Generali Česká pojišťovna a.s.

Solvency and Financial Condition Report

2024

Index

Introduction

Generali Česká pojišťovna a.s. (the Company or GČP), falling under the scope of Solvency II Directive reporting, is required to prepare its own Solvency and Financial Condition Report (SFCR). This is in accordance with Directive 2009/138/ES (the Solvency II Directive) as well as with Delegated Regulation 2015/35/ES (the Delegated Regulation) and the related Guidelines.

Policyholders and beneficiaries are the main SFCR addressees. The SFCR ensures increased market transparency through support for the application of best practices, and also supports greater market confidence that leads to an improved understanding of the insurance business.

The SFCR's specific content is defined by primary legislation and implementing measures, which provide detailed information on the essential aspects of its business, such as a description of the commercial activity and performance of the undertaking, the system of governance, its risk profile, an evaluation of assets and liabilities, and capital management for solvency purposes.

When disclosing the information referred to in this report, figures reflecting monetary amounts will be disclosed in thousands of Czech crowns (CZK), which is the Company's functional currency, unless otherwise stated. Negligible differences can arise due to rounding.

This document was approved by the Company's Board of Directors on 8th April 2025.

Glossary

AHD	Accident, Health and Disability
ALAE	Allocated Loss Adjustment Expenses
ALM	Asset Liability Management
AMSB	Administrative, Management and Supervisory Body
BEL	Discounted Best Estimate of Liabilities
BoD	Board of Directors
BOF	Basic Own Funds
Bps	Basic points
CAT	CATastrophic risk
CAT XL	CATastrophe eXcess of Loss reinsurance contract
CB	Contract Boundaries
CDA	Counterparty Default Adjustment
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CoC	Cost of Capital
CoR	Combined Ratio
CRO	Chief Risk Officer
CV	Curriculum Vitae
CZ	Czech Republic
CZK	Czech crowns
CzNIP	Czech Insurance Nuclear Pool
D&O	Directors and Officers Liability
DFM	Development Factor Models
DORA	Digital Operational Resilience Act
DTA	Deferred Tax Asset
DTL	Deferred Tax Liability
EC	European Community
ECL	Expected credit loss
EIOPA	European Insurance and Occupational Pensions Authority
EPIFP	Expected Profit Included in Future Premiums
EU countries	Countries of the European Union
EUR	Euro
FV	Fair Value
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX derivates	Foreign eXchange derivates
FY	Financial Year
GCRO	Group Chief Risk Officer
GČP	Generali Česká pojišťovna a.s.
GDPR	General Data Protection Regulation
Generali	Assicurazioni Generali S.p.A. - the ultimate parent company of the Company
GIGP	Group Investment Governance Policy
GIRG	Group Investment Risk Guidelines
GP Re	GP Reinsurance EAD
IAA	International Actuarial Association
IAS	International Accounting Standards
IBNR	Incurred But Not Reported
IDD	Insurance Distribution Directive
ID number	IDentification number
IFRS	International Financial and Accounting Standards
IT	Information Technology
IVASS	Institution for the Supervision of Insurance
KPIs	Key Performance Indicators
L	Life insurance
LAE	Lost Adjustment Expenses
LAF	Life Actuarial Function
LDC	Loss Data Collection
LoB	Line of Business
LTI	Long Term Incentive programs
MCR	Minimum Capital Requirement
MTPL	Motor Third Party Liability
MVBS	Market Value Balance Sheet
NAT CAT	Natural Catastrophic excess of loss reinsurance contract
NL	Non-life Insurance
No	Number
ORA	Overall Risk Assessment
ORSA	Own Risk and Solvency Assessment
OTP	Other provisions
P&C	Property & Casualty, Non-life insurance
P&L	Profit and Loss
PDF	Probability Distribution Forecast
PIM	Partial Internal Model
p. p.	percentage points
QRT	Quantitative Reporting Template
RA	Risk Adjustment
RAF	Risk Appetite Framework
RBNS	Reported But Not Settled
RE SPV	Real estate special purpose vehicle
ResQ	Group Reserving Tool
RM	Risk Margin
RSR	Regular Supervisory Report
SA	Scenario Analysis
SAA	Strategic Asset Allocation
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SJPP	Slovak insurance nuclear Pool
SME	Small and Medium-Sized Enterprise business
SPV	Special Purpose Vehicle
STI	Short Term variable Incentives

SII	Solvency II: the set of legislative and regulatory provisions introduced following the issue of Directive 2009/138/EC of the European Parliament and the Council of 25 November 2009
TCZK	Thousands of Czech crowns
the Company	Generali Česká pojišťovna, a.s.
TP	Technical Provisions
TPL	Third Party Liability
UBEL	Undiscounted Best Estimate of Liabilities
UL (products)	Unit Linked products
ULAE	Unallocated Loss Adjustment Expenses
USD	United States dollar
UW	Underwriting
VA	Volatility Adjustment
VaR calculation	Value at Risk calculation
w/o	without
XL	Excess of Loss reinsurance
YE	Year End

Summary

The objective of the Solvency and Financial Condition Report (SFCR) is to increase transparency in the insurance market by requiring insurance and reinsurance undertakings to publicly disclose a report on their solvency and financial condition on an annual basis.

BUSINESS AND PERFORMANCE (SECTION A)

Generali Česká pojišťovna is a composite insurance company providing individual life and non-life insurance as well as insurance for small, medium, and large clients, covering risks in industry, business, and agriculture.

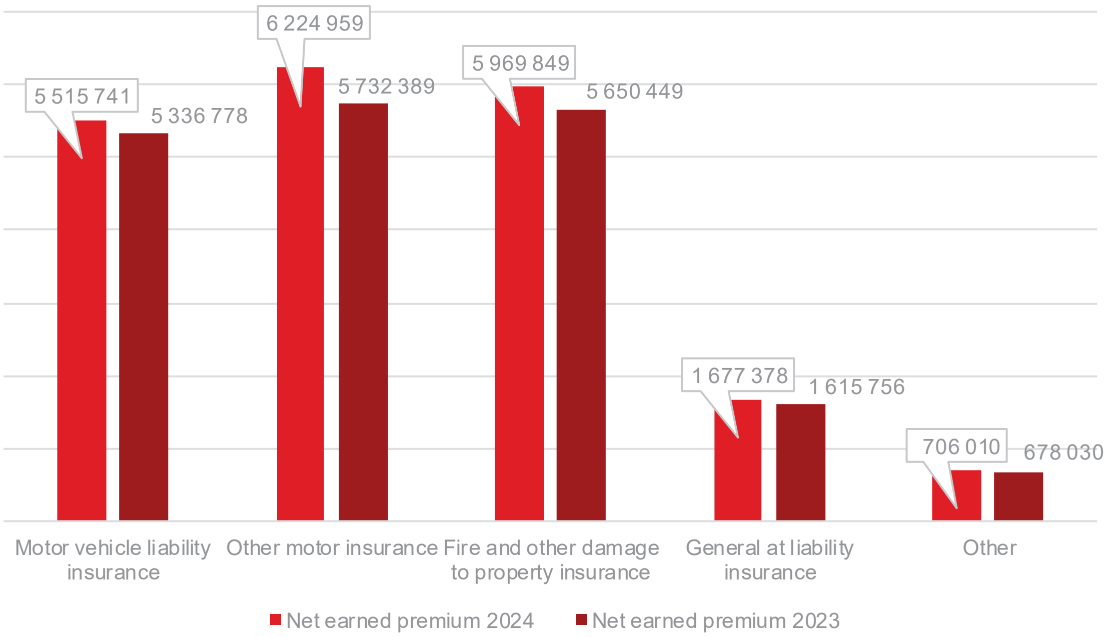
Since 2021 a branch in the Slovak Republic (the "Branch") has been established.

On 10 December 2024, A.M. Best, an international rating agency specializing in the insurance sector, confirmed an 'A+' (Superior) financial strength rating for Generali Česká pojišťovna with a stable outlook and Long-Term Issuer Credit Rating „aa-" (Superior) with stable outlook. The rating reflects the strong balance sheet and stability of the Company.

The excellent evaluation results of Generali Česká pojišťovna have a long tradition. While still under the name Česká pojišťovna, we received our first rating in the year 1998 from the company DCR (Duff and Phelps, now Fitch). In the following years, Česká pojišťovna was reviewed by the rating agency Moody's and Standard and Poor's. In the last 5 years, the insurance Company is currently undergoing an evaluation by A.M. Best which specializes in the insurance sector.

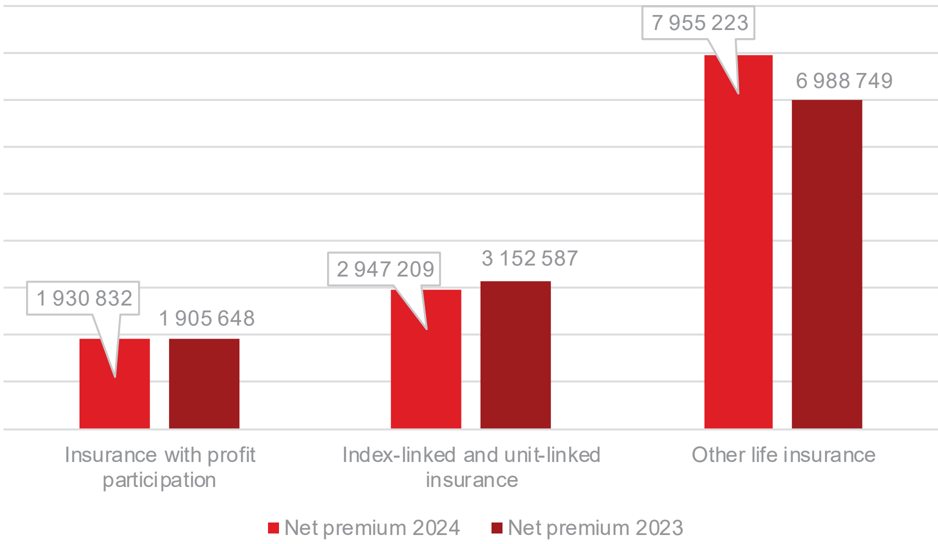
The Company managed over seven-and-a-half million insurance policies as of 31 December 2024. The performance in 2024 gave it a Czech market share of 23.2% and a Slovak market share of 13.7%.

Non-life insurance



Generali Česká pojišťovna is one of the largest insurance companies on the Czech market in nonlife insurance. The Branch is among the fastest growing insurance companies on the Slovak market and in 2024 reached the market share of 14.1%. The most significant premium increase was recognised in Other motor insurance segment, particularly in Slovakia. Other segments also increased both in the Czech Republic and Slovakia.

Life insurance



In the year 2024 new business aided to the expansion of the portfolio and thereby managed to compensate the withdrawals of the existing business portfolio.

SYSTEM OF GOVERNANCE (SECTION B)

The Company's system of governance has been set up to ensure operational effectiveness and efficiency, financial reporting reliability, compliance with laws and regulations, the development of and compliance with the Company's strategies, and the detection and prevention of conflicts of interest and internal fraud. The adequacy of the system of governance is subject to independent review on a yearly basis by the internal audit function. There have been no material changes to the system of governance since the last report.

RISK PROFILE (SECTION C)

Generali Česká pojišťovna is a member of the Generali Group and applies an internal approach to determine the available financial resources and the capital requirements for the risks to which it is exposed (internal model). Inclusion of Branch into the internal model has been in place since the year 2023.

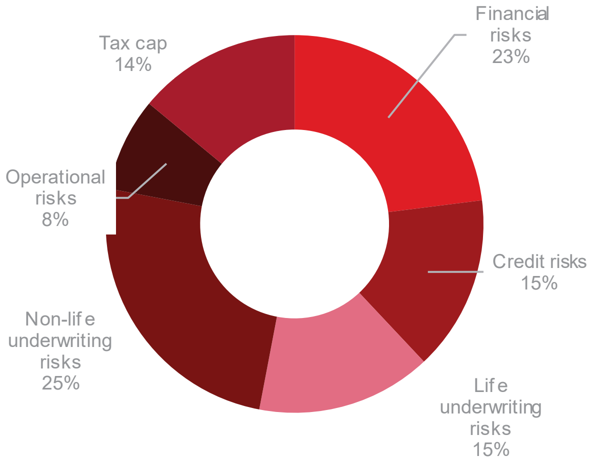
The Risk Management System is based on three main pillars:

i. the risk assessment process: aimed at identifying and evaluating the risks and the solvency position of the Company;
ii. the risk governance process: aimed at defining and controlling managerial decisions in relation to the relevant risks;
iii. the risk management culture: aimed at embedding risk awareness in decision-making processes and increasing value creation

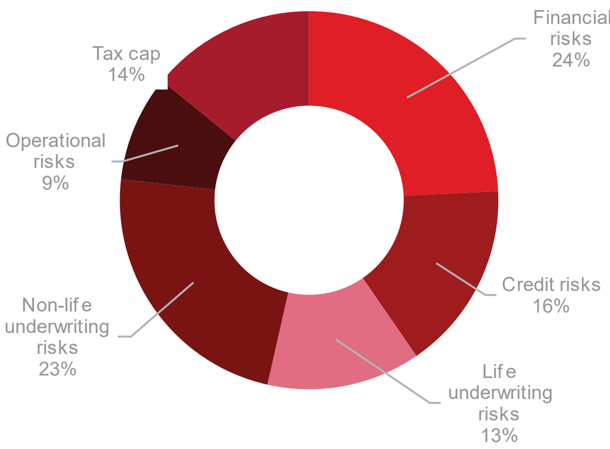
The Company has implemented a Risk Management System that aims at identifying, evaluating, monitoring and managing the most important risks to which the Company is exposed. The breakdown of the solvency capital request shows that the risk profile of the Company is from a structural perspective relatively stable, however slowly changing. In the last few years we can observe that the marketing decisions of the Company lead to a more balanced risk profile in the sense that risks associated with the asset portfolio are no longer the most significant, but are now balanced with risks associated with the liability portfolio. One can especially see that the non-life underwriting risk is the largest contributor to the overall SCR.

Solvency Capital Requirement (SCR) by type of risk before diversification

2024



2023



In addition to the risks listed in the chart above, the following risk categories are also assessed: Reputational risk, emerging risks resulting from new trends and risks (systemic trends and risks), strategic risk, group membership risk and sustainability risk.

During the last reporting period, a dedicated separate framework for climate change risk management was developed as part of the Group's sustainability risk management.

VALUTION FOR SOLVENCY PURPOSES (SECTION D)

Section D provides a complete overview of the valuation of Solvency II assets and liabilities. The general valuation principle is an economic, market-consistent approach using assumptions that market participants would use in valuing the same asset or liability (Article 75 of the Solvency II Directive). In particular, assets and liabilities other than technical provisions are recognized in compliance with IFRS standards and interpretations approved by the European Union before the balance-sheet date, provided they include valuation methods that are consistent with the market approach.

Technical provisions under Solvency II are calculated as the sum of best estimate liabilities plus risk margin.

The significant methods and assumptions used are detailed in Chapter D.2.

CAPITAL MANAGEMENT (SECTION E)

The Company regularly assesses its statutory solvency position, which is derived from the ratio of its available capital and the capital requirement. Generali Česká pojišťovna has a very strong capital position. At the end of 2024, the ratio of total eligible own funds to SCR reached 210%, i.e. eligible own funds are more than two times higher than the required level prescribed by Solvency II. The strong capital position allows the Company to withstand also adverse events with a more negative impact than required by Solvency II and to fully meet its liabilities towards clients while continuing to meet all capital requirements set by the regulation.

Generali Česká pojišťovna is a composite insurer providing a comprehensive range of services. The wide structure of products and large portfolio allow significant risk diversification, and thus Generali Česká pojišťovna achieves long term stable financial results and a strong capital position. Customers benefit from this diversification by having a strong and reliable partner able to support them under all circumstances, even in unfavorable economic conditions.

Regulatory capital requirements in respect of the Solvency position, base scenario

(CZK million)	SCR	Eligible own funds	Solvency ratio
2024	11 905	25 000	210%
2023	11 234	26 915	240%

The solvency ratio of Generali Česká pojišťovna a.s (GČP) decreased by 30 p.p. compared to last year. This change is mainly driven by expected payout of extra dividend in line with the strategy of Generali Group to centralize its available capital. The payout will be realized during 2025, therefore it is reflected as foreseeable dividend at YE24. The payout reflects strong solvency position of the Company, despite payout of extra dividend also during 2024. The own funds of the Company were positively affected by increase in the value of both equities (due to favourable market development) and participations, as well as by growing life protection business. These effects were partially compensated by negative impact of extensive floods during autumn as well as negative development of real estate prices. The SCR growth is mainly attributable to growing portfolio, positive equities' development and slight change of the reinsurance programme.

A. Business and Performance

A.1. BUSINESS

A.1.1. BASIC COMPANY INFORMATION

Company name	Generali Česká pojišťovna a.s.
Legal form	Joint-stock company
Registered office	Spálená 75/16, Nové Město, 110 00, Prague 1
ID number	452 72 956
Tax ID number	CZ 4527 2956
Date of establishment	1 May 1992
Legal regulation	The Company was founded pursuant to Section 11(3) of Act No 92/1991, on the conditions for the transfer of state property to other entities, as amended, by the National Property Fund of the Czech Republic under a founder's deed dated 28 April 1992, and was incorporated by registration in the Commercial Register on 1 May 1992.
Incorporation in the Commercial Register	Prague Municipal Court Section B, file number 1464
Date of incorporation in the Commercial Register	1 May 1992
Share capital	CZK 4,000,000,000 Paid up: 100%

INFORMATION ABOUT HOLDERS OF QUALIFYING HOLDINGS IN THE UNDERTAKING

The Company's sole shareholder is Generali CEE Holding B.V., with its registered office at De Entree 91, Amsterdam 1101 BH, the Netherlands; registered on 5 April 2006, identification number 34245976.

Generali CEE Holding B.V. is a company fully owned by Assicurazioni Generali S.p.A. (Generali), which is the ultimate parent company of the Company. The financial statements of Generali Group are publicly available at www.generali.com.

The company is part of Generali Group, registered in the Italian Register of Insurance Groups maintained by the Institute for the Supervision of Insurance (IVASS), under number 026 ('Generali Group').

Generali CEE Holding B.V.

Legal form:	limited liability company
Registered office:	De Entree 91, Amsterdam 1101 BH, Netherlands
File number in the Register of the Amsterdam Chamber of Commerce and Industry:	34275688
Share capital:	EUR 100,000
Stake in the voting rights:	100% (indirect)
Share of share capital:	100% (indirect)
Date of establishment:	8 June 2007
Principal business:	holding activities

Assicurazioni Generali S.p.A

Legal form:	joint-stock company
Registered office:	Piazza Duca degli Abruzzi 2, TS 34132 Trieste, Italy
Trieste Company Registry:	00079760328
Share capital:	EUR 1,602,736,602
Stake in the voting rights:	100% (indirect)
Share of share capital:	100% (indirect)
Date of establishment:	26 December 1831
Principal business:	providing insurance and finance products

Supervisory Authority for the Entity

Name:	CZECH NATIONAL BANK
Registered office:	Na Příkopě 864/28, 115 03 Prague 1 - Nové Město
ID Number :	48136450
Telephone:	+420 224 411 111
Fax:	+420 224 412 404

Supervisory Authority for the Group

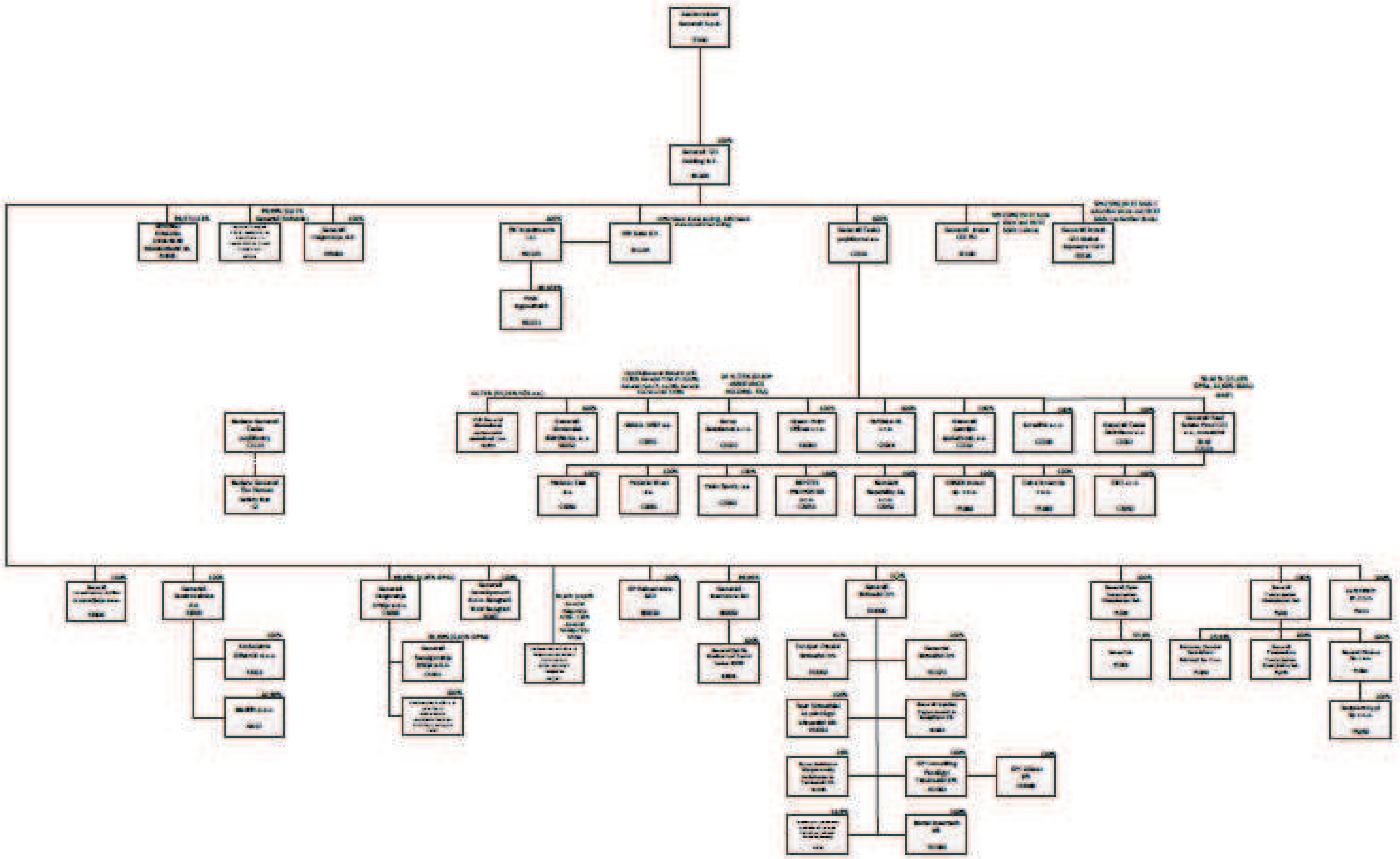
Name:	IVASS - Istituto per la Vigilanza sulle Assicurazioni
Registered office:	Via del Quirinale 21, 00187 Rome, Italy
ID Number:	97730600588
Telephone:	+39.06.42133.1
Fax:	+39.06.42133.206
Email:	ivass@pec.ivass.it

Information about the External Auditor

Since 2021, the financial statements have been audited by KPMG Česká republika Audit, s.r.o.. The financial statements of Generali Česká pojišťovna was approved by the auditors on April 1, 2025.

Registration number:	496 19 187
Registered office:	Pobřežní 648/1a, 186 00 Prague 8
Statutory audit licence number:	71
Auditor-in-charge:	Ing. Jindřich Vašina
Authorisation number:	2059

Group structure chart as of 31 December 2024



A.1.2. SUBSIDIARIES AND ASSOCIATES

The following table provides details about the Company's subsidiaries and associates as of 31 December 2024:

Name	Note	Country	Ownership interest (%)	Share of voting rights (%)
Acredité s.r.o		Czech Republic	100.00	100.00
Europ Assistance s.r.o.		Czech Republic	25.00	25.00
Generali Česká Distribuce a.s.		Czech Republic	100.00	100.00
Generali penzijní společnost, a.s.		Czech Republic	100.00	100.00
Generali Real Estate Fund CEE a.s., investiční fond		Czech Republic	50.18	50.18
Generali Slovenská Distribúcia a.s.		Slovak Republic.	100.00	100.00
Nadace Generali České pojišťovny		Czech Republic	100.00	100.00
Pařížská 26, s.r.o.		Czech Republic	100.00	100.00
SMALL GREF a.s.		Czech Republic	29.52	29.52
VÚB Generali dôchodková správcovská spoločnosť, a.s.		Slovak Republic	44.74	44.74

Note: 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.

The following table provides details about the Company's subsidiaries and associates as of 31 December 2023:

Name		Country	Ownership interest (%)	Share of voting rights (%)
Acredité s.r.o		Czech Republic	100.00	100.00
Europ Assistance s.r.o.		Czech Republic	25.00	25.00
Generali Česká Distribuce a.s.		Czech Republic	100.00	100.00
Generali penzijní společnost. a.s.	1.	Czech Republic	100.00	100.00
Generali Real Estate Fund CEE a.s.. investiční fond		Czech Republic	50.18	50.18
Generali Slovenská Distribúcia a.s.		Slovak Republic	100.00	100.00
Nadace Generali České pojišťovny		Czech Republic	100.00	100.00
PALAC KRIZIK a.s.		Czech Republic	50.00	50.00
Pařížská 26. s.r.o.		Czech Republic	100.00	100.00
SMALL GREF a.s.		Czech Republic	29.52	29.52
VÚB Generali dôchodková správcovská spoločnosť'. a.s.		Slovak Republic	44,74	44,74

1. Generali penzijní společnost, a.s.
   An impairment in the amount of CZK 80 million was booked on 31 December 2023 as a result of the implementation of regulatory changes.

A.1.3. MATERIAL LINES OF BUSINESS AND MATERIAL GEOGRAPHICAL AREAS

Gross earned premiums revenue	2024	2023
Motor vehicle liability insurance	9,169,221	8,873,887
Other motor insurance	10,564,023	9,709,608
Fire and other damage to property insurance	12,640,728	11,539,234
General liability insurance	4,046,233	3,770,570
Other lines of business	2,189,310	2,010,850
Total non-life	**38,609,515**	**35,904,149**

Insurance with profit participation	1,935,492	1,910,997
Index-linked and unit-linked insurance	2,948,085	3,152,587
Other Life insurance	9,890,096	8,793,970
Total life	**14,773,673**	**13,857,554**

In 2024 gross earned premiums revenue divided into the Czech and Slovak Republic.

	Czech Republic	Slovak Republic
Non-life insurance	32,016,973	6,592,542
Life insurance	11,121,998	3,651,675

All segment revenues are generated from sales to external clients. No single external client amounts to 10% or more of the Company's revenues.

In 2024 and 2023, the Company mainly operated in the Czech Republic and Slovak republic and in other EU countries. In both countries over 99% of the income from insurance contracts came from clients in the Czech Republic and Slovak Republic.

A.1.4. SIGNIFICANT BUSINESS OR OTHER EVENTS THAT OCCURRED OVER THE REPORTING PERIOD

External Rating of the Company

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.

A.2. UNDERWRITING PERFORMANCE

A.2.1. NON-LIFE

UNDERWRITING PERFORMANCE DURING THE REPORTING PERIOD

2024	Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	General liability insurance	Other	Total
Premium written						
Gross – Direct Business	9,195,645	10,710,079	12,357,684	3,914,507	1,857,087	38,035,002
Gross – Proportional reinsurance accepted	0	3,275	501,236	172,291	115,049	791,851
Gross – Non-proportional reinsurance accepted	0	0	0	0	247,330	247,330
Reinsurers' share	3,654,471	4,340,284	6,666,937	2,364,842	1,488,355	18,514,889
Net	5,541,174	6,373,070	6,191,983	1,721,956	731,111	20,559,294
Premiums earned						
Gross - Direct Business	9,169,221	10,560,748	12,148,579	3,871,014	1,835,076	37,584,638
Gross – Proportional reinsurance accepted	0	3,275	492,149	175,219	107,443	778,086
Gross – Non-proportional reinsurance accepted	0	0	0	0	246,791	246,791
Reinsurers' share	3,653,480	4,339,064	6,670,879	2,368,855	1,483,300	18,515,578
Net	5,515,741	6,224,959	5,969,849	1,677,378	706,010	20,093,937
Claims incurred						
Gross - Direct Business	4,293,412	5,946,908	11,372,571	1,088,035	827,042	23,527,968
Gross – Proportional reinsurance accepted	(35,662)	(5,541)	(93,711)	15,350	1,777	(117,787)
Gross – Non-proportional reinsurance accepted	0	0	0	0	146,860	146,860
Reinsurers' share	1,715,233	2,340,670	7,390,714	534,514	707,390	12,688,521
Net	2,542,517	3,600,697	3,888,146	568,871	268,289	10,868,520
Administrative expenses	113,349	105,458	132,734	45,982	21,704	419,227
Investment management expenses	96,602	0	0	0	0	96,602
Claims management expenses	290,518	423,976	402,875	117,143	95,174	1,329,686
Acquisition expenses	614,215	737,058	1,768,068	259,959	90,830	3,470,130
Overhead expenses	570,859	521,372	621,500	215,023	96,422	2,025,176
Other expenses						1,021,662
Total expenses						**8,362,483**

2023	Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	General liability insurance	Other	Total
Premium written						
Gross - Direct business	9,017,229	9,996,371	11,382,205	3,662,661	1,719,034	**35,777,500**
Gross - Proportional reinsurance accepted	0	0	416,905	174,490	83,210	**674,605**
Gross - Non-proportional reinsurance accepted	0	0	0	0	199,521	**199,521**
Reinsurers' share	3,539,380	3,980,723	5,880,092	2,158,239	1,332,976	**16,891,410**
Net	**5,477,849**	**6,015,648**	**5,919,018**	**1,678,912**	**668,789**	**19,760,216**
Premiums earned						
Gross - Direct business	8,873,887	9,709,608	11,112,899	3,595,456	1,729,105	**35,020,955**
Gross - Proportional reinsurance accepted	0	0	426,335	175,115	81,973	**683,423**
Gross - Non-proportional reinsurance accepted	0	0	0	0	199,771	**199,771**
Reinsurers' share	3,537,109	3,977,219	5,888,785	2,154,814	1,332,819	**16,890,746**
Net	**5,336,778**	**5,732,389**	**5,650,449**	**1,615,757**	**678,030**	**19,013,403**
Claims incurred						
Gross - Direct business	4,530,039	5,655,154	4,677,576	1,355,129	606,980	**16,824,878**
Gross - Proportional reinsurance accepted	7,696	19,060	392,238	79,856	11,242	**510,092**
Gross - Non-proportional reinsurance accepted	0	0	0	0	25,828	**25,828**
Reinsurers' share	1,859,464	2,261,613	2,474,179	870,611	370,711	**7,836,578**
Net	**2,678,271**	**3,412,601**	**2,595,635**	**564,374**	**273,339**	**9,524,220**
Administrative expenses	109,011	96,736	120,077	43,444	18,825	388,093
Investment management expenses	119,672	0	0	0	0	119,672
Claims management expenses	303,001	435,805	293,154	143,270	83,457	1,258,687
Acquisition expenses	632,450	713,120	1,743,256	323,670	(36,863)	3,375,633
Overhead expenses	550,016	482,889	572,816	204,102	87,489	1,897,312
Other expenses						723,574
Total expenses						**7,762,971**

ANALYSIS OF RESULTS IN THE UNDERWRITING SECTOR

General assessment of the year 2024

In the year 2024, whole insurance market faced few significant economic challenges and natural catastrophes. We had to endure fluctuations in effectivity in primary branches, the progression of inflation, and the general ongoing increase in prices. Buying prices of agricultural commodities continued to decline, which then had a negative effect on the value of the premium written in crop insurance. Increased labour costs and the price of spare parts were reflected in our measures to maintain the technical result of insura nce.

