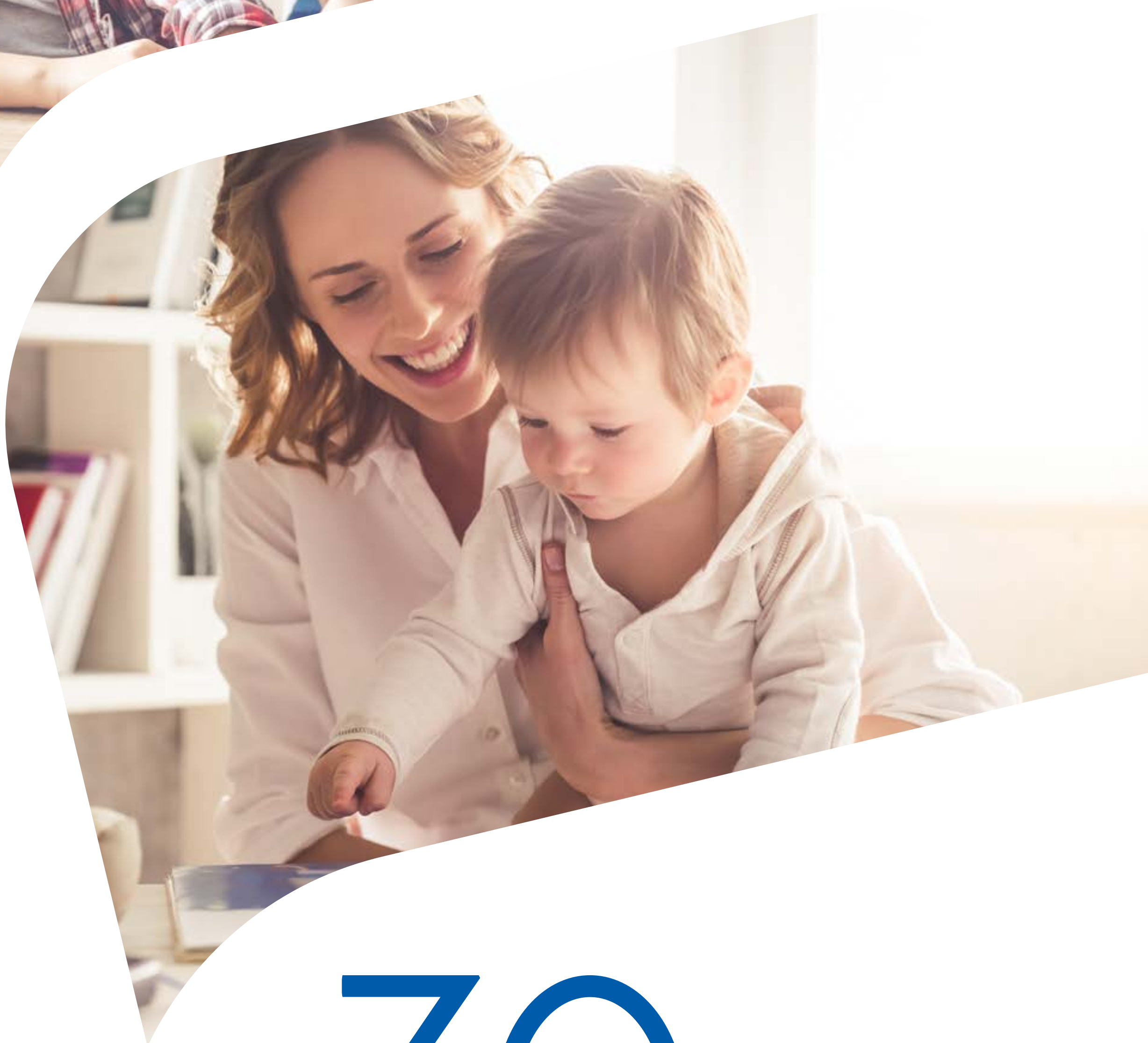

Annual Report 2023

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KOMUNÁLNA POISŤOVŇA
VIENNA INSURANCE GROUP

CONTENT

STATEMENT BY THE CHAIRMAN OF THE SUPERVISORY BOARD

Ladies and gentlemen,

2023 was another year marked by a high level of uncertainty. This was mainly due to the war in Ukraine, the future course of which is unpredictable even after more than two years. In expectation of uncertainty, still high inflation and falling real incomes, we therefore entered the new year with respect and also with a set of strategic and operational measures that were supposed to be helpful in overcomming the challenges outlined. In doing so, we relied on our long-established pillars – capital strength, a regionally oriented business philosophy and diversification of both products and distribution channels.

Even in a period of uncertain forecasts, macroeconomic challenges and volatile capital markets, we managed in Vienna Insurance Group to maintain our positive performance progress with sustained double-digit growth. Compared to last year, we achieved an increase in total premiums written. The Group‘s solvency ratio confirmed our strong capital position, which led the rating agency Standard & Poor‘s (S&P) to re-award our A+ rating with a stable outlook. Also encouraging are S&P‘s expectations that continued strong underwriting and operating results will support the potential for further organic premium growth and help offset the currently weaker economic environment.

I am pleased that, in addition to focusing on delivering on the economic indicators, we have not lost sight of the objectives arising from our VIG 25 Group Sustainability Program. Thanks to this, today selected Vienna Insurance Group properties meet European sustainability standards and we have not abandoned our traditional philanthropic activities, which include in particular the Social Active Day program. In addition, VIG Group also raises other important issues as part of its engagement, such as increasing risk competence.

I am proud that KOMUNÁLNA poist‘ovňa has its share in the overall positive balance of 2023. In the past year, it achieved a profit before tax of EUR 5.92 million and written premiums of EUR 114.1 million, of which life insurance was worth EUR 25.9 million and non-life insurance EUR 88.2 million. We were particularly successful in motor, property and liability, accident and travel insurance segments. We recorded encouraging results in the risk life insurance segment and were also successful in the sale of riders. In other words, we confirmed that effective and targeted decisions are the basis for success even in very challenging times.

Ladies and gentlemen,

allow me, on behalf of the entire Supervisory Board, to thank you for your trust and loyalty. My special thanks go to the entire team of employees of KOMUNÁLNA poisťovňa, who with their performance and work commitment have worthily celebrated the 30th anniversary of the company on the Slovak market and at the same time contributed to the overall positive results of the VIG Group. I believe that the year 2024 will be at least as successful for all of us.

Hartwig Löger

INTRODUCTION BY THE CHAIRWOMAN OF THE MANAGING BOARD AND CEO

Dear shareholders and clients, business partners and colleagues,

the insurance sector has had another challenging year, during which we have experienced multifaceted challenges. These stemmed mainly from geopolitical upheavals, high inflation and a deteriorating economic outlook. It was therefore not surprising that economic policies across Europe were determined primarily by the drive towards a return to price stability and monetary tightening by central banks.

Last year KOMUNÁLNA poisťovňa celebrated its 30th jubilee of its presence on the Slovak market. We projected our ambitions and goals for 2023 in the light of the before mentioned challenges. The most appropriate opportunity to celebrate our jubilee seemed the possibility of innovations in products and services. At the same time, we wanted to focus on further improving the efficiency of operational and business processes, digitalization, finding new business models and cementing partnerships.

In the area of life insurance, we made existing insurance products more attractive, innovated riders, launched the sale of medical assistance services and focused on completing the digitalization process in its sale. Thanks to this, risk-based life insurance now accounts for almost 65 per cent of total sales.

We also innovated our business property insurance, a change that brought us new business opportunities that translated into nearly 10 percent growth in written premiums. The innovation strategy also contributed to a positive balance in motor insurance, where written premiums in motor hull insurance grew by more than 14 percent.

Overall, written premiums in non-life insurance grew by almost 8 percent in 2023, confirming our position as a stable performer in the insurance market. At the same time, we intensively developed a new tool in client care – Our Complex Service, which we consider to be one of the key means in realizing our goal of being the number one family insurer in Slovakia.

In addition to our business results, we continued to focus on delivering our strategy in the areas of sustainability, corporate social responsibility, support of communities and employee development. These areas represent the core value set of KOMUNÁLNA poisťovňa. Equally important to us is long-term cooperation with partners who share these same values. Among many, I would like to highlight in particular our cooperation with the Union of Towns and Cities of Slovakia and the Foundation for Children of Slovakia.

Ladies and gentlemen,

under pressure from adverse macroeconomic and geopolitical factors, many industries are currently focusing on stabilisation rather than growth. However, I believe that the insurance industry in particular has the opportunity to take advantage of this unprecedented level of change for its continued growth and development. It is in these turbulent times that our customers' expectations are rising, creating room for us to grow with them. To be the ones to help individuals, communities, businesses and governments to better manage uncertainty while giving them the confidence to make new and bold decisions.

I am convinced that the most appropriate response to the times we live in is to continue to invest maximum energy in innovation and improving the quality of services to strengthen our position in the market and to further deepen the satisfaction and trust of our clients, employees and partners.

Ing. Slávka Miklošová

THE COMPANY

KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group is a commercial insurance company with a universal licence, which last year celebrated its 30th anniversary on the Slovak insurance market. Over three decades, it has significantly expanded its portfolio of services and provides insurance products not only to subjects from the municipal area, but also provides insurance protection to citizens and business subjects. Its portfolio offers a wide range of insurance products and services in the area of life, accident, property and liability insurance as well as in business and industrial insurance.

The Company was incorporated on October 19, 1993 and officially commenced its operation on January 1, 1994. Quite quickly, it built a strong bond with its municipal clientele, which is still one of the main pillars of its business.

KOMUNÁLNA poisťovňa provides its services through a developed business network, which is divided into 7 branch offices and 69 points of sale located in all regions of Slovakia, and expands it also with the help of an external network of insurance intermediaries.

Following the acquisition in 2001, the shareholder structure changed. With this strategic step, KOMUNÁLNA poisťovňa has become part of the strong international financial and insurance group Vienna Insurance Group, the leading company in the insurance sector in Central and Eastern Europe. This has also been proven by the long-term positive ratings issued by internationally recognized rating agency Standard & Poor's.

The Vienna Insurance Group (VIG) consists of more than 50 insurance companies and pension funds in 30 countries with almost 200 years of tradition, strong brands and a strong client proximity. More than 29 thousand employees at VIG provide services for approximately 28 million clients. VIG Group works closely with Erste Group, the largest retail bank in Central and Eastern Europe.

The general information about the company is available on the company's website, advice on selecting from a wide range of personal, property, vehicle, business and industrial insurance and contacts for representatives is also available on www.kpas.sk or info line 0800 11 22 22.

Company information

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

Principal activities

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

Part A - Non-life insurance segment

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

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

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

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

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

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

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

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

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

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

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

18. Assistance services.

Part B - Life insurance segment

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

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

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

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

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

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

Organisational structure

- General Assembly
- Supervisory Board
- Internal Audit Division
- Managing Board
- Managing Board Secretariat

Managing Board:

- BRANCHES - Internal Network: Bratislava, Nitra, Trenčín, Banská Bystrica, Žilina, Košice, Prešov
- Compliance
- Control Department
- Economic Division
  - Taxation and Finance
  - Collections, Disbursements and Commissions
  - Accounting
- Non-life Insurance Division
  - Product Development
  - Underwriting
- Internal Service and Central Purchase Division
  - Internal Service
- IT Division
  - IS development, support, and testing
  - Data Centre
  - IT Governance
  - IT support activities
- Investment Division
- Actuary Division
- Claims Settlement Division - Non-life
  - Claims Settlement Motor Vehicle
  - Claims Settlement Property, Liability
  - Support Activities
- Controlling Division
- Sales Service Division
- External Sales Division
- Department of Cooperation with Car Dealers and Leasing Companies
- Sales Development Department
- Department of projects, processes and innovations
  - Project management
- Life Insurance Division
  - Claims Settlement, Registration and Underwriting
  - Product Development and Insurance Mathematics
- Marketing and Communication Division
- Reinsurance Division
- Insurance Administration Division
  - Regional Centre - Life Insurance Administration
  - Regional Centre - Non-life Insurance Administration
  - Life Insurance Administration Methodology
  - Non-life Insurance Administration Methodology
  - Registry and Archive
- Risk Management Division
- Legal Division
- Human Resources Division
  - Personnel Department
  - Payroll

Supervisory Board
Dr. Peter Thirring – Chairman of the Supervisory Board
Hartwig Löger – Deputy Chairman of the Supervisory Board
Mgr. Magdaléna Adamová – Member of the Supervisory Board
Ing. Jana Bibová – Member of the Supervisory Board
Mag. Christian Brandstetter – Member of the Supervisory Board
PhDr. Michal Kaliňák, PhD. – Member of the Supervisory Board (until 12. 5. 2023)
Ing. Zuzana Špačeková – Member of the Supervisory Board (from 7. 6. 2023)

Managing Board

Ing. Slávka Miklošová – Chairwoman of the Managing Board and CEO
JUDr. Zuzana Brožek Mihóková – Member of the Managing Board
RNDr. Milan Fleischhacker – Member of the Managing Board
Mgr. Blanka Hatalová – Member of the Managing Board (until 30. 4. 2023)
Ing. Igor Saxa – Member of the Managing Board
Mag. Ulrich Prangl – Member of the Managing Board (from 1. 5. 2023)

Procurement

JUDr. Ľuboš Tóth, LL.M, MBA

PART OF VIENNA INSURANCE GROUP

We want to further expand our leading market position in Central and Eastern Europe, relying on the proven collaboration and cooperation within the Group. At the same time, we are pursuing the goal of remaining a reliable and resilient partner for our stakeholders.

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

From first mover to market leader in CEE

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

Expertise with local responsibility

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

VIG pursues a long-term business strategy in its markets that is focused on sustainable profitability and continuous earnings growth.

Strong finances & credit rating

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

THE REPORT OF THE BOARD OF DIRECTORS

on economic results, business activities and company´s assets
as of December 31, 2023

In 2023, developments in the area of financial stability were also mainly influenced by events in the external environment. Although the war in Ukraine and with it associated energy crisis are affecting the whole of Europe, the beginning of the year was marked by moderate optimism. However, inflation and the inevitable tightening of financing conditions associated with it remain the main risks to global financial stability against a backdrop of heightened geopolitical risks.

In the insurance sector, reinsurance cost pressures have been rising in response to increased claims paid by insurance companies, mainly as a result of climate change, inflation and rising interest rates. It is these factors that are influencing clients to perceive potential threats more intensely and to become more aware of the need for security, whether in life or non-life insurance. In the coming period, the trend will therefore be primarily towards the additional insurance of large risks, increasing of the sums insured and new, attractive life insurance riders.

Total insurance premiums written by KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group booked for 2023 amounted to EUR 114.1 million, comprising EUR 25.9 million of life insurance and EUR 88.2 million of non-life insurance premiums. In the highly competitive environment of the Slovak insurance market, in terms of production, the company was successful especially in the segment of motor insurance, property insurance, liability of natural and legal entities, as well as in accident and travel insurance. The company recorded positive sales trends in the risk life insurance segment and riders.

The strategic direction of business activities continued to build on activities of the sales network and the external sales department and focused on written premium growth in strategic, profitable product groups. The highest share of the written premium was in motor insurance, while the share of property insurance increased.

Within personnel activities, emphasis was placed on the completion of our own distribution network sales teams, cost-effectiveness of insurance distribution and expanding the network of external partners with an emphasis on supporting smaller companies in which the company perceives the prospect of further growth. Co-operation with the municipal sphere continued through the strategic partnership with the Association of Towns and Municipalities of Slovakia. In order to maintain the existing portfolio of insurance contracts, intensive cross-selling and up-selling was a high priority within the business service, and within life insurance it was an emphasis on the sale of riders.

In 2023, the company‘s product portfolio was again updated, with a focus on product innovation for the business insurance for entrepreneurs. The digitalisation of sales processes also continued, digital pre-contractual documentation was implemented and the number of products sold solely digitally expanded. In 2023, KOMUNÁLNA poisťovňa made significant progress in digital communication with the client through tools such as the mobile app for reporting car insurance claims, the e-KOMfort client portal and, in particular, electronic communication. During the year, the network of points of sale was again optimised, with the aim of increasing efficiency and, in particular, accessibility for clients.

Insurance and Reinsurance

In the area of life insurance, it was mainly the issue of the development of the missing insurance risks in the portfolio, making the existing insurance risks more attractive, updating the vast majority of insurance conditions, the launch of the sale of medical assistance services rider and the possibility to provide clients with an alternative to increase the value of one-off deposits by investing in an appealing bond, whose issuer is Slovenská sporiteľňa, a.s. KOMUNÁLNA poist‘ovňa has also devoted considerable effort to incorporating information on sustainability in the financial services sector into pre-contractual documentation and its subsequent evaluation. An important step forward was the conclusion of all commonly paid life insurance products in digital form, which meant a faster process of concluding insurance contracts, transparency and a reduction of the environmental burden. Personal insurance products are suitable for a wide range of age groups and provide complex protection against possible adverse life situations also through supplementary insurance risks.

During the year, the intention to continuously expand the range of insurance risks was also transformed into the launch of new riders, such as the risk of disability due to illness or accident from 40 per cent or temporary risk insurance rider with a decreasing sum insured. The offer of riders is particularly attractive from the point of view of covering a wide range of critical illnesses and, statistically, the most common civilisation diseases in Slovakia, such as oncological disorders, circulatory and vascular diseases and chronical diseases of the internal organs. The company also recalculated two existing riders due to the increase in the technical interest rate as well as added missing riders for children to some of the products sold in order to increase the coverage offered to clients.

The company spent a significant part of the year on legislative requirements, marketing communication and bringing life and accident insurance products closer to the wider public.

KOMUNÁLNA poisťovňa had the aim of ensuring profitability in motor insurance and stabilising the portfolio by using segmentation methods in individual motor insurance and a special approach to underwriting group insurance in the area of non-life insurance also in 2023. A new risk model for the calculation of MTPL premium rates was implemented in individual insurance products, which brought about a change in the risk rating of districts, djustment of intervals and coefficients for engine power, age groups, and a new pricing coefficient (vehicle weight) was also introduced. In addition to the update of segmentation in individual motor insurance, a regular review of existing fleet insurance policies in MTPL and motor hull insurance was carried out. For MTPL clients, the company introduces two new assistance services - Post-accident assistance (assistance in the course of an insured event on own vehicle with inspection and estimation of the amount of damage) and PASASIST assistance (possibility of verification of vehicle data).

