ANNUAL REPORT 2024
GENERALI ČEŠKÁ POJIŠŤOVNA A.S.

GENERALI
ČESKÁ POJIŠŤOVNA

CONTENTS

LETTER FROM THE CHAIRMAN

Ladies and Gentlemen,

We have navigated our way through another year that once again tested our resilience and our ability to respond and adapt swiftly to new realities. Despite challenging headwinds, the global economy performed well in 2024, with inflation declining, unemployment low, and stock markets posting double-digit growth. Unfortunately, 2024 was yet another year of military conflict in Ukraine, deepening a major humanitarian catastrophe that has unfolded before our eyes. I hope that a lasting peaceful solution will soon be found that respects the sovereignty of the invaded Ukraine.

For the entire Generali Group, including us in the Czech Republic and Slovakia, 2024 marked the conclusion of the three-year strategic cycle Lifetime Partner 24: Driving Growth, while also laying the groundwork for the new strategic period, Lifetime Partner 27: Driving Excellence.

Generali Česká pojišťovna and the Generali arm in Slovakia have been operating as a fully integrated entity for three years. This cohesion between Czech and Slovak operations enables us to pool resources, streamline processes, and leverage our experience and expertise. This synergy drives us to achieve outstanding results and sustain our growth.

In both the Czech Republic and Slovakia, we rank among the strongest players in the insurance sector. Strategically, we aspire to be a lifelong partner for our customers, an ambition made possible by an integrated portfolio that combines insurance protection with pensions and investments.

However, insurance is not just about offering excellent solutions; it is ultimately about how you respond in your customers' hour of need. Last year once again tested our ability to respond swiftly and rise above what was expected of us. The autumn floods were among the most profound moments of 2024 for me, not because of the tragedy I witnessed first-hand, but also due to the immense pride I felt in how we acted and what we were able to do, beyond the call of duty, for our customers in those moments.

I am confident that we will continue to honour our promises and remain a pillar of support for our customers in challenging times. Care and guidance are in the hands of the very best – our advisers, who consistently rank among the top in Generali Group's annual Global Advisor Excellence Contest, standing out among over 160,000 advisers across 25 countries. Our success is also built on the excellent cooperation we enjoy with our business partners.

Our NPS (net promoter score), a customer satisfaction metric, is steadily rising, as reflected in the all-time high we recorded in both countries last year. We are also rated highly by experts. In 2024, Generali Česká pojišťovna triumphed in the prestigious VISA Best Insurance Company competition, securing accolades in three categories. Specifically, we took first place in the main category of Best Life Insurance Company, second place in the category of Most Customer-Friendly Life Insurance Company, and third place as the Most Customer-Friendly Non-Life Insurance Company.

In Slovakia, we retained our status of Most Innovative Insurance Company, demonstrating our commitment to pioneering advancements in the industry.

In fact, innovation has enabled us to keep simplifying and speeding up our processes, so that claims can be reported within three minutes and settled promptly (30% of claims are settled on the same day as they are reported), documents can be signed remotely via SMS, and communication is made easier thanks to our wide array of modern tools. I would say that one of our standout achievements from the past year is Moje Generali, an app that has become a customer zone solution for smartphones. These are just a few examples of how digitalisation and AI are helping us in practice and enhancing our interactions with customers and their experience with us.

In 2024, the climate crisis hit new heights – according to the Copernicus programme, it was the hottest year on record, surpassing even 2023. Never has there been a more urgent and pressing need to pursue sustainability. As a responsible employer, we foster a respectful work environment where all forms of diversity are embraced as an enriching asset. Last year, we made it a priority to support colleagues with health issues and stand publicly in solidarity with the LGBTIQA+ community. We have also been actively and consistently working to reduce our carbon footprint.

As a conscientious insurer, we aim to embed sustainability not only within our product offerings, but also in our backing of environmentally conscious SMEs. This commitment is exemplified through our thriving SME EnterPRIZE competition, which champions businesses that operate sustainably and make a positive environmental impact. Last year, this initiative won a Responsible Insurance Company award. We are also a responsible member of the community, actively supporting the underprivileged while also engaging in prevention-related activities. In the past year, our employees and advisers in both countries took part in the The Human Safety Net Global Challenge fundraising campaign, achieving top positions globally. More importantly, this generated extra funds for our non-profit partners to assist disadvantaged families. We also successfully expanded our Learning for Life programme to 10 new early childhood centres. We are currently providing help in 20 centres across 26 locations throughout Slovakia. We continued to support and work with Lvice ("Lionesses"), a reality show demonstrating to the general public that disability need not be an obstacle to achieving one's dreams. Additionally, we helped make little children's dreams a reality through our traditional Christmas initiative, Stromeček splněných přání ("Tree of Wishes Come True"). Not least, we aim to be a responsible investor by augmenting the share of sustainable investments in our investment portfolio.

I would like to conclude by extending my gratitude, on behalf of the Generali Česká pojišťovna Board of Directors, to all our customers for their trust, to our shareholders for their support, and to our business partners for their successful cooperation. My thanks also go to all colleagues, including our advisers, who contributed in any way to accomplishing our shared goals and to weathering another challenging year.

I am confident that, in 2025, we will meet our targets and our commitments to customers, shareholders, and business partners.

Roman Juráš
Chairman of the Board of Directors

GENERALI ČESKÁ POJIŠŤOVNA – WHO WE ARE

Generali Česká pojišťovna – Profile and History

Generali Česká pojišťovna a.s. ("Generali Česká pojišťovna") is a composite insurer that provides a comprehensive range of services encompassing life and non-life personal lines, as well as insurance covering the industrial, business, and farming risks faced by small, mid-sized, and large customers.

The history of Generali Česká pojišťovna dates back to 1827, when the predecessor of the current Czech market leader – První česká vzájemná pojišťovna (First Bohemian Mutual Insurance Company) – was founded. Assicurazioni Generali – the most successful insurance group in Europe today – was established in the Italian city of Trieste in 1831 and swiftly extended its reach to Prague, opening an agency here in 1832.

The history of Generali Česká pojišťovna is littered with eminent statesmen, Czech cultural luminaries, and aristocrats. It has survived numerous regimes, wars, monarchs and presidents, and stood witness to a whole litany of historically significant events. It has stayed true to its customers in good times and bad. It has never wavered from its mission to provide help in difficult situations.

One notable chapter in the history of the Company (and its subsidiaries) in the Czech Republic occurred in 2008, when it joined Generali PPF Holding. Subsequently, in 2015, it was fully integrated into the Generali multinational insurance group's structures, which efficiently cover a range of services related to the provision of private insurance, retirement savings, and investments. Generali Česká pojišťovna leverages the advantages offered by this framework to the full.

Most Generali Česká pojišťovna subsidiaries, in addition to their core business, collaborate with their Generali CEE Holding affiliates by sharing capacities and providing services to each other on an arm's-length basis.

At the end of 2021, Generali Česká pojišťovna in the Czech Republic and Generali Poisťovňa in Slovakia were merged and began to operate as a single entity under Czecho-Slovak management. The Company's roots in Slovakia date back to 1833, when six branches of Assicurazioni Generali were established here. Their operations came to an end in 1945 with the nationalisation of private insurers, and Generali re-entered the Slovak market in 1996 (since late 2021, as a foreign branch of Generali Česká pojišťovna). In that time it has evolved considerably to become the third largest insurer in Slovakia, offering life and non-life product lines to individuals and businesses.

GENERALI ČESKÁ POJIŠŤOVNA GROUP HIGHLIGHTS

JANUARY

Generali Poisťovňa became the first insurer in Slovakia to launch an **online calculator** for quick and straightforward civil liability insurance quotes and purchases.

FEBRUARY

Lenka Kejíková joined the Generali Česká pojišťovna Board of Directors as the new Chief Life Insurance Officer, while Board member **David Vosika**, previously in this role, was appointed Chief Non-Life Insurance Officer.

Generali Česká pojišťovna introduced an important new feature for its agricultural insurance customers concerning subsidies from the **Agricultural and Forestry Support and Guarantee Fund** (PGRLF). It became the only insurer on the market to offer the entire process of submitting proof of the amount of premiums paid (including payment confirmation) in a fully digital format. With the customer's consent, the Company handles the necessary administration on their behalf.

In property insurance, Generali Česká pojišťovna became the only insurer on the Czech market to **integrate artificial intelligence** into the process of precisely determining the sums insured for buildings. Using sophisticated mapping data and cadastral records, AI helps customers to determine the correct sum insured for their house, flat, or holiday property.

MARCH

Generali Česká pojišťovna ran the second year of the **TOP AUTOSERVIS project**, which annually recognises and rewards the best contracted vehicle service centres. This year, a new award was introduced for outstanding contribution to sustainable vehicle repairs. Over 500 contracted service stations from Slovakia participated, with the top ten being selected.

Jistota 2.0, a key insurance product for SMEs, was significantly modernised, with a focus on simplification, clarity, and a strong commitment to sustainability. This product has now streamlined property and liability insurance with predefined packages. A unique offering was introduced to the market: insurance of buildings, movables, and business interruption, all available in an ALLRISKS option with maximum coverage. It also factors in sustainability, including coverage for timber buildings and photovoltaic systems. The insured buildings can even have green roofs and facades.

As part of the 20th anniversary of the **Gentleman of the Road** initiative, where Generali Česká pojišťovna, in collaboration with the Czech Police, recognises those who have helped to save lives in traffic accidents, a brand-new website was launched. The project's visual identity was also refreshed, with the introduction of a new logo.

At the beginning of March, Generali introduced innovations to its life insurance in Slovakia, including income protection insurance, the extension of the territorial coverage of this insurance to Europe, and an increase in the exit age for selected risk insurance to 75 years.

APRIL

The headquarters of Generali Česká pojišťovna was temporarily relocated, in its entirety, to a new area within the Brumlovka business centre. The original building in Na Pankráci Street is set for extensive refurbishment, transforming this iconic structure to meet the demands of 21st-century office space, with a strong focus on sustainability.

Generali Česká pojišťovna once again took part in the **reality show Lvice** ("Lionesses"), a project supporting women with disabilities, helping them to cope with everyday life, hold their heads high, and move forwards with confidence. One of the main themes of the fifth season was awareness-raising about strokes, specifically their impact on health, symptoms, and prevention. As part of the project, we involved paramedic and influencer Marek Dvořák, along with two colleagues from Generali Česká pojišťovna, who played an active role in the initiative.

Agricultural customers were hit by a disaster in the form of winter frosts, which caused the worst damage in 15 years. More than 4,500 hectares of customers' land were affected, with financial losses exceeding CZK 113 million. The frost destroyed crops, including fruit, vegetables, sugar beet, and winter oilseed rape.

Representatives of Generali Poisťovňa took part in a press conference, where – together with the Union of Early Childhood Centres – they announced the expansion of the **free Learning for Life programme** to more locations thanks to 10 new early childhood centres, taking the total to 20 centres across 26 sites in Slovakia. Learning for Life is part of Generali Group's global The Human Safety Net initiative.

GENERALI ČESKÁ POJIŠŤOVNA GROUP HIGHLIGHTS

MAY

A unique new insurance product – **liability insurance for volunteer firefighters** (Poistenie zodpovednosti za škodu pre dobrovoľných hasičov) – was introduced in Slovakia as a collaboration between Generali Poisťovňa, Cordata, and the Volunteer Fire Protection Service. This is the first insurance of its kind on the market.

JUNE

In the fourth year of the SME EnterPRIZE competition, **Green Future.cz**, a.s. took first place for its focus on developing and operating unique thermochemical plastic recycling technology. Refork SE secured second place with its patented MTI technology for producing single-use cutlery and drinking straws made from 100% biobased material. Ameba Production, s.r.o. came third, having organised one of the largest festivals in the Czech Republic, Rock for People, for many years. The festival is a pioneer in sustainable event management. The winner of the startup category was Biouhlírna, s.r.o., which researches, produces, and sells biochar made from waste wood.

Můj majetek 2.0 property insurance was majorly upgraded to offer customers unprecedented coverage options and benefits. The new All Risk package covers all insured perils up to the full sum insured for building insurance. The broadest coverage on the market is now available for green technologies. One unique solution is the insurance of smart home appliances.

Product innovations were also introduced in travel insurance, which, for the first time on the Czech market, offered compensation for rainy days during the summer holidays. Updates to Chytré cestovní pojištění (Smart Travel Insurance) relaxed conditions for claims related to incidents involving alcohol. Additional coverage for flight delays or cancellations provided protection in situations beyond standard airline obligations.

Ahead of the summer season, **Generali improved the La Vita life** insurance offered on the Slovak market. The "unplanned adrenaline" feature now covers an expanded list of sports and allows customers to activate the coverage up to twice a year (for summer and winter holidays). In Slovakia, **Generali launched Heart of the Road (Srdce ciest)**, a new initiative developed in collaboration with Pozor, zákruta!, an automotive and transport radio programme on STVR. Inspired by the Czech project Gentleman of the Road, it is endorsed by the Slovak Police Force as its official patron. The project aims not only to recognise and draw attention to individuals who selflessly help others on the road, but also to inspire and motivate drivers to be considerate, willing to assist, and committed to road safety and traffic regulations.

JULY

Excess cover for rented items abroad became a new addition to the Slovak product of short-term travel insurance. Customers can now insure a rented vehicle (be it a car, bicycle, motorcycle, or caravan) they use for transport at their holiday destination. This new service helps to cover part of the costs a rental company may charge in the event of damage to the rented vehicle.

Generali improved and streamlined its online claims form for retail property insurance in Slovakia. To report a claim, customers simply enter a combination of details (personal identification number, phone number, and email address) into the system. The process is quick, intuitive, and takes less than three minutes. Next year, the Company plans to expand online claims reporting to cover additional types of insurance.

AUGUST

The **Moje Generali app** made its debut, providing a dedicated customer zone solution for smartphones. This mobile application brought together all key insurance policy details and related documents in one place. It offers a range of features designed to make life easier, with a core component being a claims module that covers everything from reporting a claim and tracking its progress to uploading documents and photos.

Bytové domy 2.0 insurance was completely revamped, introducing policies that reflect sustainable solutions, such as photovoltaic systems and solar panels, as well as green roofs and façades. The ALLRISKS variant offered the broadest coverage on the market.

Generali Česká pojišťovna and the Slovak arm of Generali showed their support for LGBTQIA+ people, with employees and their families taking part in both Prague Pride and Duhový Pride Bratislava.

Generali Česká pojišťovna was once again the main partner of Země živitelka, the largest and most significant agricultural trade fair in the Czech Republic, as it marked its 50th anniversary.

GENERALI ČESKÁ POJIŠŤOVNA GROUP HIGHLIGHTS

AUGUST

Horská záchranná služba (Mountain Rescue Service), an app which Generali partners in Slovakia, was given new functionality. The digital Strážný anděl (Guardian Angel) makes it easier for rescuers to locate app users during search and rescue operations. The system also allows for the seamless sharing of information about injured or missing persons, including precise location data via received coordinates, between the Mountain Rescue Service and the Helicopter Emergency Medical Service.

SEPTEMBER

In September, **heavy floods struck several regions in the Czech Republic**, causing widespread devastation, particularly in the Moravian-Silesian, Olomouc, and South Moravian Regions. With the situation requiring swift action, Generali Česká pojišťovna had mobile tents with operational support set up in the most affected areas shortly after the floodwaters peaked. Special crisis protocol was also initiated, allowing for even faster processing of claims. The floods, along with the aftermath of stormy weather, resulted in over 35,000 claims from individuals, sole traders, companies, and municipalities, totalling more than CZK 5.5 billion in payouts.

A 100-year flood also impacted Slovakia, where Generali Pojišťovna acted proactively, immediately reaching out to its customers and offering practical advice on how to cope with the challenging situation. Claims teams were on high alert, ready to process most of the reported claims in expedited procedure and, where appropriate, release advance payments. Survey engineers were dispatched to the affected areas. The Bratislava Region (particularly the City of Bratislava), the Trnava Region, and the Žilina Region were among the hardest-hit. In this period alone, Generali received over 1,700 claims worth EUR 1.76 million.

Generali's La Vita life insurance also introduced new options for customers in Slovakia, offering coverage limits without requiring a health assessment. Up to the end of 2024, Generali Poisťovňa offered bonus coverage for fractures and hospitalisation due to a traffic accident at no extra cost.

OCTOBER

The Slovak Generali became the general partner of the first independent financial conference, **MoneyFest**, which brings together experts from the Czech Republic and Slovakia in the fields of finance, insurance, InsurTech, and personal development.

The Czech-Slovak team from Generali achieved phenomenal success in the 2024 **Global Advisor Excellence Contest** organised by Generali Group. Adviser **Jana Bušová** from the Český Brod branch placed among the top three best advisers in the entire global advisory network, ahead of 160,000 colleagues from around the world.

Nina Czókoly from Slovak Generali triumphed in the Young Lion category, which recognises the best newcomers, while **Martin Koško** won the Customer Experience category for outstanding customer service.

NOVEMBER

For the third consecutive year, the **131 most inspiring women in the Czech financial world were honoured under the FinŽeny project**, of which we are the main partner. This initiative brings together women from across the financial sector, sparking discussions on key issues within the industry and inspiring others with stories of women whose expertise is foundational to the finance industry.

The **Moje Generali app** proved to be a groundbreaking innovation on the Czech market, introducing a guide on what to do in an accident and the option to fill in an accident report digitally.

DECEMBER

AM Best, the international rating agency specialising in the insurance sector, upgraded Generali Česká pojišťovna's financial strength rating to A+ and its long-term credit rating to aa--.

AWARDS

In 2024, Generali Česká pojišťovna triumphed in the prestigious VISA Best Insurance Company competition, securing accolades in three categories. It unequivocally emerged as the best life insurance provider, taking first place in the main category of Best Life Insurance Company, second place in the category of Most Customer-Friendly Life Insurance Company, and third place as the Most Customer-Friendly Non-Life Insurance Company.

Other Accolades

Generali Česká pojišťovna won top honours in the Mastercard awards for Responsible Insurance Company of the Year and Barrier-Free Insurance Company. The company also achieved a string of second-place finishes in the categories Insurance Company of the Year, Customer Insurance Company, and Mobile App of the Year.

In the 22nd Zlatá Koruna (Golden Crown) competition, the Company earned third place in the Life Insurance category for its Můj život 2.0 product.

In the 23rd Insurance Company of the Year survey, Generali Česká pojišťovna's products claimed four bronze awards – in the categories of Personal Lines, Car Insurance, Life Insurance, and Industrial and Business Insurance.

Among university students, Generali Česká pojišťovna again claimed first place in the Top Employers poll. For the tenth time in a row, the Company earned plaudits from university students asked to decide which employer they would most like to join.

The 2024 Most Trusted Brands programme saw Generali Česká pojišťovna win first place in the Insurance Companies category. This is an independent poll in which 4,000 consumers rate how much they trust brands.

At the Czech Call Center Awards, Generali Česká pojišťovna was honoured with a Special Jury Award for its efforts in enhancing customer satisfaction through the Clooper process.

The Czech Event Association recognised the Generali Česká pojišťovna events team with second place in the B2E Events category, which focuses on strengthening employee relations. The award was given for the "Forum – We Love the Czech Generali" project.

In the 2024 WEBTOP100 industry competition, Generali Česká pojišťovna won the Corporate Communications of the Year category for the project "Revitalising Generali Česká pojišťovna's Communications".

Over in Slovakia, Generali Poisťovňa continues to hold the title of Most Innovative Insurance Company, a recognition it has proudly maintained for several years. In 2024, it successfully defended its position as the Slovak insurance market leader in the Zlatá mince (Golden Coin) competition, winning six Golden Coins across various categories, including Term Life Insurance, Collision Insurance, Employee Liability Insurance, Motor Vehicle Liability Insurance, and Business Insurance.

The quality of its insurance products and services caught the keen eye of independent financial agents, with the Slovak SIBAF® Award jury leading the way. In this prestigious poll, Generali Poisťovňa ranked highly among 14 nominated insurers, taking first place for its excellent collision insurance and industrial and business insurance. It also secured third place in the Personal Lines category and a top-five finish in the new Risk Underwriting Team for Industrial Insurance category.

At the FinReport 2024 award ceremony, Generali Poisťovňa secured a spot in the top three. In a poll among the independent financial magazine's readers, it earned four awards, including recognition for its travel insurance, liability insurance, and collision insurance.

A SMART CHOICE THANKS TO LONG-STANDING TRADITION

Life presents unexpected challenges, yet for over 195 years we've remained a steadfast partner to our customers, whatever the circumstances.

KEY FINANCIAL INDICATORS

Basic indicators	Units	2024	2023	2022
Highlights from the financial statements				
Total assets	CZK millions	111,202	115,568	109,252
Share capital	CZK millions	4,000	4,000	4,000
Shareholder's equity	CZK millions	33,018	37,447	34,133
Retained earnings	CZK millions	29,018	33,447	30,133
Net profit	CZK millions	3,640	5,720	2,740
Performance indicators				
Result of insurance services	CZK millions	4,342	4,874	4,973
– non-life insurance	CZK millions	1,195	1,886	2,286
– life insurance	CZK millions	3,147	2,988	2,687
Gross premiums written	CZK millions	53,859	50,494	48,396
– non-life insurance	CZK millions	39,074	36,652	34,556
– life insurance	CZK millions	14,785	13,842	13,840
CSM in life insurance	CZK millions	23,342	22,116	21,405
Assets and liabilities arising from insurance and reinsurance contracts	CZK millions	51,420	53,183	50,947
– non-life insurance	CZK millions	15,126	14,988	12,685
– life insurance	CZK millions	36,294	38,195	38,262
Other information				
Czech market share in premiums written[1]	%	23.2	24.1	24.9
Slovak market share in premiums written[1]	%	13.7	13.1	12.0
Average number of employees	Number	3,467	3,533	3,568
Performance ratios				
ROA (net profit/total assets)	%	3.3	4.9	2.5
ROE (net profit/equity)	%	11.0	15.3	8.0
Equity per share	CZK	825,452	936,151	853,333
Earnings per share	CZK	90,986	142,969	68,491
Non-life combined ratio	%	98.03	96.29	95.22

1 The Czech market share is sourced from the Czech Insurance Association, and the Slovak market share is sourced from the Slovak Insurance Association.

DESCRIPTION OF GROUP STRUCTURE, POSITION OF GENERALI ČESKÁ POJIŠŤOVNA A.S.

As at 31 December 2024, Generali Česká pojišťovna a.s. was part of a group, with Generali CEE Holding B.V. serving as the principal holding company overseeing that group's entire structure. Generali CEE Holding B.V. is also the Company's sole shareholder.

The ultimate controlling entity of Generali Česká pojišťovna is Assicurazioni Generali S.p.A., which held a 100% stake in the voting rights attached to the shares of Generali CEE Holding B.V. as at 31 December 2024. Generali Group's consolidated annual report will be published on its website at www.generali.com.

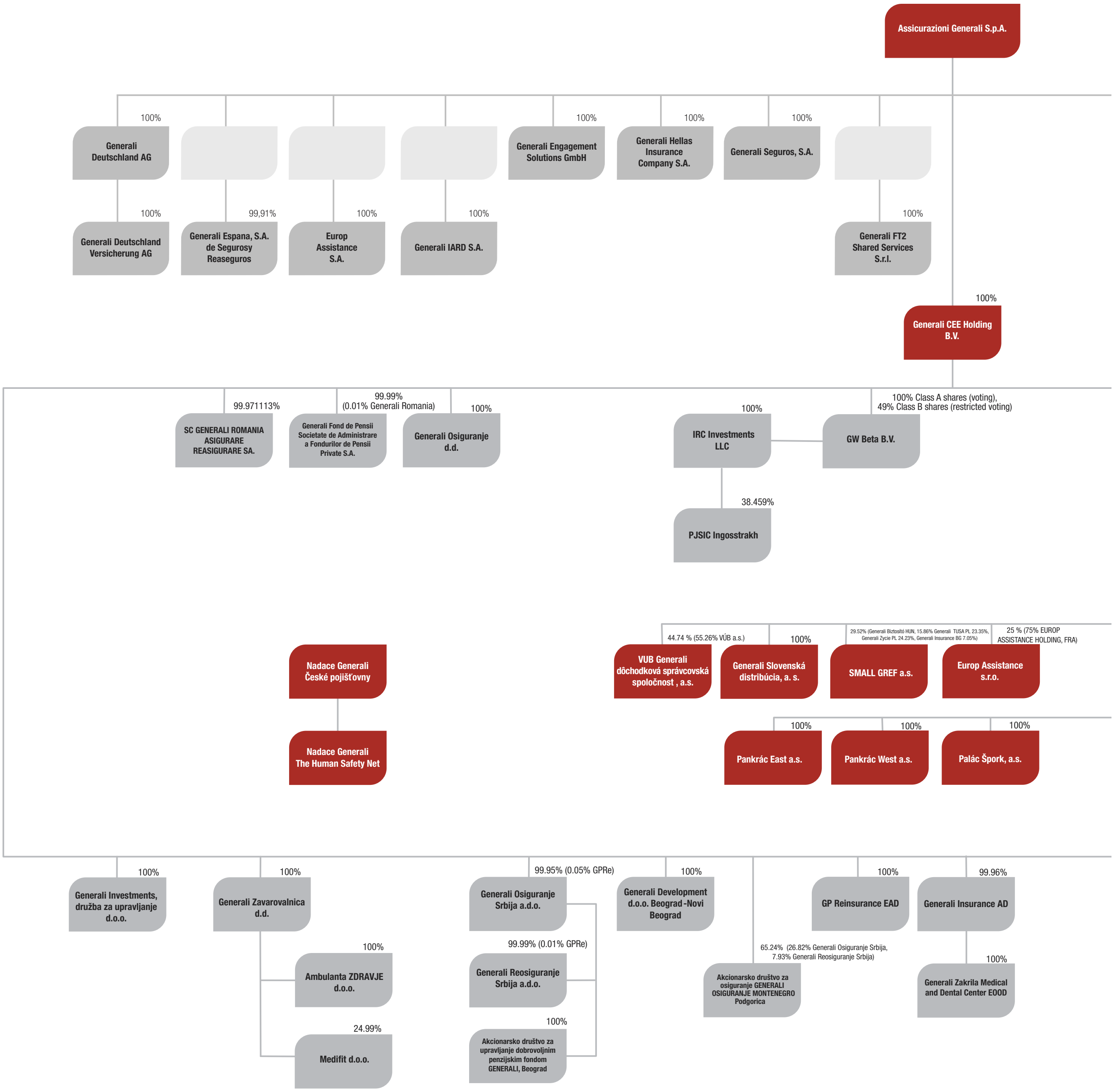
Generali CEE Holding B.V.

Date of inception:	8 June 2007
Registered office:	De Entree 91, 1101 BH Amsterdam, Netherlands
File number in the Register of the Amsterdam Chamber of Commerce and Industry:	34275688
Registered capital:	EUR 100,000
Principal business:	holding activities

Generali CEE Holding B.V. directs the business of its subsidiaries through an organisational unit based in Prague, Czech Republic. The holding company has operations not only in the Czech Republic, but also in Slovakia, Poland, Hungary, Romania, Bulgaria, Serbia, Slovenia, Montenegro, and Croatia.

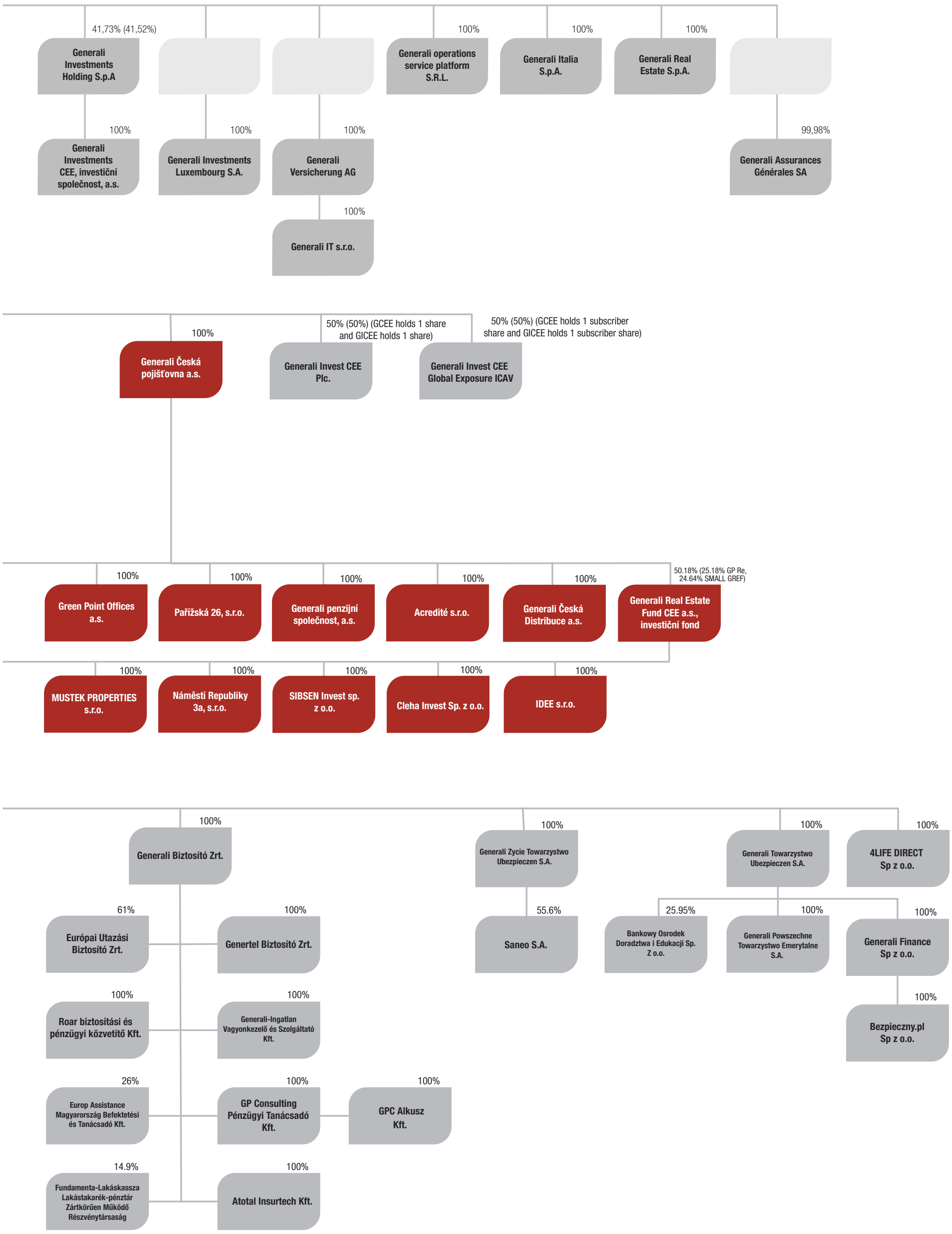
GENERALI CEE HOLDING B.V. GROUP STRUCTURE

as at 31 December 2024



GENERALI CEE HOLDING B.V. GROUP STRUCTURE

as at 31 December 2024



CORPORATE GOVERNANCE

(as at the Annual Report compilation date)

Board of Directors

Chairman
Roman Juráš
Member since: 1 July 2019
Date of appointment: 1 September 2019
Born: 1970
Education: University of Economics, Bratislava
Experience: KPMG Alpen Treuhand GmbH Vienna, VÚB Generali dôchodková správcovská spoločnosť, a.s., Generali Poisťovňa, a.s., Generali Versicherung AG Vienna, Generali Česká pojišťovna a.s.

Member
Milan Novotný
Member since: 1 July 2023
Born: 1977
Education: Prague University of Economics and Business
Experience: Hasičská vzájemná pojišťovna; Generali Česká pojišťovna a.s.; Generali CEE Holding B.V.; Generali Deutschland AG

Member
Karel Bláha
Member since: 1 June 2020
Born: 1976
Education: Charles University, Prague; Prague University of Economics and Business
Experience: Transgas, a.s.; Pojišťovna Patricie a.s.; Generali Česká pojišťovna a.s.

Member
Katarína Bobotová
Member since: 19 December 2021
Born: 1983
Education: Slovak University of Agriculture, Nitra
Experience: Grafton Recruitment Slovakia; Generali Poisťovňa, a.s.; Generali Česká pojišťovna a.s.

Board of Directors

Member
Jiří Doubravský
Member since: 1 July 2019
Born: 1972
Education: University of West Bohemia, Plzeň; Czech University of Life Sciences, Prague; Nottingham Trent University & Brno Business School; Prague University of Economics and Business
Experience: Komerční banka; HVB Bank; Generali Česká pojišťovna a.s.; Generali Poisťovňa, a.s.

Member
Lenka Kejíková
Member since: 1 February 2024
Born: 1983
Education: Prague University of Economics and Business
Experience: Allianz pojišťovna a.s.; Generali Penzijní společnost; Generali Česká pojišťovna a.s.

Member
Pavol Pitoňák
Member since: 20 January 2021
Born: 1975
Education: Slovak University of Technology, Bratislava; ESCP-EAP, Berlin
Experience: Allianz – Slovenská poisťovňa, a.s., Allianz – Slovenská dôchodková správcovská spoločnosť, a.s., Wüstenrot poisťovňa, a.s., Wüstenrot stavebná sporiteľňa, a.s., Poisťovňa TATRA, a.s. (Poisťovňa Poštovej banky, a.s.), Generali Poisťovňa, a.s., Generali Česká pojišťovna a.s.

Member
David Vosika
Member since: 1 January 2020
Born: 1982
Education: Faculty of Informatics and Statistics, Prague University of Economics and Business
Experience: Home Credit Insurance, Allianz Life, Wüstenrot pojišťovna a.s., Generali PPF Life Insurance, Generali PPF Russia, Generali PPF Holding B.V., Pojišťovna Patricie a.s., Generali Česká pojišťovna a.s.

Member
Marián Zelko
Member since: 1 March 2023
Born: 1984
Education: Faculty of Business and Management, University of Economics, Bratislava
Experience: Allianz – Slovenská poisťovňa a.s., Generali Poisťovňa a.s., Generali Česká pojišťovna a.s.

Fields of Competence of Members of the Board of Directors

Chief Executive Officer
Roman Juráš

Chief Financial Officer
Milan Novotný

Chief Corporate and Industrial Insurance Officer
Karel Bláha

Chief Operating Officer
Jiří Doubravský

Chief Sales Officer for the Czech Republic
Marián Zelko

Chief Sales Officer for the Slovak Republic
Pavol Pitoňák

Chief Non-life Insurance Officer
David Vosika

Chief Life and Health Insurance Officer
Lenka Kejíková

Chief Transformation, Marketing and Customer Development Officer
Katarína Bobotová

Supervisory Board

Chairman
Miroslav Singer

Member since: 1 February 2022
Date of appointment: 1 February 2022
Born: 1968
Education: Prague University of Economics and Business; University of Pittsburgh
Experience: CERGE-EI; Economics Institute of the Czech Academy of Sciences; Prague University of Economics and Business; Expandia a.s.; PricewaterhouseCoopers Česká republika, s.r.o.; Czech National Bank; MONETA Money Bank, a.s.

Member
Jose Garcia Naveros

Member since: 1 July 2023
Born: 1972
Education: University of Barcelona; BarcelonaTech (UPC)
Experience: KPMG Auditors; Allianz Brazil; Allianz Spain; Generali Spain; Generali Italy

Member
Marek Kubiska

Member since: 1 January 2019
Born: 1977
Education: Faculty of Social and Economic Studies, Jan Evangelista Purkyně University, Ústí nad Labem
Experience: Pražské pivovary, a.s.; Generali Česká pojišťovna a.s.

Member
Lucie Šmerousová

Member since: 1 January 2024
Born: 1983
Education: Masaryk University, Brno
Experience: Generali Česká pojišťovna a.s.

Member
Manlio Lostuzzi

Member since: 1 January 2023
Born: 1960
Education: University of Trieste
Experience: Generali, Generali Italia S.p.A., Genertel S.p.A., Generali GC&C, Generali CEE Holding

Audit Committee

Chairman
Martin Mančík

Appointment: 2 March 2017
Date of birth: 27 January 1975
Education: Prague University of Economics and Business

Member
Beáta Petrušová

Appointment: 10 February 2017
Born: 21 April 1968
Education: University of Economics, Bratislava

Member
Roman Smetana

Appointment: 1 January 2016
Date of birth: 11 November 1974
Education: Prague University of Economics and Business

MANAGEMENT REPORT

Generali Česká pojišťovna is a modern financial institution with an international background and a profound knowledge of the Czech and Slovak markets. It provides life and non-life personal lines, as well as insurance for small, mid-sized, and large customers covering business and industrial risks and agriculture.

With a market share of 23.2% (as at 31 December 2024), calculated according to the Czech Insurance Association's methodology, it is one of the largest domestic insurance companies. In Slovakia, the branch is one of the fastest-growing insurers and, with a market share of 13.7%, ranks among the top three. Generali Česká pojišťovna is also part of Generali Group, one of the world's largest insurance and asset management providers. Together with other Generali Group companies, Generali Česká pojišťovna is part of the Central and Eastern Europe region, which is a key component of the group's Insurance Division.

Generali Česká pojišťovna's size and stability guarantee that it will be able to meet its commitments whatever the circumstances. This was confirmed by the financial strength rating of "A+" with a stable outlook, as well as the long-term credit rating of "aa--" that Generali Česká pojišťovna received from the international rating agency AM Best for 2024.

The Company combines major technological innovations with fast, professional services. The constantly broadening use of modern technology and advances in robotics and automation also help in situations where customers need to be provided with really effective, swift assistance.

Among the key competitive advantages of Generali Česká pojišťovna is the fact that, in addition to insurance solutions, it also offers pension and investment solutions under the Generali brand. It also boasts the largest network of in-house insurance advisers, who offer their expertise in the spirit of lifelong partnership with their customers. Our policy of embracing innovation is valued by experts, who last year declared Generali Poisťovňa the Most Innovative Insurance Company on the Slovak market for the fourth year running. Generali is thus perceived as an innovative trendsetter and digital champion in Slovakia.

The role of a strong and stable partner, capable of responding quickly, professionally, and empathetically to exceptionally complex situations, was reaffirmed throughout 2024. During this time, Generali Česká pojišťovna's customers were among those who found themselves faced with the aftermath of natural disasters. These calamities affected not only ordinary citizens, but also business owners, farmers, and municipalities. In the Czech Republic, the September floods triggered by heavy storms resulted in the most critical situation. The flooding and storms led to more than 35,000 claims from Generali Česká pojišťovna customers, amounting to over CZK 5.5 billion. The worst-hit areas were the Moravian-Silesian, Olomouc, and South Moravian Regions.

Customers in Slovakia also suffered severe damage as a 100-year flood swept through the country. Wasting no time, Generali Pojišťovna immediately reached out to all affected customers, offering practical guidance to help them navigate this exceptionally challenging situation. Claims teams were on high alert, ready to process most of the reported claims in expedited procedure and, where appropriate, release advance payments. Survey engineers were dispatched to the affected areas. The Bratislava Region (particularly the City of Bratislava), the Trnava Region, and the Žilina Region were among the hardest-hit. In this period alone, Generali received over 1,700 claims worth EUR 1.76 million.

In 2024, Generali Česká pojišťovna continued to strengthen its role as a reliable lifelong partner for its customers. This commitment was evident in key product innovations across both retail and SME insurance. The year saw the launch of an upgraded property insurance product, Můj majetek 2.0, alongside enhanced travel insurance that included compensation for rainy days during the summer holidays. Significant improvements were also made to block of flats insurance and Jistota 2.0, both of which introduced major innovations in the products themselves and in related services.

Digitalisation and artificial intelligence played an increasingly important role, with Generali Česká pojišťovna's strong commitment to these areas delivering a host of benefits to insured individuals and entities. A prime example was the launch of Moje Generali – a combined mobile app and customer portal – offering customers a seamless digital experience and effectively putting their insurance in their pocket. The advantages of digitalisation became even clearer in the wake of the September 2024 floods. Of the more than 35,000 claims filed, 70% were submitted entirely online via web forms or the app, significantly speeding up the claims resolution process.

Sustainability (ESG) is playing an ever-greater role in the insurance industry, and Generali Česká pojišťovna remains proactive in this area. Beyond its commitment to reducing greenhouse gas emissions, it integrates sustainability into its product offerings. This includes expanding coverage to new environmental risks (such as green roofs and façades, and photovoltaic systems), while also offering preferential terms for customers investing in sustainability (such as energy-efficient buildings and timber constructions). A standout initiative in this field is SME EnterPRIZE, a competition that promotes sustainable entrepreneurship in the Czech Republic, which celebrated its fourth successful year in 2024.

Generali Poisťovňa introduced a range of product innovations to the Slovak market. In life insurance, coverage of work incapacity was enhanced, extending its validity across Europe and allowing the self-employed and limited company members to document up to 50% of their turnover as income. The limits on sums insured under new policies were improved, regardless of the customer's health, while new insurance options became available for customers with pre-existing medical conditions. The list of adrenaline sports covered was also expanded. Additional benefits were made available to female customers if they had to be hospitalised or undergo surgery for selected types of cancers specific to women. Up to the end of 2024, all customers were eligible for extra compensation in the event of hospitalisation or fractures resulting from a traffic accident.

