Allianz Hrvatska d.d.

Annual report for 2024

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Management Report

Management Report

Croatia continues with strong economic development and GDP growth is expected to reach 3.8% in 2024, after growth of 3.1% in 2023 and 6.3% in 2022. Again, Croatia is one of the best performing economies in post-corona recovery. In 3Q24 GDP grew by 4.1% in real terms, confirming the strong readings in first two quarters of the year. Another strong touristic season as well as high disbursement of EU funds and strong domestic demand are the main drivers of growth. Government consumption also positively affected GDP growth, while net exports are a small drag on the economic performance revealing still high import dependency of the country.

Looking at different sectors of the economy, construction is leading the growth due to huge demand for real estate as well as due to strong other investment activity. Retail sector was also in strong position and in 2024 Croatia recorded an increase in retail sales volume of 7.3%. On the other hand, industrial production declined by 2.4% in 2024, due to overall lower demand in relevant foreign markets.

Inflation is cooling down, but it is still high and has risen recently. Last 2 months of the year brought the uptick in inflation dynamics and it continued well into early 2025. Overall, inflation rate stood at 4.0% in whole 2024 (measured by HICP) compared to 2.4% in euro area. Part of the difference lies in stronger economic growth and retail sales activity, but the other part is due to structural issues and lower market efficiency.

Unemployment rate was at 4.5% in December 2024 (Eurostat), 1.1 p.p. lower than in December 2023. Labor market is strong and current lack of workforce is supportive for wage increases. Nominal wage growth is above the inflation rate and real net wage growth reached almost 12% in 2024. Increase in employment as well as growth in real wages support the economic activity and domestic demand in upcoming period. However, there are some elevated risks to economic stability and growth due to the shortage of labor force (especially in mid and long term, although even in short run there are some obstacles in specific sectors).

The current and capital account of the balance of payments ran a surplus of EUR 5.1bn in 3Q24, which is a deterioration of EUR 0.4bn compared to 3Q23. In 3Q24 (T12M result) Croatia had a CA deficit equal to 0.5% of GDP (in whole 2023 surplus reached 1.1% of GDP). Both (together) Current and Capital account (T12M result) reached a surplus equal to 1.2% of GDP in 3Q24 (after a surplus of 3.9% of GDP in whole 2023). As usual, tourism sector is a huge export-oriented service sector which improves the net export picture. When looking only into export and import of goods, the export-to-import coverage ratio stood at 57.3% in 2024 after 58.0% in 2023.

Budget deficit reached 0.7% of GDP in 2023 (after surplus of 0.4% of GDP in 2022). Still, this reading should be observed in environment of higher budget deficits, where euro area recorded a budget deficit of 3.6% of GDP in 2023. In 2024 budget deficit is expected at 2.1% of GDP, which is still below 3% Maastricht criteria. Last available data suggest Debt-to-GDP ratio at 59.7% (3Q24), -3.6 p.p. yoy, which is in line with previous projections. Drop in relative indebtedness below 60% of nominal GDP is the huge accomplishment for fiscal policy. Due to strong macroeconomic position and due to stable and improving public finances, Croatia received a rating upgrade in 2024 by all three major credit rating agencies. Hence, Croatia now has an A- rating with positive / stable outlook (by S&P and Fitch) and A3 stable outlook (by Mooody's). For some time already, Croatian government (euro)bonds were trading as an A rated county and overall Croatia experienced a significant spread narrowing in 2024. At the end of 2024 spread of Croatia eurobond maturing in 2035 relative to same maturity German government bond was only around 60 bps, which is a huge improvement in perceived country risk premia. Croatia is nowadays considered as a relatively safe country with improved credit fundamentals and further bond yield movements should follow the overall movement in core rates with stable spread levels.

Croatia issued one new eurobond in 2024, with maturity of 10 years and in the total amount of EUR 1.5 bn with YTM at issuance of 3.42%. In 2024 MoF issued a joint institutional and retail bond with maturity of 3 years and total bond size of EUR 0.75 bn, of which EUR 0.16 bn was purchased by retail investors. Yield at the issuance date (July 2024) was set at 3.30%. In 2024 MoF continued with regular activities regarding the issuance of both retail and institutional T-bills. After the Summer issuance of two local bonds, MoF stepped back with new issuances and there was no more bond issuances for the rest of 2024, although there was a smaller maturity of the local bond in November 2024. Still, the proceeds from T-bill issuances as well as very solid public finances acted as a support for the financing needs and there was no need to issue new bonds at the end of 2024. Worth mentioning is upcoming larger maturity of government bonds in March 2025 in the total amount of EUR 4 bn, including the retail bond and it is expected that new retail bond as well as local and Eurobond will be issued in the first quarter of 2025.

After the entrance in euro area and Schengen area (on January 1, 2023) next institutional milestone would be the entrance into OECD, which is expected in 2026. It would be another great accomplishment for the development of Croatia as well as a proof of ongoing economical, societal and governance growth and stability.

EC expects GDP growth of 3.3% in 2025 and 2.9% in 2026, while CNB expects GDP growth of 3.3% in 2025 and 3.0% in 2026 (very similar to EC forecast). NGEU funds and other EU disbursements should act positively on growth outlook in near and medium term and may spur new investments into sustainable production and in higher value-added (digital) services. Despite recent discussions about too aggressive price increases in tourism and hospitality sector, there are still strong expectations about upcoming touristic seasons. Banking sector is very well-capitalized with average capital adequacy ratio of around 23%. Political situation is stable with local elections in May.

EC is projecting (average) inflation rate at 3.4% in 2025 and 2.0% in 2026, while CNB is projecting inflation rate at 3.5% in 2025 and 2.5% in 2026. Although inflation is in downward trajectory, it is still higher than in euro area. Labor market should stay strong and further growth of tourism and services sector, together with strong domestic demand, will likely lead to higher levels of employment. Increased wage growth pressures are to remain in 2025 as well. On the negative side, lack of available workforce and worsening of demographic picture, may act as a brake on economic growth and especially negative on certain sectors. Public finances are likely to continue the positive trend from last years and relative indebtedness should fall even lower to levels well below 60% of GDP. MoF is planning a budget deficit of 2.3% of GDP in 2025. Although local elections are coming soon, expectations are that political situation will remain stable and no major changes in political landscape are expected.

Bond yields are likely to follow the pace of core yields but spread tightening may be closing as recent tightening episodes (in 2023 and 2024) were very strong. Still, in overall lower spread market environment, current level of yields on Croatian bonds are solid given the strong fundamentals in terms of macroeconomic and fiscal situation. Also, given the lack of new issuances as well as more retail involvement, technical factors work in favor of Croatian bonds valuation. Local corporate market is still subdued with some bank issuances in 2024 and expected to continue in 2025. Local equity market provides interesting investment opportunities as majority of companies have proven to be resilient and results have been robust so far, while valuations are not demanding. Compared to leading global equity indices, local market managed to do far better in last 3 years as valuation gap relative to global peers narrowed and companies in general had robust results. In 2025 domestic equity index, CROBEX, had a price return of 26%. The major obstacle for local equity market is lack of liquidity. Residential real estate market should be stable and continue with (higher) single digit growth this year, due to still strong international and domestic demand.

The Company continues to duly monitor the changes and potential risks from the capital markets, as well as changes in portfolio needs and liabilities, and is ready to react to minimize market effects on business activities. Current market environment is still positive for long-term interest income generation due to higher yields, although it seems that yield peaks have passed already. Central banks started to cut interest rates and are likely to continue with those monetary actions in 2025, hence yield curve should steepen further, but without significant fiscal movements, longer term yields should stabilize at current levels or slightly below. In 2024 yield curves returned to normal steepness where longer date bonds are yielding more than shorter ones. As certain level of market volatility is likely to stay in the short term, the Company continues with prudent and conservative investment activities in order to achieve a stable income and cash flow. Also, Company always ensures the adequate liquidity position through all available money market instruments. Company is focused on maximizing life insurer's profit per given level of risk, while protecting shareholders' and policyholders' assets. Timely and effectively solving all claims and needs remains the core of the business operations.

Company has an internationally diversified portfolio, comprising mostly of IG fixed-income assets (denominated in EUR). Diligent and gradual expansion of investment opportunity set has led to decrease of the concentration risk to Croatian Government bonds that was previously present due to historical regulatory reasons. Investments consider macroeconomic, credit and all other specific risks of the particular investment and are viewed in the context of the whole portfolio with the aim of improving the risk and return profile. Company is managing its assets conservatively and only small fraction of total assets is invested in other asset classes in order to enhance the portfolio yield, but always with the consideration of risk-return profile of particular investment.

The Company continued by expanding the business on the Slovenian market where it operates through the branch established in July 2018. The Company has significant expectations in future premium growth both in retail and corporate segment due to high share of insurance premium in GDP on Slovenian market, good services recognized under Allianz brand and support by experienced Croatian team. Achieved premium growth on the Slovenian market in 2024 indicates the market's potential as the Company's continues to work on improving the processes and building a solid foundation for growth and market share increase in the future.

In accordance with the rules and regulations that apply to our profession, we still plan to attend to careful running of the entire business of the company through simplification of our products and processes, satisfying the needs of our clients, minimizing risks, achieving planned profitability and maintaining the adequate capital position in order to prevent the impairment of the financial stability of the Company at any time and in order to ensure the active, constructive and fair role of the Company on the insurance market and the financial market in the Croatia and Slovenia.

Business results achieved in 2024 and during the previous years prove that we are on the right path to achieve our med-term and long term business plans as well as strengthen the position of Company in both Croatian and Slovenian insurance market, all in line with the position of the Company brand in the global market.

In addition to achieving good business results, our main objective in the future is to be recognized by our clients as the leading and digitally modernized insurance company that provides safety and support in the future, while maintaining mutual confidence as well as the insurance that our employees make a difference. In this way we shall continue to increase the market competitiveness, satisfaction and number of customers.

We shall remain and continue to be the financial institution that clients trust the most owing to our professional, moral and ethical behavior and business management.

Management Report (continued)

2024 financial performance

In 2024, the Company achieved a total gross premium in the amount of EUR 226.6 million (including impairment of receivables), which is 10.7 % higher versus previous year.

In non-life insurance, Company achieved a total gross premium in the amount of EUR 165.9 million, which represents growth compared to previous year of 13.2%. Premium growth comes from all lines of business (except MAT), with Fire and other damage to property insurance, General liability, MOD, MTPL and Health insurance driving the majority of non-life portfolio growth.

Gross written premium from life insurance in 2024 was EUR 60.7 million which represents an increase of 4.7% compared to previous year. Increase of life insurance premium is coming from unit-linked within the bancassurance channel.

Increase of total gross written premium generated in Slovenia coming from non-life business which is primarily driven by Property and Motor business. Life gross written premium in Slovenia grew compared to previous year, indicating potential for future growth in life segment.

The Company's gross profit in 2024 amounted to EUR 29.3 millions (2023: EUR 24.2 million), which increased in relation to the last year by 20.9%. Growth in profitability is coming from both segments of the business.

In non-life insurance, the Company’s gross profit grew by EUR 7.1 million compared to 2023 as a result of higher insurance revenues and investment result. Improvement was achieved in Motor business, Property, Liability and Accident. Gross profit in life segment for the Company of EUR 7.9 million decreased by EUR 2.0 million compared to the previous year due to decreased income from insurance contracts and higher expenses from insurance contracts, while partially compensated with higher investment result.

The Company realized combined ratio (including reinsurance) in non-life insurance business of 90.3%, including both markets in Croatia and Slovenia which represents a lower combined ratio of 0.9% compared to 2023.

At the same time, the solvency ratio, which is an important business and financial quality indicator, decreased, but not significantly, to 199% (from 202% in 2023) primarily due to the increase in Solvency Capital Requirement - particularly increase in underwriting risks. Company’s own funds have increased due to growth in net income.

Management Report (continued)

Expected future development

When comparing the Croatian market with markets in the rest of Europe, we can freely say that the Croatian insurance industry is still underdeveloped, which is particularly pronounced in the segment of life insurance with the share of insurance premium in GDP below 1%. Taking these facts into account, the Croatian insurance market is characterized by a significant growth potential that the Company intends to take advantage of. Life insurance taking into account ageing population and the greater need of provision of pensions, represents high potential for growth, but it is still a question when this potential will be achieved through rise of awareness of the population about needs for life insurance.

A supplement to the life insurance product is the savings in the third pension pillar, and we see the growth potential in this segment over the next decade.

Regarding the life insurance, the growth is still expected to be achieved through the bank insurance channel, the development of new products and as part of other activities, thereby raising the level of services in distribution through its own sales network and other channels.

Focus remains to be development and sales of "unit linked" and "risk" products, and further education and development of the sales channels in this segment.

In non-life insurance, the goal is to further improve the technical excellence supporting the profitable growth in motor and work on further simplification of products and services to our clients.

By entering the new market in 2018, the Company intends to acquire a 2% of the Slovenian insurance market in next three years through non-life and life insurance. Increase in market share intends to be achieved in the following manner:

- by offering wide product portfolio within the retail and corporate business segment;
- using geographic interconnection of two countries, acquired knowledge in the local market and immediate operational support and
- advantages of linguistic and cultural similarities, as well as existing commercial connections between Slovenia and Croatia.

There are significant expectations of growth in the next period in relation to Slovenian branch and sources of growth expected are both retail and commercial segments.

For growth on Slovenian market and achieving the business plan, the Company has strong preconditions in using the experience of Croatian team, developed partnerships as well as strong Allianz brand. Large growth potential is expected in bank insurance channel on both markets by strengthening the cooperation with Zagrebačka banka d.d. and Unicredit bank Slovenia d.d. under the umbrella of the Allianz & Unicredit regional partnership and exclusive contract signed for period of 15 years. Long-term experience in the sales of bank insurance on Croatia market and cooperation with the leading bank creates the prerequisites for the successful development of bank insurance business also in Slovenia.

Research and development activities

The Company regularly develops innovative products designed for the insurance market. Company is also regularly developing his own core software which supports growing demands on the insurance products.

Management Report (continued)

Shares of the Company

On the reporting date, the Company's share capital is divided into 254,306 ordinary shares with a nominal value of EUR 53 per share, and the Company's sole shareholder is Allianz Holding eins GmbH, a limited liability company with residence in Austria that has 100% of the Company's share capital and voting rights.Shares of the Company are not listed on the capital market. The ultimate owner of the Company is Allianz SE, a joint stock company domiciled in Germany, whose shares are listed on the capital market.

Information on the purchase of own shares

Till the end of 2024 the Company did not acquire and release any treasury shares.

The Company subsidiaries

On the reporting date the Company has 1 subsidiary Autoelektro tehnički pregledi d.o.o. za trgovinu i usluge.

Total investment in subsidiaries at the end of 2024 amounted to EUR 65 thousand. There were no new acquisitions in 2024, but following changes took place:

- Allianz Equity, open-end investment fund with a public offering, was merged with open-end investment fund with a public offering, ZB Aktiv UCITS fund, which changed its name to ZB CEE Equity samacand is managed by ZB Invest d.o.o.;
- Allianz Portfolio, open-end investment fund with a public offering, was merged with open-end investment fund with a public offering, ZB global 70, which changed its name to ZB Portfolio 70 and is managed by ZB Invest d.o.o.;
- The management of the open-end investment fund with a public offering Allianz Short Term Bond was transferred to ZB Invest d.o.o., and the fund itself changed its name to ZB Short Term Bond.

By implementing the aforementioned changes, Allianz Invest d.o.o. stopped managing UCITS funds: Allianz Short Term Bond, Allianz Portfolio and Allianz Equity.

In the last quarter of 2024, the companies Allianz Invest d.o.o. and AZ Servisni Centar d.o.o. ceased to exist.

Details about structure of the ownership are shown under note 1.12.

Post balance sheet events

Post balance sheet events have been disclosed in Note 1.36.

Non financial report

The Company is according to Accounting law, article 31., paragraph 1., exempt from non financial reporting as it is included as a subsidiary in consolidated non - financial reporting of Allianz SE which is prepared and issued in english located on web https://www.allianz.com/en/sustainability/sustainability-hub/sustainability-report-and-other-publications.html

Sustainability Report

Group Annual Sustainability Report is prepared by Allianz SE and available at: https://www.allianz.com/en/sustainability/sustainability-hub/sustainability-report-and-other-publications.html

Management Report (continued)

The objectives and policies related to the management of financial risks

Market risk for the Company consists of the following risk types: the risk of lower equity prices, real estate risk, interest rate risk, currency risk and volatility risks including the volatility of equity, real estate and interest rates. Each of these risks can lead to negative developments in the valuation of assets and liabilities. Due to the amount of assets under management and the amount of insurance contract liability and guarantees given to policyholders of life insurance, the Company is exposed to movements in financial markets.

Due to Croatia entering eurozone the Company is not significantly exposed to currency risk. Exposure can come through transactions in foreign currencies related to credit, deposit and other investment activities, as well as from premium income, primarily by life insurance, calculation of related insurance contract liability, settlement of claims on insurance policies linked to foreign currency and the payment of reinsurance premiums. The Company is mainly exposed to USD.

The Company monitors the exposure to currency risk and seeks to align currency assets and liabilities denominated in foreign currencies or with currency clause.

On the assets side, it is important to emphasize that the decision on the allocation of the investment portfolio takes into account the currency exposure of the product and thus determines the currency exposure of the investment portfolio.

The exposure of the Company to interest rate changes within the market risk is driven by both investment portfolio and liabilities arising from life insurance.

Interest rate risk is linked to financial instruments with a fixed and variable interest rate. In another words assets and liabilities with variable interest rates expose the Company to changes in the future cash flows, while assets and liabilities with fixed rates expose the Company to fair value of interest rate risk. The risk of future cash flows is limited since the most investments are allocated at a fixed rate.

The Company is managing the asset portfolio by matching it with the liabilities taking into account the inherent interest rate as well as current and expected market conditions. Insurance liabilities that primarily expose the Company to interest rate risk is life insurance contract liability under long-term contracts of life insurance.

The Company regularly performs modelling and estimation of cash flows, as well as the impact of interest rate fluctuations related to investment portfolio and insurance contract liability of the models prepared by the parent company. The goal is to limit the net changes in the value of assets and liabilities arising from changes in interest rates, as well to assess the compliance of future income and liabilities under insurance contract.

The effect of change in interest rate is reduced by determining duration of the portfolio of securities with fixed income. Decision on duration of portfolio investments is made within strategic asset allocation framework, based on the impact analysis of changes in interest rates on the asset portfolio and the maturity of the liabilities.

The Company monitors continuously the investment portfolio and market conditions to address the movement of interest rates in order to manage interest rate risk within investment decision making.

For the purposes of risk management in equity prices and investment funds, the Company invests in a diversified portfolio of high-quality liquid securities.

The portfolio's holdings are diversified across industries, while the concentration of a single entity and the overall size of the portfolio is limited by parameters aligned the Finance Committee or legislation.

The portfolio is monitored and analysed daily.

The Company has other measures for reducing market risk, such as diversification of investment portfolios reducing the concentration of the exposure to the Croatian government bonds. Before decision on the change in allocation, the estimation of the impact on the capital position of the Company is performed (Solvency II). Moreover, the Company has been actively dedicated to reducing the guarantee in the portfolio of life insurance including activities to gradually reshape the structure of the portfolio.

Management Report (continued)

The objectives and policies related to the management of financial risks (continued)

Market risks are identified and measured through an established process for top risks assessment, although such risks are already addressed within the Solvency II Standard formula as a part of the market risk capital requirements. Most significant market risks identified for Company are interest rate risk, spread risk and concentration risk, monitored on quarterly basis.

The Company is managing its asset by matching investments with liabilities maturity structure, foreign exchange structure and liquidity. The main financial instruments to which asset is invested are government and corporative bonds, treasury bills, shares, investment funds, bank deposits as well as loans to insurer and companies.

The Company has adopted investment policies and procedures in order to manage risks. They contain the protection measures from larger losses (stop loss scenario), whose purpose is to minimize risk and ensure adequate yield.

Exposure to the price risk, credit risk, liquidity risk and the risk of the cash flow

The Company holds strong liquidity position having higher cash inflow than cash outflow generating liquidity surplus supporting further investments.

Transactions of the financial instruments lead to overtaking financial risks such as market risk, credit risk (including reinsurance credit risk) and liquidity risk.

The Company holds liquid assets in the portfolio as a part of the strategy for liquidity risk management insuring business continuity within given regulatory conditions. Significant investments in government securities classified at fer value through other comprehensive income (bonds and treasury bills) and investment funds, including investments in bank deposits with the clause of early termination represent highly liquid financial instruments with daily inflows to cash accounts. Thus, allowing the Company a strong liquidity position with limited exposure to liquidity risk while complying with legal liquidity requirements.

A key area in which the Company is exposed to credit risk are investments in financial assets, primarily in fixed income securities, mortgage loans, deposits, and other short-term and long-term investments. The Company applies a low-risk investment policy by investing its assets mainly in investments with good credit rating with the majority of the portfolio relating to the securities of the Republic of Croatia and EU member states. Term deposits are invested in leading Croatian banks owned by international banking groups. Allocation of asset in investment funds including exposure to leading banks are mitigating credit risk and increasing portfolio diversification.

The Company continuously monitors the credit risk exposure. The portfolio manager actively manages the portfolio on a daily basis in line with market trends while considering further transactions on purchase / sale. Transactions of purchase / sales are limited by internal and legal regulations and decisions of the Finance Committee. Through regular meetings, Finance Committee ensures proper credit risk management is implemented at the operational level in daily business.

To reduce the risk of reinsurers not settling the obligations on time and in accordance with the contractual obligations, the Company complies with the Group standards to conduct business with high-quality reinsurers. Credit risks are also identified and measured through an established process for top risks, although such risks are already addressed within the Solvency II Standard formula as a part of the capital requirements. One of the identified most significant risks is the risk of lower credit rating of government bonds the Company has in a portfolio, primarily Romania and Mexico.

Management Report (continued)

Statement on the corporate governance Code

In accordance with Art. 250. a. paragraph 4 of the Companies Act and Art. 25, and with regard to Art. 3, paragraph 2, item 1 of the Accounting Act, the Company is not obliged to include a report on the application of the corporate governance code as a separate section of the Annual Report because the Company's shares are not listed on a regulated securities market (not listed on the stock exchange).

However, effective corporate governance is a necessary precondition for the success of the Company. The same is accomplished through setting strategic goals, providing infrastructure that allows their implementation, establishing clear lines of responsibility, personal integrity and expertise of the Management Board and employees. The Company applies the applicable regulations and internal policies and monitors the compatibility of the organizational structure.

The Company's bodies are the Management Board, the Supervisory Board and the General Meeting of the Company, and the Company's Audit Committee is established and operates as an auxiliary body of the Supervisory Board.

Besides the Supervisory and Audit Committee, the Management Board of the Company has also established the following additional functional committees of the Company, to which certain responsibilities of the Company's Management Board have been delegated,:

- Governance and Control Committee (GovCC)
- Risk Committee (RiCo)
- Integrity Committee
- Finance Committee (FiCo)
- Reserve Committee (ResCom)
- Committee For Approval Of Assumptions And Parameters (PAAC)
- Disclosure Committee (DC)
- Information Security Steering Board (ISSB)
- IT Steering Board (ITSB)
- Product Committee
- Smart Circle
- Operational Committee
- Sustainability Committee
- SimpliFi Steer Committee (SimpliFI SteerCo)
- Digital Risk & Control Council (DRCC).

General Meeting

The General Meeting shall consist of the Shareholders.

The General Meeting shall be convened by the Management Board’s Decision taken by simple majority.

The General Meeting shall be convened in all cases provided by the Companies Act, special regulations and the Statute, or at any time when the Company’s interest requires it, but at least once a year.

The General Meeting may only adopt valid decisions if Shareholders representing at least 51% of the Company share capital attend the session in person or via proxies.

Decisions at the General Meeting shall be adopted by a simple majority of the cast votes, unless a qualified majority is required for the adoption of certain decisions pursuant to the Companies Act, Statute or fulfilment of additional conditions.

The General Meeting shall decide on all issues determined by the Companies Act, special regulations and the Statute, which shall especially include: election and revocation of Supervisory Board members, unless they are not appointed to that board; appropriation of profits; approval of conduct of the Management Board and the Supervisory Board members; appointment of the Company’s auditor; amendments of the Statute; increase and reduction of the Company’s share capital; appointment of special auditors for the examination of Company’s management and determination of the remuneration of the special auditors; appointment and revocation of members of the Audit Committee, who is entitled to regulate their work by internal rules, and remuneration for performing their duties; the listing the Company's shares on the regulated market for trading and withdrawal of

Management Report (continued)

shares from the market and all other issues that are expressly assigned to the decision-making process under the laws, special regulations or the Statute.

The Supervisory Board

The Supervisory Board consists of 3 (three), 5 (five) or 7 (seven) members. The Supervisory Board members are elected by the General Meeting and may be re-elected after their mandates expire. Exact number of Supervisory Board members is determined by the General Meeting. Number of The Supervisory Board members must be odd number. The Supervisory Board elects the Chairman and the Deputy Chairman of the Supervisory Board among its members.

Pursuant to the Insurance Act, a supervisory board member of an insurance company may be a person who meets the prescribed conditions of expertise and suitability to perform that function at all times during her/his mandate. Given the above, the expertise and suitability of the members of the Supervisory Board of the Company is regularly assessed and confirmed by a decision of the General Meeting.

Meetings of the Supervisory Board are generally convened quarterly, and minimum once in every six months.

The Supervisory Board may pass valid decisions if at least the majority of elected Supervisory Board members are participating in adoption of the decision. Supervisory Board's decisions shall be adopted by the majority of given votes. If the Supervisory Board consists of 3 (three) members, at least 2 (two) members must participate in the decision-making process. If the Supervisory Board consists of 3 (three) members and only 2 (two) members participate in the decision-making process, valid decisions can only be taken unanimously. Each member of the Supervisory Board shall have one vote.

In addition to the competences and obligations of the Supervisory Board defined by Companies Act and the Statute of the Company, in accordance with the Insurance act the Supervisory Board: gives approval to the Management Board on the business policy and strategic goals of the Company; on the financial plan of the Company; on risk-management strategies and policies; on own risk and solvency assessment; on the internal control system; on the framework annual program of internal audit operations and decides on other matters specified by the Companies Act and special regulations.

The Supervisory Board members are obliged to monitor the adequacy of the procedures and the effectiveness of internal audit; fulfill their obligations taking into account the facts found by the Croatian Financial Services Supervisory Agency (hereinafter: the Agency), the tax authorities and other supervisory bodies during the supervision of the Company; monitor the implementation and effectiveness of the system of governance; monitor the implementation of the business policy of the Company, strategic goals and strategies and risk-management strategies and policies; monitor procedure of publishing information; examine the financial statements of Company and submit a written report to the General Meeting on their findings; to explain to the General Meeting of shareholders their opinion on annual internal audit report and annual Management Board report.

The Supervisory Board member is obliged to inform the Agency on appointment or revocation of his or her function in the Company and on membership in Supervisory Board and Board of Management of other legal entities; to inform the Agency of the legal affairs on the basis of which, either a member of the Supervisory Board, or a members of his immediate family has acquired, directly or indirectly, stocks and shares in a legal entity on the basis of which member of the Supervisory Board together with his family member reaches or exceeds the qualifying share in that legal entity, or their share falls below the qualifying share.

The Supervisory Board members are obliged, without delay, to notify in writing the Agency of any information which may affect the revocation of the approval for the Management Board Member to perform his/her function and on the the reasons for termination of mandate of Member of the Management Board.

Members of the Supervisory Board for business year 2024 and up to the date of issuing of these separate financial statements were as follows:

- Mr. Petros Papanikolaou, Chairman of the Supervisory Board,
- Mr. Jakša Krišto, Supervisory Board Member and Deputy Chairman
- Mr. Mario Ferrero, Supervisory Board Member.

Management Report (continued)

Management Board of the Company

The Management Board manages business of the Company and represents the Company. The Management Board consists of minimum 2 (two) and maximum 5 (five) members one of whom one is appointed as Chairman of the Management Board. Management Board Members must be full time employed in the Company. Supervisory Board shall appoint Management Board Members for a period up to five years. Reappointment is permitted. Appointment/ reappointment of Management Board Members will be possible after the Agency gives its prior approval for appointment/ reappointment of the candidates as insurance company's Management Board Members.

Pursuant to the Insurance Act, a management board member of an insurance company may be a person who meets the prescribed conditions of expertise and suitability to perform that function at all times during her/his mandate. Given the above, the expertise and suitability of the members of the Management Board of the Company is regularly assessed and confirmed by a decision of the Supervisory Board.

Management Report (continued)

Management Board of the Company (continued)

Management Board's decisions shall be adopted by majority of given votes unless it is differently stipulated by Companies Act, other applicable laws and bylaws or Company's Statute. If the Management Board of the Company consists of an even number of members, and the votes of the members of the Management Board are so divided that a simple majority of the votes cast cannot be obtained when making a decision of the Management Board, the Chairman of the Management Board has a deciding vote.

In addition to its authority and obligations specified in the Companies Act, members of the Management Board shall ensure the Company's compliance with the provisions of the Insurance Act and regulations adopted pursuant to the Insurance Act, or pursuant to other laws regulating the business of insurance companies and regulations adopted pursuant these laws.

Management Board is responsible to inform the Supervisory Board in writing and without delay, of a threat to liquidity of the Company; if there is reason for expiry of the authorization to carry on insurance business, or if there is a reason to revoke the authorization to carry on insurance business, or to prohibit the carrying out of operations under all or individual lines of insurance; if the financial situation of Company changes to the extent that the Company is no longer aligned with the necessary Solvency Capital Requirement or it is not aligned with the Minimum Capital Requirement, or when there is a risk that this incompatibility appears in next three months and of all measures of the Agency and other supervisory authorities issued in the procedure of monitoring of the insurance company.

Members of the Management Board shall inform the Supervisory Board, in writing and without delay, on his or her appointment or revocation in the supervisory board or management board of other legal entities; on legal affairs on the basis of which either a Management Board member or a member of his immediate family, has , directly or indirectly, acquired stocks or business shares of legal persons on the basis of which member of the board along with members of his immediate family reaches or exceeds a qualifying share in that legal entity, or if their share falls below the qualifying share; on termination of Management Board function; on termination of conditions for performing the function of Management Board Member and on the conflict of interest he or she is involved in; and of all others events and facts in accordance with the Insurance Act and other laws regulating the business of insurance companies and regulations adopted pursuant these laws.

Members of the Management Board for business year 2024 were the following:

- Ms. Marijana Jakovac, Chairman of the Board and member of the Board responsible for Finance (CEO and CFO) until November 4, 2024 and CEO as of November 5, 2024,
- Ms. Victoria Petsch, member of the Board (CFO) as of November 5, 2024,
- Mr. Slaven Dobrić, member of the Board (COO),
- Ms. Josipa Parać Bistrović, member of the Board (CPO),
- Mr. Hrvoje Filipović, member of the Board (CSO).

The Audit Committee

According to the Audit Law, the Company has an Audit Committee consisting of three (3) members who are elected and recalled by the General Meeting.

In the fiscal year 2024, the members of the Audit Committee were:

- Ms. Sanja Sever Mališ, Chairman of the Audit Committee
- Ms. Ivana Dražić Lutilsky, Member of the Audit Committee
- Mr. Mario Ferrero, Member of the Audit Committee

Management Report (continued)

The Audit Committee (continued)

The Audit Committee is a body of the Supervisory Board that provides support to the Supervisory Board and the Management Board with the aim of improving the quality of corporate governance, financial reporting and internal controls of the Company.

Ms. Sanja Sever Mališ and Ms. Ivana Dražić Lutilsky are independent members of the Company's Audit Committee and receive remuneration for their work. Mr. Mario Ferrero is member of the Audit Committee, too.

The Audit Committee has the following tasks:

• monitoring the financial reporting process to ensure the completeness and reliability of the Company's financial statements, including the expertise and independence of the auditor and non-audit services,

• monitoring the sustainability reporting process and the process carried out to determine the reporting obligation and the information to be reported in accordance with the sustainability reporting standards as regulated by the implementing acts of the European Commission,

• monitoring the adequacy and effectiveness of the internal control system, internal audit system, risk management system and compliance monitoring system with regard to financial reporting and, where applicable, sustainability reporting, which also includes taking into account the plans and results of the internal audit,

• ensuring the expertise and independence of the external auditor (“External Auditor”) and making recommendations for the appointment of external auditors to the General Assembly and the Supervisory Board

• monitoring the implementation of the statutory audit of the financial statements.

