ANNUAL REPORT 2023
GENERALI ČESKÁ POJIŠŤOVNA A.S.

GENERALI
ČESKÁ POJIŠŤOVNA

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LETTER FROM THE CHAIRMAN

Ladies and Gentlemen,

We have navigated our way through another year that once again tested our resilience and our ability to respond and adapt swiftly to new realities. In 2023, as in previous years, the global economy encountered many risks that subdued its growth. We continued to feel the adverse effects of the energy crisis. The continuing battle with high inflation, which peaked last year, translated into high interest rates. Unfortunately, 2023 was also a year of persistent, and widening, military conflict, bringing with it a humanitarian disaster of immense proportions. It is therefore clearly good news that, even in the face of such trying conditions, I can report that we have been successful.

Last year was the second year in which Generali Česká pojišťovna and Generali's Slovak Branch operated as a single entity. I consider the merging of Czech and Slovak operations to be a step in the right direction. We strongly believe that this move, enabling us to pool resources, streamline processes, and leverage the experience and know-how of both companies, has served us well in achieving great results together and driving our continued growth.

In the Czech Republic, we maintained our leading position in the insurance market, while in Slovakia we hold a solid presence among the top three insurance companies. We aspire to be a lifelong partner for our customers, an ambition made possible by an integrated portfolio that combines insurance protection with pensions and investments. Being a reliable partner also entails taking care of customers and looking out for their needs – for instance, by warning them that soaring inflation exposes them to the risk of underinsurance. And we fulfilled that responsibility in the past year. We have more than three million customers in the Czech Republic and over 700,000 in Slovakia. I take immense pride in the fact that the finest advisers see to their needs. I don't have to look far for an example – last year one of our advisers, Jana Šestáková, won the Global Advisor Excellence Contest, a competition organised by Generali Group among its more than 160,000 advisers from 25 countries. This phenomenal achievement confirms the world-class calibre of our advisers. Our NPS (net promoter score), a customer satisfaction metric, is steadily rising, as reflected in the all-time high we recorded in both countries last year. We are also rated highly by experts. In 2023, Generali Česká pojišťovna emerged as the leading financial institution in the prestigious VISA Best Insurance Company competition by topping all categories, including those measuring our dedication to customer service. In Slovakia, we were once again the fastest-growing insurer. We also retained our status of Most Innovative Insurance Company, demonstrating our commitment to pioneering advancements in the industry.

LETTER FROM THE CHAIRMAN

In fact, innovation has enabled us to keep improving, simplifying and speeding up our processes, so that claims can be reported within three minutes and settled promptly (30% of claims are settled on the same day as they are reported), documents can be signed remotely via email signature, and communication is made easier thanks to our wide array of modern tools. These are just a few examples of how digitalisation and AI are helping us in practice and enhancing our interactions with customers and their experience with us.

In 2023, the climate crisis hit new heights, with the European Union declaring last year to be the hottest on record. Never has there been a more urgent and pressing need to pursue sustainability. As a responsible employer, we are keen to keep fostering a respectful working environment where diversity is embraced as an enriching asset. Last year, we expressed our public support for the LGBTIQA+ community by displaying rainbow symbols at our headquarters in Prague and Bratislava, and we also set up our WE Proud community. We are also actively working to reduce our carbon footprint, which we have managed to shrink by 38% since 2019.

As a conscientious insurer, we aim to embed sustainability not only within our product offerings but also in our backing of environmentally conscious SMEs. This commitment is exemplified through our thriving SME EnterPRIZE competition, which champions businesses that operate sustainably and make a positive environmental impact. Last year, this initiative won the ESG Achievement of the Year award. We are also a responsible member of the community, actively supporting the underprivileged while also engaging in prevention-related activities. In the Czech Republic last year, we struck up a long-term partnership with the non-profit organisation SOS Children's Villages as part of the global initiative known as The Human Safety Net. In Slovakia, we were awarded a three-year grant to expand our Learning for Life programme. Not least, we aim to be a responsible investor by augmenting the share of sustainable investments in our investment portfolio.

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

I am confident that, in 2024, we will meet our targets and our commitments to customers, shareholders and business partners.

Roman Juráš
Chairman of the Board of Directors

GENERALI ČESKÁ POJIŠŤOVNA – WHO WE ARE

Generali Česká pojišťovna – Profile and History

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

The history of Generali Česká pojišťovna dates back to 1827, when the predecessor of the current Czech market leader – První česká vzájemná pojišťovna (First Bohemian Mutual Insurance Company) – was founded. Assicurazioni Generali – the most successful insurance group in Europe today – was established in the Italian city of Trieste in 1831 and swiftly extended its reach to Prague, opening an agency here in 1832. The history Generali Česká pojišťovna is littered with eminent statesmen, Czech cultural luminaries, and aristocrats. It has survived numerous regimes, wars, monarchs and presidents, and stood witness to a whole litany of events. It has stayed true to its customers in good times and bad. It has never wavered from its mission to provide help in difficult situations.

One notable chapter in the history of the Company (and its subsidiaries) in the Czech Republic occurred in 2008, when it joined Generali PPF Holding. Subsequently, in 2015, it was fully integrated into the Generali global insurance group's structures, which was founded in 1831, and which efficiently cover a range of services related to the provision of private insurance, retirement savings, and investments. Generali Česká pojišťovna leverages the advantages offered by this framework to the full.

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

Towards the end of 2021, Generali Česká pojišťovna in the Czech Republic and Generali Poisťovňa in Slovakia were merged and began to operate as a single entity under Czecho-Slovak management. Generali Poisťovňa has been present on the Slovak market since 1996 (since the end of 2021 as a branch of Generali Česká pojišťovna). In that time it has evolved considerably to become the third largest insurer in Slovakia, offering life and non-life product lines to individuals and businesses..

GENERALI ČESKÁ POJIŠŤOVNA GROUP HIGHLIGHTS

JANUARY 2023

Generali Česká pojišťovna premiered its TOP AUTOSERVIS project, which annually recognises and rewards the best authorised car service centres. The evaluation criteria, tracked throughout the calendar year, include customer satisfaction with the service centre and the extent to which digitalisation is used in communication with the insurance company.

We organised a third year of SME EnterPRIZE, a competition that celebrates and raises the profile of sole traders, SMEs, and start-ups that do business in a sustainable and environmentally friendly way. This time, the competition was also opened to micro-businesses and introduced a new category exclusively for start-ups. The winners received financial rewards and specialised mentoring.

FEBRUARY 2023

After Turkey and Syria were struck by a devastating earthquake in early February, Generali Group decided to donate EUR 500,000 to help the victims. Generali Česká pojišťovna also pitched in with EUR 20,000 from its own resources to aid those affected by the disaster.

MARCH 2023

Several personnel changes were made to the Board of Directors and senior management of Generali Česká pojišťovna. Pavol Pitoňák was named the new head of the Slovak arm, Generali Poisťovňa, and Chief Sales Officer for Slovakia. Marián Zelko was appointed as a new member of the Board of Directors and Commercial Retail Sales Officer for the Czech Republic. Katarína Bobotová became a member of the Board of Directors and Chief Transformation, Marketing and Customer Development Officer. Generali Poisťovňa innovated its life insurance for children within the framework of segmented life insurance. This coverage provides "damages for pain and suffering" in the event of unpleasant fractures, burns, or injuries inflicted by an animal or another child. It also comprehensively covers minor and major injuries with lasting consequences, even for very young athletes.

APRIL 2023

Generali Česká pojišťovna once again supported the reality show Lvice (Lionesses). In the months that ensued, we took a direct role in this project, which empowers women with disabilities by helping them to rebuild their confidence and navigate their way through life with resilience. Our involvement included the active participation of two colleagues from Generali Česká pojišťovna.

Generali Poisťovňa, the Slovak branch, was the first on the Slovak market to offer the option to take out life insurance online (via the website at www.generali.sk). This product does not require a health check and is based on whole-life insurance. Customers also have the option of supplementing this coverage with selected personal accident and cancer insurance.

MAY 2023

The raft of product innovations saw the introduction of the first new generation of Mazlíček pet cover for dog and cat owners in 15 years. This product encompasses an unprecedented range of insurance protection and services. The extensive assistance services on offer are a first in the pet insurance segment.

A historic milestone was reached with ProfiPlán, which insures risks in the SME segment in the Czech Republic, when premiums written surpassed CZK 1 billion.

From the end of May, Generali Česká pojišťovna's new website made it easier and faster for customers to report claims under their property and liability policies. This complemented the greatly accelerated claims reporting in place for all retail insurance product lines. Multiple improvements shortened the average online claims reporting time to just three minutes. Customers wishing to report a claim now only require their personal identification number (rodné číslo, assigned at birth) and phone number or email address, i.e. they do not need to know their policy numbers.

In May, heavy rainfall battered several regions of Slovakia, causing extensive damage to property. In just a few days, customers reported more than EUR 250,000 worth of damage to Generali.

JUNE 2023

The third year of the SME EnterPRIZE competition was won by Sonnentor s.r.o., a South Moravian company that organically grows and processes herbs for the production of teas and spices. Second place went to Biopekárna Zemanka s.r.o., which manufactures circular products, and third spot was taken by Progres Ekotech, s.r.o., which generates new raw material from metallurgical waste. The winner in the start-up category was myco s.r.o., which researches, develops and produces workable natural materials derived from fungal mycelium and agricultural and wood-processing waste.

Travel insurance on the Czech and Slovak markets yielded compelling new features. In the Czech Republic, cancellation cover for 100% of the costs incurred, eliminating any excess for the customer, was introduced. The indemnity limit under cancellation insurance was increased up to CZK 150,000 per person.

In Slovakia, Generali unveiled improved travel insurance with coverage of up to EUR 1 million. Seniors over the age of 70 are now also eligible for travel cover. Customers also have numerous supplementary insurance options they can add to their travel coverage, ranging from vehicle assistance to dog and cat insurance. Another new service is travel insurance covering domestic holidays, i.e. in Slovakia.

Generali Česká pojišťovna's most modern branch in the Czech Republic was opened at the Gemini Building in Pankrác, Prague. In its design, the priority was to create a pleasant setting for customers while integrating energy-efficient technologies.

GENERALI ČESKÁ POJIŠŤOVNA GROUP HIGHLIGHTS

JULY 2023

Milan Novotný was appointed the new Chief Financial Officer of Generali Česká pojišťovna and a member of the Board of Directors. His career at Generali Group stretches back to 2002, starting with Česká pojišťovna, followed by Generali CEE Holding and Generali Deutschland AG.

Generali Poisťovňa, the Slovak Branch, teamed up with the bank VÚB to organise a football camp for children from disadvantaged families. The Italia Soccer Camp was officially opened and endorsed by former Juventus striker, World Cup winner, and Champions League winner Alessandro Del Piero.

AUGUST 2023

Generali Česká pojišťovna and Generali Poisťovňa expressed their support for the LGBQIA+ community by displaying rainbow decals and flags on their buildings in Prague and Bratislava during Rainbow Pride Bratislava and the Prague Pride festival.

The severe storms and torrential rains that swept across the Czech Republic in the last weekend of August resulted in more than 1,300 claims, exceeding CZK 70 million, from Generali Česká pojišťovna customers. The overwhelming majority of these claims, totalling over CZK 48 million, were covered by property insurance.

Generali Česká pojišťovna participated in Země živitelka, the largest and most important agricultural fair in the Czech Republic, as both an exhibitor and the event's main partner. Here, the agricultural insurance tagline of "Your farm's in good hands with us" was communicated loud and clear.

Generali Česká pojišťovna launched the inaugural Soccer Camp Prague. This initiative in the capital was personally opened by football legend Alessandro Del Piero. The camp provided free football training and entertainment for 120 underprivileged children.

SEPTEMBER 2023

Generali Česká pojišťovna joined forces with a new major CSR partner, SOS dětské vesničky (SOS Children's Villages), as part of the global initiative The Human Safety Net. This long-term partnership will focus on helping vulnerable families with children up to the age of six, who are assisted by SOS Children's Villages under the SOS Kompas programme.

OCTOBER 2023

Generali Česká pojišťovna's Jana Šestáková won Generali Group's Global Advisor Excellence Contest 2023 (GAEC 2023). This is a competition for Generali Group advisers who explore new and innovative ways to be truly lifelong partners for customers in line with the Generali strategy "Lifetime Partner 24: Driving Growth".

Generali Česká pojišťovna was named as one of the main sponsors of the Czech national ice-hockey team for the 2024 season after a deal was signed by Alois Hadamczik, president of the Czech Ice-Hockey Association, and Roman Juráš, the Company's CEO.

Eastern Slovakia was rocked by a strong earthquake with a magnitude of 4.9 on the Richter scale. Generali customers reported extensive damage to property with claims totalling more than EUR 1 million. Considering the scale of the earthquake and the need for a swift response, Generali opted for a customer-centric approach and fast-tracked assessments on the basis of expert analysis. The customers affected were provided with assistance services and temporary accommodation.

NOVEMBER 2023

Generali Česká pojišťovna was phenomenally successful in the VISA Best Insurance Company competition organised by the newspaper Hospodářské noviny. It also found itself on the winner's rostrum in the Mastercard Insurance Company of the Year competition.

DECEMBER 2023

At the end of 2023, Generali Česká pojišťovna introduced completely reformatted MTPL incorporating an innovative approach to its configuration. This product update was designed and deployed to be fully compatible with the forthcoming amendment to the Motor Third-Party Liability Insurance Act.

Generali Česká pojišťovna in the Czech Republic and Generali Poisťovňa in Slovakia supported the development of a Mountain Rescue Service module as an integral part of the Záchranka app in the Czech Republic and the HZS app in Slovakia. This resulted in a new feature providing skiers and hikers with detailed information about avalanche risks in the mountains of the Czech Republic, Slovakia and Austria. The new Avalanche module is designed for users venturing into avalanche-prone areas. The Avalanche module offers a comprehensive summary of current avalanche dangers and sends avalanche risk alerts if conditions change.

AWARDS

In 2023, Generali Česká pojišťovna was the most successful financial house in the prestigious VISA Best Insurance Company competition, scooping awards in all categories. In four of them, it actually came top, being named the Most Customer-Friendly Non-Life Insurance Company, the Most Customer-Friendly Life Insurance Company, and the Best Non-Life Insurance Company, and winning the insurance category for ESG Achievement of the Year. Generali Česká pojišťovna rounded off this most prestigious Czech survey with second place in the Best Life Insurance Company category.

Other Accolades

In the Mastercard Bank of the Year competition, Generali Česká pojišťovna came second in four categories - Insurance Company of the Year, Responsible Insurance Company of the Year, Insurance Company without Barriers, and Customers' Insurance Company.

In the 21st Zlatá Koruna (Golden Crown) competition, the Company won the Non-Life Insurance category for its Můj Majetek 2.0.

In the 22nd Insurance Company of the Year survey, Generali Česká pojišťovna's products earned three second-place awards – in the life insurance, car insurance, and industrial and business insurance categories – and came third in the personal lines category.

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

In the 2023 Most Trusted Brands programme, an independent poll in which 4,000 consumers rate how much they trust brands, Generali Česká pojišťovna earned top spot in the Insurance Companies category.

In Slovakia, La Vita term life insurance was named second in the Financial Product of the Year 2022 section of Finparáda, a competition for financial products. Experts particularly appreciated the fact that there were up to 30 supplementary insurance options and that as many as six people could be covered by a single contract, as well as the availability of policies specific to selected professions, and the possibility of accepting an elapsed waiting period when insurance was transferred from another insurer. They were also impressed by the coverage of adrenaline activities once a year and the high progression.

Independent financial agents, headed by the SIBAF® Award jury, praised the quality of Generali Poisťovňa's insurance products and services in all the categories judged. Generali ranked first on the Slovak market for personal lines, collision insurance, and industrial and business insurance.

Generali Poisťovňa was named Most Innovative Insurance Company on the Slovak market for the third time in a row. In the 2023 Zlatá minca (Gold Coin) financial products competition, the jury placed it among the winners in six of the eight categories. It earned Gold Coins for second place in the Term Life Insurance, MTPL Insurance, Collision Insurance, Business Insurance, and Employee Liability Insurance categories, and came third in Property Insurance.

Generali Poisťovňa came third in the Trend TOP 2023 awards' Insurance Company of the Year category.

At the Financial Report ceremony, Generali Poisťovňa picked up five awards: two first prizes in the Liability Insurance and Collision Insurance categories, a runners-up prize for MTPL Insurance, and two third prizes for its Travel Insurance.

WE ARE THE TOP-RATED INSURANCE COMPANY IN THE CZECH REPUBLIC

We're not ones to rest on our laurels. Recognition in the VISA Best Insurance Company of the Year competition has become a long-standing tradition for us. In 2023, we won a record haul of medals – three gold, one silver, and the ESG Achievement of the Year in Insurance award.

KEY FINANCIAL INDICATORS

Basic indicators	Units	2023	2022
Highlights from the financial statements			
Total assets	CZK millions	115,567	109,253
Share capital	CZK millions	4,000	4,000
Shareholder's equity	CZK millions	37,447	34,133
Retained earnings	CZK millions	33,447	30,133
Net profit	CZK millions	5,720	2,740
Performance indicators			
Result of insurance services	CZK millions	4,874	4,973
– non-life insurance	CZK millions	1,886	2,286
– life insurance	CZK millions	2,988	2,687
Gross premiums written	CZK millions	50,494	48,396
– non-life insurance	CZK millions	36,652	34,556
– life insurance	CZK millions	13,842	13,840
CSM in life insurance	CZK millions	22,116	21,405
Assets and liabilities arising from insurance and reinsurance contracts	CZK millions	53,183	50,947
– non-life insurance	CZK millions	14,988	12,685
– life insurance	CZK millions	38,195	38,262
Other information			
Czech market share in premiums written[1]	%	24.1	24.9
– non-life insurance	%	25.9	26.8
– life insurance	%	20.0	20.7
Slovak market share in premiums written[1]	%	13.1	12.0
– non-life insurance	%	14.1	14.0
– life insurance	%	11.6	9.6
Average number of employees	Number	3,533	3,568
Performance ratios			
ROA (net profit/total assets)	%	4.9	2.5
ROE (net profit/equity)	%	15.3	8.0
Equity per share	CZK	936,151	853,333
Earnings per share	CZK	142,969	68,491
Non-life combined ratio	%	96.29	95.22

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

DESCRIPTION OF GROUP STRUCTURE, POSITION OF GENERALI ČESKÁ POJIŠŤOVNA

As at 31 December 2023, Generali Česká pojišťovna a.s. was part of a group, with Generali CEE Holding B.V. serving as the principal holding company overseeing the group's entire structure. Generali CEE Holding B.V. is also the Company's sole shareholder.

The ultimate controlling entity of Generali Česká pojišťovna is Assicurazioni Generali S.p.A., which held a 100% stake in the voting rights attached to the shares of Generali CEE Holding B.V. as at 31 December 2023. Generali Group's consolidated annual report will be published on its website at www.generali.com.

GENERALI CEE HOLDING B.V.