Natural disasters throughout the year (spring frosts of agricultural crops, hail, floods) had a very negative impact. The total impact of the largest flood event Boris amounted to CZK 6.1 billion.

Motor vehicle third party insurance

Compared to last year, the written premium in the insurance of motor vehicles increased by 2 p.p. The most prominent part of this increase was carried out in the segments of retail and fleet insurance. Through this, the motor vehicle third party insurance significantly contributed to the overall positive result of non-life insurance.

As in the entire insurance market in the year 2024, Motor vehicle third party insurance in Generali Česká pojišťovna faced two-digit loss inflation and an increase in loss frequency.

In the segment of retail insurance, brand new product AH 2.0 is offered to our clients, which brings significantly higher variability in the risk combination and also takes into account the requirements arising from the new Act on Third party motor insurance, which entered into force in 2024.

Leasing segment was influenced by the transition to new product AC at our individual business partners.

In the fleet insurance sector, as with the insurance of vehicles as a whole, one of the key topics of discussion was profitab ility which was negatively affected by rising values of average damages.

Other motor insurance

Written premium in the sector of insurance of motor vehicles has, compared to last year, increased the rate of its growth. Th e largest part of this growth was carried out in the segments of retail insurance and leasing insurance.

Also in the year 2024, the insurance of motor vehicles in Generali Česká pojišťovna faced two-digit loss inflation and the growth of loss frequency as it was on the entire Czech insurance market.

In the segment of retail insurance, brand new product AH 2.0 is offered to our clients, which brings significantly higher variability in the risk combination and also takes into account the requirements arising from the new Act on Third party motor insurance, which entered into force in 2024.

Insurance in case of fire and other damages of property

The insurance of civil property damage has also experienced an increase in written premiums. Specifically, construction insurance and household insurance. Since the spring months, an innovative property insurance product (which offers a unique solution on the Czech market, namely all-risk construction insurance and other innovations) contributed to that growth. The other source of this growth in the property insurance was the continuous work with existing clients in the form of actualization of insured amounts for old generation insurance contracts. Underwriting results of insurance of civil property in 2024 were significantly affected by natural catas trophes, namely flood Boris, which affected a significant part of our territory in September, especially northwest Moravia.

At the same time, premiums increased in the sphere of travel insurance due to the trend of higher demand for travel insurance and in the sphere of pet insurance, in which we have been offering a completely innovative product called Mazlíček (pet insurance) for the second year, the main purpose of which is to cover veterinary costs.

In the sphere of **industrial property insurance and insurance of technical risks GC&C**, the written premium increased by 6%. As in previous years, the primary focus was on the updating of amounts insured. We are also paying attention to increasing insurance rates in segments with higher claims. Some contracts are terminated, others parameters are being adjusted.

In technical risks (engineering), there was success in the carrying out of insurance for medium sized and large constructions. For several years now, we are attempting to provide a complete level of insurance coverage for all clients in this area through the business initiative of the group “Construction“.

In 2024, we launched a new operating system for GC&C risks. In this context, contracts are being transferred to the new opera ting system, along with the transfer of part of the portfolio to SME risks.

In 2024 G&C segment was also affected by floods in northern Moravia, we have recorded claims in the amount CZK 2 billion. This fact significantly affected loss experience and overall CoR. Apart of floods, G&C segment was not affected by any other significa nt loss events.

In the sphere of **property insurance SME**, the written premium increased. We have achieved year-on-year growth on 9,1% and total premiums in the amount CZK 3,898 mil. The key success factors were new business and emphasis on managing of the existing portfolio.

In 2024 we have continued activity focused on the correct determination of amounts insured and limits insured. We offered clients an actualization of the insured amounts for property insurance and increased limits for liability insurance. This year, we would like to focus on updating the sum insured for property insurance in other, previously unaddressed segments and on updating the income for liability insurance. The aim of this activity is primarily to inform clients about the risk of underinsurance or reduction of assurance benefits and to motivate them to update their sum insured. In February last year, we launched an updated property and liability insurance pro duct for small entrepreneurs and sole traders, Jistota 2.0, and in August, a product designed for owners and manag ers of apartment buildings, Bytové domy 2.0.

This year was marked by significant climatic events that had an impact on our technical result, which was under great pressur e.

We are the leaders in the sphere of **agricultural insurance** on the insurance market in the Czech Republic. Written premium reached the overall value of CZK 1,114 million. The year-on-year decrease of CZK 43 million, which was caused by the continuing fall in prices of agricultural commodities, global events and market conditions. This development reflects the gradual normalization of prices after strong fluctuations in 2022 and early 2023. On the other hand, there was a slight increase in the premiums written in the lifestock insurance. The structure of insured risks remains the same. In crop insurance, hail risk dominates, while in lifestock insurance, the entire list of basic risks is usually insured.

Underwriting result in agriculture insurance was affected by extreme weather developments. Massive damage was caused by spring frosts at the end of April/beginning of May, heavy hailstorms during June and July, and floods at the end of the season. Lifestock insurance was negatively affected by the worsening infection situation and above-average temperatures.

In 2024, measures were introduced to simplify and accelerate the underwriting of insurance policies. The underwriting process was streamlined and largely automated.

General liability insurance

In the area of general liability insurance, the written premium remains stable compared to the prior year. We noted success in the sector of liability insurance for infrastructural projects, which are part of the group initiative "Construction."

Other

As concerns the other sectors, shipment insurance performed well, while the others remained at the same level as in previous years. Financial risk insurance premium is affected by the change of the Employment Act, which abolished the obligation of employment agencies to arrange bankruptcy insurance. Most agencies took advantage of the option and is no longer insured.

Costs

A slight increase in costs is in line with the ongoing plan and is caused primarily by the rise of personal costs, IT costs, and overall inflationary effects. Higher purchasing costs were experienced due to higher production.

A.2.2. LIFE

UNDERWRITING PERFORMANCE DURING THE REPORTING PERIOD

2024	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Life reinsurance	Total
Premium written						
Gross	1,935,492	2,947,209	9,851,394	0	50,900	**14,784,995**
Reinsurers' share	4,660	0	1,896,171	0	50,900	**1,951,731**
Net	1,930,832	2,947,209	7,955,223	0	0	**12,833,264**
Premium earned						
Gross	1,935,492	2,948,085	9,839,196	0	50,900	**14,773,673**
Reinsurers' share	4,660	0	1,896,610	0	50,900	**1,952,170**
Net	1,930,832	2,948,085	7,942,586	0	0	**12,821,503**
Claims incurred						
Gross	212,271	40,633	3,173,899	(151,331)	9,963	**3,285,435**
Reinsurers' share	0	0	674,044	4,673	9,963	**688,680**
Net	212,271	40,633	2,499,855	(156,004)	0	**2,596,755**
Administrative expenses	23,030	24,232	133,004	0	0	**180,266**
Investment management expenses	(50,414)	308,085	(3,216)	0	0	**254,455**
Claims management expenses	36,554	20,564	166,265	0	0	**223,383**
Acquisition expenses	4,224	97,067	2,355,909	0	(575)	**2,456,625**
Overhead expenses	112,505	118,463	652,998	0	0	**883,966**
Other expenses						**447,122**
Total expenses						**4,445,817**

2023	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Life reinsurance	Total
Premium written						
Gross	1,910,996	3,135,291	8,748,324	0	47,165	**13,841,776**
Reinsurers' share	5,349	0	1,758,616	0	47,165	**1,811,130**
Net	1,905,647	3,135,291	6,989,708	0	0	**12,030,646**
Premium earned						
Gross	1,910,997	3,152,587	8,746,805	0	47,165	**13,857,554**
Reinsurers' share	5,349	0	1,758,056	0	47,165	**1,810,570**
Net	1,905,648	3,152,587	6,988,749	0	0	**12,046,984**
Claims incurred						
Gross	275,277	7,962	2,661,842	(50,126)	16,258	**2,911,213**
Reinsurers' share	0	0	650,859	(11,079)	16,258	**656,038**
Net	275,277	7,962	2,010,983	(39,047)	0	**2,255,175**
Administrative expenses	30,828	22,115	138,793	0	0	**191,736**
Investment management expenses	8,955	230,230	382	0	0	**239,567**
Claims management expenses	39,057	15,851	160,683	0	0	**215,591**
Acquisition expenses	6,156	110,880	1,884,272	0	2,405	**2,003,713**
Overhead expenses	131,697	95,979	623,844	0	0	**851,520**
Other expenses						**349,709**
Total expenses						**3,851,836**

Premiums written

Regular gross written premium increased by CZK 787,705 thousands due to the increasing trend of the portfolio. In 2024 new bu siness (more than CZK +2,276 million) and indexation (more than CZK +212 million) contributed to the increase in the portfolio and was able to compensate for the decrease in the portfolio (maturities nearly CZK 500 million and lapses&others nearly CZK 1,400 million). Single written premium decreased by CZK 155,514 thousands in comparison with previous year.

The actual development of regular gross written premium is at the projections level. We expect increase of regular gross written premium due to higher new business and good persistency of our portfolio in next years.

Claims incurred

Claims incurred increased by CZK 374,222 thousands due to the increasing trend of the portfolio and changes in product mix (h igher proportion of protection).

Claims incurred are at the projections level. We expect increase of claims incurred from the reason of increasing portfolio and changes in its structure.

Expenses

Total expenses increased by CZK 593,981 thousands mainly due to higher commission costs corresponding to the higher new busin ess, while non-commission costs remained stable.

Expenses are on expected level. From the reason of increasing new business we expect higher commission costs in next years.

A.3. INVESTMENT PERFORMANCE

Financial investments stand alongside insurance and reinsurance as another important area of operation for the Company, as they contribute significantly to the Company’s overall assets and are financed primarily from insurance provisions and equity.

The Company's investment strategy complies with the 'Prudent Person Principle' requirements. The objective of the strategy is to establish appropriate return potential while ensuring that the Company can always meet its obligations without undue cost and in accordance with its internal and external regulatory capital requirements. There are no investments in securitization.

There were no changes in the processes or methodology for investment valuation compared to the previous year

The Company's investment portfolio performance was as follows:

Subsidiaries and associates	2024	2023
Dividends and other income	921,935	1,164,328
Realised gains from disposal	(158,365)	4,571
Total	**763,570**	**1,168,898**

Income from dividends in 2024 includes mainly the dividend from Generali Penzijní Společnost a.s. in amount of CZK 835 million, VUB Generali doch. Spravcovska in amount of CZK 68 million and Generali Slovenská Distribuce a.s in amount of CZK 10 million.

Realised losses from disposal caused by sale of real estate Palác Křižík.

Income from dividends in 2023 is influenced by a dividend from Generali Penzijní Společnost a.s. in amount of CZK 1 013 million, VUB Generali doch. Spravcovska in amount of CZK 54 million and Generali Česká Distribuce a.s in amount of CZK 89 million.

	2024	2023
Interest income	**1,502,001**	**1,578,219**
Interest income from financial assets at amortized costs	**78,742**	**75,305**
(a) Loans	75,976	73,062
(b) Term deposits	2,766	2,242
Interest income from financial assets at FVOCI	**1,358,900**	**1,405,670**
(a) Bonds	1,234,630	1,277,938
(b) Reverse REPO	124,270	127,732
Interest income from cash and cash equivalents	**64,359**	**97,244**
Other investment revenue	**2,952,576**	**5,175,301**
Net revenue from financial assets at FVTPL backing policies where the risk is borne by policyholders	**1,905,964**	**3,099,519**
Of which Revenues	174,781	202,939
(a) Bonds	52,677	60,376
(b) Equity investments	108,091	110,150
(c) Funds	689	15,351
(d) Other	13,324	17,062
Of which realised gains and losses	187,938	256,520
a) Bonds	8,042	18,569
b) Equity investments	95,886	86,331
c) Funds	120,200	162,569
d) Other	(36,190)	(9,591)
Of which unrealised gains and losses	1,543,245	2,640,061
a) Bonds	21,252	13,438
b) Equity investments	85,832	408,313
c) Funds	1,462,792	2,295,905
d) Other	(26,631)	(77,595)
Net revenue on financial instruments mandatorily measured FVTPL	**208,243**	**248,252**

Of which Revenues	240,426	61,711
(a) Bonds	15,223	5,624
(b) Funds	143,919	10,010
(c) Private equity	81,284	46,077
Of which realised gains and losses	30,858	(444)
(a) Funds	30,858	(444)
Of which unrealised gains and losses	(63,041)	186,985
a) Bonds	2,836	21,027
b) Funds	(66,109)	301,812
c) Equity investments	(32)	0
d) Private equity	264	(135,924)
Net revenue from derivative instuments	**(37,436)**	**496,649**
Net gains/losses on derecognition of debt investments at FVOCI	**19,348**	**100,291**
Dividends on equity investments at FVOCI	**29 563**	**111,125**
Net foreign exchange gain on debt investments not measured at FVTPL	**280,304**	**142,429**
Income from subsidiaries and associates	**763,570**	**1,168,898**
(a) Dividends and other income	921,935	1,164,328
(b) Realized gains from disposal	(158,365)	4,571
Other investment income	**(216,979)**	**(191,863)**
Net impairment loss on financial assets	**(28,037)**	**22,206**
Bonds at FVOCI	**(4,662)**	**5,156**
Receivables	**(25,224)**	**16,760**
Other	**1,849**	**290**
Total	**4,426,540**	**6,775,726**

Financial markets performed relatively well in FY24, with overall developments proceeding without major disruptions. The dominant factor was the normalization of monetary policy by major central banks, reflecting favorable inflation trends and a relatively stable economic situation. The decline in interest rates created a favorable environment for bond markets bringing slight decrease of income from interests compared to 2023.

Politics also played a significant role in developments. The first shock came from the European elections, where support for ruling parties declined in several countries. The second major impetus was Donald Trump's election victory, with his promises of lower taxes and deregulation boosting the performance of US stocks and strengthening the dollar. In contrast, European stocks and most emerging markets posted only single digit gains therefore gains on funds and equities are significantly lower compared to FY23.

FY23 significantly impacted by high interest income as result of high yields on fixed income and cash. Positive development of inflation and financial markets in 2023 caused positive revaluation of equities and fixed income with substantial effect on unrealised gains related to financial assets where the risk is borne by policyholders. Substantial income also harvested as dividend from subsidiaries (mainly Generali Penzijní Společnost a.s.).

Gains and losses recognized directly in equity

	2024	2023
Balance as of 1 January	(154,945)	**(2,451,732)**
Gross revaluation as of the beginning of the year	(196,129)	(3,047,963)
Tax on revaluation as of the beginning of the year	41,184	596,231
Bonds	40,313	2,027,006
Revaluation gain/loss in equity – gross	14,361	2,631,750
Revaluation gain/loss on realisation in income statement – gross	(15,171)	74,526
Sales	(4,176)	(174,835)
ECL	4,676	(5,127)
Taxes on revaluation	7,275	(479,659)
Exchange rate differences in equity	33,348	(19,649)
Other	0	0
Other	(11)	(24)
Shares	310,976	269,805
Revaluation gain/loss in equity – gross	436,360	350,250
Sales	(41,227)	(5)
Taxes on revaluation	(84,394)	(77,317)
Exchange rate differences in equity	237	(3,123)
Gross revaluation as at the end of the year	230,742	(196,129)
Tax on revaluation as at the end of the year	(34,409)	41,184
Balance as of 31 December	**196,333**	**(154,945)**

The decline in interest rates created a favorable environment for bond markets bringing positive revaluation of fixed income with effect on gains in OCI reserve. However, towards the end of the year, bond markets gave up some gains as investors reduced bets on further interest rate cuts in the US, which partially affected European bond markets as well.

Equity markets experienced positive development, delivering significant gains from revaluation reported in shareholders' equity.

Other

	2024	2023
Foreign exchange gains	166,311	232,432
Foreign exchange losses	(121,842)	(159,062)
Total	**44,469**	**73,370**

A.4. PERFORMANCE OF OTHER ACTIVITIES

Other material income and expenses are analysed in the following tables.

Other income

	2024	2023
Gains from forgein exchange operations	166,311	232,432
Use of other reserves	85,631	44,994
Revenue from services and assistance activities	457,042	369,498
Other incomes	53,861	56,996

Other expenses

	2024	2023
Marketing expenses	465,843	488,258
Expenses from service and assistance activities and charges incurred on behalf of third parties	369,127	324,526
Project expenses	124,186	163,386
Losses on foreign currency	121,842	159,062
Management expense of insurance distribution companies	159,490	157,303
Other non recurring expenses	72,403	123,457
Product development expenses	91,816	84,494
Education and training expenses	83,341	78,651
Restructuring charges and allocation to other provisions	74,890	41,209
Termination employee benefits expenses	39,493	40,165
Other taxes	9,708	10,511
Other expenses	77,454	69,321

A.5. ANY OTHER INFORMATION

All the significant information about business and performance has been mentioned in the above sections.

B. System of Governance

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The system of governance of the Company is adequate to the nature. scale and complexity of the risks inherent in its business. Details on the system of governance are provided in the following chapters.

B.1.1. INFORMATION ON GENERAL GOVERNANCE

Board of Directors
(as of 31 December 2024)

Chairman:	Roman Juráš, Chief Executive Officer
Vice-Chairman:	Milan Novotný, Chief Financial Officer
Member:	Karel Bláha, Chief Corporate & Commercial Officer
Member:	Katarína Bobotová, Chief Transformation Officer & CMO
Member:	Jiří Doubravský, Chief Operations Officer
Member:	Pavol Pitoňák, Chief Sales Officer for Slovak Republic
Member:	David Vosika Chief Insurance Officer Non-Life*
Member:	Marián Zelko, Chief Sales Officer for Czech Republic
Member:	Lenka Kejíková, Chief Insurance Officer Life & Health**

* As of 1.2.2024, there have been changes in the division into fields and personnel changes.

** Andrea Leskovská was Chief Insurance Officer Non-Life until 31.1.2024.

** Lenka Kejíková is Chief Insurance Officer Life & Health from 1.2.2025.

Supervisory Board
(as of 31 December 2024)

Chairman:	Miroslav Singer
Member:	Manlio Lostuzzi
Member:	Jose Garcia Naveros
Member:	Marek Kubiska
Member:	Antonella Maier*
Member:	Lucie Šmerousová*

* Miloslava Mášová was member of Supervisory Board until 31.12.2023.

* Lucie Šmerousová is member of Supervisory Board from 1.1.2024.

* Antonella Maier was member of Supervisory Board until 31.12.2024.

Audit Committee
(as of 31 December 2024)

Chairman:	Martin Mančík
Member:	Beáta Petrušová
Member:	Roman Smetana

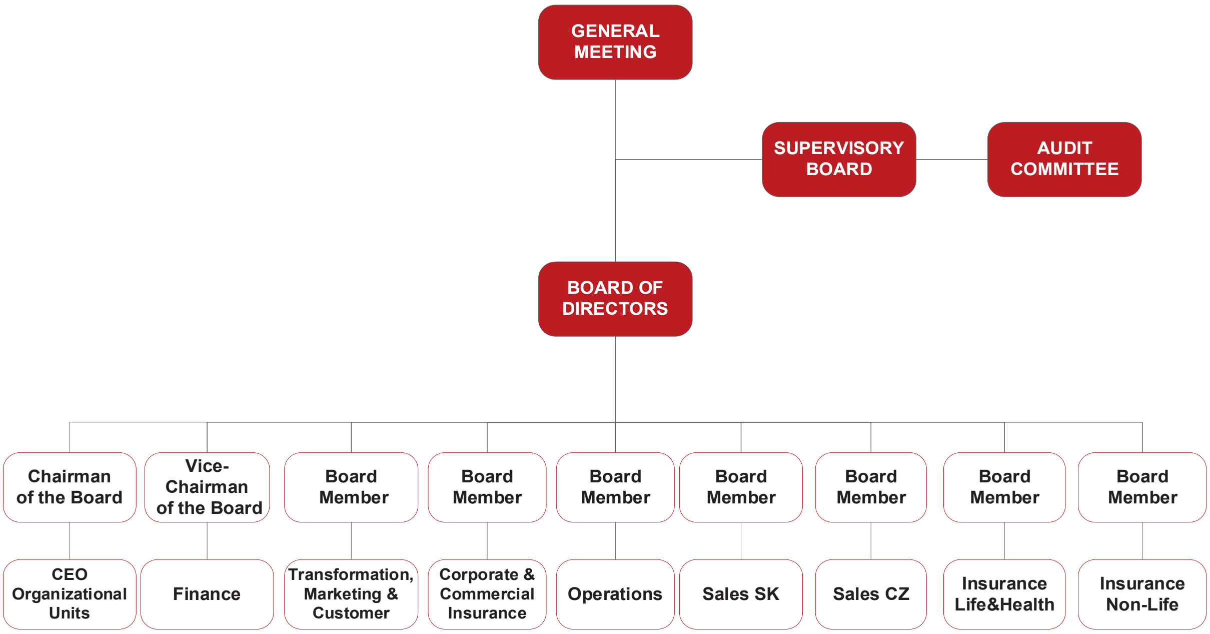
Generali Česká pojišťovna a.s. is governed by the Board of Directors (the Board). The Board is responsible for the performance and strategy of the Company. Governance requirements are largely set through regulatory and legal requirements. Members of the Board are responsible within the following fields of competencies:

Field of competencies:
(as of 31 December 2024)

CEO Organizational Units:	Chief Executive Officer
Finance:	Chief Financial Officer
Corporate & Commercial Insurance:	Chief Corporate & Commercial Officer
Transformation, marketing & CMO:	Chief Transformation Officer & CMO
Operations:	Chief Operations Officer
Sales for Slovak Republic:	Chief Sales Officer for Slovak Republic
Non-Life Insurance:	Chief Non-life Insurance Officer
Sales for Czech Republic:	Chief Sales Officer for Czech Republic
Life & Health Insurance:	Chief Insurance Officer Life & Health

Detailed information on the segregation of responsibilities in the specific fields is provided in the dedicated paragraphs of this report.

BASIC ORGANISATION CHART OF GENERALI ČESKÁ POJIŠŤOVNA VALID FOR 2024



Other main committees supporting the Board of Directors are the Risk Committee, Financials Committee, Life Insurance Product Development Committee, Extended Product Development Committee, Project Committee, Claims Committee Investment Committee, Compliance Committee, Product Committee NL, Anti-Fraud Committee, IT Security Committee.

B.1.2. CHANGES IN THE SYSTEM OF GOVERNANCE

Board of Directors

(as of 31 December 2024)

There were changes in the Board of Directors in 2024:

Andrea Leskovská - terminated her position as a member of the Board of Directors - Chief Insurance Non-Life Officer - as of 31.1.2024.

Lenka Kejíková – took up the position of Member of the Board of Directors - Chief Insurance Officer Life & Health - as of 1.2.2024.

As of 1.2.2024, there was a new division into the following fields:

David Vosika took over the field of Insurance Non-Life from Andrea Leskovská.

Lenka Kejíková took over the field of Insurance Life & Health from David Vosika.

Supervisory Board

(as of 31 December 2024)
Lucie Šmerousová became a member of the Supervisory Board as of 1 January 2024.
Miloslava Mášová terminated her membership in the Supervisory Board as of 31.12.2023.
Antonella Maier terminated her membership int the Supervisory Board as of 31.12.2024.

Audit Committee
(as of 31 December 2024)

There were no changes in the Audit Committee in 2024.
The Board of Directors (the Board) or the members of the Board approve, within their field of competencies, any organizational changes in the Company on a monthly basis. Rules pertaining to organizational changes are set by the Company's organizational code.

There were no significant changes in the management and control system during the last reporting period.

B.1.3. REMUNERATION POLICY

The Company's remuneration policy is intended to attract. hire and retain employees whose values are aligned to our culture and values.

We primarily focus on high-performance motivation so that all employees can positively contribute to the Company's strategy and business objectives.

The Company aims to continuously improve its performance management principles through positive motivation and the identification and use of the individual employees' strengths. Our training and development strategy and remuneration systems are tightly bound to the performance management principles.

The Company's remuneration policy is regularly revised to ensure its external competitiveness and internal fairness.

Compensation structure

Fixed remuneration

Fixed remuneration is the compensation paid to an employee for performing specific jobs.

The foundation of the Company's remuneration policy is the division of all specific tasks into a structure of related jobs according to their contribution, difficulty and responsibility. and their allocation into an internal band structure. All jobs are regularly benchmarked against market data. Each salary band has a minimum level defined by the Collective Agreement. The position within a salary band range takes into account the long-term performance, experience and potential of our employees.

Variable remuneration

Variable remuneration is compensation contingent on performance, discretion and the results achieved. Variable remuneration seeks to motivate employees to achieve business targets by creating a direct link between incentives and quantitative and qualitative goals set at Company, team and individual level.

Short-term variable incentives (STI)

Short-term variable incentives consist of the yearly bonuses paid to management at all levels and to senior professionals. The total budget for the payment of bonuses for this group is related to the Company results and amended based on the fulfilment of Company criteria. Short-term variable incentives depend on the organizational level and the impact of the individual's role on the business.

For the remaining employees, incentives are paid per accounting period (month or quarter) or upon an event (achieving an objective, completing a project etc.)

For the sales force, the Company has commissions in place that are paid in addition to the fixed salary.

Long-term incentive programs (LTI)

Long-term incentive programs for the executive management and key employees are in place to encourage improvements in performance and the alignment of their performance with the long-term strategic goals of the Company.

Members of the Board of Directors (the people who effectively run the Company) are governed by agreements on the performance of their function. On the basis of their agreement they receive fixed and variable remuneration. meaning a combination of STI and LTI set annually in the individual agreement. The variable part is based on KPIs set in the balanced scorecard. The balanced scorecard consists of a balanced proportion of quantitative (e.g. gross written premium) and qualitative criteria. Risk metrics are an integral part of the KPIs and the minimum solvency ratio target is the entry condition for the pay-out of all the variable parts of remuneration. A significant part of variable remuneration is deferred. The pay-out of the deferred part of remuneration is based on the permanency of the achieved results and actual solvency ratio.

Members of the Supervisory Board and Audit Committee can only receive fixed remuneration based on their agreement on the performance of their function.

Key persons with a significant impact on the risk profile and decisions of the Company receive fixed and variable remuneration. The variable part consists of the STI only. The STI is linked to both qualitative and quantitative KPIs. The KPI structure consists of a combination of company and individual criteria evaluated after the end of the given period and then again after three years. The variable remuneration is deferred for a period of three years. Risk metrics are an integral part of the KPIs. and the minimum solvency ratio target is the entry condition for the pay-out of all variable parts of remuneration.

Supplementary pensions

The Company has a defined contribution plan in place based on employees' length of service. Supplementary pension schemes have not been introduced.

There have been no material changes to this area since the last reporting period.

B.1.4. TRANSACTIONS WITH SHAREHOLDERS, WITH PERSONS WHO EXERCISE A SIGNIFICANT INFLUENCE ON THE UNDERTAKING, AND WITH MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODY

There were no significant transactions with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body.

B.1.5. INFORMATION ON RISK MANAGEMENT, INTERNAL AUDIT, COMPLIANCE AND ACTUARIAL FUNCTIONS

The Company has established key control functions as independent departments without any responsibility for operational areas. The functions are organized as follows:

- The Risk Management, Actuarial and Compliance Functions: these report hierarchically to the Chief Executive Officer and functionally to the Board.
- The Internal Audit Function: this reports hierarchically to the Chief Executive Officer and functionally to the Audit Committee.

To ensure proper coordination and direction from the Generali Head Office/Generali CEE holding, all control functions also report to the respective Group/Holding functions.

More details on organization, responsibilities and resources can be found in the dedicated sections of this report.

B.1.6. INFORMATION ON AUTHORITIES, RESOURCES, PROFESSIONAL QUALIFICATIONS, KNOWLEDGE, EXPERIENCE AND OPERATIONAL INDEPENDENCE OF THE FUNCTIONS AND HOW THEY REPORT TO AND ADVISE THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODY OF THE INSURANCE OR REINSURANCE UNDERTAKING

Details for the individual control functions can be found in the dedicated sections of this report.