Governance and control Committee (GovCC)

For the purpose of achieving structural and quality cooperation related to governance and internal control, the Company has established a Governance and Control Committee (GovCC). The Committee is composed of the Company’s key function holders, the Legal and Accounting functions as well as additional functions, and the representative of the member of the Management Board in charge of operations. As of January 1, 2025 member of the GovCC is also Chairman of the Management Board. The purpose of the Governance and Control Committee is to discuss and propose to the Management Board decisions of relevance to the Company's overall governance and control system.
The objectives of the Governance and Control Committee are as follows:

• to support the Management Board with regard to regulatory requirements regarding the Company's governance and internal controls;

• to facilitate cooperation between key control functions on topics related to the governance and internal controls;

• to oversee the Company's governance and conduct regular reviews of the Company's governance and prepare appropriate recommendations to the Management Board;

• to coordinate the consistent application of the internal control framework (including semi-annual reporting on significant control deficiencies through, for example, the internal control system report);

• to contribute to the regular assessment within the Executive Accountability Regime;

• to improve and promote the governance culture in accordance with the Solvency II Directive;

• to provide support to the Allianz Group's organizational units upon request for the purpose of the Group's oversight of the Group's governance system.

The establishment of the GovCC and its tasks do not affect or diminish the liability of individual committee members arising from their regular roles in the Company. Also, although the implementation and coordination of the review process of the system of governance as well as the process of documenting the aforementioned

Management Report (continued)

Governance and control Committee (GovCC) (continued)

process is delegated to the Governance and Control Committee, the responsibility for the review and assessment of the Company's governance system remains with the Company's Management Board.
At least once a year (regular review), the Governance and Control Committee submits to the Management Board a written Report on the Company's system of governance and internal controls for the previous year, in which it presents to the members of the Management Board its assessment of the Company's system of governance and internal controls in the previous year. Upon receipt of the written Report the Management Board adopts a decision on the Company's system of governance and internal controls in the previous year.

Key functions

In order to implement and maintain effective governance and internal and risk control system Company has also established the following key functions:

- compliance function,
- actuarial function,
- risk management function and
- internal audit function

In addition, according to the rules on the management system of the Group, the Company has established a legal and accounting function (accounting and reporting function).

Management Report (continued)

Conflict of interest

Rules, internal acts of the organization and operations as well as the individual contracts of employment clearly specify duties and responsibilities of each employee.

Before stepping into position, employees are obliged to fill in the Conflict of Interest Form. Conflict of interest is monitored regularly, once per year, but also in case of need, ad hoc. Additionally, in accordance with applicable laws and bylaws and Company's internal acts, conflict of interest of the candidates for the members of the Management Board and the Supervisory Board is analyzed as part of the fit and proper assessment prior to the appointment of the members of the Management Board and election of the members of the Supervisory Board and also as part of the annual fit and proper assessment of Management Board and Supervisory Board members. Fit and proper assessment must be conducted ad hoc too, in case of changed circumstances.

Member of the Management Board

Slaven Dobrić

Member of the Management Board

Victoria Petsch V. Petsch

Member of the Management Board

Hrvoje Filipović H. Filipović

President of the Management Board

Marijana Jakovac M. Jakovac

Member of the Management Board

Josipa Parać Bistrović Josipa Parać Bistrović

Allianz
1
Allianz Hrvatska d.d.

Responsibilities of the Management and Supervisory Boards for the preparation and approval of the separate annual financial statements, Management Report and HANFA schedules

The Management Board of the Company is required to prepare separate financial statements for each financial year which give a true and fair view of the financial position of the Company and of the results of their operations and cash flows, in accordance with applicable accounting standards, and is responsible for maintaining proper accounting records to enable the preparation of such financial statements at any time. It has a general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Management Board is responsible for selecting suitable accounting policies to conform with applicable accounting standards and then apply them consistently, making judgements and estimates that are reasonable and prudent, and preparing the separate financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for the submission to the Supervisory Board of its annual report on the Company together with the annual separate financial statements, following which the Supervisory Board is required to approve the annual financial statements for submission to the General Assembly of Shareholders for adoption.

Separate financial statements set out on pages 24 to 119 together with the schedules prepared in accordance with the Regulation of the Croatian Financial Services Supervisory Agency on the Ordinance on the form and content of financial statements and additional reports of insurance and reinsurance companies (Official Gazette 20/23) (“the Schedules”), presented on pages 120 to 133, and the reconciliation, presented on pages 134 to 141, of the Schedules with the financial statements were authorised by the Management Board on 2nd April 2025 for issue to the Supervisory Board and are signed below to signify this.

The Management Board is also responsible for the preparation and content of the other information (Management Report as required by the Croatian Accounting Act and Corporate Governance Information). The Management Report set out on pages 1 to 16 were authorised by the Management Board on 2nd April 2025 and signed accordingly.

Member of the Management Board

Slaven Dobrić

Member of the Management Board

Victoria Petsch

Member of the Management Board

Hrvoje Filipović

President of the Management Board

Marijana Jakovac

Member of the Management Board

Josipa Parać Bistrović

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Independent Auditor's Report

To the Shareholder of Allianz Hrvatska d.d.

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Allianz Hrvatska d.d. (the "Company") as at 31 December 2024, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 2 April 2025.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014, and furthermore, we have not provided any non-audit services to the Company in the period from 1 January 2024 to 31 December 2024.

PricewaterhouseCoopers d.o.o., Heinzelova 70, 10000 Zagreb, Croatia
T: +385 1 632 8888, F: +385 1 6111 556, www.pwc.hr

Our audit approach

Overview

Materiality	Overall Company materiality: EUR 1.8 million, which represents 1% of net assets and contractual service margin (CSM)
Key audit matters	Measurement of insurance contract liabilities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	The Company: EUR 1.8 million
How we determined it	The Company: 1% of a sum of net assets and contractual service margin (CSM)
Rationale for the materiality benchmark applied	Net assets is the benchmark which is closely monitored and there is a strong focus on regulatory compliance measured by the adequacy of the capital. CSM represents expected future profits to be generated from current in-force business, which amortises over the contracts' coverage unit. It is one of key metrics to measure insurance business results under IFRS 17. Combined, these two metrics provide an expectation of the future total equity of the company that is relevant to users of financial statements. We chose 1% which is consistent with quantitative materiality thresholds used for companies in this sector.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Measurement of insurance contract liabilities Refer to note 1.3.g “Insurance contract liabilities”, note 1.4 “Accounting estimates and judgements”, note 1.5 “Insurance risk management” and note 1.17 “Insurance contract liabilities’’ to the financial statements for detailed information on the insurance contract liabilities. Insurance contract liabilities consist of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) of EUR 460,409 thousand and EUR 104,335 thousand, respectively. Models used by the Company for the measurement of the insurance contracts and related LRC and LIC are General measurement model (GMM), Premium allocation approach (PAA) and Variable fee approach (VFA). The GMM and VFA models are based on the following building blocks: a current estimate of future cash flows expected to arise during the life of the contract; an adjustment to reflect the time value of money and the financial risks related to the future cash flows and a contractual service margin (CSM) representing the unearned profit from the contract. The VFA model is applied only for eligible products with direct participation features. The PAA model is simplified approach that comprises unearned premium in the LRC and the fulfilment cash flows related to past service and discounted to reflect the time value of money in the LIC. Measurement models involves significant judgment over uncertain future outcomes, including primarily the timing and ultimate full settlement amount of long-term policyholder liabilities, and assumptions applied in the models, and therefore we considered it a key audit matter for our audit. The complexity of the models may increase the inherent risk as a result of inadequate / incomplete data or the design or application of the models. Economic assumptions such as discount rates and actuarial assumptions such as mortality, longevity, customer behaviour, attributable expenses and loss ratio are key inputs used to estimate these liabilities. Significant judgment is applied in setting these assumptions.	Our audit approach was the following: • We gained our understanding of the insurance contract liabilities calculation methodology applied by the Company. We engaged our own actuarial experts to assist us in performing our audit procedures. • We evaluated significant control activities in the actuarial processes and tested operating effectiveness of key controls. • We considered the appropriateness of measurement models used, depending on the product and/or the product features. • We tested on a sample basis accuracy of the critical data of the measurement models in the source systems and reconciled it with the input in the insurance contract liabilities calculation engine. • We assessed how management determined and approved economic and non-economic actuarial assumptions used in the measurement models. Our assessments included challenging, as necessary, management’s rationale for the specified economic and non-economic actuarial assumptions and judgments applied. • We challenged the assumptions in projected cash flows adopted by the Company considering specific product features. • We recalculated on a sample basis projected cash flows used in the calculation of the insurance contract liabilities. • We performed substantive analytical procedures to determine whether the insurance contract liabilities calculated in the models and systems are accurate and complete. We reconciled the output of the insurance contract liabilities calculation engine with the accounting records. • We have assessed the disclosures related to the insurance contract liabilities in the financial statements, with respect to their adequacy, completeness and compliance with the IFRS requirements.

Reporting on other information

Management is responsible for the other information. The other information comprises the Management Report and other information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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

With respect to the Management Report, we also performed procedures required by the Accounting Act in Croatia. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 24 of the Accounting Act.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent, in all material respects, with the financial statements;
- the Management Report has been prepared in accordance with the requirements of Article 24 of the Accounting Act;

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Company on 7 December 2017. Our appointment has been renewed annually by shareholder resolution with the most recent reappointment on 19 June 2024, representing a total period of uninterrupted engagement appointment of 7 years.

Forms in accordance with the Ordinance

Based on the Ordinance on the form and content of financial statements and additional reports of insurance and reinsurance companies (Official Gazette 20/23, "Ordinance"), the Management Board of the Company prepared the Forms, entitled the Statement of financial position of the Company as at 31 December 2024, Statement of comprehensive income, Statement of cash flow and Statement of changes in equity of the Company for the year then ended ("Forms") together with information to reconcile the Forms to the Company's financial statements. The Company's management is responsible for the preparation of these Forms and information on reconciliation and they do not represent an integral part of these audited financial statements, but contain information required by the Ordinance. The financial information in the Forms is derived from the Company's audited financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and adjusted for the purposes of the Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Siniša Dušić.

PricewaterhouseCoopers d.o.o.
Heinzelova 70, Zagreb
2 April 2025

Original report is signed in Croatian language

This version of our report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Separate statement of financial position

As at 31 December

	Note	**2024**	2023
		EUR'000	EUR'000
Assets			
Property and equipment	1.9	**5,916**	7,753
Investment property	1.10	**-**	2,752
Intangible assets	1.11	**14,995**	17,036
Investment in subsidiaries	1.12	**65**	26,261
Financial assets at fair value through other comprehensive income	1.13	**503,380**	459,361
Financial assets at fair value through profit or loss	1.17	**157,242**	131,017
Reinsurance contract assets	1.17	**29,945**	36,000
Current tax assets		**3,432**	5,141
Other receivables and prepaid expenses	1.15	**6,926**	6,432
Cash and cash equivalents	1.16	**17,644**	14,882
Total assets		**739,545**	706,635
Liabilities			
Insurance contract liabilities	1.17	**564,744**	547,727
Other liabilities, accrued expenses and deferred income	1.18	**11,856**	15,707
Provisions	1.19	**1,002**	848
Lease liabilities	1.30	**3,089**	4,752
Deferred tax liabilities	1.14	**3,602**	2,644
Total liabilities		**584,293**	571,678
Equity attributable to owners of the Company			
Issued share capital	1.20 (a)	**13,478**	13,478
Share premium	1.20 (b)	**14,888**	14,888
Reserves	1.20 (c) (d) (e)	**32,448**	35,936
Retained earnings	1.20 (f)	**94,438**	70,655
		155,252	134,957
Total equity		**155,252**	134,957
Total liabilities and equity		**739,545**	706,635

Separate statement of comprehensive income

For the year ended 31 December

	Note	**2024**	2023
		EUR'000	EUR'000
Insurance revenue	1.21	**159,684**	144,846
Insurance expenses	1.22	**(129,949)**	(122,269)
Net (expenses)/income from reinsurance contract held	1.23	**(6,580)**	2,235
Insurance service result		**23,155**	24,812
Interest income		**14,556**	13,038
Net realized gains/(losses) on financial assets at fair value through profit and loss		**6,103**	8,101
Net realized gains/(losses) on financial assets at fair value through other comprehensive income		**687**	(1,813)
Net credit impairment result		**59**	17
Net income/(expense) from investment property		**1,642**	(141)
Other investment income/(expense)		**723**	(67)
Net investment income	1.24	**23,770**	19,135
Net finance expense from insurance contract issued		**(10,574)**	(11,889)
Net finance income form reinsurance contract held		**277**	30
Net insurance and investment result	1.24	**36,630**	32,088
Fee and commission income	1.25	**183**	298
Other income	1.26	**2,252**	1,225
Other expenses	1.27	**(9,691)**	(9,309)
Other finance cost		**(113)**	(104)
Income before income taxes		**29,260**	24,197
Income taxes expense	1.28	**(5,442)**	(4,369)
Profit for the year		**23,818**	19,829
Net income attributable to:			
- Owners of the Company		**23,818**	19,829

Separate statement of comprehensive income (continued)

For the year ended 31 December

	2024 EUR'000	2023 EUR'000
Profit for the year	**23,818**	19,829
Other comprehensive income for the year	**(3,523)**	(2,464)
Items that may be reclassified subsequently to profit or loss:	**(3,434)**	(2,674)
Net gains on investments in debt securities measured at FVOCI	**5,534**	22,089
Finance (expenses)/income from insurance contracts issued	**(9,701)**	(25,452)
Finance (expenses)/income from reinsurance contracts issued	**(23)**	179
Income tax relating to these items	**746**	510
Items that will not be reclassified subsequently to profit or loss:	**(79)**	210
Net gains on investments in equity securities measured at FVOCI with no recycling to profit and loss	**14**	175
Income tax relating to these items	**(94)**	35
Total comprehensive income for the year	**20,295**	17,365
Attributable to:		
- Owners of the Company	**20,295**	17,365
	20,295	17,365

Separate statement of changes in equity

For the year ended 31 December

			Reserves					
	Issued share capital	**Share premium**	**Fair value reserve**	**Insurance finance reserve**	**Legal reserve**	**Statutory reserve**	**Retained earnings**	**Total**
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
At 1 January 2023	**13,501**	**14,865**	**(30,758)**	**-**	**1,115**	**2,210**	**82,077**	**83,010**
Adjustments of initial application of IFRS 9 and 17, net of tax	-	-	(2,920)	68,916	-	-	(18,143)	47,853
Restated 1 at January 2023	**13,501**	**14,865**	**(33,678)**	**68,916**	**1,115**	**2,210**	**63,934**	**130,863**
								-
Total comprehensive income for the year								-
Change in fair value of financial assets at fair value through other comprehensive income and net expected credit losses, net of realized amounts (Note 1.20c)	-	-	22,263	-	-	-	-	22,263
Deferred tax on change in fair value of financial assets at fair value through other comprehensive income and net expected credit losses, net of realized amounts (Notes 1.14; 1.20c)	-	-	(4,008)	-	-	-	-	(4,008)
Finance income/(expense) from insurance and reinsurance contract issued/held through other comprehensive income (Note 1.20c)	-	-	-	(25,271)	-	-	-	(25,271)
Deferred tax on finance income/(expense) from insurance and reinsurance contract issued/held through other comprehensive income (Note 1.14; 1.20d)	-	-	-	4,552	-	-	-	4,552
Total other comprehensive income	-	-	18,255	(20,719)	-	-	-	(2,464)
Profit for the year	-	-	-	-	-	-	19,829	19,829
Total comprehensive income for the year	**-**	**-**	**18,255**	**(20,719)**	**-**	**-**	**19,829**	**17,365**
								-
Share capital adjustment due to euro conversion	(23)	23	-	-	-	-	-	-
Net realised gains losses directly recognized in retained earnings, net of tax	-	-	(163)	-	-	-	163	-
Paid dividend	-	-	-	-	-	-	(13,271)	(13,271)
At 31 December 2023	**13,478**	**14,888**	**(15,586)**	**48,197**	**1,115**	**2,210**	**70,655**	**134,957**

Separate statement of changes in equity (continued)

For the year ended 31 December

	Issued share capital	Share premium	Fair value reserve	Insurance finance reserve	Legal reserve	Statutory reserve	Retained earnings	Total
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
At 1 January 2024	**13,478**	**14,888**	**(15,586)**	**48,197**	**1,115**	**2,210**	**70,655**	**134,957**
								-
Total comprehensive income for the year								-
Change in fair value of financial assets at fair value through other comprehensive income and net expected credit losses, net of realized amounts (Note 1.20c)	-	-	5,445	-	-	-	-	5,445
Deferred tax on change in fair value of financial assets at fair value through other comprehensive income and net expected credit losses, net of realized amounts (Notes 1.14; 1.20c)	-	-	(986)	-	-	-	-	(986)
Finance income/(expense) from insurance and reinsurance contract issued/held through other comprehensive income (Note 1.14; 1.20d)	-	-	-	(9,724)	-	-	-	(9,724)
Deferred tax on finance income/(expense) from insurance and reinsurance contract issued/held through other comprehensive income (Note 1.14; 1.20d)	-	-	-	1,742	-	-	-	1,742
Total other comprehensive income	-	-	4,459	(7,982)	-	-	-	(3,523)
Profit for the year	-	-	-	-	-	-	23,818	23,818
Total comprehensive income for the year	**-**	**-**	**4,459**	**(7,982)**	**-**	**-**	**23,818**	**20,295**
Net realised gains losses directly recognized in retained earnings, net of tax	-	-	35	-	-	-	(35)	-
Paid dividend	-	-	-	-	-	-	-	-
At 31 December 2024	**13,478**	**14,888**	**(11,092)**	**40,215**	**1,115**	**2,210**	**94,438**	**155,252**

Separate statement of cash flow

For the year ended 31 December

	Note	**2024 EUR'000**	2023 EUR'000
Cash flow from operating activities			
Profit after tax		**23,818**	19,829
Adjustments for:			
-Tax		**5,442**	4,363
-Depreciation of property and equipment	1.9	**1,643**	1,738
-Depreciation of investment property	1.24	**167**	167
-Amortisation of other intangible assets	1.11	**2,427**	2,388
-Net foreign exchange losses/(gains) on financial assets	1.24	**-**	(546)
-Loss on intangible assets write off	1.11	**-**	-
-Gains on disposal of property and equipment		**(283)**	25
-Gains on disposal of investment property		**(1,794)**	-
-Gains on disposal of investment in subsidiaries		**(412)**	-
-Net loss/(gain) from financial assets at fair value through profit or loss and other comprehensive income or losses	1.24	**(6,790)**	(6,288)
-Net credit impairment losses (reversal) on financial asset	1.24	**(59)**	(17)
-Net credit impairment losses (reversal) on receivables and cash	1.24	**-**	33
-Interest income	1.24	**(14,556)**	(13,434)
Changes in operating assets and liabilities			
Net decrease/(increase) in financial assets at fair value through profit or loss		**6,513**	(24,392)
Net (increase)/decrease in financial assets at fair value through other comprehensive income or losses		**(32,012)**	570
Net increase in insurance contract liabilities		**7,293**	27,146
Net decrease/(increase) in reinsurance contract asset		**6,055**	(15,277)
Net (increase)/decrease in other receivables and prepaid expenses		**(477)**	6,769
Net decrease in other liabilities, accrued expenses and deferred income		**(3,165)**	(6,689)
Net increase/(decrease) in provision		**154**	(417)
Net cash from operating activities before income tax paid		**(6,036)**	(4,034)
Interest received		**7,622**	5,450
Dividend received		**28**	396
Interest paid		**-**	(103)
Income tax paid		**(2,065)**	(9,221)
Net cash from operating activities		**(451)**	(7,511)

Separate statement of cash flow (continued)

For the year ended 31 December

	Note	**2024** **EUR'000**	2023 EUR'000
Cash flows from investing activities			
Purchase of property and equipment	1.9	**(152)**	(269)
Purchase of intangible assets	1.11	**(386)**	(846)
Proceeds from sale of property and equipment	1.9	**374**	555
Proceeds from liquidation of subsidiaries		**654**	-
Increase in investment in subsidiaries carried at fair value	1.12	**-**	(500)
Decrease in investment in subsidiaries carried at fair value	1.12	-	9,900
Gross revenues from the sale of investment property		**4,386**	-
Net cash flows from investing activities		**4,876**	8,840
Cash flows from financing activities			
Repayment of lease liabilities		**(1,663)**	(799)
Dividend paid	1.20 (g)	-	(13,272)
Net cash from financing activities		**(1,663)**	(14,071)
Net increase/(decrease) in cash and cash equivalents		**2,762**	(12,743)
Cash and cash equivalents at 1 January		**14,882**	27,625
Cash and cash equivalents at 31 December	1.16	**17,644**	14,882

1. Notes to the separate financial statements

1.1 Reporting entity

Allianz Hrvatska d.d. (the "Company") whose registered address is at Heinzelova 70, Zagreb is a joint stock company incorporated and domiciled in Croatia.

The Company is a composite insurer offering life and non-life insurance products in Croatia, regulated by the Croatian Financial Services Supervision Agency ("HANFA" or "Agency"). The Company offers life and non-life insurance products also by its branch in Slovenia.

The Company's only shareholder (100 % of voting rights) is Allianz Holding eins GmbH, Vienna, Austria. Ultimate parent company is Allianz SE, joint stock company, incorporated and domiciled in Germany.

1.2 Basis of preparation

a) Statement of compliance

These separate financial statements comprise financial statements of the Company ("financial statements").

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by EU" or "EU IFRS"). Within financial statements, the Company has applied all standards and interpretations issued by The International Accounting Standards Board (IASB) and endorsed by the EU that are compulsory as of 31 December 2024.

The company used the exemption in accordance with International Financial Reporting Standard 10 Consolidated Financial Statements for presenting financial statements as of 31 December 2024. Company that is not consolidated in the financial statements of Allianz Hrvatska d.d. was consolidated in the financial statements of Allianz Group, which were prepared in accordance with EU IFRS. The consolidated financial statements are available at https://www.allianz.com/en/investor_relations/results-reports/annual-reports.html

The financial statements have been prepared for the year ended 31 December 2024. The Company's presentation currency is the euro (€). Amounts are rounded to the nearest million (€ mn) unless otherwise stated.

The financial statements were authorised for issue by the Management Board on 2nd April 2025. The financial statements are prepared in English and Croatian language.

b) Basis of measurement

These financial statements are prepared on a historical or amortised cost basis, except for the following assets which are measured at their fair value: financial assets designated upon initial recognition as valued at fair value through profit or loss, financial assets at fair value through other comprehensive income, insurance and reinsurance contracts by evaluating the estimated cash flows and contractual service margin.

c) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euros („EUR"), which is Allianz Hrvatska d.d. functional and presentation currency.

On 1 January 2023, the euro ("EUR") was introduced instead of the Croatian kuna ("HRK") and became the official monetary currency and legal tender in the Republic of Croatia. The introduction of the euro as the official currency in the Republic of Croatia represents a change in the functional currency.

On 1 January 2023, all items of assets, liabilities and equity were converted from HRK to EUR using a fixed conversion rate determined by the Croatian government (published fixed rate of HRK 7.53450 per EUR 1). The change in the functional currency is applied prospectively from the specified date.

The most significant foreign currency in which the Company holds assets and liabilities is USD (2023: USD). The exchange rates used for translation at 31 December 2024 was EUR 1 = USD 1.0478 (2023: EUR 1 = USD 1.1038).

1.2 Basis of preparation (continued)

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and information available at the date of preparation of the financial statements, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and any future periods affected.

Information about judgments made by management in the application of IFRS as adopted by the EU that have significant effect on the financial statements and information about estimates that have a significant risk of resulting in a material adjustment within the next year are included in Note 1.4.

e) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction and are not retranslated. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available for sale equity instruments, which are recognised in other comprehensive income.

1.3 Material accounting policies

(a) Property and equipment

Property and equipment are tangible assets that are held for use in the provision of services or administrative purposes.

Recognition and measurement

Items of property and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land and assets acquired but not brought into use are not depreciated.

The estimated useful lives are as follows:

	2024	2023
● Buildings	40 years	40 years
● Motor vehicles	5 years	5 years
● Furniture	5 years	5 years
● Other equipment	4 years	4 years

(b) Rights of use assets and lease liabilities

Leases are recognised as right-of-use assets and corresponding lease liabilities at the date at which the leased assets are available for use by the Company.

The right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term on a straightline basis. The amortisation periods for the right-of-use assets are as follows:

- right of use for the office building 15 years
- right of use for the cars 5 years.

Short-term leases are leases with a lease term of 12 months or less.

1.3 Material accounting policies (continued)

(c) Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets consists of internally developed software, computer software and exclusive distribution right.

Exclusive distribution right represents an exclusive right for 15-years distribution of insurance products through a bank channel initially recognised in the amount of non-refundable upfront fee.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Assets acquired but not brought into use are not amortized. The estimated useful lives are as follows:

	2024	2023
● Internally developed software	5 years	5 years
● Computer software	5 years	5 years
● Exclusive distribution right	15 years	15 years

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the related asset, and are included in profit or loss.

(d) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation.

Investment property is carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation is provided on all investment property, except for investment property not yet brought into use and land forming part of the investment property, on a straight-line basis over the estimated useful life of the asset as follows:

	2024	2023
● Investment property	40 years	40 years

(e) Financial instruments

Classification

The Company classifies its financial assets into the following categories:

Type of financial instruments	Classification	Reason
Cash and cash equivalents	Amortised cost	SPPI, hold and sell business model
Government bonds	Fair-value through other comprehensive income	SPPI, hold and sell business model
Government bonds	Fair-value through profit or loss	No SPPI or hold and sell business model, trading
Other debt securities	Fair-value through other comprehensive income	SPPI, hold and sell business model
Other debt securities	Fair-value through profit or loss	No SPPI or hold and sell business model, trading
Equity securities	Fair-value through other comprehensive income without recycling	Option
Derivatives	Fair-value through profit or loss	Mandatory
Loans	Fair-value through other comprehensive income	SPPI, hold and sell business model
Loans	Fair-value through profit or loss	No SPPI or hold and sell business model, trading
Deposits	Fair-value through other comprehensive income	SPPI, hold and sell business model
Other financial liabilities	Amortised cost	Mandatory

1.3 Material accounting policies (continued)

e) Financial instruments (continued)

The Company classifies its financial assets into the following measurement categories:

- Fair-value through other comprehensive income
- Fair-value through profit or loss

Debt instruments, deposits with maturity longer than three months and loans

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government and corporate bonds. The classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset (represented by SPPI).

The chosen business model for Allianz Group is the hold and sell model with FVOCI as the relevant measurement approach due to the centralized ALM/SAA process that steers investment decisions based on insurance liabilities and risk/returns considerations. The involvement of group bodies ensures consistency and alignment across segments, supported by the responsibility of the Allianz SE Board of Management and the Investment Management Board. Recommendations from the IMB are binding for OEs, showcasing the central role of group-level decision-making. This model is deemed appropriate given its effectiveness in covering insurance liabilities from a group perspective, minimizing the need for differentiation between P/C and L/H segments.

Based on these factors, the Company classifies its instruments into one of the following two measurement categories:

At fair-value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's AC, which are recognised in profit or loss. ECL is recognized in profit and losss through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net return on investments and other investment income (except for equity securities for which is option with no recycling through profit and loss) . Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method. Amounts presented in other comprehensive income for equity instruments are not subsequently transferred to profit or loss. Instead, the Company accounting policies foresee that the cumulative amounts are transferred directly within equity upon derecognition of an investment in an equity instrument that is measured at fair value through other comprehensive income. Financial assets designated as fair value through other comprehensive income are intended to be held for an indefinite period of time but may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates, or equity prices. Fair value through other comprehensive income includes equity securities, debt securities, loans and deposits with maturity longer than three months.

At fair-value throught profit or loss (FVTPL)

Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL.

A gain or loss on investment that is subsequently measured at FVTPL is recognised and presented in the profit or loss within net gains on FVTPL investments in the period in which it arises. Financial assets are held for collection of contractual cash flows and for selling the assets, when the assets' cash flows don't pass SPPI.

1.3 Material accounting policies (continued)

e) Financial instruments (continued)

Business model

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of the other business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Company's business model for the investments underlying direct participating contracts is to hold to collect and sell contractual cash flows. The proceeds from the contractual cash flows of the financial assets are used to settle insurance contract liabilities as they become due. To ensure that the contractual cash flows from the financial assets are sufficient to settle those liabilities, the Company undertakes significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to meet cash flow needs as they arise. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the other business model and measured at FVTPL.

Solely payments of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI. The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (i.e. instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets).

The Company subsequently measures all equity investments at FVOCI. The Company choosed to apply the FVOCI option for equity instruments that are not held for trading with to no recycling to profit and loss.

Other financial liabilities

Other financial liabilities comprise all financial liabilities which are measured at amortised cost except the share of the net assets of investment funds attributable to unitholders in those funds, which are classified as a financial liability and measured at fair value based on the value of investment portfolio of the funds. Insurance contracts liabilities are accounted for under IFRS 17 Insurance Contracts, leases under IFRS 16 Leases, provisions under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Other financial liabilities are disclosed in the statement of financial position under line item "Other liabilities, accrued expenses and deferred income".

Initial and subsequent measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI.

1.3 Material accounting policies (continued)

e) Financial instruments (continued)

Other financial liabilities

Other financial liabilities are measured at amortised cost. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Amortised cost (AC) and effective interest rate

AC is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR. When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original EIR. Any changes are recognised in profit or loss. Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

Gains and losses

Gains and losses arising from a change in the fair value of financial assets or financial liabilities at fair value through profit or loss are recognised in the profit or loss.

Gains and losses from a change in the fair value of assts through other comprehensive income monetary assets are recognised in other comprehensive income. Impairment losses, foreign exchange gains and losses, interest income and amortisation of premium or discount using the effective interest method, on fair value through other comprehensive income monetary assets are recognised in the profit or loss.

For equity intrumnets measuread at fair value through other comprehensive income all changes in fair value, including those related to translation difference, are recognised in other comprehensive income. Upon sale or other de-recognition of financial assets measured at fair value through other comprehensive income, all cumulative gains or losses are transferred from fari value reserve to retained earnings.

Interest income on monetary assets at fair value through profit or loss is recognised as interest income at the coupon interest rate.

Gains and losses on financial instruments carried at amortised cost may also arise, and are recognised in the profit or loss, when a financial instrument is derecognised and when expected credit loss is recognized.

Apart from gains and losses arising from the change in fair value financial assets measured at fair value through other comprehensive income which are recognised in other comprehensive income as described above, all other gains and losses and interest are recognised in profit or loss under line item “Investment income”, Note 1.24.

Fair value measurement

. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument using:

- closing Bloomberg Generic (BGN) price for debt and equity securities

- prices quoted per unit by investment management companies for units in investment funds.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. At the reporting date the Company did not have such financial instruments.

Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at AC and FVOCI. The Company recognises a loss allowance for such losses at each reporting date.

Note 1.33 provides more detail on how the ECL allowance is measured.

1.3 Material accounting policies (continued)

e) Financial instruments (continued)

Derecognition

The Company derecognises financial assets (in full or part) when the contractual rights to receive cash flows from the financial instrument have expired or when it loses control over the contractual rights on those financial assets. This occurs when the Company transfers all risks and rewards of ownership to another entity or when the rights are realized, transferred, or expired.

The Company derecognises financial liabilities only when the financial liability ceases to exist, i.e. when it is discharged, canceled or has expired. If the terms of a financial liability change, the Company will cease recognising that liability and will instantaneously recognise a new financial liability, with new terms and conditions.

Specific instruments

Embedded derivatives within insurance contracts

Certain derivatives are embedded in hybrid contracts. If the hybrid contract contains a host that is a financial asset, then the Company assesses the entire contract as described in in accounting policy 1.3 (e).

Embedded derivatives are separated from their host contract, measured at fair value and changes in their fair value included in the profit or loss if they meet the following conditions:

- the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and,
- the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss.

Debt securities

Debt securities are classified as financial assets at fair value through other comprehensive income and fair value through profit or loss depending on SPPI result (Solely payments of principal and interest).

Deposits with banks

Deposits with banks (with original maturity over 3 months are measured at fair value through other comprehensive income.

Loans to customers

Loans to customers are classified as fair value through other comprehensive income and fair value through profit or loss depending on SPPI result.

Loans to policyholders

Loans to policyholders are classified at fair value through other comprehensive income and fair value through profit or loss depending on SPPI result

Equity securities

Equity securities are measured as financial assets at fair value through other comprehensive income.

Investments in funds

Investments in open and close ended funds (other than investments funds which represent subsidiaries of the Company) are classified as financial assets at fair value through profit or loss and are carried at current fair value. Investments into funds include UCITS funds (fixed income funds, equity funds and balanced funds) as well as private debt and real estate funds.

Investments held for the account and at risk of life insurance policyholders

Investments held for the account and at risk of life insurance policyholders comprise policyholders’ investments in unit-linked and equity index-linked products and are classified as financial assets at fair value through profit or loss.

Investments in subsidiaries

Investment in subsidiaries that relate to investment funds are classified at fair value through profit or loss, while all other subsidiaries are stated at their cost less any impairment in the separate financial statements.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost.