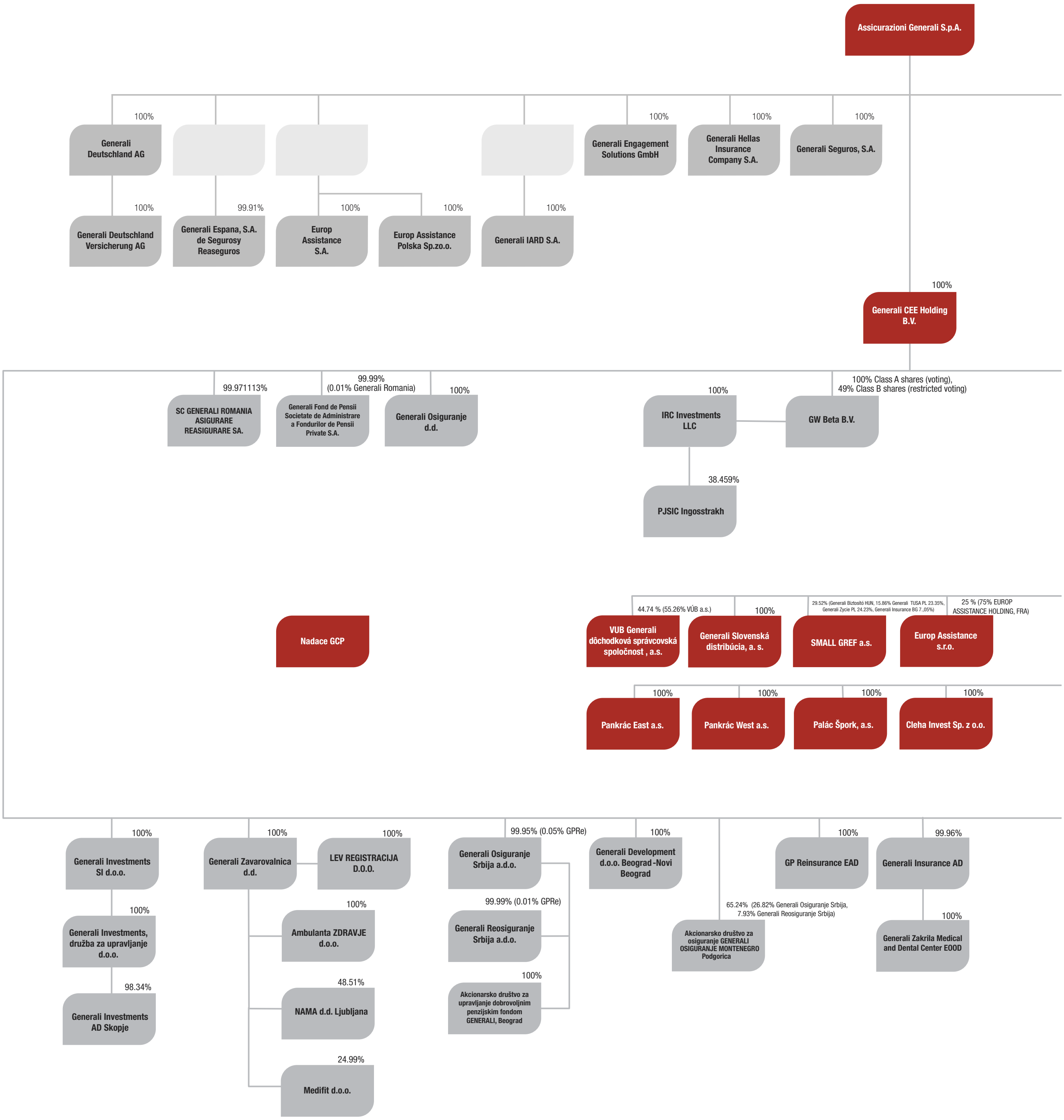
Date of inception:	8 June 2007
Registered office:	De Entree 91, 1101 BH Amsterdam, Netherlands
File number in the Register of the Amsterdam Chamber of Commerce and Industry:	34275688
Registered capital:	EUR 100,000
Principal business:	holding activities

Generali CEE Holding B.V. directs the business of its subsidiaries through an organisational unit based in Prague, Czech Republic.

The holding company has operations not only in the Czech Republic, but also in Slovakia, Poland, Hungary, Romania, Bulgaria, Serbia, Slovenia, Montenegro, and Croatia.

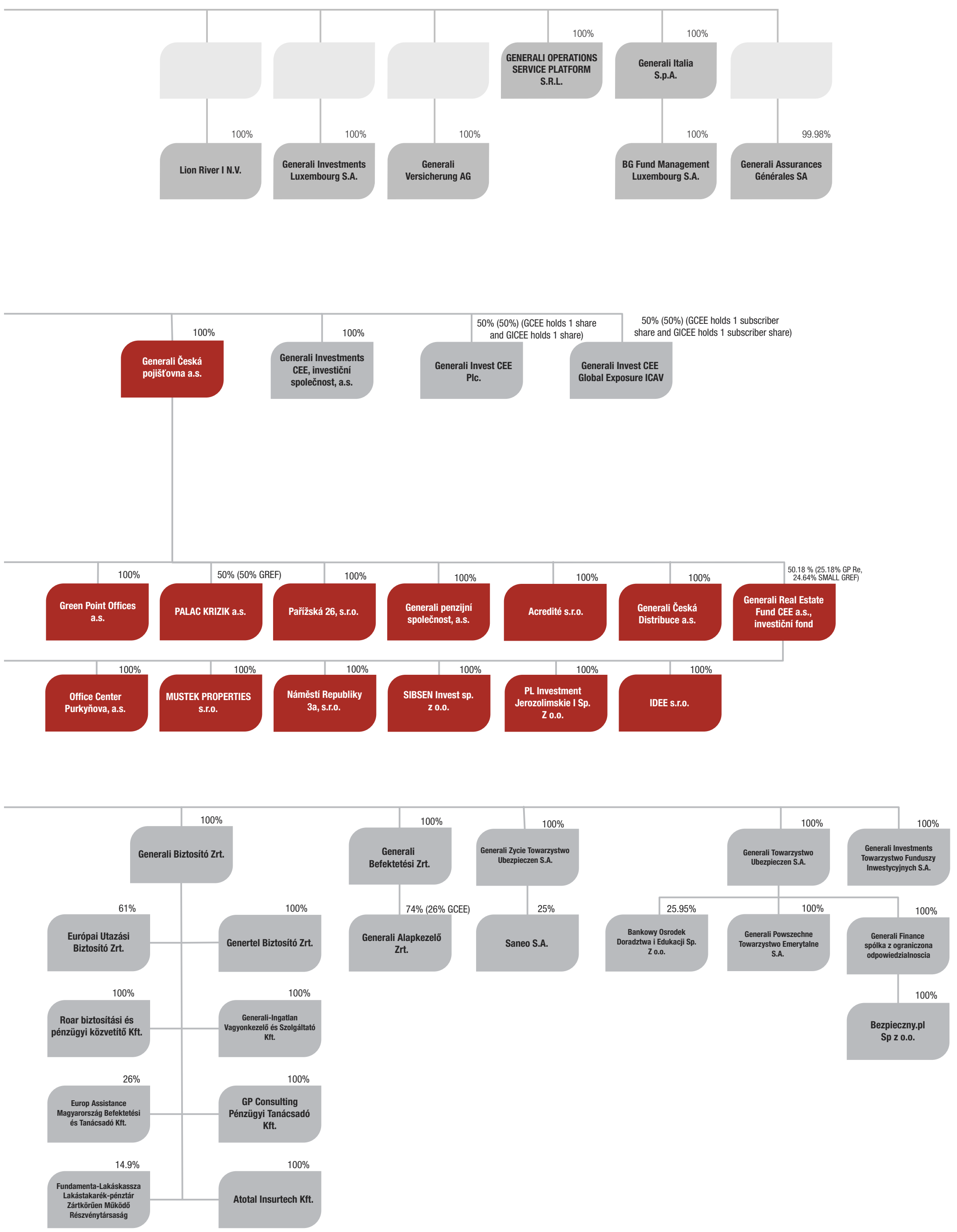
GENERALI CEE HOLDING B.V. GROUP STRUCTURE

as at 31 December 2023



GENERALI CEE HOLDING B.V. GROUP STRUCTURE

as at 31 December 2023



CORPORATE GOVERNANCE

(as at the Annual Report compilation date)

Board of Directors

Chairman
Roman Juráš

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

Member
Milan Novotný

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

Member
Karel Bláha

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

Member
Katarína Bobotová

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

Member
Jiří Doubravský

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

Member
Lenka Kejíková

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

Member
Pavol Pitoňák

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

Member
David Vosika

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

Member
Marián Zelko

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

Fields of Competence of Members of the Board of Directors

Chief Executive Officer
Roman Juráš

Chief Financial Officer
Milan Novotný

Chief Corporate and Industrial Insurance Officer
Karel Bláha

Chief Operating Officer
Jiří Doubravský

Chief Sales Officer for the Czech Republic
Marián Zelko

Chief Sales Officer for the Slovak Republic
Pavol Pitoňák

Chief Non-life Insurance Officer
David Vosika

Chief Life and Health Insurance Officer
Lenka Kejíková

Chief Transformation, Marketing and Customer Development Officer
Katarína Bobotová

Supervisory Board

Chairman
Miroslav Singer

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

Member
Jose Garcia Naveros

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

Member
Marek Kubiska

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

Member
Lucie Šmerousová

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

Member
Antonella Maier

Member since: 1 September 2020
Born: 1960
Education: University of Trieste; University of Rome
Experience: Generali; Generali Italia S.p.A.; Genertellife S.p.A.; Generali CEE Holding

Member
Manlio Lostuzzi

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

Audit Committee

Chairman
Martin Mančík

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

Member
Beáta Petrušová

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

Member
Roman Smetana

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

MANAGEMENT REPORT

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

With a market share of 24.1% (as at 31 December 2023, calculated according to the Czech Insurance Association's methodology), it remains the largest insurance company on the Czech insurance market. In the Slovak market, the branch has been the fastest grower in the long term and, with a market share of 13.1%, belongs among the top three insurers. Generali Česká pojišťovna is also part of Generali Group, one of the world's largest insurance and asset management providers. In pursuance of the "Lifetime Partner 24: Driving Growth" strategy, it is integrated into the International Business unit along with other Generali Group companies from the CEE region. The International Business unit also encompasses Generali Group's operations in Asia, the Mediterranean, and Latin America.

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

Generali Česká pojišťovna combines major technological innovations with fast, professional services. The constantly broadening use of modern technology and advances in robotics and automation also help in situations where customers need to be provided with really effective and fast assistance. Our policy of embracing innovation is valued by our customers and acknowledged by experts, who last year declared Generali's Slovak arm the Most Innovative Insurance Company on the market for the third year running. Generali is thus perceived as an innovative trendsetter and digital champion in Slovakia.

The Company affirmed its standing as a strong and stable partner by its performance throughout 2023, which continued to be influenced by the military conflict provoked by Russia in Ukraine at the beginning of the previous year. In the face of persistently high inflation and a slowdown in economic growth, the Company excelled in this period.

In 2023, Generali Česká pojišťovna provided plenty of evidence that it was being very proactive in its mission to be a dependable lifelong partner to its customers.

The comprehensive overhaul of the online claims reporting process had a profound impact throughout the Company. During the year, all retail products benefited from new web pages for this important aspect of customer service, greatly increasing the ease of claims reporting and, most importantly, significantly shortening the time required for customers to report claims.

In terms of products in 2023, a new generation of the legendary Mazlíček dog and cat insurance was introduced after 15 years, accompanied by several significant innovations unique on the Czech market.

Generali Česká pojišťovna insures the largest number of motor vehicles in the Czech Republic. This privileged position was boosted at the end of 2023 by the introduction of a new form of MTPL that completely changes the way in which insurance is selected, structured and underwritten. It also introduces new electromobility risks and solutions.

Generali Poisťovňa released several product innovations on the Slovak market in 2023. The main new product in life insurance was children's life insurance with comprehensive personal accident cover. One innovative step was the launch of online life insurance without the need for a health check, so Customers can now purchase all products from the retail portfolio via the company's website. In non-life insurance, a great deal of attention was paid to improving travel insurance, which now offers coverage of up to EUR 1 million and also debuted a version for staycations in Slovakia.

From the perspective of corporate social responsibility, Generali Česká pojišťovna struck up a significant and long-term partnership with SOS Children's Villages in 2023. This will expand targeted support for disadvantaged families with children up to six years of age under The Human Safety Net, a global initiative that also includes the Company's CSR activities. The bar has been set high – to help up to five thousand children and families. This collaboration will focus on helping vulnerable families with children up to the age of six, who are assisted by SOS Children's Villages under the SOS Kompas programme. The aim, to avoid children being placed in substitute care, is built around the work of a social worker who visits the family in their home setting and, in particular, helps them to deal with their social or material needs so that the youngest members of the family can grow up at home.

The Company works with a partner organisation, the Leontinka Foundation, to support families with visually impaired children. This assistance is primarily focused on early care social services, providing guidance, advice and mentoring to more than a thousand families with visually impaired children.

The Company is also working on the development of The Human Safety Net initiative in Slovakia. Here, Generali Poisťovňa is behind a unique programme called Learning for Life, which helps disadvantaged and socially vulnerable families with children under the age of six. The scheme is gradually yielding results and, thanks to a grant from Generali Group, will provide even more help in the years ahead, when it will be made available to families with children from deprived communities in ten more centres across Slovakia.

The Czech Insurance Market – Situation and Outlook

The Market in 2023

In 2023, the Czech insurance market once again proved its resilience and stability in the face of a second year of tough economic conditions. Most notably, soaring prices had a society-wide impact, subduing both household consumption and business investment. Even in this situation, customer confidence in insurers remained high, as evidenced by the rise in the number of new policies. Total premiums written, adjusted to reflect Czech Insurance Association methodology, amounted to CZK 168 billion, which was up 7.1% year on year and reinforced the upward trend of the previous year. In recent years, market growth has been driven considerably by dynamics in non-life insurance, which in 2023 expanded by 8.9% year on year. Its share in total premiums continues to increase and now stands at more than 70%.

Of the main non-life lines, personal property and liability insurance was the fastest growing, marking its third consecutive year of substantial gains and accelerating to a robust 12.9% last year. Since 2021, which was an outlier in terms of adverse natural events, there has been a dramatic upturn in customer interest in this cover and in revising existing policies to secure sufficient protection. In addition, high levels of inflation have driven up the prices of building materials and labour, further exacerbating the risk of underinsurance. In 2023, many insurers responded by updating the sums insured so that they could protect their customers against under-coverage of their property.

Collision insurance also registered double-digit gains and, in the process, surpassed the previous year's growth rate, rising from 9.4% to 11.7%. One of the reasons for this encouraging trend is the ever-increasing number of insured vehicles, which rose by 7.8% in 2023. The portfolio of MTPL-insured cars is also expanding, though only at a third of the pace (2.3%). Likewise, the growth in premiums written is nowhere near the level of the increases recorded by the non-life lines mentioned above. Compared to the previous year, there was a slight 1.1 p.p. increase to 5.2%. Although the prices of repairs and non-property compensation have been steadily rising, premiums have not been keeping pace with them.

Business insurance climbed 7.5% year on year, slowing from the growth recorded a year earlier. However, as per the Czech Insurance Association, the relatively smaller increase can be explained by the fact that last year's comparison point was unusually high. This was due to a significant number of risks being acquired, which had inflated the market value.

Life insurance has also proved stable over time. The dominant group of regular-premium contracts, which accounts for 98% of the total life insurance volume, repeated its previous growth of 3.5% to rise to almost CZK 51 billion.

For insurers, 2023 proved to be a favourable year in that there were fewer occurrences of natural disasters, particularly those resulting in extensive damage.

Slovakia, too, struggled with high inflation last year. Even so, the insurance market maintained the previous year's positive trend and grew in all groups, especially non-life insurance. According to the methodology used by the Slovak Insurance Association, its members' total premiums written amounted to EUR 2.7 billion, 6.1% up on the previous year. The main pillar of growth was non-life insurance, which gained 8.6% year on year.

Collision insurance was the most successful, with growth accelerating by 5 p.p. to 13.3%, twice the rate of the other non-life lines.

MTPL, which had spent three years rising by less than 4%, reached pre-pandemic levels by recording 6.6% growth. A significant factor behind this rise is the expanding portfolio of insured vehicles, which, according to statistics maintained by the Slovak Insurers' Bureau, increased by 2.9% year on year.

In non-motor insurance, insurers' premiums increased by 6.8% year on year, which was less than in the previous year.

Life insurance also showed an upswing, posting a positive result and growing by 2.4%.

The Economic Situation in the Czech Republic

In 2023, the economy was characterised by fading global inflationary pressures. Inflation was dragged down by commodity prices, driven by both Europe's reduced dependence on energy imports from Russia and weaker global economic growth. Central banks' tighter monetary policy, combined with subdued economic growth in many European countries, also contributed to lower inflation. Domestic demand in Europe was constrained by a previous sharp surge in energy prices and by the less-than-robust pro-growth push from fiscal policy, especially when compared to the US economy.

Central European economies were on course for only moderate GDP growth or even a full-year decline in 2023. This was also the situation with the Czech economy, which posted a 0.4% decline in GDP. The Central European region's economic performance was initially hobbled by high inflation, which negatively affected households' real incomes and consumption. Another drag last year was the weakness of the German economy. Lower inflation should spark a recovery in household consumption in the Czech economy in 2024, with GDP growth over the whole year expected to be just under 1.5%.

Year-on-year inflation in the Czech economy spiked at 17.5% in January last year, before following a mainly downward trajectory to reach 6.9% in December. By January 2024, annual inflation had fallen to 2.3%, bringing it within sight of the central bank's 2% target. The CNB responded to the weaker economic performance and the inflation outlook by embarking on a series of interest-rates cuts last December, with the repo rate lowered by a quarter of a percentage point to 6.75%. This was followed by a half-percentage-point cut to 6.25% in February. The CNB has forecast a further significant fall in interest rates this year, to below 3% in the case of the repo rate. The Czech crown appreciated in the first months of 2023, but global factors and the formal discontinuation of the CNB's foreign exchange interventions pushed it back down in the second half of the year. The Czech currency depreciated further against the euro in February this year in response to the CNB's monetary policy outlook.

The Economic Situation in Slovakia

Slovakia's economic growth in 2023 was a mere 1.2%, and the country would probably have slipped into a "technical" recession had it not been for a significant easing of fiscal policy. The underlying cause of the weak performance was subdued consumer demand, since high inflation had depressed the population's real income. Sluggish demand at home and abroad, coupled with high interest rates, adversely affected investment in the private sector, though this was offset by high inflows of EU funds and an increase in investment and other spending in the public sector. Another unwelcome factor was the dire situation in the automotive sector, which faced a cocktail of weak demand and the industry's shift towards electromobility.

In 2024, economic activity should recover slightly on the back of consumer demand supported by renewed growth in real incomes. The new government and its "consolidation" package, including an extension to subsidised energy prices for households, should help stabilise both demand and inflation. However, the increased spending will exhaust almost all of the additional revenue, preventing the budget deficit from moving below 6% of GDP. This situation will require the adoption of further consolidation measures in this and future years, as the state of Slovak public finances remains unsustainable, with a negative impact on the relative performance of Slovak government bonds and the outlook for Slovakia's credit rating as reported by rating agencies.

