

GROUP ANNUAL REPORT 2024

COMPENSA LIFE VIENNA INSURANCE GROUP SE

Commercial Register number 10055769

Address	Narva mnt. 63/2, 10120 Tallinn, Estonia
Telephone	+372 610 3000
Fax	+372 610 3010
E-mail	info@compensalife.ee
Website	www.compensalife.ee
Reporting period	1 January 2024 – 31 December 2024
Auditor	KPMG Baltics OÜ
Principal activity	Life insurance, EMTAK code no. 6511

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VIENNA INSURANCE GROUP
Protecting what matters.

Directors' report

Owners

Compensa Life Vienna Insurance Group SE (hereafter Compensa Life) is one of the oldest life insurance providers in the Baltics. The Compensa Life, which is headquartered in Estonia and has branches in Latvia and Lithuania, is a wholly held subsidiary of the leading Austrian insurance group, VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (hereafter Vienna Insurance Group, VIG or the Group).



The predecessor of Compensa Life was Seesam Elukindlustus, which was founded in Estonia in 1993. In 2007, life insurers which were operating in Estonia, Latvia and Lithuania under the same brand name merged and were registered as a European Compensa Life – Seesam Life Insurance SE. Since 2008, Compensa Life's sole owner has remained Vienna Insurance Group. The new business name, Compensa Life Vienna Insurance Group SE, and the owner's brand name Compensa were adopted in 2009. The Compensa Life is domiciled in Estonia.

Compensa Life has 18 offices and 275 employees in the three Baltic countries. Since 2016, the Compensa Life group (hereafter Compensa) has also included Vienibas Gatve Investment OÜ and Compensa Life Distribution UAB (subsidiaries of Compensa Life – 100%) as well as Vienibas Gatve Properties SIA (a subsidiary of Vienibas Gatve Investment OÜ – 100%). The subsidiaries employed 17 employees at, 31 December 2024.

Compensa Life's mission is to help clients manage their financial risks by providing flexible and contemporary insurance solutions. Compensa Life's product portfolio includes guaranteed-return and unit-linked endowment products, term life insurance products, accident insurance and health insurance.

Compensa Life provides insurance solutions to both individuals and corporate clients. In the Baltics, Compensa Life serves over 175 thousand clients whose assets exceed 559 million euros. Compensa Life is the only II pillar pension benefits payer in Estonia.



“We offer security and protection and stand for stability and expertise in the field of risk protection. Because we are committed to “protecting what matters”, it is our responsibility to treat the values that are close to our customers’ hearts with care and respect.”

Over 25,000 employees work for the Vienna Insurance Group (VIG) at around 50 companies in 30 countries. We develop insurance solutions in line with personal and local needs, which has made us one of the leaders in the insurance industry in Austria and Central and Eastern Europe (CEE).

The Vienna Insurance Group is an international insurance group headquartered in the Austrian capital, Vienna. After the fall of the Iron Curtain in 1989, VIG expanded rapidly from a purely Austrian business into an international group. VIG is synonymous with stability and expertise in providing financial protection against risks. The group's origins date back to 1824. Almost two centuries of experience, coupled with a focus on our core competence of providing insurance coverage, forms a solid and secure basis for the group's 32 million-plus customers.

Besides Austria, VIG places a clear emphasis on Central and Eastern Europe as its home market.

For VIG, protecting clients financially against risk is a responsibility. The group pursues a multi-brand strategy based on established local markets as well as local management. Ultimately, the group's

success and closeness to its clients is down to the strengths of each individual brand and local know-how.

VIG has an A+ rating with stable outlook from the rating agency Standard & Poor's, meaning that it remains the top-rated company on the Vienna Stock Exchange's index of leading shares, the ATX. The Vienna Insurance Group is listed in both Vienna and Prague. Wiener Städtische Versicherungsverein – a stable core shareholder with a long-term focus – owns around 70% of VIG's shares. The remaining shares are in free float.

For further information on VIG's financial performance, see the website www.group.vig

Governance

In 2024, there were no changes in the management of Compensa Life. In December, only Latvian Branch Manager Ervins Vēveris' mandate as a board member was extended, until 30.06.2026. The board of Compensa Life has three members: Chairman of the Board Tomas Milašius and members Tanel Talme and Ervins Vēveris. The responsibilities of the board members are as follows.

The Chairman of the Management Board of Tomas Milašius is in charge of compliance control, internal audit, the actuarial function and risk management. He is also responsible for Compensa Life's overall management, insurance services and product development, data quality management, legal services and data protection, sponsoring, marketing activities and public relations, and human resource management in the Baltics. In addition, the chairman of the management board oversees overall management, sales management, customer relationship management, insurance contract management, marketing activities and public relations, claims handling and insurance risk assessment, legal services and human resource management at the Estonian entity and the Lithuanian branch.

The Member of the Management Board Tanel Talme oversees IT services, controlling, financial and investment services, prevention of money laundering and terrorist financing, and application of international sanctions in the Baltics.

The Member of the Management Board and the Head of the Latvian branch Ervins Vēveris oversees overall branch management, sales management, customer relationship management, insurance contract management, marketing activities and public relations, claims handling and insurance risk assessment, legal services and human resource management at the Latvian branch.

Merko Kimsto is the Country Manager in Estonia, and he oversees the day-to-day management of the Estonian entity.

Compensa Life's supervisory board has four members. Harald Riener is the Chairman, Franz Fuchs and Gábor Lehel are the Deputy Chairmen, and Włodzimierz Wasiak is a member of the supervisory board. Ireneusz Arczewski resigned as a Member of the Supervisory Board as of 01.06.2024. Włodzimierz Wasiak was elected as a new member of the Supervisory Board as of 01.06.2024.

Compensa Life's actuarial function is the responsibility of Sigita Ažusieniene, the Head of Actuarial Services department. Compensa Life's Risk Manager is Eret Vösa.

Compensa Life's Head of Internal Audit is Justas Kurelaitis.

Compensa Life's auditor is KPMG Baltics OÜ.

People

At the end of 2024, Compensa Life had 258 employees (2023: 252): 71 at the Estonian entity (2023: 73), 64 at the Latvian branch (2023: 59), and 123 at the Lithuanian branch (2023: 120). The subsidiaries employed 17 people in total (2023: 17).

During the reporting period, Compensa Life's average number of employees was 253 (2023: 243) and personnel-related expenses together with associated taxes totalled 10.18 million euros (2023: 8.82 million euros).

Financial performance indicators

The key financial performance indicators that form the basis for assessing the business development are presented below. All information on companies of the Vienna Insurance Group is based on IFRS figures.

Compensa's Baltic operations generated a consolidated net profit of 10.20 million euros in 2024 (2023: 10.33 million euros). Compensa Life's net profit amounted to 8.89 million euros (2023: 9.82 million euros).

ABBREVIATED CONSOLIDATED INCOME STATEMENT

	2024	2023	Δ in%	Δ absolute
in EUR thousands				
Insurance service result	13,748.4	9,161.6	50.1%	4,586.8
Insurance service revenue – issued business	84,908.0	72,377.7	17.3%	12,530.3
Insurance service expenses – issued business	-71,702.2	-62,805.9	14.2%	-8,896.3
Insurance service result – reinsurance held	542.6	-410.2	-232.3%	952.8
Total capital investment result	143.7	3,957.6	-96.4%	-3,814.0
Investment result	39,915.6	24,292.1	64.3%	15,623.5
Insurance finance result	-40,060.7	-20,638.0	94.1%	-19,422.7
Result from associated consolidated companies	288.8	303.6	-4.9%	-14.8
Finance result	706.1	115.3	512.4%	590.8
Business operating result	-1,742.0	-2,129.6	-18.2%	387.6
Result before taxes	12,856.1	11,105.0	15.8%	1,751.1
Taxes	-2,655.6	-772.9	243.6%	-1,882.7
Result for the period	10,200.5	10,332.1	-1.3%	-131.6

Insurance service revenue – issued business

The insurance service revenue in the year 2024 amounted to 84.91 million (2023: 72.37 million) and was thus 17,3% above the value of the previous year. The growth was mainly attributable to the growth in Health insurance under Premium Allocation Approach. Further detail on the insurance service expenses is included in Note 4.

Insurance service expenses – issued business

In 2024 the insurance service expenses amounted to 71.70 million (2023: 62.81 million). The growth of 14.2% in comparison to the previous year was mainly attributable to the significant growth in business volume. Further detail on the insurance service expenses is included in Note 4.

Insurance service result – reinsurance held

The insurance service result from reinsurance held resulted in 2024 in a profit 0.54 million euro (2023: loss 0.41 million euro). Further detail on the insurance service expenses are include in Note 4.

Total capital Investment result

The two significant positions in the total capital investment result are the investment result in which the results of the assets evaluated according to IFRS 9 are shown and the insurance finance result in which primarily the discounting effect of the insurance assets and liabilities is shown.

Income from investment activities was 40.20 million euros in 2024 (2023: 24.59 million), an increase of 63.5%. The result of insurance financing was -40.06 million euros (2023: -20.64 million euros).

Result before taxes

The consolidated result before taxes increased by 15.8 % to 12.86 million euros in 2024 (2023: 11.11 million euros). Compensa Life's result before tax increased by 8.3 % to 11.31 million euros (2023: 10.45 million).

Attributable operating expenses (direct contract acquisition costs and administrative expenses) for 2024 totalled 28.61 million euros (2023: 30.22 million euros), a 5.4% decline compared with 2023. The main reason for decline in operating expenses was a 15.2% decline in commissions (in 2024 commissions amounted to 13.36 million euros, in 2023 17.52 million euros), which accounted for 46.7% of attributable operating expenses (2023: 58.0%).

Net combined ratio

For the calculation of the net combined ratio insurance service expenses for issued business less insurance service expenses from reinsurance contracts held is divided by the insurance service revenue from issued business less insurance service revenue from reinsurance held in property and casualty insurance.

Net Combined Ratio	2024	2023
in euros		
Insurance service revenue, net	80 938 068	68 003 144
Attributable costs net	-20 634 631	-15 920 928
Insurance service expenses excl attributable costs, net	-46 555 056	-42 920 596
Insurance service expenses, net	67 189 687	58 841 524
Net claims ratio in %	57.5%	63.1%
Net cost ratio in %	25.5%	23.4%
Net combined ratio in %	83.0%	86.5%

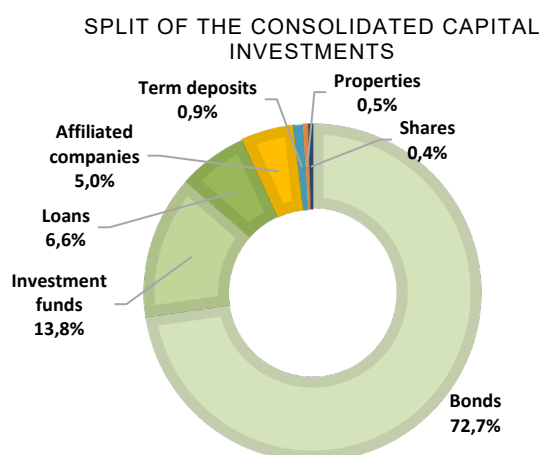
Contractual service margin (CSM)

The contractual service margin includes the unrealised profits originally priced into the insurance contract, which is reported as a separate component of the technical provisions. As of 31 December 2024, the CSM amounted 90.29 million (issued + held) (2023: 66.46 million).

Compensa's share capital amounts to 11,604,000 euros.

Capital investment portfolio

Further details on financial instruments are included in the Note 5. Financial assets and liabilities as well as other balance sheet items evaluated according to IFRS 9 starting on page 89 in the notes to the consolidated financial statements.



The total capital investment portfolio as of the reporting date 31 December 2024 amounted 619.78 million (2023: 525.93 million). The increase of 17.7 % year-on-year is primarily due to the increased market values of the investments measured at fair value. The financial instruments for unit- and index-linked life insurance increased 2024 by 34.8% mainly due to market value increase from 191.17 million in 2023 to 257.76 million in 2024.

Insurance contracts liabilities issued

Further details on the insurance contracts liabilities issued are included in Note 4.1. Insurance contracts issued in the notes to the consolidated financial statements starting on page 60.

The insurance contracts liabilities issued amounted to 559.33 million as of the balance sheet date 31 December 2024 (2023: 464.80 million). That corresponds to an increase of 20.3% year-on-year and is primarily based on the positive price development of the underlying items in the Variable Fee Approach.

Sales

In 2024, Compensa increased its total gross written premium (GWP) in the Baltics by 10.4% to 201.9 million euros (2023: 182.9 million euros). Compensa's market share in terms of GWP continued to grow, rising to 29.6% (2023: 28,4%). Total gross written premiums of the Baltic life insurance market reached 682.5 million euros, and the market as a whole grew by 5.9% (2023: 0.6%).

In Estonia, GWP in 2024 for Compensa reached 14.64 million euros, up 14.6% on 2023 result of 12.78 million euros, significantly outpacing market growth, which remained at 0.6%. This allowed Compensa to increase market share in Estonia from 15.2% in 2023 to 17.3%, solidifying its third position on the market. Largest increase came from unit-linked products, where GWP grew by 44.7% from 4.81 million euros in 2023 to 6.96 million euros. New sales of 8.44 million euros were also dominated by unit-linked products, which contributed 43.5% of new premiums. Fastest growth is seen in risk products, where new sales in 2024 more than doubled compared to 2023. Since 2022, Compensa Life is the only II pillar pension benefits payer in Estonia, compared to 2023, II pillar GWP has remained virtually unchanged at 1.5 million euros. Health insurance product was launched in 2024, contributing 473 thousand euros to total GWP, achieving a 2.2% market share among all market participants.

Sales in Latvia reached 56.7 million euros in 2024 (2023: 48.65 million euros), growing by 16.6%. Growth has been fuelled by the result of both Health insurance where GWP grew by 35.6% to 14.56 million euros (2023: 10.74 million) and the recovery of II pillar product with 31.87 million euros GWP in 2024 (2023: 27.77 million euros), Market share has increased remarkably, from 30.2% at the end of 2023 to 32.2%. Latvia's life insurance market grew by 9.2% from 161.7 million euros in 2023 to 176.5 million euros.

Lithuania is Compensa's largest market, with 2024 GWP at 130.54 million euros, up 7.5% on 121.44 million GWP achieved in 2023. Lithuanian life insurance market grew by 5.8% in 2024 from 398.6 million euros to 421.5 million euros in 2023, allowing for Compensa Life to increase market share in Lithuania from 30.5% to 31%, making Compensa market leader by a clear margin. Largest GWP growth came from Health insurance, where GWP increased by 20.2% from 2023's 38.2 million euros to 45.9 million in 2024. Market share in Health insurance among all market participants is 37.9% (38.1% at the end of 2023). New sales in life business have been lower than expected, down 17% in 2024, driven by low-performing unit-linked sales.

By the end of the year, Compensa Life had over 211,000 active life insurance contracts across the three Baltic countries, covering more than 303,000 insured individuals.

Activity Report 2024

Customer Focus and Innovation

Compensa prioritizes customer trust and satisfaction, continuously working to enhance insurance products and service quality. In 2024, we initiated the evaluation of artificial intelligence solutions to accelerate processes and offer a smoother, more personalized customer experience. Additionally, we are continuously developing our e-services to make them more user-friendly, speed up claims handling, and move towards paperless business operations in all three Baltic countries.

Strengthening Cooperation with Compensa Vienna Insurance Group ADB (CNL)

The collaboration between Compensa Life and CNL has been a key focus in recent years. In 2024, we launched a joint website in Lithuania (compensa.lt) to provide a more comprehensive insurance service to customers. In 2025, we will continue to deepen our cooperation, working towards integrating service processes and improving the range of insurance solutions available to customers.

IT Developments, Resilience, and Cybersecurity

Technology and cybersecurity are critical in the insurance industry. In 2024, we implemented significant structural changes in the IT department in collaboration with CNL, resulting in the establishment of a joint IT organization. This step enhances our IT resilience and strengthens our ability to respond to technological challenges.

Additionally, we joined the VIG Cyber Defence Center (CDC), a VIG Group-wide cybersecurity project aimed at reinforcing our IT security and protecting customer and corporate data from potential threats.

In 2024 we started and in 2025 we will continue focusing on ensuring compliance with DORA (Digital Operational Resilience Act). This EU regulation sets higher standards for digital resilience and cybersecurity in the financial sector, making it a strategic priority for us. We will continue investing in IT security and strengthening operational risk management to ensure system reliability and protect the company and customers from potential cyber threats.

New Products and Market Expansion

At Compensa, we are dedicated to 'Protecting what matters'.

In 2024, we entered the Estonian market with a new health insurance offering, strengthening our position in the market and expanding our product portfolio to meet the growing needs of our customers. In 2025, we will introduce a new insurance product, 'Family Protection', designed to provide comprehensive protection for families. This product aligns with our strategy to offer customers holistic and flexible insurance solutions, ensuring financial security both in daily life and in the future.

Sustainability, Responsible Investment, and Social Commitment

At Compensa Life, sustainability, responsible investment, and social responsibility are important aspects of our long-term strategy and daily operations. We are committed to reducing our environmental footprint, promoting inclusive organizational culture, and supporting the communities we serve. In 2024, we maintained our long-standing commitment to supporting health initiatives, promoting sports, fostering education, and contributing to social welfare and environmental sustainability.

In line with EU climate action targets, our objective is to minimize the total emission footprint of our activities by 50% by 2030. This includes actions focused on reducing electricity use, heating and cooling emissions, and transitioning to renewable energy. Our Lithuanian branch has remained ISO 14001:2015 certified, allowing us to systematically monitor and enhance our environmental impact.

Investment decisions reflect our commitment to sustainability. We avoid investments in companies involved in prohibited weapons or the coal industry and prioritize investments with positive societal and environmental outcomes. When making investment-related decisions, we prioritize reducing our involvement in most polluting sectors. Short-term and long-term investment decisions are made to achieve the intended objectives of reducing CO2 emissions and support transition to green energy.

A key part of our social responsibility is encouraging risk awareness and healthier lifestyles. In 2024, we were honoured with the "Eesti Kindlustegu 2024" ("Estonian Insurance Act of the Year 2024") award for our collaboration with Lyfery, an innovative life insurance solution that rewards individuals for leading a healthy lifestyle. Additionally, we prioritize health-related causes, supporting initiatives that help individuals and families facing serious medical challenges.

Our staff actively participate in social responsibility and take part of Social Active Day, which was organized already for the 10th executive year.

Our organizational culture earned the "Great Place to Work" certification in 2024, reflecting our commitment to trust, respect, and inclusion.

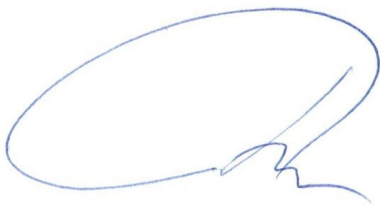
Through strategic investments, partnerships, and employee-led initiatives, Compensa Life remains dedicated to driving meaningful and lasting positive impact for society and the environment.

Regulatory Changes and Market Developments

As of January 1, 2025, a significant change in Lithuanian legislation will eliminate the income tax benefit for new savings insurance contracts, which may influence customer behavior in this segment. Compensa closely monitors market and regulatory developments, adapting its strategy to changing conditions to continue delivering clients with valuable and relevant insurance solutions.

Sustainable Growth and Future Outlook

2024 was a successful year for Compensa – we attained our strategic objectives and secured a strong market-leading position in the Baltics. Moving forward, we will continue focusing on profitable growth, digitalization, and sustainable development to provide the best possible service and insurance solutions to our clients.



Chairman of the Management Board
Tomas Milašius

Consolidated financial statements

Consolidated statement of profit or loss

In euros	Note	2024	2023
Insurance service result	4	13 748 381	9 161 619
Insurance revenue		84 907 974	72 377 718
Insurance service expenses - issued business		-71 702 237	-62 805 903
Insurance service result - reinsurance held		542 644	-410 196
Total capital investment result		143 672	3 957 645
Investment result	5	39 915 611	24 292 063
Interest revenues using the effective interest rate method		7 321 932	6 551 295
Realised gains and losses from financial assets measured at AC		-9 192	-24 651
Impairment losses incl. reversal gains on financial instruments		-28	-28
Other result from financial instruments		32 602 899	17 765 447
Insurance finance result	4	-40 060 714	-20 637 993
Insurance finance result – issued business		-39 673 628	-20 090 444
Insurance finance result – reinsurance held		-387 086	-547 549
Income from consolidated companies		288 775	303 575
Finance result		706 056	115 288
Finance income	11	789 157	375 631
Finance expenses	12	-83 101	-260 343
Other income and expenses		-1 741 998	-2 129 561
Other operating income	6	1 629 649	1 126 793
Other operating expenses	7	-3 371 646	-3 256 354
Business operating result		12 856 111	11 104 991
Result before taxes		12 856 111	11 104 991
Income tax	20	-2 655 649	-772 933
Result for the period		10 200 462	10 332 059

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03. 04. 2025

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Consolidated statement of other comprehensive income

In euros	Note	2024	2023
Result for the period		10 200 462	10 332 059
Items that may be reclassified subsequently to profit or loss	16		
Unrealised gains and losses from debt instruments measured at FVOCI		4 532 661	11 864 896
Share of reserves of consolidated companies		-81 980	-680 611
Unrealised gains and losses acc. to IFRS 17	16	-7 428 217	-15 707 559
Total other comprehensive income		-2 977 535	-4 523 275
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		7 222 927	5 808 784

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03. 04. 2025

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Consolidated statement of financial position

As at 31 December			
In euros	Note	2024	2023
ASSETS			
Cash and cash equivalents		23 099 917	19 943 495
Financial investments	5	605 601 632	511 748 007
Receivables		2 102 475	2 381 236
Current tax assets		1 164 769	866 896
Investment in associates	5	12 218 189	12 241 252
Insurance contract assets	4	991 028	658 387
Reinsurance contract assets	4	816 530	119 920
Investment property	5	1 831 055	1 831 055
Other assets	13	901 076	841 120
Intangible assets	14	4 316 319	4 234 334
Deferred tax assets	20	81 993	71 243
Right-of-use assets	15	802 326	976 243
Total assets		653 927 307	555 913 187
LIABILITIES			
Liabilities and other payables	17	4 353 283	2 948 513
Current tax liabilities		2 126 406	595 259
Other financial liabilities	5	1 985 383	1 576 044
Other liabilities		1 485	237
Insurance contract liabilities	4	559 326 020	464 804 512
Reinsurance contract liabilities	4	760 269	1 537 089
Provisions		400 000	400 000
Total liabilities		568 952 845	471 861 653
EQUITY			
	16		
Share capital		11 604 000	11 604 000
Share premium		9 465 795	9 465 795
Statutory capital reserve		1 160 400	1 160 400
Other reserves		-745 414	2 155 008
Retained earnings		63 489 680	59 666 331
Total equity		84 974 462	84 051 534
TOTAL EQUITY AND LIABILITIES		653 927 307	555 913 187

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03. 04. 2025

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Consolidated statement of cash flows

In euros	Note	2024	2023
CASHFLOW FORM OPERATING ACTIVITIES			
Insurance premium received		193 844 134	168 123 720
Insurance claims and benefits paid		-103 691 537	-93 400 871
Reinsurance premiums, claims and commissions paid (net)		-872 163	-287 104
Operating expenses paid		-31 778 969	-32 551 116
Lease payments made		-649 996	-473 488
Other receipts from customers		130 432	122 088
Commissions and fees received		1 363 083	639 609
Net cash flow from shares and fund units		-38 857 449	-32 667 197
Dividends received	5	1 481 948	853 238
Net cash flow from debt securities and deposits		-17 435 908	-11 949 445
Interest received	5	6 719 591	6 078 372
Paid for asset management services		-384 086	-429 487
Paid corporate income tax	20	-1 135 126	-174 634
Net cash from operating activities		8 733 952	3 883 684
CASH FLOWS FROM INVESTING ACTIVITIES			
		0	0
Acquisition of property, plant and equipment and intangible assets	13,14	-314 428	-563 416
Repayments of loans provided	18	348 084	350 664
Loans provided	18	0	-3 341 402
Interest received on investments	18	654 996	539 919
Net cash used in investing activities		688 652	-3 014 235
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	16	-6 300 000	-6 150 000
Net cash used in financing activities		-6 300 000	-6 150 000
NET CASH FLOW		3 147 060	-6 170 212
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		19 943 496	26 114 306
Change in cash and cash equivalents		3 147 060	-6 170 212
Effect of movements in foreign exchange rates		9 361	-599
CASH AND CASH EQUIVALENTS AT END OF YEAR		23 099 917	19 943 495

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03. 04. 2025

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Consolidated statement of changes in equity

	Share capital	Capital reserve		Retain earnings	Other reserves		Total
		Share premium	Statutory capital reserve		Currency reserve	Other reserves	
In euros							
As of 31 December 2022	11 604 000	9 465 795	1 160 400	55 407 159	1 149	6 754 246	84 392 750
Other comprehensive income						-4 523 275	-4 523 275
Result of the year				10 332 059			10 332 059
Total other comprehensive income for the year				10 332 059		-4 523 275	5 808 784
Dividend payment				-6 150 000			-6 150 000
As of 31 December 2023	11 604 000	9 465 795	1 160 400	59 589 218	1 149	2 230 971	84 051 534
As of 1 January 2024	11 604 000	9 465 795	1 160 400	59 589 218	1 149	2 230 971	84 051 534
Other comprehensive income						-2 977 535	-2 977 535
Result of the year				10 200 462			10 200 462
Total other comprehensive income for the year				10 200 462		-2 977 535	7 222 928
Dividend payment				-6 300 000			-6 300 000
As of 31 December 2024	11 604 000	9 465 795	1 160 400	63 489 681	1 149	-746 564	84 974 462

For further information on share capital and other equity items, please refer to Note 16

Initialed for identification purposes only
Allkirjastatud identifitseerimiseks

03. 04. 2025

Signature / allkiri 
KPMG, Tallinn

Notes to the consolidated financial statements

General information

Compensa Life Vienna Insurance Group SE is a life insurance company which is registered in Estonia and operates in Estonia, Latvia and Lithuania. The registered address of the company and its head office is Narva mnt 63/2, Tallinn, Estonia.