In non-life insurance, the online claims reporting form for personal property was upgraded and streamlined. Generali also became the first insurer on the Slovak market to introduce an online calculator to facilitate quick and straightforward quotes and purchases for civil liability insurance offering coverage of up to EUR 500,000 per claim. In short-term travel insurance, the product portfolio expanded with a new add-on covering damage to rented vehicles up to EUR 1,000. Additionally, Generali was the first insurer in Slovakia to offer liability insurance for members of the Slovak Voluntary Fire Protection Service, covering damage of up to EUR 8,000.

From a corporate social responsibility perspective, Generali Česká pojišťovna continued its involvement in The Human Safety Net, a global initiative supporting vulnerable families with children under the age of six. As part of this initiative, the Company successfully collaborated with two organisations – SOS Children's Villages and the Leontinka Foundation.

Within the framework of the help provided to SOS Children's Villages, Generali supported the Big Five method under the SOS Compass programme. The aim, to avoid children being placed in out-of-home care, is built around the work of a social worker who visits the family in their home setting and, in particular, helps them to deal with their social or material needs so that the youngest members of the family can grow up at home. Over the past year, this joint project helped 1,200 children and 626 parents across 18 locations.

In partnership with the Leontinka Foundation, the Company continues to support families with visually impaired children, with a strong focus on early intervention social services. These services provide guidance, counselling, and assistance to over a thousand families with visually impaired children. Under The First 1,000 Days Matter programme, last year saw the maximisation of children's potential and skill development in areas such as visual perception, communication, motor skills, self-care, and speech. In total, 460 children benefited from this support, while 580 parents of visually impaired children gained timely access to expert assistance and psychosocial support.

The Company is also working on the development of The Human Safety Net initiative in Slovakia. Here, Generali Poisťovňa is behind a unique programme called Learning for Life, which helps disadvantaged and socially vulnerable families with children up to the age of six. The programme is continuously evolving to meet the needs of families from underprivileged communities. Since 2018, more than 3,302 courses have been organised in early childhood centres, along with summer camps for nearly 1,151 children. In 2024, the programme expanded to additional towns and cities through the launch of 10 new early childhood centres. Today, 20 early childhood centres across 26 locations in Slovakia operate under the auspices of the Union of Early Childhood Centres, further strengthening the initiative's reach.

THE INSURANCE MARKET – SITUATION AND OUTLOOK

The Market in 2024

Czech Republic

After a period of high inflation, expensive energy, and uncertainty, the economy gradually began to stabilise in 2024. However, in September, the insurance market faced an exceptional challenge when the Czech Republic was hit by severe floods, which turned out to be one of the most devastating natural disasters in the country's history. Once again, insurers demonstrated their preparedness and ability to manage crisis situations. Their swift response provided essential financial support to customers, helping to mitigate the negative impact of the floods. These events further underscored the crucial role of insurance in protecting property and ensuring the financial stability of individuals and businesses.

According to the new methodology introduced by the Czech Insurance Association (ČAP), total gross premiums written in 2024 amounted to CZK 185 billion, marking a year-on-year increase of 7.7%. This continues the sustained growth trend observed in previous years. Non-life insurance, which accounts for three quarters of the total market, remains the key driver of this growth. Primary contributing factors include increased insurance penetration, driven by policy updates and coverage of previously uninsured property, as well as ongoing product innovation by insurers, expanding coverage options for customers.

Among non-life insurance segments, collision insurance saw the strongest growth, with a rise of over 10%, supported in part by a 4.9% increase in the number of insured vehicles last year. Civil property and liability insurance also maintained double-digit growth for the third consecutive year, reflecting a growing customer interest in updating policies to reflect current property values and increasing demand for additional coverage. By contrast, compulsory motor third-party liability insurance grew at only half the rate of the aforementioned products.

The life insurance segment recorded a 5.4% year-on-year increase, which was up on the previous year. This growth reflects a rising awareness among customers about the importance of long-term financial protection for the future.

Slovakia

Insurers in Slovakia also faced difficult challenges last year, particularly in connection with the floods. The insurance market maintained its growth trajectory, recording a solid 8.2% increase and reaching nearly EUR 3 billion. This positive development was driven by an acceleration in both life and non-life insurance.

Collision insurance retained its position as the fastest-growing segment in the non-life sector, matching the previous year's performance with growth of 13.2%. This trend indicates that customers are increasingly looking to protect their vehicles beyond compulsory insurance. Compulsory motor third-party liability insurance saw significant acceleration, rising by 3.5 percentage points year on year to 10.1%, largely due to rising insurance premiums in response to increasing vehicle repair and spare part costs.

Life insurance also made significant progress over the past year, with its growth rate more than doubling year on year to 5.2%. This positive trend highlights the strengthening role of life insurance within the overall market, demonstrating that people are increasingly seeking financial security and protection against unexpected events. In this respect, they are insuring themselves for higher amounts.

In the coming years, the insurance market is expected to continue growing, driven by both higher insurance penetration and policy updates reflecting current values.

The Economic Situation in the Czech Republic

The year 2024 was marked by the continued easing of inflationary pressures in both Europe and the United States. The decline in inflation was supported by both commodity price developments and the effects of previous tightening of monetary policy. This was accompanied by lingering divergence in GDP performance, with solid growth in the US and slow recovery in the euro area. Both the European Central Bank and the US Federal Reserve began to lower interest rates. GDP and inflation developments this year point to a further significant reduction in ECB rates, while the Fed's rate cuts are likely to be more modest.

Central European economies lagged behind initial expectations in 2024. Preliminary data showed the Czech Republic's GDP growth at 1% last year. Economic performance in Central Europe was hindered by weaker-than-expected growth in the euro area, particularly in Germany, which is a key export market for the region. In 2025, GDP growth is expected to accelerate, with the Czech economy likely reaching around 2%. This should be fuelled by ongoing household consumption recovery and increased investment spending, bolstered by EU funds.

Year-on-year inflation in the Czech economy dropped to the Czech National Bank's 2% target in the first quarter of last year and remained within the target band throughout 2024. Inflation is expected to stay within the CNB's target range this year, primarily due to falling energy prices. Risks remain in the form of persistent price pressures in the services sector and food price developments. The CNB continued to lower interest rates, with the repo rate gradually going down from 6.75% to 4%. In December 2024, the CNB took its first pause in the rate-cutting cycle, leaving the two-week repo rate at 4%. However, at the first meeting in February this year, it was reduced to 3.75%, and, according to the CNB's forecast, the repo rate may fall to 3% this year. The Czech crown weakened by 2% in December compared to the end of 2023, trading above 25.20 to the euro, but in February, it strengthened slightly to just above the 25.00 mark.

The Economic Situation in Slovakia

The year 2024 saw a modest recovery in growth to 2%, driven by consumer demand and, to a lesser extent, government spending. The key impetus for this growth was the decline in inflation from double-digit levels to just under 3%, which, in turn, boosted real incomes. In contrast, export-oriented industries lagged behind due to weak foreign demand and pressures on the restructuring of the automotive sector.

In 2025, several conflicting factors will come into play. A decrease in interest rates and an influx of funds from the EU Recovery Plan are expected to support investment activity. On the other hand, consumer demand is likely to stagnate due to the restrictive effects of fiscal consolidation, which aims to return public finances to a sustainable level by reducing the public deficit from just under 6% of GDP in 2024 to 4.5%. Higher taxes and rising food prices are expected to temporarily push inflation back to around 5%.

The easing of inflationary pressures triggered a cycle of interest rate cuts by the ECB, with the deposit rate falling from 4% to 3% in 2024. Markets and Generali Asset Management expect further reductions, with the rate potentially dropping to 2% by the end of 2025.

The decline in interest rates and the related weakening of the euro should provide some protection to both the European and Slovak economies from the impact of trade disputes between the EU and the new US administration. Slovakia, in particular, is more vulnerable, given the importance of the automotive sector, which is likely to be a major target for any potential US tariffs. Conversely, a peace agreement between Russia and Ukraine could provide a positive boost, especially if it leads to the reopening of the Russian market and better access to cheaper gas and oil imports from Russia.

REPORT ON FINANCIAL PERFORMANCE

Generali Česká pojišťovna has long been a highly capitalised and stable company, with assets totalling more than CZK 111 billion as at CZK 31 December 2024. Shareholder's equity is CZK 33 billion and the share capital stands at CZK 4 billion.

Assets

The value of investments in equity holdings decreased by more than CZK 500 million, primarily due to the sale of PALAC KRIZIK a.s.

The most significant item by volume on the asset side is investments, which totalled CZK 71.1 billion as at 31 December 2024. This decline of approximately CZK 5.3 billion compared to 2023 can be attributed to the dividend payout.

More details on the Company's asset position are provided in the financials of this Annual Report.

Treasury Stock

Generali Česká pojišťovna a.s. did not hold any treasury shares during the 2024 accounting period.

Earnings

In 2024, Generali Česká pojišťovna a.s. reported a post-tax profit of CZK 3.6 billion a.s. according to international accounting standards, an almost CZK 2.1 billion decrease compared to 2023. This decline is mainly attributable to the financial result. The insurance services result remains more stable, reporting a decrease of approximately CZK 500 million compared to the previous year to stand at CZK 4.3 billion. Details of the Company's financial performance are set out in the financials of this Annual Report.

Share Capital and Reserves

The Company's share capital was unchanged at CZK 4 billion in 2024.

The Company's equity decreased by more than CZK 4.4 billion compared to 2023, slipping to CZK 33 billion in 2024.

Dividends in Previous Years

In April 2024, the sole shareholder, acting in the capacity of the General Meeting, decided to pay a dividend for 2023 totalling CZK 8.7 billion.

Assets and Liabilities Arising from Insurance Contracts

Total assets and liabilities arising from insurance contracts, measured according to international accounting standards (net of the reinsurer share) amounted to CZK 62.5 billion as at 31 December 2024, and were up by CZK 0.1 billion year on year.

Life Insurance Assets and Liabilities

These assets and liabilities account for almost two thirds of total assets and liabilities (57%) and mainly comprise liabilities for residual cover and liabilities for claims incurred. Liabilities for residual cover as at 31 December 2024 came to CZK 33.3 billion, a CZK 2.0 billion decrease year on year.

Non-life Insurance Assets and Liabilities

These assets and liabilities mainly comprise liabilities for residual cover and liabilities for claims incurred. Liabilities for residual cover as at 31 December 2024 came to CZK 5.1 billion, a CZK 0.5 billion increase year on year. Liabilities for claims incurred as at 31 December 2024 amounted to CZK 20.4 billion, a CZK 1.4 billion increase year on year.

Receivables and Payables

The decrease in payables by CZK 856 million (including a CZK 589 million reduction in financial liabilities) was primarily driven by a decrease in the fair value of derivatives and associated collateral, as well as a reduction in the volume of unplaced payments. The decline in receivables by CZK 541 million was mainly due to a reduction in tax receivables, as the resulting tax liability exceeded the advances paid and meant that the Company recorded a liability to the tax authorities this year.

Financial Liabilities

The decrease in financial liabilities between 2023 and 2024 by CZK 303 million was largely caused by the decrease in the volume of lease agreements.

REPORT ON BUSINESS ACTIVITIES

Generali Česká pojišťovna is a composite insurer providing life and non-life personal lines, insurance for small, mid-sized, and large customers covering industrial and business risks, and agriculture. The internal distribution network is operated in the Czech Republic by the subsidiary Generali Česká distribuce a.s., and in Slovakia by the subsidiary Generali Slovenská distribuce a.s.

NON-LIFE INSURANCE – CZECH REPUBLIC

Generali Česká pojišťovna is one of the largest insurers in the Czech Republic's non-life insurance sector, offering a broad range of products to meet customer needs.

In 2024, Generali Česká pojišťovna a.s.'s non-life premium billing came to CZK 32.3 billion, tantamount to year-on-year growth of CZK 1.4 million (4.5%), despite a 1.4% decrease in the number of contracts in the insurance portfolio. This result continues to be influenced by the market's inflationary trends. The Company is still conducting a review of the adequacy of customer insurance coverage, which translates into an increase in policy amounts and therefore a rise in premiums written.

The year-on-year percentage-based increase in the Company's premiums written is lower than the market growth, which stands at 9.2% according to Czech Insurance Association guidelines. This market growth in non-life insurance is at the same level as in 2023.

The volume of claims costs saw a significant rise compared to 2023, increasing by CZK 5.8 billion to CZK 21.2 billion. This increase is primarily due to three disasters totalling nearly CZK 7 billion in 2024. The higher claims costs also reflect rising market prices.

Business Risk Insurance

In business risk insurance (including accepted reinsurance), premiums written in 2024 increased by CZK 400 million, marking the same growth as in the previous year.

The increase was driven by property insurance for medium-sized businesses and corporate trade in equal measure.

Claims costs in the business insurance segment rose by CZK 3.5 billion in 2024, compared to 2023, due to the impact of disasters.

Corporate Insurance

Last year was successful in terms of premiums written. Despite the transfer of part of the portfolio to medium-risk insurance, premiums written were up by CZK 200 million on 2023. The best performers were property insurance and liability for large risks.

Claims costs in corporate insurance increased by CZK 1.5 billion compared to 2023.

SME Property and Liability Insurance, including Agricultural Insurance

In 2024, developments in the medium-sized business sector mirrored those of the corporate sector. Premiums written grew by CZK 200 million, and claims costs also increased, going up by CZK 2 billion. The increase in premiums written was primarily underpinned by property insurance for small risks, which grew by CZK 110 million.

Non-life Personal Lines

The year 2024 continued the trend of an increase in premiums written in non-life personal lines. The high growth in construction prices in recent years resulted in the need to revise or update the sums insured, particularly in personal buildings insurance, which then fuelled growth in written and average premiums.

In personal lines, there was therefore a significant year-on-year increase in premiums written by almost CZK 600 million in 2024.

Adverse weather conditions caused substantial damage to personal property. This saw claims costs increase by CZK 2.7 billion year on year.

Motor Insurance

Premiums written in motor vehicle insurance slowed in 2024 compared to the previous year and reported an increase of CZK 320 million. Most of this growth occurred in the retail and fleet insurance segments.

Collision insurance continues to have a considerable impact on both the stabilisation of economic performance and the profitability of the whole of non-life insurance. Premiums written grew by CZK 340 million year on year, while claims costs remained almost unchanged.

Motor insurance thus made a very significant contribution to the overall positive result reported for non-life insurance.

In liability insurance, billing remained steady and claims costs decreased by nearly CZK 380 million.

Innovation and Future Developments

Corporate Insurance

In late February 2024, a new operational system for managing large-risk insurance was launched. Corporate insurance policies are gradually being migrated to the new system. In 2025 and subsequent years, old operational systems will be gradually phased out. A new group-wide tool for tracking demand for the largest corporate insurance risks was also introduced. This tool incorporates various pricing mechanisms, which are being implemented and gradually updated. It also includes an application for checking international sanctions from the very first contact with customers and insurance intermediaries. Insurance renewals are also tracked.

Attention continues to focus on improving profitability across all insurance sectors, especially in property-related insurance. Efforts to increase average premiums and sums insured are ongoing.

SME Property and Liability Insurance

Throughout 2024, the Company reached out to customers whose sums insured under property insurance had not been updated for an extended period, or where customers had low limits of indemnity within the framework of liability insurance. This was followed by the insurer increasing the premiums of existing policies upon renewal.

Property insurance was affected by the disaster in September, when flooding and storms caused significant damage to insured buildings and movable property, along with financial losses due to business interruptions.

Transport and Financial Risk Insurance

In 2024, further innovations were made in road carrier liability insurance with the aim of making the product more competitive. These innovations included a simpler process for confirming the validity of carriers' insurance.

In 2024, a new application was launched under travel agency financial failure insurance that enables agencies to submit regular reports more easily and quickly.

Agricultural Insurance

The agricultural insurance sector was heavily influenced by the fluctuating prices of agricultural commodities, especially oilseeds and cereals, which saw another year-on-year decline. The drop in cereal prices was primarily due to the conflict in Ukraine, while high stocks of soybeans influenced oilseed prices, especially winter rapeseed. The livestock insurance portfolio was stable year on year. Insurance claims costs, however, spiralled to phenomenal levels in 2024. The growing season was affected by three major disasters: spring frosts, very strong summer hailstorms, and September floods, which particularly impacted the Olomouc and Moravian-Silesian Regions.

In 2024, the focus of the product was on simplification and digitalisation. Product innovation included the expansion of spring frost insurance to previously uninsured commodities.

Non-life Personal Lines

In May 2024, property-related personal lines were facelifted. As part of this change, a completely new Allrisk package was introduced to the Czech market, making it the first personal property product in the country with all-risk coverage. Additionally, other adjustments encompassing Freestyle insurance and Chytré cestovní pojištění (Smart Travel Insurance) were implemented. These steps increased the comprehensiveness of the products available under a single personal property insurance contract.

In September, the Czech Republic was hit by floods, which tested our ability to meet the needs of customers in distress within the shortest possible time. At the same time, the autumn also saw increased demand for property insurance, partly in response to the devastating floods.

Motor Insurance

Significant changes were made to motor insurance in 2024. A new mandatory liability insurance law came into effect, prompting the launch of a new retail insurance product. The minimum limit for mandatory liability insurance was also increased to the legally mandated CZK 50 million, with the new law introducing a raft of other changes.

Numerous changes occurred in fleet and leasing insurance. In particular, these concerned the obligation to report mandatory liability insurance data to the Czech Insurers' Bureau online. This change required significant costs on both our part and that of our leasing business partners.

The trend of rising average claims in mandatory liability insurance continued, driven up by the increasing prices of replacement parts, painting, and labour. This negative development of recent years had to be mitigated through measures both in new business and during the renewal of existing policies, in both retail and fleet insurance, as well as in leasing.

NON-LIFE INSURANCE – SLOVAKIA

In 2024, the insurance industry faced several challenges related to technological advancements, legislative changes, and shifts in customer preferences.

This also involved changes to mandatory contractual insurance. The product underwent a makeover, prompted by legislative changes, which altered several processes and parameters, such as the insurance coverage limit, the obligation to verify customer claims history, adjustments to potential regress reasons against customers, and the gradual digitalisation of the insurance.

Motor vehicle insurance continued to be affected by the ongoing trend of higher average claims, mainly due to rising repair costs for damaged vehicles. In response, we had to adjust to this trend in both collision and mandatory liability insurance. We expect this development to continue into 2025, especially in light of changes in VAT and other implications of the government's consolidation package. For mandatory liability insurance, it is crucial to have sufficient premiums to cover claims, so continued optimisation of premiums is necessary.

Several improvements for the benefit of customers were introduced in DOMINO property and liability insurance. These included simplified contracting, increased coverage limits for individual risks and the sum insured, and expanded coverage.

The Company also continued sending informational letters about voluntary indexing, as it found that many customers' properties were underinsured. The year 2024 highlighted that property insurance remains a relevant topic, particularly from the perspective of natural disasters and fires. The impact of climate change was felt during the devastating floods that affected Slovakia last year.

Travel insurance, launched in 2023, quickly became highly sought after due to its quality. In 2024, the Company continued introducing innovations under this product. To make travel insurance even more attractive, the option to add coverage for the excess on rented items was introduced as a way of assisting travellers when they rent a car, scooter, bike, or certain types of vessels abroad.

The quality of products was reflected in numerous industry awards, including the SIBAF® Award for Independent Intermediaries, the Zlatá mince (Golden Coin), and the FINREPORT Award.

Generali, as one of the leading insurers in Slovakia, enters 2025 with a clear goal – to consolidate its market position and modernise its product and service offerings. The Company also aspires to maintain its position among the fastest-growing businesses in the insurance sector. In 2025, Generali is determined to continue providing excellent products and services and to remain a dependable partner for customers in all their insurance needs.

LIFE INSURANCE – CZECH REPUBLIC

In 2024, Generali Česká pojišťovna a.s. continued to enhance the quality of its flagship life insurance products, Můj život 2 and Bel Mondo 20, in response to market monitoring and feedback from both internal and external business partners. At the same time, the Company took into account distribution requirements to improve support for the contracting of new business and subsequent servicing activities.

The enhancement of these products focused primarily on the scope of insurance coverage and the availability of insurance benefits, including their financial value. Waiting periods were removed for life and personal accident insurance under both products. A short two-month waiting period remains in place only for the insurance of daily sickness allowances and caregiver's allowance. Customers are therefore entitled to benefits for claims resulting from serious illness or personal accident immediately upon taking out the insurance. The quality of benefits for personal accident risks or serious illnesses was also improved by increasing the number of repeat claims. The territorial validity for sickness insurance was extended worldwide. Additionally, for young female customers, we now offer assisted reproduction insurance with an increased sum insured and adjusted payout of part of the benefit for the first IVF attempt.

These ongoing improvements have resulted in continued growth in the share of life insurance (disability, serious illness) and income protection insurance at the expense of personal accident insurance in newly concluded contracts. This is a positive trend that addresses the most important needs of customers, as the frequency and severity of the impacts of illness on life and health far outweigh accidents.

The Company was also actively involved in the preparation of the new Self-Regulatory Standard of the Czech Insurance Association, which will allow customers who have undergone cancer treatment to benefit from a transparent and fair approach when applying for individual whole-life insurance associated with a mortgage or consumer loan. Generali was one of the first insurers to adopt this voluntary standard, which it introduced as of 1 March 2024.

At the end of 2024, the sale of the standalone healthcare product Klinika Generali Česká was discontinued. This pilot project was brought to an end following an assessment of the current state of public health insurance in the Czech Republic and its forecast development.

Financial Indicators

Total premiums written on regular-premium life insurance contracts increased by 3.8% year on year to CZK 10.6 billion. Single-premium products generated CZK 0.6 billion in premiums written. Regular-premium life insurance products were purchased by 146,000 customers in 2024.

In 2024, life insurance claims paid out climbed by 5.9% year on year to CZK 8.5 billion. As in previous years, the greatest number of paid claims was in the “death and survival insurance” class. Measured by monetary volume, most funds (CZK 3.6 billion) were released in the form of endowments. In 2024, the Company handled 203,000 claims under the life insurance portfolio.

Outlook

In 2025, the Company will continue to monitor current national and European requirements for amendments to relevant legislation, case law, and issues related to the practical implementation of regulations in the insurance sector. The focus will once again be on performing activities with professional care in the best interests of our customers and on consumer protection during life insurance distribution, sale, and changes. Building on activities from previous years, in 2025 the Company will focus on transparent product development, meaning the introduction of products to the market and the provision of information over the duration of insurance and when it concludes.

An emphasis will also be placed on monitoring and meeting requirements related to EIOPA’s expectations in terms of the value for money of life insurance with an investment component and group products insuring the credit liabilities of customers of Generali Česká pojišťovna a.s.

In its operations, the Company will pay particular attention to the procedures outlined in the next Self-regulatory Standard of the Czech Insurance Association entitled “Activities of Insurance Companies in Tracing Whole-life Insurance Beneficiaries”. The Company adopted this standard on 1 September 2024, and its implementation is considered highly important in line with the Life Time Partner principle pursued by Generali Group.

Following an amendment to Act No 170/2018 on insurance and reinsurance distribution, which comes into effect on 1 July 2025, the Company will focus – particularly in the first half of 2025 – on products for fleet-distributed insurance and the necessary adjustments.

LIFE INSURANCE – SLOVAKIA

Generali Pojišťovna again focused primarily on making qualitative improvements to its La Vita life insurance product throughout 2024.

Drawing on its market monitoring and distributor requirements, the Company continued to improve the quality of its products and enhance selected supplementary insurance coverage. New coverage risks were added for incapacity with varying waiting periods. The geographical coverage of this risk was expanded significantly to cover all of Europe. Another update included higher exit ages for daily indemnity insurance following injury and permanent disability. The La Vita product on the website was expanded to include additional risks, allowing clients to take out insurance with very attractive coverage without the need for health assessments.

In the credit insurance segment, the product portfolio was expanded to include consumer loan insurance and payment protection insurance for customers of the bank VÚB. In addition to these products, the portfolio also grew with key person insurance for companies that have loans with VÚB. These product innovations expanded coverage options for loans not only with individual insurance, but also with special insurance designed solely and specifically to cover borrowings.

Financial Indicators

Total premiums written on regular-premium life insurance contracts increased by 8.4% year on year to EUR 132 million. Regular-premium life insurance products totalling EUR 30.8 million were purchased in 2024.

Life insurance claims paid out in 2024 rose by 10% year on year to EUR 79.35 million. As in the previous year, the greatest number of paid claims was in the “death and survival insurance” class. Measured by monetary volume, most funds (EUR 17.5 million) were released in the form of endowments. In 2024, more than 71,000 claims were paid out under the life insurance portfolio.

Outlook

In its product development, the Company will continue to focus on innovations and enhancements to La Vita. It will also strive to complement its product offering appropriately, especially in regular-premium life insurance, in order to reach as many customers as possible. Further expansion will also affect the payment protection product portfolio. Here, the Company wants to further strengthen its market position and cover additional segments of credit products.

In 2025, the Company will continue to monitor current consumer protection requirements in life insurance distribution, sale, and changes. Particular attention will be paid to monitoring and fulfilling demands related to EIOPA’s oversight requirements in the value for money of life insurance with an investment component and group products insuring the credit liabilities of customers of Generali pojišťovna.

During 2025, the Company will continue to focus on evaluating the implementation of the new requirements under Commission Delegated Regulation (EU) 2021/1257 related to the integration of sustainability factors, risks, and preferences into product oversight requirements and into conduct in the provision of advice for insurance-based investment products.

In addition, the Company will continuously monitor developments related to Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector to ensure that customers are always provided with comprehensible and up-to-date information within the scope of life insurance.

Sales of Insurance

Czech Republic

Internal Distribution Channels

In 2024, the internal distribution team kicked off with the launch of a pilot scheme for a long-term investment product (LTIP). This new investment product offers individuals the opportunity to create additional retirement savings alongside traditional supplementary pension savings and life insurance. LTIP is a state-supported product that allows tax benefits to be claimed under certain conditions. The pilot phase enabled all certified advisers within internal distribution to start offering LTIP during the autumn. By the end of the year, nearly 700 advisers had signed at least one LTIP contract.

The commercial results in property insurance were boosted by the spring innovation of the Můj majetek 2.0 product. Notably, buildings insurance was upgraded with a new Allrisk package offering the broadest coverage on the market at launch. In household contents insurance, a smart home insurance option was introduced. Travel insurance saw the improvement of Chytré cestovní pojištění (Smart Travel Insurance) and the introduction of the Freestyle package for adventurers.

Advisers from the SME network appreciated the innovation of two important products. The first was the spring launch of Jistota 2.0, an insurance product for small business owners and sole traders. The upgraded product offered higher limits, new risks, and a simplified contracting process. Then, in the autumn, Bytové domy 2.0 was launched. This completely revamped insurance introduced high limits, new covered items, and an all-risk option. The SME segment was also buoyed by SME EnterPrize, a competition for sole traders, small businesses, and startups that focuses on sustainable business practices. This competition, organised by Generali Česká pojišťovna, saw internal distribution advisers actively engaging with customers by incorporating the competition theme into their meetings.

Significant digital innovations supporting advisers' sales activities were rolled out in 2024. For example, SMS contract signing was introduced for vehicle and property insurance policies. Customers also gained access to a new mobile app, Moje Generali, which had previously been available only on the web platform. A major new feature – a Step-by-Step Accident Guide with the option to fill in an accident report online, saving customers from unnecessary paperwork – was added to the app in autumn.

In 2024, internal distribution focused on a consultative approach to contracting. The goal is to provide customers with comprehensive insurance coverage, along with solutions for their future, especially in pension savings and investments. This emphasis on integrated offerings was reflected in advisers' compensation, which now more closely reflects the degree to which customers' products are interconnected.

The stress on consultative sales was also reflected in customer meetings. Customers could now go down a new investment path in REDy (the policy signing tool). This investment pathway delivers optimal solutions based on customers' investment goals and priorities. Customers leave the meeting with a summary investment recommendation on a single page.

Recent natural disasters, such as the tornado in South Moravia and floods in North Moravia, highlighted the low degree to which property insurance is interconnected. To provide comprehensive protection in this area, a new property analysis was introduced. It was initially voluntary to give advisers the time they needed to become familiar with it. By the autumn, the property analysis had become a mandatory part of any meeting where customers were interested in property insurance.

In September, devastating floods struck the Czech Republic. North Moravia was the hardest-hit region. As soon as possible, our advisers travelled to the most affected communities, reopening their advisory offices or setting up mobile stands to help citizens with insurance claims. This demonstrated once again their commitment to the company's philosophy of lifelong partnership in all circumstances.

Autumn is traditionally the most important period for internal distribution, a fact confirmed by the results in October and November. October was the best month for business results, with internal distribution advisers achieving nearly a quarter of a billion CZK in premiums across life, non-life, and vehicle insurance. In November, internal distribution advisers capped off a successful autumn with the highest-ever new business in life insurance.

2024 also saw the return of the internal distribution team's annual gathering, known as the Forum, which was held once again at the Brno Exhibition Centre. Over 1,000 advisers and managers attended the event, where sales results were presented, plans for the upcoming period were outlined, and top advisers and managers were inducted into the VIP club and awarded additional titles.

As in previous years, Generali Česká Distribuce representatives demonstrated a strong sense of solidarity. During the "Give, Take" event, they raised CZK 1,186,602 (with 810 members of GČD participating). They also made significant contributions to other The Human Safety Net activities.

Specific Distribution Channels

External Retail Partners – Focus on Personal Lines

For Generali Česká pojišťovna, 2024 was a year of innovation, adaptation, and growth. Our collaboration with external distribution partners deepened, leading to outstanding results across all insurance sectors, with life insurance seeing the most success. Together with partners, the Company achieved accelerated growth, in line with market trends, with strategic products experiencing even faster growth.

Innovation and Digitalisation

This year, we continued our efforts to digitalise and simplify processes. We implemented new features for our partners on the San Marco portal, including:

— a modernised portal design;
— overviews of policies and payment statuses;
— electronic applications and signatures via SMS;
— a widget for open claims and status updates on the main screen.

These enhancements allowed our partners to work more efficiently and with greater clarity. Self-service tools were also introduced, increasing our partners' independence when contracting.

The Company also focused on online solutions for retail and fleet motor vehicle insurance. In line with legislative changes in motor vehicle insurance, the entire insurance market transitioned to an online regime. This resulted in a raft of changes and innovations, including:

— the introduction of automated policy changes and cancellations;
— adjustments to the conditions applicable when adding vehicles to fleets;
— the establishment of special service support through the Dotaz makléř (Broker Enquiry) line;
— the launch of a payment gateway, enabling fully online vehicle insurance.

These steps simplified processes, increased efficiency, and provided partners and customers with a more comfortable experience in the management of motor vehicle insurance.

Product Portfolio Successes

In life insurance, a range of significant updates were introduced to Bel Mondo 20, including:

— the elimination of waiting periods for major risks and a reduction to two months for others;
— the introduction of a new unique risk: Assisted Reproduction;
— improved payouts for serious illnesses;
— expanded territorial coverage.

Another achievement was the innovation of Můj majetek 2.0, including:

— insurance of property with alternative energy sources;
— a unique All-risk buildings insurance package;
— liability insurance with higher limits;
— a Freestyle package for customers leading dynamic lifestyles.

On 1 April 2024, Jistota was launched. This new product is aimed at sole traders and small business owners. It offers a modern configurator, minimal necessary documentation, and expanded coverage for property and liability.

Partner Training and Support

The Company continued to support its partners through training and workshops. The EDflix portal offered new courses and educational materials, helping our partners to reinforce their expertise and improve their customer service.

Optimisation of Internal Processes

Unified methodology for calculating sums insured for real estate was rolled out and incorporated into Můj majetek 2.0, setting a new standard across the insurance market. The launch of the Bytové domy 2.0 configurator at the end of the year has given customers greater flexibility in tailoring the coverage to suit their needs.

Future Plans

Generali Česká pojišťovna remains committed to enhancing the customer experience, expanding its product portfolio, and consolidating its market position. The focus will continue to be on innovations that deliver added value to our customers, partners, and employees.

Slovakia

Bancassurance

2024 was a landmark year for our bancassurance partnerships, as we achieved record-breaking new business with 60% year-on-year growth. The strongest increase was in life insurance – not only in payment protection insurance, but also in traditional, regularly paid life policies. In non-life insurance, new business was driven primarily by personal property cover. On a local level, we reinforced our collaboration with VÚB, and in doing so set a benchmark for other Intesa SanPaolo subsidiary banks across the CEE region. The year 2024 was a milestone for product innovation within our bancassurance partnership with VÚB Bank. Key developments included enhancements to regularly paid life insurance (supported by CRM campaigns), the launch of DOMINO insurance, updates to personal effects cover, and the finalisation of product improvements in payment protection insurance.

External Sales

In terms of external sales, 2024 was another year of growth and consolidation of our market position. Gross premiums written for this distribution channel reported significant growth across multiple segments, with external partners and MLM channels playing a crucial role. In life insurance, we surpassed a new-business milestone of EUR 12.1 million, marking a 21% year-on-year increase – a testament to our strong partnerships with brokers and continuous product improvements. Our SME commercial insurance segment also achieved record-breaking results in terms of Slovak external sales. Here, gross premiums written on new policies came to EUR 2.34 million, representing 23% year-on-year growth. This exceptional performance highlights both growing customer trust and the successful execution of our strategy in this segment. These figures not only reflect the dynamism of our external sales operations, but also the commitment and professionalism of our partners, whose expertise ensures the long-term stability and growth of Generali.

Internal Network

The Slovak internal network experienced a successful year in terms of sales to both retail and corporate customers. Our adviser network has been stable for a long time, with more than 700 advisers supporting customer needs with the backing of a structure of 65 managers. Thanks to this stable structure, the internal network managed to record double-digit increases in new business and in the growth of the portfolio. Besides its excellent sales results, the internal network – through its advisers – continues to deliver on the Group's vision of being a true lifelong partner to its customers. This is evidenced by the internal network's constant move towards a more consultative way of serving customers. In addition to their insurance and servicing requirements, customers can also resolve investment, retirement, and housing financing issues at Generali Slovenská distribuce's more than 130 offices.

REPORT ON OPERATIONS

Customer Services

Customer service units are responsible for serving customers via the communication centre, which covers insurance contract administration, the entry of contracts in systems, contract amendments, payment processing, and the handling of the entire claim settlement agenda.

Customer satisfaction is a priority for the Company. Generali Česká pojišťovna continues to measure NPS-based customer satisfaction via the Medallia tool. Customers are approached with an email questionnaire. They use a scale from 0 (worst) to 10 (best) in assessments of Company services. Customers awarding scores from 0 to 6 are contacted again by a Company employee. The aim of the call is to identify the root cause of the customer's dissatisfaction. This output serves as a reference for improvements in internal processes. The Company determines customer satisfaction at five key points of interaction – insurance contracting, the service, claim settlements, insurance contract renewals, and insurance contract cancellation. In 2024, Generali Česká pojišťovna received a total of 120,119 responses, and Generali Slovakia 23,490 responses.

In 2024, the Company prepared its 2025–2027 strategic plan, in which customer services play an integral role. A key aim of the plan is to further digitalise and automate processes to improve internal efficiency and, most importantly, speed up customer request handling in both the Czech Republic and Slovakia.

The year also brought new developments across departments. Selected processes saw an increased use of machine learning, a trend the company will continue in the coming years. Wherever legislation allows, processes are gradually being digitised – this includes online green card registration and digital delivery of operational correspondence. This shift to digital technologies is enhancing customer satisfaction while also benefiting the environment.

In 2024, Generali Česká pojišťovna fully leveraged its web-based claims reporting solution, and has plans for further expansion. Thanks to its intuitive and user-friendly interface, this method has become the preferred choice for most customers, proving particularly valuable during this year's flooding. The Company continues to enhance automated and semi-automated claims processing, such as windscreen repairs, and has introduced automated processing for minor injury claims. Automation here encompasses documents, including incoming invoices and their checking, and the fully automatic processing of insurance claims.

The most severe catastrophe of 2024 was the flooding in the Czech Republic and Slovakia that occurred on 13–20 September. It was caused by gale-force winds, flooding, torrential rain, and falling trees, poles, and other objects. Generali Česká pojišťovna processed over 36,000 claims, with payouts exceeding CZK 5.7 billion. Across the Czech insurance market, a total of 97,500 claims were handled. In Slovakia, Generali Poisťovňa processed 1,746 claims amounting to over EUR 1.69 million. Generali Česká pojišťovna and Generali Poisťovňa made full use of their digital tools for claims reporting, enabling customers to submit claims with ease and receive payouts swiftly. Just one month after the disaster, Generali Česká pojišťovna had closed over 81% of reported claims.

Detectives working with analytical teams at Generali Česká pojišťovna discovered insurance fraud cases worth CZK 681 million in 2024. This figure was slightly lower than the record-breaking CZK 727 million in 2023. The majority of prevented fraudulent payouts came from business insurance, amounting to CZK 490 million.

In 2024, Generali Česká pojišťovna continued to develop its voicebot, chatbot, and email bot technologies to handle customer enquiries and requests. In a key milestone, the voicebot managed to handle over 85,000 service calls without the need for a call centre operator. Its indisputable advantage is its 24/7 availability, compared to the limited hours of a traditional call centre. Work is ongoing to expand the range of queries the voicebot can resolve independently.

In 2024, Generali Česká pojišťovna's operators handled over 437,000 incoming calls and processed over 321,000 additional customer service requests via online chat and email. The call centre focuses on internal efficiency by simplifying processes and automating them with new technologies and machine learning. The result is faster and simpler processes and an overall better customer experience. The centre has also implemented artificial intelligence for predictive models that more accurately forecast incoming customer communication, enabling better resource planning and faster, more efficient service.

Investment Policy

Financial investments stand alongside insurance and reinsurance as another important area of operations for the Company. They contribute significantly to overall Company assets and are financed primarily from insurance provisions and equity.

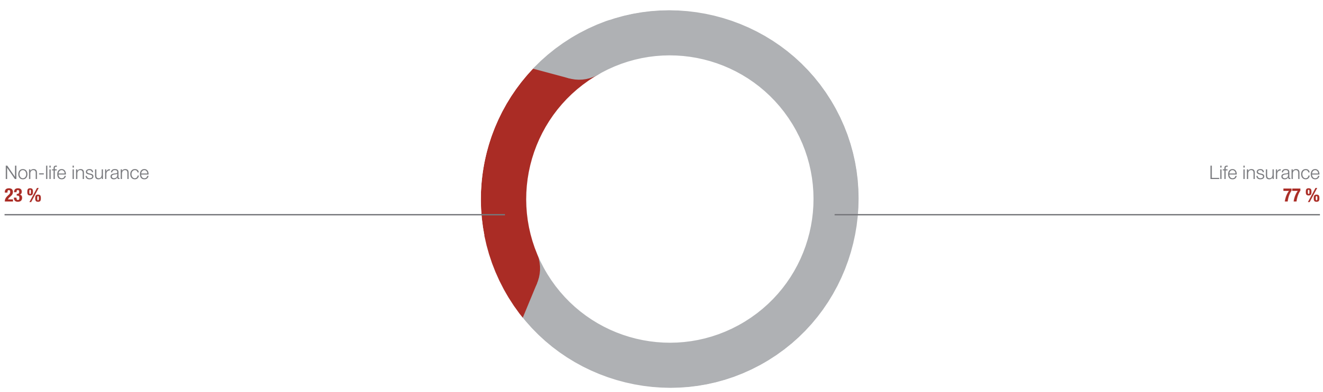
In keeping with the amendment to the Insurance Act from September 2016, the Company makes investments based on the principle of prudent investment and a valid investment policy with the aim of achieving safety, liquidity, and profitability in order to ensure that the Company is fully capable of meeting its commitments to customers. As required by the Capital Market Act, our investment strategy is published on our website at generaliceska.cz.

As a long-term institutional investor, an asset manager with a fiduciary duty, and a member of Generali Group, we exercise and actively assert our shareholder rights in order to mitigate risks and increase the value of the Company for its clients and shareholders over the long term. Our approach to the exercise of shareholder rights is published in the Engagement Policy at generaliceska.cz.

Financial markets performed relatively well in 2024, experiencing no major disruptions. The dominant factor was the normalisation of monetary policy by key central banks, reflecting favourable inflation trends and a relatively stable economic environment. Falling interest rates created a supportive climate for bond markets, though some gains were eroded towards the end of the year as investors adjusted expectations around US interest rate cuts, which also affected European bond markets. Political events played a significant role in market movements. The first major shock came with the European elections, which saw declining support for ruling parties across multiple countries. The second key event was Donald Trump's election victory, with his promises of tax cuts and deregulation boosting US equities and strengthening the dollar. In contrast, European stocks and most emerging markets recorded only single-digit gains. Against this backdrop, credit markets performed relatively well, albeit at the cost of risk premiums returning to pre-pandemic levels. Looking ahead to 2025, moderate economic growth acceleration is expected, alongside relatively stable inflation. This is likely to mark the end of the central banks' interest rate-cutting cycle. Such conditions are generally favourable for financial markets, and a potential truce in Ukraine would serve as an additional boost for European markets. Conversely, trade wars triggered by the new US administration could introduce stagflationary pressures, negatively impacting both equities and bonds.

