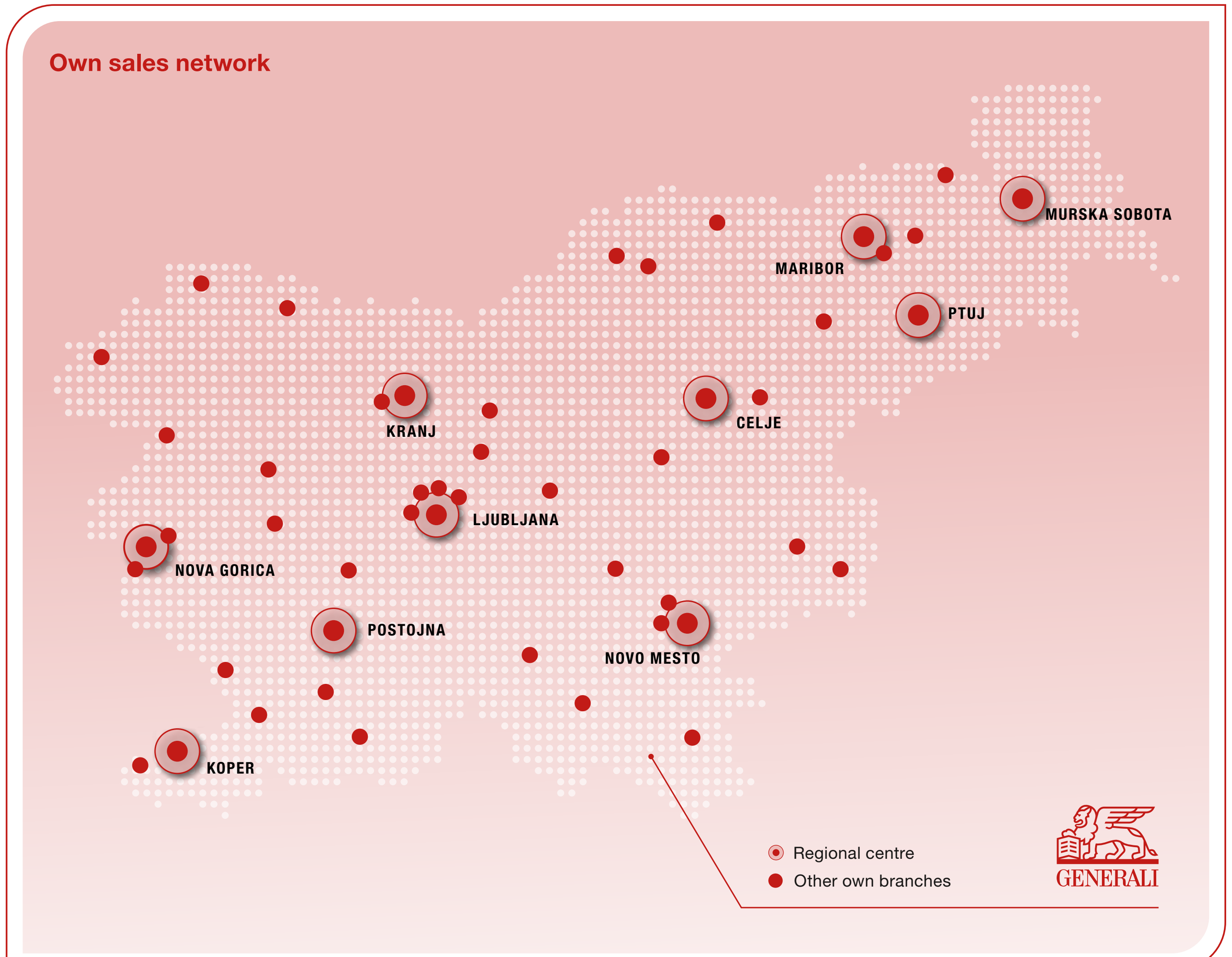
Generali zavarovalnica d. d.

SECTORS
- Insurance techniques
- Finance
- HR
- IT and Business Operations
- Claims Management
- Sales

DEPARTMENTS
- Marketing and PR
- Customer Relationship Management

FUNCTIONS
- Risk Management
- Actuary for Life Insurance
- Actuary for Non-Life Insurance
- General Counselling
- Internal Audit
- Compliance

SUBSIDIARY
- Ambulanta ZDRAVJE d.o.o.



Sales Network

We are available to our customers at 981 points of sale throughout Slovenia.

We provide sales and after-sales services to our customers throughout our extensive own sales network, which includes 774 employed agents and exclusive sales agents. These are joined 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 313 other contractual partners, where several persons can provide our services.

We are also available online (G24 and WIZ) to customers searching for their insurance protection through modern digital sales channels-

981
points of sale throughout Slovenia

774
employed agents and exclusive sales agents

313
other contractual partners

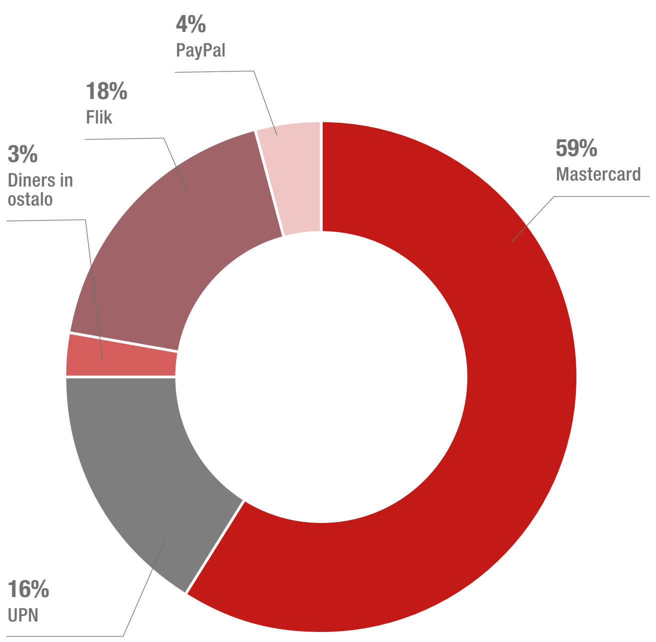
Online Sales

Customers are increasingly choosing to take out insurance online, especially when it comes to simple insurance products that they are already familiar with and need at a particular point in time or year after year. We noticed that many of these customers take out online insurance for the first time and often need some help. In order to be even closer to our customers and to be able to provide them with advice or assistance when taking out insurance even faster and more efficiently, we have joined forces with G24 and WIZ, the call centre and the online customer service. At the same time, we have maintained the option of taking out insurance over the phone, as this way we maintain a high level of responsiveness and remain a reliable partner for the elderly. We are pleased to see that we also have an increasing number of customers who receive intergenerational assistance when taking out insurance online.

In 2024, in cooperation with the call centre, we enriched our online offer with additional insurance products that can be taken out remotely, such as Paket Dom (Home) insurance, Raki (Cancer) insurance and health insurance for foreigners. Our customers value the fact that our insurance products are available 24/7, especially for insurance products such as Tourist Trip Cancellation, tourist insurance Tujina (Abroad), Smučar (Skier), and Avto (Car). Customers often need these insurance products right away. Other insurance products are no less interesting, such as Specialisti (Specialists), Mladi voznik (Young driver) car insurance, accident insurance for young people, Plovila (Boat), Kolesar (Cyclist), Mikro GO insurance for users of scooters and other micro-transportation vehicles, and the more and more interesting insurance for four-legged family members - Kuža (Dog) insurance product.

We are constantly looking for improvements and we have further improved the shopping experience in many areas. This was noticed by our customers, who gave us an average rating of 4.8. We also received numerous comments, suggestions and a lot of praise. We carefully examine all suggestions and, based on the opinions, we also enabled customers to use the rewards offered by the Generali ZAME loyalty system towards purchasing products also when concluding an insurance contract online. We upgraded the payment module enabling the purchase of all insurance products online and, at their request, offered our customers the possibility to pay via Flik and Paypal. The payment structure changed significantly last year, as customers now make almost 20% of all payments via Flik. It has once again been proven how important it is to know the wishes of customers and listen to them.

Methods of payment in 2024



What impresses our customers the most? We have selected some of their comments and reactions to our work.

Mitja: Very easy and fast online insurance processing, wide range of payment options

Jera: The website gives clear instructions on what the insurance includes, the process up to payment is easy to follow. The insurance premium is also favourable compared to the competition.

Stane: Excellent advising, professionalism and friendly attitude of the call centre consultant

Vesna: You are all really nice! I've already recommended you to friends and acquaintances, now I'll recommend you even more.

Maja: The insurance was arranged quickly and I could pay via Flik, really great...all in 1 minute

Nadja: Thanks to my daughter-in-law who taught me how to quickly buy insurance online!

Darja: Simple and quick insurance purchase and payment via Flik.

Stanislava: A very friendly consultant called me and recommended the insurance product that would be most beneficial for me. The process of taking out the insurance policy was also very practical and quick.

9.2 GENERALI PEOPLE

9.2.1 DEMOGRAPHIC AND OTHER CHARACTERISTICS OF EMPLOYEES

Employee data are given as at 31 December 2024.

a) Number of employees

Generali zavarovalnica d. d.	Number of Employees						Difference	
	Year 2022		Year 2023		Year 2024		2024/2023	
	per person*	FTE	per person*	FTE	per person*	FTE**	per person*	FTE
Generali zavarovalnica d. d.	1,296	1,277.55	1,280	1,261.73	1,217	1,203.48	–63	–58.25

* The number of employees as at 31 December 2024.
** FTE – The number of employees in relation to the share of employment in the Company

1,217
employees

On 31 December 2024, Generali zavarovalnica had 1,217 employees. Taking into account the employment share, 1,203.48 employees worked in the Company.

b) Working hours and type of employment

At the end of 2024, Generali zavarovalnica had 1,217 employees, of which 97% worked full-time and 3% part-time. We strive to have the majority of our employees employed for an indefinite period.

Working time	Number	%
Full-time	1,180	97.0%
Part-time	37	3.0%
Total	**1217**	**100%**

Employment Contract	Number	%
Indefinite duration	1,194	98.1%
Fixed-term	23	1.9%
Total	**1,217**	**100%**

c) Number of employees by location

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

Employees by location	Number	Share in %
Ljubljana	508	41.7%
Koper	214	17.6%
Maribor	101	8.3%
Celje	78	6.4%
Kranj	48	3.9%
Nova Gorica	52	4.3%
Murska Sobota	38	3.1%
Novo mesto	39	3.2%
Ptuj	30	2.5%
Postojna	22	1.8%
Other locations	87	7.2%
TOTAL	**1,217**	**100%**

d) Employees by level

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 59% of employees in the back offices:

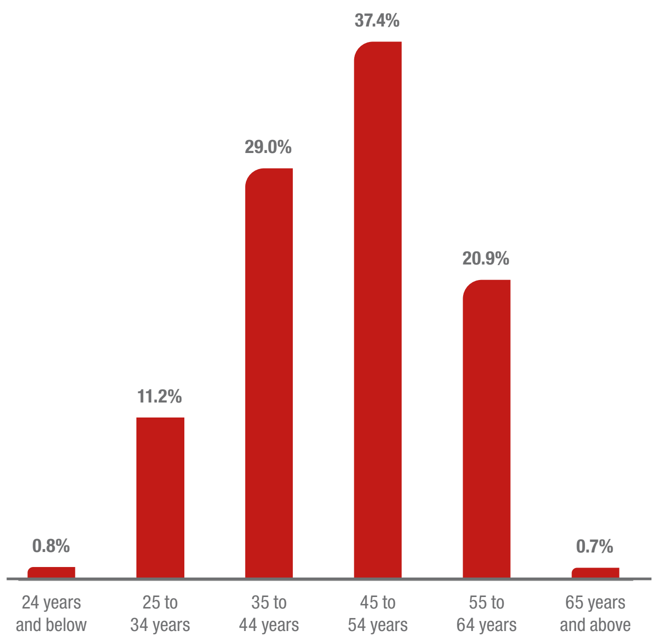
Employees by levels	Number of employees	Share in %
Management Board	3	0.2%
First management level below Management Board	11	0.9%
Second and third management levels below Management Board	90	7.4%
Group managers in the sales network and claims centres	35	2.9%
Agents	356	29.3%
Back-office services	722	59.3%
Total	**1,217**	**100%**

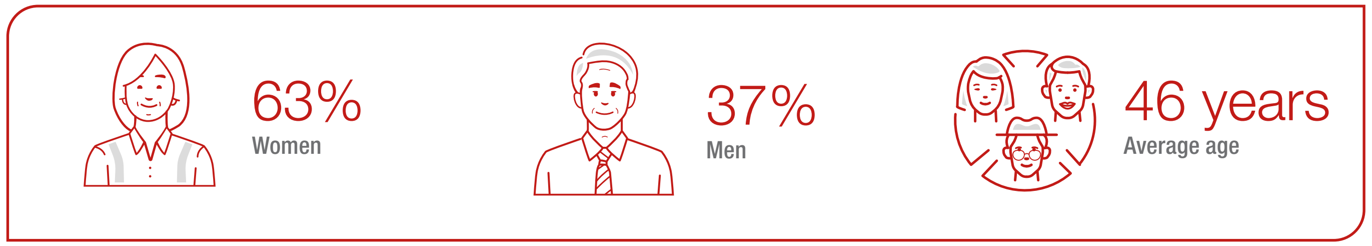
e) Employees by gender

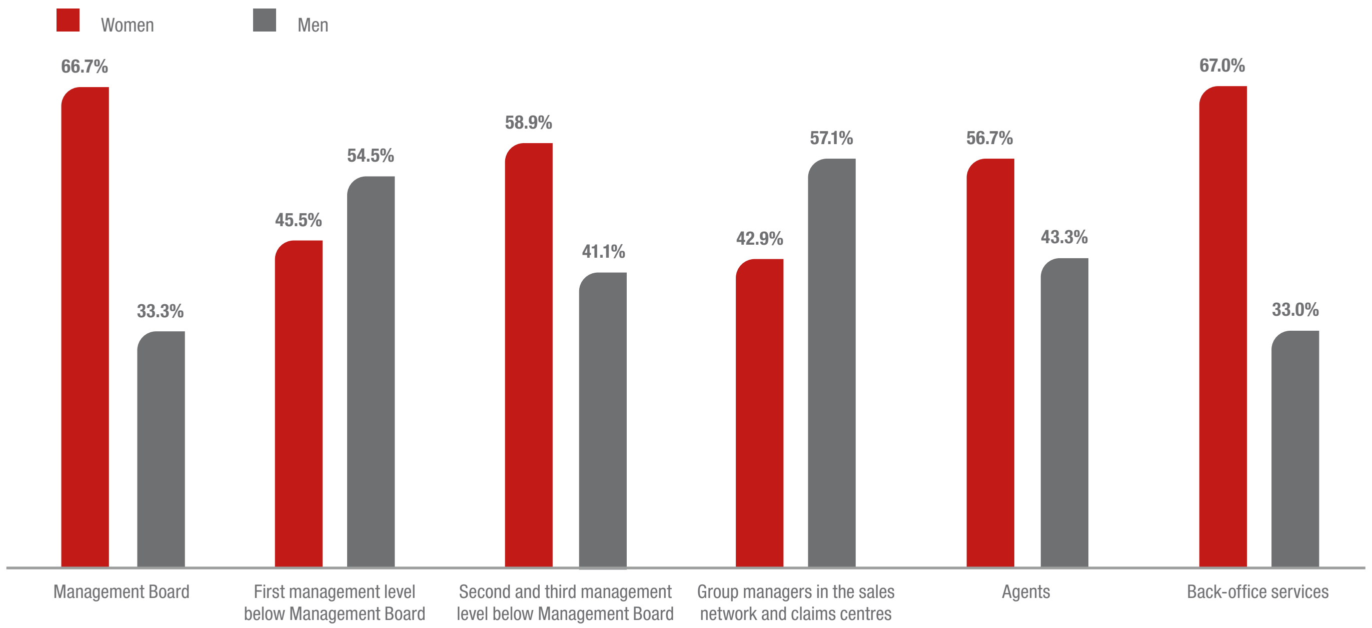
Among the Company staff of the entire Company, 63% were women and 37% were men, the share of women by individual structural level is fairly evenly represented.

f) Employees by age

The average age of employees was 46 years. The age structure is dominated by the 45 to 54 age group (37%):







g) Employees by education

The largest share (47%) of the employees of Generali zavarovalnica has completed level VII or higher education.

Level of education	2021 Share (in %)	2022 Share (in %)	2023 Share (in %)	2024 Share (in %)
Level I–IV	3.2	3.1	3.1	3.0
Level V	36.6	36.3	36.6	36.1
Level VI	13.8	14.2	14.1	13.9
Level VII	44.3	44.4	44.3	44.8
Level VIII–IX	2.1	2.0	2.0	2.2
Total	**100**	**100**	**100**	**100**

9.2.2 HR STRATEGY IN 2024

In the area of human resources, the Company focused a lot of attention in 2024 on completing the goals of the three-year GPeople24 human resources strategy and designing goals for a new strategic cycle. In the period 2022 to 2024 we implemented the GPeople24 strategy that was based on four pillars:

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

Throughout the entire strategic cycle, our focus was on sustainability; we intensively worked on developing lifetime partnership competencies and sustainable leadership, built a balanced hybrid work model and developed a culture of a learning organization. We introduced and continued an intergenerational mentoring programme to systematically connect different generations within the work environment. In 2024, it was even more important to pay attention to the acquisition and development of potential employees, therefore we upgraded and expanded our programmes. The ambition to become a lifetime partner for our customers, changes in the world and technological development require us to constantly invest in the development of key skills of our employees. We focused primarily on developing the learning ecosystem and on upgrading learning platforms, on developing digital and business skills, while our potential personnel employee expanded and at the same time deepened its impact by involving potential employees in key company projects.

One of the most important initiatives launched in 2024 and to be intensively continued in the new strategic cycle was the Detox initiative, aimed at renewing all key processes in the Company, with the ultimate goal of optimization, automation and digitisation as well as introduction of agile ways of working. In 2024, we also began intensive preparations for a systematic building of the brand of an excellent employer, which will be continued in depth in the new strategic cycle.

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 since day one of their employment. We provide them with the best opportunities for the development of competencies and continuous personal growth, acquisition of tomorrow's modern and advanced knowledge, development of interpersonal skills, teamwork skills and effective communication skills, we develop a strategic and business mindset that strengthens 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, of more than 30 internal lecturers who annually upgrade their skills in transferring knowledge to colleagues. Their contribution was awarded also in 2024 with the TOP Lecturer of the Year award.

Professional education, skills education and training were held under the wing of the GAS this year, and some new practices were added to the established ones answering to business and market needs. The Group's We Learn platform supports regulatory education and tomorrow's knowledge, while professional education is locally supported by e-classrooms in the local GAS platform. As part of the Time for Knowledge program, we offer employees various contents in the areas of social responsibility, well-being and other professional contents. We support new employees in the onboarding program, and every year we also run the Development Accelerator, a program for the accelerated development of the skills and knowledge of our potential employees. We supported managers with goal-setting content in conducting annual development interviews, and throughout the year we worked on lean innovation and reviewing existing processes. New managers acquired leadership skills through the First Time Leader program and individual coaching.

More than
30 internal lecturers
annually upgrade their skills in transferring knowledge to colleagues. Their contribution was awarded also in 2024 with the TOP Lecturer of the Year award.

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. 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.

In 2024, 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 2024, our full-time employees received 46,247 hours of training, of which 5,859 hours were allocated to management training. Each employee received an average of 37 hours of training in 2024. We carried out 16,357 hours of training for our contractual partners.

The year 2024 was also marked by the initiative to simplify processes using the lean innovation methodology. Over 150 potential employees and managers participated in the in-depth workshops and the continuation of the project, where 91 processes for optimization were identified. Other employees also learned the basics of lean innovation through a webinar.

Employees completed more than 15,000 hours of international training in the areas of sustainability, compliance, code of conduct, customer experience, design thinking, critical thinking and various technical and professional contents in the insurance industry.

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 2024, we also collaborated with students at the Business Hive hackathon, where students from various countries sought a solution to our challenge on the topic the Future of Insurance at Generali Zavarovalnica, focusing on customer needs.

Each employee received an average of
37 hours
of training in 2024.

Time for Insurance and Time for Knowledge

Within the framework of the activities for employees, in 2024 we continued the series of webinars in the thematic clusters "Time for Insurance" and "Time for Knowledge". Online webinars were held once a week, mainly to address topics of well-being, as well as sustainability and lean innovation, to deepen our knowledge about the insurance industry and to explore the knowledge of tomorrow. Thus, last year, as part of the Time for Knowledge seminar, we learned in more detail how to communicate effectively with demanding interlocutors, what is the right education for today, how dementia intertwines our lives, how to promote inclusion and diversity in the work environment, what are the challenges of cooperation between different generations and how to learn from each other, how to create a magical garden in the home environment, how to resolve partner disagreements, what are the hidden traps of off-the-cuff judging, how to ensure a healthy home environment, how to recognize the responses of our own body. As part of the Time for Insurance programme, we learned about examples of good practices in the field of medical and employer liability, innovations in the fields of customer acquisition and building a successful portfolio, how to conduct an in-depth analysis of customer needs, etc. 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.

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 2024. 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 2024, the managers were provided support on topics such as setting strategic directions and development goals in the annual development interview process, as well as the lean innovation methodology, which they introduced into their daily work and thereby optimized processes in their area of work. Through this, the areas were interconnected and processes simplified. Employees who were promoted from a professional to a management position in 2024 were provided with the in-depth and systematic programme for acquiring leadership skills "First Time Leader", and individual coaching. 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 2024, 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 were developed 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, the so-called "Lifetime Partner Advisory".

Management of potential personnel

2024 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 2024, the third generation, this time from back-office departments, started the Development Accelerator, a programme for potential personnel. This year, they developed their skills through workshops on lean innovation, assertive communication, and public speaking, while at the "Business Coffee" event with top management, they learned how to maintain a balance between work and private life and what a sustainable orientation means for the organization. Through mutual coaching, they also developed time management skills and at the end of 2024, they embarked on developing their own brand. In autumn 2024, we also identified a new group of potential personnel in the Sales department, who are entering their own development programme.

9.2.4 HR AWARDS

2024 again brought us some publicly recognized HR successes. The Detox programme was short-listed for the award for the best HR&M project in 2024 in the large companies category. The Edutainment conference again warded the Company with the TOP Investor in Education certificate, where we were recognized for the systematic investment in education and training of our employees.

In 2024, we continued to pursue the goals of the Socially Responsible Company (SRC) certificate by applying various socially responsible and sustainable measures.

9.2.5 EMPLOYEE BENEFITS AND THE QUALITY OF LIFE IN THE COMPANY

Socially Responsible Employer Certificate

Social responsibility plays a key role both in the Company as in the Generali Group. The Socially Responsible Employer certificate is based on the guidelines of the international standard for social responsibility, whose purpose is to improve socially responsible management in organizations in Slovenia, particularly in relation to employees, as it brings many benefits for employees, the environment, wider society and other stakeholders.

In 2024, we continued to pursue the goals of the Socially Responsible Company (SRC) certificate by applying various socially responsible and sustainable measures. Our activities are aimed at increasing employee satisfaction, motivation and commitment, and improving organizational culture, climate and cooperation. Activities and contents were 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 and provided with useful tips for a health-friendly living space. The employees also learned about the modern traps of the digital age for adults and children, and paid great attention to sustainability and self-care.

After the audit procedure was completed in December 2024, on 4 December 2024 the Company received the decision by which the Ekvilib Institute confirmed the maintenance of the Advanced Level 1 Socially Responsible Employer".

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 provided employees with active breaks during working hours and fresh fruit, and subsidized their participation in physical activity in their free time. Social responsibility, which includes socially responsible practices towards employees, is particularly important for managing psychosocial risks. Through health at the workplace promotion measures, we encourage employees to transfer the knowledge they have acquired into their private lives. In this way, we raised awareness among employees about what the body is telling us, the power of healing self-massage, how to travel through life with full batteries, how to prevent spinal injuries and diseases, and how dementia intertwines our lives.

In the area of intergenerational cooperation, we carried out several activities aimed at connecting different generations of employees, encouraging their cooperation and creating new business stories. In addition to existing activities, the following were very popular in 2024: the new manual "The Lion-Hearted Mentoring", the implementation of two webinars on the topics of cooperation and diversity of generations in the work environment, assertive communication with various intergenerational stakeholders and the live activity "Intergenerational Cooperation: Where Grandma, Grandpa, Mommy and Daddy Work".

The Edutainment conference awarded the Company with the TOP Investor in Education certificate.

In the area of work-life balance, we continued our already outlined path by implementing measures such as the health treatment time bonus and the child time bonus, New Year gifts for employees' children and gifts for newborns. Among these measures, we paid special attention to the area of psychological counselling, as the trend showed an increase in interest in this form of help. We also raised awareness among employees and conducted webinars on the topic of good partner relationships and raising children, in connection with the burden on parents and a demanding environment.

In the field of organizational management, we focused on implementing various educational programmes and awareness campaigns to increase knowledge and awareness of topics in the field of social responsibility. We organized several trainings and events, where we warned participants about the dangers of quick judgments, provided ideas and suggestions for arranging

a magic garden, and at a special round table, together with our guests, we explored the main differences and views of different generations, encouraging creativity and cooperation between them. Among the most important activities in the field of education were also workshops for parents of children involved in the Anita Ogulin & ZPM Association, where we offered parents support and information about the insurance industry.

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 Anita Ogulin & ZPM Association. The implementation of the project takes place in three major campaigns aimed at helping socially weak families: Summer vacations, School supplies and Magical winter.

Summer Vacations, School Supplies and Magical Winter are three major campaigns of The Human Safety Net movement.

In addition to training, we also paid great attention to raising awareness among the internal public, where we reminded stakeholders of the importance of smart water resource management for a responsible future and we organized the charity run "Matejev tek z burjo".

As part of our sustainability efforts, we celebrated World Earth Day with the "Planet against Plastic" campaign and presented our sustainability strategy and new measures, including enriching our fleet with environmentally friendly vehicles. We also paid special attention to diversity and inclusion, highlighting it with the event "Be bold for inclusion 2024: Be all that you are".

All of these activities took place throughout 2024, with the aim of strengthening social responsibility and corporate volunteering. In 2025, we will continue in a similar spirit, emphasizing the importance of social responsibility, volunteering and helping the vulnerable, and promoting activities in the field of diversity and inclusion of all.

Promotion of health

Health is the foundation of a quality and successful life and work, both for the individual and for society as a whole. Taking care of maintaining and improving the health of employees is important, as healthy and satisfied employees who work in a safe and stimulating work environment achieve higher productivity and creativity, get sick less often, are less frequently absent due to illness, and remain loyal to their organization or employer.

Promotion of health at the workplace is a targeted activity and measure implemented by the employer on the basis of the law with the aim of maintaining and strengthening the physical and mental health of employees. It is a joint effort of the employer, employees and society to improve the health and well-being of employees and includes a combination of changes in the physical and social environment and a health-friendly lifestyle.

During 2024, the following activities were carried out in the field of health promotion:

1. **Organization of webinars, workshops and seminars in the areas** of communication, intergenerational cooperation and health, such as: proper nutrition, physical exercise, first aid courses, stress management, mental health and other professional training.
2. **Encouraging physical activity**: we are introducing programmes that encourage physical activity, such as group exercise, yoga, hiking, daily active breaks during working hours and the use of company bicycles. We co-finance regular physical exercise for employees.
3. **Healthy eating**: we raise awareness among employees about the importance of a healthy diet, and our regular event for several years has been fruit days, during which we ensure the delivery of fresh fruit to all locations.
4. **Flexible working hours**: We enable work from home and flexible working hours to help employees balance their work and private lives, which has a positive impact on their mental health.
5. **Mental health support:** we offer mental health support programs such as counselling, therapy, or stress management workshops.
6. **Organized working environment**: we ensure ergonomically designed workspaces that reduce the risk of injuries and promote well-being.
7. **Encouraging active breaks:** Employees can take a 5-minute daily active break and work out to an online-streamed guided exercise to relax and recharge.

8. **Preventive health check-ups**: we organize regular preventive and targeted health check-ups that can help with early detection and prevention of diseases.
9. **Healthy lifestyle education**: we organize webinars on healthy lifestyles and prepare articles that we publish in our internal newsletter.
10. **Promoting social cohesion**: we organize social events and activities that promote social cohesion among employees, which has a positive impact on their mental health and a good climate in the company.

Sports Club

The important goals of the Sports and Cultural Club are co-creating a positive climate in the Company, strengthening ties between colleagues outside of working hours and promoting a healthy lifestyle. The Sports Club today has 665 members. In 2024, the Club carried out already established activities such as: guided recreation of volleyball, beach volleyball, basketball, swimming, fitness, badminton and other exercises that members participate in. The hiking section carried out six mountain trips and the cycling section two cycling trips. Two tourist trips were organized, one to Vojvodina with Subotica in spring and the autumn one to Budapest. The Club is connected with the Generali Sports Club in Trieste – the ASD Generali Trieste, together they organised a ski weekend in 2024. 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 2024, 139 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, 986 family members are included in the collective accident insurance, and 770 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 2024, 57.6% 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 set ambitious strategic goals can only be achieved by engaged employees. As part of the Generali Group, Generali zavarovalnica is involved in regular and systematic monitoring of employee engagement. The global engagement survey in the form of a shorter "pulse survey" is conducted every year, while a longer and more in-depth engagement survey is conducted every three years. The last in-depth engagement survey was conducted in October 2024. The participation rate in the survey was 92%, which means that relevant insights were received from the employees, on the basis of which appropriate action plans can be developed. Before each survey, we remind our employees of what we have achieved, introduced or changed in the time between one survey and the next. Last year we also made sure to share and celebrate with all employees all the victories achieved in the last strategic cycle: in total, we celebrated 10 victories in different work areas. We will continue with the good practice of comm

9.2.7 PROCESS OPTIMIZATION AND DIGITALIZATION

Last year, our organization made significant progress in optimizing processes and implementing robotic process automation (RPA). In the spring, in order to effectively simplify processes, we launched the Detox initiative, aimed at creating an agile work environment, and increasing efficiency and cross-departmental collaboration. Through workshops joined by various groups of employees, a list of 91 process changes that will simplify complexity, improve the customer experience and connect colleagues from different areas was created. In 2024, we implemented more than a third of the changes, while the list of suggestions for improvements is constantly dynamically growing. We will continue to implement and nominate new process simplification initiatives in 2025.

Simplified workflows and waste-free processes are the foundation for high-quality automation and robotization of processes and the introduction of artificial intelligence tools. Last year, the robotization and process automation group was established, tasked with the systematic automation of repetitive tasks in work operations. In 2024, ten new robots freed up manual labour, ensured greater accuracy and consistency, and accelerated the processing of claims.

9.2.8 WORK-RELATED INJURIES

Through its activities, the Company fully implement legislative requirements in the field of occupational health and safety and fire safety in working environments.

We identify safety risks by recording risky events and eliminating hazards in the work environment, by training employees in the field of safe and healthy work and by using personal protective equipment, which employees receive in accordance with the provisions of the assessment of the risks to safety at work. We act proactively in reducing the risk of injuries at work, by checking working conditions and monitoring employees to ensure that they follow instructions for safe work on company premises, in the field and when working remotely. In recent years, by organizing business processes, training employees and checking the work environment, the Company has enabled most employees to work from home or remotely.

Our long-term goal is to remain an employer that takes exemplary care of maintaining the health of its employees and where employees do not get injured at work. We are moving towards this goal by raising employee awareness, various preventive activities, including health promotion and continuous improvements in the work environment.

Also in 2024, only one work-related injury was recorded and was assessed as a minor injury.

Work-related injuries in Generali – number and share of injuries	2022		2023		2024	
	number	share in %	number	share in %	number	share in %
At work	2	100	1	100	0	0
During business trip, training	0	0	0	0	1	100
Absence due to injury at work from previous years	0	0	0	0	0	0
Total	**2**	**100**	**1**	**100**	**1**	**100**

Lost time due to injuries at work	2022	2023	2024
	number	number	number
	21	20	15

WE PROMOTE INCLUSION AT ALL LIFE STAGES

THE DIGITALLY INDEPENDENT INITIATIVE

An important part of our commitment to sustainability is also caring for the inclusion and better future of different population groups. Because we are aware that the lack of digital skills among the elderly often leads to social exclusion and limited access to key services of the digital age, we organized free computer courses for senior citizens in various Slovenian towns. As part of the "Digitally Independent" initiative, we empowered them with new skills for using computers and smartphones in everyday life.