Compensa's branch in Latvia is located at Vienības gatve 87h in Riga and Compensa's branch in Lithuania is located at Ukmergės g. 280 in Vilnius. The company has 18 offices across the Baltics: 4 in Estonia, 5 in Latvia and 9 in Lithuania.

These consolidated financial statements comprise the financial information of Compensa Life Vienna Insurance Group SE (including the branches) as well as its subsidiaries Vienības Gatve Investment OÜ (established on 18 August 2015 100%) Compensa Life Distribution UAB (acquired on 2 September 2015, former name Finsaltas UAB, 100%) and Vienības Gatve Properties SIA (acquired on 3 September 2015 through Vienības Gatve Investment OÜ – 100%).

In the consolidated financial statements, Compensa Life Vienna Insurance Group SE and its subsidiaries are presented as a single economic entity (hereafter Compensa or the group).

At, 31 December 2024, Compensa's parent was VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, and the ultimate controlling party was Wiener Städtische Versicherungsverein.

At the year-end Compensa had 258 employees (31 December 2023: 252 employees).

Note 1 Basis of preparation

1.1. Basis of preparation

The consolidated financial statements of Compensa Life Vienna Insurance Group SE for 2024 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The consolidated financial statements of Compensa Life Vienna Insurance Group SE have been prepared under the historical cost convention, unless indicated otherwise in these accounting policies.

Management believes that the group is a going concern and solvent.

Various International Financial Reporting Standards as adopted by the European Union require management to exercise judgement and make estimates and assumptions regarding the financial information reported in the consolidated financial statements.

Although these estimates and assumptions are based on management's best knowledge, actual results may ultimately differ from those estimates. Changes in management's estimates and assumptions are recognised in profit or loss in the period in which the change occurred. Further information on estimates and assumptions is presented in note 2.

Under the Estonian Commercial Code, the group's annual report including the consolidated financial statements, which has been prepared by the management board and approved by the supervisory board, must also be approved by the general meeting. Shareholders may decide not to approve the group's annual report that has been prepared and submitted by the management board and may demand that a new annual report be prepared.

The financial statements are prepared on the historical cost basis except for the financial assets which are measured at amortized cost or at their fair value through OCI or PL.

During the preparation of the annual financial statements, an error was discovered in the consolidation process, which also had an impact on the financial positions for 2023. Total impact on the statement of financial position was -1.75 million euros. The following tables present the statement of financial

position and other comprehensive income statement positions affected by the error before and after the adjustment.

Assets	31.12.2023		
	Before correction	Correction	After correction
Financial investments	517 026 470	-5 278 463	511 748 007
Investments in associates and joint ventures accounted for using the equity method	8 710 743	3 530 509	12 241 252
Total change of assets		-1 747 953	
Equity			
Other reserves	3 902 962	-1 747 953	2 155 008
	2023		
Other comprehensive income	Before correction	Correction	After correction
Share of other reserves of associated consolidated companies	1 067 341	-1 747 953	-680 611
Total other comprehensive income	-2 775 323	-1 747 953	-4 523 275
Total comprehensive income or expense for the year	7 556 736	-1 747 953	5 808 784

The management board prepared these consolidated financial statements and authorised them for issue on **3rd of April 2024**.

1.2. Use of judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the European Union requires management to make judgements, estimates and assumptions that affect the amounts of assets and liabilities as at the reporting date, the disclosure of contingent assets and liabilities, and income and expenses recognised during the period. Although several amounts and disclosures in the financial statements are based on management's estimates, which have been made by reference to management's best judgement, actual results may differ significantly from those estimates. Further information on estimates and assumptions is provided in relevant accounting policies and notes. The estimates and underlying assumptions are reviewed on an ongoing basis based on historical experience and other factors including expected future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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. Compensa based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

In preparing these financial statements management has made judgements, estimates and assumptions that affect the application of accounting policies and the 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, the results of which form the basis of making judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Although the estimates are based on management's best judgement and facts, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both the year of revision and future years.

The Compensa applies all three measurement models the the PAA (premium allocation approach), GMM (general measurement model) and FVA (fair value approach) for the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Compensa's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Compensa accounts for all reasonable and supportable information available without undue cost or effort. This information includes both internal and external historical data concerning claims and other measurement components, updated to reflect current expectations about future events. All insurance contract liabilities (except for the LRC measured under the PAA) are calculated by discounting expected future cash flows at risk-free rates plus an illiquidity adjustment. The illiquidity adjustment to the relevant risk-free interest rates is based on the risk-corrected spread between the interest rate that could be earned from a reference portfolio and the basic risk-free interest rate. Reference portfolio weights are calculated considering all of Compensa's applicable investments grouped by country.

Material estimates

The measurement of impairment losses in accordance with IFRS9 across relevant financial assets requires discretionary decisions in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and for the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs.

Goodwill is tested for impairment one per year in accordance with the methods explained in Note 14 . Estimates in this area primary concern the projected earnings of the CGU that the calculations are based on, and specific parameters, in particular the growth rates and discounting rates, In point 2.13. Sensitivity of Goodwill impairment presented in Note 14

Suitable valuation methods are used to calculate the fair value of financial asset are not traded in active markets.

The assumptions used are based on market data available on the balance sheet data. To determinate the fair value, Compensa used present value methods based on appropriate interest rate models.

More detailed information is presented in Note 5 .

Judgements

Judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements.

Classification of insurance, reinsurance and investment contracts: assessing whether the contract transfers significant insurance risk and whether an insurance contract contains direct participation features.

Level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently.

Measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract.

Impairment of financial assets: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

Classification of financial assets: assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest (SPPI) on the principal amount outstanding

Note 2 Material accounting policies

2.1. Measurement of fair values

The VIG Insurance Group assigns all financial instruments to one level in the IFRS 13 valuation hierarchy. In line with the decentralised organisational structure of the VIG Insurance Group, the individual subsidiaries are responsible for this categorisation. In particular, this approach ensures that local knowledge concerning the quality of individual fair values, or any input parameters needed for model-based valuation are taken into account.

The fair values are determined on the basis of the following hierarchy according to IFRS 13:

- The determination of the fair value of financial instruments is generally based on quoted prices for identical assets or liabilities in active markets (Level 1).
- If the financial instrument in question is not listed or if quoted prices in active markets are not available the fair value is determined on the basis of quoted market prices for similar assets or prices quoted in non-active markets (Level 2). Common valuation models for which the input factors are based on observable market data are used for Level 2. Such models are mainly used for illiquid bonds (present value method) and structured securities.
- The fair values of certain financial instruments particularly bonds from countries without an active market and real estate are determined on the basis of valuation models utilising input factors that are mainly not based on observable market data. Such models are mainly used to measure the fair values of transactions in non-active markets expert opinions and the structure of cash flows (Level 3).

The following table shows the methods used and the most important input factors separately for Level 2 and Level 3. The fair values calculated can be used for regular as well as non-recurring measurements.

Pricing method	Used for	Fair value	Input parameters
Level 2			Observable
Present value method	Bonds; borrower's note loans; loans; securitised liabilities and subordinated liabilities	Theoretical price	Issuer sector and rating-dependent yield curves
Libor market model present value method	Bonds and borrower's note loans with other embedded derivatives	Theoretical price	Money market and swap curves; implied volatility surface; cap & floor volatilities; issuer sector and rating-dependent yield curves
Level 3			(Un-)observable input factors
Market value method	Real estate	Appraisal value	Real estate-specific income and expense parameters; capitalisation rate; data on comparable transactions
Discounted cash flow-model	Real estate	Appraisal value	Real estate-specific income and expense parameters; discount rate; indexes
Multiples approach	Shares	Theoretical price	Company-specific earnings figures; typical industry multipliers
Discounted cash flow-model	Shares	Theoretical price	Company-specific earnings figures; discount rate
Share of capital	Shares	Book rate	Company-specific equity according to separate financial statements
At amortised cost	Fixed income instruments (illiquid bonds, policy loans, loans) with no observable input data for comparable assets	Book rate	Cost-price; redemption price; effective yield

Principles of profit sharing

All insurance contracts with an additional bonus payable to the customers at the discretion of the Insurer feature are eligible for it based on the time that the insurance contract has been in force. At the end of the calendar year, additional customer bonuses are allocated to the provision for each insurance contract, considering the difference between the actual and estimated figures for investment income, mortality, expenses, and the loss ratio. At the end of the financial year, Compensa's management board makes a proposal to the supervisory board with regard to the allocation of additional customer bonus to policyholders. The supervisory board decides the final amount of additional customer bonuses. Additional customer bonuses that have been added to the provision cannot be clawed back and will participate in the accrual of interest in subsequent years. The amount (rate) of bonuses allocated to insurance contracts in prior years creates neither obligations for Compensa nor justified expectations for the policyholder with regard to the amount (rate) of bonuses payable in subsequent years.

2.2. Deferred tax assets

A deferred tax asset represents the amount of income tax that can be used to cover the income tax expense on future taxable profits, and it may be recognised in the balance sheet. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will allow the deferred tax asset to be utilised. Future taxable profit and the extent to which the deferred tax asset can be utilised are estimated based management's medium term business plan, which is based on management's expectations and best estimates that are believed to be reasonable under the circumstances.

2.3. Estimation of the recoverable amount of intangible assets

Intangible assets include goodwill acquired on the acquisition of subsidiaries. In accordance with IAS 36, the recoverable amount of the cash-generating units to which goodwill has been allocated is estimated at each reporting date. The key elements of estimating the recoverable amount of goodwill include projections of the future cash flows expected to be derived from the asset and their possible variations from the originally forecast ones.

According to management's estimates, the recoverable amount of goodwill exceeds (or is at least equal to) its carrying amount (see Note 14).

2.4. Recognition of deferred income tax related to investments in the Estonian, Latvian and Lithuanian subsidiaries, branches associates and joint ventures.

In 2018, a new income tax system entered into force in Latvia. The system resembles the Estonian one but upon its application Latvian entities began to recognise deferred tax in their consolidated IFRS financial statements differently from the Estonian approach. In accordance with the Latvian treatment deferred tax for investments in subsidiaries branches associates and joint ventures is to be recognised even if the investments are located in jurisdictions where corporate income tax is to be paid on the distribution of profit (Estonia and Latvia) except to the extent that Compensa is able to control the timing of the reversal of the taxable temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. In line with the treatment applied at the time in Estonia, deferred tax liabilities were not recognised in such cases.

Compensa's management has decided to continue to account for deferred tax liabilities related to investments in subsidiaries, branches, associates and joint ventures using the previously applied policy because Compensa controls the dividend policy of its subsidiaries and branches and is able to control the timing of the reversal of the temporary differences related to those investments. If the parent has decided not to distribute the profit of a subsidiary or a branch in the foreseeable future, it does not recognise a deferred tax liability. If the parent expects a dividend to be distributed in the foreseeable future, it recognises a deferred tax liability to the extent of the expected dividend distribution assuming that at the reporting date there are sufficient funds and equity from which profit can be distributed in the foreseeable future.

Taxable temporary differences for which no deferred tax liability is recognised are disclosed in Note 20. If Compensa changed the accounting policy and recognised the deferred tax liability on these investments, the liability recognised would be immaterial as of 31 December 2024.

2.5. Insurance and reinsurance contracts classification

Insurance contracts are defined as contracts under which one party (the insurer) accepts significant insurance risk from another party (the policyholder), by agreeing to provide compensation to the policyholder if a specified uncertain future event (the insured event) negatively affects the policyholder.

Contracts held by Compensa under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

Financial risk is the risk of a possible future change in e.g. specific interest rates, securities prices, price indices, interest rate indices, credit ratings and credit indices. It must be noted that in the case of a non-financial variable, the variable is not specific to one counterparty. In many cases, particularly in the life insurance area, insurance policies as defined in IFRS 17 also transfer financial risk.

Some contracts in Compensa portfolio have the legal form of insurance contracts but do not transfer significant insurance risk. Such financial insurance policies exist only to a minor extent in the personal insurance area. These contracts are classified as financial liabilities and are defined as 'investment contracts'. Investment contracts are generally out of the IFRS 17-scope. However, if investment contracts have discretionary participation features, these contracts are nevertheless within IFRS 17-scope.

To determine how to identify changes in discretionary cash flows for insurance contracts with discretionary features which do not meet the definition of direct participation, local entities specify the basis on which it expects to determine its commitment under the contract. However, effect of market variables (e.g. investment returns) on the cash flows should still flow through P&L or optionally recognized in OCI and should not adjust the CSM.

Before Compensa accounts for an insurance or reinsurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. Meaning, those components must be accounted for under another IFRS rather than IFRS 17 (distinct non-insurance components). After separating any distinct non-insurance components, IFRS 17 is applied to all remaining components of the insurance contract. Currently Compensa does not have such a contract.

For the consolidated insurance companies, the lines of business for direct insurance and facultative reinsurance were grouped into the following IFRS 17 portfolios for life and health insurance.

- Life insurance:
 - With profit participation
 - Saving products
 - Estonian Pillar 2 pension
 - Other
 - Latvian Pillar 2 pension
 - Risk products
 - Annuities
 - Personal accident in Latvia
 - Unit- and index-linked
 - Issued and held Treaty reinsurance
- Health insurance:
 - Medical insurance

The majority of the group's life insurance contracts are eligible to be measured using the VFA. These 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 Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group 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.

This primarily concerns unit-linked policies.

All long-duration insurance contracts in primary insurance without direct participation features (saving contracts with guaranteed interest and annuities) are generally measured with GMM.

In the primary Health insurance, the PAA is applied to measure short duration insurance contracts.

2.6. Insurance and reinsurance contracts accounting treatment

2.6.1. Level of aggregation

After identifying which insurance contracts are within the scope of IFRS 17 taking into account the effects of the combination of insurance contracts, separation of distinct non-insurance components and the separation of multiple insurance contracts contained within a single legal policy document, IFRS 17 necessitates to define the level of aggregation for applying its requirements.

The level of aggregation is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Based on their expected profitability at inception, portfolios are afterwards split into three categories:

- a group of contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any;
- a group of the remaining contracts in the portfolio, if any.

Once the groups of insurance contracts are determined, they become the unit of account to which the consolidated insurance companies apply requirements of IFRS 17. This means that IFRS 17 metrics such as fulfilment cash flows, the Contractual Service Margin ("CSM") and loss components should be available at this granularity. Compensa has defined portfolios of insurance and reinsurance contracts issued based on its Solvency II lines of business structure for Life and Health business due to the fact that the products are subject to similar risks and managed together.

The groups of contracts for which the fair value approach has been adopted on transition include contracts issued more than one year apart.

In most cases, the profitability of groups of contracts are assessed by actuarial cash flow models and profitability metrics that take into consideration existing and new business.

Portfolios of reinsurance contracts held are divided applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. It is possible that a group of reinsurance contracts held comprises a single contract.

2.6.1. Onerous groups of contracts

For groups of onerous contracts, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Some contracts are issued prior the coverage period starts and the initial premium becomes due. Therefore, the consolidated insurance companies determine whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. To identify whether a group of contracts is onerous, facts and circumstances are considered based on:

- pricing information
- results of similar contracts the group has recognised and
- environmental factors, like changes in market or regulations.

Compensa does not issue contracts prior the coverage period starts, and the initial premium becomes due.

2.6.2. Recognition

Groups of insurance contracts issued have to be recognised from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the initial payment from a policyholder in the group of contracts is due, or when the first payment is received if there is no due date; or
- For a group of onerous contracts as soon as facts and circumstances indicate that the group is onerous.

Proportional and non-proportional groups of reinsurance contracts held have to be recognised at the latest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held.
and
- The date the consolidated insurance companies recognise an onerous group of underlying insurance contracts if the consolidated insurance companies entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Additionally, proportional groups of reinsurance contracts held are delayed until the date when any underlying insurance contract is initially recognised if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

New contracts are added to the group in the reporting period in which that contract meets one of the criteria set out above.

2.6.3. Contract boundary

The measurement of a group of insurance contracts includes all future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the policyholder can be compelled to pay the premiums, or in which a substantive obligation exists to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- the practical ability exists to reassess the risks of the particular policyholder, and as a result a price or level of benefits can be set that fully reflects those risks; or Both of the following criteria are satisfied:
 - the practical ability exists to reassess the risks of the portfolio of insurance contracts that contain the contract and as a result a price or level of benefits can be set that fully reflects the risk of that portfolio; as well as
 - the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognized as these amounts relate to future insurance contracts.

For contracts with renewal periods, it is assessed whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals on which IFRS 17 is applied, are established by considering all the risks covered for the policyholder, that would be considered when underwriting equivalent contracts on the renewal dates for the remaining service. The contract boundary of each group of contracts is reassessed at the end of each reporting period.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

2.7. Measurement

The assumptions and estimates are based on all parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may

change due to market changes or circumstances arising that are beyond of control. Such changes are reflected in the assumptions when they occur. The information is disaggregated to disclose the IFRS 17 measurement models, namely GMM, VFA and PAA. This disaggregation follows closely the lines of business structure at VIG, which can be described principally as follows:

- Life and health insurance business with direct participation features is measured with VFA
- Unit-linked life insurance contracts with VFA
- P&C business is primarily measured with PAA and
- Long-duration P&C business not fulfilling the PAA-criteria, reinsurance business and business with direct participation features not fulfilling the VFA-criteria is measured mainly with GMM.

2.7.1. Initial measurement

Insurance contracts not measured under PAA

The GMM measures a group of insurance contracts as the total of:

- the fulfilment cash flows and
- the CSM representing the unearned profit the consolidated insurance companies will recognise as they provide insurance contract services under the insurance contracts in the group.

The fulfilment cash flows comprise:

- unbiased and probability-weighted estimates of future cash flows
- discounted to present value to reflect the time value of money and financial risks
- plus, a risk adjustment for non-financial risk.

The objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean of the full range of possible outcomes considering all reasonable and supportable information available at the reporting date without undue cost or effort. Future cash flows are estimated considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, all cash flows within the contract boundary are considered like:

- premiums and any additional related cash flows
- claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims including:
 - payments to policyholders that vary depending on returns on underlying items and
 - allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs.
- claims handling costs
- policy administration and maintenance costs including recurring commissions that are expected to be paid to intermediaries
- allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- transaction-based taxes.

The measurement of fulfilment cash flows includes insurance acquisition cash flows. Insurance acquisition costs are recognized as an expense over the coverage period of the group of insurance contracts. At the same time an equal amount is recorded as revenue representing a portion of premium that relates to recovering insurance acquisition cash flows. If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Insurance contracts measured under PAA

Compensa applies the premium allocation approach (PAA) at least to all health insurance contracts that it issues:

- the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary (refer to 2.6.3) or
- for contracts longer than one year, Compensa has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, Compensa has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The PAA is not applied if at the inception of the group of contracts, a significant variability in the fulfilment cash flows is expected that would affect the measurement of the liability for the remaining coverage (LRC) during the period before a claim is incurred. Variability in the fulfilment cash flows increases with for example:

- the extent of future cash flows related to any derivatives embedded in the contracts and
- the length of the coverage period of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the liability for remaining coverage is measured as:

- the premiums, if any received at initial recognition
- minus any insurance acquisition cash flows at that date
- plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- any other asset or liability previously recognised for cash flows prior to the recognition of the group of insurance contracts.

Where facts and circumstances indicate that contracts are onerous at initial recognition, additional analysis helps determining if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and a loss is recognized in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to 2.14 and on onerous contracts, to 2.6.1.

For contracts measured using the PAA, Compensa accounting policy does not, in general, permit the liability for remaining coverage (LRC) to be measured using discounted cash flows, unless the group of contracts is onerous.

Reinsurance contracts held

Reinsurance assets for a group of reinsurance contracts held are measured on the same basis as insurance contracts issued. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. Compensa measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss. A loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group will be recognised.

Compensa adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts, the consolidated insurance companies expect to recover from the group of reinsurance contracts held.

Compensa also establishes (or adjusts) a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses recognised applying the requirements above. The loss-recovery component determines the amounts that are presented in profit

or loss as reversals of recoveries of losses from reinsurance contracts held and are, consequently excluded from the allocation of premiums paid to the reinsurer.

Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts, a systematic and rational method is used to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage. If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then Compensa adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

Where the group enters reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

2.7.2. Subsequent measurement

According to IAS 34, the frequency of reporting must not affect the annual results. IFRS 17 requires changes in estimates that relate to changes in future services in the contractual service margin to be immediately recognised in the income statement. To avoid affecting the annual result, measurements during the year must be based on a cumulative basis from the beginning of the financial year to the reporting date (year-to-date accounting). Under year-to-date accounting, changes in estimates recorded in periods during the year are not taken into account, while they are included in the calculation with date-to-date accounting. Compensa makes use of the year-to-date accounting option according to IFRS 17.B137.

Insurance contracts not measured under PAA

The present value of future cash flows will be determined by different approaches depending on the decision of local companies. Both stochastic modelling and deterministic projection are used within the group. In contrast to deterministic projection techniques, stochastic modelling applies techniques to generate a large number of possible economic scenarios for market variables such as interest rates and equity returns to project future cash flows.

The following assumptions are used when estimating future cash flows:

- **Mortality, morbidity and longevity rates**

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

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

- **Expenses**

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

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

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of insurance contracts (GICs) using methods that are systematic and rational. These methods are consistently applied to all costs that have similar characteristics.

- **Lapse and surrender rates**

Lapses relate to the termination of policies due to non-payment of premiums whereas surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on experiences and vary by product type, policy duration and sales trends.

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

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted as follows:

- The effect of any new contracts added to the group (see 2.6.1)
- interest accreted on the carrying amount of the CSM during the reporting period measured at the discount rates at initial recognition
- the changes in fulfilment cash flows relating to future service except to the extent that:
 - such increases in the fulfilment cash flows exceed the carrying amount of the CSM giving rise to a loss; or
 - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage (see 2.13)
- the effect of any currency exchange differences on the CSM and
- the amount recognised as insurance revenue because of the transfer of insurance contract services in the period determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period (see 2.12).

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM,
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM),
- differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing the actual investment component that becomes payable in the period with the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable. And,
- changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Where, during the coverage period, a group of insurance contracts becomes onerous, a loss is recognized in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to point 2.14

The carrying amount of a group of insurance contracts is measured at the end of each reporting period as the sum of:

- the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and
- The liability for incurred claims comprising the fulfilment cash flows related to past service allocated to the group at that date.

When measuring a group of direct participating contracts, Compensa adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or

loss. Compensa then adjusts any CSM for changes in the amount of the Compensas's share of the fair value of the underlying items, which relate to future services, as explained below. The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

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

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

Insurance contracts measured under PAA

At the end of each reporting period, the carrying amount of the liability for remaining coverage is the carrying amount at the beginning of the period:

- plus premiums received in the period
- minus insurance acquisition cash flows
- plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- plus any adjustment to the financing component, where applicable
- minus the amount recognised as insurance revenue for the services provided in the period and
- minus any investment component paid or transferred to the liability for incurred claims.

The liability for incurred claims is estimated as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates and include an explicit adjustment for non-financial risk (the risk adjustment). Compensa always discounts the LIC even when the cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

For non-life business, the LIC is a major component of the insurance contract liabilities.

In the non-life business, the ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. The main assumption underlying these techniques is the use of past claims development experiences to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the

probability weighted expected value outcome from the range of possible outcomes taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, a loss in profit or loss is recognized for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to 2.14. For additional information on insurance acquisition cash flows, please refer to 2.7.4.

Acquisition costs are capitalised (recognised as deferred acquisition costs) in health insurance contracts, direct acquisition costs are deferred and charged to expenses within one year after the date of conclusion of the contract. Acquisition costs are amortised in proportion to the recovery of the costs incurred for a contract.

Reinsurance contracts held

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises

- the fulfilment cash flows that relate to services that will be received under the contracts in future periods and
- any remaining CSM at that date.

The Group 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.

2.7.3. Insurance contracts – modification and derecognition

Insurance contracts are derecognized when:

- the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired) or the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the initial contract is derecognized, and the modified contract is recognized as a new contract.

2.7.4. Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the consolidated balance sheet, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the consolidated balance sheet when the insurance acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts.

It is required to apply a systematic and rational method to allocate:

- Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - to that group; and

- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of insurance contracts to groups in the portfolio.

At the end of each reporting period, the amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognized are revised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the recoverability of the asset for insurance acquisition cash flows is assessed, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability it is required to apply:

- an impairment test at the level of an existing or future group of insurance contracts; and
- an additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss in position Insurance service expenses.

A reversal of some or all of an impairment previously recognized and increases the carrying amount of the asset is recognised in profit or loss, to the extent that the impairment conditions no longer exist or have improved.

In the current and prior years, no insurance acquisition cash flows are allocated to future groups of insurance contracts, as it is not expected any renewal contracts to arise from new contracts issued in the period.

In the current and prior year, Compensa did not identify any facts and circumstances indicating that the assets may be impaired.

2.8. Discount rates

All insurance contract liabilities (except for LRC measured under PAA) are calculated by discounting expected future cash flows at risk free rates plus an illiquidity adjustment.

Risk free rates are determined by a bottom-up approach with reference to swap rates in the currency of the insurance contract liabilities or government bond rates where swap rates cannot be considered deep, liquid and transparent.

The illiquidity adjustment to the relevant risk-free interest rates is based on the risk-corrected spread between the interest rate that could be earned from a reference portfolio and the basic risk-free interest rates. Reference portfolio weights are calculated considering all of Compensa's applicable investments grouped by country.