The labour market situation was stable in 2023, with no major changes expected in 2024 either. The unemployment rate should remain low, at below 6%, because the rebound in domestic demand should compensate for the downside effects of the gradual restructuring of key sectors, notably the automotive industry. One major plus for 2024 should be a drop in inflation, which is forecast to go back below 3%. Even so, the outlook for the coming years remains precarious and depends heavily on the success of the government's support for low energy prices.

There should be a turnaround in the ECB's monetary policy in 2024. Since the end of Q3 2023, the central bank has maintained the deposit rate at 4% and is expected to reduce it sometime around mid-2024. Generali Asset Management predicts that the ECB deposit rate will fall to 3% by the end of this year.

REPORT ON FINANCIAL PERFORMANCE

Generali Česká pojišťovna has long been a highly capitalised and stable company, with assets totalling more than CZK 115 billion as at CZK 31 December 2023. Shareholder's equity is CZK 37 billion and the share capital stands at CZK 4 billion.

Assets

The value of equity investments fell by almost CZK 80 million. The Company decreased the value of its equity participation in Generali penzijní společnost a.s. in response to legislative changes.

The largest asset item by volume is investments. As at 31 December 2023, they amounted to CZK 76.4 billion, an increase of approximately CZK 4.4 billion compared to 2022, mainly due to a decline in geopolitical risks and falling interest rates.

Details of the Company's asset position are set out in the financials of this Annual Report.

Treasury Stock

Generali Česká pojišťovna a.s. did not hold any treasury shares during the 2023 accounting period.

Earnings

In 2023, Generali Česká pojišťovna a.s. reported a post-tax profit of CZK 5.7 billion a.s. according to international accounting standards, an almost CZK 3 billion increase on 2022. This growth was mainly driven by the financial result. The result of insurance services was stable, dipping by CZK 100 million to CZK 4.9 billion compared to the previous year. Details of the Company's financial performance are set out in the financials of this Annual Report.

Share Capital and Reserves

The Company's share capital was unchanged at CZK 4 billion in 2023.

In 2023, shareholder's equity increased by more than CZK 3.3 billion year on year, rising to CZK 37.4 billion.

Dividends in Previous Years

In April 2023, the sole shareholder, acting in the capacity of the General Meeting, decided to pay a dividend for 2022 totalling CZK 4.5 billion.

Assets and Liabilities Arising from Insurance Contracts

Total assets and liabilities arising from insurance contracts, measured according to international accounting standards (net of the reinsurer share) amounted to CZK 62.4 billion as at 31 December 2023, up by CZK 3.4 billion year on year.

Life Insurance Assets and Liabilities

Life insurance assets and liabilities account for almost two thirds of total assets and liabilities (62%) and mainly comprise liabilities for residual cover and liabilities for claims incurred.

Liabilities for residual cover as at 31 December 2023 came to CZK 35.3 billion, a CZK 0.1 billion decrease year on year.

Non-life Insurance Assets and Liabilities

Non-life insurance assets and liabilities mainly comprise liabilities for residual cover and liabilities for claims incurred. Liabilities for residual cover as at 31 December 2023 came to CZK 4.7 billion, a CZK 0.7 billion increase year on year. Liabilities for claims incurred as at 31 December 2023 amounted to CZK 19.0 billion, a CZK 2.6 billion increase year on year.

Receivables and Payables

The fall in the volume of payables by approximately CZK 2.1 billion (of which financial liabilities by almost CZK 500 million) was mainly driven by a decline in the fair value of derivatives and related collateral. The decrease in the volume of receivables by almost CZK 400 million was mainly due to a reduction in tax assets.

REPORT ON BUSINESS ACTIVITIES

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

NON-LIFE INSURANCE – CZECH REPUBLIC

The Company continues to maintain its leading position as a provider of non-life insurance services in the Czech Republic. This position is stable despite the decision to join the current wave of the Green Line – an ESG project where the Company cleanses its portfolio of clients who do not meet defined environmental requirements.

Corporate Insurance

In 2023, the Company continued to take action to improve profitability in all GC&C lines of business, with a particular focus on property insurance for the second year. Rate increases were delivered and the profitability of the sector is improving. In all lines, there is also a focus on updating sums insured in order to eliminate the risk of customers being underinsured. Attention is also paid to the progressive adjustment of excess.

Throughout the year, the Company also devoted considerable attention to the preparation of a new operational system designed to manage large-risk insurance, which is scheduled to go live in 2024. The same attention was then dedicated to testing and preparing a new Group-wide bid-tracking, risk-screening and pricing platform, which will be launched in February 2024. Both the new operational system and the new Group platform aim to reduce the administrative complexity of individual processes and gradually replace the existing operational systems. In the coming year, the Company expects to introduce several new group pricing instruments focusing on professional indemnity insurance and the coverage of transport risks.

A great deal of attention is also paid to sanction risks. New penalty and territorial exclusion clauses were incorporated into all insurance contracts. Exposed lines of insurance – such as parcel insurance – are then carefully screened each time a new contract is arranged or at the time of renewal.

SME Property and Liability Insurance

In August 2023, a new single-event insurance policy was introduced to the ProfiPlán property and liability insurance product for single-event organisers and exhibitors.

Under Profiplán, the Company started increasing the premiums of existing policies upon renewal. Machinery insurance premiums were also increased for new business. The aim, again, is to avoid customer underinsurance and eliminate increased claim costs.

In agricultural insurance, the electronic exchange of data necessary for the administration of agricultural insurance support between the Company and the Agricultural and Forestry Support Guarantee Fund (PGRLF) was introduced.

Transport and Financial Risk Insurance

In particular, parcel insurance was and still is adversely affected by the situation in Ukraine. With shipments of goods and technology supplies to the Russian Federation banned, a number of measures had to be taken to ensure that the Company complied with all regulations linked to the current sanctions regime.

In road haulage contractors liability insurance, the scope and limits of breakdown cover were extended and the obligation of the insured to call an average adjuster was abolished.

Non-life Personal Lines

Growth in the buildings and household contents insurance segment can be attributed primarily to new business. Work with the portfolio of existing business also had a greater impact than in previous years. As in other areas, the portfolio work mainly involved updating the sums insured under older contracts. Increased inflation over the previous two years meant that many customers would have been at risk of underinsurance unless the sum insured was increased. The indexation of sums insured was also a key means of mitigating the adverse effects of inflation on the profitability of personal property lines.

In professional indemnity insurance, the long-term work with claims customers continues, especially in the field of collective agreements.

The completely upgraded Mazlíček was launched at the beginning of 2023. The main purpose of this product is to cover veterinary costs.

Motor Insurance

Vehicle insurance in 2023 was marked by the launch of a brand new product, AH 2.0. This newcomer offers much higher variability of risk combinations and factors in requirements stemming from the new MTPL Act effective as of April 2024.

Along with the new AH 2.0, an entirely new contracting system was launched that provides a number of benefits to users.

In main focus in leasing insurance was the promotion of a new product launched in 2022. At the same time, preparations and negotiations were held with leasing partners on the new MTPL Act and the impact it is expected to have on cooperation.

In fleet insurance, as in all vehicle insurance, one of the key themes addressed was profitability. Profitability is negatively impacted by the long-term increase in the average amount of damage as a result of the rising cost of spare parts, labour, painting and breakdown services, and by the rise in the frequency of claims.

Financial Indicators

In 2023, ČAP methodology showed that Generali Česká pojišťovna a.s. accounted for 25.9% of the volume of non-life insurance premiums written in the Czech Republic. Premiums written in 2023 came to CZK 30.9 billion, a year-on-year increase of CZK 1.6 billion (5.4%). This was primarily due to reviews of whether customers were sufficiently covered, as well as an increase in the number of insurance contracts in the policy portfolio by 168,000 (2.5%).

Compared to 2022, the volume of claims costs increased by CZK 270 million to CZK 15.3 billion, despite the fact that no disasters were recorded in 2023. These increased claims costs are a consequence of rising market prices and thus higher insurance claims.

In business risk insurance, premiums written increased by CZK 400 million in 2023. The cost of claims fell by CZK 351 million compared to 2022.

In corporate and SME property and liability insurance (including agricultural insurance), 2023 was a successful year both in terms of premiums written and costs, which benefited from the absence of disaster-related claims.

In agricultural insurance, premiums written decreased by CZK 46 million. This was mainly related to a significant decline in commodity prices. In contrast, claims costs fell significantly compared to 2022. The fact that no widespread calamities hit the Czech Republic in 2023, as in the previous two years, contributed to this development.

In non-life insurance, too, there was a rise in premiums written in 2023. The high growth in construction prices over the last two years resulted in the need to revise or update the sums insured, particularly in personal buildings insurance, which then fuelled growth in written and average premiums. In personal lines, there was therefore a significant year-on-year increase in premiums written by CZK 610 million in 2023.

Thanks to the relatively favourable weather and the lack of major disasters, and despite the significant increase in the portfolio, claims costs were reduced by CZK 33 million year on year in personal buildings insurance. This is in spite of the fact that the cost of personal lines as a whole went up slightly.

Substantial movement in premiums written was recorded not only in personal property, but also in the travel industry, which, having been one of the hardest-hit sectors during the pandemic, is now growing every year. On the other hand, this also leads to considerably higher claims costs.

In motor insurance, the growth rate of premiums written accelerated year on year, rising by CZK 500 million. Most of this growth occurred in the retail and fleet insurance segments.

The Czech collision insurance market evolved somewhat faster than the MTPL market compared to 2022. The same trend can be identified within our Company. Premiums written increased by CZK 380 million year on year. Collision insurance continues to have a considerable impact on both the stabilisation of economic performance and the profitability of the whole non-life insurance industry.

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

In 2023, Generali Česká pojišťovna's motor insurance again had to contend with double-digit claims inflation and an increase in claims frequency, as did the Czech insurance market as a whole.

Claims costs grew by CZK 200 million, increasing particularly in collision insurance, but declining in MTPL insurance.

NON-LIFE INSURANCE – SLOVAKIA

In 2023, Generali faced challenges posed by high inflationary pressures that impacted the entire insurance industry. In order to provide customers with reliable protection of their assets in this dynamically evolving situation, it adopted measures that included the indexation of sums insured for buildings (houses, flats, and recreational buildings). This arrangement enabled Generali to keep pace with current values and ensure an adequate level of cover for customers. In addition, DOMINO's product features were enhanced with interactive technical changes enabling insurance contracts to be easily updated. This is particularly important now that new technologies such as photovoltaic systems and heat pumps are being introduced. The new property value calculator was another new feature available to customers on the Company's website. These innovations made it possible to provide better service and to simplify processes for customers.

In the field of travel insurance, the Company unveiled a completely modern new product with expanded insurance coverage limits, special terms and conditions, including coverage for staycations in Slovakia, selected sports, and cancellation fees, and more extensive assistance services. These changes allowed the Company to better respond to the needs and expectations of travel-insurance customers.

In response to rising labour and spare parts costs, the Company also updated its motor insurance, with a particular focus on electric vehicles and environmental innovations.

These revisions and upgrades reflect the Company's ongoing commitment to provide the highest possible level of service and protection for customers. The quality delivered by the Company was recognised by the professional community, as it won prestigious awards including a clean sweep of first places in the SIBAF® Award for independent brokers.

In 2024, Generali is determined to continue providing excellent products and services and to remain a dependable partner for customers in all their insurance needs.

LIFE INSURANCE – CZECH REPUBLIC

During 2023, Generali Česká pojišťovna a.s. (GČP) continued to improve the quality and availability of coverage under the life insurance products Můj život 2 and Bel Mondo 20. Product modifications are mainly the result of market monitoring and suggestions from internal and external business partners. The adjustments also took into account experience gained from the Covid period, legislative changes in the field of health care, especially in the care of family members, and the need to safeguard our customers in case of unexpected events in life.

All these factors led to improvements in the parameters of both the flagship products by extending the entry and, especially, exit ages of the insured, increasing the maximum sum insured, and adjusting the price of insurance, especially in the case of life insurance riders. Adult nursing care insurance was also added. These adjustments to parameters also apply to personal accident insurance, allowing the Company to cover customers up to a higher age - they are offered a rare opportunity to insure themselves against illness up to 75 years of age (the exit age for personal accident riders is even higher).

In terms of enhancing the quality of product parameters, the Company focused primarily on very important supplementary insurance in life insurance – this improved the conditions applicable to incapacity for work (e.g. coverage of preventive procedures or organ or tissue donation) and serious diseases (with coverage extended to less serious conditions of the most common diseases – cancer, heart attack, stroke). There were also adjustments to key disability insurance – here they were mainly to make it more affordable by revaluing it. All this was complemented by a comprehensive review of permanent disability coverage – the valuation tables and the progression curve in particular were modified.

The Generali Vitality programme was introduced for customers leading active and healthy lifestyles. It acts as an incentive for them to stay on top of their health, while offering a range of benefits and a discount on risk premiums.

These product changes pushed up the share of coverage for disability, serious illness, and loss of independence among life insurance contracts underwritten compared to the previous year. It can thus be said that the number of key riders taken out under life insurance – disability, serious illnesses, incapacity for work (supplementary insurance also covering illnesses) – is currently on the rise, notably at the expense of personal accident insurance. The current trend is therefore seeing customers go in the "right direction", in that illnesses far outweigh injuries in a person's life.

At the end of last year, active sales of Moje jednorázové pojištění, a single-payment investment product, were discontinued.

Health Insurance

In mid-2022, the Company launched the sale of a new health product, Klinika Generali České. In 2023, it was still the only player on the market that can offer customers a comprehensive health service to complement their life insurance, and is intended to act as an apt complement to the public health system. These services are also a help to customers in areas of health care where society is seeing an ever-worsening trend (e.g. shortages of selected medical specialities, low uptake of the prevention services offered, long system response times in the provision of assistance to the elderly, the general ability of patients to navigate the healthcare system, etc.).

After just one year of launching this health product, the Company was able to provide all requesting customers with a new doctor and arrange appointments for them to be examined. One of the most used Klinika services is Telemedicína, which saves clients time and offers convenience in the form of prompt medical care without long waits in doctors' surgeries. Consultations with doctors are very popular. Customers use these primarily if they want medical procedures or medical reports explained to them, or if they wish to discuss chronic problems that they may have neglected in the past. The self-diagnosis tool is also in great demand. This is a form of AI that can make a possible diagnosis based on the symptoms entered, which customers can then consult directly with a Klinika doctor.

These and other health services are integrated into the GČP Client Zone portal. From here, customers can easily book and use services 24/7, whether they are at home or abroad. The health portal also keeps track of examination and vaccination dates and recommends preventive check-ups based on the customer's age. It includes video tutorials and other resources on how to take care of your health. In addition, the version for older customers, Klinika pro seniory, includes the services of a case manager, who will arrange medical and social assistance within 48 hours if customers experience a decline in their independence.

With this health product, the Company achieves one of the strategic goals of Generali Česká pojišťovna, i.e. to become a lifelong partner for its customers. Klinika Generali České has opened up a world of modern health services to our customers, allowing them to take care of their health without stress, save time and money, and feel completely assured that they are in control of their health so that they do not miss out on the good things they want to experience in their lives.

Financial Indicators

Total premiums written on regular-premium life insurance contracts increased by 0.3% year on year to CZK 10.2 billion. Single-premium products generated CZK 0.7 billion in premiums written. Regular-premium life insurance products were purchased by 134,000 customers in 2023.

In 2023, life insurance claims paid out edged up by 1.0% year on year to CZK 8.0 billion. As in previous years, the greatest number of paid claims was in the "death and survival insurance" class. Measured by monetary volume, most funds (CZK 3.3 billion) were released in the form of endowments. In 2023, the Company handled 206,000 claims from the life insurance portfolio.

Outlook

In 2024, the Company will again focus on the protection of consumers (i.e. of our customers as policyholders or insured persons and other beneficiaries) in the distribution, sale and switching of life insurance, as well as on the provision of professional care. Attention will be paid to monitoring the development of legislative requirements in the pre-contractual phase (in particular the clarity of the information provided and the information published in accordance with the PRIIPs Regulation), transparency in the marketing of products and the related provision of information throughout the insurance and upon termination.

In its product development, the Company will continue to meet requirements related to product oversight and governance, in particular the setting of appropriate target markets and distribution strategies and the testing of the insurance value proposition (as per the Product Oversight and Governance Regulation).

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

In order to comply with sustainability-related regulatory requirements, the Company will continue to comply with the SFDR.

Last year, the Company was actively involved in the preparation of – and subsequently acceded to – the Self-regulatory Standard of the Czech Insurance Association, which will enable customers with cancer to benefit from a transparent and fair approach when applying for individual life insurance associated with a mortgage or consumer loan.

The Company will pay particular attention to the fulfilment of the requirements for accession to the next Self-regulatory Standard of the Czech Insurance Association entitled "Activities of Insurance Companies in Finding Whole-life Insurance Beneficiaries". Accession to this Standard is considered to be a very important step that perfectly aligns with the Generali Group's Lifetime Partner Strategy.

LIFE INSURANCE – SLOVAKIA

During 2023, Generali pojišťovna focused mainly on a qualitative improvement in La Vita life insurance.

Drawing on its market monitoring and distributor requirements, the Company continued to improve the quality of its products and enhance selected supplementary insurance coverage. Risks for various degrees of disability, with a decreasing sum insured, were added to the portfolio of insured risks. Parallel to this, the financial and medical valuation limits for supplementary life, health and accident insurance were increased significantly. A special offer for children was created and attractive cover in the form of a children's package was prepared. La Vita was made available on the website so that it could be taken out online, with very interesting insurance cover and no health check. The online health assessment option was extended not only for the negotiation of new contracts, but also for amendments to existing ones.

In the credit insurance segment, the product portfolio was expanded to include mortgage coverage for VÚB's clients. This product innovation extended the possibility of covering loans not only with individual insurance, but also with special insurance designed solely and specifically to cover borrowings.

Financial Indicators

Total premiums written on regular-premium life insurance contracts increased by 3.3% year on year to EUR 122 million Regular-premium life insurance products totalling EUR 22.6 million were purchased in 2023.

Life insurance claims paid out in 2023 decreased by 5% year on year to EUR 71.84 million. As in the previous year, the greatest number of paid claims was in the "death and survival insurance" class. Measured by monetary volume, most funds (EUR 17.9 million) were released in the form of endowments. In 2023, more than 64,000 claims were paid out under the life insurance portfolio.

Outlook

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

In 2024, the Company will continue to monitor current consumer protection requirements in life insurance distribution, sale, and changes. Particular attention will be paid to monitoring and fulfilling demands related to EIOPA's oversight requirements in the value for money of life insurance with an investment component and group products insuring the credit liabilities of customers of Generali pojišťovna.

During 2024, the Company will continue to focus on evaluating the implementation of the new requirements under Commission Delegated Regulation (EU) 2021/1257 related to the integration of sustainability factors, risks and preferences into product oversight requirements and into conduct in the provision of advice for insurance-based investment products.

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

Sales of Insurance

Czech Republic

Internal Distribution Channels

Compared to previous years, 2023 at Generali Česká Distribuce was not as affected by negative external influences as it was in 2022 or 2021, when the wave of the Covid-19 pandemic and the beginning of the conflict in Ukraine had a significant impact on advisers' business activities.