10. MARKETING AND COMMUNICATION

In 2024, the Company focused its marketing and communications activities on three key areas - strategic brand management, support for our insurance products and services with the aim of building awareness, and sustainability choices and projects.

We are proud that at the end of the year our brand still remains strong and is recorded among people as trustworthy and reputable. We also received the Superbrands award. The award itself, and even more so the fact that we have received it for the sixth 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 are recognized as “Superbrands” by both consumers who participate in the selection and the expert committee.

In the marketing and communications area, in line with the goals of the marketing strategy, we combined traditional and digital channels to build awareness, encourage customer contacts and, last but not least, choice. The focus was on health insurance and services that were addressed to young people more strongly this year for the first time, as well as on life insurance. At the end of the year, we strongly supported our new life insurance Responsible Future - a new investment insurance with sustainable investments.

Throughout the year, we measure the effectiveness of our work, test new products, and learn about the needs of our existing and potential customers through various market surveys. In order to be able to conduct some simple surveys on our own, we also launched our own market research panel in 2024.

We paid a lot of attention to content marketing which enabled us to address both existing and potential customers as effectively as possible and offer them enough reasons to get in touch with us. In 2024, the strategy and the programme For a Happy Start, which address future parents, were completely renewed. As part of the programme, which is free of charge, we help future parents with video tips and guides as well as advice from experts, plus we make one of the participating families happy with a scholarship. We are proud that the programme achieved excellent results already in its first year and that 95% of participants rated the advice in the programme as useful.

Our strategy and commitment to implementing sustainability in all areas of the Company’s operations is also strongly reflected in the projects and initiatives we develop in our department. With each new project or initiative, we strive to respond to the challenges we recognize as pressing in the social environment. Thus, in 2024, the Digitally Independent project and the SME EnterPRIZE competition were at the forefront, as were charity projects that we implemented, as we had for many years before, in cooperation with the Anita Ogulin & ZPM Association and the global foundation The Human Safety Net, and as part of sports sponsorships, support for athletes, associations, clubs and sporting events, among which the cooperation with the Ljubljana Marathon stands out in particular.

The Digitally Independent project helped the elderly in acquiring digital literacy, and we organized free computer courses in nine Slovenian municipalities. The fact that the elderly are facing the challenges of digitalization is shown by the fully occupied seats at the courses and the very high satisfaction of the participants with the newly acquired skills.

Generali zavarovalnica received the Superbrands award for the sixth consecutive year.

For the second time, we held the SME EnterPRIZE award competition, which is currently being held in 10 European markets under the auspices of the Generali Group. The competition rewards small and medium-sized enterprises that successfully implement sustainable practices in their business operations. The fact that the competition is gaining recognition is shown by the fully growth in the number of applications for the competition (2024 saw as many as 47 participating), the very strong media coverage of the competition, and the large number of participants at the SME EnterPRIZE event.

The Generali Gallery also reached an important milestone this year, marking its 10th anniversary with the acclaimed Bard Iucundus exhibition. We are proud that our gallery remains a regular meeting place for art connoisseurs and lovers, that we support active Slovenian artists, and that we contribute to the preservation of cultural heritage in this way.

Generali Gallery celebrated its 10th anniversary.

Intranet

The Generali Kompas Intranet is the entry point into the working environment of all employees. 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 2024, we continued with website upgrades, which included access to the certification system for mandatory training, access to important tools needed for daily work, and an update to the Underwriting Documentation document system where all types of content that our exclusive and non-exclusive agencies need for their work are stored in one place.

In 2024, more than 1,252,000 hits were recorded on the Intranet, 369 news items and 203 author videos were published and 33 Generali Fokus weekly newsletters were prepared.

1,252,000
hits

203
author videos

369
internal news items

33
Generali Fokus weekly e-newsletters

WE UPGRADE OUR SERVICES

OFFER TAILORED TO CUSTOMERS

We are focused on developing and upgrading convenient, fast and modern assistance services - including by introducing a health ecosystem. We tailor our offer to our customers according to their wishes and needs, while remaining professional and responsible. Our sixth consecutive Superbrands award stands as proof of this, as well as high customer satisfaction index and the highest score among Slovenian insurance companies, achieved in the comparative assessment of informing consumers about health insurance, conducted by the portal of the International Institute for Consumer Research.

11. CUSTOMER AT THE CENTRE OF PRODUCTS AND SERVICES

In 2024, we paid special attention to strategically deepening and strengthening relationships with our customers by providing comprehensive support and creating a personalized offer of insurance services. We focused on understanding the life situations and expectations of our customers, which enabled the development of innovative solutions with which we want to exceed their expectations and offer them real added value.

Our activities included upgrading our loyalty building approaches with programs that also include support for promoting an active lifestyle. In order to achieve an excellent user experience, we developed digital solutions that enable customers to have a fast and easy user experience. We optimized sales channels and strengthened cooperation with our business partners to offer customers the best services and solutions. Our commitment to quality and innovation is based on the belief that a satisfied and supported user is the key to long-term success and sustainable development.

11.1 CUSTOMER CARE AND SUPPORT

For effective communication and monitoring of customer satisfaction, we developed a multi-channel approach, which includes: a toll-free contact number, a contact email address, the Moj Generali portal, online chat, and personal contact in our branches. This wide range of communication channels enables easy accessibility and flexibility for all our customers.

Last year, we achieved more than 293,000 customer interactions (through various communication channels) and a high surrender value. The Customer Service Centre – Life Insurance, whose primary task is to retain the life insurance portfolio, managed to retain over 55 million euros in the Company. These exceptional results confirm the active participation, the high level of trust that our customers show in our services, demonstrate our commitment to creating value for our customers and ensure long-term financial security.

We are proud that as much as 88% of our policyholders expressed satisfaction with our customer support department*. This high level of satisfaction is the result of our continuous efforts to provide quality and efficient services. Our team constantly strives to exceed customer expectations with a personal approach, fast solutions and high standards of support.

293,604
customer interactions

More than
55 milions EUR
surrender value

11.2 HEALTH INSURANCE ASSISTANCE

We focus on making it easier for our customers to apply for Specialists with Assistance and Transitional Care insurance products, we organize health services and book appointments for private health services with our contractual partners. In addition, we provide our customers with all the necessary information about the content of their insurance, health service providers and procedures for exercising their rights. We also provide our customers with help at home when they are unable to take care of themselves due to their health condition. We also organize transportation for them to specialist check-ups or chemotherapy and enable them to obtain a second medical opinion from abroad in case of doubts regarding the correctness of the treatment. For those who need psychological help, we also provide access to psychotherapy.

*Source: Internal satisfaction survey, 2024

We use the digital solution Asistent for handling claims and scheduling medical appointments. The Asistent is connected to our internal systems in the background and provides easy access to communication with our customers and contractual healthcare providers.

The number of cases resolved through our Assistance Centre is increasing every year and reached almost 31,000 cases in 2024, which is a 34% increase compared to 2023. The reasons for the increase are the number of new insurance policies taken out and the challenges faced by the public healthcare system.

Our customers most often need health services in the field of orthopaedics, namely specialist examinations and complex diagnostics (MRI, CT, etc.), which together account for almost half of the cases. They are followed by dermatological examinations and excisions of moles.

With the increased number of insurance policies taken out and the number of claims to exercise rights, the need for communication with customers has also increased. In 2024, we recorded 10% more calls than the previous year. We are noticing an increase in e-reports, which enable the secure exchange of medical documentation and feedback on the resolution of claims. In 2024, the number of e-reports increased by 50%.

Customer satisfaction remains very high, with a rating of 4.90 out of 5*, reflecting the high quality of our services. Customers also gave a remarkably high rating to our contractual partners who provide healthcare services, namely 4.87 out of 5.

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 general practitioner or 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. A paediatrician is available for the U-16 policyholders. Based on the conversation, the doctor can suggest various measures to improve the condition or prescribe a referral for further examinations or a specialist examination. In this case, the policyholder can submit an application for further use of the insurance directly from the application. This makes the path to claiming services under the concluded insurance even easier and, above all, faster. In 2024, 3,092 Halo Doktor consultations were recorded.

* Source: Internal survey, 2024

2.96 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 who consulted the customer remotely is 2.96 out of 3**, and the average rating of satisfaction with the booking process and the call is 2.93 out of 3.

11.4 MOJ GENERALI

The Moj Generali (My Generali) Portal remains a key tool for customers who want to manage their insurance easily and efficiently. In 2024, we were intensively developing a new mobile application, which will become available in early 2025. The application is designed with one single goal - to provide our customers with an even better experience in managing their insurance.

We follow the modern trends of digital transformation by constantly developing digital solutions. By advancing the electronic business we want to reduce the need for paper documentation, which contributes to protecting the environment and reducing our ecological footprint.

11.5 GENERALI ZAME LOYALTY PROGRAMME

For the third year in a row, we upgraded the Generali ZAME loyalty programme. This time, we enriched it with a new mobile application that provides users with easy and transparent access to all information and benefits of the programme. We also added the option to monitor physical activities (walking, running, cycling), which even more closely connects the customer's activity with the benefits of the programme.

** Source: Medifit survey 2024

Our work remains focused on ensuring safety, offering more affordable insurance and rewarding a healthy and active lifestyle. We remain committed to strengthening the trust of our customers and improving their safety and quality of life.

GENERALI zaME

New mobile application Generali ZAME

Additional options for monitoring physical activities (walking, running, cycling).

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 points of contact (purchase, renewal of policies, reporting and claim settlement, etc.). 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 2024 we continued focusing on the integrated management and optimization of the customer experience. By actively introducing the use of digital forms, we further simplified the customer experience and thereby improved our brand promise.

Generali has been successfully continuously improving its promise of a simple and caring brand since 2022*.

Since customer satisfaction is one of the most important measures of success, we monitor it with great care through marketing research results. The research confirms high overall satisfaction with Generali zavarovalnica** (average rating 4.3 on a scale of 1 to 5).

Among the reasons for their high satisfaction with Generali zavarovalnica, policyholders highlight***: “quality insurance”; “friendly agents who can arrange everything remotely”; “efficiency and willingness to help”; “responsiveness, without unnecessary complications in processes” and the opinion that “they get a lot from Generali for the premium they pay “.

Monitoring our customer satisfaction was further enriched in 2024 with numerous surveys conducted within the Generali research panel. A representative and engaged customer base contributed with their opinions to a better overall customer experience, co-creation of the offer and improvement of the Company’s products, services and communication solutions.

NPS-Index 70 in 2024

The Company’s NPS customer satisfaction index grew significantly in 2024 and, despite numerous global challenges and changes in the domestic market, remains at a very high level.

Source: Internal customer satisfaction survey of Generali zavarovalnica (Medallia NPS), 2024, N = 29,633.

11.7 CLAIM SETTLEMENT PROCESS

The year 2024 was more lenient in terms of claims than the previous year, but it was not without extreme weather events and natural disasters. In the summer, hail and storms in Styria caused a lot of damage. Thus, the number of hail damage cases almost approached that of 2023, which is considered to be one of the most catastrophic. In total, we recorded 11,000 claims due to storms and hail and quickly resolved them in a reasonable time by activating other claims centres across Slovenia.

* Epiphany, Brand Health and RNPS Tracking online survey, commissioned by Generali zavarovalnica, August - September 2024, representative sample of financial decision makers in a household with at least one insurance policy, N = 1,096.
** Aragon, BrandTrack online survey, commissioned by Generali zavarovalnica, May 2024, representative sample of general Slovenian population (aged 18 to 75), N = 1,015.
*** Epiphany, Brand Health in RNPS Tracking online survey, January to June 2024, representative sample of financial decision makers in a household with at least one insurance policy.

The success of claims handling was confirmed in 2024 by a very high NPS customer satisfaction index (74) for the claims contact point*. High satisfaction with claim handling was also confirmed by other market surveys. Compared to the main competing insurance companies, the most satisfied with claim handling in accident insurance (87% (completely) satisfied)** were the customers of Generali zavarovalnica.

In the above surveys, customers praised the friendliness of the employees and the ease of reporting a claim that can be done via a user-friendly online interface for reporting claims. Despite the already good user experience, we will simplify the online reporting even further in the future and enable additional notifications about the status of the claim.

We also plan to introduce several different options for quick claim handling, such as cash payments for car damages without the need for repairs, remote inspections using modern approaches, and the first use of artificial intelligence in resolving health insurance assistance claims.

In terms of costs, we faced a further sharp increase in repair costs in 2024, both in the vehicle and property damage segments, mainly due to the prices of spare parts, materials and contractors’ labour. All these rises in costs increase the claims burden and consequently affect the premium amount.

* *Internal customer satisfaction survey of Generali zavarovalnica* (Medallia NPS), 2024, N = 6,317.
** Aragon, BrandTrack online survey, commissioned by Generali zavarovalnica, May 2024, representative sample of general Slovenian population (aged 18 to 75), N = 1,015

WE REDUCE OUR CARBON FOOTPRINT

WE HAVE ALREADY EXCEEDED THE GENERALI GROUP'S GOALS

We take our sustainability commitments to protect the natural environment seriously and effectively integrate them into our practices. Analyses show that our carbon footprint has been steadily decreasing since 2019, even exceeding the Generali Group's set goals. We achieve this by regularly modernizing and improving the energy efficiency of numerous business premises, using hybrid and electric vehicles and charging stations installed in our car parks, using electricity from renewable sources, reducing plastic and paper consumption, etc. Our contribution to sustainable business and green transformation was awarded the Green Star certificate for the second time in a row.

12. SUSTAINABILITY REPORT

The cornerstone of the Generali Group's and the company'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 and a sustainability-driven transformation of our products. Our business strategy therefore goes beyond financial indicators and strives for a long-term positive impact on society and the environment.

Green Star Certificate
for sustainable business in 2024

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 again for sustainable business.

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) disclosures about integration of sustainability risks in its investment decision-making process.

12.1 SUSTAINABILITY AND CLIMATE CHANGE RISKS

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.

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.

The Generali Group is implementing 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 SUSTAINABILITY POLICY

Sustainability policy establishes a framework enabling the Company to identify, evaluate 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.

12.3 REMUNERATION POLICY

Since sustainability commitments are the pillar of the Generali Group's business priorities, they 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 remuneration structure is a fundamental tool for aligning performance with strategies to support the strategic achievement of financial and non-financial results, among which sustainability plays a key role. The focus is on both DEI results and indicators of ESG components.

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

The purpose of the Sustainability Risk Policy is to include such 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 or the 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.

12.5 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 Company has also adopted the Guideline for active ownership and integration of sustainability into investments and is fully committed to it.

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.

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.

12.6 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, we pay a lot of attention to sports, a healthy lifestyle, traffic safety, support arts and cultural heritage as well as charity and other projects that bring improvements in society. In doing so, we dedicate special attention to the most vulnerable groups, supporting them in developing their potential.

By implementing numerous projects, we contribute to preventive behaviour in road traffic for greater safety of all participants, especially children and young drivers. For example, we are a long-time supporter of the "Heroji furajo v pižamah" (Heroes Drive in Pyjamas) initiative of the VOZIM Institute and a long-time supporter of the Varna pot Institute. With the "Varno ima vedno prav " (Safe is always right) project, designed in cooperation with the Varna pot Institute to protect the most vulnerable in traffic, 17 3D-zebra crossings, innovative virtual three-dimensional pedestrian crossings, were applied in various Slovenian municipalities.

As part of The Human Safety Net global movement, we help children from vulnerable backgrounds and their parents in cooperation with the Anita Ogulin & ZPM Association.

As Insurance Company and as responsible corporate citizens, we participate in The Human Safety Net (THSN) global movement of the Generali Group, providing assistance to vulnerable groups. Employees of Generali Slovenia, as active volunteers, cooperate with the Anita Ogulin & ZPM Association in the "Rastemo skupaj" (Together we Grow) Programme 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 provide both financial and non-financial assistance.

The Company has for many years been one of the most significant 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 are a long-time supporter of the Vitranc Cup - the men's World Cup competition and we also support selected promising alpine skiers. We support the Volleyball and Handball Associations of Slovenia and the youngest, those who are still developing into top athletes, including cyclists in Pika Team and Pogi Team UAE Generali 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 for fostering the sports development of young people. In 2024, we joined the 28th edition of the largest Slovenian running event, the NLB 28 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. Since 2021 we have been supporting initiatives that enable sports activities, such as the Goran Dragič Foundation. 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, as well as several 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 2024, for the 21st year in a row.

Generali Gallery

A notable part of the socially responsible and sustainable orientation is the activity of our own art gallery at Dunajska cesta 63 in Ljubljana, which celebrated its 10th anniversary in 2024.

The Generali Gallery exhibits the works of the best Slovenian and occasionally foreign artists. In addition to the exhibitions, the Gallery takes care of a collection of more than a thousand works of art, mostly paintings and several sculptural exhibits, mainly by Slovenian authors.

The activities of the Gallery are promoted and presented on the Generali Gallery website, where art lovers can learn about current exhibitions, watch virtual videos of exhibitions, video interviews with artists and art critics. All the works that kept in our own collection can also be viewed on the website.

In 2024, the Gallery hosted high-profile and well-attended exhibitions of well-established academic painters Barbara Kastelec, Patrik Dvorščak, Anja Jerčič Jakob and Bard Iucundus.

12.7 RESPONSIBLE ATTITUDE TOWARDS THE NATURAL ENVIRONMENT

Our commitment is to ensure long-term financial performance and to change the society in which we operate for the better. We maintain a constant dialogue and build long-term partnerships with our stakeholders – customers, employees, shareholders, investors and suppliers. Commitment to sustainability is the cornerstone of the strategy of the Generali Group and Generali zavarovalnica.

Aware of the importance of caring for the protection of the natural environment, in 2022 we joined the Environmental Management System, led by the Generali Group, through which we continue to monitor our carbon footprint.

Upon approval of the Climate Strategy in 2021, the Generali Group set the goal 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, namely a 35% reduction in emissions. Generali zavarovalnica has set itself the followings goal of reducing emissions against the 2019 baseline:

- by 2025 by 42%;
- by 2027 by 51%;
- by 2030 by 60%.

Analyses show that the carbon footprint has been steadily decreasing since 2019, as shown in the table below. A reduction was also recorded in 2024, exceeding the target set for 2025 by 5 percentage points, which is a clear sign that we have successfully integrated the sustainability aspect into our operations.

Year	Total greenhouse gas emissions v tCO_2e*
2019	3,223
2020	2,550
2021	2,474
2022	2,019
2023	1,931
2024	1,702

* tCO_2e – 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.

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

We have been steadily reducing our carbon footprint since 2019. In 2024, we already exceeded our 2025 goal by 5 percentage points.

Carbon footprint and goals

CARBON FOOTPRINT	2019	2020	2021	2022	2023	2024	Goal 2025
TOTAL tCO_2e	**3,223**	**2,550**	**2,474**	**2,019**	**1931**	**1,702**	**1,869**
Scope 1	1,031	767	761	899	836	739	818
Scope 2	1,271	1,175	1,132	453	456	405	432
Scope 3	921	608	581	667	640	558	619
Reduction of the carbon footprint against the 2019 baseline				**– 37.6%**	**– 41%**	**– 47%**	**– 42%**

					CO_2 Emissions (in t)		Index
Individual activities by scope	**2019**	**2023**	**2021**	**2022**	**2023**	**2024**	**2024/2019**
Scope 1 – energy consumption for heating	353	388	389	389	390	329	93
Scope 1 – fuel consumption for company cars	678	379	372	510	445	410	60
Scope 1 – direct emissions	**1,031**	**767**	**761**	**899**	**836**	**739**	**72**
Scope 2 – indirect emissions	**1,271**	**1,175**	**1,132**	**453**	**456**	**405**	**32**
Scope 3 – energy consumption for heating	76	79	82	78	78	68	89
Scope 3 – electric energy consumption	93	82	76	71	85	69	74
Scope 3 – paper consumption	96	66	53	48	38	32	33
Scope 3 – water consumption and waste management	59	66	56	54	53	50	85
Scope 3 – business trips (vehicle, plane, train)	597	314	315	417	385	339	57
Scope 3 – other direct emissions	**921**	**608**	**581**	**667**	**640**	**558**	**61**
Total – emissions 1-3	**3,223**	**2,550**	**2,474**	**2,019**	**1,931**	**1,702**	**53**

Given the continued reduction in emissions in 2024, Generali zavarovalnica expects the set long-term goal to be met, and defined more detailed achievement actions in the sustainability strategy.

Scope 1 decarbonisation activities

Among the activities that in 2024 proved to be the most effective for reducing emissions in Scope 1 are the activities related to the vehicle fleet. The share of the so called green (electric and hybrid) vehicles successfully continued to be increased in the vehicle fleet in 2024 as well. The number of hybrid and electric vehicles was increased while the number of fossil fuel vehicles, which pollute the environment the most, was reduced. At the end of 2024, our fleet consisted of:

- 30 hybrid vehicles
- 18 electric vehicles
- 55 fossil fuel vehicles.

The 2025 plan provides for the replacement of fossil-fuel vehicles with three hybrid vehicles and two electric vehicles. This will accelerate our approach to the goals (also shown in the image below) set by the Generali Group regarding its fleet, namely:

- from 2025 on → new vehicles can only be "green" (electric and hybrid);
- from 2027 on → new vehicles for management personnel can only be electric;

- from 2030 on → new vehicles for others (e.g. general purpose vehicles, vehicles for claims centres, sales, etc.) can only be electric;
- from 2032 on → all vehicles for management personnel must be electric;
- from 2035 on → the entire fleet can only consist of electric vehicles.

As many as 22 charging stations are currently used to charge electric vehicles, and Generali zavarovalnica has also decided to finance the installation of charging stations at home for those employees who also use their company electric vehicles for private purposes.

In 2024, the energy efficiency was improved by renovating some business premises, namely in Izola, Kozina, Šempeter pri Gorici, Ajdovščina, Novo mesto, Celje, Ilirska Bistrica, Nova Gorica and Postojna.

Energy audit was conducted in five branches, which gave a more detailed insight into energy efficiency and proposals for measures were adopted to further improve energy efficiency. The activity of obtaining energy certificates was launched and will continue in 2025.

In 2025, we plan to carry out an energy renovation of the heating and cooling system of the office building in Ljubljana (Dunajska 63), which will improve the building's energy efficiency. At the end of 2026, we are proudly planning to move the headquarters of Generali zavarovalnica to the new Vilharia office building. This is the first office building in Slovenia to receive the highest international sustainability certificate – LEED Platinum. LEED is the world's leading green building rating system. It provides comprehensive standards for the design, construction, maintenance and efficiency of green buildings, enabling the reduction of operating costs, negative environmental impact and increased productivity, comfort, health and well-being of users.

HIBRID

30
hybrid vehicles

18
electric vehicles

22
charging stations

Scope 2 decarbonisation activities

We have been purchasing electricity from renewable sources since 2022. We will continue with the same strategy, as we leased the so-called "green" electricity also for 2025. Such electricity will be available at all those locations where we have a free hand in choosing a supplier. This means that at least 90% of our business premises are supplied with "green" energy.

In 2024, we also embarked on the path of producing our own electricity from renewable sources. The first solar power plant was installed on the roof of our branch in Nova Gorica, which is expected to provide around 70% of the electricity the building needs for its operation. With the help of the application, we can regularly monitor the amount of energy produced and consumed, as well as other data, e.g. the amount of carbon dioxide emissions reduced.

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 large. The plan is to install a heat pump in this branch in 2025, which will significantly reduce emissions.

At least 90% of our business premises are supplied with "green" energy.

Scope 3 decarbonisation activities

Within Scope 3, we continue implementing primarily 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:

- switching from plastic water bottles to glass jars and glasses;
- replacing water dispensers that use plastic gallon water bottles with minimum plastic with water fountains that use the plumbing system and water filtration;
- reducing use of paper, reducing printing;
- installing of waterless urinals;
- hand dryers instead of paper towels;
- installing faucet water filters to reduce use of water.

12.8 SUSTAINABILITY REPORT

The amendment to the Companies Act (ZGD-1M) introduces important innovations in the field of sustainability reporting, following the requirements of the European Corporate Sustainability Reporting Directive (CSRD).

The aim is to increase business transparency and promote responsible corporate behaviour, which contributes to sustainable development and the green transition. The amendments relate to the expansion of reporting obligations, the introduction of uniform standards, digitalization and data transparency.

The mandatory production of a sustainability report is an important step towards achieving the goals of the European Green Deal, which aims to transition to a more sustainable and circular economy.

In accordance with the provisions of Article 70.c of the amended Companies Act (ZGD - 1), the Company is exempt from the obligations referred to in the first paragraph of the Article, therefore it did not prepare an independent sustainability report. However, in accordance with the provisions of the Article, the Company had the Consolidated Business Report of the Controlling Company, which also includes the sustainability report and the opinion on the compliance of the sustainability report with the rules of sustainability reporting, fully translated and submitted it to AJPES (Agency of the Republic of Slovenia for Public Legal Records and Related Services) for publication.

The translated consolidated annual report of the controlling company and the opinion on the compliance of the sustainability report with the rules of sustainability reporting are also available on the Company's website https://www.generali.si/porocila.

The consolidated business report was prepared by Assicurazioni Generali S.p.A., headquartered in Trieste, Piazza Duca degli Abruzzi 2, which reports at the Generali Group level.

WE STRENGTHEN DIGITAL CONNECTIVITY

EASY USER EXPERIENCE

With a constant focus on providing a superior user experience, we invest in upgrading digital solutions that enable customers to have a fast and easy user experience. At every step, we optimize sales channels, introduce robotic process automation (RPA), follow modern trends in digital transformation and introduce artificial intelligence. We maintain reliable and genuine contacts with our customers, among other things, through the updated Generali ZAME mobile application and the upgraded Moj Generali self-service portal.

13. INFORMATION TECHNOLOGY

In 2024, we followed the strategies of the IT and business operations areas and prepared for the new strategic period 2025-2027. In addition to strictly technology-oriented activities, we implemented the Company's strategic goals.

In order to provide our customers with the most efficient services, we revamped both the Generali ZAME mobile application and the Moj Generali portal. We also upgraded the WIZ and G24 web portals which enable the customers to purchase insurance.

We optimized business processes by making the necessary adjustments to IT solutions. We upgraded the management framework for robotic process automation (RPA) solutions and continued identifying segments of business processes that are suitable for automation based on RPA technology. Some processes have already been automated with appropriate robots, while others will be automated in the coming year. We also examined the possibilities of using artificial intelligence (AI), both classic and generative, the opportunities it brings, and the solutions and knowledge offered by the Generali Group.

Digital tools for employees and partners were expanded with additional capabilities, adapting them to user requirements for more optimal work, thus taking further steps towards digital transformation.

We continue to strive to use agile approaches, as flexibility and rapid adaptation to market changes are key in today's world. Last but not least, we gained knowledge in change management which will allow systematic management of all stages from planning, informing, implementation and training to measuring the effects after the introduction of the change.

We upgraded the server network devices in the Koper and Ljubljana data centres, enabling higher network traffic speeds between server components. We performed the final migration of databases from old equipment to a new central database server, thus completing the consolidation of Oracle databases. We improved high availability for key databases, which can now operate in both data centres. We consolidated various Oracle application servers to a single new version, simplifying the environment and at the same time improving the reliability and security of applications. We continued improving security mechanisms in all segments of the information system, with special emphasis on protecting and controlling access to information sources. The Company strives to protect its assets in terms of people, information and physical assets and ensure the security of operations from security threats and risks by implementing organizational, technical and behavioural measures.

Digital transformation, through the increasing use of new technologies, also brings about the development of the threat landscape. The Generali Group is therefore directing its security strategy towards the global implementation and strengthening of security foundations. To effectively manage the increasing complexity of security risks, the Company has established a "unified security" approach, which is based on strong integration between information and cyber security as well as physical and corporate security. The Company pays special attention to cyber security, taking into account emerging threats and increasing external regulatory requirements.

In 2024, as part of the SSP (Security Strategic Program), we introduced a solution to improve the security of remote work and solutions to improve protection from and detection of attacks at the application level. Special emphasis was placed on ensuring multi-factor authentication for access to the IT environment and the Company's information systems. We also conducted security audits of the external and internal IT environment and selected applications. The Company also pays great attention to raising employee awareness. All employees are included in regular information security training and several times a year in email attack simulations, which are a way of educating employees to become as skilled as possible in recognizing phishing attacks and other online scams. We also conducted special security training for employees in the IT department.

We successfully upgraded our highly productive and intuitive computer user working environment in 2024. The purpose of the upgrades was to improve the efficiency and satisfaction of our employees and to provide better services to our customers. This was achieved by providing a simple and intuitive interface that allows employees to perform tasks quickly and efficiently, and by integrating advanced automation tools that reduce the need for manual work and increase accuracy. Furthermore, customization to take answer to the specific needs of individual departments and users were not neglected.

The latest versions of Microsoft O365 tools and the Company's revamped intranet are the basis for significant improvements in work processes, which are reflected in greater efficiency, reduced errors and increased satisfaction of our employees. We believe that this new working environment will contribute to the further growth and success of our Company in the coming years.

Compliance with legislation is crucial for insurance companies to maintain their reputation, meet regulations and manage risks, and last but not least, to maintain customer trust. Thus, as part of the activities to ensure the compliance of our IT solutions with legislation, in 2024 we intensively implemented activities to achieve compliance with the provisions of the Digital Operational Resilience Act (DORA).

As part of the back-end IT unification initiative - the central IT modernization project, which is a strategic project of the Generali Group, we completed the planning phase in July. The purpose of this phase was to verify whether the planned solution is appropriate technically and in terms of content, and to determine the basic specifications of products and processes in order to estimate the costs of implementation. November saw the kick-off meeting of the pilot project which will provide support for investment life insurance. The implementation will take place in five six-week cycles. We plan to make the solution for the first investment life insurance product available to end users in early 2026. After that, the implementation of other insurance products will continue over the following years until the project's end. In parallel with the implementation of the project, we have been consolidating the back-end IT systems within the existing systems.

In 2024, 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.

13.1 BUSINESS INTELLIGENCE

In 2024, we continued providing various user groups, both internal and external, with data, up-to-date analytical applications and analyses, which are, among other things, the basis for reporting to the Generali Group, auditors and supervisors. We upgraded the unified analytical tools platform, which is a key tool for end users, and introduced new functionalities.

We provided various stakeholders with the necessary information for decision-making in designing a sustainable, market- and customer-tailored offer and for monitoring sales and claims trends. By centralizing and unifying various code lists, we eliminated the need to keep them in different places and simplified their maintenance.

The automatic preparation of model points in the life insurance sector was upgraded.

Automated controls for the needs of Anti-Money Laundering were upgraded.

In the area of data management, we continued to follow the policies and guidelines of the Generali Group: "Data Quality Policy", "Data Management Policy" and "AI Management Guideline". Tests conducted in the Prima Group system have confirmed that our processes and controls regarding data quality are adequate.

13.2 SECURITY RISKS

The end of 2024 saw the conclusion of the Security Strategic Program (SSP), which included the implementation of various activities to further improve the management of IT security risks. The continuation of the SSP will follow in 2025 and is expected to last until the end of 2027.

The process to manage security vulnerabilities that are identified during various security checks and regular security scans of our information systems was further improved. The Group's Security Operations Centre (SOC) monitors events in our information systems 24/7 and regularly informs about detected potential security events. Various security and cyber self-assessments are carried out annually and several IT risks were identified which are also recognized 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 reviews, security scans of information systems and security and cyber self-assessments increased in 2024 compared to the previous year.

The Company pays special attention to digital risks. The Group has developed an IT (digital) risk management framework, designed to adequately address and manage potential threats arising from IT systems. In 2024, the Company intensively implemented activities to achieve compliance with the provisions of the Digital Operational Resilience Act (DORA), which, among other things, pays special attention to digital risk management.

02

GENERALI ZAVAROVALNICA D.D. FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2024 TO 31 DECEMBER 2024

INDEX

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 2024 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 2024.

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 2024 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, 26 March 2025

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. INDEPENDENT AUDITORS' REPORT

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Independent Auditor's Report

To the shareholder of GENERALI ZAVAROVALNICA D.D. LJUBLJANA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GENERALI ZAVAROVALNICA D.D. LJUBLJANA (the »Insurance Company«), which comprise:

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

and, for the period from 1 January to 31 December 2024:

- 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 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (OJ L 158, 27 May 2014, p. 77-112 - 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.

The Independent Auditor's Report is a translation of the original Independent Auditor's Report in Slovene, issued on the financial statements and the notes thereto in Slovene. This translation is provided for reference purposes only and is not to be signed. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

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:

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

The net carrying amount of liability for remaining coverage for life insurance contracts not measured under the PAA: credit balance EUR 540,088 thousand as at 31 December 2024 and EUR 481,403 thousand as at 31 December 2023.