Discount rates applied for discounting of future cash flows are listed below:

Spot rates without illiquidity adjustment in %	Maturity					
	31.12.2024					
	1 year	3 years	5 years	10 years	20 years	30 years
Insurance contracts issued						
EUR	2.24	2.09	2.14	2.27	2.26	2.38
Reinsurance contracts held						
EUR	2.24	2.09	2.14	2.27	2.26	2.38

Spot rates without illiquidity adjustment in %	31.12.2023					
	1 year	3 years	5 years	10 years	20 years	30 years
Insurance contracts issued						
EUR	3.36	2.44	2.32	2.39	2.41	2.52
Reinsurance contracts held						
EUR	3.36	2.44	2.32	2.39	2.41	2.52

Illiquidity adjustment	31.12.2024	31.12.2023
in basis points		
Estonia	43	41
Latvia	43	41
Lithuania	43	41

2.9. Risk adjustment for non-financial risk

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

The risk adjustment estimation was done by using a cost of capital technique (CoC-technique). The CoC-technique requires to estimate the probability distribution of the fulfilment cash flows, and the additional capital that it requires at each future date in the cash flow projection to comply with economic capital requirements.

A CoC-rate is applied to the additional capital requirement in future reporting periods. The cost of capital represents the return required by a company to compensate for exposure to the non-financial risk. The calculated risk adjustment at future durations is discounted to the reporting date at the discount rate, to be held as a part of the total life insurance contract liability.

Compensa's cost of capital rate used for risk adjustment in the financial year 2024 amounts to 6.0% (2023: 6.0%).

Compensa's risk adjustment for life and health contracts corresponds to an average confidence level of 99,5% (2023: 99,5%).

2.10. Amortisation of the Contractual Service Margin (CSM)

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit a local company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period, before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period, equally to each coverage unit provided in the current period and expected to be provided in the future;
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

In order to determine the number of coverage units in a group of insurance contracts, the quantity of benefits provided to the policyholder which combines insurance coverage services and investment services has to be measured. When weighting different services, the consolidated group generally considers the split of the present value of premium in risk and savings part to weight the release components. However, in some cases there might be also the need to weight different insurance coverages when determining the number of coverage units in a group. The present value of premiums of each insurance coverage can be used for this.

The consolidated insurance companies determine the quantity of benefits and coverage units for its main product lines as follows:

For the non-life, health and non-life reinsurance business, the consolidated insurance companies approximate the insurance services provided with the projected earned premium, as the majority of these services is the insurance coverage. The coverage unit is therefore the projected earned premium.

For groups of life annuities contracts, the quantity of benefits for both insurance coverage and investment service are mathematical reserves, thus the coverage unit is also the mathematical reserve. For term without surrender value and riders, which only provide insurance coverage, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. For these products,

the coverage unit is therefore also the contractually agreed sum insured. For unit- and index-linked contracts the quantity of investment service is determined by fund value, therefore the fund value is used as coverage unit.

For endowment without riders and term insurance with surrender value a measure for insurance coverage is sum at risk and a measure for investment service is mathematical reserve. The sum assured is used as coverage unit, since it represents both components: the insurance component part (sum at risk) and the investment component part (mathematical reserve or fund value). In this case no further weighting is necessary.

For reinsurance contracts held, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

The total coverage units of each group of (re-)insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period.

2.11. Presentation

Under IFRS 17 the consolidated insurance companies separately present in the consolidated balance sheet the carrying number of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Assets due to insurance acquisition cash flows recognised before the commencement of the corresponding insurance contracts are included in the carrying amount of the related portfolios of insurance contracts issued.

The amounts recognised in the income statement and in the other comprehensive income (OCI) are disaggregated into an insurance service result, comprising insurance service revenue and insurance service expenses, and insurance finance result.

The change in risk adjustment for non-financial risk is disaggregated between the insurance result and insurance finance result.

The income or expenses from reinsurance contracts held are presented in the income statement in position insurance service result – reinsurance held. Therefore, the reinsurance service result is separately presented from the expenses or income from insurance contracts issued.

2.12. Insurance service revenue

The insurance service revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which it is expected to be entitled in exchange for those services.

For contracts not measured under PAA, insurance service revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts. For example, the amount of premiums paid to the consolidate insurance companies adjusted for financing effect (the time value of money) and excluding any investment components. The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage;
- other amounts like income tax that are specifically chargeable to the policyholder;
- the risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage;
- the CSM release and
- amounts related to insurance acquisition cash flows.

For significant management judgements applied to the amortisation of CSM, please refer to point 2.10

Under PAA (medical expenses insurance), the insurance revenue for the period is the amount of expected premium receipts excluding any investment component which is allocated to the period. The expected premium receipts to each period of insurance contract services are allocated mainly on a basis of a linear release pattern on local entity level.

If facts and circumstances changes, the basis of allocation between the two methods above will be made.

2.13. Insurance service expenses

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

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

Administrative costs that are directly related to the performance of contracts are recognized in the profit and loss statement as insurance service costs at the time they are incurred. Expenditures that meet the definition of acquisition costs are deferred. Costs that are not directly related to the performance of contracts are presented as other operating costs.

2.14. Loss components

Contracts that are onerous at initial recognition are grouped separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. For any onerous group a loss component of the liability for remaining coverage is established depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts or contracts profitable at inception that have become onerous. The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to the loss component and the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts since the loss component will have been materialised in the form of incurred claims.

For groups of contracts measured under the PAA, no contracts are assumed to be onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case and if at any time during the coverage period the facts and circumstances mentioned in 2.6.1 indicate that a group of insurance contracts is onerous a loss component has to be established as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in 2.7.1. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

2.15. Loss-recovery components

As described in 2.7.1, when a loss on initial recognition of an onerous group of underlying insurance contracts are recognized or when further onerous underlying insurance contracts are added to a group a loss-recovery component of the asset for remaining coverage is established for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the consolidated insurance companies expect to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

2.16. Insurance finance result

Insurance finance result comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money and
- the effect of financial risk and changes in financial risk, but
- excluding any such changes for groups of insurance contracts with direct participation features that would adjust the CSM but do not do so because the groups of contracts are onerous. These are included in insurance service expenses.

Compensa applies the option to disaggregate insurance finance result on insurance contracts issued for its life business between profit or loss and OCI. The OCI option allows inconsistent measurements (accounting mismatch) of assets and liabilities to be offset through equity, rather than through profit or loss. Such differences can, for example, occur for life insurance policies eligible for profit-participation. If the business model requires such measurement, the OCI option is used to minimise the accounting mismatch. For participations that are being held for strategic purposes, the OCI option is predominantly used in order to minimise the accounting mismatches mentioned above. Compensa's financial assets backing the insurance issued portfolios are predominantly measured at amortised cost or FVOCI.

The total insurance finance income or expenses are systematically allocated over the duration of the group of contracts to profit or loss using discount rates determined on group of insurance level.

2.17. Net income or expense from reinsurance contracts held

IFRS 17 requires a reinsurance contract held to be accounted for separately from the underlying insurance contracts to which it relates. Additionally, amounts arising from transactions with reinsurers shall be reported according to whether they relate to:

- the amounts recovered from the reinsurer or
- amounts allocated to premiums paid

With special treatment of:

- Reinsurance cash flows that are contingent on claims on the underlying contracts which are treated as part of the claims that are expected to be reimbursed under the reinsurance contract held.
- Reinsurance cash flows that are not contingent on claims of the underlying contracts (e.g. some types of ceding commissions) as a reduction in the premiums to be paid to the reinsurer.
- Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

2.18. Consolidation and business combinations

Branches

Branches are economic entities established for offering services on behalf of the company (Compensa Life Vienna Insurance Group SE). A branch is not an independent legal person. The Compensa is liable for the obligations arising from the activities of the branch. The accounts of foreign branches are maintained separately. Branches prepare their financial statements for the same periods and using the same accounting policies as the Compensa. Any balances, transactions and profits and losses arising from transactions between the group and its branches are eliminated in full.

Subsidiaries

A subsidiary is an entity that is controlled by the group. Control is presumed to exist when the group has power to govern, directly or indirectly, an entity's operating and financial policies so as to obtain benefits from its activities. Consolidation of the subsidiary begins from the date the group obtains control and ceases when the group loses control of the subsidiary.

Transactions eliminated on consolidation.

In preparing consolidated financial statements, the financial statements of the parent and all entities under its control are combined line by line. Intragroup balances and transactions, and unrealised profits and losses resulting from intragroup transactions are eliminated (intragroup losses are eliminated to the extent there is no indication of impairment).

Parent company's separate primary financial statements presented in the notes.

Under the Estonian Accounting Act, the notes to the consolidated financial statements must include the separate primary financial statements of the consolidating entity (the parent). The parent's primary financial statements have been prepared using the same accounting policies as those applied in the preparation of these consolidated financial statements except for investments in subsidiaries, which in the parent's financial statements are measured using the cost method.

2.19. Cash and cash equivalents.

Cash and cash equivalents comprise cash on hand and balances on current accounts (excluding overdrafts).

2.20. Financial assets

Purchases and sales of financial assets are recognised using settlement date accounting. A financial asset is derecognised on the day that it is transferred by the group.

Financial assets are divided into the following categories:

- Measured at amortized cost
- Measured at fair value through other comprehensive income
- Measured at fair value through profit or loss

The classification of financial assets is based on both, the entity's business model for managing the financial assets and the contractual cash flow characteristics (SPPI-Test) of the financial asset.

2.20.1. Business model assessment

The Compensa determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Compensa holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Compensa considers the timing, amount, and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Compensa's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Compensa's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of asset sales are also important aspects of the Compensa's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Compensa's original expectations, the Compensa does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.20.2. The Solely payments of principal and interest test (SPPI test)

As a second step of its classification process the Compensa assesses the contractual terms to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Compensa applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.20.3. Financial assets measured at amortized cost

A financial asset is valued at amortized cost if both of the following conditions are met:

- financial assets are held according to a business model, the purpose of which is to hold financial assets in order to collect the cash flows provided for in the contract;
- due to the terms of the financial asset contract, cash flows that are only payments of the principal amount and interest on the outstanding principal amount may occur on specified dates.

Such assets are measured at fair value on initial recognition plus any directly attributable transaction costs. After initial recognition, such assets are measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses.

Assets held at amortized cost are loans and time deposits.

2.20.4. Financial assets measured at fair value through other comprehensive income

A financial asset is recorded at fair value if the following two conditions are met, and the financial asset is not measured at fair value through profit or loss:

- financial assets are held according to a business model, the goal of which is achieved by collecting contractual cash flows and selling financial assets;
- the terms of the contract result in cash flows on fixed dates that are only payments of principal and interest on the amount outstanding.

Such assets are measured at fair value on initial recognition plus any directly attributable transaction costs. After initial recognition, such assets are measured at fair value. Interest income is calculated using the effective interest method, impairment costs and currency exchange gains (losses) are recognized in the profit (loss) of the reporting period. Other net income and expenses are recognized in other comprehensive income. At the time of derecognition, accumulated gains and losses in other comprehensive income should be reclassified to profit (loss). Using the FVOCI method, bonds are recorded in the Compensa portfolio.

2.20.5. Financial instruments measured at fair value through profit (loss)

Financial instruments measured at FVTPL:

- Debt instruments have been designated to FVTPL category upon initial recognition by management.
- Debt instruments which are mandatorily required to be measured at FVTPL under IFRS 9.
- Debt instruments that are neither measured at AC nor at fair value through other comprehensive income.

This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell. Dividend income from equity instruments measured at fair value through profit (loss) is recorded in profit or loss as other operating income when the right to the payment has been established.

2.20.6. Impairment of financial assets

The Compensa recognizes an allowance for expected credit loss (as follows ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the

contractual cash flows due in accordance with the contract and all the cash flows that the Compensa expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

The Compensa's debt instruments comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Euroland Credit Agency and, therefore, are considered to be low credit risk investments. It is the Compensa's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Compensa will sell the bond and purchase bonds meeting the required investment grade.

The Compensa considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Compensa may also consider a financial asset to be in default when internal or external information indicates that the Compensa is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ECL for debt instruments at amortized cost is included in asset value (Note 5), ECL for debt instruments at fair value through other comprehensive income is included in OCI fair value reserves. ECL changes are shown as net impairment loss on financial statements (Note 5).

2.20.7. The calculation of ECLs

ECLs are calculated based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **Probability of Default (PD):** The PD is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information. VIG uses the following segments for its portfolio:
 - Corporates
 - Sovereigns
 - The segment Sovereigns consists of all bonds issued by public authorities, whether by central governments, supra-national government institutions, regional governments or local authorities and bonds that are fully, unconditionally and irrevocably guaranteed by these institutions. All other exposures are treated within the corporates segment.
- **Exposure at Default (EAD):** The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- **Loss Given Default (LGD):** The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that are expected to be received. It is usually expressed as a percentage of the EAD.

Concerning the segmentation of LGDs, the following segments will be used:

- Subordinated debt
- Senior unsecured debt– Sovereigns
- Secured debt: The Secured segment at VIG covers all positions secured by mortgage as well as covered bonds.– For unsecured assets, VIG will apply predefined LGDs, which are not time-dependent (flat LGD curves).

Assets subject to ECL calculations are allocated into one of the following categories:

- **12 months ECL (Stage 1):** Stage 1 allows a low credit risk or no significant increase in credit risk. It is calculated as the portion of the lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. Stage 1 allowance is calculated based on the expectation of a default occurring in the 12 months following the reporting date.
- **Stage 2:** Assets classified under Stage 2 show a significant increase in credit risk (and not low credit risk) therefore the lifetime ECL must be calculated.
- **Stage 3:** Within this stage credit losses have already been incurred or assets have actually been credit impaired. Due to that fact, the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate should be considered.

In accordance with IFRS, debt instruments measured at AC or measured at FVtOCI must follow the staged approach. The VIG approach is set as follows:

- **Stage 1 – 12-months ECL**
 - non-POCI assets at initial recognition
 - assets that fall within the scope of the low credit risk exemption, as well as
 - assets that are not defaulted, not eligible for Stage 2 triggers and show no significant change in ratings
- **Stage 2 – Lifetime ECLs (effective interest rate on gross carrying amount)**
 - are past due for at least 30 days or
 - respond to one of the predefined forward-looking indicators
- **Stage 3 – Lifetime ECLs (effective interest rate on amortised costs)**
 - assets fulfilling the default definition of VIG
- **Stage 0 – POCI**

Debt instruments measured at FVtOCI

As the carrying amount of the debt instruments measured at FVtOCI corresponds to the fair value the risk provision to be recognised does not lead to a reduction on the asset side of the balance sheet. Instead an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

Forward looking information

In the Group-wide ECL models, it can be relied on a broad range of forward-looking information such as external and internal ratings, forecasts of macroeconomic variables or qualitative credit risk.

2.21. Property, plant and equipment

Items of property, plant and equipment are tangible assets used in the group's operating activity that have a useful life of over one year. An item of property, plant and equipment is recognised initially at its cost, which comprises the purchase price (including customs duties and other non-refundable taxes) and any other costs directly attributable to bringing the asset to the location and condition necessary for it to be operating in the intended manner. After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any impairment losses. Assets held under finance leases are accounted for similarly to purchased assets.

Subsequent expenditure on an item of property, plant and equipment is recognised in the carrying amount of the item when it is probable that future economic benefits associated with the item will flow to the group and the expenditure can be measured reliably. The costs of day-to-day servicing and repair of an item are recognised as an expense as incurred.

Items of property, plant and equipment are depreciated using the straight-line method. Each item is assigned a depreciation rate that corresponds to its useful life. The annual depreciation rates for classes of property, plant and equipment are as follows:

• land	not depreciated
• works of art	not depreciated
• buildings and structures	2%
• vehicles, machines and equipment	20%
• computers and computer systems	20-33%
• other equipment, fixtures and fittings	20-50%

Only the difference between the cost and residual value of an item of property, plant and equipment is depreciated over its useful life. At each reporting date, the depreciation rates, methods and residual values assigned to assets are reviewed. When the residual value of an asset increases to an amount greater than the asset's carrying amount, depreciation is discontinued.

Works of art with permanent value and other items of property, plant and equipment that have an unlimited useful life are carried at cost and they are not depreciated.

The group assesses whether there is any indication that an item of property, plant and equipment may be impaired. When the recoverable amount of an item of property, plant and equipment (i.e. the higher of its fair value less costs to sell and its value in use) is less than its carrying amount, the item of property, plant and equipment is written down to its recoverable amount.

2.22. Leases

Under the standard IFRS16, "Leases", the lessee recognises all lease liabilities on-balance sheet. Lease liabilities are recognised on the liabilities side and the assets held under a lease contract are recognised on the assets side as right-of-use assets.

The lease liability is initially measured at the present value of the lease payments not paid by the commencement date of the lease, using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Lease payments include the following components:

- fixed lease payments
- variable lease payments depending on an index or a rate (e.g. inflation rate, Euribor etc.)
- amounts expected to be payable under a residual value guarantee
- the exercise price of a purchase, extension or termination option (if the lessee is reasonably certain to exercise or not exercise that option, i.e. it is reflected in the lease term)

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease until the end of the lease term unless the ownership of the underlying asset transfers to the entity at the end of the lease term or the carrying amount of the right-of-use assets indicates that the entity plans to exercise the purchase option. In that case, the underlying asset is depreciated over its entire estimated useful life, which is determined using the same approach as for similar items of property, plant and equipment owned by the Compensa. After initial recognition, right-of-use assets are depreciated, and interest is recognised on the lease liability. In accordance with IFRS 16, one of the two rates is used as the discount rate:

- the interest rate implicit in the lease if this can be readily determined, or
- the lessee's incremental borrowing rate – the rate of interest that a lessee would have to pay to borrow the funds necessary to obtain the right of use of a similar asset.

The interest rate (discount rate) is 2.0% for lease liabilities in Estonia and 2.6% for those in Latvia and Lithuania. The interest rate is based on the country- and industry-specific cost of debt rate. Under the new lease accounting model, the pattern of expense is front-loaded, although the lessee pays constant

monthly rentals. Lease accounting model excludes leases of low-value assets (up to 5 000 euros according to the classification applied by VIG group) and short-term leases (up to 12 months).

Both the lease liability and the right-of-use asset are recognised at the present value of lease payments. After initial recognition, leased assets are recognised at amortised cost – at cost less depreciation. The depreciation period is the lease term.

The lease liability must be remeasured in the balance sheet on the reassessment of lease payments – the method depends on the reason for remeasurement:

- there is a change in the assessment of the option to purchase the leased asset, or the option to extend or terminate the lease (the exercise of the option has become, or is no longer, “reasonably certain”) – the revised lease payments should be discounted using a revised discount rate;
- there is a change in the amounts expected to be payable under a residual value guarantee – the revised lease payments should be discounted using an unchanged discount rate;
- there is a change in lease payments resulting from a change in an index or a rate used to determine the payments – the revised lease payments are assumed to apply until the end of the lease term. The revised lease payments are to be discounted using the original (unchanged) discount rate.

The carrying amounts of leased assets are adjusted in line with the lease liabilities.

The Compensa may also sublease, i.e. re-lease a right-of-use asset to a third party. A subleasing arrangement may be an operating lease (if the right-of-use is subleased) or a finance lease (if the underlying asset is subleased). Sub-leases are classified into operating, or finance leases as follows:

- if the head lease is a short-term lease, which the lessee has elected not to recognise, the sublease is classified as an operating lease;
- otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

If the lessee subleases an asset or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease).

2.23. Other financial liabilities

All other financial liabilities (trade payables, other short and long-term liabilities, loans received, debt securities issued) are initially recognised at their fair values and are subsequently measured at their amortised cost using the effective interest method. The amortised cost of current financial liabilities generally equals their nominal value; therefore, current financial liabilities are measured in the balance sheet at the amount payable.

Non-current financial liabilities are initially recognised at the fair value of the consideration received (less transaction costs). In subsequent periods, they are measured at their amortised cost using the effective interest method.

2.24. Other provisions and contingent liabilities

A provision is recognised when the group has a present obligation arising from an obligating event that occurred before the reporting date and derives from a contract or legislation or the group’s established pattern of past practice. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation but the timing or amount of the obligation are uncertain.

Provisions are recognised based on management’s estimates of the expenditure required to settle the present obligation and the time the obligation has to be settled. A provision is recognised in an amount which according to management’s estimates is required to settle the obligation at the reporting date or to transfer it to a third party. A provision is measured at its discounted value (the present value of the

expected outflows) unless the effect of discounting is immaterial. Expenses on provisions are recognised in the period in which they are incurred.

2.25. Corporate income tax

Under Estonian legislation, corporate profit is not subject to income tax and thus deferred tax assets and liabilities do not arise. In place of profit, income tax is charged on dividends distributed from retained earnings. The tax rate is 20% and the amount of tax payable is calculated as 20/80 of the net dividend (as from 1 January 2015).

From 1 January 2025, the income tax rate on dividends will be 22% (22/78 of the net dividends paid). The previously preferential rate of 14% (14/86) for regular profit distributions has been abolished and a single taxation will apply to all dividends. The corporate income tax payable on a dividend distribution is recognised as an expense in the period in which the dividend is declared, regardless of the period for which the dividend is declared or the period in which the dividend is actually distributed.

In Lithuania, corporate profit is subject to income tax at the rate of 15%. Accordingly, in those countries deferred tax assets and liabilities may arise (see note 34). Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

In Latvia, a new Law on Corporate Income Tax took effect on 1 January 2018, which changed both the tax bases and the procedure of paying taxes. The new corporate income tax rate is 20% (until 31 December 2017, corporate earnings were subject to 15% income tax similarly to Lithuania) and the taxation period was changed for one month (previously one year). The tax bases are as follows:

- profit distributions (dividends calculated, payments equivalent to dividends, conditional dividends);
- conditional or theoretical profit distributions (non-business expenses doubtful debts excessive interest payments loans to related parties decreases in income or excessive expenses incurred by entering into transactions at prices other than market prices benefits provided by a non-resident to its staff or members of the management board (supervisory board) regardless of whether the recipient is a resident or a non-resident if they relate to the operation of a permanent establishment in Latvia).

The use of tax losses carried forward from previous periods is limited: the losses can be used to reduce the amount of tax payable on dividends in the reporting period by up to 50%. Unused tax losses can be carried forward and used in the above manner until 2022.

The new law also changed the principles underlying the taxation of corporate profit. From 1 January 2018, profit is taxed only when it is distributed and the tax rate applied is 20% (previously corporate earnings were taxed annually at the rate of 15%). The tax rate for undistributed profit is 0%.

2.26. Deferred tax

Deferred tax is recognised for temporary differences that arise between the carrying amounts of assets and liabilities and their tax bases (the tax base is the amount attributed to an asset or liability for tax purposes).

Under Estonian laws, corporate profit for the year is not subject to taxation. The obligation to pay income tax arises on the distribution of profit and is recognised as an expense (in profit or loss for the period) when the dividend is declared. Due to the nature of the taxation system, companies registered in Estonia do not have deferred tax assets or liabilities except for possible deferred tax liabilities related to investments in subsidiaries, associates, joint ventures and branches.

The group incurs deferred tax liabilities in connection with investments in entities domiciled in countries where profit for the year is subject to income tax.

The group also incurs deferred tax liabilities in connection with investments in subsidiaries, associates, joint ventures and branches domiciled in Estonia (and Latvia) except to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Examples of the reversal of taxable temporary differences include the distribution of a dividend, the disposal of an investment, and similar transactions.

Since the group controls the dividend policy of its subsidiaries and branches, it is also able to control the timing of the reversal of the temporary differences associated with those investments. If the parent has decided not to distribute the profit of a subsidiary or a branch in the foreseeable future, it does not recognise a deferred tax liability. If the parent expects a dividend to be distributed in the foreseeable future, it recognises a deferred tax liability to the extent of the expected dividend distribution assuming that at the reporting date there are sufficient funds and equity from which profit can be distributed in the foreseeable future.

2.27. Financial liabilities

Financial liabilities are accounted for when the Compensa undertakes to pay in cash or make a settlement by other assets. These are the financial liabilities not related to market prices. First the Compensa recognizes the financial liability at the acquisition cost, i.e. at the value of assets or services received. Subsequently, they are measured at amortized cost using the effective interest method.

2.28. Cash flow statement

The cash flow statement has been prepared using the direct method. Cash and cash equivalents include cash in hand and cash in bank. The received dividends are shown as investment activity in the cash flows statement, and paid dividends as financing activity. The received interest is shown in investing activity.

2.29. Revenue

Fee and commission income

Fee and commission income is recognised on an accrual basis after the service has been provided. Investment management and consulting fees are recognised based on relevant service contracts on an accrual basis. Other fee income and other income are recognised on an accrual basis when the transaction has been performed.

Interest income

Interest income is recognised in profit or loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, cash flows are estimated considering all contractual terms of the financial instrument but not considering future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down due to impairment, interest income on them is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Dividend income

Dividend income is recognised when the right to receive payment is established and collection of income is probable.

2.30. New and revised standards and interpretations

The IASB has issued a number of new or revised standards and interpretations in 2024. These standards are divided into two sub-sections below - standards endorsed by the European Union on 18 November 2024, which are effective for annual periods beginning after 1 January 2024, and standards and interpretations not yet endorsed by the European Union, which are effective for annual periods beginning after 1 January 2024.

2.30.1. New or amended standards and interpretations, that do not yet apply to the 2024 report

The following new standards, interpretations and amendments were not yet effective for the reporting period ended 31 December 2024 and have not been applied in preparing these consolidated financial statements. Compensa plans to adopt these pronouncements when they become effective:

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability (Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted).

Under IAS 21 *The Effects of Changes in Foreign Exchange Rates*, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency.

IAS 21 was amended to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

The amendments also include additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements

Compensa does not expect the amendments to have a material impact on its financial statements when initially applied.

2.30.2. Unadopted changes that will not yet apply to the 2024 report

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments (Effective for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.)

Settlement of liabilities through electronic payment systems

There has been diversity in practice over the timing of the recognition and derecognition of financial assets and financial liabilities, particularly when they have been settled using electronic payment system. The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised.

Under the amendments, a company generally derecognises its financial liability on the settlement date. Normally this is the date, on which payment is completed.