B.2. FIT AND PROPER REQUIREMENTS

B.2.1. DESCRIPTION OF SKILLS, KNOWLEDGE AND EXPERTISE REQUIRED FOR PERSONS WHO EFFECTIVELY RUN THE UNDERTAKING OR HAVE OTHER KEY FUNCTIONS

Professional adequacy of members of the Board of Directors and Supervisory Board:

The Board of Directors and the Supervisory Board of the Company and their members shall collectively possess appropriate experience and knowledge in the fields indicated below:

- financial markets;
- regulation in the insurance industry;
- banking and financial sector;
- strategic planning;
- organizational and corporate management structures;
- risk management;
- internal control systems and other operational mechanisms;
- insurance, banking and financial activities and products;
- statistics and actuarial scientific disciplines;
- accounting and financial reporting;
- computer technology (IT).

Each member of the board of directors and the supervisory board must have appropriate qualifications, the necessary theoretical knowledge acquired during studies (professional competence) and/or practical experience in more than one of the above areas.

Other highly responsible persons:

Other highly responsible persons (also called relevant persons) who are assessed in relation to the jobs they perform according to internal standards. The Company primarily takes into account their job experience declared in their professional CV, their education and current performance (if this person is already working for the Company).

Although, according to long-term experience, no formalised minimum qualification requirements has shown purposeful and complexity are crucial issue – the professional prerequisites of the assessed person assessed are always assessed as a whole and in relation to the particular responsibilities for assigned areas, the following framework criteria were added. At the same time, however, the possibility of not applying some of the criterion was left depending on the individual assessment of the evaluated person.. The assessment is periodically repeated so that variability of requirements (according to operational needs) for competent/assessed persons can be taken into account.

. The framework criteria are:

- University education (relevant or nor relevant to actually performed work)
- Cumulative period of professional experience (i.e. cumulative period of employment or similar work experience)
- Cumulative period of work in the position of a supervisor employee or experience in the performance of work with senior responsibility for the assigned agenda
- Cumulative experience in the insurance industry (the length of the period is modified depending on the type of education)
- suitable qualification, necessary theoretical knowledge acquired during studies (professional competence) and/or practical experience in more than one of the areas
    - financial markets;
    - regulation in the insurance industry;
    - banking and financial sector;
    - strategic planning;
    - organizational and corporate management structures;
    - risk management;
    - internal control systems and other operational mechanisms;
    - insurance, banking and financial activities and products;
    - statistics and actuarial scientific disciplines;
    - accounting and financial reporting;
    - computer technology (IT).

The framework criteria are applied to both groups (both - so called “other highly responsible persons” and “members of the board of directors and the supervisory board”);

Personal credibility:

Both the above-mentioned groups of persons are also assessed from the perspective of their personal credibility. The assessment of whether any person is credible (trustworthy) or not includes an assessment of their honesty based on relevant evidence regarding their character and personal behaviour.

The credibility prerequisites pursuant to internal guidelines include:

- the full legal capacity of the persons being assessed, in accordance with legislation;
- the credibility of the persons being assessed - a person will not be considered a credible (trustworthy) person if such person has been convicted of a crime committed intentionally, if this crime was committed in connection with business activity or with the employer’s subject of business, unless this person is considered a non-convicted person (the person shall demonstrate all these circumstances through an extract from the criminal records); furthermore, a person will not be considered a credible (trustworthy) person if such person has been convicted of any crime against property, of an economic offense (crime), or of any other crime committed intentionally, unless such conviction has been expunged from the criminal records or unless such person is considered, for any other reason, a non-convicted person; an offense under this provision also means any crime according to legislation governing banking, financial or insurance activities, or related to securities markets or payment instruments, including legal regulations governing money laundering, market manipulation or usury, as well as insider trading, or crimes of dishonesty such as fraud or financial offenses, as well as any other serious criminal offense under legislation relating to companies, bankruptcy and insolvency, or consumer protection;
- whether the person being assessed has committed any serious administrative or disciplinary infringement (delict) in the sphere of finance, company governance, banking, bankruptcy and insolvency, or consumer protection;
- whether a legal decision concerning insolvency has been taken in respect of the property of the assessed person;
- whether the person being assessed was. in the preceding five years, a member of a statutory body or any other body of a legal entity declared bankrupt, or an insolvency petition for such legal entity was rejected since the assets of that legal entity failed to cover the costs of the insolvency proceedings, or bankruptcy was cancelled because the assets of such legal entity were completely inadequate;
- whether the person being assessed held any comparable office (function) in a legal entity declared bankrupt in the preceding three years;
- whether there has been a judicial decision that would exclude the member of the statutory body of a business corporation from holding an office (performing a function);
- whether there is justified suspicion of an existing conflict of interest related to the office held by the person being assessed; whether all the information related to the assessed person was provided through a personal questionnaire requested by the employer; and

whether any false information (provided by the assessed person) was revealed as part of pre-employment screening pursuant to the internal guidelines of the employer.

All the above-mentioned facts are not applied mechanically, but the assessed person is assessed individually and comprehensively, in accordance with the methodology of the CNB, even in the case of his detections. (This is a wide range of examined facts of a very diverse nature and seriousness, an individual assessment in summary of all the facts taken into account is therefore purposeful and fair).

B.2.2. PROCESS FOR ASSESSING THE FITNESS AND THE PROPRIETY OF THE PERSONS

The assessment of the professional fitness/qualification and personal credibility of persons with high responsibility in the Company (including members of the Boards) is essentially based on internal standard:

- The Group Fit and Proper Policy implemented worldwide by Generali Group.

Assessment of the relevant persons is first performed before they are appointed to their positions and thereafter periodically. The Company standard includes seven assessment categories and four assessment systems:

- Members of the Board of Directors: The Board of Directors as a group assesses the professional fitness/qualification and personal credibility of its members.
- Members of the Supervisory Board: The Supervisory Board as a group assesses the professional fitness/qualification and the personal credibility of its members.
- The professional fitness/qualification and the personal credibility of the members of the Audit Committee are assessed by the Board of Directors.
- Key employees that manage control functions are assessed by the Board of Directors and the respective Group control functions in regard to their professional fitness/qualification and personal credibility.
- The professional fitness/qualification and personal credibility of employees with a significant impact on the risk profile of the Company as defined by Company standards is assessed by the Board of Directors.
- Other highly responsible persons defined through internal standards (within the scope of the assessed group) are assessed by the Board of Directors as regards their professional fitness/qualification and personal credibility.

There have been no material changes to this area since the last reporting period.

B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY

B.3.1. RISK MANAGEMENT SYSTEM

The purpose of the risk management system is to ensure that all risks to which the Company is exposed are properly and effectively managed through a defined risk strategy following a set of processes and procedures. and based on clear governance provisions.

The principles defining the risk management system are provided in the risk management policy[1], which is the cornerstone of all risk-related policies and guidelines. The risk management policy covers all risks the Company is exposed to. both on a current and on a forward-looking basis.

[1] The Risk Management Policy covers all risk categories under Solvency II and, in order to properly address each specific risk category and core business processes, it is supplemented by the following risk management guidelines:

- Investment management
- Property and liability insurance and reserving
- Life insurance and reserving
- Operational risk management
- Liquidity risk management
- Other risk management guidelines, e.g. capital management

The risk management process is defined within the following phases:

Risk identification

The purpose of the risk identification phase is to ensure that all material risks the Company is exposed to are properly identified. For this purpose, the Risk Management Function interacts with the main business functions to identify the main risks, assess their importance, and ensure that adequate measures are taken to mitigate them according to a sound governance process. Within this process, emerging risk is also taken into consideration.

Based on Solvency II risk categories and for the purpose of the Solvency Capital Requirement (SCR) calculation, risks are categorized according to the following Risk Map:

Risk Map

Risks covered by the Partial Internal Model				
Financial risk	**Credit risk**	**Insurance risk non-life**	**Insurance risk life & health**	**Operational risk**
Interest rate yields	Spread widening	Pricing	CAT mortality	Internal fraud
Interest rate volatility	Credit default	Reserving	Non-CAT mortality	External fraud
Equity price	Counterparty default	CAT	Longevity	Employment practices
Equity volatility		Non-life lapse	Morbidity/Disability	Clients and products
Property			Life lapse	Damage to physical assets
Currency			Expense	Business disruption and system failure
Concentration			CAT health	Execution and process management
			Health claim	

The Company has also developed an effective risk management system for risks not included in the SCR calculation, such as liquidity risk and other risk (so-called ‘non-quantifiable risks’, i.e. reputational risk, contagion risk, emerging risk and sustainability risks).

Please see Sections C.4 Liquidity risk and C.6 Other risk.

Risk measurement

The risks identified during this first phase are then measured by their contributions to the SCR and eventually complemented by other modelling techniques deemed appropriate and proportionate to better reflect the Company’s risk profile. Using the same metric for measuring the risks and the SCR ensures that each risk is covered by an adequate Solvency capital amount that could absorb the loss incurred if the risk materialized.

The SCR is calculated by using the Generali Group Internal Model approved by the College of Supervisors covering financial. Credit, life and non-life underwriting risk and operational risk. The Generali Internal Model provides an accurate representation of the main risks to which the Company is exposed, measuring not only the impact of each risk taken individually but also their combined impact on the own funds of the Company.

Risks not included in the SCR calculation, such as liquidity risk and other risk, are evaluated based on quantitative and qualitative risk assessment techniques and models.

Risk management and control

As part of Generali Group, the Company operates under a sound risk management system in line with the processes and the strategy set by Generali Group. To ensure the risks are managed according to the risk strategy, the Company follows the governance defined in the Group Risk Appetite Framework (RAF) and further specified in the local Risk Appetite Framework. RAF governance provides a framework for risk management, embedding control mechanisms as well as escalation and reporting processes in day-to-day and extraordinary business operations.

The purpose of the RAF is to set the desired level of risk (in terms of risk appetite and risk preferences) and limit excessive risk-taking. Tolerance levels based on capital and liquidity metrics are set accordingly. Should an indicator approach or breach the defined tolerance levels. escalation mechanisms are activated.

Risk reporting

Risk monitoring and reporting is a key risk management process that helps keep business functions. top management, the Board, and the Supervisory Authority aware and informed of the risk profile development, risk trends and breaches of risk tolerances.

The Own Risk and Solvency Assessment (ORSA) is the main risk reporting process and is coordinated by the Risk Management Function. Its purpose is to provide an assessment of risks and overall solvency needs on a current and forward-looking basis. The ORSA process ensures ongoing assessment of the solvency position in line with the strategic plan and capital management plan, followed by regular communication of the ORSA results to the Supervisory Authority after approval by the Board. More details are provided in Section B.3.3. The Risk Management Function ensures that the risk management process as described in Section B.3. complies with Solvency II and the principles set in the risk policies. and supports the Board and top management in ensuring the effectiveness of the risk management system.

Risk Management Function

The Risk Management Function coordinates the ORSA process and reports the most significant risks it identifies to the Board. The Risk Management Function is responsible for:

- assisting the Board of Directors and Supervisory Board and other functions in the effective operation of the risk management system;
- monitoring the risk management system and the implementation of the risk management policy;
- monitoring the general risk profile of the Company and coordinating risk reporting. including reporting any tolerance breaches;
- advising the Board of Directors and Supervisory Board, and supporting the main business decision-making processes, including those related to strategic affairs such as corporate strategy, mergers and acquisitions, and major projects and investments.

The Risk Management Function is an independent function within the organizational structure. The Head of Risk Management Function (Chief Risk Officer - CRO) reports hierarchically to the Chief Executive Officer (CEO) and functionally to the Board. To ensure proper coordination and direction from Head Office, they also report to the Group Chief Risk Officer (GCRO). In accordance with local laws and regulations, the Risk Management Function has full access to all information, systems and documentation related to risk management activities. The function is also involved in all key committees of the Company.

The Risk Management Function also chairs the Risk Committee, where the representatives of risk management, key risk owners and control functions discuss current risk topics and the results of risk assessments and advise the Board on risk-related matters.

The Risk Management Function has financial and human resources, as well as access to external advisory services and specialized skills.

The Head of the Risk Management Function has the necessary qualifications, knowledge, experience and professional and personal skills to carry out the function's duties effectively. The head has solid relevant experience in the insurance (or financial) industry, in risk management practices and risk-related regulations. They also have the capacity to relate to the commercial mind-set of the business and develop an overall understanding of the organization from the operational and strategic points of view. They also follow the applicable risk policies that set out the relevant responsibilities, goals, processes and reporting procedures to be applied.

All personnel carrying out Risk Management Functions meet the above requirements and characteristics to a degree commensurate to the complexity of the activities to be carried out. These requirements must be always maintained at an appropriate and adequate level.

Compliance with the above requirements is assessed at least on a yearly basis, and also during the year in the event of changes in the staffing of the Risk Management Function.

B.3.2. INTERNAL MODEL FRAMEWORK: GOVERNANCE, DATA AND VALIDATION

INTERNAL MODEL GOVERNANCE

Processes and procedures

The governance of the internal model is aimed at guaranteeing full compliance of the internal model with a set of principles, while respecting Articles 120 to 126 of the Solvency II Directive.

The Company, following the Group internal model governance policy, sets the model governance to ensure that models are transparent, robust and consistent both internally and across Group companies, and that the models are of sufficient quality and reliability to meet the needs of the people that use them.

The governance requirements apply to all phases of the model lifecycle, i.e. both regular use and model change processes.

The main processes contained within each of the above phases include model definition and implementation, model run including assumption setting and calibration, model validation and model review.

Organizational structure

The Board of Directors is responsible for implementing systems that ensure the Group internal model operates properly and continuously at Company level. With the support of the Local Risk Committee, the Board of Directors reviews the relevant supporting information submitted by the Company's CRO.

The Company CRO must ensure that all models function properly at Company level and, if necessary, escalates model-related issues to the Board of Directors, supported by the Risk Committee. The Company CRO decides, on the basis of all the Internal Model Committee proposals, on the appropriate model component methodologies, and signs off on the results of calculations of Company capital requirements.

The Company Internal Model Committee is in charge of providing proposals on matters related to the internal model before submission to the Company CRO.

Company model owners are assigned to each component of the model and are responsible for ensuring that the Group internal model and its outputs meet local needs and conform to the Group internal model governance policy as well as to the group methodology framework.

MATERIAL CHANGES TO INTERNAL MODEL GOVERNANCE

There were no material changes in internal model governance during the reporting calendar year.

INTERNAL MODEL DATA

The Company has implemented a data quality framework to ensure that the data used for the SCR calculation and the evaluation of technical provisions are accurate, complete and appropriate. For this purpose, all data used are recognized, data flows are tracked to the level of primary systems, and any risks of potential poor data quality are identified and evaluated. Adequate controls are implemented, and their results are monitored and documented.

INTERNAL MODEL VALIDATION

The SCR calculation is subject to annual independent validation, as required by Article 124 of the Solvency II Directive and based on the principles defined in the group validation policy and the group validation guidelines.

Validation is aimed at gaining independent assurance of the completeness, robustness and reliability of the processes and results which comprise the internal model, as well as their compliance with the Solvency II regulatory requirements. In particular, the validation output aims to support the top management and Board of Directors in understanding the internal model appropriateness and areas where the internal model has weaknesses and limitations, especially with regard to its use in day-to-day decision-making processes.

The scope of validation covers both the quantitative and qualitative aspects of the model, including the data, methodology, assumptions and expert judgments, governance and processes, calibration of risks, model outputs and results. The scope of validation considers the materiality of the risk components and is subject to regular challenges from the Internal Model Committee.

Within the validation process, both quantitative tests (including analyses of profit & loss attribution, sensitivity analyses, stress and reverse stress tests, SCR point estimates) and qualitative analyses (including reviews of documentation, walkthrough analyses and interviews) are performed.

To ensure an adequate level of independence, the resources performing validation activities are not involved in the development and calculation of the internal model.

Although the validation process is understood as a regular exercise, there are specific elements that can trigger additional validation (eg requests for major model changes or requests from top management or regulatory bodies).

B.3.3. ORSA PROCESS

The ORSA process is a key component of the risk management system that aims at assessing the adequacy of the solvency position and the risk profile on a current and forward-looking basis.

The ORSA process documents and properly assesses the main risks to which the Company is or may be exposed in light of its strategic plan. It includes an assessment of the risks within the scope of the SCR calculation, but also of other risks not included in the SCR calculation. In terms of risk assessment techniques, both quantitative and qualitative assessments are performed, including stress tests and sensitivity analysis. Adverse scenarios are defined together with key risk owners and the Board in order to assess the resilience of the Company solvency position to changed market conditions or specific internal or external risk factors over the business planning period.

The ORSA Report is produced on an annual basis during 2Q and takes into consideration current risk profile as of year-end and additional views on the risk profile and System of Governance. including also forward-looking assessments in line with the business strategy and business planning.

In addition to the annual ORSA process, some specific steps or the whole ORSA process can also be triggered irregularly during the year if the risk profile changes significantly. Triggers for a non-regular ORSA process might be changed assumptions underlying SCR calculations, breaches of defined solvency limits, significant changes to the structure, amount or quality of own funds. or significant changes in the business model or legal environment.

All results are properly documented in the ORSA report and discussed during meetings of the Company Risk Committee. The report is submitted to the supervisory authority after discussion and approval by the Board. The information included in the ORSA report is sufficiently detailed to ensure the relevant results can be used in the decision-making and business-planning processes.

The results of the ORSA process at Company level are also reported to the parent company as an input for the Generali Group ORSA process. For this reason, the Company follows the principles set in the risk management policy and additional operating procedures. These are issued by Generali Head Office to assure the consistency of the ORSA process across Generali Group companies.

There have been no material process changes to this area since the last reporting period.

B.3.4. EMBEDDING RISK MANAGEMENT IN THE CAPITAL MANAGEMENT PROCESS

Capital management and risk management are strongly integrated processes. This integration is deemed essential to ensure proper alignment between the business and risk strategies.

By means of the ORSA process, the projection of the capital position and the forward-looking risk profile assessment contribute to the strategic planning and capital management processes.

The ORSA report also relies on the capital management plan for verification of the adequacy and quality of the eligible own funds to cover the overall solvency needs based on the plan's assumptions.

Risk management actively supports the strategic planning process to ensure ongoing alignment of the risk and business strategies.

B.4. INTERNAL CONTROL SYSTEM

The Company has fully adopted the Group Policies on the internal control and risk management system, these policies included the key elements of the internal control system and risk management framework, in particular their activities, roles and responsibilities, accordingly, the company has set up an organizational and operational structure aimed at supporting its strategic objectives, operations and internal control and risk management systems.

The internal control environment includes personnel development in terms of integrity, ethical values and competence, the management philosophy and operating style, the way roles and responsibilities are assigned, how the organization is set up, and governance.

The internal control system ensures compliance with applicable laws, regulations and administrative provisions and the effectiveness and efficiency of the operations in light of objectives. It also ensures the availability and reliability of financial and non-financial information.

The internal control and risk management system is founded on the establishment of three lines of defence:

I. The operating functions (the risk owners) represent the first line of defence and have ultimate responsibility for risks relating to their area of expertise;
II. The actuarial, compliance and risk management functions represent the second line of defence;
III. The internal audit function represents the third line of defence and, together with the actuarial, compliance and risk management functions, represents the control functions.

Monitoring and reporting mechanisms within the internal control system and the control functions are established to provide top management and the Board of Directors with relevant information essential for their decision-making processes.

B.4.1. COMPLIANCE FUNCTION

INFORMATION ON THE COMPLIANCE FUNCTION: ORGANIZATIONAL STRUCTURE AND THE DECISION MAKING PROCESSES OF THE UNDERTAKING, STATUS AND RESOURCES OF THE COMPLIANCE FUNCTION WITHIN THE UNDERTAKING

The Company established the compliance function as an independent department and part of the internal control system and its second line of defence. The Head of Compliance reports to the Board of Directors. As of 1 December 2023, the Compliance Department and the Security Management Department were merged, with the fact that both functions continue to function separately, with their own statutes and internal regulations that regulate their activities. Formally, they are included in one department and managed by the Director of the Compliance and Security Management Department. The established cooperation between previously separate departments was preserved, intensified by the merger, and ultimately the company's control system was strengthened.

The Company has fully adopted the Group Compliance Policy approved by the Board of Directors of Assicurazioni Generali S.p.A. and which is periodically reviewed. The Compliance function follows the policy, while its roles and responsibilities are specified by the Internal Compliance Statute of Compliance.

The resources of the Compliance function include financial and human resources, as well as access to external advisory services and specialized skills, the organizational infrastructure, contemporary reference material on compliance management and legal obligations, professional development, and technology.

The reporting process aims to ensure that appropriate information on the performance of the Compliance function and the compliance management system, its continuing adequacy and all relevant instances of non-compliance, is provided to top management and the Board of Directors as well as to the Group compliance function.

The Compliance function submits the Annual Plan of Activities together with the Annual Budget of the Compliance function to the Board of Directors for approval. The Annual Plan is drafted taking into account the results of the risk assessment activities. At least twice a year, the Compliance function reports to the Board of Directors on the state of realization of the Annual Plan of Activities. The Compliance function also provides regular updates to the Board of Directors and top management. It informs the Board of Directors of any material changes in the compliance risk profile of the Company without undue delay.

INFORMATION ON AUTHORITIES, RESOURCES, PROFESSIONAL QUALIFICATIONS, KNOWLEDGE, EXPERIENCE AND OPERATIONAL INDEPENDENCE OF THE COMPLIANCE FUNCTION

employees of the Compliance function have the necessary qualifications, knowledge, experience and professional and personal skills to enable them to carry out their duties effectively. Such requirements are defined for each control function position. Compliance officers must understand the obligations, legislation, standards and rules that affect the business, and be familiar with the methodologies of Compliance Risk Management.

The Compliance function is independent of the functions in the organizational structure. It is not responsible for any operational areas. The head of the Compliance function reports directly to the Board of Directors, which confers the necessary authority to the function.

In accordance with local laws and regulations, the Compliance function has complete access to all information, systems and documentation related to activities within the scope of Compliance. The Compliance officer may attend relevant AMSB and committee meetings (e.g. Risk Committee) to raise compliance risk related matters, whenever appropriate. All accessed information and documents are handled in a prudent and confidential manner.

B.5. INTERNAL AUDIT FUNCTION

B.5.1. INFORMATION ON INTERNAL AUDIT FUNCTION: ORGANIZATIONAL STRUCTURE. THE DECISION MAKING PROCESSES, STATUS AND RESOURCES OF THE INTERNAL AUDIT FUNCTION

At Generali Česká pojišťovna the internal audit activities are performed by the internal audit function in line with the organizational rules defined in the audit group policy approved by the Board of Directors of Assicurazioni Generali S.p.A. (the ultimate Generali Group parent company) and in the audit policy approved by the Board of Directors of Generali Česká pojišťovna.

The internal audit function is an independent and objective function established by the Board of Directors to examine and evaluate the adequacy, effectiveness and efficiency of the internal control system and of all the other elements of the system of governance, through assurance and advisory activities for the benefit of the Supervisory Board and Board of Directors, the top management and other stakeholders.

It supports the Supervisory Board and Board of Directors in identifying the strategies and guidelines on internal control and risk management, ensuring that they are appropriate and valid over time, and provides the Supervisory Board and Board of Directors with analyses, appraisals, recommendations and information concerning the activities reviewed.

In line with the audit group policy and based on a solid line reporting model, the head of the internal audit function reports to the Supervisory Board. Board of Directors and Audit Committee and, ultimately, to the Head of Group Audit, through the Head of Business Unit Audit.

This ensures the autonomy to act and independence from operational management as well as more effective communication flows. It covers the methodologies to be used, the organizational structure to be adopted (recruiting, appointment, dismissal, remuneration, sizing and budget in agreement with the Audit Committee), target setting and the year-end appraisal, the reporting methods, as well as the proposed audit activities to be included in the internal audit plan to be submitted to the Audit Committee for approval.

The internal audit function is provided with appropriate human, technical and financial resources, and its staff possesses and obtains the knowledge, skills and competencies needed to perform its role and mission, including the technical capabilities to perform audit activities with the support of data analytics and the knowledge to perform audit activities on digital processes, including robotics and artificial intelligence.

The internal audit function has full, free, unrestricted and timely access to any of the organization's records, physical assets, and personnel pertinent to carry out any engagement, with strict accountability for confidentiality and safeguarding records and information. The head of the internal audit function has free and unrestricted access to the Supervisory Board and Board of Directors.

The internal audit function acts in compliance with the guidelines issued by the Institute of Internal Auditors (i.e. the International Professional Practices Framework – IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

The head of the internal audit function does not assume any responsibility for any other operational function and should have an open, constructive and cooperative relationship with regulators to support the sharing of information relevant to their respective responsibilities.

All internal audit function personnel comply with specific fit and proper requirements as requested by the fit & proper policy, and avoids, to the maximum extent possible, activities that could create conflicts of interest or be perceived as such. The internal auditors of the internal audit function behave in an impeccable manner at all times. and information coming to their knowledge when carrying out their tasks is always kept strictly confidential.

The activity of the internal audit function remains free from interference by any element in the organization, including matters of audit selection, scope, procedures,. Frequency, timing, or report content, to ensure the necessary independent and objective mental attitude.

Internal Auditors do not have direct operational responsibility or authority over any of the activities audited. Accordingly, they are not involved in the operational organization of the undertaking or in developing, introducing or implementing organizational or Internal Control measures. However, the need for impartiality does not exclude the possibility to request an opinion from the internal audit function on specific matters related to the Internal Control principles to be complied with.

The internal audit function is not a part of, or responsible for, the Risk Management, Compliance, Actuarial or Anti-Money Laundering Functions. It cooperates with other key functions – including the Anti-Money Laundering Function – and external auditors to continuously foster the efficiency and effectiveness of the Internal Control System.

At least annually, the Head of Internal Audit Function proposes an internal audit plan for Generali Česká pojišťovna to the Audit Committee for approval.

The internal audit plan is developed based on a prioritization of the audit universe using a risk-based methodology, and takes into account all the activities, the system of governance, the expected development of activities and innovations, the organization's strategies, the key business objectives, and inputs from the top management, the Supervisory Board and the Board of Directors. Furthermore, the internal audit plan takes into account any deficiencies found during the audits already performed. and any new risk detected.

The internal audit plan submitted by the Head of Internal Audit Function for approval by the Audit Committee includes at least the audit engagements, the criteria for their selection, their timing, the budget and human resources requirements, and any other relevant information. The Head of Internal Audit Function communicates to the Audit Committee and Board of Directors the impact of any resource limitations and significant changes that occurred during the year. The Audit Committee discusses and approves the internal audit plan along with the budget and human resources required to deliver it.

The internal audit plan is reviewed and adjusted on a regular basis during the year by the Head of Internal Audit Function in response to changes in the organization's business, risks, operations, programs, systems, controls and audit findings. Any significant deviation from the approved internal audit plan is communicated through the periodic reporting process to the Audit Committee and submitted to it for approval. If necessary, the internal audit function may carry out audits that are not included in the approved internal audit plan. Such additions and their results are reported to the Audit Committee and/or Board of Directors at the earliest possible opportunity.

All audit activities are carried out following a consistent Group methodology (detailed in the Group Audit Manual), including the use of the Group audit IT tool. The scope of auditing encompasses, but is not limited to. the examination and evaluation of the adequacy and effectiveness of the organization's governance. risk management. and internal control processes in relation to the organization's defined goals and objectives.

Following the conclusion of each engagement, a written audit report is prepared and issued to the auditee and the auditee's hierarchy. This report indicates the significance of the issues found and covers any issues regarding the effectiveness, efficiency and suitability of the internal control system, as well as major shortcomings regarding compliance with internal policies, procedures, processes and the Company's objectives. It includes a proposal for remedial actions taken or to be taken concerning the issues identified. and the proposed deadlines for their implementation.

While the responsibility for addressing issues raised remains with business management, the internal audit function is responsible for implementing appropriate follow-up activities on issues raised. including checking the effectiveness of the corresponding remedial actions.

Based on its activity and in accordance with Group methodology, the internal audit function is responsible for reporting significant risk exposures and identified control issues to the Supervisory Board, the Board of Directors and the Audit Committee, including fraud risks, governance issues and other matters needed or requested by the Supervisory Board, the Board of Directors and the Audit Committee.

The Head of Internal Audit Function provides, on at least a semi-annual basis, the Supervisory Board and the Board of Directors with a report at local level on the activities performed, their results, the issues identified, the action plans for their resolution, their status and the timing for their implementation. It also includes the results of the follow-up activities, indication of the persons and/or functions responsible for the implementation of the action plans, and the timing and effectiveness of the actions implemented to remove the issues initially found. The Board of Directors determines what actions are to be taken with respect to each issue, and ensures that those actions are carried out. However, in the event of any particularly serious situations arising during the normal reporting cycle, the Head of Internal Audit Function will immediately inform the Supervisory Board, the Board of Directors and the Audit Committee, the local top management, the Head of Business Unit Audit and the Head of Group Audit.

The internal audit function maintains a quality assurance and improvement program, which includes both internal and external assessments aimed at covering all audit activity aspects, and a continuous improvement program. These programs include an evaluation of the audit activity's conformance with professional standards, the Audit Group Policy, the audit methodology detailed in the Group Audit

Manual, and the Code of Ethics of the Institute of Internal Auditors. The programs also assess the efficiency and effectiveness of the audit activity and identify opportunities for improvement.

B.5.2. INFORMATION ON AUTHORITIES, RESOURCES, PROFESSIONAL QUALIFICATIONS, KNOWLEDGE, EXPERIENCE AND THE OPERATIONAL INDEPENDENCE OF THE INTERNAL AUDIT FUNCTION

For more information, please refer to Section B.5.1

B.6. ACTUARIAL FUNCTION

The Actuarial function (AF) in Generali Česká pojišťovna is based on the Group Actuarial Function Policy. The Actuarial Function Group Policy has been fully applied with no waivers. Local specifics i.e Actuarial Function is set separately for Life and Non-life Business and solid line reporting model is established between the CEE Business Unit Head of Actuarial Function and the Local Head of Actuarial Function remain valid, but not classified as waivers in accordance with the last version of Actuarial Function Group Policy.