In the area of property insurance, a new product, ProBiznis, has been created to insure the property of entrepreneurs, towns and municipalities. It provides clients with the possibility of expanding insurance risks for immovable and movable assets insurance, increasing coverage limits and sublimits of indemnity in selected risks, creating new riders and price advantages for less risky facilities.

In the travel insurance sector, a new year-round travel insurance product was introduced - ProTravel-CZ, which brings clients innovative packages with new risks, higher insurance limits, attractive premium rates and also a new assistance service provider. As in the past, our company continued to improve the digitalization of processes with this new product. This has also contributed to increased sustainability and environmental protection, as the product is being sold without the use of self-written paper policies.

As part of strategic partnerships, the insurance company continued to focus on selling property and liability insurance to members of the Union of Towns and Municipalities of Slovakia, offering product benefits.

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

The effectiveness and scope of the reinsurance program coverage are analysed annually and reflect changes in the portfolio of life or non-life insurance products. They are supplemented by optional reinsurance as required. As part of natural disasters coverage, the company draws on the group reinsurance programme benefits, which provides coverage of up to 250-year-record losses, and also meets all requirements arising from the Solvency II regulatory framework. Due to this fact, the scope, effectiveness and strategy of the reinsurance in 2023 did not change.
The parameters of the reinsurance program meet all the internal requirements of Vienna Insurance Group as well as the requirements of insurance supervision.

Claim Settlement

In the area of life insurance, KOMUNÁLNA poisťovňa continued to maintain a special emphasis on the quality and speed of processing reported insurance claims during 2023. For selected products, it has introduced the benefit of fast-track claim handling within 24 hours of reporting an insurance claim. Thanks to the possibility of reporting insurance claims contactless via the website or electronically by e-mail, the duration and quality of the claim handling process have significantly improved. The efficiency and safety of each part of the process and the detection of cases that showed signs of suspicious claims or unusual business operations were also ensured.

KOMUNÁLNA poisťovňa placed emphasis on improving the quality and accessibility of services provided to clients in the area of non-life insurance claim handling also during 2023. The development in the area of claims was influenced by the gradual normalization of the situation after the COVID-19 pandemic, as well as increased client mobility, which contributed to a large extent to the double-digit increase in the number of reported claims. The year 2023 was also impacted by the rise in inflation, the associated increase in the cost of labour and materials, as well as an increase in the point value of personal injury claims. The year 2023 was also marked by weather fluctuations, which brought several natural catastrophes in the east of Slovakia with a total expected damage of more than EUR 1 million, including damage from earthquakes. The key activities of the insurance company were aimed at continuing digitization, partial automation, as well as improving the efficiency of these processes. The main emphasis was placed on the speed and quality of the claims handling process. Clients mostly used electronic and telephone forms of communication as well as claims reporting via the website.

Human Resources

Motivated employees are the key to the company´s success, and this is exactly what expresses the basic approach of KOMUNÁLNA poisťovňa within human resource management processes based on creating the most suitable working environment and conditions for employees.

What is important to employees, how satisfied they are, what they need most and what could improve their work performance, all of this is monitored by the company through regular surveys. On the basis of their analyses, decisions are taken to adjust benefits, including financial ones, improve working conditions, promote open communication and also in the area of digitalization. The company promotes work flexibility and work-life balance.

KOMUNÁLNA poisťovňa pays special attention to the mental health issue. Within the framework of the Employee Counselling Centre programme, professional advice and counselling of a psychological, legal and financial nature is provided. Webinars on work-life balance and mental health support were met with great interest among employees and will continue in the future, and are also seen by the company as part of staff development.

Within the Vienna Insurance Group, diversity is also one of the important themes. In KOMUNÁLNA poisťovňa, a high proportion of women among employees has been maintained for a long time, 48 per cent of management positions at the level of the board of directors and B -1 management are held by women.

In accordance with the personnel strategy, we support the development and education of employees by participating in various training courses and seminars, continuing the company's management and employee training project with a focus on topics supporting talent development, management decision-making, personal resilience and engagement.

Corporate Social Responsibility

Dynamic year-on-year growth and a stable market position bring with it a commitment to social responsibility. The insurance company´s CSR activities are based on its basic set of values that are respect for employees, co-workers and clients as well as the determination to support projects that help the community.

Last year KOMUNÁLNA poisťovňa again joined the educational programme Let's put our heads together! of the Foundation for Children of Slovakia, in the course of which it financially supported the ideas of young leaders. In their projects, they focused on topics such as environmental protection, revitalisation of unused areas and cities, education and culture. Through the principles of subsidiarity and sustainability, this project contributes to building a better relationship between the next generation and the place where they live and their responsibility for its state. Since 2019, KOMUNÁLNA poisťovňa has been cooperating with the non-profit organisation Dom Svitania, where people with disabilities work in a sheltered workshop. Another project from KOMUNÁLNA poisťovňa´s CSR portfolio is the Community Friendly for Children and Young People, in which it participates together with the Union of Towns and Municipalities of Slovakia and the Foundation for Children of Slovakia. The aim of the programme is to build communities that consider the needs of children and young people.

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

Part of the insurance company´s approach in the area of social responsibility is also the area of environment and its sustainability for future generations. In the field of energy management, KOMUNÁLNA poisťovňa strives to promote changes that have a positive impact on the environment and contribute to the reduction of the carbon footprint. For electricity, it has long-standing partnerships with energy providers who supply „green energy“ produced primarily from renewable sources. In 2023, energy saving solutions have been applied in the buildings via the modification of attenuation of heating and cooling systems, as well as the reduction of the actual heating and cooling temperature. At the same time, investments related to improving the energy efficiency of the buildings themselves continued. Waste separation is also part of the environmental measures and therefore responsible waste management in the form of separate waste collection has been introduced in all own buildings.

Social responsibility in the long term is a fundamental aspect of identity not only in KOMUNÁLNA poisťovňa but in the entire Vienna Insurance Group (VIG). That is why VIG has launched the group-wide project „VIG Sustainability Programme 25“, which focuses on environmental and social aspects. The environmental aspects focus in particular on reducing emissions in the investment and insurance policy portfolio as well as in the company's own office activities.

Information Technologies and Digitization

The insurance company continued to meet the company's strategic objectives in the field of information technology (IT), which was reflected in even more intensive support of sales activities and internal processes, with focus on increasing the quality of services provided and customer comfort. In the area of information technologies of the Vienna Insurance Group companies in Slovakia, the functional joined back-office of KOOPERATIVA a KOMUNÁLNA continues its operation. Using the services of joint data centres and a centrally maintained and developed insurance technical system provides synergy effects in implementation of new functionalities.

The digitization of business processes was supported during by continuation of the ongoing development trend of digital product sales, through implementation of online product calculators and automatic importation into the insurance-technical system. With regard to increasing process efficiency, improving data quality and speeding up the sales process to end customers and last but not least, in line with social and environmental responsibility, the insurance company strongly promoted the paperless sales model and paperless service. The modernisation of the main insurance-technical system continued. Activities in the area of data processing automation were implemented, which contributed to reducing the volume of manual activities and increased the speed and efficiency of client-business processes.

In terms of hardware infrastructure, the company continued in its strategy of infrastructure lifecycle management, by investing in the upgrades and replacement of server infrastructure, data repositories and network infrastructure. Another important aspect in the IT sector was the implementation of a number of security technologies that brought an increased level of protection against cyber threats and strengthened the company's security infrastructure. These tools also contribute significantly to data leak prevention and provide greater protection for customers' sensitive information.

In 2023, the company has launched several projects aimed at modernising and expanding existing digital channels to better serve clients, sales networks and partners. Processes for managing company processes were implemented in the sense of the group guideline and the management of strategic back-office activities was launched as part of the innovation process.

Continued digitalisation has resulted in improved and faster internal processes and services for both individuals and legal persons. The clients of KOMUNÁLNA poisťovňa appreciated the providing of electronic services through the client portal e-KOMfort, which allows them to enter their requests with fast feedback, in the form of paperless communication. 26 per cent of clients chose the comfortable way of electronic communication in 2023. Digitalisation has also had a positive impact on cost savings, with 25 per cent of the total insurance documentation sent to clients in electronic form.

Risk Management

Risk management is an integral part of the company´s operative business. Risk management processes are directed towards assuring its financial strength and promoting its sustainable growth. Risk management processes consist of identification and quantification of risks, design and eventual implementation mitigation measures. The company´s risk management system is in accordance with the policy of the VIG group and with current legislation under Solvency II.

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

The company has implemented a comprehensive system of tools and measures aimed at monitoring and evaluating risks. It classifies the risks into 12 categories. The company manages all risks responsibly and carefully with the aim of reducing or eliminating them completely.

To qualify risks, the company uses the statutory standard formula (SF), with the exception of non-life underwriting risk, which is evaluated using the partial internal model (PIM). This model also adequately reflects credit spread risk after applying appropriate hedge modelling. The company evaluates non-financial risks through expert‘s report.

Life underwriting risk

Life underwriting risk is defined by the company as the risk of loss or adverse change in the value of insurance liabilities due to unreasonable assumptions and methods used for price and reserve pricing. The subcategories of life underwriting risk are risk of mortality, longevity risk, disability - morbidity risk, the risk of withdrawal from the contract, expense risk, revision risk and life catastrophe risk. With regard to the structure of the life insurance portfolio, the standard formula used for the life underwriting risk is considered appropriate to reflect the underwriting activity while providing a conservative risk assessment.

Health underwriting risk

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

Non-life underwriting risk

Non-life underwriting risk is the risk of an adverse change in the value of existing insurance liabilities due to insufficient premiums or insufficient technical reserves as well as the risk of future liabilities arising from the expected portfolio in the time horizon of one year. In case of anticipated future liabilities, the most significant risk is the frequency and severity of insurance claims.
The company evaluates non-life underwriting risk using the partial internal model that was approved on December 23, 2015 with effect from January 1, 2016. The reason for introducing the PIM is that the standard formula for the risk of premiums and reserves is based on average data at the European level, and therefore it does not adequately reflect the risks of non-life insurance in the company´s portfolio. On the other hand, PIM enables cash flow projection based on relevant company history, thus providing a direct link to business activity.

Operational risk

Operational risk is the risk of loss resulting from inadequacies or failures of internal processes, personnel systems or from external events. The value of the operational risk is determined by SF based on the premium volume and the value of the best estimates of technical provisions. The qualitative operational risk evaluation provides an assessment of the company‘s operational risks based on an evaluation of the potential risk exposure (priority) determined based on expected operational loss (severity) and frequency of occurrence after considering existing controls. The results are summarised for each of the 12 operational risk categories.

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

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

The solvency position reported as of December 31, 2022 (with TM application) reached the level of 170.6 per cent. On the basis of the analyses carried out, including capital requirement forecasts, sensitivity and scenario testing, KOMUNÁLNA poisťovňa has a sufficient level of capital for the next 3 years and is well capitalized compared to the minimum threshold for capital requirement, which is set by law at 100 per cent and at 125 per cent by VIG. Capital management is described in the chapter in note 4 to the individual financial statements.

Financial Placements

Financial assets in 2023 reached a level of EUR 276.55 million, with EUR 48.58 million of this amount placed on behalf of the insured. In association with the shift to IFRS 9, the company sold mutual funds in January 2023 due to the lower volatility of the financial result. This resulted in a decrease in the equity asset class in favour of an increase in investments in bonds and fixed deposits. In 2023, the company began investing in alternative investments through a mutual fund created for the VIG Group. Traditionally, debt securities have had the largest share of financial assets. Rising interest rates on the money market have kept room for interesting increase in value of short-term liquidity. Further details are provided in the notes to the financial statements (note no. 9).

Income from Financial Assets and Assets Covering Reserves

In 2023, the company generated earnings from financial assets and assets covering reserves at the level of EUR 11.37 million, mainly from debt securities and investments on behalf of the insured. Further details are provided in the notes to the financial statements (note no. 18).

Profit Distribution Proposal

KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group posted a profit after tax of EUR 3.784 million in 2023. The Managing Board proposes to the General Assembly to distribute the profit as follows:

Profit after tax	3 783 942.16 euros
Statutory reserve fund allocation	0 euro
Dividends	2 630 000 euros
Retained earnings	1 153 942.16 euros

The profit distribution will be submitted to the General Assembly for approval on March 26, 2024.

Other Important Information

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

The company did not expend any finances on research and development.
During the accounting period 2023, the company did not acquire its own shares, temporary certificates, business shareholdings and shares, or temporary certificates and shares in the parent company to its own portfolio.
The company does not have any organisational units abroad.

Estimated Development of the Entity

Long-term objective of KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group is to be a modern and stable company. It values the trust of its clients and business partners, which is something the company plans to reinforce again in 2024, by providing quality products and services. In order to ensure a high level of customer satisfaction, the company plans to continue to improve its co-operation with external partners.

The company's business strategy will be to monitor the achievement of quantitative and qualitative targets, through these key tools:

Short-Term Objectives

- increase in new production in commonly paid life insurance, especially in the risk life insurance segment
- gradual increase in the share of rides for insurance contracts in the insurance of persons in new business and in the life insurance portfolio within the company
- increase in property insurance for small and medium-sized enterprises
- stabilisation of the mandatory contractual insurance stem with the intention of gradual growth
- increase in product sales in home and household insurance
- grow of market share in non-life insurance
- application of a structured business interview in the form of a Comprehensive service for the client, as a tool for identifying the client´s needs and concluding insurance according to the identified requirements

Medium-Term Objectives

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

Long-Term Objectives

- stable company growth in terms of customer numbers, insurance premiums and profit growth
- digital transformation
- activity and performance management in the sales network, aimed in particular at increasing new production in retail products segment and increasing the number of concluded insurance contracts per salesperson
- personal development plans and a dedicated hard and soft skills training program, especially for agents and middle management.
- training and developing the skills of back-office employees through organized training events, participation in specialist trainings, seminars and conferences on topical issues

KOMUNÁLNA poisťovňa has been active on the insurance market for over three decades now and since 2001 it has been part of the Vienna Insurance Group. Hundreds of employees and collaborators of the insurance company bring the experience of one of the largest international companies in Central and Eastern Europe to clients across Slovakia. In the past year, KOMUNÁLNA poisťovňa also won awards for its MTPL and motor hull insurance products.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board received from the Managing Board the annual financial statements as of 31.12.2023 including the 2023 economic result distribution proposal, Report of the Managing Board on economic results, business activities and assets of the company as of 31.12.2023, as well as the 2023 annual report, which the Supervisory Board studied and thoroughly reviewed.
As a result of this review, the Supervisory Board adopted unanimous resolution, approving the regular individual financial statement prepared by the Managing Board as of 31.12.2023, including the Annex, the economic result distribution proposal for the 2023 financial year, the report of the Managing Board on economic results, business activities and assets of the company at 31.12.2023, as well as the 2023 annual report.
The Supervisory Board concludes that it has exercised the opportunity, either in whole or in part, through its Chairman and Deputy-Chairman of the Supervisory Board to continuously, throughout the year, review the operations of the company's Managing Board. Consultations were held with individual Members of the Managing Board, who on the basis of accounting records and documents provided answers and explanations regarding the conduct of the company's business affairs.
In 2023, the company held one ordinary General Assembly Meeting, two extraordinary General Assembly Meetings and four meetings of the Supervisory Board and one Per rollam voting of the Supervisory Board.
The Supervisory Board announces to the General Assembly, that the annual financial statements as of 31.12.2023 were audited by auditors KPMG Slovakia, s.r.o., that the Supervisory Board received the auditors' report, which it studied and reviewed and notes that this audit does not ultimately gives reason for objections.
The Supervisory Board hereby declares that it has nothing further to add to the auditors' report.
The Supervisory Board further informs that pursuant to § 18, par. 3) letter m) of the Articles of Association the General Assembly is authorized to approve contracts as per § 196a of the Commercial Code. In order to provide practical approach, the General Assembly authorises the Supervisory Board to enter into contracts as per § 196a of the Commercial Code.
In 2023 fiscal year, the company's Supervisory Board did not grant any permission to enter into contracts according to § 196a of the Commercial Code.

Bratislava, March 2024

Hartwig Löger
Chairman of the Supervisory Board

AUDITOR'S REPORT

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Translation of the Independent Auditors' Report originally prepared in Slovak language

Independent Auditors' Report

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

Report on the Audit of the Individual Financial Statements

Opinion

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

- the individual statement of financial position as at 31 December 2023;

and, for the period then ended:

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

and

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

In our opinion, the accompanying individual financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have determined the following key audit matters:

Initial application of International Financial Reporting Standard 17 Insurance contracts

Total net impact of the first-time adoption of IFRS 17 Insurance contracts ("IFRS 17") as at 1 January 2022 ("transition date"): EUR 27 985 thousand (decrease in the total equity balance), including an decrease in retained earnings by EUR 26 409 thousand and a decrease in revaluation differences from insurance contracts by EUR 1 576 thousand.

Refer to Statement of changes in Equity and Note 2. New and amended standards and interpretations of the individual financial statements.

Key audit matter	Our response
IFRS 17 (also, "the Standard"), effective for annual reporting periods beginning on or after 1 January 2023, introduced new recognition, measurement, presentation and disclosure requirements for insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. At transition date, the Standard requires that the Company identifies, recognizes and measures each group of insurance contracts based on the full retrospective approach, unless impracticable, in which case alternative approaches are allowed, including the fair value approach. The majority of the Company's portfolio of insurance contracts was measured under the fair value approach, whereby an entity determines the contractual service margin (CSM) or loss component based on the difference between the fair value of the group of insurance contracts and its fulfilment cash flows at that date. Application of the approach required significant judgment and	Our procedures, performed with the assistance of our own actuarial specialists, included, among others: • through inquiries of the Company's directors and relevant finance personnel and reading of the Company's internal accounting memoranda and policies, obtaining an understanding its process of accounting for insurance contracts, including the process of grouping the contracts; • challenging the Company's grouping of insurance contracts by inspecting the contractual conditions for a sample of insurance contracts; • assessing the appropriateness of the transition method applied in the measurement of insurance contracts and reinsurance contracts held as of the transition date, for a given group thereof; • for the fair value approach, evaluating the method and model applied on transition

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developing new assumptions, such as those for the market level of cost of capital and cost per policy. The full retrospective approach was applied for the remainder of the insurance contracts, whereby each group of such contracts and assets for any insurance acquisition cash flows was recognized and measured as if IFRS 17 had always been applied. The approach in turn required significant changes in the data preparation and processes. New range of data is used for the measurement, which is based on the estimate of the present value of future cash flows and required certain of the data to be traced to contract inception. New systems were also implemented to allow the measurement of the CSM. Accordingly, the complexity of the reporting process as a whole increased significantly. Satisfying ourselves in respect of the Standard's effects on the individual financial statements required our significant judgment and increased attention in the audit. In the wake of those factors, we considered the initial application of IFRS 17 to be a key audit matter.	against the requirements of IFRS 17 and IFRS 13 *Fair Value Measurement*, by: o Examining the historical projected cashflows and assumptions therein to ensure they are incorporated into the transition valuation model as applicable; o Evaluating new and revised key assumptions under IFRS 17, including those for market level of cost of capital and cost per policy, primarily by reference to external market data and the Company's historical experience studies, respectively; o Inspecting the model setup and formulas; • for the full retrospective approach: o Based on the evidence obtained from the above-mentioned procedures over historical projected cashflows and assumptions, challenging the appropriateness of the cash flows used; o Analytically evaluating the CSM for the groups of insurance contracts for which full retrospective approach was applied; Examining whether the Company's disclosures in the financial statements appropriately address the relevant quantitative and qualitative requirements of IFRS 17.