Internal distribution recorded strong business results in 2023. Plans in all insurance sectors were met. The commercial success of internal distribution in 2023 was undoubtedly driven by new and innovated tools for contracting and for managing portfolios. One of these was the REDy system, which provides an in-depth analysis of customers' needs and is then able to propose an optimal insurance solution. The emphasis placed on the use of this system was also reflected in the updated mystery shopping criteria. Moje peníze, an app where advisers and managers can keep track of their performance, was also improved.

New sales incentives were introduced by a system called Opportunities Marketplace (Tržiště příležitostí), where advisers could follow up on leads by contacting customers who had expressed an interest in managing their finances. Further sales potential came from the Non-life Valorisation (Valorizace neživotního pojištění) campaign, which aimed to update property sums insured to reflect the higher rate of inflation.

Because of the importance of regular contact with customers, the Semafor (Traffic Light) system was launched during the year. This system segments customers according to the adviser's last contact with them.

As in previous years, a meeting of internal distribution members was held in 2023. This Forum took place at the Brno Exhibition Centre and brought together more than a thousand internal distribution advisers and managers. During the meeting, business results were presented, the vision for the upcoming period was outlined, the best advisers and managers were invited to join the VIP Club, and other awards were announced.

Advisers' success with SMEs is also illustrated by the fact that the milestone of CZK 1 billion in premiums under the ProfiPlán product was reached. The advisers crossed this threshold in May 2023.

The end of the year was a time of increased activity in pension savings in response to legislative changes that had been announced. In the field of investment, the Generali Secured Equity Income Fund 4.0 (Generali zajištěný fond akciového výnosu 4.0), which provides clients with safe investing, was also very successful in the fourth quarter.

The unveiling of the new Commercial Strategy, which was presented to Generali Česká Distribuce managers in November 2023, was a very important moment.

Looking at the trend in the number of advisers, there was a significant increase in the number of active advisers, which can be attributed to effective recruitment and a new system for training recruits to better adapt to the position of adviser.

As in previous years, representatives of Generali Česká Distribuce displayed a great deal of solidarity by raising CZK 633,021 in the "Let Them Be Seen" campaign, and also contributed to other activities of The Human Safety Net.

Specific Distribution Channels

External Retail Partners – Focus on Personal Lines

In 2023, Generali Česká pojišťovna deepened its cooperation with external distribution partners in all areas of insurance. This has been reflected very positively in the results achieved. Together, they are delivering on the strategy pursued by Generali Česká pojišťovna.

Generali Česká pojišťovna, in conjunction with external partners, continues to grow, especially in business risks, and also recorded growth in retail and life insurance.

The past year was a period of digital transformation. Partners can now report claims online for all types of insurance. A new signature component makes it easier to sign contracts.

The San Marco portal also underwent significant changes and now helps to speed up work with negotiated contracts while increasing awareness of news and changes in the products of Generali Česká pojišťovna.

Last year, internal processes were reviewed and optimised to increase efficiency and reduce the time needed to run them. Several product enhancements were made and work was carried out to simplify the contracting process, which should result in a faster and more convenient experience for internal teams, business partners and customers.

Under Bel Mondo life insurance, limits were increased, disability insurance was made cheaper, and total premiums were reduced for younger customers. New risks were introduced, which included opening up nursing and loss of independence insurance to adult customers.

The new Můj majetek 2.0 product had been launched in the previous year, so in non-life insurance there were mainly procedural changes and simplifications. The newly upgraded Mazlíček (Pet) product was added to the contracting system.

In the field of motor insurance, a significant step forwards in providing comprehensive protection to customers was introduced. The new product offers unlimited glass insurance, coverage of damage caused by uneven road surfaces, and specialised additional insurance covering vandalism. Electric vehicle insurance was also factored in, with different variants and tailored parameters and assistance to reflect current market trends and standards.

A wide range of training courses and workshops were offered to business partners, with support provided for follow-up training in the form of new courses.

Generali Česká pojišťovna is constantly looking for ways to improve the quality of cooperation and to achieve success in attracting new business. Future plans include further development of the product offering, improvements to the customer experience, and the strengthening of the Company's market position in order to be a reliable partner and deliver long-term success.

Slovakia

Bancassurance

The bancassurance segment within the Slovak branch enjoyed a successful year, which saw strategic cooperation at the level of the holding company with Intesa Sanpaolo Group, and resulted in stronger cooperation at local level with the bank VÚB. The Slovak branch also continued its strategic credit insurance partnership with UniCredit Bank. These stable bancassurance partnerships were reflected in the outstanding performance of this distribution channel, which recorded an overall 11% year-on-year increase in new business. The branch posted a particularly significant increase in new non-life business, where the main driver was personal property. The growth of bancassurance was also evident in the life insurance segment, which continues to be a pillar of mutual cooperation.

External Sales

External sales also clocked up growth on multiple fronts in 2023. Gross premiums written through this distribution channel rose by 9.6% to EUR 162.7 million. These numbers were underpinned by the contribution of both external partners and the MLM channel, whose premium billing grew in every segment, especially motor insurance. External sales also performed well in life insurance, approaching new business of EUR 10 million, i.e. a year-on-year increase of some 26%. This excellent result was achieved mainly thanks to the resumption of cooperation with several major brokers. Slovak external sales recorded an all-time high level of new business particularly in commercial SME insurance, where gross premiums written under new contracts came to EUR 1.9 million.

Internal Network

The Slovak internal network experienced a successful year in terms of sales to both retail and corporate customers. The adviser network has been stable for a long time, with approximately 700 advisers supporting customer needs with the backing of a structure of 80 managers. Thanks to this stable structure, the internal network managed to record double-digit increases in new business and in the existing portfolio. Besides its excellent sales results, the internal network continues to deliver on the Group's vision of being a true lifelong partner to its customers. This is evidenced by the internal network's constant move towards a more consultative way of serving customers. In addition to their insurance and servicing requirements, customers can also resolve investment, retirement and housing financing issues at Generali Slovenská distribuce branches.

REPORT ON OPERATIONS

CUSTOMER SERVICES

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

Customer satisfaction is a priority for the Company. Generali Česká pojišťovna continues to measure NPS-based customer satisfaction via the Medallia tool. Customers are approached with an email questionnaire. They use a scale from 0 (worst) to 10 (best) in assessments of Company services. Customers awarding scores from 0 to 6 are contacted again by a Company employee. The aim of the call is to identify the root cause of the customer's dissatisfaction. This output serves as a reference for improvements in internal processes. The Company determines customer satisfaction at five key points of interaction – insurance contracting, the service, claim settlements, insurance contract renewals, and insurance contract cancellation. In 2023, Generali Česká pojišťovna received a total of 134,390 responses, and Generali Slovakia 19,331 responses.

As a result, the satisfaction index for the settlement of claims by Generali Česká pojišťovna was once again among the highest in the entire Generali Group worldwide in 2023.

In 2023, Generali Česká pojišťovna introduced innovations in digitalisation and automation to speed up and streamline processes and handle customer requests more quickly. Processes where this is legally possible are converted to digital form to the maximum extent possible. This change has implications not only for customer satisfaction, but also for the environment.

In 2023, Generali Česká pojišťovna continued to develop the online claims reporting solution it had deployed in 2022. The redesign of the online claims reporting system for all product lines was completed in 2023. The intuitive and customer-friendly interface of the new online solution significantly increased the number of clients using this form of reporting. New features include some automatic and semi-automatic claims handling, for example for windscreens. Automation here encompasses documents, including incoming invoices and their checking, and the fully automatic processing of insurance claims. In order to improve customer awareness, the Company also introduced a "Tracking" portal for insurance claims so customers can check the current status of their claim and submit missing documents in electronic form or obtain the contact details of the Company's loss adjuster.

The high level of inflation continued to affect the operations of Generali Česká pojišťovna in 2023. Inflation caused a significant increase in the cost of claims due to the rising price of claims-related damage repairs. Generali Česká pojišťovna's settlement unit ran several measures to rein in inflationary effects on insurance claims.

Detectives working with analytical teams at Generali Česká pojišťovna discovered a record number of insurance fraud cases worth CZK 727 million in 2023. Year on year, this amount increased by a quarter.

One major disaster event in 2023 was an earthquake in the Slovak Republic.

In 2023, Generali Česká pojišťovna continued to develop a chatbot for the inspection and presentation of documents. It also continued to use a chatbot within the Call Centre. In 2023, the chatbot was joined by a voicebot to guide customers through the initial stages of a phone call. Customers no longer need to dial numbers on their phone, but simply say what they are calling about, and the voicebot will transfer them to the correct operator or claims officer. The voicebot also calls customers to help them pay premiums when a missed payment is detected. It can now also verify customer data, independently resolve requests for Green Cards, and advise on cancelling an insurance policy. During the Call Centre's downtime, the voicebot will help customers with basic requests and requirements.

Generali Česká pojišťovna purposefully offers its customers alternative communication channels to expedite their requests in certain situations. It is currently trialling Rich business messaging, which enables two-way chat with customers via a smartphone. Customers also have the opportunity to share the documents and parameters needed for online contracting via phone calls (including video calls), which helps them to find their way around more quickly.

In 2023, Generali Česká pojišťovna's operators handled over 666,000 incoming calls and processed over 533,000 additional customer service requests via online chat and email.

Generali Česká pojišťovna focuses on internal efficiency by simplifying processes and automating them with new technologies such as RPA and machine learning. The result is faster and simpler processes and an overall better customer experience. The use of machine learning and automation is simplifying the process for both customer and agent and will become a big trend in the years to come.

Investment Policy

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

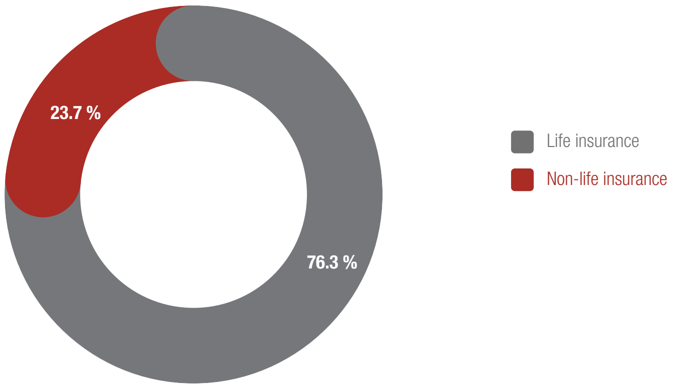
In keeping with an amendment to the Insurance Act that entered into force in September 2016, the Company makes investments based on the principle of prudent investment and a valid investment policy with the aim of achieving safety, liquidity and profitability in order to ensure that the Company is fully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

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

For investors, 2023 was an exceptionally good year, with strong gains in all key segments of the financial markets except real estate. The key driver was a combination of receding inflationary pressures and a stable economic situation, although many economies, including the Czech Republic, were teetering on the edge of a technical recession. The decline in inflation back into single digits eliminated the risk of further interest-rate hikes by the Fed and the ECB, and investors even began speculating about an early interest-rate cut by both these central banks at the end of the year. The CNB initiated a cycle of interest-rate cuts in December, when it lowered the repo rate by 25 basis points to 6.75%. The pace of monetary-policy normalisation will be a major focus in 2024 and, in the case of the CNB, markets expect the rate to come down to near 3%. Monetary easing should be accompanied by economic recovery, thereby creating a favourable climate for financial markets. Two risks are viewed as critical. The first is slower-than-expected cuts in interest rates, which would trigger a temporary correction in bond and stock markets. The second, an unexpected deterioration in the economic situation combined with stress in the financial sector, is thought to be a potentially greater risk. In this scenario, government bonds would partially offset the losses suffered in the credit and equity markets.

At the end of 2023, the Financial investments amounted to CZK 83.4 billion, with life insurance accounting for CZK 63.6 billion and non-life insurance the remaining CZK 19.8 billion. For the most part, this money is invested in fixed-income instruments, especially Czech and foreign government bonds and corporate bonds of issuers generally with an investment-grade rating. Since December 2021, the operations of Generali Česká pojišťovna, which manages a total of CZK 75.5 billion in financial investments, and the Slovak Generali branch, which manages a portfolio of CZK 7.9 billion, have been interconnected.

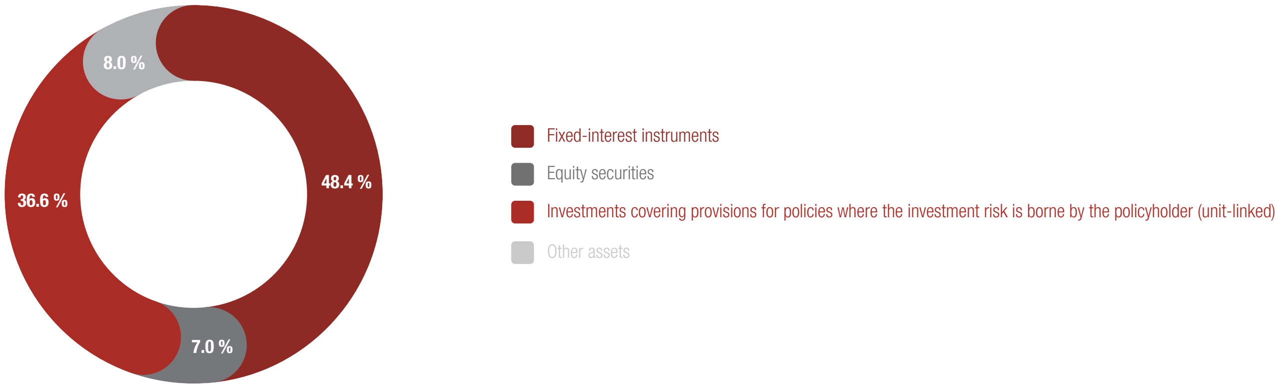
Structure of Financial Investments (IFRS, Book Value), by Business Segment



Financial Investments within the Life Insurance Segment

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

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



Another significant item in the structure of financial investments is equity securities (shares, unit certificates, and other variable-yield securities). As at 31 December 2023, their book value was CZK 4.5 billion. These instruments are purchased for the portfolio to act as a counterweight to fixed-income instruments for purposes of risk diversification and to optimise overall medium- and long-term returns.

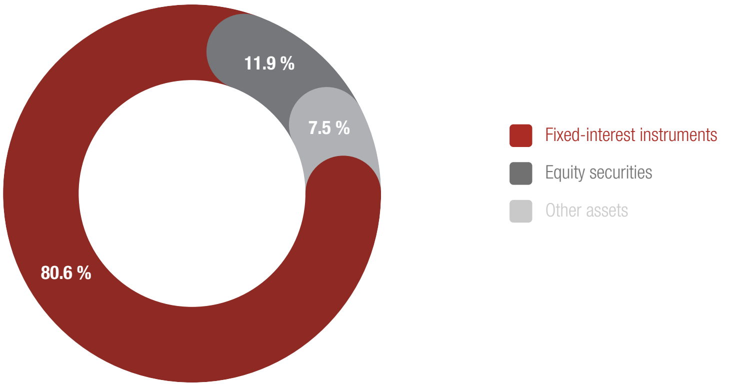
The investment portfolio is rounded out by other fixed assets. Here, the Company invests in real estate, mainly in the form of equity interests in companies that own real estate and whose main business is property management and leasing, or through Generali Group's real estate funds. The real estate allocation at the end of 2023 was CZK 5.1 billion.

The return on investments in the life insurance segment amounted to CZK 6.1 billion. Proceeds from fixed-interest instruments and from the sale of bonds contributed to the result. Positive developments on the financial markets meant that contributions were also made by gains from the revaluation of investment funds, especially in the case of investments covering provisions for policies where the investment risk is borne by the policyholder, delivering a profit of CZK 3.1 billion.

Financial Investments within the Non-life Insurance Segment

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

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



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

Reinsurance

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

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

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

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

Nuclear Insurance Pool

The Czech Nuclear Insurance Pool ("CNIP") is an informal consortium of non-life insurers based on the co-insurance and reinsurance of nuclear risks. For more than 25 years, the CNIP has offered insurance and reinsurance services for liability and property risks, including risks related to the transportation of nuclear material. Insurers on the Czech market do not usually insure nuclear risks on their own due to the specific nature of those risks, which are typically excluded from coverage. The insurers in the CNIP each provide their own net lines, the sum of which forms the overall capacity of the CNIP for individual types of insured risks. Within the CNIP, an Agreement on the Joint and Several Liability of Members is concluded every year to increase security and trust in the CNIP.

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

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

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

Human Resources

At the end of 2023, there were 3,579 employees, down from 3,615 at the end of 2022.

The Company annually refines its core appraisal principles, consisting of an emphasis on positive motivation and the identification and exploitation of the strengths of individuals. The employee development and remuneration systems are linked to the employee appraisal system. Top-rated employees benefit from the most systemic development support.

Employee development was aimed at supporting the Company-wide strategy and reflecting current market trends. It can be characterised by its emphasis on the following areas:
1) Focus on Company-wide strategy and core competencies: Training and development activities were carefully designed to support the goals of the entire organisation. An accent was placed on the development of core competencies that are essential for success in a changing landscape.
2) Inspiration from external sources: Training and development activities were augmented with externally sourced inspiration. Connecting with inspirational speakers and companies allowed employees to gain new insights and inspiration for their personal and professional development.
3) Support of internal growth and experimentation: New innovation communities were created as a vehicle for internal growth and experimentation. These communities focus on developing and sharing knowledge, with the aim of being a “learning organisation”.
4) Digitalisation and artificial intelligence: The Company’s new focus on digitalisation and artificial intelligence became an integral part of its development activities. All levels of employees, from rank-and-file staff to managers and talent, were engaged in programmes focused on this area.
5) Personalised development for managers: The managerial population had the opportunity to pursue individual development that was tailored to their needs and goals. This included a talent programme designed to support the growth of women in management positions.
6) Access to training for all: All employees had access to various learning resources, including digital platforms, internal workshops, and external expert events. This gave everyone the opportunity to keep developing and improving.

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

Generali Česká pojišťovna, as a responsible company within the EU, has signed the Diversity Charter, committing it to abide by principles of diversity at the Company. In this activity, it is not just the employment of the health impaired that the Company focuses on – equal opportunities and remuneration for all groups of employees are absolutely essential here.

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

A Company-wide annual satisfaction survey was conducted at the end of 2023 to monitor the engagement and satisfaction of Company employees. Building on the results of its employee poll and in an attempt to improve employee care, the Company continues to develop benefits in areas that reflect the key lifestyle needs of employees. The Company aims to deliver maximum flexibility in order to cover the diverse needs of all employees. The Company also seeks to take care of the health of its employees in the field of employee benefits. Long-term support is invested in the work-life balance of employees. In this respect, Generali Česká pojišťovna permits both flexitime and working from home. The Red Quater programme is the launchpad for a series of investments to improve the working environment in offices.

SUPERVISORY BOARD REPORT

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

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

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

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

The composition of the Supervisory Board as at the date the Annual Report was published is set forth on page 17 hereof.