Refer to Note 5. "Summary of Significant accounting policies" and Note 7.7 "Insurance and reinsurance contracts" of the financial statements.

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

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

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

The carrying amount of LIC for non-life insurance contracts under PAA: EUR 218,153 thousand as at 31 December 2024 and EUR 232,842 thousand as at 31 December 2023.

Refer to Note 5. "Summary of Significant accounting policies" and Note 7.7 "Insurance and reinsurance contracts" of the financial statements.

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

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KPMG

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

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 2024«, 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 as part of our engagement to audit the financial statement.

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.

Other Reporting Responsibilities Related to Other Information – Business Report

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 the 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.

The Independent Auditor's Report is a translation of the original Independent Auditor's Report in Slovene, issued on the financial statements and the notes thereto in Slovene. This translation is provided for reference purposes only and is not to be signed. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

In addition, in light of the knowledge and understanding of the Insurance Company and its environment obtained in the course of our audit we are required to report if we have identified material misstatements in the Business Report. We have nothing to report in this regard.

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

Management is responsible for the preparation of the 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Insurance Company to cease to continue as a going concern;

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- 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by 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 2024. Our total uninterrupted period of engagement is 4 years.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Insurance Company dated 31 March 2025;
- 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 Business 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

Ljubljana, 2 April 2025

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KPMG Slovenija, d.o.o.

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3. FINANCIAL STATEMENTS

3.1 STATEMENT OF FINANCIAL POSITION

Statement of financial position as at 31 December 2024

(in EUR)	Note	31.12.2024	31.12.2023
ASSETS			
Property, plant and equipment	7.2	25,844,201	26,340,157
Investment property	7.4	8,470,374	9,748,897
Assets arising from a lease	7.3	4,665,301	3,646,761
Intangible assets and goodwill	7.1	6,997,443	7,441,484
Deferred tax assets	7.21	3,985,114	5,376,634
Investments in subsidiaries	7.5	289,162	473,945
Investments in associates	7.5	32,148	11,738,050
Financial assets, measured at:	7.6	1,037,747,849	920,381,663
Fair value through other comprehensive income		550,714,679	494,506,677
Amortised cost		41,718	168,740
Fair value through profit or loss		486,991,452	425,706,245
Investment contract assets:	7.8	45,856,110	40,939,566
Financial assets, measured at:		45,342,524	40,018,912
Fair value through profit or loss		45,342,524	40,018,912
Receivables		9,137	7,603
Cash and cash equivalents		504,449	913,051
Insurance contracts assets	7.7	25,893,068	27,711,071
Reinsurance contracts assets	7.7	57,236,973	69,583,759
Current tax assets	7.21	1,701,264	-
Receivables	7.9	10,364,358	17,977,032
Cash and cash equivalents	7.10	7,277,353	6,575,612
Other assets		1,432,859	1,533,335
TOTAL ASSETS		1,237,793,577	1,149,467,966

(in EUR)	Note	31.12.2024	31.12.2023
EQUITY			
Share capital	7.11	39,520,347	39,520,347
Capital reserve	7.11	20,771,169	20,771,169
Reserves from profit	7.11	9,721,593	9,589,086
Accumulated other comprehensive income	7.11	1,977,068	(4,057,544)
Retained earnings	7.11	124,534,210	122,777,468
Net profit loss for the period	7.11	33,535,377	1,436,437
TOTAL EQUITY		230,059,764	190,036,962
LIABILITIES			
Subordinated liabilities	7.12	31,231,211	31,255,092
Deferred tax liabilities	7.21	555,771	360,813
Insurance contracts issued that are liabilities	7.7	873,911,983	821,738,473
Reinsurance contracts held that are liabilities	7.7	1,171,659	409,738
Investment contracts liabilities	7.8	45,856,110	40,939,566
Provisions	7.13	7,692,324	7,832,325
Other financial liabilities	7.14.1	4,768,324	3,685,669
Current tax liabilities	7.19	3,193,528	11,257,579
Other liabilities	7.14.2	39,352,904	41,951,749
TOTAL LIABILITIES		1,007,733,813	959,431,004
TOTAL EQUITY AND LIABILITIES		1,237,793,577	1,149,467,966

The accounting policies and notes set out on pages from 122 to 221 form an integral part of the financial statements.

3.2 INCOME STATEMENT

Income statement for the period from 1 January 2024 to 31 December 2024

(in EUR)	Note	2024	2023
INSURANCE SERVICE RESULT			
Insurance revenue from insurance contracts		366,303,956	457,830,006
Insurance service expenses from insurance contracts		(325,726,188)	(487,065,635)
Net expenses from reinsurance contracts		(5,810,920)	27,857,632
Insurance service result	**7.15**	**34,766,847**	**(1,377,997)**
INVESTMENT INCOME			
Interest revenue calculated using the effective interest method		9,831,083	7,900,047
Dividend income		1,086,978	6,339,905
Net gains/losses on derecognition of financial assets measured at:		2,951,100	863,698
- fair value through profit or loss		3,391,071	622,360
- fair value through other comprehensive income		(439,970)	241,338
Net impairments on financial assets		17,611	392,463
Other investment income		68,927,550	36,715,386
Net investment income/expenses	**7.16**	**82,814,322**	**52,211,500**
RESULT FROM INSURANCE CONTRACTS			
Net finance expenses from insurance contracts		(73,804,406)	(39,334,054)
Net finance income from reinsurance contracts		868,495	98,881
Finance income/expenses from insurance contracts	**7.15**	**(72,935,910)**	**(39,235,173)**
CHANGE OF INVESTMENT CONTRACT LIABILITIES	**7.17**	**569,384**	**510,288**
OTHER INCOME AND EXPENSES	**7.19**	**(2,652,593)**	**(9,634,986)**
Revenue from investment management services		714,750	618,355
Other operating income and expenses		1,817,408	2,792,227
Other finance income and expenses		(2,023,254)	(1,539,843)
Non-attributable expenses		(12,215,932)	(13,329,901)
Net impairments on non- financial assets		32,721	1,162,277
Other income and expenses		9,021,714	661,899
PROFIT BEFORE TAX		**42,562,049**	**2,473,633**
Current income taxes		(9,142,265)	-
Deferred taxes		115,592	(1,038,240)
PROFIT AFTER TAX		**33,535,377**	**1,435,392**

The accounting policies and notes set out on pages from 122 to 221 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 2024 to 31 December 2024

(in EUR)	Note	2024	2023
PROFIT FOR THE YEAR		**33,535,377**	**1,435,392**
OTHER COMPREHENSIVE INCOME AFTER TAX	**7.11**	**6,034,613**	**13,025,072**
Total items that may be reclassified subsequently to profit or loss		**7,968,753**	**15,530,287**
Unrealised change in value of financial assets measured at fair value through other comprehensive income		12,684,151	24,287,470
Net change in fair value		13,124,121	24,046,132
Net amount reclassified to profit or loss		(439,970)	241,338
Net finance expenses from insurance contracts		(4,818,711)	(9,466,972)
Net finance income from reinsurance contracts	7.11	103,313	709,789
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss		(1,753,125)	(2,891,099)
Total items that will not be reclassified to profit or loss		(181,015)	385,883
Remeasurements of post-employment benefit obligation		-	(23,637)
Other items that will not be reclassified subsequently to profit or loss		(232,070)	391,621
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		51,055	17,899
Comprehensive income		**39,569,990**	**14,460,464**

The accounting policies and notes set out on pages from 122 to 221 form an integral part of the financial statements.

3.4 STATEMENT OF CASH FLOWS

Statement of cash flows for the period from 1 January 2024 to 31 December 2024

(in EUR)	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income statement items		**25,181,297**	**3,506,683**
Net income		33,535,377	1,435,392
Adjustments to net income for:		**(8,354,080)**	**2,071,291**
Depreciation and amortisation		6,861,450	6,781,697
Net income and expenses from investments		(10,702,199)	(12,607,314)
Changes in other provisions		396,520	(461,639)
Realised gains/profits in disposal of subsidiaries		(123,999)	-
Revaluation gains/losses		(69,068,109)	(38,678,836)
-from receivables value adjustment		(339,602)	(1,124,887)
-from financial investments		(69,374,422)	(37,553,949)
-from intangible assets and property, plant and equipment		645,915	-
Tax expenses		(9,257,857)	1,038,240
Net exchange difference		(5,256)	100,749
Write-off of receivables		609,459	1,387,498
Net financial income and expenses from insurance contracts issued and reinsurance contracts received		72,935,910	44,510,896
Changes in net operating assets (receivables for insurance, other receivables, other assets and deferred tax assets and liabilities) of balance sheet items		**15,983,352**	**(54,799,093)**
Net change in assets and liabilities from insurance contracts		(24,631,603)	14,154,864
Net change in assets and liabilities from reinsurance contracts		14,080,515	(41,110,233)
Opening less closing other receivables and assets		(9,748,175)	(21,064,501)
Closing less opening other liabilities		17,375,036	(5,502,765)
Cash payments for payment of tax		18,907,580	(1,276,457)
Net cash flow from operating activities		**41,164,649**	**(51,292,410)**

(in EUR)	Note	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows from investing activities		**230,623,609**	**188,775,390**
Cash inflows from interest received from investing activities		9,831,549	9,773,350
Cash inflows from dividends and participations in profit of others		1,799,963	6,107,210
Cash inflows from disposal of financial investments		-	172,894,830
Cash inflows from disposal subsidiaries and other companies		11,567,025	-
Other cash inflows from disposal of financial investments		207,425,073	-
Cash outflows from investing activities		**(266,758,364)**	**(136,608,424)**
Cash outflows for acquisition of intangible assets		(2,986,095)	(2,594,134)
Cash outflows for acquisition of property, plant and equipment		(42,757)	(1,423,689)
Cash outflows for acquisition of financial investments		(263,729,512)	(132,590,600)
Other cash outflows for acquisition of financial investments		(263,729,512)	(132,590,600)
Net cash flow from investing activities		**(36,134,755)**	**52,166,966**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash outflows for financing activities		**(4,318,463)**	**(3,251,247)**
Cash outflows for interest paid		(2,213,939)	(1,128,065)
Cash outflows for payments of long-term financial liabilities		(2,104,525)	(2,123,182)
Net cash flow from financing activities		**(4,318,463)**	**(3,251,247)**
Closing balance of cash and cash equivalents		**7,277,354**	**6,575,612**
Net cash flow for the period		711,431	(2,376,690)
Effects of exchange rate differences +		(9,689)	(1,407)
Opening balance of cash and cash equivalents	7.10	**6,575,612**	**8,953,709**

The accounting policies and notes set out on pages from 122 to 221 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 2024 to 31 December 2024

(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				
OPENING BALANCE IN THE FINANCIAL PERIOD		**39,520,347**	**20,771,169**	**1,742,399**	**7,846,687**	**(4,057,544)**	**122,777,468**	**1,436,436**	**190,036,961**
Accumulated other comprehensive income net of tax	**7.11**	**-**	**-**	**-**	**-**	**6,034,613**	**320,305**	**33,535,377**	**39,890,295**
a. Net profit/loss for the year		-	-	-	-	-	-	33,535,377	33,535,377
b Accumulated other comprehensive income	7.11	-	-	-	-	6,034,613	320,305	-	6,354,918
Allocation of net profit/loss for the preceeding year to retained profit/loss		-	-	-	-	-	1,435,392	(1,435,392)	-
Other		-	-	-	132,507	-	1,044	(1,044)	132,507
CLOSING BALANCE AS AT 31 DECEMBER		**39,520,347**	**20,771,169**	**1,742,399**	**7,979,194**	**1,977,068**	**124,534,210**	**33,535,377**	**230,059,764**

The accounting policies and notes set out on pages from 122 to 221 form an integral part of the financial statements.

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				
OPENING BALANCE IN THE FINANCIAL PERIOD		**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	**7.11**	**-**	**-**	**-**	**-**	**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	7.11	-	-	-	-	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)
CLOSING BALANCE AS AT 31 DECEMBER		**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 122 to 221 form an integral part of the financial 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 2024

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 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

Supervisory Board

- Gregor Pilgram – Chairman of the Supervisory Board
- Carlo Schiavetto – Member, Deputy President Member
- Miroslav Singer – Member
- Andrea Leskovská – Member, (from 1 June 2024)
- 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 2024

Generali CEE Holding B. V.	100%
TOTAL	100%

4.3 STATEMENT ON COMPLIANCE

Financial Statements for GENERALI zavarovalnica d.d. for 2024 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 2024 and 2023 are approved by the Management Board and confirmed by the Supervisory Board. The financial statements for year 2023 were approved by the Management Board on 29.03.2024. Financial statements for year 2024 were approved by the Management Board and on 26.3.2025.

The annual report with financial statements is available at the headquarters of GENERALI zavarovalnica d.d. and on 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 same accounting policies were observed as in the preparation of financial statements for the previous financial year.

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 subsidiaries from Slovenia, does not prepare consolidated financial statements because it meets conditions for exemptions/excluded companies under IFRS 10, for which it is allowed not to prepare consolidated financial statements, and also 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:

for Assicurazioni Generali S. p. A. Group on Generali Group https://www.generali.com/investors/reports-and-presentations.

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 d.d. 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).

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.

4.7 GLOSSARY OF PROFESSIONAL ACRONYMS

Acronyms	Description
CSM	Contractual service margin
LRC	Liabilities for remaining coverage
LIC	Liabilities for incurred claims
ARC	Assets for remaining coverage
AIC	Assets for incurred claims
RI	Risk adjustment for non-financial risk
PAA	Premium allocation approach
GMM	General Measurement Model
BBA	Building block approach
VFA	Variable fee approach
ECL	Expected Credit Loss

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 2024.

5.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year disclosed in paragraph 5.14.1.

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;
- 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;

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);
- 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.

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 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

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 lease a 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 that 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 manages financial instruments in accordance with IFRS 9 – Financial Instruments.

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
Equity securities			
Stock exchange	• Shares valued on the basis of the closing price on the stock exchange while meeting the criteria of an active market. • 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.	• 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).	• Equity securities valued using the valuation model based on Level 3 inputs and are unobservable inputs.
Debt securities			
OTC market	• Debt securities, which are valued on the basis of the BID price obtained from CBBT. • Debt securities, which are valued on the basis of the BID price obtained from BNG.	• 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). • Debt securities, valued based on the price obtained from an external provider (Refinitive-EJV) and a rating of 7 or higher.	• Debt securities, valued on the basis of the price obtained by an external provider (refinitive-EJV) and a rating lower than 7. • Debt securities valued using the valuation model based on Level 3 inputs and are unobservable inputs.
Deposits, certificates of deposit and loans			
Deposits, certificates of deposit and loans with fixed maturity			• Valued at amortized cost.
Loans received			
Loans received			• Valued at amortized cost.

5.8 FINANCIAL ASEETS WHERE THE INVESTMENTS RISK IS BORNE BY POLICYHODERS

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.

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.

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 based on the combined information on Harmonized Consumer Price Index (HCPI) and Labour Cost Index (LCI).

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:

- 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 2 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 is exercised. According to this requirement, the contract boundaries are set considering the insurance contract as a whole rather than considering each single component independently, leading methodologically to a potential difference compared to the current approach applied under Solvency 2. However, for life insurance, in practice the Company uses the same contract boundaries for IFRS 17 and Solvency 2 measurement.

The Company has two different types of policy loans:

a) the loans that are bundled with policies and modelled together with the policy cash flows;

b) the loans that are valued under IFRS 9; for those policy loans there is no link to the cash flows.

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 homogeneous classes of risks, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity assumptions are derived using national mortality data and Company's recent experience. Historical national mortality data is used to derive a Lee-Carter mortality table which is then adjusted by selection factors reflecting Company's recent experience.

Morbidity assumptions are developed using tables defined by reinsurers and Company's recent experience, whereby the disability assumptions and assumptions about policyholder behaviour rely on Company's recent experience.

Policyholder behaviour is a key assumption in the measurement of life savings and participating insurance contracts. Each type of policyholder behaviour is estimated based on trends in recent experience.

For participating contracts, the assumed estimated participation percentages are generally based on the actual percentages applied in the current year. The participation percentages applied in both 2024 and 2023 were the minimum participation rates.

The Company's future discretionary profit participation (other than obligatory profit participation) for life insurance contracts is not anticipated, based on the management decision.

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 claim's 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 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 2 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 2 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 BBA (Building block approach) and PAA (Premium allocation approach) businesses, the same Solvency 2 adjustment is used (i.e., the volatility adjustment);
- for the VFA (Variable fee approach) business, no IFRS 17 adjustment is applied.

The table below sets out the yield curves used to discount the cash flows of insurance contracts.

Annual rate for the duration of year	1 year	5 years	10 years	15 years	20 years
Insurance contracts					
Life insurance					
BBA	2.47%	2.37%	2.50%	2.56%	2.49%
VFA	2.24%	2.14%	2.27%	2.33%	2.26%
Non-life insurance	**2.47%**	**2.37%**	**2.50%**	**2.56%**	**2.49%**

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); and
- expense risk.

The Company's RA reflects the risk diversification at segment level only (life / non-life), not benefitting from diversification among the segments.

Differently from Solvency 2 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 75th percentile of the PVFCF probability distribution, leveraging on methodology and calculation models developed for the Solvency 2, 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; and
- 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. based on the following 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 and sum insured;
- in case of traditional contracts without direct participation features, the coverage units are generally defined as a function of the sum insured;
- in case of riders, the coverage units are generally defined as a function of premium.

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.

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.

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:

a) insurance contracts, including reinsurance contracts (i.e., assumed business), issued;

b) reinsurance contracts held; and

c) 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 ‘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.

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 cancelation of contract the outpayment is done based on the accumulated paid premium (without costs), including the earned interest.

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
- embedded 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; and
- 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; and
- 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 insurance or financial risks transferred from policyholders to the Company.

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

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.

For direct participating contracts 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 (CSM release).

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.

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; and
- 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; and
- 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 guarantees 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 published at the beginning of business year.

All financial assets, loans, deposits and cash are classified as financial assets measured at fair value throught 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.

Other financial liabilities (long-term lease liabilities and short-term loans), current tax liabilities, and other operating liabilities are recognized among operating liabilities.

5.17.1 OTHER LIABILITIES

Other liabilities include Current operating liabilities and Accrued expenses and deferred income/expenses.

Current operating liabilities

Current operating liabilities include liabilities to suppliers, employees, and the state (excluding income tax liabilities). Short-term liabilities to employees are calculated at nominal value and shown as labor costs in the income statement. Short-term employee benefits represent salaries, vacation costs, etc. Additionally, other business liabilities include other liabilities from insurance operations.

Accrued expenses and deferred income/expenses

Accrued expenses and deferred income/expenses are set up with the intention to spread disbursements over the income statement, even though these income/ expenses is recognised through profit or loss. Apart from that, expenses for unused annual leave are also carried under 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 income/expenses are decreased and the difference between accrued and actual income/ expenses is recognised through profit or loss. Apart from that, expenses for unused annual leave are also carried under short-term accrued expenses.

5.18 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 instrument 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.

5.19 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 2024 was 22 % (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.

5.20 NEW AND AMENDED STANDARDS WITH INTERPRETATIONS

The following new and amended standards are effective for annual reporting periods beginning on or after January 1, 2024 (earlier application permitted). The Insurance Company has not early adopted any of these new and amended standards and does not expect them to have a significant impact on its financial statements upon adoption, except for IFRS 18, the impact of which is currently being assessed:

- amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability;
- amendments to IFRS 9 and IFRS 7: Enhancements to the Classification and Measurement of Financial Instruments;

- amendments to IFRS 9 and IFRS 7: Contracts Referencing Nature-Linked Electricity;
- IFRS 18: Presentation and Disclosure in Financial Statements;
- IFRS 19: Subsidiaries Without Public Accountability: Disclosures; and
- annual Improvements to IFRS Standards – 11th Cycle.

5.21 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 5.7. 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 2024

(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 31.12.2024
Equity securities	5,833,267	-	-	15,034,686	-	20,867,953
Corporate bonds	2,615,574	-	104,386,822	-	-	107,002,396
Government bonds	-	-	416,062,920	-	-	416,062,920
Investment fund units	26,046,820	-	15,230,251	-	-	41,277,071
Assets from investment contracts	-	45,342,524	-	-	-	45,342,524
Financial assets where the investment risk is borne by policyholder	-	452,495,791	-	-	-	452,495,791
Loans and deposits	-	-	-	-	41,718	41,718
Total financial assets for which the fair value is disclosed	**34,495,661**	**497,838,315**	**535,679,993**	**15,034,686**	**41,718**	**1,083,090,373**
Subordinated liabilities	-	-	-	-	(31,231,211)	(31,231,211)
Investment contracts liabilities	-	45,856,110	-	-	-	45,856,110
Total financial liabilities	**-**	**45,856,110**	**-**	**-**	**(31,231,211)**	**14,624,899**

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 31.12.2023
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
Loans and deposits	-	-	-	-	168,740	168,740
Total financial assets for which the fair value is disclosed	**35,650,131**	**430,075,027**	**479,239,921**	**15,266,756**	**168,740**	**960,400,576**
Subordinated liabilities	-	-	-	-	(31,255,092)	(31,255,092)
Investment contracts liabilities	-	(40,939,566)	-	-	-	(40,939,566)
Total financial liabilities	**-**	**(40,939,566)**	**-**	**-**	**(31,255,092)**	**(72,194,659)**

Financial assets and liabilities categorised in the fair value hierarchy in 2024

in EUR as at 31.12.2024	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	**34,495,661**	**34,495,661**	**4,918,561**	**-**	**29,577,100**
Equity securities	5,833,267	5,833,267	-	-	5,833,267
Debt securities	2,615,574	2,615,574	2,615,574	-	-
Investment fund units	26,046,820	26,046,820	2,302,987	-	23,743,833
Financial assets at fair value through other comprehensive income	**550,714,679**	**550,714,679**	**508,579,517**	**27,100,477**	**15,034,686**
Equity securities	15,034,686	15,034,686	-	-	15,034,686
Debt securities	520,449,742	520,449,742	508,579,517	11,870,226	-
Investment fund units	15,230,251	15,230,251	-	15,230,251	-
Financial assets where the investment risk is borne by policyholder	**452,495,791**	**452,495,791**	**409,697,779**	**-**	**42,798,012**
Assets from investment contracts	**45,339,863**	**45,339,863**	**44,999,328**	**298,163**	**42,371**
Total financial assets measured at fair value	**1,083,045,994**	**1,083,045,994**	**968,195,185**	**27,398,640**	**87,452,169**
Deposits and loans	**41,718**	**41,718**	**-**	**-**	**41,718**
Assets from investment contracts	**2,661**	**2,661**	**-**	**-**	**2,661**
Total financial assets for which the fair value is disclosed	**44,379**	**44,379**	**-**	**-**	**44,379**
TOTAL ASSETS	**1,083,090,373**	**1,083,090,373**	**968,195,185**	**27,398,640**	**87,496,548**
Subsidiaries loan	31,231,211	31,305,782	-	-	31,305,782
Total liabilities for which the fair value is disclosed	**31,231,211**	**31,305,782**	**-**	**-**	**31,305,782**
TOTAL LIABILITIES	**31,231,211**	**31,305,782**	**-**	**-**	**31,305,782**

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**
Total financial assets measured at fair value	**960,223,915**	**960,223,915**	**798,471,649**	**39,639,692**	**122,112,573**
Deposits and loans	**168,740**	**168,740**	**-**	**-**	**168,740**
Assets from investment contracts	**7,921**	**7,921**	**-**	**-**	**7,921**
Total financial assets for which the fair value is disclosed	**176,661**	**176,661**	**-**	**-**	**176,661**
TOTAL ASSETS	**960,400,576**	**960,400,576**	**798,471,649**	**39,639,692**	**122,289,234**
Subsidiaries loan	31,255,092	31,168,049	-	-	31,168,049
Total liabilities for which the fair value is disclosed	**31,255,092**	**31,168,049**	**-**	**-**	**31,168,049**
TOTAL LIABILITIES	**31,255,092**	**31,168,049**	**-**	**-**	**31,168,049**

Level 3 financial assets and liabilities

Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2024

(in EUR)	1.01.2024	Total profit/ loss in profit or loss	Total profit/ loss in comprehensive income	Purchase	Sale	Transfers to (from) Level 3	Exchange rate differences	31.12.2024
Assets measured at fair value								
Financial assets at fair value through profit or loss	**33,400,020**	**3,285,576**	**-**	**1,917,559**	**(6,902,257)**	**(2,123,798)**	**-**	**29,577,100**
Equity securities	5,033,881	180,458	-	1,294,076	(675,149)	-	-	5,833,266
Debt securities	2,123,798	-	-	-	-	(2,123,798)	-	-
Investment fund units	26,242,341	3,105,118	-	623,483	(6,227,108)	-	-	23,743,834
Financial assets at fair value through other comprehensive income	**44,080,625**	**-**	**452,542**	**-**	**(8,045,244)**	**(21,453,237)**	**-**	**15,034,686**
Equity securities	15,266,756	-	(232,070)	-	-	-	-	15,034,686
Debt securities	28,813,869	-	684,612	-	(8,045,244)	(21,453,237)	-	-
Financial assets where the investment risk is borne by policyholder	**44,488,449**	**1,026,006**	**-**	**2,936,328**	**(5,652,771)**	**-**	**-**	**42,798,012**
Assets from investment contracts	**143,479**	**(197)**	**-**	**24,988**	**(37,187)**	**(88,712)**	**-**	**42,371**
TOTAL ASSETS	**122,112,573**	**4,311,385**	**452,542**	**4,878,875**	**(20,637,459)**	**(23,665,747)**	**-**	**87,452,169**

In 2024, the insurance company reclassified EUR 23,665,747 financial assets from **Level 3 to Level 1**, out of which:

- EUR 21,453,237 financial assets at fair value through other comprehensive income;
- EUR 88,712 assets from investment contracts; and
- EUR 2,123,798 financial assets at fair value through profit.

Level 3 movements are shown only for financial assets measured at fair value.

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 comprehensive income	Purchase	Sale	Transfers to (from) Level 3	Exchange rate differences	31.12.2023
Assets measured at fair value								
Financial assets at fair value through profit or loss	**32,455,906**	**1,012,780**	**-**	**3,179,184**	**(3,247,850)**	**-**	**-**	**33,400,021**
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
Financial assets at fair value through other comprehensive income	**62,154,106**	**-**	**2,872,963**	**-**	**(1,826,000)**	**(19,120,445)**	**-**	**44,080,625**
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
Financial assets where the investment risk is borne by policyholder	**61,695,793**	**(489,209)**	**-**	**4,329,678**	**(21,551,690)**	**503,876**	**-**	**44,488,449**
Assets from investment contracts	**435,244**	**(5,569)**	**-**	**57,398**	**(5,330)**	**(338,264)**	**-**	**143,479**
TOTAL ASSETS	**156,741,049**	**518,002**	**2,872,963**	**7,566,261**	**(26,630,870)**	**(18,954,832)**	**-**	**122,112,573**

In 2023, the insurance company reclassified EUR 19,458,744 financial assets from **Level 3 to Level 2**, out of which:

- EUR 19,120,480 financial assets at fair value through other comprehensive income; and
- EUR 338,264 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; and
- 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
Change in fair value of equity securities	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.
Change in fair value of debt securities	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)	2024	2023
Value of debt instruments classified to Level 3	42,294,137	75,016,211
Estimated value deviation	+377,802 / -377,802	+405,105 / -405,105
Value of equity instruments classified to Level 3	45,158,033	47,096,362
Estimated value deviation	+11,289,508 / -11,289,508	+11,774,090 / -11,774,090

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)	2024	2023
Reclassification from level 1 to level 2	-	13,235,603

Until 31 December 2024, 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.

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).

Pillar I Risks covered by Standard Formula

Financial 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		

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.

6.1 CAPITAL ADEQUACY REQUIREMENTS AND CAPITAL MANAGEMENT

One of the most important missions of insurance GENERALI 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 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 2 Directive and the EC Delegated Regulation. The report is also reviewed by an independent external auditor.

Risk profile of the Company in 2024

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. Together, these underwriting risks represent the largest share of the company's capital requirements, with the largest individual modules of capital requirements being life risk and non-life underwriting risk modules 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. At the beginning of 2024, complementary health insurance was abolished, following a reform from 2023. This type of insurance represented a significant share of the total collected premium and 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 considers sustainability criteria when investing. Market risks represent the third 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 2024, 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 gradually decreased following the abolition of complementary health insurance in 2024. Its future growth is dependent on the future business volume growth. In terms of size, it is among the smaller individual SCR modules."
Other	At the end of the first quarter of 2024, the insurance company introduced a recoverability test for deferred taxes, thereby increasing its absorption capacity for deferred taxes, which otherwise reduces the overall capital requirement (SCR).

Following the decrease in capital requirements due to the abolition of supplementary health insurance and further due to the introduction of the recoverability test for deferred taxes in 2024, the overall capital requirement is expected to remain largely unchanged in 2025.

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.

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.

Non-life insurance

Concentrations of underwriting risk - by country of issue

(in EUR)	Gross written premium 2024	Net of reinsurance 2024	Gross written premium 2023	Net of reinsurance 2023
Slovenija	326,229,066	286,877,553	418,856,686	386,193,393
EU	837,683	774,710	846,060	668,904
Total	**327,066,748**	**287,652,263**	**419,702,746**	**386,862,297**

Concentrations of underwriting risk - by type of product

(in EUR)	Gross written premium 2024	Net of reinsurance 2024	Gross written premium 2023	Net of reinsurance 2023
Motor insurance	167,542,149	158,352,454	149,783,700	141,886,530
Accident and health insurance	35,702,294	35,585,048	160,634,979	160,300,846
Other non-life insurance	123,822,305	93,714,761	109,284,067	84,674,921
Total non-life	**327,066,748**	**287,652,263**	**419,702,746**	**386,862,297**

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 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 2024	Net of reinsurance 2024	Gross 2023	Net of reinsurance 2023
0–9,999 euros	257,250,227	248,088,328	320,579,041	309,328,179
10,000–29,999 euros	907,262,822	850,958,627	1,028,723,079	967,181,661
30,000–59,999 euros	1,268,711,649	918,004,840	1,254,764,658	900,973,643
60,000–99,999 euros	957,656,194	410,584,165	953,950,091	398,269,985
Over 100,000 euros	970,086,006	307,096,728	964,399,955	318,618,718
Total	**4,360,966,897**	**2,734,732,689**	**4,522,416,824**	**2,894,372,185**

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 2024		TOTAL ANNUAL ANNUITY PAYMENTS IN 2023	
Annual annuity payments to the insured person as at 31 December	amount	%	amount	%
EUR 0–999	311,435	10.11	327,062	10.93
EUR 1,000–1,999	924,197	30.00	863,054	28.84
EUR 2,000–2,999	529,193	17.18	520,034	17.38
EUR 3,000–3,999	419,113	13.60	421,314	14.08
Over EUR 4,000	896,896	29.11	861,530	28.77
Total	**3,080,834**	**100.00**	**2,992,995**	**100.00**

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 2024

(in EUR)	CSM gross	Profit/loss gross	Profit/loss net of reinsurance	Equity gross	Equity net of reinsurance
Life insurance					
Mortality rate +1%	(112,029)	15,249	-	(94,307)	-
Mortality rate -1%	112,147	(15,265)	-	94,290	-
Morbidity rate +1%	(24,258)	3,302	-	(19,841)	-
Morbidity rate -1%	24,467	(3,330)	-	19,853	-
Expenses + 5%	(965,314)	131,393	-	(773,316)	-
Expenses - 5%	930,640	(126,673)	-	773,316	-
Lapses + 5%	(748,880)	101,933	-	(617,393)	-
Lapses - 5%	776,511	(105,694)	-	638,735	-
Life insurance - participating VFA					
Mortality rate +1%	(36,392)	3,665	-	-	-
Mortality rate -1%	36,604	(3,687)	-	-	-
Expenses + 5%	(2,395,690)	241,291	-	-	-
Expenses - 5 %	2,361,518	(237,849)	-	-	-
Lapses + 5%	(1,285,098)	129,433	-	-	-
Lapses - 5%	1,330,702	(134,026)	-	-	-
Non-life insurance					
Expected claims + 5%	-	(9,421,064)	(8,030,113)	(9,421,064)	(8,030,113)
Expected claims - 5%	-	9,421,064	8,030,113	9,421,064	8,030,113

Sensitivity analysis 2023

(in EUR)	CSM gross	Profit/loss gross	Profit/loss net of reinsurance	Equity gross	Equity net of reinsurance
Life insurance - BBA					
Lapses*110%	(1,283,177)	157,436	-	(862,013)	-
Lapses*90%	1,368,041	(167,848)	-	918,645	-
Lapses*110% + 10% absolute increase	(2,796,872)	343,155	-	(2,368,427)	-
Life insurance - participating VFA					
Lapses*110%	(1,427,020)	108,231	-	-	-
Lapses*90%	1,474,929	(107,847)	-	-	-
Lapses*110% + 10% absolute increase	(2,645,838)	257,787	-	-	-
Non-life insurance					
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 considers 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 risk 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; and
- currency risk.