The amendments also provide an exception, which allows the company to derecognise its financial liability before the settlement date, i.e. on the date when payment is initiated and cannot be cancelled. The exception is available when the company uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

the settlement risk associated with the electronic payment system is insignificant.

Companies can choose to apply the exception to electronic payments on a system-by-system basis.

Classification of financial assets with contingent features

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with contingent features represented SPPI, which is a condition for measurement at amortised cost. This could have resulted in such assets being measured at fair value through profit or loss.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from the cash flows of an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features..

Contractually linked instruments (CLIs) and non-recourse features

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test).

Disclosures on investments in equity instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value through other comprehensive income (FVOCI).

Compensa does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IFRS 18 Presentation and Disclosure in Financial Statements (Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.)) IFRS 18 replaces IAS 1 Presentation of Financial Statements. The major changes in the requirements are summarised below.

A more structured statement of profit or loss

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing.

Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

- nature;
- function; or
 - using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

MPMs – Disclosed and subject to audit

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management-defined Performance Measures ("MPMs"), requiring them to be:

- a subtotal of income and expenses;
 - used in public communications outside the financial statements; and
 - reflective of management's view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Greater disaggregation of information

To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

Other changes applicable to the primary financial statements

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a separate line item on the face of the balance sheet.

Transition

In its annual financial statements prepared for the period in which the new standard is first applied, an entity shall disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- the restated amounts presented applying IFRS 18; and
- the amounts previously presented applying IAS 1.

Compensa plans to apply the new standard from 1 January 2027.

Annual Improvements to IFRS Standards Volume 11 ((Effective for annual reporting periods on or after 1 January 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied).

In this volume of improvements, the IASB makes minor amendments to IFRS 9 Financial Instruments and to a further four accounting standards¹. The amendments to IFRS 9 address:

- a conflict between IFRS 9 and IFRS 15 *Revenue from Contracts with Customers* over the initial measurement of trade receivables; and
- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9.

The amendments to IFRS 9 require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. They also clarify that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

Compensa plans to apply the improvements from 1 January 2026.

Note 3 Risk management

To manage the risks inherent in its operations, Compensa has set up a risk management system. The risk management system is part of the governance system and consists of strategies, processes and intra-group reporting that is required for identifying, quantifying, constantly monitoring, managing and organising the reporting of all significant risks. Organising risk management is the responsibility of the management board. However, the daily risk management function has been assigned to the risk manager. Compensa's risk management system complies with applicable laws and regulations and VIG's group-wide standards and guidelines.

On a daily basis, risk management is supported by the practice of granting rights and powers to specific individuals and the internal control system. Most of Compensa's employees have long-term industry experience, which ensures good knowledge of the insurance products, processes and software. At least once a year, Compensa carries out a comprehensive risk inventory and, concurrently, an assessment of the effectiveness of its internal control system.

Risk strategy is embedded in the business strategy, which ensures effective risk management and supports the Compensa's solvency and informed risk management. Compensa's risk strategy establishes risk limits for current and forward-looking solvency positions. These indicators are a key input for a forward-looking risk management process and own risk and solvency assessment (ORSA).

The results of risk inventory and assessment are discussed by the management board and taken into account in preparing business plans and adopting daily management decisions. Risk assessment results are also reported to VIG's risk management function and the results of forward-looking own risk assessment are also discussed by Compensa's supervisory board.

This report describes management of the following risks that are significant for Compensa:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk

3.1 Insurance risk

Due to the nature of its business, Compensa issues contracts that transfer insurance risk from the policyholder to the insurer. The contracts carry the risk of loss or the risk that the value of insurance contract liabilities may change unpredictably due to insufficient estimation or incorrect assumptions. The risk may arise when the frequency or size of insured events exceeds Compensa's assumptions.

Insurance events are random and therefore the actual number and size of claims and benefits will differ from year to year from assumptions obtained using statistical techniques.

The larger the portfolio of similar insurance contracts, the smaller the relative difference between the actual outcome and statistical assumptions. The more diversified the insurance portfolio, the lower the impact of an event on the portfolio as a whole.

Compensa offers guaranteed-interest, term life and unit-linked products and, at its Latvian and Lithuanian branches, also health insurance. Guaranteed-interest insurance products comprise endowment, children's and pension insurance. Term life insurance products comprise risk and loan insurance. Unit-linked products are also endowment insurance products (endowment, children's and pension insurance) but the investment risk is borne by the policyholder. Additional risk covers (covers for critical illnesses, permanent disability, and death, permanent disability and temporary incapacity for work resulting from an accident) can be added to the main contract. Customers may choose a suitable premium amount and payment schedule in the framework of product terms. Product terms allow the customer certain deviations from the agreed payment schedule.

For contracts where the insured event is death or survival to a certain date, the most significant factors that affect risk are the policyholder's lifestyle including, in particular, the levels of smoking and alcohol consumption and physical activity and exercise. Risk is also influenced by the level of education, medical care and social security as well as changes in the field of activity.

Compensa will implement new mortality and tariff tables when the tariffs calculated based on currently used tables cease to provide adequate cover against its insurance risks.

Compensa controls and manages insurance risk through its underwriting procedures. It has established limits for concentrations of specific insurance risks. Depending on the age of the insured person and the insured amount, a medical examination may be required. Compensa also balances the aggregate risk of its portfolio by maintaining a balance between contracts bearing mortality risk and the risk of survival.

Besides the above measures, Compensa limits its maximum risk retention. All losses that exceed 30 000 euros are to be covered by a reinsurer.

Uncertainty about future claims, benefits and premiums of long-term contracts arises from the unpredictability of changes in general mortality and policyholder behaviour.

In determining mortality, Compensa relies on the statistical mortality tables prepared by the Estonian, Latvian and Lithuanian national statistics offices and the Finnish pension insurance market statistics on mortality, which according to Compensa's assessment reflect adequately the risks inherent in the company's operating environment and customer base.

The sale of health insurance has increased in recent years. Compensa has issued many contracts with relatively small insured amounts where potential loss per insured person is small. Therefore, concentration risk is not considered to be high.

Insurance risk includes the risk of surrender. A general deterioration of the economic environment is the main factor that reduces policyholders' ability to save and increases the risk of contract surrender. Future cash inflows from premium payments may also be smaller than expected or diverge from the expected schedule.

Compensa analyses the probability of future cash inflows and adopts measures, including proactive customer relations management, to find solutions for policyholders' financial difficulties. Management adjusts the company's governance and future plans to changes in cash flows.

31.12.2024				
In euros	GMM	PAA	VFA	Total
Insurance assets	991 028	0	0	991 028
Estonia	960 840	0	0	960 840
Latvia	30 188	0	0	30 188
Insurance liabilities	-332 792 982	-16 262 635	-210 270 403	-559 326 020
Estonia	-93 391 905	-28 338	-25 943 227	-119 363 470
Latvia	-163 316 648	-6 319 062	-37 291 150	-206 926 860
Lithuania	-76 084 429	-9 915 235	-147 036 026	-233 035 691

31.12.2023				
In euros	GMM	PAA	VFA	Total
Insurance assets	658 387	0	0	658 387
Estonia	502 412	0	0	502 412
Latvia	45 422	0	0	45 422
Lithuania	110 553	0	0	110 553
Insurance liabilities	-312 764 943	-9 788 876	-142 250 693	-464 804 512
Estonia	-98 357 121	0	-21 023 905	-119 381 026
Latvia	-146 884 951	-4 557 673	-30 735 590	-182 178 213
Lithuania	-67 522 871	-5 231 204	-90 491 198	-163 245 272

3.2 Market risk

Market risk is the risk of loss or the risk of unpredictable changes in the group's financial position that results directly or indirectly from fluctuations in the market prices of assets, liabilities and financial instruments. Market risk consists of interest rate risk, currency risk and other price risk.

Market risk arises primarily from investing the assets of guaranteed-interest insurance and investment contracts. The activity involves the risk that due to fluctuations in interest rates, interest income and proceeds from the disposal of investments are not sufficient for covering contractual liabilities. The cash flows of guaranteed-interest contracts are presented in the paragraph *Liquidity risk*.

To manage its market risk, Compensa has developed an investment policy which outlines its investment strategy and the principles of investing in different asset classes, performing risk analyses and exercising control. Compensa also monitors legal and regulatory requirements and restrictions on investing committed assets. The value of committed assets, i.e. assets acquired for covering the liabilities arising from insurance contracts (insurance provisions and financial liabilities), may not, at any time, be lower than the value of relevant liabilities.

The investment policy is reviewed whenever necessary but not less frequently than once a year.

3.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As a rule, the fair value of floating-rate debt securities changes in line with changes in interest rates. Floating-rate debt securities involve cash flow risk because when interest rates decrease, their yields decline. A decrease in the yields of interest-bearing assets in a situation where interest liabilities remain unchanged would have a negative impact on Compensa's profit. The yields and cash flows of fixed-interest debt securities are not affected by changes in market interest rates. However, changes in market interest rates affect their fair value. The cash flows and risk exposures of debt securities are presented in paragraph 3.7

FVOCI Financial assets by geographical area:

In euros	31.12.2024	31.12.2023
Lithuania	31 712 170	30 448 055
France	28 742 427	23 972 101
Estonia	25 601 223	20 852 365
Latvia	21 494 899	21 349 290
Austria	15 379 735	16 350 922
Slovenia	14 561 664	14 817 611
Netherland	13 968 847	12 289 191
Slovakia	11 777 015	11 792 678
Poland	11 500 290	13 451 264
Germany	10 585 383	6 891 055
Ireland	8 028 410	4 283 199
Finland	7 602 602	7 658 064
Denmark	7 514 292	7 385 524
Supranational	9 529 031	7 314 912
Spain	7 098 257	6 102 605
European Union Institutions	8 739 241	6 970 743
United States	6 182 929	6 204 914
Belgium	4 962 557	5 061 283
Other countries ¹	4 953 367	5 590 721
Hungary	4 135 868	3 568 016
Sweden	3 855 546	1 851 299
Great Britain	3 106 914	4 368 263
Luxembourg	2 777 458	2 968 293
Italy	1 929 961	1 218 157
TOTAL	265 740 083	242 760 524

¹- All positions in countries which is under 1 million euro is summarized under "Other countries".

A +/-1.0 percentage point change in interest rates as at the reporting date would have resulted in a - 20,19/+23,63 million euro change in the value of the debt securities portfolio which is reported within fair value through other comprehensive income financial assets (bonds); this would have had a direct impact on Compensa's equity. The change in interest rates would have had no impact on profit or loss. There is no effect of the change in interest rates on the existing loan and deposit portfolio, as the interest rate is fixed at the time of signing the contract.

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

The interest rate impact to CSM — Changes in the amount of the Group's share of the fair value of underlying items of profitable direct participating contracts to which the risk mitigation option is not applied.

3.4 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

All insurance contracts issued in Estonia, Latvia and Lithuania are denominated in euros and assets that back their liabilities are also denominated in euros. Assets backing liabilities from those contracts are also denominated in euros. In 2024, Compensa made investments in financial instruments denominated in the following currencies:

- USD – Shares, fund units and debt securities
- GBP – Shares and fund units
- DKK – Debt securities
- SEK – Shares

Compensa's exposure to currency risk:

In euros	31.12.2024					
	EUR	USD	GBP	DKK	SEK	CZK
Cash and cash equivalents	23 094 417	1 111	2 425	1 964	0	2 682
Financial investments	597 664 071	160 919	84 775	7 565 547	126 319	0
Insurance contract assets	2 102 475	0	0	0	0	0
Reinsurance contract assets	1 164 769	0	0	0	0	0
Other assets and receivables	21 958 515	0	0	0	0	0
Total assets	645 984 246	162 030	87 200	7 567 512	126 319	2 682
Financial liabilities	559 326 020	0	0	0	0	0
Insurance contract liabilities	760 269	0	0	0	0	0
Reinsurance contract liabilities	1 985 383	0	0	0	0	0
Other liabilities	6 881 173	0	0	0	0	0
Total liabilities	568 952 845	0	0	0	0	0
Currency cap	84 974 462	162 030	87 200	7 567 512	126 319	2 682

31.12.2023					
In euros	EUR	USD	GBP	DKK	SEK
Cash and cash equivalents	19 930 531	9 403	2 259	1 302	0
Financial investments	504 230 010	229 859	113 495	7 119 975	54 668
Insurance contract assets	658 387	0	0	0	0
Reinsurance contract assets	119 920	0	0	0	0
Other assets and receivables	23 443 377	0	0	0	0
Total assets	548 382 226	239 262	115 753	7 121 278	54 668
Financial liabilities	464 804 512	0	0	0	0
Insurance contract liabilities	1 537 089	0	0	0	0
Reinsurance contract liabilities	1 576 044	0	0	0	0
Other liabilities	3 944 008	0	0	0	0
Total liabilities	471 861 653	0	0	0	0
Currency cap	76 520 573	239 262	115 753	7 121 278	54 668

A +/- 1% change in the exchange rate of the euro against currencies not pegged to the euro at the reporting date would have changed Compensa's profit by +78,7 thousand /- 80,3 thousand euros (31 December 2023: would have changed profit by +74,6 thousand /- 76,1 thousand euros). The effect is such if other parameters remain constant.

3.5 Equity price risk

Compensa exposure to equity price risk arises from its investments in equity securities and collective investment schemes that invest in equities. Equity price risk arising from the underlying items of participating contracts is generally borne by contract holders except to the extent of the Group's share of the performance of the underlying items.

Investment limits require business units to hold diversified portfolios of assets and restrict concentrations to geographies and industries. Compensa does not have a significant concentration of equity price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Investments exposed to price risk include shares and fund units in Compensa's own investment portfolio that are measured at fair value through profit or loss. The position exposed to price risk in Compensa's investment portfolio is 53.40 million euro. Fund units account for 97.0% and single stocks for only 3.0% of Compensa's price risk exposure.

In euros	31.12.2024	31.12.2023
Shares	1 597 360	1 680 515
Investment funds own	51 813 907	44 599 600
Unit-linked investment funds	257 747 226	191 169 108
Total	311 158 493	237 449 224

Fund units by fund type and geographical area in carrying amount as at 31 December 2024:

31.12.2024					
In euros	Global	Europe	America	Asia	Total
Shares	0	1 371 603	225 757	0	1 597 360
Investment funds – own	10 859 119	40 612 192	260 530	82 066	51 813 907
Equity funds	131 695	1 100 371	260 530	82 066	1 574 662
Mixed funds	7 825 714	0	0	0	7 825 714
Debt funds	1 118 667	7 609 958	0	0	8 728 625
Hedge funds	1 783 043	24 744	0	0	1 807 787
Property funds	0	31 877 119	0	0	31 877 119
Investment funds - unit-linked	125 120 683	17 578 196	109 577 878	5 470 469	257 747 226
Equity funds	5 816 483	17 578 196	109 577 878	5 470 469	138 443 026
Mixed funds	94 987 648	0	0	0	94 987 648
Debt funds	24 316 552	0	0	0	24 316 552
TOTAL	135 979 802	59 561 991	110 064 165	5 552 535	311 158 493

31.12.2023					
In euros	Global	Europe	America	Asia	Total
Shares	0	1 392 214	288 302	0	1 680 516
Investment funds - own	7 564 867	36 392 257	315 461	28 680	44 301 265
Equity funds	53 012	246 740	315 461	28 680	643 893
Mixed funds	6 585 873	0	0	0	6 585 873
Debt funds	925 982	7 890 491	0	0	8 816 473
Property funds	0	28 255 026	0	0	28 255 026
Investment funds – unit-linked	110 751 352	16 098 614	60 189 759	4 427 718	191 467 443
Equity funds	3 868 895	16 098 614	60 189 759	4 427 718	84 584 986
Mixed funds	84 585 688	0	0	0	84 585 688
Debt funds	22 296 769	0	0	0	22 296 769
TOTAL	118 316 219	53 883 085	60 793 522	4 456 398	237 449 224

A +/-1% change in the market prices of shares and fund units held as at the reporting date would have changed Compensa's profit and equity by +/- 536,7 thousand euros (2023: +/- 462 thousand euros).

3.6 Credit risk

Credit risk is the risk of loss or the risk of unpredictable changes in the group's financial position due to fluctuations in the credit ratings of those securities issuers, transaction counterparties and debtors with whom Compensa comes into contact in the framework of counterparty insolvency risk or concentration risk.

Compensa's credit risk exposures arise mainly from investment in debt securities and reinsurance. Compensa has entered into a reinsurance contract with VIG Re, a reinsurance company that belongs to the same group as Compensa's parent company, and also a proportional accident reinsurance contract with the parent company (VIG). The credit ratings of both reinsurers are A+ according to Standard & Poor's.

All separate accident insurance contracts and additional accident insurance covers are reinsured. Compensa does not consider the credit risk arising from reinsurance to be high.

Investment-related financial risks are managed through the investment policy, which outlines the limits and lowest permitted ratings for investments in debt securities. According to the policy, in general the permitted minimum rating for debt securities is A (Standard & Poor's). In limited quantities, it is allowed to acquire debt securities with a BBB rating (Standard & Poor's). At the time of purchase, the ratings

of the instruments were in compliance with the policy but since then several ratings have been lowered in connection with the economic difficulties persisting in Europe. Compensa monitors and analyses the changes in the ratings of debt securities held consistently and with due care and makes appropriate changes to the structure of its portfolio as and when necessary.

To protect insurance risks, Compensa has concluded reinsurance agreements mainly with two reinsurance companies belonging to the VIG Group - VIG Re and VIG Holding. Both reinsurance companies have high credit ratings.

The reinsurance company VIG Re, founded in 2008 in Prague, is a successful provider of reinsurance both for VIG insurance companies and also for external partners. It has established itself as an important company in the CEE region and follows a conservative underwriting and investment strategy. Standard & Poor's again confirmed the "A+" rating of VIG Re with a stable outlook at the end of 2023.

VIG Holding VIG Holding primarily focuses on managerial tasks for the Group. It also operates as the reinsurer for the Group as well as in the international corporate business. S&P confirmed the "A+" rating, combined with a "stable" outlook, in November 2023.

Financial assets (debt instruments) exposed to credit risk:

31.12.2024								
Measured at FVOCI	AAA	AA	A	BBB	BB and lower	Without rating	Book value	Risk provision
Stage 1								
Bonds	35 918 845	54 833 393	130 445 291	37 514 244	3 316 902	3 281 372	265 310 046	-173 495
Stage 2								
Bonds	0	0	0	430 037	0	0	430 037	-1 349
TOTAL MEASURED IN FVOCI	35 918 845	54 833 393	130 445 291	37 944 281	3 316 902	3 281 372	265 740 083	-174 844

31.12.2023								
Measured at FVOCI	AAA	AA	A	BBB	BB and lower	Without rating	Book value	Risk provision
Stage 1								
Bonds	24 254 498	53 199 515	120 904 315	37 448 946	3 967 561	2 554 670	242 329 506	-178 551
Stage 2								
Bonds	0	0	0	431 018	0	0	431 018	-1 707
TOTAL MEASURED IN FVOCI	24 254 498	53 199 515	120 904 315	37 879 964	3 967 561	2 554 670	242 760 524	-180 258

31.12.2024							
Measured at AC	A	BBB	BB and lower	Without rating	Gross carrying amount	Risk provision	Net carrying amount
Stage 1							
Loans	0	3 755 370	3 992 034	14 594 166	22 341 571	-131 239	22 210 332
Term deposits	6 588 237	0	0	0	6 588 237	-859	6 587 378
TOTAL MEASURED AT AC	6 588 237	3 755 370	3 992 034	14 594 166	28 929 808	132 098	28 77 710

Measured at AC	31.12.2023						
	A	BBB	BB and lower	Without rating	Gross carrying amount	Risk provision	Net carrying amount
Stage 1							
Loans	0	3 848 495	4 104 059	14 743 213	22 695 767	-113 452	22 582 315
Term deposits	8 060 574		921 805		8 982 379	-4 041	8 978 338
TOTAL MEASURED AT AC	8 060 574	3 848 495	5 025 864	14 743 213	31 678 146	-117 493	31 560 653

The table reflects the maximum credit risk exposure. The amounts shown in the table are at book value without ECL (expected credit loss). The change in ECL is shown in the following table.

Development

In euros

2024

Measured at FVtOCI and measured at AC	Stage 1	Stage 2	Total
Loans			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	-113 452	0	-113 452
Increase due to acquisitions	0	0	0
Changes due to remeasurements (net)	-22 066	0	-22 066
Decrease due to derecognition	4 278	0	4 278
Credit Loss Allowance as of 31.12	-131 239	0	-131 239
Term deposits			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	-4 041	0	-4 041
Increase due to acquisitions	-74	0	-74
Changes due to remeasurements (net)	2 900	0	2 900
Decrease due to derecognition	356	0	356
Credit Loss Allowance as of 31.12	-859	0	-859
Bonds FVOCI			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	-178 551	-1 707	-180 258
Increase due to acquisitions	-30 831	0	-30 831
Changes due to remeasurements (net)	21 778	358	22 136
Decrease due to derecognition	14 109	0	14 109
Credit Loss Allowance as of 31.12	-173 495	-1 349	-174 844
Total Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	-296 044	-1 707	-297 751
Total Credit Loss Allowance as of 31.12	-305 594	-1 349	-306 943

Development

In euros

2023

Measured at FVtOCI and measured at AC	Stage 1	Stage 2	Total
Loans			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	-101 945	0	-101 945
Increase due to acquisitions	-11 567	0	-11 567
Changes due to remeasurements (net)	-1 132	0	-1 132
Decrease due to derecognition	1 192	0	1 192
Credit Loss Allowance as of 31.12	-113 452	0	-113 452
Term deposits			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	-2 939	0	-2 939
Increase due to acquisitions	-2 920	0	-2 920
Changes due to remeasurements (net)	1 759	0	1 759
Decrease due to derecognition	59	0	59
Credit Loss Allowance as of 31.12	-4 041	0	-4 041
Bonds FVOCI			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	-166 796	-1 420	-168 216
Increase due to acquisitions	-9 653	0	-9 653
Changes due to remeasurements (net)	-7 346	-287	-7 633
Decrease due to derecognition	5 244	0	5 244
Credit Loss Allowance as of 31.12	-178 551	-1 707	-180 258
Total Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	-271 680	-1 420	-273 100
Total Credit Loss Allowance as of 31.12	-296 044	-1 707	-297 751

3.7 Liquidity risk

Liquidity risk is the risk that Compensa will not be able to realise investments and other assets to meet its liabilities under insurance contracts and other financial liabilities as and when necessary.

According to management's assessment, Compensa's liquidity risk is very low because the next two years' projected cash flow from insurance activities is positive. Besides, Compensa invests in financial instruments that can be realised within three business days when necessary.

The table below outlines the expected cash flows of existing assets and liabilities. The cash flows of liabilities comprise the cash flows of guaranteed-interest contracts and associated supplementary insurance covers until the expiry of the contracts. Future cash inflows from contracts are invested as they arise in line with Compensa's investment policies (future investments and their cash flows are not included in the table).

31.12.2024		Undiscounted contractual cash flows				
In euros	w/o maturity	up to one year	1-5 years	5-10 years	more than 10 years	Overall Result
Cash and cash equivalents gross	23 100 012	0	0	0	0	23 100 012
Amortized costs gross	0	6 587 378	3 542 900	21 461 203	0	31 591 481
loans AC gross	0	0	3 542 900	21 461 203	0	25 004 103
term deposits AC gross	0	6 587 378	0	0	0	6 587 378
Fair value through OCI	6 656 712	22 260 024	68 301 297	69 187 208	105 991 554	272 396 795
shares and shares in companies FVtOCI	6 656 712	0	0	0	0	6 656 712
bonds FVtOCI	0	22 260 024	68 301 297	69 187 208	105 991 554	265 740 083
Fair value through PL	311 158 494	0	0	0	0	311 226 346
shares and shares in companies FVtPL	1 597 360	0	0	0	0	1 597 360
funds FVtPL	309 561 134	0	0	0	0	309 561 134
Total financial asset cashflow	340 915 218	28 847 402	71 844 197	90 648 411	105 991 554	638 246 782
financial liabilities	0	-583 769	-694 636	-147 460	0	-1 425 866
lease liabilities	0	-513 041	-358 314	0	0	-871 355
liabilities designated at FVtPL	0	-70 728	-336 323	-147 460	0	-554 510
Net financial cashflow	340 915 218	28 263 633	71 149 560	90 500 951	105 991 554	636 820 916

31.12.2023		Undiscounted contractual cash flows				
In euros	w/o maturity	up to one year	1-5 years	5-10 years	more than 10 years	Overall Result
Cash and cash equivalents gross	19 943 495	0	0	0	0	19 943 495
Amortized costs gross	0	5 982 379	4 041 668	24 600 561	0	34 624 609
loans AC gross	0	0	1 041 668	24 600 561	0	25 642 229
term deposits AC gross	0	5 982 379	3 000 000	0	0	8 982 379
Fair value through OCI	5 260 264	6 637 628	63 006 968	72 379 213	100 736 715	248 020 788
shares and shares in companies FVOCI	5 260 264	0	0	0	0	5 260 264
Bonds FVOCI	0	6 637 628	63 006 968	72 379 213	100 736 715	242 760 524
Fair value through PL	237 747 559	0	0	0	67 853	237 815 411
shares and shares in companies FVTPL	1 680 515	0	0	0	0	1 680 515
bonds FVTPL	0	0	0	0	67 853	67 853
funds FVTPL	236 067 043	0	0	0	0	236 067 043
Total financial asset cash flow	262 951 318	12 620 007	67 048 636	96 979 774	100 804 568	540 404 303
Financial liabilities	0	-643 170	-785 414	-147 460	0	-1 576 044
lease liabilities	0	-572 442	-449 091	0	0	-1 021 533
liabilities designated at FVTPL	0	-70 728	-336 323	-147 460	0	-554 510
Net financial cash flow	262 951 318	11 976 837	66 263 222	96 832 314	100 804 568	538 828 259

Undiscounted contractual cash flows						
31.12.2024 In euros	w/o maturity	Up do one year	1-5 years	5-10 years	more than 10 years	Total cashflow
Life insurance contract liabilities						
Insurance contract liabilities	-210 270 403	-27 563 758	-96 492 568	-64 047 783	-211 823 646	-610 198 159
Reinsurance contract liabilities	0	-99 739	-361 923	-824 510	-2 710 103	-3 996 275
Insurance contract assets	0	299 652	768 543	774 478	769 548	2 612 220
Reinsurance contract assets	0	-37 601	0	0	0	-37 601
Total life insurance contract liabilities	-210 270 403	-27 401 446	-96 085 948	-64 097 816	-213 764 202	-611 619 815
Health insurance contract liabilities						
Insurance contract liabilities	0	-37 601	0	0	0	-7 190 835
Total insurance contract liabilities	-210 270 403	-27 439 047	-96 085 948	-64 097 816	-213 764 202	-618 810 650

Undiscounted contractual cash flows						
31.12.2023 In euros	w/o maturity	Up do one year	1-5 years	5-10 years	more than 10 years	Total cashflow
Life insurance contract liabilities *						
Insurance contract liabilities	-142 250 693**	-17 763 018	-86 065 576	-54 505 795	-230 295 187	-530 880 270
Reinsurance contract liabilities	0	-1 557 168	-278 510	-380 059	-1 059 055	-3 274 793
Insurance contract assets	0	286 213	786 264	587 771	387 681	2 047 928
Reinsurance contract assets	0	-3 595 451	-28 371	-2 252	0	-3 626 073
Total life insurance contract liabilities	-142 250 693	-22 629 424	-85 586 194	-54 300 335	-230 966 562	-535 733 208
Health insurance contract liabilities						
Insurance contract liabilities	0	-5 049 384	12	0	0	-5 049 371
Total insurance contract liabilities	-142 250 693	-27 678 808	-85 586 181	-54 300 335	-230 966 562	-540 782 579

* Positive cash flow (reported with a minus) results from the fact that the forecast contractual cash inflows exceed the contractual cash outflows.
 ** Unit-linked contracts are linked to movements in underlying assets (investments) that do not have a fixed term and Compensa has no liquidity risk even if the customer terminates the contract early. Therefore, in the case of these contracts it is not practical to show a distribution exceeding one year. The distribution of underlying assets is shown for the same duration.