Prague, 10 April 2024

Miroslav Singer
Chairman of the Supervisory Board

PERSONS RESPONSIBLE FOR THE ANNUAL REPORT

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

Ing. Roman Juráš
Chairman of the Board of Directors

Ing. Milan Novotný
Member of the Board of Directors

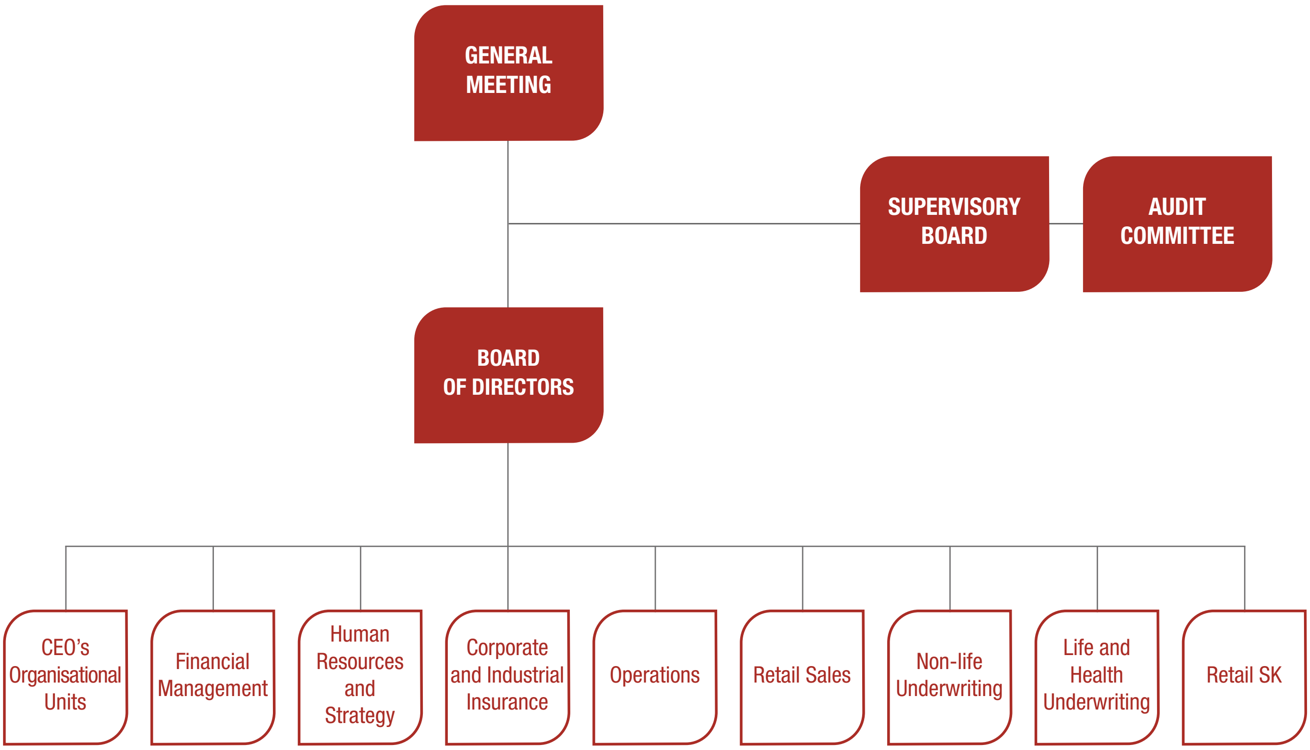
Audit of the Financial Statements
Since 2021, the financial statements have been audited by KPMG Česká republika Audit, s.r.o. Generali Česká pojišťovna's financial statements were audited on 10 April 2024.
Registration number: 496 19 187
Registered office: Praha 8, Pobřežní 648/1a, 18600
Statutory audit licence number: 71
Auditor-in-charge: Jindřich Vašina
Authorisation number: 2059

WE PUT OUR CUSTOMERS FIRST

We are committed to building long-term partnerships. Our advisers are ready to advise their customers professionally and humanly whatever situation they are facing. Regular training and advanced analytical tools help them to identify the best solutions, every time.

ORGANISATION AND CONTACT DETAILS

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



Directory of Generali Česká pojišťovna Head Office and Regions

Head Office:
Generali Česká pojišťovna a.s.
Registered office: Spálená 75/16, 110 00 Praha 1
Address of head office: Na Pankráci 1720/123, 140 00 Praha 4
GČP Customer Service: 241 114 114
GČP Asistent, roadside assistance service: +420 224 557 004
Telephone: +420 224 550 411
Website: www.generaliceska.cz
Address for service: Generali Česká pojišťovna a.s., P.O. Box 305, 659 05 Brno

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

ADDITIONAL INFORMATION

Snapshot

Company name	Generali Česká pojišťovna a.s.
Legal form	Public limited company (akciová společnost)
Registered office	Spálená 75/16, 110 00 Praha 1
Registration number	452 72 956
VAT number	CZ699001273
Date of incorporation	1 May 1992 The Company was formed for an indefinite duration.
Legal reference	The Company was founded (pursuant to Section 11(3) of Act No 92/1991 on conditions for the transfer of state property to other entities, as amended) by the National Property Fund of the Czech Republic under a memorandum of association dated 28 April 1992, and was incorporated by registration in the Commercial Register on 1 May 1992.
Incorporated at	Municipal Court in Prague Register entry: Section B, File 1464
Date and purpose of most recent change in the Commercial Register	On 1 February 2024, Lenka Kejíková was registered as a new member of the Board of Directors.

The company owns a branch in Slovakia, which was incorporated by entry in the Slovak Commercial Register on 11 November 2021. The branch is engaged in the same activities as its founding company. All information reported includes the branch, unless otherwise stated.

As at 31 December 2023, the approved share capital consisted of 40,000 dematerialised, registered ordinary shares totalling CZK 4,000 million.

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

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

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

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

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

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

Persons with Executive Authority

In 2023, the Company recorded no loans or guarantees extended to members of the Board of Directors or the Supervisory Board.

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

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

In 2023, the following changes were made to the Company's bodies:

Board of Directors
Effective as of 28 February 2023, Juraj Jurčík ceased to sit on the Board of Directors.

Effective as of 1 March 2023, Marián Zelko was appointed a member of the Board of Directors. Effective as of 30 June 2023, Petr Bohumský ceased to sit on the Board of Directors. Effective as of 1 July 2023, Milan Novotný was appointed a member of the Board of Directors.

Supervisory Board:
Effective as of 1 January 2023, Manilo Lostuzzi was appointed a member of the Supervisory Board. Effective as of 30 June 2023, Marek Jankovič ceased to sit on the Supervisory Board. Effective as of 1 July 2023, Jose Garda Naveros was appointed a member of the Supervisory Board.

Principal activities of members of the Board of Directors and Supervisory Board in other companies, to the extent they are material for the Company, in 2023:

Roman Juráš:
- Chairman of the Management Board of the Czech Insurers' Bureau
- Vice-President of Czech Insurance Association
- Member of the Supervisory Board of VÚB Generali dôchodková správcovská spoločnosť, a.s., Slovakia
- Member of the Board of Directors of Generali Beteiligungverwaltung GmbH, Austria
- Member of the Supervisory Board of OVB Holding AG, Germany, as of 14 June 2023

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

Miroslav Singer:
- Vice-Chairman of the Supervisory Board of MONETA Money Bank, a.s.
- Member of the Supervisory Board of Generali zavarovalnica d.d., Slovenia

Miloslava Mášová
- Managing Director of Acredité s.r.o.

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

Jiří Doubravský:
- Member of the Management Board of Zemědělská společnost Lípa a.s.

David Vosika:
- Member of the Supervisory Board of Generali penzijní společnost, a.s.
- Member of the Supervisory Board of Europ Assistance s.r.o.

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

Andrea Leskovská
- Member of the Supervisory Board of Europ Assistance s.r.o.
- Member of the Supervisory Board of Generali penzijní společnost, a.s.

Katarína Bobotová
- Member of the Supervisory Board of Generali Slovenská distribúcia, a. s., Slovakia
- Chairwoman of the Supervisory Board of the GCP Foundation
- Member of the Supervisory Board of Generali Česká Distribuce a.s.

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

Manlio Lostuzzi
- Member of the Board of Directors of Generali CEE Holding B.V., Netherlands
- Chairman of the Supervisory Board of Generali Towarzystwo Ubezpieczeń S.A., Generali Życie Towarzystwo Ubezpieczeń S.A., and Generali Finance Sp. Z o.o.
- Member of the Supervisory Board of Generali Powszechne Towarzystwo Emerytalne S.A.
- Vice-Chairman of the Supervisory Board of GENERALI INVESTMENTS TOWARZYSTWO FUNDUSZYINWESTYCYJNYCH SPÓŁKA AKCYJNA, Poland

Milan Novotný
- Member of the Supervisory Board of Generali Česká Distribuce a.s.
- Member of the Supervisory Board of the GCP Foundation
- Member of the Supervisory Board of Generali Slovenská distribúcia, a. s.

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

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

Information on Research and Development

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

Non-financial Information

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

Subsequent events

The Company has not identified any significant events that have occurred since the end of the reporting period up to 10 April 2024 except of those identified in the Notes to the Financial Statements.

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We know that every minute counts these days. That’s why we’ve launched a new website that allows our customers to report a claim in just 3 minutes. Conveniently, wherever they are, even over the phone if they so choose.

FINANCIAL SECTION

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

Independent Auditor's Report

to the Shareholders Shareholder of Generali Česká pojišťovna a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Generali Česká pojišťovna ("the Company"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2023 and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the separate financial statements, comprising material accounting policies and other explanatory information. Information about the Company is set out in Note A to the separate financial statements.

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

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors[, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Measurement of liabilities for remaining coverage in life segment

As at 31 December 2023, liabilities for remaining coverage in life segment: MCZK 34,935 (2022: MCZK 35,009).

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

The key audit matter

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

In measuring the liabilities for remaining coverage ("LRC") the Company's management is required to estimate the present value of future cash flows (PVFCFs), risk adjustment for non-financial risk (RA) and contractual service margin (CSM). Estimating the PVFCFs requires application of professional judgment as well as complex and subjective assumptions, including those with a long-time horizon. Those assumptions are treated as inputs into the cash flow models using actuarial methods. PVFCFs and further data and assumptions are then used to calculate the RA and CSM.

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

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

How the matter was addressed in our audit

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

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

Measurement of liabilities for incurred claims

As at 31 December 2023, liability for incurred claims: MCZK 22,754 (2022: MCZK 19,997).

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

The key audit matter

Liability for incurred claims ("LIC") constitute significant elements of insurance contract liabilities in the Company's statement of financial position. In measuring the amounts of LIC, management was required, among other things, to establish the present value of future fulfilment cashflows for claims that occurred until 31 December 2023 (including claims that have been incurred but not yet reported).

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

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

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

How the matter was addressed in our audit

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

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

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Initial application of IFRS 17 Insurance contracts

Total net impact of initial application of IFRS 17 Insurance contracts ("IFRS 17" or "Standard") (net of tax) – increase in total equity as at 1 January 2022 ("transition date"): MCZK 15,640.

Refer to additional information disclosed in the Statement of changes in equity and Note C.3.1. of the Company's financial statements.

The key audit matter

IFRS 17, effective for annual reporting periods beginning on 1 January 2023, introduced new recognition, measurement, presentation and disclosure requirements for insurance contracts. Following the requirements of the Standard, at transition date, the Company identified, recognized and measured each group of insurance contracts based on the full retrospective approach (FRA), unless impracticable, in which case modified retrospective approach (MRA) or fair value approach were applied. The above approaches were applied to different groups of insurance contracts, as considered appropriate under the circumstances. The Standard's adoption was associated with the following main complexities:

- Application of the said approaches required significant judgment and developing new assumptions;
- Under the Standard, the Company was also required to determine the appropriate model to be applied in measuring the liability for remaining coverage (LRC) for a given group of contracts. Management's use of the premium allocation approach (PAA) or variable fee approach (VFA) was associated with an eligibility assessment;
- IFRS 17 expanded on the scope of disclosures required in the Company's financial statements compared with those previously required by IFRS 4 Insurance contracts.

In the wake of the above factors, auditing the Standard's initial application by the Company was also complex and required significant auditor judgement due to complexity of models and accounting policy choices. The area was identified as a significant risk in our audit which required our increased attention, and as such was considered by us to be a key audit matter.

How the matter was addressed in our audit

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

- We inspected the Company's accounting policies and actuarial methods and models, and assessed their compliance with the requirements of the Standard. We also inspected the model setup and formulas;
- We tested the design, implementation and, where relevant, operating effectiveness, of selected system (IT-based) and manual controls over the recognition and measurement of insurance contracts in line with IFRS 17;
- For a sample of insurance contracts, we challenged the grouping of the contracts, by inspecting the contractual conditions, and also evaluated the appropriateness of the transition approach adopted;
- On a sample basis, we tested the relevance and reliability of the data used by the Company in transition-date accounting for insurance contracts;
- We examined the historical projected cashflows and assumptions therein to ensure they are incorporated into the transition valuation models as applicable;
- For the full retrospective approach (FRA), we:
    - challenged the appropriateness of the cash flows used, based on the evidence obtained from the above-mentioned procedure over historical projected cashflows and assumptions; and
    - analytically assessed CSM and coverage units for a sample of groups of insurance contracts;

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- For the modified retrospective approach (MRA), we challenged whether the modifications applied, including those related to future cash flows at the date of initial recognition, were derived using reasonable and supportable information and maximized the use of information that would have been used to apply a fully retrospective approach;
- For the fair value approach, we challenged key assumptions used under IFRS 13, including those for market level of cost of capital and applied discount rates, primarily by reference to external market data and the Company's historical experience studies, respectively;
- We challenged, for a sample of insurance contract groups, management's judgements and estimates, applied in establishing the eligibility for the use of the PAA or VFA measurement models for the LRC;
- We assessed the Company's disclosures regarding the adoption of IFRS 17 against the requirements of the relevant financial reporting standards.

Other Information

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 16 November 2023 and our uninterrupted engagement has lasted for 3 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 10 April 2024 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

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

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

Statutory Auditor Responsible for the Engagement

Ing. Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of Generali Česká pojišťovna a.s. as at 31 December 2023, based on which this independent auditor's report has been prepared.

Prague
10. April 2024

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

Signed by

Ing. Jindřich Vašina
Partner
Registration number 2059

WE HELP OUR CUSTOMERS TO TAKE CARE OF THEIR HEALTH

Alongside our life insurance, we offer customers the opportunity to earn a retroactive discount on premiums in return for leading an active lifestyle, plus the chance of many other rewards. They can also make use of the services of Klinika Generali Česká, where they can consult their health with a doctor at any time, wherever they may be.

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SEPARATE FINANCIAL STATEMENTS

Acronyms:

Acronyms	
ALM	Asset-liability Management
CASCO	Motor Insurance
CAT	Catastrophic Excess of Loss Reinsurance Contract
CCS	Cross Currency Swap
CDO	Collateralized Debt Obligation
CDS	Credit Default Swap
CEE	Central and Eastern Europe
CNB	Czech National Bank
CRO	Chief Risk Officer
CSM	Contractual Service Margin
CZK	Czech Crown
CzNIP	Czech Insurance Nuclear Pool
D&O	Directors and Officers Liability
DPF	Discretionary Participation Features
ECAI	External Credit Assessment Institutions
ECL	Expected Credit Loss
EIOPA	European Insurance and Occupational Pensions Authority
EIR	Effective Interest Rate
ESMA	European Securities and Markets Authority
EU	European Union
EUR	Euro
FO&G	Financial Options and Guaranties
FV	Fair Value
FVH	Fair Value Hierarchy
FVO	Fair Value Option
FVOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
GCEE	Generali CEE Holding
GIRG	Generali Group Investments Risk Guidelines
GM	General model
GMM	General Measurement Model

Acronyms:

Acronyms	
GoC	Group of contracts
GP Re	GP Reinsurance EAD
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ID Number	Identification Number
IFRIC	Interpretation of International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IRR	Internal Rate of Return
IRS	Interest Rate Swap
ISDA	International Swaps and Derivatives Association
ISO/IEC	International Organization for Standardization/International Electrotechnical Commission
LAT	Liability Adequacy Test
LRC	Liability for remaining coverage
MCEV	Market Consistent Embedded Valuation
MTPL	Motor Third Party Liability
NAV	Nett Asset Value
No	Number
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
PPE	Property, Plant and Equipment
PVFCF	Present Value of Future Cash Flows
RA	Risk Adjustment
ROE	Return on Equity
RON	Romania Leu
rTSR	relative Total Shareholder´s Return
SAA	Strategic Asset Allocation
SFCR	Solvency and Financial Condition Report
SIC	Standard Interpretations Committee
SPPI	Solely payment of principle and interest
TC	Total Cycle Cost
USD	United States Dollar
VFA	Variable Fee Approach
VOBA	Value of business acquired
X/L	Excess of Loss Reinsurance

STATEMENT OF FINANCIAL POSITION

As at 31 December

In CZK million	Note	2023	2022	1. January 2022 restated
Cash and cash equivalents	E.6	1,916	2,003	2,661
Subsidiaries and associates	B	13,801	13,881	14,173
Investments	E.3	76,417	71,994	85,928
Investment property		115	125	170
Measured at amortized cost		1,287	1,340	1,345
Measured at FVOCI		46,150	43,518	54,135
Measured at FVTPL		28,865	27,011	30,278
Receivables	E.4	1,715	2,057	1,569
of which: Current tax assets		702	1,093	38
Insurance contract assets	E.9	3,945	2,555	3,568
Reinsurance contract assets	E.9	12,217	10,703	10,346
Property and equipment		528	675	673
of which: Right of use	E.2	389	528	533
Intangible assets	E.1	1,857	1,855	1,806
Non-current assets held for sale		493	691	691
Deferred tax receivable		2,216	2,411	1,220
Other assets	E.7	462	428	348
Total assets		**115,567**	**109,253**	**122,983**
Share capital		4,000	4,000	4,000
Retained earnings and other reserves		33,447	30,133	32,411
Total equity	**E.8**	**37,447**	**34,133**	**36,411**
Insurance contract liabilities	E.9	66,337	61,591	67,101
Reinsurance contract liabilities	E.9	3,008	2,614	3,809
Other provisions	E.10	315	329	312
Financial liabilities	E.11	667	1,155	1,575
Payables	E.12	6,488	8,099	12,377
Deferred tax liabilities		83	186	309
Other liabilities	E.13	1,222	1,146	1,089
Total liabilities		**78,120**	**75,120**	**86,572**
Total equity and liabilities		**115,567**	**109,253**	**122,983**

INCOME STATEMENT

For the year ended 31 December

In CZK million	Note	2023	2022 restated
Insurance service result		**4,874**	**4,973**
Insurance revenue	E.14	45,948	43,862
Insurance service expenses	E.15	(36,419)	(34,529)
Net expenses from reinsurance contracts	E.16	(4,655)	(4,360)
Net financial result		**2,606**	**(872)**
Investment return	**E.17**	**6,775**	**(1,341)**
Interest revenue calculated using the effective interest method	E.17	1,579	1,237
Other investment revenue	E.17	5,174	(1,730)
Net impairment loss on financial assets	E.17	22	(848)
Insurance finance result	**E.18**	**(4,169)**	**469**
Net finance expenses or income from insurance contracts	E.18	(4,355)	431
Net finance expenses or income from reinsurance contracts	E.18	186	38
Other income	E.19	703	742
Other operating expenses	E.20	(1,739)	(1,782)
Other finance costs		(52)	-
Profit before tax		**6,392**	**3,061**
Income tax expense	E.22	(672)	(321)
Net profit for the year		**5,720**	**2,740**