Analysis of assets and liabilities for financial risk management as at 31 December 2024

(in EUR)	Life insurance BBA	Life insurance VFA	Life insurance PAA	Investment contracts pension savings	Non-life insurance contracts (PAA)	Health insurance contracts (PAA)	Total 31.12.2024
FINANCIAL ASSETS							
Financial assets at fair value through profit or loss	**17,995,127**	**452,495,792**	**-**	**45,342,524**	**16,500,534**	**-**	**532,333,977**
Equity securities	-	-	-	15,072,365	5,833,267	-	20,905,632
Debt securities	2,615,574	42,294,137	-	20,221,913	-	-	65,131,624
Investment fund units	15,379,553	410,201,655	-	10,045,585	10,667,267	-	446,294,060
Deposits and loans	-	-	-	2,661	-	-	2,661
Financial assets at fair value through other comprehensive income	**213,713,398**	**-**	**-**	**-**	**322,037,842**	**14,963,440**	**550,714,680**
Equity securities	751,882	-	-	-	13,675,698	607,107	15,034,687
Debt securities	206,176,260	-	-	-	299,917,149	14,356,333	520,449,742
Investment fund units	6,785,256	-	-	-	8,444,995	-	15,230,251
Financial assets at amortised cost	**-**	**-**	**-**	**-**	**41,718**	**-**	**41,718**
Deposits and loans	-	-	-	-	41,718	-	41,718
Total financial investments	**231,708,525**	**452,495,792**	**-**	**45,342,524**	**338,580,094**	**14,963,440**	**1,083,090,375**
Investments in subsidiaries and associates	289,162	-	-	-	-	32,148	321,310
Investment properties	-	-	-	-	8,470,374	-	8,470,374
Total financial assets	**231,997,687**	**452,495,792**	**-**	**45,342,524**	**347,050,468**	**14,995,588**	**1,091,882,059**
Assets from insurance contracts	25,801,917	-	-	-	91,151	-	25,893,068
Assets from reinsurance contracts	-	-	-	-	57,236,973	-	57,236,973
Cash and cash equivalents	1,259,894	3,220,010	-	504,449	2,739,593	57,855	7,781,801
TOTAL ASSETS	**259,059,498**	**455,715,802**	**-**	**45,846,973**	**407,118,185**	**15,053,443**	**1,182,793,901**
LIABILITIES							
Liabilities from insurance contracts	**117,861,214**	**464,444,038**	**-**	**-**	**291,606,731**	**-**	**873,911,983**
Liabilities from reinsurance contracts	**-**	**-**	**1,046,749**	**-**	**124,910**	**-**	**1,171,659**
Liabilities from financial contracts	**-**	**-**	**-**	**45,856,110**	**-**	**-**	**45,856,110**
Subsidiaries loan	**31,231,211**	**-**	**-**	**-**	**-**	**-**	**31,231,211**
TOTAL LIABILITIES	**149,092,425**	**464,444,038**	**1,046,749**	**45,856,110**	**291,731,641**	**-**	**952,170,963**

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)	Health insurance contracts (PAA)	Total 31.12.2023
FINANCIAL ASSETS							
Financial assets at fair value through profit or loss	**20,082,809**	**390,056,114**	**-**	**40,018,912**	**15,567,322**	**-**	**465,725,158**
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
Financial assets at fair value through other comprehensive income	**194,706,046**	**-**	**-**	**-**	**281,442,654**	**18,357,978**	**494,506,677**
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
Financial assets at amortised cost	**-**	**-**	**-**	**-**	**168,740**	**-**	**168,740**
Deposits and loans	-	-	-	-	168,740	-	168,740
Total financial investments	**214,788,855**	**390,056,114**	**-**	**40,018,912**	**297,178,716**	**18,357,978**	**960,400,576**
Investments in subsidiaries and associates	825,134	-	-	-	8,174,451	3,212,409	12,211,994
Investment properties	-	-	-	-	9,748,897	-	9,748,897
Total financial assets	**215,613,989**	**390,056,114**	**-**	**40,018,912**	**315,102,063**	**21,570,387**	**982,361,467**
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
TOTAL ASSETS	**243,855,098**	**393,578,601**	**-**	**40,931,963**	**387,173,313**	**21,605,984**	**1,087,144,959**
LIABILITIES							
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 financial contracts	**-**	**-**	**-**	**40,939,566**	**-**	**-**	**40,939,566**
Subsidiaries loan	**31,255,092**	**-**	**-**	**-**	**-**	**-**	**31,255,092**
TOTAL LIABILITIES	**152,087,809**	**406,524,186**	**291,915**	**40,939,566**	**278,320,345**	**16,179,047**	**894,342,870**

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 2024 Liquidity risk - Financial assets and liabilities - current year (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 31.12.2024
FINANCIAL ASSETS								
Financial assets at fair value through profit or loss	**31,880,087**	**112,500**	**225,000**	**225,000**	**562,500**	**3,562,500**	**3,562,500**	**40,130,087**
Equity securities	5,833,267	-	-	-	-	-	-	5,833,267
Debt securities	-	112,500	225,000	225,000	562,500	3,562,500	3,562,500	8,250,000
Investment fund units	26,046,820	-	-	-	-	-	-	26,046,820
Financial assets at fair value through other comprehensive income	**30,264,937**	**120,254,810**	**140,354,071**	**68,859,968**	**190,513,926**	**22,188,864**	**94,238,205**	**666,674,781**
Equity securities	15,034,686	-	-	-	-	-	-	15,034,686
Debt securities	-	120,254,810	140,354,071	68,859,968	190,513,926	22,188,864	94,238,205	636,409,844
Investment fund units	15,230,251	-	-	-	-	-	-	15,230,251
Financial assets at amortised cost	**-**	**42,267**	**-**	**-**	**-**	**-**	**-**	**42,267**
Deposits and loans	-	42,267	-	-	-	-	-	42,267
Financial assets where the investment risk is borne by policyholder	**410,201,655**	**14,525,214**	**17,833,800**	**11,002,313**	**-**	**-**	**-**	**453,562,982**
Assets from investment contracts	**25,622,399**	**3,001,650**	**4,130,634**	**3,851,622**	**8,699,511**	**1,820,688**	**2,748,675**	**49,875,179**
Total financial investments	**497,969,078**	**137,936,441**	**162,543,505**	**83,938,903**	**199,775,937**	**27,572,052**	**100,549,380**	**1,210,285,296**
Cash and cash equivalents	**7,277,353**	**-**	**-**	**-**	**-**	**-**	**-**	**7,277,353**
TOTAL FINANCIAL ASSETS	**505,246,431**	**137,936,441**	**162,543,505**	**83,938,903**	**199,775,937**	**27,572,052**	**100,549,380**	**1,217,562,649**
FINANCIAL LIABILITIES								
Subsidiaries loan	**-**	**1,979,700**	**3,942,000**	**3,947,400**	**33,942,000**	**-**	**-**	**43,811,100**
Liabilities from investment contracts	**-**	**6,925,101**	**6,915,868**	**6,089,986**	**12,867,095**	**6,320,664**	**6,655,616**	**45,774,330**
TOTAL FINANCIAL LIABILITIES	**-**	**8,904,801**	**10,857,868**	**10,037,386**	**46,809,095**	**6,320,664**	**6,655,616**	**89,585,430**

Overview of maturity of assets and liabilities in 2023 Liquidity risk - Financial assets and liabilities - current year (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
FINANCIAL ASSETS								
Financial assets at fair value through profit or loss	**33,526,333**	**112,500**	**225,000**	**225,000**	**562,500**	**562,500**	**3,675,000**	**38,888,833**
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
Financial assets at fair value through other comprehensive income	**28,502,359**	**105,686,397**	**201,950,103**	**91,909,450**	**177,352,954**	**69,822,770**	**143,008,474**	**818,232,507**
Equity securities	15,266,756	-	-	-	-	-	-	15,266,756
Debt securities	-	105,686,397	201,950,103	91,909,450	177,352,954	69,822,770	143,008,474	789,730,148
Investment fund units	13,235,603	-	-	-	-	-	-	13,235,603
Financial assets at amortised cost	**-**	**132,136**	**42,267**	**-**	**-**	**-**	**-**	**174,402**
Deposits and loans	-	132,136	42,267	-	-	-	-	174,402
Financial assets where the investment risk is borne by policyholder	**346,071,542**	**5,679,771**	**26,231,214**	**12,129,332**	**5,000,781**	**-**	**-**	**395,112,639**
Assets from investment contracts	**22,633,819**	**3,869,433**	**5,712,007**	**3,509,345**	**6,932,617**	**5,326,452**	**6,278,123**	**54,261,797**
Total financial investments	**430,734,052**	**115,480,236**	**234,160,591**	**107,773,128**	**189,848,852**	**75,711,722**	**152,961,596**	**1,306,670,178**
Cash and cash equivalents	**6,575,612**	**-**	**-**	**-**	**-**	**-**	**-**	**6,575,612**
TOTAL FINANCIAL ASSETS	**437,309,664**	**115,480,236**	**234,160,591**	**107,773,128**	**189,848,852**	**75,711,722**	**152,961,596**	**1,313,245,790**
FINANCIAL LIABILITIES								
Subsidiaries loan	**-**	**2,023,629**	**3,950,700**	**3,947,400**	**35,913,000**	**-**	**-**	**45,834,729**
Liabilities from investment contracts	**-**	**1,279,135**	**1,394,531**	**1,984,359**	**7,863,598**	**8,711,396**	**19,706,547**	**40,939,566**
TOTAL FINANCIAL LIABILITIES	**-**	**3,302,765**	**5,345,231**	**5,931,759**	**43,776,598**	**8,711,396**	**19,706,547**	**86,774,295**

Overview of maturity of liabilities in 2024 Liquidity risk – Insurance and reinsurance contracts- current year (UNDISCOUNTED CASH FLOWS)

Undiscounted cash 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 31.12.2024
Insurance contracts							
Life insurance LRC	**(30,574,302)**	**(16,945,307)**	**(12,925,756)**	**(17,785,460)**	**(18,874,414)**	**(497,382,287)**	**(594,487,526)**
BBA	301,433	1,042,258	1,754,993	48,979	(861,435)	(56,199,860)	(53,913,632)
VFA	(30,875,735)	(17,987,565)	(14,680,749)	(17,834,439)	(18,012,979)	(441,182,427)	(540,573,894)
Non-life insurance LIC - PAA	**(103,814,267)**	**(30,175,593)**	**(17,218,120)**	**(12,020,610)**	**(8,849,191)**	**(64,776,112)**	**(236,853,893)**
Direct	(102,558,847)	(29,409,831)	(16,755,216)	(11,709,114)	(8,620,967)	(63,896,596)	(232,950,571)
Assumed	(1,255,420)	(765,762)	(462,904)	(311,496)	(228,224)	(879,516)	(3,903,322)
TOTAL INSURANCE CONTRACTS	**(134,388,569)**	**(47,120,900)**	**(30,143,876)**	**(29,806,070)**	**(27,723,605)**	**(562,158,399)**	**(831,341,419)**
Reinsurance contracts							
Life reinsurance - PAA							
Non-life reinsurance AIC - PAA	**22,506,108**	**8,166,772**	**4,158,572**	**3,392,314**	**2,541,138**	**15,920,197**	**56,685,101**
Reinsurance	21,732,052	7,690,115	3,881,338	3,205,522	2,407,353	15,463,169	54,379,549
Retroceded	774,056	476,657	277,234	186,792	133,785	457,028	2,305,552
TOTAL REINSURANCE CONTRACTS	**22,506,108**	**8,166,772**	**4,158,572**	**3,392,314**	**2,541,138**	**15,920,197**	**56,685,101**

Overview of maturity of liabilities in 2023 Liquidity risk – Insurance and reinsurance contracts- current year (UNDISCOUNTED CASH FLOWS)

Undiscounted cash 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
Insurance contracts							
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)
TOTAL INSURANCE CONTRACTS	**(126,154,578)**	**(56,413,390)**	**(34,664,679)**	**(24,394,070)**	**(26,563,292)**	**(552,866,099)**	**(821,056,108)**
Reinsurance contracts							
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	2,423,368	11,027,032	57,758,848
Retroceded	489,428	278,388	165,381	111,173	83,250	372,442	1,500,061
TOTAL REINSURANCE CONTRACTS	**31,155,734**	**6,238,397**	**5,151,279**	**2,807,408**	**2,506,618**	**11,399,473**	**59,258,909**

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 2024

(in EUR)	AAA	AA- do AA+	A- do A+	BBB- do BBB+	BB- do BB+	CCC- do B+	C do CC	D	No credit rating	Total 31.12.2024
Financial assets at fair value through profit or loss	**-**	**-**	**-**	**2,615,574**	**-**	**-**	**-**	**-**	**-**	**2,615,574**
Debt securities	-	-	-	2,615,574	-	-	-	-	-	2,615,574
Financial assets at fair value through other comprehensive income	**23,592,795**	**50,266,806**	**371,782,385**	**60,991,151**	**11,357,456**	**-**	**-**	**-**	**2,459,150**	**520,449,743**
Debt securities	23,592,795	50,266,806	371,782,385	60,991,151	11,357,456	-	-	-	2,459,150	520,449,743
Stage 1	23,592,795	50,266,806	371,782,385	60,991,151	11,357,456	-	-	-	2,459,150	520,449,743
Financial assets at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**41,718**	**41,718**
Stage 1	-	-	-	-	-	-	-	-	41,718	41,718
Assets from investment contracts	**2,148,646**	**838,227**	**14,861,089**	**1,920,834**	**453,117**	**-**	**-**	**-**	**2,661**	**20,224,574**
Debt securities	2,148,646	838,227	14,861,089	1,920,834	453,117	-	-	-	2,661	20,224,574
Financial assets where the investment risk is borne by policyholder	**-**	**42,046,583**	**-**	**247,554**	**-**	**-**	**-**	**-**	**-**	**42,294,137**
Debt securities	-	42,046,583	-	247,554	-	-	-	-	-	42,294,137
Total financial investments	**25,741,441**	**93,151,616**	**386,643,474**	**65,775,113**	**11,810,573**	**-**	**-**	**-**	**2,503,529**	**585,625,746**
Cash and cash equivalents	-	-	4,210	4,708,515	2,564,628	-	-	-	-	7,277,353
Stage 1	-	-	4,210	4,708,515	2,564,628	-	-	-	-	7,277,353
Total assets exposed to credit risk	**25,741,441**	**93,151,616**	**386,647,684**	**70,483,628**	**14,375,201**	**-**	**-**	**-**	**2,503,529**	**592,903,099**
Insurance contracts		-	-	-	-	-	-	-	20,753,730	20,753,730
Reinsurance contracts	-	4,517,190	9,473,463	40,509,347	-	-	-	-	94,836	54,594,836
Total reinsurance contracts	**-**	**4,517,190**	**9,473,463**	**40,509,347**	**-**	**-**	**-**	**-**	**20,848,566**	**75,348,566**

Investments in debt securities that remained non-rated in 2024 comprises debt securities of Slovenian and European issuers. The largest exposure from loans granted by an individual non-rated issuer is a loan in the amount of EUR 41,718.

Maximum exposure to credit risk by financial asset class as at 31 December 2023

(in EUR)	AAA	AA- do AA+	A- do A+	BBB- do BBB+	BB- do BB+	CCC- do B+	C do CC	D	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**	**90,064,942**	**25,363,942**	**937,645**	**-**	**-**	**16,494,648**	**466,004,318**
Debt securities	11,775,286	40,693,167	280,674,689	90,064,942	25,363,942	937,645	-	-	16,494,648	466,004,318
Stage 1	11,775,286	40,693,167	280,674,689	90,064,942	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
Total financial investments	**12,751,126**	**85,383,181**	**292,043,472**	**96,671,992**	**26,120,849**	**937,645**	**-**	**-**	**16,671,309**	**530,579,574**
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
Total assets exposed to credit risk	**12,751,126**	**85,383,181**	**292,363,093**	**99,343,915**	**28,339,984**	**937,645**	**-**	**-**	**18,036,241**	**537,155,187**
Insurance contracts		-	-	-	-	-	-	-	25,745,972	25,745,972
Reinsurance contracts	-	3,726,807	10,599,107	53,828,426	-	-	-	-	(13,780)	68,140,560
Total reinsurance contracts	**-**	**3,726,807**	**10,599,107**	**53,828,426**	**-**	**-**	**-**	**-**	**25,732,192**	**93,886,532**

Investments in debt securities that remained non-rated in 2023 comprises 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.

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 An analysis of the carrying amounts of financial investments is shown below.

Concentration of credit risk by area (Debt securities)

(in EUR)	2024	2023
Financial assets - Debt securities	**565,359,453**	**512,112,690**
Slovenia	295,706,407	257,629,285
EU	246,240,388	221,688,155
USA	16,586,490	15,694,408
Other	6,826,168	17,100,842
Assets from investment contracts - Debt securities	**20,221,912**	**18,290,224**
Slovenia	12,695,058	9,270,044
EU	7,337,057	9,020,179
USA	189,797	-

Concentration of credit risk by sector

(in EUR)	2024	2023
Financial assets - Debt securities	**565,359,453**	**512,112,690**
Government	416,062,920	351,896,496
Bank	94,253,801	104,012,128
Other financial organizations	15,236,460	8,991,797
Telecommunications	15,619,227	16,171,326
Other	24,187,045	31,040,943
Assets from investment contracts - Debt securities	**20,221,913**	**18,290,224**
Government	18,573,734	16,832,107
Bank	1,258,509	964,473
Other financial organizations	199,873	-
Other	189,797	493,644

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 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
Profit or loss	• Changes in the fair value of equity investments measured at FVTPL that are not • underlying items. • Changes in the amount of the insurance's share of the fair value of underlying items of • onerous direct participating contracts. • Changes in fulfilment cash flows of onerous direct participating contracts arising from • equity guarantees.
Equity	• Changes in the fair value of equity investments measured at FVOCI.

Sensitivity analysis

(in EUR)	Profit/loss	Equity
31 Dec 2024		
Financial assets		
Change in prices of equities +25%	110,520,435	7,566,234
Change in prices of equities -25%	(110,520,435)	(7,566,234)
Insurance contracts issued and reinsurance contracts held		
Total		
Total increase	110,520,435	7,566,234
Total decrease	(110,520,435)	(7,566,234)
31 Dec 2023		
Financial assets		
Change in prices of equities +25%	94,899,469	7,125,590
Change in prices of equities -25%	(94,899,469)	(7,125,590)
Insurance contracts issued and reinsurance contracts held		
Total		
Total increase	94,899,469	7,125,590
Total decrease	(94,899,469)	(7,125,590)

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.

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:

- 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; and
- 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.

Interest rate risk

(in EUR)	Fixed interest rate	Floating interest rate	Total 31.12.2024	Fixed interest rate	Floating interest rate	Total 31.12.2023
Financial assets						
Financial assets	519,022,604	4,084,430	523,107,034	459,905,521	8,391,336	468,296,857
Assets from investment contracts	20,221,913	2,661	20,224,574	18,290,224	7,921	18,298,145
Underlying items of participating contracts	42,294,137	-	42,294,137	43,984,573	-	43,984,573
Financial liabilities	-	(31,231,211)	(31,231,211)	-	(31,255,092)	(31,255,092)
Total financial assets	**581,538,654**	**(27,144,120)**	**554,394,534**	**522,180,318**	**(22,855,835)**	**499,324,483**

Interest rate sensitivity analysis

Changes in interest rates mainly affect the 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
Profit or loss	• Interest revenue and other finance costs on floating-rate financial instruments (assuming that interest rates had varied by 50 basis points during the year). • Changes in the fair value of derivatives and fixed-rate financial instruments measured at FVTPL. • Changes in the fair value of underlying items of direct participating contracts • recognised as insurance finance income or expenses. • Changes in the amount of the insurance share of the fair value of underlying items of onerous direct participating contracts. • Changes in fulfilment cash flows of onerous direct participating contracts arising from interest rate guarantees. • 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.
Equity	• Changes in the fair value of fixed-rate financial assets measured at FVOCI. • 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.

Sensitivity analysis

(in EUR)	Profit/loss	Equity
31 Dec 2024		
Financial assets		
Change of market interest rate + 50 bp	-	(11,078,754)
Change of market interest rate - 50 bp	-	11,078,754
Insurance contracts issued - PAA		
Change of interest rate + 50 bps	680,656	3,277,880
Change of interest rate - 50 bps	(711,422)	(3,597,350)
Reinsurance contracts issued - PAA		
Change of interest rate + 50 bps	(96,370)	(771,293)
Change of interest rate - 50 bps	98,868	843,287
Total		
Total increase	584,286	(8,572,167)
Total decrease	(612,554)	8,324,691
31 Dec 2023		
Financial assets		
Change of market interest rate + 50 bp	(78,468)	(10,284,028)
Change of market interest rate - 50 bp	78,468	10,284,028
Insurance contracts issued - BBA		
Change of interest rate + 50 bps	15,718,445	2,829,913
Change of interest rate - 50 bps	(15,718,445)	(3,079,276)
Insurance contracts issued - PAA		
Change of interest rate + 50 bps	774,596	3,144,096
Change of interest rate - 50 bps	(804,784)	(3,423,593)
Reinsurance contracts issued - PAA		
Change of interest rate + 50 bps	(169,764)	(631,342)
Change of interest rate - 50 bps	173,543	673,346
Total		
Total increase	16,244,808	(4,941,361)
Total decrease	(16,271,218)	4,454,504

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 corporate and government bonds. In 2024, the classic life insurance fund achieved a return of 3.10%, which is 52 basis points above the guaranteed one of 2.57%.

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 bonds. There were no premium inflows into the fund as it was closed for new payments in May 2016. In the past year, the fund achieved a positive return of 2.45%, while the guaranteed return was 1.58%.

The pension guarantee fund “AS - Zajamčeni od 60” (Guaranteed over 60) started operating in February 2016, when it started to build and to set up the portfolio. Following the diversification policy, investments are made primarily in corporate and government bonds, as well as in bond mutual funds and ETFs. In 2024, the fund achieved a return of 2.37%, while the guaranteed return was 1.58%.

Actual exposure to risk of guaranteed return

(in EUR)	2024	2023
LIFE INSURANCE		
Traditional life insurance		
Average return on investments for the period	3.10%	2.75%
Average guaranteed return	2.57%	2.65%
Difference in interest rates	**0.53%**	**0.10%**
PENSION INSURANCE SCHEME/PLAN		
Pension saving AS Zajamčeni od 60		
Average return on investments for the period	2.37%	4.11%
Regulatory (guaranteed) return	1.58%	0.60%
Difference in interest rates	**0.79%**	**3.51%**
Pension insurance PN-A01		
Average return on investments for the period	**2.45%**	**5.96%**
Regulatory (guaranteed) return	1.58%	0.60%
Difference in interest rates	**0.87%**	**5.36%**

Currency risk

Exposure to currency risk is not significant. The Insurance Company generally invests in assets denominated in currencies in which liabilities are also denominated, thereby mitigating any currency risk arising from the nature of its business and managing it by monitoring the profit sensitivity to that risk. As at 31 December 2024, foreign currency assets were in the amount of EUR 19,150,038. (2023: EUR: 16,413,621.). The Insurance Company recorded no foreign currency liabilities in 2024 (2023: also no foreign currency liabilities), so the currency risk was assessed by the management as insignificant.

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.

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. In accordance with the new Digital Operational Resilience Act (DORA), the Company is further strengthening its approaches to ICT risk management. 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 2 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 2024, 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)	31.12.2024	31.12.2023
Material in rights and licences	48,889	62,222
Software	6,948,554	7,379,261
Total	**6,997,443**	**7,441,483**

Movements in intangible assets

(in EUR)	Material in rights and licences	Software	ND assets in the process of acquisition	Total
AT COST				
Balance as at 1 Jan 2023	66,666	37,890,699	-	37,957,365
Direct increases - investments	66,667	2,527,467	-	2,594,134
Balance as at 31 Dec 2023	133,333	40,418,166	-	40,551,499
	-	-	-	-
New balance as at 1 Jan 2024	133,333	40,418,166	-	40,551,499
Direct increases - investments	-	2,606,011	-	2,606,011
Balance as at 31 Dec 2024	133,333	43,024,177	-	43,157,510
VALUE ADJUSTMENT				
Balance as at 1 Jan 2023	57,778	30,084,333	-	30,142,111
Depreciation during the year	13,333	2,954,571	-	2,967,904
Balance as at 31 Dec 2023	71,111	33,038,904	-	33,110,016
	-	-	-	-
New balance as at 1 Jan 2024	71,111	33,038,904	-	33,110,016
Depreciation during the year	13,333	3,036,719	-	3,050,052
Other changes	(1)	-	-	(1)
Balance as at 31 Dec 2024	84,444	36,075,623	-	36,160,067
BOOK VALUE				
Balance as at 31 Dec 2023	62,222	7,379,262	-	7,441,483
Balance as at 31 Dec 2024	48,889	6,948,554	-	6,997,443

Insurance 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.

The Insurance Company uses the straight-line method of depreciation and did not change depreciation rates in 2024. 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)	31.12.2024	31.12.2023
Land and building	20,642,726	20,862,469
Office and other equipment	4,703,684	4,999,367
Property, plant and equipment in process of acquisition	437,234	365,841
Investment in foreign tangible fixed assets	60,557	112,479
Total	**25,844,201**	**26,340,156**

Movements in property, plant and equipment

(in EUR)	Land and building	Office and other equipment	Property, plant and equipment in process of acquisition	Investment in foreign tangible fixed assets	Total
AT COST					
Balance as at 1 Jan 2023	27,371,471	20,509,117	362,334	1,042,388	49,285,309
Direct increases - investments	-	1,428,249	3,507	2,212	1,433,968
Decreases during the year	-	(875,775)	-	-	(875,775)
Balance as at 31 Dec 2023	27,371,471	21,061,591	365,841	1,044,600	49,843,502
New balance as at 1 Jan 2024	27,371,471	21,061,591	365,841	1,044,600	49,843,502
Direct increases - investments	-	958,527	387,964	842	1,347,333
Activated assets in the process of acquisition	228,652	-	(228,652)	-	-
Decreases during the year	(36,110)	(740,686)	-	(439,949)	(1,216,745)
Revaluation owing to impairment of assets	(380,084)	-	-	-	(380,084)
Transfers between intangible assets, investment property, and property, plant and equipment	521,880	-	(84,413)	-	437,467
Other changes	-	-	(3,507)	-	(3,507)
Balance as at 31 Dec 2024	27,705,808	21,279,432	437,233	605,492	50,027,965
VALUE ADJUSTMENT					
Balance as at 1 Jan 2023	6,222,703	15,776,332	-	896,150	22,895,185
Depreciation during the year	286,299	1,113,231	-	35,970	1,435,499
Decreases during the year	-	(827,339)	-	-	(827,339)
Balance as at 31 Dec 2023	6,509,002	16,062,224	-	932,119	23,503,345
New balance as at 1 Jan 2024	6,509,002	16,062,224	-	932,119	23,503,345
Depreciation during the year	288,247	1,199,588	-	29,683	1,517,519
Decreases during the year	(8,076)	(686,064)	-	(416,868)	(1,111,008)
Transfers between intangible assets, investment property, and property, plant and equipment	273,908	-	-	-	273,908
Balance as at 31 Dec 2024	7,063,082	16,575,748	-	544,935	24,183,765
BOOK VALUE					
Balance as at 31 Dec 2023	20,862,469	4,999,367	365,841	112,480	26,340,157
Balance as at 31 Dec 2024	20,642,726	4,703,684	437,233	60,557	25,844,200

Insurance 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.

The Company applies the straight-line depreciation method, and it did not change the depreciation rates in 2024. Depreciation of property, plant and equipment is posted in the income statement among operating costs.

In 2024, 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 December 2024.

Based on the assessment and valuations performed, it turned out that it is necessary to perform an impairment of one of property used for business activity at the end of 2024.

7.3 ASSETS ARISING FROM A LEASE

Assets arising from a lease are disclosed as a separate item in section 5.4. Lease liabilities are shown as a separate item under other financial liabilities.

In 2024, the discount rate of 1.8% was used to calculate lease liabilities for cars, from 4.5% to 5.5% for parking spaces and a discount rate ranging from 4.5% to 5.25% for commercial premises.

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)	31.12.2024	31.12.2023
At cost value (Assets arising from a lease)	7,284,007	6,674,425
Value adjustment (Assets arising from a lease)	(2,618,706)	(3,027,664)
Book value (Assets arising from a lease)	**4,665,301**	**3,646,761**

Movements in assets arising from lease

(in EUR)	Assets arising from a lease 2024	Assets arising from a lease 2023
AT COST		
Balance as at 1 Jan	**6,674,425**	**6,341,737**
Direct increases - investments	3,805,697	4,175,020
Decreases during the year	(3,196,115)	(3,842,332)
Balance as at 31 Dec	**7,284,007**	**6,674,425**
VALUE ADJUSTMENT		
Balance as at 1 Jan	**3,027,664**	**4,133,420**
Depreciation during the year	2,135,993	2,217,758
Decreases during the year	(2,544,951)	(3,323,513)
Balance as at 31 Dec	**2,618,706**	**3,027,664**
BOOK VALUE	**4,665,301**	**3,646,761**

Leases in the statement of financial position

(in EUR)	31.12.2024	31.12.2023
ASSETS		
Right to use vehicles	1,502,238	1,014,446
Rights to use business premises and car parks	3,163,063	2,632,315
Total right to use lease assets	**4,665,301**	**3,646,761**
LIABILITIES		
Short-term lease liabilities with a term of less than 1 year	265,870	339,751
Long-term lease liabilities with a term between 1 and 5 years	2,664,181	3,352,466
Long-term lease liabilities with a term of more than 5 years	2,874,985	-
Total lease liabilities	**5,805,036**	**3,692,216**

7.4 INVESTMENT PROPERTIES

Investment properties

(in EUR)	31.12.2024	31.12.2023
At cost value Investment property	13,429,940	14,839,954
Value adjustment Investment property	(4,959,568)	(5,091,058)
Book value Investment property	**8,470,372**	**9,748,897**

Movements in investment properties

(in EUR)	31.12.2024	31.12.2023
AT COST VALUE		
Balance as at 1 Jan	**14,839,954**	**14,816,430**
Direct increases - investments	87,457	23,524
Decreases during the year	(975,590)	-
Transfer from/to property, plant and equipment	(521,879)	-
As at 31 Dec	**13,429,942**	**14,839,954**
VALUE ADJUSTMENT		
Balance as at 1 Jan	5,091,058	4,930,522
Depreciation in the financial year	157,886	160,536
Decreases during the year	(255,418)	-
Impairment of cost	239,951	-
Transfer from/to property, plant and equipment	(273,909)	-
As at 31 Dec	**4,959,568**	**5,091,058**
BOOK VALUE		
As at 31 Dec	**8,470,374**	**9,748,897**

In 2024, the Management assessed whether there was basis for impairment of investment property as described in Section 5.5. The last appraisal of the fair amount of investment property, was carried out by an external certified appraiser in December 2024, applying the market approach (the direct sales comparison method) and the income approach (the direct yield capitalisation method).

Based on the assessment and valuations performed, it turned out that it is necessary to perform an impairment of investment property at the end of 2024.

The fair value of investment property as at 31 December 2024 was EUR 10,578,000 and was higher than the carrying amount of EUR 8,470,374.

The straight-line depreciation is used for the depreciation of investment property; in 2024 no changes were made to depreciation rates. Depreciation of investment property is recognised in the income statement under other finance income and expenses.

The Insurance has no investment properties pledged as security, no legal restrictions were put on them nor were they pledged as collateral for debt.

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 2024, the control of all subsidiaries was based on a majority or 100% share of voting rights.

Interests in subsidiaries and associates

	Total share (%) 31.12.2024	Total share (%) 31.12.2023	Δ %	Comments
Subsidiaries				
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	100.00	100.00	-	
LEV Registracija d.o.o.	-	100.00	(100.00) -	Sale of the share
Associated companies				
NAMA trgovsko podjetje d.d., Slovenia	-	48.51	(48.51)	Sale of the share
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

(in EUR)	Carrying amount of the equity interest	
	2024	2023
Subsidiaries		
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	289,162	309,162
LEV Registracija d.o.o.	-	164,783
Skupaj odvisne družbe	**289,162**	**473,945**
Associates		
NAMA trgovsko podjetje d.d., Slovenija	-	11,705,901
MEDIFIT d.o.o., Slovenija	32,148	32,148
Total associates	**32,148**	**11,738,049**

The balance of investments in subsidiaries decreased in 2024 compared to 2023 by EUR 184,783. The decrease relates to sale of the share of the subsidiary LEV Registracija d. o. o. in the amount of EUR 164,783.