1.3 Material accounting policies (continued)

e) Financial instruments (continued)

Offsetting of financial instruments

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

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(f) Cash and cash equivalents

For the purpose of the statement of financial position and statement of cash flow, cash and cash equivalents comprise cash in hand, demand deposits with banks with maturity up to three months and other short-term highly liquid investments with original maturities of three months or less.

g) Insurance contract liabilities

Classification of contracts

Contracts under which the Company accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

Insurance contract services are the services that the Company provides to a policyholder of an insurance contract and comprise: (a) coverage for an insurance event (insurance coverage), (b) the generation of an investment return (investment-return services) for insurance contracts without direct participation features, and (c) the management of underlying items on behalf of the policyholder (investment-related services) for insurance contracts with direct participation features. Coverage units used for release pattern reflect the quantity of benefits and expected coverage duration. CSM is allocated equally to each coverage unit and is released accordingly.

To distinguish significant insurance risk, Company use general guidelines as follows, the significance of insurance risk should be determined based upon the relationship between the death benefit and surrender or maturity value of the particular contract. Significance of insurance risk (%) = (Death Benefit)/ (Surrender of Maturity Value). If the calculated percentage is greater than 110%, the contract is classified as an insurance contract. If the calculated percentage is between 105% and 110%, the contract should be subject to further analysis based on its specific terms and conditions. The surrender value should be exclusive of any related explicit surrender charge.

Generally, a contract has significant insurance risk, if the death benefit could vary significantly in response to capital market volatility.

Generally, unless the death benefit was a set percentage of the surrender value (e.g. 101% of surrender value), contracts that provide death and surrender or maturity benefits are insurance contracts, as at the outset of the contract the surrender value may be negligible, and the death benefit is significant.

Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified variable: interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts. At the reporting date the Company did not have any such investment contracts.

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

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

As IFRS 17 does not provide any threshold for determining whether a share or proportion is substantial, this assessment requires judgment. Group has set up a group-wide process for assessing insurance contracts based on qualitative and quantitative criteria to appropriately reflect the individual contract specifics. For this assessment, the terms "substantial share" and "substantial proportion" have been applied by using 50 % as rebuttable presumption. Insurance contracts with direct participation features are accounted for under the VFA. Insurance contracts without direct participation features are measured under the GMM or the PAA, if the respective eligibility criteria for the PAA are fulfilled.

1.3 Material accounting policies (continued)

g) Insurance contract liabilities (continued)

The Company generally applies the same accounting policies and rules to reinsurance contracts issued as to insurance contracts issued.

Contracts with discretionary participation features

Both insurance and investment contracts may contain discretionary participation features. A contract with a discretionary participation feature is a contractual right held by a policyholder to receive as a supplement to guaranteed minimum payments, and whose amount or timing is contractually at the discretion of the issuer and that are contractually based on:

- the performance of a specified pool of contracts or a specified type of contract,
- realised and/or unrealised investment returns on a specified pool of assets held by the issuer or
- the profit or loss of the company that issues the contracts.

The discretionary element of those contracts is accounted for as a liability within the liability for remaining coverage on the way that guaranteed liabilities are increased by discretionary bonuses. The provision for discretionary bonus within the liability for remaining coverage may comprise amounts arising in relation to participating policies, for which the allocation of funds has not been determined at the reporting date. When the allocation of funds is determined, appropriate transfers are made out of this fund.

Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised at the later of:

- the beginning of the coverage period of the group; or
- the initial recognition of any underlying insurance contract.

An insurance contract is derecognised when it is:

- extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified, and certain additional criteria are met

Separation of components

IFRS 17 requires the separation of embedded derivatives, investment components, and performance obligations to provide non-insurance goods and services at inception of a contract, if certain conditions are met. The separated components need to be accounted for separately according to IFRS 9 (embedded derivatives, investment components) or IFRS 15 (non-insurance goods and services). The Company has not identified material performance obligations embedded in insurance contracts to provide non-insurance goods and services.

The Company applies IFRS 9 to determine whether there is an embedded derivative to be separated and, if so, how to account for that derivative, unless the derivative is itself a contract within the scope of IFRS 17.

The majority of embedded derivatives identified in insurance contracts issued by the Company have been considered closely related or to include significant insurance risk, because there are usually strong interdependencies with other components of the contract such as contractual options, policyholder behavior, contractual surplus sharing, and mortality.

IFRS 17 defines investment components as the amounts that an insurance contract requires the entity to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs, or the contract matures or is terminated without an insured event occurring.

An investment component is classified as being distinct or non-distinct. The Company has not identified material distinct investment components.

Investment components that are non-distinct are not to be separated from the host insurance contract but are excluded from insurance revenue and insurance service expenses. For most common life insurance products, the Company defines the cash surrender value as the non-distinct investment component. Generally, property-casualty contracts do not have a surrender or maturity value and only have a benefit payment when a claim occurs. Therefore, a standard property-casualty contract without additional guaranteed payment features does not include any investment component.

1.3 Material accounting policies (continued)

g) Insurance contract liabilities (continued)

Level of aggregation

IFRS 17 requires identifying portfolios of insurance contracts. A portfolio of insurance contracts is defined as insurance contracts that are subject to similar risks and managed together. Portfolios should be further disaggregated into profitability-based groups of insurance contracts that are, on initial recognition: (a) onerous, if any, (b) profitable, with no significant possibility of subsequently becoming onerous, if any, and (c) remaining contracts, if any. IFRS 17 prohibits including contracts issued more than one year apart in the same group, a requirement commonly referred to as annual cohort requirement. For the non-life segment, the insurance portfolio issued is aggregated into 18 groups of insurance contracts the same as for IFRS 4 reporting following annual cohort and profitability requirements. The same approach is used for reinsurance contracts.

For our life insurance portfolio, the issued contracts are grouped into 23 groups based on similar risks and contract characteristics. In forming these groups, we also apply profitability criteria and ensure that only contracts issued within the same year are combined (an annual cohort). This grouping method is used under the Fair value approach to determine the portfolio's valuation at the transition date to IFRS 17.

Expected future cash flow

Included in the measurement of each group of contracts within the scope of IFRS17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. In estimating these future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Regarding life insurance contracts, expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups.

The estimates of future cash flows comprise all cash flows expected to arise as the insurance contract is fulfilled. In Cash flows within the boundary of a contract relate directly to the fulfillment of the contract, including those for which the Company has discretion over the amount or timing. These include premiums from policyholders, payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling the contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs.

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

Discount rates

The estimates of future cash flows should be adjusted to reflect the time value of money and the financial risks related to future cash flows, such as currency and liquidity risk associated with those cash flows, to the extent that the financial risks have not been included in the estimates of cash flows. The discount rates should: (a) reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts, (b) be consistent with observable current market prices for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity, and (c) exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts. The Company applied a bottom-up approach to determine applicable discount rates by establishing a reference portfolio of assets for each group of insurance contracts. Yield curves reflecting the current market rates of return for such reference portfolios will be further adjusted to reflect differences between the characteristics of the reference portfolio and the groups of insurance contracts being measured. Discount curve is generated using bottom up approach and is defined as EIOPA EUR risk free rate increased by credit risk adjustment with iliquidity adjustment for traditional life portfolio and EIOPA EUR/USD risk free rate increased by credit risk adjustment for Unit/Index-Linked business.

1.3 Material accounting policies (continued)

g) Insurance contract liabilities (continued)

For valuation of non-life portfolio at transition date was used EIOPA HRK curve increased by credit risk adjustment. Cash flows are discounted using the curve in corresponding currency.

IFRS 17 allows to apply following measurement approaches to insurance contracts issued and reinsurance contracts held: (a) general model, (b) premium allocation approach and (c) variable fee approach. Reinsurance contracts held for life insurance measured by GMM are recognized using the simplification. The Group use following measurement approaches, depending on the type of contract:

	Product classification	Measurement model
Contracts issued		
With profit participation	Insurance contracts	General model (GMM)
All other life insurance	Insurance contracts	General model (GMM)
Unit/Index Linked	Insurance contracts	Variable fee approach (VFA)
Non-life contracts	Insurance contracts	Premium allocation approach (PAA)
Reinsurance contracts held		
Life reinsurance contracts (excluding XL)	Reinsurance contract held	General model (GMM)
Life reinsurance contracts XL	Reinsurance contract held	Premium allocation approach (PAA)
Non-life reinsurance contracts	Reinsurance contract held	Premium allocation approach (PAA)

Transition approaches applied in the Company are fair value approach (FVA) and full retrospective approach (FRA) for PAA contracts. OCI option is applied.

General model

This approach is applied to all insurance contracts, unless they have direct participation features or the contract is eligible for, and the entity elects to apply, the premium allocation approach.

Premium allocation approach

This approach is an optional simplification of the measurement of the liability for remaining coverage, for insurance contracts with short-term coverage. A group of insurance contracts is eligible for the premium allocation approach if, at inception: (a) each contract in the group has a coverage period (that is, the period in which the entity provides insurance contract services) of one year or less; or (b) the measurement of the liability for remaining coverage for the group using the premium allocation approach is reasonably expected to produce a measurement which is not materially different from using the general model or the variable fee approach. The Company applied PAA valuation model to all non-life Group of Contracts (GoC) as it is proved that all Company's non-life contracts are PAA eligible.

Variable fee approach

This approach is applied to insurance contracts with direct participation features. Such contracts are substantially investment-related service contracts under which an entity provides return based on underlying items. This approach cannot be used for the measurement of reinsurance contracts issued or held. The Company applies this approach for Unit-Linked and Index-Linked. Underlying item is fund value for relevant contract.

Risk adjustment for non-financial risk

The risk adjustment reflects the compensation an entity would require for bearing non-financial risks, i.e. the uncertainty of cash flows that arise from insurance contracts, other than the uncertainty arising from financial risks. Such non-financial risks include insurance risks, lapse and expense risk. IFRS 17 does not prescribe a specific approach for determining the risk adjustment. Allianz applies a Cost of Capital approach with a Cost of Capital rate of currently 6 % as under Solvency II. The main differences in terms of disclosure are that IFRS 17 requires a separate presentation of the risk adjustment for non-financial risk for gross and ceded business, as well as a split for LRC and LIC. The main valuation differences are the reflection of diversification across Group subsidiaries in the risk adjustment of individual entities, which is not allowed in the Solvency II risk margin. Further differences are the exclusion of operational risk in the risk adjustment, differences in discounting, and the smoothing of risk inputs to address cross effects with financial risks not in scope of the risk adjustment. The risk adjustment for LIC for property-casualty corresponds to a confidence level in the range of 55 % to 65 %; the risk adjustment for LRC for life/health corresponds to a confidence level of 64 % to 84 %. Both property-casualty and life/health confidence levels are calculated based on distribution assumptions consistent to Solvency II (where applicable). For property-casualty, this is based on the ultimate distribution underlying the Solvency II one-year-view used in the Cost of Capital methodology for the calculation of the risk adjustment for the LIC, aggregated and diversified at Group level.

1.3 Material accounting policies (continued)

g) Insurance contract liabilities (continued)

Likewise, for life/health an ultimate distribution is estimated based on the Solvency II one-year-view used in the Cost of Capital methodology for calculation of the risk adjustment for the LRC, projected to ultimate horizon per entity and aggregated to diversified group level. Both for property-casualty and life/health respectively, the confidence level is derived as the quantile of the Group net of reinsurance risk adjustment in the ultimate distribution of the Group. The risk adjustment for non-financial risk is included in the expected cash flows to represent compensation required for bearing the non-financial risk arising from uncertainty in future cash flows. Under IFRS 17 requirements, the risk adjustment for non-financial risk includes: (a) the degree of diversification benefit that the entity includes when determining the compensation that it requires for bearing that risk, and (b) both favorable and unfavorable outcomes in a way that reflects the entity's degree of risk aversion.

Liability for remaining coverage under the GMM/VFA

The liability for remaining coverage (LRC) under the GMM consists of the fulfillment cash flows related to future services and the contractual service margin (CSM). The fulfillment cash flows represent the risk-adjusted present value of Allianz's rights and obligations to the policyholders, comprising the building blocks of estimates of expected future cash flows, discounting, and an explicit risk adjustment for non-financial risk. The CSM represents the unearned profit from in-force contracts that an entity will recognize as it provides services over the coverage period. Each building block is measured separately, both on initial recognition and for subsequent measurement.

Contractual service margin (CSM)

The contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit that the entity will recognize as it provides insurance contract services under the insurance contracts in the group. Pattern of CSM recognition would be thus determined based on the coverage units, reflecting the pattern under which the insurance contract service benefit is transferred to the policyholder of the insurance contracts.

Insurance contract services are the services that the Company provides to a policyholder of an insurance contract and comprise: (a) coverage for an insurance event (insurance coverage), (b) the generation of an investment return (investment-return services) for insurance contracts without direct participation features, and (c) the management of underlying items on behalf of the policyholder (investment-related services) for insurance contracts with direct participation features. Coverage units used for release pattern reflect the quantity of benefits and expected coverage duration. CSM is allocated equally to each coverage unit and is released accordingly.

At initial recognition, the CSM is measured to result in no income or expenses arising from the fulfillment cash flows, any cash flows arising from the contracts in the group at that date, and the derecognition at the date of initial recognition of any asset for insurance acquisition cash flows and any other asset. If the fulfillment cash flows lead to a negative CSM at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit and loss. At subsequent measurement, the CSM is adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the CSM is recognized in profit or loss each period to reflect the services provided in that period based on "coverage units". IFRS 17 only provides principle-based guidance on how to determine these coverage units. Company defines coverage units as fund reserve, sum insured, statutory reserve, depending of the portfolio.

The VFA is a mandatory modification of the GMM regarding the treatment of the CSM in order to accommodate direct participating contracts. The assessment of whether an insurance contract meets the VFA eligibility criteria is made at inception of the contract and not revised subsequently, except in case of a substantial modification of the contract. For contracts with direct participation features, the CSM is adjusted for changes in the amount of the entity's share of the fair value of the underlying items. No explicit interest accretion is required since the CSM is effectively remeasured when it is adjusted for changes in financial risks.

Changes to contractual service margin

Changes in the fulfilment cash flows (FCF) relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.

1.3 Material accounting policies (continued)

g) Insurance contract liabilities (continued)

Liability for remaining coverage (LRC) under the Premium Allocation Approach (PAA)

The Company uses the PAA for measuring contracts with a coverage period of one year or less. In addition to the contracts with coverage of less than one year, the PAA is applied for the measurement of groups of contracts where it is reasonably expected that the measurement of the LRC does not differ materially from the one that would be produced by applying the GMM or the VFA. The PAA eligibility per Group of Contract is regularly assessed. This assessment considers qualitative and quantitative factors which are determined at the Group level. The qualitative factors include but are not limited to the volatility of financial variables, related embedded derivatives, and the average length of the coverage period. For the quantitative test, the Company provides detailed scenarios including interest rate shocks per selected currency. Overall, the PAA is applied for the Company's property-casualty business (gross and ceded).

If facts and circumstances (e.g. an expected combined ratio above 100 %) indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or subsequently becomes onerous, the Company increases the carrying amount of the LRC recognized in insurance service expenses and a loss component established for the amount of the loss recognized. Subsequently, the loss component is remeasured at each reporting date.

Unearned premium reserve within LRC comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily pro rata method ("pro rata temporis"), adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract. Unearned premium reserve in respect of life insurance is included within the liability for remaining coverage.
Unearned premium reserve for individual insurance contract is formed in the amount of the part of written premium which relates to insurance coverage for the insurance period after the accounting period for which the provision is calculated. For the calculation of gross unearned premium for non-life insurance with equal risk dispersion, the method of individual calculation in time is used.

Insurance acquisition cash flow asset

At the Company, insurance acquisition cash flows are not expensed as incurred, but deferred over the coverage period for all measurement models. IFRS 17 foresees two levels of deferral (pre-coverage DAC and in-coverage DAC, DAC = deferred acquisition costs). Firstly, when insurance acquisition cash flows are incurred before the group of contracts is recognized (pre-coverage), and secondly, when the contracts are recognized following IFRS 17.38 (c) and IFRS 17.B125, where the insurance acquisition cash flows are implicitly deferred over the coverage period of the contracts to which the insurance acquisition cash flows relate.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- increased for premiums received in the period;
- decreased for insurance acquisition cash flows paid in the period;
- decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period; and
- increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance serviceexpenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- increased for ceding premiums paid in the period; and
- decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

Deferred acquisition costs – insurance contracts

Acquisition costs comprise all direct and indirect costs arising from the conclusion of new insurance contracts and the renewal of the existing contracts.

Acquisition costs comprise all direct costs arising from the conclusion of insurance contracts such as sales representatives' commission, salaries of sales personnel, marketing and advertising expenses.

Deferred acquisition costs for non-life business comprise commissions paid to the external sales force and salaries of the internal sales force incurred in concluding insurance policies during a financial year, but which relate to a subsequent financial year, and other variable underwriting and policy issue costs. General selling expenses are not deferred.

For non-life insurance business, the deferred acquisition cost asset at the reporting date has been calculated by comparing the provision for unearned premiums at the reporting date with gross premiums written during the year and deferring a comparable proportion of deferrable acquisition costs, subject to their recoverability.

The recoverable amount of deferred acquisition costs is assessed at each reporting date as part of Loss component.

1.3 Material accounting policies (continued)

g) Insurance contract liabilities (continued)

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

For reinsurance contracts held on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LRC and the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

Liability for incurred claims (LIC)

The LIC is measured at the fulfillment cash flows relating to incurred claims. It comprises the fulfillment cash flows related to past service at the reporting date. It is calculated at a level of aggregation, which is determined at the local level based on relevant factors, e.g. line of business. The LIC consists of the present value of future cash flows relating to incurred claims and the risk adjustment for non-financial risk. For the insurance contracts measured under the PAA, the Company decided to discount the future cash flows relating to incurred claims, even if those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

The claims provisions represent the estimated ultimate cost of settling all claims, including direct and indirect settlement costs, arising from events that occurred up to the reporting date and include the provision for reported, but not settled claims, the provision for incurred but unreported claims and the provision for claims handling costs. To that amount also liability for settled but yet not paid claims and unpaid recourses are added.

Other non-life insurance provisions include provisions for bonuses and discounts. The provision for bonuses and discounts is formed in the amount to which the insurers are entitled based on their participation in profit as a result of their insurance contract or as a future partial reduction of the premium based on the insurance contract.

Claims arising from non-life business

Claims incurred in respect of non-life business consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

Claims settled are recorded in the moment of processing the claim and are recognised (determined) as the amount to be paid to settle the claim. Claims settled are increased by claims handling costs. Collected claims recoverable from third parties and claims recoverable from third parties that are anticipated to be collected are deducted from claims settled.

Claims outstanding based on case estimates and statistical methods comprise provisions for the Company’s estimate of the ultimate cost of settling all claims incurred up to, but unpaid at the reporting date whether reported or not, together with related internal and external claims handling expenses and an appropriate prudential margin. The provision for reported but not settled claims is determined based on the individual assessment of each reported claim. The provision for incurred but not reported claims is determined based on the statistical data and actuarial methods, taking into account the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends.

Anticipated reinsurance recoveries are disclosed separately as assets. Reinsurance and other recoveries are assessed in a manner similar to the assessment of claims outstanding.

In respect of Motor Third Party Liability (“MTPL”) insurance, a part of the claims payment is in the form of an annuity. The provision for such claims is established at the present value of the expected payments over the whole period of entitlement of the claimants. With the exception of annuities, the Company does not discount provisions for outstanding claims.

Whilst management considers that the gross provisions for claims and the related reinsurance recoveries are adequately stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately, if significant. The methods used, and the estimates made, are reviewed regularly, which is further discussed in Note 1.6.

Claims and benefits arising from life insurance business

Life insurance business claims reflect the cost of all claims and benefits arising during the year, including policyholder bonuses allocated in anticipation of a bonus declaration.

1.3 Material accounting policies (continued)

h) Reinsurance contract assets

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Premiums ceded and benefits reimbursed are presented in the profit and loss and statement of financial position on a gross basis. Only contracts that give rise to a significant transfer of insurance risk are accounted for as insurance contracts. Amounts recoverable under such contracts are recognised in the same year as the related claim. Contracts that do not transfer significant insurance risk (i.e. financial reinsurance), are recorded using the deposit method of accounting. During 2024 and 2023 the Company had no such contracts. The cost of reinsurance related to life assurance contracts is accounted for over the life of the underlying insurance policies using assumptions consistent with those used to account for the underlying policies.

Reinsurance assets include balances due from reinsurance companies for ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsured policy. Reinsurance assets comprise the actual or estimated amounts, which, under contractual reinsurance arrangements, are recoverable from reinsurers in respect of technical provisions.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date applying the same methodology as applied for loans and receivables as described in accounting policy 1.3 (e). The Company records an allowance for estimated irrecoverable reinsurance assets, if any. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

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

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

Reinsurance commissions and profit participations include commissions received or receivable from reinsurers and profit participations based on reinsurance contracts. Non-life reinsurance commissions are deferred in a manner consistent with the deferral of acquisition costs in non-life insurance.

i) Measurement of liabilities in respect of unit-linked and index-linked insurance contracts under VFA

Liabilities in relation to unit-linked and index-linked contracts are insurance contracts and those contracts are held at fair value through profit and loss. Transaction costs and front-end fees in respect of financial liabilities measured at fair value are not included in the initial measurement amount and are recognised in profit or loss as incurred.

Variable fee approach is applied to insurance contracts with direct participation features. Such contracts are substantially investment-related service contracts under which an entity promises an investment return based on underlying items. This approach cannot be used for the measurement of reinsurance contracts issued or held.

j) Insurance receivables and payables

The insurance contract receivables and payables/liabilities include receivables and payables arising from insurance and reinsurance contracts entered by the Company. The insurance contract liabilities or assets are measured on a cash basis and therefore include all receivables and payables to counterparties and expenses modelled in the future cash flows, until they are actually paid.

Insurance premium receivables are recognized at their nominal contractual, fair value and subsequently measured at amortized cost less any impairment allowance. An impairment allowance in the full amount is established for premium receivables that are overdue more than 120 days. Insurance payables are recognized at their nominal value due under the contract, fair value and subsequently measured at amortized cost. Insurance premium receivables are recognized within Liability for remaining coverage as well commission payables and commission accruals. Claims payables are recognized within Liability for incurred claims.

k) Employee benefits

Pension obligations

For defined contribution plans, the Company pays contributions to State-owned management companies, in accordance with legal requirements or individual choice. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense in profit or loss as incurred. Expenses for pension obligations are allocated to insurance contracts (insurance expense. Note 1.27 "Attributable Employee expenses")

1.3 Material accounting policies (continued)

k) Employee benefits (continued)

Share-based payment transactions

Restricted stock units ("RSU") of the company Allianz SE are granted to the Management Board. The fair value of the amount payable to employees in respect of these cash-settled share based transactions is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date to its fair value, with all changes recognised immediately in the profit or loss as Administrative expenses (cash settled share-based payment related personnel expenses).

The main terms and conditions of the RSUs include the following:

- Service period: 5 years,
- Vesting period: 4 years after final grant,
- Exercise period: None – Allianz will exercise on the first day succeeding the vesting period,
- Performance conditions: None,
- Limits on value: the payout is capped at 300% share price growth over the price at grant,
- Settlement: cash settlement is anticipated.

Company treats the AEI plan as a cash-settled share-based award. The individual companies that grant RSUs must accrue a liability, and recognize a corresponding compensation expense, as of each balance sheet date in accordance with the treatment for cash-settled share-based awards. The total RSU liability is measured based on the fair value of the RSUs at each balance sheet date, and is accrued over the 5-year service period. This liability is adjusted as the fair value of the RSUs fluctuates due to changes in the Allianz share price.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other employee benefits

Liabilities based on other long-term employee benefits, such as jubilee awards and statutory termination benefits, are recorded as the net present value of the liability for defined benefits at the balance sheet date. The projected credit unit method is used for the calculation of the present value of the liability.

(l) Provisions

Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract. Accounting policy for insurance contracts is disclosed under accounting policy Note 1.3 (g) Insurance contract liabilities.

(m) Income tax

Income tax expense comprises current and deferred tax.

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

Deferred tax is not recognised for the temporary differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are not discounted and are classified as non-current assets and/or non-current liabilities.

1.3 Material accounting policies (continued)

(n) Equity

Issued share capital

Issued share capital represents the nominal value of paid-in ordinary shares classified as equity and is denominated in EUR.

Share premium

Share premium represents the excess of the paid-in amount over the nominal value of the issued shares.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends on ordinary share capital are recognised as a liability in the period in which they are declared.

Legal reserve

The legal reserve represents accumulated appropriations from retained earnings in compliance with the Insurance Law, which was effective until 31 December 2005, and required at least one third of the net profit for the year to be transferred to non-distributable legal reserves, until they reach half of the average gross written premium in the preceding two years. Those requirements no longer exist in the subsequent versions of the Insurance Law, effective post 1 January 2006. However, as required by the Companies Act, a company is required to appropriate 5% of its annual net profit into legal reserves until they, together with capital reserves, reach 5% of issued share capital. Legal and capital reserves formed under the Companies Act can be used for covering prior period losses up to 5% of issued capital, if they are not covered by profit in the current period or if other reserves are not available.

Fair value reserve

The fair value reserve represents unrealised net gains and losses arising from a change in the fair value of available-for-sale financial assets, net of impairment and related deferred tax. Expected credit losses for non equity investments measured at fair value through other comprehensive income are recognized through other comprehensive income within Fair value reserve and profit and loss.

Insurance finance reserve

Insurance finance income or expense arising from effect of and changes the time value of money arising from the passage of time, i.e. difference between the current discount rate as fulfilment cash flows are done at current market rates and the locked in rate are recognized through other comprehensive income in Insurance finance reserve.

Retained earnings

Any profit for the year retained after appropriations is transferred to reserves based on the shareholder´s decision or left in the retained earnings. Retained earnings are available for distribution to shareholders.

(o) Impairment of non-financial assets

The carrying amounts of the Company’s non-financial assets, other than deferred acquisition costs (see accounting policy 1.3 (c)), financial assets (see accounting policy 1.3 (e)) and deferred tax assets (see accounting policy 1.3 (h)), are tested for impairment at each reporting date.

If any indication exists, the asset’s recoverable amount is estimated. For assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date. At the reporting date the Company did not have such assets.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.3 Material accounting policies (continued)

(p) Insurance revenue

Insurance revenue under the PAA

In applying the PAA, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period. As such, for contracts measured under the PAA at the Company, the expected premium receipts are allocated to insurance revenue based on the passage of time, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time, in which case the latter should be used. Insurance revenue include adjustments to reflect impairment of amounts due from policyholders (older, due more than 120 days).

Insurance revenue under the GMM/VFA

The Company recognizes insurance revenue as it provides services under groups of insurance contracts. For contracts measured under the GMM or VFA, the insurance revenue relating to services provided for each reporting period represents the total of the changes in the LRC that relate to services for which the Company expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year, excluding amounts allocated to a potential loss component, repayments of investment components, insurance acquisition expenses, and amounts that relate to transaction-based taxes collected on behalf of third parties.

Other amounts, including experience adjustments for premium receipts for current or past services.

The Company furthermore distinguishes between direct costs and overhead costs.

(q) Insurance expenses

These expenses consist of claims and other insurance service expenses incurred during the period as well as the amortization of insurance acquisition cash flows but exclude repayments of investment components. Furthermore, they include the changes in the fulfillment cash flows relating to the LIC, the losses on onerous groups of contracts and reversals of such losses and the impairment loss on the assets for the pre-coverage acquisition cash flows and the reversals of such losses. For the insurance contracts with direct participation features, it also includes an adjustment for experience adjustments of the non-financial underlying items.

Insurance service expenses include only costs that relate directly to the fulfillment of the insurance contracts.

Insurance service expenses include incurred claims and benefits excluding investment component, other incurred directly attributable insurance service expenses, amortisation of insurance acquisition cash flows, changes that relate to past service (i.e. changes in the FCF relating to the LIC) and changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

Directly attributable insurance service expenses include attributable acquisition costs arising from the conclusion of insurance contracts such as sales representatives commission, salaries of sales personnel, marketing and advertising expenses.

Non-life commission expenses are recognised on an accrual basis, while life commission expenses are recognised on a cash basis consistent with the related income recognition criteria.

The Company's accounting policy for deferred acquisition costs is disclosed in accounting policy 1.3 (g).

In applying the PAA, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period. As such, for contracts measured under the PAA at the Company, the expected premium receipts are allocated to insurance revenue based on the passage of time, unless the expected pattern of incurring the insurance service expenses differs significantly from the passage of time, in which case the latter should be used. Insurance revenue include adjustments to reflect impairment of amounts due from policyholders (older, due more than 120 days). Directly attributable insurance service expenses include attributable administrative expenses, technical expenses and other operating expenses which include personnel expenses, depreciation of property and equipment, rent costs, audit fee, legal and other professional fees, parafiscal levies – tehnical expenses, IT expenses, bank fees, maintenance and utility costs and other and other costs.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue. For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

1.3 Material accounting policies (continued)

(q) Insurance expenses (continued)

Other expenses not meeting the above categories are included in other operating expenses in profit or loss as presented in Note 1.27 *“Other expenses and expenses by nature”.*

(r) Reinsurance result

The Company applies the accounting policy option to present income and expenses from a group of reinsurance contracts held, other than insurance finance income and expenses, as a single amount.

(s) Net Investment income

The accounting policy in relation to recognition Net gains on financial assets at fair value through profit and loss, Net realized gains on financial assets at fair value through other comprehensive income is disclosed in Note 1.3 (e) under “*Gains and losses*”.

The accounting policy in relation to recognition Net credit impairment losses is disclosed in Note 1.3 (e) under “*Impairment of financial assets*”.

Other investment income includes dividends, distribution profits, kick-back fees, net gains from foreign exchange differences.

Other investment expense includes investments intermediaries and handling costs such as broker, custody fee and similar costs.

Net income from investment property

Net income from investment property comprises realised gains triggered by derecognitions, rental income and other income related to investment property, maintenance and utilities cost, depreciation and other similar costs. Rental income from investment properties is recognised in the profit or loss on a straight-line basis over the term of each lease.

(t) Net insurance finance expenses

Net insurance finance expenses consist of finance income or expenses from insurance contracts issued and the finance income or expenses from reinsurance contracts held including the effect of time value of money and the effect of financial risk.

Generally, the Company chooses to disaggregate the insurance finance income or expenses other than those arising from the risk mitigation option between profit or loss and other comprehensive income (OCI) based on a systematic allocation. Furthermore, the Company chooses to disaggregate the change in risk adjustment for non-financial risk between a change related to non-financial risk and the effect of the time value of money and changes in the time value of money, which are included in net insurance finance expenses.

For groups of insurance contracts accounted for under the GMM, the systematic allocation for the finance income or expenses is determined using the discount rates by which estimated future cash flows have been discounted on initial recognition, i.e. the “locked-in” interest rate. For Life/Health entities, the Company applies a cash-flow-weighted average of interest curves through the quarters. It means averaging each quarterly interest curve for each maturity over the cash flows with maturity over the quarters. For the finance income or expenses arising from the CSM, a systematic allocation is determined using the “locked-in rate”.

For groups of insurance contracts with direct participation features accounted for under the VFA, the Company generally holds the underlying items. The insurance finance income or expense included in profit or loss is the amount that exactly matches the income or expenses included in profit or loss for the underlying items (i.e., the current period book yield of the underlying items), resulting in the net of the separately presented items being nil.

For groups of insurance contracts accounted for under the PAA, the systematic allocation for the finance income or expenses is determined using the discount rates at the date of the incurred claim, i.e. the “locked-in” interest rate based on accident year. For Property-Casualty entities, the Allianz approach is the simple average of interest curves through the quarters weighted by ¼ each.

(u) Fee and commission income

Fees which are recognized when the service is provided. For those fees, the service is considered to be provided periodically. Performance fees may not be recognized as fee income before the respective benchmark period is completed. Before its completion, the obligation to pay the fee is conditional, the fund performance is regularly not reliably estimable, and the related service is not fully performed.

(v) Other income and other operating expense

Other income and expense include income, acquisition and administrative expenses which are not directly attributable to fulfilling insurance contracts.

(w) Other finance cost

Financial expenses include interest expenses recognised using the effective interest rate method, and net negative foreign exchange differences resulting from translating monetary assets and liabilities using the exchange rate at the reporting date.

1.3 Material accounting policies (continued)

(x) New Standards and Interpretations

IASB Standards or interpretations effective for the first time for the year ending 31 December 2024

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognize any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate. The amendments did not have a significant impact on the Company for the year ending 31 December 2024.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument. The amendments did not have a significant impact on the Company for the year ending 31 December 2024.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements. The amendments did not have a significant impact on the Company for the year ending 31 December 2024.

IASB Standards or interpretations effective from 1 January 2025 or later

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences. The Company does not expect the amendments to have a significant impact on its financial statements.