At the end of 2024, the life insurance segment contained a total of CZK 77.1 billion in financial investments, with life insurance accounting for CZK 59.5 billion and non-life insurance the remaining CZK 17.6 billion. For the most part, this money is invested in fixed-income instruments, especially Czech and foreign government bonds and corporate bonds of issuers generally with an investment-grade rating. Since December 2021, the operations of Generali Česká pojišťovna, which manages a total of CZK 69.1 billion in financial investments, and the Slovak Generali branch, which manages a portfolio of CZK 8.1 billion, have been interconnected.

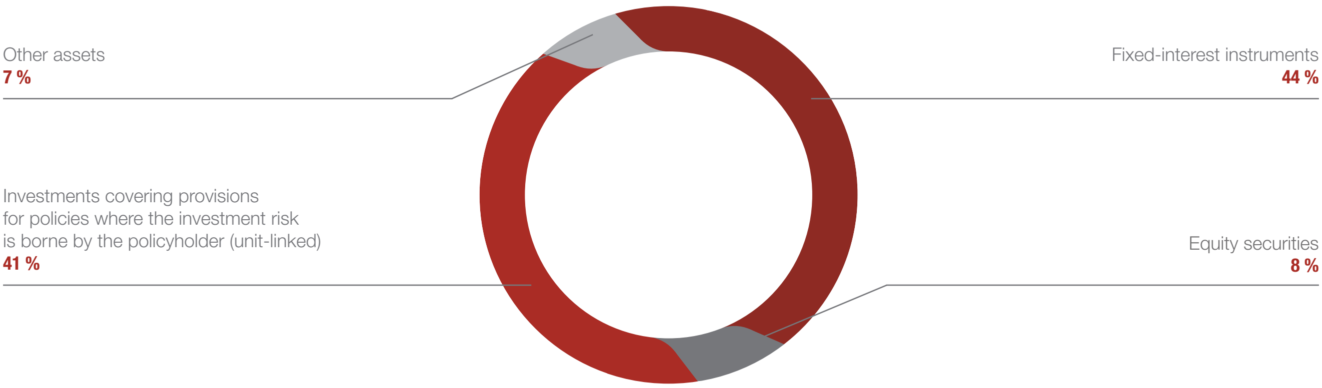
Structure of Financial Investments (IFRS, Book Value), by Business Segment



Financial Investments within the Life Insurance Segment

In accordance with a feature typical for life insurance liabilities, i.e. their longer timeframe, debt securities covering life insurance provisions have, on average, longer to maturity. The aim is to safeguard a sufficient and stable yield in the long run that will enable obligations arising from insurance contracts to be met. In terms of accounting classification, all debt securities are classified as available-for-sale financial assets, so as to align the reporting of their result with the method used to account for insurance liabilities, and reduce earnings volatility resulting from changes in market interest rates.

Structure of Financial Investments (IFRS, Book Value), by Life Insurance Business Segment



Another significant item in the structure of financial investments is equity securities (shares, unit certificates, and other variable-yield securities). As at 31 December 2024, their book value was CZK 4.7 billion. These instruments are purchased for the portfolio to act as a counterweight to fixed-income instruments for purposes of risk diversification and to optimise overall medium- and long-term returns.

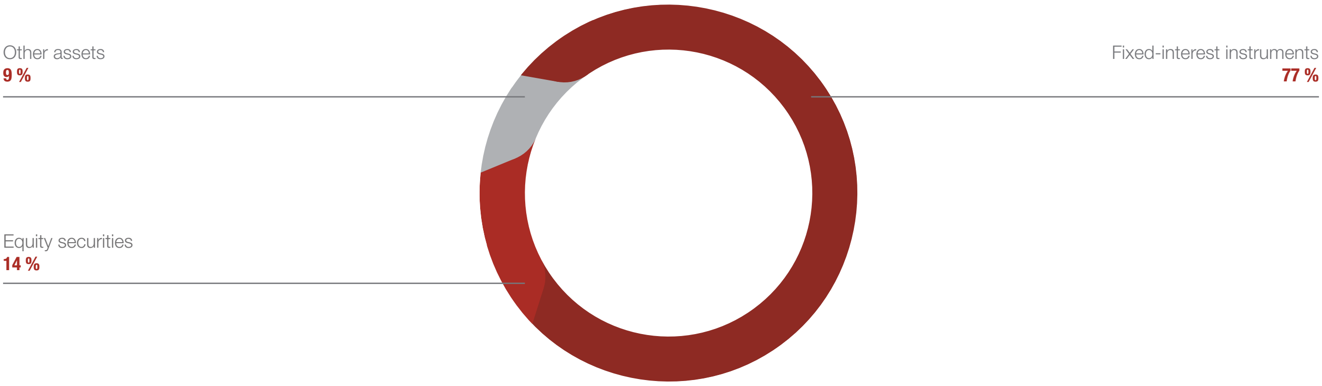
The investment portfolio is rounded out by other fixed assets. Here, the Company invests in real estate, mainly in the form of equity interests in companies that own real estate and whose main business is property management and leasing, or through Generali Group's real estate funds. The real estate allocation at the end of 2024 was CZK 4.1 billion.

The total profit on financial investments within the conventional life insurance segment, before the deduction of management expenses, was CZK 2.6 billion. Positive developments on the financial markets meant that, in particular, contributions were also made by gains from the revaluation of investment funds, especially in the case of investments covering provisions for policies where the investment risk is borne by the policyholder, delivering a profit of CZK 1.9 billion.

Financial Investments within the Non-life Insurance Segment

Investments in the non-life segment are financed by non-life insurance technical provisions and the equity allocated to this segment. Since non-life liabilities are shorter than life liabilities, there are more assets with shorter times to maturity in the investment portfolio, as well as more liquid instruments, which can be readily converted into cash when needed to pay insurance claims.

Structure of Financial Investments (IFRS, Book Value), by Non-life Insurance Business Segment



The total profit on financial investments within the non-life insurance segment, before the deduction of management expenses, was CZK 0.6 billion. Yields from fixed-interest instruments were the main contributor to this result.

Reinsurance

Generali Česká pojišťovna's reinsurance programme is a long-term contributor to the Company's balanced earnings and stability. As a risk management tool, reinsurance shields Generali Česká pojišťovna, along with its customers and shareholders, from unexpected isolated or catastrophic events, as well as from random variations in loss frequency. Analyses of reinsurance needs and the optimisation of the reinsurance structure take place using modern dynamic financial analysis tools in collaboration with Holding Company experts and with the support of reinsurance brokers. Each year, the reinsurance programme is modified by the Holding Company to ensure that it reflects changes in the portfolio and the product line.

Generali Česká pojišťovna's principal and obligatory reinsurance partner is the Group's captive reinsurer, GP Reinsurance EAD, based in Bulgaria. Through GP Reinsurance EAD, risks are further retroceded into the Group's reinsurance contracts by Assicurazioni Generali. Thanks to this optimisation, Generali Česká pojišťovna can profit from the advantages of Group coverage, and thereby further optimise reinsurance costs while expanding coverage terms. Group rules determine the maximum possible exposure that Generali Česká pojišťovna may have to each type of insurance.

Thanks to intensive work detailing individual risks in the portfolio, Generali Česká pojišťovna is able, through the use of sophisticated models, to control its exposure to risks arising from catastrophes. Flood losses are modelled regularly over the personal lines, commercial lines, and large risks portfolios. Gale and storm exposure is modelled in a similar structure.

Generali Česká pojišťovna is perceived by partners and affiliates as a stable and strong reinsurance partner in its own right. This fact is reflected in the volumes of obligatory and facultative reinsurance in the areas of corporate customers and large risks.

Nuclear Insurance Pool

The Czech Nuclear Insurance Pool ("CNIP") is an informal consortium of non-life insurers based on the co-insurance and reinsurance of nuclear risks. For almost 30 years, the CNIP has offered insurance and reinsurance services for liability and property risks, including risks related to the transportation of nuclear material. Insurers on the Czech market do not usually insure nuclear risks on their own due to the specific nature of those risks, which are typically excluded from coverage. The insurers in the CNIP each provide their own net lines, the sum of which forms the overall capacity of the CNIP for individual types of insured risks. Within the CNIP, an Agreement on the Joint and Several Liability of Members is concluded every year to increase security and trust in the CNIP.

Generali Česká pojišťovna a.s. is one of the founding members of the CNIP and, since the outset, has been the lead insurer by agreement with those companies involved. The CNIP's executive body is the CNIP Office, which is incorporated into the Nuclear Pool and International Trade Department within the Corporate and Industrial Insurance Division.

Generali Poisťovňa, pobočka poisťovne z iného členského štátu is a member of the Slovak Nuclear Insurance Pool (SNIP). The SNIP, a loose association of insurance companies, was established by the Slovak Insurance Association. At present, the SNIP has eight members.

The SNIP operates on a similar basis to the CNIP, with the two associations working closely together to reinsure nuclear risks. Both pools meet regularly to discuss current nuclear risk issues.

Human Resources

At the end of 2024, there were 3,518 employees, down from 3,579 at the end of 2023.

The Company annually refines its core appraisal principles, which place an emphasis on positive motivation and on identifying and harnessing the strengths of individuals. Employee development and reward systems are closely linked to the performance review framework, ensuring that top-rated employees receive the greatest support in their professional growth.

Employee development is aimed at supporting the Company-wide strategy and reflects current market trends. This development is geared towards the following key areas:

1. **Focus on Company-wide strategy and core competencies:** Training and development activities are carefully designed to support the goals of the entire organisation. An accent is placed on the development of core competencies that are essential for success in a changing landscape.

2. **Inspiration from external sources:** Training and development activities are augmented with externally sourced inspiration. Connecting with inspirational speakers and companies enables our employees to gain new insights and inspiration for their personal and professional development.

3. **Support of internal growth and experimentation:** Innovation communities serve as a vehicle for internal growth and experimentation. These communities focus on developing and sharing knowledge with the aim of promoting the concept of a "learning organisation".

4. **Digitalisation and artificial intelligence:** The Company prioritises development in digitalisation and AI, standardising essential skills across the organisation and implementing a "digital minimum" concept. This approach ensures practical skill application and greater efficiency in daily tasks. Training in modern technologies is available at various levels to accommodate different levels of employee proficiency.

5. **Personalised development for managers:** Managers benefit from tailored development programmes designed to meet their individual needs and aspirations. A dedicated talent programme continues to support the progression of female managers into senior leadership roles.

6. **Access to training for all:** All employees have access to various learning resources, including digital platforms, internal workshops, and external expert events. This gives everyone the opportunity to keep developing and improving.

All our training and development activities are closely aligned with the performance management process to ensure that they are effective and relevant for each employee.

Generali Česká pojišťovna, as a responsible company within the EU, has signed the Diversity Charter, committing it to abide by principles of diversity at the Company. The Company actively supports the employment of individuals with disabilities while ensuring equal opportunities and fair pay for all employee groups.

In an effort to retain key employees and prevent the loss of unique know-how, a scheme aimed at identifying, promoting and retaining employees with unique assets and expertise has been prepared. Mobilita ("Mobility"), a programme designed to broaden career opportunities within the Company and Generali Group, both in the Czech Republic and abroad, has also been continuing successfully.

A Company-wide annual satisfaction survey was conducted at the end of 2024 to monitor the engagement and satisfaction of our employees. Building on the results of the poll and in an attempt to improve employee care, the Company continues to develop benefits that reflect the key lifestyle needs of employees. The Company aims to deliver maximum flexibility in order to cover the diverse needs of all employees. It also prioritises employee well-being and has a long-standing commitment to supporting a work-life balance by offering flexitime and remote work options. The Red Quarter scheme, focused on enhancing office workspaces, continues to progress successfully.

SUPERVISORY BOARD REPORT

The Supervisory Board of Generali Česká pojišťovna a.s. is the Company's oversight body. It oversees the exercise of the responsibilities incumbent upon the Board of Directors and the pursuit of the Company's business activities. Its competence is derived from Czech legislation and the Company's Articles of Association. In particular, the Supervisory Board oversees the functionality and efficiency of the Company's management and control system, as well as matters related to its strategic direction.

The Supervisory Board of Generali Česká pojišťovna a.s. has five members, two of whom are elected by Company employees. Members of the Supervisory Board are elected and removed by the Company's General Meeting, with the exception of members elected by Company employees. Members of the Supervisory Board serve for terms of five years.

The Supervisory Board's work is guided by an activity plan which the Board sets for each half-year in advance. Outside of the activity plan, the Supervisory Board may discuss such matters as may arise between its meetings, provided that the nature of such matters so requires. Meetings of the Supervisory Board are held as needed, but not fewer than four times per year.

Individual checks, investigations, examinations, and inspections of Company materials, etc., are conducted by members of the Supervisory Board either individually or in groups authorised by the Supervisory Board in a resolution adopted at a Supervisory Board meeting or as separately authorised by the Chairman outside of a Supervisory Board meeting. Afterwards, at the immediately following Supervisory Board meeting, the Supervisory Board is informed of the activities carried out by individual members or delegated groups of the Supervisory Board and of the results thereof. If any serious findings or circumstances arise from the checks, the Chairman of the Supervisory Board is informed of such on an ongoing basis – even between Supervisory Board meetings.

The composition of the Supervisory Board as at the date the Annual Report was published is set forth on page 18 hereof.

Prague, 1 April 2025

Miroslav Singer
Chairman of the Supervisory Board

PERSONS RESPONSIBLE FOR THE ANNUAL REPORT

Declaration

We hereby declare that the information presented in this Annual Report is true to the facts and that no material information has been omitted that could influence an accurate and precise assessment of the Company.

Roman Juráš
Chairman of the Board of Directors

Milan Novotný
Member of the Board of Directors

Audit of the Financial Statements

Since 2021, the financial statements have been audited by KPMG Česká republika Audit, s.r.o. Generali Česká pojišťovna's financial statements were audited on 1 April 2025.

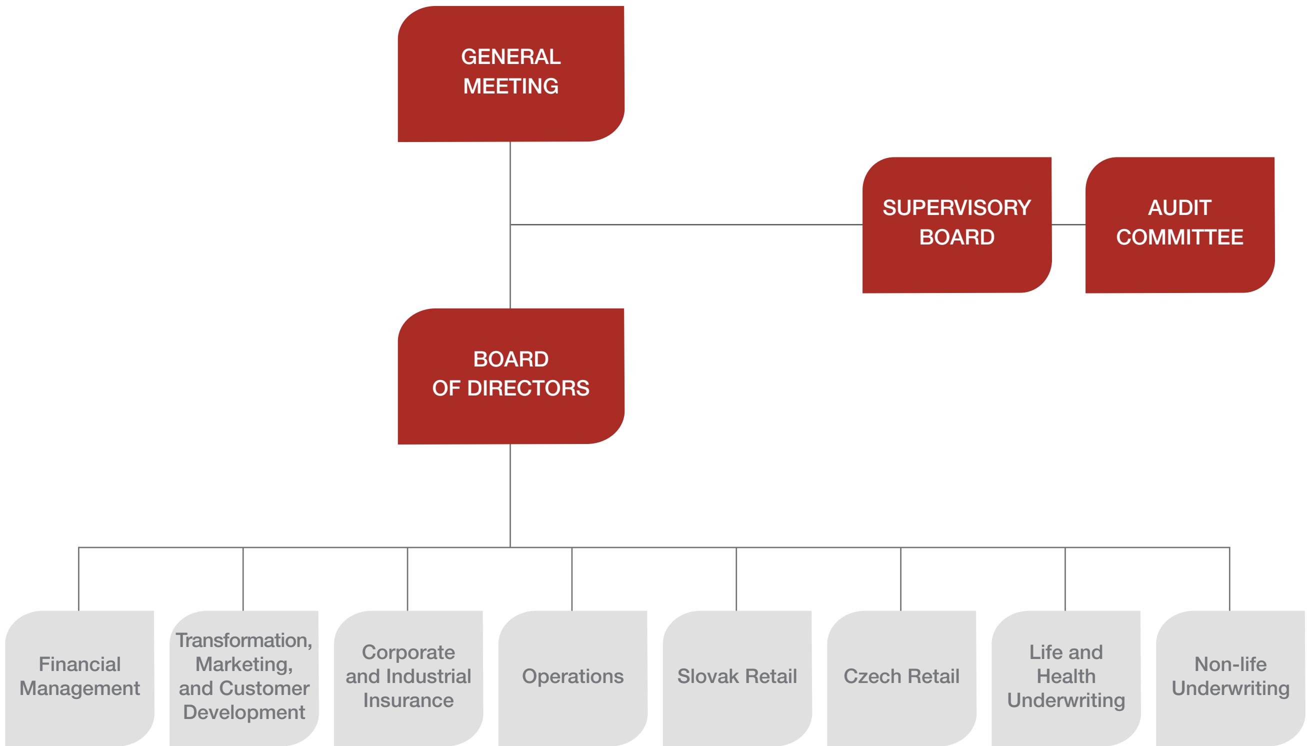
Registration number: 496 19 187
Registered office: Praha 8, Pobřežní 648/1a, 18600
Statutory audit licence number: 71
Auditor-in-charge: Jindřich Vašina
Authorisation number: 2059

A SMART CHOICE THANKS TO PROFESSIONAL ADVISERS

Our customers always come first. Everyone has their own individual needs and wishes. That’s why our advisers offer a personalised approach and tailored solutions.

ORGANISATION AND CONTACT DETAILS

Basic Organisation Chart of Generali Česká pojišťovna as at the Date of the Annual Report.



Contact Details for Generali Česká pojišťovna

Head Office:

Generali Česká pojišťovna a.s.
Registered office: Spálená 75/16, 110 00 Praha 1
Temporary address of head office: Na Pankráci 1720/123, 140 00 Praha 4
GČP Customer Service: 241 114 114
www.generaliceska.cz
Address for service: Generali Česká pojišťovna a.s., P.O. Box 305, 659 05 Brno

Generali Poisťovňa, pobočka poisťovne z iného členského štátu:

Name: Generali Poisťovňa, pobočka poisťovne z iného členského štátu
Registered office: Lamačská cesta 3/A, 841 04 Bratislava, Slovak Republic
Telephone: +421 2 38 11 11 17
Email: generali.sk@generali.com
www.generali.sk

ADDITIONAL INFORMATION

Snapshot

Company name	**Generali Česká pojišťovna a.s.**
Legal form	Public limited company (akciová společnost)
Registered office	Spálená 75/16, 110 00 Praha 1
Registration number	452 72 956
VAT number	CZ699001273
Date of incorporation	1 May 1992 The Company has been formed for an indefinite duration.
Legal reference	The Company was founded (pursuant to Section 11(3) of Act No 92/1991 on conditions for the transfer of state property to other entities, as amended) by the National Property Fund of the Czech Republic under a memorandum of association dated 28 April 1992, and was incorporated by registration in the Commercial Register on 1 May 1992.
Incorporated at	Municipal Court in Prague Register entry: Section B, File 1464
Date and purpose of most recent change in the Commercial Register	Effective as of 31 December 2024, Antonella Maier ceased to sit on the Supervisory Board.
The company owns a branch in Slovakia, which was incorporated by entry in the Slovak Commercial Register on 11 November 2021. The branch is engaged in the same activities as its founding company. All information reported includes the branch, unless otherwise stated.	
As at 31 December 2024, the approved and paid-up share capital consisted of 40,000 dematerialised, registered ordinary shares totalling CZK 4,000 million.	

Issue (ISIN)	**CZ0009106043**
Security category	ordinary
Form	registered
Type	dematerialised
Nominal value	CZK 100,000
Number of shares issued	40,000
Total volume	CZK 4,000,000,000
Issue date	15 November 2006
Admission to trading on a regulated (public) market	unlisted security (not tradable in public markets)

Principal Business according to the Current Articles of Association and Types of Insurance Written

Generali Česká pojišťovna is a composite insurer offering a wide range of life and non-life insurance classes.

Under Decision of the Ministry of Finance of the Czech Republic Ref. No 322/26694/2002, dated 11 April 2002, which entered into force on 30 April 2002 and which grants the Company a licence to engage in insurance, reinsurance and related activities, under Decision of the Ministry of Finance of the Czech Republic Ref. No 32/133245/2004-322, dated 10 January 2005, which entered into force on 14 January 2005 and which expands the Company's licence to engage in insurance- and reinsurance-related activities, and under Decision of the Czech National Bank Ref. No 2012/11101/570, amending the scope of licensed activities, the Company's principal business objects are as follows:

1. Insurance activities pursuant to Act No 277/2009 on insurance, comprising
   - life insurance classes referred to in Annex 1 to the Insurance Act, Part A, I, II, III, VI, VII, and IX;
   - the non-life insurance classes referred to in Annex 1 to the Insurance Act, Part B, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, and 18.
2. Reinsurance activities, comprising all types of reinsurance activities under the Insurance Act.
3. Insurance- and reinsurance-related activities
   - intermediary services related to insurance and reinsurance activities under the Insurance Act;
   - consultancy services related to the insurance of natural and legal persons under the Insurance Act;
   - investigations into insurance claims conducted under a contract with an insurer under the Insurance Act;
   - the exercise of rights and fulfilment of obligations for and on behalf of the Czech Insurers' Bureau pursuant to Act No 168/1999, as amended;
   - the intermediation of financial services referred to in (a) to (j) below:
     - (a) intermediation of the acceptance of deposits and other funds due from the public, including intermediation in building savings schemes and supplementary pension insurance;
     - (b) intermediation of loans of all types, including, without limitation, consumer loans, mortgage loans, factoring and the financing of commercial transactions;
     - (c) intermediation of finance leases;
     - (d) intermediation of all payments and money transfers, including credit and debit cards, travellers' cheques and bank drafts;
     - (e) intermediation of guarantees and commitments;
     - (f) intermediation of customer trading on individual customer accounts on the stock exchange or other markets, for cash or otherwise, concerning negotiable instruments and financial assets;
     - (g) intermediation of the management of assets, such as cash or portfolios, all forms of collective investment management, pension fund management, escrow accounts and custodianships;
     - (h) intermediation of payment and clearing services relating to financial assets, including securities, derivatives and other negotiable instruments;
     - (i) advisory-based intermediation and other ancillary financial services relating to all activities listed in (a) to (h), including references to loans and analysis thereof, research and consultancy in the field of investments and portfolios, consultancy in the field of acquisitions and restructuring, and corporate strategy;
     - (j) intermediation of the provision and transmission of financial information, financial data processing, and relevant software from providers of other financial services.
4. Training activities for insurance intermediaries and independent loss adjusters.

The Company also engages in all activities related to its ownership interests in other legal entities.

Persons with Executive Authority

In 2024, the Company recorded no loans or guarantees extended to members of the Board of Directors or the Supervisory Board.

No member of the Company’s Board of Directors or Supervisory Board is in a conflict of interest due to membership of another company’s governing bodies.

No member of the Board of Directors or Supervisory Board has been convicted of any fraud-related crime.

In 2024, the following changes were made to the Company’s bodies:

Board of Directors:
Effective as of 31 January 2024, Andrea Leskovská ceased to sit on the Board of Directors.
Effective as of 1 February 2024, Lenka Kejíková was appointed a member of the Board of Directors.
Effective as of 1 July 2024, Roman Juráš was re-appointed a member of the Board of Directors.
Effective as of 1 July 2024, Jiří Doubravský was re-appointed a member of the Board of Directors.

Supervisory Board:
Effective as of 1 January 2024, Miloslava Mášová ceased to sit on the Supervisory Board.
Effective as of 1 January 2024, Lucie Šmerousová was appointed a member of the Supervisory Board.
Effective as of 1 January 2024, Marek Kubiska was re-appointed a member of the Supervisory Board.
Effective as of 31 December 2024, Antonella Maier ceased to sit on the Supervisory Board.

Principal activities of members of the Board of Directors and Supervisory Board in other companies, to the extent they are material for the Company, in 2024:

Roman Juráš:
- chairman of the Management Board of the Czech Insurers’ Bureau;
- vice-president of Czech Insurance Association;
- chairman of the Supervisory Board of VÚB GENERALI DÔCHODKOVÁ SPRÁVCOVSKÁ SPOLOČNOSŤ, A.S., Slovakia;
- chairman of the Board of Trustees of the Generali Foundation – The Human Safety Net;
- member of the Supervisory Board of OVB Holding AG, Germany, as of 14 June 2023.

Pavol Pitoňák:
- head of the organisational unit Generali Poisťovňa, pobočka poisťovne z iného členského štátu, Slovakia, as of 1 March 2023;
- chairman of the Supervisory Board of Generali Slovenská distribúcia, a. s., Slovakia.

Miroslav Singer:
- vice-chairman of the Supervisory Board of MONETA Money Bank, a.s.;
- member of the Supervisory Board of Generali zavarovalnica d.d., Slovenia.

Marek Kubiska
- this member of the Supervisory Board engages in no significant activity in other companies.

Jiří Doubravský:
- this member of the Supervisory Board engages in no significant activity in other companies.

David Vosika
- member of the Supervisory Board of Europ Assistance s.r.o.

Antonella Maier
- member of the Supervisory Board of Generali Investments CEE, investiční společnost, a.s.;
- chairwoman of the Supervisory Board of Generali penzijní společnost, a.s.;
- member of the Board of Directors of GENERTELLIFE S.p.A., Italy, as of 15 November 2023.

Katarína Bobotová
- member of the Supervisory Board of Generali Slovenská distribúcia, a. s., Slovakia;
- chairwoman of the Supervisory Board of the Generali Česká pojišťovna Foundation;
- member of the Supervisory Board of Generali Česká Distribuce a.s.

Marián Zelko
- member of the Supervisory Board of Generali Česká Distribuce a.s.

Manlio Lostuzzi
- member of the Board of Directors of Generali CEE Holding B.V., Netherlands;
- chairman of the Supervisory Board of Generali Towarzystwo Ubezpieczeń S.A., Generali Życie Towarzystwo Ubezpieczeń S.A., and Generali Finance Sp. Z o.o.;
- chairman of the Supervisory Board of Generali Powszechne Towarzystwo Emerytalne S.A.;
- vice-chairman of the Supervisory Board of GENERALI INVESTMENTS TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH AKCYJNA, Poland.

Milan Novotný
- member of the Supervisory Board of Generali Česká Distribuce a.s.;
- member of the Supervisory Board of the Generali Česká pojišťovna Foundation;
- member of the Supervisory Board of Generali Slovenská distribúcia, a. s.

Jose Garcia Naveros
- chairman of the Board of Directors of Asesoria e Inversiones Los Olmos S.A., Chile.

Karel Bláha
- this member of the Board of Directors engages in no significant activity in other companies.

Lenka Kejíková
- member of the Supervisory Board of Generali Česká Distribuce a.s.;
- member of the Supervisory Board of Generali penzijní společnost, a.s.;
- member of the Supervisory Board of Generali Investments CEE, investiční společnost, a.s., as of 4 December 2024.

Lucie Šmerousová
- this member of the Supervisory Board engages in no significant activity in other companies.

Information on Research and Development

Other than innovation activities customary in its line of business, the Company does not carry out any research and development.

Non-financial Information

In accordance with an exemption pursuant to Act No 563/1991, the Company does not present non-financial information in its Annual Report as such details can be found in the consolidated annual report published by Assicurazioni Generali S.p.A., registered office: Piazza Duca degli Abbruzi 2, 34132, Trieste, Italy.

Subsequent events

The Company has not identified any significant events that have occurred since the end of the reporting period up to 1 April 2025.

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FINANCIAL SECTION

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This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report

to the Shareholder of Generali Česká pojišťovna a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Generali Česká pojišťovna a.s. ("the Company"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2024, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information. Information about the Company is set out in Note A to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, 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.

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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.

Measurement of liabilities for remaining coverage in life segment

As at 31 December 2024, liabilities for remaining coverage in life segment: MCZK 32,969 (2023: MCZK 34,935).

Refer to additional information disclosed in Note C.1.12 and E.9 of the Company's financial statements.

The key audit matter

The outstanding balance of liability for remaining coverage for insurance contracts represents significant elements of insurance contract liabilities in the Company's statement of financial position.

In measuring the liabilities for remaining coverage ("LRC") the Company's 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). Estimating the PVFCFs requires application of professional judgment as well as complex and subjective assumptions, including those with a long-time horizon, with the complexity increased in the current volatile economic conditions. 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.

The key assumptions include those related to costs, lapse rates, contract boundaries, claim ratios, mortality/morbidity rates, coverage units, discount and crediting rates. Relatively minor changes in management's assumptions can have a significant effect on the recognized amount of the LRC.

Due to the above factors, we determined measurement of the LRC to be associated with a significant risk of material misstatement. As such, we considered measurement of the LRC to be our key audit matter which required our increased attention in the audit.

How the matter was addressed in our audit

Our procedures in the area, performed, where applicable, with the assistance of our own actuarial and information technology (IT) audit specialists, included the following, among other things:

- We tested the design, implementation and, where relevant, operating effectiveness of selected system (IT-based) and manual controls over measurement of the liabilities for remaining coverage, including those over determination of actuarial assumptions.
- We tested the relevance and reliability of data used in making the LRC estimates, which included, among other things, testing the policy data, data on expenses, data used for estimation of future cash flows and actual cash flow data in the period;
- With specific consideration of the assessed effects of the current economic conditions, we:
    - Critically assessed the method and model applied in measuring the amounts of the LRC against the relevant requirements of the financial reporting standards and market practice;
    - Challenged the key assumptions applied therein, such as costs, lapse rates, contracts boundaries, claim ratios, mortality/morbidity rates, coverage units, discount and crediting rates, by reference to the Company's experience studies and market data, as considered appropriate, and also by analysing the development of the assumptions over time;

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- We analytically assessed significant year-to-year variations in the amounts of LRC. On a sample of contracts we recalculated projected cash flows applying the said data and assumptions;
- We assessed the appropriateness of the Company's disclosures regarding LRC against the requirements of the relevant financial reporting standards.

Measurement of liabilities for incurred claims

As at 31 December 2024, liability for incurred claims: MCZK 24,342 (2023: MCZK 22,754).

Refer to additional information disclosed in Note C.1.12 and E.9 of the Company's financial statements.

The key audit matter

Liability for incurred claims ("LIC") constitute significant elements of insurance contract liabilities in the Company's statement of financial position. In measuring the amounts of LIC, management was required, among other things, to establish the present value of future fulfilment cashflows for claims that occurred until 31 December 2024 (including claims that have been incurred but not yet reported).

The measurement is complex, as it requires judgment and involves selection and application of methods and models and making complex assumptions. A number of acceptable actuarial methods may be used, and in many cases standard actuarial methods need adjustments specific to the circumstances and such adjustments also require the application of significant judgment.

Also, relatively minor changes in management's assumptions can have a material effect on the recognized amounts of LIC, with the key assumptions including those in respect of the claims development factors and discount rates.

Due to the above factors, satisfying ourselves regarding measurement of the liabilities for incurred claims required our increased attention in the audit and we determined the area to be our key audit matter.

How the matter was addressed in our audit

Our procedures in the area, performed, where applicable, with the assistance of our own actuarial and IT audit specialists, included the following, among other things:

- We tested the design, implementation and, where relevant, operating effectiveness of selected system (IT-based) and manual controls over measurement of the liabilities for incurred claims, including those over determination of actuarial assumptions.
- In respect of the LIC estimates we:
    - critically assessed the methods and models applied in measuring the amounts of the LIC against the relevant requirements of the financial reporting standards and market practice.
    - challenged the key assumptions applied therein, as follows:
        - development factors – assessing whether they were properly extracted from the Company's experience studies;
        - discount rates - by reference to risk free rates obtained from publicly available external sources.
    - analytically assessed significant year-to-year variations in the amounts of LIC, the development of claims ratio and also made relevant inquiries of the Company's actuarial experts and employees of claims handling department. We also carried out own independent recalculations of key elements of the LIC;
- We traced the input data for the calculation of LIC to the underlying databases of incurred and paid claims, whose relevance and reliability we independently assessed, among other things, through

inspection of evidence such as loss adjustor reports, independent expert reports, bank statements with payments for particular claims or other relevant documentation.

- We evaluated the reasonableness of the methods and models applied in estimating the liabilities for incurred claims by performing the comparison of the actual experience to previously expected results;
- We assessed the appropriateness of the Company's disclosures regarding the LIC against the requirements of the relevant financial reporting standards.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting 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.

The Supervisory Board is responsible for overseeing the Company's financial reporting process. The Audit Committee is responsible for monitoring the Company's financial reporting process.

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Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations 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 the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 26 September 2024 and our uninterrupted engagement has lasted for 4 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 1 April 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit, we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the financial statements or annual report.

Statutory Auditor Responsible for the Engagement

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of Generali Česká pojišťovna a.s. as at 31 December 2024, based on which this independent auditor's report has been prepared.

Prague
1 April 2025

KPMG Česká republika Audit, s.r.o.
Registration number 71

Signed by

Jindřich Vašina
Partner
Registration number 2059

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CONTENTS

SEPARATE FINANCIAL STATEMENTS

Acronyms:

Acronym	
AC	Amortized Cost
ALM	Asset-liability Management
Bp, Bps	Basic points
BPV	Basis Point Value
CASCO	Motor Insurance
CAT	Catastrophic Excess of Loss Reinsurance Contract
CCS	Cross Currency Swap
CDO	Collateralized Debt Obligation
CDS	Credit Default Swap
CEE	Central and Eastern Europe
CF	Cash Flows
CNB	Czech National Bank
CRO	Chief Risk Officer
CSM	Contractual Service Margin
CZK	Czech Crown
CzNIP	Czech Insurance Nuclear Pool
DORA	Digital Operational Resilience Act
DPF	Discretionary Participation Features
DT	Deferred Tax
D&O	Directors and Officers Liability
EAD	Exposure at default
ECAI	External Credit Assessment Institutions
ECL	Expected Credit Loss
EIOPA	European Insurance and Occupational Pensions Authority
EIR	Effective Interest Rate
ESMA	European Securities and Markets Authority
EU	European Union
EUR	Euro
FV	Fair Value
FVH	Fair Value Hierarchy
FVO	Fair Value Option
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
GCEE	Generali CEE Holding
GM	General model
GMM	General Measurement Model

Acronyms:

Acronym	
GoC	Group of contracts
GP Re	GP Reinsurance EAD
IAS	International Accounting Standards
IBOR	Interbank Offered Rate
IASB	International Accounting Standards Board
ID Number	Identification Number
IFRIC	Interpretation of International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IRGG	Generali Investments Risk Group Guidelines
IRR	Internal Rate of Return
IRS	Interest Rate Swap
ISDA	International Swaps and Derivatives Association
ISO/IEC	International Organization for Standardization/International Electrotechnical Commission
IT	Information Technology
IVASS	Institution for the Supervision of Insurance
LGD	Loss given default
LRC	Liability for remaining coverage
MTPL	Motor Third Party Liability
NAV	Nett Asset Value
NIS2	Network and Information Security Directive
No	Number
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
PD	Probability of default
PPE	Property, Plant and Equipment
PVFCF	Present Value of Future Cash Flows
P&L	Profit and Loss
RA	Risk Adjustment
ROE	Return on Equity
rTSR	relative Total Shareholder´s Return
SAA	Strategic Asset Allocation
SCR	Solvency capital requirement
SFCR	Solvency and Financial Condition Report
SME	Small and Medium-sized Enterprises
SPPI	Solely payment of principle and interest
TC	Total Cycle Cost
ULAE	Unallocated Loss Adjustment Expenses
USD	United States Dollar
VFA	Variable Fee Approach
w/o	without
X/L	Excess of Loss Reinsurance

Statement of financial position as at 31 December

In CZK million	Note	2024	2023
Cash and cash equivalents	E.6	1,606	1,916
Subsidiaries and associates	B	13,274	13,801
Investments	E.3	71,083	76,417
Investment property		9	115
Measured at amortized cost		666	1,287
Measured at FVOCI		40,540	46,150
Measured at FVTPL		29,868	28,865
Receivables	E.4	1,174	1,715
of which: Current tax assets		242	702
Insurance contract assets	E.9	4,704	3,945
Reinsurance contract assets	E.9	14,454	12,217
Property and equipment		219	528
of which: Right of use	E.2	130	389
Intangible assets	E.1	1,750	1,857
Non-current assets held for sale		331	493
Deferred tax receivable	E.22	2,103	2,216
Other assets	E.7	504	462
Total assets		**111,202**	**115,567**
Share capital		4,000	4,000
Retained earnings and other reserves		29,018	33,447
Total equity	**E.8**	**33,018**	**37,447**
Insurance contract liabilities	E.9	67,216	66,337
Reinsurance contract liabilities	E.9	3,362	3,008
Other provisions	E.10	383	315
Financial liabilities	E.11	364	667
Payables	E.12	5,632	6,488
Deferred tax liabilities		-	83
Other liabilities	E.13	1,227	1,222
Total liabilities		**78,184**	**78,120**
Total equity and liabilities		**111,202**	**115,567**

Income statement for the year ended 31 December

In CZK million	Note	2024	2023
Insurance service result		**4,342**	**4,874**
Insurance revenue	E.14	49,501	45,948
Insurance service expenses	E.15	(44,000)	(36,419)
Net expenses from reinsurance contracts	E.16	(1,159)	(4,655)
Net financial result		**1,506**	**2,606**
Investment return	E.17	4,426	6,775
Interest revenue calculated using the effective interest method	E.17	1,502	1,579
Other investment revenue	E.17	2,952	5,174
Net impairment loss on financial assets	E.17	(28)	22
Insurance finance result	E.18	(2,920)	(4,169)
Net finance expenses or income from insurance contracts	E.18	(3,180)	(4,355)
Net finance expenses or income from reinsurance contracts	E.18	260	186
Other income	E.19	763	703
Other operating expenses	E.20	(1,689)	(1,739)
Other finance costs		(37)	(52)
Profit before tax		**4,885**	**6,392**
Income tax expense	E.22	(1,245)	(672)
Net profit for the year		**3,640**	**5,720**

Statement of comprehensive income for the year ended 31 December

In CZK million	Note	2024	2023
Net profit for the year		**3,640**	**5,720**
Other comprehensive income - elements which will not be reclassified to profit or loss			
Currency translation differencies		-	(3)
Equity investments at FVOCI		395	351
Tax on items of Other comprehensive income		(84)	(74)
		311	**274**
Other comprehensive income - elements which may be recycled to profit or loss			
Currency translation differencies		199	(23)
Debt investments at FVOCI - Net change in fair value		14	2,631
Debt investments at FVOCI - Net amount reclassified to profit or loss		(14)	(105)
Net finance expenses from insurance contracts		33	(659)
Net finance income from reinsurance contracts		61	400
Tax on items of Other comprehensive income		(17)	(434)
		276	**1,810**
Other comprehensive income/loss, net of tax		**587**	**2,084**
Total comprehensive income		**4,227**	**7,804**

Statement of changes in equity for the year ended 31 December

In CZK million	Note	Share capital	Revaluation financial assets FVOCI	Insurance finance reserve	Reserve fund	Trans-lation reserve	Other funds	Retained earnings	Total
Balance as at 1 January 2023	**E.8**	**(4,000)**	**2,452**	**(214)**	**(912)**	**262**	**(6)**	**(31,715)**	**(34,133)**
Currency translation differences		-	23	3	-	-	-	-	26
Net finance expenses from insurance contracts		-	-	659	-	-	-	-	659
Net finance income from reinsurance contracts		-	-	(400)	-	-	-	-	(400)
Financial assets revaluation in egiuty		-	(2,982)	-	-	-	-	-	(2,982)
Financial assets revaluation realised in income statement		-	105	-	-	-	-	-	105
Tax on items of other comprehensive income		-	553	(45)	-	-	-	-	508
Other Comprehensive income		**-**	**(2,301)**	**217**	**-**	**-**	**-**	**-**	**(2,084)**
Net profit for the year		-	-	-	-	-	-	(5,720)	(5,720)
Total Comprehensive income		**-**	**(2,301)**	**217**	**-**	**-**	**-**	**(5,720)**	**(7,804)**
Dividends to shareholder		-	-	-	-	-	-	4,530	4,530
Share-based payment reserve		-	-	-	-	-	(15)	(27)	(42)
Transactions with owners of the Company		**-**	**-**	**-**	**-**	**-**	**(15)**	**4,503**	**4,488**
Other		-	4	-	-	-	-	(2)	2
Balance as at 1 January 2024	**E.8**	**(4,000)**	**155**	**3**	**(912)**	**262**	**(21)**	**(32,934)**	**(37,447)**
Currency translation differences		-	(33)	(1)	-	(165)	-	-	(199)
Net finance expenses from insurance contracts		-	-	(33)	-	-	-	-	(33)
Net finance income from reinsurance contracts		-	-	(61)	-	-	-	-	(61)
Financial assets revaluation in egiuty		-	(409)	-	-	-	-	-	(409)
Financial assets revaluation realised in income statement		-	14	-	-	-	-	-	14
Tax on items of other comprehensive income		-	77	24	-	-	-	-	**101**
Other Comprehensive income		**-**	**(351)**	**(71)**	**-**	**(165)**	**-**	**-**	**(587)**
Net profit for the year		-	-	-	-	-	-	(3,640)	(3,640)
Total Comprehensive income		**-**	**(351)**	**(71)**	**-**	**(165)**	**-**	**(3,640)**	**(4,227)**
Dividends to shareholder		-	-	-	-	-	,	8,730	8,730
Share-based payment reserve		-	-	-	-	-	(29)	(45)	(74)
Transactions with owners of the Company		**-**	**-**	**-**	**-**	**-**	**(29)**	**8,685**	**8,656**
Other		-	-	-	-	-	-	-	-
Balance as at 31 December 2024	**E.8**	**(4,000)**	**(196)**	**(68)**	**(912)**	**97**	**(50)**	**(27,889)**	**(33,018)**

Statement of Cash Flows for the year ended 31 December

In CZK million	Note	2024	2023
Cash flow from operating activities			
Profit before tax	E.22	4,885	6,392
Adjustments for:			
Depreciation and amortisation		717	907
Impairment and reversal of impairment of current and non-current assets		528	365
Profit/Loss on disposal of PPE, intangible assets and investment property		(30)	-
Profit/Loss on sale and revaluation of financial assets		16	(348)
Gains/losses on disposal of subsidiaries and associated companies		158	-
Dividends income		(1,177)	(1,332)
Interest expense		12	25
Interest income		(1,496)	(1,544)
Other income/expenses not involving movements of cash		(930)	(1,852)
Share based compensation		75	42
Cash flow from operating activities from non-changeable items		**2,758**	**2,655**
Change in loans and advances to banks		21	20
Change in loans and advances to non-banks		(12)	52
Change in receivables		516	359
Change in insurance contract assets and liabilities		70	2,652
Change in reinsurance contract assets and liabilities		(1,824)	(726)
Change in other assets, prepayments and accrued income		(45)	(34)
Change in payables		(1,572)	(2,252)
Change in liabilities to banks		(226)	230
Change in other liabilities, accruals and deferred income		3	78
Change in other provisions		69	(14)
Interest on securities received		2,259	1,949
Dividends received		1,177	1,332
Purchase of financial assets at FVTPL		(6,891)	(4,474)
Purchase of financial assets at FVOCI		(64,541)	(8,587)
Proceeds from financial assets at FVTPL		6,273	3,674
Proceeds from financial assets at FVOCI		70,867	9,055
Income taxes paid		(601)	(451)
Net cash flow from operating activities		**8,301**	**5,518**

In CZK million	Note	2024	2023
Cash flow from investing activities			
Interest received on loans granted		76	73
Purchase of tangible assets and intangible assets		(630)	(905)
Purchase of investment property		(1)	(68)
Proceeds from disposals of tangible and intangible assets		91	227
Proceeds from disposal of subsidiaries and associated companies and other proceeds from subsidiaries		369	-
Repayment of loans granted		386	5
Net cash flow from investing activities		**291**	**(668)**
Cash flow from financing activities			
Payment of lease liability		(160)	(382)
Interest paid on lease liability		(12)	(25)
Dividends paid to shareholders	E.8.2	(8,730)	(4,530)
Net cash flow from financing activities		**(8,902)**	**(4,937)**
Net decrease in cash and cash equivalents		**(310)**	**(87)**
Cash and cash equivalents as at 1 January	E.6	**1,916**	**2,003**
Cash and cash equivalents as at 31 December	E.6	**1,606**	**1,916**

NOTES TO THE FINANCIAL STATEMENTS

A. General Information

A.1. Description of the Company

Generali Česká pojišťovna a.s. ("Generali Česká pojišťovna" or "the Company") is a composite insurer offering a wide range of life and non-life insurance products and is domiciled in the Czech Republic. The Company was incorporated on 1 May 1992 as a joint stock company and is the successor to the former state-owned insurance company Česká státní pojišťovna.