Decrease of the investments in associated companies relates to the sale of the share of the associated company NAMA d. d. in the amount of EUR 11,705,901.

Changes in subsidiaries and associates

Movement in investments in subsidiaries and associates

(in EUR)	2024	2023
Subsidiaries		
As at 1 January	**473,945**	**29,599,952**
Capital increase	380,000	200,000
Decreases during the year	(86,400)	(29,326,008)
Impairments	(478,383)	-
As at 31 December	**289,162**	**473,945**
Associates		
As at 1 January	11,738,050	11,738,050
Acquisition	54,978	-
Sales and disposals	(11,705,901)	-
Impairments	(54,978)	-
As at 31 December	**32,149**	**11,738,050**

LEV Registracija d.o.o.

At the end of September 2024, GENERALI zavarovalnica d.d. initiated the procedures for withdrawing its ownership in the subsidiary LEV Registracija d.o.o. As a result of the planned measures, three business units of the company in Ptuj, Murska Sobota and Kranj were closed in the last months of last year. The sale of the subsidiary LEV Registracija d.o.o. to an external business partner was completed by the end of 2024.

Ambulanta ZDRAVJE zdravstvene storitve d.o.o.

On 23 July 2024, the sole member GENERALI zavarovalnica d.d. increased the capital of the subsidiary Ambulanta ZDRAVJE d.o.o. by EUR 300,000.

At the end of 2024, based on the appraisal of the operations of the company Ambulanta ZDRAVJE d.o.o. in 2024, GENERALI zavarovalnica d.d. assessed that it was necessary to recognise impairment of EUR 320,000.

NAMA d.d.

On 19 April 2024, GENERALI zavarovalnica d.d. withdrew its ownership in the investment in the company NAMA d.d. As of the date of disposal of the interest, NAMA d.d. is no longer an associated company of the Insurance Company.

MEDIFIT d.o.o., Slovenija

At the end of 2024, based on the appraisal of the operations of the company MEDIFIT d.o.o. as at 31 December 2024, the Insurance Company assessed that it was necessary to recognise impairment of EUR 54,978.

Company name		Assets		Capital		Revenues		Profit or loss for the year
(in EUR)	2024	2023	2024	2023	2024	2023	2024	2023
Subsidiaries								
Ambulanta ZDRAVJE zdravstvene storitve d. o. o.	461,301	306,430	382,103	263,328	701,473	597,901	(181,225)	(48,649)
LEV Registracija d. o. o.	-	97,413	-	75,871	196,144	224,895	(31,666)	(36,692)
Associates								
MEDIFIT d. o. o., Slovenija	418,352	196,560	225,349	(16,708)	1,447,291	1,178,619	19,965	(190,020)

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.

7.6 FINANCIAL INVESTMENTS

Financial investment assets

(in EUR)	31.12.2024	31.12.2023
Financial assets measured at fair value through profit or loss (FVTPL)	**486,991,452**	**425,706,245**
Equity securities	5,833,267	5,033,881
Non-listed securities	5,833,267	5,033,881
Debt securities	44,909,710	46,108,371
Other bonds	44,909,710	46,108,371
Listed securities	44,662,156	45,787,785
Non-listed securities	247,554	320,586
Investment funds	436,248,475	374,563,993
Listed securities	412,000,766	347,817,776
Non-listed securities	24,247,709	26,746,217
FI measured at fair value through other comprehensive income (FVTOCI)	**550,714,679**	**494,506,677**
Equity securities	15,034,686	15,266,756
Listed securities	31	31
Non-listed securities	15,034,655	15,266,726
Debt securities	520,449,742	466,004,318
Government bonds	416,062,920	351,896,496
Listed securities	416,062,920	351,896,496
Other bonds	104,386,822	114,107,822
Listed securities	93,581,377	89,712,266
Non-listed securities	10,805,445	24,395,556
Investment funds	15,230,251	13,235,603
Listed securities	15,230,251	13,235,603
At amortised costs (AC)	**41,718**	**168,740**
Loans and deposits	**41,718**	**168,740**
Loans	37,310	113,944
Deposits	4,408	54,797
Total	**1,037,747,849**	**920,381,663**

At the end of 2024, the value of financial investments assets increased by EUR 117,366,186 compared to the previous year. This was mainly influenced by favourable developments in the capital markets (debt and equity).

Financial assets where the investment risk is borne by policyholder

(in EUR)	31.12.2024	31.12.2023
Financial assets measured at fair value through profit or loss (FVTPL)	**452,495,792**	**390,056,114**
Debt securities	42,294,137	43,984,573
Other bonds	42,294,137	43,984,573
Listed securities	42,046,583	43,663,987
Non-listed securities	247,554	320,586
Investment funds	410,201,655	346,071,542
Listed securities	409,697,779	345,567,666
Non-listed securities	503,876	503,876
Total	**452,495,792**	**390,056,114**

Financial assets and ECL allocation

(in EUR)	Stage 1	Stage 2	Stage 3	Total 31.12.2024	Total 31.12.2023
INVESTMENTS					
Financial assets at fair value through other comprehensive income (FVOCI)	**520,449,742**	**-**	**-**	**520,449,742**	**466,004,318**
Corporate bonds	104,386,822	-	-	104,386,822	114,107,822
Government bonds	416,062,920	-	-	416,062,920	351,896,496
Financial assets at amortised cost (AC)	**41,718**	**-**	**-**	**41,718**	**168,740**
Deposits and loans	41,718	-	-	41,718	168,740
Total investments	**520,491,460**	**-**	**-**	**520,491,460**	**466,173,059**
ECL					
Financial assets at fair value through other comprehensive income (FVOCI)	**(230,889)**	**-**	**-**	**(230,889)**	**(284,490)**
Corporate bonds	(118,525)	-	-	(118,525)	(195,062)
Government bonds	(112,364)	-	-	(112,364)	(89,427)
Financial assets at amortised cost (AC)	**(7)**	**-**	**-**	**(7)**	**(168)**
Deposits and loans	(7)	-	-	(7)	(168)
Total ECL	**(230,896)**	**-**	**-**	**(230,896)**	**(284,657)**

Total ECL in 2024 decreased by EUR 53,762 compared to the previous year, mainly due to favourable condition on capitalmarkets.

Movement in financial investments

(in EUR)	At fair value through profit or loss (FVTPL)	At fair value through other com-prehensive income (FVOCI)	At amortised costs (AC)	Total
Balance 1. 1. 2023	**401,268,292**	**470,675,003**	**672,083**	**872,615,377**
Additions	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 interests	(45)	206,132	(6,935)	199,151
Expected Credit Loss (ECL)	-	-	635	635
Disposals	(56,305,316)	(65,787,325)	(497,041)	(122,589,683)
Balance 31.12.2023	**425,706,245**	**494,506,677**	**168,740**	**920,381,663**
Balance 1.1.2024	**425,706,245**	**494,506,677**	**168,740**	**920,381,662**
Additions	50,066,548	205,184,471	-	255,251,019
Changes in fair value (+/-) through P&L	73,245,306	-	-	73,245,306
Changes in fair value (+/-) through other comprehensive income	-	11,112,691	-	11,112,691
Exchange rate differences	32,044	-	-	32,044
Change due to interest	45	2,091,133	(1,696)	2,089,482
Expected Credit Loss (ECL)	-	-	52	52
Disposals	(62,058,736)	(162,180,293)	(125,379)	(224,364,408)
Balance 31.12.2024	**486,991,452**	**550,714,679**	**41,717**	**1,037,747,848**

7.7 INSURANCE AND REINSURANCE CONTRACTS

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.

Insurance and reinsurance contracts

(in EUR)	2024	2023
Insurance contract assets	**25,893,069**	**27,711,071**
Non-life insurancePAA	91,152	6,285
Life insuranceBBA	25,801,917	27,704,786
Insurance contract liabilities	**873,911,983**	**821,738,474**
Non-life insurancePAA	291,606,731	294,381,570
Life insuranceBBA	117,861,214	120,832,717
Life insuranceVFA	464,444,038	406,524,186
Reinsurance contract assets	**57,236,972**	**69,583,759**
Non-life insurancePAA	57,236,972	69,583,759
Reinsurance contract liabilities	**1,171,659**	**409,738**
Non-life insurancePAA	124,910	117,822
Life insurancePAA	1,046,749	291,915

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.

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 31.12.2024

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 31.12.2024
Opening balance insurance contracts issued that are liabilities	59,291,148	2,254,374	61,545,522	225,940,633	6,895,416	232,836,049	294,381,571
Opening balance insurance contracts issued that are assets	12,690	-	12,690	(6,266)	(139)	(6,405)	6,285
Net opening balance as per 1.1.	**59,278,458**	**2,254,374**	**61,532,832**	**225,946,899**	**6,895,555**	**232,842,454**	**294,375,286**
Insurance contract revenue	**(321,571,498)**	**-**	**(321,571,498)**	**-**	**-**	**-**	**(321,571,498)**
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	273,053,995	-	273,053,995	273,053,995
Changes related to past services (e.g. adj in cf related to the liability for incurred claims)	-	-	-	(13,922,969)	(471,535)	(14,394,504)	(14,394,504)
Losses and reversals of losses on onerous contracts	-	2,078,220	2,078,220	-	-	-	2,078,220
Amortisation of insurance acquisition cash flows	34,105,085	-	34,105,085	-	-	-	34,105,085
Insurance service expenses	**34,105,085**	**2,078,220**	**36,183,305**	**259,131,026**	**(471,535)**	**258,659,491**	**294,842,796**
Insurance service result	**(287,466,413)**	**2,078,220**	**(285,388,193)**	**259,131,026**	**(471,535)**	**258,659,491**	**(26,728,702)**
Net finance expenses from insurance contracts	131,570	-	131,570	6,618,670	245,277	6,863,948	6,995,517
Total changes in the statement of profit or loss and other comprehensive income	**(287,334,843)**	**2,078,220**	**(285,256,623)**	**265,749,696**	**(226,258)**	**265,523,439**	**(19,733,185)**
Premiums received	332,721,701	-	332,721,701	-	-	-	332,721,701
Claims and other insurance service expenses paid, including investment components	-	-	-	(280,212,477)	-	(280,212,477)	(280,212,477)
Insurance acquisition cash flows	(35,635,746)	-	(35,635,746)	-	-	-	(35,635,746)
Total cash flows	**297,085,955**	**-**	**297,085,955**	**(280,212,477)**	**-**	**(280,212,477)**	**16,873,478**
NET CLOSING BALANCE AS PER 31.12.	**69,029,570**	**4,332,594**	**73,362,164**	**211,484,118**	**6,669,297**	**218,153,415**	**291,515,579**
Closing balance insurance contracts issued that are liabilities	69,146,390	4,332,594	73,478,984	211,458,500	6,669,247	218,127,747	291,606,731
Closing balanceinsurance contracts issued that are assets	116,820	-	116,820	(25,618)	(50)	(25,668)	91,152
Net closing balance as per 31.12.	**69,029,570**	**4,332,594**	**73,362,164**	**211,484,118**	**6,669,297**	**218,153,415**	**291,515,579**

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
Net opening balance as per 1.1.	**51,397,746**	**1,909,158**	**53,306,904**	**196,630,903**	**6,003,331**	**202,634,234**	**255,941,139**
Insurance contract revenue	**(418,239,976)**	**-**	**(418,239,976)**	**-**	**-**	**-**	**(418,239,976)**
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	30,866,538	-	30,866,538	-	-	-	30,866,538
Insurance service expenses	**30,866,538**	**345,216**	**31,211,754**	**423,600,842**	**690,152**	**424,290,994**	**455,502,748**
Insurance service result	**(387,373,438)**	**345,216**	**(387,028,222)**	**423,600,842**	**690,152**	**424,290,994**	**37,262,772**
Net finance expenses from insurance contracts	1,204,871	-	1,204,871	6,875,560	202,072	7,077,632	8,282,502
Total changes in the statement of profit or loss and other comprehensive income	**(386,168,567)**	**345,216**	**(385,823,351)**	**430,476,401**	**892,224**	**431,368,625**	**45,545,274**
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)
Total cash flows	**394,049,278**	**-**	**394,049,278**	**(401,160,406)**	**-**	**(401,160,406)**	**(7,111,127)**
NET CLOSING BALANCE AS PER 31.12.	**59,278,457**	**2,254,374**	**61,532,831**	**225,946,899**	**6,895,555**	**232,842,454**	**294,375,285**
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 balanceinsurance contracts issued that are assets	12,690	-	12,690	(6,266)	(139)	(6,405)	6,285
Net closing balance as per 31.12.	**59,278,457**	**2,254,374**	**61,532,831**	**225,946,899**	**6,895,555**	**232,842,454**	**294,375,285**

Analysis by remaining coverage and incurred claims for non-life reinsurance contracts

Reinsurance contracts - non-life insurance PAA 31.12.2024

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	Total 31.12.2024
Opening balance reinsurance contracts held that are liabilities	(215,141)	-	(215,141)	97,318	-	97,318	(117,823)
Opening balance reinsurance contracts held that are assets	(5,848,291)	430,012	(5,418,279)	72,851,246	2,150,792	75,002,038	69,583,759
Net opening balance as per 1.1.	**6,063,432**	**(430,012)**	**5,633,420**	**(72,948,564)**	**(2,150,792)**	**(75,099,356)**	**(69,465,936)**
Insurance contract revenue ceded to reinsurers	**31,339,112**	**-**	**31,339,112**	**-**	**-**	**-**	**31,339,112**
Insurance claims and insurance operating expenses recovered from reinsurers	-	-	-	(32,855,028)	-	(32,855,028)	(32,855,028)
Changes in amounts recoverable arising from changes in assets for incurred claims	-	-	-	4,994,239	163,697	5,157,936	5,157,936
Changes in fulfilment cash flows which relates to onerous underlying contracts	-	(536,981)	(536,981)	-	-	-	(536,981)
Total amounts recoverable from reinsurers	**-**	**(536,981)**	**(536,981)**	**(27,860,789)**	**163,697**	**(27,697,092)**	**(28,234,073)**
Net Income/Expense from reinsurance contract held	**31,339,112**	**(536,981)**	**30,802,131**	**(27,860,789)**	**163,697**	**(27,697,092)**	**3,105,039**
Net finance income from reinsurance contracts	-	-	-	(933,660)	(76,504)	(1,010,164)	(1,010,164)
Total changes in the statement of profit or loss and other comprehensive income	**31,339,112**	**(536,981)**	**30,802,131**	**(28,794,449)**	**87,193**	**(28,707,256)**	**2,094,875**
Premiums paid	(29,484,949)	-	(29,484,949)	-	-	-	(29,484,949)
Reinsurance service expenses recovered for insurance contracts issued	-	-	-	39,743,948	-	39,743,948	39,743,948
Total cash flows	**(29,484,949)**	**-**	**(29,484,949)**	**39,743,948**	**-**	**39,743,948**	**10,258,999**
NET CLOSING BALANCE AS PER 31.12.	**7,917,595**	**(966,993)**	**6,950,602**	**(61,999,065)**	**(2,063,599)**	**(64,062,664)**	**(57,112,062)**
Closing balance reinsurance contracts held that are liabilities	(308,273)	-	(308,273)	181,549	1,814	183,363	(124,910)
Closing balance reinsurance contracts held that are assets	(7,609,322)	966,993	(6,642,329)	61,817,516	2,061,785	63,879,301	57,236,972
Net closing balance as per 31.12.	**7,917,595**	**(966,993)**	**6,950,602**	**(61,999,065)**	**(2,063,599)**	**(64,062,664)**	**(57,112,062)**

Reinsurance contracts - non-life insurance Total 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	Total 31.12.2023
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
Net opening balance as per 1.1.	**6,432,927**	**(78,617)**	**6,354,311**	**(33,830,388)**	**(1,162,504)**	**(34,992,892)**	**(28,638,581)**
Insurance contract revenue ceded to reinsurers	**27,420,400**	**-**	**27,420,400**	**-**	**-**	**-**	**27,420,400**
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)**
Net Income/Expense from reinsurance contract held	**26,071,623**	**(351,395)**	**25,720,227**	**(54,899,047)**	**(949,158)**	**(55,848,205)**	**(30,127,978)**
Net finance income from reinsurance contracts	-	-	-	(769,540)	(39,130)	(808,670)	(808,670)
Total changes in the statement of profit or loss and other comprehensive income	**26,071,623**	**(351,395)**	**25,720,227**	**(55,668,587)**	**(988,288)**	**(56,656,875)**	**(30,936,647)**
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
Total cash flows	**(26,441,119)**	**-**	**(26,441,119)**	**16,550,411**	**-**	**16,550,411**	**(9,890,708)**
NET CLOSING BALANCE AS PER 31.12.	**6,063,431**	**(430,012)**	**5,633,419**	**(72,948,564)**	**(2,150,792)**	**(75,099,356)**	**(69,465,936)**
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
Net closing balance as per 31.12.	**6,063,431**	**(430,012)**	**5,633,419**	**(72,948,564)**	**(2,150,792)**	**(75,099,356)**	**(69,465,936)**

Analysis by remaining coverage and incurred claims for life insurance contracts not measured under the PAA

Insurance contracts - life insurance BBA 31.12.2024

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 - LIC	Total 31.12.2024
Opening balance insurance contracts issued that are liabilities	118,279,691	-	118,279,691	2,553,026	120,832,717
Opening balance insurance contracts issued that are assets	35,287,574	-	35,287,574	(7,582,788)	27,704,786
Net opening balance as per 1.1.	**82,992,117**	**-**	**82,992,117**	**10,135,814**	**93,127,931**
Contracts under the modified retrospective approach	(2,697,227)	-	(2,697,227)	-	(2,697,227)
Contracts under the fair value approach	(13,305,913)	-	(13,305,913)	-	(13,305,913)
Other contracts	(12,300,560)	-	(12,300,560)	-	(12,300,560)
Insurance contract revenue	**(28,303,700)**	**-**	**(28,303,700)**	**-**	**(28,303,700)**
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-	-	18,067,098	18,067,098
Changes related to past services (e.g. adj in cf related to the liability for incurred claims)	-	-	-	565,621	565,621
Losses and reversals of losses on onerous contracts	-	68,471	68,471	-	68,471
Amortisation of insurance acquisition cash flows	2,372,356	-	2,372,356	-	2,372,356
Insurance service expenses	**2,372,356**	**68,471**	**2,440,827**	**18,632,719**	**21,073,546**
Insurance service result	**(25,931,344)**	**68,471**	**(25,862,873)**	**18,632,719**	**(7,230,154)**
Net finance expenses from insurance contracts	1,921,517	1,864	1,923,381	-	1,923,381
Total changes in the statement of profit or loss and other comprehensive income	**(24,009,827)**	**70,336**	**(23,939,492)**	**18,632,719**	**(5,306,773)**
Investment components excluded from insurance revenue and insurance service expenses	**(12,359,541)**	**-**	**(12,359,541)**	**12,359,541**	**-**
Premiums received	40,775,954	-	40,775,954	-	40,775,954
Claims and other insurance service expenses paid, including investment components	-	-	-	(30,104,217)	(30,104,217)
Insurance acquisition cash flows	(6,433,598)	-	(6,433,598)	-	(6,433,598)
Total cash flows	**34,342,355**	**-**	**34,342,355**	**(30,104,217)**	**4,238,138**
NET CLOSING BALANCE AS PER 31.12.	**80,965,104**	**70,336**	**81,035,440**	**11,023,857**	**92,059,297**
Closing balance insurance contracts issued that are liabilities	115,615,592	-	115,615,592	2,245,622	117,861,214
Closing balanceinsurance contracts issued that are assets	34,650,487	(70,336)	34,580,152	(8,778,235)	25,801,917
Net closing balance as per 31.12.	**80,965,105**	**70,336**	**81,035,440**	**11,023,857**	**92,059,297**

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 - LIC	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
Net opening balance as per 1.1.	**83,144,343**	**65,493**	**83,209,836**	**9,277,133**	**92,486,969**
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)
Insurance contract revenue	**(26,218,646)**	**-**	**(26,218,646)**	**-**	**(26,218,646)**
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 cf 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
Insurance service expenses	**1,552,005**	**(65,404)**	**1,486,601**	**19,710,767**	**21,197,368**
Insurance service result	**(24,666,641)**	**(65,404)**	**(24,732,045)**	**19,710,767**	**(5,021,278)**
Net finance expenses from insurance contracts	3,328,807	(88)	3,328,718	-	3,328,718
Total changes in the statement of profit or loss and other comprehensive income	**(21,337,834)**	**(65,493)**	**(21,403,327)**	**19,710,767**	**(1,692,560)**
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)
Total cash flows	**34,117,675**	**-**	**34,117,675**	**(31,784,153)**	**2,333,523**
NET CLOSING BALANCE AS PER 31.12.	**82,992,117**	**-**	**82,992,117**	**10,135,814**	**93,127,931**
Closing balance insurance contracts issued that are liabilities	118,279,691	-	118,279,691	2,553,026	120,832,717
Closing balanceinsurance contracts issued that are assets	35,287,574	-	35,287,574	(7,582,788)	27,704,786
Net closing balance as per 31.12.	**82,992,117**	**-**	**82,992,117**	**10,135,814**	**93,127,931**

Insurance contracts - life insurance VFA 31.12.2024

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 - LIC	Total 31.12.2024
Opening balance insurance contracts issued that are liabilities	397,325,214	1,085,948	398,411,162	8,113,024	406,524,186
Net opening balance as per 1.1.	**397,325,214**	**1,085,948**	**398,411,162**	**8,113,024**	**406,524,186**
Contracts under the fair value approach	(13,965,652)	-	(13,965,652)	-	(13,965,652)
Other contracts	(2,463,106)	-	(2,463,106)	-	(2,463,106)
Insurance contract revenue	**(16,428,758)**	**-**	**(16,428,758)**	**-**	**(16,428,758)**
Incurred claims (excluding investment components) and other incurred insurance service expenses				10,245,914	10,245,914
Changes related to past services (e.g. adj in cf related to the liability for incurred claims)	-	-	-	(107,338)	(107,338)
Losses and reversals of losses on onerous contracts	-	(1,085,948)	(1,085,948)	-	(1,085,948)
Amortisation of insurance acquisition cash flows	757,216	-	757,216	-	757,216
Insurance service expenses	**757,216**	**(1,085,948)**	**(328,732)**	**10,138,576**	**9,809,844**
Insurance service result	**(15,671,542)**	**(1,085,948)**	**(16,757,490)**	**10,138,576**	**(6,618,914)**
Net finance expenses from insurance contracts	69,704,218	-	69,704,218	-	69,704,218
Total changes in the statement of profit or loss and other comprehensive income	**54,032,676**	**(1,085,948)**	**52,946,728**	**10,138,576**	**63,085,304**
Investment components excluded from insurance revenue and insurance service expenses	**(44,365,020)**	**-**	**(44,365,020)**	**44,365,020**	**-**
Premiums received	57,661,569	-	57,661,569	-	57,661,569
Claims and other insurance service expenses paid, including investment components	-	-	-	(57,226,404)	(57,226,404)
Insurance acquisition cash flows	(5,600,617)	-	(5,600,617)	-	(5,600,617)
Total cash flows	**52,060,952**	**-**	**52,060,952**	**(57,226,404)**	**(5,165,452)**
NET CLOSING BALANCE AS PER 31.12.	**459,053,822**	**-**	**459,053,822**	**5,390,216**	**464,444,038**
Closing balance insurance contracts issued that are liabilities	459,053,822	-	459,053,822	5,390,216	464,444,038
Net closing balance as per 31.12.	**459,053,822**	**-**	**459,053,822**	**5,390,216**	**464,444,038**

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 - LIC	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
Net opening balance as per 1.1.	**371,808,850**	**1,106,254**	**372,915,104**	**4,452,580**	**377,367,683**
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)
Insurance contract revenue	**(13,371,383)**	**-**	**(13,371,383)**	**-**	**(13,371,383)**
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 cf 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
Insurance service expenses	**392,808**	**(20,306)**	**372,502**	**9,993,017**	**10,365,519**
Insurance service result	**(12,978,575)**	**(20,306)**	**(12,998,882)**	**9,993,017**	**(3,005,864)**
Net finance expenses from insurance contracts	37,189,805	-	37,189,805		37,189,805
Total changes in the statement of profit or loss and other comprehensive income	**24,211,229**	**(20,306)**	**24,190,923**	**9,993,017**	**34,183,941**
Investment components excluded from insurance revenue and insurance service expenses	**(51,846,042)**	**-**	**(51,846,042)**	**51,846,042**	**-**
Premiums received	57,776,443	-	57,776,443	-	57,776,443
Claims and other insurance service expenses paid, including investment components	-	-	-	(58,178,615)	(58,178,615)
Insurance acquisition cash flows	(4,625,266)	-	(4,625,266)	-	(4,625,266)
Total cash flows	**53,151,177**	**-**	**53,151,177**	**(58,178,615)**	**(5,027,438)**
NET CLOSING BALANCE AS PER 31.12.	**397,325,214**	**1,085,948**	**398,411,162**	**8,113,024**	**406,524,186**
Closing balance insurance contracts issued that are liabilities	397,325,214	1,085,948	398,411,162	8,113,024	406,524,186
Net closing balance as per 31.12.	**397,325,214**	**1,085,948**	**398,411,162**	**8,113,024**	**406,524,186**

Analysis by remaining coverage and incurred claims for life reinsurance contracts.

Reinsurance contracts - life insurance PAA 31.12.2024

Reinsurance contracts - 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	Total 31.12.2024
Opening balance reinsurance contracts held that are liabilities	1,330,365	-	1,330,365	(1,038,450)	-	(1,038,450)	291,915
Net opening balance as per 1.1.	**1,330,365**	**-**	**1,330,365**	**(1,038,450)**	**-**	**(1,038,450)**	**291,915**
Insurance contract revenue ceded to reinsurers	**4,087,029**	**-**	**4,087,029**	**-**	**-**	**-**	**4,087,029**
Insurance claims and insurance operating expenses recovered from reinsurers	-	-	-	(1,676,683)	-	(1,676,683)	(1,676,683)
Changes in amounts recoverable arising from changes in assets for incurred claims	-	-	-	295,535	-	295,535	295,535
Total amounts recoverable from reinsurers	**-**	**-**	**-**	**(1,381,148)**	**-**	**(1,381,148)**	**(1,381,148)**
Net Income/Expense from reinsurance contract held	**4,087,029**	**-**	**4,087,029**	**(1,381,148)**	**-**	**(1,381,148)**	**2,705,882**
Net finance income from reinsurance contracts	-	-	-	38,356	-	38,356	38,356
Total changes in the statement of profit or loss and other comprehensive income	**4,087,029**	**-**	**4,087,029**	**(1,342,792)**	**-**	**(1,342,792)**	**2,744,238**
Premiums paid	(4,044,997)	-	(4,044,997)	-	-	-	(4,044,997)
Reinsurance service expenses recovered for insurance contracts issued	-	-	-	1,229,965	-	1,229,965	1,229,965
Reinsurance acquisition cash flows	825,628	-	825,628	-	-	-	825,628
Total cash flows	**(3,219,369)**	**-**	**(3,219,369)**	**1,229,965**	**-**	**1,229,965**	**(1,989,405)**
NET CLOSING BALANCE AS PER 31.12.	**2,198,025**	**-**	**2,198,025**	**(1,151,277)**	**-**	**(1,151,277)**	**1,046,749**
Closing balance reinsurance contracts held that are liabilities	2,198,025	-	2,198,025	(1,151,277)	-	(1,151,277)	1,046,749
NET CLOSING BALANCE AS PER 31.12.	**2,198,025**	**-**	**2,198,025**	**(1,151,277)**	**-**	**(1,151,277)**	**1,046,749**

Reinsurance contracts - life insurance PAA 31.12.2023

Reinsurance contracts - 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	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
Net opening balance as per 1.1.	**1,413,853**	**-**	**1,413,853**	**(30,390)**	**-**	**(30,390)**	**1,383,463**
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)**
Net Income/Expense from reinsurance contract held	**4,747,446**	**-**	**4,747,446**	**(2,477,100)**	**-**	**(2,477,100)**	**2,270,346**
Total changes in the statement of profit or loss and other comprehensive income	**4,747,446**	**-**	**4,747,446**	**(2,477,100)**	**-**	**(2,477,100)**	**2,270,346**
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
Total cash flows	**(4,830,933)**	**-**	**(4,830,933)**	**1,469,040**	**-**	**1,469,040**	**(3,361,894)**
NET CLOSING BALANCE AS PER 31.12.	**1,330,365**	**-**	**1,330,365**	**(1,038,450)**	**-**	**(1,038,450)**	**291,915**
Closing balance reinsurance contracts held that are liabilities	1,330,365	-	1,330,365	(1,038,450)	-	(1,038,450)	291,915
NET CLOSING BALANCE AS PER 31.12.	**1,330,365**	**-**	**1,330,365**	**(1,038,450)**	**-**	**(1,038,450)**	**291,915**

Analysis by measurement component – Contracts not measured under the PAA.