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

In CZK million	Note	2023	2022 restated
Net profit for the year		**5,720**	**2,740**
Other comprehensive income - elements which will not be reclassified to profit or loss			
Currency translation differencies		(3)	-
Equity investments at FVOCI		351	(68)
Tax on items of Other comprehensive income		(74)	13
		274	**(55)**
Other comprehensive income - elements which may be recycled to profit or loss			
Currency translation differencies		(23)	(294)
Debt investments at FVOCI - Net change in fair value		2,631	(5,691)
Debt investments at FVOCI - Net amount reclassified to profit or loss		(105)	1,856
Net finance expenses from insurance contracts		(659)	975
Net finance income from reinsurance contracts		400	(274)
Tax on items of Other comprehensive income		(434)	623
		1,810	(2,805)
Other comprehensive income/loss, net of tax		**2,084**	**(2,860)**
Total comprehensive income		**7,804**	**(120)**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December

In CZK million	Note	Share capital	Revaluation - financial assets FVOCI	Insurance finance reserve	Reserve fund	Translation reserve	Other funds	Retained earnings	Total
Balance as at 1 January 2022	E.8	(4,000)	(2,282)	-	(912)	11	(34)	(13,454)	(20,671)
Adjustment on initial application of IFRS 17, net of tax		-	-	363	-	-	-	(16,003)	(15,640)
Adjustment on initial application of IFRS 9, net of tax		-	1,577	-	-	-	-	(1,677)	(100)
Balance as at 1 January 2022, restated	E.8	(4,000)	(705)	363	(912)	11	(34)	(31,134)	(36,411)
Currency translation differences			40	2	-	251	-	1	294
Net finance expenses from insurance contracts		-	-	(975)	-	-	-	-	(975)
Net finance income from reinsurance contracts		-	-	274	-	-	-	-	274
Financial assets revaluation in eguity		-	5,759	-	-	-	-	-	5,759
Financial assets revaluation realised in income statement		-	(1,856)	-	-	-	-	-	(1,856)
Tax on items of other comprehensive income		-	(758)	122	-	-	-	-	(636)
Other Comprehensive income		-	3,185	(577)	-	251	-	1	2,860
Net profit for the year		-	-	-	-	-	-	(2,740)	(2,740)
Total Comprehensive income		-	3,185	(577)	-	251	-	(2,739)	120
Dividends to shareholder		-	-	-	-	-	-	2,000	2,000
Share-based payment reserve		-	-	-	-	-	28	195	223
Transactions with owners of the Company		-	-	-	-	-	28	2,195	2,223
Other		-	(28)	-	-	-	-	(37)	(65)
Restated balance as at 1 January 2023	E.8	(4,000)	2,452	(214)	(912)	262	(6)	(31,715)	(34,133)
Currency translation differences		-	23	3	-	-	-	-	26
Net finance expenses from insurance contracts		-	-	659	-	-	-	-	659
Net finance income from reinsurance contracts		-	-	(400)	-	-	-	-	(400)
Financial assets revaluation in eguity		-	(2,982)	-	-	-	-	-	(2,982)
Financial assets revaluation realised in income statement		-	105	-	-	-	-	-	105
Tax on items of other comprehensive income		-	553	(45)	-	-	-	-	508
Other Comprehensive income		-	(2,301)	217	-	-	-	-	(2,084)
Net profit for the year		-	-	-	-	-	-	(5,720)	(5,720)
Total Comprehensive income		-	(2,301)	217	-	-	-	(5,720)	(7 804)
Dividends to shareholder		-	-	-	-	-	-	4,530	4,530
Share-based payment reserve		-	-	-	-	-	(15)	(27)	(42)
Transactions with owners of the Company		-	-	-	-	-	(15)	4,503	4,488
Other		-	4	-	-	-	-	(2)	2
Balance as at 31 December 2023	E.8	(4,000)	155	3	(912)	262	(21)	(32,934)	(37,447)

STATEMENT OF CASH FLOWS

For the year ended 31 December

In CZK million	Note	2023	2022
Cash flow from operating activities			
Profit before tax	E.22	6,392	3,061
Adjustments for:			
Depreciation and amortisation		907	878
Impairment and reversal of impairment of current and non-current assets		365	899
Profit/Loss on sale and revaluation of financial assets		(348)	1,569
Gains/losses on disposal of subsidiaries and associated companies		-	(16)
Dividends income		(1,332)	(474)
Interest expense		25	82
Interest income		(1,544)	(1,363)
Other income/expenses not involving movements of cash		(1,852)	998
Share based compensation		42	(223)
Cash flow from operating activities from non-changeable items		**2,655**	**5,411**
Change in loans and advances to banks		20	(54)
Change in loans and advances to non-banks		52	(23)
Change in receivables		359	(633)
Change in insurance contract assets and liabilities		2,652	(4,927)
Change in reinsurance contract assets and liabilities		(726)	(2,146)
Change in other assets, prepayments and accrued income		(34)	(82)
Change in payables		(2,252)	(3,508)
Change in liabilities to banks		230	1,684
Change in other liabilities, accruals and deferred income		78	55
Change in other provisions	E.10	(14)	17
Interest on securities received		1,949	1,547
Dividends received		1,332	474
Purchase of financial assets at FVTPL		(4,474)	(4,551)
Purchase of financial assets at FVOCI		(8,587)	(10,456)
Proceeds from financial assets at FVTPL		3,674	6,417
Proceeds from financial assets at FVOCI		9,055	14,575
Income taxes paid		(451)	(1,722)
Net cash flow from operating activities		**5,518**	**2,078**

In CZK million	Note	2023	2022
Cash flow from investing activities			
Interest received on loans granted		73	213
Purchase of tangible assets and intangible assets		(905)	(905)
Purchase of investment property	E.3	(68)	(58)
Proceeds from disposals of tangible and intangible assets		227	43
Proceeds from disposal of subsidiaries and associated companies and other proceeds from subsidiaries		-	308
Repayment of loans granted		5	25
Net cash flow from investing activities		**(668)**	**(374)**
Cash flow from financing activities			
Payment of lease liability		(382)	(336)
Interest paid on lease liability		(25)	(26)
Dividends paid to shareholders	E.8.2	(4,530)	(2,000)
Net cash flow from financing activities		**(4,937)**	**(2,362)**
Net decrease in cash and cash equivalents		**(87)**	**(658)**
Cash and cash equivalents as at 1 January	**E.6**	**2,003**	**2,661**
Cash and cash equivalents as at 31 December	**E.6**	**1,916**	**2,003**

NOTES TO THE FINANCIAL STATEMENTS

A. General Information

A.1 Description of the Company

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

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

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

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

Registered Office of the Company:
Spálená 75/16
110 00 Prague 1
Czech Republic
ID number: 45 27 29 56

Registered Office of the Slovak Branch:
Lamačská cesta 3/A,
841 04 Bratislava
Slovakia
ID number: 54 228 573

The Directors authorised the financial statements for issue on 5th April 2024. The financial statements are subject to an approval of the sole shareholder.

A.2 Statutory bodies

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

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

Milan Novotný joined the Board of Directors as at 1 July 2023. Marián Zelko joined the Board of Directors as at 1 March 2023..

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

Supervisory Board as at the end of the reporting period:

Chairman:	Miroslav Singer, Prague
Member:	Antonella Maier, Mogliano Veneto
Member:	Manlio Lostuzzi, Terst
Member:	Miloslava Mášová, Pardubice
Member:	Jose Garcia Naveros, Madrid

Marek Jankovič left the Supervisory Board as at 30 June 2023. Manlio Lostuzzi joined the supervisory board as at 1 January 2023. Jose Garcia Naveros joined the supervisory board as at 1 July 2023.

A.3 Statement of compliance

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

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

A.4 Basis of preparation

The shareholders of the Company decided in accordance with Act. No. 563/1991 Sb., section 3, § 19a, that the financial statements for the period ended 31 December 2023 will be drawn up in accordance with International Financial Reporting Standards (“IFRS”). In accordance with IFRS 10 “Consolidated Financial Statements” and in accordance with Act. No. 563/1991 Sb., section 3, § 19a and § 22aa the Company does not prepare consolidated financial statements and does not prepare consolidated annual report. Consolidated financial statements and consolidated annual report is prepared by its ultimate parent company Assicurazioni Generali S.p.A. and will be presented on its website www.generali.com

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

This is the first set of the Company’s annual financial statements in which IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments have been applied. The related changes to material accounting policies are described in Note C.3.

Basis of measurement

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

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

Functional and presentation currency

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

Use of judgements and estimates

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

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

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

B. Subsidiaries and associates

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

In CZK million, for the year ended 31 December 2023 Name	Country	Cost of investment	Accumulated impairment	Net cost of investment	Proportion of ownership interest (%)	Proportion of voting power (%)	Accounting treatment	Note
Acredité s.r.o.	Czech Republic	8	-	8	100.00	100.00	Cost less impairment	
Europ Assistance s.r.o.	Czech Republic	30	-	30	25.00	25.00		
Generali Česká Distribuce a.s.	Czech Republic	14	-	14	100.00	100.00		
Generali penzijní společnost, a.s.	Czech Republic	6,904	(80)	6,824	100.00	100.00		1.
Generali Real Estate Fund CEE a.s., investiční fond	Czech Republic	4,500	-	4,500	54.85	54.85		
Generali Slovenská Distribúcia a.s.	Slovak Republic	23	-	23	100.00	100.00		
Nadace GCP	Czech Republic	6	-	6	100.00	100.00		
PALAC KRIZIK a.s.	Czech Republic	527	-	527	50.00	50.00		
Pařížská 26, s.r.o.	Czech Republic	346	-	346	100.00	100.00		
SMALL GREF a.s.	Czech Republic	735	-	735	29.52	29.52		
VÚB Generali dôchodková správcovská spoločnosť, a.s.	Slovak Republic	788	-	788	44.74	44.74		
TOTAL		**13,881**	**-**	**13,801**				

1. Generali penzijní společnost, a.s.

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

In CZK million, for the year ended 31 December 2022 Name	Country	Cost of investment	Accumulated impairment	Net cost of investment	Proportion of ownership interest (%)	Proportion of voting power (%)	Accounting treatment	Note
Acredité s.r.o.	Czech Republic	8	-	8	100.00	100.00	Cost less impairment	
Europ Assistance s.r.o.	Czech Republic	30	-	30	25.00	25.00		
Generali Česká Distribuce a.s.	Czech Republic	14	-	14	100.00	100.00		
Generali penzijní společnost, a.s.	Czech Republic	6,904	-	6,904	100.00	100.00		
Generali Real Estate Fund CEE a.s., investiční fond	Czech Republic	4,500	-	4,500	54.85	54.85		
Generali Slovenská Distribúcia a.s.	Slovak Republic	23	-	23	100.00	100.00		
Nadace GCP	Czech Republic	6	-	6	100.00	100.00		
PALAC KRIZIK a.s.	Czech Republic	527	-	527	50.00	50.00		
Pařížská 26, s.r.o.	Czech Republic	346	-	346	100.00	100.00		
SMALL GREF a.s.	Czech Republic	735	-	735	29.52	29.52		1.
VÚB Generali dôchodková správcovská spoločnost', a.s.	Slovak Republic	788	-	788	44.74	44.74		2.
TOTAL		13,881	-	13,881				

1. SMALL GREF a.s.
The Company sold on 28 December 2022 16 pieces of shares of SMALL GREF a.s. to Generali Insurance AD in book value of CZK 199,4 million. The sale price CZK 198,6 million was paid on 30 December 2022.

2. VÚB Generali dôchodková správcovská spoločnost', a.s.
The Company sold on 24 October 2022 16 pieces of shares of VÚB Generali dôchodková správcovská spoločnost', a.s. in book value of CZK 93 million. The sale price CZK 110 million was paid on 25 October 2022.

C. Material accounting policies

C.1 Material accounting policies

C.1.1 Intangible assets

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

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

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

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

C.1.2 Property and equipment

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

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

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

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

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

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

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

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

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

C.1.3 Subsidiaries and associates

All subsidiaries are measured at cost less any impairment losses.

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

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

C.1.4 Investments

C.1.4.1 Recognition, initial measurement and derecognition

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

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

Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted for in the same way as would be accounted for subsequent measurement for the respective measurement category. Financial instruments are measured initially at fair value plus, with the exception of financial instruments at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

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

C.1.4.2 Classification and subsequent measurement

C.1.4.3 Financial assets

Classification

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

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

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

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

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

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

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

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

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

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

Business model assessment

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

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

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

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

<u>Financial Investments within the Life Insurance Segment</u>

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

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

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

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

<u>Financial Investments within the Non-life Insurance Segment</u>

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

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

Assessment of whether contractual cash flows are SPPI

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

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

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

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

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

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

Subsequent measurement and gains and losses

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

C.1.4.4 Financial liabilities

Classification

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

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

Subsequent measurement and gains and losses

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

C.1.4.5 Interest on financial instruments

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

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

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

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

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

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

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

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

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

C.1.4.6 Derivatives, including embedded derivatives

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

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

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

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

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

C.1.4.7 Impairment

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

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

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

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

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

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

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

– probability of default / PD;
– loss given default (LGD);
– exposure at default (EAD).

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

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

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

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

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

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

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

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

C.1.4.8 Investment property

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

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

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

C.1.5 Receivables

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

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

C.1.6 Non-current assets held for sale

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

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

C.1.7 Cash and cash equivalents

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

C.1.8 Lease transactions

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

The Company has about 290 lease contracts as at 31 December 2023 (2022: 275) which represent real estate interests held on a leasehold basis. The real estates serve mainly as the head office buildings and a network of branches. Part of the leased property is subleased mainly to subsidiaries of the Company. The main part of income is recognised in 'insurance service expenses' if it is directly attributable to insurance activities, otherwise, it is recognised in 'other operating expenses'.

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

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

Right-of-use-assets

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

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

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

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

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

Lease liabilities

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

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

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

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

Lease term	2023	2022
Less or equal 3 years	7.75%	8.36%
3-5 years	8.1%	8.74%
Over 5 years	8.46%	9.12%

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

Short term and low value assets leases

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

C.1.9 Equity

C.1.9.1 Share capital issued

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

C.1.9.2 Retained earnings and other reserves

This item comprises the following reserves:

Reserve fund

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

Retained earnings

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

Revaluation - financial assets FVOCI

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

Insurance finance reserve

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

Translation reserve

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

Result of the period

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

C.1.10 Dividends

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

C.1.11 Insurance, reinsurance and investment contracts – Classification

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

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

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

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

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

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

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

C.1.12 Insurance and reinsurance contracts

C.1.12.1 Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments (see C.1.4):

– derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
– distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

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

C.1.12.2 Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

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

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

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

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

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

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

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

Reinsurance contracts

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

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

- *Reinsurance contracts initiated by the Company that provide proportionate coverage:* The date on which any underlying insurance contract is initially recognised. This applies to the Company's quota share reinsurance contracts.
- ***Other reinsurance contracts initiated by the Company:*** The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date (see 'Reinsurance of onerous underlying insurance contracts' under (C.1.12.5)). This applies to the Company's excess of loss and stop loss reinsurance contracts.
- *Reinsurance contracts acquired:* The date of acquisition.

C.1.12.3 Insurance acquisition cash flows

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

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals only applies to non-life contracts and certain term assurance and critical illness contracts that have a one-year coverage period. The Company expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Company expects to recover those cash flows.

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

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

The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts (see C.1.12.5).

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

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

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

Recoverability assessment

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

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

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

C.1.12.4 Contract boundaries

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

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

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

C.1.12.5 Measurement – Contracts not measured under the PAA

Insurance contracts – Initial measurement

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

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

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under C.1.12.3) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

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

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue (see C.1.12.8).

Insurance contracts – Subsequent measurement

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

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

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses (participating and non-participating contracts) or in OCI (non-participating contracts only) (see C.1.12.8)

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

Insurance contracts without direct participation features

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

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

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

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

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

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

Direct participating contracts

Direct participating contracts (see C.1.11) are contracts under which the Company's obligation to the policyholder is the net of:

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

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

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

– the CSM of any new contracts that are added to the group in the year;
– the change in the amount of the Company's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows (see Note C.2.1.1);
  - a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component (see C.1.12.8); or
  - an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses) (see C.1.12.8);
– the effect of any currency exchange differences on the CSM; and
– the amount recognised as insurance revenue because of the services provided in the year (see C.1.12.8).

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

Reinsurance contracts

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

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

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

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

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

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

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

– the CSM of any new contracts that are added to the group in the year;
– interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
– income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
– reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under C.1.12.8) to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
– changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
– the effect of any currency exchange differences on the CSM; and
– the amount recognised in profit or loss because of the services received in the year.

Reinsurance of onerous underlying insurance contracts

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

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

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

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

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

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid (see 'Net expenses from reinsurance contracts' under C.1.12.8).

C.1.12.6 Measurement – Contracts measured under the PAA

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

– *Insurance contracts:* The coverage period of each contract in the group is one year or less. The PAA applies if a group contains multi-year contracts with no significant materiality. The Company reasonably expects that the resulting measurement of the liability for remaining coverage would not differ materially from the result of applying the accounting policies in C.1.12.5.
– *Loss-occurring reinsurance contracts:* The coverage period of each contract in the group is one year or less.
– *Risk-attaching reinsurance contracts:* The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies in C.1.12.5. When comparing the different possible measurements, the Company considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under C.1.12.3). The Company has chosen not to expense insurance acquisition cash flows when they are incurred..

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided (see C.1.12.8) and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year and the materiality of multi-year contracts is not significant. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

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

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

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts

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

If a loss-recovery component (see 'Reinsurance of onerous underlying insurance contracts' under C.1.12.5) is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

C.1.12.7 Derecognition and contract modification

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

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

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

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see C.1.12.8).

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

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

C.1.12.8 Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under C.1.12.3) are included in the carrying amount of the related portfolios of contracts.

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

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

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

The Company does not disaggregate changes in the life risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result. For non-life risk adjustment, the Company disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. The changes in the risk adjustment for non-financial risk arising from the interest accreation of the period and currency translation differences are included in the finance result.

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

Insurance revenue – Contracts not measured under the PAA

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

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see C.1.12.5), which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM

See also Note C.2.1.1.

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

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

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

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

Insurance revenue – Contracts measured under the PAA

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

Loss components

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

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

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

Insurance service expenses

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

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

Net expenses from reinsurance contracts

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

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

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

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

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses (see C.1.12.5). They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

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

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

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

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

C.1.12.9 Transition

At 1 January 2022, the Company applied the following approaches to identify and measure certain groups of contracts in the life risk, life savings and participating segments on transition to IFRS 17.

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

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

Modified retrospective approach

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

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

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

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

RA at inception based on the following formula:

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

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

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

Fair value approach

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

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

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

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

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

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

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

C.1.13 Other provisions

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

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

C.1.14 Payables

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

C.1.15 Other investment revenue/expense

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

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

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

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

C.1.16 Income and expense from investment property

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

C.1.17 Other income and other operating expense

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

C.1.18 Income tax

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

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

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

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

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

C.1.19 Employee benefits

C.1.19.1 Short-term employee benefits

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

C.1.19.2 Other long-term employee benefits

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

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

C.1.19.3 Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) that are payable after the completion of employment. The Company makes contributions to the government accident and guarantee insurance and unemployment schemes at the statutory rates in force during the year, based on gross salary payments. Throughout the year, the Company made contributions amounting to 25% (2022: 25%) of gross salaries up to a limit, which is defined by the relevant law, to such schemes, together with contributions made by employees of a further 6.5% (2022: 6.5%). The cost of these Company made contributions is charged to the income statement in the same period as the related salary cost as this is a defined contribution plan since there are no further obligations of the Company in respect of employees' post-employment benefits.