The Company has established a branch in Slovakia, Generali Poisťovňa, pobočka poisťovne z iného členského štátu (the Branch). The Branch was registered into the Slovak Commercial Register on 11 November 2021.Financial data of the Branch are, in accordance with a legislation of the Czech Republic, an integral part of the financial statements of the Company. Activities of the Branch are identical to those of the founder and are subject to supervision of the Czech National Bank.

Structure of Shareholders

The Company's sole shareholder is Generali CEE Holding B.V., registered office De Entrée 91, 1101BH, Amsterdam, the Netherlands; registered on 8 June 2007, identification number 34275688.

Ultimate parent of the Company is Assicurazioni Generali S.p.A. ("Generali Group"). Consolidated financial statements of Generali Group are publicly available on www.generali.com. Generali Group is registered in the Group Insurance Register maintained by Institution for the Supervision of Insurance (IVASS) under No. 026.

Registered Office of the Company:

Spálená 75/16
110 00 Prague 1
Czech Republic
ID number: 45 27 29 56

Registered Office of the Slovak Branch:

Lamačská cesta 3/A,
841 04 Bratislava
Slovakia
ID number: 54 228 573

The Directors authorised the financial statements for issue on 25th March 2025. The financial statements are subject to an approval of the sole shareholder.

A.2. Statutory bodies

Board of Directors as at the end of the reporting period:

Chairman:	Roman Juráš, Liptovský Hrádok
Vice Chairman:	Milan Novotný, Prague
Member:	David Vosika, Hovorčovice
Member:	Karel Bláha, Prague
Member:	Pavol Pitoňák, Prague
Member:	Jiří Doubravský,Černošice
Member:	Katarína Bobotová, Dunajská Streda
Member:	Lenka Kejíková, Prague
Member:	Marián Zelko, Moravské Lieskové

Effective from 1 February 2024, Lenka Kejíková joined the Board of Directors. Effective from 31 January 2024, Andrea Leskovská terminated her membership in the Board of directors.

At least two members of the Board of Directors must act together in the name of the Company in relation to third parties, courts and other bodies. When signing on behalf of the Company, the signatures and positions of at least two members of the Board of Directors must be appended to the designated business name of the Company.

Supervisory Board as at the end of the reporting period:

Chairman: Miroslav Singer, Prague
Member: Manlio Lostuzzi, Terst
Member: Marek Kubiska, Nový Rychnov
Member: Lucie Šmerousová, Prague
Member: Jose Garcia Naveros, Madrid

Effective from 1 January 2024, Lucie Šmerousová joined the Supervisory board. Effective from 1 January 2024, Marek Kubiska joined the Supervisory board. Effective from 1 January 2024 Miloslava Mášová terminated her membership in the Supervisory board. Effective from 31 December 2024 Antonella Maier terminated her membership in the Supervisory board.

A.3 Statement of compliance

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

The management has reviewed those standards and interpretations adopted by the EU at the reporting date of the financial statements but which were not effective as at that date. An assessment of the expected impact of these standards and interpretations on the Company is shown in Note C.3.

A.4 Basis of preparation

The shareholders of the Company decided in accordance with Act. No. 563/1991 Sb., section 3, § 19a, that the financial statements for the period ended 31 December 2024 will be drawn up in accordance with International Financial Reporting Standards ("IFRS"). In accordance with IFRS 10 "Consolidated Financial Statements" and in accordance with Act. No. 563/1991 Sb., section 3, § 19a and § 22aa the Company does not prepare consolidated financial statements and does not prepare consolidated annual report. Consolidated financial statements and consolidated annual report is prepared by its ultimate parent company Assicurazioni Generali S.p.A. and will be presented on its website www.generali.com

Details of the Company's material accounting policies are included in Note C.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities, which are measured on the following alternative basis on each reporting date:

Item Measurement	Basis
Financial instruments at FVTPL, including hedging instruments	Fair value
Financial assets at FVOCI	Fair value
Non-current assets held for sale	Lower of their carrying amount and fair value less cost to sell
Insurance and reinsurance contracts	Fulfilment cash flows and, if any, the CSM
Other impaired non-financial assets	Higher of fair value less costs of disposal and value in use

Functional and presentation currency

The financial statements are presented in Czech Crowns ("CZK") which is the Company's functional currency. The functional currency of the branch in Slovakia is Euro ("EUR").

Use of judgements and estimates

The preparation of the financial statements requires that management make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that cannot readily be determined from other sources. The actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in both, the period of the revision and future periods, if the revision affects both the current and future periods.

More information about assumptions and judgements is described in note C.2.

B. Subsidiaries and associates

The following table provides details about the Company's subsidiaries and associates (Companies with proportion of ownership interest less than 50 %):

In CZK million, for the year ended 31 December 2024 Name	Country	Cost of investment	Accumulated impairment	Net cost of investment	Proportion of ownership interest (%)	Proportion of voting power (%)	Accounting treatment	Note
Acredité s.r.o.	Czech Republic	8	-	8	100.00	100.00	Cost less impairment	
Europ Assistance s.r.o.	Czech Republic	30	-	30	25.00	25.00	Cost less impairment	
Generali Česká Distribuce a.s.	Czech Republic	14	-	14	100.00	100.00	Cost less impairment	
Generali penzijní společnost, a.s.	Czech Republic	6,904	(80)	6,824	100.00	100.00	Cost less impairment	
Generali Real Estate Fund CEE a.s., investiční fond	Czech Republic	4,500	-	4,500	50.18	50.18	Cost less impairment	
Generali Slovenská Distribúcia a.s.	Slovak Republic	23	-	23	100.00	100.00	Cost less impairment	
Nadace Generali České pojišťovny	Czech Republic	6	-	6	100.00	100.00	Cost less impairment	
Pařížská 26, s.r.o.	Czech Republic	346	-	346	100.00	100.00	Cost less impairment	
SMALL GREF a.s.	Czech Republic	735	-	735	29.52	29.52	Cost less impairment	
VÚB Generali dôchodková správcovská spoločnosť, a.s.	Slovak Republic	788	-	788	44.74	44.74	Cost less impairment	
TOTAL		**13,354**	**(80)**	**13,274**				

1. PALAC KRIZIK a.s.

The Company on 17 December 2024 sold its 50% share in the company PALAC KRIZIK a.s. The sale price amounted to CZK 369 million and the realised loss from this operation was booked in the amount of CZK 158 million.

In CZK million, for the year ended 31 December 2023 Name	Country	Cost of investment	Accumulated impairment	Net cost of investment	Proportion of ownership interest (%)	Proportion of voting power (%)	Accounting treatment	Note
Acredité s.r.o.	Czech Republic	8	-	8	100.00	100.00	Cost less impairment	
Europ Assistance s.r.o.	Czech Republic	30	-	30	25.00	25.00		
Generali Česká Distribuce a.s.	Czech Republic	14	-	14	100.00	100.00		
Generali penzijní společnost, a.s.	Czech Republic	6,904	(80)	6,824	100.00	100.00		1.
Generali Real Estate Fund CEE a.s., investiční fond	Czech Republic	4,500	-	4,500	50.18	50.18		
Generali Slovenská Distribúcia a.s.	Slovak Republic	23	-	23	100.00	100.00		
Nadace Generali České pojišťovny	Czech Republic	6	-	6	100.00	100.00		
PALAC KRIZIK a.s.	Czech Republic	527	-	527	50.00	50.00		
Pařížská 26, s.r.o.	Czech Republic	346	-	346	100.00	100.00		
SMALL GREF a.s.	Czech Republic	735	-	735	29.52	29.52		
VÚB Generali dôchodková správcovská spoločnosť, a.s.	Slovak Republic	788	-	788	44.74	44.74		
TOTAL		**13,881**	**(80)**	**13,801**				

1. Generali penzijní společnost, a.s

An impairment in the amount of CZK 80 million was booked on 31 December 2023 reflecting a decrease in an equity of the subsidiary caused by an implementation of regulatory changes in Tax and Pension Savings Acts.

C. Material accounting policies

C.1. Material accounting policies

C.1.1 Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

The Company owns no software with indefinite useful life. Intangible assets with finite useful lives are amortised on a straight-line basis over an average period of 3 - 5 years. The amortisation methods, useful lives and residual values, if not insignificant, are reassessed annually. If a material additional investment is made to an asset during the year, its useful life and residual value are reassessed at the time the cost of the investment is added to the carrying amount of the asset.

Amortisation is recognised in ‘insurance service expenses’ if it is directly attributable to insurance activities, otherwise, it is recognised in ‘other operating expeses’.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

C.1.2 Property and equipment

Property and equipment are measured at the purchase price or production cost, less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided on a straight-line basis using the following rates:

Item	Depreciation rate (%)
Buildings (including technical appreciation)	10.00 – 20.00
Other tangible assets and equipment	5.88 – 33.33

The leasehold improvements (technical appreciation) performed on leased asset is depreciated over the rental period.

Component parts of an asset which have different useful lives or provide benefits in a different pattern are recognised as component with different depreciation rates.

The depreciation methods, useful lives and residual values, if not insignificant, are reassessed annually. If a material additional investment is made to an asset during the year, its useful life and residual value are reassessed at the time the cost of the investment is added to the carrying amount of the asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in other income. Depreciation is recognised in 'insurance service expenses' if it is directly attributable to insurance activities, otherwise, it is recognised in 'other operation expeses'.

C.1.3 Subsidiaries and associates

All subsidiaries are measured at cost less any impairment losses.

The carrying amount of subsidiaries is tested for impairment annually. The Company observes if events or changes in subsidiaries business indicate that it might be impaired. The Company considers the decreasing equity of a subsidiary as a key indicator of potential impairment.

Distributions of profits (dividends) from subsidiaries are recognised as income in the income statement when the Company's right to receive the payment is established.

C.1.4 Investments

C.1.4.1 Recognition, initial measurement and derecognition

Investments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised costs and investment property.

For spot purchases and sales of financial assets, the Company's policy is to recognise them using settlement-date accounting. Other financial assets are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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 would be accounted for subsequent measurement for the respective measurement category. Financial instruments are measured initially at fair value plus, with the exception of financial instruments at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

A financial asset is derecognised when the Company transfers the risk and rewards of ownership of the financial assets or loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expired or surrendered.

C.1.4.2 Classification and subsequent measurement

C.1.4.3 Financial assets

Classification

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

The Company elects to present changes in the fair value of certain equity investments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

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

In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company has designated certain debt investments in the life segments as at FVTPL on initial recognition, because they relate to insurance contracts that are measured in a way that incorporates current information and all related insurance finance income and expenses are recognised in profit or loss. The assets would otherwise be measured at FVOCI.

Business model assessment

The Company assesses the objective of the business model in which a financial asset is held for each segment because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the segment and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

The segments for business model purposes are defined as non-life business, life traditional business and life unit-linked business.

Financial Investments within the Life Insurance Segment

The aim of financial investments within this segment is to safeguard a sufficient and stable yield in the long run that will enable obligations arising from insurance contracts to be met. The Company invests major part in fixed-income instruments (especially Czech, Slovak and foreign government bonds and corporate bonds of issuers generally with an investment grade rating). Equity instruments are another significant items in the structure of financial investments (for purposes of risk diversification and to optimise overall medium- and long-term returns). There are other assets of which the biggest share has real estate.

In accordance with a feature typical for life insurance liabilities, i.e. their longer duration, instruments covering life insurance provisions have, on average, longer to maturity.

General business model for life traditional business is held to collect and sale. There is a small portfolio of held to collect financial investments.

For unit-linked products there is a specific business model as insurance contracts and relating underlying assets can be seen as portfolios of group of financial assets (and liabilities) that are managed and whose performance is evaluated on a fair value basis.

Financial Investments within the Non-life Insurance Segment

While non-life liabilities are shorter than life liabilities, assets are invested in instruments with shorter maturity, as well as more liquid instruments, which can be readily converted into cash when needed to pay claims occured.

General business model for non-life business is held to collect and sale.

Assessment of whether contractual cash flows are SPPI

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. In addition, for a financial asset acquired at a premium or discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on initial recognition.

Some prepayment features permit the debtor to prepay the debt instrument at an amount calculated as the remaining contractual cash flows discounted at the current market benchmark interest rate plus a fixed spread. The Company has determined that these prepayment features are consistent with the SPPI criterion. Because the Company would be compensated only for the change in the market benchmark interest rate and for lost interest margin, the prepayment penalty would not include any non-SPPI risks and may be seen as reasonable compensation.

Subsequent measurement and gains and losses

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.
Debt investments 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 investments 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 amortised cost	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.

C.1.4.4 Financial liabilities

Classification

The Company classifies its financial liabilities, into one of the following categories:

financial liabilities at FVTPL, and within this category as:
- held-for-trading;
- derivative hedging instruments; or
- designated as at FVTPL; and

financial liabilities at amortised cost.

Subsequent measurement and gains and losses

Financial liabilities at FVTPL	Measured at fair value. Net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognised in profit or loss. Financial liabilities are removed from the Statement of Financial Position when, and only when, they are extinguished – i.e. when the obligation specified in the contract is discharged, cancelled or expires.
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.

C.1.4.5 Interest on financial instruments

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is calculated on initial recognition of a financial instrument and is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

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

The gross carrying amount of a financial asset is its amortised cost before adjusting for any loss allowance.

Financial assets not credit-impaired on initial recognition	If the financial asset is not credit-impaired, then interest income is calculated by applying the effective interest rate to the gross carrying amount of the asset. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the asset, but not ECL.
	If the financial asset has become credit-impaired subsequent to initial recognition, then interest income is calculated by applying the effective interest rate to the amortised cost of the asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For information on when financial assets are credit-impaired, see (C.1.4.7).
Financial assets credit-impaired on initial recognition	Interest income is calculated by applying a credit-adjusted effective interest rate to the amortised cost of the asset. The credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.
Financial liabilities	Interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest revenue calculated using the effective interest method and other finance costs presented in profit or loss include interest on financial assets and financial liabilities measured at amortised cost and debt investments measured at FVOCI.

Interest on financial assets at fair value through profit or loss is reported as a part of Net income from financial instruments at fair value through profit or loss. Interest income and interest expense on other assets or liabilities is reported as 'insurance service expenses' if it is directly attributable to insurance activities (Note E.21), otherwise it is recognised in 'other operating expenses' (Note E.20).

C.1.4.6 Derivatives, including embedded derivatives

Derivatives, including embedded derivatives separated from their host contracts, are classified as held-for-trading or hedging derivatives (see C.1.21). They are measured at fair value with changes in fair value recognised in profit or loss.

Derivatives may be embedded in another contractual arrangement (a host contract). When the host contract is a financial asset in the scope of IFRS 9, the hybrid financial instrument as a whole is assessed for classification and the embedded derivative is not separated from the host contract.

A derivative embedded in a host insurance or reinsurance contract is not accounted for separately from the host contract if the embedded derivative itself meets the definition of an insurance or reinsurance contract (see C.1.12.1).

For other contracts, the Company accounts for an embedded derivative separately from the host contract when:

- the hybrid contract is not measured at FVTPL;
- the terms of the embedded derivative would have met the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. In particular, an embedded derivative is closely related to a host insurance contract if they are so interdependent that the embedded derivative cannot be measured separately – i.e. without considering the host contract.

C.1.4.7 Impairment

The impairment requirements are based on an expected credit loss (ECL) model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, receivables from intermediaries and lease receivables under IFRS 16 Leases. The Company recognise 12-month ECL on initial recognition (or when the commitment or guarantee was entered into) and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then a lifetime ECL is recognised. For trade receivables, a simplified approach is applied whereby the lifetime ECL are always recognised.

Expected credit loss is weighted average credit losses with the probability of default as a weight.

The Company determines whether the financial asset is in one of three stages (Stage 1, Stage 2, Stage 3) based on assessment whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition.

	Stage 1	**Stage 2**	**Stage 3**
Credit-impaired assets:	No	No	Yes
Significant increase of the credit risk:	No	Yes	Yes
Expected credit loss:	ECL – 12 month	ECL – lifetime	ECL – lifetime
Interest revenue	On gross carrying amount	On gross carrying amount	On amortised carrying amount

12 month ECL is the portion of expected credit losses associated with the financial instrument defaulting in the next 12 month. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

In this risk assessment, the Company takes into account the change in default that may occur after the expected life of the financial instrument (see D.5.2) and not the change in the amount of expected credit losses.

The key inputs into the measurement of ECL are term structures of the following variables:

- Probability of default / PD;
- loss given default (LGD); and
- exposure at default (EAD).

These parametres are based on the Company's experience, expert credit assessment and forward-looking information. See also Note D.5.2.

If the Company in previous reporting periods calculated lifetime ECL and if there is an evidence that there is no longer a significant increase in credit risk, relative to initial recognition, then the loss allowance on an instrument returns to be measured as 12 month ECL.

Presentation of expected credit losses in the Statement of financial position and the Income statement.

In case of financial assets measured at amortised cost, ECL is deducted from gross carrying amount of the asset. In case of FVOCI assets, ECL is deducted from the FVOCI revaluation in equity.

In Income statement, ECL of financial asset are presented in the line "Net impairment loss on financial assets" .

Debt securities are derecognised (written off either partially or fully) if there is not real and achievable possibility of recovery.

Loss on derecognition due to writte off of financial instruments and other receivables writte off is presented as "Net impairment loss on financial assets".

Significant increase in credit risk a forward looking information are described in the chapter D 5.2.

C.1.4.8 Investment property

Investment properties are properties held either to earn rental income, for capital appreciation or both. A property owned by the Company is treated as an investment property if it is not occupied by the Company or it occupies only an insignificant proportion of the property.

To measure the value of investment properties, the Company applies the cost model set out by IAS 40, and adopts the depreciation criteria defined by IAS 16. Please refer to the paragraph on property and equipment (C.1.2) for information about the criteria used by the Company. Rental income from investment property is accounted for on a straight-line basis over the term of the lease.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

C.1.5 Receivables

This item includes receivables arising out of shared services to other companies within the group, receivables from intermediates, co-insurers, tax and other receivables.

They are initially recognised at fair value and subsequently measured at amortised cost reflecting their presumed recoverable amounts. For impairment requirements see C.1.4.7.

C.1.6 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sales rather than through continuing use are classified as held-for-sale. Immediately before being classified as held-for-sale, the assets are measured in accordance with the applicable IFRS. Thereafter, generally, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated to assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

C.1.7 Cash and cash equivalents

Cash consists of cash on hand, demand deposits with banks and other financial institutions and term deposit due within 15 days. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

C.1.8 Lease transactions

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

The Company has about 101 lease contracts as at 31 December 2024 (2023: 290) which represent real estate interests held on a leasehold basis. The real estates serve mainly as the head office buildings and a network of branches. Part of the leased property is subleased mainly to subsidiaries of the Company. The main part of income is recognised in 'insurance service expenses' if it is directly attributable to insurance activities, otherwise, it is recognised in 'other operating expenses'.

There are no material exposures in the lease contracts relating to variable lease payments, extension and termination options or residual guarantees. There are no commitments to future leases and no restrictions or covenants imposed by leases. The Company did not make any sale and leaseback transaction during the accounting period.

At the commencement of a lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets is recognised.

Right-of-use-assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Right-of-use assets (buildings): 1 to 8 years
- Right-of-use asset (car): 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Amortisation is recognised in 'insurance service expenses' if it is directly attributable to insurance activities, otherwise, it is recognised in 'other operating expenses'.

The right-of-use assets are also subject to impairment testing.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the option to terminate.

Right-of-use assets are presented in balance sheet as Tangible assets if self-used (Note E.2) and as Investments (Note E.3) if not used for own use. Lease liabilities are presented in Financial liabilities (Note E.11). Depreciation charge and interest expense of right-of-use assets are reported in 'insurance service expenses' if it is directly attributable to insurance activities (Note E.21), otherwise, it is recognised in 'other operating expenses' (Note E.20).

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments of properties, the Company uses its incremental borrowing rate at the lease commencement when the interest rate implicit in the lease is not readily determinable. The leases are of similar characteristics (similar class of underlying assets (properties) in similar economic environment) and the discount rates are as follows:

Lease term	2024	2023
Less or equal 3 years	4.48%	7.75%
3-5 years	4.83 %	8.1%
Over 5 years	5.14 %	8.46%

There is one leasing contract for car where interest rate implicit in the lease is 1,5% (2023 1,5%).

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term and low value assets leases

Lease payments associated with short term and low value assets leases are recognised in the income statement as 'insurance service expenses' if it is directly attributable to insurance activities (Note E.21), otherwise, it is recognised in 'other operating expenses' (Note E.20).

C.1.9 Equity

C.1.9.1 Share capital issued

The share capital is the nominal amount approved by a shareholder's resolution. Ordinary shares are classified as equity.

C.1.9.2 Retained earnings and other reserves

This item comprises the following reserves:

Reserve fund

The Company created the reserve fund. The reserve fund is not available for distribution to the shareholders, unless approved by the General Meeting.

Retained earnings

The item includes retained earnings or losses adjusted for the effect due to changes arising from the first application of IFRS and reserves for share-based payments.

Revaluation - financial assets FVOCI

The item includes gains or losses arising from changes in the fair value of FVOCI financial assets, as previously described in the corresponding item of financial investments. The amounts are presented net of the related deferred taxes.

Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in OCI (see note C.1.12.8).

Translation reserve

The item includes unrealised gains or losses arising from revaluation of the financial statements of the Branch from its functional currency which is Euro to the reporting currency Czech Crowns (see C.1.20.1).

Result of the period

This item refers to the Company's result for the period.

C.1.10 Dividends

Dividends are recognised as a liability provided they are declared before the end of the reporting period. Dividends declared after the end of the reporting period are not recognised as a liability but are disclosed in the notes.

C.1.11 Insurance, reinsurance and investment contracts – Classification

Contracts under which the Company accepts significant insurance risk, including insurance risk from other insurers, 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.

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 these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

Some contracts entered into by the Company have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified in scope of IFRS 17 as they contain discretionary participation features and are referred to as an investment contracts with DPF.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

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

Direct participating contracts are measured by the VFA measurement model (mainly pure unit-link contracts).

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. These contracts are measured under the GMM or PAA measurement model (see C.1.12.6).

C.1.12 Insurance and reinsurance contracts

C.1.12.1 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 instruments (see C.1.4):

- 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.

C.1.12.2 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 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 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 comprises 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' under (C.1.12.5)). This applies to the Company's excess of loss and stop loss reinsurance contracts.
- *Reinsurance contracts acquired:* The date of acquisition.

C.1.12.3 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. non-refundable 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. The allocation to renewals only applies to non-life contracts and certain term assurance and critical illness contracts that have a one-year coverage period. The Company expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Company expects to recover those cash flows.

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 (see C.1.12.5).

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.

C.1.12.4 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.

C.1.12.5 Measurement – Contracts not measured under the PAA

Insurance contracts – 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 and the associated financial risks, and a risk adjustment for non-financial risk; 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 under C.1.12.3) 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.

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.

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 (see C.1.12.8).

Insurance contracts – 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 (participating and non-participating contracts) or in OCI (non-participating contracts only) (see C.1.12.8)

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 start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see C.1.12.8); or
  - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see C.1.12.8);
- 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 (see C.1.12.8).

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

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses (see C.1.12.8) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM (see Note C.2.1.1).

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

Direct participating contracts

Direct participating contracts (see C.1.11) 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:
  - the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows (see Note C.2.1.1);
  - 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 (see C.1.12.8); 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) (see C.1.12.8);
- 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 (see C.1.12.8).

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' under C.1.12.8) 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'* under C.1.12.8).

C.1.12.6 Measurement – Contracts measured under the PAA

In the non-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 PAA 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 accounting policies in C.1.12.5.
– *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 accounting policies in C.1.12.5. 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.

Insurance contracts

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 under C.1.12.3). 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 (see C.1.12.8) 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) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts

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

If a loss-recovery component (see *'Reinsurance of onerous underlying insurance contracts'* under C.1.12.5) 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.

C.1.12.7 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 (see C.1.12.8).

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.

C.1.12.8 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 under C.1.12.3) 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 not 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 accreation of the period and currency translation differences are included in the finance result.

Insurance revenue and insurance service expenses exclude any 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 (see C.1.12.5), 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, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM

See also Note C.2.1.1.

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

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

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

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

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the passage of time.

Loss components

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

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for 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 investment components and comprise the following items.

- *Incurred claims and other insurance service expenses:* For some life risk contracts, incurred claims also include premiums waived on detection of critical illness.
- *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 (see C.1.12.5). 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 participating and non-life contracts, the Company presents insurance finance income or expenses in profit or loss.

C.1.12.9 Transition

At 1 January 2022, the Company applied the following approaches to identify and measure certain groups of contracts in the life risk, life savings and participating segments on transition to IFRS 17. The transition approach has material impact on current financial statements.

Transition Approach	Scope of Application
Contracts underwritten in the Czech Republic	
Full Retrospective Approach	Applied on protection and hybrid units of accounts with cohorts of year 2020 and 2021
Modified Retrospective Approach	Applied on participating business for pure unit-link contracts for all accounting periods and in case of non-participating business, the approach is applied for protection and hybrid units of accounts with cohorts between years 2008 and 2019
Fair Value Approach	Applied on endowment, annuities and employee benefit units of accounts for all cohorts and on protection and hybrid units of accounts of 2007 cohort and older.
Contracts underwritten in the Slovak Republic Portfolio of the Branch	
Full Retrospective Approach	Applied on accounting periods 2017-2021 excluding credit protection unit of accounts from periods 2017-2020 and Annuities steaming from Pillar II
Modified Retrospective Approach	Applied to units of accounts falling in cohorts between years 2010 and 2016
Fair Value Approach	Applied on portfolios with cohort less than 2010, acquired business from business combination and portfolios which didn't passed the data quality or are immaterial

The Company applied the full retrospective approach to all contracts and assets for insurance acquisition cash flows in the non-life segment except for accident years prior to 2016 where retrieving the full set of information could require high judgement and imply hindsight.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Company applied each of the following modifications only to the extent that it did not have reasonable and supportable information to apply IFRS 17 retrospectively to certain groups of contracts.

Historical data were not available in GoC detail, historical accounting balances were used.

The future cash flows on initial recognition wer e taken from IFRS4 accounting reports. For participating business, there was a simplification for calculation of management fee as this figure was not available separately in accounting data. Future statutory profit was calculated as Present Value of Future Profits from actuarial platform.

Attributable expenses were not available in GoC detail except for direct acquistion commissions. The expenses were allocated in GoC level based on the similar allocation process used in actuarial platform for future cash-flow model. This allocation was based on a number of policies in case of direct costs and on a regular premium in case of indirect expenses.

RA at inception based on the following formula:

RA at Transition* ((Past Cash Outflows-Past Acq.CF+Future Cash outflows))/(Future Cash outflows)

The CSM release was driven by aggregated coverage units in order to represent the service provided by the different components of the insurance contracts. It has been decided to go with a formula which attempts to normalise the value of the service to 1 currency unit for the risk of death, using the outputs from actuarial platform.

If the calculation results in a loss component, then the Company adjusted the loss component to zero and increased the liability for remaining coverage excluding the loss component by the same amount at 1 January 2022.

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

Some groups of contracts measured under the fair value approach contained contracts issued more than one year apart. For these groups, the discount rates on initial recognition was 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 were determined to be zero.

C.1.13 Other provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reasonable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company, among the other similar classes of potential legal disputes, monitors and assesses thoroughly whether some liabilities should be recognized under Act No. 229/2002 Coll. as amended by subsequent changes.

C.1.14 Payables

Accounts payable represent contractual obligation to deliver cash or another financial asset. Accounts payable are measured at amortised cost, which will normally equal their nominal or repayment value.

C.1.15 Other investment revenue/expense

Other income and expenses from financial assets comprise realised and unrealised gains/losses, dividends and net impairment loss or reversals of impairment (see C.1.4.7).

A realised gain/loss arises on derecognition of financial assets other than financial assets at fair value through profit or loss. The amount of the realised gain/loss represents the difference between the carrying value of a financial asset and the sales price adjusted for any cumulative gain or loss that had been recognised directly through OCI.

Net fair value gains on financial assets and liabilities at fair value through profit or loss not held-for-trading represent the amount of the subsequent measurement of financial assets and liabilities designated at fair value through profit or loss to their fair value or the gain/loss from disposal thereof.

Dividends from investments are recorded when declared and approved by the shareholder's meeting of the respective company.

C.1.16 Income and expense from investment property

Income and expense from investment property comprise realised gains/losses triggered by derecognition, rental income and other income and expense related to investment property (See Note E.17).

C.1.17 Other income and other operating expense

The main part of other income and other operating expenses arise from expenses non-atributable to insurance contracts, like image marketing, project cost, product develepoment cost and some training cost and administration services relating to the Employer's liability insurance provided by the Company for the state. For this type of insurance, the Company bears no insurance risk; it only administrates the fee collection and claims settlement. The revenue is recognised in the period when services are provided and in the amount stated by law.

C.1.18 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised through OCI, in which case it is recognised in other comprehensive income.

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences from the initial recognition of assets or liabilities outside of business combinations that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted as at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

C.1.19 Employee benefits

C.1.19.1 Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are payable wholly within twelve months after the end of the period in which the employees render the related service. Short-term employee benefits include mainly wages and salaries, management remuneration and bonuses, remuneration for membership in Company boards and non-monetary benefits. The Company makes contributions to the government pension at the statutory rates in force during the year, based on gross salary payments. The benefits are recognised in an undiscounted amount as an expense and as a liability (accrued expense).

C.1.19.2 Other long-term employee benefits

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that do not become due wholly within twelve months after the end of the period in which the employees render the related service.

The benefits are measured at present value of the defined obligation at the balance sheet date using the projected unit credit method.

C.1.19.3 Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) that are payable after the completion of employment. The Company makes contributions to the government accident and guarantee insurance and unemployment schemes at the statutory rates in force during the year, based on gross salary payments. Throughout the year, the Company made contributions amounting to 25% (2023: 25%) of gross salaries up to a limit, which is defined by the relevant law, to such schemes, together with contributions made by employees of a further 6.5% (2023: 6.5%). The cost of these Company made contributions is charged to the income statement in the same period as the related salary cost as this is a defined contribution plan since there are no further obligations of the Company in respect of employees' post-employment benefits.

C.1.19.4 Termination benefits

Termination benefits are employee benefits payable as a result of the Company's decision to terminate an employee's employment before the normal retirement date, or as a result of an employee's decision to accept voluntary redundancy in exchange for those benefits.

The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

C.1.20 Other accounting policies

C.1.20.1 Foreign currency translation

A foreign currency transaction is a transaction that is denominated in or requires settlement in a currency other than functional currency. Functional currency is the currency of the primary economic environment in which entity operates. A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying the exchange rate effective as at the date of the transaction to the foreign currency amount.

At each end of the reporting period:

- Foreign currency monetary items are translated using the closing foreign exchange rate. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency, including the CSM, are treated as monetary items;
- Non-monetary assets and liabilities denominated in a foreign currency, which are carried at fair value, are translated using the foreign exchange rates ruling as at the dates the fair values were determined,
- Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- groups of insurance and reinsurance contracts to the extent that the foreign currency differences relate to changes in the carrying amount of the groups recognised in OCI (see 'Insurance finance income and expenses' under C.1.12.8). The amount included in OCI is the difference between the total foreign currency differences and the amount included in profit or loss. The amount included in profit or loss is the difference between the measurement of the group that is used to determine the insurance finance income and expenses in profit or loss in the year in the functional currency at the beginning of the year, adjusted for accreted interest and payments during the year, and the same measurement in the foreign currency translated at the exchange rate at the end of the year;
- equity investments designated as at FVOCI; and
- exchange rate differences arising from translation from functional to presentation currency of the branch in Slovakia.

Translation from functional to presentation currency

The items in the statement of financial position in functional currencies different from the presentation currency of the Company, the branch in Slovakia, were translated into Czech crown (CZK) based on the exchange rates as at the end of the year.

The income statement items were instead translated based on the actual exchange rates as at the dates of the transactions.

The exchange rate differences arising from the translation are accounted for in other comprehensive income in an appropriate reserve and are recognised in the income statement only at the time of the disposal of the investments.

C.1.20.2 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than insurance and reinsurance contract assets, investment property, deferred tax assets and employee benefit assets, are reviewed as at each end of the reporting period to determine whether there is any indication of impairment. This determination requires judgement. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is measured annually regardless of any indication of impairment for intangible assets not yet available for use.

An impairment loss is recognised to the extent that the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement; net impairment losses are part of other operating expenses, net reversals of impairment are part of other income.

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

In respect of the assets, an impairment loss is reversed through the income statement if there has been an increase in the recoverable amount and the increase can be objectively related to an event occurring after the date of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

C.1.20.3 Discretionary participation features (DPF)

A discretionary participation feature (DPF) represents a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that constitute a significant portion of the total contractual benefits, whose amount or timing is at the discretion of the Company and are based on the performance of pooled assets, profit or loss of the company or investment returns.

As the amount of the bonus to be allocated to policyholders has been irrevocably fixed as at the end of the reporting period, the amount is presented as a liability in the financial statements, i.e. within the life insurance contract assets or liabilities.

C.1.20.4 REPO and reverse REPO transactions

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Company retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Company. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within loans, reflecting the transaction's economic substance as a loan by the Company. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR.

If securities purchased under an agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in Investment return.

C.1.20.5 Offsetting financial instruments

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

C.1.20.6 Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The Company has no obligation to settle the share-based transaction, transaction will be settled by shares issued by Assicurazioni Generali S.p.A. (ultimate parent company).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised together with a corresponding increase in retained earnings in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in other operating expenses.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

C.1.20.7 Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

The fair value of financial instruments and other assets and liabilities is based on their quoted market price as at the end of the reporting period without any deduction for transaction costs. If a quoted market price is not available or if the market for an asset or liability is not active, the fair value is estimated using pricing models or discounted cash-flow techniques. The IBOR transition implemented in 2020 was smooth and overall impact very small (only EUR and USD valued derivatives with central settlement slightly affected). Czech curve is compliant.

A quoted instrument is an instrument that is negotiated on a regulated market or on a multilateral trading facility. To assess whether the market is active or not, the Company carefully determines whether the quoted price really reflects the fair value, i.e. in cases when the price has not changed for a long period or the Company has information about an important event but the price did not change accordingly, the market is not considered active. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Discounted cash flow techniques use estimated future cash flows, which are based on management's estimates, and the discount rate, which is constructed from risk-free rates adjusted by risk margin (credit spread). This is usually derived from an instrument with similar terms and conditions (ideally from the same issuer, similar maturity and seniority) which reflects the market price in the best way.

In general, in the case that pricing models are used, inputs are based on market-related measures as at the end of the reporting period which limits the subjectivity of the valuation performed by the Company, and the result of such a valuation best approximates the fair value of an instrument.

The fair value of derivatives that are not exchange-traded as at the end of the reporting period is estimated using appropriate pricing models as described in the previous paragraph taking into account current market conditions and the current creditworthiness of the counterparties. In the case of options, Black-Scholes models are applied. Also, for any other over-the-counter instruments (CDS, IRS, CCS, etc.), widely recognised models are applied and, again, the parameters of the valuation intend to reflect the market conditions.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs are used.

The fair value hierarchy (defined by IFRS 13) into three levels has been used. The fair value hierarchy categorises the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date,
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of assets or liabilities traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives or unquoted bonds) are determined by using valuation techniques. If all significant inputs required to fair value an instrument are observable on the market, the instrument is included in level 2. Specific valuation techniques used in valuation include mainly quoted market prices or over-the-counter offers for similar instruments, cash flow estimation and risk-free curves.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Level 3 contains assets and liabilities where market prices are unavailable and entity specific estimates are necessary.

Assets and liabilities are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 instruments also include those for which the determination of fair value requires significant expert judgment or estimation. A general description of the valuation techniques used for Level 3 assets and liabilities is provided below.

- Independent evaluation of third party - the adequacy of the price results from evaluations, reports or fairness opinions issued by independent third parties.
- Price based on the amount of shareholders' equity
- Price that incorporates additional information about the value of an instrument (insufficient value of illiquid underlying assets in case of funds/hedge funds, not enough resources to finance junior tranches in case of structured products like CDO, default of an issuer).

The following table provide a description of the valuation techniques and the inputs used in the fair value measurement:

	Level 2	Level 3
Equities		The fair value is mainly determined using independent evaluation provided by third party or is based on the amount of shareholders' equity.
Investment funds		The fair value is mainly based on the information about value of underlying assets. Valuation of underlying assets requires significant expert judgment or estimation.
Bonds, Loans	Bonds are valued using discounted cash flow technique. It uses estimated future cash flows and the discount rate, which is constructed from risk-free rates adjusted by credit spread. The spread is usually derived from an instrument with similar terms and conditions which is traded on active market (ideally from the same issuer, similar maturity and seniority) which reflects the market price in the best way.	Indicative price is provided by third party or discounted cash flow technique uses objectively unobservable inputs (extrapolated interest rates and volatilities, historical volatilities and correlations, significant adjustments to the quoted CDS spreads, prices of similar assets requiring significant adjustments etc.).
Derivatives	Derivatives are valued using discounted cash flow technique. Estimated future cash flows and market observable inputs like the risk free rates and foreign exchange rates and basis swap spreads are used.	
Deposits, Reverse REPO operations, Deposits under reinsurance business	These instruments are valued using discounted cash flow technique. Estimated future cash flows and market observable inputs like the risk free rates and foreign exchange rates are used.	

Table below describes Level 3 instruments and their unobservable inputs of Level 3 (mil CZK):

Description	Fair value as at 31 December 2024	Valuation technique(s)	Non-market observable input(s)	Range
Interest in investment vehicles	2,169	Net asset value	n/a*	n/a*
Investment funds	610	Expert judgment	Value of underlying instruments	n/a
Bonds Government	1,349	Discounted cash flow technique /Third party valuation (Refinitive)	Level of credit spread	35 - 82 bps**
Bonds Corporate	1,064	Discounted cash flow technique /Third party valuation (Refinitive)	Level of credit spread	18 - 434 bps**

* Level 3 interest in investment vehicles consist of Lion River investment. The fair value is taken from the issuer, no non-market observable input is used.