Insurance contracts - life insurance BBA 31.12.2024

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 31.12.2024
Opening balance insurance contracts issued that are liabilities	113,345,065	708,777	-	6,513,056	265,820	6,778,876	120,832,717
Opening 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
Net opening balance as per 1.1.	**52,209,064**	**5,960,242**	**6,592,696**	**15,924,066**	**12,441,863**	**34,958,625**	**93,127,931**
CSM recognised in profit or loss for services provided	-	-	(940,426)	(2,058,199)	(2,713,464)	(5,712,090)	(5,712,090)
Release of the risk adjustment for non-financial risk	-	(678,918)	-	-	-	-	(678,918)
Experience adjustments	(1,081,506)	-	-	-	-	-	(1,081,506)
Changes that relate to current services	**(1,081,506)**	**(678,918)**	**(940,426)**	**(2,058,199)**	**(2,713,464)**	**(5,712,090)**	**(7,472,513)**
Changes in estimates that adjust the contractual service margin	(5,718,193)	(235,125)	861,158	2,793,834	2,298,325	5,953,318	0
Changes in estimates that do not adjust the contractual service margin, i.e. losses on groups of onerous contracts and reversals of such losses	118,847	1,108	-	-	-	-	119,956
Effects of contracts initially recognised in the period	(7,211,226)	1,013,083	-	-	6,320,547	6,320,547	122,403
Changes that relate to future services	**(12,810,572)**	**779,067**	**861,158**	**2,793,834**	**8,618,872**	**12,273,864**	**242,359**
Insurance service result	(13,892,077)	100,149	(79,269)	735,636	5,905,408	6,561,775	(7,230,154)
Net finance expenses from insurance contracts	1,243,806	234,577	(29,846)	13,513	461,333	444,999	1,923,381
Total changes in the statement of profit or loss and other comprehensive income	**(12,648,272)**	**334,725**	**(109,115)**	**749,148**	**6,366,740**	**7,006,774**	**(5,306,773)**
Total cash flows	4,238,138	-	-	-	-	-	4,238,138
NET CLOSING BALANCE AS PER 31.12.	**43,798,931**	**6,294,968**	**6,483,581**	**16,673,214**	**18,808,603**	**41,965,399**	**92,059,297**
Closing balance insurance contracts issued that are liabilities	110,986,456	654,993	-	5,677,346	542,419	6,219,765	117,861,214
Closing balanceinsurance contracts issued that are assets	67,187,525	(5,639,974)	(6,483,581)	(10,995,868)	(18,266,185)	(35,745,634)	25,801,917
Net closing balance as per 31.12.	**43,798,931**	**6,294,968**	**6,483,581**	**16,673,214**	**18,808,603**	**41,965,399**	**92,059,297**

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
Net opening balance as per 1.1.	**54,189,371**	**5,582,653**	**7,101,485**	**19,235,024**	**6,378,436**	**32,714,945**	**92,486,969**
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)
Changes that relate to current services	**(87,167)**	**(641,846)**	**(901,057)**	**(1,758,508)**	**(1,629,589)**	**(4,289,154)**	**(5,018,166)**
Changes in estimates that adjust the contractual service margin	(144,581)	(207,854)	428,222	(1,518,714)	1,442,927	352,435	0
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	0
Changes that relate to future services	**(7,201,347)**	**808,536**	**428,222**	**(1,518,714)**	**7,480,190**	**6,389,698**	**(3,112)**
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
Total changes in the statement of profit or loss and other comprehensive income	**(4,313,829)**	**377,589**	**(508,789)**	**(3,310,958)**	**6,063,427**	**2,243,680**	**(1,692,560)**
Total cash flows	2,333,523	-	-	-	-	-	2,333,523
NET CLOSING BALANCE AS PER 31.12.	**52,209,064**	**5,960,242**	**6,592,696**	**15,924,066**	**12,441,863**	**34,958,625**	**93,127,931**
Closing balance reinsurance contracts held that are liabilities	113,345,065	708,777	-	6,513,056	265,820	6,778,876	120,832,717
Closing balance reinsurance contracts held that are assets	61,136,001	(5,251,466)	(6,592,696)	(9,411,010)	(12,176,043)	(28,179,749)	27,704,786
Net closing balance as per 31.12.	**52,209,064**	**5,960,242**	**6,592,696**	**15,924,066**	**12,441,863**	**34,958,625**	**93,127,931**

Insurance contracts - life insurance VFA 31.12.2024

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 31.12.2024
Opening 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
Net opening balance as per 1.1.	**370,174,907**	**4,611,878**	**-**	**26,476,078**	**5,261,323**	**31,737,401**	**406,524,186**
CSM recognised in profit or loss for services provided	-	-	-	(4,782,257)	(577,408)	(5,359,666)	(5,359,666)
Release of the risk adjustment for non-financial risk	-	(242,106)	-	-	-	-	(242,106)
Experience adjustments	(115,700)	-	-	-	-	-	(115,700)
Changes that relate to current services	**(115,700)**	**(242,106)**	**-**	**(4,782,257)**	**(577,408)**	**(5,359,666)**	**(5,717,471)**
Changes in estimates that adjust the contractual service margin	(25,264,841)	515,065	-	20,792,832	3,956,944	24,749,776	0
Changes in estimates that do not adjust the contractual service margin, i.e. losses on groups of onerous contracts and reversals of such losses	(898,216)	(3,175)	-	-	-	-	(901,391)
Effects of contracts initially recognised in the period	(2,536,869)	450,112	-	-	2,086,756	2,086,756	0
Changes that relate to future services	**(28,699,926)**	**962,003**	**-**	**20,792,832**	**6,043,700**	**26,836,533**	**(901,391)**
Changes that relate to past service, ie changes in fulfilment cash flows relating to incurred claims	(51)	-	-	-	-	-	(51)
Changes that relate to past services	**(51)**	**-**	**-**	**-**	**-**	**-**	**(51)**
Insurance service result	(28,815,677)	719,897	-	16,010,575	5,466,292	21,476,867	(6,618,913)
Net finance expenses from insurance contracts	69,704,218	-	-	-	-	-	69,704,218
Total changes in the statement of profit or loss and other comprehensive income	**40,888,541**	**719,897**	**-**	**16,010,575**	**5,466,292**	**21,476,867**	**63,085,305**
Total cash flows	(5,165,452)	-	-	-	-	-	(5,165,452)
NET CLOSING BALANCE AS PER 31.12.	**405,897,996**	**5,331,775**	**-**	**42,486,653**	**10,727,615**	**53,214,268**	**464,444,039**
Closing balance insurance contracts issued that are liabilities	405,897,996	5,331,775	-	42,486,653	10,727,615	53,214,268	464,444,039
Net closing balance as per 31.12.	**405,897,996**	**5,331,775**	**-**	**42,486,653**	**10,727,615**	**53,214,268**	**464,444,039**

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
Net opening balance as per 1. 1.	**344,894,473**	**3,804,652**	**-**	**26,749,675**	**1,918,882**	**28,668,558**	**377,367,683**
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
Changes that relate to current services	**50,644**	**(229,411)**	**-**	**(2,766,750)**	**(221,049)**	**(2,987,799)**	**(3,166,565)**
Changes in estimates that adjust the contractual service margin	(4,406,546)	636,911	-	2,493,152	1,276,482	3,769,635	0
Changes in estimates that do not adjust the contractual service margin, i.e. 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	0
Changes that relate to future services	**(6,932,578)**	**1,036,637**	**-**	**2,493,152**	**3,563,489**	**6,056,642**	**160,701**
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
Total changes in the statement of profit or loss and other comprehensive income	**30,307,871**	**807,226**	**-**	**(273,598)**	**3,342,441**	**3,068,843**	**34,183,941**
Total cash flows	(5,027,437)	-	-	-	-	-	(5,027,437)
NET CLOSING BALANCE AS PER 31.12.	**370,174,907**	**4,611,878**	**-**	**26,476,078**	**5,261,323**	**31,737,401**	**406,524,186**
Closing balance reinsurance contracts held that are liabilities	370,174,907	4,611,878	-	26,476,078	5,261,323	31,737,401	406,524,186
Net closing balance as per 31.12.	**370,174,907**	**4,611,878**	**-**	**26,476,078**	**5,261,323**	**31,737,401**	**406,524,186**

Insurance contracts initially recognised

Insurance contracts initially recognised in the year in EUR	Profitable	Onerous	Total 31.12.2024	Profitable	Onerous	Total 31.12.2023
BBA						
New business PVFCF (incl. TVOG)	7,211,228		7,211,228	7,054,221	-	7,054,221
New business - RA at initial recognition	(1,013,083)		(1,013,083)	(1,016,957)	-	(1,016,957)
New business - CSM at initial recognition	(6,320,548)		(6,320,548)	(6,037,264)	-	(6,037,264)
Loss component at initial recognition	122,403		122,403	-	-	-
Total BBA	**0**	**0**	**0**	**0**	**0**	**0**
VFA						
New business PVFCF (incl. TVOG)	2,536,869	-	2,536,869	2,686,733	-	2,686,733
New business - RA at initial recognition	(450,112)	-	(450,112)	(399,726)	-	(399,726)
New business - CSM at initial recognition	(2,086,757)	-	(2,086,757)	(2,287,007)	-	(2,287,007)
Total VFA	**0**	**0**	**0**	**0**	**0**	**0**

Expected Release of the CSM 31.12.2024

(in EUR)	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	More than 10 years	Total 31.12.2024
Life insurance	9,675,347	9,285,122	8,283,948	7,480,679	6,792,266	25,637,181	28,025,121	95,179,664
BBA	4,857,525	4,640,786	4,010,911	3,515,913	3,117,061	11,233,270	10,589,929	41,965,395
VFA	4,817,822	4,644,336	4,273,037	3,964,766	3,675,205	14,403,911	17,435,192	53,214,269
Total	**9,675,347**	**9,285,122**	**8,283,948**	**7,480,679**	**6,792,266**	**25,637,181**	**28,025,121**	**95,179,664**

Expected Release of the CSM 31.12.2023

(in EUR)	1 year or less	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
Total	**6,369,468**	**6,265,900**	**5,626,923**	**5,058,539**	**4,602,487**	**17,687,954**	**21,084,755**	**66,696,026**

7.7.1 CLAIM DEVELOPMENT TABLES FOR NON-LIFE INSURANCE

The claim development table provides a measure of the Insurance Company's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Insurance 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 Insurance Company considers the year of accident to be the most appropriate basis for the analysis below.

Claim development tables for non-life insurance in 2024

Gross of reinsurance

Estimates of undiscounted gross cumulative claims/AY in EUR	before 2015	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At the end of loss year	-	-	-	-	-	-	-	243,270,620	294,217,212	380,162,198	200,758,510	-
1 year after loss year	-	-	-	-	-	-	212,507,330	245,309,915	291,768,502	378,631,558	-	-
2 years after loss year	-	-	-	-	-	223,795,044	209,410,533	242,551,476	291,766,254	-	-	-
3 years after loss year	-	-	-	-	212,814,096	222,586,786	209,765,831	242,594,930	-	-	-	-
4 years after loss year	-	-	-	229,378,785	213,865,126	222,040,617	207,342,070	-	-	-	-	-
5 years after loss year	-	-	218,001,325	227,386,745	212,711,541	220,002,153	-	-	-	-	-	-
6 years after loss year	-	206,243,318	216,649,076	225,811,205	211,775,394	-	-	-	-	-	-	-
7 years after loss year	-	204,570,963	216,109,501	224,840,685	-	-	-	-	-	-	-	-
8 years after loss year	-	204,269,272	215,484,655	-	-	-	-	-	-	-	-	-
9 years after loss year	-	204,351,597	-	-	-	-	-	-	-	-	-	-
Estimate of gross and undiscounted ultimate cumulative claim costs	**-**	**204,351,597**	**215,484,655**	**224,840,685**	**211,775,394**	**220,002,153**	**207,342,070**	**242,594,930**	**291,766,254**	**378,631,558**	**200,758,510**	**-**
Gross undiscounted Liability for Incurred claims	30,601,834	2,967,353	7,140,001	3,722,451	6,014,451	6,370,837	9,699,514	16,213,669	21,277,927	39,749,514	93,096,343	236,853,894
Discounting effect	-	-	-	-	-	-	-	-	-	-	-	(29,007,542)
Effect of Risk Adjustment	-	-	-	-	-	-	-	-	-	-	-	6,669,298
Gross liabilities for incurred claims included in the statement of financial position	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**214,515,648**

Gross liabilities for incured claims are net of LIC-other components in amount of EUR 3,637,774.

Net of reinsurance

Estimates of undiscounted gross cumulative claims/AY in EUR	before 2015	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At the end of loss year	-	-	-	-	-	-	-	231,640,243	284,252,803	324,449,457	176,476,974	-
1 year after loss year	-	-	-	-	-	-	199,381,945	229,821,127	281,541,459	320,215,217	-	-
2 years after loss year	-	-	-	-	-	211,959,650	196,976,573	229,330,164	280,329,947	-	-	-
3 years after loss year	-	-	-	-	207,935,534	211,223,141	198,676,761	228,713,394	-	-	-	-
4 years after loss year	-	-	-	213,400,714	208,889,654	213,325,554	196,505,876	-	-	-	-	-
5 years after loss year	-	-	210,800,155	211,768,157	208,539,885	211,384,756	-	-	-	-	-	-
6 years after loss year	-	201,700,393	209,704,751	211,298,008	207,620,476	-	-	-	-	-	-	-
7 years after loss year	-	200,513,272	207,516,027	210,484,169	-	-	-	-	-	-	-	-
8 years after loss year	-	200,903,102	207,205,202	-	-	-	-	-	-	-	-	-
9 years after loss year	-	200,750,508	-	-	-	-	-	-	-	-	-	-
Estimate of net and undiscounted ultimate cumulative claim costs	**-**	**200,750,508**	**207,205,202**	**210,484,169**	**207,620,476**	**211,384,756**	**196,505,876**	**228,713,394**	**280,329,947**	**320,215,217**	**176,476,974**	**-**
Net undiscounted Liability for Incurred claims	16,926,828	2,343,432	3,704,369	2,879,420	4,501,882	6,020,782	8,132,486	12,705,996	17,510,621	28,116,544	77,326,432	180,168,792
Discounting effect	-	-	-	-	-	-	-	-	-	-	-	(22,207,765)
Effect of Risk Adjustment	-	-	-	-	-	-	-	-	-	-	-	4,605,698
Net liabilities for incurred claims included in the statement of financial position	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**162,566,725**

Net liabilities for incured claims are net of LIC-other components in amount of EUR (8,933,366).

Claim development tables for non-life insurance in 2023

Gross of reinsurance

Estimates of undiscounted gross cumulative claims/AY in EUR	before 2014	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
At the end of loss year	-	-	-	-	-	-	-	-	243,270,620	294,217,212	380,162,198	-
1 year after loss year	-	-	-	-	-	-	-	212,507,330	245,309,915	291,768,502	-	-
2 years after loss year	-	-	-	-	-	-	223,795,044	209,410,533	242,551,476	-	-	-
3 years after loss year	-	-	-	-	-	212,814,096	222,586,786	209,765,831	-	-	-	-
4 years after loss year	-	-	-	-	229,378,785	213,865,126	222,040,617	-	-	-	-	-
5 years after loss year	-	-	-	234,625,552	227,386,745	212,711,541	-	-	-	-	-	-
6 years after loss year	-	-	206,243,318	233,766,529	225,811,205	-	-	-	-	-	-	-
7 years after loss year	-	210,193,431	204,334,297	233,484,741	-	-	-	-	-	-	-	-
8 years after loss year	-	209,042,600	203,787,598	-	-	-	-	-	-	-	-	-
9 years after loss year	-	208,774,202	-	-	-	-	-	-	-	-	-	-
Estimate of gross and undiscounted ultimate cumulative claim costs	**-**	**208,774,202**	**203,787,598**	**233,484,741**	**225,811,205**	**212,711,541**	**222,040,617**	**209,765,831**	**242,551,476**	**291,768,502**	**380,162,198**	**-**
Gross undiscounted Liability for Incurred claims	9,719,784	2,349,512	2,814,268	25,987,198	5,047,506	8,171,520	9,586,532	13,151,203	19,937,683	29,453,624	118,419,987	244,638,817
Discounting effect	-	-	-	-	-	-	-	-	-	-	-	(29,488,173)
Effect of Risk Adjustment	-	-	-	-	-	-	-	-	-	-	-	6,895,555
Gross liabilities for incurred claims included in the statement of financial position	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**222,046,199**

Net of reinsurance

Estimates of undiscounted gross cumulative claims/AY in EUR	before 2014	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
At the end of loss year	-	-	-	-	-	-	-	-	231,640,243	284,252,803	324,449,457	-
1 year after loss year	-	-	-	-	-	-	-	199,381,945	229,821,127	281,541,459	-	-
2 years after loss year	-	-	-	-	-	-	211,959,650	196,976,573	229,330,164	-	-	-
3 years after loss year	-	-	-	-	-	207,935,534	211,223,141	198,676,761	-	-	-	-
4 years after loss year	-	-	-	-	213,400,714	208,889,654	213,325,554	-	-	-	-	-
5 years after loss year	-	-	-	227,424,382	211,768,157	208,539,885	-	-	-	-	-	-
6 years after loss year	-	-	201,700,393	226,822,204	211,298,008	-	-	-	-	-	-	-
7 years after loss year	-	181,120,211	200,276,606	224,891,267	-	-	-	-	-	-	-	-
8 years after loss year	-	180,272,118	200,421,428	-	-	-	-	-	-	-	-	-
9 years after loss year	-	179,504,384	-	-	-	-	-	-	-	-	-	-
Estimate of gross and undiscounted ultimate cumulative claim costs (Total B)	**-**	**179,504,384**	**200,421,428**	**224,891,267**	**211,298,008**	**208,539,885**	**213,325,554**	**198,676,761**	**229,330,164**	**281,541,459**	**324,449,457**	**-**
Undiscounted Liability for Incurred claims	(832,119)	1,028,071	2,414,258	21,996,651	4,036,527	6,640,471	9,052,257	11,156,955	16,285,761	25,540,076	88,061,001	185,379,909
Discounting effect	-	-	-	-	-	-	-	-	-	-	-	(23,691,154)
Effect of Risk Adjustment	-	-	-	-	-	-	-	-	-	-	-	4,744,764
Gross liabilities for incurred claims included in the statement of financial position	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**166,433,517**

7.8 ASSETS AND LIABILITIES FROM INVESTMENT CONTRACTS

7.8.1 ASSETS ARISING FROM INVESTMENT CONTRACTS

Assets from investment contracts

(in EUR)	31.12.2024	31.12.2023
Financial investments	45,342,524	40,018,912
Cash and cash equivalents	9,137	7,603
Financial receivables	504,449	913,051
Total assets from finacial contracts	**45,856,110**	**40,939,566**

Assets from investment contracts – assets structure

(in EUR)	31.12.2024	31.12.2023
Financial assets measured at fair value through profit or loss (FVTPL)	**45,342,524**	**40,018,912**
Equity securities	15,072,365	11,307,642
Listed securities	15,072,365	11,277,680
Non-listed securities	-	29,962
Debt securities	20,221,913	18,290,224
Government bonds	18,573,734	16,832,107
Listed securities	18,573,734	16,832,107
Other bonds	1,648,179	1,458,117
Listed securities	1,549,888	1,074,457
Non-listed securities	98,291	383,660
Investment funds	10,045,585	10,413,126
Listed securities	10,003,214	10,393,581
Non-listed securities	42,371	19,545
Loans and deposits	2,661	7,921
Loans	2,661	7,921
Total	**45,342,524**	**40,018,912**

Movement in assets from investment contracts

(in EUR)	31.12.2024	31.12.2023
Balance as at 1 Jan	**40,018,912**	**33,097,764**
Increase (purchase)	18.064.403	24.482.368
Changes in fair value (+/-) through P&L	5.005.531	3.360.910
Change due to interest	87.842	18.259
Decrease (sale, maturity, disposal)	(17.834.164)	(20.940.388)
Balance as at 31 Dec	**45,342,524**	**40,018,912**

7.8.2 LIABILITIES ARISING FROM INVESTMENT CONTRACTS

Liabilities arising from investment contracts

(in EUR)	31.12.2024	31.12.2023
Liabilities to pension savers (policyholders)	45,774,330	40,868,082
Liabilities from financial contracts for payments	36,109,012	35,877,835
Liabilities from financial contracts for fund return	9,665,318	4,990,247
Other liabilities	81,780	71,484
Total liabilities from financial contracts	**45,856,110**	**40,939,566**

As at 31 December 2024, liabilities from policyholders' payments amount to EUR 36,109,012 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 2024, EUR 32,932 (in 2023; EUR 34,624 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)	31.12.2024	31.12.2023
As at 1 January	**40,868,082**	**35,418,915**
Increase in the period	**9,645,100**	**11,516,315**
for payments	3,223,365	5,145,931
for achieved return	6,421,735	6,370,384
Decrease in the period	**4,738,852**	**6,067,148**
for payouts (surrender)	2,992,188	2,927,819
for achieved return	1,746,664	3,139,329
As at 31 December	**45,774,330**	**40,868,082**

Annual gain of policyholders for which the liability of the insurance increases varied in 2024 depending on the type of pension savings, as follows:

- 22.75% for the guarantee fund Pokojninsko varčevanje AS Drzni do 50,
- 11.30% for the guarantee fund Pokojninsko varčevanje AS Umirjeni med 50 do 60,
- 2.37% achieved (1.58% guaranteed) for the guarantee fund Pokojninsko varčevanje AS Zajamčeni od 60,
- 2.45% achieved (1.58% guaranteed) for the guarantee fund PN -A01.

Each month, at the end of the accounting period, the Insurance 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 2024, the required guaranteed return was 1.58%, which is less than the actual return achieved by the pension savings fund AS Zajamčeni od 60, as well as by the PN A01 fund.

7.9 RECEIVABLES

Balance of receivables

(in EUR)	31.12.2024	31.12.2023
Business receivables from interest (customers)	**2,637**	**3,246**
gross value	46,288	44,696
value adjustment	(43,651)	(41,450)
Business receivables from employees	**23,466**	**23,748**
gross value	23,466	23,791
value adjustment	-	(43)
Operating receivables from the state	**426,736**	**469,580**
gross value	426,736	469,567
value adjustment	-	12
Operating receivables for advances given	**86,659**	**100,791**
gross value	123,985	143,296
value adjustment	(37,326)	(42,505)
Other operating receivables	**8,556,291**	**14,052,505**
gross value	10,437,020	16,329,355
value adjustment	(1,880,729)	(2,276,850)
Other financial receivables	**1,268,571**	**3,327,162**
gross value	1,269,920	3,333,688
value adjustment	(1,349)	(6,526)
Total receivables	**10,364,360**	**17,977,032**

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 shown.

Compared to the previous year, the balance of receivables decreased by EUR 7,612,673. mainly because of abolition of supplementary health insurance.

Other operating receivables predominate among operating receivables, which 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 are lower by EUR 2,063,768 in 2024, due to a lower balance of receivables for advances given to life insurance funds, where the investment risk is borne by policyholder.

Every reporting period, the Insurance 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 CASH AND CASH EQUIVALENTS

Cash and c3ash equivalents

(in EUR)	31.12.2024	31.12.2023
Cash on hand and cheques received	4,654	-
Balances on accounts	7,083,118	6,073,093
Other cash	189,581	502,519
Total	**7,277,353**	**6,575,612**

7.11 EQUITY

Balance of equity

(in EUR)	31.12.2024	31.12.2023
Share capital	**39,520,347**	**39,520,347**
Capital reserves	**20,771,169**	**20,771,169**
Reserves from profit	**9,721,593**	**9,589,086**
Legal reserves	1,742,399	1,742,399
Other reserves from profit	7,979,194	7,846,687
Accumulatedother comprehensive income	**1,977,068**	**(4,057,544)**
From financial investments (IFRS 9)	(12,550,986)	(22,263,609)
From insurance and reinsurance contracts (IFRS 17)	14,634,555	18,312,565
Other from OCI (actuarial net gain/ loss for pension programmes)	(106,500)	(106,500)
Retained net profit	**124,534,210**	**122,777,468**
Net profit for the financial year	**33,535,377**	**1,436,437**
Net profit	33,535,377	1,436,437
Total	**230,059,764**	**190,036,962**

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 2024, nor did the number of shares.

Distribution of accumulated profits

The Insurance 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 2024 decided that no dividend would be paid for year 2023 from the accumulated profits.

The accumulated profits for 2023, amounting to EUR 124,213,905 remained unallocated and were transferred to the accumulated profits for 2024.

Distribution of accumulated profit and loss coverage

The Insurance Company ended 2024 with a profit before tax totalling EUR 42,562,049 and a net profit for the year amounting to EUR 33,535,377.

Within its responsibilities, the Management Board of the Insurance 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 2024, 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 33,535,377 and considering with the unallocated profit brought forward from previous years amounting to EUR 124,534,210, the balance sheet profit to be distributed at the General Meeting of Shareholders amounted to EUR 158,069,587.

Reserves from profit

The Insurance 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 2 requirements (other reserves from profit).

After 2024, the Insurance Company did not change or form additional reserves from profit.

Capital reserves

Capital reserves as of 31 December 2024 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.

Treasury shares

In 2024, neither the Insurance Company nor any third party for the account of the Insurance Company accepted any new treasury shares as security. Moreover, as at 31 December 2024 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 2024, movements in accumulated other comprehensive income in 2024 are shown below.

Movements in accumulated other comprehensive income

(in EUR)	31.12.2024	31.12.2023
Balance as at 1 Jan	**(4,057,544)**	**(17,082,616)**
Increases due to acquisition of companies	**(181,015)**	**1,345,419**
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	(232,070)	391,621
Change in deferred taxes due to revaluation	51,055	(74,408)
Effect due to change in tax rate	-	92,307
Efect of change in deferred taxes of changesIFRS	-	959,535
Items that may be reclassified to profit or loss in later periods	**6,215,626**	**11,679,653**
Unrealized net gains/losses on financial investments valued at fair value through other comprehensive income	**9,893,637**	**18,510,256**
Change due to revaluation to new fair value	13,124,121	24,046,132
Change in deferred taxes due to revaluation to new fair value	(2,887,307)	(4,568,765)
Change due to transfer of profits (losses) to profit or loss on sale	(439,970)	241,338
Change in deferred taxes upon realization of sale	96,793	(45,854)
Effect due to change in tax rate	-	(1,162,595)
Change in net financial income (expenses) from insurance contracts	**(3,758,595)**	**(7,384,238)**
Change in financial income (expenses) from insurance contracts	(4,818,711)	(9,466,972)
Change in deferred taxes - insurance contracts	1,060,116	1,798,725
Effect due to change in tax rate	-	284,009
Change in net financial income (expenses) from reinsurance contracts	**80,584**	**553,635**
Change in financial income (expenses) from reinsurance contracts	103,313	709,789
Change in deferred taxes - reinsurance contracts	(22,729)	(134,860)
Effect due to change in tax rate	-	(21,294)
Balance as at 31 Dec	**1,977,067**	**(4,057,544)**

7.12 SUBORDINATED LIABILITIES

The Insurance Company includes in subordinated financial liabilities subordinated loan received from a related party, GP Reinsurance EAD, Bulgaria, in the amount of EUR 30,000,000. The subordinated loan has the status of subordinated debt with the following characteristics:

- Date of issuance is 19 May 2021.
- The date of the first recall is 19 May 2026 and the final maturity date is 19 May 2031.
- 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

(in EUR)	2024	2023
As at 1.1.	**31,255,093**	**30,583,235**
Accrued interest	1,999,747	1,609,658
Repayment interest	(2,023,629)	(937,800)
As at 31.12.	**31,231,211**	**31,255,093**

The subordinated loan received is valuated at amortized cost. The balance of the subordinated loan on 31 December 2024 amounted to EUR 31,231,211. The subordinated loan is included in life portfolio. Until November 19, 2024, the insurance company paid out interest in the amount of EUR 2,023,629 to creditor.

7.13 OTHER PROVISIONS

Other provisions

(in EUR)	31.12.2024	31.12.2023
Provisions for employee benefits	5,752,180	5,701,137
Provisions for termination benefits	1,940,144	2,131,187
Total	**7,692,324**	**7,832,325**

7.14 LIABILITIES FROM BUSINESS

Liabilities from business

(in EUR)	31.12.2024	31.12.2023
Other financial liabilities	4,768,324	3,685,669
Current tax liabilities	3,193,528	11,257,579
Other liabilities	39,352,904	41,951,749
Total	**47,314,756**	**56,894,997**

Structure of operating liabilities is dominated by other liabilities, which are presented in section 7.14.2, followed by current income tax liabilities and liabilities arising from the rights to use lease assets.

Current income tax liability decreased compared to the previous year since the 2024 calculation does not include the effect of the transition to IFRS 17 and IFRS 9, which had a significant impact on the calculation of tax liability in 2023. In 2024, the change in local tax legislation affected the increase in tax liability due to the transition to a higher tax rate from 19% to 22% as of 1 January 2024.

7.14.1 FINANCIAL LIABILITIES

(in EUR)	31.12.2024	31.12.2023
Long-term financial obligations	**4,744,490**	**3,692,216**
Long-term lease liabilities	4,744,490	3,692,216
Short-term financial liabilities	**23,834**	**(6,547)**
Short-term liabilities from dealing with securities	790	(6,547)
Other short-term financing obligations	23,044	-
Total	**4,768,324**	**3,685,669**

Long-term financial liabilities include liabilities from the rights to use lease assets.

7.14.2 OPERATING LIABILITIES

Operating liabilities, accrued costs and deferred revenue

(in EUR)	31.12.2024	31.12.2023
Current operating liabilities	**20,207,489**	**22,178,898**
Current operating liabilities to suppliers	1,498,595	1,567,278
Current operating liabilities to employees	3,782,930	3,784,565
Other current liabilities from insurance operations	13,225,526	14,888,130
Current operating liabilities to the state (except for income tax)	758,662	763,485
Other current operating liabilities	941,776	1,175,439
Accrued costs and deferred revenue	**19,145,415**	**19,772,850**
Short-term deferred revenue	182,536	222,353
Accrued expenses - operating	16,926,832	17,498,917
Accrued expenses - for unused annual holidays	2,036,047	2,051,580
Total	**39,352,904**	**41,951,749**

The balance of other operating liabilities at the end of 2024 was EUR 2,598,845 lower than the previous year. The decrease in the balance was mainly due to lower operating liabilities as well as lower accrued costs and deferred income.

The structure of operating liabilities is dominated by other liabilities from insurance operations with a 65% share, which are EUR 1,662,604 lower compared to the previous year. These current liabilities refer to the liabilities that the Insurance 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 2024.

7.15 INSURANCE SERVICE RESULT

7.15.1 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
Year 2024				
Insurance revenue from insurance contracts issued				
Changes related to the Liability for Remaining coverage	25,931,345	15,671,542	-	41,602,887
Claims incurred and other costs for expected insurance services	20,025,490	10,284,671	-	30,310,161
Changes in risk adjustment for expired non-financial risks	678,918	242,106	-	921,024
Contractual Service Margin - CSM recognized in the income statement	5,712,090	5,359,666	-	11,071,756
Other amounts	(485,153)	(214,901)	-	(700,054)
Recovery of Insurance acquisition Cash Flows	2,372,356	757,216	-	3,129,572
Total Insurance revenue from insurance contracts measured under BBA and VFA	**28,303,701**	**16,428,758**	**-**	**44,732,459**
Total insurance revenues from insurance contracts issued valued under the PAA	**-**	**-**	**321,571,498**	**321,571,498**
Total insurance revenues from insurance contracts issued	**28,303,701**	**16,428,758**	**321,571,498**	**366,303,957**
Insurance service expenses from insurance contracts				
Incurred claims and other directly attributable expenses	(18,067,098)	(10,138,576)	(273,053,995)	(301,259,669)
Adjustment to Liability for Incurred Claims P&L	(565,621)	-	14,394,504	13,828,883
Losses and reversal of losses on onerous contracts	(68,471)	1,085,948	(2,078,220)	(1,060,743)
Amortization of insurance acquisition cash flows	(2,372,356)	(757,216)	(34,105,085)	(37,234,657)
Total Insurance service expenses from insurance contracts measured under BBA and VFA	**(21,073,546)**	**(9,809,844)**	**(294,842,796)**	**(30,883,390)**
Total Insurance service expenses from insurance contracts measured under PAA	**-**	**-**	**(294,842,796)**	**(294,842,796)**
Insurance Service Result from insurance contracts issued	**7,230,155**	**6,618,914**	**26,728,702**	**40,577,771**

(in EUR)	Life insurance BBA	Life insurance VFA	Non-life insurance PAA	Total
Year 2023				
Insurance revenue from insurance contracts issued				
Changes related to the Liability for Remaining coverage	24,666,642	12,978,575	-	37,645,217
Claims incurred and other costs for expected insurance services	20,237,608	9,842,847	-	30,080,455
Changes in risk adjustment for expired non-financial risks	641,846	229,411	-	871,257
Contractual Service Margin - CSM recognized in the income statement	4,289,154	2,987,799	-	7,276,953
Other amounts	(501,966)	(81,482)	-	(583,448)
Recovery of Insurance acquisition Cash Flows	1,552,005	392,808	-	1,944,813
Total Insurance revenue from insurance contracts measured under BBA and VFA	**26,218,647**	**13,371,383**	**-**	**39,590,030**
Total insurance revenues from insurance contracts issued valued under the PAA	**-**	**-**	**418,239,976**	**418,239,976**
Total insurance revenues from insurance contracts issued	**26,218,647**	**13,371,383**	**418,239,976**	**457,830,006**
Insurance service expenses from insurance contracts				
Incurred claims and other directly attributable expenses	(22,710,776)	(10,981,652)	(401,164,903)	(434,857,331)
Adjustment to Liability for Incurred Claims P&L	3,000,009	988,634	(23,126,091)	(19,137,448)
Losses and reversal of losses on onerous contracts	65,404	20,306	(345,215)	(259,505)
Amortization of insurance acquisition cash flows	(1,552,005)	(392,808)	(30,866,538)	(32,811,351)
Total Insurance service expenses from insurance contracts measured under BBA and VFA	**(21,197,368)**	**(10,365,520)**	**-**	**(31,562,888)**
Total Insurance service expenses from insurance contracts measured under PAA	**-**	**-**	**(455,502,747)**	**(455,502,747)**
Insurance Service Result from insurance contracts issued	**5,021,279**	**3,005,863**	**(37,262,771)**	**(29,235,629)**

Net income/expenses of reinsurance services recognized in the income statement

(in EUR)	Life reinsurance contracts PAA	Non- Life reinsurance contracts PAA	Total
Year 2024			
Insurance service expenses from reinsurance contracts held measured under BBA			
Insurance service expenses from reinsurance contracts held measured under PAA	(4,087,029)	(31,339,112)	(35,426,141)
Total expenses from reinsurance contracts held	**(4,087,029)**	**(31,339,112)**	**(35,426,141)**
Insurance revenue from reinsurance contracts held	1,676,683	32,855,028	34,531,711
Adjustment to Asset for Incurred Claims	(295,535)	(5,157,936)	(5,453,471)
Other reinsurance recoveries	-	536,981	536,981
Insurance service result from reinsurance contracts held	**(2,705,881)**	**(3,105,039)**	**(5,810,920)**
Year 2023			
Insurance service expenses from reinsurance contracts held measured under BBA			
Insurance service expenses from reinsurance contracts held measured under PAA	(4,747,446)	(27,420,400)	(32,167,846)
Total expenses from reinsurance contracts held	**(4,747,446)**	**(27,420,400)**	**(32,167,846)**
Insurance revenue from reinsurance contracts held	1,969,661	32,233,181	34,202,842
Adjustment to Asset for Incurred Claims	507,439	24,963,802	25,471,241
Other reinsurance recoveries	-	351,395	351,395
Insurance service result from reinsurance contracts held	**(2,270,346)**	**30,127,978**	**27,857,632**