In line with updated Group Actuarial Function Policy:

- The calculation and control activities are organizationally separated to ensure full independency. At least once a year the Head of Actuarial Function submits an opinion on the technical provision as well as on the underwriting policy and on the reinsurance arrangements to the BoD/AMSB. To support his/her role, the Head of Actuarial Function is granted, to the extent legally permitted, unrestricted access to the information necessary to carry out his/her responsibilities and has also access to the heads of the responsible functions and committees.
- In the event of any fundamental issues in areas of his/her interest (technical provisions. the underwriting policy and reinsurance arrangements), the Head of Actuarial Function shall report the finding directly to the BoD/AMSB to which he/she has independent and direct access.
- Head of Actuarial Function are appointed by the local BoD/AMSB.
- Head of Actuarial Function reports directly to the CEO.

To respect the historical set up and experience. Generali Česká pojišťovna has separated the two actuarial functions for Life and Non-life:

- Head of Actuarial Function life.
- Head of Actuarial Function non-life.

There are regular meetings to ensure full consistency and alignment as well as the sharing of information between both Life and Non-life Actuarial Functions and between Actuarial Function and calculation Actuarial departments.

In terms of resources, the Actuarial Function (Non-Life and Life) team currently consists of three people and one part-time position. Actuarial Function holders (Life and Non-Life) possess an actuarial background with a degree in actuarial sciences, long term actuarial working experience mainly on Czech, but partially also on Slovak market and are members of Czech Society of Actuaries.

The objectiveness of Actuarial Function is supported by the Fit & Proper requirements (Group Fit & Proper Policy) and the professional responsibility of the Heads of Actuarial Function (full members of the IAA professional organization).

The Actuarial Function closely cooperates especially with Life and Non-life Actuarial Department which reports to CFO and are responsible for calculation of technical provision, capital requirements of life and non-life underwriting risks including impact of market risks on insurance liabilities, value of new business in life insurance, effectivity of reinsurance program and reporting in given areas.

Actuarial Function cooperate also with other technical departments of the Company especially Risk management, Product management, Controlling, Reinsurance and ALM departments.

The main responsibilities and roles of the Actuarial Function, as required by Solvency II principles (Article 48 of Directive 2009/138/EC), are the following:

- Control, assessment of adequacy and validation of technical provisions.
- assessing the local technical provisions (TP) data quality process
- expressing an opinion on the overall underwriting policy.
- expressing an opinion on the adequacy of the reinsurance arrangements.
- contributing to the effective implementation of the risk management system.

as well as tasks not explicitly required by the Solvency II principles:

- control role in area of IFRS technical provisions
- control role in product development and product profitability
- control role in area of life and non-life underwriting risks modelled by Internal model.

More details are available in the local Life/Non-life Actuarial Function Report documents. These documents summarize the opinions, concerns and recommendations of the Actuarial Function about the Technical Provisions process, the underwriting policy and the reinsurance arrangements, in compliance with Solvency II requirements.

The Actuarial Function cover the whole Generali Česká pojišťovna including Slovak branch.

B.7. OUTSOURCING

B.7.1. INFORMATION ON OUTSOURCING POLICY

The Company has fully adopted the Group Outsourcing Policy, which sets consistent minimum mandatory outsourcing standards, assigns the main outsourcing responsibilities, and ensures that appropriate controls and governance structures are established within any outsourcing initiative.

This policy introduces a risk-based approach, distinguishing between critical and non-critical outsourcing, the materiality of each outsourcing agreement, and the extent to which the Company controls the service providers.

The Company has also adopted local outsourcing rules that specify all the rules and obligations for the proper set-up and management of outsourcing relationships, both within and outside the Group, the criteria for the classification of outsourcing significance, roles and responsibilities, contract content, internal processes, evidence, and the monitoring of outsourcing. The Company considers the following functions significant: Risk Management, Compliance Function, Internal Audit and the Actuarial Function. The Company considers the following activities important: administration of insurance, claims settlement, investments, calculation of provisions, underwriting, product development, actuarial, insurance product training.

The outsourcing of functions or activities considered as critical or significant by the Company will not be undertaken in such a way as to lead to any of the following: materially impairing the quality of the Company's system of governance, unduly increasing operational risk, impairing the ability of the supervisory authorities to monitor the undertaking's compliance with its obligations, or undermining continuous and satisfactory service to policyholders. The outsourcing agreements for critical and important activities must be submitted to the Board of Directors for approval.

An outsourcing business officer is appointed for each outsourcing contract. This person is responsible for the overall execution of the outsourcing lifecycle, from risk assessment to final management. The officer also monitors the service-level agreements defined in the contracts, as well as the quality of the provided services.

The Company has providers of outsourced functions or activities in the Czech Republic, Slovak Republic, Italy, Austria and the Netherlands.

There have been no material changes to this area since the last reporting period.

B.8. ANY OTHER INFORMATION

B.8.1. ASSESSMENT OF THE ADEQUACY OF SYSTEM OF GOVERNANCE TO THE NATURE, SCALE AND COMPLEXITY OF THE RISKS INHERENT IN THE BUSINESS

The Board of Directors assesses yearly a Summary report concerning the Management and Control system submitted by the Secretary, which contains especially key functions yearly reports concerning their activities during previous year, including their recommendations. The Board of Directors evaluates the Management and Control system based on the Summary report.

The Internal Audit Department conducts independent overall evaluations of the Company's internal control system regularly, at least once a year. Last assessment of the adequacy of system of governance by the internal audit took place in 2024 and was evaluated as Mainly adequate (2 on the scale 1-4). For more information, please refer to Section B.5.1

B.8.2. OTHER MATERIAL INFORMATION REGARDING THE SYSTEM OF GOVERNANCE

There is no other relevant information.

C. Risk Profile

Within the Company risk profile, no risk exposure arises from off-balance sheet positions and no transfer of risk to special purpose vehicles takes place.

C.1. UNDERWRITING RISK

C.1.1. LIFE UNDERWRITING RISK

RISK EXPOSURE AND ASSESSMENT

Life and health underwriting risks include biometric and operating risks embedded in the life and health insurance policies. Biometric risks derive from uncertainty in assumptions regarding mortality, longevity, health, morbidity and disability rates taken into account in the insurance liability valuations. Operating risks derive from the uncertainty regarding expenses and the adverse exercise of contractual options by policyholders. Along with premiums payment, the option to surrender a policy is the most significant contractual option held by policyholders.

The life and health underwriting risks identified in the Company's Risk Map are:

- *Mortality risk*, defined as the risk of loss or of adverse change in the value of insurance liabilities resulting from changes in mortality rates, where an increase in mortality rates leads to an increase in the value of insurance liabilities. Mortality risk also includes mortality catastrophe risk as the risk of loss or an adverse change in the value of insurance liabilities resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events;
- *Longevity risk* that, similarly to mortality, is defined as the risk resulting from changes in mortality rates, where a decrease in mortality rates leads to an increase in insurance liabilities;
- *Disability and morbidity risks* are defined as the risk of loss or an adverse change in insurance liabilities resulting from changes in disability, sickness, morbidity and recovery rates;
- *Lapse risk* is linked to a loss or adverse change in liabilities due to a change in expected policyholder option exercise rates. The relevant options are all legal or contractual policyholder rights to fully or partly terminate, surrender, decrease, restrict or suspend insurance cover, or permit the insurance policy to lapse. This also includes lapse during catastrophic events;
- *Expense risk* is the risk of a loss or adverse change in insurance liabilities resulting from changes in the expenses incurred in servicing insurance or reinsurance contracts.

The following table briefly summarizes the interactions between products and risks:

Products	Mortality risk	Longevity risk	Morbidity/disability risk	Lapse risk	Expense risk	Health
Accident and disability	✓		✓	✓	✓	
Pure risk	✓		✓	✓	✓	
Annuity in payment		✓			✓	
Annuity in accumulation	✓	✓	✓	✓	✓	
Capitalization				✓	✓	
Endowment and others	✓		✓	✓	✓	
Non-life annuities in payment		✓			✓	

The life underwriting risks are measured using a quantitative model aimed at determining the SCR, based on the Generali Group Internal Model methodology.
The risk measurement under the Generali Group Internal Model methodology and parameters derives from a process divided into two main steps:

- risk calibration, aiming to derive life underwriting risk factor distributions and consequently the stress to be applied to the best estimate biometric/operating assumptions with a certain probability of occurrence equal to 0.5%;
- loss modelling, aiming to measure the loss for the Company resulting from the stress to the biometric/operating assumptions.

The risk measurement under the Standard Formula Approach derives from the application of pre-defined stress to the best estimate biometric/operating assumptions with a probability of occurrence equal to 0.5%.

For mortality and longevity risks, the uncertainty in the insured population mortality and its impact on the Company are measured by applying stresses to the policyholders' death rates.

For morbidity and disability risks, the uncertainty in sickness or morbidity in the insured population and its impact on the Company is measured by applying stresses to the policyholders' morbidity, disability and recovery rates.

In the case of lapse risk, risk calibration and loss modelling aims to measure the uncertainty in policyholder behaviour with respect to legal or contractual options that give them the right to fully or partly terminate, surrender, decrease, restrict or suspend insurance cover, or permit the insurance policy to lapse. Similarly to biometric risks, the measurement is performed through the application of permanent and catastrophic stresses to the behaviour of these policyholders.

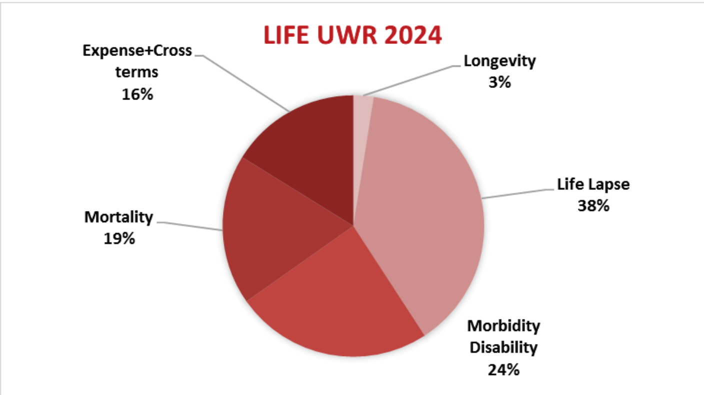
Expense risk is measured through the application of stresses to the expense inflation the Company expects to incur in the future.

The Company performs specific tests and follows Generali Group methodology aimed at ensuring the reliability of the results obtained and their actual use in business decision-making processes, as prescribed by the Solvency II Directive.

The following table shows the development of life risks (on a standalone basis, without any diversification effects) of "Company with Branch" portfolio under Internal Model for YE24 in comparison with YE23:

Life underwriting risks (Internal Model)	YE24	YE23	delta %
Life UW Risk	**4,937,500**	**4,517,471**	**+9%**
Longevity	123,646	92,953	+33%
Life Lapse	1,891,900	1,835,079	+3%
Morbidity Disability	1,204,401	1,069,748	+13%
Mortality	918,955	796,443	+15%
Expense + Cross terms	798,598	723,247	+10%

The following chart shows the share of individual risks in total life UW Risk:



The main factors influencing the year-on-year change were the more precise calculation on Mortality CAT and growth of the Protection portfolio. The increase of Longevity risk is caused by higher calibrated stress. Higher Lapse and Morbidity risk is driven by the growth of Protection portfolio, which is currently sold. Increase in Mortality risk is a result of the more precise calculation for Mortality CAT risk. Expense risk is higher due to slight increase of expense inflation stress.

Due to the ongoing shift towards risk-oriented products, we expect relatively stable Life UWR in the future. This means generally lower exposures to risks because of the decreasing portfolio, compensated with the morbidity risk where exposure will grow due to new protection-oriented production.

RISK MANAGEMENT AND MITIGATION

The techniques for mitigating, monitoring and managing life underwriting risks are based on quantitative and qualitative assessments embedded in processes that are carefully defined and monitored at both Company and Generali Group level (such as the life product approval and underwriting limits process).

Robust pricing and ex-ante selection of risks through underwriting are the two main defences against life underwriting risks.

Product pricing

Effective product pricing means setting product features and assumptions regarding expenses, biometrics and policyholder behaviour to allow the Company to withstand any adverse developments in these assumptions' trends.

For saving business this is mainly achieved through profit testing, while for the protection of insurance portfolios involving a biometric component, this is achieved by setting reasonably prudent assumptions.

For insurance portfolios with a biometric risk component, the mortality tables used in pricing include reasonable prudential margins. For these portfolios, comprehensive reviews of mortality experience are also performed at Head Office level every year, involving a comparison with the expected portfolio mortality determined according to the most up-to-date mortality tables available in each market. This analysis allows the continuous checking of the adequacy of the mortality assumptions used in product pricing, and the addressing of the risk of misestimating for future underwriting years.

Similarly as for mortality risk, an annual assessment of the adequacy of the mortality tables used in pricing is performed for longevity risk. This assessment considers both biometric risks and financial risks related to the minimum interest rate guarantee, and any potential mismatch between liabilities and the corresponding assets. Also in this case, the analysis allows continuous checks of the adequacy of the longevity assumptions taken into account in product pricing, and the addressing of the risk of misestimating for future underwriting years.

All operating assumptions used in the product pricing phase or for the valuation of new business are derived from the Company's own experience in line with the underwriting policy. They are consistent with the assumptions used for technical provisions (TP) valuation. Furthermore, to ensure full alignment with the Company's strategy on product approval, the process includes on-going monitoring of the products to be launched by the Company and a biannual update of the profitability review at parent company level.

Underwriting process

The Company follows the Generali Group underwriting guidelines that determine operating limits and the standard exemption request process to maintain risk exposure between pre-set limits and ensure a coherent use of capital.

Particular emphasis is put on the underwriting of new contracts, considering both medical and financial risks. The Company follows the clear underwriting standards issued through manuals, forms, and medical and financial underwriting requirements. The Company's autonomy within the underwriting concept depends on its structure and insurance portfolio and is determined by the parent company.

Maximum insurability levels are set by the Company for insurance riders [2] most exposed to moral hazard. To further mitigate these risks, policy exclusions and financial underwriting rules are also defined.

The Company regularly monitors risk exposures and adherence to operating limits, reports any abnormal situations, and follows an escalation process proportionate to the nature of the violation to ensure that remedial actions are swiftly undertaken.

Role of risk management in pricing and product approval processes

The Company's CRO supports the pricing process as a member of the product and underwriting committees.

The product approval process includes a review by the Risk Management Function to ensure that new products are in line with the Risk Appetite Framework (both quantitative and qualitative dimensions) and that risk capital is considered within the risk-adjusted performance management.

Underwriting risk can also be transferred through reinsurance to another (re)insurance undertaking to reduce the financial impact of these risks on the Company. This effectively reduces the SCR needed to be held to cover them.

The life reinsurance function at Group level supports, steers and coordinates the reinsurance activity of the Company by defining appropriate guidelines aimed at ensuring tight risk control in line with the Group and Company risk appetite. The guidelines are also intended to fully take advantage of all the opportunities reinsurance offers in each market.

The Group acts as the main reinsurer for the Company. Nevertheless, with the parent company's agreement and when justified by specific business reasons, the Company can also transact with another reinsurance company on the open reinsurance market.

In subscribing reinsurance contracts with market reinsurers, the Company agrees and relies on the above-mentioned guidelines that also indicate admissible reinsurance transactions, the relevant maximum cession allowed, and the selection of counterparties on the basis of their financial strength.

The reinsurance program is subject to the opinion of the Life Actuarial Function (LAF) regarding adequacy in accordance with the Group Actuarial Function policy and related guidelines. The Actuarial Function should consider whether the reinsurance arrangements are sufficient and adequate, and ascertain that own retention limits have been adequately set. Companies to whom contracts are ceded usually belong to Generali Group, meaning minimum risk of the potential unavailability of reinsurance cover.

C.1.2. NON-LIFE UNDERWRITING RISK

RISK EXPOSURE AND ASSESSMENT

Property and Casualty (P&C) underwriting risk is the risk arising from P&C insurance obligations and relates to the perils covered and the processes used in the conduct of business. It includes at least the risk of underestimating the frequency and/or severity of claims when defining pricing and provisions (respectively pricing risk and reserving risk) and the risk of losses arising from extreme or exceptional natural events (catastrophe risk).

[2] A supplementary risk rider is an addition to the primary insurance contract that, under certain conditions, provides insurance benefits beyond the scope of the main policy.

The Company cannot avoid exposure to potential losses stemming from the risks intrinsically related to the nature of its core businesses. However, properly defining standards and recognizing, measuring, and setting limits to these risks is of critical importance to ensure the Company's resilience under adverse circumstances and to align the P&C underwriting activities with the Company's risk appetite.

In line with the Generali Group risk strategy, the Company underwrites and accepts risks that are known and understood, where the available information and the transparency of exposure enables the business to achieve a high level of professional underwriting with consistent development. Moreover, risks are underwritten while applying established quality standards in the underwriting procedures to secure profitability and limit moral hazard.

The business underwritten by the Company is a mix of retail, commercial and industrial risks. Motor insurance is the most important, followed by property, liability, and other segments.

The Company's exposures to underwritten risks are described in Section D.2.2 of this report, which relates to technical provisions and the market value balance sheet.

The major part of the exposure underwritten by the Company is in the Czech Republic and in the Slovak Republic. This also relates to the exposure to NAT CAT risks, mainly to flood, wind, hailstorm, snow perils and earthquake.

The SCR for the non-life underwriting risk of the Company is measured by means of the Internal model (PIM).

Property and Casualty (P&C) underwriting risks are:

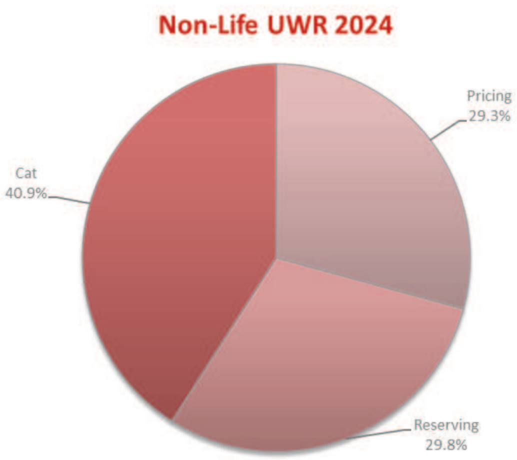
- Pricing and catastrophe risk representing the risk that premiums are not sufficient to cover future claims, contract expenses and extremely volatile events; in a one-year time horizon;
- Reserving risk representing the uncertainty of the claims reserves run-off around its expected value, in a one-year time horizon;

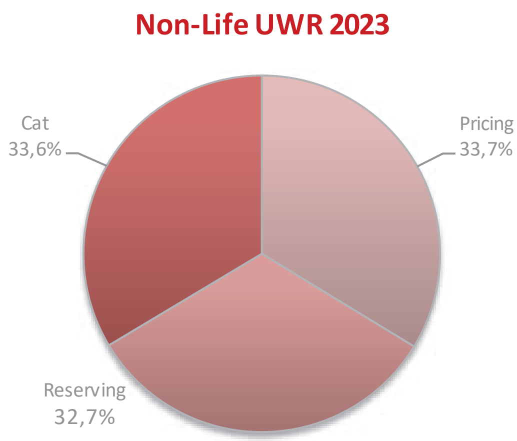
Besides (P&C) business, the reserving risk is applied to Life riders and on the other hand, the reserving risk is not applied to P&C annuities which reserving risk is measured by life techniques and the capital requirements are presented in Life perimeter.

The following table shows the development of non-life risk measured using the Internal Model.

Non-Life Underwriting Risks	2024	2023	delta %
Non-Life UW Risks	**4,739,025**	**4,020,523**	**18%**
Pricing	1,998,567	1,946,279	3%
Reserving	2,035,816	1,888,568	8%
Cat	2,797,156	1,939,053	44%
Lapse	0	0	0%

The following charts show the shares of individual risks in total non-life UW risk:





Compared to the previous year, there has been an increase in the share of catastrophic risk. On the standalone basis, the most significant change is also the increase in CAT risk, due to the growth of the portfolio and overall exposure. The increase in CAT risk was also driven by changes in the capacity, layering and the number of the free reinstatements of the reinsurance program. The increase in insurance risk is primarily due to the growth of the Slovak portfolio. The increase in reserve risk is a result of a significant natural event. Lapse risk has not been included in the internal model calculation since 2021 due to its low significance.

The Risk Management Function checks the appropriateness of the parameters used in the SCR calculation by performing a sensitivity analysis.

RISK MANAGEMENT AND MITIGATION

P&C risk selection starts with a general proposal in terms of the underwriting strategy and corresponding business selection criteria in agreement with the Group. The underwriting strategy is formulated consistently with the risk preferences defined by the Board within the Risk Appetite Framework.

During the strategic planning process, targets are established and translated into underwriting limits with the objective of ensuring that business is underwritten according to plan. Underwriting limits define the maximum size of risks and classes of business the Company will be allowed to underwrite without seeking any additional or prior approval. The limits may be set based e.g. on value limits, risk type or product exposure. The purpose of these limits is to attain a coherent and adequately profitable book of business founded on the expertise of the Company.

Reinsurance is the key risk-mitigation technique for the P&C portfolio. It aims to optimize the use of risk capital by ceding part of the underwriting risk to selected counterparties while simultaneously minimizing the credit risk associated with such operations.

The Company transfers reinsurance contracts to Head Office through the Bulgaria-based company GP Reinsurance EAD, which serves as a captive reinsurer for the Generali companies from the CEE region.

The Reinsurance program is set on a calendar year basis and for pricing and catastrophe risks is relevant the reinsurance programme related to the future one years' horizon. The property catastrophe reinsurance program for 2025 is designed as follows:

- protection aims to cover single-occurrence losses up to a return period of at least 250 years;
- protection has proved capable in all recent major catastrophic losses;
- substantial risk capital is saved through protection.

The same level of return-period protection and risk-capital savings is guaranteed for other non-catastrophe protections, i.e. related to single extreme risks in the property, transportation and liability lines of business.

For 2025, relevant changes related to risk measurement included an increase in capacity and , change in the layering and the number of the free reinstatements of the catastrophic reinsurance program. Various scenarios of combination of the capacity, retention and the number of reinstatements for Excess of Loss treaties were tested. The parameters of the XL CAT treaty were selected based on the assessment of the effectivity of the reinsurance programme based on solvency ratio, profitability and economic value of the given programme.

Both the Actuarial Function and the Risk Management Function confirm the adequacy of the risk mitigation techniques on an annual basis. The Company has historically preferred traditional reinsurance as a tool for mitigating catastrophe risk resulting from its P&C portfolio, and has shown no appetite for other mitigating techniques.

The current reinsurance program, similarly, to the previous year has significantly improved the risk position of the Company. The mitigation effect is most significant in the case of CAT risk, where 85% of the SCR is ceded out of the Company. The effect is also favourable in the case of other non-life underwriting risk – the decrease of 58% in pricing risk and 55% in reserving risk was driven by the current reinsurance structure.

C.2. MARKET RISK

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

The Company is then exposed to the following market & credit risk where:

- the invested assets may not perform as expected because of falling or volatile market prices;
- cash from maturing bonds may be reinvested under unfavourable market conditions, typically lower interest rates;
- invested assets may not perform as expected because of perceived or actual deterioration of the creditworthiness of the issuer;
- derivative or reinsurance contracts may not perform as expected because of a perceived or actual deterioration of the creditworthiness of the counterparty.

Regarding its invested assets, the Company is a long-term liability-driven investor, and holds assets until they are needed to redeem the promises to policyholders. It is therefore fairly immune to any short-term decrease and fluctuations in their market values.

Nonetheless, the Solvency II Regulation requires the Company to hold a capital buffer with the purpose of maintaining a sound solvency position even under adverse market movements. For more information, please refer to Section E.2.

For this purpose, the Company manages its investments in a prudent way according to the prudent person principle, and strives to optimize the return on its assets while minimizing the negative impact of short-term market fluctuations on its solvency.

The Company achieves this optimization by investing only in assets and instruments whose risks can be properly identified, measured, monitored, managed and appropriately taken into account when assessing solvency needs.

In defining the Investment Strategy and assessing solvency needs, the Company takes into account the following factors in particular:

- **Investment horizon:** The Company, as a qualified institutional investor with a long-term investment horizon, is able to bear the short- to medium-term volatility that accompanies investments in riskier assets in order to achieve a comparably higher return than risk-free investments in the long term;
- **Liabilities on the liabilities side:** The structure of the Company's liabilities and its sensitivity to changes in interest rates, credit spreads and currency fluctuations set the basic restrictions for the allocation of portfolio assets, defined by the ALM Department. The objective of the strategy is to ensure an adequate asset duration structure and sufficient hedging of the risks that could arise from differences in the structure of the Company's assets and liabilities, provided that hedging is technically feasible;
- **Maximum overall risk limits:** The maximum limits of the Company's overall risk are defined by the quantification of individual limits based on the Company's business and risk strategy;
- **Credit rating:** Setting credit limits is associated with a requirement to maintain or improve the Company's current credit ratings;
- **Balance sheet projections:** Expected development of the Company's equity and technical provisions;
- **Accounting for different classes of assets and liabilities:** The Company's income statement may show undesirable volatility due to differences between the economic and carrying amounts of the assets and liabilities involved. The Company's goal is to minimize P&L volatility using the appropriate available tools;
- **Liquidity requirements:** Liquidity restrictions are taken into account to ensure the Company's cash flow needs;
- **Macroeconomic environment:** The evaluation of macroeconomic imbalances is performed in all phases of the economic cycles of the global and Czech economies;
- **Risk profile of the Group:** The risk profile of the Company is assessed in the context of the overall risk of other Generali Group insurance companies;
- **Regulatory requirements:** Legal restrictions may identify investments that are not permitted for the Company under applicable law.

The Company invests the premiums collected in financial instruments ensuring that benefits to policyholders can be paid on time. If the value of the financial investments substantially decreases when claims to policyholders need to be paid, the Company may fail to maintain its promises to policyholders. Therefore, the Company must ensure that the value of the financial investments backing up the insurance contracts does not fall below the value of its obligations.

In the case of its unit-linked business, the Company typically invests the collected premiums in financial instruments but does not bear any market or credit risk. However, with respect to its earnings, the Company is exposed because fees are the main source of profits for the Company and are directly linked to the performance of the underlying assets. Therefore, adverse developments in the markets could directly affect the profitability of the Company should contract fees become insufficient to cover costs.

In more detail. the Company is exposed to the following main asset classes:

Asset allocation	Market value YE2024	Market value YE2023
Government bonds	24,995,341	28,049,064
Corporate bonds	10,515,927	11,562,398
Investment funds	26,073,459	24,941,514
Equity	14,868,385	14,185,643
Structured notes	2,099,193	932,336
Cash and deposits	1,753,382	2,041,241
Mortgages and loans	2,157,598	5,485,844
Property	207,297	628,284
Derivatives	457,499	1,127,810
Total	**83,128,082**	**88,954,133**

The total value of assets significantly decreased due to extra dividend payment in December 2024, which was paid to reduce Solvency II ratio to 210% (upper bound of target operating range). Additional effects were positive performance of equities and sold buildings from RE SPV.

C.2.1. RISK EXPOSURE AND ASSESSMENT

The market risks included in the Company's Risk Map are the following:

- Equity risk: the risk of adverse changes in the market value of assets or the value of liabilities due to changes in equity market prices that may lead to financial losses.
- Equity volatility risk: the risk of adverse changes in the market value of assets or in the value of liabilities due to changes in volatility on equity markets.
- Interest rate risk: the risk of adverse changes in the market value of assets or in the value of liabilities due to changes in market interest rates. The Company is mostly exposed to upward changes in interest rates, as higher interest rates can decrease the present value of the promises made to policyholders to less than the value of the assets backing those promises.
- Concentration risk: the risk of incurring significant financial losses because the asset portfolio is concentrated on a small number of counterparties, thus increasing the possibility that a negative event hitting only a small number or even a single counterparty can produce large losses.
- Currency risk: the possibility of adverse changes in the market value of assets or the value of liabilities due to changes in exchange rates.
- Interest rate volatility risk: the risk of adverse changes in the market value of assets or the value of liabilities due to changes in volatility related to interest rates.
- Property risk: the possibility of adverse changes in the market value of assets or the value of liabilities due to changes in property market prices.

The current allocation to market risk is as follows:

Exposure to risk type	Market value YE2024	Market value YE2023
Equity risk	23,183,454	21,719,858
Equity volatility risk	0	0
Interest rate risk	49,168,471	54,097,152
Concentration risk	80,243,843	83,861,648
Currency risk	17,611,461	18,538,456
Interest rate volatility risk	8,796,855	8,507,443
Property risk	7,078,862	9,719,005

The exposure to individual market risks decreased with the exception of equity risk (and small increase in interest rate volatility risk). This development is in line with the evolution of assets allocation and with overall decrease in the volume of assets. Reasons are listed under the table in section C.2.

Common risk measurement methodologies (both qualitative and quantitative) are applied to provide integrated measurement of the risks borne by the Company.

The Company evaluates its market risk using the Generali Group Internal Model used for the SCR calculation. A breakdown of the SCR according to this methodology and originating from market risk can be seen in the table below and in Section E.

Risk Type	SCR 2024	SCR 2023	Change
Market risks Total	**9,297,086**	**9,183,639**	**113,448**
Equity	3,921,218	3,309,002	612,217
Property	1,448,118	2,030,183	(582,065)
Interest rate	2,844,150	2,268,949	575,202
Currency	792,117	1,241,955	(449,838)
Concentration	291,483	331,219	(39,737)

To ensure the ongoing appropriateness of the Internal Model methodology, market risk calibrations are reviewed on a yearly basis.

- The calibration of market risks is at the same level as last year with the exception of reduced interest rate risk calibration for CZK due to lower base curve risk (the shifted multiplicative model is applied) and significantly lower risk for EUR and USD due to different distribution used in calibration (this choice was made to provide more realistic stresses). Our portfolio is sensitive mainly on the CZK curve. Finally it should be noted, that the impact on assets and liabilities offsets significantly due to low duration gap.
- Currency risk is mainly a result of the look-through process as the portfolio is hedged on the accounting (before look-through) basis. Nevertheless, the risk is highly diversified and the impact on overall SCR is very low.
- Few minor model changes affecting market risk were implemented, but their aggregated impact is low.