3.8 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people's activities or systems, or external events. Operational risk includes legal risks but does not include the risks that result from strategic decisions and reputational risks.

Compensa classifies operational risk events using Compensas's group-wide incident classification system. The risks associated with employee mistakes and processes, and external and internal fraud, are mainly prevented using the internal control system. The risk of business interruption is mitigated by mapping the threats to the group's operations and preparing business continuity plans. For managing IT risks, including the risks resulting from software changes, and interface risks the group has adopted an IT strategy and has established relevant procedures and rules.

The group has developed a procedure for reporting operational risk events (including IT incidents) which requires the staff not only to report relevant events but also to analyse their root causes and undertake activities for preventing them from recurring.

3.9 Risk sensitivity analysis

In Compensa, as in the VIG group, business activities are largely managed based on Solvency II, where a risk-oriented system has been established, and the quantitative and qualitative requirements of risk management processes have been met. Therefore, Solvency II sensitivity is also used in financial statements.

The main differences between Solvency II and IFRS 17 calculations are:

- The costs considered (full cost approach vs directly attributable)
- The contract boundaries (Solvency II → risk view, IFRS 17 → contractual view, and this is reflected especially in riders and hybrid UL products. In accordance with IFRS 17, for example, contract boundaries of riders follow the underlying main cover and in Solvency contract boundaries of rider are determined independently of main cover)
- The interest rate applied for discounting

The following table shows the impact of various risk factors on the future cash flows of Compensa's insurance portfolio.

Sensitivity across different parameters In euros	Impact on cash flow from insurance contracts			
Insurance risks	2024		2023	
Change in mortality rate +/-5%	+	-	+	-
Health similar to Non-Life	114	-114	0	0
Only Life	-1 309 305	1 416 653	-1 774 206	1 985 935
Unit-/Index-linked	536 302	-537 728	888 247	-849 244
Change in life laps rate +50%/-50%				
Health similar to Non-Life	44 421	-47 276	0	0
Only Life	10 714 398	-18 521 113	37 028 351	-37 841 542
Unit-/Index-linked	30 097 355	-47 199 391	65 075 006	-66 982 040
Change in operating cost assumption -10%				
Health similar to Non-Life	151 700	151 700	257 317	-257 317
Only Life	4 166 801	-4 166 802	7 846 241	-7 846 241
Unit-/Index-linked	7 364 288	-7 364 288	12 036 465	-12 036 465
Finance risks				
Change in interest rates +/- 100bps				
Health similar to Non-Life	-75 373	76 764	-56 525	57 608
Only Life	-24 275 543	28 333 677	-26 068 819	30 693 064
Unit-/Index-linked	10 081 907	-11 872 529	8 195 045	-9 804 511
Equity price -25%				
Health similar to Non-Life		0		0
Only Life		-20 235		-16 996
Unit-/Index-linked		-58 446 975		-42 010 247

3.10 Capital management

The objective of capital management is to ensure the Compensa's sustainable operation and safeguard the interests of policyholders and investors.

Careful capital planning and regular monitoring enable the Compensa to identify possible decreases in the capital buffer and potential shortfalls sufficiently early. Financial and solvency forecasts, which are made during the planning process and form a part of the Compensa's own risk and solvency assessment report, are an integral part of capital management. In managing its capital, Compensa also takes into account the changes planned to be made to its own funds.

New principles for calculating the solvency capital requirement (Solvency II regime) took effect and were adopted by Compensa as from 1 January 2016. Under those principles, an insurer has to calculate its solvency capital requirement at least once a year on a going concern basis using the standard formula, internal model, or partial internal model. The solvency capital requirement corresponds to the amount of an insurer's own funds which enables the insurer to meet its obligations under insurance contracts over the next 12 months with 99.5% probability.

The minimum capital requirement corresponds to the amount of eligible basic own funds below which there would be unacceptably high risk that the insurer would not be able to fulfil its obligations to policyholders, insured persons and beneficiaries were the insurer to continue its operations.

The Compensa's share capital must amount to at least 3.0 million euros (Insurance Activities Act, section 114(1)) and the minimum capital requirement is 6.7 million euros (Insurance Activities Act, section 82(7)).

The Compensa had a Solvency capital requirement (SCR) of 92.31 million (2023: 80.72 million) and a minimum capital requirement (MCR) of 23.08 million as of 31 December 2023 (2023: 20.18 million). Eligible own funds amounted to 142.63 million (2023: 144.33 million), are available for these requirements. As a result, Compensa has a solvency ratio of 1.5 (2023: 1.8) and an MCR coverage of 6.2 (2023: 7.1).

At, 31 December 2024, Compensa's share capital amounted to 11 604 000 euros (31 December 2023: 11 604 000 euros).

At, 31 December 2024 and 31 December 2023, Compensa was in compliance with all legal and regulatory capital requirements.

Note 4 Insurance contracts issued

The accounting policies used are presented in Note 2. (Re-) insurance contracts starting on page 21. For better readability, the short versions of IFRS 17 descriptions are used.

Short description	Long description
AIC	Assets for Incurred Claims
ARC	Assets for Remaining Coverage
CSM	Contractual Service Margin
FCF	Fulfilment Cash Flows
FRA	Full Retrospective Approach
FVA	Fair Value Approach
GMM	General Measurement Model
LIC	Liability for Incurred Claims
LoReCo	Loss Recovery Component
LRC	Liability for Remaining Coverage
PAA	Premium Allocation Approach
PVFCF	Present Value of Future Cash Flows
RA	Risk Adjustment
VFA	Variable Fee Approach

4.1. Overview

The portfolio status is valued prior to any consolidation steps and is decisive for whether a portfolio of insurance contracts is recognised as an asset or a liability. After excluding intercompany transactions, a valuation is not carried out again. The same applies to determining the loss component and the accompanying allocation of to "onerous" or "non-onerous".

Composition In euros	31.12.2024			
	PAA	GMM	VFA	Total
Insurance contract assets issued		991 028		991 028
Asset for Remaining Coverage (ARC)		1 038 533		1 038 533
Estimates of the PVFCF		2 365 124		
Risk Adjustment		-243 026		
Contractual Service Margin		-1 083 565		
Assets for Incurred Claims		-47 506		-47 506
Reinsurance contract assets held	69 806	746 723		816 530
Asset for Remaining Coverage (ARC)		-761 999		-761 999
Estimates of the PVFCF		-2 203 822		
Risk Adjustment		8 352		
Contractual Service Margin		1 433 471		
Assets for Incurred Claims	69 806	1 508 722		1 578 529
Insurance contracts liabilities issued	-15 068 860	-332 792 982	-210 270 403	-559 326 020
Liability for Remaining Coverage (LRC)		-330 254 729	-208 294 828	-538 549 557
Estimates of the PVFCF		-297 301 851	-121 108 182	
Risk Adjustment		-8 996 646	-18 480 211	
Contractual Service Margin		-23 956 231	-68 706 435	
Liability for Incurred Claims	-15 068 860	-2 538 254	-1 975 575	-19 582 689
As a liability recognised insurance acquisition costs				-1 193 775
Reinsurance contract assets held		-760 269		-760 269
Liability for Remaining Coverage (LRC)		-766 269		-766 269
Estimates of the PVFCF		-2 983 808		
Risk Adjustment		194 021		
Contractual Service Margin		2 023 518		
Liability for Incurred Claims		6 000		6 000

Composition In euros	31.12.2023			
	PAA	GMM	VFA	Total
Insurance contract assets issued		658 387		658 387
Asset for Remaining Coverage (ARC)		698 220		698 220
Estimates of the PVFCF		1 869 248		
Risk Adjustment		-85 150		
Contractual Service Margin		-1 085 878		
Assets for Incurred Claims		-39 833		-39 833
Reinsurance contract assets held		119 920		119 920
Asset for Remaining Coverage (ARC)		10 283		10 283
Estimates of the PVFCF		-283 306		
Risk Adjustment		842		
Contractual Service Margin		292 747		
Assets for Incurred Claims		109 637		109 637
Insurance contracts liabilities issued	-9 099 917	-312 764 943	-142 250 693	-464 804 512
Liability for Remaining Coverage (LRC)	-5 035 859	-310 662 901	-140 566 773	-456 265 533
Estimates of the PVFCF		-279 134 692	-78 657 982	
Risk Adjustment		-10 439 818	-15 593 132	
Contractual Service Margin		-21 088 392	-46 315 659	
Liability for Incurred Claims	-4 064 058	-2 102 042	-1 683 920	-7 850 019
As a liability recognised insurance acquisition costs				-688 959
Reinsurance contract assets held		-1 537 089		-1 537 089
Liability for Remaining Coverage (LRC)		-4 876 616		-4 876 616
Estimates of the PVFCF		-6 786 479		
Risk Adjustment		170 366		
Contractual Service Margin		1 739 497		
Liability for Incurred Claims		3 339 527		3 339 527

Development

All measurement models	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
2024				
In euros				
Opening assets	772 871	-74 651	-39 833	658 387
Opening liabilities	-452 059 118	-4 206 415	-7 850 019	-464 115 553
Net opening balance	-451 286 247	-4 281 066	-7 889 852	-463 457 166
Insurance Service Result	127 331 780	-2 347 371	-111 778 672	13 205 737
Insurance finance income or expense	-36 273 269	-53 742	-3 346 618	-39 673 628
OCI	-7 864 842	0	-7	-7 864 849
Total changes in the statement of profit or loss and OCI	83 193 669	-2 401 112	-115 125 297	-34 332 740
Total cash flow	-173 708 070	0	114 356 758	-59 351 312
Insurance contract assets as at end of period	1 341 767	-303 234	-47 506	991 028
Insurance contract liabilities as at end of period	-543 142 416	-6 378 945	-8 610 885	-558 132 246
Net insurance contract (assets)/liabilities as at end of period	-541 800 649	-6 682 179	-8 658 391	-557 141 218

All measurement models	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
2023				
In euros				
Opening assets	678 211	-40 537	-38 536	599 138
Opening liabilities	-382 210 090	-3 382 131	-7 441 324	-393 033 545
Net opening balance	-381 531 878	-3 422 668	-7 479 861	-392 434 407
Insurance Service Result	111 402 056	-829 126	-101 001 114	9 571 815
Insurance finance income or expense	-17 100 503	-29 272	-2 960 669	-20 090 444
OCI	-15 703 188	0	-9	-15 703 196
Total changes in the statement of profit or loss and OCI	78 598 365	-858 398	-103 961 792	-26 221 825
Total cash flow	-148 279 056	0	103 478 122	-44 800 933
Insurance contract assets as at end of period	772 871	-74 651	-39 833	658 387
Insurance contract liabilities as at end of period	-452 059 118	-4 206 415	-7 850 019	-464 115 553
Net insurance contract (assets)/liabilities as at end of period	-451 212 569	-4 281 066	-7 963 530	-463 457 166

Development

Preemium Allocation Approach	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
2024				
In euros				
Insurance contract liabilities as at beginning of period	-4 943 780	-92 079	-4 064 058	-9 099 917
Net insurance contract (assets)/liabilities as at beginning of period	-4 943 780	-92 079	-4 064 058	-9 099 917
			0	0
Other contracts	55 558 986	0	0	55 558 986
Insurance Revenue	55 558 986	0	0	55 558 986
Incurred claims and other insurance service expenses	-2 551 122	0	-41 544 434	-44 095 556
Losses of onerous contracts and reversals of those losses	0	92 079	0	92 079
Changes to liabilities for incurred claims	0	0	9 166	9 166
Amortisation of insurance acquisition cash flows	-5 841 926	0	0	-5 841 926
Insurance Service Expenses	-8 393 048	92 079	-41 535 268	-49 836 237
Insurance Service Result	47 165 938	92 079	-41 535 268	5 722 749
IFIE without FX	0	0	-42 165	-42 165
Insurance finance income or expenses	0	0	-42 165	-42 165
			0	0
Total changes in the statement of profit or loss and OCI	47 165 938	92 079	-41 577 433	5 680 584
			0	0
Premiums received	-60 734 068	0	0	-60 734 068
Claims and other insurance service expenses paid	2 551 122	0	41 544 434	44 095 556
Insurance acquisition cash flows	4 988 985	0	0	4 988 985
Total cash flows	-53 193 961	0	41 544 434	-11 649 527
Net insurance contract (assets)/liabilities as at end of period	-10 971 804	0	-4 097 057	-15 068 861
Insurance contract liabilities as at end of period	-10 971 803	0	-4 097 057	-15 068 860

Premium Allocation Approach	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
2023				
In euros				
Insurance contract liabilities as at beginning of period	-6 966 858	0	-4 112 848	-11 079 706
Net insurance contract (assets)/liabilities as at beginning of period	-6 966 858	0	-4 112 848	-11 079 706
Other contracts	44 847 518	0	0	44 847 518
Insurance Revenue	44 847 518	0	0	44 847 518
Incurred claims and other insurance service expenses	-1 162 038	0	-40 069 928	-41 231 966
Losses of onerous contracts and reversals of those losses	0	-92 079	0	-92 079
Changes to liabilities for incurred claims	0	0	105 496	105 496
Amortisation of insurance acquisition cash flows	-3 343 707	0	0	-3 343 707
Insurance Service Expenses	-4 505 745	-92 079	-39 964 432	-44 562 256
Insurance Service Result	40 341 773	-92 079	-39 964 432	285 262
IFIE without FX	0	0	-56 707	-56 707
Insurance finance income or expenses	0	0	-56 707	-56 707
Total changes in the statement of profit or loss and OCI	40 341 773	-92 079	-40 021 139	228 555
Premiums received	-43 402 443	0	0	-43 402 443
Claims and other insurance service expenses paid	1 162 038	0	40 069 928	41 231 966
Insurance acquisition cash flows	3 921 710	0	0	3 921 710
Total cash flows	-38 318 695	0	40 069 928	1 751 233
Net insurance contract (assets)/liabilities as at end of period	-4 943 780	-92 079	-4 064 058	-9 099 917
Insurance contract liabilities as at end of period	-4 943 780	-92 079	-4 064 059	-9 099 918

Development

General Measurement Model	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
2024				
In euros				
Insurance contract assets as at beginning of period	772 871	-74 651	-39 833	658 387
Insurance contract liabilities as at beginning of period	-307 136 813	-3 526 088	-2 102 042	-312 764 943
Net insurance contract (assets)/liabilities as at beginning of period	-306 363 942	-3 600 739	-2 141 875	-312 106 556
				0
Contracts under the fair value approach	11 278 066	0	0	11 278 066
Other contracts	2 485 490	0	0	2 485 490
Insurance Revenue	13 763 556	0	0	13 763 556
Incurred claims and other insurance service expenses	340 113	0	-10 361 501	-10 021 388
Losses of onerous contracts and reversals of those losses	0	-2 403 421	0	-2 403 421
Changes to liabilities for incurred claims	0	0	25 795	25 795
Amortisation of insurance acquisition cash flows	-447 631	0	0	-447 631
Insurance Service Expenses	-107 518	-2 403 421	-10 335 706	-12 846 645
Investment components	40 535 391	0	-40 535 392	-1
Insurance Service Result	54 191 429	-2 403 421	-50 871 098	916 910
IFIE without FX	-6 009 382	-53 742	-8	-6 063 132
Insurance finance income or expenses	-6 009 382	-53 742	-8	-6 063 132
OCI	-7 864 842	0	-7	-7 864 849
Total changes in the statement of profit or loss and OCI	40 317 205	-2 457 163	-50 871 113	-13 011 071
Premiums received	-64 632 514	0	0	-64 632 514
Claims and other insurance service expenses paid	5 820 932	0	50 427 228	56 248 160
Insurance acquisition cash flows	1 700 026	0	0	1 700 026
Total cash flows	-57 111 556	0	50 427 228	-6 684 328
Insurance contract assets as at end of period	1 341 767	-303 234	-47 506	991 027
Insurance contract liabilities as at end of period	-324 500 061	-5 754 668	-2 538 254	-332 792 983
Net insurance contract (assets)/liabilities as at end of period	-323 158 293	-6 057 902	-2 585 760	-331 801 955

General Measurement Model	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
2023				
In euros				
Insurance contract assets as at beginning of period	678 211	-40 537	-38 536	599 138
Insurance contract liabilities as at beginning of period	-280 291 248	-2 944 933	-1 826 975	-285 063 156
Net insurance contract (assets)/liabilities as at beginning of period	-279 613 037	-2 985 470	-1 865 511	-284 464 018
				0
Contracts under the fair value approach	13 920 588	0	0	13 920 588
Other contracts	1 327 362	0	0	1 327 362
Insurance Revenue	15 247 950	0	0	15 247 950
Incurred claims and other insurance service expenses	1 063 750	0	-9 804 557	-8 740 807
Losses of onerous contracts and reversals of those losses	0	-585 996	0	-585 996
Changes to liabilities for incurred claims	0	0	-170 179	-170 179
Amortisation of insurance acquisition cash flows	-361 519	0	0	-361 519
Insurance Service Expenses	702 231	-585 996	-9 974 736	-9 858 501
Investment components	35 095 313	0	-35 095 313	0
Insurance Service Result	51 045 494	-585 996	-45 070 049	5 389 449
IFIE without FX	-4 482 824	-29 273	-18	-4 512 115
Insurance finance income or expenses	-4 482 824	-29 273	-18	-4 512 115
OCI	-15 703 188	0	-10	-15 703 198
Total changes in the statement of profit or loss and OCI	30 859 482	-615 269	-45 070 077	-14 825 864
Premiums received	-63 794 297	0	0	-63 794 297
Claims and other insurance service expenses paid	5 131 196	0	44 793 714	49 924 910
Insurance acquisition cash flows	1 052 713	0	0	1 052 713
Total cash flows	-57 610 388	0	44 793 714	-12 816 674
Insurance contract assets as at end of period	772 871	-74 651	-39 833	658 387
Insurance contract liabilities as at end of period	-307 136 813	-3 526 088	-2 102 042	-312 764 943
Net insurance contract (assets)/liabilities as at end of period	-306 363 943	-3 600 739	-2 141 874	-312 106 556

Development

Variable Fee Approach	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
2024				
In euros				
Insurance contract liabilities as at beginning of period	-139 978 525	-588 248	-1 683 920	-142 250 693
Net insurance contract (assets)/liabilities as at beginning of period	-139 978 525	-588 248	-1 683 920	-142 250 693
Contracts under the fair value approach	6 711 540	0	0	6 711 540
Other contracts	8 873 891	0	0	8 873 891
Insurance Revenue	15 585 431	0	0	15 585 431
Incurred claims and other insurance service expenses	-4 540 807	0	-3 250 649	-7 791 456
Losses of onerous contracts and reversals of those losses	0	-36 028	0	-36 028
Changes to liabilities for incurred claims	0	0	257 780	257 780
Amortisation of insurance acquisition cash flows	-1 449 650	0	0	-1 449 650
Insurance Service Expenses	-5 990 457	-36 028	-2 992 869	-9 019 354
Investment components	16 379 438	0	-16 379 438	0
Insurance Service Result	25 974 412	-36 028	-19 372 307	6 566 077
IFIE without FX	-30 263 887	0	-3 304 445	-33 568 332
Insurance finance income or expenses	-30 263 887	0	-3 304 445	-33 568 332
Total changes in the statement of profit or loss and OCI	-4 289 475	-36 028	-22 676 752	-27 002 255
Premiums received	-77 293 869	0	0	-77 293 869
Claims and other insurance service expenses paid	5 713 415	0	22 385 096	28 098 511
Insurance acquisition cash flows	8 177 901	0	0	8 177 901
Total cash flows	-63 402 553	0	22 385 096	-41 017 457
Insurance contract liabilities as at end of period	-207 670 551	-624 277	-1 975 575	-210 270 403
Net insurance contract (assets)/liabilities as at end of period	-207 670 553	-624 276	-1 975 576	-210 270 405

Variable Fee Approach	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding Loss Component	Loss Component		
2023				
In euros				
Insurance contract liabilities as at beginning of period	-94 951 984	-437 198	-1 501 501	-96 890 683
Net insurance contract (assets)/liabilities as at beginning of period	-94 951 984	-437 198	-1 501 501	-96 890 683
				0
Contracts under the fair value approach	6 732 497	0	0	6 732 497
Other contracts	5 549 754	0	0	5 549 754
Insurance Revenue	12 282 251	0	0	12 282 251
Incurred claims and other insurance service expenses	-4 200 603	0	-3 437 355	-7 637 958
Losses of onerous contracts and reversals of those losses	0	-151 051	0	-151 051
Changes to liabilities for incurred claims	0	0	409 702	409 702
Amortisation of insurance acquisition cash flows	-1 005 839	0	0	-1 005 839
Insurance Service Expenses	-5 206 442	-151 051	-3 027 653	-8 385 146
Investment components	12 938 980	0	-12 938 980	0
Insurance Service Result	20 014 789	-151 051	-15 966 633	3 897 105
IFIE without FX	-12 617 680	0	-2 903 944	-15 521 624
Insurance finance income or expenses	-12 617 680	0	-2 903 944	-15 521 624
Total changes in the statement of profit or loss and OCI	7 397 109	-151 051	-18 870 577	-11 624 519
Premiums received	-70 476 421	0	0	-70 476 421
Claims and other insurance service expenses paid	5 059 482	0	18 614 481	23 673 963
Insurance acquisition cash flows	13 066 967	0	0	13 066 967
Total cash flows	-52 349 972	0	18 614 481	-33 735 491
Insurance contract liabilities as at end of period	-139 978 525	-588 248	-1 683 920	-142 250 693
Net insurance contract (assets)/liabilities as at end of period	-139 904 847	-588 249	-1 757 597	-142 250 693

Developments of LTC/ARC and LIC/AIC	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	Total
All measurement models				
2024				
In euros				
Insurance contract assets as at beginning of period	1 829 415	-85 150	-1 085 878	658 387
Insurance contract liabilities as at beginning of period	-361 578 634	-26 032 951	-67 404 051	-455 015 636
Net insurance contract (assets)/liabilities as at beginning of period	-359 749 219	-26 118 101	-68 489 929	-454 357 249
Insurance Service Result	30 924 826	1 288 028	-24 729 865	7 482 989
Insurance finance income or expenses	-36 522 561	-2 582 465	-526 438	-39 631 464
OCI	-7 557 504	-307 345	0	-7 864 849
Total changes in the statement of profit or loss and OCI	-13 155 239	-1 601 782	-25 256 303	-40 013 324
Total cash flows	-47 701 785	0	0	-47 701 785
Insurance contract assets as at end of period	2 317 618	-243 026	-1 083 565	991 027
Insurance contract liabilities as at end of period	-422 923 862	-27 476 857	-92 662 666	-543 063 385
Net insurance contract (assets)/liabilities as at end of period	-420 606 243	-27 719 883	-93 746 232	-542 072 358

Developments of LTc/ARC and LIC/AIC –	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	Total
All measurement models				
2023				
In euros				
Insurance contract assets as at beginning of period	1 779 383	-244 809	-935 436	599 138
Insurance contract liabilities as at beginning of period	-249 431 050	-53 429 485	-79 093 304	-381 953 839
Net insurance contract (assets)/liabilities as at beginning of period	-247 651 667	-53 674 294	-80 028 740	-381 354 701
Insurance Service Result	-23 849 941	21 014 241	12 122 253	9 286 553
Insurance finance income or expenses	-28 426 390	8 976 094	-583 441	-20 033 737
OCI	-13 269 054	-2 434 142	0	-15 703 196
Total changes in the statement of profit or loss and OCI	-65 545 385	27 556 193	11 538 812	-26 450 380
Total cash flows	-46 552 166	0	0	-46 552 166
Insurance contract assets as at end of period	1 829 415	-85 150	-1 085 878	658 387
Insurance contract liabilities as at end of period	-361 578 634	-26 032 951	-67 404 051	-455 015 636
Net insurance contract (assets)/liabilities as at end of period	-359 749 218	-26 118 101	-68 489 928	-454 357 247