7.15.2 FINANCE INCOME (EXPENSES) FROM INSURANCE AND REINSURANCE CONTRACTS ISSUED

Finance income (expenses) from insurance contracts issued

(in EUR)	Life insurance BBA	Life insurance VFA	Non-life insurance PAA	Total
Year 2024				
Finance income (expenses) from insurance contracts issued				
Changes in fair value of underlying assets of contacts measured under the VFA	-	69,704,131	-	69,704,131
Interest accreted	172,179	-	3,785,814	3,957,993
Effect of changes in interest rates and other financial assumptions - IPI	10,301	87	131,570	141,958
Effect of changes in interest rates and other financial assumptions - OCI	1,740,577	-	3,078,134	4,818,711
Foreign exchange differences	324	-	-	324
Total finance income (expenses) from insurance contracts issued	**1,923,381**	**69,704,218**	**6,995,518**	**78,623,117**
Finance income (expenses) from insurance contracts issued				
Amounts recognised in profit or loss	182,804	69,704,218	3,917,384	73,804,406
Amounts recognised in other comprehensive income	1,740,577	-	3,078,134	4,818,711
Total finance income (expenses) from insurance contracts issued	**1,923,381**	**69,704,218**	**6,995,518**	**78,623,117**
Year 2023				
Finance income (expenses) from insurance contracts issued				
Changes in fair value of underlying assets of contacts measured under the VFA	-	37,190,035	-	37,190,035
Interest accreted	(42,319)	-	913,656	871,337
Effect of changes in interest rates and other financial assumptions - IPI	65,298	(231)	1,204,871	1,269,938
Effect of changes in interest rates and other financial assumptions - OCI	3,302,996	-	6,163,976	9,466,972
Foreign exchange differences	2,743	-	-	2,743
Total finance income (expenses) from insurance contracts issued	**3,328,718**	**37,189,805**	**8,282,502**	**48,801,025**
Finance income (expenses) from insurance contracts issued				
Amounts recognised in profit or loss	25,722	37,189,805	2,118,527	39,334,054
Amounts recognised in other comprehensive income	3,302,996	-	6,163,976	9,466,972
Total finance income (expenses) from insurance contracts issued	**3,328,718**	**37,189,805**	**8,282,502**	**48,801,025**

Finance income (expenses) from reinsurance contracts issued

(in EUR)	Life insurance PAA	Non-life insurance PAA	Total
Year 2024			
Finance income (expenses) from reinsurance contracts issued			
Interest accreted	38,356	(933,080)	(894,724)
Effect of changes in interest rates and other financial assumptions - IPI	-	26,229	26,229
Effect of changes in interest rates and other financial assumptions - OCI	-	(103,313)	(103,313)
Total finance income (expenses) from reinsurance contracts issued	**38,356**	**(1,010,164)**	**(971,808)**
Finance income (expenses) from reinsurance contracts issued			
Amounts recognised in profit or loss	38,356	(906,851)	(868,495)
Amounts recognised in other comprehensive income	-	(103,313)	(103,313)
Total finance income (expenses) from reinsurance contracts issued	**38,356**	**(1,010,164)**	**(971,808)**
Year 2023			
Finance income (expenses) from reinsurance contracts issued			
Interest accreted	-	(98,881)	(98,881)
Effect of changes in interest rates and other financial assumptions - OCI	-	(709,789)	(709,789)
Total finance income (expenses) from reinsurance contracts issued	**-**	**(808,670)**	**(808,670)**
Finance income (expenses) from reinsurance contracts issued			
Amounts recognised in profit or loss	-	(98,881)	(98,881)
Amounts recognised in other comprehensive income	-	(709,789)	(709,789)
Total finance income (expenses) from reinsurance contracts issued	**-**	**(808,670)**	**(808,670)**

7.16 NET FINANCIAL RESULT FROM INVESTMENTS

Financial result from investments

(in EUR)	2024	2023
Interest income calculated using the effective interest rate method	**9,831,082**	**7,900,047**
At amortised costs (AC)	822,573	693,316
At fair value through other comprehensive income (FVTOCI)	8,868,964	7,067,276
At fair value through other profit and loss (FVTPL)	139,545	139,455
Income from dividends	**1,086,978**	**6,339,905**
Net gains/(losses) on revaluation of financial assets	**72,821,125**	**38,025,183**
FI measured at fair value through profit or loss (FVTPL)(Mandatory)	**3,829,247**	**1,131,988**
Realized gains	222,875	64,593
Unrealized gains	4,176,473	1,573,987
Realized losses	(570,101)	(60,510)
Unrealized losses	-	(446,082)
FI measured at fair value through profit or loss (FVTPL) (Designated)	**69,431,849**	**36,651,857**
Realized gains	3,804,372	1,780,600
Unrealized gains	67,142,653	38,925,076
Realized losses	(86,222)	(1,162,324)
Unrealized losses	(1,428,954)	(2,891,496)
FI measured at fair value through other comprehensive income (FVTOCI)	**(439,971)**	**241,338**
Realized gains	322,002	529,916
Realized losses	(761,973)	(288,578)
Net impairments/reversals of impairments of financial assets	(515,750)	392,463
Impairment reversal expenses	(624,063)	(13,461)
Revenues from impairment reversal	108,313	405,925
Other investment income/expenses	**(409,114)**	**(446,099)**
Income from positive exchange rates differences	1,559,600	1,303,132
Expenses from negative exchange rates differences	-	(96,913)
Other investment income	(1,964,312)	(1,646,563)
Other investment expenses	(4,402)	(5,755)
NET FINANCIAL RESULT FROM INVESTMENTS	**82,814,321**	**52,211,500**

Financial result from investments where the investment risk is borne by policyholder

(in EUR)	2024	2023
Interest income calculated using the effective interest rate method	**35,466**	**35,052**
At fair value through other profit and loss (FVTPL)	35,466	35,052
Income from dividends	**172,420**	**19,128**
Net gains/(losses) on recognition of financial assets	**69,431,849**	**36,651,857**
FI measured at fair value through profit or loss (FVTPL)	**69,431,849**	**36,651,857**
Realized gains	3,804,372	1,780,600
Unrealized gains	67,142,653	38,925,076
Realized losses	(86,222)	(1,162,324)
Unrealized losses	(1,428,954)	(2,891,496)
Other investment income/expenses	**16,159**	**(47,329)**
Income from positive exchange rates differences	19,306	(1,102)
Expenses from negative exchange rates differences	-	(42,984)
Other investment expenses	(3,147)	(3,243)
NET FINANCIAL RESULT FROM INVESTMENTS	**69,655,894**	**36,658,708**

7.17 CHANGE OF INVESTMENT CONTRACTS LIABILITIES

Change of investment contracts liabilities

(in EUR)	2024	2023
Interest	335,142	357,111
Dividends	280,193	244,761
Realised gains/losses	907,550	884,331
Unrealised gains/losses	3,446,720	2,762,068
Exchange rate changes	726,261	(311,067)
Other investment income/expenses	(11,243)	(17,462)
Total investment return on investment contracts	**5,684,623**	**3,919,741**
Change of investment contracts liabilities	(4,906,162)	(5,449,167)
Other changes	(209,076)	2,039,714
Total other changes of investment contracts	**(5,115,239)**	**(3,409,453)**
Net change of investment contracts liabilities	**569,384**	**510,288**

7.18 EXPENSES

Expenses

(in EUR)	2024	2023
Claims and benefits	204,019,330	370,350,440
Fees and commissions	78,783,103	76,162,330
Losses on onerous insurance contracts	1,060,743	259,505
Employee benefits*	23,045,404	22,778,085
Depreciation and amortisation	6,703,564	6,621,162
Leases	312,586	88,038
Advertising	3,429,455	4,534,724
Professional and consultancy	1,841,963	2,207,765
Regulatory fees	12,015,649	11,408,846
Other	16,165,465	16,712,049
Total without insurance acquisition cash flows	**347,377,262**	**511,122,944**
Amounts attributed to insurance acquisition cash flows incurred during the year	(46,669,801)	(43,538,788)
Amortisation of insurance acquisition cash flows	37,234,657	32,811,352
Net impairment loss on assets for insurance acquisition cash flows	**(9,435,144)**	**(10,727,436)**
Total expenses		
Represented by:		
Insurance service expenses	325,726,188	487,065,635
Non-attributable expenses	12,215,932	13,329,874
Total expenses	**337,942,120**	**500,395,509**

*For year 2024; Employee benefits are also included in; Claims and benefits (in the amount EUR 8,954,361), Insurance acquisition cash flows (in the amount EUR 4,480,295) and Fees and commissions (in the amount EUR 22,199,423).

*For year 2023; Employee benefits are also included in; Claims and benefits (in the amount EUR 8,849,951), Insurance acquisition cash flows (in the amount EUR 4,033,732) and Fees and commissions (in the amount EUR 21,020,606).

Employee benefit expenses

(in EUR)	2024	2023
Employee benefits		
Costs of wages and salaries	38,696,229	38,318,345
Social security and pension insurance costs	5,898,574	5,942,645
Pension insurance costs	3,244,215	3,268,455
Social security costs	2,654,358	2,674,190
Other labour cost	12,727,250	11,152,424
Provisions for employee benefits and unused leave included	1,357,430	1,268,958
Total	**58,679,483**	**56,682,372**

7.19 OTHER REVENUE AND EXPENSES

7.19.1 OTHER INCOME AND EXPENSES

(in EUR)	2024	2023
Revenue from investment management services	**714,750**	**618,355**
Other operating income and expenses	**1,817,408**	**2,792,227**
Other finance income and expenses	**(2,023,254)**	**(1,539,843)**
Non-attributable expenses	**(12,215,932)**	**(13,329,901)**
Net impairments on non- financial assets	**32,721**	**1,162,277**
Other income and expenses	**9,021,714**	**661,899**
Other income and expenses	**(2,652,593)**	**(9,634,986)**

The Insurance 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 the split of expenses in Section 7.19.

Among the impairment/reversal of impairment of non-financial assets, the Insurance includes both revenue from the reversal of impairment, as well as impairments from the revaluation of other receivables and financial receivables. Compared to the previous year, income from the reversal of impairments of other receivables was significantly lower in 2024.

7.19.2 OTHER INCOME AND EXPENSES

(in EUR)	2024	2023
Other income	**9,094,788**	**690,787**
Write-offs of liabilities from previous years	63,268	2,371
Other income	9,031,521	688,416
Other expenses	**(73,075)**	**(28,888)**
Other expenses	(73,075)	(28,888)
Total other income and expenses	**9,021,714**	**661,899**

Other income and expenses, which mainly include expenses and income as well as income from write-offs from previous years, increased mainly relates to abolition of complementary health insurance in 2024. Government decree to freeze the complementary health insurance premium in April 2023 had strong negative effect on result of the Company in year 2023.

On 21 December 2023, the Republic of Slovenia adopted the Decree amending the Decree determining maximum prices for complementary health insurance, which determined the basis to claims 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. Based on the provisions of the Decree, company received compensation in amount of EUR 8,362,440.

7.19.3 AUDITOR'S REMUNERATION

The audit of the annual financial statements of GENERALI zavarovalnica d.d. for 2024 was performed by the audit firm KPMG Slovenija d.o.o., as also in 2023.

Fees paid for auditor's services

(in EUR)	2024	2023
Statutory audit of the annual report	354,830	640,969
Other audit services	145,386	127,872
Total fees for independent auditor's services	**500,216**	**768,841**

In 2023, auditor's remuneration was higher due to auditing the transition to the new international standards IFRS 17 and IFRS 9.

7.20 ORPORATE INCOME TAX

Taxes

(in EUR)	2024	2023
Corporate income tax charge	9,142,265	-
Deferred tax income/(expense)	(115,592)	1,038,240
Total	**9,026,673**	**1,038,240**

Adjustment between the actual and the calculated tax expense by applying the effective tax rate

(in EUR)	2024	2023
Profit or loss before taxation	42,562,049	2,473,633
Rate used for income tax calculation	22	19
Tax calculated by using official tax rate	(9,363,651)	(469,990)
Income excluded from the tax base and other reductions in the tax base	**4,661,851**	**5,223,874**
Expenses not recognised in the tax base and other increases in the tax base	**(5,162,535)**	**(4,723,931)**
Use of tax allowance in the current year	**722,070**	**816,339**
Effect of utilisation of tax loss	**-**	**558,072**
Changes in deferred taxes in the income statement	**-**	**499,323**
Changes in deffered tax assets:	**115,592**	**(1,537,564)**
Increase of deductible temporary differences	148,199	-
Decrease of deductible temporary differences	(32,607)	(979,492)
Decrease of tax loss carry forwards	-	(558,072)
Profit or loss after taxation	**(9,026,672)**	**366,123**
Effective tax rate (in %)	**21.21**	**14.80**

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.

The effective tax rate, defined as the ratio the tax expense (including accrued tax) and the determined financial result before tax for 2024 is 21.21% (2023: the effective tax rate was 14.80%).

According to local tax legislation in Slovenia, the applicable tax rate in 2024 was 22% which has increased compared to the previous year (in 2023, the tax rate was 19%).

Tax expense recognized in other comprehensive income

(in EUR)	2024	2023
Tax on items that may be allocated to profit or loss in subsequent periods	(1,753,125)	(2,891,099)
Tax on items not to be allocated to profit or loss	51,055	17,899
Total	**(1,702,070)**	**(2,873,199)**

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.

Recognised deferred tax amounts

(in EUR)	2024	2023
Deferred tax assets	**3,985,114**	**5,376,634**
Receivables for deferred tax to be recovered	3,868,919	5,251,823
Receivables from deductible temporary differences - impairment of IFA, PPE and receivables	3,204,974	3,107,364
Receivables from deductible temporary differences - impairment of financial investments	321,031	1,777,555
Receivables from deductible temporary differences - provisions made but not recognised	342,914	366,905
Receivables from unused tax credits	116,195	124,811
Deferred tax liabilities	**555,771**	**360,813**
Liabilities for deferred taxes pending payment	555,771	360,813
Liabilities from revaluation of financial investments	555,771	360,813

Movements in deferred tax assets and liabilities

(in EUR)	2024	2023
Deferred tax assets as at 1 Jan	**5,376,634**	**16,232,596**
Changes during the year	(1,391,520)	(5,676,405)
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
Deferred tax assets as at 31 Dec	**3,985,114**	**12,185,108**
Deferred tax liabilities as at 1 Jan	**360,813**	**21,965,376**
Efect of changes IFRS	-	(15,643,213)
Changes during the year	194,958	573,824
Debited/credited to equity due to change in tax rate	-	273,301
Deferred tax liabilities as at 31 Dec	**555,771**	**7,169,288**

7.22 ISSUES, SURRENDERS AND PAYOUTS OF SECURITIES AND DIVIDENDS

In 2024, the Company did not issue any subordinated bonds and did not purchase or pay any equity securities.

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 2024 GENERALI zavarovalnica d.d. did not pay dividends to the sole shareholder, Generali CEE Holding B.V.

7.23 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 2024, 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.

Subsidiaries and associates

COMPANY NAME	ADDRESS	Equity interest	Tax rate	VAT ID No.	Activity	Reporting Period
Subsidiaries						
SLOVENIA						
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	Dunajska cesta 63, 1000 Ljubljana	100%	22%	SI22745866	Specialist outpatient health care service	Calendar year
Associates						
SLOVENIA						
MEDIFIT d.o.o., Slovenia	Tržaška cesta 116, 1000 Ljubljana	24.99%	22%	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.

8.2 RELATED PARTY TRANSACTIONS

Transactions with the owner Generali CEE Holding B.V.

(in EUR)	2024	2023
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION		
Intangible assets	152,188	152,188
Other short-term liabilities	-	2,625
INCOME STATEMENT ITEMS	-	
Other operating expenses	31,019	39,262
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION		
Financial investments	6,785,256	5,896,745

Transactions with subsidiaries

(in EUR)	2024	2023
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION		
Financial investments	-	164,783
Short-term receivables from direct insurance business	-	1,855
Short-term receivables from financing	86,400	34
Other short-term receivables	926	765
Other short-term liabilities	-	68,596
INCOME STATEMENT ITEMS		
Income from insurance business	1,671	1,887
Expenses from insurance business	136,835	101,215
Other operating revenue	31,117	29,874
Interest income	-	805
Financial income	-	165,067
Other operating expenses	85,872	79,782
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION		
Financial investments	289,162	309,162
Short-term receivables from direct insurance business	-	6,000
Short-term receivables from financing	-	94,836
Other short-term receivables	-	9
INCOME STATEMENT ITEMS		
Dividends received	-	4,704,218
Income from insurance business	-	49,627
Expenses from insurance business	-	6,883
Other operating revenue	-	2,480
Financial income	-	1,182,726

In 2024 GENERALI d.d. did not purchase or sell investment property to related parties.

Loans given and dividend received

In 2024, the Company did not receive or give loans to the Parent Company and its subsidiaries.

In 2024, GENERALI zavarovalnica did not pay dividends to the Parent Company and did not receive dividends from its subsidiaries.

Transactions with associates

(in EUR)	2024	2023
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION		
Intangible assets	119,940	117,885
Financial investments	32,148	11,222,077
Short-term receivables from direct insurance business	973	199
Other short-term receivables	-	2
Short-term liabilities from direct insurance business	100	-
Other short-term liabilities	2,000	9,206
INCOME STATEMENT ITEMS		
Dividends received	-	75,189
Income from insurance business	1,321	1,036
Other expenses from insurance business	384,000	300,000
Expenses from insurance business	11,500	12,640
Other operating revenue	5,002	12,000
Other operating expenses	165,095	188,572
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION		
Financial investments	-	515,972
INCOME STATEMENT ITEMS		
Dividends received	-	3,467

Transaction with related parties

(In EUR)	2024	2023
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION		
Intangible assets	20,318	12,480
Financial investments	14,278,261	12,372,739
Receivables from reinsurers arising from reinsurance ceded	12,054,276	19,116,400
Short-term receivables for reinsurance premiums accepted	299,084	488,110
Other receivables arising from reinsurance business	4,055	(766)
Short-term liabilities for reinsurance premiums ceded	8,763,116	5,995,679
Liabilities to reinsurers arising from reinsurance accepted	25,799	23,381
Operating liabilities of reinsurers arising from reinsurance contracts with cedants	17,605	12,628
Short-term receivables from direct insurance business	589,849	413,447
Other short-term receivables frominsurance business	256,125	478,890
Short-term receivables from financing	-	266,383
Other short-term receivables	519,891	245,052
Short-term liabilities from direct insurance business	267,696	129,619
Other short-term liabilities	1,659,377	2,150,448
INCOME STATEMENT ITEMS		
Claims paid - reinsurance share	31,586,422	30,111,953
Accepted reinsurance premiums	107,100	324,341
Reinsurance commission and other income	6,929,411	6,286,945
Reinsurers' share of premiums	36,217,014	30,522,879
Accepted reinsurance claims	63,949	-
Accepted reinsurance commission expenses	12,177	23,131
Interest on deposits of reinsurers	-	1,155
Dividends received	-	266,383
Income from insurance business	15,523	16,869
Other income from insurance business	269,855	211,021
Other expenses from insurance business	205,921	45,261
Expenses from insurance business	16,219,191	16,331,391
Other operating revenue	156,885	163,146
Financial income	186,949	166,417
Other operating expenses	4,692,067	5,157,428
Financial expenses	385	-

(In EUR)	2024	2023
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION		
Financial investments	6,785,256	5,896,745
Receivables from reinsurers arising from reinsurance ceded	796,924	706,262
Other receivables arising from reinsurance business	315,911	69,423
Short-term liabilities for reinsurance premiums ceded	2,048,305	1,236,455
Operating liabilities of reinsurers arising from reinsurance contracts with cedants	-	209,298
Short-term receivables from financing	125,717	308,027
Other short-term receivables	27,389	-
Short-term financial liabilities	304,125	-
Loan received	30,000,000	30,000,000
Long-term financial liabilities	1,231,211	1,255,092
INCOME STATEMENT ITEMS		
Claims paid - reinsurance share	442,880	452,414
Reinsurance commission and other income	948,138	626,536
Reinsurers' share of premiums	2,458,451	2,017,160
Income from insurance business	31,636	49,627
Expenses from insurance business	469,829	6,883
Other operating revenue	438,206	411,246
Dividends received	-	213,191
Financial income	1,531,511	1,295,967
Financial expenses	2,014,916	1,609,658

Note: The companies of Group Generali Investments was classified among the items of other related parties for 2023.

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 7.12.

8.3 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.

8.4 MANAGEMENT

The management consists of the members of the Management Board and the Supervisory Board and the employees on individual employment agreements.

Remuneration of members of management and supervision bodies and employees on individual employment agreements in 2024

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
Gross salary	462,882	90,547	6,728,260
Variable part of remuneration	593,013	-	919,648
Holiday allowances	6,900	4,600	258,507
Reimbursements of costs*	4,860	5,718	257,785
Meeting attendance fees	-	3,280	-
Insurance premiums	14,849	3,793	412,680
Commissions, bonuses and other additional payments	24,999	4,043	466,344
Total remuneration	**1,107,503**	**111,982**	**9,043,224**

Payments are presented in gross amounts and were disbursed to the members of management and/or supervision bodies and employees on individual employment agreements in 2024 for the period in which they carried out the function of management and/or supervision in GENERALI zavarovalnica d.d. in 2024.

Employees on individual employment agreements presents the employees on level B-1, B-2 and B-3.

The members of the Management Board of the Company did not receive any payments for the performance of tasks in subsidiaries.

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	Procuration 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	14,398	400,535	562
Commissions, bonuses and other additional payments	28,633	2,200	472,397	905
Total remuneration	**990,516**	**117,307**	**8,959,612**	**52,437**

*Including travel expenses for transport by own means of transport.
**From 22 February 2023, GENERALI insurance company no longer has procurators.

As at the 2024 year end, GENERALI d.d. recognises following operating receivables and liabilities to related parties

- EUR 818 of receivables and EUR 41,365 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 lots;
- EUR 143 of receivables and EUR 8,040 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 9,576 of receivables and EUR 627,694 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 7,550 arises from the insurance business (premium due), while the rest arises from rents for parking spaces.

The receivables arising from premiums are non-matured receivables. The receivables arising from rents for parking places are the receivables for the rents in December and were settled by deducting the relevant amounts from the payroll in January 2025.

In 2024, 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 2024, 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 4,747 from the premium received). As of December 31, 2024, the insurance company has outstanding receivables from family members in the amount of EUR 21.

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 2024, the Company did not receive any payments from or made any payments to the senior management. As at 31 December 2024, there were no outstanding receivables from or liabilities to the senior management.

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)	31.12.2024	31.12.2023
Received pledged guarantees	-	60,800
Contingent RECEIVABLES	**-**	**60,800**
Liabilities for guarantees	1,772,668	1,956,901
Liabilities for bill of exchange	(2,326,723)	(1,603,165)
Liabilities for guaranteed return	246,313	325,337
Other liabilities	5,454,895	5,385,976
Contingent LIABILITIES	**5,147,153**	**6,065,049**
Total contingent receivables and liabilities	**5,147,153**	**6,125,849**

Contingent receivables include receivables for 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 lower by EUR 60,853, due to the expiry of the validity of the pledged guarantees.

Contingent liabilities include contingent liabilities arising from liabilities for bank guarantees and bills of exchange and liabilities from investment contracts due to failure to achieve the guaranteed return concerning policyholders of Pokojninsko varčevanje AS Zajamčeni od 60. The remaining contingent liabilities include contingent liabilities for the payment according to commitments in the total amount of EUR 5,454,895. The contingent liabilities of the Company are lower than at the end of the previous year by EUR 978,750 due to lower bills of exchange and guarantees and lower liabilities for payments of inputs to two funds (by EUR 1,841,109). Despite the decrease in total liabilities, other liabilities increased by EUR 68,919 due to contributions to new funds in the amount of EUR 1,910,028.

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 2024.

03

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. 101/2024 as amended).

1.1 FINANCIAL STATEMENTS ACCORDING TO THE SCHEME PRESCRIBED BY THE ISA - UNAUDITED

The Insurance Company GENERALI zavarovalnica d.d., whose principal activity is insurance business, provides services in the non-life and life 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 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 2024 GENERALI zavarovalnica d.d. 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.

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,
- Medical insurance and
- 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 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.

Statement of financial position of GENERALI d.d. as at 31 December 2024 by insurance group in accordance with the Decision on the Annual Reports of Insurance Undertakingsc

(in EUR)	Life insurance	Non-life insurance	Total
ASSETS			
Property, plant and equipment	-	25,844,201	25,844,201
Investment property	-	8,470,374	8,470,374
Assets arising from a lease	-	4,665,301	4,665,301
Intangible assets and goodwill	48,889	6,948,554	6,997,443
Deferred tax assets	-	3,985,114	3,985,114
Investments in subsidiaries	289,162	-	289,162
Investments in associates	-	32,148	32,148
Financial assets, measured at:	684,204,316	353,543,533	1,037,747,849
Fair value through other comprehensive income	213,713,398	337,001,281	550,714,679
Amortised cost	-	41,718	41,718
Fair value through profit or loss	470,490,918	16,500,534	486,991,452
Investment contract assets:	45,856,110	-	45,856,110
Financial assets, measured at:	45,342,524	-	45,342,524
Fair value through profit or loss	45,342,524	-	45,342,524
Receivables	9,137	-	9,137
Cash and cash equivalents	504,449	-	504,449
Insurance contracts assets	25,801,917	91,151	25,893,068
Reinsurance contracts assets	-	57,236,973	57,236,973
Current tax assets	-	1,701,264	1,701,264
Receivables	1,979,215	24,115,245	10,364,358
Cash and cash equivalents	4,479,904	2,797,448	7,277,353
Other assets	35	1,432,824	1,432,859
TOTAL ASSETS	762,659,549	490,864,130	1,237,793,577
EQUITY			
Share capital	17,690,167	21,830,180	39,520,347
Capital reserve	1,669,017	19,102,152	20,771,169
Reserves from profit	-	9,721,593	9,721,593
Accumulated other comprehensive income	3,008,755	(1,031,687)	1,977,068
Retained earnings	60,602,839	63,931,371	124,534,210
Net profit loss for the period	11,318,489	22,216,888	33,535,377
TOTAL EQUITY	94,289,266	135,770,498	230,059,764
LIABILITIES			
Subordinated liabilities	31,231,211	-	31,231,211
Deferred tax liabilities	555,771	-	555,771
Insurance contracts issued that are liabilities	582,305,253	291,606,731	873,911,983
Reinsurance contracts held that are liabilities	1,046,749	124,910	1,171,659
Investment contracts liabilities	45,856,110	-	45,856,110
Provisions	659,848	7,032,476	7,692,324
Other financial liabilities	23,270	4,745,053	4,768,324
Current tax liabilities	3,192,948	580	3,193,528
Other liabilities	3,499,123	51,583,882	39,352,904
TOTAL LIABILITIES	668,370,283	355,093,632	1,007,733,813
TOTAL EQUITY AND LIABILITIES	762,659,549	490,864,130	1,237,793,577

In the balance sheet by insurance segment, the balance of assets and liabilities is not equal to the sum of individual amounts by insurance segment because final offsets in the amount of EUR 15,730,102 were made on the level of balance sums in the categories of other receivables and other liabilities.

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 Undertakingss

(in EUR)	Life insurance	Non-life insurance	Total
ASSETS			
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	-	5,376,634	5,376,634
Investments in subsidiaries	309,162	164,783	473,945
Investments in associates	515,972	11,222,077	11,738,050
Financial assets, measured at:	604,844,969	315,536,694	920,381,663
Fair value through other comprehensive income	194,706,046	299,800,632	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	19,342,646	17,977,032
Cash and cash equivalents	4,058,810	2,516,803	6,575,612
Other assets	117	1,533,218	1,533,335
TOTAL ASSETS	696,893,548	472,397,975	1,149,467,966
EQUITY			
Share capital	17,690,167	21,830,180	39,520,347
Capital reserve	1,669,017	19,102,152	20,771,169
Reserves from profit	-	9,589,086	9,589,086
Accumulated other comprehensive income	1,958,517	(6,016,062)	(4,057,544)
Retained earnings	48,220,810	74,556,658	122,777,468
Net profit loss for the period	12,382,028	(10,945,592)	1,436,437
TOTAL EQUITY	81,920,539	108,116,423	190,036,962
LIABILITIES			
Subordinated liabilities	31,255,092	-	31,255,092
Deferred tax liabilities	360,813	-	360,813
Insurance contracts issued that are liabilities	527,356,903	294,381,570	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	59,309,546	41,951,749
TOTAL LIABILITIES	614,973,008	364,281,552	959,431,004
TOTAL EQUITY AND LIABILITIES	696,893,548	472,397,975	1,149,467,966

In the balance sheet by insurance segment, the balance of assets and liabilities is not equal to the sum of individual amounts by insurance segment because final offsets in the amount of EUR (19,823,557) were made on the level of balance sums in the categories of other receivables and other liabilities.