** Spreads of impaired bonds are excluded from the range as their fair value is set to 5% or even 0% of their nominal value. These bonds are technically treated as defaulted ones.

Description	Fair value as at 31 December 2023	Valuation technique(s)	Non-market observable input(s)	Range
Interest in investment vehicles	1,786	Net asset value	n/a*	n/a*
Investment funds	49	Expert judgment	Value of underlying instruments	n/a
Bonds Government	1,836	Discounted cash flow technique /Third party valuation (Refinitive)	Level of credit spread	28 - 67 bps**
Bonds Corporate	1,509	Discounted cash flow technique /Third party valuation (Refinitive)	Level of credit spread	33 - 937 bps**

* Level 3 interest in investment vehicles consist of Lion River investment. The fair value is taken from the issuer, no non-market observable input is used.

** Spreads of impaired bonds are excluded from the range as their fair value is set to 5% or even 0% of their nominal value. These bonds are technically treated as defaulted ones.

Where possible, the Company tests the sensitivity of the fair values of Level 3 investments to changes in unobservable inputs to reasonable alternatives. Where possible valuations for Level 3 investments are sourced from independent third parties and, where appropriate, validated against internally-modelled valuations, third-party models or broker quotes.

Where third-party pricing sources are unwilling to provide a sensitivity analysis for their valuations or where no third-party pricing source is available, the Company undertakes, where feasible, sensitivity analysis on the following basis:

– For third-party valuations validated against internally-modelled valuations using significant unobservable inputs, the sensitivity of the internally modelled valuation to changes in unobservable inputs to a reasonable alternative is determined.
– For third-party valuations either not validated or validated against a third-party model or broker quote, the third-party valuation in its entirety is considered an unobservable input. Sensitivities are determined by flexing inputs of internal models to a reasonable alternative, including the yield, NAV multiple, IRR or other suitable valuation multiples of the financial instrument implied by the third-party valuation. For example, for a fixed income security the implied yield would be the rate of return which discounts the security's contractual cash flows to equal the third-party valuation.

On the basis of the methodology outlined above and ranges specified in the table with unobservable inputs the Company is able to perform sensitivity analysis for Company's Level 3 investments.

Table below describes result of changes of unobservable valuation inputs by ± 100 bps (mil CZK):

Description	Fair value as at 31 December 2024	Sensitivity result
Bonds Government	1,349	(266) – 346
Bonds Corporate	1,064	(14) - 15
Total	**2,413**	

Description	Fair value as at 31 December 2023	Sensitivity result
Bonds Government	1,836	(314) – 411
Bonds Corporate	1,509	(21) - 22
Total	**3,345**	

The policy about the timing of recognising transfers, which is based on the date of the event or change in circumstances that caused the transfer, is the same for transfers into the levels as for transfers out of the levels.

C.1.21 Fair value hedge

The Company designates certain derivatives as hedges of the fair value of recognised assets. The hedge accounting has been applied to derivatives hedging an interest rate exposure of interest-bearing financial assets at fair value through OCI.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income statement (see C.1.4.6), together with any changes in the fair value, or a portion of fair value, of the hedged assets that are attributable to the hedged risk.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking hedging transactions.

The Company also documents its assessment of the hedging effectiveness, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are expected to be and have been highly effective in offsetting changes in the fair values of hedged items.

C.2 Critical accounting estimates, judgements and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

C.2.1 Significant assumptions, judgements and estimates used for measurement of insurance and reinsurance contracts

The Company uses certain assumptions when calculating its insurance and reinsurance contracts assets and liabilities. The assumptions, judgements and estimates that have the greatest effect on the measurement of the items in the Company's financial statements, and the effects of changes in the assumptions that would have a material effect on the recognised amounts, are discussed below

C.2.1.1 Fullfilment 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.

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.

Reinsurance cash-flows on incurred claims are estimated by applying net-on-gross ratio considering specificity of cession of each claim component, specifically claim expenses, recoveries, settlement expenses or profit sharing.

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 (See note C.12.4). 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. Other costs are recognised in profit or loss as they are incurred.

C.2.1.2 The assumptions used to measure GM insurance contracts

The Company primarily uses deterministic projections to estimate the present value of future cash flows.

In the life portfolio of the Company, there is a prevailing component of saving contracts, but there are also pure risk covers (death plus riders, such as an accident, disability, dread disease, etc.) and some annuity portfolios, with the presence of the longevity risk.

The following assumptions were used when estimating future cash flows:

Mortality and morbidity rates (insurance risk and reinsurance business)

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type.

An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

Longevity (immediate annuity business)

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type.

An increase in expected longevity rates will lead to an increase in expected cost of immediate annuity payments which will reduce future expected profits of the Company.

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the expected level of expenses will reduce future expected profits of the Company.

Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later increases are broadly neutral in effect.

The assumptions that have the greatest effect on the expected cash flows are disclosed in the note D.7.3.

C.2.1.3 Discounting

All cash flows are discounted using risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the reference swap rates of a currency, adjusted for credit risk if needed. If for certain currencies swap rates are not available or not demed to be liquid, governement bonds yields or equivalent instruments are used. 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. The illiquidity premium is determined by reference to the average spread of a reference portfolio of assets subsequently adjusted in order to exclude credit risk components and the effect of potential cash flows mismatching compared to the liability portfolios. For non-participating insurance contracts an external reference portfolio of assets is defined where only bonds are considered as base instrument.

The table below set out the yield curves used to discount the cash flows of insurance contracts for major currencies.

Projection Year	2024				2023			
	CZK		EUR		CZK		EUR	
	GMM, PAA	VFA	GMM, PAA	VFA	GMM, PAA	VFA	GMM, PAA	VFA
1	3.83%	3.67%	2.47%	2.24%	5.34%	5.19%	3.56%	3.36%
5	3.81%	3.65%	2.46%	2.23%	3.22%	3.07%	2.41%	2.21%
10	4.16%	4.00%	2.72%	2.49%	3.62%	3.47%	2.81%	2.61%
15	4.14%	3.98%	2.53%	2.30%	3.66%	3.51%	2.71%	2.51%
20	3.84%	3.74%	2.32%	2.09%	3.60%	3.50%	2.44%	2.24%
25	3.63%	3.58%	2.75%	2.64%	3.56%	3.49%	2.89%	2.79%
30	3.51%	3.48%	2.99%	2.94%	3.53%	3.48%	3.13%	3.09%

The effect of discounting is disclosed in the Note D.7.3 and D.7.4.

C.2.1.4 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Company has estimated the risk adjustment using a Percentile Approach. This approach leverages on the outcome of the Solvency 2 risk calibration process in order to reflect current view on the Company's risk exposure. In this way, the risk profile of the Company is aligned to Solvency 2 which is the current framework use by the Company to manage, measure and monitor risks underlying its business.

With reference to diversification benefits, the Company does not consider diversification benefits between Life and Non-Life business.

The risk adjustment for insurance and reinsurance contracts is set to 75% confidence levels, respectively (2023: 75%).

C.2.1.5 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 (see Note C.1.12.4). 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
Term life **Non-participating whole-life**	Sum assured payable on death
Critical illness	Maximum amount payable (including any premiums waived) on detection of illness
Immediate fixed annuity	Annuity amount payable in each period
Universal life **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

For insurance contracts that provide both insurance coverage and investment services, 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 the benefits provided by insurance coverage and investment services the function of Assets under Management is considered (i.e. quantity of benefit).

Risk mitigation option

The Company does no apply risk mitigation option.

Investment components

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

Life participating and non-participating contracts have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

The Company's other contracts do not contain investment components.

C.2.2 Classification of financial assets

The Company uses certain assumptions and judgements when assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest (SPPI) on the principal amount outstanding (see also C.1.4.3).

C.2.3 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded on an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on the market conditions existing as at each end of the reporting period (see also C.1.20.7).

C.2.4 Assumptions used to calculate impairment of financial instruments and subsidiaries

The Company uses certain assumptions when calculating impairment of financial instruments and subsidiaries as described in C.1.20.2.

C.2.5 Corporate income tax calculation

The Company makes the estimate of Solvency II Technical Provisions for the purpose of corporate income tax calculation. This valuation is the estimation of the official year end Solvency II Technical Provision on best effort basis.

C.3 Changes in accounting policies and correction of prior year errors

C.3.1 Standards, interpretations and amendments to existing standards relevant for the Company and applied in the reporting period

The Company applied all new standards, interpretations and amendments to the issued standards. These did not have a significant effect on the financial statements.

C.3.2 Standards, interpretations and amendments to published standards that are not yet effective and are relevant for the Company´s financial statements

The following amended standards are effective for annual periods beginning after 1 January 2024 (earlier application is permitted). The Company has not early adopted any of these amended standards and does not expect that they will have a significant impact on the Company's financial statements when become effective, except from IFRS 18 and IFRS 19, the impact of which the Company is assessing.

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

D. Risk report

In the risk report, the Company presents further information in order to enable the assessment of the significance of financial instruments and insurance contracts for an entity's financial position and performance. Furthermore, the Company provides information about its exposure to risks arising from financial instruments and insurance contracts, and it discloses the management's objectives, policies and processes for managing those risks, in accordance with IFRS 17 and IFRS 7.

D.1. Risk Management System

The Company is a member of Generali Group ("the Group") and is part of its risk management structure. Generali Group has implemented a Risk Management System that aims at identifying, evaluating and monitoring the most important risks to which Generali Group and the Company are exposed, which means the risks whose consequences could affect the solvency of Generali Group or the solvency of any single business unit, or negatively hamper any Company goals.

The risk management processes apply to the whole Generali Group, i.e. all the countries where it operates and each business unit. However, the degree of integration and depth varies with the complexity of the underlying risks. Integration of processes within Generali Group is fundamental to assure an efficient system of risk management and capital allocation for every business unit.

The main objectives of the risk management process are to maintain the identified risks below an acceptable level, to optimise the capital allocation and to improve the risk-adjusted performance.

Risk management policies and guidelines of the Company are in place treating the management of all the significant risks the Company is exposed to (incl. methodologies to identify and assess risks, risk preferences and tolerances, escalation process etc.).

Risk Management System is based on three main pillars:

a) risk assessment process: aimed at identifying and evaluating the risks and the solvency position of the Company;
b) risk governance process: aimed at defining and controlling the managerial decisions in relation with relevant risks;
c) risk management culture: aimed at embedding the risk awareness in the decision making processes and increasing the value creation.

D.2 Roles and responsibility

The system is based on three levels of responsibility:

a) Assicurazioni Generali (Generali Group) – for every country, it sets the targets in terms of solvency, liquidity and operating results; moreover it defines the risk management policies and guidelines for treating the main risks.
b) Generali CEE Holding (GCEE) - defines strategies and objectives for every Company within the CEE region, taking into account the local features and regulations, providing methodological support and controlling the results. In particular, in order to ensure a better solution to the specific features of local risks and changes in local regulation, risk management responsibility and decisions are delegated to the Chief Risk Officer (CRO) of GCEE, respecting Generali Group policy framework. Generali Group and GCEE are also assigned performance targets for their respective areas.
c) The Company defines strategies and targets in respect of the policies and guidelines established by GCEE. Risk management involves the corporate governance of the Company and the operational and control structure, with defined responsibility levels, and aims to ensure the adequacy of the entire Risk Management System at every moment. Company´s Risk Management reports on regular basis on the exposure to all the main risks.

D.3 Risk measurement and control

Through its insurance activity, the Company is naturally exposed to several types of risk, that are related to movements on financial markets, to adverse developments of insurance related risks, both in life and non-life business, and generally to all the risks that affect ongoing organised economic operations.

These risks can be grouped into the following main categories which will be detailed later in this report: market risk, credit risk, liquidity risk, life and non-life insurance risks and operational risk.

Along with the specific measures for the risk categories considered by Generali Group, the calculation of the Economic Capital represents a comprehensive measure of risk that can be aggregated at the different organisational levels (Group, country and operative entity) and at the main business lines (life, non-life and asset management).

The Economic Capital is a risk measure that corresponds to the amount of capital to be held so that the market value of assets is greater than the market value of liabilities in twelve months' time, with a given confidence level.

The internal models of risk measurement are constantly being improved, in particular those relating to calculation of the Economic Capital and asset-liability management (ALM) approaches have been harmonised at all different organisational levels within Generali Group.

D.4 Market risk

The Company collects premiums from policyholders in exchange for payment promises contingent on pre-determined events. It invests the collected premiums in a wide variety of financial assets, with the purpose of honoring future promises to policyholders and generating value for its shareholders.

Unexpected movements in prices of equities, real estate, currencies and interest rates might negatively impact the market value of the investments. These might affect both assets and the present value of the insurance liabilities.

The Company is a long-term liability-driven investor and holds assets until they are needed to redeem the promises to policyholders.

Nonetheless, the Company is required by the Solvency II Regulation to hold a capital buffer with the purpose of maintaining a sound solvency position even under adverse market movements. The Company evaluates its Market risk using Generali Group's Internal Model. To ensure the ongoing appropriateness of the Internal Model methodology, Market risk calibrations are reviewed on a yearly basis. Risks are monitored on a fair value basis.

In the participating segment, changes in the fair value of underlying items due to changes in market variables are largely reflected in the value of the related insurance and investment contracts with DPF. The Company is exposed to market risk only to the extent of the changes in its share of the fair value of the underlying items that are not economically hedged, represented by the CSM.

D.4.1 Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. In the case of floating rate assets and liabilities, the Company is also exposed to an interest rate cash flow risk, which varies depending on the different repricing characteristics of the various floating rate instruments.

The Company concludes derivative trades to manage the interest rate risk position of the asset portfolio as part of this risk management strategy. The objective of the investment and hedging strategy is to manage the overall interest rate risk position on a continuous basis. The Company achieves this objective using a dynamic strategy. The asset manager dynamically adjusts the positions within the fixed income portfolio and hedging derivatives that are used to adjust and hedge the interest rate sensitivity of the overall portfolio.

Interest rate derivatives are primarily used to bridge the mismatch in the repricing of assets and liabilities. In some cases derivatives are used to convert certain interest-earning assets to floating or fixed rates to reduce the risk of losses in value due to interest rate changes or to lock in spreads.

The Company monitors the sensitivity of financial assets and liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in all relevant yield curves.

The following table shows this sensitivity analysis at year end, before and after the related taxes. The overall impact on the Company's position is the result of sensitivity analysis on both the asset and liability side that creates a mitigating effect. There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

In CZK million, as at 31 December 2024	Current value	100bp parallel increase Income statement	Shareholders' equity	100bp parallel decrease Income statement	Shareholders' equity
Financial assets at amortized costs	**666**				
Reverse repo operations	**1,451**				
Bonds					
Bonds FVOCI	36,286				
- gross impact on fair value		*(238)*	*(1,502)*	*282*	*1,726*
- income tax charge /(credit)		*50*	*315*	*(59)*	*(362)*
Bonds FVTPL	219				
- gross impact on fair value		*(5)*		*5*	
- income tax chargeL /(credit)		*1*		*(1)*	
Derivatives					
Derivatives FVTPL	476				
- gross impact on fair value		*240*		*(278)*	
- income tax charge /(credit)		*(50)*		*58*	

In CZK million, as at 31 December 2023	Current value	100bp parallel increase Income statement	Shareholders' equity	100bp parallel decrease Income statement	Shareholders' equity
Financial assets at amortized costs	**1,287**				
Reverse repo operations	**4,131**	**-**	**(1)**	**-**	**1**
Bonds					
Bonds FVOCI	39,301				
- gross impact on fair value		*(322)*	*(1,697)*	*389*	*1,953*
- income tax charge /(credit)		*61*	*356*	*(74)*	*(410)*
Bonds FVTPL	216				
- gross impact on fair value		*(7)*	*-*	*7*	*-*
- income tax charge /(credit)		*-*	*-*	*-*	*-*
Derivatives					
Derivatives FVTPL	918				
- gross impact on fair value		*353*	*-*	*(410)*	*-*
- income tax charge /(credit)		*(67)*	*-*	*78*	*-*

Some of the contracts with saving component issued by the Company contain interest rate guarantees (see D.7.3). The Company hedges its exposure to interest rate changes using derivatives (e.g. interest rate swaps) and does not have a significant concentration of interest rate risk arising from these guarantees.

D.4.2 Asset liability matching

A substantial part of insurance liabilities carries an interest rate risk. Asset-liability management is significantly involved in interest rate risk management. The management of interest rate risk, implied from the net position of assets and liabilities, is a key task of asset-liability management.

GCEE has Local Investment Committee which is an advisory body of the Board of Directors of the Company and is in charge of the most strategic investment and ALM-related decisions. The Committee is responsible for setting and monitoring the GCEE Group's strategic asset allocation in the main asset classes, i.e. government and corporate bonds, equities, real estate, etc. and also the resulting asset and liability strategic position. The objective is to establish appropriate return potential together with ensuring that the GCEE Group can always meet its obligations without undue cost and in accordance with the GCEE Group's internal and regulatory capital requirements. In order to guarantee the necessary expertise and mandate, the Committee consists of representatives of top management, asset management, risk management and ALM experts from business units.

The ALM manages the net asset-liability positions in both, life and non-life insurance, with the main focus on traditional life with the long-term nature and often with embedded options and guarantees. The insurance liabilities are analysed, including the embedded options and guarantees and models of future cash flows are prepared in cooperation with actuaries. The models allow for all guarantees under the insurance contracts and for expected development of the key parameters, primarily mortality, morbidity, lapses and administration costs.

At first, government bonds are used to manage the net position of assets and liabilities and in particular its sensitivity to parallel and non-parallel shifts in the yield curve. Next corporate bonds and derivatives, primarily interest rate swaps, can be used. However, in line with the credit risk management policy, investments in long-term and thus also in high-duration instruments focus on government bonds. The use of interest rate swaps is limited due to their accounting treatment – as their revaluation which is reported in the income statement does not match with the reporting of the insurance liabilities.

There is a strategic target asset-liability interest rate position set within the strategic asset allocation process (SAA). With the goals being a) to deliver rates of return that are in line with both, commercial needs and strategic planning targets, and b) that the overall SAA, including equity, credit, real estate allocation and also including the strategic asset & liability duration position, is in line with the risk and capital management policy. In addition to the management of the strategic position, there are certain limits allowed for tactical asset managers´ positions, so that asset interest rate sensitivity can deviate from the benchmark in a managed manner.

D.4.3 Equity price risk

Equity price risk is the risk that equity prices will fluctuate affecting the fair value of equity investments and other instruments that derive their value from a particular equity investment or index of equity prices.

The Company manages its use of equity investments in response to changing market conditions using the following risk management tools:

a) the portfolio is geographically diversified, in line with approved SAA,
b) the relative equity limits for investments are set and monitored on a daily basis.

Following table shows the sensitivity analysis as at the year end, before and after the related deferred taxes. There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis. The portfolio does not contain instruments covering participating contracts, as the investment risk is transferred from the Company to the policyholder. There is no impact on insurance contracts, therefore these are not shown in the table.

In CZK million, as at 31 December 2024	Current value	Equity price +10 % Income statement	Equity price +10 % Shareholders' equity	Equity price -10 % Income statement	Equity price -10 % Shareholders' equity
Equities					
Equities FVOCI	2,803				
- gross impact on fair value		-	*280*	-	*(280)*
-income tax charge /(credit)		-	*(59)*	-	*59*
Total net impact		**-**	**221**	**-**	**(221)**
FVTPL investments					
Investment fund units	2,260				
-gross impact on fair value		*226*	-	*(226)*	-
-income tax charge/(credit)		*(47)*	-	*47*	-
Investment in private equity	2,169				
-gross impact on fair value		*217*	-	*(217)*	-
-income tax charge/(credit)		*(46)*	-	*46*	-
Total net impact		**350**	**-**	**(350)**	**-**

In CZK million, as at 31 December 2023	Current value	Equity price +10 % Income statement	Equity price +10 % Shareholders' equity	Equity price -10 % Income statement	Equity price -10 % Shareholders' equity
Equities					
Equities FVOCI	2,718				
- gross impact on fair value		-	*272*	-	*(272)*
-income tax charge /(credit)		-	*(57)*	-	*57*
Total net impact		**-**	**215**	**-**	**(215)**
FVTPL investments					
Investment fund units	2,337				
-gross impact on fair value		*234*	-	*(234)*	-
-income tax charge/(credit)		*(44)*	-	*44*	-
Investment in private equity	1,786				
-gross impact on fair value		*179*	-	*(179)*	-
-income tax charge/(credit)		*(34)*	-	*34*	-
Total net impact		**335**	**-**	**335**	**-**

D.4.4 Currency risk

The Company is exposed to currency risk through transactions in foreign currencies and through its assets and liabilities denominated in foreign currencies. As the Company's functional currency is the Czech crown (CZK), movements in the exchange rates between selected foreign currencies and CZK affect the Company's financial statements. The functional currency of the branch in Slovakia is Euro ("EUR"). The exchange rate differences arising from the translation of the branch functional currency into the Company´s functional currency are accounted for in other comprehensive income (see C.1.20.1).

Instruments denominated in foreign currencies are either dynamically hedged into CZK via FX or assigned to foreign currency technical reserves at a corresponding value. The Company ensures that its net exposure is kept on an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate, or using short-term FX operations. The FX position is regularly monitored and the hedging instruments and tools are reviewed on a monthly basis and adjusted accordingly. Derivative financial instruments and tools are used to manage the potential earnings impact of foreign currency movements, including repo operations settled in foreign currency, currency swaps, spot and forward contracts. When suitable other instruments are also considered and used.

The Company's main foreign exposures are to European countries and the United States of America. Its exposures are measured mainly in Euros ("EUR") and U.S. Dollars ("USD").

The currency exposure is shown in the following tables.

The following table shows sensitivities of the portfolio to changes in currency risk. Currency shocks are considered to be a rise or a fall in the value of foreign currency position by a specified percentage. This approach is in line with the Solvency II definition of the currency risk.

The following table shows sensitivities of the investment portfolio (including derivatives classified as financial liabilities) to change in currency risk. There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis (accounting sign convention).

In CZK million, as at 31 December 2024	EUR 10%	EUR -10%	USD 10%	USD -10%
FX investment portfolio exposure				
Income statement				
- Impact on income statement	*138*	*(138)*	*(18)*	*18*
- Income tax charge /(credit)	*(29)*	*29*	*4*	*(4)*
Shareholders´equity				
- Impact on equity	*378*	*(378)*	*1*	*(1)*
- Income tax charge /(credit)	*(103)*	*103*	*0*	*0*

In CZK million, as at 31 December 2023	EUR 10%	EUR -10%	USD 10%	USD -10%	Other 10%	Other -10%
FX investment portfolio exposure						
Income statement						
- Impact on income statement	*245*	*(245)*	*11*	*(11)*	*4*	*(4)*
- Income tax charge /(credit)	*(47)*	*47*	*(2)*	*2*	*(1)*	*1*
Shareholders´equity						
- Impact on equity	*385*	*(385)*	-	-	-	-
- Income tax charge /(credit)	*(81)*	*81*	-	-	-	-

The following tables show sensitivities of the insurance and reinsurance assets and liabilities to change in currency risk:

In CZK million, as at 31 December 2024	EUR 10%	EUR -10%	Other 10%	Other -10%
FX insurance assets and liabilities exposure				
Income statement				
- Impact on income statement	*(156)*	*156*	*(15)*	*15*
- Income tax charge /(credit)	*33*	*(33)*	*3*	*(3)*
Shareholders´equity				**-**
- Impact on equity	*(377)*	*377*	-	-
- Income tax charge /(credit)	*103*	*(103)*	-	-

In CZK million, as at 31 December 2023	10%	EUR -10%	10%	Other -10%
FX insurance assets and liabilities exposure				
Income statement				
- Impact on income statement	*(160)*	*160*	*(21)*	*21*
- Income tax charge /(credit)	*30*	*(30)*	*4*	*(4)*
Shareholders´equity				
- Impact on equity	*(374)*	*374*	*-*	*-*
- Income tax charge /(credit)	*78*	*(78)*	*-*	*-*

In CZK million, as at 31 December 2024	10%	EUR -10%	10%	USD -10%	10%	Other -10%
FX reinsurance assets and liabilities exposure						
Income statement						
- Impact on income statement	*1*	*(1)*	*7*	*(7)*	*8*	*(8)*
- Income tax charge /(credit)	*-*	*-*	*(2)*	*2*	*(2)*	*2*
Shareholders´equity						
- Impact on equity	*100*	*(100)*	*-*	*-*	*-*	*-*
- Income tax charge /(credit)	*27*	*(27)*	*-*	*-*	*-*	*-*

In CZK million, as at 31 December 2023	10%	EUR -10%	10%	USD -10%	10%	Other -10%
FX reinsurance assets and liabilities exposure						
Income statement						
- Impact on income statement	*19*	*(19)*	*1*	*(1)*	*72*	*(72)*
- Income tax charge /(credit)	*(4)*	*4*	*-*	*-*	*(14)*	*14*
Shareholders´equity						
- Impact on equity	*88*	*(88)*	*-*	*-*	*-*	*-*
- Income tax charge /(credit)	*(19)*	*19*	*-*	*-*	*-*	*-*

The following table shows the composition of assets and liabilities and insurance and reinsurance assets and liabilities with respect to the main currencies:

In CZK million, as at 31 December 2024	EUR	USD	CZK	Other	Total
Financial assets at AC	666	-	-	-	666
Financial assets at FVOCI	12,061	2,050	26,182	247	40,540
Financial assets at FVTPL	11,896	584	16,032	1,356	29,868
Insurance contract assets	829	17	3,763	95	4,704
Reinsurance contract assets	1,679	64	12,545	166	14,454
Receivables	272	34	600	22	928
Cash and cash equivalents	762	33	795	16	1,606
Total assets	**28,165**	**2,782**	**59,917**	**1,902**	**92,766**
Insurance contract liabilities	9,966	30	56,973	247	67,216
Reinsurance contract liabilities	669	(11)	2,618	86	3,362
Financial liabilities	168	145	49	2	364
Payables	1,639	22	2,926	2	4,589
Other liabilities	100	-	510	-	610
Total liabilities	**12,542**	**186**	**63,076**	**337**	**76,141**
Net foreign currency position	15,623	2,596	(3,159)	1,565	

In CZK million, as at 31 December 2023	EUR	USD	CZK	Other	Total
Financial assets at AC	908	-	379	-	1,287
Financial assets at FVOCI	11,974	2,290	31,423	463	46,150
Financial assets at FVTPL	11,136	1,154	15,563	1,012	28,865
Insurance contract assets	527	17	3,334	67	3,945
Reinsurance contract assets	1,633	4	9,816	764	12,217
Receivables	173	32	786	19	1,010
Cash and cash equivalents	533	9	1,349	25	1,916
Total assets	**26,884**	**3,506**	**62,650**	**2,350**	**95,390**
Insurance contract liabilities	9,526	13	56,523	275	66,337
Reinsurance contract liabilities	563	(9)	2,409	45	3,008
Financial liabilities	234	13	413	7	667
Payables	2,239	5	3,426	4	5,674
Other liabilities	87	-	599	-	686
Total liabilities	**12,649**	**22**	**63,370**	**331**	**76,372**
Net foreign currency position	14,235	3,484	(720)	2,019	

D.4.5 Risk limits

The principal tools used to measure and control market and credit risk exposure within the Company's investments portfolios are the System of Investment Risk Limits, the adoption of the Generali Investments Risk Group Guidelines (IRGG).

This covers single and total limits on market concentration, foreign currency, interest rate and equity risks. The primary aim of the system of limits is to control exposure to single types of risk. Limits are monitored on daily basis and allow Risk Management to take immediate action and actively manage the level of the undertaken risks.

D.5 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations, and arises principally from the Company's reinsurance contract assets and investments in debt securities.

The table below shows the fair value of assets sensitive to change in credit risk:

In CZK million, as at 31 December	Note	2024	2023
Bonds and Loans		**38,623**	**44,942**
Bonds FVOCI	E.3.2	36,286	39,301
Bonds FVTPL	E.3.3	219	216
Loans (fair value)	E.3.1	667	1,294
Reverse repo	E.3.2	1,451	4,131
Receivables	**E.4**	**1,174**	**1,715**
Reinsurance contract assets and liabilities	**E.9**	**11,092**	**9,209**
Total		**50,889**	**55,866**

Credit risk includes:

- Spread widening risk - the risk of adverse changes in the market value of the assets due to changes in the market value of non-defaulted credit assets. The market value of an asset can decrease because of Spread widening risk either because the market's assessment of the creditworthiness of the specific obligor decreases, which is typically accompanied by a credit rating downgrade, or because there is a market-wide systemic reduction in the price of credit assets.
- Default risk - refers to the risk of incurring losses because of the inability of a counterparty to honor its financial obligations.

The Company evaluates its Credit risk using Generali Group Internal Model. To ensure the continuous appropriateness of the Internal Model methodology, Credit risk calibrations are reviewed on a yearly basis.

The Company has adopted risk guidelines to manage the credit risk of the investments. These guidelines favour the purchase of investment-grade securities and encourage the diversification and dispersion of the portfolio. Four main types of Credit risk limits are in place: SAA limits defining maximal allocation to government and corporate bonds, portfolio cumulative credit limits defining portfolio rating composition, expected credit loss limits and creditor concentration limits.

Moreover on a monthly basis company monitors its credit portfolio by analysing rating changes, changes of credit spread levels and analysing issuers' news.

The Group Credit Rating Assignment Guideline provides a framework for the methodology, process and governance used for assigning and reviewing credit ratings. These ratings evaluate the creditworthiness of counterparties and financial instruments. For the external rating assessment of an issue or an issuer, only ESMA (European Securities and Markets Authority) recognized ECAIs' (External Credit Assessment Institutions) ratings can be used and the Second Best Rule is applied (i.e. if more ratings leading to a different assessment are available, the second best rule states that the lower of the two best credit ratings is chosen). Securities without an external rating are given an internal one in line with Group Credit Rating Assignment Guideline and based on materiality.

The following tables show the credit quality of the Company's financial assets at fair value.

Rating of bonds and loans

In CZK million, as at 31 December 2024	Stage 1	Stage 2	Stage 3	FVTPL bonds
AAA	36	-	-	-
AA	20,943	-	-	-
A	5,157	-	-	-
BBB	10,545	-	-	-
BB	1,704	-	-	-
B	-	-	-	-
CCC	-	-	-	-
Non-rated	-	-	19	219
Total	**38,385**	**-**	**19**	**219**

In CZK million, as at 31 December 2023	Stage 1	Stage 2	Stage 3	FVTPL bonds
AAA	34	-	-	-
AA	23,550	-	-	-
A	8,601	-	-	-
BBB	10,590	-	-	-
BB	1,861	-	-	-
B	68	-	-	-
CCC	-	-	-	-
Non-rated	-	-	22	216
Total	**44,704**	**-**	**22**	**216**

Rating of reinsurance assets and liabilities

In CZK million, as at 31 December	2024	2023
AA	448	213
A	430	278
BBB	-	7
Captive reinsurance	8,525	7,562
Non-rated	1,689	1,149
Total	**11,092**	**9,209**

There were no past due or impaired reinsurance assets and liabilities neither in 2024 nor in 2023.

D.5.1 Concentrations of credit risk

There is, in general, a credit risk associated with reinsurance. However, majority of reinsurance treaties are concluded with GP Re, the Group captive reinsurance company based in Bulgaria (see also note D.7.5.).

The Company then monitors concentrations of credit risk arising from investments in debt instruments by geographic location of the issuer and by sector. An analysis of the carrying amounts of financial investments is shown below.

In CZK million, as at 31 December	2024		2023	
	CZK million	in %	CZK million	in %
Economic concentration				
Public sector	25,172	62.6	27,278	60.7
Financial	10,114	26.2	13,545	30.1
Consumer Discretionary	1,028	2.6	947	2.1
Utilities	844	2.2	799	1.8
Industrial	735	1.9	694	1.5
Consumer Staples	585	1.5	763	1.7
Telecommunication services	541	1.4	498	1.1
Information technology	272	0.7	246	0.6
Energy	189	0.5	38	0.1
Materials	143	0.4	130	0.3
Total	**38,623**	**100.0**	**44,938**	**100.0**

In CZK million, as at 31 December	2024		2023	
	CZK million	in %	CZK million	in %
Geographic concentration				
Czech Republic	28,308	73.3	30,181	67.2
Other central-eastern European countries	1,417	3.7	2,778	6.2
Slovakia	860	2.2	2,410	5.4
Rest of Europe	1,869	4.8	2,143	4.8
USA	1,289	3.3	1,724	3.8
Poland	982	2.5	1,403	3.1
Rest of the world	205	0.5	1,326	3.0
United Kingdom	1,026	2.7	813	1.8
Italy	1,021	2.6	788	1.8
Netherlands	1,217	3.2	717	1,6
Slovenia	193	0.5	251	0.6
Austria	217	0.6	235	0.5
Russia	19	0.1	169	0.4
Total	**38,623**	**100.0**	**44,938**	**100.0**

The risk characteristics of each bond or loan are taken into account when assessing economic and geographic concentration. The amounts reflected in the tables represent the maximum loss that would be incurred as at the end of the reporting period if the counter parties failed completely to perform as contracted and any collateral or security proved to be of no value. The amounts, therefore, greatly exceed incurred losses, which are included in the allowance for uncollectibility.

The Company generally holds collateral for loans and advances to banks in the form of securities as part of reverse repurchase agreements, cash collateral for derivatives agreements, collateral for established rights from travel agencies, collateral for loans and advances to non-banks in the form of pledge over property, received notes and guarantees.

The following table shows the fair value of collateral held:

In CZK million, as at 31 December	Loans and advances to banks and nonbanks	
	2024	2023
Against individually impaired	0	0
Against neither past due nor impaired	3,258	6,033
Securities	1,496	4,235
Cash	1,403	1,563
Property	359	235
Total	**3,258**	**6,033**

D.5.2 Amounts arising from ECL on financial assets

Inputs, assumptions and techniques used for estimating impairment

See accounting policies in C.1.4.7

Significant increase in credit risk

When determining whether the credit risk (i.e. 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 qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information.

The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by assigned credit rating.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on internal process.

Company's credit rating scale is aligned with external credit rating scale from S&P.

The Company has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be BBB- or higher based on S&P ratings.

Management overlays may be applied to the model outputs if they are consistent with the objective of identifying a significant increase in credit risk.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

Definition of default

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

In assessing whether a debtor is in default, the Company considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment of another obligation of the same debtor to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL.

The Company formulates three economic scenarios: a base case, and two less likely scenarios, one upside and one downside scenario. External information considered includes economic data and forecasts. Weights of the scenarios are following:

- Base 40%
- Down 30%
- Up 30%

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL (Stage 2 and Stage 3) are calculated by multiplying the lifetime PD by LGD and EAD.

To determine lifetime and 12-month PDs, the Company uses the PD tables supplied by Moody's based on the default history of obligors in the same industry and geographic region with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated on quarterly bases and adjusted to reflect forward-looking information. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Company uses the LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount at the time of default.

Loss allowance

The following tables show reconciliations from the opening balance to the closing balance of the loss allowance by class of financial instrument.

In CZK million, as at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January (gross of DT)	27	0	530	557
Deffered tax	(6)	0	(111)	(117)
Net as at 1 January	21	0	419	440
Transfer to Stage 1	0	0	0	0
Net remeasurement of loss allowance	(3)	0	42	39
New financial assets acquired	6	0	0	6
Financial assets derecognised	(4)	0	0	(4)
Effects of deferred tax	0	0	(9)	(9)
Balance at 31 December (gross of DT)	26	0	572	598
Deferred tax	(6)	0	(120)	(126)
Net closing balance as at 31 December	20	0	452	472

In CZK million, as at 31 December 2023	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January (gross of DT)	56	37	650	743
Deffered tax	(11)	(7)	(126)	(144)
Net as at 1 January	45	30	524	599
Transfer to Stage 1	37	(37)	0	0
Net remeasurement of loss allowance	(60)	0	74	14
New financial assets acquired	1	0	0	1
Financial assets derecognised	(7)	0	(194)	(201)
Effects of deferred tax	5	7	15	27
Balance at 31 December (gross of DT)	27	0	530	557
Deferred tax	(6)	0	(111)	(117)
Net closing balance as at 31 December	21	0	419	440

D.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its insurance and reinsurance contracts and financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises in general from funding of the Company's activities and in the management of its positions. It includes both the risk of being unable to fund assets using instruments with appropriate maturities and rates and the risk of being unable to liquidate an asset sufficiently quickly and in the appropriate amount, and the risk of being unable to meet obligations as they become due.

The Company has access to a diverse funding base. Apart from insurance liabilities, which serve as a main source of financing, funds are raised using a broad range of instruments including deposits, other liabilities evidenced by paper, real estates and shareholder equity. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds.

The Company strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities; for details see also the section above on asset and liability matching. Further, the Company holds a portfolio of liquid assets as part of its liquidity risk management strategy. The Company continuously monitors the liquidity risk to gain smooth access to funds to meet known obligations, with an additional buffer to cover potential unknown situations. Special attention is paid to the liquidity management of non-life insurance business requiring sufficient funding to meet all the potential obligations in the event of a natural disaster or other extraordinary event.

The Company continually assesses its liquidity risk by identifying and monitoring changes in the funding required to meet business goals and the targets set in terms of the overall Company strategy.

The following tables show an analysis of the Company's assets and liabilities broken down into their relevant maturity bands based on the residual maturities (undiscounted cash flows, without tax liabilities and receivables and liabilities and receivables to employees).

Residual maturities of financial assets:

In CZK million, as at 31 December 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non-specified	Total
Investments	**3,623**	**5,902**	**22,473**	**22,314**	**30,277**	**84,589**
Financial assets at amortized costs	-	694	-	-	-	694
Financial assets at FVOCI	3,310	5,023	21,136	21,261	2,803	53,533
Bonds	1,858	5,023	21,136	21,261	-	49,278
Equities	-	-	-	-	2,803	2,803
Other investments	1,452	-	-	-	-	1,452
Financial assets at FVTPL	313	185	1,337	1,053	27,474	30,362
Bonds	-	-	252	-	-	252
Unit-linked investments	231	105	889	513	23,045	24,783
Investment fund units	-	-	-	-	2,260	2,260
Derivatives	82	80	196	540	-	898
Oher investments	-	-	-	-	2,169	2,169
Receivables	**928**	**-**	**-**	**-**	**-**	**928**
Cash and cash equivalents	**1,606**	**-**	**-**	**-**	**-**	**1,606**
Assets	**6,157**	**5,902**	**22,473**	**22,314**	**30,277**	**87,123**

In CZK million, as at 31 December 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non-specified	Total
Investments	**5,655**	**4,997**	**25,637**	**25,850**	**28,681**	**90,820**
Financial assets at amortized costs	-	1,292	84	-	-	1,376
Financial assets at FVOCI	5,257	3,063	24,016	24,967	2,718	60,022
Bonds	1,120	3,063	24,016	24,967	-	53,167
Equities	-	-	-	-	2,718	2,718
Other investments	4,137	-	-	-	-	4,137
Financial assets at FVTPL	398	642	1,536	883	25,963	29,422
Bonds	-	-	247	-	-	247
Unit-linked investments	196	205	1,030	274	21,840	23,545
Investment fund units	-	-	-	-	2,337	2,337
Derivatives	203	437	259	609	-	1,508
Oher investments	-	-	-	-	1,786	1,786
Receivables	**999**	**11**	**-**	**-**	**-**	**1,010**
Cash and cash equivalents	**1,916**	**-**	**-**	**-**	**-**	**1,916**
Assets	**8,570**	**5,008**	**25,637**	**25,850**	**28,681**	**93,746**

Residual maturities of liabilities:

In CZK million, as at 31 December 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
Financial liabilities	210	91	69	1	371
Financial liabilities at fair value through profit or loss	180	(2)	29	-	207
Lease liabilities	30	93	40	1	164
Payables	1,954	2,629	6	-	4,589
Other liabilities	610	-	-	-	610
Liabilities	**2,774**	**2,720**	**75**	**1**	**5,570**

In CZK million, as at 31 December 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
Financial liabilities	443	103	100	6	652
Financial liabilities at fair value through profit or loss	54	48	8	-	110
Lease liabilities	389	55	92	6	542
Payables	1,512	4,155	7	-	5,674
Other liabilities	686	-	-	-	686
Liabilities	**2,641**	**4,258**	**107**	**6**	**7,012**

Estimated cash flows of insurance and reinsurance contract assets and liabilities:

In CZK million, as at 31 December 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Insurance contracts	665	904	765	587	360	(14,318)	(11,037)
Liabilities – direct participating contracts	(516)	(535)	(460)	(429)	(435)	(5,113)	(7,488)
Liabilities - other	(1,234)	(934)	(868)	(805)	(753)	(15,843)	(20,437)
Assets - other	2,415	2,373	2,093	1,821	1,548	6,638	16,888
Total	**665**	**904**	**765**	**587**	**360**	**(14,318)**	**(11,037)**

In CZK million, as at 31 December 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Insurance contracts	315	523	475	306	135	(15,877)	(14,123)
Liabilities – direct participating contracts	(487)	(468)	(481)	(421)	(397)	(5,162)	(7,416)
Liabilities - other	(1,483)	(1,181)	(926)	(883)	(807)	(16,080)	(21,360)
Assets - other	2,285	2,172	1,882	1,610	1,339	5,365	14,653
Total	**315**	**523**	**475**	**306**	**135**	**(15,877)**	**(14,123)**

D.7 Insurance risks

Insurance risk results from the uncertainty surrounding the timing, frequency and size of claims under insurance contracts. The principal risk is that the frequency or size of claims is greater than expected. In addition, for some contracts, there is uncertainty about the timing of insured events. These are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

The Company is exposed to underwriting risk through a wide range of life and non-life products offered to customers: participating and non-participating traditional life products, unit-linked, annuities, universal life products, guaranteed investment products and all lines of non-life products (property, accident and health, car, third party liability).