Developments of LTC/ARC and LIC/AIC	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	Total
General Measurement Model				
2024				
In euros				
Insurance contract assets as at beginning of period	1 829 415	-85 150	-1 085 878	658 387
Insurance contract liabilities as at beginning of period	-281 236 733	-10 439 818	-21 088 392	-312 764 943
Net insurance contract (assets)/liabilities as at beginning of period	-279 407 318	-10 524 968	-22 174 270	-312 106 556
0				
Contractual service margin recognised for services provided	0	0	4 650 865	4 650 865
Risk adjustment recognised for the risk expired	0	1 451 288	0	1 451 288
Experience adjustments	-3 525 318	0	0	-3 525 318
Changes that relate to current services	-3 525 318	1 451 288	4 650 865	2 576 835
0				
Contracts initially recognised in the period	9 849 479	-1 009 492	-8 842 450	-2 463
Changes in estimates that adjust the contractual service margin	-3 851 832	1 998 047	-15 832 404	-17 686 189
Changes in estimates that do not adjust the contractual service margin (losses and reversal of losses)	-1 760 141	-640 694	0	-2 400 835
Changes that relate to future services	4 237 506	347 861	-24 674 854	-20 089 487
0				
Adjustments to liabilities for incurred claims	744 663	0	0	744 663
Changes that relate to past services	744 663	0	0	744 663
0				
IFIE without FX	-5 330 186	-206 509	-526 438	-6 063 133
Insurance finance income or expenses	-5 330 186	-206 509	-526 438	-6 063 133
0				
OCI	-7 557 504	-307 345	0	-7 864 849
0				
Total changes in the statement of profit or loss and OCI	-11 430 839	1 285 295	-20 550 427	-30 695 971
0				
Premiums received	-64 632 514	0	0	-64 632 514
Claims and other insurance service expenses paid	56 248 159	0	0	56 248 159
Insurance acquisition cashflows	1 700 026	0	0	1 700 026
Total cash flows	-6 684 329	0	0	-6 684 329
0				
Insurance contract assets as at end of period	2 317 618	-243 026	-1 083 565	991 027
Insurance contract liabilities as at end of period	-299 840 105	-8 996 646	-23 956 231	-332 792 982
Net insurance contract (assets)/liabilities as at end of period	-297 522 487	-9 239 672	-25 039 796	-331 801 955

Developments of LTC/ARC and LIC/AIC	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	Total
General Measurement Model				
2023				
In euros				
Insurance contract assets as at beginning of period	1 779 383	-244 809	-935 436	599 138
Insurance contract liabilities as at beginning of period	-224 830 215	-26 589 795	-33 643 147	-285 063 157
Net insurance contract (assets)/liabilities as at beginning of period	-223 050 832	-26 834 604	-34 578 583	-284 464 019
Contractual service margin recognised for services provided	0	0	4 258 005	4 258 005
Risk adjustment recognised for the risk expired	0	3 625 203	0	3 625 203
Experience adjustments	-2 387 349	0	0	-2 387 349
Changes that relate to current services	-2 387 349	3 625 203	4 258 005	5 495 859
Contracts initially recognised in the period	8 771 374	-428 717	-8 368 881	-26 224
Changes in estimates that adjust the contractual service margin	-33 098 866	16 000 194	360 869	-16 737 803
Changes in estimates that do not adjust the contractual service margin (losses and reversal of losses)	-595 489	12 257	0	-583 232
Changes that relate to future services	-24 922 981	15 583 734	-8 008 012	-17 347 259
Adjustments to liabilities for incurred claims	503 087	1	0	503 088
Changes that relate to past services	503 087	1	0	503 088
IFIE without FX	-3 463 514	-465 158	-583 441	-4 512 113
Insurance finance income or expenses	-3 463 514	-465 158	-583 441	-4 512 113
OCI	-13 269 054	-2 434 142	0	-15 703 196
Total changes in the statement of profit or loss and OCI	-43 539 811	16 309 638	-4 333 448	-31 563 621
Premiums received	-63 794 297	0	0	-63 794 297
Claims and other insurance service expenses paid	49 924 909	0	0	49 924 909
Insurance acquisition cashflows	1 052 713	0	0	1 052 713
Total cash flows	-12 816 675	0	0	-12 816 675
Insurance contract assets as at end of period	1 829 415	-85 150	-1 085 878	658 387
Insurance contract liabilities as at end of period	-281 236 733	-10 439 818	-21 088 392	-312 764 943
Net insurance contract (assets)/liabilities as at end of period	-279 407 318	-10 524 968	-22 174 270	-312 106 556

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Developments of LTC/ARC and LIC/AIC	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	Total
Variable Fee Approach				
2024				
In euros				
Insurance contract liabilities as at beginning of period	-80 341 901	-15 593 133	-46 315 659	-142 250 693
Net insurance contract (assets)/liabilities as at beginning of period	-80 341 901	-15 593 133	-46 315 659	-142 250 693
0				
Contractual service margin recognised for services provided	0	0	4 225 786	4 225 786
Risk adjustment recognised for the risk expired	0	2 017 325	0	2 017 325
Experience adjustments	-594 583	0	0	-594 583
Changes that relate to current services	-594 583	2 017 325	4 225 786	5 648 528
0				
Contracts initially recognised in the period	17 453 386	-2 650 965	-15 176 791	-374 370
Changes in estimates that adjust the contractual service margin	11 584 934	0	-41 793 353	-30 208 419
Changes in estimates that do not adjust the contractual service margin (losses and reversal of losses)	70 662	122 517	0	193 179
Changes that relate to future services	29 108 982	-2 528 448	-56 970 144	-30 389 610
0				
Adjustments to liabilities for incurred claims	953 577	1	0	953 578
Changes that relate to past services	953 577	1	0	953 578
0				
IFIE without FX	-31 192 375	-2 375 956	0	-33 568 331
Insurance finance income or expenses	-31 192 375	-2 375 956	0	-33 568 331
0				
Total changes in the statement of profit or loss and OCI	-1 724 399	-2 887 078	-52 744 358	-57 355 835
0				
Premiums received	-77 293 869	0	0	-77 293 869
Claims and other insurance service expenses paid	28 098 512	0	0	28 098 512
Insurance acquisition cashflows	8 177 901	0	0	8 177 901
Total cash flows	-41 017 456	0	0	-41 017 456
0				
Insurance contract liabilities as at end of period	-123 083 757	-18 480 211	-68 706 435	-210 270 403
Net insurance contract (assets)/liabilities as at end of period	-123 083 757	-18 480 211	-68 706 435	-210 270 403

Developments of LTc/ARC and LIC/AIC	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	Total
Variable Fee Approach				
2023				
In euros				
Insurance contract liabilities as at beginning of period	-24 600 835	-26 839 690	-45 450 157	-96 890 682
Net insurance contract (assets)/liabilities as at beginning of period	-24 600 835	-26 839 690	-45 450 157	-96 890 682
0				
Contractual service margin recognised for services provided	0	0	1 441 849	1 441 849
Risk adjustment recognised for the risk expired	0	3 681 423	0	3 681 423
Experience adjustments	-3 025 322	-1	0	-3 025 323
Changes that relate to current services	-3 025 322	3 681 422	1 441 849	2 097 949
0				
Contracts initially recognised in the period	18 725 388	-1 813 193	-16 912 195	0
Changes in estimates that adjust the contractual service margin	-14 604 844	0	-19 219 546	-33 824 390
Changes in estimates that do not adjust the contractual service margin (losses and reversal of losses)	-88 126	-62 925	0	-151 051
Changes that relate to future services	4 032 418	-1 876 118	-36 131 741	-33 975 441
0				
Adjustments to liabilities for incurred claims	1 950 206	0	0	1 950 206
Changes that relate to past services	1 950 206	0	0	1 950 206
0				
IFIE without FX	-24 962 877	9 441 253	0	-15 521 624
Insurance finance income or expenses	-24 962 877	9 441 253	0	-15 521 624
0				
Total changes in the statement of profit or loss and OCI	-22 005 575	11 246 557	-34 689 892	-45 448 910
0				
Premiums received	-70 476 421	0	0	-70 476 421
Claims and other insurance service expenses paid	23 673 963	0	0	23 673 963
Insurance acquisition cashflows	13 066 967	0	0	13 066 967
Total cash flows	-33 735 491	0	0	-33 735 491
0				
Insurance contract liabilities as at end of period	-80 341 901	-15 593 133	-46 315 659	-142 250 693
Net insurance contract (assets)/liabilities as at end of period	-80 341 901	-15 593 133	-46 315 659	-142 250 693

4.2. Contracts initially recognized

GMM	2024			2023		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
In euros						
Estimate of present value of future cash outflows excluding insurance acquisition cash flows	37 802 412	-11 662	37 790 750	32 313 619	260 565	32 574 184
Estimates of insurance acquisition cash flows	469 794	14 124	483 918	320 134	0	320 134
Estimate of present value of future cash outflows	38 272 206	2 463	38 274 668	32 633 753	260 565	32 894 318
Estimates of present value future cash inflows	-48 120 382	0	-48 120 382	-41 431 022	-234 670	-41 665 692
Risk adjustment for non-financial risk	1 005 727	0	1 005 727	428 387	330	428 717
Contractual Service Margin (CSM)	8 842 450	0	8 842 450	8 368 881	0	8 368 881
Estimate of present value of future cash inflows	-38 272 206	0	-38 272 206	-32 633 753	-234 340	-32 868 094
Losses recognised on initial recognition	0	2 463	2 463	0	26 225	26 225

VFA	2024			2023		
	Profitable contracts issued	Onerous contracts issued	Total	Profitable contracts issued	Onerous contracts issued	Total
In euros						
Estimate of present value of future cash outflows excluding insurance acquisition cash flows	116 059 381	6 983 455	123 042 837	120 642 466	0	120 642 466
Estimates of insurance acquisition cash flows	9 123 684	140 281	9 263 965	10 096 847	0	10 096 847
Estimate of present value of future cash outflows	125 183 066	7 123 737	132 306 802	130 739 313	0	130 739 313
Estimates of present value future cash inflows	-142 904 238	-6 855 950	-149 760 188	-149 464 700	0	-149 464 700
Risk adjustment for non-financial risk	2 544 381	106 584	2 650 965	1 813 193	0	1 813 193
Contractual Service Margin (CSM)	15 176 791	0	15 176 791	16 912 195	0	16 912 195
Estimate of present value of future cash inflows	-125 183 066	-6 749 366	-131 932 432	-130 739 313	0	-130 739 313
Total	0	374 370	374 370	0	0	0

4.3. CSM expected to be recognised in profit and loss

Insurance contracts issued	31.12.2024						
	1 st year	2 nd year	3 rd year	4 th year	5 th year	further years	Total
GMM	-4 088 202	-3 269 858	-2 626 449	-2 234 639	-1 915 904	-10 904 744	-25 039 796
Assets for Remaining Coverage (ARC)	-133 162	-119 937	-108 892	-97 574	-84 227	-539 773	-1 083 565
Liability for Remaining Coverage (LRC)	-3 955 040	-3 149 921	-2 517 557	-2 137 065	-1 831 677	-10 364 971	-23 956 231
VFA	-4 418 780	-4 184 175	-3 976 634	-3 774 423	-3 575 324	-48 777 100	-68 706 435
Liability for Remaining Coverage (LRC)	-4 418 780	-4 184 175	-3 976 634	-3 774 423	-3 575 324	-48 777 100	-68 706 435
Total	-8 506 982	-7 454 033	-6 603 083	-6 009 062	-5 491 228	-59 681 844	-93 746 231

Insurance contracts issued	31.12.2023						
	1 st year	2 nd year	3 rd year	4 th year	5 th year	further years	Total
GMM	-3 877 018	-3 123 975	-2 465 985	-1 929 115	-1 592 071	-9 186 107	-22 174 271
Assets for Remaining Coverage (ARC)	-203 706	-180 438	-162 535	-130 397	-84 215	-324 588	-1 085 879
Liability for Remaining Coverage (LRC)	-3 673 312	-2 943 537	-2 303 450	-1 798 718	-1 507 856	-8 861 519	-21 088 392
VFA	-2 799 026	-2 656 293	-2 542 007	-2 437 909	-2 328 835	-33 551 588	-46 315 658
Liability for Remaining Coverage (LRC)	-2 799 026	-2 656 293	-2 542 007	-2 437 909	-2 328 835	-33 551 588	-46 315 658
Total	-6 676 044	-5 780 268	-5 007 992	-4 367 024	-3 920 906	-42 737 695	-68 489 929

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4.4. Reinsurance contracts held

Development	Assets for remaining coverage		Assets for incurred claims	Total
All measurement models	Excluding Loss Component	Loss Component		
2024				
In euros				
Reinsurance contract assets as at beginning of period	-168 679	178 963	109 637	119 921
Reinsurance contract liabilities as at beginning of period	-4 941 939	65 323	3 339 527	-1 537 089
Net reinsurance contract (assets)/liabilities as at beginning of period	-5 110 618	244 286	3 449 164	-1 417 168
Reinsurance Service Result	-3 963 565	174 845	4 039 963	251 243
Reinsurance finance income or expenses	-531 856	144 770	0	-387 086
OCI	436 633	0	0	436 633
Total changes in the statement of profit or loss and OCI	-4 058 788	319 615	4 039 963	300 790
Total cash flows	6 785 838	0	-5 904 598	881 240
Reinsurance contract assets as at end of period	-1 427 743	374 343	1 578 528	525 128
Reinsurance contract liabilities as at end of period	-955 827	189 558	6 000	-760 269
Net reinsurance contract (assets)/liabilities as at end of period	-2 383 568	563 901	1 584 529	-235 141

Development	Assets for remaining coverage		Assets for incurred claims	Total
All measurement models	Excluding Loss Component	Loss Component		
2023				
In euros				
Reinsurance contract assets as at beginning of period	-981 842	329 966	824 739	172 863
Reinsurance contract liabilities as at beginning of period	-945 998	18 412	37 388	-890 198
Net reinsurance contract (assets)/liabilities as at beginning of period	-1 927 840	348 378	862 127	-717 335
Reinsurance Service Result	-4 309 722	488 142	3 411 385	-410 195
Reinsurance finance income or expenses	44 684	-592 233	0	-547 549
OCI	-4 363	0	0	-4 363
Total changes in the statement of profit or loss and OCI	-4 269 401	-104 091	3 411 385	-962 107
Total cash flows	1 086 622	0	-824 348	262 274
Reinsurance contract assets as at end of period	-168 679	178 963	109 637	119 921
Reinsurance contract liabilities as at end of period	-4 941 939	65 323	3 339 527	-1 537 089
Net reinsurance contract (assets)/liabilities as at end of period	-5 110 619	244 287	3 449 164	-1 417 168

Development	Assets for remaining coverage		Assets for incurred claims	Total
General Measurement Model	Excluding Loss Component	Loss Component		
2024				
In euros				
Reinsurance contract assets as at beginning of period	-168 679	178 963	109 637	119 921
Reinsurance contract liabilities as at beginning of period	-4 941 939	65 323	3 339 527	-1 537 089
Net reinsurance contract (assets)/liabilities as at beginning of period	-5 110 618	244 286	3 449 164	-1 417 168
Contracts under fair value approach	-275 667	0	0	-275 667
Other contracts	-3 694 239	0	0	-3 694 239
Allocation of reinsurance premiums (Reinsurance revenue)	-3 969 906	0	0	-3 969 906
Amounts recoverable for claims and other expenses incurred in the period	0	0	3 970 156	3 970 156
Changes in loss recovery component	0	174 845	0	174 845
Adjustments to assets for incurred claims	0	0	0	0
Effect of changes in non-performance risk of reinsurer	6 341	0	0	6 341
Amounts recoverable from reinsurers	6 341	174 845	3 970 156	4 151 342
Reinsurance Service Result	-3 963 565	174 845	3 970 157	181 437
IFIE without FX	-531 856	144 770	0	-387 086
Reinsurance finance income or expenses	-531 856	144 770	0	-387 086
OCI	436 633	0	0	436 633
Total changes in the statement of profit or loss and OCI	-4 058 788	319 615	3 970 157	230 984
Premiums paid	6 785 837	0	0	6 785 837
Claims and other insurance service expenses received	0	0	-5 904 598	-5 904 598
Total cash flows	6 785 837	0	-5 904 598	881 239
Reinsurance contract assets as at end of period	-1 427 743	374 343	1 508 722	455 322
Reinsurance contract liabilities as at end of period	-955 827	189 558	6 000	-760 269
Net reinsurance contract (assets)/liabilities as at end of period	-2 383 569	563 901	1 514 722	-304 947

Development	Assets for remaining coverage		Assets for incurred claims	Total
General Measurement Model	Excluding Loss Component	Loss Component		
2023				
In euros				
Reinsurance contract assets as at beginning of period	-981 842	329 966	824 739	172 863
Reinsurance contract liabilities as at beginning of period	-945 998	18 412	37 388	-890 198
Net reinsurance contract (assets)/liabilities as at beginning of period	-1 927 840	348 378	862 127	-717 335
Contracts under fair value approach	-176 737	0	0	-176 737
Other contracts	-4 197 837	0	0	-4 197 837
Allocation of reinsurance premiums (Reinsurance revenue)	-4 374 574	0	0	-4 374 574
				0
Amounts recoverable for claims and other expenses incurred in the period	57 225	0	3 688 331	3 745 556
Changes in loss recovery component	0	488 140	0	488 140
Adjustments to assets for incurred claims	0	0	-277 779	-277 779
Effect of changes in non-performance risk of reinsurer	7 628	0	833	8 461
Amounts recoverable from reinsurers	64 853	488 140	3 411 385	3 964 378
				0
Reinsurance Service Result	-4 309 721	488 140	3 411 385	-410 196
				0
IFIE without FX	44 684	-592 233	0	-547 549
Reinsurance finance income or expenses	44 684	-592 233	0	-547 549
				0
OCI	-4 363	0	0	-4 363
				0
Total changes in the statement of profit or loss and OCI	-4 269 400	-104 093	3 411 385	-962 108
				0
Premiums paid	1 086 622	0	0	1 086 622
Claims and other insurance service expenses received	0	0	-824 348	-824 348
Total cash flows	1 086 622	0	-824 348	262 274
				0
Reinsurance contract assets as at end of period	-168 679	178 963	109 637	119 921
Reinsurance contract liabilities as at end of period	-4 941 939	65 323	3 339 527	-1 537 089
Net reinsurance contract (assets)/liabilities as at end of period	-5 110 618	244 285	3 449 164	-1 417 169

Development	2024				2023			
Premium Allocation Approach	Assets for remaining coverage		Assets for incurred claims	Total	Assets for remaining coverage		Assets for incurred claims	Total
In euro	Exc. Loss Component	Loss Component			Exc. Loss Component	Loss Component		
Reinsurance contract assets as at beginning of period	0	0	0	0	0	0	0	0
Reinsurance contract liabilities as at beginning of period	0	0	0	0	0	0	0	0
Net reinsurance contract (assets)/liabilities as at beginning of period	0	0	0	0	0	0	0	0
Amounts recoverable for claims and other expenses incurred in the period	0	0	69 806	69 806	0	0	0	0
Amounts recoverable from reinsurers	0	0	69 806	69 806	0	0	0	0
Reinsurance Service Result	0	0	69 806	69 806	0	0	0	0
Total changes in the statement of profit or loss and OCI	0	0	69 806	69 806	0	0	0	0
Reinsurance contract assets as at end of period	0	0	69 806	69 806	0	0	0	0
Net reinsurance contract (assets)/liabilities as at end of period	0	0	69 806	69 806	0	0	0	0

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Developments of LRC/ARC and LIC/AIC	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	Total
General Measurement Model				
2024				
In euros				
Reinsurance contract assets as at beginning of period	-173 669	842	292 747	119 920
Reinsurance contract liabilities as at beginning of period	-3 446 952	170 366	1 739 497	-1 537 089
Net insurance contract (assets)/liabilities as at beginning of period	-3 620 621	171 208	2 032 244	-1 417 169
0				
Contractual service margin for the service provided in the period	0	0	-856 036	-856 036
Risk adjustment recognised for the risk expired	0	-65 915	0	-65 915
Experience adjustments	922 202	0	0	922 202
Changes that relate to current services	922 202	-65 915	-856 036	251
0				
Contracts initially recognised in the period (incl. Loss Recovery Component)	-4 515 757	242 020	4 383 492	109 755
Changes in the estimates that adjust the contractual service margin	2 931 122	-197 962	-2 733 160	0
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	0	0	65 090	65 090
Changes that relate to future services	-1 584 635	44 058	1 715 422	174 845
0				
Effect of changes in non-performance risk of reinsurer	6 341	0	0	6 341
0				
Reinsurance Service Result	-656 092	-21 857	859 386	0
0				
IFIE without FX	-713 156	52 113	273 957	-387 086
Reinsurance finance income or expenses	-713 156	52 113	273 957	-387 086
0				
OCI	435 723	910	0	436 633
0				
Total changes in the statement of profit or loss and OCI	-933 525	31 166	1 133 343	230 984
0				
Premiums paid	6 785 838	0	0	6 785 838
Claims and other insurance service expenses received	-5 904 598	0	0	-5 904 598
Total cash flows	881 240	0	0	881 240
0				
Reinsurance contract assets as at end of period	-695 100	8 352	1 142 070	455 322
Reinsurance contract liabilities as at end of period	-2 977 808	194 021	2 023 518	-760 269
Net reinsurance contract (assets)/liabilities as at end of period	-3 672 908	202 373	3 165 588	-304 947

Developments of LRC/ARC and LIC/AIC	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	Total
General Measurement Model				
2023				
In euros				
Reinsurance contract assets as at beginning of period	-167 152	536	339 480	172 864
Reinsurance contract liabilities as at beginning of period	-1 526 006	276 126	359 682	-890 198
Net insurance contract (assets)/liabilities as at beginning of period	-1 693 158	276 662	699 162	-717 334
0				
Contractual service margin for the service provided in the period	0	0	-2 316 123	-2 316 123
Risk adjustment recognised for the risk expired	0	-41 643	0	-41 643
Experience adjustments	1 671 522	0	0	1 671 522
Changes that relate to current services	1 671 522	-41 643	-2 316 123	-686 244
0				
Contracts initially recognised in the period (incl. Loss Recovery Component)	-2 363 165	11 663	2 349 113	-2 389
Changes in the estimates that adjust the contractual service margin	-1 162 299	-117 365	1 336 889	57 225
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	0	0	670 379	670 379
Changes that relate to future services	-3 525 464	-105 702	4 356 381	725 215
0				
Effect of changes in non-performance risk of reinsurer	8 462	0	0	8 462
0				
Reinsurance Service Result	-1 845 480	-147 345	2 040 258	47 433
0				
IFIE without FX	-20 366	143	-527 326	-547 549
Reinsurance finance income or expenses	-20 366	143	-527 326	-547 549
0				
OCI	-46 112	41 749	0	-4 363
0				
Total changes in the statement of profit or loss and OCI	-1 911 958	-105 453	1 512 932	-504 479
0				
Premiums paid	1 086 622	0	0	1 086 622
Claims and other insurance service expenses received	-824 348	0	0	-824 348
Total cash flows	262 274	0	0	262 274
0				
Reinsurance contract assets as at end of period	-173 669	842	292 747	119 920
Reinsurance contract liabilities as at end of period	-3 446 952	170 366	1 739 497	-1 537 089
Net reinsurance contract (assets)/liabilities as at end of period	-3 620 621	171 208	2 032 244	-1 417 169

4.5. CSM expected to be recognised in profit or loss

Reinsurance contracts held

31.12.2024							
GMM	1 st year	2 nd year	3 rd year	4 th year	5 th year	further years	Total
Assets for Remaining Coverage (ARC)	1 377 751	24 470	17 923	9 703	3 624	0	1 433 471
Liability for Remaining Coverage (LRC)	211 381	187 704	170 469	154 763	138 933	1 160 267	2 023 518
Total	1 589 133	212 174	188 392	164 466	142 557	1 160 267	3 456 989

Reinsurance contracts held

31.12.2023							
GMM	1 st year	2 nd year	3 rd year	4 th year	5 th year	further years	Total
Assets for Remaining Coverage (ARC)	258 740	12 546	11 832	7 408	2 220	0	292 747
Liability for Remaining Coverage (LRC)	1 175 901	74 809	67 336	51 863	35 937	333 651	1 739 497
Total	1 434 642	87 356	79 168	59 271	38 157	333 651	2 032 244

4.6. Underlying assets

31.12.2024					
	Underlying items			Non-underlying items	Total
	Direct participating contracts	Investment contracts and consolidated funds	Total		
In euros					
Items shown as assets	257 756 471	0	257 756 471	377 567 257	635 323 728
Cash and cash equivalents			0	22 347 458	22 347 458
Loans			0	24 235 970	24 235 970
Bonds			0	265 740 083	265 740 083
Term Deposits			0	3 237 378	3 237 378
Funds	257 756 471		257 756 471	51 804 663	309 561 134
Shares			0	1 597 360	1 597 360
Shares in affiliated nonconsolidated entities			0	6 656 712	6 656 712
Receivables			0	1 947 634	1 947 634
Items shown as liabilities	0	0	0	507 184	507 184
Liabilities designated at FVTPL	0	0	0	507 184	507 184

31.12.2023

	Underlying items			Non-underlying items	Total
	Direct participating contracts	Investment contracts and consolidated funds	Total		
In euros					
Items shown as assets	191 169 108	0	191 169 108	396 084 857	538 335 550
Cash and cash equivalents			0	18 838 513	18 838 513
Loans			0	24 426 448	24 426 448
Bonds	0		0	242 828 676	242 828 376
Term Deposits			0	7 352 379	7 352 379
Funds	191 169 108	0	0	44 599 600	235 768 709
Shares			0	1 680 515	1 680 515
Shares in affiliated nonconsolidated entities			0	5 260 264	5 260 264
Receivables			0	2 180 346	2 180 346
Items shown as liabilities	0	0	0	554 510	554 510
Liabilities designated at FVTPL	0	0	0	554 510	554 510