C.1.19.4 Termination benefits

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

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

C.1.20 Other accounting policies

C.1.20.1 Foreign currency translation

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

At each end of the reporting period:

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

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

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

Translation from functional to presentation currency

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

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

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

C.1.20.2 Impairment of non-financial assets

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

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

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

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

C.1.20.3 Discretionary participation features (DPF)

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

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

C.1.20.4 REPO and reverse REPO transactions

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

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

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

C.1.20.5 Offsetting financial instruments

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

C.1.20.6 Share-based payments

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

Equity-settled transactions

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

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

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

C.1.20.7 Fair value measurements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description	Fair value as at 31 December 2023	Valuation technique(s)	Non-market observable input(s)	Range
Interest in investment vehicles	1,786	Net asset value	n/a*	n/a*
Investment funds	49	Expert judgment	Value of underlying instruments	n/a
Bonds Government	1,836	Discounted cash flow technique/ Third party valuation (Refinitive)	Level of credit spread	8 - 67 bps**
Bonds Corporate	1,509	Discounted cash flow technique/ Third party valuation (Refinitive)	Level of credit spread	33 - 937 bps**

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

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

Description	Fair value as at 31 December 2022 (restated)	Valuation technique(s)	Non-market observable input(s)	Range
Interest in investment vehicles	1,836	Net asset value	n/a*	n/a*
Investment funds	43	Expert judgment	Value of underlying instruments	n/a
Bonds Government	2,468	Discounted cash flow technique/ Third party valuation (Refinitive)	Level of credit spread	(12) – 1,711 bps**
Bonds Corporate	2,260	Discounted cash flow technique/ Third party valuation (Refinitive)	Level of credit spread	(8) - 1,348 bps**

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

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

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

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

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

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

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

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

Description	Fair value as at 31 December 2022	Sensitivity result
Bonds Government	2,468	(163) - 200
Bonds Corporate	2,260	(50) - 52
Total	**4,728**	

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

C.1.21 Fair value hedge

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

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

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

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

C.2 Critical accounting estimates, judgements and assumptions

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

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

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

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

C.2.1.1 Fullfilment cash flows

Fulfilment cash flows comprise:

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

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

Estimates of future cash flows

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

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

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

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

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

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

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

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Company's substantive rights and obligations under the contract (See note C.12.4). Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognised in profit or loss as they are incurred.

C.2.1.2 The assumptions used to measure GM insurance contracts

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

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

The following assumptions were used when estimating future cash flows:

Mortality and morbidity rates (insurance risk and reinsurance business)

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

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

Longevity (immediate annuity business)

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

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

Expenses

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

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

Lapse and surrender rates

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

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

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

C.2.1.3 Discounting

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

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

Projection Year	2023				2022			
	CZK		EUR		CZK		EUR	
	GMM, PAA	VFA	GMM, PAA	VFA	GMM, PAA	VFA	GMM, PAA	VFA
1	5.34%	5.19%	3.56%	3.36%	6.75%	6.51%	3.37%	3.18%
5	3.22%	3.07%	2.41%	2.21%	4.08%	3.84%	3.23%	3.04%
10	3.62%	3.47%	2.81%	2.61%	4.54%	4.30%	3.32%	3.13%
15	3.66%	3.51%	2.71%	2.51%	4.44%	4.20%	2.78%	2.59%
20	3.60%	3.50%	2.44%	2.24%	4.07%	3.93%	2.16%	1.97%
25	3.56%	3.49%	2.89%	2.79%	3.83%	3.75%	2.75%	2.67%
30	3.53%	3.48%	3.13%	3.09%	3.68%	3.64%	3.07%	3.03%

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

C.2.1.4 Risk adjustment for non-financial risk

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

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

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

The risk adjustment for insurance and reinsurance contracts is set to 75% confidence levels, respectively (2022: 75%).

C.2.1.5 Contractual Service Margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period (see Note C.1.12.4). The coverage units are reviewed and updated at each reporting date. The Company determines the quantity of the benefits provided under each contract as follows:

Product	Basis for determining quantity of benefits provided
Term life Non-participating whole-life	Sum assured payable on death
Critical illness	Maximum amount payable (including any premiums waived) on detection of illness
Immediate fixed annuity	Annuity amount payable in each period
Universal life Traditional participating Unit-linked and other investment-linked	Insurance coverage: net amount at risk (i.e. guaranteed minimum benefits less account value), if any Investment services: account value

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits. To determine the relative weighting of the benefits provided by insurance coverage and investment services the function of Assets under Management is considered (i.e. quantity of benefit).

Risk mitigation option

The Company does no apply risk mitigation option.

Investment components

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

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

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

C.2.2 Classification of financial assets

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

C.2.3 Fair value of derivatives and other financial instruments

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

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

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

C.2.5 Corporate income tax calculation

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

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

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

The Company has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

The Company has quantified an impact that the initial application of IFRS 17 (see C.3.1.1) and IFRS 9 (see C.3.1.2) had on its financial statements. The total adjustment (after tax) to the balance of the Company's total equity was an increase of CZK 15,740 million at 1 January 2022, as summarised below.

In CZK million	1 January 2022
Increase in the Company's total equity	
Adjustments due to adoption of IFRS 17	
Life contracts	14,597
Non-life contracts	4,712
	19,309
Adjustments due to adoption of IFRS 9	
Impairment of financial assets	123
	123
Deferred tax impacts	(3,692)
Impact of adoption of IFRS 17 and IFRS 9, after tax	**15,740**

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note C to all periods presented in these financial statements.

C.3.1.1 IFRS 17 Insurance Contracts

Recognition, measurement and presentation of insurance contracts

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

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

Insurance finance income and expenses, disaggregated between profit or loss and OCI, are presented separately from insurance revenue and insurance service expenses.

In the non-life segment, the Company applies the PAA to simplify the measurement of contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

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

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the Company accounts for insurance and reinsurance contracts under IFRS 17, see Note C.1.12. Transition approach to changes in accounting policies is part of Note C.1.12.9.

To indicate the effect of applying the modified retrospective approach or the fair value approach on the CSM, insurance revenue and insurance finance income or expenses, the Company has provided additional disclosures in Note E.9.2.

C.3.1.2 IFRS 9 Financial Instruments

Classification of financial assets and financial liabilities

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Company classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note C.1.4.

IFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI and lease receivables. Under IFRS 9, credit losses are recognised earlier than under IAS 39 (see Note C.1.4.7).

Hedge accounting

The Company has elected to adopt the new general hedge accounting model in IFRS 9. This requires the Company to ensure that hedging relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

For an explanation of how the Company applies hedge accounting under IFRS 9, see Note C.1.21

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

– The comparative period has been restated.
– Changes to hedge accounting policies have been applied prospectively from 1 January 2023. All hedging relationships designated under IAS 39 at 31 December 2022 met the criteria for hedge accounting under IFRS 9 at 1 January 2023 and were therefore regarded as continuing hedging relationships.
– The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2023.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.
– If a financial asset had low credit risk at 1 January 2023, then the Company determined that the credit risk on the asset had not increased significantly since initial recognition.

Summary of changes and implications resulting from the adoption of IFRS 9 are presented in C.3.1.

Effect of initial application

Classification of financial assets and financial liabilities

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2022.

Description	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Investments back to policies where the risk is borne by the policyholders and pension funds[a]	FVTPL	FVTPL	22,496	22,496
Equities[c]	Available for sale	FVOCI	1,778	1,778
Lion River investments	Available for sale	FVTPL	1,421	1,421
Investment funds	Available for sale	FVTPL	4,911	4,911
Bonds Government[b]	Available for sale	FVOCI	29,033	29,033
Bonds Corporate[b]	Available for sale	FVOCI	21,773	21,773
Loans to subsidiaries	Loans and receivables	Amortised cost	1,347	1,347
Reverse repo operations	Loans and receivables	FVOCI	1,550	1,550
Derivatives	FVTPL hedging instruments	FVTPL	244	244
Derivatives	FVTPL held for trading	FVTPL	1,206	1,206

The Company's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note C.1.4. The application of these policies resulted in the reclassifications set out in the table above and explained below.

a. Under IAS 39, certain underlying items of participating contracts were designated as at FVTPL because the Company managed them and evaluated their performance on a fair value basis in accordance with a documented investment strategy. Under IFRS 9, portfolios of these assets are mandatorily measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

b. Certain debt securities are held to meet everyday liquidity needs. Company treasury seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Company considers that under IFRS 9 these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets. The contractual terms of these financial assets give rise on specified dates to cash flows that are SPPI. These assets have therefore been classified as financial assets at FVOCI under IFRS 9.

c. These equity securities represent investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company designated these investments at 1 January 2023 as measured at FVOCI. Unlike under IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

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

Description	31 December 2021 IAS39	Reclassification	Remeasurement	1 January 2022 IFRS 9
Investments back to policies where the risk is borne by the policyholders and pension funds	22,496	-		22,496
Equities AFS/FVOCI	3,199	(1,421)	-	1,778
Lion River investments FVTPL	-	1,421	-	1,421
Investment Funds AFS	4,911	(4,911)		0
Investment Funds FVTPL	-	4,911		4,911
Bonds Government	29,033			29,033
Bonds Corporate AFS/FVOCI	21,773	-	-	21,773
Loans to subsidiaries	1,347	-	-	1,347
Reverse repo operations	1,550	-	-	1,550
Derivatives	1,450		-	1,450

The following table reconciles the closing impairment allowance under IAS 39 as at 31 December 2021 with the opening loss allowance under IFRS 9 as at 1 January 2022.

Description	31 December 2021 IAS39	Reclassification	Remeasurement	1 January 2022 IFRS 9
Debt investments at FVOCI under IFRS 9				
From available-for- sale under IAS 39	565	-	174	739
Financial assets at amortised cost under IFRS 9				
From held-to-maturity under IAS 39				
From loans and receivables under IAS 39	(296)	-	-	(296)

The initial application of hedging had no quantitative effects on Company´s financial statements.

C.3.1.3 Other standards

The Company applied all new standards, interpretations and amendments to the issued standards. These did not have a significant effect on the financial statements (effect of IFRS17 and IFRS9 are described above).

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

The Company has not voluntarily early applied any new standard, changes in standards and interpretations that will be mandatory for the Company for the accounting periods beginning on or after 1 January 2024.

D. RISK REPORT

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

D.1 Risk Management System

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

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

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

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

Risk Management System is based on three main pillars:

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

D.2 Roles and responsibility

The system is based on three levels of responsibility:

a) Assicurazioni Generali (Generali Group) – for every country, it sets the targets in terms of solvency, liquidity and operating results; moreover it defines the risk management policies and guidelines for treating the main risks.

b) Generali CEE Holding (GCEE) - defines strategies and objectives for every Company within the CEE region, taking into account the local features and regulations, providing methodological support and controlling the results. In particular, in order to ensure a better solution to the specific features of local risks and changes in local regulation, risk management responsibility and decisions are delegated to the Chief Risk Officer (CRO) of GCEE, respecting Generali Group policy framework. Generali Group and GCEE are also assigned performance targets for their respective areas. GCEE is a part of International organizational unit since September 2022.

c) The Company defines strategies and targets in respect of the policies and guidelines established by GCEE. Risk management involves the corporate governance of the Company and the operational and control structure, with defined responsibility levels, and aims to ensure the adequacy of the entire Risk Management System at every moment. Company´s Risk Management reports on regular basis on the exposure to all the main risks

D.3 Risk measurement and control

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

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

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

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

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

D.4 Market risk

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

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

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

Nonetheless, the Company is required by the Solvency II Regulation to hold a capital buffer with the purpose of maintaining a sound solvency position even under adverse market movements . The Company evaluates its Market risk using Generali Group's Internal Model. Business taken over from Generali Poisťovňa in 2021 was modelled using Standard formula at 31/12/2022, it was incorporated in the internal model scope following regulatory approval at 31/12/2023. Compared to Standard Formula pre-defined by EIOPA, internal model allows the Company to better reflect company-specific risks and other methods (cash-flow matching, duration analysis, etc.).To ensure the ongoing appropriateness of the Internal Model methodology, Market risk calibrations are reviewed on a yearly basis. Risks are monitored on a fair value basis.

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

D.4.1 Interest rate risk

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

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

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

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

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

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

In CZK million as at 31 December 2022 (restated)	Current value	100bp parallel increase		100bp parallel decrease	
		Income statement	Shareholders' equity	Income statement	Shareholders' equity
Financial assets at amortized costs	**1,340**				
Reverse repo operations	**1,461**				
Bonds					
Bonds FVOCI	38,517				
- gross impact on fair value		(376)	(1,559)	428	1,820
- income tax charge /(credit)		71	297	(81)	(346)
Bonds FVTPL	195				
- gross impact on fair value		(8)	-	-	-
- income tax chargeL /(credit)		1	-	-	-
Derivatives					
Derivatives FVTPL	1,450				
- gross impact on fair value		403	-	(461)	-
- income tax charge /(credit)		(77)	-	88	-

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

D.4.2 Asset liability matching

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

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

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

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

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

D.4.3 Equity price risk

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

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

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

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

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

In CZK million as at 31 December 2022 (restated)	Current value	Equity price +10 %		Equity price -10 %	
		Income statement	Shareholders' equity	Income statement	Shareholders' equity
Equities					
Equities FVOCI	3,540				
- gross impact on fair value		-	354	-	(354)
-income tax charge /(credit)		-	(67)	-	67
Total net impact		**-**	**287**	**-**	**287**
FVTPL investments					
Investment fund units	2,003				
-gross impact on fair value		200	-	(200)	-
-income tax charge/(credit)		(38)	-	38	-
Investment in private equity	1,836				
-gross impact on fair value		184	-	(184)	-
-income tax charge/(credit)		(35)	-	35	-
Total net impact		**311**	**-**	**311**	**-**

D.4.4 Currency risk

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

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

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

The currency exposure is shown in the following tables.

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

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

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

In CZK million,	EUR		USD		Other	
as at 31 December 2022 (restated)	10%	-10%	10%	-10%	10%	-10%
FX investment portfolio exposure						
Income statement						
- Impact on income statement	88	(88)	19	(19)	(5)	5
- Income tax charge /(credit	(17)	17	(4)	4	1	(1)
Shareholders´equity						
- Impact on equity	408	(408)	-	-	8	(8)
- Income tax charge /(credit)	(86)	86	-	-	(2)	2

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

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

In CZK million, as at 31 December 2022 (restated)	EUR		Other	
	10%	-10%	10%	-10%
FX insurance assets and liabilities exposure				
Income statement				
- Impact on income statement	(62)	62	2	(2)
- Income tax charge /(credit)	12	(12)	-	-
Shareholders´equity				
- Impact on equity	(361)	361	-	-
- Income tax charge /(credit)	76	(76)	-	-

In CZK million, as at 31 December 2023	EUR		USD		Other	
	10%	-10%	10%	-10%	10%	-10%
FX reinsurance assets and liabilities exposure						
Income statement						
- Impact on income statement	19	(19)	1	(1)	72	(72)
- Income tax charge /(credit)	(4)	4	(0)	0	(14)	14
Shareholders´equity						
- Impact on equity	88	(88)	-	-	-	-
- Income tax charge /(credit)	(19)	19	-	-	-	-

In CZK million, as at 31 December 2022 (restated)	EUR		USD		Other	
	10%	-10%	10%	-10%	10%	-10%
FX reinsurance assets and liabilities exposure						
Income statement						
- Impact on income statement	(3)	3	1	(1)	(4)	4
- Income tax charge /(credit)	-	-	-	-	1	(1)
Shareholders´equity						
- Impact on equity	71	(71)	-	-	-	-
- Income tax charge /(credit)	(15)	15	-	-	-	-

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

In CZK million, as at 31 December 2023	EUR	USD	CZK	Other	Total
Financial assets at AC	908	-	379	-	1,287
Financial assets at FVOCI	11,974	2,290	31,423	463	46,150
Financial assets at FVTPL	11,136	1,154	15,563	1,012	28,865
Insurance contract assets	527	17	3,334	67	3,945
Reinsurance contract assets	1,633	4	9,816	764	12,217
Receivables	173	32	786	19	1,010
Cash and cash equivalents	533	9	1,349	25	1,916
Total assets	**26,884**	**3,506**	**62,650**	**2,350**	**95,390**
Insurance contract liabilities	9,526	13	56,523	275	66,337
Reinsurance contrac liabilities	563	(9)	2,409	45	3,008
Financial liabilities	234	13	413	7	667
Payables	2,239	5	3,426	4	5,674
Other liabilities	87	-	599	-	686
Total liabilities	**12,649**	**22**	**63,370**	**331**	**76,372**
Net foreign currency position	14,235	3,484	(720)	2,019	19,018

In CZK million, as at 31 December 2022 (restated)	EUR	USD	CZK	Other	Total
Financial assets at AC	889	50	379	22	1,340
Financial assets at FVOCI	12,253	2,566	28,181	518	43,518
Financial assets at FVTPL	11,577	1,319	13,276	839	27,011
Insurance contract assets	128	20	2,331	76	2,555
Reinsurance contract assets	1 123	3	9 566	11	10 703
Receivables	218	94	626	23	961
Cash and cash equivalents	747	10	1,196	50	2,003
Total assets	**26,935**	**4,062**	**55,555**	**1,539**	**88,091**
Insurance contract liabilities	7,773	19	53,741	58	61,591
Reinsurance contract liabilities	436	(10)	2,133	55	2,614
Financial liabilities	146	122	878	9	1,155
Payables	2,968	180	4,379	7	7,534
Other liabilities	34	-	629	-	663
Total liabilities	**11,357**	**311**	**61,760**	**129**	**73,557**
Net foreign currency position	15,578	3,751	(6,205)	1,410	14,534

D.4.5 Risk limits

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

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

D.5 Credit risk

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

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

In CZK million, as at 31 December	Note	2023	2022 restated
Bonds and Loans		**44,942**	**41,516**
Bonds FVOCI	E.3.2	39,301	38,517
Bonds FVTPL	E.3.3	216	195
Loans (fair value)	E.3.1	1,294	1,343
Reverse repo	E.3.2	4,131	1,461
Receivables	**E.4**	**1,715**	**1,715**
Reinsurance contract assets and liabilities	**E.9**	**9,209**	**8,089**
Total		**55,866**	**51,320**

Credit risk includes:

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

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

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

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

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

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

Rating of bonds and loans

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

In CZK million, as at 31 December 2022	Stage 1	Stage 2	Stage 3	FVTPL bonds
AAA	1,554	-	-	-
AA	19,958	-	-	-
A	4,948	-	-	-
BBB	11,866	-	38	-
BB	2,689	-	-	-
B	67	-	-	-
CCC	118	-	55	-
Non-rated	28	-	-	195
Total	**41,228**	**-**	**93**	**195**

Rating of reinsurance assets and liabilities

In CZK million, as at 31 December	2023	2022 restated
AA	213	198
A	278	162
BBB	7	-
Captive reinsurance	7,562	6,585
Non-rated	1,149	1,144
Total	**9,209**	**8,089**

There were no past due or impaired reinsurance assets and liabilities neither in 2023 nor in 2022.