The most significant components of underwriting risk concern the adequacy of insurance premium rate levels and the adequacy of provisions with respect to insurance liabilities and the capital base. The adequacy is assessed taking into consideration the supporting assets (fair and book value, currency and interest sensitivity), changes in interest rates and exchange rates and developments in mortality, morbidity, non-life claims frequency and amounts, lapses and expenses as well as general market conditions and customer behaviour, influenced also by changes within the legal environment, including observable court practice.

The Company manages the insurance risk using internal guidelines for product design, reserving, pricing criteria, reinsurance strategy and guidelines for underwriting. Monitoring risk profiles, review of insurance-related risk control and asset/liability management are also carried out by senior management. For those insurance contracts that contain high interest rate guarantees, stochastic modelling is used to assess the risk of these guarantees. The pricing reflects the cost of the guarantees and appropriate reserves are established accordingly.

Methods based on dynamic and stochastic modelling were implemented and are continuously being improved. These methods are used, among others, to measure the economic capital of insurance risks.

D.7.1 Terms and conditions of insurance and investment contracts with DPF that have a material impact on the amount, timing and uncertainty of future cash flows

D.7.1.1 Non-life insurance contracts

The Company offers many forms of general insurance, mainly motor insurance, property insurance and liability insurance. Contracts may be concluded for a fixed term of one year or on a continuous basis with either party having the option to cancel at 6 weeks' notice. The Company is therefore generally able to re-price the risk by revising the premium at intervals of not more than one year. It also has the ability to impose deductibles and reject fraudulent claims.

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

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

The other significant source of uncertainty connected with non-life insurance arises from legislative regulations which entitle the policyholder to report a claim before the time of expiration, which usually lasts 3-4 years from the date when the policyholder becomes aware of the claim. This feature is particularly significant in the case of permanent disability arising from accident insurance, because of the difficulty in estimating the period between occurrence and confirmation of permanent effects.

The following statements describe characteristics of particular types of insurance contracts if they are significantly different from the above-mentioned features.

Motor insurance

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

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

For claims relating to bodily injury and related losses of earnings, the amount of the related claim payments is derived from governmental decree. This requirement may have a retrospective effect on claims incurred before the effective date of this requirement.

Policyholders are entitled to a no-claims-bonus on renewal of their policy where the conditions are fulfilled.

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

Property insurance

This is broadly split into Industrial and Personal lines. For Industrial lines, the Company uses risk management techniques to identify and evaluate risks and analyses possible losses and hazards and also cooperates with reinsurers. Risk management techniques include primarily inspection visits in the industrial areas performed by risk management team which consist of professionals with a long term experience and deep safety rules knowledge. Personal property insurance consists of the standard buildings and contents insurance.

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

Liability insurance

This covers all types of liabilities and includes commercial liabilities, directors and officers and professional indemnity as well as personal liability.

While the majority of general liability coverage is written on a "claims-made basis", certain general liability coverage is typically insured on an "occurrence basis".

Accident insuranceí

Accident insurance is traditionally sold as rider to the life products offered by the Company and belongs to the life insurance segment. Only a small part of accident insurance is sold without life insurance.

D.7.1.2 Life insurance contracts

Bonuses

Over 90% of the Company's life insurance contracts include an entitlement to receive a bonus. Bonuses to policyholders are granted at the discretion of the Company and are recognised when proposed and approved by the Board of Directors in accordance with the relevant legal requirements. Once allocated to policyholders, bonuses are guaranteed (see DPF in C.1.11).

Premiums

Premiums may be payable in regular instalments or as a single premium at the inception of the policy. Most endowment-type insurance contracts contain a premium indexation option that may be exercised at the discretion of the policyholder annually. Where the option is not exercised, premiums are not increased with inflation.

Term life insurance products

Traditional term life insurance products comprise risk of death, waiver of premium in case of permanent disability, dread diseases and accident rider. Premium is paid regularly or as a single premium. Policies offer fixed or decreasing sum insured of death. The policies offer protection from several years to long-term. Death benefits are only paid if the policyholder dies during the term of insurance. Waiver of premium arises only in case of an approved disability pension of the policyholder.

The period of disability is the main source of uncertainty connected with life insurance products. It is limited by the contractual minimum duration of the insurance policy and by the end of the insurance period.

Endowment products

These are also traditional term life insurance products providing life-long financial protection. Many long-term policies have tax advantages and give the insured the possibility to finance their needs in retirement. Capital life insurance products for regular or single premium offers covering risk of death, endowment, dread diseases, waiver of premium in case of disability and accident rider. Insurance benefits are usually paid as a lump-sum.

Variable capital life insurance products

Variable capital life insurance products offer all types of insurance risk as traditional capital life insurance products. In addition, they offer the policyholder the possibility to pay an extra single premium during the term of the insurance. The policyholder can ask to interrupt payment for regular premium, to withdraw a part of the extra single premium, to change the term of insurance, risks, sum insured and premium.

Children's insurance products

These products are based on traditional life risk: death or endowment of assured, waiver of premium in case of disability and accident rider. They are paid regularly. The term of insurance is usually limited by the 18th birthday (for old generation products) or by the 26th birthday (for new generation products) of the child for which the policy is negotiated. Benefits may be in the form of a lump-sum or annuity payment.

Retirement insurance for regular payments (with interest rates)

Life-long retirement programme products include all kinds of pensions paid off in case of death, dread diseases or maturity of agreed age of assured, options for variable combination of component. The policyholder can pay the premium regularly or in a single payment. Basic types of pension are short-term pension and lifetime pension.

Unit-linked life insurance

Unit-linked are those products where the policyholders carry the investment risk. They consist of two types, pure unit-linked products which fulfil conditions of direct participating contracts and are measured under VFA measurement model (see C.1.12), and hybrid products for which GMM measurement model is used.

The Company earns management, administration fees and mortality surplus on these products.

Unit-linked life insurance combines traditional term life insurance, with risks of death or dread diseases together with a waiver of premium in case of permanent disability, with the possibility to invest regular premium or extra single premium to some investment funds. The policyholder defines funds and the ratio of premium where payments are invested and can change the funds and ratio during the contract. He can also change sums assured, regular premium, and insurance risks. He can pay an additional single premium or withdraw a part of the extra single premium.

Investment contracts with DPF

Investment contract with DPF are modelled due to its immateriality together with insurance contracts.

Underlying items

The following table sets out the composition and the fair value of underlying items of the Company's participating contracts at the reporting date.

In CZK million, for the year ended 31 December	Unit-linked life insurance	
	2024	2023
Cash and cash equivalents	147	125
Financial investments	24,409	23,148
Derivatives	(18)	4
Total	**24,538**	**23,277**

D.7.2 Concentration of insurance risk

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

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

D.7.2.1 Geographical concentration

The risks underwritten by the Company are primarily located in the Czech Republic and in the Slovak Republic through the Branch.

The following table sets out the carrying amounts of the Company's insurance contracts by country of issue.

In CZK million, for the year ended 31 December	2024	2023
Czech Republic	54,941	54,991
Slovak Republic	7,571	7,401
Total	**62,512**	**62,392**

D.7.2.2 Low-frequency, high-severity risks

Significant insurance risk is connected with low-frequency and high-severity risks. The Company manages these risks through its underwriting strategy and adequate reinsurance arrangements.

According to its underwriting strategy, the most significant risk of natural disaster to which the Company is exposed is the risk of flooding in the Czech Republic and the earthquake risk in the Slovak Republic. In the event of a major flood, the Company expects the property portfolio to see high claims for structural damage to properties and contents, and high claims for business interruption while transport links are inoperable and business properties are closed for repair. Apart from the risk of flooding, other climatic phenomena, such as long-lasting snow-fall, claims caused by snow-weight, strong wind-storms or hail-storms or earthquake for Slovak portfolios would have a similar effect.

Underwriting strategy

The underwriting strategy is an integral part of the annual business plan that specifies the classes of business to be written within the planned period and the target sectors of clients. Following approval of underwriting limits by the Board of Directors, the strategy is cascaded to the individual underwriters in the form of underwriting limits (each underwriter can write business by line size, class of business, territory and industry in order to ensure the appropriate risk selection within the portfolio).

D.7.3 Life risk

The table below analyses how the CSM, profit or loss and equity would have increased (decreased) if changes in risk variables with highest impact had occurred.

In CZK million, for the year ended 31 December 2024	CSM closing balance		Loss Component closing balance		Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
GMM contracts	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Risk free rates -50 bps	-	-	-	-	169	169	(2)	(2)
Risk free rates +50 bps	-	-	-	-	(164)	(164)	(2)	(2)
Equity capital values -25%	-	-	-	-	-	-	1,748	1,748
Equity capital values +25%	-	-	-	-	-	-	(1,748)	(1,748)
Corporate credit spread +50bps	-	-	-	-	(40)	(40)	30	30
Governement credit spread +50bps	-	-	-	-	(29)	(29)	7	7
Lapses +10%	(1,313)	(1,313)	-	-	65	65	(6)	(6)
Lapses -10%	1,436	1,436	-	-	(73)	(73)	6	6

In CZK million, for the year ended 31 December 2024	CSM closing balance		Loss Component closing balance		Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
VFA contracts	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Risk free rates -50 bps	10	10	-	-	-	-	-	-
Risk free rates +50 bps	(9)	(9)	-	-	-	-	-	-
Equity capital values -25%	(129)	(129)	-	-	-	-	-	-
Equity capital values +25%	130	130	-	-	-	-	-	-
Corporate credit spread +50bps	(2)	(2)	-	-	-	-	-	-
Governement credit spread +50bps	(2)	(2)	-	-	-	-	-	-
Lapses +10%	(57)	(57)	-	-	-	-	-	-
Lapses -10%	61	61	-	-	-	-	-	-

In CZK million, for the year ended 31 December 2023	CSM closing balance		Loss Component closing balance		Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
GMM contracts	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Risk free rates -50 bps	-	-	-	-	(47)	(47)	23	23
Risk free rates +50 bps	-	-	-	-	33	33	(23)	(23)
Equity capital values -25%	-	-	-	-	-	-	1,687	1,687
Equity capital values +25%	-	-	-	-	-	-	(1,687)	(1,687)
Corporate credit spread +50bps	-	-	-	-	(8)	(8)	24	24
Governement credit spread +50bps	-	-	-	-	18	18	(3)	(3)
Lapses +10%	(1,031)	(1,031)	(2)	(2)	(32)	(32)	-	-
Lapses -10%	1,121	1,121	2	2	35	35	-	-

In CZK million, for the year ended 31 December 2023	CSM closing balance		Loss Component closing balance		Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
VFA contracts	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Risk free rates -50 bps	9	9	-	-	-	-	-	-
Risk free rates +50 bps	(9)	(9)	-	-	-	-	-	-
Equity capital values -25%	(128)	(128)	-	-	-	-	-	-
Equity capital values +25%	129	129	-	-	-	-	-	-
Corporate credit spread +50bps	(2)	(2)	-	-	-	-	-	-
Governement credit spread +50bps	(2)	(2)	-	-	-	-	-	-
Lapses +10%	(56)	(56)	-	-	-	-	-	-
Lapses -10%	60	60	-	-	-	-	-	-

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

D.7.4 Non-life risk

Non-life underwriting risk measured by insurance revenue for the period recognised from pure premium reserve per line of business is shown in the following table:

In CZK million, for the year ended 31 December	2024	2023
Motor	(19,603)	(18,631)
Accident, Health and Disability	(1,293)	(1,181)
Marine, aviation and transport	(525)	(509)
Property	(12,699)	(11,593)
General liability	(4,004)	(3,729)
Other	(99)	(99)
Total	**(38,223)**	**(35,742)**

The table below analyses the sensitivity of liability for incurred claims to variables with highest impact.

In CZK million, for the year ended 31 December 2024	Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
	Gross	Net	Gross	Net
Risk free rates +50 bps	(240)	(128)	15	7
Risk free rates -50 bps	255	137	(15)	(7)

In CZK million, for the year ended 31 December 2023	Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
	Gross	Net	Gross	Net
Risk free rates +50 bps	(277)	(150)	12	7
Risk free rates -50 bps	301	164	(12)	(7)

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

D.7.5 Reinsurance strategy

The Company pursues a renewal of reinsurance treaties on annual basis which reinsure some of the underwritten risks to control its exposures to individual, frequent and catastrophe losses according to quantitative and qualitative points and protect its capital resources.

The Company concludes the proportional and non-proportional reinsurance treaties or a combination of these reinsurance treaties to reduce its net exposure. The maximum net exposure limits for individual lines of business are reviewed annually. To provide an additional protection, the Company uses facultative reinsurance for certain insurance policies.

Most reinsurance treaties are concluded with GP Reinsurance EAD, the Group captive reinsurance company, based in Bulgaria. On top of it, the Company benefits from the consolidated reinsurance programme and diversification of its risks due to the GCEE group cover which is retro-ceded via Assicurazioni Generali S.p.A. on the regular reinsurance market.

Ceded reinsurance contains a reinsurers' credit risk as the cession does not relieve the Company of its obligations to its clients. Through the GCEE credit risk management, the Company regularly evaluates the financial status of its reinsurers and monitors the concentration of credit risk to minimise its exposure to financial loss caused by a reinsurer's insolvency. Any external reinsurance placement is governed by the Security List of Assicurazioni Generali S.p.A.

All reinsurance procedures are subject to strict review. This includes the evaluation of reinsurance arrangements, setting the minimum capacity and retention criteria, monitoring the purchase of reinsurance against those criteria, erosion of the reinsurance programme and its ongoing adequacy and credit risk. Treaty capacity needed is based on both internal and group modelling.

The overview of obligatory reinsurance treaties for the main programme and calendar year 2024 (and for the year 2023):

Line of business / Treaty	Form of reinsurance	Leader
Property		
Property	Quota Share + Risk X/L, CAT X/L	GP Reinsurance EAD
Engineering	Quota Share + Risk X/L, CAT X/L	GP Reinsurance EAD
Civil Building	Quota Share, CAT X/L	GP Reinsurance EAD
Household	Quota Share, CAT X/L	GP Reinsurance EAD
SME Property	Quota Share, CAT X/L	GP Reinsurance EAD
Casco	Quota Share, CAT X/L	GP Reinsurance EAD
Liability		
Commercial Liability	Quota Share + Risk X/L	GP Reinsurance EAD
Motor Third Party Liability	Quota Share + Risk X/L	GP Reinsurance EAD
D&O	Quota Share + Risk X/L	GP Reinsurance EAD
Cargo transport	Quota Share + Risk X/L	GP Reinsurance EAD
Travel	Quota Share	EUROP ASSISTANCE S.A.
Agriculture		
Livestock	Risk / Event X/L	GP Reinsurance EAD
Crop	Hail Stop Loss	GP Reinsurance EAD
Bonds	Quota Share	GP Reinsurance EAD
Life, pensions		
Individual life insurance	Surplus	Assicurazioni Generali S.p.A.
Group life insurance	Quota Share	Assicurazioni Generali S.p.A.
Life & Disability	Surplus	Swiss Re
Personal Accident	Quota Share	GP Reinsurance EAD
Credit Protection Insurance	Quota Share	GP Reinsurance EAD

D.8 Operational risk and other risks

Operational risk is defined as the potential loss arising from inadequate or failed internal processes, personnel and systems or from external events. The operational risk category includes the compliance risk and financial reporting risk. The compliance risk is the risk of incurring of legal or regulatory sanctions, material financial losses or reputational damage arising from failure to comply with laws, regulations and administrative provisions applicable to the Company business. The financial reporting risk is also considered as an operational risk. This is the risk of a transaction error which could entail an untrue and incorrect representation of situation of the assets, liabilities, profit or loss in the Company's financial statements.

As a part of the ongoing processes of Generali Group, the Company has set some common principles and techniques to manage the Operational Risk:

– policies and operating guidelines are in place establishing consistent framework of Operational Risk management within Generali Group;
– methodologies to identify significant risk event types and evaluation of their impact on Company's objectives;
– process of collecting the information of operational losses occurred to validate the results of different assessments and to allow the identification of not yet identified risks and control deficiencies.

The operational risk management process is based primarily on assessing the risks by experts in different fields of the Company's operations and collecting information on actually occurred losses. Outputs of these analyses are used to target investment in the new or modified current controls and mitigation actions in order to keep the level of risks in acceptable range.

Climate risks

The Company is fully alligned with the Group´s processes and tools to mitigate climate risks and seize the opportunities arising from the green transaction. These include monitoring the adequacy of the actuarial models to assess and rate risks, recourse to risk transfer mechanism, periodical analysis of the investments and product and service Innovation processes.

D.8.1 Operating systems and IT security management

Organization of the Company's IT is based on separating the IT security unit from other IT functions (IT operations, IT development etc.). The rules set by the Company regarding IT risk management and IT security are based on the rules and recommendations contained in ISO/IEC 27001: Information technology - Security techniques - Information security management systems - Requirements from 2013 with later updates and on guidelines and policies created by Generali Group. Moreover, the Company has been included into critical IT infrastructure of the Czech Republic since 2021 which brings another requirements on cyber security. The Company continuously works on improvement of IT risk management and digital risk management framework considering also new regulations in IT area (e.g. DORA, NIS2).

D.8.2 Other risks

In addition to above mentioned main risk categories, Company assesses also some other risks which are difficult to measure so their assessment relies on expert estimation:

– Reputational Risk, i.e. the risk of potential losses due to a reputational deterioration or to a negative perception of Company's or Generali Group's image among its customers, counterparties, shareholders and Supervisory Authority.
– Strategic Risk, i.e. the risk arising from external changes and/or internal decisions that may impact on the future risk profile of the Company or Generali Group.
– Contagion Risk, i.e. the risk that problems arising from one of Generali Group's local entities could affect the solvency, economic or financial situation of other entities within Generali Group or Generali Group as a whole.
– Emerging Risk, i.e. the new risks due to internal or external environmental, social or technological changes that may increase Company's or Generali Group's risk exposure or require to define a new risk category.

Assessment of these risks is performed at least on yearly basis as a part of planning process aiming at identification of potential threats to planned business objectives.

D.9 Financial strength monitoring by third parties

The Company's risks are monitored by third parties such as the insurance regulator.

Moreover, the leading rating agencies periodically assess the financial strength of the Company and the whole Generali Group expressing a judgment on the ability to meet the ongoing obligations assumed toward policyholders.

This assessment is performed considering several factors such as financial and economic data, the positioning of the Company within its market and the strategies developed and implemented by the management.

The Company has a Financial Strength Rating of A+ (Superior) with stable outlook and an Long-Term Issuer Credit Rating „aa-“ (Superior) with stable outlook, assigned by A.M. Best on 10 December 2024.

D.10 Capital management

The Capital Management Policy defines the principles of the Capital Management Framework that Assicurazioni Generali S.p.A. and the Group Legal Entities must adhere to, with the aim to optimize the use of capital while preserving an adequate capitalization both at Group and Local level.

Capital management activities refer to Own Funds management and control and in particular to procedures to:

- define the Capital Allocation Framework, i.e. the set of limits and the process to:
  - assign capital remittance target (including the process to reimburse infra-group subordinated debts)
  - redeploy the capital, including the process to regulate the issuance of Own Funds according to the medium-term Capital Management Plan;
- implement both at Group and Local level a sound process to embed the capital and cash centralization targets in the medium-term Capital Management Plan coherently with the strategic planning;
- classify and review the Own Funds;
- ensure consistency with policy or statement in respect of ordinary share dividends.

Capital management activities support the solvency position management taking into account the limits set out in the Risk Appetite Framework. Capital management shall operate in compliance with all the regulatory requirements and legislative framework at Local and Group level.

D.10.1 Solvency

The carries out business in the insurance sector, which is a regulated industry. The Company must comply with all regulations set in the Insurance Act No 277/2009 Coll. and regulation No 306/2016 Coll., fully harmonised with EU regulations, including prudential rules related to capital. In line with the Solvency II requirements, the Company, following regulatory approval, uses the Group Internal Model for regulatory solvency capital requirement (SCR) calculation. The Company regularly assesses its statutory solvency position which is derived from the ratio of its eligible own funds and the solvency capital requirement. To determine the amount of eligible own funds, the total Equity per financial statements (2024: CZK 33,018 million, 2023: CZK 37,447 million) is further adjusted for revaluation of assets and liabilities to market value according to Solvency II principles and taking into account the eligibility criteria set by Solvency II.

The Company has complied with the solvency capital requirement both in the previous and current period and its solvency position is published as part of the Solvency and Financial Condition Report (SFCR), available on the web pages of the Company.

E. Notes to the Statements of Financial Position, Income and Comprehensive Income

E.1 Intangible assets

In CZK million, as at 31 December	2024	2023
Software	1,681	1,781
Other intangible assets	69	76
Total	**1,750**	**1,857**

E.1.1 Software

In CZK million, for the year ended 31 December	2024	2023
Acquisition cost as at the beginning of the year	**9,569**	**9,039**
Accumulated amortisation and impairment as at the beginning of the year	(7,788)	(7,246)
Carrying amount as at the beginning of the year	1,781	1,793
Additions	435	527
Disposals	(1)	-
Amortisation for the period	(523)	(542)
Currency translation difference	5	7
Accumulated amortisation related to currency translation difference	(3)	(1)
Other movements	(57)	(4)
Accumulated amortisation related to other movements	44	1
Acquisition cost as at the end of the year	9,951	9 569
Accumulated amortisation and impairment as at the end of the year	(8,270)	(7,788)
Carrying amount as at the end of the year	**1,681**	**1,781**

E.1.2 Other intangible assets

In CZK million, for the year ended 31 December	2024	2023
Acquisition cost as at the beginning of the year	**167**	**160**
Accumulated amortisation and impairment as at the beginning of the year	(91)	(98)
Carrying amount as at the beginning of the year	76	62
Amortisation for the period	(10)	8
Currency translation difference	-	1
Accumulated amortisation related to currency translation difference	-	(1)
Currency difference - gross amount	-	2
Other movements	1	4
Accumulated amortisation related to other movements	2	-
Acquisition cost as at the end of the year	168	167
Accumulated amortisation and impairment as at the end of the year	(99)	(91)
Carrying amount as at the end of the year	**69**	**76**

Other intangible assets include mainly upfront fee paid in connection for bancassurance partnership agreement. Upfront fee mechanism satisfies conditions of IAS 38 for the recognition of intangible assets. This intangible assets are amortized over the useful life which is equal to duration of the contracts.

E.2 Tangible assets and Right-of-use assets

In CZK million, as at 31 December	2024	2023
Land and buildings (self-used)	13	48
Right-of-use assets (self-used)	130	389
Other tangible assets	56	71
Other assets	20	20
Total	**219**	**528**

The decrease of Right-of-use assets is mainly caused by the termination of leasing contracts.

E.2.1 Land and buildings (self-used)

In CZK million, for the year ended 31 December	2024	2023
Acquisition cost as at the beginning of the year	**120**	**282**
Accumulated depreciation and impairment as at the beginning of the year	(72)	(248)
Carrying amount as at the beginning of the year	48	34
Additions	8	27
Disposals	(96)	(189)
Accumulated depreciation related to disposals	65	184
Depreciation of the period	(12)	(8)
Acquisition cost as at the end of the year	32	120
Accumulated depreciation and impairment as at the end of the year	(19)	(72)
Carrying amount as at the end of the year	**13**	**48**

E.2.2 Right-of-use assets (self-used)

In CZK million, for the year ended 31 December	2024	2023
Acquisition cost as at the beginning of the year	**1,349**	**1,343**
Accumulated depreciation and impairment as at the beginning of the year	(960)	(815)
Carrying amount as at the beginning of the year	389	528
Additions	143	314
Disposals	(1,194)	(311)
Accumulated depreciation related to disposals	937	126
Depreciation of the period	(146)	(270)
Currency translation difference	2	3
Accumulated amortisation related to currency translation difference	(1)	(1)
Acquisition cost as at the end of the year	300	1,349
Accumulated depreciation and impairment as at the end of the year	(170)	(960)
Carrying amount as at the end of the year	**130**	**389**

Right of use assets comprise primarily leased buildings.

E.2.3 Other tangible assets

In CZK million, for the year ended 31 December	2024	2023
Acquisition cost as at the beginning of the year	**193**	**211**
Accumulated depreciation and impairment as at the beginning of the year	(122)	(119)
Carrying amount as at the beginning of the year	71	92
Additions	45	36
Disposals	(67)	(56)
Accumulated depreciation related to disposals	32	19
Depreciation of the period	(24)	(22)
Currency translation difference	-	2
Accumulated amortisation related to currency translation difference	(1)	-
Acquisition cost as at the end of the year	171	193
Accumulated depreciation and impairment as at the end of the year	(115)	(122)
Carrying amount as at the end of the year	**56**	**71**

Other tangible assets comprise primarily IT and office equipment.

E.3 Investments

Carrying values of investment:

In CZK million, for the year ended 31 December	Investment properties – Right of use assets	Financial investments at amortized costs	Financial investments at FVOCI	Financial investments at FVTPL
Balance as at 1 January 2023	**125**	**1,340**	**43,518**	**27,011**
Purchases/additions	68	2,167	57,857	7,824
Disposals/repayments/sales/maturities	-	(2,233)	(58,325)	(7,397)
Depreciation	(76)	-	-	-
Fair value gains/losses recorded in the income statements	-	24	171	2,384
Fair value gains/losses recorded in other comprehensive income	-	-	2,998	79
Accrued interest	-	-	(69)	(34)
Foreign exchange adjustments	-	-	-	-
Other movements	(2)	(11)	-	(1,002)
Balance as at 31 December 2023	**115**	**1,287**	**46,150**	**28,865**
Purchases/additions	1	2,557	64,541	6,891
Disposals/repayments/sales/maturities	(104)	(3,177)	(70,865)	(6,901)
Depreciation	(3)	2	-	-
Fair value gains/losses recorded in the income statements	-	4	318	1,021
Fair value gains/losses recorded in other comprehensive income	-	-	517	68
Accrued interest	-	(2)	(121)	(76)
Foreign exchange adjustments	-	-	-	-
Other movements	-	(5)	-	-
Balance as at 31 December 2024	**9**	**666**	**40,540**	**29,868**

Other movements in the column Investment properties – Right of use assets represent a decrease in the value of the Right of use due to the termination of leases.

E.3.1 Financial assets at amortized costs

In CZK million, as at 31 December	2024	2023
Financial assets at amortized costs		
Loans to subsidiaries	666	1,287
Total	**666**	**1,287**
Current portion	**666**	**1,207**
Non-current portion	**-**	**80**

In 2024 and 2023, the financial assets at amortized costs are classified as Stage 1 financial assets.

The fair value of loans:

In CZK million, as at 31 December	2024	2023
Financial assets at amortized costs		
Loans to subsidiaries	667	1,294
Total	**667**	**1,294**

In CZK million, as at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets at amortized costs				
Loans to subsidiaries	-	667	-	667
Total	**-**	**667**	**-**	**667**

In CZK million, as at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at amortized costs				
Loans to subsidiaries	-	1,294	-	1,294
Total	**-**	**1,294**	**-**	**1,294**

E.3.2 Financial assets at fair value through other comprehensive income

In CZK million, as at 31 December	2024	2023
Equites[1]	2,803	2,718
Quoted	2,803	2,718
Unquoted	-	-
Bonds	36,286	39,301
Quoted	36,150	39,172
Unquoted	136	129
Reverse repo operations Unquoted	1,451	4,131
Total	**40,540**	**46,150**
Current portion	**5,541**	**6,180**
Non-current portion	**34,999**	**39,970**

[1] Equities designated as at FVOCI: the Company has activated an OCI option taking into consideration equity instruments' implicit volatility, confimed also by historical movements and impacts on Company's result or equity. Dividend income from these equities recognized in profit and loss represented CZK 30 million (2023: CZK 111 million). Equity investments in FVOCI include in 2024 and 2023 primarily Irish collective asset-management vehicle (related party) and Moneta Money bank investments.

Fair value measurement as at the end of the reporting period:

In CZK million, as at 31 December 2024	Level 1	Level 2	Level 3	Total
Equities	305	2,498	-	2,803
Quoted	305	2,498	-	2,803
Unquoted	-	-	-	-
Bonds	31,340	2,752	2,194	36,286
Quoted	31,340	2,616	2,194	36,150
Unquoted	-	136	-	136
Reverse repo	-	1,451	-	1,451
Total	**31,645**	**6,701**	**2,194**	**40,540**

In CZK million, as at 31 December 2023	Level 1	Level 2	Level 3	Total
Equities	231	2,487	-	2,718
Quoted	231	2,487	-	2,718
Unquoted	-	-	-	-
Bonds	33,477	2,757	3,067	39,301
Quoted	33,477	2,628	3,067	39,172
Unquoted	-	129	-	129
Reverse repo	-	4,131	-	4,131
Total	**33,708**	**9,375**	**3,067**	**46,150**

The following table presents the changes in Level 3 instruments for the year ended 31 December.

In CZK million for the year ended 31 December	2024	2023
Opening balance	**3,067**	**4,438**
Transfers into Level 3	-	442
Total gains or losses	(88)	399
in income statement	11	23
in other comprehensive income	(99)	376
Purchases	110	241
Sales	(225)	(164)
Impairment	-	-
Transfer out of Level 3	(670)	(2,289)
Closing balance	**2,194**	**3,067**
Total change	**(873)**	**(1,371)**

In 2024 corporate bonds in the amount of CZK 197 million were reclassified out of the Level 3 to Level 1. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In 2024 goverment bonds in the amount of CZK 383 million and corporate bonds in the amount of CZK 90 million were reclassified out of the Level 3 to Level 2. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In 2023 goverment bonds in the amount of CZK 375 million and corporate bonds in the amount CZK 67 million were reclassified from Level 2 to Level 3. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In 2023 corporate bonds in the amount of CZK 272 million were reclassified out of the Level 3 to Level 1. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In 2023 goverment bonds in the amount of CZK 1,484 million and corporate bonds in the amount of CZK 533 million were reclassified out of the Level 3 to Level 2. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In CZK million, for the year ended 31 December	2024	2023
Transfer into Level 1 from Level 2	73	86
Transfer into Level 1 from Level 3	197	272
Transfer into Level 2 from Level 1	159	2,487
Transfer into Level 2 from Level 3	473	2,017
Transfer into Level 3 from Level 1	-	-
Transfer into Level 3 from Level 2	-	442

Maturity of financial assets at FVOCI – bonds in fair value:

In CZK million, as at 31 December	2024	2023
Up to 1 year	4,090	2,049
Between 1 and 5 years	17,802	19,590
Between 5 and 10 years	8,665	10,835
More than 10 years	5,729	6,827
Total	**36,286**	**39,301**

Realised gains and losses and net creation of ECL on financial assets FVOCI:

In CZK million, for the year ended 31 December 2024	Realised gains	Realised losses	ECL
Equities	548	(680)	-
Bonds	133	(113)	(5)
Total	**681**	**(793)**	**(5)**

In CZK million, for the year ended 31 December 2023	Realised gains	Realised losses	ECL
Equities	539	(712)	-
Bonds	377	(277)	5
Total	**916**	**(989)**	**5**

E.3.3 Financial assets at fair value through profit or loss

In CZK million, as at 31 December	2024	2023
Investment fund units (mandatorily measured at FVTPL)	**2,260**	**2,337**
Quoted	1,664	2,304
Unquoted	596	33
Bonds (mandatorily measured at FVTPL)	**219**	**216**
Derivatives (designated as at FVTPL)	**682**	**1,249**
Hedging derivatives	600	817
Held for trading	82	432
Unit-linked investments (designated as at FVTPL)	**24,538**	**23,277**
Allocated to policyholders	24,470	23,349
Not allocated to policyholders	68	(72)
Interest in investment vehicles (designated as at FVTPL)	**2,169**	**1,786**
Total	**29,868**	**28,865**
Current portion	**58**	**324**
Non-current portion	**29,810**	**28,541**

Unit-linked investment might not precisely match the liabilities. Certain part could not be allocated to policyholders as at year end and stay available for new unit linked insurance contracts or the contrary. FV revaluation of financial assets that are designated through profit and loss eliminate accounting mismatch from related liabilities arising from unit linked insurance contracts.

Fair value measurement as at the end of the reporting period:

In CZK million, as at 31 December 2024	Level 1	Level 2	Level 3	Total
Investment fund units (mandatorily measured at FVTPL)	1,664	-	596	2,260
Bonds (mandatorily measured at FVTPL)	-	-	219	219
Derivatives (designated as at FVTPL)	-	682	-	682
Interest in investment vehicles (designated as at FVTPL)	-	-	2,169	2,169
Unit-linked investments (designated as at FVTPL)	24,224	300	14	24,538
Total	**25,888**	**982**	**2,998**	**29,868**

In CZK million, as at 31 December 2023	Level 1	Level 2	Level 3	Total
Investment fund units (mandatorily measured at FVTPL)	2,304	-	33	2,337
Bonds (mandatorily measured at FVTPL)	-	-	216	216
Derivatives (designated as at FVTPL)	-	1,249	-	1,249
Interest in investment vehicles (designated as at FVTPL)	-	-	1,786	1,786
Unit-linked investments (designated as at FVTPL)	22,887	312	78	23,277
Total	**25,191**	**1,561**	**2,113**	**28,865**

The following table presents the changes in Level 3 instruments:

In CZK million, for the year ended 31 December	2024	2023
Opening balance	**2,113**	**2,155**
Transfers into Level 3	-	58
Total gains or losses in P/L	(6)	(142)
Purchases	1,126	259
Disposals	(176)	(162)
Pay-backs (maturities)	(12)	-
Transfer out of level 3	(47)	(55)
Closing balance	**2,998**	**2,113**
Total change	**891**	**100**

In CZK million, for the year ended 31 December	2024	2023
Transfer into Level 1 from Level 2	14	-
Transfer into Level 1 from Level 3	18	22
Transfer into Level 2 from Level 3	28	33
Transfer into Level 3 from Level 1	-	1
Transfer into Level 3 from Level 2	-	57

E.4 Receivables

In CZK million, as at 31 December			2024			2023
	Gross	ECL	Net	Gross	ECL	Net
Receivables from intermediares	49	(42)	7	73	(47)	26
Trade and other receivables	1,222	(359)	863	1,327	(358)	969
Receivables from derivatives collateral	62	-	62	18	-	18
Tax receivables	242	-	242	702	-	702
Total	**1,575**	**(401)**	**1,174**	**2,120**	**(405)**	**1,715**
Current portion			**1,174**			**1,715**

The value of ECL of Trade and other receivables represents mainly the ECL related to the receivable on unpaid bonds in the amount of CZK 176 million (2023: CZK 162 million).

In CZK million, for the year ended 31 December	2024	2023
Balance as at 1 January	**1,715**	**2,057**
Net change in gross value of receivables	(517)	(330)
Movement in ECL	3	15
Write offs	(27)	(27)
Balance as at 31 December	**1,174**	**1,715**

The decrease in receivables during 2024 is caused primarily by a decrease of tax receivables. Compared to the previous period, in which Company had a high tax receivable due to an high tax prepayment, the resulting tax liability for 2024 is much closer to the prepayments paid in 2024.

E.5 Non-current assets held for sale and discontinued operations

As at 31 December 2024 and 2023 the Company classifies as non-current assets held for sale its investment in a subsidiary Green Point Offices s. r. o. in the amount of CZK 331 million (2023 CZK 493 million). Due to failed negotiations with a buyer the property has not been sold so far, however, the sale is expected during the year 2025.

E.6 Cash and cash equivalents

In CZK million, as at 31 December	2024	2023
Cash and cash equivalents	1	2
Cash at bank	1,236	1,275
Short term deposits	-	639
Total	**1,606**	**1,916**

E.7 Other assets

In CZK million, as at 31 December	2024	2023
Accrued income and prepayments	504	462
Total	**504**	**462**
Current portion	**504**	**462**

E.8 Shareholder´s equity

In CZK million, as at 31 December	2024	2023
Share capital	4,000	4,000
Currency translation differences	(97)	(262)
Fair value revaluation of financial assets at FVOCI	196	(155)
Insurance finance reserve	68	(3)
Statutory reserve fund	912	912
Retained earnings (and other funds) brought forward	24,299	27,235
Net profit for the year	3,640	5,720
Total	**33,018**	**37,447**

Fair value revaluation of financial assets at FVOCI comprises:

- the cumulative net change in the fair value of bonds measured at FVOCI (which is increased by the amount of loss allowance) until the assets are derecognised or reclassified;
- the cumulative net change in the fair value of equity securities measured at FVOCI.

Insurance finance reserve include reserve for OCI component related to insurance contracts.

The following table provides details on reserves for fair value revaluation of financial assets at FVOCI.

In CZK million, for the year ended 31 December	2024	2023
Balance as at 1 January	**(155)**	**(2,452)**
Gross revaluation as at the beginning of the year	**(196)**	**(3,048)**
Tax on revaluation as at the beginning of the year	**41**	**596**
Bonds	40	2,027
Revaluation gain/loss in OCI – gross	14	2,631
Revaluation gain/loss on realisation in income statement – gross	(15)	75
Sales and disposal	(4)	(175)
Movement in ECL	5	(5)
Tax on revaluation	7	(479)
Currency trans. differences on tax on revaluation	2	2
Currency translation differences	31	(22)
Equities	311	270
Revaluation gain/loss in OCI – gross	436	351
Sales and disposal	(41)	-
Tax on revaluation	(84)	(78)
Currency trans. Differences	-	(3)
Gross revaluation as at the end of the year	**230**	**(196)**
Tax on revaluation as at the end of the year (Note E.22.2)	**(34)**	**41**
Balance as at 31 December	**196**	**(155)**

The insurance finance reserve comprises the cumulative insurance and reinsurance finance income and expenses recognised in OCI:

	2024	2023
Balance as at 1 January	**(3)**	**214**
Gross revaluation as at the beginning of the year	**(3)**	**259**
Tax on revaluation as at the beginning of the year	**-**	**(45)**
Finance expenses on insurance contracts - gross	36	(661)
Finance expenses on insurance contracts - tax	(16)	121
Finance income on reinsurance contracts – gross	59	399
Finance income on reinsurance contracts – tax	(8)	(76)
Gross revaluation as at the end of the year	**92**	**(3)**
Tax on revaluation as at the end of the year (Note E.22.2)	**(24)**	**-**
Balance as at 31 December	**68**	**(3)**

E.8.1 Share capital

There are no preferences or restrictions attached to the shares of the Company. The following table provides details of ordinary shares.

As at 31 December	2024	2023
Number of shares authorised, issued and fully paid	40,000	40,000
Par value per share (CZK)	100,000	100,000

E.8.2 Dividends

No proposal for a distribution of the profit of the year 2024 has been made by the date of the financial statements.

The sole shareholder approved on 11 April 2024 the payment of dividend in the amount of CZK 8,730 million. The dividend amounted to CZK 218.250 per each share in the nominal value of CZK 100,000.

The sole shareholder approved on 5 April 2023 the payment of dividend in the amount of CZK 4,530 million. The dividend amounted to CZK 113.250 per each share in the nominal value of CZK 100,000.

E.9 Insurance and reinsurance contract assets and liabilities

In CZK million, as at 31 December	Direct insurance		Accepted reinsurance		Total	
	2024	2023	2024	2023	2024	2023
Insurance contracts	**(61,635)**	**(60,775)**	**(877)**	**(1,617)**	**(62,512)**	**(62,392)**
Non-life segment	**(24,750)**	**(22,069)**	**(909)**	**(1,638)**	**(25,659)**	**(23,707)**
Insurance contract assets	111	96	275	197	386	293
Insurance contract liabilities	(24,861)	(22,165)	(1,184)	(1,835)	(26,045)	(24,000)
Life segment	**(36,885)**	**(38,706)**	**32**	**21**	**(36,853)**	**(38,685)**
Insurance contract assets	4,286	3,631	32	21	4,318	3,652
Insurance contract liabilities	(41,171)	(42,337)	-	-	(41,171)	(42,337)
Reinsurance contracts	**10,501**	**7,997**	**591**	**1,212**	**11,092**	**9,209**
Non-life segment	**9,910**	**7,487**	**623**	**1,232**	**10,533**	**8,719**
Reinsurance contract assets	13,073	10,297	765	1,365	13,838	11,662
Reinsurance contract liabilities	(3,163)	(2,810)	(142)	(133)	(3,305)	(2,943)
Life segment	**591**	**510**	**(32)**	**(20)**	**559**	**490**
Reinsurance contract assets	616	555	-	-	616	555
Reinsurance contract liabilities	(25)	(45)	(32)	(20)	(57)	(65)
Total	**(51,134)**	**(52,778)**	**(286)**	**(405)**	**(51,420)**	**(53,183)**
Current	(14,162)	(14,669)	(74)	(187)	(14,236)	(14,856)
Non-current	(36,972)	(38,109)	(212)	(218)	(37,184)	(38,327)

At 31 December 2024, the maximum exposure to credit risk from insurance contracts is CZK 9,156 million (2023: CZK 8,874 million), 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 CZK 4,346 million (2023: CZK 3,703 million).