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 133 422 thousand as at 31 December 2023 and EUR 143 971 thousand as at 31 December 2022.

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

Key audit matter	**Our response**
The outstanding balance (debit or credit) of liability for remaining coverage for life insurance contracts not measured under PAA (LRC) represents a significant element of, respectively, insurance contract assets and liabilities in the Company's statement of financial position. In measuring the LRC, management is required to estimate the present value of future cash flows (PVFCFs), risk adjustment for non-financial risk (RA) and contractual service margin (CSM).	Our audit procedures, performed with the assistance of our own IT audit and actuarial specialists, included, among others: • evaluating the Company's methods and models applied in estimating the LRC, for consistency of application and also against relevant legal, regulatory and financial reporting requirements; • testing the design, implementation and operating effectiveness of selected IT-based

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Measurement of the PVFCFs requires the management of the Company to apply professional judgment, as well as complex and subjective assumptions, including those with a long-time horizon. Those assumptions are treated as inputs into the cash flow models using actuarial methods. PVFCFs and further data and assumptions are then used to calculate the RA and CSM. Relatively insignificant changes in the key assumptions may have a material impact on the amount of the LRC. The key assumptions include: • mortality and morbidity rates, • lapse ratios, • cost per policy, • coverage units, and • discount rates. 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.	and manual controls within the process of measuring the LRC, including those over: o creating and updating actuarial assumptions; o quality of underlying data, including completeness of the insurance policy portfolio data used; and o integrity of the actuarial model for PVFCFs; • performing a retrospective assessment of the Company's cash flow model estimates by comparing the prior year's cash flow predictions to the actual outcomes; • testing, on a sample basis, the relevance and reliability of the key data elements used in the cash flow projections by reference to underlying insurance policies; • challenging the key actuarial assumptions used by the Company, as follows: o mortality and morbidity rates, lapse ratios and cost per policy - by reference to 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 RA and CSM as at 31 December 2023 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 60 764 thousand as at 31 December 2023 and EUR 56 726 thousand as at 31 December 2022.

Refer to note 3. "Significant accounting policies and note 13. "Insurance and reinsurance contracts" of the individual 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	Our audit procedures, performed with the assistance of our own actuarial specialists, included, among others:

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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 2023; and • risk adjustment for non-financial risk arising from uncertainty in the said cashflows. Measurement of the liability requires the Company to apply significant judgment as well as complex and subjective assumptions. Management estimates LIC using a complex model, with key assumptions including those in respect of the claims development factors and discount rate. The relevance and reliability of the data underlying the actuarial projections is also an area of our audit focus. 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.	• testing of the design, implementation and operating effectiveness of selected controls within the actuarial process, including those over management's determination and approval of actuarial assumptions and LIC measurement model's output; • performing a retrospective assessment of the LIC estimation by comparing the prior year's estimate with the actual outcomes; • evaluating the methods and models used in the measurement of LIC against the relevant financial reporting requirements and market practice; • assessing whether the claims development factors assumptions used by the Company was properly extracted from its experience studies; • assessing the discount rate primarily by reference to risk free rates obtained from publicly available external sources; • tracing the claims data underlying the actuarial projections to source systems and, on a sample basis, to the underlying policy and claims documentation; • using the Company's historical claims data and assumed discount rate and our own assumptions as to the future claims development, independently estimating LIC for selected groups of insurance contracts; • examining whether the Company's disclosures in the financial statements relating to LIC for non-life insurance contracts under PAA appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.

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

The statutory body is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body;
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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Report on Other Legal and Regulatory Requirements

Reporting on other information in the Annual Report

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

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

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

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

- the other information given in the Annual Report for the year ended 31 December 2023 is consistent with the financial statements prepared for the same financial year; and
- the Annual Report contains information required by the Act on Accounting.

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

Additional requirements on the content of the auditors' report according to 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

Appointment and approval of an auditor

We have been appointed as a statutory auditor by the statutory body of the Company on the basis of approval by the General Meeting of the Company held on 30 March 2022. The period of our total uninterrupted engagement, including previous renewals (extensions of the period for which we were originally appointed) and reappointments as statutory auditors, is 6 years.

Consistency with the additional report to the audit committee

Our audit opinion as expressed in this report is consistent with the additional report to the audit committee of the Company, which was issued on 7 March 2024.

Non-audit services

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

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In addition to the statutory audit services and services disclosed in the Annual Report or the financial statements of the Company, we did not provide any other services to the Company or accounting entities controlled by the Company.

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

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

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

Bratislava, 12 March 2024

KOMUNÁLNA poisťovňa, a.s.
Vienna Insurance Group

Individual Financial Statements as at
31 December 2023 prepared in accordance with
International Financial Reporting Standards
as adopted by the European Union

ANNUAL FINANCIAL STATEMENTS AND COMMENTS

Individual statement of financial position
(All amounts are in thousands of EUR, unless otherwise noted)

ASSETS	Note	2023	2022 restated	1 January 2022 restated
Property, plant and equipment	5	10 538	10 757	9 939
Investment property		1 161	1 120	1 075
Intangible assets	6	5 570	5 116	4 693
Right-of-use assets	7	2 680	3 179	3 525
Financial assets				
Investments:				
- measured at amortised cost	9	17 297	5 064	4 685
- measured at FVOCI	9	188 823	173 172	216 268
- measured at FVTPL	9	55 854	74 334	92 017
Other receivables	9	1 008	925	722
Insurance contract assets	13	2 417	731	1 202
Reinsurance contracts assets	13	8 580	10 073	11 921
Deferred tax asset	15	5 248	8 033	2 530
Other assets		62	104	77
Cash and cash equivalents	10	3 952	9 230	7 172
Income tax receivables		1 455	-	-
Total assets		**304 645**	**301 838**	**355 826**
EQUITY				
Share capital	11	18 532	18 532	18 532
Share premium		15 326	15 326	15 326
Legal reserve fund and other reserves	12	11 029	9 456	22 009
Retained earnings		12 912	9 404	6 690
Equity Total		**57 799**	**52 718**	**62 557**
LIABILITIES				
Insurance contracts liabilities	13	230 895	232 582	277 167
Reinsurance contract liabilities	13	1 691	1 552	191
Deferred tax liability	15	-	-	-
Non-technical provisions	16	67	97	87
Trade and other liabilities	14	14 193	14 291	15 836
Income tax liability		-	598	-12
Total liabilities		**246 846**	**249 120**	**293 269**
Total equity and liabilities		**304 645**	**301 838**	**355 826**

The Board of Directors approved these financial statements for publication on 06 March 2024.

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

Mag. Ulrich Prangl
Member of the Board of Directors

Individual statement of comprehensive income

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

	Note	2023	2022 restated
Insurance revenue	17	94 649	86 503
Insurance service expenses	19	-87 035	-78 626
Net expenses from reinsurance contracts	13	-6 791	-3 683
Insurance service result		**823**	**4 194**
Net financial result	18	**7 017**	**1 250**
Interest revenue calculated using the effective interest method	18	6 224	5 192
Other investment revenue	18	3 711	-10 293
Net impairment loss on financial assets	18	1 555	-1 530
Investment return		**11 490**	**-6 631**
Net finance expenses or income from insurance contracts	18	-4 827	7 699
Net finance expenses or income from reinsurance contracts	18	354	182
Insurance finance result		**-4 473**	**7 881**
Other income		649	806
Oher operating expenses	19	-2 567	-2 232
Profit before tax		**5 922**	**4 017**
Income tax	21	-2 138	-1 038
Profit after tax		**3 784**	**2 979**
Items that will not be reclassified to profit or loss (equity investments at FVOCI)		*31*	*99*
Other comprehensive income and losses (items which may be reclassified to profit or loss)		*1 266*	*-12 918*
Net finance expense or income of insurance contracts	13, 18	-6 649	26 241
Net finance expense or income of reinsurance contracts	13, 18	1 336	-3 923
Debt investments at FVOCI			
Net change in fair value	12,18	7 300	-41 436
Net amount reclassified to PL	12,18	184	1 526
Deferred tax		-905	4 674
Other comprehensive income and losses, net of tax		**1 297**	**-12 818**
Total comprehensive income for the period		**5 081**	**-9 839**

Individual statement of changes in equity

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

Note	Share capital	Share premium	Legal reserve fund and other funds	Revaluation differences from FVOCI	Revaluation differences from insurance contracts	Retained earnings and current year profit or loss	Total equity
Balance as at 1 January 2022, as previously reported	18 532	15 326	3 166	12 521	-	25 323	74 868
Impact of initial application of IFRS 17	-	-	-	-	-1 576	-26 409	-27 985
Impact of initial application of IFRS 9	-	-	-	7 898	-	3 637	11 535
Transition effect on deferred taxes	-	-	-	-	-	4 139	4 139
Restated balance as at 1 January 2022	18 532	15 326	3 166	20 419	-1 576	6 690	62 557
Profit after tax	-	-	-	-	-	2 979	2 979
Reserve fund	-	-	265	-	-	-265	-
Other comprehensive loss for 2022	-	-	-	-29 682	16 864	-	-12 818
Total comprehensive income and loss	-	-	265	-29 682	16 864	2 714	-9 839
Transactions with shareholders							
Dividends paid (Note 17)	-	-	-	-	-	-	-
Restated balance as at 31 December 2022	18 532	15 326	3 431	-9 263	15 288	9 404	52 718
Balance as at 1 January 2023	18 532	15 326	3 431	-9 263	15 288	9 404	52 718
Profit after tax						3 784	3 784
Reserve fund	-	-	276	-	-	-276	-
Other comprehensive loss for 2023	-	-	-	5 311	-4 014	-	1 297
Total comprehensive income and loss	-	-	276	5 311	-4 014	3 508	5 081
Transactions with shareholders							
Dividends paid (Note 17)	-	-	-	-	-	-	-
Balance as at 31 December 2023	18 532	15 326	3 707	-3 952	11 274	12 912	57 799

Individiual statement of cash flows

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

	Note	2023	2022 restated
Cash flow from operating activities			
Profit after tax		3 784	2 979
Adjustments for:			
Depreciation and amortisation		2 599	2 508
Impairment and reversal of impairment of current and non-current assets		-	-
Profit/Loss on disposal of PPE, intangible assets and investment property		-	-
Profit/Loss on sale and revaluation of financial assets		-1 555	1 530
Gains/losses on disposal of subsidiaries and associated companies		-	-
Dividends income		-80	-77
Interest expense		-	-
Interest income		-6 224	-5 192
Other income/expenses not involving movements of cash		1 881	-828
Change in receivables		-83	-203
Change in insurance contract assets and liabilities		-10 022	-17 873
Change in reinsurance contract assets and liabilities		2 967	-714
Change in other assets, prepayments and accrued income		42	-27
Change in payables		-98	-1 545
Change in liabilities to banks		-	-
Change in liabilities to non-banks		-	-
Change in other liabilities, accruals and deferred income		-	-
Change in other provisions		-30	10
Interest on securities received		-	-
Dividends received		-	-
Purchase of financial assets at AC		-11 833	-132
Purchase of financial assets at FVTPL		23 650	7 189
Purchase of financial assets at FVOCI		-2 216	6 901
Interest received on loans granted		-	-
Loans granted, loans repaid		-	-
Proceeds from financial assets at AC		-202	-126
Proceeds from financial assets at FVTPL		-5 170	10 494
Proceeds from financial assets at FVOCI		1 741	2
Income taxes paid		-2 053	610
Other		-	-
Net cash flow used in / from operating activities		-2 902	5 506
Cash flow from investing activities			
Purchase of tangible assets and intangible assets		-2 353	-3 405
Purchase of investment property		-82	-78
Acquisition of subsidiaries and associated companies		-	-
Proceeds from disposals of tangible and intangible assets		59	35
Proceeds from sale of investment property		-	-
Proceeds from disposal of subsidiaries and associated companies and other proceeds from subsidiaries		-	-
Net cash flow used in investing activities		-2 376	-3 448
Cash flow from financing activities			
Payment of lease liability			
Interest paid		-	-
Dividends paid to shareholders		-	-
Net cash flow from financing activities		-	-
Net decrease/increase in cash and cash equivalents		-5 278	2 058
Cash and cash equivalents as at 1 January		9 230	7 172
Cash in consequence in Business Combination			
Cash and cash equivalents as at 31 December		3 952	9 230

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

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

1 General information

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

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

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

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

The structure of the Company's shareholders as at 31 December 2022 is as follows:

31 December 2022	Share in the registered capital		Voting rights
	ths.	%	%
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	18 532	100	100

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

In 2023, the average number of employees is 375, of which 5 are in managing positions (in 2022: 382, 5 were in managing positions).

The Company's statutory representatives are as follows:

Board of Directors:	as at 31 December 2023	as at 31 December 2022
Chairman:	Ing. Slávka Miklošová	Ing. Slávka Miklošová
Members:	Mgr. Blanka Hatalová (until 30 April 2023)	Mgr. Blanka Hatalová
	JUDr. Zuzana Brožek Mihóková	JUDr. Zuzana Brožek Mihóková
	RNDr. Milan Fleischhacker	RNDr. Milan Fleischhacker
	Ing. Igor Saxa	Ing. Igor Saxa
	Mag. Ulrich Prangl (from 1 May 2023)	

Supervisory Board:	as at 31 December 2023	as at 31 December 2022
Chairman:	Dr. Peter Thirring	Dr. Peter Thirring
Vice-chairman:	Hartwig Löger	Hartwig Löger
Members:	Ing. Jana Bibová	Ing. Jana Bibová
	Mag. Christian Brandstetter	Mag. Christian Brandstetter
	Mgr. Magdaléna Adamová	Mgr. Magdaléna Adamová
	PhDr. Michal Kaliňák, Phd. (until 12 May 2023)	PhDr. Michal Kaliňák, Phd.
	Ing. Zuzana Špačeková (from 7 June 2023)	

The Company's address

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

Identification number: 0031595545
Tax identification number: 2021097089

These financial statements have been prepared in accordance with Article 17a), paragraph 1, of Accounting Act 431/2002, as amended, and in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") on the going concern assumption. These financial statements were approved by the Board of Directors on 6 March 2024.

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

These Individual financial statements have been prepared under the historical cost convention, except for the financial assets measured at fair value through other comprehensive income, and financial assets at fair value through profit or loss, where changes are recognised in profit or loss, and insurance contracts and reinsurance contracts held.

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

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

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

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

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

2 Adoption of new or revised standards and interpretations

2.1 Standards and interpretations not applied

The following new and amended standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Company has not early adopted any of these new and amended standards and does not expect that they will have a significant impact on the Company's financial statements when become effective.

- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Lack of exchangeability (Amendments to IAS 21).

2.2 New and amended standard and interpretations

The Company has initially applied IFRS 17 and IFRS 9 from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as of 1 January 2022.
The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarized below:

(i) IFRS 17 Insurance contracts

Replacing IFRS 4, IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. Moreover, investment components are no longer included in insurance revenue and insurance service expenses.

Insurance finance income and expenses, disaggregated between profit or loss and OCI for life risk and life savings contracts measured under GMM model, are presented separately from insurance revenue and insurance service expenses.

The Company applies the PAA to simplify the measurement of contracts in the non-life segment (immaterial portion of life insurance contracts is also measured using PAA). When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately. For an explanation of how the Company accounts for insurance and reinsurance contracts under IFRS 17, see Note 3.10.

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 were applied using a full retrospective approach to the extent practicable, except as described below. Under the full retrospective approach, at 1 January 2023 the Company:

- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied (including some deferred acquisition costs, provisions for levies attributable to existing insurance contracts and customer-related intangible assets related to acquired insurance contracts);
- identified, recognised and measured each group of insurance contracts and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that they were not tested for recoverability before 1 January 2022;
- recognised any resulting net difference in equity.

If it was impracticable to apply a full retrospective approach to a group of contracts, then the Company applied the fair value approach, as it could not obtain reasonable and supportable information necessary to apply the modified retrospective approach.

Insurance contracts, reinsurance contracts

The Company applied the full retrospective approach to all Non-life groups of contracts and the following approaches to groups of Life contracts on transition to IFRS 17.