1.3 Material accounting policies (continued)

(y) New Standards and Interpretations not yet endorsed

Several new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2025, or later, which have not been adopted in the EU and have not been early adopted by the Company.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).
On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:
(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the ‘qualifying criteria’, rather than ‘conditions’ for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included ‘significant unobservable inputs. This new phrase replaced reference to ‘significant inputs that were not based on observable market data’. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at ‘the amount determined by applying IFRS 15’ instead of at ‘their transaction price (as defined in IFRS 15)’. IFRS 10 was amended to use less conclusive language when an entity is a ‘de-facto agent’ and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to ‘cost method’ that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment ‘Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate’.

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026). The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company’s performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include: (a) clarifying the application of the ‘own-use’ requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The Company is currently assessing the impact of the amendments on its financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries’ financial statements while maintaining the usefulness of the information for users

1.3 Material accounting policies (continued)

(y) New Standards and Interpretations not yet endorsed (continued)

of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

Unless otherwise stated above, the new standards and interpretations are not expected to have a significant impact on the Company's financial statements.

1.4 Accounting estimates and judgements

These disclosures supplement the commentary on financial risk management (Note 1.32) and insurance risk management (Note 1.5).

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

1.4.1 Key sources of estimation uncertainty

Estimation of uncertainty in relation to reserving for the Company

The most significant estimates in relation to the Company's financial statements relate to insurance contracts reserving. The Company takes a reasonably prudent approach to reserving and applies HANFA regulations. The Company employs certified actuaries.

Major assumptions in calculating the life insurance provision are set out in Note 1.5. Insurance risk management is discussed in detail in Note 1.5. whilst insurance contract liabilities are analysed in Note 1.17.

Estimation of uncertainty in relation to court claims for the Company

A significant source of estimation uncertainty stems from court claims. At 31 December 2024, the Company was involved in 571 *(2023: 604)* court cases for which EUR 9,821 thousand *(2023: EUR* 12,884 *thousand)* was provided as part of the claims reserve for reported but not yet settled claims.

1.5 Insurance risk management

The Company is exposed to actuarial and underwriting risk arising from a wide range of life and non-life products offered to customers: participating traditional life products, annuities, unit-linked, index linked and all lines of non-life products (property, accident and health, motor vehicle- MTPL and motor hull, third party liability, marine, aviation and transport).

Insurance risk relates to the uncertainty of the insurance business. The most significant components of insurance risk are premium risk and reserve risk. These concern the adequacy of insurance premium rate levels and the adequacy of overall life insurance contract liability with respect to insurance liabilities and the capital base.

Premium risk is present when the policy is issued before any insured event has happened. The risk is that overall expenses and incurred losses will be higher than the overall premium received. Reserve risk represents the risk that the absolute level of the life insurance contract liability is misstated or that the actual claims will fluctuate around the statistical mean value.

Non-life underwriting risk includes also catastrophe risk, which streams from irregular events that are not sufficiently covered by premium and reserve. Underwriting risk components of the life business include biometric risk (comprising mortality, longevity, morbidity and disability) and lapse risk. Lapse risk relates to unanticipated higher or lower rate of policy lapses, terminations, changes to paid up status (cessation of premium payment) and surrenders.

Risk management

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing, product design and management of reinsurance.

The Company underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years which reduces the variability of the outcome. Non-life contracts are annual in nature and the underwriter has the right to refuse renewal or to change the terms and conditions of the contract at renewal.

For climate risk Company has implemented qualitative and a quantitative process of risk assessment. Qualitative risk assessment is to be done annually by the Company as part of ORSA process. Assessment is done on highest represented Non-life and Life Lobs. Company has assessed physical and transition risk on various transmission channels (Technology risk, Legal risk, Policy risk, Human behavior risk, Acute risk, Chronic risk) and for different risk drivers. Risks are assessed qualitatively, on short to mid term and on long-term basis, with views on revenues, costs, asset value (grades from Strongly negative to Strongly positive). Additionally, risks will also be assessed quantitatively in the 2025 ORSA with a Group tool. This tool aims to assess the impacts from physical climate change risk on P&C liabilities. Risks are considered under up to four RCP scenarios. For 2025, scope will be limited to inland flood and tropical cyclone.

The Company reinsures a portion of the risks it underwrites in order to control its exposure to losses and protect capital resources.

The Company contracts a combination of proportional and non-proportional reinsurance treaties to reduce the net exposure for an individual risk or event, depending on line of business, but with a maximum net exposure of EUR 1,0 million. For the accumulation of net property losses arising out of one occurrence, a reinsurance catastrophe treaty provides cover for EUR 204,2 million (2023: EUR 179 million) of losses exceeding the first EUR 3,0 million (2023: EUR 3,0 million).

Ceded reinsurance contains credit risk and such reinsurance recoverable are reported after deductions for known uncollectible items. The Group monitors the financial condition of reinsurers and enters into reinsurance agreements with minimum A- rated reinsurers by Standard & Poor's.

1.5 Insurance risk management (continued)

Concentration of insurance risk

A key aspect of the insurance risk faced by the Company is the extent of concentration of insurance risk, which determines the extent to which a particular event or series of events could impact significantly upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a number of related contracts where significant liabilities could arise. An important aspect of the concentration of insurance risk is that it could arise from the accumulation of risks within a number of different insurance classes.

Concentrations of risk can arise in low frequency, high-severity events such as natural disasters; in situations where the Company is exposed to unexpected changes in trends, for example, unexpected changes in human mortality or in policyholder behaviour; or where significant litigation or legislative risks could cause a large single loss, or have a pervasive effect on many contracts.

The risks underwritten by the Company are primarily located in the Republic of Croatia.

The concentration of insurance risk before and after reinsurance in relation to the type of insurance risk accepted is summarised below, with reference to the value of the claims incurred (gross and net of reinsurance) arising from insurance contracts:

	2024			2023		
	Gross claims incurred	**Reinsurers' share of claims incurred**	**Net claims incurred**	**Gross claims incurred**	**Reinsurers' share of claims incurred**	**Net claims incurred**
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Non-life insurance business						
Motor (third party)	(12,415)	1	(12,414)	(10,608)	(329)	(10,937)
Motor (other classes)	(17,966)	422	(17,544)	(17,488)	1,111	(16,377)
Property	(25,002)	5,330	(19,672)	(42,863)	12,030	(30,834)
Personal lines	(10,602)	59	(10,543)	(9,280)	1,029	(8,252)
Other	(14,212)	6,063	(8,149)	(1,656)	257	(1,398)
Total non-life	**(80,197)**	**11,875**	**(68,322)**	**(81,896)**	**14,098**	**(67,798)**
Life insurance business						
Periodic premiums	(32,900)	29	(32,871)	(24,430)	11	(24,420)
Single premiums	(33,603)	-	(33,603)	(29,291)	-	(29,291)
Total life	**(66,503)**	**29**	**(66,474)**	**(53,721)**	**11**	**(53,711)**
Thereof unit linked and index linked	(32,717)	-	(32,717)	(22,767)	-	(22,767)
Grand total	**(146,700)**	**11,904**	**(134,796)**	**(135,617)**	**14,109**	**(121,509)**

Within non-life insurance, management believes that the Company has no significant concentration of exposure to any group of policyholders measured by social, professional, age or similar criteria.

The greatest likelihood of significant losses to the Company arises from catastrophe events, such as flood, hail, storm or earthquake damage. The techniques and assumptions that the Company uses to calculate these risks are as follows:

- Measurement of geographical accumulations,
- Assessment of probable maximum losses,
- Excess of loss reinsurance.

1.6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses

Non-life insurance

Company uses the PAA for measuring non-life insurance contracts, calculation of the liability for remaining coverage (LRC).

The liability for incurred claims (LIC) is measured at the fulfillment cash flows relating to incurred claims. It comprises the fulfillment cash flows related to past service at the reporting date. The LIC consists of the present value of future cash flows relating to incurred claims and the risk adjustment for non-financial risk.

Provision is made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid.

The liability for reported claims (“RBNS” or “NOCR”) is assessed on a separate case-by-case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Claims reserves are reviewed regularly and are updated as and when new information arises.

The estimation of claims incurred but not reported (“IBNR”) is generally subject to a greater degree of uncertainty than reported claims. IBNR provisions are predominantly assessed by the Company’s certified actuaries.

The key methods, which remain unchanged from prior years, are:

- Chain ladder methods, which use historical data to estimate the paid and incurred to date proportions of the ultimate claim cost;
- Bornhuetter-Ferguson method, which combines the estimated ratio of losses and the projection method, it therefore improves on the crude use of a loss ratio by taking account of the information provided by the latest development pattern of the claims, whilst the addition of the loss ratio to a projection method serves to add some stability against distortions in the development pattern;
- Expected loss ratio methods, which use the Company’s expectation of the loss ratio for a class of business,

The actual method or blend of methods used varies by accident year being considered, the class of business and observed historical claims development.

To the extent that these methods use historical claims development information they assume that the historical claims development pattern will occur again in the future. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include:

- economic, legal, political and social trends (resulting in different than expected levels of inflation);
- changes in the mix of insurance contracts incepted;
- random fluctuations, including the impact of large losses.

IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of reinsurance recoveries.

The assumptions which have the greatest effect on the measurement of non-life insurance liabilities are as follows:

Expected claims ratio

The expected claims ratio represents the ratio of expected claims incurred to premiums earned. The assumptions in respect of expected claims ratios for the most recent accident year, per class of business, have a significant influence on the level of provisions.

Tail factors

For long-tail business, the level of provision is significantly influenced by the estimate of the development of claims from the latest development year for which historical data is available to ultimate settlement. These tail factors are estimated prudently using mathematical curves, which project observed development factors or are based on actuarial judgment. Risk adjustment calculation reflects the projection of the capital requirement in future periods. For contracts with longer duration than single year (if present in the portfolio), this is reflected already in the volume measure as a basis for capital requirement in the period. For long-tail lines of business with long settlement period, the projection of capital requirements in future periods take the unexpired volume of risk (proportionate to the expected remaining reserve volumes) into account, leading o higher risk margin for long-tail lines of business.

Discounting

According to IFRS 17, all future cash flows must be discounted. The IFRS 17 requirements for the interest curves used in the discounting are principle-based. Company uses observable market data based on a risk-free base curve. Company applies a bottom-up approach in which the basic risk-free liquid yield curves are usually derived from swap rates or government yields for the specific currency and adjusted for remaining credit risk. Non-life claims provisions are discounted.

1.6 Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses (continued)

Non-life insurance (continued)

Annuities

Claims outstanding include provisions for MTPL claims payable as annuities, which are stated at estimated net present value based on a discount rate of 0,8% per annum (2023: 0,8%). Annuities are calculated using the Republic of Croatia mortality tables from 2010-12. Annuity claims are fixed at their nominal value over the length of the period of payment.

Claims handling provisions

The provision for claims handling expenses is computed as a certain percentage (percentage is based on information on the ratio of claims handling expenses and settled claims) of the NOCR provision and the IBNR provision. For computing the provision for claims handling expenses as at 31 December 2024 a percentage of 6% (2023: 6%) was used for both provisions except for claims greater than EUR 862,698 which are provided for individually.

Life insurance

The liability for remaining coverage (LRC) under the GMM consists of the fulfillment cash flows related to future services and the contractual service margin (CSM). The fulfillment cash flows represent the risk adjusted present value of Company's rights and obligations to the policyholders, comprising the building blocks of estimates of expected future cash flows, discounting, and an explicit risk adjustment for non financial risk. The CSM represents the unearned profit from in-force contracts that an entity will recognize as it provides services over the coverage period. Each building block is measured separately, both on initial recognition and for subsequent measurement.

The estimates of future cash flows comprise all cash flows expected to arise as the insurance contract is fulfilled. In estimating these future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. Cash flows within the boundary of a contract relate directly to the fulfillment of the contract, including those for which the Company has discretion over the amount or timing. These include premiums from policyholders, payments to (or on behalf of) policyholders, insurance acquisition cash flows, and other costs incurred in fulfilling the contracts.

Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions.

Company uses assumptions on claims trends like lapse rates, mortality, expenses, inflation, discount curve. We use our own internal historical data for actuarial assumptions, additionally considering recommendations from the insurance industry, supervisory authorities, and actuarial associations. The derivation of our actuarial assumptions is based on generally accepted actuarial methods.

The assumptions which have the greatest effect on the measurement of life insurance liabilities are as follows:

Discounting

According to IFRS 17, all future cash flows must be discounted. The IFRS 17 requirements for the interest curves used in the discounting are principle-based. Company uses observable market data based on a risk-free base curve and portfolio-specific adjustments to reflect the illiquidity of insurance obligations in determining the interest curves. Company applies a bottom-up approach in which the basic risk-free liquid yield curves are usually derived from swap rates or government yields for the specific currency and adjusted for remaining credit risk. These risk-free liquid yield curves are then adjusted to reflect illiquidity of the underlying insurance liabilities based on reference portfolios.

Lapses

The Company derives assumptions about lapse and surrender rates based on the Company’s own experience. Historical lapse and surrender rates are derived from the Company’s policy administration data. An analysis is then performed on the Company’s historical rates in comparison to the assumptions previously used. Analysis is performed and assumptions are set by major product line and sales channel. Methods used to derive these assumptions have not changed in 2024 compared to 2023.

Possible changes in lapse and surrender rates may increase or decrease estimates of future cash outflows and thus decrease or increase the CSM depending on the product specifics.

1.6. Principal assumptions that have the greatest effect on recognised insurance assets, liabilities, income and expenses (continued)

Mortality

The Company derives mortality rates assumptions from the recent credible national mortality tables MT HR 2010-12. Mortality tables are adjusted based on a Company's experience. Adjustments for the first five policy years use the data from recent ten years. For the rest, the whole past experience is used. Assumptions and methods used to derive mortality assumptions have not changed in 2024.

A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM.

Expenses

The Company projects estimates of future expenses relating to fulfilment of contracts in the scope of IFRS 17 using forecast expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads. The Company has not changed its methods used to project unit cost assumptions in 2024.

Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease the CSM.

Inflation

The expense inflation assumption is based on Statista publishing. The Company has not changed its methods used to project inflation in 2024.

Possible increases in expense inflation assumptions increase estimates of future cash outflows and thus decrease the CSM.

Policyholder bonuses

Discretionary bonuses

Policyholders or beneficiaries of endowment policies (M1, M1-J, M2, M2-J, M3, M3-J, M4, M4-J, MZ1, MZ1-J, MZ2, MZ2-J, MZ4, MZ4-J, M5-50, M5-100, M5-200, M5-300, MZ5-50, MZ5-100, MZ5-200, MZ5-300, M6J-100, M6J-150, M5U-50, M5U-100, M5U-200, M5U-300, MZ5U-50, MZ5U-100, MZ5U-200, MZ5U-300, M6U-50, M6U-100, M6U-200, M6U-300, MZ6U-50, MZ6U-100, MZ6U-200, MZ6U-300, M6UJ-100, M6UJ-150, M4U-J, MZ4U-J, M5U-J, MZ5U-J, M7U-J, M8U-J), pure endowment policies (D1, DJ01, DJ01-J, DJ02, DJ02-J, DJ03, DJ03-J) and annuity policies (RM1, RND-100, RND-150, RNP-150, RND1-100, RND1-150, RNP1-150) are entitled to a share in the profits of the Company reported in the management of life insurance funds, The entitlement is calculated on 31 December each year following the expiry of the second year of insurance, and may not exceed 90% or 80% (depending on the contract) of reported profits (in the management of life insurance funds). In the event of maturity, the share in profits is paid along with the sum insured. In the case of death, the Company pays the sum insured and the share in the profits accounted for by that time. The Company provides for bonuses allocated to policyholders within the life insurance contract liability.

Guaranteed bonus

The Company is liable to pay a guaranteed profit to each policyholder or beneficiary of endowment policies under old tariffs (M1, M1-J, M2, M2-J, M3, M3-J, MZ2, MZ2-J, M4-J and MZ4-J in “Sve 5 Paket”, M5U-J, MZ5U-J M6J-100, M6J-150, M6UJ-100, M6UJ-150). The guaranteed profit at policy maturity is determined to be equal to a certain percentage of the sum insured dependent upon the tariff and the policy duration. In case of M6J-100, M6J-150, M6UJ-100, M6UJ-150 tariffs total amount of guaranteed profit will be paid also in case of death. All guaranteed benefits are included within the calculation of the life insurance contract liability.

1.7 The sensitivity of best estimate liabilities to change in significant variables

Profit or loss and insurance contract liabilities are mainly sensitive to changes in mortality, lapse rate, expense rate and discount rates used.

Life insurance

In 2024 the Company has estimated the impact on the fulfilment cash flows (FCF) and CSM at the end of the year of changes in key variables that may have a material effect, aligned with the parent company instructions and guidelines.

Changes in variables represent reasonable possible changes which, had they occurred, would have led to changes in insurance contract liabilities at the reporting date. The reasonable possible changes represent neither expected changes in variables nor worst case scenarios.

The analysis has been prepared for a change in a single variable with all other assumptions remaining unchanged and excludes changes in values of the related assets.

2024	**FCF as at 31 December** EUR'000	**CSM as at 31 December** EUR'000	**Total** EUR'000	**Impact on FCF** EUR'000	**Impact on CSM** EUR'000	**Total increase (decrease) in insurance contract liabilities** EUR'000	**Remaining CSM** EUR'000	**Impact on profit before income tax** EUR'000
Life Risk								
Insurance contract liabilities as at 31 December								
Insurance contract liabilities (net)	(1,906)	1,750	(156)	-	-	-	-	-
Reinsurance contract assets (net)	-	-	-	-	-	-	-	-
Net insurance contract liabilities	(1,906)	1,750	(156)	-	-	-	-	-
Mortality rate - 1% increase								
Insurance contract liabilities (net)	-	-	-	10	(9)	1	1,740	(1)
Reinsurance contract assets (net)	-	-	-	-	-	-	-	-
Net insurance contract liabilities	-	-	-	10	(9)	1	1,740	(1)
Lapse/surrender rates - 10% decrease								
Insurance contract liabilities (net)	-	-	-	(43)	38	(5)	1,745	5
Reinsurance contract assets (net)	-	-	-					
Net insurance contract liabilities	-	-	-	(43)	38	(5)	1,745	5
Expenses - 5% increase								
Insurance contract liabilities (net)	-	-	-	19	(17)	2	1,732	(2)
Reinsurance contract assets (net)	-	-	-					
Net insurance contract liabilities	-	-	-	19	(17)	2	1,732	(2)
Savings								
Insurance contract liabilities (net) as at 31 December	255,538	11,378	266,916	-	-	-	-	-
Mortality rate - 1% increase	-	-	-	18	(3)	16	11,375	(16)
Lapse/surrender rates - 10% decrease	-	-	-	(438)	(505)	(943)	10,873	94)
Expenses - 5% increase	-	-	-	811	(799)	12	10,579	(12)
Participating - Investment contracts with DPF								
Insurance contract liabilities (net) as at 31 December	117,056	12,433	129.488	-	-	-	-	-
Lapse/surrender rates - 10% increase	-	-	-	254	(239)	14	12,193	(14)
Expenses - 5% increase	-	-	-	475	(435)	40	11,998	(40)

1.7. The sensitivity of best estimate liabilities to change in significant variables (continued)

Life insurance (continued)

Total liabilities in the analysis represent a sum of FCF and CSM components of LRC, since changes in these variables do not affect RM component of LRC.

Sensitivity to changes in mortality was calculated by estimating the effect on insurance contract liabilities of an increase in mortality of 1% increase for products with death risk, while sensitivity to changes in expense rate was calculated by estimating the effect on of 1% increase of a 5% increase in policy maintenance expenses and sensitivity to changes in lapse rate was calculated by estimating the effect on insurance contract liabilities of a 10% decrease in lapse rates.

The profit or loss and insurance contract liabilities, as seen in above table, are not significantly affected by listed sensitivities on mortality, expenses and lapses.

Non-life insurance

In non-life the insurance variables which would have the greatest impact on insurance liabilities relate to expense changes as per the policy and Motor third party liability (“MTPL”) court claims. Court claims related liabilities are sensitive to legal, judicial, political, economic and social trends. Management believes it is not practicable to quantify the sensitivity of non-life reserves to changes in these variables.

In 2024 the Company has estimated the impact on the liability for incurred claims (LIC) at the end of the year of changes in key variables that may have a material effect, aligned with the parent company instructions and guidelines.

Sensitivity to changes in unpaid claims and expenses was calculated by estimating the effect on liability for incurred claims (LIC) of an increase in unpaid claims and expenses of 5%, while sensitivity to changes in expenses was calculated by estimating the effect on liability for incurred claims (LIC) of a 5% increase in expenses.

The profit or loss and liability for incurred claims (LIC), as seen in the table below, are more significantly affected by sensitivity of 5 % increase in unpaid claims and expenses than in sensitivity of 5% increase in expenses.

	2024				**2023**			
	LIC as at 31 December EUR'000	**Impact on LIC** EUR'000	**Impact on profit before income tax** EUR'000	**Impact on equity** EUR'000	**LIC as at 31 December** EUR'000	**Impact on LIC** EUR'000	**Impact on profit before income tax** EUR'000	**Impact on equity** EUR'000
Insurance contract liabilities	87,933	-	-	-	81,701	-	-	-
Reinsurance contract assets	(10,508)	-	-	-	(14,029)	-	-	-
Net insurance contract liabilities	77,425	-	-	-	67,673	-	-	-
Unpaid claims and expenses - 5% increase								
Insurance contract liabilities	-	4,397	(4,397)	-	-	4,085	(4,085)	-
Reinsurance contract assets	-	(525)	525	-	-	(701)	701	-
Net insurance contract liabilities	-	3,872	(3,872)	-	-	3,384	(3,384)	-
Expenses - 5% increase								
Insurance contract liabilities	-	1,393	(1,393)	-	-	1,294	(1,294)	-
Reinsurance contract assets	-	-	-	-	-	-	-	-
Net insurance contract liabilities	**77,425**	**1,393**	**(1,393)**	**-**	**67,673**	**1,294**	**(1,294)**	**-**

1.8 Terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows

Non-life insurance contracts

The Company offers many types of non-life insurance, including motor, property, liability, marine, aviation, transport, health and accident insurance. Non-life insurance contracts may be concluded for a fixed term of one year or on a long-term basis for a term of several years or up to cancellation. Regardless of the agreed insurance term, either party has the option to cancel the contract at 3 months notice. Given the stated conditions, the Company retains the option of analysis and reassessment of all conditions under which an insurance contract is concluded, including the evaluation of the adequacy of risk prices in intervals not longer than one year. In addition to potential adjustments of the insurance price, there is a possibility of introducing deductibles as well as introducing other restrictive measures, if such approach is required by the nature of the risk or changes thereof.

The main source of uncertainty affecting the amount and the timing of future cash flows arises from the uncertainty of future claims and the uncertainty related to their amounts.

The portfolio of non-life insurance does not include products, which guarantee unlimited coverage and the maximum amount for which the insurer can be liable under an individual insurance policy arising from a claim is always limited by the contractual insurance amount. An exception to this rule is the motor third party liability insurance (“MTPL”) in member countries of the Green Card system, which have unlimited coverage. Based on legal regulations, which prescribe the usage of sum insured of the country in which the claim occurred (with respect to MTPL), this risk cannot be avoided altogether, but it can be transferred through adequate reinsurance contracts.

The characteristics of particular insurance types, if they are significantly different from the above mentioned features, are described below.

Motor insurance

The Company motor portfolio comprises both MTPL and motor hull (casco) insurance. MTPL covers the liability of the owner, i.e. the user of the motor vehicle for claims caused to third parties in case the use of a motor vehicle resulted in bodily injury claims and property claims. MTPL is valid in the European Union and countries within the Green Card system. Property damage under MTPL and casco claims are generally reported and settled within a short period of the accident occurring. Reporting and payments relating to bodily injury claims, however, take longer to finalize and are more difficult to estimate. Such claims may be settled in the form of a lump-sum settlement or an annuity. The amount of claims relating to bodily injury and related losses of earnings are influenced by directives set by the Supreme Court which influences court practice. With respect to MTPL, there is an additional impact on the uncertainty of future liabilities of the insurer in case of a potential change in the existing court practice. MTPL is regulated by the Act on Compulsory Insurance within the Transport Sector. Casco insurance represents standard insurance against damage; claim payment is limited by the sum insured.

Property insurance

This is broadly split into industrial, commercial and personal lines. For industrial lines and large commercial risks the Company uses underwriting techniques to identify risks and analyze losses and hazards and also cooperates with reinsurers. Personal property insurance consists of standard buildings and contents insurance.

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

Liability insurance

These covers all types of liability and include public liability, liability towards employees, liability for the use of products and a number of professional liabilities either required by law or on voluntary basis. Claims with respect to all types of liability insurance are paid on a claims-occurrence basis, i.e. the Company is responsible for all claims arising during the term of the insurance contract, regardless of whether they are reported after the expiry of the contract. The Company undertakes all adequate measures for securing all necessary information relating to claim exposure. However, there is still an uncertainty with respect to the assessment of the final claim amount, particularly with respect to court claims.

Accident insurance

Accident insurance is traditionally sold as an add-on to life products or to MTPL products offered by the Company, but are also sold as a standalone product.

1.8 Terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows (continued)

Life insurance contracts

Bonuses

About 62,24% (2023: 64,21%) of the Company's life insurance contracts include an entitlement to receive a bonus. Bonuses to policyholders are granted at the discretion of the Company and are recognised when proposed and approved by the Board of Directors in accordance with the relevant legal requirements. Once allocated to policyholders bonuses are guaranteed.

Premiums

There is a currency clause for all life products (amount of premium and sum insured is given in EUR or USD) and may be payable in regular installments or as a single premium at inception of the policy. The premium is paid and sum insured payable in EUR with USD currency clause. Some endowment and pure endowment - type insurance contracts contain a premium indexation option which may be exercised at the discretion of the policyholder annually. Where the option is not exercised, premiums and sum insured are not increased with inflation.

Term life insurance products

Traditional term life insurance products comprise risks of death, accident rider and critical illness rider. Premium is paid regularly or as a single premium. Policies offer a fixed sum insured for death, and the riders offer short to long-term protection. Death benefits are paid only if the policyholder dies during the term of insurance.

Endowment products

These are also traditional life insurance products providing life-long financial protection. Many long-term policies give the insurers the option to finance their needs in retirement. Capital life insurance products for regular or single premium offer cover for risks of death, endowment and the waiver of premium in case of permanent disability. The premium is payable at once or in installments. Accident or critical illness insurance can be added as a rider to the main endowment coverage. Insurance benefits are usually paid as a lump-sum.

The Company also offered Capital Efficient Alternative Guarantee, ("CEAG" endowment product, which is a single premium product with guarantee of paid premium at maturity. The product offered potential upside at maturity on the Equity Index via a long-dated Call option.

Pure endowments

These are also traditional life insurance products providing life-long financial protection at maturity. These products give an insured person the possibility to finance their needs in retirement or some life events (in the case of child insurance). The premium under this product is paid as single or as regular and it covers risk of endowment.

Unit-linked and index-linked life insurance

Unit-linked life insurance combines traditional term life insurance, with risk of death and possibility to invest regular premium or extra single premium into certain investment funds. The policyholder defines the fund where payments are to be invested and can change the fund during the contract. The policyholder can pay an additional single premium or withdraw a part of an extra single premium.

Equity index linked life insurance is linked to the average performance of UC ESG Goods for Life Strategy Index (ILD1, ILE1, ILE2), Euro Stoxx 100 (ILE3) and EURO STOXX 50 (ILE4 and ILE5) index with maturity benefit guarantee and minimum death benefit guarantee.

Annuity insurance

The Company does not actively sell annuity products.

In the portfolio the Company has immediate lifelong annuity, immediate temporary risk annuity, both with single premium payment, and deferred lifelong annuity product. Policyholders can regularly pay premiums for deferred lifelong annuity under the existing contracts.

1.9 Property and equipment

	Land and buildings EUR'000	Motor vehicles EUR'000	Equipment and furniture EUR'000	Right-of-use assets – cars EUR'000	Right-of-use assets - building EUR'000	Total EUR'000
Cost						
At 1 January 2023	**4,752**	**55**	**2,875**	**788**	**10,414**	**18,884**
Additions	-	-	269	15	590	874
Disposals	(694)	(27)	(550)	-	(392)	(1,663)
At 31 December 2023	**4,058**	**28**	**2,594**	**803**	**10,612**	**18,095**
At 1 January 2024	**4,058**	**28**	**2,594**	**803**	**10,612**	**18,095**
Additions	-	-	152	58	295	505
Disposals	(197)	-	(351)	(99)	(697)	(1,344)
	-	-	-	-	-	0
At 31 December 2024	**3,861**	**28**	**2,395**	**762**	**10,210**	**17,256**
Depreciation and impairment losses						
At 1 January 2023	**1,243**	**55**	**2,642**	**429**	**5,317**	**9,686**
Depreciation charge for the year (Note 1.27)	100	-	161	161	1,317	1,739
Disposals	(119)	(27)	(544)	-	(393)	(1,083)
At 31 December 2023	**1,224**	**28**	**2,259**	**590**	**6,241**	**10,342**
At 1 January 2024	**1,224**	**28**	**2,259**	**590**	**6,241**	**10,342**
Depreciation charge for the year (Note 1.27)	86	-	168	165	1,224	1,643
Disposals	(113)	-	(348)	(99)	(85)	(645)
At 31 December 2024	**1,197**	**28**	**2,079**	**656**	**7,380**	**11,340**
Carrying amounts						
At 1 January 2023	3,509	-	233	359	5,097	**9,198**
At 31 December 2023	**2,834**	-	**335**	**213**	**4,371**	**7,753**
At 1 January 2024	2,834	-	335	213	4,371	**7,753**
At 31 December 2024	**2,664**	-	**316**	**106**	**2,830**	**5,916**

Included within land and buildings is non-depreciable land with a carrying value of EUR 442 thousand *(2023: EUR 442 thousand)*. During 2024 and 2023 there were no capitalised borrowing costs related to the acquisition of property and equipment.

Property and equipment of the Company are not pledged as collateral for any purpose.

Right-of-use assets refers to office premises and company cars for own use as well for sublease (13% square meters of leased premises).

The depreciation charge is recognised in profit or loss (Note 1.27).

1.10 Investment property

	EUR'000
Cost	
At 1 January 2023	6,763
At 31 December 2023	6,763
At 1 January 2024	6,763
Disposals	(6,763)
At 31 December 2024	-
Depreciation	
At 1 January 2023	3,844
Depreciation charge for the year (Note 1.24)	167
At 31 December 2023	4,011
At 1 January 2024	**4,011**
Depreciation charge for the year (Note 1.24)	167
Disposals	(4,178)
At 31 December 2024	-
Carrying amounts	
At 1 January 2023	**2,919**
At 31 December 2023	**2,752**
At 1 January 2024	2,752
At 31 December 2024	-

The rental income arising during the year amounted to EUR 234 thousand (*2023: EUR 280 thousand*), which is recognised in "Net expense from investment property" (Note 1.24). The depreciation charge is recognised in profit or loss under "Net expense from investment property" (Note 1.24). Direct operating expenses (maintenance and utility) arising from investment property during the year amounted to EUR 219 thousand (2023: EUR 222 thousand) and are recognised in profit or loss within "*Net expense from investment property*" (Note 1.24).

The fair value of investment property in 2023 was higher than carrying amount in amounts to EUR 1,338 thousand.

1.11 Intangible assets

	Internally developed software EUR'000	Purchased computer software EUR'000	Computer software under development EUR'000	Exclusive distribution right EUR'000	Total EUR'000
Cost					
At 1 January 2023	9,891	4,785	632	22,003	37,311
Additions	593	101	102	-	796
Transfer into use	653	-	(653)	-	0
Write off	-	(118)	-	-	(118)
At 31 December 2023	**11,137**	**4,768**	**81**	**22,003**	**37,989**
At 1 January 2024	11,137	4,768	81	22,003	37,989
Additions	191	58	137	-	386
Transfer into use	81	76	(157)	-	0
Write off	-	(6)	-	-	(6)
At 31 December 2024	**11,409**	**4,896**	**61**	**22,003**	**38,369**
Amortisation					
At 1 January 2023	8,020	4,601	-	6,112	18,733
Amortisation charge for the year (Note 1.27)	798	73	-	1,467	2,338
Write off	-	(118)	-	-	(118)
At 31 December 2023	**8,818**	**4,556**	-	**7,579**	**20,953**
At 1 January 2024	8,818	4,556	-	7,579	20,953
Amortisation charge for the year (Note 1.27)	834	126	-	1,467	2,427
Write off	-	(6)	-	-	(6)
At 31 December 2024	**9,652**	**4,676**	-	**9,046**	**23,374**
Carrying amounts					
At 1 January 2023	1,871	184	632	15,891	18,578
At 31 December 2023	**2,319**	**212**	**81**	**14,424**	**17,036**
At 1 January 2024	2,319	212	81	14,424	17,036
At 31 December 2024	**1,757**	**220**	**61**	**12,957**	**14,995**

During 2024 and 2023 there were no capitalized borrowing costs related to the acquisition of software.