Amounts recognised in profit or loss

In euros	2024	2023
Underlying Assets	34 390 617	16 715 691
Other result from financial instruments	34 390 617	16 715 691
Non Underlying Assets	5 534 518	7 638 042
Interest revenue using effective interest rate method	7 331 456	6 612 965
Realised gains and losses from financial assets measured at AC	-28	-28
Impairment losses incl. reversal gains on financial instruments	-9 192	-24 651
Other result from financial instruments	-1 787 719	1 049 756
Total Underlying and Non Underlying Assets	39 915 611	24 292 063
Interest revenue using effective interest rate method	7 321 932	6 551 295
Realised gains and losses from financial assets measured at AC	-28	-28
Impairment losses incl. reversal gains on financial instruments	-9 192	-24 651
Other result from financial instruments	32 602 898	17 765 447

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4.7. Risk of concentration

31.12.2024				
In euros	GMM	PAA	VFA	Total
Insurance assets	991 028	0	0	991 028
Estonia	960 840	0	0	960 840
Latvia	30 188	0	0	30 188
Lithuania	0	0	0	0
Insurance liabilities	-332 792 982	-16 262 635	-210 270 403	-559 326 020
Estonia	-93 391 905	-28 338	-25 943 227	-119 363 470
Latvia	-163 316 648	-6 319 062	-37 291 150	-206 926 860
Lithuania	-76 084 429	-9 915 235	-147 036 026	-233 035 691

31.12.2023				
In euros	GMM	PAA	VFA	Total
Insurance assets	658 387	0	0	658 387
Estonia	502 412	0	0	502 412
Latvia	45 422	0	0	45 422
Lithuania	110 553	0	0	110 553
Insurance liabilities	-312 764 943	-9 788 876	-142 250 693	-464 804 512
Estonia	-98 357 121	0	-21 023 905	-119 381 026
Latvia	-146 884 951	-4 557 673	-30 735 590	-182 178 213
Lithuania	-67 522 871	-5 231 204	-90 491 198	-163 245 272

In euros	31.12.2024			31.12.2023		
	GMM	PAA	Total	GMM	PAA	Total
Reinsurance assets	0	69 806	69 806	0	0	0
Lithuania	0	69 806	69 806	0	0	0
Reinsurance liabilities	-760 269	0	-760 269	-1 537 089	0	-1 537 089
Estonia	-281 341	0	-281 341	-224 782	0	-224 782
Latvia	-80 975	0	-80 975	-104 819	0	-104 819
Lithuania	-397 953	0	-397 953	-1 207 488	0	-1 207 488

2024 In euros	Health insurance	Unit-and index linked life insurance	Life insurance with profit participation	Other current premium	Total
Gross written premium					
Estonia	473 346	6 964 260	5 127 495	2 075 738	14 640 839
Latvia	14 715 957	6 908 034	2 612 135	32 470 050	56 706 176
Lithuania	45 903 741	62 435 377	19 070 131	3 134 458	130 543 708
Total	61 093 044	76 307 671	26 809 761	37 680 246	201 890 722

2023 In euros	Health insurance	Unit-and index linked life insurance	Life insurance with profit participation	Other current premium	Total
Gross written premium					
Estonia	0	4 812 679	6 821 753	1 142 974	12 777 407
Latvia	10 878 524	6 675 210	3 120 892	27 976 247	48 650 872
Lithuania	38 197 129	58 557 121	21 474 650	3 211 554	121 440 454
Total	49 075 653	70 045 010	31 417 296	32 330 774	182 868 733

4.8. Insurance service result

2024				
In euros	GMM	PAA	VFA	Total
Insurance service result	916 911	5 722 749	6 566 078	13 205 737
thereof revenue	13 763 556	55 558 986	15 585 431	84 907 974
thereof expense - issued business	-12 846 646	-49 836 237	-9 019 354	-71 702 237
paid claims incl. att.Claims handling expenses	-4 148 087	-41 544 434	-3 250 649	-48 943 170
change of LIC/AIC	25 795	9 166	257 780	292 741
amortization of acqu.expenses	-447 631	-5 841 926	-1 449 650	-7 739 208
incurred dir.attr.operating expenses	-5 820 932	-2 551 122	-4 712 409	-13 084 463
experience adjustment	-51 203	0	171 602	120 399
onerous changes	-2 403 421	92 079	-36 028	-2 347 371
changes related to future serv.	-1 165	0	0	-1 165

2023				
In euros	GMM	PAA	VFA	Total
Insurance service result	5 389 448	285 262	3 897 105	9 571 815
thereof revenue	15 247 949	44 847 518	12 282 251	72 377 718
thereof expense – issued business	-9 858 501	-44 562 256	-8 385 146	-62 805 903
paid claims incl. att.Claims handling expenses	-3 609 611	-40 069 928	-3 437 355	-47 116 894
change of LIC/AIC	-170 179	105 496	1 125 729	1 061 046
amortization of acqu.expenses	0	-3 343 707	0	-3 343 707
incurred dir.attr.operating expenses	-5 492 714	-1 162 038	-5 128 178	-11 782 931
experience adjustment	0	0	-794 291	-794 291

onerous changes	-585 996	-92 079	-151 051	-829 126
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In euros	2024			2023		
	GMM	PAA	Total	GMM	PAA	Total
Insurance service result - reinsurance held	472 837	69 806	542 644	-410 196	0	-410 196
thereof revenue	-3 969 906	0	-3 969 906	-4 374 575	0	-4 374 575
thereof expense	4 442 743	69 806	4 512 550	3 964 379	0	3 964 379
ceded claims	3 970 157	69 806	4 039 963	3 688 331	0	3 688 331
changes related to future serv.that adjust CSM	0	0	0	57 225	0	57 225
other	472 587	0	472 587	495 769	0	495 769

4.9. Insurance finance result

In euros;	2024				
	PAA	GMM	VFA	Re-insurance	Total
Insurance finance result	-42 165	-6 063 132	-33 568 331	-387 086	-40 060 714
interest accreted LRC/ARC FCF	0	-5 330 169	-3 279 029	-713 858	-9 323 056
interest rate changes LRC/ARC FCF	0	-8	-8 120 171	-84 906	-8 205 086
interest accreted LIC/AIC FCF	-39 761	-8	-73	0	-39 842
interest rate changes LIC/AIC FCF	-1 474	0	0	0	-1 474
accr. CSM at locked-in inter.rate	0	-526 438	0	359 565	-166 873
RA financial risk component	-930	-206 509	-2 388 823	52 113	-2 544 149
oth.adjustm. insurance fin. result	0	0	-19 780 236	0	-19 780 236

In euros	2023				
	PAA	GMM	VFA	Re-insurance	Total
Insurance finance result	-56 707	-4 512 113	-15 521 624	-547 549	-20 637 993
interest accreted LRC/ARC FCF	0	-3 463 253	-1 094 842	128 876	-4 429 219
interest rate changes LRC/ARC FCF	0	-243	-10 567 324	-741 476	-11 309 042
interest accreted LIC/AIC FCF	-42 169	-18	-15	0	-42 203
interest rate changes LIC/AIC FCF	-12 402	0	0	0	-12 402
accr. CSM at locked-in inter.rate	0	-583 441	0	64 908	-518 533
RA financial risk component	-2 135	-465 158	9 326 918	143	8 859 767
oth.adjustm. insurance fin. result	0	0	-13 186 360	0	-13 186 360

4.10. Remaining CSM balance per group portfolio

Expected CSM release - issued business	31.12.2024			31.12.2023		
	GMM	VFA	Total	GMM	VFA	Total
ARC CSM issued	-1 083 565	0	-1 083 565	-1 085 878	0	-1 085 878
LRC CSM issued	-23 956 231	-68 706 435	-92 662 666	-21 088 392	-46 315 659	-67 404 051
Total	-25 039 796	-68 706 435	-93 746 231	-22 174 269	-46 315 659	-68 489 928

Expected CSM release - reinsurance	31.12.2024			31.12.2023		
	GMM	VFA	Total	GMM	VFA	Total
ARC CSM RI held	1 433 471	0	1 433 471	292 747	0	292 747
LRC CSM RI held	2 023 518	0	2 023 518	1 739 497	0	1 739 497
Total	3 456 989	0	3 456 989	2 032 244	0	2 032 244

4.11. Insurance revenue

In euros	2024			
	GMM	VFA	PAA	Total
Contracts not measured under the PAA				
Amounts relating to the changes in the liability for remaining coverage	13 315 925	14 135 781	0	27 451 706
- Expected incurred claims and insurance service expenses incurred in the period	7 256 346	7 840 120	0	15 096 466
- Change in the risk adjustment for non-financial risk	1 451 288	2 017 325	0	3 468 613
- Amount of CSM recognised in profit or loss	4 650 865	4 225 786	0	8 876 650
- Other amounts (experience adjustments for premium receipts)	-42 573	52 550	0	9 977
Amounts relating to recovery of insurance acquisition cash flows	447 631	1 449 650	0	1 897 281
- Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flow	447 631	1 449 650	0	1 897 281
Insurance revenue	13 763 556	15 585 431	0	29 348 987
Contracts measured under the PAA	0	0	55 558 987	55 558 987
Total insurance revenue	13 763 556	15 585 431	55 558 987	84 907 974

In euros	2023			
	GMM	VFA	PAA	Total
Contracts not measured under the PAA				
Amounts relating to the changes in the liability for remaining coverage	14 909 932	11 276 412	0	26 186 343
- Expected incurred claims and insurance service expenses incurred in the period	7 544 818	6 172 252	0	13 717 070
- Change in the risk adjustment for non-financial risk	3 625 203	3 681 423	0	7 306 626
- Amount of CSM recognised in profit or loss	4 258 005	1 441 849	0	5 699 854
- Other amounts (experience adjustments for premium receipts)	-518 094	-19 112	0	-537 206
Amounts relating to recovery of insurance acquisition cash flows	338 018	1 005 839	0	1 343 857
- Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flow	338 018	1 005 839	0	1 343 857
Insurance revenue	15 247 949	12 282 251	0	27 530 200
Contracts measured under the PAA	0	0	44 847 518	44 847 518
Total insurance revenue	15 247 949	12 282 251	44 847 518	72 377 718

4.12. Insurance risk -Claims development

LIC issued	2022	2023	2024	Total
In euro				
Estimated undiscounted cash outflows excl.RA				
At the end of accident year	-28 951 251	-40 447 146	-42 795 589	
One year later	-28 532 008	-39 228 886		
Two years later	-28 530 708			
Cumulative claims paid	28 530 782	39 216 457	38 797 007	
Remaining estimated claims per accident year - issued	74	-12 430	-3 998 582	-4 010 938
Liability - accident year 2021				0
Liability - accident years before 2021				0
Effect of discounting				15 927
Risk adjustment				-102 046
Total				-4 097 057

Note 5 Financial assets and liabilities as well as other balance sheet items evaluated according to IFRS9

5.1. Measurement and balance of risk provision

As at 31 December	2024		2023	
In euros	Book value	Risk provision	Book value	Risk provision
Measured at amortized cost (AC)				
Assets	54 171 982	-132 098	54 171 116	-117 493
Cash and cash equivalents	23 099 917		19 943 495	
Loans	22 341 571	-131 239	22 695 767	-113 452
Term deposits	6 587 378	-859	8 982 379	-4 041
IFRS 9 measured receivables	2 143 116		2 549 475	
Liabilities	-871 355		-1 021 533	
Lease liabilities	-871 355		-1 021 533	
Measured at fair value through other comprehensive income (FVtOCI)	277 958 272		254 983 578	
Bonds	265 740 083		242 760 524	
Shares and shares in companies	12 218 189		122 223 055	
Shares in participating companies	12 218 189		12 223 055	
Measured at fair value through profit&loss (FVtPL)				
Financial assets	311 158 494		237 517 076	
Shares	1 597 360		1 680 515	
Bonds	0		67 853	
Investment funds (own portfolio)	51 804 663		44 599 600	
Investment funds (unit-linked portfolio)	257 756 471		191 169 108	
Financial liabilities	-507 184		-554 510	
Liabilities designated at FVtPL	-507 184		-554 510	

5.2. Equity instruments designated measured at FVtOCI

Financial investments	2024	2023
Shares in participating companies	12 218 189	12 223 055
SIA "Alauksta 13/15", Riga	314 333	304 849
SIA "Artilērijas 35", Riga	325 574	319 478
SIA "Ģertrūdes 121", Riga	1 040 502	1 060 948
VIG FUND	10 537 780	10 537 780

5.3. Fair value and book values of financial instruments and investments

31.12.2024					
In euros	Book value	Level 1	Level 2	Level 3	Fair value
Amortized costs	28 703 055	0	11 653 293	16 443 533	28 096 826
Loans	22 116 536	0	11 653 293	9 856 155	21 509 448
Term deposits	6 586 519	0	0	6 587 378	6 587 378
Fair value through other comprehensive income	265 740 083	234 589 803	30 945 447	204 833	265 740 083
Bonds FVtOCI	265 740 083	234 589 803	30 945 447	204 833	265 740 083
Fair value through PL	311 158 494	230 563 022	51 315 439	29 280 033	311 158 494
Shares	1 597 360	1 532 522	64 838	0	1,597,360
Funds	309 561 134	229 030 499	51 250 602	29 280 033	309 561 134
Investment property	1 831 055	0	0	1 831 055	1 831 055
Investment in associates	12 218 189	0	0	12 218 189	12 218 189
TOTAL INVESTMENTS	619 782 973	465 152 825	93 914 179	59 977 642	619 044 646

31.12.2023					
In euros	Book value	Level 1	Level 2	Level 3	Fair value
Amortized costs	31 594 173	0	19 574 712	10 887 652	31 594 173
Loans	22 615 835	0	19 574 712	1 905 273	22 615 835
Term deposits	8 982 379	0	0	8 982 379	8 978 338
fair value through other comprehensive income	242 760 524	209 282 099	33 478 424	0	242 760 524
Bonds FVtOCI	242 760 524	209 282 099	33 478 424	0	242 760 524
fair value through PL	237 517 076	166 958 068	46 991 119	24 178 562	237 517 076
Shares	1 680 515	954 263	726 253	0	1 680 515
Bonds	67 853	0	678 525	0	67 853
Funds	235 768 708	166 003 805	45 586 341	24 178 562	235 768 708
Investment property	1 831 055	0	0	0	1 831 055
Investment in associates	12 223 055	0	0	12 223 055	12 223 055
TOTAL INVESTMENTS	525 925 883	376 240 167	100 044 256	49 120 323	525 925 883

Reclassification	31.12.2024		31.12.2023		
	Level 1 to Level 2	Level 2 to Level 1	Level 1 to Level 2	Level 1 to Level 3	Level 2 to Level 3
Measured at FVtOCI					
Financial assets	3	4	1	8	8
Measured at FVtPL					
Financial assets	18	0	0	0	1
Total	21	4	1	8	9

5.4. Fair value development

Financial assets measured at FVtOCI	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
In euro						
Fair value as of 31.12	209 257 057	33 503 467	0	188 854 131	33 039 503	0
Exchange rate difference	-3 472	-1 958	0	-7 289	-10 947	0
Reclassification to level	4 095 514	346 717	0	0	712 309	0
Reclassification from level	-346 717	-4 095 514	0	-712 309	0	0
Amortisation and accrued interest	472 560	97 599	1 533	187 148	130 478	0
Addition	38 143 236	5 946 666	200 000	15 338 835	5 639 673	0
Disposal	-21 059 969	-5 354 711	0	-4 829 153	-7 434 710	0
Changes in value recognised directly in equity	4 031 595	503 181	3 300	10 425 693	1 427 161	0
Fair value as of 31.12	234 589 803	30 945 447	204 833	209 257 057	33 503 467	0

Financial assets measured at FVtPL	31.12.2024			31.12.2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
In euro						
Fair value as of 31.12	166 958 068	46 380 447	24 178 562	123 175 556	41 978 053	23 031 046
Exchange rate difference	8 980	0	0	-1 443	-3 056	0
Reclassification to level	623 496	0	0	0	0	0
Reclassification from level	0	-623 496	0	0	0	0
Amortisation and accrued interest	-1 255	0	0	0	1 255	0
Addition	32 303 999	1 638 983	5 630 649	30 263 425	1 476 547	1 851 053
Disposal	-317 336	-98 944	-251 540	-898 976	-313 304	-432 694
Changes in value recognised directly in profit and loss	30 987 071	4 018 450	-277 638	14 419 506	3 240 952	-270 843
Fair value as of 31.12	230 563 022	51 315 439	29 280 033	166 958 068	46 380 447	24 178 562

5.5. Financial liabilities book value and valuation hierarchies

In euros	31.12.2024			Total	31.12.2023			Total
	Level 3				Level 3			
Lease liability	871 355	0		871 355	1 021 533	0		1 021 533
Liabilities designated at FVtPL	0	507 184		507 184	0	554 510		554 510
TOTAL FINANCIAL LIABILITIES	871 355	507 184		1 378 539	1 021 533	554 510		1 576 044

5.6. Net investment income

The table below breaks down investment income by income statement line

in euros	2024	2023
Interest revenue calculated using the effective interest method	7 321 932	6 551 295
Loans AC	563 958	550 273
Term deposits AC	271 506	52 138
Bonds FVOCI	6 486 467	5 948 884
Other investment revenue	32 602 871	17 765 419
Loans AC	-28	-28
Bonds FVOCI	-3 735 847	-24 187
Bonds FVTPL	-1 945	1 945
Shares FVTPL	53 745	90 542
Funds FVTPL (Own investments)	1 896 215	981 589
Funds FVTPL (Unit-linked)	34 390 617	16 715 691
Other investment revenue	114	-133
Net impairment loss on financial assets	-9 192	-24 651
Loans AC	-17 787	-11 506
Term deposits AC	3 181	-1 103
Bonds FVOCI	5 414	-12 041
TOTAL NET INVESTMENT RETURN	39 915 611	24 292 063

The following tables show investment income by instruments and income type

2024	Interest income/ expenses	Dividends income	Gain/loss from sale of financial instruments	Gain/loss from valuation of financial instruments	Net impairment loss on financial instruments	Net gain/loss from exchange rate change	Total
In euros							
Loans AC	563 958	0	-28	0	-17 787	0	546 143
Term deposits AC	271 506	0	0	0	3 182	0	274 688
Bonds FVOCI	6 486 467	0	-3 730 418	0	5 414	-5 430	2 756 034
Bonds FVTPL	-1 246	0	0	-649	0	-50	-1 945
Shares FVTPL	0	70 554	16 957	-44 958	0	11 192	53 745
Funds FVTPL (Own)	0	1 239 696	9 101	646 814	0	604	1 896 215
Funds FVTPL (Unite-linked)	0	1 589	0	34 389 029	0	0	34 390 617
Other	0	0	0	0	0	114	114
TOTAL NET INVESTMENT RETURN	7 320 686	1 311 839	-3 704 387	34 990 235	-9 192	6 431	39 915 611

2023	Interest income/ expense	Dividends income	Gain/loss from sale of financial instruments	Gain/loss from valuation of financial instruments	Net impairment loss on financial instruments	Net gain/loss from exchange rate change	Total
In euros							
Loans AC	550 273	0	-28	0	-11 506	0	538 739
Term deposits AC	52 138	0	0	0	-1 102	0	51 036
Bonds FVOCI	5 948 884	0	-5 794	0	-12 042	-18 394	5 912 654
Bonds FVTPL	1 246	0	0	649	0	50	1 945
Shares FVTPL	0	58 182	393	38 627	0	-6 659	90 542
Funds FVTPL (Own)	0	745 390	-66 669	301 773	0	1 096	981 589
Funds FVTPL (Unite-linked)	0	0	0	16 715 691	0	0	16 715 691
Other	0	0	0	0	0	-133	-133
TOTAL NET INVESTMENT RETURN	6 552 542	803 571	-72 098	17 056 740	-24 651	-24 041	24 292 063

Realised gain and loss comprise the difference between the cost and sales price of investments.

-Net fair value gain comprises net gain on changes in the fair value of financial assets at fair value through profit or loss that were classified to the category of *at fair value through profit or loss* on initial recognition.

Increases and decreases in fair value comprise fair value changes during the financial year, i.e. unrealised gains and losses at the reporting date. For investments acquired during the reporting period, the difference between cost and fair value at the reporting date is presented and for investments acquired in earlier periods, the difference between fair value at the end of the previous financial year and fair value at the reporting date is presented.

5.7. Investment property

In euros	Land	Buildings	Total
Fair value at, 31 December 2022	400 000	1 650 663	2 050 663
Decrease in the value of investment property	18 000	-237 608	-219 608
Fair value at, 31 December 2023	418 000	1 413 055	1 831 055
Fair value at, 31 December 2024	418 000	1 413 055	1 831 055

In euros	2024	2023
Rental income on investment property	145 260	157 243
Direct property management expenses	-71 125	-89 777

Future periods' rental income from non-cancellable leases amounts to 145.101 euros (the contracts can be cancelled by giving six months' notice).

The fair value of investment property was 2.66 million euros at, 31 December 2024. This was measured by reference to the expert opinion issued by the independent appraisers of Colliers International Advisors SIA in January 2024. According to the expert opinion, fair value was determined using the discounted cash flow method and market approach. The method is underpinned by the principle that the buyer is not willing to pay for the property in excess of the cash flow expected to be derived from the property over its entire useful life. The value of a property is determined by reference to the expected future net income from the property and the present value of the gain expected to be derived from its disposal. On the application of the discounted cash flow method, the pre-tax cash flow expected to be derived from the property over its use is discounted to its present value. The valuation belongs to level 3 in the fair value hierarchy of IFRS 13, which is based on unobservable inputs. The valuation was performed by applying the following assumptions:

- The forecast period for expected cash flows was 5 plus 1 years.
- Future cash flow was projected on the basis of existing rental agreements. For the period following the expiry of rental agreements, future cash flow was estimated by the appraisers based on the expected market price.
- Indexation of rental was based on existing agreements, the forecasts made by Colliers and appraisers' opinions. It was expected that in the long-term rental would grow at the rate of the Latvian consumer price index, i.e. at 2.1% per year.
- The vacancy rate was set at 5%.
- It was expected that in the long-term property management expenses would grow at the rate of 2.5% per year.
- The discount rate applied was 9.15%.
- The exit yield applied was 7.25%.

In addition, the expert opinion took into account the following factors and changes in 2024:

- An 5% vacancy rate as at 31 December 2024.
- The estimated net income related to the investment property (EBIT/NOI) in 2022 amounts to around 213th euros, which, adjusted for inflation, is roughly equal to the amount at the end of 2016.
- The average base price of existing rental contracts is 11.77 euros per square metre (2023: 13.62 euros per square metre).

Management assessed the sensitivity of the fair value of investment property to changes in significant valuation inputs. A 0.5 basis point decrease in the discount rate would have increase the value of investment property as at the reporting date by 50. thousand euros and a 0.5 basis point increase in the exit yield would have reduced the value of investment property by 49.5 thousand euros.