<table>
<tr><th>Product</th><th>Product group</th><th>Transition approach to Life contracts</th></tr>
<tr><td rowspan="9">Primary insurance</td><td>ANNU - Pension insurance</td><td rowspan="9">year of issue 2019 and earlier: Fair value approach
year of issue 2020 and forward: Full retrospective approach</td></tr>
<tr><td>DEPOSIT - Deposit insurance</td></tr>
<tr><td>DOWRY - Dowry insurance</td></tr>
<tr><td>ENDO - Mixed insurance</td></tr>
<tr><td>IL - Index linked insurance</td></tr>
<tr><td>TERM - Risk life insurance</td></tr>
<tr><td>TERM_GRP - Risk life insurance</td></tr>
<tr><td>UL - DPF insurance</td></tr>
<tr><td>WL - Funeral insurance</td></tr>
<tr><td rowspan="4">Reinsurance</td><td>LIFE SP – Life Reinsurance Surplus</td><td rowspan="4">year of issue 2019 and earlier: Fair value approach
year of issue 2020 and forward: Full retrospective approach</td></tr>
<tr><td>PACC QS – Quota Reinsurance of accident and supplementary accident insurance</td></tr>
<tr><td>PACC XL – Reinsurance by loss excess of accident and supplementary accident insurance</td></tr>
<tr><td>F-LIFE- Optional Reinsurance Life</td></tr>
</table>

The Company considers the full retrospective approach impracticable under any of the following circumstances:

- The effects of retrospective application are not determinable because the information required has not been collected (or has not been collected with sufficient granularity) or is unavailable because of system migrations, data retention requirements or other reasons. Such information includes for certain contracts:
  - expectations about a contract's profitability and risks of becoming onerous required for identifying groups of contracts;
  - information about historical cash flows (including insurance acquisition cash flows and other cash flows incurred before the recognition of the related contracts) and discount rates required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis;
  - information required to allocate fixed and variable overheads to groups of contracts, because the Company's accounting policies did not required such information; and
  - information about certain changes in assumptions and estimates because they were not appropriately documented on an ongoing basis.
- The full retrospective approach requires assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that cannot be made without the use of hindsight. Such assumptions and estimates include for certain contracts:
  - expectations at contract inception about policyholders' shares of the returns on underlying items required for identifying direct participating contracts;

- assumptions about discount rates,
- assumptions about the risk adjustment for non-financial risk.

Fair value approach

Under the fair value approach, the CSM (or the loss component) at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. The Company measured the fair value of the contracts as the sum of (a) the present value of the cash flows expected to be generated by the contracts, determined using a discounted cash flow technique (including risk margin); and (b) an additional margin, determined using a cost of capital approach.

The cash flows considered in the fair value measurement are consistent with those that are within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside of the contract boundary. The present value of the future cash flows considered in measuring fair value are broadly consistent with that determined in measuring the fulfilment cash flows.

Differences in the Company's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows give rise to a CSM at 1 January 2022. In particular, in measuring fair value the Company included a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining this margin, the Company considered certain costs that are not directly attributable to fulfilling the contracts (e.g. general overheads) and certain risks that were not reflected in the fulfilment cash flows (e.g. general operational risk), among other factors that a market participant would consider.

For all contracts measured under the fair value approach, the Company used reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a direct participating contract;
- how to identify discretionary cash flows for contracts without direct participation features; and
- whether an investment contract meets the definition of an investment contract with DPF.

Groups of contracts measured under the fair value approach contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition were determined at 1 January 2022 instead of at the date of initial recognition.

For all contracts measured under the fair value approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be zero.

Fair value of insurance contracts

The Company has measured the fair value of insurance contracts when it applied the fair value approach on transition to IFRS 17. The Company has measured the fair value of insurance contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contracts, determined using a discounted cash flow technique; and (b) an additional margin, determined using a confidence level technique.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary.

The Company's approach to measuring fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of acquisition or transition. In particular, in measuring fair value the Company:

- considers the cash flows included in the measurement of fulfilment cash flows but adjusts them to reflect the perspective of market participants. For example, expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear;

- uses the discount rates applied in measuring fulfilment cash flows but increases the rates to reflect the effect of the Company's non-performance risk; and
- includes a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining the risk premium, the Company allows for certain risks that were not reflected in the fulfilment cash flows but would be considered by market participants – e.g. general operational risk.

(ii) IFRS 9 Financial instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Company elected, under the amendments to IFRS 4 to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

Classification and Measurement
The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 divides all financial assets into three principal measurement categories – those measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit and loss (FVTPL) – and eliminates the previous IAS 39 categories of held-to-maturity investments (HTM), loans and receivables (LR) and available-for-sale financial assets (AFS).

Impairment
The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model (ECL model), which means that a loss event will no longer need to occur before an impairment allowance is recognised. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI.

Transition approach
The Company used the optional classification overlay approach, which allows entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about the financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17, as if the classification and measurement requirements of IFRS 9 had been applied to those financial assets.

The Company used reasonable and supportable information available at the transition date to determine how the Company expects the financial asset would be classified and measured on initial application of IFRS 9. The impairment rules were applied to the classification overlay even the Company was not required to do so. Any difference between the previous carrying amount of a financial instrument and the amount resulting from the application of the classification overlay was recognized in equity at the transition date.

To reduce accounting mismatch, the classification of the financial assets for the opening balance sheet according to IFRS 9 was aligned as much as possible with IFRS 17 OCI option (meaning to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income) selected for the Company's insurance and reinsurance contracts issued and held.

Transition disclosures

The comparative period has been restated.

The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2023.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- The designation of certain investments in equity instruments not held for trading as at FVOCI.

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

If a financial asset had low credit risk at 1 January 2023, then the Company determined that the credit risk on the asset had not increased significantly since initial recognition.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2023:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Investments in subsidiaries				
Financial investments			261 076	261 951
Government bonds [1]	AFS	FVOCI	57 980	57 980
	HTM	FVOCI	20 748	20 966
	LR	FVOCI	14 206	14 181
Corporate bonds [1]	AFS	FVOCI	68 468	68 468
	HTM	FVOCI	7 784	8 157
Corporate bonds [2]	FV	FVTPL	21 699	21 699
Equity instruments [3]	AFS	FVOCI_EQ	3 096	3 420
Investment funds [4]	AFS	FVTPL	17 590	17 590
	FV	FVTPL	35 045	35 045
Loans	LR	AC	5 080	5 065
Trade and other receivables [5]	LR	AC	748	748
Cash and cash equivalents	LR	AC	9 230	9 230
Financial liabilities				
Trade and other payables[6]	AC	AC	8 141	8 141

1. The Company considers that under IFRS 9 these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets. The contractual terms of these financial assets give rise on specified dates to cash flows that are SPPI. These assets have therefore been classified as financial assets at FVOCI under IFRS 9.
2. The contractual terms of this corporate bond do not give rise on specified dates to cash flows that are SPPI. This asset has therefore been mandatorily classified as financial assets at FVTPL under IFRS 9.
3. These equity instruments represent investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company designated these investments at 1 January 2023 as measured at FVOCI. Under IAS 39 this investment was classified as available for sale and valued at purchase price as its fair value couldn't be reliable measured.
4. Under IFRS 9, these assets are mandatorily measured at FVTPL because they do not give rise to cash flows that are SPPI, unless the Company has elected to measure them at FVOCI (see 2).
5. Out of the original FS item Receivables under IFRS 4 / IAS 39 amounting to 7 950 TEUR, 6 905 TEUR was related to receivables from insurance and direct and ceded reinsurance business. These balances are in scope of IFRS 17 and therefore are not part of the reconciliation table above.
6. Out of the original FS item Payables under IFRS 4 / IAS 39 amounting to 46 724 TEUR, 33 496 TEUR was related to receivables from insurance and direct and ceded reinsurance business. These balances are in scope of IFRS 17 and therefore are not part of the reconciliation table above.

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

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2023:

	31 December 2022 IAS 39	Reclass	ECL / Revaluation	1 January 2023 IFRS 9
Financial assets				
Investments in subsidiaries				
Financial investments	261 076		874	261 951
Government bonds from AFS to FVOCI	57 980	-	-	57 980
Government bonds from HTM to FVOCI	20 748	-	218	20 966
Government bonds from LR to FVOCI	14 206	-	-25	14 181
Corporate bonds from AFS to FVOCI	68 468	-	-	68 468
Corporate bonds from HTM to FVOCI	7 784	-	373	8 157
Corporate bonds from LR to FVOCI	-	-	-	-
Corporate bonds FV to FVTPL	21 699	-	-	21 699
Equity instruments from Investments in subsidiaries to FVOCI	-	-	-	-
Equity instruments from AFS to FVOCI	3 096	-	324	3 420
Equity instruments from AFS to FVTPL	-	-	-	-
Investment funds AFS to FVTPL	17 590	-	-	17 590
Investment funds FV to FVTPL	35 045	-	-	35 045
Loans	5 080	-	-15	5 065
Trade and other receivables	748	-	-	748
Cash and cash equivalents	9 230	-	-	9 230
Financial liabilities				
Trade and other payables	8 141	-	-	8 141

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9:

	31 December 2022 IAS 39	ECL remeasurement	1 January 2023 IFRS 9
Debt investments at FVOCI under IFRS 9			
From AFS under IAS 39	-1 500	-285	-1 785
Financial assets at AC under IFRS 9			
From HTM under IAS 39	-	-5	-5
From LR under IAS 39	-	-19	-19
Total	**-1 500**	**-309**	**-1 809**

IFRS 7 includes disclosure requirements at the date of initial application of IFRS 9 (1 January 2023). As the Company has restated comparative balances effective 1 January 2022, the following additional tables have been included to provide the user with additional information about the transition to IFRS 9 and the adjustments to opening balances of retained earnings and the fair value reserve as at 1 January 2022, in conjunction with the effects of the transition to IFRS 17 on that date.
The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2022:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Investments in subsidiaries				
Financial investments			308 519	320 131
Government bonds [1]	AFS	FVOCI	74 446	74 446
	HTM	FVOCI	20 740	24 334
	LR	FVOCI	14 204	18 856
Corporate bonds [1]	AFS	FVOCI	84 369	84 369

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

	HTM	FVOCI	7 781	10 932
Corporate bonds [2]	FV	FVTPL	23 142	23 142
Equity instruments [3]	AFS	FVOCI_EQ	3 096	3 320
Investment funds [4]	AFS	FVTPL	27 726	27 726
	FV	FVTPL	41 149	41 149
Loans	LR	AC	4 695	4 685
Trade and other receivables [5]	LR	AC	722	722
Cash and cash equivalents	LR	AC	7 172	7 172
Financial liabilities				
Trade and other payables [6]	AC	AC	9 781	9 781

The Company considers that under IFRS 9 these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets. The contractual terms of these financial assets give rise on specified dates to cash flows that are SPPI. These assets have therefore been classified as financial assets at FVOCI under IFRS 9:

1. The Company considers that under IFRS 9 these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets. The contractual terms of these financial assets give rise on specified dates to cash flows that are SPPI. These assets have therefore been classified as financial assets at FVOCI under IFRS 9.
2. The contractual terms of this corporate bond do not give rise on specified dates to cash flows that are SPPI. This asset has therefore been mandatorily classified as financial assets at FVTPL under IFRS 9.
3. These equity instruments represent investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company designated these investments at 1 January 2023 as measured at FVOCI. Under IAS 39 this investment was classified as available for sale and valued at purchase price as its fair value couldn't be reliable measured.
4. Under IFRS 9, these assets are mandatorily measured at FVTPL because they do not give rise to cash flows that are SPPI, unless the Company has elected to measure them at FVOCI (see 2).

5. Out of the original FS item Receivables under IFRS 4 / IAS 39 amounting to TEUR 6 547, TEUR 5 325 was related to receivables from direct and ceded reinsurance business. These balances are in scope of IFRS 17 and therefore are not part of the reconciliation table above.
6. Out of the original FS item Payables under IFRS 4 / IAS 39 amounting to TEUR 44 908, TEUR 33 208 was related to receivables from direct and ceded reinsurance business. These balances are in scope of IFRS 17 and therefore are not part of the reconciliation table above.

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

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2022:

	31 December 2021 IAS 39	Reclass	ECL / Revaluation	1 January 2022 IFRS 9
Financial assets				
Investments in subsidiaries				
Financial investments	308 519		11 611	320 131
Government bonds from AFS to FVOCI	74 446		-	74 446
Government bonds from HTM to FVOCI	20 740		3 594	24 334
Government bonds from LR to FVOCI	14 204		4 651	18 856
Corporate bonds from AFS to FVOCI	84 369		-	84 369
Corporate bonds from HTM to FVOCI	7 781		3 151	10 932
Corporate bonds from LR to FVOCI	-		-	-
Corporate bonds FV to FVTPL	23 142		-	23 142
Equity instruments from Investments in subsidiaries to FVOCI	-		-	-
Equity instruments from AFS to FVOCI	3 096		225	3 320
Equity instruments from AFS to FVTPL	-		-	-
Investment funds AFS to FVTPL	27 726		-	27 726
Investment funds FV to FVTPL	41 149		-	41 149
Loans	4 695		-10	4 685
Term deposits	-		-	-
Trade and other receivables	722		-	722
Cash and cash equivalents	7 172		-	7 172
Financial liabilities				
Trade and other payables	9 781		-	9 781

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9 as at 1 January 2022:

	31 December 2021 IAS 39	ECL remeasurement	1 January 2022 IFRS 9
Debt investments at FVOCI under IFRS 9			
From AFS under IAS 39		-263	-263
Financial assets at AC under IFRS 9			
From HTM under IAS 39		-4	-4
From LR under IAS 39		-13	-13
Total		-17	-17
Debt investments at FVOCI under IFRS 9		**-280**	**-280**

3 Significant accounting policies

3.1 Foreign currency translation

(i) Functional and presentation currencies of the financial statements

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

(ii) Transactions and balances

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

3.2 Property, plant and equipment

(i) Acquisition cost

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

(ii) Depreciation

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

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

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

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

3.3 Investment property

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

3.4 Intangible assets

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

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

3.5 Financial investments

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

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.
The Company classifies its financial assets into the following measurement categories:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Assessment of whether contractual cash flows are SPPI

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

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

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

Subsequent measurement and gains and losses

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

Amortised costs (AC) and effective interest rate

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

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

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

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

Fair value measurement

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

IFRS 13 requires disclosure of a three-level fair value hierarchy that reflects the significance of the observable inputs used in the measurement. The hierarchy levels are:

Level 1 - quoted prices (unadjusted) in active markets for identical financial asset,
Level 2 - inputs other than quoted prices included in level 1, that are observable for financial assets either directly (i.e., as prices) or indirectly (i.e., derived from prices),
Level 3 - inputs for financial assets that are not based on observable market data (unobservable inputs).

Fair value is defined as the price that would be received for the sale of an asset, or paid for the transfer of a liability, in an orderly transaction between market participants at the measurement date.

3.6 Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

Significant increase in credit risk and default
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information. The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due, is applied.

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

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

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

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

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

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

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

3.7 Offsetting financial instruments

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

3.8 Cash and cash equivalents

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

3.9 Share capital

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

3.10 Insurance and reinsurance contracts

Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

The Company also accept insurance risk from other insurers. Such contracts are classified, measured and presented as part of insurance contracts issued.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in to ‘insurance contracts’ and ‘reinsurance contracts’ include contracts issued, initiated or acquired by the Company, unless otherwise stated.

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

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

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

Separating components from insurance and reinsurance contracts

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

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

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

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

Aggregation and recognition of insurance and reinsurance contracts

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

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

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

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

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

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

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

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

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

- *Reinsurance contracts initiated by the Company that provide proportionate coverage:* The date on which any underlying insurance contract is initially recognised. This applies to the Company’s quota share reinsurance contracts.

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

Insurance acquisition cash flows

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

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

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

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

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

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

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

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

Recoverability assessment

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

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

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

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

Contract boundaries

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

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

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

Measurement – Insurance contracts not measured under the PAA

Initial measurement

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

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

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

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

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

Subsequent measurement

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

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

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

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

Insurance contracts without direct participation features

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

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

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

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

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

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

Direct participating contracts

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

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

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

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

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

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

Reinsurance contracts

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

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

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

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

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

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

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

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

Reinsurance of onerous underlying insurance contracts

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

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

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

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

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

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

Insurance contracts measured under the PAA

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

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

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

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

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

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

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

Reinsurance contracts measured under PAA

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

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

Derecognition and contract modification

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

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

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

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

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

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

Presentation

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

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

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

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

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

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

Insurance revenue – Contracts not measured under the PAA

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

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

- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment.

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

Release of the CSM

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

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

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

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

Insurance revenue – Contracts measured under the PAA

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

Loss components

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

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

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

Insurance service expenses

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

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

Net expenses from reinsurance contracts

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

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

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

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts. The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

Insurance finance income and expenses

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

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

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

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

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

Insurance tax

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

3.11 Deferred income tax

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

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

3.12 Employee benefits

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

During the year, the Company pays contributions to compulsory health, sickness, pension, accident insurance, insurance to the solidarity reserve fund, as well as contributions to the guarantee fund and unemployment insurance in the level of 35.2% (2022: 35.2%) of gross wages, up to the amount of the monthly wage stipulated by the relevant legislation, while the employee contributes with further 13.4% to the relevant insurance (2022: 13.4%). The cost of these contributions is charged to the statement of profit or loss in the same period as the related labour costs.