The amortization charge is recognised in profit or loss (Note 1.27).

1.12 Investments in subsidiaries

a) The Company's subsidiaries are as follows:

	Industry	Domicile	Company ownership at 31 December 2024	Company ownership at 31 December 2023
Investments in subsidiaries - held at cost				
Allianz Invest d.o.o.	Investment	Croatia	0%	100%
AZ Servisni centar d.o.o.	Claim evaluation and IT services	Croatia	0%	100%
Autoelektro tehnički pregledi d.o.o.	Car evaluation services	Croatia	49%	49%
Investments in subsidiaries - held at fair value through profit or loss				
Allianz Short Term Bond, open-ended investment fund	Investment	Croatia	0%	93.44%
Allianz Portfolio, open-ended investment fund	Investment	Croatia	0%	82.75%
Allianz Equity, open-ended investment fund	Investment	Croatia	0%	23.88%

The Company has a control over Autoelektro tehnički pregledi d.o.o. through voting rights and recognises this investment as subsidiary and not as associate despite ownership stake below 50%.

Classification of open-ended investment fund subsidiaries is initially performed in accordance with the Company's investment strategy. Despite having less than 50% ownership stakes in one open-ended fund at 31 December 2023 the management believed it was appropriate to conclude that all funds are subsidiaries as the Company controls the asset manager and is by far the biggest single investor. Investment in Allianz Portfolio related also to investments made through unit linked products. At 31 December 2023 total investment in Allianz Portfolio, related to unit linked investments, amounted to EUR 10,640 thousands.

In 2024 the following changes occurred:

- Allianz Equity, open-end investment fund with a public offering, was merged with open-end investment fund with a public offering, ZB Aktiv UCITS fund, which changed its name to ZB CEE Equity and is managed by ZB Invest d.o.o.;
- Allianz Portfolio, open-end investment fund with a public offering, was merged with open-end investment fund with a public offering, ZB global 70, which changed its name to ZB Portfolio 70 and is managed by ZB Invest d.o.o.;
- The management of the open-end investment fund with a public offering Allianz Short Term Bond was transferred to ZB Invest d.o.o., and the fund itself changed its name to ZB Short Term Bond.

By implementing the aforementioned changes, Allianz Invest d.o.o. stopped managing UCITS funds: Allianz Short Term Bond, Allianz Portfolio and Allianz Equity.

In the last quarter of 2024, the companies Allianz Invest d.o.o. and AZ Servisni Centar d.o.o. ceased to exist.

1.12 Investments in subsidiaries (continued)

b) Investments in subsidiaries are as follows:

	2024	2023
	EUR'000	EUR'000
Investments in subsidiaries - held at cost		
Allianz Invest d.o.o.	-	664
AZ Servisni centar d.o.o.	-	26
Autoelektro tehnički pregledi d.o.o.	65	65
Total subsidiaries at cost	**65**	755
Investments in subsidiaries – at fair value through profit or loss		
Allianz Short Term Bond, open-ended investment fund	-	12,741
Allianz Portfolio, open-ended investment fund	-	11,803
Allianz Equity, open-ended investment fund	-	962
Total subsidiaries at fair value through profit or loss	**-**	**25,506**
	65	**26,261**

c) Movements in investments in subsidiaries was as follows:

	Investments in subsidiaries - held at cost	*Investments in subsidiaries - fair value through profit or loss*	Total
At 1 January 2024	755	25,506	26,261
Acquisition	-	201	201
Disposal	(1,102)	(26,091)	(27,193)
Fair value gains/loss	412	384	796
At 31 December 2024	**65**	**-**	**65**
At 1 January 2023	755	32,516	33,271
Acquisition	-	2,148	2,148
Disposal	-	(10,757)	(10,757)
Fair value gains/loss	-	1,599	1,599
At 31 December 2023	**755**	**25,506**	**26,261**

1.13 Financial investments

	2024	2023
	EUR'000	EUR'000
Financial assets at fair value through other comprehensive income	**503,380**	459,361
Financial assets at fair value through profit or loss	**157,242**	131,017
	660,622	590,378

1.13 Financial investments (continued)

Breakdown

	Investments in subsidiaries at cost	Financial assets at fair value through other comprehensive income or loss	Financial assets at fair value through profit or loss	Total
	EUR '000	EUR '000	EUR '000	EUR '000
31 December 2024				
Shares	-	419	-	**419**
Shares relating to share-based payments	-	-	737	**737**
Call option	-	-	1,744	**1,744**
Investments in subsidiaries	65	-		**65**
Bonds – **fixed interest rate - listed**				
Debt securities issued by Government of the Republic of Croatia and local authorities – listed	-	276,175	-	**276,175**
Bonds – Governments of EU member states – listed	-	182,079	-	**182,079**
Bonds – Governments no EU member states – listed	-	19,136	-	**19,136**
Foreign and domestic corporate bonds – listed	-	21,550	862	**22,412**
Investment funds - quoted				
Open – ended investment funds	-	-	10,374	**10,374**
Open – ended investment funds – assets backing unit-linked products – quoted	-	-	127,747	**127,747**
Close – ended investment funds – quoted	-	-	15,778	**15,778**
Loans				
Loans to policyholders	-	1,265	-	**1,265**
Subordinated loan to subsidiary (ATP)	-	268	-	**268**
Other loans	-	235	-	**235**
Deposits				
Deposits with credit institutions	-	2,253	-	**2,253**
	65	503,380	157,242	**660,687**
31 December 2023				
Shares	-	609	-	**609**
Shares relating to share-based payments	-	-	607	**607**
Call option	-	-	1,491	**1,491**
Investments in subsidiaries	26,261	-	-	**26,261**
Bonds – fixed interest rate - listed				
Debt securities issued by Government of the Republic of Croatia and local authorities – listed	-	282,952	-	**282,952**
Bonds – Governments of EU member states – listed	-	144,445	-	**144,445**
Bonds – Governments no EU member states – listed	-	19,294	-	**19,294**
Foreign and domestic corporate bonds – listed	-	9,516	865	**10,381**
Investment funds - quoted				
Open – ended investment funds	-	-	-	**-**
Open – ended investment funds – assets backing unit-linked products – quoted	-	-	113,046	**113,046**
Close – ended investment funds – quoted	-	-	15,008	**15,008**
Loans				
Loans to policyholders	-	1,212	-	**1,212**
Subordinated loan to subsidiary (ATP, AZSC)	-	284	-	**284**
Other loans	-	306	-	**306**
Deposits				
Deposits with credit institutions	-	743	-	**743**
	26,261	459,361	131,017	**616,639**

1.14. Deferred tax assets

	Temporary differences						
	Tax losses	**Insurance finance reserves**	**Financial assets at fair value through profit or loss**	**Financial assets gains and losses in fair value reserve**	**Impairment losses on investment property**	**Expected credit losses**	**Total deferred tax liabilities on temporary differences**
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Balance as at 1 January 2023	**6,409**	**(15,133)**	**2,096**	**7,390**	**357**	**-**	**1,118**
Recognised in profit or loss (Note 1.28)	(3,738)	-	(700)	4	-	64	(4,370)
Total recognised in profit and loss	(3,738)	-	(700)	4	-	64	(4,370)
Directly recognized in retained earnings	36	-	-	28	-	-	64
Deferred tax on net gains from change in fair value, net of amounts realized and and expected credit losses (Note 1.20c)	-	-	-	(4,008)	-	-	(4,008)
Deferred tax on finance income/expenses on insurance and reinsurance contract issued/held (Note 1.20d)	-	4,552	-	-	-	-	4,552
Total recognised in other comprehensive income	-	4,552	-	(4,008)	-	-	544
Balance as at 31 December 2023	**2,706**	**(10,580)**	**1,396**	**3,414**	**357**	**64**	**(2,644)**
Balance as at 1 January 2024	**2,706**	**(10,580)**	**1,396**	**3,414**	**357**	**64**	**(2,644)**
Recognised in profit or loss (Note 1.28)	(197)	-	(1,057)	-	(357)	-	(1,611)
Total recognised in profit and loss	(197)	-	(1,057)	-	(357)	-	(1,611)
Directly recognized in retained earnings	(48)	-	-	7	-	(64)	(104)
Deferred tax on net gains from change in fair value, net of amounts realized and and expected credit losses (Note 1.20c)	-	-	-	(986)	-	-	(986)
Deferred tax on finance income/expenses on insurance and reinsurance contract issued/held (Note 1.20d)	-	1,742	-	-	-	-	1,742
Total recognised in other comprehensive income	-	1,742	-	(986)	-	-	756
Balance as at 31 December 2024	**2,461**	**(8,838)**	**339**	**2,435**	**-**	**-**	**(3,603)**

1.15 Other receivables and prepaid expenses

	2024	2023
	EUR'000	EUR'000
Other receivables and prepayments		
Receivables from card issuers	**3,549**	3,223
Other receivables	**2,868**	2,948
Prepaid expenses	**1,077**	897
Expected credit loss	**(568)**	(637)
	6,926	6,432

The analysis of other receivables is given below:

	2024	2023
	EUR'000	EUR'000
Neither past due nor impaired	**7,242**	6,804
Past due 0-30	**57**	24
Past due 31-60	**0**	2
Past due 61-90	**18**	3
Past due 91-120	**18**	14
Past due more than 120 days	**159**	222
Impairment allowance	**(568)**	(637)
	6,926	6,432

1.15 Other receivables and prepaid expenses (continued)

Movement in ECL impairment allowance for other receivables and prepayments during the year was as follows:

	2024	2023
At 1 January	**637**	**431**
Increase in provisions for other receivables	21	245
Collection of amounts previously provided	**(89)**	-
Net expected credit losses recognised in profit or loss	**(69)**	**245**
Amounts written off	-	(39)
At 31 December	**568**	**637**

1.16 Cash and cash equivalents

	2024	2023
	EUR'000	EUR'000
Cash at bank	**13,649**	9,396
Deposits in banks with original maturity up to three months	**4,001**	5,502
Expected credit loss	**(6)**	(15)
	17,644	14,882

At initial recognition, Company recognized cash and cash equivalents at its fair value and subsequently measured at amortised less expected credit loss allowance. Expected credit loss is described in Note 1.32.

1.17 Insurance contract liabilities

As of 31 December

Liability for remaining coverage		**2024**			**2023**	
	Non-Life	**Life**	**Total**	**Non-Life**	**Life**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LRC	61,703	-	61,703	52,895	-	52,895
Contracts measured under the PAA	**61,703**	**-**	**61,703**	**52,895**	**-**	**52,895**
Present value of future cash flows	-	371,282	371,282	-	367,086	367,086
Risk adjustment	-	1,864	1,864	-	1,878	1,878
CSM	-	25,561	25,561	-	29,705	29,705
Contracts not measured under the PAA	**-**	**398,706**	**398,706**	**-**	**398,669**	**398,669**
Liability for remaining coverage	**61,703**	**398,706**	**460,409**	**52,895**	**398,669**	**451,565**
Liability for incurred claims						
Present value of future cash flows	85,448	-	85,448	79,366	-	79,366
Risk adjustment	2,485	-	2,485	2,335	-	2,335
Contracts measured under the PAA	**87,933**	**-**	**87,933**	**81,701**	**-**	**81,701**
Present value of future cash flows	-	16,402	16,402	-	14,461	14,461
Risk adjustment	-	-	-	-	-	-
Contracts not measured under the PAA	**-**	**16,402**	**16,402**	**-**	**14,461**	**14,461**
Liability for incurred claims	**87,933**	**16,402**	**104,335**	**81,701**	**14,461**	**96,162**
Total insurance contract liabilities	**149,636**	**415,108**	**564,744**	**134,596**	**413,130**	**547,727**

1.17 Insurance contract liabilities (continued)

Reinsurance contract assets

As of 31 December

Reinsurance asset for remaining coverage	**2024**			**2023**		
	Non-Life	**Life**	**Total**	**Non-Life**	**Life**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LRC RE	19,578	(158)	19,420	21,982	(47)	21,935
Contracts measured under the PAA	**19,578**	**(158)**	**19,420**	**21,982**	**(47)**	**21,935**
Reinsurance asset for remaining coverage	**19,578**	**(158)**	**19,420**	**21,982**	**(47)**	**21,935**
Reinsurance asset for incurred claims						
Present value of future cash flows	10,400	-	10,400	13,978	-	13,978
Risk adjustment	259	-	259	202	-	202
Contracts measured under the PAA	**10,659**	**-**	**10,659**	**14,180**	**-**	**14,180**
Present value of future cash flows	(151)	17	(134)	(151)	36	(151)
Risk adjustment	-	-	-	-	-	-
Contracts not measured under the PAA	**(151)**	**17**	**(134)**	**(151)**	**36**	**(151)**
Reinsurance asset for incurred claims	**10,508**	**17**	**10,525**	**14,029**	**36**	**14,064**
Total reinsurance asset	**30,085**	**(141)**	**29,945**	**36,011**	**(11)**	**36,000**

1.17 Insurance contract liabilities (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims – LIFE

	2024			2023		
	LRC			LRC		
	Excluding loss component EUR'000	Liability for incurred claims EUR'000	**Total EUR'000**	Excluding loss component EUR'000	Liability for incurred claims EUR'000	**Total EUR'000**
Opening insurance contract liabilities	398,669	14,461	**413,130**	377,326	14,107	391,433
Opening insurance contract assets	-	-	-	-	-	-
Net balance as at 1 January	398,669	14,461	**413,130**	377,326	14,107	391,433
Insurance revenue	(9,424)	-	**(9,424)**	**(13,317)**	-	**(13,317)**
Incurred claims and other directly attributable expenses	-	(92)	**(92)**		(2,218)	**(2,218)**
Changes that relate to past service - adjustment to the LIC	-	881	**881**	-	(345)	**(345)**
Acquisition and administrative expenses	4,990	-	**4,990**	6,882	-	**6,882**
Insurance service expenses	**4,990**	**789**	**5,779**	**6,882**	**(2,563)**	**4,319**
Insurance service result	**(4,434)**	**789**	**(3,645)**	**(6,435)**	**(2,563)**	**(8,999)**
Finance expenses from insurance contracts issued	9,050	-	**9,050**	34,183	(8)	34,176
Total amounts recognised in comprehensive income	4,616	789	5,405	27,748	(2,571)	25,177
Investment component	(68,398)	68,398	-	(53,400)	53,400	-
Other changes	5,729	(2,684)	**3,045**	(7,964)	2,880	(5,083)
Premiums received	60,702	-	**60,702**	57,985	-	57,985
Claims and other directly attributable expenses paid	-	(65,623)	**(65,623)**	-	(53,355)	(53,355)
Insurance acquisition cash flows	(2,612)	1,061	**(1,551)**	(3,026)	-	**(3,026)**
Cash flows	58,090	(64,562)	**(6,472)**	54,959	(53,355)	**1,604**
Net balance as at 31 December	**398,706**	**16,402**	**415,108**	**398,669**	**14,461**	**413,130**
Closing insurance contract liabilities	398,706	16,402	**415,108**	398,669	14,461	**413,130**
Closing insurance contract assets	-	-	-	-	-	-
Net balance as at 31 December	398,706	16,402	**415,108**	398,669	14,461	**413,130**

1.17 Insurance contract liabilities (continued)

Reconciliation of the measurement components of insurance contract balances – LIFE

	2024				2023			
	Present value of future cash flows EUR'000	Risk adjustment EUR'000	CSM EUR'000	**Total EUR'000**	Present value of future cash flows EUR'000	Risk adjustment EUR'000	CSM EUR'000	**Total EUR'000**
Insurance contract assets as of 1 January	-	-	-	-	-	-	-	-
Insurance contract liabilities as of 1 January	381,547	1,878	29,705	**413,130**	360,220	1,743	29,470	**391,433**
Net insurance contract liabilities as of 1 January	381,547	1,878	29,705	**413,130**	360,220	1,743	29,470	**391,433**
CSM recognized for the services provided	-	-	(3,220)	**(3,220)**	-	-	(4,678)	**(4,678)**
Change in RA, that does not relate to future or past service	-	(286)	-	**(286)**	-	(64)	-	**(64)**
Experience adjustments	(1,765)	-	-	**(1,765)**	7,152	-	-	**7,152**
Changes that relate to current service	(1,765)	(286)	(3,220)	**(5,271)**	7,152	(64)	(4,678)	**2,410**
Changes in estimates that adjust CSM	1,119	230	(1,224)	**125**	(14,702)	31	2,320	**(12,352)**
Changes in estimates that do not adjust CSM (losses on groups of onerous contracts and reversals of such losses)	621	-	-	**621**	-	-	-	-
Effects of contracts initially recognized in the period	(3,254)	140	3,114	-	(2,746)	173	2,593	**20**
Changes that relate to future service	(1,514)	370	1,890	**746**	(17,448)	204	4,912	**(12,331)**
Changes in fulfillment cash flows relating to incurred claims (changes in the liability for incurred claims)	1,869	-	-	**1,869**	(82)	-	-	**(82)**
Changes that relate to past service	1,869	-	-	**1,869**	(82)	-	-	**(82)**
Insurance service result	(1,410)	84	(1,330)	**(2,656)**	(10,378)	140	235	**(10,003)**

1.17 Insurance contract liabilities (continued)

Reconciliation of the measurement components of insurance contract balances – LIFE (continued)

	2024				2023			
	Present value of future cash flows	Risk adjustment	CSM	**Total**	Present value of future cash flows	Risk adjustment	CSM	**Total**
Finance (income) expenses from insurance contracts issued	3,474	-	5,576	**9,050**	34,176	-	-	**34,176**
Total amounts recognised in comprehensive income	2,064	84	4,246	**6,394**	23,798	140	235	**24,172**
Other changes	11,532	(98)	(8,390)	**3,044**	(3,811)	(5)	-	**(3,815)**
				-				-
Premiums received	60,702	-	-	**60,702**	57,985	-	-	**57,985**
Claims and other directly attributable expenses paid	(65,623)	-	-	**(65,623)**	(54,063)	-	-	**(54,063)**
Insurance acquisition cash flows	(2,539)	-	-	**(2,539)**	(2,581)	-	-	**(2,581)**
Cash flows	(7,460)	-	-	**(7,460)**	1,341	-	-	**1,341**
Closing insurance contract liabilities	387,683	1,864	25,561	**415,108**	381,547	1,878	29,705	**413,130**
Closing insurance contract assets								
Net balance as at 31 December	387,683	1,864	25,561	**415,108**	381,547	1,878	29,705	**413,130**

Other changes result from adjustments in the amount of other comprehensive income and changes in the discounting model.

1.17 Insurance contract liabilities (continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims - NON LIFE

	2024				2023			
	Liability for remaining coverage				Liability for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	**Total**	Excluding loss component	Loss component	Liability for incurred claims	**Total**
Opening insurance contract liabilities	52,551	344	81,701	**134,596**	42,321	411	65,308	108,040
Opening insurance contract assets								
Net balance as at 1 January	52,551	344	81,701	**134,596**	42,321	411	65,308	**108,040**
Insurance revenue	(150,261)			**(150,261)**	(131,529)			**(131,529)**
Incurred claims and other directly attributable expenses	-	-	82,547	**82,547**	-	-	80,339	**80,339**
Changes that relate to past service - adjustment to the LIC	-	-	1,128	**1,128**	-	-	2,507	**2,507**
Losses on onerous contracts and reversal of those losses	-	(344)	-	**(344)**	-	(67)	-	**(67)**
Acquisition and administrative expenses	29,299		-	**29,299**	24,838	-	-	**24,838**
Insurance service expenses	29,299	(344)	83,675	**112,630**	24,838	(67)	82,846	**107,617**
Insurance service result	**(120,962)**	**(344)**	**83,675**	**(37,631)**	**(106,691)**	**(67)**	**82,846**	**(23,912)**
Finance expenses from insurance contracts issued			1,524	1,524	-	-	659	659
Total amounts recognised in comprehensive income	(120,962)	(344)	85,199	(36,107)	(106,691)	(67)	83,505	(23,253)
Investment component				-				-
Other changes				-				-
Premiums received	161,964	-	-	**161,964**	143,404	-	-	**143,404**
Claims and other directly attributable expenses paid		-	(79,195)	**(79,195)**		-	(67,730)	**(67,730)**
Insurance acquisition cash flows	(31,850)	-	228	**(31,622)**	(26,484)	-	619	**(25,864)**
Cash flows	130,114	-	(78,967)	**51,147**	116,920	-	(67,111)	**49,809**
Net balance as at 31 December	**61,703**	-	**87,933**	**149,636**	**52,551**	**344**	**81,701**	**134,596**
Closing insurance contract liabilities	61,703	-	87,933	**149,636**	52,551	344	81,701	**134,596**
Closing insurance contract assets								
Net balance as at 31 December	61,703	-	87,933	**149,636**	52,551	344	81,701	**134,596**

1.17 Insurance contract liabilities (continued)

Impact of contracts recognised in the year

	2024			2023		
Life - Insurance contracts issued	**Non-onerous contracts orifinated**	**Onerous contracts originated**	**Total**	**Non-onerous contracts orifinated**	**Onerous contracts originated**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Estimates of the present value of future cash outflows						
Insurance acquisition cash flows	2,708	-	2,708	2,971	-	2,971
Claims and other directly attributable expenses	48,509	-	48,509	33,470	-	33,470
Estimates of the present value of future cash inflows	(54,471)	-	(54,471)	(41,154)	-	(41,154)
Risk adjustment for non-financial risk	140	-	140	179	-	179
CSM	3,114	-	3,114	2,593	-	2,593
Total losses from contracts recognized at the initial recognition	-	-	-	-	-	-

Company does not have onerous contracts originated in 2024 and in 2023.

1.17 Insurance contract liabilities (continued)

Expected recognition of the contractual service margin

Numbers of years until expected to be recognised	1	2	3	4	5	6-10	>10	Total
As at 31 December 2024	**2,908**	**2,639**	**2,410**	**2,213**	**1,961**	**6,642**	**6,788**	**25,561**
As at 31 December 2023	3,394	3,101	2,828	2,611	2,423	6,809	8,540	29,705

a) Gross claims development (LIC)

For the year ended 31 December 2024

Accident years	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)							
At end of accident year	54,204	78,794	57,194	62,536	92,360	83,494	-
1 year later	50,295	73,450	50,420	53,874	97,617	-	-
2 year later	48,739	71,814	48,833	51,761	-	-	-
3 year later	49,158	71,319	46,647	-	-	-	-
4 year later	50,689	69,552	-	-	-	-	-
5 year later	49,754	-	-	-	-	-	-
Cumulative gross claims and other directly attributable expenses paid	(47,505)	(65,850)	(42,140)	(43,500)	(77,453)	(45,480)	(321,929)
Gross cumulative claims liabilities - accident years from 2019 to 2024	2,249	3,702	4,507	8,261	20,164	38,013	76,895
Gross cumulative claims liabilities - prior accident years	-	-	-	-	-	-	9,642
Effect of discounting	-	-	-	-	-	-	(1,831)
Effect of the risk adjustment margin for non-financial risk	-	-	-	-	-	-	2,485
Gross LIC for the contracts originated	**-**	**-**	**-**	**-**	**-**	**-**	**87,191**

1.17 Insurance contract liabilities (continued)

b) Effects on insurance revenue and the CSM

	2024	2023
	EUR'000	EUR'000
Life - Insurance contracts issued		
Insurance revenue		
New contracts and contracts measured under the full retrospective approach at transition	**3,632**	3,297
Contracts measured under the fair value approach at transition	**5,792**	10,020
	9,424	13,317
CSM as at 31 December		
New contracts and contracts measured under the full retrospective approach at transition	**8,597**	6,484
Contracts measured under the fair value approach at transition	**16,964**	23,221
	25,561	29,705

1.17 Insurance contract liabilities (continued)

c) Remaining maturities of insurance liabilities

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	More than 20 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LRC PAA	(61,703)						(61,703)
LRC BBA	(15,603)	(63,811)	(98,237)	(57,406)	(26,241)	(6,525)	(267,823)
LRC VFA	(3,905)	(28,836)	(32,106)	(7,863)	(23,906)	(34,266)	(130,883)
LIC	(66,973)	(22,185)	(9,968)	(3,536)	(998)	(676)	(104,335)
Insurance liabilities	**(148,184)**	**(114,832)**	**(140,311)**	**(68,805)**	**(51,145)**	**(41,467)**	**(564,744)**

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	More than 20 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
LRC PAA	(52,895)						(52,895)
LRC BBA	(18,869)	(68,227)	(96,157)	(59,267)	(23,505)	(5,988)	(272,013)
LRC VFA	(23,956)	(19,572)	(37,023)	(6,704)	(15,610)	(23,792)	(126,656)
LIC	(78,480)	(11,197)	(4,031)	(1,234)	(551)	(670)	(96,162)
Insurance liabilities	**(174,200)**	**(98,996)**	**(137,211)**	**(67,204)**	**(39,665)**	**(30,450)**	**(547,727)**

LRC stands for Liability for remaining coverage
LIC stands for Liability for incurred claims
PAA stands for Premium allocation approach
BBA stands for Building blocko approach
VFA stands for Variable fee approach
DAC stands for deferred acquisitions costs
UPR stands unearned premium provisions

1.17 Insurance contract liabilities (continued)

d) Discount rates

		2024					2023				
Product	**Currency**	**1 year**	**5 years**	**10 years**	**20 years**	**30 years**	**1 year**	**5 years**	**10 years**	**20 years**	**30 years**
Life Risk	EUR	3.04%	2.94%	3.07%	3.06%	3.04%	4.02%	2.87%	3.26%	2.86%	3.09%
Savings	EUR	3.04%	2.94%	3.07%	3.06%	3.04%	4.02%	2.87%	3.26%	2.86%	3.09%
Investment contracts with DPF	EUR	2.30%	2.20%	2.33%	2.32%	2.41%	3.46%	2.31%	2.71%	2.30%	2.95%
Investment contracts with DPF	USD	4.18%	4.02%	4.07%	4.10%	3.88%	4.76%	3.21%	3.50%	3.32%	3.29%
Non life	EUR	2.55%	2.46%	2.58%	2.57%	2.62%	3.83%	2.61%	2.66%	2.68%	2.71%

1.18 Other liabilities, accrued expenses and deferred income

	2024	2023
	EUR'000	EUR'000
Accrued expenses	2,735	4,116
Liabilities for salaries	1,046	1,078
Liabilities to Croatian Insurance Bureau	807	841
Other payables	1,229	809
Premium advances and prepayment	2,821	2,791
Tax and contribution liabilities	864	732
Deferred income	897	997
Accruals for bonuses	1,457	1,671
Liabilities fort financial instrument settlement	-	2,673
	11,856	**15,709**

1.19 Provisions

	Reserves for litigation	**Other employee related reserves**	**Liabilities for share based payments**	**Total**
	EUR'000	**EUR'000**	**EUR'000**	
At 1 January 2023	**180**	**129**	**957**	**1,265**
Utilized during the year	-	-	(417)	(417)
Release of unused reservations	(7)	(109)	(584)	(700)
Additions	-	84	616	699
Net recognized in profit and loss	(7)	(26)	32	(0)
At 31 December 2023	**173**	**103**	**572**	**848**
At 1 January 2024	**173**	**103**	**572**	**848**
Utilized during the year	(100)	-	(244)	(344)
Release of unused reservations	(260)	(40)	112	(188)
Additions	458	68	160	686
Net recognized in profit and loss	198	28	272	498
At 31 December 2024	**271**	**131**	**600**	**1,002**

1.20 Equity

a) Issued share capital

	2024	2023
	EUR'000	EUR'000
Authorised, issued and fully paid		
254,306 (2023:254,306) ordinary shares of EUR 53	**13,478**	13,478

The share capital of the Company is denominated in euro. The nominal value of each share issued by the Company is EUR 53.

With regard to the provisions of the Act on the introduction of the euro as the official currency in the Republic of Croatia and the provisions of the Companies Act, in December 2023 the Company adjusted the share capital of the Company and the nominal amount of the Company's shares with regard to the introduction of the euro, namely:

- by reducing the share capital of the Company to the extent that it was necessary to bring the amount of share capital and the nominal amount of shares into line with the provisions of Art. 161, 162 and 163 of the Companies Act and

- by reducing the nominal amount of each share of the Company from the amount of EUR 53.09 to the amount of EUR 53.00 which resulted with decrease of share capital in amount of EUR 22,886.54 in favour of increase od share premium for the same amount

After conversion into euro, adjustment and record in the court register, the Company's share capital amounts to EUR 13,478,218.00 and is divided into 254,306 ordinary shares with a nominal amount of EUR 53.00, which are registered. The number of shares remained unchanged.

1.20 Equity (continued)

At the reporting date, the shareholders of the Company are as follows:

The ultimate owner of the Company is Allianz SE, a joint stock company domiciled in Germany.

	2024	2023
	% ownership	% ownership
Allianz Holding eins GmbH, Austria	**100**	100
	100	100

b) Share premium

As a result of the shares issues in period from 1999 to 2008, the Company recognised total share premium in the amount of EUR 14,888 (2023: EUR 14,887 thousand) representing the excess of the paid-in amount over the nominal value of the issued shares. In 2013 the Company increased its issued share capital by converting share premium amounting to EUR 995 thousand into share capital (bonus share issue) by issuing 18,750 new ordinary shares each with the nominal amount of EUR 53. New shares were awarded to the existing shareholders in proportion to their current shareholdings. In addition, Company increased it in amount of EUR 22,886,54 due to introduction of euro in 2023. There were no subsequent changes.

1.20 Equity (continued)

c) Fair value reserve

The fair value reserve represents unrealised net gains and losses arising from a change in the fair value of financial assets measured at fair value through other comprehensive income, net credit expected credit losses, net of related deferred tax. Expected credit losses for non - equity investments measured at fair value through other comprehensive income are recognized through other comprehensive income within Fair value reserve and profit and loss.

	2024	2023
	EUR'000	EUR'000
At 1 January		
Gross fair value reserve	**(19,007)**	(41,071)
Deferred tax (Note 1.14)	**3,421**	7,393
Net	**(15,586)**	(33,678)
Change in fair value OCI and ECL, net of amounts realised	**5,445**	22,263
Net realised gains losses directly recognized in retained earnings	**68**	(199)
	5,377	22,064
Deferred tax on change in fair value OCI and ECL, net of amounts realised (Note 1.14)	**(986)**	(4,008)
Directly recognized retained earning	**103**	36
Total result net of deferred tax	**4,494**	18,092
At 31 December		
Gross fair value reserve	**(13,630)**	(19,007)
Deferred tax (Note 1.14)	**2,538**	3,421
Net	**(11,092)**	(15,586)

1.20 Equity (continued)

d) Insurance finance reserve

Insurance finance income or expense arising from effect of and changes the time value of money arising from the passage of time, i.e. difference between the current discount rate as fulfilment cash flows are done at current market rates and the locked in rate are recognized through other comprehensive income in Insurance finance reserve.

All movements are shown in other comprehensive income in the Statement of comprehensive income, net of tax, Movements in the insurance finance reserve were as follows:

	2024	2023
	EUR'000	EUR'000
At 1 January		
Gross insurance finance reserve	**58,777**	84,049
Deferred tax (Note 1.14)	**(10,581)**	(15,133)
Net	**48,196**	68,916
Finance expense/income from insurance and reinsurance contract issued/held	**(9,724)**	(25,272)
	(9,724)	(25,272)
Deferred tax from finance expense/income insurance and reinsurance contracts issued/held	**1,742**	4,552
Total result net of deferred tax	**1,742**	4,552
At 31 December		
Gross insurance finance reserve	**49,054**	58,777
Deferred tax (Note 1.14)	**(8,839)**	(10,581)
Net	**40,215**	48,196

e) Legal reserve

The legal reserve (EUR 3,325 thousand at 31 December 2024 and 2023) represents accumulated appropriations from retained earnings in accordance with Insurance Law effective until 31 December 2005, which required a minimum of one third of the Company's net profit to be transferred to a non-distributable statutory reserve until the reserve reaches half of the average of earned premium of the preceding two years.

In 2006, a new Insurance Law became effective which does not require the creation of the above reserve. However, in accordance with the Companies Law, 5% of profit for the year needs to be allocated to a legal reserve until legal reserve and non-distributable reserves, such as share premium, reach 5% of the issued share capital.

The legal reserve may be used to cover prior period losses if the losses are not covered by current year profits or if other reserves are not available.

f) Retained earnings

The Company pays due care to the requirements of the Croatian Accounting Act for covering the net carrying amount of any development costs in advance of determining the distributable amount of retained earnings.

g) Earnings per share

For the purposes of calculating earnings per share, earnings are calculated as the profit for the period attributable to equity holders of the Company (the Company has no preference shares). The number of ordinary shares is the weighted average number of ordinary shares outstanding during the year after deducting the number of ordinary treasury shares (no treasury shares in either 2024 or 2023). The weighted average number of ordinary shares used for basic earnings per share was 254,306 (2023: 254,306). Given that there is no effect of options, convertible bonds or similar effect, the weighted average number of ordinary shares used for diluted earnings per share was the same as used to calculate basic earnings per share: 254,306 (2023: 254,306).