Income statement for GENERALI d.d. for the period from 1 January 2024 to 31 December 2024 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings

(in EUR)	Life insurance	Non-life insurance	Total
INSURANCE SERVICE RESULT			
Insurance revenue from insurance contracts	44,732,458	321,571,498	366,303,956
Insurance service expenses from insurance contracts	(30,883,391)	(294,842,797)	(325,726,188)
Net expenses from reinsurance contracts	(2,705,882)	(3,105,038)	(5,810,920)
Insurance service result	11,143,185	23,623,662	34,766,847
INVESTMENT INCOME			
Interest revenue calculated using the effective interest method	5,149,005	4,682,078	9,831,083
Dividend income	238,761	848,217	1,086,978
Net gains/losses on derecognition of financial assets measured at:	3,857,543	(906,443)	2,951,100
- fair value through profit or loss	3,961,171	(570,101)	3,391,071
- fair value through other comprehensive income	(103,628)	(336,342)	(439,970)
Net impairments on financial assets	(12,890)	30,501	17,611
Other investment income	66,506,730	2,420,820	68,927,550
Net investment income/expenses	75,739,149	7,075,173	82,814,322
RESULT FROM INSURANCE CONTRACTS			
Net finance expenses from insurance contracts	(69,887,022)	(3,917,384)	(73,804,406)
Net finance income from reinsurance contracts	(38,356)	906,851	868,495
Finance income/expenses from insurance contracts	(69,925,378)	(3,010,532)	(72,935,910)
CHANGE OF INVESTMENT CONTRACT LIABILITIES	569,384	-	569,384
OTHER INCOME AND EXPENSES	(3,116,166)	463,573	(2,652,593)
Revenue from investment management services	714,750	-	714,750
Other operating income and expenses	1,125,720	691,688	1,817,408
Other finance income and expenses	(1,951,231)	(72,023)	(2,023,254)
Non-attributable expenses	(2,986,076)	(9,229,856)	(12,215,932)
Net impairments on non- financial assets	(2,518)	35,240	32,721
Other income and expenses	(16,811)	9,038,525	9,021,714
PROFIT BEFORE TAX	14,410,174	28,151,876	42,562,049
Current income taxes	(3,192,948)	(5,949,316)	(9,142,265)
Deferred taxes	101,263	14,329	115,592
NET PROFIT FOR THE ACCOUNTING PERIOD FROM CONTINUING OPERATIONS	11,318,489	22,216,888	33,535,377
PROFIT AFTER TAX	11,318,489	22,216,888	33,535,377

Statement of other comprehensive income for GENERALI d.d. for the period from 1 January 2024 to 31 December 2024 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings

(in EUR)	Life insurance	Non-life insurance	Total
PROFIT FOR THE YEAR	**11,318,489**	**22,216,888**	**33,535,377**
OTHER COMPREHENSIVE INCOME AFTER TAX	**1,050,238**	**4,984,374**	**6,034,613**
Total items that may be reclassified subsequently to profit or loss	**1,253,731**	**6,715,022**	**7,968,753**
Unrealised change in value of financial assets measured at fair value through other comprehensive income	2,994,308	9,689,843	12,684,151
Net change in fair value	3,097,936	10,026,185	13,124,121
Net amount reclassified to profit or loss	(103,628)	(336,342)	(439,970)
Net finance expenses from insurance contracts	(1,740,577)	(3,078,134)	(4,818,711)
Net finance income from reinsurance contracts	-	103,313	103,313
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	(275,821)	(1,477,305)	(1,753,125)
Total items that will not be reclassified to profit or loss	**72,328**	**(253,342)**	**(181,015)**
Other items that will not be reclassified subsequently to profit or loss	92,728	(324,798)	(232,070)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	(20,400)	71,456	51,055
Comprehensive income	**12,368,727**	**27,201,263**	**39,569,990**
Comprehensive income for the accounting period from continuing operations	12,368,727	27,201,263	39,569,990

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	Total
INSURANCE SERVICE RESULT			
Insurance revenue from insurance contracts	39,590,030	418,239,976	457,830,006
Insurance service expenses from insurance contracts	(31,562,887)	(455,502,748)	(487,065,635)
Net expenses from reinsurance contracts	(2,270,346)	30,127,978	27,857,632
Insurance service result	**5,756,797**	**(7,134,794)**	**(1,377,997)**
INVESTMENT INCOME			
Interest revenue calculated using the effective interest method	4,178,208	3,721,839	7,900,047
Dividend income	4,964,328	1,375,577	6,339,905
Net gains/losses on derecognition of financial assets measured at:	486,613	377,086	863,698
- fair value through profit or loss	557,767	64,593	622,360
- fair value through other comprehensive income	(71,154)	312,492	241,338
Net impairments on financial assets	132,828	259,635	392,463
Other investment income	36,785,807	(70,421)	36,715,386
Net investment income/expenses	**46,547,784**	**5,663,716**	**52,211,500**
RESULT FROM INSURANCE CONTRACTS			
Net finance expenses from insurance contracts	(37,215,527)	(2,118,527)	(39,334,054)
Net finance income from reinsurance contracts	-	98,881	98,881
Finance income/expenses from insurance contracts	**(37,215,527)**	**(2,019,646)**	**(39,235,173)**
CHANGE OF INVESTMENT CONTRACT LIABILITIES	**510,288**	**-**	**510,288**
OTHER INCOME AND EXPENSES	**(3,104,072)**	**(6,530,914)**	**(9,634,986)**
Revenue from investment management services	618,355	-	618,355
Other operating income and expenses	2,497,817	294,410	2,792,227
Other finance income and expenses	(1,625,227)	85,385	(1,539,843)
Non-attributable expenses	(4,710,872)	(8,619,029)	(13,329,901)
Net impairments on non- financial assets	(3,102)	1,165,379	1,162,277
Other income and expenses	118,958	542,942	661,899
PROFIT BEFORE TAX	**12,495,270**	**(10,021,637)**	**2,473,633**
Deferred taxes	(114,286)	(923,954)	(1,038,240)
NET PROFIT FOR THE ACCOUNTING PERIOD FROM CONTINUING OPERATIONS	**12,380,984**	**(10,945,592)**	**1,435,392**
PROFIT AFTER TAX	**12,380,984**	**(10,945,592)**	**1,435,392**

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	Total
PROFIT FOR THE YEAR	**12,380,984**	**(10,945,592)**	**1,435,392**
OTHER COMPREHENSIVE INCOME AFTER TAX	**6,992,113**	**6,032,959**	**13,025,072**
Total items that may be reclassified subsequently to profit or loss	**8,686,627**	**6,843,660**	**15,530,287**
Unrealised change in value of financial assets measured at fair value through other comprehensive income	11,989,623	12,297,847	24,287,470
Net change in fair value	12,060,777	11,985,355	24,046,132
Net amount reclassified to profit or loss	(71,154)	312,492	241,338
Net finance expenses from insurance contracts	(3,302,996)	(6,163,976)	(9,466,972)
Net finance income from reinsurance contracts		709,789	709,789
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	(1,741,871)	(1,149,228)	(2,891,099)
Total items that will not be reclassified to profit or loss	**47,356**	**338,527**	**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	342,605	391,621
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	5,525	12,374	17,899
Comprehensive income	**19,373,097**	**(4,912,633)**	**14,460,464**
Comprehensive income for the accounting period from continuing operations	19,373,097	(4,912,633)	14,460,464

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. 101/2024). 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
Life insurance fund	
Life insurance fund with investment risk	
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
Life insurance internal funds with investment risk	
Aktivni naložbeni paket internal fund	5186684025
Dirigent internal fund	5186684026
Vrhunski internal fund	5186684027
Aktivna naložba internal fund	5186684021
Drzna naložba internal fund	5186684007
Dinamična naložba internal fund	5186684008
Uravnotežena naložba internal fund	5186684009
Preudarna naložba internal fund	5186684010
Varna naložba internal fund	5186684006
Inovativen izbor internal fund	5186684037
Stabilni izbor internal fund	5186684038
Ring fenced funds	
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
Pension fund and group of pension funds	
Group of AS pension saving ring fenced guarantee funds	
AS pension saving ring fenced guarantee fund – DRZNI DO 50	5186684033
AS pension saving ring fenced guarantee fund – UMIRJENI MED 50 IN 60	5186684018
AS pension saving ring fenced guarantee fund – ZAJAMČENI OD 60	5186684019
Zajamčeni PN-A01 ring fenced guarantee fund – pension insurance	5186684023

Pension fund and group of pension funds

Within the scope of life insurance, in 2024 operated funds which are kept as the Group of guarantee 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 OTP 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 2024, 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 2024

in EUR	Assets	Net asset value	Management fee	Company other revenue	Liabilities for difference in guaranteed return
KPS LEON 2-Zajamčeni	42,636,628	42,371,834	395,019	15,084	87,771
KPS LEON 2-Preudarni	12,642,515	12,561,642	106,828	4,429	-
KPS LEON 2-Dinamični	23,112,017	23,085,684	184,713	8,576	-
Total 2024	**78,391,161**	**78,019,160**	**686,560**	**28,089**	**87,771**

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	-
Total 2023	**66,721,880**	**66,583,252**	**590,966**	**27,386**	**105,345**

Internal Funds

Life insurance in 2024 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 OTP d.d., while the administrator of the Internal Funds Drzna naložba, Dinamična naložba, Uravnotežena naložba, Preudarna naložba, Varna naložba, Inovativen izbor and Stabilni izbor 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. 2024	Life insurance where the investment risk is borne by policyholder – FOND POLICA 31 Dec. 2024	Unit-linked life insurance -Naložbeni sklad 31.12.2024	Life insurance where the investment risk is borne by policyholder 31 Dec. 2023	Life insurance where the investment risk is borne by policyholder – FOND POLICA 31 Dec. 2023	Unit-linked life insurance -Naložbeni sklad 31.12.2023
2.3.a) Display of fund assets						
III. Financial investments	**20,802,832**	**223,009,100**	**27,639,477**	**18,844,188**	**201,912,683**	**24,607,556**
3. Financial investments at fair value through IPI	20,802,832	223,009,100	27,639,477	18,844,188	201,912,683	24,607,556
IV. Receivables	**-**	**831,194**	**137,098**	**-**	**530,136**	**76,834**
V. Cash and cash equivalents	**481,836**	**10,688**	**852,185**	**430,011**	**278,345**	**735,129**
TOTAL ASSETS OF THE FUND	**21,284,668**	**223,850,982**	**28,628,760**	**19,274,199**	**202,721,164**	**25,419,519**
2.3.b) Display of the movement of assets the fund						
1. Initial funds assets	**19,274,198**	**202,980,558**	**25,419,519**	**17,486,280**	**204,713,950**	**23,865,030**
2. Increase in assets, of which:	**947,517**	**17,418,352**	**10,866,671**	**1,050,531**	**18,966,721**	**10,238,889**
- paid-in assets	947,517	17,418,352	10,866,671	1,050,531	18,966,721	10,238,889
3. Reduction of assets, of which:	**(2,362,747)**	**(31,002,495)**	**(10,673,624)**	**(1,723,171)**	**(39,333,058)**	**(10,085,080)**
- disbursed assets	(2,362,747)	(31,002,495)	(10,673,624)	(1,723,171)	(39,333,058)	(10,085,080)
4. Return on assets	**3,425,701**	**34,454,567**	**3,016,194**	**2,460,558**	**18,373,551**	**1,400,680**
5. End assets	**21,284,669**	**223,850,982**	**28,628,760**	**19,274,198**	**202,721,164**	**25,419,519**

1.4 LIFE INSURANCE INTERNAL FUNDS WITH INVESTMENT RISK

Presentation of internal funds with investment risk

(in EUR)	Internal fund – DIRIGENT 2024	Internal fund – AKTIVNI NALOŽBENI PAKET 2024	Internal fund – VRHUNSKI 2024	Internal fund -Aktivna naložba 2024	Internal fund – DIRIGENT 2023	Internal fund – AKTIVNI NALOŽBENI PAKET 2023	Internal fund – VRHUNSKI 2023	Internal fund -Aktivna naložba 2023
2.1.a) Display of fund assets								
II. Financial investments	**3,315,189**	**36,914,507**	**3,938,088**	**45,527,761**	**3,113,666**	**30,111,552**	**3,460,299**	**32,275,639**
3. Financial investments at fair value through IPI	3,315,189	36,914,507	3,938,088	45,527,761	3,113,666	30,111,552	3,460,299	32,275,639
III. Receivables	**-**	**-**	**-**	**-**	**11,924**	**-**	**15,093**	**1,840,000**
IV. Cash and cash equivalents	**33,308**	**307,956**	**49,013**	**84,118**	**27,209**	**370,519**	**15,142**	**94,769**
TOTAL ASSETS OF THE FUND	**3,348,497**	**37,222,463**	**3,987,101**	**45,611,879**	**3,152,799**	**30,482,071**	**3,490,534**	**34,210,408**
2.1.b) Display of the movement of the fund value								
VALUE OF FUND ASSETS at the beginning of the year	**3,121,028**	**30,119,151**	**3,467,773**	**34,118,001**	**3,490,109**	**26,905,974**	**3,336,206**	**25,714,810**
I. Assets paid in	**-**	**2,635,500**	**-**	**6,040,750**	**-**	**2,455,650**	**-**	**6,760,810**
II. Assets paid out	**(453,514)**	**(3,308,348)**	**(304,809)**	**(1,131,648)**	**(659,516)**	**(2,429,920)**	**(248,428)**	**(1,021,454)**
IV. Return on financial investments of the fund	**711,485**	**7,517,355**	**862,891**	**6,742,272**	**328,019**	**3,360,982**	**436,103**	**2,836,470**
VI. Expenses of the fund related to management and operations	**(81,667)**	**(202,456)**	**(99,161)**	**(236,841)**	**(37,584)**	**(173,535)**	**(56,108)**	**(172,635)**
3. Management fee	(34,934)	(185,386)	(57,760)	(216,328)	(34,805)	(158,904)	(53,188)	(157,578)
4. Other costs of the fund	(46,733)	(17,070)	(41,401)	(20,513)	(2,779)	(14,631)	(2,920)	(15,057)
VALUE OF FUND ASSETS at the end of the year	**3,297,332**	**36,761,202**	**3,926,694**	**45,532,534**	**3,121,028**	**30,119,151**	**3,467,773**	**34,118,001**
2.1.c) Display of the total return of the fund								
I. Income of the Fund	**712,605**	**7,539,125**	**863,523**	**6,759,381**	**414,708**	**3,926,854**	**554,958**	**3,116,699**
2. Income from financial investments	712,605	7,539,125	863,523	6,759,381	414,708	3,926,854	554,958	3,116,699
II. Expenses of the fund	**(82,787)**	**(224,226)**	**(99,793)**	**(253,950)**	**(85,413)**	**(565,872)**	**(118,420)**	**(280,229)**
2. Expenses from financial investments	(1,120)	(21,770)	(632)	(17,109)	(47,829)	(392,336)	(62,312)	(107,594)
3. Expenses related to management and operations	(81,667)	(202,456)	(99,161)	(236,841)	(37,584)	(173,536)	(56,108)	(172,635)
TOTAL FUND RETURN	**629,818**	**7,314,899**	**763,730**	**6,505,431**	**329,295**	**3,360,982**	**436,538**	**2,836,470**
2.1.d) Display of the movement of the number of the fund's assets								
1. Opening number of (units) assets	143,934	2,053,855	205,836	2,455,963	175,799	2,051,780	221,496	2,028,943
2. Number of assets (unit) paid-in	-	160,718	-	394,468	-	175,054	-	504,545
2. Number of assets (unit) paid-in	(18,110)	(199,040)	(16,110)	(74,955)	(31,865)	(172,980)	(15,660)	(77,525)
6. Closing number of (units) assets	125,824	2,015,533	189,726	2,775,476	143,934	2,053,854	205,836	2,455,963

Presentation of internal funds with investment risk

(in EUR)	Internal unit-linked fund - Drzne naložbe 2024	Internal unit-linked fund - Dinamične naložbe 2024	Internal unit-linked fund - Uravnotežene naložbel 2024	Internal unit-linked fund - Preudarne naložbe 2024	Internal unit-linked fund - Varne naložbe 2024	Internal unit-linked fund - Drzne naložbe 2023	Internal unit-linked fund - Dinamične naložbe 2023	Internal unit-linked fund - Uravnotežene naložbel 2023	Internal unit-linked fund - Preudarne naložbe 2023	Internal unit-linked fund - Varne naložbe 2023
2.1.a Display of fund assets										
II. Financial investments	**29,621,405**	**29,210,443**	**20,727,658**	**5,110,066**	**6,532,842**	**27,800,722**	**21,439,958**	**15,911,395**	**4,094,800**	**6,483,657**
3. Financial investments at fair value through IPI	29,621,405	29,210,443	20,727,658	5,110,066	6,532,842	27,800,722	21,439,958	15,911,395	4,094,800	6,483,657
III. Receivables	**37,529**	**11,605**	**4,968**	**1,571**	**4,834**	**15,973**	**6,919**	**3,469**	**809**	**1,663**
IV. Cash and cash equivalents	**463,380**	**155,954**	**168,280**	**49,044**	**82,910**	**532,125**	**239,351**	**241,307**	**21,747**	**53,598**
TOTAL ASSETS OF THE FUND	**30,122,314**	**29,378,002**	**20,900,906**	**5,160,681**	**6,620,586**	**28,348,820**	**21,686,228**	**16,156,171**	**4,117,356**	**6,538,918**
2.1.b) Display of the movement of the fund value										
VALUE OF FUND ASSETS at the beginning of the year	**27,793,648**	**21,432,471**	**15,896,509**	**4,091,467**	**6,483,561**	**24,775,124**	**16,718,328**	**11,748,296**	**3,294,186**	**5,645,449**
I. Assets paid in	**7,422,349**	**9,956,529**	**5,957,609**	**2,027,278**	**1,664,423**	**8,083,928**	**7,205,203**	**5,084,617**	**1,575,057**	**1,734,761**
II. Assets paid out	**(9,057,576)**	**(5,754,500)**	**(3,137,281)**	**(1,386,875)**	**(1,735,763)**	**(5,755,604)**	**(4,014,560)**	**(1,935,256)**	**(1,001,935)**	**(988,846)**
IV. Return on financial investments of the fund	**5,620,683**	**4,218,686**	**2,443,763**	**465,766**	**170,985**	**2,946,063**	**2,156,445**	**1,389,064**	**327,269**	**263,356**
VI. Expenses of the fund related to management and operations	**(2,153,878)**	**(648,018)**	**(433,899)**	**(107,091)**	**(169,190)**	**(2,253,841)**	**(608,915)**	**(390,215)**	**(103,108)**	**(171,158)**
1. Entrance fees	(1,509,789)	(254,045)	(139,073)	(25,814)	(38,085)	(1,615,312)	(263,916)	(142,555)	(26,284)	(40,892)
3. Management fee	(435,626)	(282,475)	(198,975)	(50,244)	(82,047)	(419,898)	(238,410)	(161,195)	(45,136)	(79,675)
4. Other costs of the fund	(208,463)	(111,498)	(95,851)	(31,033)	(49,058)	(218,631)	(106,589)	(86,465)	(31,688)	(50,591)
VALUE OF FUND ASSETS at the end of the year	**29,625,226**	**29,205,168**	**20,726,701**	**5,090,545**	**6,414,016**	**27,795,670**	**21,456,501**	**15,896,506**	**4,091,469**	**6,483,562**
2.1.c) Display of the total return of the fund										
I. Income of the Fund	**5,620,683**	**4,225,471**	**2,443,763**	**468,371**	**172,163**	**3,292,335**	**2,244,629**	**1,391,887**	**327,269**	**263,356**
2. Income from financial investments	5,620,683	4,225,471	2,443,763	468,371	172,163	3,292,335	2,244,629	1,391,887	327,269	263,356
II. Expenses of the fund	**(2,153,878)**	**(654,803)**	**(433,899)**	**(109,695)**	**(170,368)**	**(2,600,112)**	**(697,099)**	**(393,038)**	**(103,108)**	**(171,158)**
2. Expenses from financial investments	-	(6.785)	-	(2.605)	(1.178)	(346.272)	(88.184)	(2.822)	-	-
3. Expenses related to management and operations	(2,153,878)	(648,018)	(433,899)	(107,090)	(169,190)	(2,253,840)	(608,915)	(390,216)	(103,108)	(171,158)
TOTAL FUND RETURN	**3,466,805**	**3,570,668**	**2,009,864**	**358,676**	**1,795**	**692,223**	**1,547,530**	**998,849**	**224,161**	**92,198**
2.1.d) Display of the movement of the number of the fund's assets										
1. Opening number of (units) assets	17,490,886	12,331,559	8,791,972	2,562,622	6,538,431	17,449,249	10,772,465	7,178,525	2,253,338	5,939,595
2. Number of assets (unit) paid-in	3,317,446	3,247,803	2,225,077	740,624	1,611,232	4,263,455	2,556,645	2,395,611	552,309	1,749,004
2. Number of assets (unit) paid-in	(5,390,753)	(1,423,268)	(1,019,133)	(426,750)	(1,856,253)	(4,221,818)	(997,552)	(782,164)	(243,025)	(1,150,168)
6. Closing number of (units) assets	15,417,579	14,156,094	9,997,916	2,876,496	6,293,410	17,490,886	12,331,558	8,791,972	2,562,622	6,538,431

Presentation of internal funds with investment risk

(in EUR)	Internal unit-linked fund - Inovativen izbor 2024	Internal unit-linked fund - Stabilni izbor 2024	Internal unit-linked fund - Inovativen izbor 2023	Internal unit-linked fund - Stabilni izbor 2023
2.1.a) Display of fund assets				
II. Financial investments	**140,028**	**6,395**	**-**	**-**
3. Financial investments at fair value through IPI	140,028	6,395	-	-
III. Receivables	**450**	**90**	**-**	**-**
IV. Cash and cash equivalents	**3,574**	**469**	**-**	**-**
TOTAL ASSETS OF THE FUND	**144,052**	**6,954**	**-**	**-**
2.1.b) Display of the movement of the fund value				
I. Assets paid in	**146,865**	**7,364**	**-**	**-**
II. Assets paid out	**(2)**	**-**	**-**	**-**
IV. Return on financial investments of the fund	**928**	**(5)**	**-**	**-**
VI. Expenses of the fund related to management and operations	**(8,303)**	**(1,114)**	**-**	**-**
1. Entrance fees	(7,989)	(1,014)	-	-
3. Management fee	(56)	(2)	-	-
4. Other costs of the fund	(258)	(98)	-	-
VALUE OF FUND ASSETS at the end of the year	**139,488**	**6,245**	**-**	**-**
2.1.c) Display of the total return of the fund				
I. Income of the Fund	**1,672**	**19**	**-**	**-**
2. Income from financial investments	1,672	19	-	-
II. Expenses of the fund	**(9,047)**	**(1,139)**	**-**	**-**
2. Expenses from financial investments	(744)	(24)	-	-
3. Expenses related to management and operations	(8,303)	(1,115)	-	-
TOTAL FUND RETURN	(7,375)	(1,120)	-	-
2.1.d) Display of the movement of the number of the fund's assets				
2. Number of assets (unit) paid-in	133,650	6,352	-	-
2. Number of assets (unit) paid-in	(304)	(101)	-	-
6. Closing number of (units) assets	133,346	6,251	-	-

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. 2024	AS – UMIRJENI 31 Dec. 2024	AS – ZAJAMČENI 31 Dec. 2024	Lifecycle group	AS – DRZNI 31 Dec. 2023	AS – UMIRJENI 31 Dec. 2023	AS – ZAJAMČENI 31 Dec. 2023	Lifecycle group
	19,296,725	**13,135,502**	**4,892,360**	**37,324,587**	**15,227,654**	**11,624,865**	**5,238,384**	**32,090,903**
Financial investments	**19,082,967**	**12,979,549**	**4,812,913**	**36,875,429**	**14,857,126**	**11,252,753**	**5,131,380**	**31,241,259**
measured at fair value through the income statement, of which:	19,082,967	12,979,549	4,812,913	36,875,429	14,857,126	11,252,753	5,131,380	31,241,259
– debt securities	1,572,608	6,320,148	4,234,727	12,127,483	739,984	4,859,392	4,455,555	10,054,931
– equity securities	17,510,359	6,659,401	578,186	24,747,946	14,117,142	6,393,361	675,825	21,186,328
Receivables	**177,795**	**125,330**	**41,301**	**344,426**	**206,081**	**132,720**	**41,786**	**380,587**
Other receivables	177,795	125,330	41,301	344,426	206,081	132,720	41,786	380,587
Cash and cash equivalents	**35,963**	**30,623**	**38,146**	**104,732**	**164,447**	**239,392**	**65,218**	**469,057**
Off-balance-sheet assets	**-**	**-**	**304,304**	**304,304**	**-**	**-**	**406,023**	**406,023**
Other off-balance-sheet assets	-	-	304,304	304,304	-	-	406,023	406,023
LIABILITIES	**19,296,725**	**13,135,502**	**4,892,360**	**37,324,587**	**15,228,033**	**11,624,756**	**5,237,989**	**32,090,778**
Insurance technical provisions	**19,269,901**	**13,113,683**	**4,878,467**	**37,262,051**	**15,204,454**	**11,605,755**	**5,226,564**	**32,036,773**
Technical provisions where the assets covering mathematical provisions are split to units (VEP)	19,269,901	13,113,683	4,878,467	37,262,051	15,204,454	11,605,755	5,226,564	32,036,773
Operating liabilities	**20,175**	**15,170**	**7,244**	**42,589**	**17,778**	**13,200**	**5,624**	**36,602**
Liabilities to the managing company of the assets covering mathematical provisions	15,911	10,817	4,014	30,742	12,507	9,562	4,321	26,390
Other operating liabilities	4,264	4,353	3,230	11,847	5,271	3,638	1,303	10,212
Other liabilities	**6,649**	**6,649**	**6,649**	**19,947**	**5,801**	**5,801**	**5,801**	**17,403**
Off-balance-sheet liabilities	**-**	**-**	**304,304**	**304,304**	**-**	**-**	**406,023**	**406,023**
Other off-balance-sheet liabilities	-	-	304,304	304,304	-	-	406,023	406,023

Income statement of lifecycle pension funds – Pokojninsko varčevanje AS

(in EUR)	AS – DRZNI 2024	AS – UMIRJENI 2024	AS – ZAJAMČENI 2024	Lifecycle group	AS – DRZNI 2023	AS – UMIRJENI 2023	AS – ZAJAMČENI 2023	Lifecycle group
Financial revenue	**4,548,025**	**1,537,220**	**201,667**	**6,286,912**	**3,033,671**	**1,183,637**	**283,856**	**4,501,164**
Revenue from dividends and shares	263,220	14,917	2,057	280,194	212,155	32,075	531	244,761
Interest revenue	17,160	82,940	71,694	171,794	17,623	69,893	53,943	141,459
Gains on disposals of financial investments	986,651	256,065	18,684	1,261,400	919,131	325,633	6,086	1,250,850
Net reveniue from financial investments, measured at fair value through profit and loss	2,595,162	1,140,745	109,225	3,845,132	1,884,761	756,035	223,296	2,864,092
Other financial revenue	685,832	42,553	7	728,392	1	1	-	2
Financial expenses	**816,169**	**79,268**	**23,276**	**918,713**	**990,988**	**131,925**	**16,987**	**1,139,900**
Interest expenses	19,976	22,091	-	42,067	-	-	-	-
Losses on disposal of financial investments	334,317	34,197	4,939	373,453	340,317	77,631	-	417,948
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	452,659	20,887	18,303	491,849	336,376	32,989	16,343	385,708
Other financial expenses	9,217	2,093	34	11,344	314,295	21,305	644	336,244
Result of investing activities	**3,731,856**	**1,457,952**	**178,391**	**5,368,199**	**2,042,683**	**1,051,712**	**266,869**	**3,361,264**
Other revenue	**1,379**	**89**	**403**	**1,871**	**19**	**41**	**-**	**60**
Expenses relating to the management and operation of the guarantee fund	**206,447**	**147,345**	**68,111**	**421,903**	**168,098**	**128,432**	**67,260**	**363,790**
Management fees	173,648	122,996	48,850	345,494	135,303	105,915	49,470	290,688
Expenses relating to custodian bank	10,072	7,134	6,600	23,806	7,848	6,605	6,600	21,053
Expenses relating to auditing	6,730	6,700	6,662	20,092	5,792	5,792	5,792	17,376
Other expenses charged directly to guarantee funds in accordance with management rules	15,997	10,515	5,999	32,511	19,155	10,120	5,398	34,673
Other expenses	**39,198**	**506**	**-**	**39,704**	**27,434**	**4,448**	**-**	**31,882**
Net profit available to policyholders	3,487,590	1,310,190	110,683	4,908,463	1,847,170	918,873	199,609	2,965,652

Lifecycle pension insurance guarantee 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)	31.12.2024	31.12.2023
ASSETS	**8,531,523**	**8,848,648**
Financial investments	**8,467,096**	**8,777,654**
measured at amortised cost, of which:	2,661	7,921
– loans and deposits	2,661	7,921
measured at fair value through the income statement, of which:	8,464,435	8,769,733
– debt securities	8,094,431	8,235,293
– equity securities	370,004	534,440
Receivables	**16**	**46**
Other receivables	16	46
Cash and cash equivalents	**64,411**	**70,948**
LIABILITIES	**8,531,523**	**8,848,717**
Insurance technical provisions	**8,512,250**	**8,831,309**
Technical provisions where the assets covering mathematical provisions are split to units (VEP)	8,512,250	8,831,309
Operating liabilities	**8,000**	**8,128**
Liabilities to the managing company of the assets covering mathematical provisions	7,094	7,359
Other operating liabilities	906	769
Other liabilities	**11,273**	**9,280**

Income statement of the PN-A01 pension guarantee fund

(in EUR)	2024	2023
Financial revenue	**383,423**	**600,694**
Interest revenue	205,415	215,653
Gains on disposals of financial investments	28,020	51,429
Revaluation financial revenue arising from a change in the fair value of a financial asset through profit and loss	149,988	333,612
Revenue from payment of management company due to failing to achieve guaranteed return	**64,970**	**49,928**
Losses on disposal of financial investments	8,300	-
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	56,670	49,928
Result of investing activities	**318,453**	**550,766**
Other revenue	**-**	**63,437**
Expenses relating to the management and operation of the guarantee fund	**110,432**	**108,349**
Management fees	**86,396**	**87,384**
Expenses relating to custodian bank	6,600	6,600
Expenses relating to auditing	11,256	9,270
Other expenses charged directly to guarantee funds in accordance with management rules	6,180	5,095
Other expenses	**57**	**-**
Net profit available to policyholders	**207,964**	**505,854**

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)	2024	2023
2.2.a) Display of fund assets		
III. Financial investments	**371,104**	**300,819**
1. Financial investments at fair value through OCI	371,104	300,819
V. Cash and cash equivalents	**50,399**	**42,629**
TOTAL ASSETS OF THE FUND	**421,503**	**343,448**
2.2.b) Display of liabilities of the fund		
MATHEMATICAL PROVISIONS at the beginning of the year	**(422,088)**	**(431,528)**
-without considering the attribution of the current year's profit	(384,567)	(422,088)
2.2.c) Display of fund results		
I. Transfer o funds assets from the pension plan of additional pension insurance	**-**	**21,883**
II. Income from investments	**12,170**	**6,835**
III. Expenses for claims	**(43,702)**	**(43,499)**
IV. Change in mathematical provisions	**37,522**	**9,440**
VI. Costs charged per policies	**(1,005)**	**(1,475)**
VII. Other costs that are charged to the members of the fund	**327**	**-**
VIII. Investment expenses	**(35,192)**	**(5,112)**
IX. The result of the fund before the attribution profit	**(29,880)**	**(11,928)**
XII. Fund result belonging to the manager	**(29,880)**	**(11,928)**

Assets, liabilities and profit or loss of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout

(in EUR)	2024	2023
2.2.a) Display of fund assets		
III. Financial investments	**261,981**	**222,848**
1. Financial investments at fair value through OCI	261,981	222,848
V. Cash and cash equivalents	**59,660**	**56,819**
TOTAL ASSETS OF THE FUND	**321,641**	**279,667**
2.2.b) Display of liabilities of the fund		
MATHEMATICAL PROVISIONS at the beginning of the year	**(312,522)**	**(324,272)**
-without considering the attribution of the current year's profit	(301,417)	(312,522)
2.2.c) Display of fund results		
II. Income from investments	**4,941**	**4,966**
III. Expenses for claims	**(24,086)**	**(24,536)**
IV. Change in mathematical provisions	**11,105**	**11,750**
VII. Other costs that are charged to the members of the fund	**10**	**-**
VIII. Investment expenses	**(18)**	**-**
IX. The result of the fund before the attribution profit	**(8,048)**	**(7,820)**
XII. Fund result belonging to the manager	**(8,048)**	**(7,820)**

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)	2024	2023
2.2.a) Display of fund assets		
III. Financial investments	**5,020,970**	**3,702,273**
1. Financial investments at fair value through OCI	5,020,970	3,702,273
V. Cash and cash equivalents	**241,190**	**144,198**
TOTAL ASSETS OF THE FUND	**5,262,160**	**3,846,471**
2.2.b) Display of liabilities of the fund		
MATHEMATICAL PROVISIONS at the beginning of the year	**(3,956,698)**	**(2,929,080)**
-without considering the attribution of the current year's profit	(5,162,160)	(3,956,698)
-considering the attribution of the current year's profit	(48,830)	-
UNALLOCATED AMOUNTS OF TECHNICAL RESULTS at the beginning of the year	**16,920**	**-**
UNALLOCATED AMOUNTS OF TECHNICAL RESULTS at the end of the year	**36,141**	**-**
2.2.c) Display of fund results		
I. Transfer o funds assets from the pension plan of additional pension insurance	1,810,726	1,604,333
II. Income from investments	**131,119**	**48,068**
III. Expenses for claims	**(611,720)**	**(436,488)**
IV. Change in mathematical provisions	**(1,205,462)**	**(1,013,054)**
V. Change of other insurance technical provisions for the purpose of determining profit	**97,202**	**(97,202)**
VI. Costs charged per policies	**(120,071)**	**(88,505)**
VII. Other costs that are charged to the members of the fund	**84**	**-**
VIII. Investment expenses	**(40,365)**	**(226)**
IX. The result of the fund before the attribution profit	**61,513**	**16,926**
X. Attribution of profit of the current year	**(27,681)**	**-**
a. Attribution to policyholders in the form of an increase in the pension annuity, except for the attribution from point b.	(27,681)	-
XI. Unallocated amounts technical results of the current year	**(27,681)**	**(16,924)**
XII. Fund result belonging to the manager	**6,151**	**-**

Assets, liabilities and profit or loss of the ring-fenced guarantee fund for supplementary pension insurance during annuity - ZPIZ-2 (PN)

(in EUR)	2024	2023
2.2.a) Display of fund assets		
III. Financial investments	**260,906**	**254,289**
1. Financial investments at fair value through OCI	260,906	254,289
V. Cash and cash equivalents	**77,996**	**64,218**
TOTAL ASSETS OF THE FUND	**338,902**	**318,507**
2.2.b) Display of liabilities of the fund		
MATHEMATICAL PROVISIONS at the beginning of the year	**(256,122)**	**(281,461)**
-without considering the attribution of the current year's profit	(229,971)	(256,124)
UNALLOCATED AMOUNTS OF TECHNICAL RESULTS at the beginning of the year	**1,099**	**-**
UNALLOCATED AMOUNTS OF TECHNICAL RESULTS at the end of the year	**-**	**1,099**
2.2.c) Display of fund results		
II. Income from investments	**3,161**	**3,284**
III. Expenses for claims	**(27,422)**	**(27,828)**
IV. Change in mathematical provisions	**26,150**	**25,337**
VI. Costs charged per policies	**(1,920)**	**(1,948)**
VII. Other costs that are charged to the members of the fund	**10**	**-**
VIII. Investment expenses	**(14)**	**-**
IX. The result of the fund before the attribution profit	**(35)**	**(1,155)**
XII. Fund result belonging to the manager	**(35)**	**(1,155)**

The ring-fenced guarantee fund ceased operations in 2020.