3.13 Non-technical provisions

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

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

3.14 Revenue recognition

(i) Interest income and dividend income

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

3.15 Leasing

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

3.16 Dividends

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

4 Insurance and financial risks management

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

4.1 Insurance risk

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

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

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

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

4.1.1 Underwriting risk

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

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

Management of underwriting risk

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

Life risk and savings contracts

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

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

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

Non-life contracts

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

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

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

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

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

Sensitivity analysis

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

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

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

31. December 2022	Before reinsurance CSM	PVFCF + RA	Profit/ Loss	OCI	After reinsurance CSM	PVFCF + RA	Profit/ Loss	OCI
Life risk and life savings contracts								
Mortality rates (10% increase)	197	-272	28	47	194	-269	28	48
Mortality rates (10% decrease)	-200	277	-28	-49	-196	274	-28	-51
Morbidity rates (10% increase)	696	-643	95	-148	696	-643	95	-148
Morbidity rates (10% decrease)	-696	643	-95	148	-696	643	-95	148
Expenses (10% increase)	1 115	-1 204	143	-215	1 115	-1 204	143	-215
Expenses (10% decrease)	-1 116	1 204	-142	215	-1 116	1 204	-142	215
Lapse rates (25% increase)	838	-1 986	-2	1 290	819	-1 980	21	1 291
Lapse rates (25% decrease)	-1 111	2 535	-13	-1 573	-1 091	2 529	-35	-1 574
Participating								
Mortality rates (10% increase)	179	-221	43	-	179	-221	43	-
Mortality rates (10% decrease)	-185	228	-44	-	-185	228	-44	-
Morbidity rates (10% increase)	165	-282	116	-	165	-282	116	-
Morbidity rates (10% decrease)	-165	282	-116	-	-165	282	-116	-
Expenses (10% increase)	308	-663	557	-	308	-663	557	-
Expenses (10% decrease)	-308	663	-557	-	-308	663	-557	-
Lapse rates (25% increase)	488	-968	719	-	488	-968	719	-
Lapse rates (25% decrease)	-578	1 206	-971	-	-577	1 206	-971	-
Non-life								
Ultimate claims (5% increase)	504	-	3 369	-	376	-	2 425	-
Ultimate claims (5% decrease)	-503	-	-3 368	-	-513	-	-2 561	-

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

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

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

4.1.2 Concentration of insurance risk

Concentration of insurance risk (Life)

Amount of cover per insurance contract before reinsurance	Total amount of insurance coverage in particular group 2023	2022
up to 10 000 EUR	225 668	228 386
10 000 – 15 000 EUR	38 801	40 277
15 000 – 30 000 EUR	51 130	48 775
30 000 – 300 000 EUR	52 667	52 140
Over 300 000 EUR	1 570	1 575
Total	**369 836**	**371 153**

Amount of cover per insurance contract after reinsurance	Total amount of insurance coverage in particular group 2023	2022
up to 10 000 EUR	214 257	216 975
10 000 – 15 000 EUR	32 423	33 899
15 000 – 30 000 EUR	45 073	42 718
30 000 – 300 000 EUR	42 024	41 497
Over 300 000 EUR	1 570	1 575
Total	**335 347**	**336 664**

Concentration of insurance risk (Non life)

Total amount of insurance coverage in particular group before reinsurance 2023

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

Total amount of insurance coverage in particular group after reinsurance 2023

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

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

Total amount of insurance coverage in particular group before reinsurance 2022

Insurance	up to 300 ths. of EUR	300 – 600 ths. of EUR	600 – 1 000 ths. of EUR	1 000 – 1 500 ths. of EUR	over 1 500 ths. of EUR	Total
Property	4 318 061	779 473	846 765	780 884	12 660 292	19 385 475
Liability	340 900	50 554	66 753	6 350	65 436	529 992
CASCO	2 328 105	15 433	-	-	-	2 343 538
MTPL	10 314	996	-	-	1 296 260 720	1 296 260 720
Other	54 233	-	-	-	-	54 233
Total	7 041 299	845 460	913 518	787 234	1 308 986 448	1 318 573 958

Total amount of insurance coverage in particular group after reinsurance 2022

Insurance	up to 300 ths. of EUR	300 – 600 ths. of EUR	600 – 1 000 ths. of EUR	1 000 – 1 500 ths. of EUR	over 1 500 ths. of EUR	Total
Property	4 317 961	779 473	814 765	628 818	1 292 342	7 833 359 351
Liability	176 363	21 077	41 440	3 890	42 029	285 071
CASCO	2 328 105	15 433	-	-	-	2 343 538
MTPL	-	-	-	-	608 288 400	608 288 400
Other	54 233	-	-	-	-	54 233
Total	6 876 935	815 983	856 205	632 708	609 622 771	618 804 601

ii) Estimates of future claim payments

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

4.2 Financial risk

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

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

4.2.1 Liquidity risk

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

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

In life insurance, the Company matches cash flows from financial assets, insurance contracts and investment contracts with DPF in individual years, so that the present value of cash flows from financial assets is at least equal to the present value of future liabilities under these insurance contracts by individual years. The Company's management assesses cash flow coverage on a monthly basis and decides on the allocation of assets with respect to the matching results.

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

The Company is exposed to the risk of daily requirements for free cash resources, mainly from insurance activities (claims). Liquidity risk is the risk that cash is not available to pay liabilities at maturity date and at reasonable costs. The Company has set limits for sufficient free funds to cover its liabilities.

The table below summarises the expected undiscounted contractual cash flows of financial and insurance assets and liabilities in 2023 and 2022:

31 December 2023	Net book value	0 – 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years	Total
Assets								
Bonds at FVOCI	185 372	25 095	22 425	27 062	15 728	16 802	117 324	**224 436**
Bonds at fair value through profit or loss	17 498	5 947	5 846	4 234	3 134	-	-	**19 161**
Loans and receivables at AC*	5 244	272	416	1 699	164	153	3 421	**6 125**
Term deposits	12 053	12 122	-	-	-	-	-	**12 122**
Equity securities at FVOCI and FVTPL**	38 356	38 356	-	-	-	-	-	**38 356**
Reinsurance contracts assets	8 580	-97	1 119	838	988	617	4 942	**8 407**
Insurance contracts assets	2 417	1 155	819	743	697	522	6 923	**10 859**
Cash and cash equivalents	3 952	3 952	-	-	-	-	-	**3 952**
Total assets	**273 472**	**86 802**	**30 625**	**34 576**	**20 711**	**18 094**	**132 610**	**323 418**

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

Liabilities								
Insurance contracts liabilities	230 895	55 823	25 901	19 676	20 792	14 349	125 185	**261 726**
Reinsurance contract liabilities	1 691	8 169	-1 978	-1 247	-1 503	-951	-3 265	**-775**
Other (note 14)	14 193	11 502	624	-	-	2 038	29	**14 193**
Total liabilities	**246 779**	**75 494**	**24 547**	**18 429**	**19 289**	**15 436**	**121 949**	**275 144**

31 December 2022	Net book value	0 – 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years	Total
Assets								
Bonds at FVOCI	169 753	13 466	7 756	26 275	33 330	13 085	123 892	217 804
Bonds at fair value through profit or loss	21 699	5 227	5 947	5 846	4 234	3 134	-	**24 388**
Loans and receivables at AC*	5 065	211	284	253	1 691	156	3 239	**5 834**
Equity securities at FVOCI and FVTPL**	52 635	52 635	-	-	-	-	-	**52 635**
Term deposits	-	-	-	-	-	-	-	**-**
Reinsurance contracts assets	10 073	2 068	1 207	761	621	681	4 427	**9 765**
Insurance contract assets	731	779	623	531	449	444	4 644	**7 470**
Cash and cash equivalents	9 230	9 230	-	-	-	-	-	**9 230**
Total assets	**269 186**	**83 616**	**15 817**	**33 666**	**40 325**	**17 500**	**136 202**	**327 126**

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

Liabilities								
Insurance contracts liabilities	232 582	51 071	29 081	21 686	17 499	16 460	137 553	**273 350**
Reinsurance contract liabilities	1 552	229	-333	-211	-159	-138	-632	**-1 244**
Other (note 14)	14 291	11 177	671	-	-	2 412	31	**14 291**
Total liabilities	**248 425**	**62 477**	**29 419**	**21 475**	**17 340**	**18 734**	**136 952**	**286 397**

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

4.2.2 Market risk

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

(i) Interest rate risk

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

Sensitivity analysis

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

	Change of + 50 Bp	
31 December 2023	**Impact on profit or loss**	**Impact on revaluation reserve**
Bonds at fair value through other comprehensive income	-	-4 627
Bonds at fair value through profit or loss	-159	-
Insurance contracts liabilities	1 643	4 834
Insurance contracts assets	17	-249
Reinsurance contracts liabilities	406	407
Reinsurance contracts assets	240	240

	Change of - 50 Bp	
31 December 2023	**Impact on profit or loss**	**Impact on revaluation reserve**
Bonds at fair value through other comprehensive income	-	4 627
Bonds at fair value through profit or loss	159	-
Insurance contracts liabilities	-1 731	-5 190
Insurance contracts assets	-17	271
Reinsurance contracts liabilities	-427	-428
Reinsurance contracts assets	-252	-252

	Change of + 50 Bp	
31 December 2022	**Impact on profit or loss**	**Impact on revaluation reserve**
Bonds at fair value through other comprehensive income	-	-4 655
Bonds at fair value through profit or loss	-247	-
Insurance contracts liabilities	2 426	5 832
Insurance contracts assets	15	-160
Reinsurance contracts liabilities	390	393
Reinsurance contracts assets	208	208

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

	Change of - 50 Bp	
31 December 2022	**Impact on profit or loss**	**Impact on revaluation reserve**
Bonds at fair value through other comprehensive income	-	4 655
Bonds at fair value through profit or loss	247	-
Insurance contracts liabilities	-2 565	-6 257
Insurance contracts assets	-15	175
Reinsurance contracts liabilities	-411	-414
Reinsurance contracts assets	-219	-219

(ii) Currency risk

The Company generally invests in assets denominated in currencies in which liabilities are also denominated, thereby mitigating any currency risk arising from the nature of its business and managing it by monitoring the profit sensitivity to that risk. As at 31 December 2023, foreign currency assets were in the amount of EUR 17 894 ths. (2022: EUR: 17 774 ths.). The Company recorded no foreign currency liabilities (2022: no foreign currency liabilities), so the currency risk was assessed by the management as insignificant.

(iii) Equity risk

Equity risk is a risk that the fair value of a financial asset will change for reasons other than changes in interest or foreign exchange rates. The Company is exposed to equity risk due to investment into equity securities, with the risk being affected mainly by stock market developments. The Company manages equity risk by monitoring profit sensitivity to this risk.

4.2.3 Credit risk

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

Exposures to credit risk shall relate in particular to:

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

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

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

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

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

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

2023

Credit risk	Bonds: At fair value through profit or loss	Bonds: At fair value through other comprehensive income	Loans	Other receivables*	Deposits	Cash and cash equivalents
AAA	-	11 387	-	-	-	-
AA+	-	11 750	-	-	-	-
AA	-	14 789	-	-	-	-
AA-	-	9 646	-	-	-	-
A+	14 278	3 769	-	-	-	-
A	-	76 062	-	-	11 153	1 381
A-	-	19 551	-	-	900	475
BB+	-	-	-	-	-	1 482
BB	-	-	-	-	-	-
BB-	-	-	1 817	-	-	-
BBB+	-	14 719	-	-	-	-
BBB	3 220	17 836	-	-	-	-
BBB-	-	3 474	1 629	-	-	612
CCC	-	-	-	-	-	-
No rating	-	2 390	1 798	1 008	-	2
Total	**17 498**	**185 373**	**5 244**	**1 008**	**12 053**	**3 953**

2022

Credit risk	Bonds: At fair value through profit or loss	Bonds: At fair value through other comprehensive income	Loans	Other receivables*	Deposits	Cash and cash equivalents
AAA	-	8 094	-	-	-	-
AA+	-	7 762	-	-	-	-
AA	-	755	-	-	-	-
AA-	-	6 705	-	-	-	-
A+	16 578	1 484	-	-	-	-
A	-	74 046	-	-	-	5 447
A-	-	17 659	-	-	-	2 302
BB+	-	4 395	-	-	-	1 114
BB	-	3 067	-	-	-	-
BB-	-	-	1 865	-	-	-
BBB+	-	14 821	-	-	-	-
BBB	3 107	22 733	-	-	-	365
BBB-	-	1 760	1 683	-	-	-
CCC	-	1 500	-	-	-	-
No rating	2 014	4 973	1 517	925	-	1
Total	**21 699**	**169 754**	**5 065**	**925**	**-**	**9 230**

At 31 December 2023, the maximum exposure to credit risk from insurance contracts is € 7 045 (2022: € 5 921), which primarily relates to premiums receivable for services that the Company has already provided, and the maximum exposure to credit risk from reinsurance contracts is € 9 494(2022: € 10 492).

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

Loss allowance

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

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

2022	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January (gross of DT)				
Deffered tax	129	151	-	**280**
Netto as at 1 january	-31	-35	**-**	-66
Transfer to Stage 1	98	116	-	214
Transfer to Stage 2				
Transfer to Stage 3				
Net remeasurement of loss allowance				
New financial assets acquired	4	-3	1 528	**1 529**
Financial assets derecognised	8	-	-	**8**
Write-offs	-1	-7	-	**-8**
Effect of movements in exchange rates				
Effects of deferred tax				
Balance at 31 December (gross of DT)	137	140	1 532	**1 809**
Deferred tax	-34	-30	-	-64
Netto closing balance as at 31 December	**103**	**110**	**1 532**	**1 745**

4.3 Capital management

The Company uses capital management to ensure it provides sufficient resources to perform its business, maximise return on shareholder investment, and create financial stability for the Company. Capital controlled by the Company is the Company's total equity of EUR 57 799 ths. (31 December 2022: EUR 52 718 ths.).

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

The Company's active capital management also ensures that the capitalisation of the Company is adequate at all times and that the Company's own funds are sufficient to meet the solvency capital requirement. As at 31 December 2023, the Company met the Solvency II capital adequacy requirements.

More detailed information about the Company's solvency will be disclosed in the Solvency and financial condition report for the year 2023 in accordance with the Act on Insurance No. 39/2015 as amended on 3 February 2015 effective on 1 January 2016.

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

5 Property, plant and equipment

	Land and buildings	Equipment motor vehicles and other assets	Total
Balance as at 1 January 2022			
Acquisition cost	12 449	4 672	17 121
Accumulated depreciation and impairment allowances	-3 791	-3 391	-7 182
Net book value	**8 658**	**1 281**	**9 939**
Year ended 31 December 2022			
Balance as at the beginning of the period	8 658	1 281	9 939
Additions	866	681	1 547
Disposals	-	-1 563	-1 563
Disposals of accumulated depreciation and impairment allowances	-	1 528	1 528
Charge for the year (Note 19)	-240	-455	-695
Net book value at the end of the period	**9 285**	**1 472**	**10 757**
Balance as at 31 December 2022			
Acquisition cost	13 315	3 790	17 105
Accumulated depreciation and impairment allowances	-4 031	-2 318	-6 349
Net book value	**9 285**	**1 472**	**10 757**
Year ended 31 December 2023			
Balance as at the beginning of the period	9 285	1 472	10 757
Additions	293	318	611
Disposals	-469	-95	-564
Disposals of accumulated depreciation and impairment allowances	425	78	503
Charge for the year (Note 19)	-248	-521	-769
Net book value at the end of the period	**9 286**	**1 252**	**10 538**
Balance as at 31 December 2023			
Acquisition cost	13 139	4 013	17 152
Accumulated depreciation and impairment allowances	-3 854	-2 761	-6 615
Net book value	**9 286**	**1 252**	**10 538**

Property, plant and equipment are insured against standard risks in the sum insured of EUR 23 975 ths. (31 December 2023: EUR 23 985 ths.).

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

6 Intangible assets

	Acquired computer software and other assets	Total
As at 1 January 2022		
Acquisition cost	11 940	11 940
Accumulated amortisation and impairment allowances	-7 247	-7 247
Net book value	**4 693**	**4 693**
Year ended 31 December 2022		
Balance as at the beginning of the period	4 693	4 693
Additions	1 506	1 506
Amortisation(Note 19)	-1 083	-1 083
Net book value at the end of the period	**5 116**	**5 116**
As at 31 December 2022		
Acquisition cost	13 446	13 446
Accumulated amortisation and impairment allowances	-8 330	-8 330
Net book value	**5 116**	**5 116**
Year ended 31 December 2023		
Balance as at the beginning of the period	5 116	5 116
Additions	1 579	1 579
Amortisation(Note 19)	-1 125	-1 125
Net book value at the end of the period	**5 570**	**5 570**
As at 31 December 2023		
Acquisition cost	15 025	15 025
Accumulated amortisation and impairment allowances	-9 455	-9 455
Net book value	**5 570**	**5 570**

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

7 Right-of-use assets

	Office premises	Total
As at 1 January 2022		
Acquisition cost	5 545	5 545
Accumulated depreciation and impairment allowances	-2 020	-2 020
Net book value	**3 525**	**3 525**
Year ended 31 December 2022		
Balance as at the beginning of the period	3 525	3 525
Additions	352	352
Disposals	-420	-420
Disposals of accumulated depreciation and impairment allowances	420	420
Charge for the year (Note 19)	-698	-698
Net book value at the end of the period	**3 179**	**3 179**
As at 31 December 2022		
Acquisition cost	5 477	5 477
Accumulated depreciation and impairment allowances	-2 298	-2 298
Net book value	**3 179**	**3 179**
Year ended 31 December 2023		
Balance as at the beginning of the period	3 179	3 179
Additions	163	163
Disposals	-266	-266
Disposals of accumulated depreciation and impairment allowances	266	266
Charge for the year (Note 19)	-663	-663
Net book value at the end of the period	**2 679**	**2 679**
As at 31 December 2023		
Acquisition cost	5 374	5 374
Accumulated depreciation and impairment allowances	-2 695	-2 695
Net book value	**2 679**	**2 679**

8 Equity investments

The Company owns the following shares:

	Equity/voting share in %		**Investment value**	
Year ended 31 December	**2023**	**2022**	**2023**	**2022**
VIG Fund Prague	1,20	1,20	3 439	3 407
Slovexperta, s.r.o.	15,00	15,00	1	1
GLOBAL ASSISTANCE SLOVAKIA, s.r.o.	9,00	9,00	11	11
Balance at the end of the year			**3 451**	**3 419**

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

9 Financial assets

Financial assets 31 December 2023	**AC**	**FVOCI**	**FVTPL**	**Total**
Financial assets				
Financial investments:				
- Government bonds	-	113 946	-	113 946
- Corporate bonds	-	71 426	17 498	88 924
- Equity instruments	-	3 451	-	3 451
- Investment funds	-	-	38 356	38 356
- Loans	5 244	-	-	5 244
- Term deposits	12 053	-	-	12 053
Cash and cash equivalents	3 952	-	-	3 952
Total Investment assets and Cash and cash equivalents	**21 249**	**188 823**	**55 854**	**265 926**

Financial assets **31 December 2022 (restated)**	**AC**	**FVOCI**	**FVTPL**	**Total**
Financial assets				
Financial investments:				
- Government bonds	-	93 128	-	93 128
- Corporate bonds	-	76 625	21 699	98 324
- Equity instruments	-	3 420	-	3 420
- Investment funds	-	-	52 635	52 635
- Loans	5 064	-	-	5 064
Cash and cash equivalents	9 230	-	-	9 230
Total Investment assets and Cash and cash equivalents	**14 294**	**173 172**	**74 334**	**261 800**

Equity investments designated as at FVOCI

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

Equity investments designated as at FVOCI	**Fair value at 31 December**	
	2023	**2022 (restated)**
Global assistance slovakia	11	11
Slovexperta	1	1
VIG Fund CZ a.s.	3 439	3 407
Total	**3 451**	**3 420**

No strategic investments were disposed of during 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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

Financial instruments not measured at fair value

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

Fair value of Financial assets and liabilities measured at AC	2023		2022 (restated)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised costs				
- Loans	5 244	4 803	5 064	4 290
- Term deposits	12 053	12 054	-	-
Cash and cash equivalents	3 952	3 952	9 230	9 230
Financial assets measured at amortised costs	**21 249**	**20 809**	**14 294**	**13 520**