Market risk concentration is explicitly modelled by the Internal Model. The results of the model and the composition of the balance sheet indicate that the Company is exposed to concentration property risk driven by the fact that the number of buildings owned is limited.

C.2.2. RISK MANAGEMENT AND MITIGATION

The Prudent Person Principle is the main cornerstone of the Company's investment management process. To ensure the comprehensive management of the effect of market risk on assets and liabilities, the Company's strategic asset allocation (SAA) process needs to be liability-driven and strongly linked with insurance-specific targets and constraints. Following the Generali Group approach, the Company has integrated its strategic asset allocation (SAA) and asset liability management (ALM) within the same process.

One of the main risk-mitigation techniques used by the Company is liability-driven asset management, which aims at enabling the comprehensive management of assets taking into account the Company's liabilities structure.

The asset portfolio is invested and rebalanced according to asset class, and duration weightings are defined through the investment management process and based on the Prudent Person Principle. The aim is not just to eliminate risk but to define an optimal risk-return profile to satisfy the return target and the risk appetite of the Company over the business planning period.

The Company also uses derivatives to mitigate the risks present in the asset or/and liability portfolios. The derivatives help the Company improve the quality, liquidity and profitability of the portfolio, according to the business planning targets.

ALM and SAA activities aim to ensure that the Company holds sufficient and adequate assets to achieve the defined targets and meet liability obligations. This implies detailed analyses of asset-liability relationships under a range of market scenarios and expected/stressed investment conditions.

The ALM and SAA process relies on close interaction between the investment, finance, actuarial, treasury and risk management functions. The inputs and targets received from these functions guarantee that the ALM and SAA process is consistent with the risk appetite framework, and the strategic planning and capital allocation processes.

The aim of the strategic asset allocation process is to define the most efficient combination of asset classes that. according to the Prudent Person Principle and related relevant implementation measures, maximizes the investment contribution to value creation, taking into account solvency, actuarial and accounting indicators.

The annual SAA proposal:

- defines target exposure and limits, in terms of minimum and maximum exposure allowed, for each relevant asset class;
- embeds the deliberate ALM mismatches permitted and potential mitigation actions that can be enabled on the investment side.

The Group has centralized the management and monitoring of specific asset classes (private equity, alternative fixed income, etc.). These kinds of investments are subject to accurate due diligence aiming at assessing the quality of the investment, the level of risk related to the investment, and its consistency with the approved liability-driven SAA.

In addition to risk tolerance limits set for the Company solvency position defined within the RAF, the current risk monitoring process of the Company is also integrated into the system of investment risk limits through the adoption of the Generali Group investments risk guidelines (GIRG) provided by Head Office. This includes general principles, quantitative risk limits (with a strong focus on credit and market concentration), authorization processes and prohibitions.

Furthermore, the Company is also actively implementing market risk mitigation strategies:

Currency risk

The Company's functional currency is the Czech crown (CZK). However, the investment portfolios also contain instruments denominated in foreign currencies. According to the general policy, all these instruments are either dynamically hedged into CZK via FX or assigned to foreign currency technical reserves at a corresponding value. FX hedging is implemented either through FX derivatives (i.e. FX swaps, forward transactions and cross currency swaps) or through cross-currency REPO operations (used since 2016). The process in place guarantees high effectiveness of the hedging.

Interest rate risk

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.

The positions of individual instruments within the portfolio, whether the underlying assets or the hedging derivatives, are opened, adjusted or terminated even before the maturity date of the instrument, based on the actual state of the Company's risk capacity or risk appetite, the development of the credit quality of the instrument's issuer, or a change in the instrument's liquidity or in its relative risk/return profile. The asset manager monitors the development of the overall interest rate position on an ongoing basis.

The Company implements hedge accounting to reflect its hedging strategy within the financial statements. As part of hedge accounting activities, the effectiveness of hedging is measured as the ratio of gains/losses on hedged items to the profit or loss result of the hedging instrument. An effectiveness test is regularly performed each month. and compliance with the 80%-125% rule is verified.

C.3. CREDIT RISK

For general information on the Market and Credit Risk context, see the previous section on Market Risk.

C.3.1. RISK EXPOSURE AND ASSESSMENT

The credit risk included in the Company Risk Map:

- Spread widening risk is the risk of adverse changes in the market value of 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 honour its financial obligations. The Company uses an internal approach both for modelling the creditworthiness of the bond portfolio (creditor default risk) and for modelling the creditworthiness of counterparties related to cash deposits, risk mitigating contracts (derivatives, collateral), and other types of exposures subject to credit risk (counterparty default risk).

Allocation to credit risk

Exposure to risk type	Market value YE2024	Market value YE2023
Spread Widening Risk	50,040,598	52,482,375
Credit Default Risk	50,040,598	52,482,375
Counterparty Default Risk	27,493,908	25,583,462

The decrease in assets that fall under Spread Widening and Credit Default risk is in line with the development of the bond exposure as presented in the table in section C.2. The increase of exposure in Counterparty Default Risk module is driven by the increasing ceded provision at GP RE compared to YE 2023.

To ensure that the credit risk deriving from invested assets is adequate to the business run by the Company and the obligations undertaken with the policyholders, the investment activity is performed in a sound and prudent manner in accordance with the Prudent Person Principle set out in Article 132 of Directive 2009/138/EC, as determined in the Group Investment Governance Policy (GIGP) approved by Head Office and subsequently approved by the Board.

The Prudent Person Principle is applied independently of the fact that assets are subject to either market risk or credit risk or both.

Common risk measurement methodologies (both qualitative and quantitative) are applied to provide an integrated measurement of the risks borne by the Company.

The Company evaluates its credit risk using the Generali Group Internal Model used for the SCR calculation. The breakdown of the SCR originating from credit risk according to this methodology can be seen in Section E.

To ensure the continuous appropriateness of the Internal Model methodology, credit risk calibrations are reviewed on a yearly basis. No material changes have occurred since the last reporting period.

The Company evaluates its credit risk using the Generali Group Internal Model used for the SCR calculation. A breakdown of the SCR according to this methodology and originating from credit risk can be seen in the table below and in Section E.

Risk Type	SCR 2024	SCR 2023	Change
Credit risks Total	**2,891,718**	**2,991,371**	**(99,653)**
Spread Widening Risk and Credit Default Risk	1,943,187	2,011,993	(68,806)
Counterparty Default Risk	948,531	979,378	(30,847)

Credit risk concentration is explicitly modelled by the Internal Model. The results of the model and the composition of the balance sheet indicate that the Company has no material risk concentrations.

To ensure the ongoing appropriateness of the Internal Model methodology, credit risk calibrations are reviewed on a yearly basis.

- The calibration of market risks is at the same level as last year with the exception of model change described in the next point.
- Since the last reporting period a model change on European sovereign spread widening risk calibration was implemented, effectively increasing the risk of this part of the portfolio by roughly 30%. This new calibration is based on sovereign data in contrast with previous approach which was based on scaling of corporate stresses.

Also several minor model changes affecting credit risk were implemented, but their aggregated impact is low.

C.3.2. RISK MANAGEMENT AND MITIGATION

The credit risk borne by the Company is managed in many concurrent ways.

One of the main risk mitigation techniques used by the Company consists of liability-driven asset management. The asset portfolio is invested and rebalanced according to asset class and duration weightings defined through the investment management process described above and based on the Prudent Person Principle. The aim is not just to eliminate risk but to define an optimal risk-return profile satisfying the return target and the risk appetite of the Company over the business planning period.

Moreover, the application of the internal model produces a set of quantitative risk metrics that allow the definition of risk tolerance levels and the performance of sensitivity analysis on selected risk scenarios.

In addition to the framework illustrated above, the current risk monitoring process of the Company is also integrated through the adoption of the Generali Group investments risk guidelines (GIRG) provided by Group Head Office. The GIRG include general principles, quantitative risk limits (with a strong focus on credit and market concentration), authorization processes and prohibitions.

C.4. LIQUIDITY RISK

C.4.1. RISK EXPOSURE AND ASSESSMENT

Liquidity risk is defined as the uncertainty arising from business operations, investment or financing activities over the ability of the insurer to meet its payment obligations in a full and timely manner, in the current or a stressed environment. This could include meeting commitments only through credit market access under unfavourable conditions or through the sale of financial assets incurring additional costs due to the illiquidity of (or difficulties in liquidating) the assets.

The Company is exposed to liquidity risk as a result of its insurance operating activity, which depends on the cash-flow profile of expected new business. Liquidity risk also arises due to potential mismatches between the cash inflows and the cash outflows deriving from the business. Additional liquidity risk can also stem from the Company's investing activity, due to potential liquidity gaps deriving from the management of the Company's asset portfolio as well as from a potentially insufficient level of liquidity (i.e. capacity to be sold at a fair price in adequate amounts and within a reasonable timeframe) in the case of disposal. Finally, the Company can be exposed to liquidity outflows related to issued guarantees, commitments, derivative contract margin calls, or regulatory constraints regarding the coverage ratio of insurance provisions and its capital position.

The Company's liquidity risk assessment relies on projecting cash obligations and available cash resources into the future to ensure that available liquid resources are always sufficient to cover cash obligations that will come due in the same period.

For this purpose, a set of liquidity risk metrics has been defined and is used to regularly monitor the liquidity situation. All such metrics are forward-looking, i.e. they are calculated at a future date based on projections of cash flows, assets and liabilities, and an estimation of the level of liquidity of the asset portfolio.

The metrics are calculated under both the base scenario, in which the values of cash flows, assets and liabilities are consistent with the strategic plan, and under a set of stress scenarios in which the projected cash inflows and outflows, market price of assets and amount of technical provisions are recalculated to take into account unlikely but plausible circumstances that would adversely impact the Company's liquidity.

Liquidity risk limits are defined as values for the above-mentioned metrics that may not be exceeded by the Company. The limit framework is designed to ensure that the Company holds a liquidity buffer in excess of the amount required to withstand the adverse circumstances depicted in the stress scenarios.

In addition to regularly monitored and reported quantitative liquidity metrics, the Company is supported by qualitative liquidity indications (like setting limits on business activities, early warning indicators, stress testing) that complement the comprehensive assessment of liquidity risk and provide information on remedial actions when needed.

The liquidity metrics show a stable liquidity position. There have been no material changes to this area which could have resulted in breaches of stipulated liquidity thresholds since the last reporting period.

Material liquidity risk concentrations could arise from large exposures to individual counterparties or groups. In fact, in the event of default or another liquidity issue of a counterparty where there is a significant risk concentration, this may negatively affect the value or the liquidity of the Company's investment portfolio and hence its ability to promptly raise cash by selling the portfolio on the market in case of need. For this purpose, the Company has a set of investment risk limits that manage concentration risk taking a number of dimensions, including asset class, counterparty and credit rating, into consideration.

C.4.2. RISK MANAGEMENT AND MITIGATION

The Company manages and mitigates liquidity risk in accordance with the framework set in the Group's internal regulations. The Company also aims to ensure its capacity to meet its commitments in adverse scenarios, while achieving its profitability and growth objectives. To this end, it manages expected cash inflows and outflows to maintain a sufficient available cash level to meet short- and medium-term needs, and by investing in instruments that can be quickly and easily converted into cash with minimum capital losses. The Company considers its prospective liquidity situation under plausible market conditions as well as under stress scenarios.

The Company has established clear governance guidelines for liquidity risk measurement, management, mitigation and reporting in accordance with Group regulations. This includes the setting of specific limits and escalation processes should limits be breached or other liquidity issues arise.

The principles for liquidity risk management designed in the liquidity risk management policy and the risk appetite framework are fully embedded in the Company's strategic planning as well as in business processes, including investments and product development. As far as the investment process is concerned. the Company has explicitly identified liquidity risk as one of the main risks connected with investments, and has stipulated that the strategic asset allocation process must rely on indicators strictly related to liquidity risk, including the mismatch of duration and cash flows between assets and liabilities. Investment limits have been imposed on the Company to ensure that the share of illiquid assets is kept within a level that does not impair the Company's asset liquidity. As far as product development is concerned, the Company follows the life and P&C underwriting policies defining the principles to be applied to mitigate the impact on liquidity from lapses and surrenders in respect of the life business and claims in respect of the non-life business. There were no material changes in this area in the last monitored period.

C.4.3. EXPECTED PROFIT INCLUDED IN FUTURE PREMIUMS

Expected profit included in future premiums (EPIFP) represents the expected present value of future cash flows that result from the inclusion in technical provisions of premiums relating to existing insurance and reinsurance contracts. These are expected to be received in the future but may not be received for any reason other than because the insured event has occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy.

The EPIFP amount underwritten by the Company has been calculated in accordance with Article 260(2) of the Delegated Act and amounted to CZK 16.084 million for the life business and CZK 677 million for the P&C business at year end 2024. The material increase in Life insurance is caused by higher loading contribution affected by higher kickbacks on unit-linked funds in CZ portfolio and higher portion of protection business in portfolio. The expected profit included in the future premium is part of the premium reserves, described in Chapter D.2.2.

Expected profit included in future premiums (EPIFP) gross

	31 December 2024	31 December 2023	Delta %
Expected profit included in future premiums (EPIFP) – life insurance	16,084,369	14,128,147	+14%
Expected profit included in future premiums (EPIFP) – non-life insurance	677,363	478,164	+42%
Expected profit included in future premiums (EPIFP) – total	**16,761,732**	**14,606,311**	**+14%**

C.5. OPERATIONAL RISK

C.5.1. RISK EXPOSURE AND ASSESSMENT

Operational Risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Compliance and Financial Reporting Risk falls within this category. The calculation of Solvency Capital Requirement for Operational Risk is part of Internal Model.

In line with industry practices, Generali Group has adopted the following classification categories:f

- Internal fraud: Events arising due to intentional acts that are illegally performed by one or more employees in order to obtain a benefit for themselves or for others, resulting in damage to the company. These events are characterized by the involvement of at least one internal party, personal (not for the company) economic and non-economic benefits, and damage to the company, third parties, or clients for which the company is responsible.

- External fraud: Events arising due to fraud, robbery, or embezzlement involve only external parties who seek personal gain, resulting in damage to the company. These events are characterized by intentionality, the involvement of only external parties, and personal (not for the company) economic benefit, causing damage to the company.

- Employment Practices and Workplace Safety is defined as losses caused by actions that violate laws or agreements related to employment, health and safety protection, and losses caused by payments due to injury or due to discrimination or social and cultural differences.

- Clients, Products and Business Practices: The organization fails to fulfill promises made to its clients due to circumstances arising from negligent practices. Breaches of privacy and trust, misuse of confidential information, market manipulation, money laundering, illegal activities, and product defects are very common practices that lead companies to litigation.

- Damage to Physical Assets: Losses caused by the loss or damage of physical assets due to natural disasters or other events. These events cannot be attributed to the company but have human or natural origins. This also includes external events that cannot be otherwise classified.

- Business Disruption and System Failures: Losses caused by the interruption of business operations or system failures. The disruption is caused by internal or external factors and is unintentional.

- Execution, Delivery and Process Management, defined as: Losses caused by errors in transaction processing as well as losses arising from relationships with trading counterparties and suppliers. These events often occur in back-office areas and are unintentional, involving failures in proper documentation and/or completion of business transactions. This also includes events that cannot be otherwise classified, including internal events falling under the category "Transaction capture, execution, and maintenance."

Following best industry practices, the Company's framework for Operational Risk Management includes Loss Data Collection (LDC), Overall Risk Assessment (ORA) and Scenario Analysis (SA) as its main activities.

Loss Data Collection is the process of collecting losses suffered as a result of the occurrence of an Operational Risk events and provides a backward-looking view on the Company's risk profile in Operational Risk.

Overall Risk Assessment and Scenario Analysis provide a forward-looking view of the Company's risk profile in Operational Risk, and require an analysis of the risks performed jointly with the business owners:

- Overall Risk Assessment provides a qualitative and quantitative evaluation of the forward-looking inherent and residual risk exposure of the Company. The ORA outcomes drive SA execution;
- Scenario Analysis is a recurring process that, considering the ORA results, provides a detailed evaluation of the Company's Operational Risk exposure through the selection and evaluation of specific risk scenarios.

MAIN COMPANY RISKS

For the Company and the industry, one of the main Operational Risks arises in the implementation and correct interpretation of all requirements arising from regulations like the IDD, DORA, GDPR, customer protection regulation or the AML Directive. The Company therefore strictly monitors statutory requirements, especially in customer data privacy and customer protection and digital risk and takes the necessary actions to ensure full compliance with both regulatory requirements and security standards.

C.5.2. RISK MANAGEMENT AND MITIGATION

There is a special unit in the Company within the Risk Management Department to identify, measure, monitor and mitigate Operational Risks in line with the relevant Group framework. The Operational Risk Unit is responsible for the implementation and revision of the framework and monitoring its execution within the Company, and also collaborates with business stakeholders for sound Operational Risk Management. The risks related to non-compliance with regulations and mandatory standards are jointly steered with the Compliance Department. Furthermore, specific risks are investigated and managed jointly with specialized units in the first line of defence, such as Financial Reporting Risk and particular risks in the fields of IT infrastructure and security, accounting and taxes, fraudulent behaviour etc.

Overall, the Operational Risk Management System is primarily based on the assessment of risks by experts in different fields of Company operations, collecting information about losses that have actually occurred. The outputs of these analyses are used to support investments in new or modified controls and mitigation actions to keep the level of Operational Risk within an acceptable range and to achieve better operational efficiency.

From process perspective, no material changes to this area have occurred since the last reporting period. However, the risk profile of the Company was slightly changed mainly due to external factors and mitigation actions performed by the Company. Due to ongoing activities, the operational risk decreased in comparison to previous period.

The year-on-year decrease is primarily attributed to a reduction in the risk of Inadequate info to clients/misseling. Increased risk exposure is observed in the Cyber security area and IT operations, however with the parallel development of mitigation measures reducing residual risk.

C.6. OTHER MATERIAL RISK

As part of the qualitative risk management framework, the following risk categories are also considered:

- Reputational risk refers to potential losses arising from a deterioration in reputation or the negative perception of the Company among its customers, counterparties and the supervisory authority. The processes in place to manage these risks include communication and media monitoring activities, corporate and social responsibility, customer relations, and distribution management.

- Emerging risk arises from new trends or risks difficult to perceive and quantify, although typically systemic. These usually include internal or external environment changes, social trends, regulatory developments, technological achievements, etc.
- Strategic risk involves external changes and/or internal decisions that may influence the future risk profile of the Company.
- Contagion risk derives from problems elsewhere within Generali Group that may affect the solvency or economic situation of the Company.

Sustainability risk referring to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential negative impact on the value of the investment or on the value of the liability. The above risks are identified and evaluated within the ORSA process, in both current and forward-looking perspectives. These risks are not subject to the SCR calculation, however their impact on the financial and solvency conditions of the Company is estimated at least on a qualitative basis.

Since the last reporting period among sustainability risk a standalone risk framework is provided for climate change risk, in curred by the Group.

C.7. ANY OTHER INFORMATION

To test the Company's solvency position and its resilience to adverse market conditions or shocks, a set of stress test and scenario analyses are performed within the ORSA process. These are defined considering unexpected and potentially severe but plausible events across the risk categories. The examination of the potential effects on the Company's financial and capital position serves to outline appropriate management actions to take if such events were to materialize.

The Company also performs a sensitivity analysis that considers simple changes in specific risk drivers (e.g. interest rates, equity shock, credit spreads and interest rate volatility). Their main purpose is to measure the variability of the own funds and solvency ratio to variations in specific risk factors. The set chosen aims to provide an assessment of resilience to the most significant risks.

The impacts of the sensitivities are reported in Section E.

There have been no material changes to this area since the last reporting period.

D. Valuation for Solvency Purposes

D.1. ASSETS

D.1.1. GENERAL VALUATION FRAMEWORK

There were no material changes to the general valuation framework in comparison with the preceding reporting period.

Solvency II clarifies the relationship between the SII valuation of assets and liabilities and the international accounting standards (IFRS) adopted by the European Commission. The primary objective for valuation as set out in the Solvency II regulation requires an economic, market-consistent approach to the valuation of assets and liabilities.

According to this approach, assets and liabilities are valued as follows:

i. Assets should be valued at the amount for which they could be exchanged between knowledgeable and willing parties in an arm's length transaction.

ii. Liabilities should be valued at the amount for which they could be transferred, or settled, between knowledgeable and willing parties in an arm's length transaction.

When valuing liabilities under point (ii), no adjustment to take account of the own credit standing of the insurance or reinsurance undertaking is made.

The IFRS accounting bases. such as the definitions of assets and liabilities and the recognition and derecognition criteria, are applicable as the default accounting framework unless otherwise stated. The IFRS also refer to some basic presumptions that are equally applicable:

- The going concern assumption;
- The separate valuation of individual assets and liabilities;
- The application of materiality, whereby omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the Solvency II balance sheet. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Fair value measurement approach

Items will be valued on an economic basis having the IFRS as reference.

On this basis, the following hierarchy of high-level principles for the valuation of assets and liabilities is used:

Level 1 inputs
Level 1 inputs are quoted prices on active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 2 inputs
Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

They include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability, for example:
    - Interest rates and yield curves observable at commonly quoted intervals;
    - Implied volatilities;
    - Credit spreads;
- Inputs derived principally from or corroborated by observable market data through correlation or other means (market-corroborated inputs).

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

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.

Valuation techniques

In some cases a single valuation technique will be sufficient, whereas in others multiple valuation techniques will be appropriate. The fair value of assets is determined using independent valuations provided by third parties. Exceptions are required or IFRS valuation methods are excluded only for some specific items.
Additional information about financial asset valuation methods and assumptions is provided in the Notes to the Financial Statements. Chapter C.

D.1.2. SII SPECIFICITIES

In the Solvency II environment, fair valuations should generally be determined in accordance with the IFRS principles statement. Exceptions are required or IFRS valuation methods are excluded only for some specific items.

In particular, the exceptions refer to:

- Goodwill and intangible assets;
- Participations (or related undertakings);
- Deferred taxes.

GOODWILL AND INTANGIBLE ASSETS

According to Solvency II, insurance and reinsurance undertakings will value goodwill, deferred acquisition costs and intangible assets other than goodwill at zero, unless the intangible asset can be sold separately and the insurance and reinsurance undertaking can demonstrate that there is a quoted market price for the same or similar assets. Computer software tailored to the needs of the undertaking and ‘off the shelf’ software licenses that cannot be sold to another user will also be valued at zero.

All intangible assets are valued at zero in the Company’s market value balance sheet.

PARTICIPATIONS (OR RELATED UNDERTAKINGS)

Participation is constituted by share ownership or by the full use of a dominant or significant influence over another undertaking. The following paragraphs describe how participations can be identified. When classifying participation based on share ownership. directly or by way of control, the participating undertaking has to identify:

i. its percentage holding of voting rights, and whether this represents at least 20% of the potential related undertaking’s voting rights (paid-in ordinary share capital); and

ii. its percentage holding of all classes of share capital issued by the related undertaking, and whether this represents at least 20% of the potential related undertaking’s issued share capital (paid-in ordinary share capital and paid-in preference shares).

Where the participating undertaking’s holding represents at least 20% in either case, its investment should be treated as a participation.

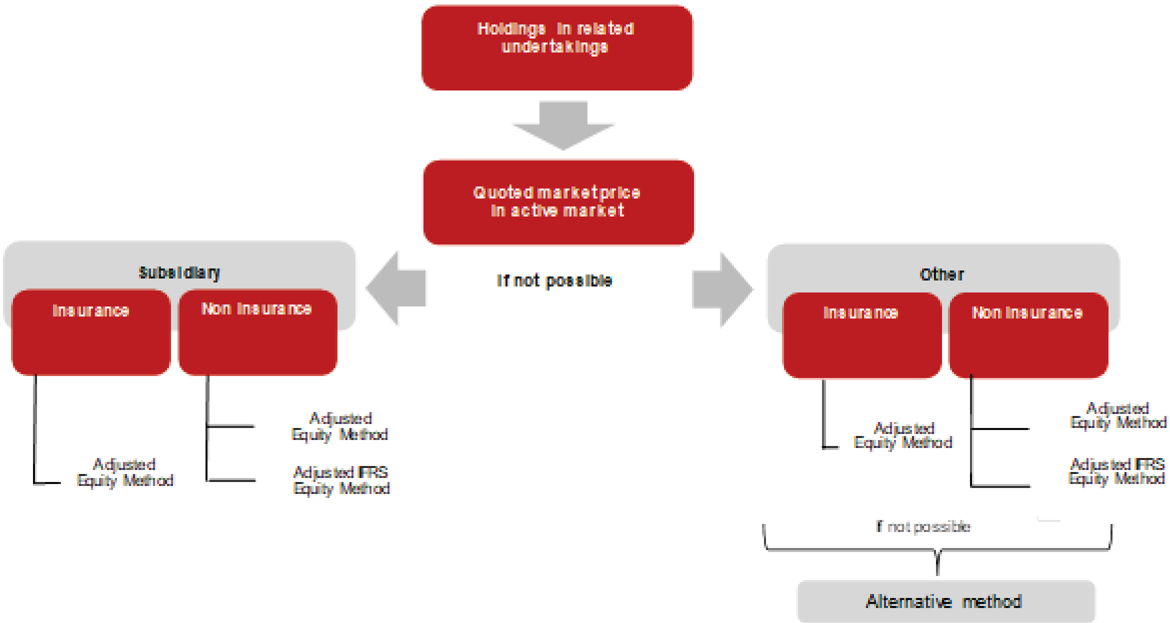
Valuation

In this respect. the IFRS concept of control and significant influence applies, and as a result holdings are not limited to equity instruments. However, the measurement principles in IAS 27, IAS 28 and IAS 31 do not apply to the Solvency balance sheet since they do not reflect the economic valuation required by the Solvency II Directive (Article 75).

Solvency II guidelines provide a hierarchy that will be used to value holdings in related undertakings for Solvency purposes. The hierarchy consists of:

- the quoted market price;
- the adjusted equity method (if no active market);
- the IFRS equity method (if non-insurance);
- alternative techniques (if associates or joint-controlled entities).

The following figure shows the structure of this hierarchy.



DEFERRED TAXES

In accordance with the IAS 12 statement, deferred tax liabilities are the income tax amounts payable in future periods in respect of taxable temporary differences, while deferred tax assets are the income tax amounts recoverable in future periods in respect of:

i. deductible temporary differences;
ii. the carry-forward of unused tax losses; and
iii. the carry-forward of unused tax credits.

Valuation

The Solvency II regulatory framework states that deferred tax assets and liabilities will be recognized in the SII balance sheet in accordance with International Accounting Standards (IAS 12).

In particular, deferred tax assets and liabilities - other than deferred tax assets (DTA) arising from the carry-forward of unused tax credits and the carry-forward of unused tax losses - should be determined on the basis of the difference between the values ascribed to assets and liabilities, and the values ascribed to assets and liabilities as recognized and valued for tax purposes.
In other words, the deferred tax value has to be based on the difference in the value of the underlying assets and liabilities assumed in the valuation consistent with the Solvency II Directive and the value for tax purposes.

While a deferred tax liability (DTL) must be accounted for all temporary taxable differences, the recognition of a DTA is subject to conditions.

In particular, IAS 12 provides that the enterprise will recognize a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

With reference to taxable temporary differences, IAS 12 provides that the entity will recognize a deferred tax liability for all taxable temporary differences. with some exceptions.

In particular, with reference to investments in subsidiaries. associated companies, joint ventures and investment vehicles, and in accordance with IAS 12, Section 39, an enterprise will recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- The parent, investor or venturer is able to control the timing of the reversal of the temporary difference.
- It is probable that the temporary difference will not reverse in the anticipatable future.

The table below presents the deferred tax assets and liabilities recognized by the Company.

Deferred tax

	Final DTA		Final DTL	
	2024	2023	2024	2023
Intangible assets	1,220,242	1,605,102	0	0
Deferred acquisition costs	601,288	377,275	0	0
IFRS 16 assets	0	0	29,232	98,884
Insurance provisions and amount ceded to reinsurers from insurance provisions	0	0	1,339,076	1,072,330
Financial instruments	270,353	145,825	0	0
IFRS 16 liabilities	33,167	113,734	0	0
Other	449,428	430,716	0	0
Total	**2,574,479**	**2,672,652**	**1,368,309**	**1,171,214**

As in prior year, material deferred tax asset from intangible asset is recognized. On top of DTA on previously purchased business of Pojišťovna Patricie a Pojišťovna Zdraví. also deferred tax asset from business acquired from Generali Poisťovňa a.s. was recognised.

Deferred tax liabilities on insurance provisions arise mostly from a difference between the tax value of Technical Provisions and the Technical Provisions calculated according to SII. With effect from 1 January 2020 an Act No. 364/2019 Coll. which amends certain tax laws with a purpose to increase government revenues, was approved. The Act regulates, besides other changes, the corporate income taxes of insurance companies. The tax base of insurance liabilities is from 2020 the value of insurance liabilities calculated in accordance with the European Solvency II Directive, replacing the current accounting value reported under the Accounting Act.

Decrease of DTA of financial instruments related to increase of valuation differences.

No material deferred tax asset relates to unused losses from the current or preceding period.

The expected time horizon for the reversal of temporary differences from business acquisition is 15 years for Pojišťovna Patricie and Pojišťovna Zdraví and 7 years for Generali Poisťovňa and for other intangible assets it is three years (for which most of the intangible assets are amortized), one year for deferred acquisition costs and expected time horizon is variable in case of securities. The expected time horizon for the reversal of temporary differences for insurance provision is two years corresponding to the expected change in tax rules.

The probability of future taxable profits is supported by the business plans, which are prepared for a three-year horizon and approved by the parent company.

LEASING

Property and equipment holdings used by the Company under operating leases in which the risks and benefits relating to the ownership of the assets remain with the lessor are recorded on the Company's statement of financial position in the lines Property, plant and equipment held for own use and Property (other than for own use), and are depreciated over 1 to 8 years.