Insurance and reinsurance contract assets and liabilities by measurement model:

	GMM		VFA		PAA		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Insurance contracts	**(28,082)**	**(29,997)**	**(8,763)**	**(8,688)**	**(25,667)**	**(23,707)**	**(62,512)**	**(62,392)**
Non-life segment	**-**	**-**	**-**	**-**	**(25,659)**	**(23,707)**	**(25,659)**	**(23,707)**
Insurance contract assets	-	-	-	-	386	293	386	293
Insurance contract liabilities	-	-	-	-	(26,045)	(24,000)	(26,045)	(24,000)
Life segment	**(28,082)**	**(29,997)**	**(8,763)**	**(8,688)**	**(8)**	**-**	**(36,853)**	**(38,685)**
Insurance contract assets	4,286	3,631	-	-	32	21	4,318	3,652
Insurance contract liabilities	(32,368)	(33,628)	(8,763)	(8,688)	(40)	(21)	(41,171)	(42,337)
Reinsurance contracts	**-**	**-**	**-**	**-**	**11,092**	**9,209**	**11,092**	**9,209**
Non-life segment	**-**	**-**	**-**	**-**	**10,533**	**8,719**	**10,533**	**8,719**
Reinsurance contract assets	-	-	-	-	13,838	11,662	13,838	11,662
Reinsurance contract liabilities	-	-	-	-	(3,305)	(2,943)	(3,305)	(2,943)
Life segment	**-**	**-**	**-**	**-**	**559**	**490**	**559**	**490**
Reinsurance contract assets	-	-	-	-	616	555	616	555
Reinsurance contract liabilities	-	-	-	-	(57)	(65)	(57)	(65)
Total	**(28,082)**	**(29,997)**	**(8,763)**	**(8,688)**	**(14,575)**	**(14,498)**	**(51,420)**	**(53,183)**

E.9.1 Non-life segment

E.9.1.1 Movement of non-life insurance contract assets and liabilities – analysis by remaining coverage and incurred claims

	Liability for remaining coverage (PAA)		Liability for incurred claims		Total
In CZK million, for the year ended 31 December 2024	**Excluding loss component**	**Loss component**	**Present value of future cash flows**	**Risk adjustment for non-financial risks**	
Balance as at 1 January – assets / liabilities	**(4,575)**	**(128)**	**(18,271)**	**(733)**	**(23,707)**
Changes in the statement of profit or loss and OCI					
Insurance revenues	**38,223**	**-**	**-**	**-**	**38,223**
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	(24,133)	(397)	(24,530)
Losses on onerous contracts	-	49	-	-	49
Amortisation of insurance acquisition cash flows	(8,544)	-	-	-	(8,544)
Adjustments to liabilities for incurred claims	-	-	(690)	433	(257)
Insurance service result	**29,679**	**49**	**(24,823)**	**36**	**4,941**
Net finance expenses from insurance contracts	2	-	(649)	(37)	(684)
Effect of movements in exchange rates	(10)	-	(76)	(3)	(89)
Total changes in the statement of profit or loss and OCI	**29,671**	**49**	**(25,548)**	**(4)**	**4,168**
Cash flows					
Premiums received	(38,928)	-	-	-	(38,928)
Claims and other insurance service expenses paid	-	-	24,095	-	24,095
Insurance acquisition cash flows	8,718	-	-	-	8,718
Total cash flows	**(30,210)**	**-**	**24,095**	**-**	**(6,115)**
Transfer to other items in the statement of financial position	-	-	(5)	-	(5)
Balance as at 31 December - assets / liabilities	**(5,114)**	**(79)**	**(19,729)**	**(737)**	**(25,659)**

In CZK million, for the year ended 31 December 2023	Liability for remaining coverage (PAA)		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	
Balance as at 1 January – assets / liabilities	**(3,914)**	**(109)**	**(15,673)**	**(734)**	**(20,430)**
Changes in the statement of profit or loss and OCI					
Insurance revenues	35,742	-	-	-	35,742
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	(17,722)	(299)	(18,021)
Losses on onerous contracts	-	(19)	-	-	(19)
Amortisation of insurance acquisition cash flows	(8,101)	-	-	-	(8,101)
Adjustments to liabilities for incurred claims	-	-	(948)	349	(599)
Insurance service result	27,641	(19)	(18,670)	50	9,002
Net finance expenses from insurance contracts	(33)	-	(1,296)	(47)	(1,376)
Effect of movements in exchange rates	(35)	-	(64)	(2)	(101)
Total changes in the statement of profit or loss and OCI	**27,573**	**(19)**	**(20,030)**	**1**	**7,525**
Cash flows					
Premiums received	(36,514)	-	-	-	(36,514)
Claims and other insurance service expenses paid	-	-	17,437	-	17,437
Insurance acquisition cash flows	8,295	-	-	-	8,295
Total cash flows	**(28,267)**	**-**	**17,437**	**-**	**(10,830)**
Transfer to other items in the statement of financial position	33	-	(5)	-	28
Balance as at 31 December - assets / liabilities	(4,575)	(128)	(18,271)	(733)	(23,707)

E.9.1.2 Movement of non-life reinsurance contract assets and liabilities – analysis by remaining coverage and incurred claims

In CZK million, for the year ended 31 December 2024	Liability for remaining coverage (PAA)		Asset for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	
Balance as at 1 January – assets / liabilities	**(2,715)**	**57**	**10,977**	**400**	**8,719**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(13,473)	-	-	-	(13,473)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	11,916	-	11,916
Recoveries on onerous contratcs	-	(28)	-	-	(28)
Adjustment to assets to incurred claims	-	-	1,066	5	1,071
Reinsurance service result	(13,473)	(28)	12,982	5	(514)
Effect of changes in non-performance risk of reinsurers	-	-	(1)	-	(1)
Net finance income from reinsurance contracts	6	-	313	20	339
Effect of movements in exchange rates	(17)	-	42	2	27
Total changes in the statement of profit or loss and OCI	**(13,484)**	**(28)**	**13,336**	**27**	**(149)**
Cash flows					
Premiums paid	13,269	-	-	-	13,269
Amounts received	-	-	(11,277)	-	(11,277)
Total cash flows	**13,269**	**-**	**2,059**	**-**	**1,992**
Transfer to other items in the statement of financial position	-	-	(29)	-	(29)
Balance as at 31 December - assets / liabilities	**(2,930)**	**29**	**13,007**	**427**	**10,533**

In CZK million, for the year ended 31 December 2023	Liability for remaining coverage (PAA)		Asset for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	
Balance as at 1 January – assets / liabilities	**(2,523)**	**42**	**9,827**	**399**	**7,745**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(12,229)	-	-	-	(12,229)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	7,612	-	7,612
Recoveries on onerous contratcs	-	15	-	-	15
Adjustment to assets to incurred claims	-	-	496	(25)	471
Reinsurance service result	(12,229)	15	8,108	(25)	(4,131)
Net finance income from reinsurance contracts	(5)	-	602	26	623
Effect of movements in exchange rates	(14)	-	36	-	22
Total changes in the statement of profit or loss and OCI	**(12,248)**	**15**	**8,746**	**1**	**(3,486)**
Cash flows					
Premiums paid	12,056	-	-	-	12,056
Amounts received	-	-	(7,597)	-	(7,597)
Total cash flows	**12,056**	**-**	**(7,597)**	**-**	**4,459**
Transfer to other items in the statement of financial position	-	-	1	-	1
Balance as at 31 December - assets / liabilities	**(2,715)**	**57**	**10,977**	**400**	**8,719**

E.9.1.3 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. Due to the transition to IFRS17, reliable historical data except those disclosed below are not available.

In CZK million, for the year ended 31 December 2024

Gross of reinsurance	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimates of undiscounted cumulative claims	-	-	-	-	-	-	17,438	16,054	17,717	25,275	
One year later	-	-	-	-	-	13,429	17,717	15,870	17,025		
Two years later	-	-	-	-	15,010	13,242	17,601	15,597			
Three years later	-	-	-	14,225	14,986	13,109	17,405				
Four years later	-	-	13,949	14,179	14,984	13,058					
Five years later	-	12,469	13,917	14,089	14,938						
Six years later	11,265	12,448	13,914	14,020							
Seven years later	11,234	12,414	13,855								
Eight years later	11,276	12,232									
Nine years later	11,238										
Estimate of cumulative claims	**11,238**	**12,232**	**13,855**	**14,020**	**14,938**	**13,058**	**17,405**	**15,597**	**17,025**	**25,275**	**154,643**
Cumulative payments	**10,970**	**12,088**	**13,644**	**13,805**	**14,474**	**12,654**	**16,320**	**14,595**	**14,837**	**15,251**	**138,638**
Risk adjustment											737
NL annuities											1,551
Provisions for ULAE											864
Unmodelled											2,033
Discounting effect											(1,320)
Undiscounted Liability for Incurred claims - not included in accident year											596
Value recognized in the Statement of Financial Position	**268**	**144**	**211**	**215**	**464**	**404**	**1,085**	**1,002**	**2,188**	**10,024**	**20,466**

In CZK million, for the year ended 31 December 2023

Gross of reinsurance	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimates of undiscounted cumulative claims	-	-	-	-	-	-	-	17,403	16,009	17,659	
One year later	-	-	-	-	-	-	13,399	17,643	15,824		
Two years later	-	-	-	-	-	14,976	13,212	17,566			
Three years later	-	-	-	-	14,195	14,952	13,079				
Four years later	-	-	-	13,922	14,149	14,951					
Five years later	-	-	12,445	13,890	14,059						
Six years later	-	11,244	12,424	13,887							
Seven years later	11,543	11,213	12,390								
Eight years later	11,538	11,255									
Nine years later	11,565										
Estimate of cumulative claims	**11,565**	**11,255**	**12,390**	**13,887**	**14,059**	**14,951**	**13,079**	**17,566**	**15,824**	**17,659**	**142,235**
Cumulative payments	**11,395**	**10,956**	**12,059**	**13,594**	**13,759**	**14,394**	**12,494**	**15,706**	**13,801**	**10,132**	**128,290**
Risk adjustment											733
NL annuities											1,786
Provisions for ULAE											805
Unmodelled											2,709
Discounting effect											(1,630)
Undiscounted Liability for Incurred claims - not included in accident year											656
Value recognized in the Statement of Financial Position	**170**	**299**	**331**	**293**	**300**	**557**	**585**	**1,860**	**2,023**	**7,527**	**19,004**

Information in the table include also claims handling costs attributable to the claims. Provisions for outstanding claims which were not included in the analysis by an accident year include provision for claims which occurred before 2014 and provisions related to minor non-life insurance products.

In CZK million, for the year ended 31 December 2024

Net of reinsurance	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimates of undiscounted cumulative claims	-	-	-	-	-	-	8,997	9,205	9,762	11,221	
One year later	-	-	-	-	-	7,608	8,701	8,986	9,283		
Two years later	-	-	-	-	8,400	7,460	8,633	8,793			
Three years later	-	-	-	-	8,392	7,410	8,551				
Four years later	-	-	-	-	8,372	7,347					
Five years later	-	-	-	-	8,325						
Six years later	-	-	-	-							
Seven years later	-	-	-								
Eight years later	-	-									
Nine years later	-										
Estimate of cumulative claims	**-**	**-**	**-**	**-**	**8,325**	**7,347**	**8,551**	**8,793**	**9,283**	**11,221**	**53,520**
Cumulative payments	**-**	**-**	**-**	**-**	**8,148**	**7,179**	**8,202**	**8,322**	**8,269**	**7,312**	**47,432**
Risk adjustment											310
NL annuities											1,013
Provisions for ULAE											864
Unmodelled											(1,319)
Discounting effect											(526)
Undiscounted Liability for Incurred claims - not included in accident year											602
Value recognized in the Statement of Financial Position	**-**	**-**	**-**	**-**	**177**	**168**	**349**	**471**	**1,014**	**3,909**	**7,032**

In CZK million, for the year ended 31 December 2023

Net of reinsurance	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimates of undiscounted cumulative claims	-	-	-	-	-	-	-	8,977	9,180	9,731	
One year later	-	-	-	-	-	-	7,591	8,642	8,961		
Two years later	-	-	-	-	-	8,382	7,442	8,614			
Three years later	-	-	-	-	-	8,373	7,392				
Four years later	-	-	-	-	-	8,353					
Five years later	-	-	-	-	-						
Six years later	-	-	-	-							
Seven years later	-	-	-								
Eight years later	-	-									
Nine years later	-										
Estimate of cumulative claims	**-**	**-**	**-**	**-**	**-**	**8,353**	**7,392**	**8,614**	**8,961**	**9,731**	**43,051**
Cumulative payments	**-**	**-**	**-**	**-**	**-**	**8,113**	**7,101**	**7,990**	**7,911**	**5,800**	**36,915**
Risk adjustment											
NL annuities											333
Provisions for ULAE											1,210
Unmodelled											805
Discounting effect											(917)
Undiscounted Liability for Incurred claims - not included in accident year											797
Value recognized in the Statement of Financial Position	**-**	**-**	**-**	**-**	**-**	**240**	**291**	**624**	**1,050**	**3,931**	**7,627**

E.9.2 Life segment

E.9.2.1 Movement of GMM life insurance contract assets and liabilities

Analysis by remaining coverage and incurred claims

In CZK million, for the year ended 31 December 2024 and 31 December 2023	Liability for remaining coverage		Liability for incurred claims	Total.	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	2024				2023			
Balance as at 1 January – assets / liabilities	**(26,474)**	**(13)**	**(3,510)**	**(29,997)**	**(27,221)**	**(9)**	**(3,324)**	**(30,554)**
Changes in the statement of profit or loss and OCI								
Insurance revenues	**10,717**	**(2)**	**-**	**10,715**	**9,711**	**(1)**	**-**	**9,710**
Contract under modified retrospective transition approach	1,547	-	-	1,547	1,576	-	-	1,576
Contract under fair value transition approach	3,997	-	-	3,997	4,267	-	-	4,267
Other contracts	5,173	(2)	-	5,171	3,868	(1)	-	3,867
Insurance service expenses	**(1,876)**	**(8)**	**(5,261)**	**(7,145)**	**(1,707)**	**1**	**(4,660)**	**(6,366)**
Incurred claims and other insurance service expenses **	-	-	(5,203)	(5,203)	-	-	(4,610)	(4,610)
Adjustments to liabilities for incurred claims	-	-	(58)	(58)	-	-	(50)	(50)
Losses and reversals of losses on onerous contracts	-	(8)	-	(8)	-	1	-	1
Amortisation of insurance acquisition cash flows	(1,876)	-	-	(1,876)	(1,707)	-	-	(1,707)
Insurance service result	**8,841**	**(10)**	**(5,261)**	**3,570**	**8,004**	**-**	**(4,660)**	**3,344**
Net finance expenses from insurance contracts	(1,412)	-	(52)	(1,464)	(2,192)	-	(74)	(2,266)
Effect of movements in exchange rates	(22)	-	(6)	(28)	(7)	-	(41)	(48)
Finance expenses/income	**(1,434)**	**-**	**(58)**	**(1,492)**	**(2,199)**	**-**	**(115)**	**(2,314)**
Investment components **	**5,661**	**-**	**(5,661)**	**-**	**5,400**	**-**	**(5,400)**	**-**
Total changes in the statement of profit or loss and OCI	**13,068**	**(10)**	**(10,980)**	**2,078**	**11,205**	**-**	**(10,175)**	**1,030**
Cash flows								
Premiums received	(14,004)	-	-	(14,004)	(12,955)	-	-	(12,955)
Claims and other insurance service expenses paid, including investment components	-	-	10,835	10,835	-	-	9,985	9,985
Insurance acquisition cash flows	3,006	-	-	3,006	2,498	-	-	2,498
Total cash flows	**(10,998)**	**-**	**10,835**	**(163)**	**(10,457)**	**-**	**9,985**	**(472)**
Transfer to other items in the statement of financial position	-	-	-	-	(1)	(4)	4	(1)
Balance as at 31 December - assets / liabilities	**(24,404)**	**(23)**	**(3,655)**	**(28,082)**	**(26,474)**	**(13)**	**(3,510)**	**(29,997)**

**Incurred claims are presented net of Investment components

Analysis by measurement component

In CZK million, for the year ended 31 December 2024	Estimates of present value of future cash flows	Risk adjustment for nonfinancial risk	CSM Contracts under modified retrospective approach	CSM Contracts under fair value approach	CSM Other contracts	CSM Subtotal	Total
Balance as at 1 January – assets / liabilities	**(7,810)**	**(1,049)**	**(11,652)**	**(2,219)**	**(7,267)**	**(21,138)**	**(29,997)**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	**190**	**104**	**1,587**	**301**	**1,457**	**3,345**	**3,639**
CSM recognised for services provided (release of CSM)	-	-	1,587	301	1,457	3,345	3,345
Change in risk adjustment for non-financial risk for risk expired	-	104	-	-	-	-	104
Experience adjustments	190	-	-	-	-	-	190
Changes that relate to future services	**3,867**	**(81)**	**(317)**	**(128)**	**(3,352)**	**(3,797)**	**(11)**
Contracts initially recognised in the year (new business contribution)	2,855	(186)	-	-	(2,669)	(2,669)	-
Changes in estimates that adjust the CSM and other	1,023	105	(317)	(128)	(683)	(1,128)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(11)	-	-	-	-	-	(11)
Changes that relate to past services	**(58)**	**-**	**-**	**-**	**-**	**-**	**(58)**
Adjustments to liabilities for incurred claims	(58)	-	-	-	-	-	(58)
Insurance service result	**3,999**	**23**	**1,270**	**173**	**(1,895)**	**(452)**	**3,570**
Net finance expenses from insurance contracts	(774)	(56)	(306)	(34)	(294)	(634)	(1,464)
Effect of movements in exchange rates	61	(5)	(17)	(1)	(66)	(84)	(28)
Total changes in the statement of profit or loss and OCI	**3,286**	**(38)**	**947**	**138**	**(2,255)**	**(1,170)**	**2,078**
Cash flows	**(163)**	**-**	**-**	**-**	**-**	**-**	**(163)**
Transfer to other items in the statement of financial position	-	-	-	-	-	-	-
Balance as at 31 December - assets / liabilities	**(4,687)**	**(1,087)**	**(10,705)**	**(2,081)**	**(9,522)**	**(22,308)**	**(28,082)**

Analysis by measurement component

In CZK million, for the year ended 31 December 2023	Estimates of present value of future cash flows	Risk adjustment for nonfinancial risk	CSM Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Subtotal	Total
Balance as at 1 January – assets / liabilities	**(8,826)**	**(1,363)**	**(12,153)**	**(2,289)**	**(5,923)**	**(20,365)**	**(30,554)**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	**63**	**189**	**1,673**	**317**	**1,152**	**3,142**	**3,394**
CSM recognised for services provided (release of CSM)	-	-	1,673	317	1,152	3,142	3,142
Change in risk adjustment for non-financial risk for risk expired	-	189	-	-	-	-	189
Experience adjustments	63	-	-	-	-	-	63
Changes that relate to future services	**3,007**	**223**	**(833)**	**(208)**	**(2,189)**	**(3,230)**	**-**
Contracts initially recognised in the year (new business contribution)	1,944	(189)	-	-	(1,749)	(1,749)	6
Changes in estimates that adjust the CSM and other	1,069	412	(833)	(208)	(440)	(1,481)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	(6)	-	-	-	-	-	(6)
Changes that relate to past services	**(50)**	**-**	**-**	**-**	**-**	**-**	**(50)**
Adjustments to liabilities for incurred claims	(50)	-	-	-	-	-	(50)
Insurance service result	**3,020**	**412**	**840**	**109**	**(1,037)**	**(88)**	**3,344**
Net finance expenses from insurance contracts	(1,631)	(79)	(314)	(37)	(205)	(556)	(2,266)
Effect of movements in exchange rates	100	(19)	(25)	(3)	(101)	(129)	(48)
Total changes in the statement of profit or loss and OCI	**1,489**	**314**	**501**	**69**	**(1,343)**	**(773)**	**1,030**
Cash flows	**(472)**	**-**	**-**	**-**	**-**	**-**	**(472)**
Transfer to other items in the statement of financial position	(1)	-	-	1	(1)	-	(1)
Balance as at 31 December - assets / liabilities	**(7,810)**	**(1,049)**	**(11,652)**	**(2,219)**	**(7,267)**	**(21,138)**	**(29,997)**

E.9.2.2 Movement of VFA life insurance contract assets and liabilities

Analysis by remaining coverage and incurred claims

In CZK million, for the year ended 31 December 2024 and 2023	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
		2024				2023		
Balance as at 1 January – assets / liabilities	**(8,447)**	**(1)**	**(240)**	**(8,688)**	**(7,757)**	**(22)**	**(266)**	**(8,045)**
Changes in the statement of profit or loss and OCI								
Insurance revenues	**365**	**(2)**	**-**	**363**	**329**	**(5)**	**-**	**324**
Contract under modified retrospective transition approach	59	-	-	59	55	-	-	55
Contract under fair value transition approach	294	-	-	294	274	(5)	-	269
Other contracts	12	(2)	-	10	-	-	-	-
Insurance service expenses	**(85)**	**3**	**(131)**	**(213)**	**(89)**	**22**	**(131)**	**(198)**
Incurred claims and other insurance service expenses **	-	-	(131)	(131)	-	-	(131)	(131)
Adjustments to liabilities for incurred claims	-	-	-	-	-	-	-	-
Losses and reversals of losses on onerous contracts	-	3	-	3	-	22	-	22
Amortisation of insurance acquisition cash flows	(85)	-	-	(85)	(89)	-	-	(89)
Insurance service result	**280**	**1**	**(131)**	**150**	**240**	**17**	**(131)**	**126**
Net finance expenses from insurance contracts	(964)	-	-	(964)	(1,328)	-	-	(1,328)
Effect of movements in exchange rates	(51)	-	(1)	(52)	(54)	(2)	(14)	(70)
Finance expenses/income	**(1,015)**	**-**	**(1)**	**(1,016)**	**(1,382)**	**(2)**	**(14)**	**(1,398)**
Investment components **	1,243	-	(1,243)	-	1,184	-	(1,184)	-
Total changes in the statement of profit or loss and OCI	**508**	**1**	**(1,375)**	**(866)**	**42**	**15**	**(1,329)**	**(1,272)**
Cash flows								
Premiums received	(606)	-	-	(606)	(729)	-	-	(729)
Claims and other insurance service expenses paid, including investment components	-	-	1,394	1,394	-	-	1,355	1,355
Insurance acquisition cash flows	3	-	-	3	2	-	-	2
Total cash flows	**(603)**	**-**	**1,394**	**791**	**(727)**	**-**	**1,355**	**628**
Transfer to other items in the statement of financial position	-	-	-	-	(5)	6	-	1
Balance as at 31 December - assets / liabilities	**(8,542)**	**-**	**(221)**	**(8,763)**	**(8,447)**	**(1)**	**(240)**	**(8,688)**

**Incurred claims are presented net of Investment components

Analysis by measurement component

In CZK million, for the year ended 31 December 2024	Estimates of present value of future cash flows	Risk adjustment for nonfinancial risk	CSM Contracts under modified retrospective approach	CSM Contracts under fair value approach	CSM Other contracts	CSM Subtotal	Total
Balance as at 1 January – assets / liabilities	**(7,660)**	**(50)**	**(928)**	**(50)**	**-**	**(978)**	**(8,688)**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	**7**	**4**	**129**	**10**	**-**	**139**	**150**
CSM recognised for services provided	-	-	129	10	-	139	139
Change in risk adjustment for non-financial risk for risk expired	-	4	-	-	-	-	4
Experience adjustments	7	-	-	-	-	-	7
Changes that relate to future services	**192**	**-**	**(162)**	**(30)**	**-**	**(192)**	**-**
Contracts initially recognised in the year	26	-	-	-	-	-	26
Changes in estimates that adjust the CSM and other	192	-	(162)	(30)	-	(192)	-
Changes in estimates that result in losses and reversals of losses on onerous							
Contracts	(26)	-	-	-	-	-	(26)
Changes that relate to past services	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjustments to liabilities for incurred claims	-	-	-	-	-	-	-
Insurance service result	**199**	**4**	**(33)**	**(20)**	**-**	**(53)**	**150**
Net finance expenses from insurance contracts	(964)	-	-	-	-	-	(964)
Effect of movements in exchange rates	(49)	-	(2)	(1)	-	(3)	(52)
Total changes in the statement of profit or loss and OCI	**(814)**	**4**	**(35)**	**(21)**	**-**	**(56)**	**(866)**
Cash flows	**791**	**-**	**-**	**-**	**-**	**-**	**791**
Transfer to other items in the statement of financial position	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 December - assets / liabilities	**(7,683)**	**(46)**	**(963)**	**(71)**	**-**	**(1,034)**	**(8,763)**

In CZK million, for the year ended 31 December 2023	Estimates of present value of future cash flows	Risk adjustment for nonfinancial risk	CSM: Contracts under modified retrospective approach	CSM: Contracts under fair value approach	CSM: Other contracts	CSM: Subtotal	Total
Balance as at 1 January – assets / liabilities	**(6,928)**	**(77)**	**(977)**	**(63)**	**-**	**(1,040)**	**(8,045)**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	**(20)**	**6**	**116**	**6**	**-**	**122**	**108**
CSM recognised for services provided	-	-	116	6	-	122	122
Change in risk adjustment for non-financial risk for risk expired	-	6	-	-	-	-	6
Experience adjustments	(20)	-	-	-	-	-	(20)
Changes that relate to future services	**52**	**22**	**(64)**	**8**	**-**	**(56)**	**18**
Contracts initially recognised in the year	36	-	-	-	-	-	36
Changes in estimates that adjust the CSM and other	31	25	(64)	8	-	(56)	-
Changes in estimates that result in losses and reversals of losses on onerous							
Contracts	(15)	(3)	-	-	-	-	(18)
Changes that relate to past services	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Adjustments to liabilities for incurred claims	-	-	-	-	-	-	-
Insurance service result	**32**	**28**	**52**	**14**	**-**	**66**	**126**
Net finance expenses from insurance contracts	(1,328)	-	-	-	-	-	(1,328)
Effect of movements in exchange rates	(65)	(1)	(3)	(1)	-	(4)	(70)
Total changes in the statement of profit or loss and OCI	**(1,361)**	**27**	**49**	**13**	**-**	**62**	**(1,272)**
Cash flows	628	-	-	-	-	-	628
Transfer to other items in the statement of financial position	-	-	-	-	-	-	-
Balance as at 31 December - assets / liabilities	(7,660)	(50)	(928)	(50)	-	(978)	(8,688)

E.9.2.3 Movement of life reinsurance contract assets and liabilities – analysis by remaining coverage and incurred claims

In CZK million, for the year ended 31 December 2024	Asset for remaining coverage (PAA) Excluding loss component	Loss component	Asset for incurred claims Present value of future cash flows	Risk adjustment for non-financial risks	Total
Balance as at 1 January – assets / liabilities	**(368)**	**-**	**840**	**18**	**490**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(1,350)	-	-	-	(1,350)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	694	-	694
Recoveries on onerous contratcs	-	-	-	-	-
Adjustment to assets to incurred claims	-	-	20	-	20
Reinsurance service result	(1,350)	-	714	-	(636)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Net finance income from reinsurance contracts	-	-	22	-	22
Effect of movements in exchange rates	1	-	-	-	1
Total changes in the statement of profit or loss and OCI	**(1,349)**	**-**	**736**	**-**	**(613)**
Cash flows					
Premiums paid	1,343	-	-	-	1,343
Amounts received	-	-	(661)	-	(661)
Total cash flows	**1,343**	**-**	**(661)**	**-**	**682**
Transfer to other items in the statement of financial position	-	-	-	-	-
Balance as at 31 December - assets / liabilities	(374)	-	915	18	559

In CZK million, for the year ended 31 December 2023	Asset for remaining coverage (PAA) Excluding loss component	Loss component	Asset for incurred claims Present value of future cash flows	Risk adjustment for non-financial risks	Total
Balance as at 1 January – assets / liabilities	**(336)**	**-**	**656**	**24**	**344**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(1,252)	-	-	-	(1,252)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	583	-	583
Recoveries on onerous contratcs	-	-	-	-	-
Adjustment to assets to incurred claims	-	-	128	(8)	120
Reinsurance service result	(1,252)	-	711	(8)	(549)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Net finance income from reinsurance contracts	(1)	-	27	2	28
Effect of movements in exchange rates	2	-	-	-	2
Total changes in the statement of profit or loss and OCI	**(1,251)**	**-**	**738**	**(6)**	**(519)**
Cash flows					
Premiums paid	1,219	-	-	-	1,219
Amounts received	-	-	(567)	-	(567)
Total cash flows	**1,219**	**-**	**(567)**	**-**	**652**
Transfer to other items in the statement of financial position	-	-	13	-	13
Balance as at 31 December - assets / liabilities	**(368)**	**-**	**840**	**18**	**490**

E.9.2.4 Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year:

In CZK million, for the year ended 31 December 2024	GMM Profitable contracts issued	GMM Onerous contract issued	VFA Profitable contracts issued	VFA Onerous contract issued	Total
Claims and other insurance service expenses payable	(8,860)	-	-	-	(8,860)
Insurance acquisition cash flows	(2,942)	-	-	-	(2,942)
Estimates of present value of cash outflows	(11,802)	-	-	-	(11,802)
Estimates of present value of cash inflows	14,658	-	-	-	14,658
Risk adjustment for non-financial risk	(187)	-	-	-	(187)
CSM	2,669	-	-	-	2,669
Losses recognised on initial recognition	-	-	-	-	-

In CZK million, for the year ended 31 December 2023	GMM Profitable contracts issued	GMM Onerous contract issued	VFA Profitable contracts issued	VFA Onerous contract issued	Total
Claims and other insurance service expenses payable	(6,948)	(58)	-	(7)	(7,013)
Insurance acquisition cash flows	(2,496)	-	-	-	(2,496)
Estimates of present value of cash outflows	(9,444)	(58)	-	(7)	(9,509)
Estimates of present value of cash inflows	11,381	60	-	7	11,448
Risk adjustment for non-financial risk	(189)	(1)	-	-	(190)
CSM	**1,748**	**1**	**-**	**-**	**1,749**
Losses recognised on initial recognition	**-**	**1**	**-**	**-**	**1**

E.9.2.5 CSM

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.

In CZK million, for the year ended 31 December 2024	Less than 1 year	Between 1-5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	More than 20 years	Total
GMM	3,110	8,736	5,668	2,756	1,234	804	22,308
VFA	126	384	291	147	57	29	1,034
Total	**3,236**	**9,120**	**5,959**	**2,903**	**1,291**	**833**	**23,342**

In CZK million, for the year ended 31 December 2023	Less than 1 year	Between 1-5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	More than 20 years	Total
GMM	2,889	8,169	5,374	2,680	1,224	802	21,138
VFA	115	356	274	144	59	30	978
Total	**3,004**	**8,525**	**5,648**	**2,824**	**1,283**	**832**	**22,116**

E.10 Other provisions

In CZK million, as at 31 December	2024	2023
Restructuring provision	58	38
Provisions for commitments	323	275
Other provisions	2	2
Total	**383**	**315**
Current portion	**190**	**112**
Non-current portion	**193**	**203**

In CZK million, as at 31 December	2024	2023
Carrying amount as at 1 January	**315**	**329**
Increases of provisions	193	75
Unused and reversed amounts	(128)	(94)
Amounts used without impact on P&L	-	1
Foreign currency translation	3	4
Carrying amount as at 31 December	**383**	**315**

Provisions for commitments represent mainly a guarantee for Slovak Insurers´ Bureau of CZK 132 million (2023: CZK 172 million) and provision for bonuses CZK 157 million (2023: CZK 83 million).

E.11 Financial liabilities

In CZK million, as at 31 December	2024	2023
Financial liabilities at fair value through profit or loss	206	125
Derivatives	206	125
Lease liabilities	158	542
Total	**364**	**667**
Current portion	**266**	**531**
Non-current portion	**98**	**136**

Roll-forward of financial liabilities:

In CZK million, for the year ended 31 December			Non-cash movements			
	Carrying amount as at 31.12.2023	Cash flow movements	Foreign currency translation effects	Fair value changes	Other non-cash movements	Carrying amount as at 31.12.2024
Lease liabilities	542	(172)	3		(215)	158
Total	**542**	**(172)**	**3**		**(215)**	**158**

In CZK million, for the year ended 31 December			Non-cash movements			
	Carrying amount as at 31.12.2022	Cash flow movements	Foreign currency translation effects	Fair value changes	Other non-cash movements	Carrying amount as at 31.12.2023
Lease liabilities	698	(407)	1		250	542
Total	**698**	**(407)**	**1**		**250**	**542**

Fair value measurement as at the end of the reporting period:

In CZK million, as at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	-	206	-	206
Lease liabilities	-	158	-	158

In CZK million, as at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	-	125	-	125
Lease liabilities	-	542	-	542

E.11.1 Lease liabilities

In CZK million, as at 31 December			2024			2023
	Amortised cost	Fair value	Fair value level	Amortised cost	Fair value	Fair value level
Lease liabilities	158	158	2	542	542	2
Total	**158**	**158**		**542**	**542**	
Current portion	94	94		444	444	
Non-current portion	64	64		98	98	

The decrease of lease liabilities corresponds to the termination of the leasing contracts. See Note E.2.

E.12 Payables

In CZK million, as at 31 December	2024	2023
Payables to intermediaries	1,020	757
Payables relating to taxation	726	513
Payables to client and suppliers	418	269
Payables to employees	186	194
Social security	97	93
Other payables	3,185	4,662
Total	**5,632**	**6,488**
Current portion	**5,626**	**6,481**
Non-current portion	**6**	**7**

The significant items of other payables in 2024 are the payable to the Ministry of Finance of the Czech Republic for the employer´s liability insurance in the amount of CZK 1,289 million (2023: CZK 1,232 million) which the Company administers for the state and the liability from a collateral in the amount of CZK 449 million (2023: CZK 1,038 million). The rest of the balance represents unmatched payments related to policyholders. The decrease in Other payables in 2024 is due to the decrease in unmatched payments (CZK 511 million) and the decrease in the amount of the liability from a collateral (CZK 589 million).

E.13 Other liabilities

In CZK million, as at 31 December	2024	2023
Other accrued expense	1,227	1,221
Thereof: Non-invoiced supplies	606	682
Accrued expenses for untaken holidays and bonuses	621	539
Deferred income	-	1
Total	**1,227**	**1,222**
Current portion	**1,227**	**1,222**

E.14 Insurance revenues

In CZK million, for the year ended 31 December 2024	Life			Non-life	Tottal
	GMM	VFA	PAA	PAA	
Contracts not measured under the PAA	**10,715**	**363**	**-**	**-**	**11,078**
Amounts relating to changes in liabilities for remaining coverage	8,838	278	-	-	9,116
CSM recognised for services provided	3,345	139	-	-	3,484
Change in risk adjustment for nonfinancial risk for risk expired	106	4	-	-	110
Expected incurred claims and other insurance service expenses	5,224	123	-	-	5,347
Other	163	12	-	-	175
Recovery of insurance acquisition cash					
Flows	1,877	85	-	-	1,962
Contracts measured under the PAA	**-**	**-**	**200**	**38,223**	**38,423**
Total	**10,715**	**363**	**200**	**38,223**	**49,501**

In CZK million, for the year ended 31 December 2023	GMM	VFA	Life PAA	Non-life PAA	Tottal
Contracts not measured under the PAA	**9,710**	**324**	**-**	**-**	**10,034**
Amounts relating to changes in liabilities for remaining coverage	8,003	235	-	-	8,238
CSM recognised for services provided	3,142	122	-	-	3,264
Change in risk adjustment for nonfinancial risk for risk expired	145	6	-	-	151
Expected incurred claims and other insurance service expenses	4,799	125	-	-	4,924
Other	(83)	(18)	-	-	(101)
Recovery of insurance acquisition cash					
Flows	1,707	89	-	-	1,796
Contracts measured under the PAA	**-**	**-**	**172**	**35,742**	**35,914**
Total	**9,710**	**324**	**172**	**35,742**	**45,948**

E.15 Insurance service expenses

In CZK million, for the year ended 31 December	2024	2023
Non-life insurance service expenses	**36,504**	**29,749**
Losses on onerous contracts	(49)	19
Claims paid	24,133	17,722
Change in liabilities for incurred claims	690	948
Change in liabilities for incurred claims – risk adjustment	(36)	(50)
Amortisation of insurance acquisition cash flows	8,544	8,101
Other insurance service expenses	3,222	3,009
Life insurance service expenses	**7,496**	**6,670**
Losses on onerous contracts	7	(24)
Claims paid	10,443	9,702
Change in liabilities for incurred claims	120	103
Change in liabilities for incurred claims – risk adjustment	1	(44)
Non-distinct investment component, expense reduction	(6,904)	(6,584)
Amortisation of insurance acquisition cash flows	2,056	1,866
Other insurance service expenses	1,773	1,651
Total	**44,000**	**36,419**

E.16 Net expenses from reinsurance contracts

In CZK million, for the year ended 31 December	2024	2023
Non-life net expenses from reinsurance contract	**523**	**4,106**
Reinsurance expenses of the period recognised from pure premium reserve (PAA)	13,473	12,229
Recoveries on onerous contratcs	28	(15)
Claims received	(11,916)	(7,612)
Change in reinsurance asset for incurred claims	(1,071)	(496)
Other	9	-
Life net expenses from reinsurance contract	**636**	**549**
Reinsurance expenses of the period recognised from pure premium reserve (PAA)	1,350	1,252
Claims received	(689)	(565)
Change in reinsurance asset for incurred claims	(20)	(120)
Other	(5)	(18)
Total	**1,159**	**4,655**

E.17 Investment return

In CZK million, for the year ended 31 December	2024	2023
Interest revenue calculated using the effective interest method	**1,502**	**1,579**
Interest income from financial assets at amortized costs	79	76
Interest income from financial assets at FVOCI	1,359	1,406
Interest income from cash and cash equivalents	64	97
Other investment revenue/expense	**2,952**	**5,174**
Net revenue from financial assets at FVTPL backing policies where the risk is borne by policyholders (backing liabilities under IFRS17)	1,905	3,099
Net revenue on financial instruments mandatorily measured FVTPL	208	248
Net revenue from derivative instuments	(37)	497
Net gains/losses on derecognition of debt investments at FVOCI	19	100
Dividends on equity investments at FVOCI	30	111
Net foreign exchange gain on debt investments not measured at FVTPL	280	142
Income from subsidiaries and associates	764	1,169
Dividends and other income	922	1,164
Realized gains/loss from disposal	(158)	5
Other investment income/expense	(217)	(192)
Net impairment loss on financial assets	**(28)**	**22**
Bonds at FVOCI	(5)	5
Receivables	(25)	17
Other	2	0
Total	**4,426**	**6,775**

Income from dividends from subsidiaries and associates consists of the dividends received from:

In CZK million, for the year ended 31 December	2024	2023
Generali Česká Distribuce a.s.	-	88
Generali Slovenská Distribuce a.s.	10	-
Europ Assistance s.r.o.	4	2
Acredité s.r.o.	5	-
Generali penzijní společnost a.s.	835	1,013
VÚB Generali dôchodková správcovská spoločnosť, a.s.	68	54
Small GREF a.s.	1	7
Total	**922**	**1,164**

E.18 Net insurance finance result

In CZK million, for the year ended 31 December	2024	2023
Net finance expenses from insurance contracts	**(3,147)**	**(5,014)**
Changes in fair value of underlying items of direct participating Contracts	(964)	(1,328)
Interest accreted	(1,502)	(1,625)
Effect of changes in interest rates and other financial assumptions	(679)	(1,309)
Net foreign exchange loss	(35)	(44)
Amounts recognised in OCI	33	(659)
Net finance income from reinsurance contracts	**321**	**586**
Interest accreted	297	241
Other	(37)	(55)
Amounts recognised in OCI	61	400
Net insurance financial result	**(2,826)**	**(4,428)**
Amounts recognised in profit or loss	(2,920)	(4,169)
Amounts recognised in OCI	94	(259)

E.19 Other income

In CZK million, for the year ended 31 December	2024	2023
Gains on foreign currency	166	232
Reversal of other provisions	86	45
Income arising from service and assistance activities	457	369
Other income	54	57
Total	**763**	**703**

E.20 Other operating expenses

In CZK million, for the year ended 31 December	2024	2023
Marketing expenses	465	488
Expenses from service and assistance activities and charges incurred on behalf of third parties	369	324
Project expenses	124	163
Losses on foreign currency	122	159
Management expense of insurance distribution companies	159	157
Other non recurring expenses	72	123
Product development expenses	92	84
Education and training expenses	83	79
Restructuring charges and allocation to other provisions	75	41
Termination employee benefits expenses	39	40
Other taxes	10	11
Other expenses	79	70
Total	**1,689**	**1,739**

E.21 Expenses by nature

In CZK million, for the year ended 31 December	Non-life segment		Life segment		Total	
	2024	2023	2024	2023	2024	2023
Claims and benefits (w/o ULAE)	23,723	17,611	10,375	9,575	34,098	27,186
Acquisition costs	8,649	8,282	3,006	2,520	11,655	10,802
Losses on onerous contracts	(49)	19	7	(24)	(42)	(5)
Non-distinct investment component, expense reduction	-	-	(6,904)	(6,584)	(6,904)	(6,584)
Staff costs	3,125	2,959	1,057	1,027	4,182	3,986
Depreciation and amortization	487	649	230	285	717	934
Marketing and advertising	390	359	145	145	535	504
IT costs	560	554	269	255	829	809
Other administration costs	678	516	790	672	1,468	1,188
of which: statutory audit	29	30	11	11	40	41
tax advisory	3	2	1	1	4	3
other assurance services	8	4	2	2	10	6
other non-audit services	33	21	14	9	47	30
Total	**37,563**	**30,949**	**8,975**	**7,871**	**46,538**	**38,820**
Amounts attributed to insurance acquisition cash flows incurred during the year	(8,501)	(8,155)	(2,922)	(2,481)	(11,423)	(10,636)
Amortization of insurance acquisition cash flows	8,587	8,157	1,987	1,817	10,574	9,974
Total change in insurace acquisiton cash flows	**(86)**	**2**	**(935)**	**(664)**	**(849)**	**(662)**
Total expenses by nature	**37,649**	**30,951**	**8,040**	**7,207**	**45,689**	**38,158**
Represented by						
Insurance service expenses	3,504	29,749	7,496	6,670	44,000	36,419
Other operating expenses	1,145	1,202	544	537	1,689	1,739

E.22 Income taxes

In CZK million, for the year ended 31 December	2024	2023
Current income taxes	1,323	1,195
of which: related to prior years	(23)	196
Deferred taxes	(78)	(523)
Total	**1,245**	**672**

Lower impact of deferred taxes on the income statement in 2024 is driven by a recalculation of deferred tax on Assets from business combinations recognised in equity and deferred tax on Insurance and reinsurance contract assets and liabilities.