Fair value measurement

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

Fair value hierarchies

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

Fair value hierarchy levels	2023			
	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL				
- Corporate bonds	-	3 220	14 278	17 498
- Equity instruments	-	-	-	-
- Investment funds	31 052	6 661	643	38 356
Financial investments at FVOCI				
- Government bonds	99 259	14 687	-	113 946
- Corporate bonds	29 884	41 543	-	71 427
- Equity instruments	-	-	3 451	3 451
Total financial investments at FV	**160 195**	**66 111**	**18 372**	**244 678**
Financial investments at AC				
- Loans	-	4 803	-	4 803
- Term deposits	-	12 054	-	12 054
Financial assets	**160 195**	**92 968**	**18 372**	**261 535**

Fair value hierarchy levels	2022 (restated)			
	Level 1	Level 2	Level 3	Total
Financial investments at FVTPL				
- Corporate bonds	-	5 121	16 578	21 699
- Equity instruments	-	-	-	-
- Investment funds	47 591	5 044	-	52 635
Financial investments at FVOCI				
- Government bonds	78 946	14 181	-	93 127
- Corporate bonds	32 477	42 648	1 500	76 625
- Equity instruments	-	-	3 420	3 420

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

Total financial investments at FV	**159 014**	**66 994**	**21 498**	**247 506**
Financial investments at AC				
- Loans	-	4 290	-	4 290
Financial assets	**159 014**	**71 284**	**21 498**	**251 796**

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

	2023			2022		
Reconciliation of Level 3 movements	**FVOCI**	**FVTPL**	**Total**	**FVOCI**	**FVTPL**	**Total**
Carrying amount as at 1 January	**4 920**	**16 578**	**21 498**	**3 320**	**17 643**	**20 963**
Transfers from Level 1 and Level 2			-	3 144	-	**3 144**
Gains (losses) recognised in profit or loss	945	711	**1 656**	-1 551	-1 065	**-2 616**
- Interest revenue calculated using the effective interest method	208	-	**208**	-23	-	**-23**
- Impairment loss and reversal of impairment loss	1 532	-	**1 532**	-1 528	-	**-1 528**
- Net realised and non-realised gains (losses) from financial instruments	-795	711	**-84**	-	-1 065	**-1 065**
- Other investment result						
Gains (losses) recognised in OCI	31	-	**31**	-1 433	-	**-1 433**
Redemptions	-	-3 000	**-3 000**	-	-	-
Purchases	-	633	**633**	-	-	-
Sales	-2 445	-	**-2 445**	-	-	-
Carrying amount as at 31 December	**3 451**	**14 922**	**18 373**	**4 919**	**16 578**	**21 497**

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

Transfers between Level 1 and Level 2	**2023**	**2022**
Transfers from Level 1 to Level 2	304	-
Transfers from Level 2 to Level 1	-	-
Total	**304**	**-**

No transfers occurred in 2023. In 2022, the transfer from Level 1 to Level 2 represents investments, which were in the past priced on active markets and their valuation was acquired from Bloomberg (Level 1) are currently measured by VIG model (level 2), because the investment is no longer liquid.

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

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

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

Assets at fair value in Level 3:	Fair value	Valuation technique	Input parameters – description	Input parameters (weighted average)	Possible change of parameter	Fair value sensitivity
Debt securities:						
- at fair value through other comprehensive income	-	-	-	-	-	-
- at fair value through profit or loss	14 278	Discounted cash flows	Yield curve of government bonds, spread	1,25 % - 4,24 % (3,66 %)	± 50 bps	± 111

The description of valuation technique and input parameters for level 3 measurements as at 31 December 2022 is as follows:

Assets at fair value in Level 3:	Fair value	Valuation technique	Input parameters – description	Input parameters (weighted average)	Possible change of parameter	Fair value sensitivity
Debt securities:						
- at fair value through other comprehensive income	1 500	Discounted cash flows	Yield curve of government bonds, spread	-	± 50 bps	± 3
- at fair value through profit or loss	16 578	Discounted cash flows	Yield curve of government bonds, spread	1,96 % - 5,17 % (3,71 %)	± 50 bps	± 180

There were no changes in valuation techniques used to measure securities falling into level 3 fair value measurements during the year (2022: no changes).

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

10 Cash and cash equivalents

Year ended 31 December	2023	2022
Term deposits	-	3 004
Cash at bank and cash on hand*	3 952	6 226
Total	**3 952**	**9 230**

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

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

11 Share capital

	No. of ordinary shares	Ordinary shares (in ths. EUR)
Balance as at 1 January 2022	5 582	18 532
As at 31 December 2022	5 582	18 532
As at 31 December 2023	5 582	18 532

As at 31 December 2023, the share capital consists of 5 582 ordinary shares (31 December 2022: 5 582 ordinary shares) which are all issued, authorised and paid up. The nominal value of one share is in the amount of EUR 3 320. Shareholders of all ordinary shares have the right to vote and receive dividends in proportion to the amount of their own shares, to the total amount of shares of the Company (Note 1).

12 Legal reserve fund and other reserves

The Legal reserve fund may be used to cover losses to the Company and may not be distributed. As at 31 December 2023 the legal reserve fund amounted to EUR 3 707 ths. (2022: EUR 3 431 ths.).

Profit distribution for 2022, approved by the General Assembly on 29 March 2023 is as follows:

Profit for the year	**2 761**
Legal reserve	276
Retained earnings	2 485

Profit distribution proposal for 2023 is as follows:

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

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

As at 1 January 2022	18 843
Net finance expense or income of insurance contracts	26 241
Net finance expense or income of reinsurance contracts	-3 923
Debt investments at FVOCI	
Net change in fair value	-41 337
Net amount reclassified to PL	1 526
Deferred tax	4 674
As at 31 December 2022	6 024
Net finance expense or income of insurance contracts	-6 649
Net finance expense or income of reinsurance contracts	1 336
Debt investments at FVOCI	
Net change in fair value	7 331
Net amount reclassified to PL	184
Deferred tax	-905
As at 31 December 2023	7 321

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

13 Insurance and reinsurance contracts

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

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

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

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

31 December 2022	**(GMM) Life risk and savings**	**(VFA) Participating**	**(PAA*) Non-life**	**Total**
Insurance contracts				
Insurance contract liabilities	**94 900**	**54 912**	**82 770**	**232 582**
- Insurance contract balances	94 900	54 912	82 770	232 582
- Assets for insurance acquisition cash flows	-	-	-	-
Insurance contract assets	**698**	-	**33**	**731**
- Insurance contract balances	698	-	33	731
- Assets for insurance acquisition cash flows				
Reinsurance contracts				
Reinsurance contract assets	1 163	-	8 910	10 073
Reinsurance contract liabilities	-	-	1 552	1 552

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

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

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

	2023	**2022 (restated)**
Insurance contract assets	2 035	616
Insurance contract liabilities	171 060	179 326
Reinsurance contract assets	8 329	7 553
Reinsurance contract liabilities	-6 385	1 495

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

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

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

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

Life risk and saving (GMM)

Insurance contracts
Analysis by remaining coverage and incurred claims

31. December 2023	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening assets	-1 206	-	507	-698
Opening liabilities	92 360	32	2 508	94 900
Net opening balance	**91 155**	**32**	**3 015**	**94 202**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-6 357**	**-**	**-**	**-6 357**
Contracts under the modified retrospective transition approach	-	-	-	-
Contracts under the fair value transition approach	-4 467	-	-	-4 467
Other contracts	-1 890	-	-	-1 890
Insurance service expenses	**455**	**45**	**3 461**	**3 961**
Incurred claims and other insurance service expenses	-	-	2 603	2 603
Amortisation of insurance acquisition cash flows	455	-	0	455
Losses and reversals of losses on onerous contracts	-	45	0	45
Adjustments to liabilities for incurred claims	-	-	859	859
Investment components and premium refunds	-23 383	-	23 383	-
Insurance service result	**-29 284**	**45**	**26 844**	**-2 396**
Net finance expenses from insurance contracts	-179	-	-1	-180
OCI	4 924	-	-14	4 910
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and OCI	**-24 540**	**45**	**26 830**	**2 335**
Cash flows				
Premiums received	18 907	-	-	18 907
Claims and other insurance service expenses paid, including investment components	-	-	-26 633	-26 633
Insurance acquisition cash flows	-2 179	-	0	-2 179
Total cash flows	**16 728**	**-**	**-26 633**	**-9 905**
Transfer to other items in the statement of financial position	-	-	-	-
Net closing balance				
Closing assets	-3 228	-	814	-2 414
Closing liabilities	86 571	77	2 398	89 046
Net closing balance	**83 343**	**77**	**3 212**	**86 632**

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

31. December 2022	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening assets	-1 750	-	548	-1 202
Opening liabilities	126 959	228	2 795	129 982
Net opening balance	**125 210**	**228**	**3 343**	**128 780**
Changes in the statement of profit or loss and OCI				
Insurance revenue	**-5 525**	**-**	**-**	**-5 525**
Contracts under the modified retrospective transition approach	-	-	-	-
Contracts under the fair value transition approach	-4 265	-	-	-4 265
Other contracts	-1 260	-	-	-1 260
Insurance service expenses	**656**	**-194**	**3 765**	**4 227**
Incurred claims and other insurance service expenses	-	-	3 229	3 229
Amortisation of insurance acquisition cash flows	656	-	-	656
Losses and reversals of losses on onerous contracts	-	-194	-	-194
Adjustments to liabilities for incurred claims	-	-	536	536
Investment components and premium refunds	-25 193	-	25 193	-
Insurance service result	**-30 062**	**-194**	**28 958**	**-1 299**
Net finance expenses from insurance contracts	-710	-2	-20	-732
OCI	-19 827	-	-201	-20 028
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and OCI	**-50 599**	**-196**	**28 737**	**-22 058**
Cash flows				
Premiums received	17 897	-	-	17 897
Claims and other insurance service expenses paid, including investment components	-	-	-28 653	-28 653
Insurance acquisition cash flows	-1 352	-	-	-1 352
Total cash flows	**16 545**	**-**	**-28 653**	**-12 108**
Transfer to other items in the statement of financial position	-	-	-412	-412
Net closing balance				
Closing assets	-1 206	-	507	-699
Closing liabilities	92 360	32	2 508	94 900
Net closing balance	**91 155**	**32**	**3 015**	**94 202**

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

Insurance contracts

Analysis by measurement component – Contracts not measured under the PAA

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

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

31 December 2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Con-tracts under fair value transition approach	Other contracts	Subtotal	
Opening assets	-6 182	994	-	2 058	1 928	3 986	-1 202
Opening liabilities	122 231	2 013	-	5 399	338	5 738	129 982
Net opening balance	**116 049**	**3 007**	**-**	**7 458**	**2 266**	**9 724**	**128 780**
<u>Changes in the statement of profit or loss and OCI</u>							
Changes that relate to current services	**687**	**-275**	**-**	**-1 800**	**-274**	**-2 074**	**-1 662**
CSM recognised for services provided	-	-	-	-1 800	-274	-2 074	-2 074
Change in risk adjustment for non-financial risk for risk expired	-	-275	-	-	-	-	-275
Experience adjustments	687	-	-	-	-	-	687
Changes that relate to future services	**-7 677**	**1 686**	**-**	**5 486**	**331**	**5 818**	**-173**
Contracts initially recognised in the year	-1 322	372	-	-	559	559	-391
Changes from reclassification to loss component	-	-	-	-	413	413	413
Changes in estimates that adjust the CSM	-6 176	1 330	-	5 486	-641	4 845	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	-179	-16	-	-	-	-	-195
Changes that relate to past services	**529**	**7**	**-**	**-**	**-**	**-**	**536**
Adjustments to liabilities for incurred claims	529	7	-	-	-	-	536
Insurance service result	**-6 461**	**1 418**	**-**	**3 686**	**58**	**3 744**	**-1 299**
Net finance expenses from insurance contracts	-578	-112	-	-38	-5	-42	-732
Effect of movements in exchan-ge rates			-				
OCI	-19 356	-672	-	-	-	-	-20 028
Total changes in the statement of profit or loss and OCI	**-26 394**	**634**	**-**	**3 649**	**53**	**3 702**	**-22 058**
Cash flows	**-12 108**	**-**	**-**	**-**	**-**	**-**	**-12 108**
Transfer to other items in the statement of financial position	-412	-	-	-	-	-	-412
Net closing balance							
Closing assets	-5 579	1 376	-	1 590	1 915	3 505	-698
Closing liabilities	82 714	2 265	-	9 516	405	9 921	94 900
Net closing balance	**77 135**	**3 641**	**-**	**11 106**	**2 320**	**13 426**	**94 202**

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

Reinsurance contracts

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

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

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

31 December 2022	Assets for remaining coverage		Assets for incurred claims	Total
	Excluding loss-recovery component	Loss-recovery component		
Opening assets	**-1 478**	**-**	**-58**	**-1 536**
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	**417**	**-**	**-**	**417**
Amounts recoverable from reinsurers	-	-	-31	-31
Recoveries of incurred claims and other insurance service expenses	-	-	-31	**-31**
LoReCo adjustment	-	-	-	**-**
Adjustments to assets for incurred claims	-	-	-	**-**
Effect of changes in non-performance risk of reinsurers	-	-	-	**-**
Investment components	32	-	-32	**-**
Net expenses from reinsurance contracts	**448**	**-**	**-63**	**385**
Net finance income from reinsurance contracts	8	-	-	**8**
Changes in other comprehensive income	-8	-	-	**-8**
Effect of movements in exchange rates				
Total changes in the statement of profit or loss and OCI	**448**	**-**	**-63**	**385**
Cash flows				
Premiums paid	-2	-	-	**-2**
Amounts received	-	-	-10	**-10**
Total cash flows	**-2**	**-**	**-10**	**-12**
Closing assets	**-1 032**	**-**	**-131**	**-1 163**

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

Reinsurance contracts

Analysis by measurement component – Contracts not measured under the PAA

31. december 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other con-tracts	Subtotal	
Opening assets	40	-3	-	-1 197	-4	-1 201	-1 163
Opening liabilities	-	-	-	-	-	-	-
Net opening balance	**40**	**-3**	**-**	**-1 197**	**-4**	**-1 201**	**-1 163**
<u>Changes in the statement of profit or loss and OCI</u>							
Changes that relate to current services	**-20**	**-**	**-**	**255**	**2**	**257**	**238**
CSM recognised for services received	-	-	-	255	2	257	257
Change in risk adjustment for non-financial risk for risk expired	-	-	-	-	-	-	-
Experience adjustments	-20	-	-	-	-	-	-20
Changes that relate to future services	**72**	**-1**	**-**	**-68**	**-4**	**-71**	**-**
Contracts initially recognised in the year	3	-	-	-	-3	-3	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	-	-	-	-
Changes in estimates that adjust the CSM	69	-1	-	-68	-1	-69	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	-	-	-	-	-
Changes that relate to past services	**-25**	**-**	**-**	**-**	**-**	**-**	**-25**
Adjustments to assets for incurred claims	-25	-	-	-	-	-	-25
Effect of changes in non-perfor-mance risk of reinsurers	-	-	-	-	-	-	0
Net expenses from reinsurance contracts	**27**	**-**	**-**	**188**	**-2**	**186**	**213**
Net finance income from rein-surance contracts	-	-	-	2	-	1	1
OCI	1	-	-	-	-	-	1
Effect of movements in exchange rates							
Total changes in the statement of profit or loss and OCI	**29**	**-**	**-**	**189**	**-2**	**187**	**215**
Cash flows	**-47**	**-**	**-**	**-**	**-**	**-**	**-47**
Net closing balance							
Closing assets	22	-3	-	-1 008	-6	-1 014	-995
Closing liabilities	-	-	-	-	-	-	-
Net closing balance	**22**	**-3**	**-**	**-1 008**	**-6**	**-1 014**	**-995**

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

31 december 2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other con-tracts	Subtotal	
Opening assets	9	-4	-	-1 537	-4	-1 542	-1 536
Opening liabilities	-	-	-	-	-	-	-
Net opening balance	**9**	**-4**	**-**	**-1 537**	**-4**	**-1 542**	**-1 536**
<u>Changes in the statement of profit or loss and OCI</u>							
Changes that relate to current services	**-20**	**-**	**-**	**404**	**1**	**405**	**386**
CSM recognised for services received	-	-	-	404	1	405	405
Change in risk adjustment for non-financial risk for risk expired	-	-	-	-	-	-	-
Experience adjustments	-20	-	-	-	-	-	-20
Changes that relate to future services	**72**	**-**	**-**	**-72**	**-1**	**-73**	**-**
Contracts initially recognised in the year	-	-	-	-	-	-	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	-	-	-	-
Changes in estimates that adjust the CSM	72	-	-	-72	-1	-72	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	-	-	-	-	-
Changes that relate to past services	-	-	-	-	-	-	-
Adjustments to assets for incur-red claims	-	-	-	-	-	-	-
Effect of changes in non-per-formance risk of reinsurers	-	-	-	-	-	-	-
Net expenses from reinsuran-ce contracts	**52**	**1**		**333**	**-**	**333**	**385**
Net finance income from rein-surance contracts	-	-	-	8	-	8	8
OCI	-8	-		-	-	-	-8
Effect of movements in exchan-ge rates							
Total changes in the statement of profit or loss and OCI	**43**	**1**	**-**	**340**	**-**	**341**	**385**
Cash flows	-12	-	-	-	-	-	-12
Net closing balance							
Closing assets	40	-3	-	-1 197	-4	-1 201	-1 163
Closing liabilities	-	-	-	-	-	-	-
Net closing balance	**40**	**-3**	**-**	**-1 197**	**-4**	**-1 201**	**-1 163**