1.20 Equity (continued)

g) Earnings per share (continued)

	2024	2023
Profit attributable to ordinary shareholders of the Company for earnings per share in EUR '000	**23,818**	19,829
Weighted average number of ordinary shares at 31 December	**254,306**	254,306
Basic and diluted earnings per share attributable to equity holders of the Company in EUR	**93.66**	77.97

h) Dividends per share

During 2024 the Company did not pay a dividend (2023: the Company paid a dividend in the amount of EUR 13,272 thousand or EUR 52.19 per share).

1.21 Insurance revenue

	Non life		**Life**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023
	EUR'000	EUR'000	**EUR'000**	EUR'000	**EUR'000**	EUR'000
Insurance revenue from contracts measured under the PAA	**150,260**	**131,529**	**-**	**-**	**150,260**	**131,529**
Insurance revenue from contracts not measured under the PAA	**-**	**-**	**9,424**	**13,317**	**9,424**	**13,317**
Amounts relating to changes in the liability for remaining coverage	-	-	9,032	10,112	9,032	10,112
Insurance service expenses incurred	-	-	74,545	62,235	74,545	62,235
CSM recognized for services provided	-	-	3,220	4,678	3,220	3,839
Change in the risk adjustment	-	-	286	258	286	258
Investment component	-	-	(69,019)	(56,219)	(69,019)	(56,219)
Recovery of insurance acquisition cash flows	-	-	392	2,367	392	2,367
Total	**150,260**	**131,529**	**9,424**	**13,317**	**159,684**	**144,846**

1.21 Insurance revenue (continued)

Analysis by class of business

2024	Premium allocation approach (PAA)	Building block approach (BBA)	Variable fee approach (VFA)	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Non-life insurance business				
Medical expense insurance	13,635	-	-	13,635
Income protection insurance	8,756	-	-	8,756
Workers' compensation insurance	-	-	-	-
Motor vehicle liability insurance	25,533	-	-	25,533
Other motor insurance	29,338	-	-	29,338
Marine, aviation and transport insurance	2,809	-	-	2,809
Fire and other damage to property insurance	41,285	-	-	41,285
General liability insurance	20,736	-	-	20,736
Credit and suretyship	3	-	-	3
Legal expenses insurance	-	-	-	-
Assistance	5,320	-	-	5,320
Miscellaneous financial losses	2,845	-	-	2,845
Health insurance	-	-	-	-
Total non life	**150,260**	**-**	**-**	**150,260**
Life insurance business				
Insurance with profit participation	-	6,477	-	6,477
Index-linked and unit-linked insurance	-	-	2,352	2,352
Other life insurance	-	595	-	595
Total life	**-**	**7,072**	**2,352**	**9,424**
Grand total	**150,260**	**7,072**	**2,352**	**159,684**

1.21 Insurance revenue (continued)

Analysis by class of business (continued)

2023	Premium allocation approach (PAA)	Building block approach (BBA)	Variable fee approach (VFA)	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Non-life insurance business				
Medical expense insurance	11,680	-	-	11,680
Income protection insurance	7,982	-	-	7,982
Workers' compensation insurance	-	-	-	-
Motor vehicle liability insurance	20,868	-	-	20,868
Other motor insurance	23,686	-	-	23,686
Marine, aviation and transport insurance	3,144	-	-	3,144
Fire and other damage to property insurance	37,055	-	-	37,055
General liability insurance	19,859	-	-	19,859
Credit and suretyship	20	-	-	20
Legal expenses insurance	-	-	-	-
Assistance	4,615	-	-	4,615
Miscellaneous financial losses	2,620	-	-	2,620
Health insurance	-	-	-	-
Total non life	**131,529**	**-**	**-**	**131,529**
Life insurance business				
Insurance with profit participation	-	8,516	-	8,516
Index-linked and unit-linked insurance	-	-	4,196	4,196
Other life insurance	-	606	-	606
Total life	**-**	**9,122**	**4,196**	**13,317**
Grand total	**131,529**	**9,122**	**4,196**	**144.846**

1.22 Insurance expense

	Non-life		Life		Total	
	2024	2023	**2024**	2023	**2024**	2023
	EUR'000	EUR'000	**EUR'000**	EUR'000	**EUR'000**	EUR'000
Incurred claims and other directly attributable expenses	79,195	67,637	(92)	(2,218)	79,103	65,419
Changes that relate to past service - adjustment to the LIC	3,352	12,609	881	(345)	4,233	12,263
Losses on onerous contracts and reversal of those losses	(344)	(67)	-	-	(344)	(67)
Acquisition and administrative expenses	41,967	37,771	4,990	6,882	46,957	44,653
Total	**124,170**	**117,950**	**5,779**	**4,319**	**129,949**	**122,269**

1.23 Net (expenses)/income from reinsurance contract held

	Non life		Life		Total	
	2024	2023	**2024**	2023	**2024**	2023
	EUR'000	EUR'000	**EUR'000**	EUR'000	**EUR'000**	EUR'000
Allocation of reinsurance premiums	(18,114)	(15,501)	(366)	(664)	(18,480)	(16,166)
Amounts recoverable from reinsurers for incurred claims	11,873	18,390	28	11	11,900	18,401
Total	**(6,241)**	**2,889**	**(338)**	**(653)**	**(6,580)**	**2,235**

1.24 Investment income and insurance finance expenses

	Non life		Life		Total	
	2024	2023	**2024**	2023	**2024**	2023
	EUR'000	EUR'000	**EUR'000**	EUR'000	**EUR'000**	EUR'000
Interest income	4,684	3,241	9,872	9,797	14,556	13,038
- Fair-value-through other comprehensive income or loss	4,681	3,237	9,837	9,794	14,517	13,031
- Fair-value-through-P&L	3	4	35	3	38	7
Net gains/losses on financial assets at fair value through profit and loss	363	367	5,740	7,734	6,103	8,101
Net expense from investment property	1,642	(142)	-	-	1,642	(141)
- Rental income	234	280	-	-	234	280
- Depreciation	(167)	(167)	-	-	(167)	(167)
- Expense maintenance and utilities	(219)	(222)	-	-	(219)	(222)
-Net credit impairment losses on rental receivables	-	(33)	-	-	-	(33)
-'Net gains from the sale of non-operating assets	1,794	-	-	-	1,794	-
Net credit impairment result	24	(1)	35	18	59	17
Net realized losses on financial assets at fair value through other comprehensive income and loss	(29)	7	716	(1,820)	687	(1,813)
Other investment expense	(119)	(161)	(339)	(451)	(459)	(613)
Other investment income	681	165	501	381	1,182	546
Net investment income (expenses) - underlying assets	**7,246**	**3,476**	**16,525**	**15,660**	**23,770**	**19,135**
Changes in fair value of underlying assets of contracts measured under the VFA	-	-	(6,014)	(7,611)	(6,014)	(7,611)
Interest accreted	(1,524)	(659)	(2,327)	(2,002)	(3,852)	(2,660)
Effect of changes in interest rates and other financial assumptions	-	-	(709)	(1,618)	(709)	(1,618)
Effect of changes in FCF at current rates when CSM is unlocked at lockedin rates	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-
Finance income (expenses) from insurance contracts issued	**(1,524)**	**(659)**	**(9,050)**	**(11,231)**	**(10,574)**	**(11,890)**
Interest accreted	277	34	-	-	277	34
Effect of changes in interest rates and other financial assumptions	(0)	(4)	-	-	(0)	(4)
Effect of changes in FCF at current rates when CSM is unlocked at lockedin rates	-	-	-	-	-	-
Finance income (expenses) from reinsurance contracts held	**277**	**30**	**-**	**-**	**277**	**30**
Net insurance finance expenses	**(1,247)**	**(629)**	**(9,050)**	**(11,231)**	**(10,297)**	**(11,860)**

1.25 Fee and commission income

	2024	2023
	EUR'000	EUR'000
Fee and commission income	183	298
Total	**183**	**298**

1.26 Other income

	2024	2023
	EUR'000	EUR'000
IT Services	354	337
Loss/(Profit) on disposal of property and equipment	281	(23)
Income from service claims	348	261
Rent income	143	164
Income from Croatian nuclear pool	1	91
Refund of legal enforcement collection expense and penalty interest	773	136
Income from excharge services	199	104
Other	153	155
Total	**2,252**	**1,225**

1.27 Other expenses and expenses by nature

	Directly attributable	**Other attributable**	**Non attributable**		**Directly attributable**	**Other attributable**	**Non attributable**	
	Expected attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**	Expected attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	**Total**
	2024 EUR'000	**2024 EUR'000**	**2024 EUR'000**	**2024 EUR'000**	**2023 EUR'000**	**2023 EUR'000**	**2023 EUR'000**	**2023 EUR'000**
Commissions	34,092	-	-	34,092	29,209	-	-	29,209
Employee expenses	-	7,145	3,668	10,813	-	7,310	3,255	10,566
Depreciation and amortisation	-	1,777	2,293	4,070	-	1,852	2,226	4,077
Audit fee /i/	-	107	41	148	-	156	56	212
Lease payments	-	439	213	652	-	464	199	663
Legal and other professional fees	-	1,160	542	1,702	-	1,351	544	1,895
Parafiscal levies	3,288	129	67	3,484	2,259	138	59	2,456
IT expenses	-	3,134	1,194	4,328	-	2,401	1,076	3,477
Other acquisition cost	316	962	684	1,962	375	848	671	1,894
Other expenses	226	2,178	989	3,393	299	2,272	1,222	3,793
Total	**37,922**	**17,031**	**9,691**	**64,644**	**32,142**	**16,792**	**9,309**	**58,243**

In 2024, the average number of employees of the Company was 328 *(2023: 338).* In 2024, the Company EUR 1.7 million (*2023: EUR 1.4 million*) of pension contributions into obligatory pension funds.

/i/ The contracted fee for audit services for the Company for the year 2024 amounts to 122 thousand euros.

1.28 Income taxes

	2024	2023
	EUR'000	EUR'000
Current tax expense	**3,831**	-
Deferred tax expense/(income) (Note 1.14)	**1,611**	4,369
Total income tax expense	**5,442**	4,369

Reconciliation of accounting profit for the period to income tax expense:

	2024	2023
	EUR'000	EUR'000
Accounting profit for the period before income taxes	**29,260**	24,197
Income tax at 18% (2023: 18%) /i/	(5,267)	(4,355)
Non-deductible expenses /ii/	(241)	(494)
Non-taxable income/iii/	1,479	483
Difference in abroad tax rates	18	(3)
Deferred tax assets on tax losses and temporary tax differences	(2,033)	-
Effect of utilized previously recognized tax losses	602	-
Total income tax expense	**(5,442)**	(4,369)
Effective income tax rate	**(19%)**	(18%)

/i/ Slovenian tax at 19%

/ii/ Non deductable expenses are related to unrealised losses, impairment of receivables and accruals.

/iii/ Non taxable income are related to unrealised gains and dividend income.

Income tax recognised in other comprehensive income:

	2024	2023
	EUR'000	EUR'000
On financial assets at fair value through other comprehensive income		
Deferred tax on net gains/losses from change in fair value, net of amounts realized and expected credit losses (Note 1.20c; 1.14)	**(986)**	(4,008)
On insurance finance income/expenses from insurance contract and reinsurance issued/held		
Deferred tax on finance income/expenses from insurance contract and reinsurance issued/held (Note 1.20d; 1.14)	**1,742**	4,552
Total	**756**	544

1.29. Share based payments

Restricted stock units

Restricted stock units ("RSU") of the company Allianz SE, are granted to the Management Board. Employee services received in exchange for cash-settled share based payments are recognised at the fair value of the amount payable to the employee. The liability is re-measured at each reporting date and the settlement date to its fair value, with all changes recognised immediately in the profit or loss as staff costs.

RSUs vest at the end of a four year period after the grant date. The amount of the cash payment depends on the share price of the Allianz SE at the time of the exercise.

	Number of items	**Fair value at reporting date EUR per option**	**Fair value at 31 December 2024 EUR '000**	**End of vesting period**
AEI 2020 2021	610	295,9	180,50	7.3.2025
AEI 2021/2022	599	286,19	171,43	6.3.2026
AEI 2022 2023/PERFRSU	662	265,04	175,46	5.3.2027
AEI 2023 2024/Performance RSU	843	248,35	209,36	3.3.2028

	Number of items	**Fair value at reporting date EUR per option**	**Fair value at 31 December 2023 EUR '000**	**End of vesting period**
AEI 2020/PERFRSU	332	241,93	80,32	3.3.2023
AEI 2020/RSU	499	241,93	120,72	1.3.2024
AEI 2020 2021	610	230,11	140,37	7.3.2025
AEI 2021/2022	599	217,74	130,43	6.3.2026
AEI 2022 2023/PERFRSU	662	204,55	135,41	5.3.2027

1.30. Lease liabilities

The maturity analysis of the finance lease payments receivable is as follows:

	2024 EUR'000	**2023 EUR'000**
Up to 6 months	713	775
6-12 months	679	764
1-2 years	1,325	1,414
2-5 years	372	1,799
	3,089	**4,752**

1.31. Related parties

The sole shareholder of the Company is Allianz Holding eins GmbH, Austria with holdings of 100% of the Company’s shares at year end (2023: Allianz Holding eins GmbH of 100%). As of 14 October 2022, Allianz Holding eins GmbH acquired 16.84% minority share held by Zagrebačka banka d.d. Ultimate parent of the Company is Allianz SE, Munich, Germany.

The Company considers that it has immediate related party relationship with its ultimate controlling party and companies under control, under common control or under influence of key management personnel and their close family members in accordance with the definitions contained in International Accounting Standard 24 “Related Party Disclosures” (IAS 24).

(a) Relationship with Allianz Holding eins GmbH (owner)

Receivables from Allianz Holding eins GmbH as of 31 December 2024 amounted to EUR 19.1 thousand *(31 December 2023: EUR 8.9 thousand)*, while income recognized in 2024 amounted to EUR 138.3 thousand *(2023: EUR 154.9 thousand)* and relate to activities in the finance area service support.

Liabilities to Allianz Holding eins GmbH as of 31 December 2024 amounted to EUR 75.5 thousand *(31 December 2023: EUR 219.8 thousand)*, while expense recognized in 2024 amounted to EUR 284.4 thousand *(2023: EUR 219.8 thousand)* and relate to group charges for services provided.

(b) Relationship with key management personnel

Gross emoluments paid or payable by the Company to the members of the Management Board for the year ended 31 December 2024 amounted to EUR 971.1 thousand (2023: EUR 1.5 million), including fixed salary, accrued bonuses for 2024, RSU and SAR costs and life insurance premiums paid by the Company. Out of this amount EUR 112.1 thousand (2023: EUR 119.1 thousand) relate to pension contributions.

(c) Relationship with Allianz SE, Munich (ultimate owner)

Liabilities to Allianz SE, Munich as of 31 December 2024 amounted to EUR 300.7 thousand *(31 December 2023: EUR 100.3 thousand)*, while expense recognized in 2024 amounted to EUR 916.3 thousand *(2023: EUR 684.2 thousand)* and relate to group charges for services provided.

Receivables from Allianz SE, Munich as of 31 December 2024 amounted to EUR 0 *(31 December 2023: EUR 0)*, while income recognized in 2024 amounted to EUR 34 thousand *(31 December 2023: EUR 0)* and relate to outsourced employees.

In relation to reinsurance, liabilities to Allianz SE, Munich as of 31 December 2024 amounted to EUR 329.9 thousand (31 December 2023: EUR 346.5 thousand), while expense recognized in 2024 amounted to EUR 5,305 thousand (2023: EUR 4,270 thousand). Receivables from Allianz SE, Munich as of 31 December 2024 amounted to EUR 3,062 thousand (31 December 2023: EUR 3,859 thousand), while income recognized in 2024 amounted to EUR 9,135 thousand (31 December 2023: EUR 4,853 thousand).

As at 31 December 2024 Company also holds Allianz SE shares in relation to its Share based payment arrangements in amount of EUR 737 thousand (2023: EUR 607 thousand).

1.31. Related parties (continued)

(d) Relationship with fellow subsidiaries of Allianz SE Group

The majority of the Company's reinsurance is ceded to Allianz SE Group companies. These transactions gave rise to reinsurance premiums and recoveries during the year and debtors and creditors at the end of the year as set out below:

	2024	2023
	EUR'000	EUR'000
Premium ceded:		
Reinsurance premiums payable at beginning of year	**5,022**	**3,069**
Reinsurance premiums ceded during the year	17,003	14,625
Reinsurance premiums paid during the year	(12,996)	(12,672)
Reinsurance premiums payable at the year end	**9,029**	**5,022**
Reinsurance recoveries:		
Statement of changes in equity	**9,646**	**2,051**
Invoiced during the year	15,305	12,448
Received during the year	(19,793)	(4,853)
Outstanding at the year end	**5,158**	**9,646**
Reinsurance commission:		
At the beginning of the year	**346**	**122**
Invoiced during the year	751	813
Received during the year	(423)	(589)
Outstanding at the year end	**674**	**346**

(e) Relationship with subsidiaries of the Company

Receivables from AZ Servisni Centar d.o.o. as at 31 December 2024 amounted to EUR - *(31 December 2023: 516 EUR)*, while income recognized in 2024 amounted to EUR 424.1 thousand *(2023: EUR 9.3 thousand)* and relate to sublease of office space and liquidation of the AZ Servisni Centar assets. Liabilities to AZ Servisni Centar d.o.o. as at 31 December 2024 amounted to -EUR *(31 December 2023: -EUR)*, while expenses recognized in 2024 amounted to EUR 34.3 thousand *(2023: EUR 80 thousand)* and relate to IT services provided.

Receivables from Autoelektro tehnički pregledi d.o.o. as at 31 December 2024 amounted to EUR 268 thousand *(31 December 2023: EUR 284.2 thousand)*, while income recognized in 2024 amounted to EUR 17.1 thousand *(2023: EUR 19.2 thousand)* and relates to the provision of a loan.

Open receivables from Allianz Invest d.o.o. as at 31 December 2024 amounted to EUR - *(31 December 2023: EUR 34 thousand)*, while income recognized in 2024 amounted to EUR 7.7 thousand *(2023: EUR 167.2 thousand)* and relate to sublease of office space. Liabilities to Allianz Invest d.o.o. as at 31 December 2024 amounted EUR - *(31 December 2023: EUR 23.7)*, while expense recognized in 2024 amounted to EUR 92 thousand *(2023: EUR 228.3 thousand)* and relate to management fee and liquidation of Allianz Invest assets.

1.31 Related parties (continued)

2024	**Assets EUR'000**	**Liabilities EUR'000**	**Income EUR'000**	**Expense EUR'000**
Ultimate parent company				
Allianz SE, Munich	3,062	631	9,169	6,221
Owners				
Allianz Holding eins GmbH	19	75	138	284
Subsidiaries	-	-		
AZ Servisni Centar d.o.o.			424	34
Autoelektro tehnički pregledi d.o.o.	268	-	17	-
Allianz Invest d.o.o.			8	92
Related companies				
Other subsidiaries of Allianz SE Group - Reinsurers	2,770	8,700	6,921	11,698
Other related companies	209	376	736	4,297
	6,328	**9,782**	**17,413**	**22,626**

2023	**Assets EUR'000**	**Liabilities EUR'000**	**Income EUR'000**	**Expense EUR'000**
Ultimate parent company				
Allianz SE, Munich	3,859	447	4,853	4,955
Owners				
Allianz Holding eins GmbH	9	220	155	220
Subsidiaries				
AZ Servisni Centar d.o.o.	1	-	9	80
Allianz Short Term Bond, open-ended investment fund	12,741	-	-	-
Alianz Portfolio, open-ended investment fund	1,163	-	-	-
Allianz Equity, open-ended investment fund	962		-	-
Autoelektro tehnički pregledi d.o.o.	284	-	19	-
Allianz Invest d.o.o.	34	24	167	228
Related companies				
Other subsidiaries of Allianz SE Group - Reinsurers	6,133	4,675	8,407	10,354
Other related companies	21	592	417	4,273
	25,207	**5,958**	**14,027**	**20,110**

1.32 Financial Risk Management

Transactions with financial instruments result in the Company assuming financial risks. These include market risk, credit risk (including reinsurance credit risk) and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the Company manages these risks.

Market risk

Market risk is defined as the effect of changes in market prices on the statement of comprehensive income and statement of financial position of the Company. Basic risk factors include:

- currency risk – the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates,
- interest rate risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates,
- price risk – the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than fluctuations resulting from currency and interest rate), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Market risk embodies not only the potential for loss but also the potential for gain.

Asset and liability matching

The Company actively manages its assets using an approach that balances quality, diversification, asset/liability matching, liquidity and investment return. The goal of the investment process is to optimise the after-tax, risk-adjusted investment income and risk-adjusted total return, whilst ensuring that the assets and liabilities are managed on a cash-flow and duration basis. The Investment Committee reviews and approves target portfolios on a periodic basis, establishing investment guidelines and limits, and providing oversight of the asset/liability management process. Due attention is also given to the compliance with the rules established by the Insurance Law.

The Company establishes target asset portfolios for each major business segment, which represents the investment strategies used to fund profitably its liabilities within acceptable levels of risk. These strategies include objectives for effective duration, liquidity, asset sector concentration and credit quality. The estimates used in determining the approximate amounts and timing of payments to or on behalf of policyholders for insurance liabilities are regularly reviewed.

Many of these estimates are inherently subjective and could affect the Company's ability to achieve its asset and liability management goals and objectives.

Interest rate risk

The Company's exposure to market risk for changes in interest rates is concentrated in its investment portfolio. The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature or re-price at different times or in differing amounts.

Interest rate risk is the risk of fluctuation in fair value or cash flows under financial instruments resulting from changes in market interest rates. The Company is exposed to interest rate risk based on financial instruments whose value is sensitive to interest rate changes.

The Company does not have any debt obligations and interest rate changes also do not influence the level of non-life provisions, other than for motor third party annuities, which are not significant at the reporting date.

1.32 Financial Risk Management (continued)

Interest rate risk (continued)

The Company monitors this exposure through periodic reviews of its asset and liability positions. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to investment portfolio and insurance reserves, are modelled and reviewed regularly. The overall objective of these strategies is to limit the net changes in the value of assets and liabilities arising from interest rate movements.

The Company attempts to match the future receipts from these assets with its insurance liabilities by purchasing Government bonds. However, due to the relatively short duration of such bonds, and the longer duration of life insurance liabilities, and the inability of the Company to purchase interest rate swaps in Croatia, the Company is exposed to interest rate risk.

An increase in 100 basis points in interest yields would be recognised as loss in other comprehensive income of the Company in the amount of EUR 27.415 thousand (*2023: loss of EUR* 26.223 *thousand*). A decrease in 100 basis points in interest yields would be recognised as gain in other comprehensive income of the Company in the amount EUR 30.402 thousand (*2023: gain of EUR* 29.178 *thousand*).

Note 1.34 discloses the effective interest rates and re-pricing analysis at the reporting date for the Company's financial assets and financial liabilities.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company's portfolio of marketable equity securities carried in the statement of financial position at fair value gives exposure to price risk. The Company's objective is to earn competitive returns by investing in a diverse portfolio of high quality, liquid securities. Portfolio characteristics are analysed regularly. The Company's holdings are diversified across industries, and concentrations in any one company or industry are limited by parameters established by senior management, as well as by statutory requirements.

The analysis below is performed for reasonably possible movements in key variable with all other variables held constant, showing the impact on profit and other comprehensive income resulting from financial investments.

	Impact on profit or loss after tax	**Impact on other comprehensive income after tax**	Impact on profit or loss after tax	Impact on other comprehensive income after tax	Impact on other components of equity	Impact on other components of equity
	2024	**2024**	2023	2023	2024	2023
	EUR'000	**EUR'000**	EUR'000	EUR'000	EUR'000	EUR'000
Change in price by ± 1%	1,104/(1,104)	17/(17)	974/(974)	5/(5)	17/(17)	5/(5)
Change in price by ± 3%	3,311/(3,311)	50/(50)	2,923/(2,923)	15/(15)	50/(50)	15/(15)
Change in price by ± 5%	5,518/(5,518)	84/(84)	4,872/(4,872)	24/(24)	84/(84)	24/(24)

1.32 Financial Risk Management (continued)

Foreign exchange risk

The Company is exposed to currency risk through the transactions in foreign currencies. This is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency exposure arises from credit, deposit and investment activities as well as from premium income, reinsurance transactions calculation of related technical provisions and settlement of claims on insurance policies linked to foreign currency. The currency giving rise to this risk is mostly Euro.

The Company manages foreign currency risk by trying to minimize the gap between assets and liabilities denominated in or linked to foreign currency. Investments backing life insurance provision are mostly denominated in Euro, as most of the life insurance provision is denominated in Euro.

Note 1.35 discloses the currency analysis at the statement of financial position the Company's financial assets and financial liabilities. Majority of the Company's assets and liabilities are denominated either in USD or EUR.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit and other comprehensive income resulting from financial investments. Euro become official currency on January 1, 2023. Company holds cash and cash equivalents and one part of Index linked products in foreign currency.

	Impact on profit or loss after tax	Impact on other comprehensive income after tax	Impact on other components of equity
EUR / USD rate	2024	2024	2024
	EUR'000	EUR'000	EUR'000
Change in fx rate by ± 1%	207 / (207)	-	-
Change in fx rate by ± 2%	415 / (415)	-	-

Currency structure of asset and liability is shown in detail in 1.35.

1.32 Financial Risk Management (continued)

Credit risk

During its normal operations the Company is exposed to credit risk. Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. It usually results from the adverse changes in a borrower's ability to repay the debt. The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets.

The Company's portfolios of fixed income securities, mortgage loans and to a lesser extent short-term and other investments are subject to credit risk. The Company manages this risk by up-front, stringent underwriting analysis, reviews by the Investment Committee and regular meetings to review credit developments.

The Company has adopted a conservative investment policy.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all policyholders and collateral is secured prior to the disbursement or extension of approved policyholder loans. Collateral is as prescribed by the Insurance Law. At 31 December 2024 Company held collateral in total amount EUR 1,939 thousand (2023: EUR 1,941 thousand). As of 31 December 2024, and 31 December 2023 there are no insufficiently secured assets.

	Secured assets	
31 December 2024	**Net book value of loans**	**Fair value of collaterals**
	in EUR'000	in EUR '000
Loans given based on life insurance policies	1,265	1,265
Loans given to legal entities	235	235
Loans given to related parties	268	439
31 December 2023		
Loans given based on life insurance policies	1,212	1,212
Loans given to legal entities	306	306
Loans given to related parties	284	423

Other financial assets are not secured.

1.32 Financial Risk Management (continued)

Credit risk (continued)

Accordingly at the reporting date the Company had significant concentration of amounts due from the Republic of Croatia and local authorities as follows:

	2024	2023
	EUR'000	EUR'000
Government bonds and bonds issued by local authorities	**272,847**	**282,953**
Accrued interest on Government bonds and bonds issued by local authorities	**3,328**	**3,883**
	276,175	**286,836**

The total exposure to Croatian state risk represents 58% of the Company in 2024 *(2023: 58%)*.

Maximum exposure to credit risk at the reporting date without taking account of any collateral held or other credit enhancements is as followed:

	2024	2023
	EUR'000	EUR'000
Debt securities		
Financial assets at fair value through other comprehensive income	**498,941**	456,207
Financial assets at fair value through profit or loss	**862**	865
Loans and receivables		
Deposits with credit institutions	**2,253**	743
Loans (Note 1.13)	**1,768**	1,802
Investment in debt fund	**-**	-
Cash and cash equivalents	**17,644**	14,882
Total assets bearing credit risk	**521,468**	474,499

1.32 Financial Risk Management (continued)

Credit risk (continued)

Expected credit loss is a probability-weighted estimate of credit losses (ie the present value of all cash shortfalls) over the expected lifetime of the financial instrument. Given that expected credit losses take into account the amount and time of payment, a credit loss occurs even if the entity expects to be paid in full, but later than the agreed term. Assets for which the expected credit loss is calculated are assets classified as assets at amortized cost and assets at fair value through other comprehensive income. The expected credit loss amount is updated at each reporting date to maintain changes in credit risk since the initial recognition, thus arriving at timely ones information on expected credit losses.

General impairment models:

- Level 1 – initial recognition – 12 monthly ECL
- Level 2 – significant increase in credit risk since initial recognition – Lifetime ECL
- Level 3 – non-refundable placements – Lifetime ECL
- Level 4 or POCI (probability weighted loss amount) – weighted loss amount by probability – lifetime ECL

For financial assets classified as model level 4 (POCI) no valuations are performed credit risk because assets nce classified as POCI always remain in that model until sale of the same or maturity.

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period.

	STAGE 1		STAGE 2		TOTAL	
	Carrying amount of financial asset subject to impairment	Related ECL allowance	Carrying amount of financial asset subject to impairment	Related ECL allowance	Carrying amount of financial asset subject to impairment	Related ECL allowance
Balance as at 1 January 2024	457,569	(249)	1,792	(14)	459,361	(263)
Originated or purchased	120,631	-	-	-	120,631	-
Matured or sold	(53,288)	-	-	-	(53,288)	-
Remeasurements	(22,388)	41	(936)	6	(23,324)	35
Total ECL recognized in profit and loss	-	41	-	6	-	35
Balance as at 31 December 2024	**502,524**	**(208)**	**856**	**(8)**	**503,380**	**(228)**

The assessment of a significant increase in credit risk is determined according to:

- changes in external market indicators
- change in contractual conditions
- a change in the approach to credit risk management
- changes in indicators related to the internal assessment of credit risks
- a significant increase in other liabilities
- change of business
- changes in operating results
- changes in the regulatory, economic or technical environment
- problems with payment of other obligations
- a change in the value of the collateral/guarantee that affects the ability to pay
- changes in credit rating
- anticipated breach of contract
- information on days of delay

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for probability. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original EIR or an approximation thereof.

1.32 Financial Risk Management (continued)

Credit risk (continued)

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per definition of default and credit-impaired assets above), either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation. The EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. The LGD represents the Company's expectation of the extent of loss on a defaulted exposure. The LGD varies by type of borrower, type and seniority of claim and availability of collateral or other credit support. The LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). The LGD is calculated on a 12M or lifetime basis, where the 12M LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and the lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.
The financial assets are analysed by classes in the table below using Standard & Poors (S&P) rating. The concentration of credit risk is substantially unchanged compared to the prior year.

	2024	2023
	EUR'000	EUR'000
Debt securities /i/		
AAA	**70,036**	58,745
AA	**13,642**	9,934
A	**334,251**	36,561
BBB	**34,363**	33,359
Below BBB	**25,098**	308,094
Not rated	**22,413**	-
Total debt securities	**499,803**	**446,693**
Investment in debt funds		
BBB -	-	-
	-	-
Loans and deposits		
BBB or not rated	**4,021**	**1,802**
Total loans and deposits	**4,021**	**1,802**
Cash and cash equivalents*		
BBB	**17,644**	**14,882**
Total cash and cash equivalents	**17,644**	**14,882**
Reinsurance contract assets		
AA	**23,576**	**34,710**
Not rated	**6,369**	**1,289**
Total reinsurance contract assets	**29,945**	**35,999**
Total financial asset bearing credit risk	**551,413**	**499,376**

* Other banks and financial institutions mostly include banks and financial institutions that have no rating and banks and financial institutions that have no rating, but their parent banks have a rating.
** Loans and receivables with no rating relate to loans to related parties, domestic companies with no rating and retail loans that are insured.

1.32 Financial Risk Management (continued)

Credit risk (continued)

To mitigate the risk of reinsurance counterparties not paying amounts due. The Company has established business and financial standards for reinsurer and broker approval are established, by incorporating ratings by major rating agencies and considering current market information.

The following is an analysis of credit quality of reinsurance receivables as at 31 December 2024:

	2024 EUR'000	2023 EUR'000	Financial Strength Rating
Allianz Global Corporate & Specialty SE	**1,624**	4,093	AA
Allianz SE	**3,062**	3,859	AA
Allianz Global Automotive Division	**655**	1,667	AA
Jardine Lloyd Thompson Limited	**186**	186	NR
Other	**1,594**	1,411	
	7,121	11,216	

Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate timeframe.

The Company holds a portfolio of liquid assets as part of its liquidity risk management strategy, to ensure continuous operations and legal requirements.

The Company's liquidity position is good and all statutory requirements for claims settlement were met in time during the year.

Note 1.33 discloses the maturity analysis at the reporting date for the Company's financial assets and financial liabilities within scope of IFRS 9.

Note 1.33 discloses the maturity analysis of the Company's insurance contract liabilities.

1.32 Financial Risk Management (continued)

Fair values

The main methods and assumptions for fair value estimation of financial risks are described in Note 1.3 (e).