Reconciliation between expected and effective tax rates:

In CZK million, for the year ended 31 December	2024	2023
Expected income tax rate	**21%**	**19%**
Earnings before taxes	**4,885**	**6,392**
Expected income tax expense	**1,026**	**1,214**
Expenses not allowable for tax purposes	205	102
Income not subject to tax	(328)	(365)
Other reconciliations	342	(279)
Tax expense	1,245	672
Effective tax rate	**25,49%**	**10,51%**

The tax authority may at any time inspect the books and records of the Company within a maximum period of 10 years subsequent to the reported tax year,and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

In 2024 the effective tax rate is significantly higher due to recalculation of the deferred tax.

The effective tax rate in 2023 is significantly reduced by income that is exempt from tax. These are dividends from subsidiaries and income from investments in government bonds issued after 2021.

For the year 2024 and 2023 no impact on additional income tax is recognised as a effect of Pillar II implementation.

E.22.1 Deferred tax

In CZK million, as at 31 December	Deferred tax Asset		Deferred tax Liabilities	
	2024	2023	2024	2023
Intangible assets	-	-	(160)	(161)
Assets from business combinations recognised in equity	1,006	1,401	-	-
Tangible assets and Land and buildings (self used)	-	-	(3)	(1)
Land and buildings (investment properties)	-	-	(2)	(24)
Financial assets at FVOCI	456	522	-	-
Financial liabilities and other liabilities	160	78	-	-
Insurance and reinsurance contract assets and liabilities	639	341	-	-
Other	7	-	-	(23)
Total	**2,268**	**2,342**	**(165)**	**(209)**
Net deferred tax asset/liability	**2,103**	**2,133**		

In accordance with the accounting method, the amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted as at the end of the reporting period which, for the year 2024 and following years is 21% on Czech assets and liabilities (2023: 21%) and 24% for Slovak branch in 2024 (2023: 21%).

E.22.2 Current tax and deferred tax recognised in OCI

In CZK million, for the year ended 31 December	2024	2023
Items that will not be reclassified to profit and loss		
Deferred tax - revaluation gain/losses on equities at FVOCI	157	73
Items that may be reclassified subsequently to profit and loss		
Deferred tax - revaluation gain/losses on bonds at FVOCI	(253)	(232)
Net change in fair value	(946)	(929)
Reclassified to profit and loss	693	697
Deferred tax – ECL on financial assets at FVOCI	131	117
Deferred tax – finance expense on insurance contracts	60	44
Deferred tax – finance income on reinsurance contracts	(36)	(44)
Current tax – realised gain/losses on financial assts – OCI option	147	189
Total	**206**	**147**

Details on tax on revaluation on financial assets at FVOCI are provided in Note E.8.

E.23 Share-based payments

Management plans

Selected members of management of the Company are beneficiaries of a Generali Group's long-term incentive 2020-2022, 2021-2023, 2022-2024 and 2023-2025 Cycle. The plans aim to strengthen the link between the remuneration of the potential beneficiaries and expected performance under Generali Group's strategic plan (so-called absolute performance), also retaining the link between remuneration and the creation of value relative to a peer group (so-called relative performance). The plans also aim to achieve management engagement at Generali Group level. The incentive for achieving the objectives will be paid in shares issued by Assicurazioni Generali S.p.A. (ultimate parent company).

Cycles are divided into three tranches. The sum of shares set aside in each of the three years will be assigned in a single deal only at the end of the third year, approximately by the month of April (date of assignment), after an overall evaluation of the Board of Directors concerning the effective achievement of the Objectives not only on annual basis but over three years as well.

For each cycle, the maximum number of shares (per beneficiary) that can be assigned at the end of three years is calculated by dividing the maximum award amount (calculated as a percentage of base salary) by the share value, calculated as the average of the three months prior to the approval by the Board of Director of the draft budget for the financial year and the consolidated financial statement relating to the financial year that closed prior to that in which the plan began.

Total amount of shares which can be assigned is subdivided into the three tranches at respective percentages rate of 30 % - 30 % - 40 %.

Plan structure and Vesting period

The plans are structured to cover approximately a period of 6 calendar years: three financial reporting years (vesting period) plus about three years for shares assignment and lock-up period (50% shares will be assigned after 2-year holding period beginning from the date of enrollment in the name of the beneficiaries). Vesting period starts from January 1, of a first year of a Cycle.

Vesting conditions

The number of shares to be allocated for each tranche is directly linked to the assessment of achievement against the objectives identified for the cycle. For the plans, the objectives identified are the relative Total Shareholders' Return – rTSR (compared with a Peer Group, identified in the STOXX Euro Insurance Index) and the Return on Equity – ROE); the performance level, and corresponding incentive level, depends on the simultaneous achievement of the two objectives.

Even after Objectives achievement, the Plan´s Bonus (whole or in part) might not be assigned when a strategic objective is not met or the working/administrative relationship with Assicurazioni Generali S.p.A. or with other companies in Generali Group of a beneficiary is terminated before the end of the three years period of the Plan.

Valuation

Total cycle cost (TC) is calculated in following manner:
Maximum award amount = 175 % (based on table of annual performance outcome) * Base salary

Maximum share number = Maximum award amount/share value (calculated as the average of the three months prior to the approval by the Board of Director of the draft financial statements relating the year before the beginning of the plan)

Base Share number = Base salary / share value (calculated as the average of the three months prior to the approval by the Board of Director of the draft financial statements relating the year before the beginning of the PLAN)

Employee plan

In 2023 new share based plan has been introduced. The plan is designed for all group employees, except executives and will be paid in shares (the Shares) issued by Assicurazioni Generali S.p.A. (ultimate parent company). The grant date of the plan was established on 24 May 2023. At that point, the Board of Directors communicated the initial price of the Shares equal to EUR 16.45. The participating employees will be required to select a payment option at maturity of the plan. If the final share price is greater than the initial price, employees receive shares (physical delivery) or require the sale of all the shares and receive the corresponding sum by cash.

Effect on the Company´s financial statements

In CZK million	2024	2023
Total expenses per year	**33**	**16**
Employee plan	22	10
2020-2022 Plan	-	2
2021-2023 Plan	-	2
2022-2024 Plan	5	2
2023-2025 Plan	6	-
Total equity reserve as at 31.12.	**50**	**21**
Employee plan	33	11
2021-2023 Plan	-	4
2022-2024 Plan	9	4
2023-2025 Plan	8	2

In 2024 the 2021-2023 Cycle vested with share assignment. In 2023 the 2020-2022 Cycle vested with share assignment. There is no fiscal implications and related tax effect for the Company.

E.24 Information on employees

Number of employees, as at 31 December	2024	2023
Top management	36	36
Other managers	248	248
Employees	3,232	3,293
Others	2	2
Total	**3,518**	**3,579**

In CZK million, for the year ended 31 December	2024	2023
Wages and salaries	3,032	2,877
Compulsory social security contributions	984	928
Thereof: state-defined contribution pension plan	561	531
Other expenses	166	181
Thereof: contribution to the private pension funds	43	38
Total staff costs	**4,182**	**3,986**
Total remuneration included in staff cost for top management	**328**	**292**

The following table shows an allocation of staff costs in the income statement.

In CZK million, for the year ended 31 December	2024	2023
Acquisition costs	752	707
Insurance Benefits and Claims	982	928
Administration costs	2,448	2,351
Total	**4,182**	**3,986**

E.25 Hedge accounting

E.25.1 Interest rate risk hedging

Since 1st July 2011, fair value hedge accounting has been applied to derivatives hedging interest rate risk exposure of interest-bearing financial assets.

The Company has implemented a risk management strategy for interest rate risk. The objective of the investment and hedging strategy is to manage the overall interest rate risk position on a continuous basis. The Company achieves this objective by a dynamic strategy. The Company adjusts dynamically the positions within the fixed income portfolio and hedging derivatives that are used to adjust and hedge the interest rate sensitivity of the overall portfolio. Hedging derivates are purchased according to BPV vector of fixed income portfolio (i.e. including current credit spreads).

The change in the fair value of interest rate derivatives and FVTPL interest-bearing financial assets is reported in the profit or loss account according to IFRS 9. Change in the fair value of OCI interest-bearing financial assets attributable to the interest rate risk is within the hedge accounting reported in the profit or loss account either as other income from financial instruments and other investments or other expenses for financial instruments and other investments.

Hedged items

The Company designates as the hedged item a group of fixed income instruments (mainly bonds). Hedged items include financial assets classified in the category of financial assets at fair value through OCI.

Hedging instruments

Hedging instruments are defined as a group of interest rate derivatives. The derivatives are designated as hedging instruments in their entirety according to IFRS 9.

Assets and derivatives according to this definition can be clearly identified at any time.

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2024 were as follows.

	Nominal amount	Carrying amount	
		Assets	Liabilities
Interest rate risk	**5,262**	**600**	**(25)**
Interest rate swaps	5,262	600	(25)

The amounts relating to items designated as hedged items at 31 December 2024 were as follows.

	Carrying amount	
	Assets	Liabilities
Bonds	5,196	-

Line item in the statement of financial position where the hedging instruments is included	Change in fair value used for calculating hedge ineffectiveness for 2024	Ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Financial investments measured at FVTPL	(28)	21	Other investment revenue

Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	Line item in the statement of financial position in which the hedge item is included	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
(542)	Financial investments measured at FVOCI	49	(162)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2023 were as follows.

	Nominal amount	Carrying amount	
		Assets	Liabilities
Interest rate risk	**6,907**	**818**	**(7)**
Interest rate swaps	6,907	818	(7)

The amounts relating to items designated as hedged items at 31 December 2023 were as follows.

	Carrying amount	
	Assets	Liabilities
Bonds	6,484	-

Line item in the statement of financial position where the hedging instruments is included	Change in fair value used for calculating hedge ineffectiveness for 2024	Ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Financial investments measured at FVTPL	(453)	2	Other investment revenue

Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	Line item in the statement of financial position in which the hedge item is included	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
(699)	Financial investments measured at FVOCI	454	(203)

Hedging effectivness

There is an expectation that the value of the hedging instrument and the value of the hedged item will systematically change in response to movements in (risk-free) interest rate curves. Hence, there is an economic relationship between the hedged item and the hedging instrument over the lifetime (1 month) of hedging relationship.

The credit risk does not dominate in hedging instrument as derivatives are collateralized and issued by well rated banks.

For the purpose of hedging relationship, a BPV has been chosen as quantity. In particular, quantity of the hedged item is BPV of (group of) qualified fixed income instruments. Similarly, quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item is BPV of (group of) qualified interest rate derivatives.

Hedge ratio is then ratio of BPV of hedged item and BPV of hedging instrument in absolute amount.

Hedge ratio is determined at the beginning of a hedging relationship and its initial value is usually set to 100%. In other words, individual items of hedged item and hedging instrument are chosen in a way that BPVs of both are equal.

Assessment of hedging effectiveness and possible adjustment of dynamic hedging strategy is performed by the Company on a monthly basis. In every month of 2024 and 2023 Company´s hedging was evaluated as effective according to IFRS and internal rules governing hedge accounting.

E.26 Offsetting of financial instruments

The following table presents the recognized financial instruments that are subject to enforceable master netting arrangements or other similar agreements but not offset, as at 31 December 2024 and 2023, and shows what the net impact would be on the Company´s statements of financial position if all set-off rights were exercised. There are no instruments that are offset as at 31 December 2024 and 2023.

In CZK million, as at 31 December 2024	Note	Derivative assets	Derivative liabilities
Financial instrument total carrying value	E.3.3, E.11	682	206
Financial instruments not subject to master netting agreements		89	(12)
Financial instrument subject to master netting agreements		593	(193)
Collateral paid/Cash deposit received	E.4, E.12	(449)	62
Amounts presented in the balance sheet		144	(131)
Effect of master netting agreement		(193)	593
Net amount after master netting agreement		**(49)**	**462**

In CZK million, as at 31 December 2023	Note	Derivative assets	Derivative liabilities
Financial instrument total carrying value	E.3.3, E.11	1,249	(125)
Financial instruments not subject to master netting agreements		-	(27)
Financial instrument subject to master netting agreements		1,249	(98)
Collateral paid/Cash deposit received	E.4, E.12	(1,038)	18
Amounts presented in the balance sheet		211	(80)
Effect of master netting agreement		(98)	1,249
Net amount after master netting agreement		**113**	**1,169**

As regards to derivative assets and liabilities the Company is subject to an enforceable master netting arrangement in the form of an ISDA agreement with a derivative counterparty. Under the terms of this agreement, offsetting of derivative contracts is permitted only in the event of bankruptcy or default of either party to the agreement. In order to manage the counterparty credit risk associated with derivative trades, the parties have executed a collateral support agreement.

E.27 Off balance sheet items

E.27.1 Commitments

As at 31 December 2024, the Company had a commitment under investment agreements of CZK 2,081 million (2023: CZK 1,963 million) to make an additional contribution into the private equity funds. Till 31 December 2024, the Company already invested CZK 2,169 million (2023: CZK 1,786 million) into these private equity funds.

E.27.2 Pledged assets and collaterals

As at 31 December 2024 CZK 62 million (2023: CZK 18 million) has been pledged in derivatives agreements. The fair value of the derivative liability amounted to CZK 206 million (2023: CZK 125 million).

Furthermore, as at 31 December 2024 the Company has received financial assets as collateral for CZK 1,491 million (2023: CZK 4,235 million), in particular for transactions in bonds and loans and CZK 663 million (2023: CZK 1,253 million) for derivative transactions and CZK 1,293 million (2023: CZK 748 million) for other operations . Fair value of collateral held in bonds and loans is CZK 1,496 million (2023: 4,235 million), in derivative CZK 449 million (2023: CZK 1,038 million) and in other operations CZK 1,313 million (2023: CZK 760 million) (see Note D.5).

E.27.3 Other contingencies

E.27.3.1 Participation in Czech insurance nuclear pool

Generali Česká pojištovna a.s. is a member of the Czech insurance nuclear Pool (CzNIP). The subscribed net retention is as follows:

In CZK million, for the year ended 31 December	2024	2023
Liability (w/o D&O liability)	291	291
D&O liability only	33	33
FLEXA extended coverage of nuclear Risks plus BI	709	709
Total	**1,033**	**1,033**

The Company, as a member of CzNIP, has signed pool documents such as the Statute, Cooperation Agreement, Claims Handling Cooperation Agreement, and Solidarity Agreement. As a result, the Company is jointly and severally liable for the obligations arising from these pool documents. This means that, in the event that one or more of the other members are unable to meet their obligations to CzNIP, the Company would assume the uncovered portion of this liability, pro-rata to its own net retention used for the relevant contracts. The management does not consider the risk of another member being unable to meet its obligations to CzNIP to be material to the financial position of the Company. CzNIP has implemented adequacy rules for net members' retentions related to their capital positions, which are evaluated quarterly. Additionally, the potential liability of the Company for any given insured/assumed risk is contractually capped at four times the Company's net retention for direct risks (insurance contracts) and twice the Company's net retention for indirect risks (inwards reinsurance contracts).

E.27.3.2 Participation in Slovak insurance nuclear pool

Generali Poisťovňa, pobočka poisťovne z iného členského štátu is a member of the Slovak insurance nuclear Pool (SJPP). The subscribed net retention is as follows:

In CZK million, for the year ended 31 December	2024	2023
Liability (w/o D&O liability)	13	6
FLEXA extended coverage of nuclear Risks plus BI	5	3
Total	**18**	**9**

The Company as a member of SJPP signed pool documents like Statute, Cooperation agreement, Claims handling cooperation agreement and Solidarity agreement. As a result of this, the Company is jointly and severally liable for the obligations resulting from these pool documents. This means that, in the event that one or more of the other members are unable to meet their obligations to the SJPP, the Company would take over the uncovered part of this liability, pro-rata to its own net retention used for the contracts in question. The management does not consider the risk of another member being unable to meet its obligations to the SJPP to be material to the financial position of the Company. SJPP implemented adequacy rules of net member's retentions related to their capital positions and evaluated in individual quarters.

E.27.3.3 Collateral pledged on behalf of third party

There is no collateral pledged on behalf of third party as at 31 December 2024 and 2023.

E.27.3.4 Membership in the Insurers' Bureau

As a member of the Czech Insurers' Bureau and Slovak Insurers´ Bureau ("the Bureau") related to MTPL insurance, the Company is committed to guarantee the MTPL liabilities of the Bureau. For this purpose, the Company makes contributions to the guarantee fund of the Bureau based on the calculations of the Bureau.

In the event of a fellow member of the Bureau being unable to meet its liabilities arising from MTPL due to insolvency, the Company may be required to make additional contributions to the guarantee fund. Management has evaluated this risk and a provision for commitments for Slovak Insurers´ Bureau of CZK 131 million (2023: CZK 172 million) has been created. Apart from this, management does not believe there is any other risk of this occurring to be material to the financial position of the Company.

E.28 Related parties

This section contains information about all significant transactions with related parties excluding those which are described in other parts of the notes.

E.28.1 Identity of related parties

The Company is related to ultimate controlling entity Assicurazioni Generali S.p.A. and to companies controlled by it.

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The key management personnel of the Company and its parent, their close family members and other parties that are controlled, jointly controlled or significantly influenced by such individuals and entities in which such individuals hold significant voting power are also considered related parties.

Key management personnel of the Company comprise the members of the Board of Directors and the Supervisory Board. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

E.28.2 Key management personnel compensation

There were no significant transactions with members of the Supervisory Board during 2024 and 2023. Transactions with members of the Board of Directors comprised:

In CZK million, as at 31 December 2024	Board of Directors	
	Related to the board membership	Related to employment contract
Short-term employee benefits	156	26
State-defined contribution pension plan	5	-

In CZK million, as at 31 December 2023	Board of Directors	
	Related to the board membership	Related to employment contract
Short-term employee benefits	136	24
State-defined contribution pension plan	2	-

Short-term employee benefits include wages, salaries and social security contributions, allowances provided for membership in the statutory bodies, bonuses and non-monetary benefits such as medical care and cars.

During the reporting period 2024 termination benefits to the key management personnel of the Company were not paid.

As at 31 December 2024 and 31 December 2023, the members of the statutory bodies held no shares of the Company.

Selected members of management of the Company are beneficiaries of a Generali Group's long-term incentive Plans as described in the Chapter E.26.

E.28.3 Related party transactions

The related party transactions were carried out on terms equivalent to those that would apply in similar transactions with unrelated parties and are usually settled in cash.

The Company had no material transactions or outstanding balances with the ultimate and direct parent company Assicurazioni Generali S.p.A. and Generali CEE Holding B.V. in either in 2024 or in 2023, except for those described in the notes below.

The Company held no securities issued by the controlling entity. The Company also did not accept any guarantees from the controlling entity, nor did it provide any guarantees to such person.

The other related parties fall into the following groups:
Group 1a – subsidiaries of the Company
Group 1b – associates of the Company
Group 2 – enterprises directly consolidated within the group of the ultimate parent company
Group 3 – other companies

In CZK million, as at 31 December 2024	Notes	Group 1a	Group 1b	Group 2	Group 3
Cash and cash equivalents		-	-	-	-
Subsidiaries and associates		-	-	-	-
Investments		666	-	4,809	767
Investment property		-	-	-	-
Measured at amortized cost		666	-	-	-
Measured at FVOCI	1	-	-	2,498	666
Measured at FVTPL	2	-	-	2,311	101
Receivables		69	67	22	-
Insurance contract assets		1	-	180	-
Reinsurance contract assets	3	-	-	11,957	-
Property and equipment		-	-	-	-
Intangible assets		-	-	-	-
Non-current assets held for sale		-	-	-	-
Deferred tax receivable		-	-	-	-
Other assets		330	-	89	-
Total assets		**1,066**	**67**	**17,057**	**767**
Insurance contract liabilities		531	3	384	-
Reinsurance contract liabilities	4	-	-	3,154	-
Other provisions		-	-	-	-
Financial liabilities		-	-	10	-
Payables		209	23	147	-
Deferred tax liabilities		-	-	-	-
Other liabilities		78	16	218	-
Total liabilities		**818**	**42**	**3,913**	**-**

Notes:
1. The balance in Group 2 consists of ICAV funds.
2. The balance in Group 2 consists of mainly Lion River investments in the amount of CZK 2,169 million.
3. The balances with companies in Group 2 comprise mainly assets from ceded reinsurance from GP Re in the amount of CZK 11,309 million and assets from ceded reinsurance from Assicurazioni Generali S.p.A. in the amount of CZK 93 million.
4. The balances with companies in Group 2 comprise mainly liabilities from ceded reinsurance from GP Re in the amount of CZK 2,784 million and liabilities from ceded reinsurance from Assicurazioni Generali S.p.A. in the amount of CZK 39 million.

In CZK million, as at 31 December 2023	Notes	Group 1a	Group 1b	Group 2	Group 3
Cash and cash equivalents		-	-	-	-
Subsidiaries and associates		-	-	-	-
Investments		1,287	-	4,414	667
Investment property		-	-	-	-
Measured at amortized cost	1	1,287	-	-	-
Measured at FVOCI	2	-	-	2,487	574
Measured at FVTPL	3	-	-	1,927	93
Receivables		96	42	56	-
Insurance contract assets		-	-	122	-
Reinsurance contract assets	4	-	-	10,640	-
Property and equipment		-	-	-	-
Intangible assets		-	-	-	-
Non-current assets held for sale		-	-	-	-
Deferred tax receivable		-	-	-	-
Other assets		288	2	63	-
Total assets		**1,671**	**44**	**15,295**	**667**
Insurance contract liabilities	5	543	-	1,045	-
Reinsurance contract liabilities	6	-	-	2,916	-
Other provisions		-	-	-	-
Financial liabilities		249	-	25	-
Payables		273	26	176	-
Deferred tax liabilities		-	-	-	-
Other liabilities		138	15	166	-
Total liabilities		**1,203**	**41**	**4,328**	**-**

Notes:
1. The balances with companies in Group 1a comprise mainly loan to Green Point Offices a.s. in the amount of CZK 828 million and loan to Palac Krizik a.s. in the amount of CZK 379 million.
2. The balance in Group 2 consists of ICAV funds.
3. The balance in Group 2 consists of mainly Lion River investments in the amount of CZK 1,785 million.
4. The balances with companies in Group 2 comprise mainly assets from ceded reinsurance from GP Re in the amount of CZK 10,193 million and assets from ceded reinsurance from Assicurazioni Generali S.p.A. in the amount of CZK 48 million.
5. The balances with companies in Group 2 comprise liabilities from accepted reinsurance from Generali Insurance AD in the amount of CZK 911 million.
6. The balances with companies in Group 2 comprise mainly liabilities from ceded reinsurance from GP Re in the amount of CZK 2,631 million and liabilities from ceded reinsurance from Assicurazioni Generali S.p.A. in the amount of CZK 41 million.

In CZK million, as at 31 December 2024	Notes	Group 1a	Group 1b	Group 2	Group 3
Insurance service result		**(4,232)**	**(172)**	**(1,131)**	**(28)**
Insurance revenue		-	-	409	-
Insurance service expenses	1	(4,232)	(172)	(668)	(28)
Net expenses from reinsurance contracts		-	-	(872)	-
Net financial result		**554**	**5**	**283**	**72**
Investment return		**554**	**5**	**70**	**72**
Interest income		50	-	-	12
Other investment revenue		503	5	70	60
Net impairment loss on financial assets		1	-	-	-
Insurance finance result		**-**	**-**	**213**	**-**
Net finance expenses or income from insurance contracts		-	-	(18)	-
Net finance expenses or income from reinsurance contracts		-	-	231	-
Other income		273	-	31	-
Other operating expenses		(207)	-	8	(2)
Other finance costs		-	-	-	-
Expenses from discontinued operations		-	-	-	-
Total		**(3,612)**	**(167)**	**(809)**	**42**

Notes:
1. The balances in Group 1a include transactions with Generali Česká Distribuce a.s. in the amount of CZK 3,780 million (acquisition costs) and transactions with Generali Slovenská distribúcia, a. s. in the amount of CZK 409 million (acquisition costs). The balances in Group 2 comprise transactions from reinsurance Assicurazioni Generali S.p.A. in the amount of CZK 181 million (Generali brand fee) and expenses from IT service with Generali Shared Services S.c.a.r.l. in the amount of CZK 552 million.

In CZK million, as at 31 December 2023	Notes	Group 1a	Group 1b	Group 2	Group 3
Insurance service result		**(4,178)**	**(355)**	**(4,772)**	**(39)**
Insurance revenue		-	-	324	-
Insurance service expenses	1	(4,178)	(355)	(1,080)	(39)
Net expenses from reinsurance contracts	2	-	-	(4,016)	-
Net financial result		**950**	**14**	**170**	**54**
Investment return		**950**	**14**	**2**	**54**
Interest income		73	-	-	11
Other investment revenue		877	14	2	43
Net impairment loss on financial assets		-	-	-	-
Insurance finance result		**-**	**-**	**168**	**-**
Net finance expenses or income from insurance contracts		-	-	(4)	-
Net finance expenses or income from reinsurance contracts		-	-	172	-
Other income		227	-	25	-
Other operating expenses		(227)	-	(8)	(1)
Other finance costs		-	-	-	-
Expenses from discontinued operations		-	-	-	-
Total		**(3,228)**	**(341)**	**(4,585)**	**14**

Notes:
1. The balances in Group 1a include transactions with Generali Česká Distribuce a.s. in the amount of CZK 3,475 million (acquisition costs) and transactions with Generali Slovenská distribúcia, a. s. . in the amount of CZK 536 million (acquisition costs). The balances in Group 2 comprise transactions from reinsurance Assicurazioni Generali S.p.A. in the amount of CZK 174 million (Generali brand fee) and expenses from IT service with Generali Shared Services S.c.a.r.l. in the amount of CZK 520 million.
2. The balances in Group 2 include net expenses from ceded reinsurance with GP Re in the amount of CZK 3,893 million and ceded reinsurance with Assicurazioni Generali S.p.A. in the amount of CZK 208 million.

As at 31 December 2024 and 31 December 2023, the Company held no securities issued by related parties.

For the details of the collateral pledged with the related parties, any guarantees received or provided and commitments to such entities, see Note D.5, E.27.1 and E.27.2.

F. Subsequent events

The Company has not identified any significant events that have occurred since the end of the reporting period up to 25 March 2025 that would have a material impact on the financial statements as at 31 December 2024.

25 March 2025

Milan Novotný **Roman Juráš**

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REPORT ON RELATED-PARTY TRANSACTIONS FOR THE 2024 ACCOUNTING PERIOD

Generali Česká pojišťovna a.s., incorporated by entry in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1464, on 1 May 1992, as a public limited company (registration number 45272956), having its registered office at Spálená 75/16, 110 00 Praha 1 (the "Company"), is required to compile a report on related-party transactions for the 2024 accounting period in accordance with Section 82 of Act No 90/2012 on companies and cooperatives (Business Corporations Act), as amended.

The Company's sole shareholder as at 31 December 2024 was Generali CEE Holding B.V., having its registered office at De Entree 91, 1101 BH Amsterdam, Netherlands (the controlling entity). The disclosures in the Generali Česká pojišťovna a.s. financial statements are incorporated into the consolidated financial statements of Assicurazioni Generali S.p.A., Italy, which is the ultimate controlling company ("Generali Group").

Controlling entities wield control within Generali Group by the weight of their votes alone, i.e. by exercising voting rights at general meetings.

The structure of the Group and the status of Generali Česká pojišťovna are described in a separate section of the Annual Report.

The Report on Related-party Transactions includes contracts and agreements concluded in the last accounting period between related parties, other legal transactions executed in the interests of such parties, and all other measures taken on behalf of or at the instigation of those parties by the controlled entity. Effective contracts and agreements concluded in prior periods, under which the Company provided or received performance or consideration to/from related parties in the current period, are also listed here.

Overview of mutual contracts between the Company and the controlling entity and between entities controlled by the same controlling entity:

Contracts with Acredité s.r.o., Na Pankráci 1658, 140 21 Praha 4, Czech Republic:
- insurance contracts;
- framework cost-sharing contract (including addendum);
- lease/sublease contracts (including addenda);
- contract on the fulfilment of obligations arising from group participation;
- contracts granting rights of software use;
- Helpline access contract;
- service agreements (including addenda);
- contract on access to the APH application (including addendum);
- contract on the conduct of professional examinations and follow-up training.

Contracts with Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd, Španskih boraca 3, 110 70 Noví Beograd, Serbia:
- framework cost-sharing agreement;
- international MTPL insurance card (green card) contract.

Contracts with Akcionarsko društvo za reosiguranje Generali Reosiguranje Srbija, Beograd, Španskih boraca 3, 110 70 Noví Beograd, Serbia:
- reinsurance contracts.

Contracts with Assicurazioni Generali S.p.A., Piazza Duca degli Abruzzi, 2, Trieste, Italy:
- cooperation agreements (including addendum);
- derivatives trading contract;
- global framework consultancy agreement;
- terms and conditions for the use of the Generali brand;
- service contract on the appointment of a proxy to exercise voting rights at general meetings of companies;
- credit rating contract;
- Orion platform (HR system) administration;
- agreement on the assignment of a contract (service contract);
- reinsurance contracts.

Contracts with Europ Assistance S.A., 1, Promenade de la Bonnette, Gennevilliers, France:
- assistance service cooperation agreement (including addendum);
- reinsurance contracts.

Contracts with Europ Assistance s.r.o., Na Pankráci 1724/129, Nusle, 140 00 Praha 4, Czech Republic:
- Helpline access contract;
- insurance contracts;
- assistance service cooperation agreements (including addenda);
- cooperation agreement.

Contracts with Generali Assurances Générales SA, Avenue Perdtemps 23, Nyon, Switzerland:
- reinsurance contracts.

Contracts with Generali Biztosító Zrt., Teréz krt. 42-44, 1066 Budapest, Hungary:
- IT support contract (including addendum);
- tripartite agreements on the transfer of a contract;
- reinsurance contracts.

Contracts with Generali CEE Holding B.V., De Entree 91, 1101 BH Amsterdam, Netherlands:
- agreement on the assignment of rights and assumption of obligations;
- Earnix licensing agreement;
- insurance contracts (including addendum);
- framework cost-sharing contracts (including addendum);
- lease/sublease contracts (including addenda);
- contract on the fulfilment of obligations arising from group participation;
- Helpline access contract;
- service agreement (including addenda);
- cooperation agreement.

Contracts with Generali Česká Distribuce a.s., Na Pankráci 1658/121, Nusle, 140 00 Praha 4, Czech Republic:
- agreement on the granting of consent to structural alterations and the depreciation of capital improvements;
- agreement on the settlement of rights and obligations under lease contracts (including addendum);
- insurance contracts;
- lease/sublease contracts (including addenda);
- agency agreement;
- contract on the fulfilment of obligations arising from group participation;
- Helpline access contract (including addendum);
- contracts on the assignment of rights derived from capital improvements;
- advertising and promotion contract;
- framework cost-sharing contract (including addendum);
- cooperation agreement;
- loan contract (including addendum).

Contracts with Generali Deutschland Versicherung AG, Adenauerring 7, München, Germany:
- reinsurance contracts.

Contracts with Generali Development d.o.o. Beograd, Španskih boraca 3, 110 70 Noví Beograd, Serbia:
- software development and technical support contract.

Contracts with Generali Engagement Solutions GmbH, Adenauerring 9, München, Germany:
- IT service agreement (including addendum).

Contracts with Generali Espana, S.A. de Seguros y Reaseguros, Calle Orense 2, Madrid, Spain:
- reinsurance contracts.

Contracts with Generali Finance spólka z ograniczoną odpowiedzialnością, ul. Senatorska 18, 00-862, Warszawa, Poland:
- licensing agreement.

Contracts with Generali FT2 Shared Services S.r.l., Piața Charles de Gaulle 15, București, Romania:
- framework IT and non-IT sharing contract.

Contracts with Generali Hellas Insurance Company S.A., Syngrou Ave. & Lagoumitzi St., Athína, Greece:
- reinsurance contracts.

Contracts with Generali IARD S.A., 2 rue Pillet-Will, Paris, France:
- reinsurance contracts.

Contracts with Generali Insurance AD, 68 Knyaz Al. Dondukov Blvd., Sofia, Bulgaria:
- cost-sharing agreement;
- reinsurance contracts.

Contracts with Generali Investments CEE, investiční společnost, a.s., Na Pankráci 1720/123, Nusle, 140 00 Praha 4, Czech Republic, service number 140 21:
- agreement on a uniform method of shared-cost accounting;
- employee placement agreement;
- investment management agreement (including addenda);
- insurance contracts;
- framework cost-sharing contract (including addenda);
- framework IT and non-IT sharing contract (including addenda);
- lease/sublease contracts (including addendum);
- contract on the fulfilment of obligations arising from group participation (VAT);
- contract on terms and conditions for the issuance and redemption of investment fund securities, and on the establishment and maintenance of asset accounts;
- Helpline access contract;
- cooperation agreement;
- loyalty bonus contract (including addendum).

Contracts with Generali Investments Holding S.p.A., Via Machiavelli, 4, Trieste, Italy:
- agreement on the assignment of a contract (service contract).

Contracts with Generali Investments Luxembourg S.A., 4, rue Jean Monnet, Luxembourg:
- distribution agreement (including addenda);
- cooperation agreement (including addendum).

Contracts with Generali IT s.r.o., Heydukova 12–14 , Bratislava 811 08, Slovakia:
- software development and maintenance support contract.

Contracts with Generali Italia S.p.A., Via Marocchesa n. 14, Mogliano Veneto, Italy:
- reinsurance contracts.

Contracts with Generali Operations Service Platform s.r.l., Piazza Duca degli Abruzzi, 2, Trieste, Italy:
- framework service agreement (including addendum);
- framework cost-sharing contract (including addendum);
- framework IT and non-IT sharing contract (including addenda);
- lease/sublease contracts (including addenda);
- contract on the fulfilment of obligations arising from group participation.

Contracts with Generali Osiguranje d.d., Slavonska avenija 1b, 10000 Zagreb, Croatia:
- cost-sharing agreement;
- reinsurance contract.

Contracts with Generali penzijní společnost, a.s., Na Pankráci 1720/123, Nusle, 140 21 Praha 4, Czech Republic:
- agreement on an assessment of professional competence;
- Helpline access contract;
- insurance contract;
- mandate contract (including addenda);
- framework cost-sharing contract (including addenda);
- framework IT and non-IT sharing contract;
- lease/sublease contracts (including addendum);
- cooperation agreement;

Contracts with Generali Powszechne Towarzystwo Emerytalne S.A., ul. Senatorska 18, 00-862, Warszawa, Poland:
- service agreement.

Contracts with Generali Real Estate Fund CEE a.s., investiční fond, Na Pankráci 1658/121, Nusle, 140 00 Praha 4, Czech Republic:
- framework cost-sharing agreement.

Contracts with Generali Real Estate S.p.A., Via Machiavelli, 4, Trieste, Italy:
- insurance contracts;
- framework cost-sharing contract (including addendum);
- shared services contract.

Contracts with Generali Romania Asigurare Reasigurare S.A., Piața Charles de Gaulle 15, București, Romania:
- framework cost-sharing agreement;
- reinsurance contract.

Contracts with Generali Seguros, S.A., Avenida da Liberdade, 242, Lisboa, Portugal:
- reinsurance contracts.

Contracts with Generali Slovenská distribúcia, a. s., having its registered office at Lamačská cesta 3/A, Bratislava 841 04, Slovakia:
- framework IT and non-IT sharing contract (including addendum);
- cost-sharing contracts (including addenda).

Contracts with Generali Towarzystwo Ubezpieczeń Spółka Akcyjna, ul. Senatorska 18, 00-862, Warszawa, Poland:
- contracts on the assignment of an IT administration contract by Generali Česká pojišťovna (including addendum);
- cost-sharing agreement;
- reinsurance contracts.

Contracts with Generali Versicherung AG, having its registered office at Landskrongasse 1–3, Wien, Austria:
- outsourcing and service cooperation contract;
- reinsurance contracts.

Contracts with Generali zavarovalnica d.d., Kržičeva 3, Ljubljana, Slovenia:
- cost-sharing agreement.

Contracts with GP Reinsurance EAD, 68 Knyaz Al. Dondukov Blvd., Sofia, Bulgaria:
- contract assignment agreement (software maintenance);
- reinsurance contracts.

Contracts with Green Point Offices a.s., Lamačská cesta 3/A, 841 04 Bratislava, Slovakia:
- credit agreement (including addenda);
- agreement on set-off of mutual claims.

Contracts with Nadace Generali České pojišťovny, Na Pankráci 1720/123, Nusle, 140 00 Praha 4, Czech Republic:
- Helpline access contract;
- framework cost-sharing contract (including addendum).

Contracts with Nadace Generali – The Human Safety Net, Na Pankráci 1720/123, Nusle, 140 00 Praha 4, Czech Republic:
- framework cost-sharing agreement.

Contracts with Office Center Purkyňova, a.s., Václavské náměstí 772/2, Nové Město, 110 00 Praha 1, Czech Republic:
- agreement on the assignment of a lease contract;
- agreement on the granting of consent to structural alterations and the depreciation of capital improvements.

Contracts with PALAC KRIZIK a.s., Radlická 608/2, 150 23 Praha 5, Czech Republic:
- credit agreement (including addenda).

Contracts with Pankrác East a.s., Václavské náměstí 772/2, Nové Město, 110 00 Praha 1, Czech Republic:
- lease/sublease contract (including addenda).

Contracts with Pařížská 26, s.r.o., Václavské náměstí 772/2, Nové Město, 110 00 Praha 1, Czech Republic:
- loan contract (including addendum).

Contracts with VUB Generali dôchodková správcovská spoločnost', a.s., Mlynské Nivy 1, Bratislava 820 04, Slovakia:
- insurance contracts;
- cost compensation agreement.

All the contracts listed above were concluded on an arm's-length basis. The granting of an interest-free loan to a controlled subsidiary is also considered to be on an arm's-length basis as it is not to the detriment of the parent company. All services provided and received under these contracts and under contracts concluded in prior periods, as disclosed in previous reports on related-party transactions, which continued to be delivered in the 2024 accounting period were provided on an arm's-length basis and the Company incurred no loss. Nor did the contracts executed result in any special advantages, disadvantages or additional risks for the Company.

Consideration under the above contracts comprises the payment of the price agreed for services provided by the other party, which is subject to business secrecy.

Within Generali Group, the Company cooperates on Group projects and policies. The Company incurred no detriment or loss as a result of its cooperation on such Group activities.

The Company did not take any measures or execute other legal acts on behalf of or at the instigation of related parties in the 2024 accounting period in respect of assets exceeding 10% of the Company's equity as determined by the latest financial statements.

The Company's governing body declares that it has prepared this report with due professional care and that the information disclosed herein is sufficient, correct, and complete. In keeping with its statutory obligations, the Company will publish an Annual Report, of which this Company Report on Related-party Transactions will be an integral part.

Prague, 25 March 2025

Roman Juráš
Chairman of the Board of Directors

Milan Novotný
Member of the Board of Directors

Annual Report 2024

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