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

Participating

Insurance contracts

Analysis by remaining coverage and incurred claims

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

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

31 December 2022	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening assets	-	-	-	-
Opening liabilities	60 176	8	2 084	62 269
Net opening balance	60 176	8	2 084	62 269
Changes in the statement of profit or loss and OCI				
Insurance revenue	-2 532	-	-	-2 532
Contracts under the modified retrospective transition approach	-	-	-	-
Contracts under the fair value transition approach	-1 631	-	-	-1 631
Other contracts	-901	-	-	-901
Insurance service expenses	**316**	**794**	**1 279**	**2 389**
Incurred claims and other insurance service expenses	-	-	1 622	1 622
Amortisation of insurance acquisition cash flows	316	-	-	316
Losses and reversals of losses on onerous contracts	-	794	-	794
Adjustments to liabilities for incurred claims	-	-	-342	-342
Investment components and premium refunds	-6 351	-	6 351	-
Insurance service result	**-8 568**	**794**	**7 631**	**-143**
Net finance expenses from insurance contracts	-8 516	-	1 052	-7 464
Effect of movements in exchange rates				
Total changes in the statement of profit or loss and OCI	**-17 084**	**794**	**8 683**	**-7 607**
Cash flows				
Premiums received	10 626	-	-	10 626
Claims and other insurance service expenses paid, including investment components	-	-	-9 187	-9 187
Insurance acquisition cash flows	-1 736	-	-	-1 736
Total cash flows	8 890	-	-9 187	-297
Transfer to other items in the statement of financial position	-	-	**548**	**548**
Net closing balance				
Closing assets	-	-	-	-
Closing liabilities	51 982	802	2 128	54 912
Net closing balance	**51 982**	**802**	**2 128**	**54 912**

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

Insurance contracts

Analysis by measurement component – Contracts not measured under the PAA

31 december 2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other con-tracts	Subtotal	
Opening assets	-	-	-	-	-	-	-
Opening liabilities	50 626	1 477	-	1 668	1 141	2 809	54 912
Net opening balance	50 626	1 477	-	1 668	1 141	2 809	54 912
<u>Changes in the statement of profit or loss and OCI</u>							
Changes that relate to current services	**60**	**-258**	**-**	**-461**	**-189**	**-650**	**-848**
CSM recognised for services provided	-	-	-	-461	-189	-650	-650
Change in risk adjustment for non-financial risk for risk expired	-	-258	-	-	-	-	-258
Experience adjustments	60	-	-	-	-	-	60
Changes that relate to future services	**-1 808**	**336**	**-**	**1 125**	**49**	**1 174**	**-298**
Contracts initially recognised in the year	-387	688	-	-	-	-	301
Changes from Reclassification to LC	-	-	-	-	17	17	17
Changes in estimates that adjust the CSM	-1 157	-	-	1 125	32	1 157	0
Changes in estimates that result in losses and reversals of losses on onerous contracts	-263	-352	-	-	-	-	-615
Changes that relate to past services	**1 179**	**24**	**-**	**-**	**-**	**-**	**1 203**
Adjustments to liabilities for incurred claims	1 179	24	-	-	-	-	1 203
Insurance service result	**-569**	**102**	**-**	**664**	**-140**	**524**	**57**
Net finance expenses from insurance contracts	3 660	232	-	-	-	-	3 892
Effect of movements in ex-change rates							
Total changes in the statement of profit or loss and OCI	**3 091**	**334**	**-**	**664**	**-140**	**524**	**3 949**
Cash flows	**-5 254**	**-**	**-**	**-**	**-**	**-**	**-5 254**
Transfer to other items in the statement of financial position	**646**	**-**	**-**	**-**	**-**	**-**	**646**
Net closing balance							
Closing assets	-	-	-	-	-	-	-
Closing liabilities	49 109	1 812	-	2 332	1 001	3 332	54 253
Net closing balance	**49 109**	**1 812**	**-**	**2 332**	**1 001**	**3 332**	**54 253**

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

31 december 2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		CSM		Total
			Contracts under modified retrospective transition approach	Contracts under fair value transition approach	Other con-tracts	Subtotal	
Opening assets	-	-	-	-	-	-	-
Opening liabilities	56 329	1 165	-	3 004	1 771	4 775	62 269
Net opening balance	56 329	1 165	-	3 004	1 771	4 775	62 269
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	**-823**	**-154**	**-**	**-268**	**-161**	**-429**	**-1 407**
CSM recognised for services provided	-	-	-	-268	-161	-429	-429
Change in risk adjustment for non-financial risk for risk expired	-	-154	-	-	-	-	-154
Experience adjustments	-823	-	-	-	-	-	-823
Changes that relate to future services	**2 747**	**396**	**-**	**-1 068**	**-469**	**-1 538**	**1 606**
Contracts initially recognised in the year	-1 012	317	-	-	-	-	-694
Changes from Reclassification to LC	-	-	-	156	1 355	1 511	1 511
Changes in estimates that adjust the CSM	3 048	-	-	-1 224	-1 824	-3 048	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	711	79	-	-	-	-	790
Changes that relate to past services	**-342**	**-**	**-**	**-**	**-**	**-**	**-342**
Adjustments to liabilities for incurred claims	-342	-	-	-	-	-	-342
Insurance service result	1 582	242	-	-1 336	-631	-1 967	-143
Net finance expenses from insurance contracts	-7 535	71	-	-	-	-	-7 464
Effect of movements in exchan-ge rates							
Total changes in the statement of profit or loss and OCI	**-5 953**	**313**	**-**	**-1 336**	**-631**	**-1 967**	**-7 607**
Cash flows	**-297**	**-**	**-**	**-**	**-**	**-**	**-297**
Transfer to other items in the statement of financial position	**548**	**-**	**-**	**-**	**-**	**-**	**548**
Net closing balance							
Closing assets	-	-	-	-	-	-	-
Closing liabilities	50 626	1 477	-	1 668	1 141	2 809	54 912
Net closing balance	**50 626**	**1 477**	**-**	**1 668**	**1 141**	**2 809**	**54 912**

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

Non-Life

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2023	Liabilities for remaining coverage		Liabilities for incurred claims Contracts under PAA		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	-33	-	-	-	-33
Opening liabilities	24 358	1 686	55 690	1 036	82 770
Net opening balance	24 325	1 686	55 690	1 036	82 737
Changes in the statement of profit or loss and OCI					
Insurance revenue	**-85 414**	**-**	**-**	**-**	**-85 414**
Insurance service expenses	19 718	-584	60 757	-385	79 506
Incurred claims and other insurance service expenses	-	-	59 227	-	59 227
Amortisation of insurance acquisition cash flows	19 718	-	-	-	19 718
Losses and reversals of losses on onerous contracts	-	-583	-	-	-583
Adjustments to liabilities for incurred claims	-	-	1 529	-385	1 144
Insurance service result	**-65 696**	**-583**	**60 757**	**-385**	**-5 908**
Net finance expenses from insurance contracts	-	-	1 099	16	1 115
OCI	-	-	1 672	53	1 725
Effect of movements in exchange rates					
Total changes in the statement of profit or loss and OCI	**-65 696**	**-583**	**63 527**	**-316**	**-3 068**
Cash flows					
Premiums received	**87 354**	**-**	**-**	**-**	**87 354**
Claims and other insurance service expenses paid	-	-	-59 174	-	-59 174
Insurance acquisition cash flows	-20 136	-	-	-	-20 136
Total cash flows	67 218	-	-59 174	-	8 044
Transfer to other items in the statement of financial position	-120	-	-	-	-
Net closing balance					
Closing assets	-3	-	-	-	-3
Closing liabilities	25 730	1 103	60 043	720	87 596
Net closing balance	**22 727**	**1 103**	**60 043**	**720**	**87 593**

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

31 December 2022	Liabilities for remaining coverage		Liabilities for incurred claims Contracts under PAA		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
Opening assets	-	-	-	-	-
Opening liabilities	22 029	2 355	59 520	1 012	84 916
Net opening balance	22 029	2 355	59 520	1 012	84 916
Changes in the statement of profit or loss and OCI					
Insurance revenue	**-78 446**	**-**	**-**	**-**	**-78 446**
Insurance service expenses	**18 429**	**-669**	**54 158**	**158**	**72 076**
Incurred claims and other insurance service expenses	-	-	51 440	-	51 440
Amortisation of insurance acquisition cash flows	18 429	-	-	-	18 429
Losses and reversals of losses on onerous contracts	-	-669	-	-	-669
Adjustments to liabilities for incurred claims	-	-	2 718	158	2 876
Insurance service result	**-60 017**	**-669**	**54 158**	**158**	**-6 370**
Net finance expenses from insurance contracts	-	-	488	9	497
OCI	-	-	-6 271	-143	-6 414
Effect of movements in exchange rates					
Total changes in the statement of profit or loss and OCI	**-60 017**	**-669**	**48 375**	**24**	**-12 287**
Cash flows					
Premiums received	80 778	-	-	-	80 778
Claims and other insurance service expenses paid	-	-	-52 205	-	-52 205
Insurance acquisition cash flows	-18 377	-	-	-	-18 377
Total cash flows	62 401	-	-52 205	-	10 196
Transfer to other items in the statement of financial position	**-88**	**-**	**-**	**-**	**-88**
Net closing balance					
Closing assets	-33	-	-	-	-33
Closing liabilities	24 358	1 686	55 690	1 036	82 770
Net closing balance	**24 325**	**1 686**	**55 690**	**1 036**	**82 737**

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

Reinsurance contracts

Analysis by remaining coverage and incurred claims

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

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

31. december 2022	Assets for remaining coverage	Loss-recovery component	Assets for incurred claims: Estimates of present value of future cash flows	Assets for incurred claims: Risk adjustment for non-financial risk	Total
Opening assets	**3 390**	**-629**	**-12 173**	**-782**	**-10 194**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	**13 526**	**-**	**-**	**-**	**13 526**
Amounts recoverable from reinsurers	-	453	-10 071	-609	-10 228
Recoveries of incurred claims and other insurance service expenses	-	-	-8 538	-	-8 538
Changes in loss-recovery component	-	453	-	-	453
Adjustments to assets for incurred claims	-	-	-1 528	-609	-2 137
Effect of changes in non-performance risk of reinsurers	-	-	-6	-	-6
Investment components	3 798	-	-3 798	-	-
Net expenses from reinsurance contracts	**17 324**	**453**	**-13 870**	**-609**	**3 298**
Net finance income from reinsurance contracts	-	-	-186	-4	-190
OCI	-	-	3 755	176	3 930
Effect of movements in exchange rates					
Total changes in the statement of profit or loss and OCI	**17 324**	**453**	**-10 301**	**-437**	**7 039**
Cash flows					
Premiums paid	-16 362	-	-	-	-16 362
Amounts received	-	-	12 159	-	12 159
Total cash flows	**-16 362**	**-**	**12 159**	**-**	**-4 203**
Closing assets	**4 353**	**-177**	**-10 315**	**-1 219**	**-7 358**

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

Life risk and savings

Insurance contracts

	Profitable contracts issued	Onerous contracts issued	Total
31 December 2023			
Claims and other insurance service expenses payable			
Insurance acquisition cash flows	1 387	-	1 387
Estimates of present value of cash outflows	6 845	-	6 845
Estimates of present value of cash inflows	-10 596	-	-10 596
Risk adjustment for non-financial risk	520	-	520
CSM	1 843	-	1 843
Losses recognised on initial recognition	-	-	-
31 December 2022			
Insurance acquisition cash flows	626	-	626
Estimates of present value of cash outflows	3 002	-	3 002
Estimates of present value of cash inflows	-4 950	-	-4 950
Risk adjustment for non-financial risk	372	-	372
CSM	950	-	950
Losses recognised on initial recognition	-	-	-

Participating

Insurance contracts

	Profitable contracts issued	Onerous contracts issued	Total
31 December 2023			
Insurance acquisition cash flows	-	611	611
Estimates of present value of cash outflows	-	2 742	2 742
Estimates of present value of cash inflows	-	-3 740	-3 740
Risk adjustment for non-financial risk	-	688	688
CSM	-	-	-
Losses recognised on initial recognition	-	301	301
31 December 2022			
Insurance acquisition cash flows	861	8	868
Estimates of present value of cash outflows	7 824	128	7 952
Estimates of present value of cash inflows	-9 702	-129	-9 832
Risk adjustment for non-financial risk	317	-	317
CSM	701	-	701
Losses recognised on initial recognition	-	6	6

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

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

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

31 December 2022	**1 year or less**	**1–2 years**	**2–3 years**	**3–4 years**	**4–10 years**	**More than 10 years**	**Total**
Insurance contracts							
Life risk and savings	-1 810	-1 515	-1 293	-1 118	-4 277	-3 413	-13 426
Participating	-434	-373	-319	-272	-946	-465	-2 809
Reinsurance contracts							
Life	269	173	121	93	275	270	1 201

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

Non-life claims development

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

31 December 2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Gross of reinsurance											
Estimates of undiscounted gross cumulative claims											
At end of accident year	40 164	47 910	52 624	56 100	53 573	54 335	38 532	39 228	45 337	51 488	
One year later	36 455	46 994	51 792	55 733	53 730	53 854	35 977	36 889	44 810		
Two years later	36 120	44 192	51 510	55 787	54 748	56 091	35 300	37 043			
Three years later	37 083	44 863	51 756	57 839	55 438	57 208	34 994				
Four years later	37 153	44 139	52 315	58 291	55 729	56 096					
Five years later	37 025	44 810	53 040	58 339	56 154						
Six years later	37 496	44 703	53 735	58 425							
Seven years later	38 222	45 090	53 462								
Eight years later	38 487	45 105									
Nine years later	37 898										
Cumulative gross claims paid	36 360	43 379	49 428	53 414	50 984	46 495	32 389	33 038	38 807	33 379	**417 673**
Gross liabilities – accident years from 2014 to 2023	1 538	1 726	4 034	5 011	5 170	9 601	2 605	4 005	6 003	18 109	**57 802**
Gross liabilities – accident years before 2014											**8 728**
Effect of discounting											**-5 962**
Receivables and payables included in LIC											**-525**
Gross liabilities for incurred claims included in the statement of financial position											**60 043**

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

31 December 2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Net of reinsurance											
Estimates of undiscounted net cumulative claims											
At end of accident year	31 620	38 053	40 866	46 363	46 029	45 351	33 201	25 988	31 930	42 600	
One year later	21 059	28 411	30 661	37 353	38 318	37 426	26 238	17 000	26 218		
Two years later	20 903	25 895	30 572	37 871	38 838	40 972	27 669	17 966			
Three years later	21 717	26 615	29 164	38 184	38 420	40 451	27 625				
Four years later	21 585	25 993	30 503	39 228	37 705	41 972					
Five years later	21 310	26 781	31 069	39 381	35 414						
Six years later	21 885	26 215	31 480	39 233							
Seven years later	22 064	26 934	30 859								
Eight years later	22 502	26 883									
Nine years later	22 176										
Cumulative net claims paid	21 332	26 380	28 950	37 431	36 478	34 796	26 180	15 992	23 966	28 334	**279 840**
Net liabilities – accident years from 2014 to 2023	844	503	1 909	1 802	-1 064	7 175	1 445	1 974	2 252	14 266	**31 106**
Net liabilities – accident years before 2014											**5 291**
Effect of discounting											**-1 694**
Receivables and payables included in LIC											**14 356**
Net liabilities for incurred claims included in the statement of financial position											**49 058**

Significant judgements and estimates

Fulfilment cash flows

Fulfilment cash flows comprise:

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

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

Estimates of future cash flows

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

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

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

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.
Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

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

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

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

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

Contract boundaries

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

Insurance contracts

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

Reinsurance contracts

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

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

Life risk, life savings and participating contracts

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

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

The Company applies Slovak mortality tables provided by Demographic Research centrum Infostat SR. The rates are adjusted by selection factors that represent the own company experience.

Policyholder behaviour is a key assumption in the measurement of life savings and participating insurance contracts. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience. The following table sets out the assumptions about surrender rates (expressed as weighted averages) by policy anniversary for main life savings and participating contracts.

	2023				**2022**			
	1 year	**5 years**	**10 years**	**20 years**	**1 year**	**5 years**	**10 years**	**20 years**
Live savings								
Endowment regular	10,0%	8,3%	6,1%	3,0%	10,0%	8,3%	6,1%	3,0%
Term life regular	19,1%	10,6%	5,5%	1,5%	19,1%	10,6%	5,5%	1,5%
Whole life regular	20,0%	3,3%	2,5%	1,5%	20,0%	3,3%	2,5%	1,5%
Participating								
Unit-linked regular	17,6%	12,8%	14,3%	14,3%	17,6%	12,8%	14,3%	14,3%

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

For life saving and participating contracts, crediting rates and discount rates and for participating contracts, the extent to which participation percentages exceed minimum participation percentages are key assumptions in measuring those contracts. The assumed estimated crediting rates and participation percentages are generally based on the actual rates and percentages applied in the current year. In the current economic environment, the amounts credited are often determined by interest rate guarantees. The participation percentages applied in both 2023 and 2022 were the minimum participation rates.

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

Non-life contracts

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

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

Discount rates

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

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

	2023					2022				
	1 year	**5 years**	**10 years**	**15 years**	**20 years**	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**
Life risk and saving products and direct participating										
EUR	3,76%	2,61%	3,01%	2,91%	2,64%	3,52%	3,38%	3,47%	2,93%	2,31%
Expense inflation										
EUR	2,39%	2,16%	2,18%	1,57%	0,92%	10,22%	4,21%	2,43%	1,48%	0,76%
Level of allocation of shares of surplus										
EUR	1,21%	0,00%	0,00%	0,00%	0,92%	1,95%	0,80%	0,00%	0,00%	1,15%

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

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

Risk adjustments for non-financial risk

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

The risk adjustments for non-financial risk are determined using the following techniques:
- non-life contracts: a cost of capital technique.;
- life and participating contracts: a cost of capital technique.

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

Applying a cost of capital technique, the Company determines the risk adjustment for non-financial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The required capital is determined by estimating the probability distribution of the present value of future cash flows from insurance contracts at each future reporting date and calculating the capital that the Company would require to meet its contractual obligations to pay claims and expenses arising every year at a 99.5% confidence level (SII capital). The cost-of-capital rate represents the additional reward that investors would require for exposure to the non-financial risk. The Company's weighted-average cost-of-capital rate is 6% (2022: 6%).

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

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

	2023	2022
	Net before reinsurance	**Net after reinsurance**
Confidence level	69,81 %	69,38 %

Contractual service margin

Determination of coverage units

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

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

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

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

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

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

Investment components

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

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

14 Trade and other liabilities

Year ended 31 December	2023	2022
Financial liabilities:		
Liabilities to related parties	149	317
Trade liabilities	4 731	4 612
Lease liabilities	2 731	3 212
Financial liabilities Total (note 4.2.1)	**7 611**	**8 141**
Non-financial liabilities:		
Social security and other tax liabilities	1 593	1 508
Liabilities to employees	2 244	1 977
Liabilities to sovereign	2 745	2 665
Total non-financial liabilities	**6 582**	**6 150**
Total	**14 193**	**14 291**

Of which long-term liabilities amount to EUR 2 691 ths. (2022: EUR 3 114 ths).