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2),
- Inputs for the valuation of asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table analyses within the fair value hierarchy the Company's financial assets measured at fair value at 31 December 2023 and 31 December 2024:

For the year ended 31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Investments in subsidiaries at fair value				
Financial assets at fair value through other comprehensive income				
-Equity securities	419	-	-	**419**
-Debt securities	-	498,940	-	**498,940**
-Investment funds	-	-	-	-
-Loans and deposits	-	-	4,021	**4,021**
Financial assets at fair value through profit or loss				
-Foreign corporate bonds backing index linked products – Call option	-	-	1.744	**1,744**
-Financial assets relating to share-based payments	-	-	737	**737**
-Investment funds	-	11,373	14,779	**26,152**
-Debt securities	-	862	-	**862**
-Foreign corporate bonds backing index linked products	-	127,747	-	**127,747**
Total Assets	**419**	**638,922**	**21,281**	**660,622**

For the year ended 31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Investments in subsidiaries at fair value				
Financial assets at fair value through other comprehensive income				
-Equity securities	-	609	-	**609**
-Debt securities	-	456,207	-	**456,207**
-Loans and deposits	-	-	2,545	**2,545**
Financial assets at fair value through profit or loss				
-Foreign corporate bonds backing index linked products - Call option	-	-	1,491	**1,491**
-Financial assets relating to share-based payments	-	-	607	**607**
-Investment funds	-	178	14,829	**15,007**
-Debt securities	-	865	-	**865**
-Foreign corporate bonds backing index linked products	-	113,395	-	**113,395**
Total Assets	-	**570,906**	**19,472**	**590,378**

1.32 Financial Risk Management (continued)

Fair values (continued)

Company (continued)

Company determines the fair value of financial instruments that are not traded on active market with at least one of the methods listed below, depending on asset characteristics and data available for valuation:

- Multiple (Peer group)
- Discounted Cash Flow Method

The fair value of above mentioned financial instruments is measured using different methods depending on available data. Estimated final value is calculated using the weighted average of the methods used. Valuation of funds units has been done with discounted cash flows.

	Financial assets at fair value through profit or loss -Foreign corporate bonds backing index linked products	*Financial assets at fair value through profit or loss* -Financial assets relating to share-based payments	*Financial assets at fair value through profit or loss* Investment funds	**Total**
	in EUR'000	in EUR'000	in EUR'000	in EUR'000
31 December 2023	**1,491**	**607**	**14,830**	**16,928**
Net gains recognised in profit and loss	253	89	**(738)**	**(396)**
Purchase/Sale/Expiration	-	41	687	**728**
31 December 2024	**1,744**	**737**	**14,779**	**17,260**

On 31 December 2024, investments classified as Level 2 comprise approximately 96.72% (2023: 96.70%) of the Company's financial assets measured as fair value on recurring basis. Financial assets classified as Level 3 include shares relating to share-based payments, Cordiant Emerging loan fund, Real estate fund, ACP Credit Fund, Allianz Global Diversified Private Debt Fund, and equity securities for the Company in 2023 and 2024.

During year 2024 there were no securities in Level 1 at the year-end (2023: -) that were included in Level 2. There were no equity securities at fair value through other comprehensive income in level 2 at the year-end (2023: -) that were included in level 1 during the year.

Starting with 1st of January 2020 Company changed price policy for domestic debt securities and securities of foreign issuers. All debt securities are valuated using Allianz standard security price provided by IDS system, closing Bloomberg Generic (BGN).

1.32 Financial Risk Management (continued)

Fair values (continued)

Loans and receivables are measured at fair value through other comprehensive income. Management believes that the carrying value of these instruments is not significantly different from their fair value, assuming that all payments on unimpaired exposures will be collected as contracted, and not considering any future losses. Fair value of loans and receivables is determined by the inputs other than quoted prices that are observable for the assets therefore these would be classified as level 3 within fair value hierarchy.

Fair value of investment property was determined by inputs for the valuation of asset that are not based on observable market data therefore these would be classified as level 3 within fair value hierarchy. The fair value of investment property was derived primarily through the income method. The most significant inputs in this valuation were price or rent income per square meter, which were generated on the basis of comparable real estate in the immediate vicinity and which were then adjusted to the differences in key attributes.

Valuation of investment property carried at cost was based on management’s best estimate of the recoverable amount of investment property. Recoverable amount is the higher of fair value less cost to sell and the value in use and is annually reassessed by chartered surveyors. The estimated fair value of investment property held by the Company amounts to EUR 0 as of 31 December 2024 (2023: EUR 4,090 thousand).

Fair value was determined by an independent external valuator having an appropriate professional qualification. Fair values were determined using income method, which is based on sustainable annual income that the real estate generates or can generate due to regular operations, which would in hierarchy of fair value be classified as Level 3.

Valuation techniques used for determining fair value on Level 3

The fair value of investment property was derived primarily on the characteristics of the property including assumptions about ownership, urban planning, parts of equipment and condition and maintenance of the land.

The most significant inputs in the valuations were prices or rental income per square meter, generated based on comparable properties in the immediate vicinity and then adjusted by differences in key characteristics.

Information on fair value measurement of investment property which included significant parameters that are not available on the market (level 3)

Description	**Fair value as at 31 December 2024**	**Fair value as at 31 December 2023**	**Valuation technique(s)**	**Unavailable parameters**	**Range of unavailable parameters**	
					2024	**2023**
Investment propery	-	4,090	Income approach	Capitalization rate	-	8.5%
			Income approach	Average price per m2 (EUR)	-	61.44

A significant increase (decrease) in the estimated capitalization rate, average building price and the average price per m2, with other variables held constant, would have an impact on a significant increase (decrease) in the fair value of investment property. A significant increase (decrease) in the discount rate, with other variables held constant, would have an impact on a significant decrease (increase) in the fair value of investment property.

There is no significant interaction between invisible inputs used in estimates that would have a significant effect on fair value.

The increase in the estimated capitalization rate, the unit building cost and the average price per sqm +/- 1%, without changing the other variables would have an impact on the increase (decrease) in the fair value of real estate investments of +/- EUR 50 thousand.

As of December 31, 2024, the company does not hold any investment properties (note 1.10).

1.32 Financial Risk Management (continued)

Information on fair value measurements of loans and deposits, Call Option, investment funds and Share based payments which included significant parameters that are not available on the market (level 3):

Description	Fair value as at 31 December 2024	Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Loans and deposits	4,021	N/A	N/A	N/A
Call Option	1,744	N/A	N/A	Independent third-party valuation.
Investment funds	14,779	N/A	N/A	Independent third-party valuation. (Net Asset Value based on the underlying fair value of investments held by a fund, as reported by the fund manager, is the basis for estimating the fair value of an interest in a fund.
Share based payments (RSU)	737	N/A	N/A	The liability is re-measured at each reporting date and the settlement date to its fair value, with all changes recognised immediately in the profit or loss as staff costs. RSUs vest at the end of a four year period after the grant date.

1.32 Financial Risk Management (continued)

Capital management

In 2016 Solvency II regulation came into force. The Company's main objectives in capital management are as follows:

- compliance with positive legislation and by-laws, as well as regulations and instructions determined by the Regulator with respect to capital management,
- securing the Company's ability to continue as a going concern,
- providing the possibility to realise profit with the intention of further investment in the Company's development.

The Company is in compliance with legislation and by-laws which regulate capital, regulatory capital, capital adequacy and solvency margin. In addition to the stated, for the purpose of securing the quality of the capital base, the Company performs ALM tests on a regular basis, as well as stress testing with respect to capital and its adequacy to prevent possible capital deficiency.

	Unaudited	Unaudited
	31.12.2024.	31.12.2023.
	EUR'000	EUR'000
	Company	Company
Basic own funds	**112,968**	**99,146**
Ordinary share capital	13,478	13,478
Share premium account related to ordinary share capital	14,888	14,888
Reconciliation reserve	84,602	68,406
Deferred tax assets	-	2,374
Excess of assets over liabilities	**155,251**	**134,956**
Total assets	739,545	706,635
Total liabilities	584,294	571,679
Own shares (held directly and indirectly)	-	-
Foreseeable dividends, distributions and charges	28,280	13,280
Other basic own fund items	28,366	30,740
Total available own funds to meet the SCR	**112,968**	**99,146**
Total available own funds to meet the MCR	**112,968**	**99,146**
SCR	56,666	49,150
MCR	25,499	22,118
Ratio of Eligible own funds to SCR	199%	202%
Ratio of Eligible own funds to MCR	443%	448%

Company has a strong capital base and in 2024 met all regulatory requirements for capital adequacy. As of 31st December 2024, the solvency ratio was 199% (compared to 202% in 2023), thus reducing the insolvency risk. The internally defined target solvency ratio for the Company is 180%.

As of 31st December 2024, the solvency ratio excluding the foreseeable dividend would be 249% (compared to 229% in 2023).

1.33 Maturity analysis

The tables below analyse the financial assets within scope of IFRS 9 of the Company at 31 December 2024 and 31 December 2023 into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. Highly liquid investments without contractual maturity are classified as up to 6 months. Investments in subsidiaries are classified as over 5 years. The amounts of financial liabilities disclosed in the table (all non-interest bearing) are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected discounted cash inflows and outflows.

2024

	Up to 6 months	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets						
Financial assets at fair value through other comprehensive income or loss						503,380
Debt securities	39,124	5,995	41,550	107,574	304,698	498,941
Loans	360	103	891	78	336	1,768
Equity securities	419	-	-	-	-	419
Deposits with banks	749	1,503	-	-	-	2,252
Financial assets at fair value through profit or loss						157,242
Debt securities	834	-	-	-	28	862
Foreign corporate bonds backing index linked products	-	-	-	-	127,747	127,747
Shares relating to share-based payments	181	-	171	385	-	737
Investment funds	26,152	-	-	-	-	26,152
Equity securities	-	-	-	-	-	-
Call option	-	-	-	-	1,744	1,744
Reinsurance contract assets	15,758	5,118	2,568	3,399	3,102	29,945
Other receivables and prepaid expenses	6,767	159	-	-	-	6,926
Cash and cash equivalents	17,644	-	-	-	-	17,644
Total financial assets	107,988	12,878	45,180	111,436	437,655	715,137
Financial liabilities						
Insurance contract liabilities	55,807	49,841	41,466	99,540	318,090	564,744
Other liabilities, accrued expenses and deferred income	11,047	807	-	-	-	11,854
Provisions	165	26	146	639	26	1,002
Lease liabilities	713	679	1,325	372	-	3,089
Total financial liabilities	67,732	51,353	42,937	100,551	318,116	580,689
Maturity gap	40,256	(38,475)	2,243	10,885	119,539	134,448

1.33 Maturity analysis (continued)

2023

	Up to 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets						
Financial assets at fair value through other comprehensive income or loss						459,361
Debt securities	5,860	34,312	40,787	82,602	292,646	456,207
Loans	332	400	273	204	593	1,802
Equity securities	609	-	-	-	-	609
Deposits with banks	743	-	-	-	-	743
Financial assets at fair value through profit or loss						131,017
Debt securities	-	-	834	-	31	865
Foreign corporate bonds backing index linked products	-	-	-	-	113,047	113,047
Shares relating to share-based payments	201	-	140	266	-	607
Investment funds	-	14,829	-	-	178	15,007
Equity securities	-	-	-	-	-	-
Call option	-	1,491	-	-	-	1,491
Reinsurance contract assets	13,895	13,906	3,537	2,800	1,862	36,000
Other receivables and prepaid expenses	4,821	1,611	-	-	-	6,432
Cash and cash equivalents	14,882	-	-	-	-	14,882
Total financial assets	41,343	66,549	45,571	85,872	408,357	647,692
Financial liabilities						
Insurance contract liabilities	69,379	63,295	39,134	85,010	29,909	547,727
Other liabilities, accrued expenses and deferred income	13,868	1,839	-	-	-	15,707
Provisions	379	87	132	250	-	848
Lease liabilities	775	764	1,414	1,799	-	4,752
Total financial liabilities	84,401	65,985	40,680	87,059	290,909	569,034
Maturity gap	(43,058)	564	4,891	(1,187)	117,448	78,658

1.34. Interest rate repricing analysis

The following tables present the Company's financial assets and liabilities within scope of IFRS 9 analysed according to repricing periods determined as the earlier of remaining contractual maturity and contractual repricing.

The tables are management's estimate of the interest rate risk for the Company as at 31 December 2024 and 31 December 2023 provide some indication of the sensitivities of the Company's earnings to movements in interest rates. Earnings will also be affected by the currency of the assets and liabilities and equity. The Company has a significant proportion of interest-earning assets and interest-bearing liabilities in foreign currency.

2024

	Effective interest rate	**Up to 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**	**Other***	**Total**
	%	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets								
Financial assets at fair value through other comprehensive income or loss								
Debt securities	2.86	39,124	5,995	41,550	107,574	304,698	-	498,941
Loans	4.39	731	501	173	70	293	-	1,768
Equity securities		419	-	-	-	-	-	419
Deposits with banks	3.29	749	1,503	-	-	-	-	2,252
Financial assets at fair value through profit or loss								
Debt securities		834	-	-	-	28	-	862
Foreign corporate bonds backing index linked products		-	-	-	-	127,747	-	127,747
Shares relating to share-based payments		181	-	171	385	-	-	737
Investment funds		26,152	-	-	-	-	-	26,152
Equity securities		-	-	-	-	-	-	-
Call option		-	-	-	-	1,744	-	1,744
Reinsurance contract assets		-	-	-	-	-	-	29,945
Other receivables and prepaid expenses		-	-	-	-	-	6,926	6,926
Cash and cash equivalents	0.001	17,644	-	-	-	-	-	17,644
Total financial assets		85,834	7,999	41,894	108,029	434,510	6,926	715,137
Financial liabilities								
Insurance contract liabilities		-	-	-	-	-	-	564,744
Other liabilities, accrued expenses and deferred income		-	-	-	-	-	11,856	11,856
Provisions		165	26	146	639	26		1,002
Lease liabilities	3.2	713	679	1.325	372			3,089
Total financial liabilities		878	705	1,471	1,011	26	11,856	580,689
Maturity gap		84,956	7,294	40,423	107,018	434,484	(4,930)	134,448

1.34 Interest rate repricing analysis (continued)

2023

	Effective interest rate	Up to 6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Other*	Total
	%	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets								
Financial assets at fair value through other comprehensive income or loss								
Debt securities	3.07	5,860	34,312	40,787	82,602	292,646	-	456,207
Loans	4.23	332	400	273	204	593	-	1,802
Equity securities		609	-	-	-	-	-	609
Deposits with banks	2.3	743	-	-	-	-	-	743
Financial assets at fair value through profit or loss								
Debt securities		-	-	834	-	31	-	865
Foreign corporate bonds backing index linked products		-	-	-	-	113,047	-	113,047
Shares relating to share-based payments		201	-	140	266	-	-	607
Investment funds		-	14,829	-	-	178	-	15,007
Equity securities		-	-	-	-	-	-	-
Call option		-	1,491	-	-	-	-	1,491
Reinsurance contract assets		-	-	-	-	-	-	36,000
Other receivables and prepaid expenses		-	-	-	-	-	6,432	6,432
Cash and cash equivalents	0.01	14,882	-	-	-	-	-	14,882
Total financial assets		22,627	51,031	42,034	83,072	406,496	6,432	778,709
Financial liabilities								
Insurance contract liabilities		-	-	-	-	-	-	547,727
Other liabilities, accrued expenses and deferred income		-	-	-	-	-	15,707	15,707
Provisions		379	87	132	250	-	-	848
Lease liabilities	2.09	775	764	1,414	1,799	-	-	4,752
Total financial liabilities		1,154	851	1,546	2,049	-	15,707	569,034
Maturity gap		21,473	50,180	40,488	81,023	406,496	(9,275)	209,675

1.35. Currency risk analysis

The Company's financial assets and financial liabilities within scope of IFRS 9 were denominated as follows as at 31 December 2024 and 31 December 2023.

2024

	EURO	**USD**	**Other foreign currencies**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets				
Financial assets at fair value through other comprehensive income or loss				*503,380*
Debt securities	498,940	-	-	498,940
Loans	1,768	-	-	1,768
Equity securities	419	-	-	419
Deposits with banks	2,253	-	-	2,253
Financial assets at fair value through profit or loss				*157,242*
Debt securities	862	-	-	862
Foreign corporate bonds backing index linked products	114,409	13,338		127,747
Shares relating to share-based payments	737	-	-	737
Investment funds	26,152	-	-	26,152
Equity securities	-	-	-	-
Call option	1,744	-	-	1,744
Reinsurance contract assets	29,945	-	-	29,945
Other receivables and prepaid expenses	6,926	-	-	6,926
Cash and cash equivalents	17,509	130	5	17,644
Total financial assets	**701,664**	**13,468**	**5**	**715,137**
Financial liabilities				
Insurance contract liabilities	564,744	-	-	564,744
Other liabilities, accrued expenses and deferred income	11,856	-	-	11,856
Provisions	1,002	-	-	1,002
Lease liabilities	3,089	-	-	3,089
Total financial liabilities	**580,691**	**-**	**-**	**580,691**
Maturity gap	**120,973**	**13,468**	**5**	**134,446**

1.35. Currency risk analysis (continued)

2023

	EURO	USD	Other foreign currencies	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets				
Financial assets at fair value through other comprehensive income or loss				459,361
Debt securities	456,207	-	-	456,207
Loans	1,802	-	-	1,802
Equity securities	609	-	-	609
Deposits with banks	743	-	-	743
Financial assets at fair value through profit or loss				131,017
Debt securities	865	-	-	865
Foreign corporate bonds backing index linked products	13,831	99,216		113,047
Shares relating to share-based payments	607	-	-	607
Investment funds	15,007	-	-	15,007
Call option	1,491	-	-	1,491
Reinsurance contract assets	36,000	-	-	36,000
Other receivables and prepaid expenses	6,432	-	-	6,432
Cash and cash equivalents	14,741	134	6	14,882
Total financial assets	**548,335**	**99,351**	**6**	**647,692**
Financial liabilities				
Insurance contract liabilities	547,727	-	-	547,727
Other liabilities, accrued expenses and deferred income	15,707	-	-	15,707
Provisions	848	-	-	848
Lease liabilities	4,752	-	-	4,752
Total financial liabilities	**569,034**	**-**	**-**	**569,034**
Maturity gap	**(20,699)**	**99,351**	**6**	**78,658**

1.36. Post balance sheet events

None of the events that occurred after the balance sheet date had a material impact on the Company's financial position or operating result.

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1
Statement of financial position (balance sheet) 31 December 2024

in EUR

Position no.	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non life	Total	Life	Non life	Total
1	002+003	**I**	**INTANGIBLE ASSETS**	**11,359,576**	**5,676,639**	**17,036,215**	**10,204,365**	**4,790,460**	**14,994,824**
2		1	Goodwill	-	-	-	-	-	-
3		2	Other intangible assets	11,359,576	5,676,639	17,036,215	10,204,365	4,790,460	14,994,824
4	005+006+007	**II**	**TANGIBLE ASSETS**	**-**	**7,752,891**	**7,752,891**	**-**	**5,916,228**	**5,916,228**
5		1	Land and buildings intended for company business operations	-	2,833,910	2,833,910	-	2,664,402	2,664,402
6		2	Equipment	-	333,575	333,575	-	309,814	309,814
7		3	Other tangible assets and stock	-	4,585,407	4,585,407	-	2,942,012	2,942,012
8	009+010+014	**III**	**INVESTMENTS**	**457,582,264**	**161,809,588**	**619,391,852**	**461,805,167**	**198,881,523**	**660,686,690**
9		**A**	**Investments in land and buildings not intended for company business operations**	**-**	**2,752,169**	**2,752,169**	**-**	**-**	**-**
10	011+012+013	**B**	**Investments in subsidiaries, associates and joint ventures**	**-**	**754,941**	**754,941**	**-**	**64,782**	**64,782**
11		1	Shares and stakes in subsidiaries	-	754,941	754,941	-	64,782	64,782
12		2	Shares and stakes in associates	-	-	-	-	-	-
13		3	Joint venture participation	-	-	-	-	-	-
14	015+020+025	**C**	**Financial assets**	**457,582,264**	**158,302,478**	**615,884,743**	**461,805,167**	**198,816,741**	**660,621,908**
15	016+017+018+019	**1**	**Financial assets at amortized cost**	**-**	**-**	**-**	**-**	**-**	**-**
16		*1.1*	*Debt securities and other securities with fixed revenue*	-	-	-	-	-	-
17		*1.2*	*Other investments held to maturity*	-	-	-	-	-	-
18		*1.3.*	*Loans*	-	-	-	-	-	-
19		*1.4.*	*Other*	-	-	-	-	-	-

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)
Statement of financial position (balance sheet) 31 December 2024 (continued)

in EUR

Position no.	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non life	Total	Life	Non life	Total
20	**019+020+021+022**	**2**	**Financial assets at fair value through other comprehensive income or loss**	**309,753,994**	**149,607,233**	**459,361,227**	**313,316,946**	**190,063,107**	**503,380,054**
21		*2.1*	*Shares, stakes and other securities with variable revenue*	502,142	107,196	609,339	313,920	105,356	419,276
22		*2.2*	*Debt securities and other securities with fixed revenue*	308,039,871	148,167,475	456,207,346	311,755,592	187,185,022	498,940,613
23		*2.3.*	*Investment fund units*	-	-	-	-	-	-
24		*2.4.*	*Other investments available for sale*	1,211,980	1,332,562	2,544,542	1,247,435	2,772,729	4,020,164
25	**026+027+….+030**	**3**	**Investments at fair value through profit and loss account**	**147,828,271**	**8,695,245**	**156,523,516**	**148,488,221**	**8,753,634**	**157,241,854**
28		*3.1*	*Shares, stakes and other securities with variable revenue*	-	-	-	-	-	-
27		*3.2*	*Debt securities and other securities with fixed revenue*	833,691	30,914	864,606	833,885	28,185	862,071
28		*3.3.*	*Derivative financial instruments*	145,504,036	8,057,082	153,561,117	145,910,263	7,988,705	153,898,969
29		*3.4.*	*Investment fund units*	1,490,544	-	1,490,544	1,744,072	-	1,744,072
30		*3.5*	*Other investments*	-	607,249	607,249	-	736,743	736,743
31	**032+036+040**	**IV**	**INSURANCE CONTRACT ASSETS**	**-**	**-**	**-**	**-**	**-**	**-**
32	034+035+036	1	General measurement	-	-	-	-	-	-
33		*1.1.*	*Remaining coverage assets*	-	-	-	-	-	-
34		*1.2.*	*Insurance acquisition cash flows assets*	-	-	-	-	-	-
35		*1.3.*	*Incurred claims assets*	-	-	-	-	-	-
36	037+038+039	2	Variable fee approach	-	-	-	-	-	-
37		*2.1.*	*Remaining coverage assets*	-	-	-	-	-	-
38		*2.2.*	*Insurance acquisition cash flows assets*	-	-	-	-	-	-
39		*2.3.*	*Incurred claims assets*	-	-	-	-	-	-

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

Position no.	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non life	Total	Life	Non life	Total
40	041 +042 +043	3	Premium allocation approach	-	-	-	-	-	-
41		*3.1.*	*Remaining coverage assets*	-	-	-	-	-	-
42		*3.2.*	*Insurance acquisition cash flows assets*	-	-	-	-	-	-
43		*3.3.*	*Incurred claims assets*	-	-	-	-	-	-
44	032+036+040	**V**	**REINSURANCE CONTRACT ASSETS**	**(11,394)**	**36,010,965**	**35,999,571**	**(140,730)**	**30,085,444**	**29,944,714**
45	046 +047	**VI**	**DEFERRED AND CURRENT TAX ASSET**	**-**	**-**	**-**	**971,991**	**2,459,894**	**3,431,886**
46		1	Deferred tax asset	-	-	-	-	-	-
47		2	Current tax asset	-	-	-	971,991	2,459,894	3,431,886
48		VII	OTHER ASSETS	11,335,386	15,444,234	26,779,620	10,294,833	15,033,408	25,328,241
49	050 +051 +052	1	Cash at bank and in hand	8,905,058	5,976,816	14,881,874	8,995,600	8,648,526	17,644,126
50		*1.1*	*Funds in the business account*	8,169,111	5,976,816	14,145,927	8,060,709	8,643,006	16,703,715
51		*1.2*	*Funds in the account of assets covering life insurance contract liabilities*	735,947	-	735,947	934,891	-	934,891
52		*1.3*	*Cash in hand*	-	-	-	-	5,520	5,520
53		**2**	**Long-term assets intended for sale and business cessation**	**-**	**-**	**-**	**-**	**-**	**-**
54		**3**	**Other**	**2,430,328**	**9,467,418**	**11,897,746**	**1,299,233**	**8,384,882**	**7,684,115**
55	001+004+008+031 +044+045+048	**VIII**	**TOTAL ASSETS**	**480,265,832**	**226,694,317**	**706,960,149**	**483,135,626**	**257,166,957**	**740,302,583**
56		**IX**	**OFF BALANCE SHEET ITEMS**	**-**	**-**	**-**	**-**	**-**	**-**

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

in EUR

Position no.	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non life	Total	Life	Non life	Total
57	058+061+062+066 +067+071+074	**X**	**CAPITAL AND RESERVES**	**58,630,755**	**76,325,512**	**134,956,267**	**56,971,785**	**98,279,478**	**155,251,264**
58	059 +060	**1**	**Subscribed capital**	**3,975,000**	**9,503,218**	**13,478,218**	**3,975,000**	**9,503,218**	**13,478,218**
59		1.1	Paid-up capital - ordinary shares	3,975,000	9,503,218	13,478,218	3,975,000	9,503,218	13,478,218
60		1.2	Paid-up capital - preference shares	-	-	-	-	-	-
61		**2**	**Issued shares premiums (capital reserves)**	**10,690,870**	**4,196,828**	**14,887,699**	**10,690,870**	**4,196,828**	**14,887,699**
62	063 +064 +065	**3**	**Revaluation reserve**	**(13,358,604)**	**(2,226,947)**	**(15,585,551)**	**(10,798,677)**	**(292,826)**	**(11,091,503)**
63		3.1	Land and buildings	-	-	-	-	-	-
64		3.2	Financial investments	(13,358,604)	(2,226,947)	(15,585,551)	(10,798,677)	(292,826)	(11,091,503)
65		3.3	Other revaluation reserves	-	-	-	-	-	-
66		**4**	**Financial reserve from the insurance contract**	**47,382,776**	**813,328**	**48,196,104**	**40,352,791**	**(138,537)**	**40,214,254**
67	068+069+070	**5**	**Reserves**	**318,166**	**3,006,852**	**3,325,018**	**318,166**	**3,006,852**	**3,325,018**
68		5.1.	Legally stipulated reserves	172,548	942,167	1,114,715	172,548	942,167	1,114,715
69		5.2.	Statutory reserve	145,618	2,064,685	2,210,303	145,618	2,064,685	2,210,303
70		5.3.	Other reserve	-	-	-	-	-	-
71	072+073	**6**	**Transferred (retained) profit or loss**	**1,415,984**	**49,409,522**	**50,825,505**	**9,623,037**	**60,996,762**	**70,619,800**
72		6.1.	Retained profit	1,415,984	49,409,522	50,825,505	9,623,037	60,996,762	70,619,800
73		6.2.	Transferred loss (-)	-	-	-	-	-	-
74	075+076	**7**	**Profit or loss of the current accounting period**	**8,206,563**	**11,622,711**	**19,829,274**	**2,810,597**	**21,007,181**	**23,817,778**
75		7.1.	Profit of the current accounting period	8,206,563	11,622,711	19,892,274	2,810,597	21,007,181	23,817,778
76		7.2.	Loss of the current accounting period	-	-	-	-	-	-

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

in EUR

Position no.	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non life	Total	Life	Non life	Total
77		**XI**	**SUBORDINATED LIABILITIES**	**-**	**-**	**-**	**-**	**-**	**-**
78		**XII**	**MINORITY INTEREST**	**-**	**-**	**-**	**-**	**-**	**-**
79	080+084+088	**XIII**	**INSURANCE CONTRACT LIABILITIES**	**413,130,342**	**134,596,440**	**547,726,782**	**415,107,927**	**149,636,187**	**564,744,114**
80	081+082+083	1	General measurement model	280,651,111	-	280,651,111	277,672,859	-	277,672,859
81		1.1.	Liabilities for remaning coverage	272,077,012	-	272,077,012	267,823,203	-	267,823,203
82		1.2.	Insurance acquisition cash flows assets	-	-	-	-	-	-
83		1.3.	Incurred claims liabilities	8,574,099	-	8,574,099	9,849,656	-	9,849,656
84	085+086+087	2	Variable fee approach	132,479,231	-	132,479,231	137,435,068	-	137,435,068
85		2.1.	Liabilities for remaning coverage	126,592,410	-	126,592,410	130,883,063	-	130,883,063
86		2.2.	Insurance acquisition cash flows assets	-	-	-	-	-	-
87		2.3.	Incurred claims liabilities	5,886,820	-	5,886,820	6,552,005	-	6,552,005
88	089+090+091	3	Premium allocation approach	-	134,596,440	134,596,440	-	149,636,187	149,636,187
89		3.1.	Liabilities for remaning coverage	-	52,895,264	52,895,264	-	61,703,233	61,703,233
90		3.2.	Insurance acquisition cash flows assets	-	-	-	-	-	-
91		3.3.	Incurred claims liabilities	-	81,701,176	81,701,176	-	87,932,954	87,932,954
92		**XIV**	**Reinsurance contract liabilitites**	**-**	**-**	**-**	**-**	**-**	**-**
93		**XV**	**Investment contract liabilitites**	**-**	**-**	**-**	**-**	**-**	**-**
94	095+096	**XVI**	**Other provisions**	**72,626**	**775,251**	**847,877**	**104,656**	**897,771**	**1,002,427**
95		1	Provisions for pensions and similar liabilities	72,626	775,251	847,877	104,656	897,771	1,002,427
96		2	Other provisions	-	-	-	-	-	-

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)
Statement of financial position (balance sheet) 31 December 2024 (continued)

in EUR

Position no.	Sum elements	Position code	Position description	Previous business period			Current business period		
				Life	Non life	Total	Life	Non life	Total
97	098+099	**XVII**	**DEFERRED AND CURRENT TAX LIABILITY**	**1,976,529**	**667,344**	**2,643,873**	**6,127,127**	**-2,524,748**	**3,602,379**
98		1	Deferred tax liability	1,976,529	667,344	2,643,873	6,127,127	-2,524,748	3,602,379
99		2	Current tax liability	-	-	-	-	-	-
100	101+102+…+105	**XVIII**	**FINANCIAL LIABILITIES**	**1,944,354**	**5,480,568**	**7,424,922**	**-**	**3,090,857**	**3,090,857**
101		1	Liabilities on the basis of loans	-	-	-	-	-	-
102		2	Liabilities on the basis of issued securities	-	-	-	-	-	-
103		3	Liabilities for derivative financial instruments	-	-	-	-	-	-
104		4	Liabilities for unpaid dividends	-	-	-	-	-	-
105		5	Other financial liabilities	1,944,354	5,480,568	7,424,922	-	3,090,857	3,090,857
106	107+108+109	**XIX**	**OTHER LIABILITIES**	**4,511,227**	**8,849,202**	**13,360,429**	**4,824,131**	**7,787,411**	**12,611,542**
107		1	Liabilities for sale and ceased business	-	-	-	-	-	-
108		2	Other accrued expenses and deferred income	1,845,354	4,230,538	6,075,892	1,459,060	3,049,775	4,508,835
109		3	Other liabilities	2,665,873	4,618,664	7,284,537	3,365,071	4,737,636	8,102,707
110	**057+077+078+079+092+093+094+097+100+106**	**XX**	**TOTAL LIABILITIES**	**480,265,832**	**226,694,317**	**706,960,149**	**483,135,627**	**257,166,957**	**740,302,583**
111		**XXI**	**OFF BALANCE SHEET ITEMS**	**-**	**-**	**-**	**-**	**-**	**-**

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)