Future lease payments from operating leases are recorded on the Company's statement of financial position in the line Financial liabilities other than debts owed to credit institutions, and are recorded as the present value of leasing payments for the leasing term. The discount rates used are from 4.48% to 5.14%.

The Company has arranged 101 lease agreements, mainly for properties, as of 31 December 2024.

D.1.3. DEVIATIONS FROM IFRS

By accepting the valuation methods defined in the IFRS, Solvency II anticipates that there will be cases where IFRS valuation methods are not consistent with Solvency II requirements, requiring the valuation of balance sheet items at fair value. Solvency II excludes specific valuation methods such as cost or amortized cost, and models where value is determined at the lower of the carrying amount and fair value less costs to sell.

Furthermore, other valuation methods usually applied for specific assets or liabilities are to be excluded or are to be adjusted in the SII environment. The following applies:

- Properties, investment properties, plant and equipment will not be valued at cost less depreciation and impairment.
- The net realizable value for inventories will be adjusted by the estimated cost of completion and the estimated costs necessary to make the sale if these costs are material.
- Non-monetary grants will not be valued at their nominal amount.

D.1.4. RECONCILIATION OF SII VALUES AND FINANCIAL STATEMENTS

BALANCE SHEET

Year-on-year comparison of the Solvency II value

Assets	2024	2023
Deferred acquisition costs	0	0
Intangible assets	0	0
Deferred tax assets	1,534,887	1,810,364
Property. plant and equipment held for own use	207,297	508,606
Investments (other than assets held for index-linked and unit-linked contracts)	55,257,600	58,613,140
Property (other than for own use)	0	115,412
Holdings in related undertakings. including participations	10,460,555	10,250,541
Equities	2,479,451	2,020,073
Bonds	36,505,165	39,516,605
Government bonds	24,172,141	27,276,690
Corporate bonds	10,156,165	11,141,194
Structured notes	1,957,569	882,678
Collateralised securities	219,290	216,043
Collective investment undertakings	4,761,799	4,821,970
Derivatives	681,892	1,249,374
Deposits other than cash equivalents	368,738	639,165
Assets held for index-linked and unit-linked contracts	24,538,490	23,277,011
Loans and mortgages	2,117,586	5,420,793
Reinsurance recoverables	11,768,124	10,497,390
Deposits to cedants	508	416
Insurance and intermediaries receivables	3,285,267	3,540,092
Reinsurance receivables	4,346,145	3,703,341
Receivables (trade. not insurance)	582,621	1,245,893
Cash and cash equivalents	1,237,170	1,276,842
Any other assets. not shown elsewhere	770,011	546,994
Total assets	**105,645,706**	**110,440,882**

Movements in a structure of investments reflect mainly dividend paid. The decrease in receivables during 2024 is caused prima rily by a decrease of tax receivables. Compared to the previous period, in which Company had a high tax receivable due to an high t ax prepayment, the resulting tax liability for 2024 is much closer to the prepayments paid in 2024

Reconciliation of the Solvency II value with the statutory financial statements

AAssets	Solvency II value	Statutory accounts value	Note	Amount per financial statements	Mapping
Deferred acquisition costs	0	2,798,625	Deferred acquisition cost valued at zero for SII	0	Deferred acquisition costs are included in the financial statements under the line Technical provisions.
Intangible assets	0	1,750,046	Intangible assets valued at zero for SII	1,750,046	
Deferred tax assets	1,534,887	2,102,419	Different valuation methodology	2,102,419	
Property, plant and equipment held for own use	207,297	198,442		218,329	Art works shown are presented in Any other assets not elsewhere shown in SII
Investments (other than assets held for index-linked and unit-linked contracts)	55,257,600	58,400,402		57,701,124	
Property (other than for own use)	0	8,856		8,856	
Holdings in related undertakings, including participations	10,460,555	13,604,056	Participations are valued at fair value for SII	13,273,516	The Company Green Point offices is classified in the Financial statements as held for sale (line any other assets, not elsewhere shown)
Equities	2,479,451	2,473,951		2,473,951	
Bonds	36,505,165	36,505,165		36,505,165	
Government bonds	24,172,141	24,172,140		24,172,140	
Corporate bonds	10,156,165	10,156,165		10,156,165	
Structured notes	1,957,569	1,957,569		1,957,569	
Collateralised securities	219,290	219,290		219,290	
Collective investment undertakings	4,761,799	4,757,744		4,757,744	
Derivatives	681,892	681,892		681,892	
Deposits other than cash equivalents	368,738	368,738		0	Term deposits less than 15 days are reported as Cash and cash equivalents in the financial statements
Assets held for index-linked and unit-linked contracts	24,538,490	24,538,490		24,538,490	
Loans and mortgages	2,117,586	2,116,831		2,116,831	
Reinsurance recoverables	11,768,124	11,248,734	Different valuation methodology	19,158,614	Insurance and intermediary receivables and reinsurance receivables are presented in the financial statements under the line Insurance assets/Insurance liabilities.
Deposits to cedants	508	508		0	The balance is reported as other loans and mortgages in SII
Insurance and intermediaries receivables	3,285,267	3,285,267		0	Insurance and intermediaries receivables are in financial statements presented in line Insurance assets/liabilities
Reinsurance receivables	4,346,145	4,346,145		0	Rensurance receivables are in financial statements presented in line Insurance assets/liabilities
Receivables (trade, not insurance)	582,621	582,621		1,174,576	Co-insurance receivables are in financial statements presented in the line Insurance assets/liabilities
Cash and cash equivalents	1,237,170	1,237,170		1,605,908	Term deposits less than 15 days are reported as Cash and cash equivalents in the financial statements
Any other assets, not elsewhere shown	770,011	769,981		838,139	The company Green Point offices s.r.o. is classified in the financial statements as held for sale Art works shown are presented in any other assets not elsewhere shown in SII
Total assets	**105,645,706**	**113,375,681**		**11,204,476**	

D.2. TECHNICAL PROVISIONS

D.2.1. LIFE TECHNICAL PROVISIONS

OVERVIEW OF LIFE TECHNICAL PROVISIONS

The Solvency II life technical provisions at the end of 2024 were calculated according to Articles 77 to 83 of the Solvency II Directive 2009/138/EC. In line with Solvency II rules and policy conditions, contract boundaries are applied to regularly paid accident riders. No future cash flows from this segment are projected/considered in the life TP calculation.

The following table shows the life technical provisions at the end of 2023 and 2024 split into their main components: the best estimate of liabilities, reinsurance recoverables net of the counterparty default adjustment, risk margin , and transitional measures.

SII life technical provisions

	31.12.2024	31.12.2023
Best estimate of liabilities - gross of reinsurance	29,717,528	33,235,109
Risk margin	1,280 581	1,345,480
Technical provisions - gross of reinsurance	**30,998,108**	**34,580,589**
Reinsurance recoverables	260,321	429,403
Technical provisions - net of reinsurance	**30,737,788**	**34,151,186**
Transitional measures	0	0
Technical provisions - net of reinsurance and transitional measures	**30,737,788**	**34,151,186**

*** a *positive amount represents a liability*

The main drivers of the life TP movement in 2024 were:

- the Opening adjustment consist of:
  - the change in perimeter that involves “new business” non-life annuities (CZK +158 million),
  - the regulatory change of UFR from 3.45% to 3.30% (CZK +16 million),
  - the update of management actions that involves new rule for DIR on CZ portfolio (CZK +56million),
  - the annual update of drivers for RM calculation (CZK -67 million),
  - and some immaterial model refinements (CZK -22 million).
- the Economic experience variance (CZK +837 million) is caused by higher than expected investment returns of the UL funds, mainly in CZ portfolio (CZK +668 million). Total investment income of UL funds for 2024 was about 1,568 million in CZ portfolio and about 327 million in SK portfolio.
- the Operating experience variance (CZK -433 million): There are mainly a positive surrender experience on SK portfolio (CZK -177 million) and capitalizations of NL annuities in CZ portfolio (CZK -199 million). Only simplified variance analysis is made for operating factors, which may create inconsistencies compared to the real portfolio development in the future.
- the Change in future operating assumption (CZK -1,587 million) consist of:
  - new managements fees and new rule for kick-backs from UL funds in CZ portfolio (CZK -882 million),
  - new lower unit expenses in CZ portfolio (CZK -591 million),
  - new assumptions of technical change of premium level, especially involves mainly assumption of higher acceptance of new indexation by clients, only in CZ portfolio (CZK +198 million),
  - and update of other operating assumptions.
- the Change in economic assumption (CZK -369 million) consist of:
  - increase of the yield curves decreased the SII TP Net by CZK 346 million through the higher discounting of cash-flow,
  - decrease by lower expense inflation together with lower non-life annuities valorization (CZK -458 million).
- the Change in FX rate (CZK +43 million): change of EUR/CZK exchange rate from 24.725 CZK/EUR to 25.185 CZK/EUR applied on SK Branch volumes in EUR.
- the New business (CZK -1,862 million): new business mainly consists of the profitable protection business.

The best estimate of liabilities corresponds to the average of the present values of expected future cash flows generated from contracts present in the Company portfolio, and therefore includes both a probabilistic assessment of their occurrence and an appropriate assessment of the time value of money, obtained on the basis of risk-free interest rates as of 31 December 2024, as observed in the market and officially communicated by EIOPA. This curve (derived for the main markets and from interbank swap rates) includes both an adjustment to consider the residual default risk of these instruments (the so-called credit risk adjustment, amounting to -10 bps for both (CZK and EUR) and an adjustment to consider the excess return achieved in a risk-free manner by the assets covering the insurance liabilities (the so-called volatility adjustment, equal to +16 bps for CZK, +23 bps for EUR).

The method used to derive the best estimate of liabilities for the portfolio is based on a direct approach that involves the projection and discounting of all future expected incoming and outgoing cash flows for the duration of the policyholder’s liabilities, in line with the contractual limits defined by regulations (contract boundaries). In particular, the projections consider all future premiums and all outflows associated with both the occurrence of insured events (e.g. claims and capital payable in the case of survival of the insured when the contract expires) and the possible exercise of contractual options (for example surrender).

For the portfolio of the Company as a whole, depending on the type and risk inherent in it, the expected future cash flows have been assessed in a deterministic scenario (i.e. a certainty equivalent scenario) or as the mean value of a set of stochastic scena rios, to allow the calculation of the cost of financial guarantees and contractual options. In the latter case, specific assumptions on future management decisions were also implemented in the actuarial platforms (so-called management actions relating, e.g. to future profit sharing), and also the rational behaviour of the insured (the so-called dynamic policyholder's behaviour, which can impact the propensity to exercise options such as the surrender option).

As shown in the above table, the best estimate of liabilities gross of reinsurance amounted to CZK 29.7 billion, and mainly consists of insurance with profit participation, mostly including old savings products in run-off and the traditional part of hybrid products.

Only 0.9% of gross BEL is transferred via reinsurance outside the Company, and the reinsurance recoverables net of the counterparty default adjustment related to these contracts amounted to CZK 0.26 billion. The reinsurance recoverables were evaluated by means of appropriate projections of the cash flows expected from reinsurance contracts and adjusted using the counterparty default adjustment to take into account of the risk of default of the reinsurer.

The risk margin represents an allowance to take into account the inevitable uncertainty linked to the volatility of the opera ting assumptions and inherent in future cash flows. The risk margin is calculated by means of a cost of capital approach that considers the cost associated with non-hedgeable risks.

The capital requirement needed to cover non-hedgeable risk was determined using the Internal Model. The rate used to determine the cost of capital is 6% per annum. The cost of capital for each projection year was discounted at the valuation date using the term structure of interest rates without the volatility adjustment (EUR for the “Branch” portfolio, CZK for the “Company without the Branch” portfolio). In line with the regulation, the risk margin is calculated net of reinsurance. The future projection of the capital requirement needed to cover the non-hedgeable risks and its allocation by line of business was carried out by means of suitable risk drivers applied to the capital required in respect of each risk included in the risk margin calculation.

As of 31 December 2024, the risk margin associated with Generali Česká pojišťovna life insurance contracts was CZK 1.281 billion.

The total value of the Generali Česká pojišťovna Solvency II life technical provisions as of 31 December 2024, calculated as the sum of the best estimate of liabilities net of reinsurance and risk margin, amounted to CZK 30.7 billion.

The following table reports the Solvency II life technical provisions split by line of business:

- Insurance with profit participation
  - Traditional endowment products (also including some life risk riders)
  - A guaranteed savings part and life risk riders not unbundled from ‘hybrid‘ products
  - A declared interest rate part unbundled from ‘hybrid’ products CZ portfolio
- Unit-linked - contracts without options and guarantees
  - Pure UL products (mostly single paid)
  - UL part unbundled from ‘hybrid‘ products
- Other - contracts without options and guarantees
  - Pure risk products
  - All life risk riders unbundled from the new generation of hybrid products
  - Accident riders (with future premiums subject to contract boundaries)
  - Riders part unbundled from “hybrid” products from SK Branch
- Other - contracts with options and guarantees
  - Products from the SK Branch (saving business without profit-sharing option, saving business with DIR)
- Annuities stemming from non-life obligations
  - MTPL and TPL annuities (RBNS reserve only).

YE2024 life technical provisions by line of business

	31.12.2024	% weight	31.12.2023	% weight
Total	**30,737,788**	**100%**	**34,151,186**	**100%**
Insurance with profit participation	17,687,668	58%	19,078,122	56%
UL - contracts without options and guarantees	21,630,136	70%	19,020,269	56%
Other - contacts without options and guarantees	(10,114,884)	(33)%	(5,617,566)	(16)%
Other - contracts with options and guarantees	469,274	2%	358,775	1%
Annuities stemming from non-life obligations	1,065,593	3%	1,208,985	4%

**** a positive sign represents a liability*

Generali Česka pojištovna’s Solvency II life technical provisions net of reinsurance mainly consist of insurance with profit participation, which in turn mostly includes old products in run-off and traditional parts of hybrid products (including some life risk riders).

SOURCES OF UNCERTAINTY

The evaluation of the Solvency II life technical provisions depends not only on the methods, models and data used, but also on a number of economic and operational assumptions whose future realisations might differ from the expectations at the valuation date.

The assumptions used are stable in the long term and we did not experience any significant fluctuations in 2023, except for morbidity rates and surrender rates. We have seen slightly worsening in surrender rates during the last year.

In general, the YE24 sensitivities have similar relative impact (in %) in comparison with YE23.

The following table shows the sensitivity of the gross best estimate of liabilities to the change in individual assumptions under Solvency II at the end of 2024.

	Gross best estimate of liabilities	Delta	Delta%
Expenses -10%	29,089,456	(628,072)	(2.11)%
Expenses +10%	30,344,307	626,779	2.11%
Life lapse -10%	28,968,265	(749,262)	(2.52)%
Life lapse +10%	30,410,984	693,456	2.33%
Paid-up -10%	29,715,637	(1,891)	(0.01)%
Paid-up +10%	29,718,113	585	0.00%
Mortality -10%	29,408,980	(308,548)	(1.04)%
Mortality +10%	30,024,281	306,753	1.03%
Longevity -10%	29,769,682	52,154	0.18%
Longevity +10%	29,668,548	(48,980)	(0.16)%
Morbidity and disability -10%	28,912,256	(805,272)	(2.71)%
Morbidity and disability +10%	30,521,392	803,865	2.71%
Mortality 100% Lee Carter	32,886,603	3,169,076	10.66%
1st year surrender rate +10% (absolute increase)	30,305,797	588,269	1.98%

The underwriting parameters only slightly affect the Generali Česká pojišťovna portfolio. The most relevant operating assumptions are:

- Expenses assumptions: a 10% increase/decrease in administrative expenses would lead to BEL increase/decrease of 2.1%;
- Surrender assumptions: a 10% increase/decrease in lapse rates would lead to BEL increase/decrease of +2.3 / -2.5%;
- Morbidity assumptions: a 10% increase/decrease in morbidity rates would lead to BEL increase/decrease of 2.7%.

The other operating assumptions have a relatively small effect on the TP due to the application of contract boundaries (CB) on accident and daily allowance riders. Without the application of CBs, the surrender assumptions and morbidity assumptions would generate a high materiality impact on the TP.

The changes in economic assumptions have a relatively high impact on the best estimate value of liabilities, however the market value of assets covering life technical provisions is also affected at the same time. The absorption capacity of liabilities versus the change in asset value is 100% in the case of interest rates and 81% in the case of changes in equity value. The final impact on the Solvency Capital Requirement is therefore lower. The impacts resulting from possible changes in the economic environment are relatively small thanks to compensation between assets and liabilities.

LONG-TERM GUARANTEE MEASURES (VOLATILITY ADJUSTMENT, MATCHING ADJUSTMENT AND TRANSITIONAL MEASURES)

The valuation of the best estimate of liabilities was performed using the volatility adjustment (as referred to in Article 77d of Directive 2014/51/EU) provided by EIOPA for CZK (16bps) and for EUR (23bps) at year end 2024. A change to zero of the volatility adjustment would correspond to an increase of CZK 117 million in the life BEL of Generali Česká pojišťovna.

The matching adjustment (as referred to in Article 77b of Directive 2014/51/EU) has not been applied.

The transitional measure on the risk-free interest rate term structure (as referred to in Article 308c of Directive 2014/51/EU) and the transitional measure on technical provisions (as referred to in Article 308d of Directive 2014/51/EU) have not been used.

D.2.2. P&C TECHNICAL PROVISIONS

OVERVIEW OF P&C TECHNICAL PROVISIONS

The P&C Technical Provisions related to

- outstanding claims, whether reported or not. that occurred before the evaluation date whose costs and related expenses were not completely paid by that date (Outstanding Claims Provision)
- future claims of contracts that are either in force at the valuation date or for which a legal obligation to provide coverage exists (Premiums provision), the provision includes cash-flows also related to administration expenses and other expenses related to future installments, as well as future premium installments.

are calculated as the sum of the Discounted Best Estimate of Liabilities (BEL) and the Risk Margin (RM) and Other Provisions (OTP). Other provisions represent estimated investment expenses related to BEL.

$$TP = BEL + RM + OTP$$

The Discounted Best Estimate of Liabilities (BEL) is calculated applying the methods and assumptions briefly described in the following paragraphs, separately for the Outstanding Claims Reserve and the Premiums Reserve.

Outstanding Claims Provision

The approach to the evaluation of BEL for the Outstanding Claims Provision depends on the possibility of applying the actuarial methods.

- The BEL of the un-modelled and semi-modelled business (the Line of Business or part of a Line of Business which, for various reasons, e.g. lack of adequate, appropriate and complete data or due to inhomogeneity of the business, has not been analyzed using actuarial methods) has been calculated using case reserve and in respect of the profit sharing provision, the reserve was evaluated based on the arrangement agreed in the particular insurance contract. Un-modelled business represents 3.5% of the Gross Undiscounted best estimate and consists of Assumed business except one SK Branch portfolio, Credit, Miscellaneous financial loses and Legal expenses
- The BEL of the modelled business (the business which, thanks to the availability of adequate, appropriate, and complete data, has been analyzed in detail using actuarial methods) has been assessed using the following steps:

The level of aggregation

The Company provides the insurance services in the Czech Republic and through Branch in the Slovak republic. The portfolios, in both territories are evaluated separately.

To perform an appropriate actuarial analysis of the Technical Provisions and to carry out ultimate cost projections, historical claims data on a paid and incurred basis (gross of contractual and facultative reinsurance) have been considered. The development data used for these purposes fulfil the appropriate quality attributes of proportionality, materiality, and completeness.

Each portfolio is selected to identify homogeneous groups of risks, types of coverage and other specificities such as the length and the variability of the claims run-off. The minimum level of granularity adopted considers the split between types (direct business, proportional accepted business, non-proportional accepted business), and in each category identifies twelve Lines of Business (workers' compensation; medical expenses; income protection; motor vehicle liability; other motor; marine, aviation and transport; fire and other damage to property; general liability; credit and suretyship; legal expenses; assistance; miscellaneous financial loss). Where necessary, a more granular segmentation of the portfolio is used, especially in the case of property, liability, and motor insurance. Where reasonable, claims have been split depending on their size and significance into attritional, large, and extremely large claims, and the analysis has been done separately for each claims type. In addition, annuity claims are also treated separately.

In the P&C reporting parameter in the Outstanding Claims Provision also provision for life riders for which outstanding claims reserve is evaluated by Non-life technique is included. The provision for Life riders is presented in the Income Protection Lob, and the standard non-life actuarial methods as described below.

Expenses

The part of Outstanding claims provision is the reserve for Loss Adjustment Expenses (LAE) consists of two parts. The reserve for expenses directly arising from a particular compensation case (Allocated Loss Adjustment Expenses (ALAE)) is treated as part of claims costs. The reserve for expenses not directly arising from a particular compensation case (Unallocated Loss Adjustment Expenses (ULAE)) is related to the whole package of services offered by an insurance company and is not automatically associated with a specific claim. A simplified approach is used to derive the ULAE reserve that is assumed to be proportional to the UBEL (Undiscounted Best Estimate of Liabilities) of the Line of Business (i.e.. $ULAE\ reserve = R \cdot UBEL$). where R is estimated based on recent experience. In case of newly acquired portfolios, all the loss adjustment expenses were considered as unallocated in the calculation LAE UBEL.

f

Inflation

Historical data on claims paid and outstanding include the outcomes of observed inflation, in its two exogenous and endogenous components. The inflation environment in the Czech Republic and in the Slovak Republic has is considered stable for all accident years except 2021-2023, which means that the evaluation of UBEL based on historical data, that inflation is already embedded in the projections.

Actuarial Methods

The actuarial methods used for projecting the experienced history of claims and case provisions are the ones implemented in the Group reserving tool (ResQ) and described in the Generali Group methodology paper. The following methods have been considered for a ttritional and large claims in particular:

- The Link Ratio Method on paid (or Development Factor Models - DFM) is a generalization of the Chain Ladder method, based on an analysis of cumulative payments over years. This class of methods is based on the hypothesis that the settlement process is s table across origin periods.
- The Link Ratio Method on incurred technically works like the previous one but is based on incurred developments, i.e. the sum of cumulative paid and outstanding amounts.
- The Bornhuetter-Ferguson method on paid or incurred combines the projected ultimate (obtained e.g. by means of a Development Factor method) with an alternative (a priori) value using a weighted credibility approach.
- The Cape Cod method on paid or incurred which, similarly to the Bornhuetter-Fergusson method, combines already emerged claims with expected claims to be paid or reported late, is based on assumptions derived from the emerged proportion of claims.
- The Frequency Severity method combines projections of the expected number of claims and expected average claims, where ultimate claims are the product of these two items.
- The Incremental Loss Ratio method on paid or incurred, also known as the Additive method, expects stable development in the contribution to the loss ratio across origin periods.

An analysis using more than one of the methods listed above was performed to confirm the results.

The best estimate assessment for annuities stemming from P&C contracts is performed separately for annuities in payment (i.e. RBNS – reported but not settled - annuities), treated with life techniques, and for annuities that could emerge in the future from non-annuity claims (i.e. IBNR – incurred but not reported – annuities). The BEL for the IBNR annuities is assessed using the frequency/severity approach.

To obtain the final gross UBEL, all excluded or separately evaluated items (e.g. extremely large claims. un-/semi-modelled parts. expenses) are added to the ultimate claims cost.

Net Evaluation

In general, less risky portfolios are covered by a 40% - and more risky portfolios by a 70% - quota share. In addition to this, Lines of Business exposed to the risk of large single claims, such as MTPL or large risk portfolios in property and liability insurance. are covered by XL treaties. The evaluation of ceded claims is performed indirectly, based on the Net on Gross ratios. The unallocated claims handling expenses are not ceded, and then also ULAE part of Outstanding Claims provision is not ceded. For Profit sha ring component ceded part is calculated based on the arrangement in the reinsurance contract. For the pure claims reserve Net on Gross ratios are evalu ated per each portfolio and per each accident year separately. The basis is case reserve, RBNS and Ceded RBNS. The above-described approach for each homogeneous group of risks can be expressed:

$$UBEL_{net}^{OC} = UBEL_{gross}^{OC} \cdot \%NG$$

where %NG ratios is describe above.

The valuation of the best estimate net of reinsurance is adjusted by estimated expected losses due to default of the reinsurance counterparties (counterparty default risk adjustment).

Premiums Provision

The approach of the evaluation of premiums provision is performed on the aggregated level and contract boundaries are considered. For a major part of the P&C portfolio, the contract boundaries are set to the next anniversary. Exceptionally, the Company has business than with duration longer than one year, it that case it is for fix period, e.g., in case of Construction insurance.

In order to properly capture future cash-flows, the evaluation of Gross premiums provision is split into the three components: A claims-related component related to the period for which premiums was written, i.e the exposure is unearned premium based on which future claims cash-flows based on undiscounted best estimate loss ratios, including claims handling expenses for the future period and expected payment patterns are projected.

- An administration-expenses related component: the amount of future administration expenses related to the exposure, the unearned premium provisions. The component related to exposure for which premium was not written until contract boundaries, i.e., un-incepted (instalments included) and multi-year contracts, the UBEL of the Premium provision is evaluated as the sum of the following cash flows:
- Cash inflows arising from future premiums.

- Cash outflows arising from future claims, net of salvage and subrogation, including allocated and unallocated claims adjustment expenses.
- Cash outflows arising from administration expenses in respect of claims occurring after the valuation date as well as costs arising from ongoing administration of in-force policies and acquisition costs, insofar as they are related to the considered portfolio.

The net evaluation is based on the net exposures and net ratios, considering that contract boundaries of reinsurance contracts are consistent with underlying insurance contracts. As under IFRS, a major part of reinsurance contracts has different contract boundaries than under SII, an item Reinsurance recoverable related to Premium provision is included in MVBS. The Reinsurance recoverable represents unearned ceded premium less commissions for reinsurance contracts which have different contract boundaries under IFRS and under SII.

Similarly, to the Outstanding claims provision, the net premiums reserve is also adjusted by the adjustment for default risk of the counterparties.

Discounting

The discounted best estimate of liabilities (BEL), related to both the outstanding claims provision and premiums provision, is derived by discounting the expected future payments of the UBEL by the reference basic risk-free rate curves, separately for Czech and separately for the Slovak portfolios incorporating volatility adjustment.

Other Reserves

Other reserves are created to cover expected investment expenses related to assets covering the BEL.

Risk Margin

The Risk Margin together with OTP is added to the BEL to derive a market-consistent liabilities value. This captures the economic value of non-hedgeable risks (reserving, pricing, catastrophe, counterparty default and operational) to ensure that the Technical Provisions value is equivalent to the amount that an insurance company would be expected to require to take over and meet the insurance obligations. The Risk Margin is calculated with a Cost of Capital (CoC) approach at the Line of Business level taking the diversification benefits between risk types and Lines of Businesses into account. The capital for non-hedgeable risks is based on Internal model, both for Czech and Slovak portfolios.

Fair Value of Outstanding Claim Provision - Total

	2024	2023	change	change %
Best Estimate of liabilities gross of reinsurance	**19,580,520**	**17,870,223**	**1,710,297**	**10%**
Recoverables from reinsurance after CDA	(10,272,738)	(8,803,790)	(1,468,948)	17%
Best estimate of liabilities net of reinsurance	9,307,781	9,066,433	241,349	3%
Other provisions - investment expenses	23,676	26,000	(2,324)	(9)%
Risk Margin	480,074	518,516	(38,442)	(7)%
Technical Provisions net of reinsurance	**9,811,531**	**9,610,948**	**200,583**	**2%**

Regarding the fair value of outstanding claims provisions, technical reserves net of reinsurance increased by CZK 200,6 million, representing a relative movement of 2%. Despite the increase in the gross best estimate value due to a significant natural event, the net result remains stable thanks to effective reinsurance. Decrease of Risk Margin is mainly on MTPL in respect of UBEL decrease.

Fair Value of Premium Provision – Total

	2024	2023	change	change %
Best Estimate of liabilities gross of reinsurance	**4,980,855**	**4,530,758**	**450,096**	**10%**
Recoverables from reinsurance after CDA	(1,235,065)	(1,264,197)	29,133	(2)%
Best estimate of liabilities net of reinsurance	3,745,790	3,266,561	479,229	15%
Other provisions - investment expenses	10,362	9,526	836	9%
Risk Margin	223,904	192,980	30,925	16%
Technical Provisions net of reinsurance	**3,980,056**	**3,469,067**	**510,990**	**15%**

Regarding the fair value of premium provision, technical reserves net of reinsurance increased by CZK 511 million, representing a relative movement of 14%. The main reason is the increase in the net undiscounted best estimate by CZK 495 million, with an increase in reserves in the motor insurance sectors and in the fire and other property mainly due to increase of CAT risk.

Fair Value of Outstanding Claims Provisions

Line of business	BEL Net of Reinsurance after CDA	Other provisions - investment expenses	Risk Margin	TP Net of Reinsurance
Total	**9,307,781**	**23,676**	**480,074**	**9,811,531**
Direct Insurance	**8,875,274**	**22,071**	**399,642**	**9,296,987**
Non-life motor	4,049,336	15,458	249,544	4,314,339
Non-life non motor excl. AHD	4,745,203	4,770	148,314	4,898,286
Accident, Health and Disability	80,735	1,843	1,784	84,362
Accepted proportional Insurance	**430,904**	**1,605**	**80,432**	**512,941**
Non-life motor	52	0	0	53
Non-life non motor excl. AHD	430,852	1,605	80,432	512,889
Accident, Health and Disability	0	0	0	0

The most important segment of Outstanding Claims Provision is Non-life non motor excl. AHD business, which forms about 51% of the total Direct business in terms of net OC BEL.

Fair Value of Premium Provisions

Line of business	BEL Net of Reinsurance after CDA	Other provisions - investment expenses	Risk Margin	TP Net of Reinsurance
Total	**3,745,796**	**10,362**	**223,904**	**3,980,062**
Direct Insurance	**3,749,883**	**10,314**	**222,094**	**3,982,291**
Non-life motor	2,236,974	6,845	78,400	2,322,220
Non-life non motor excl. AHD	1,501,032	3,443	143,077	1,647,552
Accident, Health and Disability	11,878	26	616	12,520
Accepted proportional Insurance	**(4,088)**	**48**	**1,811**	**(2,229)**
Non-life motor	0	0	0	0
Non-life non motor excl. AHD	(4,088)	48	1,811	(2,229)
Accident, Health and Disability	0	0	0	0

The most important segment of Premium Provision is Non-life motor business, which forms about 59,7% of the total Direct business in terms of net Premium BEL.