As at 31 December 2023 and as at 31 December 2022, the fair value of the financial liabilities equals approximately their carrying value due to their short maturity. According to the value stipulated in IFRS 13, it is included in level 2.

The liability to sovereign includes an obligation arising from § 68 of the Insurance Act No. 39/2015 Coll., as amended, requiring the Company to transfer a part of its insurance premium in the amount of EUR 2 745 ths. as at 31 December 2023 (31 December 2022: EUR 2 665 ths.), to fire-fighters and emergency medical units.

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

15 Deferred income tax

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

The offset amounts are as follows:

Year ended 31 December	2023	2022
Deferred tax assets		
to be recovered after more than 12 months	7 851	10 671
- to be recovered within 12 months	2 289	3 974
Deferred tax liabilities		
- to be recovered after more than 12 months	-4 892	-6 612
- to be recovered within 12 months	-	-
Total deferred tax (+) asset / (-) liability	**5 248**	**8 033**

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

Year ended 31 December	2023	2022
Balance at the beginning of the year	8 033	2 530
Expense (-) / income (+) recognised in profit or loss (Note 21)	-1 880	829
Tax recognised in other comprehensive income and losses (Note 12)	-905	4 674
Balance at the end of the year	**5 248**	**8 033**

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

Deferred tax asset:

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

	As at 1 January 2022	Charged to profit or loss	Charged to other comprehensive income or loss (Note 12)	As at 31 December 2022
Liabilities from commissions	234	180	-	**414**
Fair value revaluation difference	-6 466	-2	10 128	**3 660**
Impairment allowances	-	315	-	**315**
Other liabilities and provisions	2 910	351	-	**3 261**
Transition IFRS9 RE	-	-	-	**-**
Transition IFRS17 RE	6 330	-	-	**6 330**
Insurance OCI	-	-	-	**-**
Reinsurance OCI	-294	-	959	**665**
Total	**2 714**	**844**	**11 087**	**14 645**

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

Deferred tax liability:

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

	As at 1 January 2022	Charged to profit or loss	Charged to other comprehensive income or loss (Note 12)	As at 31 December 2022
Tangible assets	686	15	-	701
Fair value revaluation difference				
Other items				
Transition IFRS9 RE	301	-	-	301
Transition IFRS17 RE				
Insurance OCI	-803	-	6 413	5 610
Total	**184**	**15**	**6 413**	**6 612**

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

16 Non-technical provisions

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

Legal disputes	**2023**	**2022**
Balance as at 1 January	97	87
Charged to profit or loss:		
- Creation of provisions	**1**	**10**
- drawing during the year	31	-
As at 31 December	**67**	**97**
Non-current provisions	**67**	**97**

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

17 Insurance revenue

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

31 December 2022	**Life risk and savings**	**Participating**	**Non-life**	**Total**
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage	5 525	2 532	-	8 057
– CSM recognised for services provided	2 074	429	-	2 503
– Change in risk adjustment for non-financial risk for risk expired	275	154	-	429
– Expected incurred claims and other insurance service expenses	2 867	1 600	-	4 467
– Other	-24	33	-	9
Recovery of insurance acquisition cash flows	333	316	-	649
Contracts measured under the PAA	**-**	**-**	**78 446**	**78 446**
Total insurance revenue	**5 525**	**2 532**	**78 446**	**86 503**

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

18 Net financial result

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

31 December 2023	Life risk and savings	Participating	Non-life	Other	Total
Investment return					
Interest revenue calculated using the effective interest method	3 743	-	2 481	-	6 224
Other investment revenue	-110	4 583	-772	10	3 711
Net impairment loss on financial assets	2	-	1 553	-	1 555
Amounts recognised in OCI	3 514	-	4 001	-	7 515
Total investment return	**7 149**	**4 583**	**7 263**	**10**	**19 005**
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	-3 892	-	-	-3 892
Effects of risk mitigation option	-	-	-	-	0
Interest accreted	180	-	-1 115	-	-936
Effect of changes in interest rates and other financial assumptions	-4 924	-	-1 725	-	-6 649
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-	-	-	-	-
Net foreign exchange loss	-	-	-	-	-
Total net finance expenses from insurance contracts	**-4 744**	**-3 892**	**-2 841**	**-**	**-11 476**
Net finance income from reinsurance contracts					
Interest accreted	-1	-	356	-	354
Other	-1	-	1 337	-	1 336
Total net finance income from reinsurance contracts	**-3**	**-**	**1 693**	**-**	**1 690**
Movement in investment contract liabilities					
Movement in third party interests in consolidated funds					
Represented by:					
Amounts recognised in profit or loss	3 813	691	2 502	10	7 017
Amounts recognised in OCI	-1 411	-	3 613	-	2 202
A. Insurance finance income and expenses					
Net finance expenses from insurance contracts					
Recognised in profit or loss	180	-3 892	-1 115	-	-4 827
Recognised in OCI	-4 966	-	-1 725	-	-6 691
Net finance income from reinsurance contracts					
Recognised in profit or loss	-1	-	356	-	355
Recognised in OCI	-1	-	1 337	-	1 336

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

31 December 2022	Life risk and savings	Participating	Non-life	Other	Total
Investment return					
Interest revenue calculated using the effective interest method	3 784	-	1 408	-	5 192
Other investment revenue	-2 529	-6 882	-887	5	-10 293
Net impairment loss on financial assets	29	-	-1 559	-	-1 530
Amounts recognised in OCI	-25 939	-	-13 872	-	-39 811
Total investment return	-24 655	-6 882	-14 910	5	-46 442
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	7 464	-	-	7 464
Effects of risk mitigation option	-	-	-	-	0
Interest accreted	732	-	-497	-	235
Effect of changes in interest rates and other financial assumptions	19 827	-	6 414	-	26 241
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-	-	-	-	-
Net foreign exchange loss	-	-	-	-	-
Total net finance expenses from insurance contracts	20 559	7 464	5 916	-	33 940
Net finance income from reinsurance contracts					
Interest accreted	-8	-	190	-	182
Other	8	-	-3 930	-	-3 923
Total net finance income from reinsurance contracts	-	-	-3 741	-	-3 741
Movement in investment contract liabilities					
Movement in third party interests in consolidated funds					
Represented by:					
Amounts recognised in profit or loss	2 008	582	-1 346	5	1 250
Amounts recognised in OCI	-6 104	-	-11 389	-	-17 493
A. Insurance finance income and expenses					
Net finance expenses from insurance contracts					
Recognised in profit or loss	732	7 464	-497	-	7 699
Recognised in OCI	19 827	-	6 414	-	26 241
Net finance income from reinsurance contracts					
Recognised in profit or loss	-8	-	190	-	182
Recognised in OCI	8	-	-3 930	-	-3 922

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

B. Interest revenue calculated using the effective interest method

	2023	2022 restated
Debt investments measured at FVOCI		
Government bonds	2 842	2 634
Other debt securities	2 946	2 431
Financial assets measured at amortised cost		
Cash and cash equivalents	-	-
Deposits with financial institutions	308	9
Other debt securities	128	118
Total	**6 224**	**5 192**

C. Other investment revenue

	2023	2022 restated
Underlying items		
Net gains on financial instruments mandatorily measured at FVTPL		
Deposits with financial institutions	-	-
Equity investments	-	-
Investments in collective investment schemes	4 583	-6 883
Net gains on Company's own shares measured at FVTPL	-	-
Lease income from investment property	202	126
Net change in fair value of investment property	-	-
Net change in fair value of owner-occupied property at fair value	-	-
Not underlying items		
Net gains on financial instruments mandatorily measured at FVTPL		
Equity investments	-	-
Net gains on financial assets designated as at FVTPL		
Government bonds	-	-
Other debt securities	587	-3 611
Net gains on derecognition of debt investments at FVOCI	-1 741	-2
Dividends on equity investments at FVOCI	-	-
Net gains on derecognition	80	77
Dividends	-	-
Net foreign exchange gain on debt investments not measured at FVTPL		

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

19 Expenses by categories

	2023	2022 restated
Claims and benefits	50 880	45 788
Fees and commissions	21 089	20 189
Losses on onerous insurance contracts	-391	-69
Expenses for employee remuneration (see Note 20)	11 467	10 761
Depreciation and amortisation	2 599	2 508
Impairment loss on intangible assets and goodwill	-	-
Amortisation and impairment loss on contract costs	-	-
Leases	107	98
Advertising	1 019	616
Professional and consultancy	83	61
Other*	5 749	3 375
Subtotal	**92 602**	**83 327**
Amounts attributed to insurance acquisition cash flows incurred during the year	-23 656	-21 868
Amortisation of insurance acquisition cash flows	20 656	19 400
Net impairment loss on assets for insurance acquisition cash flows	-	-
Total expenses	**89 602**	**80 859**
Represented by:		
Insurance service expenses	87 035	78 626
Other operating expenses	2 567	2 233

* audit of statutory financial statements and group reporting package in the amount of EUR 153 ths. and other assurance services in the amount of EUR 50 ths

20 Expenses for employee remuneration

	2023	2022
Wages and salaries and termination benefits	8 605	8 078
Pension costs - defined contributions schemes	1 482	1 384
Social and health insurance costs	1 380	1 299
Total	**11 467**	**10 761**

21 Income tax

	2023	2022
Current tax	10	1 705
Deferred tax (Note 15)	1 880	-829
Special levy charged on entities operating in regulated industries	248	162
Total	**2 138**	**1 038**

In 2023, the applicable income tax rate was 21 % (year 2022: 21 %). The special levy rate in regulated industries was 4.36 % (year 2022: 4.36 %) of the Company's profits. The levy arises when profit is higher than EUR 3 million. In the calculation of income tax, it is deductible from the tax base.

	2023	2022
Income tax rate	21,0 %	21,0 %
The share of special levy chargeable to regulated businesses in profit before tax Special levy	4,36 %	4,36 %
Total tax rate	**25,36 %**	**25,36 %**
Effective tax rate	**24,38 %**	**24,38 %**

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

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

	2023	2022
Profit before tax	5 922	4 017
Income tax calculated at the rate of corporate tax and special levy on businesses in regulated sectors 2023: 25.36%, 2022: 25.36%)	1 502	940
Tax non-deductible expenses	2 263	2 164
Non-taxable dividends	-20	19
Other non-taxable income	-4 379	-1 169
Impact of items excluded from the tax base of the special levy on businesses in regulated industries	2 772	-897
Income tax expense	**2 138**	**1 038**

22 Contingent liabilities

The Company does not have any significant contingent liabilities.

23 Related party transactions

Significant transactions were undertaken with the following related parties:

Parent company:
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

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

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

Members of the statutory bodies of the Company

Information on the value of investments in subsidiaries and companies under common control can be found in Notes 8 and 9.
The most significant related party transactions arise from reinsurance contracts. The reinsurance program for proportional reinsurance includes quota reinsurance and compulsory contractual insurance, as well as property reinsurance. As part of life reinsurance, the reinsurance contracts are subject to risks of death and permanent disability. Natural disasters are covered by catastrophic excess of loss, and other non-proportional reinsurance relates to property insurance, liability, accident, and MTPL. Facultative reinsurance and fronting are also included in reinsurance transactions with the related parties.

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

a) Receivables from and liabilities to related parties

Receivables and liabilities from related party transactions as at as at 31 December 2023 and 2022 are disclosed in the following table:

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

31 December 2022 restated	Parent company	Subsidiaries	Other companies under joint control
Insurance contract assets	-	-	-
Reinsurance contract assets	-	-	6 969
Other receivables	-	-	39
Loans provided and purchased securities	-	1 683	4 684
Total receivables	**-**	1 683	11 692
Insurance contracts liabilities	-	-	-
Reinsurance contract liabilities	2 497	-	364
Other liabilities	278	-	39
Total liabilities	**2 775**	**-**	**403**

b) Related party transactions

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

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

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

Income and expenses from transactions. with related parties in 2022 were as follows:

	Parent company	Subsidiaries	Other companies under joint control
Insurance revenue	-	-	-
Interest income and dividends	-	40	156
Other operating income	-	-	-
Total income	**-**	**40**	**156**
Insurance service expenses	-	-	-
Net expenses from reinsurance contracts	210	-	3 492
Other operating expenses	-	-	-
Total expenses	**210**	**-**	**3 492**

c) Remuneration to members of statutory bodies of the Company

The structure of the remuneration received by members of the Board of Directors in 2023 and 2022:

	2023	2022
Wages and other short-term employee benefits	1 226	1 070
Pension expenses	75	73
Social and health insurance costs	153	140
Total	**1 454**	**1 283**

The structure of the remuneration received by members of the Supervisory board in 2023 and 2022:

	2023	2022
Wages and other short-term employee benefits	59	61
Pension expenses	4	4
Social and health insurance costs	4	3
Total	**67**	**68**

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

				value amount as at	
Loans provided to	**Total amount of provided loan**	**interest rate p.a.**	**due date**	**2023**	**2022**
KKB Real Estate SIA[1]	2 000	2,55 %	2030	1 824	1 873
VIG FUND, a.s.	2 000	2,30 %	2026	1 630	1 685
VIG FUND, a.s.	3 000	3,95 %	2034	1843	1 895
NNC Real Estate sp. [2]	950	2,35 %	2031	906	928

[1] The company is 100 % owned by VIG Fund, a. s

[2] The company is 70 % owned by BTA Baltic Insurance Company, a subsidiary of VIG, and 30 % owned by YIT

Deposit from the reinsurer in the amount of EUR 11 946 ths. (31 December 2022: EUR 24 810 ths.) arises from the reinsurance contract with the parent company. The average 3M Euribor quote (middle rate) at the beginning of the period plus a margin of 0.5 percentage points is used for interest.

24 Events after the balance sheet date

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

COMPANY DIRECTORY

CITY	ADDRESS	PHONE NUMBER
Bánovce nad Bebravou	Moyzesova 6A	038/760 59 66
Banská Bystrica	Horná 25	048/415 39 54, 431 54 50
Banská Štiavnica	Dolná 6	045/692 15 50
Bardejov	Dlhý rad 30	054/472 84 69, 474 44 80, 321 44 16
Bratislava	Štefánikova 17	02/482 105 44
Bratislava	Košická 40	02/501 009 53-55
Bratislava	Znievska 1/A	02/536 312 24, 482 105 09
Brezno	Námestie gen. M. R. Štefánika 21	048/611 11 17
Bytča	1. mája 1/A	041/541 08 56, 553 26 38
Čadca	Kukučínova 3223/1D	041/432 76 00
Detva	M. R. Štefánika 61	045/693 13 70
Dolný Kubín	Na Sihoti 2225	043/552 65 61-2
Dunajská Streda	Hlavná 28	031/551 66 14
Dunajská Streda	Kukučínova 5791/47	031/321 44 52
Humenné	Námestie slobody 4	057/775 61 98
Kežmarok	Hviezdoslavova 15	052/321 44 41
Komárno	Tržničné námestie 3	035/773 23 01
Košice	Hlavná 62	055/682 25 61-62, 682 25 51-52
Košice	Moyzesova 38 (areál GLASIC)	055/720 27 10-2
Kráľovský Chlmec	Hlavná 2818	056/321 44 22
Krupina	Československej armády 484	045/693 13 69
Levice	Pionierska 1	036/631 37 65, 631 67 65
Levice	Nám. Hrdinov 7/8	036/622 30 37
Levoča	Námestie Majstra Pavla 38	053/489 74 57
Liptovský Hrádok	SNP 582	044/522 31 33, 563 08 69
Liptovský Mikuláš	Belopotockého 2	044/551 43 09, 522 11 03, 439 40 04
Lučenec	Tomáša Garrigue Masaryka 8	047/433 36 55
Malacky	Záhorácka 100	0948/238 991, 0902 315 139
Martin	Francisciho 6	043/423 93 00, 413 50 69, 423 78 35
Michalovce	Štefánikova 2A	056/642 62 16
Námestovo	Hviezdoslavovo námestie 213	043/552 30 25
Námestovo	Hviezdoslavova 13/5	0911 012 457
Nitra	Kupecká 7	037/651 58 81-2
Nové Mesto nad Váhom	Hurbanova 772/29	032/771 04 15
Nové Zámky	M. R. Štefánika 45	035/640 11 92, 642 09 61
Partizánske	Nitrianska 2014	038/321 44 25
Pezinok	Kollárova 11	033/321 99 46
Piešťany	Teplická 63	033/774 03 58
Poprad	Námestie svätého Egídia 7	052/772 36 28
Považská Bystrica	Centrum 2304 (Polyf. objekt Tri veže)	042/432 78 19
Prešov	Hlavná 45	051/772 16 20, 758 17 44
Prievidza	M. Mišíka 20D (súp. č. 2671)	046/543 01 81, 0905 968 844
Púchov	Moravská 3/682	042/321 44 37, 0907/240 791
Revúca	Muránska 1331/4	058/326 01 00
Rimavská Sobota	Svätoplukova 24	047/563 14 18
Rožňava	Štítnická 7	058/733 14 12, 732 55 22
Ružomberok	Dončova 27	044/432 54 79
Sečovce	Obchodná 21	0940/754 942
Senec	Námestie 1. mája 27	02/442 504 16, 442 504 24
Senica	Námestie Oslobodenia 9/21	034/651 04 93
Sereď	Námestie Slobody 1193	031/789 63 52
Skalica	Potočná 284/14	034/664 69 27
Snina	Strojárska 4023 – OC PSO	057/321 44 13
Sobrance	Štefánikova 31/2	056/321 44 29
Spišská Nová Ves	Ing. Kožucha 8	053/442 87 35
Stará Ľubovňa	Námestie svätého Mikuláša 26	052/482 21 75, 321 44 53
Stropkov	Hlavná 60	054/326 01 04
Svidník	Stropkovská 568 (OC Austin Park)	054/321 44 18
Šaľa	Hlavná 44	031/321 44 54
Topoľčany	Sv. Cyrila a Metoda 18	038/532 04 46
Trebišov	M. R. Štefánika 3866	056/672 35 14
Trenčín	Palackého 11	032/743 11 65, 744 20 13
Trnava	Hornopotočná 1	033/551 28 23-4
Veľký Krtíš	Banícka 16	047/483 16 70
Vráble	Levická 174	037/783 37 40

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