Statement of comprehensive income (income statement) 01 January 2024 – 31 December 2024

in EUR

Position no.	Sum elements	Oznaka pozicije	Position code	Previous business period			Current business period		
				Life	Non life	Total	Life	Non life	Total
1	002+003+004	**I**	**Insurance revenue**	**13,317,407**	**131,528,756**	**144,846,162**	**9,423,635**	**150,260,679**	**159,684,313**
2		1	General measurement model	9,121,548	-	9,121,548	7,071,956	-	7,071,956
3		2	Variable fee approach model	4,195,859	-	4,195,859	2,351,679	-	2,351,679
4		3	Premium allocation approach model	-	131,528,756	131,528,756	-	150,260,679	150,260,679
5	006+007+….+012	**II**	**Insurance expenses**	**(4,318,591)**	**(117,950,261)**	**(122,268,852)**	**(5,778,478)**	**(124,170,226)**	**(129,948,703)**
6		1	Claims incurred	2,218,934	(66,303,165)	(64,084,230)	92,667	(76,845,436)	(76,752,769)
7		2	Povisions	(2,581,671)	(26,627,674)	(29,209,345)	(2,539,502)	(31,552,873)	(34,092,375)
8		3	Other expenses related to the sale of insurance	(303,538)	(1,590,358)	(1,893,896)	(354,013)	(924,470)	(1,278,483)
9		4	Other expenses from the provision of insurance services	(4,780,387)	(13,050,327)	(17,830,715)	(5,173,937)	(14,408,168)	(19,582,105)
10		5	Amortization of acquisition costs	782,648	2,162,968	2,945,616	3,077,366	2,568,594	5,645,960
11		6	Losses and discharge of losses on the basis of unprofitable contracts	-	66,795	66,795	-	343,951	343,951
12		7	Change of obligations for claims incurred	345,423	(12,608,501)	(12,263,078)	(881,058)	(3,351,824)	(4,232,882)
13	014+015	**III**	**Net income/expenses from reinsurance contract held**	**(654,322)**	**2,889,373**	**2,235,051**	**(338,158)**	**(6,241,443)**	**(6,579,601)**
14		1	Income from outward reinsurance contracts	29,737	19,199,469	19,229,207	46,185	12,656,037	12,702,222
15		2	Expenses from outward reinsurance contracts	(684,059)	(16,310,096)	(16,994,156)	(384,343)	(18,897,480)	(19,281,823)
16	001+005+013	**IV**	**Result from the insurance contract**	**8,344,494**	**16,467,868**	**24,812,361**	**3,306,999**	**19,849,010**	**23,156,009**

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)
Statement of comprehensive income (income statement) 01 January 2024 – 31 December 2024 (continued)

in EUR

Position no.	Sum elements	Oznaka pozicije	Position code	Previous business period			Current business period		
				Life	Non life	Total	Life	Non life	Total
17	018+023+024+025 +026+027+031+ 032+033+034	**V**	**Net investment income**	**15,659,631**	**3,457,591**	**19,135,221**	**16,524,627**	**7,246,050**	**23,770,677**
18	019+020+021+022	1	Net result of investment in land and construction facilities	-	(141,373)	(141,373)	-	1,642,455	1,642,455
19		1.1.	Profits/losses (net) from leases	-	25,681	25,681	-	15,254	15,254
20		1.2.	Realised gains/loses (net) from non owner-occupied properties	-	-	-	-	1,794,254	1,794,254
21		1.3.	Unrealised gains/loses (net) from non owner-occupied properties	-	-	-	-	-	-
22		1.4.	Depreciation of buildings not intended for business operations of the company	-	(167,054)	(167,054)	-	(167,054)	(167,054)
23		2	Interest income recognised using the effective interest rate method	9,793,541	3,237,315	13,030,857	9,836,583	4,680,733	14,517,316
24		3	Other interest income	3,774	3,388	7,162	35,400	2,877	38,277
25		4	Dividend Income	348,736	47,352	396,088	7,728	20,713	28,441
26		5	Unrealised gains or losses from financial assets at fair value through profit or loss	7,733,459	367,009	8,100,469	5,737,075	362,983	6,100,058
27	028+029+030	6	Realized gains/losses	(1,819,423)	6,658	(1,812,765)	718,878	384,233	1,103,111
28		6.1.	Realised gains or losses from financial assets at fair value through profit or loss	253	-	253	3,327	-	3,327
29		6.2.	Realised gains or losses from financial assets at fair value through other comprehensive income	(1,819,676)	6,658	(1,813,018)	715,550	(28,882)	686,669
30		6.3.	Other realized gains/losses (net)	-	-	-	-	413,115	413,115
31		7	Net impairment/release of impairment of the investment	18,488	(1,166)	17,322	35,285	23,971	59,255
32		8	Net exchange differences	(17,346)	(4,444)	(21,789)	5,208	(29,791)	(24,582)
33		9	Other investment income	49,875	122,082	171,957	487,707	277,220	764,927
34		10	Other investment expenses	(451,473)	(161,231)	(612,704)	(339,237)	(119,344)	(458,580)

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)
Statement of comprehensive income (income statement) 01 January 2024 – 31 December 2024 (continued)

in EUR

Position no.	Sum elements	Oznaka pozicije	Position code	Previous business period			Current business period		
				Life	Non life	Total	Life	Non life	Total
35	036+037+038	**VI**	**Net financial expense from insurance contracts and (passive) reinsurance**	**(11,230,228)**	**(628,908)**	**(11,859,136)**	**(9,049,749)**	**(1,247,498)**	**(10,297,247)**
36		1	Finance expense/income from insurance contract issued	(11,230,228)	(658,573)	(11,888,801)	(9,049,749)	(1,524,467)	(10,574,216)
37		2	Finance income form reinsurance contract held	-	29,665	29,665	-	276,969	276,969
38		3	Fee and commission income	-	-	-	-	-	-
39		**VII**	**Other income**	**298,556**	**1,225,323**	**1,523,879**	**372,016**	**2,063,034**	**2,435,050**
40		**VIII**	**Other expenses**	**(3,159,271)**	**(6,149,901)**	**(9,309,172)**	**(3,275,913)**	**(6,415,384)**	**(9,691,297)**
41		**IX**	**Other finance cost**	**-**	**(104,382)**	**(104,382)**	**-**	**(112,922)**	**(112,922)**
42		**X**	**Share in the profits of companies that are consolidated using the equity method, net of taxes**	**-**	**-**	**-**	**-**	**-**	**-**
43	016+017+035+039 +040+041+042	**XI**	**Profit or loss before tax (+/-)**	**9,913,182**	**14,285,590**	**24,198,772**	**7,877,981**	**21,382,290**	**29,260,271**
44	045+046	**XII**	**Tax on profit or loss**	**(1,706,619)**	**(2,662,879)**	**(4,369,497)**	**(5,067,384)**	**(375,109)**	**(5,442,493)**
45		**1**	**Current tax expense**	-	-	-	**-**	**(3,831,011)**	**(3,831,011)**
46		2	Deferred tax expense/income	(1,706,619)	(2,662,879)	(4,369,497)	(5,067,384)	3,455,902	(1,611,482)
47	043+044	**XIII**	**Profit of the year**	**8,206,563**	**11,622,711**	**19,829,274**	**2,810,597**	**21,007,181**	**23,817,778**
48		1	Attributable to owners of the parent	8,206,563	11,622,711	19,829,274	2,810,597	21,007,181	23,817,778
49		2	Attributable to non-controlling interests	-	-	-	-	-	-
50	051+056	**XIV**	**Other comprehensive income**	**(4,949,291)**	**2,485,078**	**(2,464,212)**	**(4,469,567)**	**946,785**	**(3,522,781)**
51	052+053+ 054+055	1	Items that will not be reclassified to the income statement	97,924	40,987	138,911	(44,722)	(34,541)	(79,263)
52		1.1.	Net change in fair value of equity securities (OCI)	132,546	42,251	174,797	9,899	4,359	14,259

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)

Statement of comprehensive income (income statement) 01 January 2024 – 31 December 2024 (continued)

u EUR

Broj pozicije	Elementi zbroja	Oznaka pozicije	Opis pozicije	Prethodno obračunsko razdoblje			Tekuće obračunsko razdoblje		
				Život	Neživot	Ukupno	Život	Neživot	Ukupno
53		1.2.	Actuarial profits/losses on defined benefit pension plans	-	-	-	-	-	-
54		1.3.	Other	-	-	-	-	-	-
55		1.4.	Tax	(34,622)	(1,264)	(35,886)	(54,621)	(38,901)	(93,522)
56	057+058+...+063	2	Items that may be reclassified subsequently to profit or loss	(5,047,214)	2,444,091	(2,603,123)	(4,424,845)	981,326	(3,443,518)
57		2.1.	Net gains on investments in debt securities measured at FVOCI	16,776,619	5,312,037	22,088,656	3,176,999	2,357,275	5,534,274
58		2.2.	Exchange rate differences on recalculating of foreign operating activities	-	-	-	-	-	-
59		2.3.	Effects from hedging instruments	-	-	-	-	-	-
60		2.4.	Insurance contracts net financial expenses/income	(22,945,328)	(2,507,074)	(25,452,402)	(8,573,251)	(1,128,173)	(9,701,424)
61		2.5.	Outward reinsurance contracts net financial expenses/income	0	180,111	180,111	-	(22,865)	(22,865)
62		2.6.	Other	-	-	-	-	-	-
63		2.7.	Income tax relating to these items	1,121,494	(540,982)	580,512	971,407	(224,910)	746,497
64	047+050	**XV**	**Total comprehensive income for the year**	**3,257,272**	**14,107,789**	**17,365,062**	**(1,658,969)**	**21,953,967**	**20,294,997**
65		1	Attributable to owners of the parent	-	-	-	-	-	-
66		2	Attributable to non-controlling interests	-	-	-	-	-	-
67		**XVI**	**Reclassification adjustments**	**-**	**-**	**-**	**-**	**-**	**-**

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)

STATEMENT OF CASH FLOW (INDIRECT METHOD) for period 01 January 2024 – 31 December 2024

In EUR

Position no.	Elements of sum	Position code	Position description	Current business period	The same period of the previous year
1	002+018+035 + 036 + 037	**I**	**CASH FLOW FROM OPERATING ACTIVITIES**	**(337,852)**	**(7,305,260)**
2	003+004	1	**Cash flow before the change in assets and liabilities**	**6,550,543**	**1,670,902**
3		1.1	Profit/loss for the year	23,817,778	19,829,324
4	005+006+…..+017	1.2	Adjustments:	(17,267,235)	(18,158,422)
5		*1.2.1*	*Depreciation of real estate and equipment*	1,810,298	1,905,054
6		*1.2.2*	*Depreciation of intangible assets*	2,427,390	2,388,000
7		*1.2.3*	*Impairment loss of intangible assets*	-	-
8		*1.2.4*	*Other financial costs*	-	(546,255)
9		*1.2.5*	*Impairment and fair value gains/losses*	(59,255)	15,417
10		*1.2.6*	*Interest expense*	112,922	102,803
11		*1.2.7*	*Interest income*	**(14,527,152)**	**(13,038,018)**
12		*1.2.8*	*Profit from the sale of the subsidiary*	-	-
13		*1.2.9*	*Shares in the profits of associated companies*	-	-
14		*1.2.10*	*Equity-settled share-based payment transactions*	-	-
15		*1.2.11*	*Income tax expense*	5,442,011	4,362,504
16		*1.2.12*	*Profits/losses on sale of tangible assets (including land and buildings)*	(2,489,775)	25,244
17		*1.2.13*	*Other adjustments*	(9,983,674)	(13,373,171)
18	019+020+…+034	**2**	**Increase/decrease in assets and liabilities**	**(12,473,297)**	**(5,601,634)**
19		2.1	Increase/decrease in financial assets at fair value through other comprehensive income	(32,012,354)	569,911
20		2.2	Increase/decrease of financial assets at fair value through the profit and loss	(6,512,830)	(24,391,812)
21		2.3	Increase/decrease in financial assets valued at amortized cost	-	-
22		2.4	Increase/decrease in assets/liabilities from insurance contracts	7,293,482	27,145,543
23		2.5	Increase/decrease in assets/liabilities from reinsurance contracts	6,054,857	(15,277,277)
24		2.6	Increase/decrease in tax assets	-	-
25		2.7	Increse/decrease in receivables	(476,663)	6,769,452
26		2.8	Increse/decrease investment property	-	-
27		2.9	Increase/decrease in real estate for own use	-	-
28		2.10	Increase/decrease in other assets	-	-
29		2.11	Increase/decrease of obligations from the investment contract	-	-
30		2.12	Increase/decrease in other reserves	**154,551**	**(417,451)**
31		2.13	Increase/decrease in tax liabilities	-	-
32		2.14	Increase/decrease in financial liabilities	-	-
33		2.15	Increase/decrease in other liabilities	-	-
34		2.16	Increase/decrease in deferred income and expenses	-	-
35		**3**	**Income tax paid**	**(2,065,102)**	**(9,220,807)**
36		**4**	**Interest received**	**7,621,563**	**5,450,191**
37		**5**	**Dividend received**	**28,411**	**396,088**

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)

STATEMENT OF CASH FLOW (INDIRECT METHOD) for period 01 January 2024 – 31 December 2024 (continued)

In EUR

Position no.	Elements of sum	Position code	Position description	Current business period	The same period of the previous year
38	039+040+…+045	**II**	**CASH FLOW FROM INVESTING ACTIVITIES**	**4,876,404**	**8,839,665**
39		1	Proceeds from sale of tangible assets	**374,196**	**555,054**
40		2	Payments for purchase of tangible assets	(152,000)	(269,000)
41		3	Proceeds from sale of intangible assets	-	-
42		4	Payments for purchase of intangible assets	(386,000)	(846,389)
43		5	Proceeds from the sale of subsidiaries, affiliates and joint ventures	654,208	(500,000)
44		6	Payments for the acquisition of subsidiaries, affiliates and joint ventures	-	9,900,000
45		7	Inflows/outflows from other investing activities	4,386,000	-
46	047+048+...+057	**III**	**CASH FLOW FROM FINANCING ACTIVITIES**	**(1,776,300)**	**(14,277,084)**
47		1	Proceeds on the basis of initial capital increase	-	-
48		2	Proceeds from the issuance of redeemable preferred shares	-	-
49		3	Proceeds from received short-term and long-term loans	-	-
50		4	Proceeds from the sale of own shares	-	-
51		5	Proceeds from the exercise of stock options	-	-
52		6	Payments for redeemable preferred shares	-	-
53		7	Payments for short-term and long-term loans	-	-
54		8	Repurchase of own shares	-	-
55		9	Interest paid	-	-
56		10	Paid dividend	-	(13,272,281)
57		11	Lease payments	(1,776,300)	(1,004,803)
58	001+038+046	**IV**	**NET CASH FLOW**	**2,762,252**	**(12,742,679)**
59		**V**	**EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS**	-	-
60	058+059	**VI**	**NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS**	**2,762,252**	**(12,742,679)**
61		1	Cash and cash equivalents at the beginning of the period	14,881,874	27,624,553
62	060+061	**2**	**Cash and cash equivalents at the end of the period**	**17,644,126**	**14,881,874**

Schedules prescribed by the Regulation of the Croatian Financial Services Supervisory Agency – Appendix 1 (continued)

STATEMENT OF CHANGES IN EQUITY for period 01 January 2024 – 31 December 2024

in EUR

Position code	Position description	Attributable to owners of the parent								Attributable to non-controlling interest	Total capital and reserves
		Paid-up capital (ordinary and preference shares)	Premiums for issued shares	Revaluation reserves	Financial reserve from the insurance contract	Reserves (legal, statutory, other)	Retained profit or transferred loss	Profit/loss of the current year	**Total capital and reserves**		
I.	**Balance as at 1 January of previous year**	**13.500.883**	**14.865.034**	**(33.677.743)**	**68.915.990**	**3.325.018**	**63.934.305**	**-**	**130.863.486**	**-**	
1.	Changes in accounting policies	-	-	-	-	-	-	-	-	-	
2.	Correction of errors from previous periods	-	-	-	-	-	-	-	-	-	
II.	**Balance as at 1 January of previous year (corrected)**	**13.500.883**	**14.865.034**	**(33.677.743)**	**68.915.990**	**3.325.018**	**63.934.305**	**-**	**130.863.486**	**-**	
III.	**Comprehensive income/loss of the previous year**	**-**	**-**	**18.092.192**	**(20.719.886)**	**-**	**163.482**	**19.829.274**	**17.365.062**	**-**	
1.	Profit or loss of the period	-	-	(163.482)	-	-	163.482	19.829.274	19.829.274	-	
2.	Other comprehensive income or loss of the previous year	-	-	18.255.674	(20.719.886)	-	-	-	(2.464.212)	-	
2.1.	Unrealised gains or losses from tangible assets (land and buildings)	-	-	-	-	-	-	-	-	-	
2.2.	Unrealised gains or losses from financial assets available for sale	-	-	18.255.674	-	-	-	-	18.255.674	-	
2.3.	Realised gains or losses from financial assets available for sale	-	-	-	-	-	-	-	-	-	
2.4.	Finance expense/income from insurance contract issued	-	-	-	(20.867.094)	-	-	-	(20.867.094)	-	
2.5.	Finance expense/income form reinsurance contract held	-	-	-	147.208	-	-	-	147.208	-	
2.6.	Other non-owner changes in equity	-	-	-	-	-	-	-	-	-	
IV.	**Transactions with owners (previous period)**	**(22.665)**	**22.665**	**-**	**-**	**-**	**6.556.993**	**(19.829.274)**	**(13.272.281)**	**-**	
1.	Increase/decrease in subscribed capital	**(22.665)**	**22.665**	-	-	-	-	-	-	-	
2.	Other payments by owners	-	-	-	-	-	-	-	-	-	
3.	Payment of shares in profit /dividends	-	-	-	-	-	**(13.272.281)**	-	**(13.272.281)**	-	
4.	Other distributions to owners	-	-	-	-	-	19.829.274	(19.829.274)	-	-	

Position code	**Position description**	**Attributable to owners of the parent**								**Attributable to non-controlling interest**	**Total capital and reserves**
		Paid-up capital (ordinary and preference shares)	Premiums for issued shares	Revaluation reserves	Financial reserve from the insurance contract	Reserves (legal, statutory, other)	Retained profit or transferred loss	Profit/loss of the current year	**Total capital and reserves**		
V.	**Balance as at the last day of the reporting period in previous year**	**13.478.218**	**14.887.699**	**(15.585.551)**	**48.196.104**	**3.325.018**	**70.654.780**	**-**	**134.956.267**	**-**	
VI.	**Balance as at 1 January of the current year**	**13.478.218**	**14.887.699**	**(15.585.551)**	**48.196.104**	**3.325.018**	**70.654.780**	**-**	**134.956.267**	**-**	
1.	Other non-proprietary capital changes	-	-	-	-	-	-	-	-	-	
2.	Correction of errors from previous periods	-	-	-	-	-	-	-	-	-	
VII.	**Balance as at 1 January of the current year (corrected)**	**13.478.218**	**14.887.699**	**(15.585.551)**	**48.196.104**	**3.325.018**	**70.654.780**	**-**	**134.956.267**	**-**	
VIII.	**Comprehensive income/loss of the current year**	**-**	**-**	**4.494.048**	**(7.981.850)**	**-**	**(34.980)**	**23.817.778**	**20.294.997**	**-**	
1.	Profit or loss for the period	-	-	34.980	-	-	(34.980)	23.817.778	23.817.778	-	
2.	Other comprehensive income or loss of the current year	-	-	4.459.068	(7.981.850)	-	-	-	(3.522.781)	-	
2.1.	Unrealised gains or losses from tangible assets (land and buildings)	-	-	-	-	-	-	-	-	-	
2.2.	Unrealised gains or losses from financial assets available for sale	-	-	4.459.068	-	-	-	-	4.459.068	-	
2.3.	Realised gains or losses from financial assets available for sale	-	-	-	-	-	-	-	-	-	
2.4.	Finance expense/income from insurance contract issued	-	-	-	(7.868.020)	-	-	-	(7.868.020)	-	
2.5.	Finance expense/income form reinsurance contract held	-	-	-	(113.830)	-	-	-	(113.830)	-	
2.6.	Other non-owner changes in equity	-	-	-	-	-	-	-	-	-	
IX.	Transactions with owners (current period)	-	-	-	-	-	23.817.778	(23.817.778)	-	-	
1.	Increase/decrease in subscribed capital	-	-	-	-	-	-	-	-	-	
2.	Other payments by owners	-	-	-	-	-	-	-	-	-	
3.	Payment of shares in profit /dividends	-	-	-	-	-	-	-	-	-	
4.	Other transactions with owners	-	-	-	-	-	23.817.778	(23.817.778)	-	-	
X.	Balance as at the last day of the reporting period in the current year	13.478.218	14.887.699	(11.091.503)	40.214.254	3.325.018	94.437.578	-	155.251.263	-	

Reconciliation between statutory financial statements and Croatian Financial Services Supervisory Agency Schedules – Appendix 2

Statement of financial position (balance sheet) 31 December 2024

Supplementary information prescribed by Regulation of the Croatian Financial Services Supervisory Agency	EUR'000	Segment receivables/payables	Rounding differences	EUR'000	Statutory financial statements
INTANGIBLE ASSETS	**14.995**			14.995	Intangible assets
Goodwill	-				
Other intangible assets	14.995				
TANGIBLE ASSETS	**5.916**			5.916	Property and equipment
Land and buildings intended for company business operations	2.664				
Equipment	310				
Other tangible assets and stock	2.942				
INVESTMENTS	**660.687**				
Investments in land and buildings not intended for company business operations	-			0	Investment property
Investments in subsidiaries, associates and joint ventures	**65**			65	Investment in subsidiries
Shares and stakes in subsidiaries	65				
Shares and stakes in associates	-				
Joint venture participation	-				
Financial assets	**660.622**				
Financial assets at amortized cost	-				
Debt securities and other securities with fixed revenue	-				
Other investments held to maturity	-				
Loans	-				
Other	-				
Financial assets at fair value through other comprehensive income or loss	**503.380**			503.380	Financial assets at fair value through other comprehensive income or loss
Shares, stakes and other securities with variable revenue	419				
Debt securities and other securities with fixed revenue	498.941				
Investment fund units	-				
Other investments available for sale	4.020				
Investments at fair value through profit and loss account	**157.242**			157.242	Financial assets at fair value through profit or loss
Shares, stakes and other securities with variable revenue	-				
Debt securities and other securities with fixed revenue	862				
Derivative financial instruments	153.899				
Investment fund units	1.744				
Other investments	737				

Reconciliation between statutory financial statements and Croatian Financial Services Supervisory Agency Schedules – Appendix 2 (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

Supplementary information prescribed by Regulation of the Croatian Financial Services Supervisory Agency					Statutory financial statements
	EUR'000	Segment receivables/payables	Rounding differences	EUR'000	
INSURANCE CONTRACT ASSETS	-				
General measurement	-				
-Remaining coverage assets	-				
-Insurance acquisition cash flows assets	-				
-Incurred claims assets	-				
Variable fee approach	-				
-Remaining coverage assets	-				
-Insurance acquisition cash flows assets	-				
-Incurred claims assets	-				
Premium allocation approach	-				
-Remaining coverage assets	-				
-Insurance acquisition cash flows assets	-				
-Incurred claims assets	-				
REINSURANCE CONTRACT ASSETS	**29.945**			29.945	Reinsurance contract assets
DEFERRED AND CURRENT TAX ASSET	**3.432**			0	Deferred tax assets
Deferred tax asset	-				
Current tax asset	3.432			3.432	Current tax assets
OTHER ASSETS	**25.328**				
Cash at bank and in hand	**17.644**			17.644	Cash and cash equivalents
Funds in the business account	16.704				
Funds in the asset account to cover liabilities from life insurace contracts	935				
Cash in hand	6				
Long-term assets intended for sale and business cessation	-				
Other	**7.684**	(758)		6.926	Other receivables and prepaid expenses
TOTAL ASSETS	**740.303**	(758)	(1)	739.545	
OFF BALANCE SHEET ITEMS	-				

Reconciliation between statutory financial statements and Croatian Financial Services Supervisory Agency Schedules – Appendix 2 (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

Supplementary information prescribed by Regulation of the Croatian Financial Services Supervisory Agency				Statutory financial statements	
	EUR'000	Segment receivables/payables	Rounding differences	EUR'000	
CAPITAL AND RESERVES	**155.251**			155.251	Total equity
Subscribed capital	13.478			13.478	Issued share capital
Paid-up capital - ordinary shares	13.478				
Paid-up capital - preference shares	-				
Issued shares premiums (capital reserves)	**14.888**			14.888	Share premium
Revaluation reserve	(11.092)				
Land and buildings	-				
Financial investments	(11.092)				
Other revaluation reserves	-				
Financial reserve from the insurance contract	**40.214**		(1)	32.448	Reserves
Reserves	3.325				
Legally stipulated reserves	1.115				
Statutory reserve	2.210				
Other reserve	-				
Transferred (retained) profit or loss	70.620			94.438	Retained earnings
Retained profit	70.620				
Transferred loss (-)	-				
Profit or loss of the current accounting period	23.818				
Profit of the current accounting period	23.818				
Loss of the current accounting period	-				
SUBORDINATED LIABILITIES	-				
MINORITY INTEREST	-				
INSURANCE CONTRACT LIABILITIES	564.744			564.744	Insurance contract liabilities
General measurement model	277.673				
-Liabilities for remaning coverage	267.823				
-Insurance acquisition cash flows assets	-				
-Incurred claims liabilities	9.850				
Variable fee approach	137.435				
-Liabilities for remaning coverage	130.883				
-Insurance acquisition cash flows assets	-				
-Incurred claims liabilities	6.552				

Reconciliation between statutory financial statements and Croatian Financial Services Supervisory Agency Schedules – Appendix 2 (continued)

Statement of financial position (balance sheet) 31 December 2024 (continued)

Supplementary information prescribed by Regulation of the Croatian Financial Services Supervisory Agency					**Statutory financial statements**
	EUR'000	Segment receivables/payables	Rounding differences	EUR'000	
Premium allocation approach	149.636				
-Liabilities for remaning coverage	61.703				
-Insurance acquisition cash flows assets	-				
-Incurred claims liabilities	**87.933**				
REINSURANCE CONTRACT LIABILITIES	-				
INVESTMENT CONTRACT LIABILITIES	-				
OTHER PROVISIONS	1.002			1.002	Provisions
Provisions for pensions and similar liabilities	1.002				
other provisions	-				
DEFERRED AND CURRENT TAX LIABILITY	3.602				
Deferred tax liability	3.602			3.602	Deferred tax liabilities
Current tax liability	-				
FINANCIAL LIABILITIES	3.091		(2)	3.089	Lease liabilities
Borrowings	-				
Liabilities on the basis of issued securities	-				
Liabilities for derivative financial instruments	-				
Liabilities for unpaid dividends	-				
Other financial liabilities	**3.091**				
OTHER LIABILITIES	12.612	(758)	2	11.856	Other liabilities, accrued expenses and deferred income
Liabilities for sale and ceased business	-				
Other accrued expenses and deferred income	4.509				
Other liabilities	**8.103**				
TOTAL LIABILITIES	740.303	(758)	(1)	739.545	Total liabilities and equity
OFF BALANCE SHEET ITEMS				(738.805.283)	

Reconciliation between statutory financial statements and Croatian Financial Services Supervisory Agency Schedules – Appendix 2 (continued)

Statement of comprehensive income (income statement) 01 January 2024 – 31 December 2024

Supplementary information prescribed by Regulation of the Croatian Financial Services Supervisory Agency				Statutory financial statements	
	EUR'000	Fee and commission income	Rounding differences	EUR'000	
Insurance revenue	**159.685**		1	**159.685**	Insurance revenue
General measurement model	7.072				
Variable fee approach model	2.352				
Premium allocation approach model	150.261				
Insurance expenses	**(129.949)**			**(129.949)**	Insurance expenses
Claims incurred	(76.753)				
Povisions	(34.092)				
Other expenses related to the sale of insurance	(1.278)				
Other expenses from the provision of insurance services	(19.582)				
Amortization of acquisition costs	5.646				
Losses and discharge of losses on the basis of unprofitable contracts	344				
Change of obligations for claims incurred	(4.233)				
Net income/expenses from reinsurance contract held	**(6.580)**			**(6.580)**	Net insurance finance expenses
Income from outward reinsurance contracts	12.702				
Expenses from outward reinsurance contracts	(19.282)				
Result from the insurance contract	**23.156**				
Net investment income	**23.771**			**23.771**	Net investment income
Net result of investment in land and construction facilities	1.642				
Profits/losses (net) from leases	15				
Realised gains/loses (net) from non owner-occupied properties	1.794				
Unrealised gains/loses (net) from non owner-occupied properties	-				
Depreciation of buildings not intended for business operations of the company	(167)				

Reconciliation between statutory financial statements and Croatian Financial Services Supervisory Agency Schedules – Appendix 2 (continued)

Statement of comprehensive income (income statement) 01 January 2024 – 31 December 2024 (continued)

Supplementary information prescribed by Regulation of the Croatian Financial Services Supervisory Agency				**Statutory financial statements**	
	EUR'000	Fee and commission income	Rounding differences	EUR'000	
Interest income recognised using the effective interest rate method	14.517				
Other interest income	38				
Dividend income	28				
Unrealised gains or losses from financial assets at fair value through profit or loss	6.100				
Realized gains/losses	1.103				
Realised gains or losses from financial assets at fair value through profit or loss	3				
Realised gains or losses from financial assets at fair value through other comprehensive income	687				
Other realized gains/losses (net)	413				
Net impairment/release of impairment of the investment	59				
Net exchange differences	(25)				
Other investment income	765				
Other investment expenses	(459)				
Net financial expense from insurance contracts and (passive) reinsurance	**(10.297)**				
Finance expense/income from insurance contract issued	(10.574)			(10.574)	Finance expense/income from insurance contract issued
Finance income form reinsurance contract held	277			277	Finance income from reinsurance contract held
Fee and commission income	-	183		183	Fee and commission income
Other income	**2.435**	(183)		2.252	Other income
Other expenses	**(9.691)**			(9.691)	Other expenses
Other finance cost	**(113)**				
Share in the profits of companies that are consolidated using the equity method, net of taxes	-			(113)	Other finance cost
Profit or loss before tax (+/-)	**29.260**			29.260	Income before income taxes
Tax on profit or loss	**(5.442)**			(5.442)	
Current tax expense	(3.831)				
Deferred tax expense/income	(1.611)				

Reconciliation between statutory financial statements and Croatian Financial Services Supervisory Agency Schedules – Appendix 2 (continued)

Statement of comprehensive income (income statement) 01 January 2024 – 31 December 2024 (continued)

Supplementary information prescribed by Regulation of the Croatian Financial Services Supervisory Agency				**Statutory financial statements**	
	EUR'000	Fee and commission income	Rounding differences	EUR'000	
Profit of the year	**23.818**		-	**23.818**	Profit for the year
Attributable to owners of the parent	23.818				
Attributable to non-controlling interests	-				
Other comprehensive income	**(3.523)**			**(3.523)**	
Items that will not be reclassified to the income statement	(79)				
Net change in fair value of equity securities (OCI)	14			**14**	Net gains on investments in equitiy securities measured at FVOCI with no recycling to profit and loss
Actuarial profits/losses on defined benefit pension plans	-				
Other	-				
Tax	(94)			**(94)**	Income tax relating to these items
Items that may be reclassified subsequently to profit or loss	(3.444)				
Net gains on investments in debt securities measured at FVOCI	5.534			**5.534**	Net gains on investments in debt securities measured at FVOCI
Exchange rate differences on recalculating of foreign operating activities	-				
Effects from hedging instruments	-				
Insurance contracts net financial expenses/income	(9.701)			**(9.701)**	Finance expenses from insurance contracts issued
Outward reinsurance contracts net financial expenses/income	(23)			**(23)**	Finance expenses from reinsurance contracts issued
Other	-				
Income tax relating to these items	746			**746**	Income tax relating to these items
Total comprehensive income for the year	**20.295**			**20.295**	**Total comprehensive income for the year**
Attributable to owners of the parent	-				
Attributable to non-controlling interests	-				
Reclassification adjustments	-				

Reconciliation between statutory financial statements and Croatian Financial Services Supervisory Agency Schedules – Appendix 2 (continued)

Statement of the cash flow for the year ended 31 December 2024

Statement of cash flow prepared in accordance with the Ordinance on the form and content of financial statements and additional reports of insurance and reinsurance companies (Official Gazette 20/23), the preparation of which is described in detail in the Instructions for completing financial statements and additional reports of insurance and reinsurance companies ("HANFA CF") differ in the presentation from the Statement of cash flows ("CF") forming a part of statutory financial statements.

Differences are as follows:

1. Net impairment losses on financial assets and and other receivables are presented separately in CF while in HANFA CF are presented within Impairment losses and fair value gains/losses.

2. Net foreign exchange losses/(gains) on financial assets are presented separately in CF while in HANFA CF are presented within Other financial expenses for the year 2023.

3. Net loss/(gain) from financial assets at fair value through profit or loss and through other comprehensive income or loss are presented separately in CF while in CF HANFA are presented within Other adjustments.

4. Dividend income in CF is presented separately while in CF HANFA dividend income is presented within Other ajdustments.

5. Net gain/loss on disposal of property and equipment as well investment property and investment in subsidiares are shown separately in CF, while in CF HANFA they are shown together within Profit/losses on sale of tangible assets (including land and buildings).

6. Gross revenues from the sale of investment property are shown separately in CF, while in CF HANFA they are shown within Inflows/outflows from other investing activities.

7. Increase in investment in subsidiaries carried at fair value as well as Proceeds from liquidation of subsidiaries are shown separately in CF, while in CF HANFA they are shown together within Proceeds from the sale of subsidiaries, affiliates and joint ventures.