P&C TP COMPARISON WITH IFRS RESERVES

With IFRS17 introduction there is higher level of the alignment between IFRS17 and SII. In respect of the Undiscounted best estimate of SII Claims Outstanding provision and IFRS17, there are no differences between SII and IFRS17. The only differences on the undiscounted basis are arising from a component for future investment expenses and from the switch of reporting perimeter for Life riders and Non-Life annuities. In respect of discounting of Claims outstanding provision between IFRS17 and SII, the difference is in the payment pattern in respect of the timing of cash-flows during a projection period. For Premium provisions there are more differences arising from different contract boundaries, mainly in case of ceded provision, pro rata basis under IFRS17 applied for both premiums and acquisition costs. On the other hand, SII basis is based on best estimate cash-flows including discounting, which is applied on all cash-flows. On the other hand, under IFRS17, the discounting is presented only in a case when future premium is not sufficient, and in this case a Loss component is built as a component of LRC, ARC (IFRS17 premiums provision).

IFRS Premium provisions denoted as LRC (Liability for remaining coverage) and ARC (Assets for remaining coverage) are composed of the following components, pure unearned premium provision booked on a pro rata temporis principle reflecting the unearned part of the written premium proportional to the not-yet-due part of the period for which the premium was written. This is done individually for each insurance policy. Provision for future installments for one-year contracts. The volume of future premiums installments until contract boundaries. Deferred acquisition costs and deferred acquisition costs related to future installments. Contrary to this, Solvency II principles require the evaluation of a premium provision as the difference between future outflows (claims and expenses) and future inflows (premium). This means that the IFRS approach is not strictly dependent on the profitability of the business (only in the case of premium insufficiency), whilst the evaluation according to Solvency II principles is strictly driven by loss and expense assumptions. In addition , only the written part of the premium can serve as the basis for the recognition of unearned premiums in IFRS, but Solvency II principles require the inclusion of future premiums coming from contracted business that have not yet been written. This includes future instalments of policies in force and premiums from already contracted policies with future inception.

The Company newly, adopting updated methodology of the Group, created OTP to cover investment related expenses.

SOURCES OF UNCERTAINTY AND SENSITIVITY ANALYSES

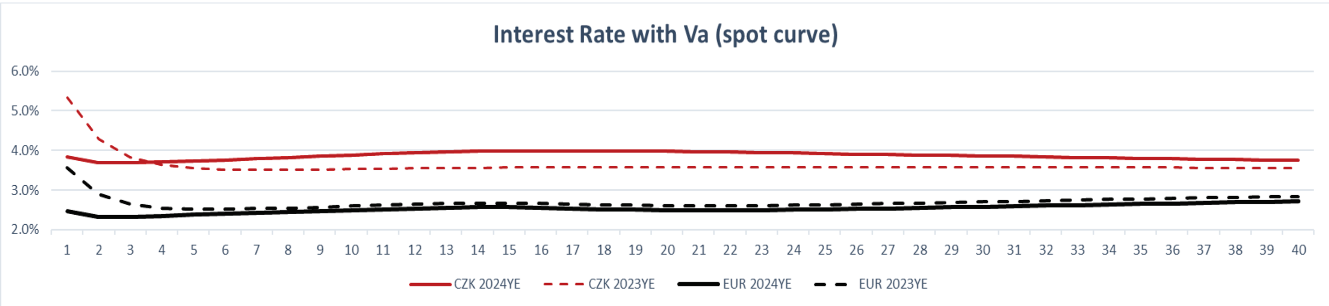
Two kinds of sources of uncertainty are embedded in the Technical Provisions. The first arises from the essence of the insurance business and is represented by the randomness of the process of claims occurrence and reporting. This is monitored by actuaries through the construction of stochastic scenarios resulting in the distribution of possible claims run-off results. The highest uncertainty is experienced in Lines of Business that include large risks (mainly corporate property). IFRS reserves are currently set at a level so that the Company can cover deviation from Undiscounted BEL with a return period 4 years, the Risk adjustment presented separately is on the prudency level of 75th percentile of the stochastic distribution of the P&C underwriting risks, considering diversification among Lobs and risks.

The second type of uncertainty is represented by external factors such as claims inflation, interest rates and changes in legislation. These factors are not driven by the Company, but their impact can be reduced by ongoing monitoring of the market and legal environment, and early identification or even anticipation of possible changes. Sensitivity analyses of external factors are performed by the Company. A decrease in the risk-free rate of 50 basis points would result in a BEL increase by 1.1%. The increase of inflation by 100 basis points would result to the increase of BEL by 2,5%.

The Company reduces the risk of volatility risk through diversification and reinsurance. Providing a wide portfolio of insurance products mitigates the relative impact of unfavorable developments from run-off in individual Lines of Business. A properly chosen reinsurance structure, including quota share and XL treaties, helps limit the absolute impact of potential negative run-off. The current reinsurance setup mitigates Reserving Risk by almost 40%.

LONG-TERM GUARANTEE MEASURES (VOLATILITY ADJUSTMENT AND TRANSITIONAL MEASURES)

Neither transitional measures nor matching adjustments were applied during the calculation of the best estimates of Technical Provisions. A volatility adjustment was applied by the Company. Swap risk-free rates were used in line with EIOPA guidance.



The usage of a volatility adjustment decreased the BEL by 51 million CZK.

D.3. OTHER LIABILITIES

D.3.1. VALUATION OF LIABILITIES FOR THE SOLVENCY II BALANCE SHEET

There were no material changes to the general valuation framework in comparison with the preceding reporting period.

EXCLUSION OF IFRS VALUATION METHODS

This chapter gives an overall description of the SII valuation methods for liabilities other than technical provisions. complementary to the general valuation for solvency purposes (Section D - Introduction).

In accepting the valuation methods defined in IFRS. Solvency II anticipates that there are cases where IFRS valuation methods are not consistent with Solvency II requirements.

SII SPECIFICITIES

Solvency II specifies the treatment of the liabilities listed below for which a valuation different from IAS/IFRS measurement is required:

- technical liabilities;
- contingent liabilities;
- financial liabilities;
- deferred taxes.

Except for technical liabilities and deferred taxes (already disclosed in D.2. Technical provisions. and D.1. Assets), all the remaining points are analysed in the following dedicated sections.

CONTINGENT LIABILITIES

Valuation

The recognition criteria for contingent liabilities on the Solvency II balance sheet are determined by the definition in IAS 37 for contingent liabilities.

While under IAS 37 an entity should not recognize a contingent liability but only disclose it under Solvency II if such contingent liabilities are material and the possibility of an outflow of resources embodying economic benefits is not remote, they have to be reported on the Solvency II balance sheet.

Contingent liabilities are material if information about the current or potential size or nature of that liability could influence the decision-making or judgment of the intended user of that information. An exception to the requirement to recognize material contingent liabilities on the Solvency II balance sheet exists when a contingent liability arises for accounting purposes if no reliable estimate is possible for the valuation of the liability. In such instances. since the value of the contingent liability cannot be reliably measured. only disclosure is required.

According to Solvency II principles, a contingent liability should be valued at the expected present value of the future cash flows required to settle the contingent liability over the lifetime of that contingent liability, using the relevant risk-free interest rate term structure. Moreover, when valuing liabilities, no adjustment to take account of the own credit standing of the insurance or reinsurance undertaking will be made.

The estimate of future cash flows is thus based on an expected present-value approach (i.e. a probability-weighted average of the present values of the outflows for the possible outcomes).

The amount and range of possible cash flows considered in the calculation of the probability-weighted cash flows will reflect all expectations about possible cash flows and not the single most likely or expected maximum or minimum cash flow.

Finally, an entity will consider the risk that the actual outflows of resources might ultimately differ from those expected. Risk adjustment measures the amount, if any, that the entity would rationally pay in excess of the expected present value of the outflows for bearing this risk.

Contingent liabilities shown in the financial statements

As of 31 December 2024 and 31 December 2023, the Company recognized the following provisions for contingent liabilities:

	2024	2023
Restructuring provision	58,273	37,683
Provisions for commitments	323,466	275,096
Other provisions	1,858	2,181
Total	**383,597**	**314,960**

COMMITMENTS DISCLOSED UNDER IFRS

As of 31 December 2024 and 31 December 2023, there were no commitments disclosed in IFRS that should have been – due to their material scope and the possibility of a decrease in resources representing economic benefits – reported in the Solvency II balance sheet according to Solvency II.

Nuclear pool participation

Česká pojištovna a.s. is a member of the Czech Nuclear Pool (CzNIP). The subscribed net retention is as follows:

	2024	2023
Liability (w/o D&O liability)	290,617	290,617
D&O liability only	32,892	32,892
FLEXA extended coverage of nuclear risk plus BI	708,812	708,812
Total	**1,032,321**	**1,032,321**

As a member of the CzNIP, the Company has signed relevant documents like the Statute, Cooperation Agreement, Claims Handling Cooperation Agreement and the Solidarity Agreement. As a result, the Company is jointly and severally liable for the obligations resulting from such documents. This means that in the event one or more of the other members is/are unable to meet their obligations to the CzNIP. 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 CzNIP to be material to the financial position of the Company. The CzNIP has implemented adequacy rules for net member retentions related to their capital position s, and these are assessed every quarter. In addition, the potential liability of the Company for any given insured/assumed risk is contractually capped at quadruple the Company's net retention for direct risks (insurance contracts) and double the Company's net retention for indirect risks (inwards reinsurance contracts).

Participation in Slovak insurance 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:

	2024	2023
Liability (w/o D&O liability)	13,069	6,091
FLEXA extended coverage of nuclear Risks plus BI	4,563	2,660
Total	**17,632**	**8,751**

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 positi ons and evaluated in individual quarters.

FINANCIAL LIABILITIES

Valuation

To ensure compliance with Solvency II principles, the liabilities – including financial liabilities – should be valued at fair value without any adjustment for the change in the own credit standing of the insurance/reinsurance undertaking.

The valuation methodology for determining the fair value of an asset or liability will be based on the following approaches:

- The mark-to-market approach (the default approach): this approach is based on readily available prices in orderly transactions that are sourced independently (quoted market prices in active markets);
- The mark-to-model approach: any valuation technique that has to be benchmarked, extrapolated or otherwise calculated as far as possible from a market input (maximize market inputs, minimize unobservable inputs).

According to IFRS 9 (not yet adopted by the Company), the amount of change in the fair value of the financial liability attributable to changes in the credit risk of that liability[3] should be determined either:

(a) as the change in its fair value not attributable to changes in market conditions that give rise to market risk;
(b) by using an alternative method the entity believes more faithfully represents the amount of the change in the liability's fair value attributable to the changes in its credit risk.

As with all estimates of fair value, an entity's measurement method for determining the portion of the change in the liability's fair value attributable to the changes in its credit risk must make maximum use of market inputs.

[3] In accordance with IFRS 9 paragraph B5.7.16 and subsequent

Consistency with IFRS

According to IFRS 9.4.2, all liabilities, except for the following, are required to be measured at amortized cost:

(a) financial liabilities at fair value through profit or loss;
(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
(c) financial guarantee contracts;
(d) commitments to provide a loan at a below-market interest rate;
(e) contingent liability reconised by acquirer in a business combination in accordance with IFRS3.

Financial liabilities valued at amortized cost according to IAS 39 will be valued at fair value for the Solvency II balance sheet.

For financial liabilities valuation purposes, the IAS 39 fair value definition is consistent with the Solvency II principle taking the following into account:

- ✓ The fair value measurement approach in IAS 39 at recognition is a good representation of the economic value at recognition in the Solvency II balance sheet.
- ✓ The fair value measurement approach in IAS 39 for subsequent measurements is a good representation of the economic value for Solvency II purposes if, and only if, changes in the undertaking's own credit standing have not been taken into account. When changes in the undertaking's own credit standing influence the value under IAS 39 , they will be eliminated in the Solvency II valuation.

D.3.2. RECONCILIATION OF SII VALUES AND FINANCIAL STATEMENTS

Year-on-year comparison of the Solvency II value

Liabilities	2024	2023
Technical provisions	56 297 499	57,728,591
Provisions other than technical provisions	383 598	314,960
Deposits from reinsurers	2 342	3,223
Deferred tax liabilities	328 717	295,364
Derivatives	205 898	125,442
Financial liabilities owed to credit institutions	0	0
Financial liabilities other than debts owed to credit institutions	157 938	541,590
Insurance and intermediaries payables	2 782 934	3,153,348
Reinsurance payables	7 860 548	7,484,290
Payables (trade, not insurance)	3 517 009	3,807,384
Any other liabilities, not elsewhere shown	1 083 362	1,216,606
Total liabilities	**72 619 845**	**74,670,798**
Excess of assets over liabilities	**33 025 861**	**35,770,085**

Year-to-year change on technical provisions is explained in chapter D.2. Decrease of the financial liabilities other than debts owed to credit institutions is caused by termination of the leasing contracts.

Reconciliation of Solvency II value to statutory financial statements

Liabilities	Solvency II value	Statutory accounts value	Note	Amount per financial statement	Mapping
Technical provisions	56,297,499	65,926,016	Different valuation methodology and different classification of RBNS	70,579,523	Insurance and intermediaries payables and reinsurance payables are presented in the financial statements in the line Insurance liabilities/insurance assets
Provisions other than technical provisions	383,598	383,598		383,598	
Deposits from reinsurers	2,342	2,342		0	
Deferred tax liabilities	328,717	0	Different valuation methodology	0	
Derivatives	205,898	205,898		205,898	
Financial liabilities owed to credit institutions	0	0		0	
Financial liabilities other than debts owed to credit institutions	157,938	157,938		157,938	
Insurance and intermediaries payables	2,782,934	4,134,996	Different classification of RBNS	0	Insurance and intermediaries payables are presented in the financial statements in the line Insurance liabilities/insurance assets
Reinsurance payables	7,860,548	4,946,462	Different valuation methodology	0	Reinsurance payables are presented in the financial statements in the line Insurance liabilities/insurance assets
Payables (trade, not insurance)	3,517,009	3,517,009		5,632,431	Intermediaries payables are in financial statements presented in line trade payables. Accrual for not obtained invoice from Assicurazioni Generali is in the financial statements presented in any other l
Any other liabilities, not elsewhere shown	1,083,362	1,083,361		1,227,028	Accrual for not obtained invoice from Assicurazioni Generali is in the SII statements presented in trade liabilities.
Total liabilities	**72,619,845**	**80,357,620**		**78,186,416**	
Excess of assets over liabilities	**33,025,861**				

D.4. ALTERNATIVE METHODS FOR VALUATION

In respect of the official SII data valuation, no significant alternative methods except the valuation of instruments at Level 3 (see D. 1) were used.

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

Equities	The fair value is mainly determined using an independent evaluation provided by a third party or is based on the amount of shareholders' equity.
Investment funds	The fair value is mainly based on information about the value of the underlying assets. The valuation of underlying assets requires significant expert judgment or estimation.
Bonds. loans	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.).
Investment properties	The fair value is determined using independent valuation provided by third party and is based on the market value of the property determined by comparing recent sales of similar properties in the surrounding or competing area to the subject property.

The table below describes Level 3 instruments and their unobservable inputs of Level 3:

Description CZK millions	FV as at 31.12.2024	FV as at 31.12.2023	Valuation technique(s)	Non-market observable input(s)
Interest in investment vehicles	2,169	1,786	Net asset value	N/A
Investment funds	610	49	Expert judgment	Value of underlying instruments
Bonds Government	1,349	1,836	Discounted cash flow technique/Third party valuation (Refinitive)	Level of credit spread
Bonds Corporate	1,064	1,509	Discounted cash flow technique/Third party valuation (Refinitive)	Level of credit spread

D.5. ANY OTHER INFORMATION

All significant information on valuation has been mentioned in the above sections.

E. Capital management

The Company has a comfortable and sound solvency position from the Solvency II perspective with a solvency ratio significantly above 100%.

The solvency ratio of Generali Česká pojišťovna a.s (GČP) decreased by 30 p.p. compared to last year. This change is mainly driven by expected payout of extra dividend in line with the strategy of Generali Group to centralize its available capital. The pay out will be realized during 2025, therefore it is reflected as foreseeable dividend at YE24. The payout reflects strong solvency position of the Company, despite payout of extra dividend also during 2024. The own funds of the Company were positively affected by increase in the value of both equities (due to favourable market development) and participations, as well as by growing life protection business. These effects were partially compensated by negative impact of extensive floods during autumn as well as negative development of real estate prices. The SCR growth is mainly attributable to growing portfolio, positive equities' development and slight change of the reinsurance programme. The amount of available own funds stays at a very comfortable level and ensures the Company's ability to meet its obligations even in critical scenarios of incurred losses.

Solvency position

	2024	2023	change
Own funds	24,999,861	26,914,782	(1,914,921)
Solvency capital requirement	11,904,680	11,233,742	670,938
Solvency ratio	210%	240%	

The following chapters provide more details on the Company's own funds and the Solvency Capital Requirement.

E.1. OWN FUNDS

E.1.1. POLICIES AND PROCESSES RELATED TO OWN FUNDS MANAGEMENT, INFORMATION ON THE TIME HORIZON USED FOR BUSINESS PLANNING AND ON ANY MATERIAL CHANGES OVER THE REPORTING PERIOD

The capital management activities are defined by the Group and local Capital Management Policy, which is subject to approval by the respective Board of Directors.

Capital management activities refer to own funds management and control, and in particular procedures that are intended to:

- classify and periodically review the Company's own funds to guarantee that the own funds items meet the requirements of the Solvency II capital regime both at issuance and subsequently;
- regulate the issuance of own funds according to the medium-term Capital Management Plan and the strategic plan to guarantee that own funds are not encumbered, that all actions required or permitted related to the governance of own funds are completed in a timely manner, that ancillary own funds are called in a timely manner, that terms and conditions are clear and unambiguous, including instances in which distributions on an own funds item are expected to be deferred or cancelled;
- ensure that any policy or statement in respect of ordinary share dividends is taken into account when analysing the capital position;
- establish principles and standards to carry out these activities efficiently, in compliance with the relevant regulatory requirements and legislative frameworks, and in line with the risk appetite and strategy.

The Capital Management Plan represents a part of the overall three-year strategic plan. The strategic plan is primarily based on the following assumptions:

- financial scenarios;
- strategic asset allocation;
- the business mix.

The Capital Management Plan includes a detailed description of the development of own funds and the regulatory capital requirement during the strategic planning period.

The Company CRO is responsible for producing the Capital Management Plan and the CEO is responsible for submitting it to the Board of Directors.

If extraordinary operations (e.g. mergers and acquisitions, issuance of own funds) are expected in the plan period, their impact is explicitly included in the own funds and regulatory capital requirement development and further details are included in the relevant documentation. Issuances of own funds are explicitly included in the Capital Management Plan with a detailed description of the rationale.

The description of the development of the Company's own funds explicitly includes the issuance, redemption or repayment (earlier or at maturity) of own funds items and their impacts on the tier limits. Any variation in the valuation of own funds items is also indicated, with additional qualitative details in terms of tier limits when needed.

The Capital Management Plan is defined taking into account the limits and tolerances set out in the Risk Appetite Framework

E.1.2. AMOUNT AND QUALITY OF ELIGIBLE OWN FUNDS

The Company regularly evaluates its own funds and analyses their value and composition. The difference between the Company's IFRS Equity and Solvency II own funds is based on the revaluation of technical provisions, intangible assets, participations and other items.

Reconciliation between IFRS Equity and own funds for solvency purposes

	2024
IFRS Equity	33,018,060
Revaluation of intangible assets	(4,548,671)
Revaluation of investments	(3,142,802)
Revaluation of net technical provisions	10,147,907
Revaluation of other items	(1,552,383)
Revaluation of deferred taxes	(896,249)
Excess of assets over liabilities in Solvency II	33,025,861
Foreseeable dividend	(8,026,000)
Available own funds	24,999,861

Revaluations in the table above represent differences between valuation according to IFRS accounting standards and valuation in accordance with the Solvency II Directive.

Intangible assets are revalued to zero for Solvency II purposes. The valuation of investments (including participations) is based on the market value of the instrument/undertaking.

Technical provisions valued for solvency purposes are equal to the sum of the best estimate, risk margin and counterparty default adjustment. The best estimate corresponds to the probability-weighted average of future cash flows, taking into account the time value of money and using the relevant risk-free interest rate term structure. The risk margin is based mainly on the assumption that the whole portfolio of insurance and reinsurance obligations is taken over by another insurance or reinsurance undertaking. The counterparty default adjustment takes into account the expected losses due to the default of a reinsurance counterparty.

The remaining part of the difference consists of deferred taxes related to the revaluations mentioned above and other minor differences between the valuation for accounting and solvency purposes.

More details about valuation methods under Solvency II are provided in Section D.

The Company has no restrictions in terms of the transferability of own funds.

Eligible own funds to meet SCR equal the total available own funds after deduction of the foreseeable dividend and part of the capital which is classified as Tier 3 and is higher than 15% of the Solvency capital requirement. The development of eligible own funds to meet SCR, split according to tiers, is shown in the following table.

Eligible own funds by tiers

	2024	2023	change
Total eligible own funds to meet the SCR	24,999,861	26,914,782	(1,914,921)
Tier 1 – unrestricted	23,464,974	25,229,721	(1,764,747)
Tier 1 - restricted	0	0	0
Tier 2	0	0	0
Tier 3	1,534,887	1,685,061	(150,174)

Eligible own funds decreased by CZK 1 915 million due to several effects. The most significant one is the payout of extra dividend in line with the strategy of Generali Group to centralize free capital and optimize its use for investment opportunities.

The development in financial markets, which led to a shift in interest rates, ultimately resulted in a slight reduction of the fixed income portfolio. However, this also decreased due to negative investment activity and the gradual decline of the traditional portfolio in the life segment. On the liabilities side, the best estimate of technical reserves also decreased due to the shift in interest rates. The positive sentiment and positive inflation development led to an increase in the value of stocks. The contribution of equity participations is positive, mainly due to profits generated by the Pension Company of GČP, partially offset by the negative development in the value of commercial real estate.

The contribution of the life and non-life portfolio is positively influenced by the shift in interest rates. The positive contribution of the life portfolio is mainly driven by the underwriting of profitable new business and new contractual conditions connected with the management of the Unit-linked portfolio. The contribution of the non-life portfolio is mainly affected by extensive floods that hit the Czech Republic in the third quarter of 2024.

Finally, it is worth mentioning that the eligible own funds have not been lowered by the tiering constraint (the part of Tier 3 own funds, which exceeds 15% of the solvency capital requirement) compared to the year 2023. This is caused mainly by the rise in SCR and partly also by the decrease in DTA.

The tables below contain a comparison of the basic own funds in current and previous year, together with the split of basic own funds by tier.

Basic own funds – comparison with previous year

	2024	2023	change
Ordinary share capital (gross of own shares)	4,000,000	4,000,000	0
Share premium account related to ordinary share capital	0	0	0
Surplus funds	0	0	0
Preference shares	0	0	0
Share premium account related to preference shares	0	0	0
Reconciliation reserve	19,464,974	21,229,721	(1,764,747)
Subordinated liabilities	0	0	0
An amount equal to the value of net deferred tax assets	1,534,887	1,810,364	(275,477)
Other own-fund items approved by the supervisory authority as basic own funds not specified above	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0	0	0
Deductions for participations in financial and credit institutions	0	0	0
Total basic own funds after deductions	24,999,861	27,040,085	(2,040,223)

Basic own funds by tiers

	Total	Tier 1 – unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Ordinary share capital (gross of own shares)	4,000,000	4,000,000	0	0	0
Share premium account related to ordinary share capital	0	0	0	0	0
Surplus funds	0	0	0	0	0
Preference shares	0	0	0	0	0
Share premium account related to preference shares	0	0	0	0	0
Reconciliation reserve	19,464,974	19,464,974	0	0	0
Subordinated liabilities	0	0	0	0	0
Amount equal to the value of net deferred tax assets	1,534,887	0	0	0	1,534,887
Other own -fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0	0	0	0	0
Deductions for participations in financial and credit institutions	0	0	0	0	0
Total basic own funds after deductions	24,999,861	23,464,974	0	0	1,534,887

The reconciliation reserve is equal to the total excess of assets over liabilities reduced by the number of own shares, foreseeable dividends and distributions, and other items listed in the following table.

The year-on-year change in the reconciliation reserve is a consequence of the same effects as the change in eligible own funds. The movement of other basic own fund items is affected by the decrease in deferred tax assets. The foreseeable dividend reflects the expected extra dividend payout during 2025.

Reconciliation reserve

	2024	2023	change
Assets – Liabilities	**33,025,861**	**35,770,085**	**(2,744,223)**
Own shares	0	0	0
Foreseeable dividends and distributions	8,026,000	8,730,000	(704,000)
Other basic own fund items	5,534,887	5,810,364	(275,477)
Restricted own fund items due to ring fencing	0	0	0
Reconciliation reserve	19,464,974	21,229,721	(1,764,747)

None of the basic own fund items is subject to transitional measures.

The Company does not have any ancillary own funds.

E.1.3. OWN FUNDS ELIGIBLE TO MEET THE MINIMUM CAPITAL REQUIREMENT

The Company's own funds eligible to meet the MCR equal the total amount of own funds eligible to cover the MCR. In case of the Company, they are lower than eligible own funds to cover the SCR by the whole amount of deferred tax asset, which is classified as Tier 3.

Eligible own funds by tiers

	2024	2023	change
Total eligible own funds to meet the MCR	23,464,974	25,229,721	(1,764,747)
Tier 1 – unrestricted	23,464,974	25,229,721	(1,764,747)
Tier 1 - restricted	0	0	0
Tier 2	0	0	0
Tier 3	0	0	0

The drivers of year-to-year movement correspond to the drivers of the movement of eligible own funds.

E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E.2.1. SCR AND MCR VALUES

The solvency capital requirement is calculated based on the internal model approved in March 2016 by the College of Supervisors (including Czech National Bank). Since YE23, the calculation of capital requirement includes business transferred from Slovakia (in December 2021) – its inclusion in the internal model scope was approved by the College of Supervisors in December 2023.

The minimum capital requirement is calculated according to the relevant legislation and its value is significantly lower than the amount of the solvency capital requirement. Details about MCR calculation are available in the annex of SFCR (QRT S.28.01).

SCR and MCR

	2024	2023	change
Solvency capital requirement	11,904,680	11,233,742	670,938
Minimum capital requirement	4,062,284	3,968,378	93,906

As we can see in the table above, the solvency capital requirement significantly increased this year. The main drivers of the increase are equity risk (increase due to higher market value of instruments - mainly of participations), CAT risk (increase caused by higher exposure and change of reinsurance treaty), reserving risk (increase mainly due to higher BEL and overall modelled riskiness driven by extensive floods which occurred during autumn), life lapse and morbidity risk (both increases follow growing trend in protection business). These risks are slightly offset by a significant drop in property risk (decrease in market value combined with sales of 3 buildings) and operational risk, but still there is quite significant increase of the total solvency capital requirement on standalone basis. These movements slightly changed the risk profile of the Company, and we observe quite different diversification effects for individual risks in comparison with previous year. However, total diversification effect remained stable.

The minimum capital requirement, being a volume-based indicator, increased due to higher non-life premiums and significantly higher non-life BEL (slightly compensated by lower life BEL due to increase in protection business).

E.2.2. SCR BREAKDOWN

The YE24 solvency capital requirement amounts to 11.9 billion CZK. The internal model splits the total solvency capital requirement into the following major modules: financial, credit, life underwriting, non-life underwriting and operational risk. In addition to these risk modules, the total solvency capital requirement is increased by the amount of model adjustment that reflects risks that are not considered in the internal model. The tax cap item reflects the change in net deferred taxes after stress that cannot be absorbed due to the initial amount of net deferred tax liability, which serves as the cap of the tax absorption.

SCR breakdown

	2024	weight	2023	weight
SCR before diversification	14,820,162	100%	14,112,896	100%
Financial risk	3,429,797	23%	3,215,588	23%
Credit risk	2,180,105	15%	2,219,259	16%
Life underwriting risk	2,205,670	15%	1,870,512	13%
Non-life underwriting risk	3,743,830	25%	3,176,213	23%
Operational risk	1,140,253	8%	1,315,733	9%
Tax cap	2,120,507	14%	1,959,965	14%
Model adjustment	0	0%	355,627	3%
Diversification benefit	(2,915,482)		(2,879,154)	
Total SCR	11,904,680		11,233,742	

The figures presented in the table above are consistent with the Quantitative Reporting Template (QRT) reported to the Czech National Bank and hence present the risk capitals net of tax.

The solvency capital requirement breakdown shows that the risk profile of the Company is relatively stable as for the structu re, but it is still slowly transforming. For the last few years, we can observe that the business decisions of the Company lead to a more balanced risk profile in the sense that the risks related to the assets' portfolio are no longer the most material risks, but they are now even with the risks related to the liabilities' portfolio. Particularly, we can see that non-life underwriting risks are the biggest contributors to the total solvency capital requirement this year. The life underwriting risks are gaining more and more importance among the modules on standalone basis. However, they are still relatively minor in terms of contribution to the diversified SCR, which is partially due to application of contract boundaries which results in cutting off most of the cash flows related to the life riders, which carry significant morbidity and lapse risk.

The financial risk module is increasing just mildly since the large increase in equity risk is partially offset by drop in property risk. The credit risk module decreased slightly due to lower credit spread widening risk (driven by decrease in exposure). The life underwriting risk module increases faster year to year since the inclusion of Slovak portfolio into internal model because it brings significant expos ure in growing protection business. The most dramatic increase is in non-life underwriting risk module which is caused mainly by big increase in CAT risk.

E.3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Company does not use the duration-based equity risk sub-module in the calculation of the SCR.