Note 6 Other operating income

In euros	2024	2023
Rental income from affiliates	145 192	157 243
Other income	19 588	0
Income from exchange rate changes	22 984	38 369
Other income from affiliates	1 435 819	907 024
Income from the sale of fixed assets	6 066	24 157
Total other operating income	1 629 649	1 126 793

Note 7 Other operating expenses

In euros	2024	2023
Loss on sale of fixed assets	-86 172	-10 167
Loss from exchange rate changes	-13 565	-38 697
Expense from provisions	0	-400 000
Other unacquired expenses (IFRS17)	-2 523 957	-1 904 415
Other expenses	-747 952	-903 075
Total other operating expense	-3 371 646	-3 256 354

Note 8 Acquisition costs and administrative expenses

	2024	2023
Attributable costs	15 240 890	12 703 302
Claim handling expenses (ULAE)	1 850 426	1 647 190
Acquisition costs – other	3 843 776	3 526 516
Asset management expenses	436 509	306 909
Operating expenses	8 695 692	6 852 319
Taxes and levies (out of premium)	414 487	370 368
Initial commissions	13 365 693	17 519 048
Non-attributable costs	2 523 957	1 904 415
Total costs	31 130 541	32 126 765

Note 9 Operating expenses

in euros	2024	2023
Personal related costs	10 182 995	8 820 802
Salaries and wages	8 613 914	7 418 314
Social security contributions	1 098 104	933 005
Costs relating to pension plans and employees benefits	205 008	223 384
Voluntary social contributions	265 969	246 099
Other costs	7 581 853	5 786 915
IT Costs	828 878	796 517
Sales costs	1 098 741	982 926
Cost of company cars	86 989	89 609
Travel costs	103 197	96 318
Office operating costs	1 546 634	1 441 674
Depreciation of IT and others	668 070	637 241
Taxes and levies (out of premium)	414 487	370 368
HR costs	412 068	191 806
Bank and deposit fees	858 224	831 177
Other operating costs	1 564 566	349 279
Total operating costs	17 764 847	14 607 717

	2024	2023
Administration	196	182
Of which members of management and control bodies	3	3
Of which people working under employment contracts	193	179
Sales staff	62	70
Of which people working under employment contracts	62	70
TOTAL NUMBER OF EMPLOYEES	258	252

Note 10 Lease income and expenses

Income and expenses recognised in profit or loss In euros	2024	2023
Income and expenses from sublease activities	5 925	1 719
Depreciation	-630 624	-609 146
Other income and expenses from leases	0	127
Net lease expenses	-624 699	-607 300

Note 11 Finance income

In euros	2024	2023
Gain from sublease	68 352	19 666
Current income from other capital investment	528 287	181 407
Rent income from affiliated companies	145 192	157 243
Gains from liabilities designated at FVtPL	47 327	17 316
TOTAL FINANCING INCOME	789 157	375 632

Note 12 Finance expenses

In euros	2024	2023
Interest expense from lease liabilities	-21 552	-23 441
Loss from sublease	-61 549	-17 295
Change in value of real estate investment	0	-219 607
TOTAL FINANCING EXPENSE	-83 101	-260 343

Note 13 Property, plant and equipment

In euros	Buildings	Vehicles	Hardware	Furniture, office equipment	Total
Cost at, 31 December 2022	816 972	224 354	610 866	304 671	1 956 863
Accumulated depreciation at 31 December 2022	-186 348	-178 677	-511 982	-265 037	-1 142 044
Carrying amount at 31 December 2022	630 624	45 677	98 884	39 634	814 819
Additions and prepayments	0	79 640	12 389	50 564	142 594
Write off	0	-78 476	0	0	-78 476
Depreciation of assets written off	0	68 309	0	0	68 309
Depreciation for the year	-28 549	-23 723	-43 185	-10 669	-106 126
Cost at, 31 December 2023	816 972	225 518	623 255	355 235	2 020 980
Accumulated depreciation at 31 December 2023	-214 897	-134 091	-555 167	-275 706	-1 179 860
Carrying amount at 31 December 2023	602 075	91 427	68 088	79 529	841 120
Additions and prepayments	0	0	133 160	92 764	225 924
Write off	-156 085	-19 416	0	0	-175 501
Depreciation of assets written off	121 920	19 416	0	0	141 336
Depreciation for the year	-28 549	-23 924	-59 156	-20 172	-131 801
Cost at, 31 December 2024	660 887	206 102	756 415	447 999	2 071 403
Accumulated depreciation at 31 December 2024	-121 526	-138 599	-614 323	-295 878	-1 170 326
Carrying amount at 31 December 2024	539 361	67 503	142 092	152 121	901 077

Note 14 Intangible assets

In euros	Goodwill	Software	Value of business acquired	Total
Cost at, 31 December 2022	3 055 179	3 654 841	1 024 624	7 734 644
Accumulated amortisation at 31 December 2022	0	-2 651 394	-819 702	-3 471 095
Carrying amount at, 31 December 2022	3 055 179	1 003 447	204 922	4 263 548
Additions, prepayments	0	571 797	0	571 797
Write off	0	0	-1 024 624	-1 024 624
Depreciation of assets written off	0	0	870 932	870 932
Amortisation for the year	0	-396 087	-51 231	-447 318
Cost at, 31 December 2023	3 055 179	4 226 638	0	7 281 817
Accumulated amortisation at 31 December 2023	0	-3 047 481	0	-3 047 481
Carrying amount at, 31 December 2023	3 055 179	1 179 157	0	4 234 336
Additions, prepayments	0	571 797	0	571 797
Write off	0	-260 744	0	-260 744
Depreciation of assets written off	0	209 854	0	209 854
Amortisation for the year	0	-438 974	0	-438 974
Cost at 31 December 2024	3 055 179	4 537 742	0	7 592 921
Accumulated amortisation at 31 December 2024	0	-3 276 601	0	-3 276 602
Carrying amount at, 31 December 2024	3 055 179	1 261 141	0	4 316 320

Impairment test on goodwill

Goodwill was tested for impairment as of 31 December 2024 in accordance with the requirements of IAS 36. According to management's assessment, there is no need to write goodwill down because its recoverable amount exceeds its carrying amount.

For impairment testing, goodwill was allocated to the following cash-generating units:

In euros	
At, 31 December 2024	
Compensa Life Distribution UAB	2 924 497
Vienibas Gatve Properties SIA	130 682
TOTAL	3 055 179

Compensa Life Distribution UAB

The goodwill allocated to Compensa Life Distribution UAB was tested for impairment using the discounted cash flow method.

The key inputs used to project the discounted cash flows of Compensa Life Distribution UAB are the discount rate applied and the expected sales growth rate. Goodwill was tested for impairment using the following assumptions:

- Next year, sales revenue is expected to fall by 3% and the growth in subsequent years will be 0%.
- Future cash flows were discounted using different discount rates of up to 14.0%.

In all scenarios, the recoverable amount of goodwill remained equal to or higher than the carrying amount. Thus, there was no need for further analysis or recognition of an impairment loss.

Note 15 Right-of-use assets

In euros	31.12.2024	31.12.2023
Right-of-use assets	795 493	969 458
Office premises	795 493	969 458
Vehicles	6 832	6 785
TOTAL RIGHT OF USE ASSETS	802 325	976 243

In euros	Carrying amount at, 31 Dec 2023	Write-up/ write-down of cost	Additions	Write-off	Impairment/ decrease in value	Increase in value	Change in depreciation	Carrying amount at, 31 Dec 2024
Office premises	969 458	491 706	0	-22 439	-613 766	237	-29 704	795 493
Other assets	0	0	0	0	0	0	0	0
Vehicles	6 785	17 143	0	0	-17 095	0	0	6 832
Total right-of-use assets	976 243	508 849	0	-22 439	-630 862	237	-29 704	802 325

In euros	Carrying amount at, 31 Dec 2022	Write-up/ write-down of cost	Additions	Write-off	Impairment/ decrease in value	Increase in value	Change in depreciation	Carrying amount at, 31 Dec 2023
Office premises	1 086 211	373 756	111 557	-180 901	-590 785	452	166 889	967 180
Other assets	1 864	2 625	0	0	-2 210	0	0	2 278
Vehicles	5 945	17 443	0	0	-16 603	0	0	6 785
Total right-of-use assets	1 094 020	393 824	111 557	-180 901	-609 598	452	166 889	976 243

Note 16 Equity

According to the articles of association, the minimum and maximum authorised share capital of Compensa Life Vienna Insurance Group SE amount to 3 000 000 and 12 000 000 euros respectively. At, 31 December 2024, Compensa's share capital amounted to 11 604 000 euros. The Compensa has issued 1 424 423 ordinary shares without par value that are held by its sole shareholder, VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

The statutory capital reserve is created using annual net profit transfers made based on a resolution of the shareholders' general meeting. In accordance with Compensa's articles of association, the statutory capital reserve amounts to one tenth of share capital. Under section 336 (2) of the Commercial Code, one twentieth of net profit has to be allocated to the capital reserve each financial year until the reserve equals the amount provided in the articles of association, which in the case of Compensa is 1 160 400 euros. In line with section 337 of the Commercial Code and based on a resolution adopted by the general meeting, the capital reserve may be used for covering losses if losses cannot be covered with unrestricted equity or for increasing share capital. The statutory capital reserve may not be used for making distributions to shareholders.

In 2024, Compensa paid the owner a dividend of 6 300 000 euros from retained earnings.

At, 31 December 2024, Compensa's statutory capital reserve amounted to 1 160 400 euros (2023: 1 160 400 euros).

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Allkirjastatud identifitseerimiseks

03. 04. 2025

Signature / allkiri
KPMG, Tallinn

Compensa's other reserves at, 31 December 2024 totalled -745 414 (2023: 2 155 008 euros). Other reserves include the IFRS 9 reserve, which reflects changes in the fair value of financial assets reported in FVOCI, and the IFRS17 reserves.

Other reserves

In euro	31.12.2024	31.12.2023
Currency reserve	-1 149	-1 149
Currency reserve	-1 149	-1 149
IFRS 9 reserve	-12 666 647	-17 194 442
OCI fair value change debt instruments	-13 549 051	-18 087 127
OCI Risk provision	174 844	180 258
OCI fair value change shares in fully consolidated companies	707 560	712 426
IFRS 17 reserve	11 922 381	19 350 599
OCI risk adjustment change for insurance	11 122 142	18 986 991
OCI risk adjustment change for reinsurance	800 239	363 607
TOTAL OTHER RESERVES	-745 414	2 155 008

Compensa's retained earnings at, 31 December 2024 amounted to 63 489 680 euros (31 December 2023: 59 666 331 euros).

Note 17 Other current liabilities

In euros	31.12.2024	31.12.2023
Payables to suppliers	1 688 599	378 076
Tax liabilities (except income tax)	441 384	206 687
Employees liabilities	2 737 298	2 289 455
Miscellaneous liabilities	96 454	74 294
TOTAL LIABILITIES AND OTHER PAYABLES	4 963 735	2 948 513

The liabilities fall due within the next 12 months. Therefore, they may be classified as current items.

Note 18 Related party disclosures

For the purposes of these consolidated financial statements, related parties include:

- the reporting entity's parent VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe;
- companies belonging to the same group as the parent; and
- members of the management and supervisory boards, their close family members and companies under their control.

The members of the management board are entitled to termination benefits equal to their six months' contractual remuneration.

Compensa Life Vienna Insurance Group SE's transactions with related parties in 2024 and 2023:

	Amounts	
In euros	2024	2023
Remuneration of members of the management board with taxes	771 245	734 990
Remuneration of members of the supervisory board with taxes	39 000	42 500
In euros	2024	2023
Parent company Vienna Insurance Group AG Wiener Versicherung Gruppe		
Reinsurance	1 845 189	1 658 030
Other purchased services	1 340 985	232 541
Interest accrued (on debt security)	50 000	50 000
Group company NNC Real Estate sp. z o.o.		
Loan provided (-)/ loan repayments (+)	121 013	118 478
Interest accrued	101 483	109 540
Group company VIG Re zajišťovna a.s.		
Reinsurance	239 180	185 136
Group company SIA Alauksta 13/15		
Loan provided (-)/ loan repayments (+)	8 819	8 669
Interest accrued	7 750	7 927
Group company SIA Artilērijas 35		
Loan provided (-)/ loan repayments (+)	9 346	9 137
Interest accrued	8 194	8 368
Dividend income	16 000	18 000
Group company SIA Ģertrūdes 121		
Loan provided (-)/ loan repayments (+)	30 977	30 355
Interest income	27 220	27 842
Dividend income	27 200	40 000
Group company VIG Fund s.a and its subsidiaries		
Loan provided (-)/ loan repayments (+)	93 125	-440 973
Redemption of debt security	48 130	45 650

Interest accrued (on loans and debt security)	238 984	208 714
Dividend income	245 575	303 575
Group company SIA LiveOn and its subsidiaries		
Loan provided (-)/ loan repayments (+)	0	-2 716 402
Interest accrued	203 333	178 055

Receivables from and liabilities to related companies as at 31 December 2024

In euros	Receivables	Liabilities
Parent company Vienna Insurance Group AG Wiener Versicherung Gruppe		
Reinsurance	0	164 762
Other receivables and liabilities	0	951 464
Debt security (market price)	3 909 106	0
Interest receivable	38 356	0
Group company NNC Real Estate sp. z o.o.		
Balance of loans provided	4 644 815	0
Group company VIG Re zajišťovna a.s.		
Reinsurance	0	78 295
Group company VIG Fund s. a		
Debt security	549 093	0
Balance of loans provided	7 747 404	0
Interest receivable	2 209	0
Group company SIA Alauksta 13/15		
Balance of loans provided	333 285	0
Group company SIA Artilērijas 35		
Balance of loans provided	352 298	0
Group company SIA Ģertrūdes 121		
Balance of loans provided	1 170 611	0
Group company SIA LiveOn and its subsidiaries		
Balance of loans provided	8 000 000	0

Note 19 Contingent assets and liabilities

The tax administrator did not conduct a tax audit at Compensa in 2023 or 2024.

The tax administrator may audit tax accounting within a certain period (5 years in Latvia and Lithuania and 7 years in Estonia) after the submission of a tax return and if misstatements are detected, may charge additional tax, late payment interest and penalties.

Compensa's management is not aware of any circumstances that should cause the tax administrator to determine a significant amount of additional tax to be paid by the company.

The maximum contingent income tax liability on the maximum possible dividend distribution is disclosed in Note 20 .

Note 20 Income tax

At 31.12	2024	2023
In euros		
Income tax expense	-2 666 399	-760 160
Change in deferred income tax	10 750	-12 772
Total income tax expense	-2 655 649	-772 933
Recognised deferred income tax assets		
At 31.12	2024	2023
Deductible temporary differences	81 993	71 243
Total	81 993	71 243
Reconciliation of accounting profit and income tax expense at 31.12	2024	2023
Consolidated profit before tax	12 856 111	11 104 991
Effect of changes in temporary differences		
Deductible temporary differences	72 167	-88 797
Prior years taxable income	2 453 954	0
Profit before tax	15 382 232	11 016 194
Permanent differences		
Non-deductible expenses	110 757 987	86 541 162
Tax exempt income	-106 174 881	-93 142 754
Total permanent differences	4 583 106	-6 601 592
Taxable profit	19 965 338	4 414 603
Corporate income tax expense	-2 258 113	-707 271
Prior year's tax expense	-354 672	0
Income tax withheld on investments	-53 615	-52 889
Deferred tax expense	10 750	-12 772
Income tax expense for the year	-2 655 649	-772 933

On 31 December 2024, Compensa's retained earnings amounted to 63 489 680 euros (31 December 2023: 59 666 331 euros). The maximum income tax liability that could arise if all of the retained earnings as at the reporting date were distributed as dividends amounts to 13 967 730 euros (2023: 11 602 038 euros). Thus, the amount that could be distributed as the net dividend is 49 521 950 euros (31 December 2023: 48 070 942 euros).

The contingent income tax liability has been calculated without taking into account that the profit of the Lithuanian entity is taxed in its domicile when earned.

The contingent income tax liability has been calculated taking into account of the amendment to the Estonian Income Tax Act, effective from 1 January 2018, which regulates the taxation of regular dividend distributions by resident legal entities.

Note 21 Parent company's primary financial statements**Statement of profit or loss**

In euros	2024	2023
Insurance service result	13 748 381	9 161 619
Insurance revenue	84 907 974	72 377 718
Insurance service expenses - issued business	-71 702 237	-62 805 903
Insurance service result - reinsurance held	542 644	-410 196
Total capital investment result	153 196	4 019 315
Investment result	39 925 135	24 353 733
Interest revenues using the effective interest rate method	7 331 456	6 612 965
Realised gains and losses from financial assets measured at AC	-9 192	-24 651
Impairment losses incl. reversal gains on financial instruments	-28	-28
Other result from financial instruments	32 602 899	17 765 447
Insurance finance result	-40 060 714	-20 637 993
Insurance finance result – issued business	-39 673 628	-20 090 444
Insurance finance result – reinsurance held	-387 086	-547 549
Result from associated consolidate companies	288 775	303 575
Finance result	558 514	173 778
Finance income	641 615	214 513
Finance expenses	-83 101	-40 735
Other income and expenses	-3 147 962	-2 908 474
Other operating income	53 784	203 583
Other operating expenses	-3 201 746	-3 112 057
Business operating result	11 312 129	10 446 238
Result before taxes	11 312 129	10 446 238
Income tax	-2 423 905	-628 874
Result of the period	8 888 224	9 817 364

Statement of other comprehensive income

In euros	2024	2023
Result for the period	8 888 224	9 817 364
Items that may be reclassified subsequently to profit or loss		
Unrealised gains and losses from debt instruments measured at FVOCI	4 532 661	11 864 896
Share of other reserves of consolidated companies	1 391 582	1 067 341
Unrealised gains and losses acc. to IFRS 17	-7 428 217	-15 707 559
Total other comprehensive income	-1 503 973	-2 775 323
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	7 384 251	7 042 041

Statement of financial position**As at 31 December**

In euros

	2024	2023
Cash and cash equivalents	22 347 458	18 838 513
Financial investments	611 664 672	518 414 980
Receivables	1 947 634	2 254 430
Current tax assets	1 164 429	866 556
Investment in associates	12 236 386	12 241 252
Insurance contract assets	991 028	658 387
Reinsurance contract assets	816 530	119 920
Other assets	266 452	232 863
Intangible assets	1 261 141	1 179 156
Deferred tax assets	79 870	69 045
Right-of-use assets	802 326	976 243
Total assets	653 577 923	555 851 345
LIABILITIES		
Liabilities and other payables	4 329 057	3 218 071
Current tax liabilities	2 013 086	562 665
Other financial liabilities	1 985 383	1 576 044
Other liabilities	1 485	237
Insurance contract liabilities	559 326 020	464 804 512
Reinsurance contract liabilities	760 269	1 537 089
Provisions	400 000	400 000
Total liabilities	568 815 300	472 098 618
EQUITY		
Share capital	11 604 000	11 604 000
Share premium	9 465 795	9 465 795
Statutory capital reserve	1 160 400	1 160 400
Other reserves	2 398 988	3 902 962
Retained earnings	60 133 440	57 619 569
Total equity	84 762 623	83 752 727
TOTAL EQUITY AND LIABILITIES	653 577 923	555 851 345

Statement of cash flows

In euros	2024	2023
CASHFLOW FORM OPERATING ACTIVITIES		
Insurance premium received	193 844 134	168 123 720
Insurance claims and benefits paid	-103 691 537	-93 400 871
Reinsurance premiums claims and commissions paid (net)	-872 163	-287 104
Operating expenses paid	-31 778 969	-32 551 116
Lease payments made	-649 996	-473 488
Other receipts from customers	130 432	122 088
Commissions and fees received	1 363 083	639 609
Net cash flow from shares and fund units	-38 857 449	-32 667 197
Dividends received	1 481 948	853 238
Net cash flow from debt securities and deposits	-17 435 908	-11 949 445
Interest received	6 719 591	6 078 372
Paid for asset management services	-384 086	-429 487
Paid corporate income tax	-1 135 126	-174 634
Net cash from operating activities	8 733 952	3 883 684
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	-264 612	-512 851
Repayments of loans provided	568 084	350 664
Loans provided	0	-3 341 402
Interest received on investments	762 159	590 118
Net cash used in investing activities	1 065 631	-2 913 471
CASH FLOWS FROM FINANCING ACTIVITIES		0
Dividends paid	-6 300 000	-6 150 000
Net cash used in financing activities	-6 300 000	-6 150 000
NET CASH FLOW	3 499 583	-5 179 787
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18 838 513	24 018 898
Change in cash and cash equivalents	3 499 583	-5 179 787
Effect of movements in foreign exchange rates	9 361	-599
CASH AND CASH EQUIVALENTS AT END OF YEAR	22 347 457	18 838 513

Statement of changes in equity

in Euros	Share capital	Capital reserve		Retain earnings	Other reserves		Total
		Share premium	Statutory capital reserve		Currency reserve	Other reserves	
Notes							
As of 31 December 2022	11 604 000	9 465 795	1 160 400	53 877 851	1 149	6 677 135	82 786 331
Other comprehensive income						-2 775 323	-2 775 323
Result of the year				9 817 365		0	9 817 365
Total other comprehensive income for the year				9 817 365		-2 775 323	7 042 043
Dividend payment				-6 150 000			-6 150 000
As of 31 December 2023	11 604 000	9 465 795	1 160 400	57 545 217	1 149	3 901 813	83 678 373
As of 1 January 2024	11 604 000	9 465 795	1 160 400	57 545 217	1 149	3 901 813	83 678 373
Other comprehensive income						-1 503 973	-1 503 973
Result of the year				8 888 223			8 888 223
Total other comprehensive income for the year				8 888 223		-1 503 973	7 384 250
Dividend payment				-6 300 000			-6 300 000
As of 31 December 2024	11 604 000	9 465 795	1 160 400	60 133 439	1 149	2 397 840	84 762 623

Note 22 Pension contracts report (II pillar contracts)

In euros	2024	2023
Net earned premiums	1 528 196	1 514 125
Gross premiums written	1 528 196	1 514 125
Of which acquisition costs	24 722	28 872
Net investment income (+/-)	275 089	906 152
Interest and dividend income	275 089	906 152
Payments under pension contracts and change in pension contract liabilities (+/-)	563 178	-3 614 594
Pension payments	-3 329 455	-3 237 276
Change in pension contract liabilities	3 892 632	-377 319
Pension contract management fees	31 446	30 938
Operating expenses (-)	-543 483	-637 596
Acquisition costs	-41 532	-165 162
Administrative expenses	-238 964	-208 553
Investment management expenses	-39 105	-45 129
Other operating expenses	-223 882	-218 753
Profit for the period	1 822 980	-1 831 913
PROFIT DISTRIBUTABLE TO POLICYHOLDERS AND BENEFICIARIES	0	0

The report on pension contracts has been prepared according to the principles of IFRS4, since the regulation of the Government of the Republic establishing the form requirement has not been changed. According to Compensa's current accounting principles (IFRS 17 and IFRS 9), the result of the second pillar pension is 1.32 million euro (2023: 1 30 million).

As required by section 128 subsection 1 of the Insurance Activities Act, Compensa has organised its accounting so that it can ensure that there is separate accounting for the assets and liabilities, income and expenses and net profit/loss attributable to pension contracts and other life insurance contracts. In accordance with section 2, subsection 2 of Regulation No. 43 issued by the Minister of Finance on 17 November 2015, Compensa has prepared the pension contracts report using the same accounting policies as those applied in the preparation of its financial statements.

Costs are allocated to pension contracts and other products using Compensa's cost allocation policies. Income and expenses that are directly related to pension contracts are recognised directly as income and expenses of pension contracts. Expenses that are not directly related to any product are allocated to pension contracts using the following principles:

- acquisition costs and other costs which are related to acquisition of contracts – based on the ratio of pension contracts signed to the total number of new contracts signed during the period;
- portfolio management expenses – based on the ratio of pension contracts in force to all contracts in force during the period;
- other operating expenses – based on the ratio of pension contracts' premium income to total premium income for the period;
- claims handling costs – based on the ratio of pension contract claims and surrenders to all claims and surrenders for the period.



Independent auditors' report

To the Shareholders of Compensa Life Vienna Insurance Group SE

(Translation of the Estonian original)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Compensa Life Vienna Insurance Group SE and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Measurement of liabilities from insurance contracts issued in life insurance	
Refer to notes 2 "Material accounting policies", 3 "Risk management", 4 "Insurance contracts issued" of the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
The Group's consolidated statement of financial position as at 31 December 2024 includes insurance contract liabilities in the amount of 559,326 thousand euros (31 December 2023: 464,805 thousand euros), consisting primarily of the liability for remaining coverage (LRC) of 549 522 thousand euros.	<p>In auditing this area, we engaged actuaries as part of our audit team. Together with the actuaries we performed the following procedures, among others:</p> <ul style="list-style-type: none">- assessed the appropriateness of the methods and models used by the management;- tested the effectiveness of the general IT and other controls over the relevant systems;

<p>The measurement of LRC related to insurance contracts in accordance with IFRS 17 <i>Insurance Contracts</i> is based on significant judgments relating to the data used, assumptions about future periods, and the use of estimation techniques. The determination of LRC involves the use of complex and subjective actuarial methods to estimate the present value of future cash flows, risk adjustment and the contractual service margin. There is a high degree of estimation uncertainty in forecasting the amount and timing of future cash flows and significant judgement is required to determine the financial assumptions (such as discount rates) and non-financial assumptions (such as mortality and lapse rates) used in the actuarial models. In addition, the complexity of the actuarial models used to process large volumes of data can lead to errors in their structure or results and places high demands on the quality of the data used.</p> <p>Due to the material significance of the amounts for the group's liabilities and financial performance and complexity of the underlying assumptions and estimates made by the management, the measurement of these liabilities was of particular significance in the context of our audit.</p>	<ul style="list-style-type: none"> - assessed the completeness, accuracy and appropriateness of the underlying data used in the actuarial models; - assessed the appropriateness of the key assumptions used in the actuarial models and among other compared them with publicly available data and against historical experience; - performed alternative calculations of the insurance contract liabilities and related profit and loss movements and compared these with the Group's calculations; - assessed, whether the information disclosed in the consolidated financial statements is sufficient and appropriate.
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Other Information

Management is responsible for the other information. The other information comprises the information included in the directors' report and in the activity report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the directors' report and activity report has been prepared in accordance with the applicable legal and regulatory requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the directors' report and activity report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Other Requirements of the Auditors' Report in Accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

We were appointed by the sole shareholder of Compensa Life Vienna Insurance Group SE on 24 April 2023 to audit the consolidated financial statements of Compensa Life Vienna Insurance Group SE for the year ended 31 December 2024. Our total uninterrupted period of engagement is 12 years, covering the periods ending 31 December 2013 to 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Group;
- we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in

Tallinn, 3 April 2025



Liina Randmann

Certified Public Accountant,
Licence No 661

KPMG Baltics OÜ

Licence no 17

KPMG Baltics OÜ

Ahtri 4

Tallinn 10151

Estonia

Tel +372 626 8700

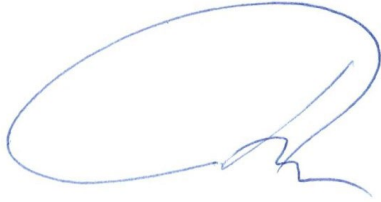
www.kpmg.ee

Profit allocation proposal

Compensa Life Vienna Insurance Group SE ended 2024 with a net profit of 10 200 462 euros.

Total equity as at the year-end amounted to 84 974 462 euros.

The management board proposes that 7 600 000 euros be distributed to the owner as a dividend and 2 600 462 euros be transferred to retained earnings.



Chairman of the Management Board
Tomas Milašius



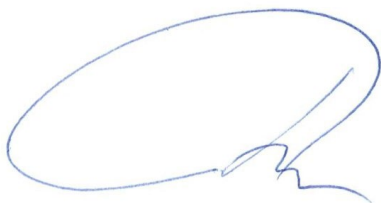
Member of the Management Board
Ervins Vēveris



Member of the Management Board
Tanel Talme

Signatures to group annual report 2024

The group annual report of Compensa Life Vienna Insurance Group SE was signed on **3rd of April 2025** and approved by the general meeting with a resolution dated **15th of April 2025**:



Chairman of the Management Board
Tomas Milašius



Member of the Management Board
Ervins Vēveris



Member of the Management Board
Tanel Talme

Compensa Life Vienna Insurance Group SE's revenue according to EMTAK

In euros	2024	2023
Life insurance (code 6511)	201 890 722	182 868 733
Gross premium income	201 890 722	182 868 733