E.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND THE INTERNAL MODEL USED

This section provides an overview of the Internal Model used to calculate the SCR, reported in Section E.2. Before focusing on the main differences between the standard formula and the Internal Model for the main risk categories, a brief introduction is provide d to highlight the main purpose and scope of the Internal Model and to illustrate the methods used.

E.4.1. PURPOSE OF THE INTERNAL MODEL

The Company deems that the Internal Model is the most appropriate way to assess the SCR as it represents the best way of capt uring the risk profile in terms of granularity, calibration and correlation of various risk factors.

The Group's Internal Model is structured around a specific risk map, which contains all the risks that Generali Group and the Company have identified as relevant to their business, allowing for the calculation of the Solvency Capital Requirement at single ris k level for each node of the hierarchy.

In implementing the Model, the Group has employed a Monte Carlo approach with 'proxy functions' to determine the full probability distribution of the change in the basic own funds over a one-year horizon and to calculate the SCR at any percentile for in-scope companies and risks (Monte Carlo methods are used in the industry to obtain precise numerical results using the embedded characteristics of repeated random sampling to simulate more complex real-world events. Proxy functions are mathematical functions that mimic the interaction between risk drivers and insurance portfolios to obtain the most reliable results). The aggregation process consi sts of the use of advanced aggregation techniques (market best-practice techniques), and the calibration procedure involves quantitative and qualitative aspects.

E.4.2. SCOPE OF THE INTERNAL MODEL

From the Company's point of view, the Internal Model covers all the risk categories reported in the Group risk map in Section B.3.1. The Internal Model covers all life underwriting risk, non-life underwriting risk, financial risk, credit risk and operational risk. The Internal Model's purpose is to capture the behaviour of individual risks and their impact on the balance sheet, taking into account the diversification between portfolios, risks and locations.

E.4.3. METHODS USED IN THE INTERNAL MODEL

The Group Internal Model allows for the determination of a full Probability Distribution Forecast (PDF) of the change in basic own funds (BOF) over a one-year time horizon. From the resulting PDF, the SCR can be calculated at a given confidence level (such a level where the outcome is deemed to correctly represent events with a low probability of occurrence) by reading the corresponding percentile. Generali uses a Monte Carlo approach with proxy functions that allows for the simulation of each balance sheet item through the calculation of the full distribution of gains/losses. Other capital metrics required for internal purposes, such as single risk capital charges (e.g. a change in BOF after a 1-in-10 drop in the level of equity prices) can also be derived from the single risk PDF.

The risk measure used is the Value at Risk (VaR) at a 99.5% quantile of the probability distribution function (corresponding to a 1-in-200 years event), the underlying variable is represented by the change in basic own funds, and the time horizon is one year according to the calibration principles of the Solvency II Directive.

The main risks of the Company are described in the following paragraphs.

Life underwriting risk

- The Internal Model stress calibration for life underwriting risk is based on Company-specific historical portfolio data, unlike the standard stress levels provided by the standard formula approach. In particular, the Company calculates the potential deviations from the best estimate due to adverse events through:
  - a combination of market data with local exposures for catastrophe risk calibration (mortality);
  - Company historical portfolio data for all other risks.
- The methodology underlying the life underwriting risk calibration is given by the Group and its adequacy assessed at local level and also applied at local level.

Non-life underwriting risk

The main differences between the standard formula and the Internal Model for the Solvency Capital Requirement calculation concerning non-life underwriting risks are as follows:

- As regards the pricing and reserving risks, the difference refers to the calibration approach, where the standard formula uses a standard deviation defined by EIOPA, whilst for the Internal Model a bottom-up calculation of the business underwritten is performed and own data are used.
- For CAT risk, the difference lies in the calibration approach, where the standard formula is based on exposures to CAT risks in which geographic risk coefficients are determined by EIOPA. The Internal Model uses advanced models based on market best practice instead.
- As regards reinsurance, the standard formula uses a series of simplified approaches, whilst the Internal Model performs precise modelling of the reinsurance programs (proportional and non-proportional, including facultative).

Financial and credit risk

- The standard formula approach for market risk is based either on the application of standardized stress factors directly to asset exposures or, in case of interest rate risk, in the application of a standardized and simplified stress level to the curves used to discount future cash flows.
- The Internal Model adopts much more sophisticated state-of-the-art modelling techniques, based on a more granular risk map. Interest rate volatility and equity volatility risk are, for example, modelled in the Internal Model while they are not modelled in the standard formula;
- Furthermore, also within the same risk module, the Internal Model is capable of producing a much more accurate representation of the risk profile. This is because the higher granularity of the Internal Model risk map allows better reflection of the true diversification benefit of individual portfolios as well as the peculiarities of individual financial instruments.

Operational risk

The quantification of operational risk within Internal Model is based on analysis of scenarios, which affect the financial stability of the Company. It differs from the standard formula mainly in the following aspects:

- The scenarios subject to analysis cover a wide range of activities and risks arising from these, which jeopardize solvency of the Company. The material risks entering into the calculation of the capital requirement are individualized and they adequately represent the true risk profile of the Company. In contrast, the standard formula is simply based on volumes of premiums and technical provisions, not taking into account the structure of risks of the given company
- The standard formula does not reflect dependencies among operational risk and other risk modules. The calculation using Internal Model adequately reflects these dependencies, as well as dependencies among individual scenarios within the operational risk module

For a description of the nature and appropriateness of the data used in the Internal Model, please refer to Section B.3.2.

E.5. NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

The Company has a solid solvency position and no issues have been identified in relation to compliance with either the Minimum Capital Requirement or the Solvency Capital Requirement.

E.6. OTHER INFORMATION

Sensitivities

As anticipated in Section C.7, sensitivity testing analyses the impact of simple changes in specific risk drivers (e.g. interest rates, equity shock, credit spreads) on the level of own funds, the Solvency Capital Requirement as well as solvency ratio.
The level of eligible own funds and the SCR were recalculated for each sensitivity. Their joint impact on the solvency ratio is presented in the following table.

Sensitivities

	solvency ratio
Base scenario	210%
Yield curve +50 bps	209%
Yield curve -50 bps	211%
Equity +25%	211%
Equity -25%	208%
Real Estate -25%	197%
No volatility adjustment	203%

It is obvious that none of the sensitivities represents a significant threat to the solvency position of the Company. The most impactful one among the above presented sensitivities is the drop in the market value of real estate, however even in this case the solvency ratio remains above 195%. Apart from testing of the sensitivities to shifts in individual risk factors the Company evaluates periodically also combined effect of several changes of the risk factors in stress scenarios as part of the ORSA process.

Solvency and Financial condition report - Public QRTs - as of 31.12.2024

Basic Information

Undertaking name	Generali Česká pojišťovna a.s.
Undertaking identification code	31570010000000054609
Type of code of undertaking	LEI
Type of undertaking	Undertakings pursuing both life and non-life insurance activity
Currency used for reporting	CZK
Figures reported in	thousands
Accounting standards	The undertaking is using IFRS
Method of Calculation of the SCR	Full internal model

Index

Generali Česká pojišťovna a.s.

S.02.01

Balance Sheet

	Solvency II value
Assets	
Deferred tax assets	1 534 887
Property, plant & equipment held for own use	207 297
Investments (other than assets held for index-linked and unit-linked contracts)	**55 257 600**
Property (other than for own use)	
Holdings in related undertakings, including participations	10 460 555
Equities	*2 479 451*
Equities - listed	305 031
Equities - unlisted	2 174 420
Bonds	*36 505 165*
Government Bonds	24 172 140
Corporate Bonds	10 156 165
Structured notes	1 957 569
Collateralised securities	219 290
Collective Investments Undertakings	4 761 799
Derivatives	681 892
Deposits other than cash equivalents	368 738
Assets held for index-linked and unit-linked contracts	24 538 490
Loans and mortgages	**2 117 586**
Other loans and mortgages	2 117 586
Reinsurance recoverables from:	**11 768 124**
Non-life and health similar to non-life	11 507 803
Non-life excluding health	10 627 490
Health similar to non-life	880 313
Life and health similar to life, excluding health and index-linked and unit-linked	270 251
Life excluding health and index-linked and unit-linked	270 251
Life index-linked and unit-linked	-9 930
Deposits to cedants	508
Insurance and intermediaries receivables	3 285 267
Reinsurance receivables	4 346 145
Receivables (trade, not insurance)	582 621
Cash and cash equivalents	1 237 170
Any other assets, not elsewhere shown	770 011
Total assets	**105 645 706**

Liabilities	
Technical provisions - non-life	**25 299 391**
Technical provisions - non-life (excluding health)	**22 709 122**
Best estimate	22 031 862
Risk margin	677 260
Technical provisions - health (similar to non-life)	**2 590 269**
Best estimate	2 563 550
Risk margin	26 719
Technical provisions - life (excluding index-linked and unit-linked)	**9 377 903**
Technical provisions – life (excluding health and index-linked and unit-linked)	**9 377 903**
Best estimate	8 289 174
Risk margin	1 088 729
Technical provisions – index-linked and unit-linked	**21 620 206**
Best estimate	21 428 354
Risk margin	191 852
Provisions other than technical provisions	383 598
Deposits from reinsurers	2 342
Deferred tax liabilities	328 717
Derivatives	205 898
Financial liabilities other than debts owed to credit institutions	157 938
Insurance & intermediaries payables	2 782 934
Reinsurance payables	7 860 548
Payables (trade, not insurance)	3 517 009
Any other liabilities, not elsewhere shown	1 083 362
Total liabilities	**72 619 845**

Excess of assets over liabilities	**33 025 861**

Generali Česká pojišťovna a.s.

S.04.05.21

Premiums, claims and expenses by country

	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	Czech Republic (CZ)	Slovakia (SK)	Bulgaria (BG)	Germany (DE)	Spain (ES)	France (FR)
Premiums written (Gross)						
Gross - Direct Business	31 404 913	6 630 089	0	0	0	0
Gross - Proportional reinsurance accepted	444 082	117 945	181 355	26 879	7 743	4 520
Gross - Non-proportional reinsurance accepted	0	0	247 330	0	0	0
Premiums earned (Gross)						
Gross - Direct Business	31 101 390	6 483 248	0	0	0	0
Gross - Proportional reinsurance accepted	439 606	109 294	181 384	26 952	7 214	3 562
Gross - Non-proportional reinsurance accepted	0	0	246 791	0	0	0
Claims incurred (Gross)						
Gross - Direct Business	20 225 250	3 302 720	0	0	0	0
Gross - Proportional reinsurance accepted	233 182	27 625	-411 796	32 318	823	82
Gross - Non-proportional reinsurance accepted	0	0	146 860	0	0	0
Expenses incurred (Gross)						
Gross - Direct Business	10 138 967	2 295 551	0	0	0	0
Gross - Proportional reinsurance accepted	87 079	41 911	66 465	1 609	370	9 396
Gross - Non- proportional reinsurance accepted	0	0	0	0	0	0

	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations				
	Czech Republic (CZ)	Slovakia (SK)	Kazakhstan (KZ)	0	0	0
Premiums written (Gross)	11 088 833	3 645 262	50 900	0	0	0
Premiums earned (Gross)	11 071 099	3 651 675	50 900	0	0	0
Claims incurred (Gross)	2 431 451	842 007	11 977	0	0	0
Expenses incurred (Gross)	3 516 526	1 096 912	12 556	0	0	0

Generali Česká pojišťovna a.s.

S.05.01

Premiums, claims and expenses by line of business

	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)											
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
Premiums written												
Gross - Direct Business	842 068	452 418	0	9 195 645	10 710 079	467 053	12 357 684	3 914 507	71 394	97	0	24 057
Gross - Proportional reinsurance accepted	0	0	0	0	3 275	110 707	501 236	172 291	4 342	0	0	0
Gross - Non-proportional reinsurance accepted												
Reinsurers' share	585 093	180 064	0	3 654 471	4 340 284	429 636	6 666 937	2 364 842	44 515	0	0	1 717
Net	**256 974**	**272 354**	**0**	**5 541 174**	**6 373 071**	**148 124**	**6 191 983**	**1 721 956**	**31 221**	**97**	**0**	**22 341**
Premiums earned												
Gross - Direct Business	828 626	454 872	0	9 169 221	10 560 748	458 717	12 148 579	3 871 014	68 869	99	0	23 893
Gross - Proportional reinsurance accepted	0	0	0	0	3 275	101 934	492 149	175 219	5 508	0	0	0
Gross - Non-proportional reinsurance accepted												
Reinsurers' share	585 246	180 057	0	3 653 480	4 339 064	428 135	6 670 879	2 368 855	41 357	0	0	1 715
Net	**243 380**	**274 814**	**0**	**5 515 741**	**6 224 959**	**132 517**	**5 969 849**	**1 677 378**	**33 021**	**99**	**0**	**22 178**
Claims incurred												
Gross - Direct Business	434 397	136 189	0	4 293 412	5 946 908	232 142	11 372 571	1 088 035	415	-0	0	23 899
Gross - Proportional reinsurance accepted	0	0	-3 472	-35 662	-5 541	5 262	-93 711	15 350	-13	0	0	0
Gross - Non-proportional reinsurance accepted												
Reinsurers' share	333 861	52 390	-3 536	1 715 233	2 340 670	170 121	7 390 714	534 514	7 450	0	0	244
Net	**100 537**	**83 799**	**64**	**2 542 518**	**3 600 697**	**67 283**	**3 888 147**	**568 871**	**-7 048**	**-0**	**0**	**23 655**
Expenses incurred	197 147	32 855	0	1 685 543	1 787 864	63 414	2 925 177	638 106	5 748	5	0	6 197
Balance - other technical expenses/income												
Total technical expenses												

	Line of Business for: accepted non-proportional reinsurance				**Total**
	Health	Casualty	Marine, aviation, transport	Property	
Premiums written					
Gross - Direct Business					**38 035 003**
Gross - Proportional reinsurance accepted					**791 852**
Gross - Non-proportional reinsurance accepted	10 508	1 149	1 157	234 516	**247 330**
Reinsurers' share	10 508	1 149	1 157	234 516	**18 514 889**
Net	**0**	**0**	**0**	**-0**	**20 559 296**
Premiums earned					
Gross - Direct Business					**37 584 638**
Gross - Proportional reinsurance accepted					**778 086**
Gross - Non-proportional reinsurance accepted	10 482	1 149	1 157	234 004	**246 791**
Reinsurers' share	10 482	1 149	1 157	234 004	**18 515 578**
Net	**0**	**0**	**0**	**-0**	**20 093 936**
Claims incurred					
Gross - Direct Business					**23 527 969**
Gross - Proportional reinsurance accepted					**-117 787**
Gross - Non-proportional reinsurance accepted	2 762	0	0	144 099	**146 860**
Reinsurers' share	2 762	0	0	144 099	**12 688 521**
Net	**0**	**0**	**0**	**0**	**10 868 522**
Expenses incurred	-53	-6	-6	-1 172	**7 340 820**
Balance - other technical expenses/income					**1 021 662**
Total technical expenses					**8 362 482**

	Line of Business for: life insurance obligations						Life reinsurance obligations		**Total**
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
Premiums written									
Gross	0	1 935 492	2 947 209	9 851 394	0	0	0	50 900	**14 784 996**
Reinsurers' share	0	4 660	0	1 896 171	0	0	0	50 900	**1 951 731**
Net	**0**	**1 930 832**	**2 947 209**	**7 955 224**	**0**	**0**	**0**	**0**	**12 833 265**
Premiums earned									
Gross	0	1 935 492	2 948 085	9 839 196	0	0	0	50 900	**14 773 674**
Reinsurers' share	0	4 660	0	1 896 610	0	0	0	50 900	**1 952 170**
Net	**0**	**1 930 832**	**2 948 085**	**7 942 586**	**0**	**0**	**0**	**0**	**12 821 504**
Claims incurred									
Gross	0	212 271	40 633	3 173 899	0	-151 331	0	9 963	**3 285 435**
Reinsurers' share	0	0	0	674 044	0	4 673	0	9 963	**688 680**
Net	**0**	**212 271**	**40 633**	**2 499 855**	**0**	**-156 004**	**0**	**0**	**2 596 755**
Expenses incurred	0	125 899	568 411	3 304 959	0	0	0	-575	**3 998 693**
Balance - other technical expenses/income									**447 122**
Total technical expenses									**4 445 816**
Total amount of surrenders	**0**	**640 748**	**1 990 483**	**108 048**	**0**	**0**	**0**	**0**	**2 739 279**

Generali Česká pojišťovna a.s.

S.12.01

Life and Health SLT Technical Provisions

	Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
			Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
Technical provisions calculated as a whole	0	0			0			0	0	**0**	0			0	0	**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0			0			0	0	**0**	0			0	0	**0**
Technical provisions calculated as a sum of BE and RM																
Best Estimate																
Gross Best Estimate	17 598 112		21 428 354	0		-11 293 082	469 274	1 514 870	0	**29 717 528**		0	0	0	0	**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-877		-9 930	0		-252 380	0	523 508	0	**260 321**		0	0	0	0	**0**
Best estimate minus recoverables from reinsurance/SPV and Finite Re	17 598 990		21 438 284	0		-11 040 703	469 274	991 362	0	**29 457 207**		0	0	0	0	**0**
Risk Margin	88 678	191 852			925 819			74 232	0	**1 280 581**	0			0	0	**0**
Amount of the transitional on Technical Provisions																
Technical Provisions calculated as a whole	0	0			0			0	0	**0**	0			0	0	**0**
Best estimate	0		0	0		0	0	0	0	**0**		0	0	0	0	**0**
Risk margin	0	0			0			0	0	**0**	0			0	0	**0**
Technical provisions - total	**17 686 791**	**21 620 206**			**-9 897 990**			**1 589 101**	**0**	**30 998 108**	**0**			**0**	**0**	**0**

Generali Česká pojišťovna a.s.

S.17.01

Non - life Technical Provisions

	Direct business and accepted proportional reinsurance									Direct business and accepted proportional reinsurance			Accepted non-proportional reinsurance				
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	**Total Non-Life obligations**
Technical provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Technical provisions calculated as a sum of BE and RM																	
Best estimate																	
Premium provisions																	
Gross	39 618	15 168	0	1 670 817	1 566 449	10 925	1 314 712	357 510	5 497	-1	0	160	0	0	0	0	**4 980 855**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	10 107	3 295	0	491 721	508 572	-1 490	106 615	110 813	5 365	0	0	67	0	0	0	0	**1 235 065**
Net Best Estimate of Premium Provisions	29 510	11 872	0	1 179 096	1 057 878	12 415	1 208 097	246 697	133	-1	0	93	0	0	0	0	**3 745 790**
Claims provisions																	
Gross	216 363	2 292 268	0	4 900 907	1 546 136	194 062	7 169 862	3 121 115	41 997	23	0	37 276	134	72 217	0	22 198	**19 614 558**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	135 556	731 221	0	1 854 861	520 515	133 849	4 868 119	1 914 382	21 051	0	0	238	134	70 724	0	22 088	**10 272 738**
Net Best Estimate of Claims Provisions	80 807	1 561 047	0	3 046 045	1 025 621	60 213	2 301 743	1 206 732	20 946	23	0	37 038	0	1 493	0	110	**9 341 819**
Total Best estimate - gross	255 981	2 307 435	0	6 571 724	3 112 585	204 987	8 484 574	3 478 624	47 494	22	0	37 436	134	72 217	0	22 198	**24 595 412**
Total Best estimate - net	110 318	1 572 919	0	4 225 142	2 083 499	72 628	3 509 840	1 453 429	21 078	22	0	37 131	0	1 493	0	110	**13 087 609**
Risk margin	2 883	23 836	0	288 981	38 963	5 928	199 852	142 237	1 049	0	0	250	0	0	0	0	**703 978**
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Best estimate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Risk margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Technical provisions - total																	
Technical provisions - total	258 863	2 331 271	0	6 860 705	3 151 549	210 915	8 684 426	3 620 862	48 543	22	0	37 686	134	72 217	0	22 198	**25 299 391**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	145 663	734 516	0	2 346 582	1 029 087	132 359	4 974 734	2 025 195	26 416	0	0	305	134	70 724	0	22 088	**11 507 803**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**113 200**	**1 596 755**	**0**	**4 514 123**	**2 122 462**	**78 556**	**3 709 692**	**1 595 666**	**22 127**	**22**	**0**	**37 381**	**0**	**1 493**	**0**	**110**	**13 791 588**

Generali Česká pojišťovna a.s.

S.19.01

Non-life Insurance Claims Information

Accident Year/Underwriting year	1 - Accident year

Gross Claims Paid (non-cumulative)

	Development year											In Current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
Prior											87 815	87 815	
N-9	7 562 389	3 463 963	805 833	440 469	229 419	112 495	1 514	56 853	19 663	-6 717		-6 717	12 685 881
N-8	8 415 965	3 666 042	829 559	446 683	209 384	59 313	45 665	18 231	6 271			6 271	13 697 114
N-7	8 967 283	4 055 343	1 057 892	580 489	418 336	44 986	41 346	23 444				23 444	15 189 119
N-6	9 412 336	4 168 536	1 079 892	481 621	195 286	103 850	17 203					17 203	15 458 724
N-5	10 592 726	4 017 231	881 224	465 337	178 526	51 244						51 244	16 186 288
N-4	9 725 589	3 285 269	682 872	347 072	170 951							170 951	14 211 754
N-3	10 984 456	4 968 864	1 272 410	703 225								703 225	17 928 956
N-2	10 807 145	4 489 743	949 735									949 735	16 246 622
N-1	11 088 621	5 291 488										5 291 488	16 380 109
N	16 298 552											16 298 552	16 298 552
Total												**23 593 211**	**154 283 118**

Gross undiscounted Best Estimate Claims Provisions

	Development year											Year end (discounted data)
	0	1	2	3	4	5	6	7	8	9	10 & +	
Prior											596 094	437 754
N-9	0	0	0	0	0	0	363 665	276 281	299 757	268 464		222 917
N-8	0	0	0	0	0	449 968	384 420	333 763	145 208			104 286
N-7	0	0	0	0	414 115	337 687	295 056	212 746				167 991
N-6	0	0	0	770 210	509 553	314 866	216 337					163 852
N-5	0	0	1 243 632	765 927	581 362	466 359						370 936
N-4	0	2 059 390	1 147 949	658 367	416 106							309 603
N-3	8 128 434	3 507 744	2 079 278	1 170 842								977 558
N-2	7 174 145	2 503 076	1 235 566									943 270
N-1	8 659 814	2 633 827										2 035 516
N	11 331 242											9 034 680
Total												**14 768 362**

Generali Česká pojišťovna a.s.

S.22.01

Impact of long term guarantees measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
Technical provisions	56 297 499	0	0	211 527	0
Basic own funds	24 999 861	0	0	-126 733	0
Eligible own funds to meet Solvency Capital Requirement	24 999 861	0	0	-126 733	0
Solvency Capital Requirement	11 904 680	0	0	321 253	0
Eligible own funds to meet Minimum Capital Requirement	23 464 974	0	0	-158 280	0
Minimum Capital Requirement	4 062 284	0	0	7 014	0

Generali Česká pojišťovna a.s.

S.23.01

Own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	4 000 000	4 000 000		0	
Share premium account related to ordinary share capital	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
Subordinated mutual member accounts	0		0	0	0
Surplus funds	0	0			
Preference shares	0		0	0	0
Share premium account related to preference shares	0		0	0	0
Reconciliation reserve	19 464 974	19 464 974			
Subordinated liabilities	0		0	0	0
An amount equal to the value of net deferred tax assets	1 534 887				1 534 887
Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
Deductions					
Deductions for participations in financial and credit institutions	0	0	0	0	0
Total basic own funds after deductions	**24 999 861**	**23 464 974**	**0**	**0**	**1 534 887**
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
Unpaid and uncalled preference shares callable on demand	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
Other ancillary own funds	0			0	0
Total ancillary own funds	**0**			**0**	**0**
Available and eligible own funds					
Total available own funds to meet the SCR	**24 999 861**	**23 464 974**	**0**	**0**	**1 534 887**
Total available own funds to meet the MCR	**23 464 974**	**23 464 974**	**0**	**0**	
Total eligible own funds to meet the SCR	**24 999 861**	**23 464 974**	**0**	**0**	**1 534 887**
Total eligible own funds to meet the MCR	**23 464 974**	**23 464 974**	**0**	**0**	
SCR	**11 904 680**				
MCR	**4 062 284**				
Ratio of Eligible own funds to SCR	**210,0%**				
Ratio of Eligible own funds to MCR	**577,6%**				

Reconciliation reserve	
Excess of assets over liabilities	33 025 861
Own shares (held directly and indirectly)	0
Foreseeable dividends, distributions and charges	8 026 000
Other basic own fund items	5 534 887
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Reconciliation reserve	**19 464 974**
Expected profits	
Expected profits included in future premiums (EPIFP) - Life business	16 084 369
Expected profits included in future premiums (EPIFP) - Non- life business	1 574 535
Total Expected profits included in future premiums (EPIFP)	**17 658 903**

Generali Česká pojišťovna a.s.

S.25.05

Solvency Capital Requirement - for undertakings using an internal model (partial or full)

Component - specific information

	Solvency Capital Requirement	Amount modelled
Risk type		
Total diversification	-2 707 290	-2 707 290
Total diversified risk before tax	12 092 658	12 092 658
Total diversified risk after tax	11 904 680	11 904 680
Total market & credit risk	10 204 797	10 204 797
Market & Credit risk - diversified	5 171 439	5 171 439
Credit event risk not covered in market & credit risk	0	0
Credit event risk not covered in market & credit risk - diversified	0	0
Total Business risk	0	0
Total Business risk - diversified	0	0
Total Net Non-life underwriting risk	5 396 915	5 396 915
Total Net Non-life underwriting risk - diversified	3 743 830	3 743 830
Total Life & Health underwriting risk	3 927 263	3 927 263
Total Life & Health underwriting risk - diversified	2 205 670	2 205 670
Total Operational risk	1 140 253	1 140 253
Total Operational risk - diversified	1 140 253	1 140 253
Other risk	2 350 779	2 350 779

Calculation of Solvency Capital Requirement

	Value
Total undiversified components	**14 611 970**
Diversification	-2 707 290
Adjustment due to RFF/MAP nSCR aggregation	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency capital requirement, excluding capital add-ons	**11 904 680**
Capital add-ons already set	**0**
of which, Capital add-ons already set - Article 37 (1) Type a	0
of which, Capital add-ons already set - Article 37 (1) Type b	0
of which, Capital add-ons already set - Article 37 (1) Type c	0
of which, Capital add-ons already set - Article 37 (1) Type d	0
Solvency capital requirement	**11 904 680**
Other information on SCR	
Amount/estimate of the overall loss-absorbing capacity of technical provisions	0
Amount/estimate of the loss absorbing capacity for deferred taxes	-187 978
Capital requirement for duration-based equity risk sub-module	0
Total amount of Notional Solvency Capital Requirements for remaining part	11 904 680
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
Diversification effects due to RFF nSCR aggregation for article 304	0
Method used to calculate the adjustment due to RFF nSCR aggregation	4 - No adjustment
Net future discretionary benefits	0

Approach to tax rate

	Yes/No
Approach based on average tax rate	**1 - Yes**

Calculation of loss absorbing capacity of deferred taxes

	LAC DT
Amount/estimate of LAC DT	**-187 978**
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	-187 978
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	0
Amount/estimate of LAC DT justified by carry back, current year	0
Amount/estimate of LAC DT justified by carry back, future years	0
Amount/estimate of Maximum LAC DT	-2 308 485

Generali Česká pojišťovna a.s.

S.28.02

Minimum capital Requirement - Both life and non-life insurance activity

	Non-life activities	Life activities
	$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$ Result
Linear formula component for non-life insurance and reinsurance obligations	2 786 242	189 492

	Non-life activities		Life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	110 318	256 974		
Income protection insurance and proportional reinsurance	126 413	272 354	1 446 506	
Workers' compensation insurance and proportional reinsurance	0	0		
Motor vehicle liability insurance and proportional reinsurance	4 225 142	5 541 174		
Other motor insurance and proportional reinsurance	2 083 499	6 373 071		
Marine, aviation and transport insurance and proportional reinsurance	72 628	148 124		
Fire and other damage to property insurance and proportional reinsurance	3 509 840	6 191 983		
General liability insurance and proportional reinsurance	1 453 429	1 721 956		
Credit and suretyship insurance and proportional reinsurance	21 078	31 221		
Legal expenses insurance and proportional reinsurance	22	97		
Assistance and proportional reinsurance	0	0		
Miscellaneous financial loss insurance and proportional reinsurance	37 131	22 341		
Non-proportional health reinsurance	0	0		
Non-proportional casualty reinsurance	1 493	0		
Non-proportional marine, aviation and transport reinsurance	0	0		
Non-proportional property reinsurance	110	0		

	Non-life activities	Life activities
	$MCR_{(L,NL)}$ Result	$MCR_{(L,L)}$ Result
Linear formula component for life insurance and reinsurance obligations	20 819	1 065 731

	Non-life activities		Life activities	
	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
Obligations with profit participation - guaranteed benefits	0		17 481 071	
Obligations with profit participation - future discretionary benefits	0		117 918	
Index-linked and unit-linked insurance obligations	0		21 438 284	
Other life (re)insurance and health (re)insurance obligations	991 362		0	
Total capital at risk for all life (re)insurance obligations		0		392 849 930

Overall MCR calculation	
Linear MCR	4 062 284
SCR	11 904 680
MCR cap	5 357 106
MCR floor	2 976 170
Combined MCR	4 062 284
Absolute floor of the MCR	187 305
Minimum Capital Requirement	**4 062 284**

Notional non-life and life MCR calculation	Non-life activities	Life activities
Notional linear MCR	2 807 061	1 255 223
Notional SCR excluding add-on (annual or latest calculation)	8 226 200	3 678 480
Notional MCR cap	3 701 790	1 655 316
Notional MCR floor	2 056 550	919 620
Notional Combined MCR	2 807 061	1 255 223
Absolute floor of the notional MCR	93 653	93 653
Notional MCR	2 807 061	1 255 223