D.5.1 Concentrations of credit risk

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

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

In CZK million,	2023		2022 restated	
as at 31 December	CZK million	in %	CZK million	in %
Economic concentration				
Public sector	27,278	60.7	25,300	60.9
Financial	13,545	30.1	10,755	25.9
Consumer Discretionary	947	2.1	1,030	2.5
Utilities	799	1.8	579	1.4
Consumer Staples	763	1.7	805	1.9
Industrial	694	1.5	740	1.8
Telecommunication services	498	1.1	1,061	2.6
Information technology	246	0.6	235	0.6
Materials	130	0.3	214	0.5
Energy	38	0.1	793	1.9
Total	**44,938**	**100.0**	**41,512**	**100.0**

In CZK million,	2023		2022 restated	
as at 31 December	CZK million	in %	CZK million	in %
Geographic concentration				
Czech Republic	30,181	67.2	24,204	58.3
Other central-eastern European countries	2,778	6.2	2,804	6.8
Slovakia	2,410	5.4	2,170	5.2
Rest of Europe	2,143	4.8	4,048	9.8
USA	1,724	3.8	1,835	4.4
Poland	1,403	3.1	959	2.3
Rest of the world	1,326	3.0	2,073	5.0
United Kingdom	813	1.8	798	1.9
Italy	788	1.8	732	1.8
Netherlands	717	1,6	1,229	3.0
Slovenia	251	0.6	219	0.5
Austria	235	0.5	386	0.9
Russia	169	0.4	55	0.1
Total	**44,938**	**100.0**	**41,512**	**100.0**

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

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

The following table shows the fair value of collateral held:

In CZK million, as at 31 December	Loans and advances to banks and nonbanks	
	2023	2022
Against individually impaired	0	5
Property	0	5
Against neither past due nor impaired	6,033	4,494
Securities	4,235	1,437
Cash	1,563	2,817
Property	235	240
Total	**6,033**	**4,499**

D.5.2 Amounts arising from ECL on financial assets

Inputs, assumptions and techniques used for estimating impairment

See accounting policies in C.1.4.7

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's experience, expert credit assessment and forward-looking information.

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

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

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

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

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

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

Definition of default

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

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

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

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

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

Incorporation of forward-looking information

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

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

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

Measurement of ECL

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

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

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

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

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

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

Loss allowance

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

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

In CZK million, as at 31 December 2022	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January (gross of DT)	39	0	0	39
Deffered tax	(8)	0	0	-8
Net as at 1 January	32	0	0	32
Transfer to Stage 2	(1)	1	0	0
Transfer to Stage 3	(1)	0	1	0
Net remeasurement of loss allowance	35	36	649	720
New financial assets acquired	5	0	0	5
Financial assets derecognised	(22)	0	0	(22)
Effects of deferred tax	(3)	(7)	(126)	(136)
Balance at 31 December (gross of DT)	**56**	**37**	**650**	**743**
Deferred tax	**(11)**	**(7)**	**(126)**	**(144)**
Net closing balance as at 31 December	**45**	**30**	**524**	**599**

D.6 Liquidity risk

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

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

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

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

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

Residual maturities of financial assets:

In CZK million, as at 31 December 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non-specified	Total
Investments	**5,257**	**4,355**	**24,348**	**24,967**	**28,681**	**87,608**
Financial assets at amortized costs	-	1,292	84	-	-	1,376
Financial assets at FVOCI	5,257	3,063	24,016	24,967	2,718	60,022
Bonds	1,120	3,063	24,016	24,967	-	53,167
Equities	-	-	-	-	2,718	2,718
Other investments	4,137	-	-	-	-	4,137
Financial assets at FVTPL	-	-	247	-	25,963	26,210
Bonds	-	-	247	-	-	247
Unit-linked investments	196	205	1,030	274	21,840	23,545
Investment fund units	-	-	-	-	2,337	2,337
Derivatives	203	437	259	609	-	1,508
Oher investments	-	-	-	-	1,786	1,786
Receivables	**999**	**11**	**-**	**-**	**-**	**1,010**
Cash and cash equivalents	**1,916**	**-**	**-**	**-**	**-**	**1,916**
Assets	**8,172**	**4,366**	**24,348**	**24,967**	**28,681**	**90,534**

In CZK million, as at 31 December 2022 (restated)	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non-specified	Total
Investments	**3,404**	**7,366**	**25,404**	**29,093**	**26,191**	**91,458**
Financial assets at amortized costs	72	1,259	93	-	-	1,424
Financial assets at FVOCI	2,239	5,563	22,697	27,929	3,540	61,968
Bonds	777	5,563	22,697	27,929	-	56,966
Equities	-	-		-	3,540	3,540
Other investments	1,462	-	-	-	-	1,462
Financial assets at FVTPL	1,093	544	2,614	1,164	22,651	28,066
Bonds	-	-	241	-	-	241
Unit-linked investments	310	167	1,171	148	18,812	20,608
Investment fund units	-	-	-	-	2,003	2,003
Derivatives	783	377	1,202	1,016	-	3,378
Other investments	-	-	-	-	1,836	1,836
Receivables	**961**	**-**	**-**	**-**	**-**	**961**
Cash and cash equivalents	**2,003**	**-**	**-**	**-**	**-**	**2,003**
Assets	**6,368**	**7,366**	**25,404**	**29,093**	**26,191**	**94,422**

Residual maturities of liabilities:

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

In CZK million, as at 31 December 2022 (restated)	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Total
Financial liabilities	264	443	289	129	1,125
Financial liabilities at fair value through profit or loss	181	210	77	-	468
Lease liabilities	83	233	212	129	657
Payables	4,343	1,197	282	1,712	7,534
Other liabilities	663	-	-	-	663
Liabilities	**5,270**	**1,640**	**571**	**1,841**	**9,322**

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

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

In CZK million, as at 31 December 2022 (restated)	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	More than 5 years	Total
Insurance contracts	**807**	**576**	**410**	**265**	**85**	**(16,621)**	**(14,478)**
Liabilities – direct participating contracts	(303)	(398)	(392)	(423)	(377)	(5,364)	(7,257)
Liabilities - other	18	(70)	(137)	(154)	(264)	(14,947)	(15,554)
Assets - other	1,092	1,044	939	842	726	3,690	8,333
Total	**807**	**576**	**410**	**265**	**85**	**(16,621)**	**(14,478)**

D.7 Insurance risks

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

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

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

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

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

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

D.7.1.1 Non-life insurance contracts

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

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

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

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

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

Motor insurance

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

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

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

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

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

Property insurance

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

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

Liability insurance

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

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

Accident insurance

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

D.7.1.2 Life insurance contracts

Bonuses

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

Premiums

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

Term life insurance products

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

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

Endowment products

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

Variable capital life insurance products

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

Children's insurance products

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

Retirement insurance for regular payments (with interest rates)

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

Unit-linked life insurance

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

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

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

Investment contracts with DPF

Investment contract with DPF are modelled due to its immateriality together with insurance contracts.

Underlying items

The following table sets out the composition and the fair value of underlying items of the Company's participating contracts at the reporting date.

In CZK million, for the year ended 31 December	Unit-linked life insurance	
	2023	2022
Cash and cash equivalents	125	190
Financial investments	23,148	20,039
Derivatives	4	88
Total	**23,277**	**20,317**

D.7.2 Concentration of insurance risk

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

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

D.7.2.1 Geographical concentration

The risks underwritten by the Company are primarily located in the Czech Republic and in the Slovak Republic through the Branch.

The following table sets out the carrying amounts of the Company's insurance contracts by country of issue.

In CZK million, for the year ended 31 December	2023	2022
Czech Republic	54,992	52,010
Slovak Republic	7,401	7,027
Total	**62,393**	**59,037**

D.7.2.2 Low-frequency, high-severity risks

Significant insurance risk is connected with low-frequency and high-severity risks. The Company manages these risks through its underwriting strategy and adequate reinsurance arrangements.

According to its underwriting strategy, the most significant risk of natural disaster to which the Company is exposed is the risk of flooding in the Czech Republic and the earthquake risk in the Slovak Republic. In the event of a major flood, the Company expects the property portfolio to see high claims for structural damage to properties and contents, and high claims for business interruption while transport links are inoperable and business properties are closed for repair. Apart from the risk of flooding, other climatic phenomena, such as long-lasting snow-fall, claims caused by snow-weight, strong wind-storms or hail-storms or earthquake for Slovak portfolios would have a similar effect.

Underwriting strategy

The underwriting strategy is an integral part of the annual business plan that specifies the classes of business to be written within the planned period and the target sectors of clients. Following approval of underwriting limits by the Board of Directors, the strategy is cascaded to the individual underwriters in the form of underwriting limits (each underwriter can write business by line size, class of business, territory and industry in order to ensure the appropriate risk selection within the portfolio).

D.7.3 Life risk

The table below analyses how the CSM, profit or loss and equity would have increased (decreased) if changes in risk variables with highest impact had occurred.

In CZK million, for the year ended 31 December 2023	CSM closing balance		Loss Component closing balance		Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
GMM contracts	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Risk free rates -50 bps	-	-	-	-	(47)	(47)	23	23
Risk free rates +50 bps	-	-	-	-	33	33	(23)	(23)
Equity capital values -25%	-	-	-	-	-	-	1,687	1,687
Equity capital values +25%	-	-	-	-	-	-	(1,687)	(1,687)
Corporate credit spread +50bps	-	-	-	-	(8)	(8)	24	24
Governement credit spread +50bps	-	-	-	-	18	18	(3)	(3)
Lapses +10%	(1,031)	(1,031)	(2)	(2)	(32)	(32)	-	-
Lapses -10%	1,121	1,121	2	2	35	35	-	-

In CZK million, for the year ended 31 December 2023	CSM closing balance		Loss Component closing balance		Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
VFA contracts	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Risk free rates -50 bps	10	10	-	-	-	-	-	-
Risk free rates +50 bps	(9)	(9)	-	-	-	-	-	-
Equity capital values -25%	(148)	(148)	-	-	-	-	-	-
Equity capital values +25%	149	149	-	-	-	-	-	-
Corporate credit spread +50bps	(2)	(2)	-	-	-	-	-	-
Governement credit spread +50bps	(1)	(1)	-	-	-	-	-	-
Lapses +10%	(62)	(62)	-	-	-	-	-	-
Lapses -10%	67	67	-	-	-	-	-	-

In CZK million, for the year ended 31 December 2022	CSM closing balance		Loss Component closing balance		Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
GMM contracts	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Risk free rates -50 bps	-	-	-	-	(106)	(106)	11	11
Risk free rates +50 bps	-	-	-	-	96	96	(11)	(11)
Equity capital values -25%	-	-	-	-	-	-	1,423	1,423
Equity capital values +25%	-	-	-	-	-	-	(1,421)	(1,421)
Corporate credit spread +50bps	-	-	-	-	3	3	18	18
Governement credit spread +50bps	-	-	-	-	(16)	(16)	-	-
Lapses +10%	(1,091)	(1,091)	(2)	(2)	163	163	-	-
Lapses -10%	1,191	1,191	-	-	(182)	(182)	-	-

In CZK million, for the year ended 31 December 2022	CSM closing balance		Loss Component closing balance		Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
VFA contracts	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Risk free rates -50 bps	4	4	(42)	(42)	-	-	-	-
Risk free rates +50 bps	(5)	(5)	(47)	(47)	-	-	-	-
Equity capital values -25%	(132)	(132)	(49)	(49)	-	-	-	-
Equity capital values +25%	132	132	(40)	(40)	-	-	-	-
Corporate credit spread +50bps	(1)	(1)	(45)	(45)	-	-	-	-
Governement credit spread +50bps	-	-	(45)	(45)	-	-	-	-
Lapses +10%	(61)	(61)	(49)	(49)	-	-	-	-
Lapses -10%	65	65	(40)	(40)	-	-	-	-

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

D.7.4 Non-life risk

Non-life underwriting risk measured by insurance revenue for the period recognised from pure premium reserve per line of business is shown in the following table:

In CZK million, for the year ended 31 December	2023	2022 restated
Motor	(18,631)	(17,832)
Accident, Health and Disability	(1,181)	(1,088)
Marine, aviation and transport	(509)	(491)
Property	(11,593)	(10,871)
General liability	(3,729)	(3,528)
Other	(99)	(104)
Total	**(35,742)**	**(33,914)**

The table below analyses the sensitivity of liability for incurred claims to variables with highest impact.

In CZK million, for the year ended 31 December 2023	Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
	Gross	Net	Gross	Net
Risk free rates +50	277	150	(12)	(7)
Risk free rates -50	(301)	(164)	12	7

In CZK million, for the year ended 31 December 2022	Impact on OCI liabilities (+ profit, - loss)		Impact on P&L finance expense (+ profit, - loss)	
	Gross	Net	Gross	Net
Risk free rates +50	234	129	(11)	(6)
Risk free rates -50	(249)	(138)	12	6

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

D.7.5 Reinsurance strategy

The Company pursues a renewal of reinsurance treaties on annual basis which reinsure some of the underwritten risks to control its exposures to individual, frequent and catastrophe losses according to quantitative and qualitative points and protect its capital resources.

The Company concludes the proportional and non-proportional reinsurance treaties or a combination of these reinsurance treaties to reduce its net exposure. The maximum net exposure limits for individual lines of business are reviewed annually. To provide an additional protection, the Company uses facultative reinsurance for certain insurance policies.

Most reinsurance treaties are concluded with GP Re, the Group captive reinsurance company, based in Bulgaria. On top of it, the Company benefits from the consolidated reinsurance programme and diversification of its risks due to the GCEE group cover which is retro-ceded via Assicurazioni Generali S.p.A. on the regular reinsurance market.

Ceded reinsurance contains a reinsurers' credit risk as the cession does not relieve the Company of its obligations to its clients. Through the GCEE credit risk management, the Company regularly evaluates the financial status of its reinsurers and monitors the concentration of credit risk to minimise its exposure to financial loss caused by a reinsurer's insolvency. Any external reinsurance placement is governed by the Security List of Assicurazioni Generali S.p.A.

All reinsurance procedures are subject to strict review. This includes the evaluation of reinsurance arrangements, setting the minimum capacity and retention criteria, monitoring the purchase of reinsurance against those criteria, erosion of the reinsurance programme and its ongoing adequacy and credit risk. Treaty capacity needed is based on both internal and group modelling.

The overview of obligatory reinsurance treaties for the main programme and underwriting year 2023:

Line of business / Treaty	Form of reinsurance	Leader
Property		
Property	Quota Share + Risk X/L, CAT X/L	GP Reinsurance EAD
Engineering	Quota Share + Risk X/L, CAT X/L	GP Reinsurance EAD
Civil Building	Quota Share, CAT X/L	GP Reinsurance EAD
Household	Quota Share, CAT X/L	GP Reinsurance EAD
SME Property	Quota Share, CAT X/L	GP Reinsurance EAD
Casco	**Quota Share, CAT X/L**	**GP Reinsurance EAD**
Liability		
Commercial Liability	Quota Share + Risk X/L	GP Reinsurance EAD
Motor Third Party Liability	Quota Share + Risk X/L	GP Reinsurance EAD
D&O	Quota Share + Risk X/L	GP Reinsurance EAD
Cargo transport	**Quota Share + Risk X/L**	**GP Reinsurance EAD**
Travel	**Quota Share**	**EUROP ASSISTANCE S.A.**
Agriculture		
Livestock	Risk / Event X/L	GP Reinsurance EAD
Crop	Hail Stop Loss	GP Reinsurance EAD
Bonds	**Quota Share**	**GP Reinsurance EAD**
Life, pensions		
Individual life insurance	Surplus	Assicurazioni Generali S.p.A.
Group life insurance	Quota Share	Assicurazioni Generali S.p.A.
Life & Disability	Surplus	Swiss Re
Personal Accident	Quota Share	GP Reinsurance EAD
Credit Protection Insurance	Quota Share	GP Reinsurance EAD

D.8 Operational risk and other risks

Operational risk is defined as the potential loss arising from inadequate or failed internal processes, personnel and systems or from external events. The operational risk category includes the compliance risk and financial reporting risk. The compliance risk is the risk of incurring of legal or regulatory sanctions, material financial losses or reputational damage arising from failure to comply with laws, regulations and administrative provisions applicable to the Company business. The financial reporting risk is also considered as an operational risk. This is the risk of a transaction error which could entail an untrue and incorrect representation of situation of the assets, liabilities, profit or loss in the Company's financial statements.

As a part of the ongoing processes of Generali Group, the Company has set some common principles and techniques to manage the Operational Risk:

- policies and operating guidelines are in place establishing consistent framework of Operational Risk management within Generali Group;
- methodologies to identify significant risk event types and evaluation of their impact on Company's objectives;
- process of collecting the information of operational losses occurred to validate the results of different assessments and to allow the identification of not yet identified risks and control deficiencies;

The operational risk management process is based primarily on assessing the risks by experts in different fields of the Company's operations and collecting information on actually occurred losses. Outputs of these analyses are used to target investment in the new or modified current controls and mitigation actions in order to keep the level of risks in acceptable range.

D.8.1 Operating systems and IT security management

Organization of the Company's IT is based on separating the IT security unit from other IT functions (IT operations, IT development etc.) The rules set by the Company regarding IT risk management and IT security are based on the rules and recommendations contained in ISO/IEC 27001: Information technology - Security techniques - Information security management systems - Requirements from 2013 with later updates and on guidelines and policies created by Generali Group: Security Group Policy (updated in 5/2021), Security Group Guideline (updated in 8/2021), Security Group Technical Measure (issued in 4/2021) and Security Incident Management Group Technical Measure (issued in 6/2021). Moreover, the Company has been included into critical IT infrastructure of the Czech Republic since 2021 which brings another requirements on cyber security. Also to strengthen the risks management in IT area the Digital risk management framework is under development.

D.8.2 Other risks

In addition to above mentioned main risk categories, Company assesses also some other risks which are difficult to measure so their assessment relies on expert estimation:

- Reputational Risk, i.e. the risk of potential losses due to a reputational deterioration or to a negative perception of Company's or Generali Group's image among its customers, counterparties, shareholders and Supervisory Authority.
- Strategic Risk, i.e. the risk arising from external changes and/or internal decisions that may impact on the future risk profile of the Company or Generali Group.
- Contagion Risk, i.e. the risk that problems arising from one of Generali Group's local entities could affect the solvency, economic or financial situation of other entities within Generali Group or Generali Group as a whole.
- Emerging Risk, i.e. the new risks due to internal or external environmental, social or technological changes that may increase Company's or Generali Group's risk exposure or require to define a new risk category.

Assessment of these risks is performed at least on yearly basis as a part of planning process aiming at identification of potential threats to planned business objectives.

D.9 Financial strength monitoring by third parties

The Company's risks are monitored by third parties such as the insurance regulator.

Moreover, the leading rating agencies periodically assess the financial strength of the Company and the whole Generali Group expressing a judgment on the ability to meet the ongoing obligations assumed toward policyholders.

This assessment is performed considering several factors such as financial and economic data, the positioning of the Company within its market and the strategies developed and implemented by the management.

The Company has a Financial Strength Rating of A (Excellent) with stable outlook and an Long-Term Issuer Credit Rating „a+" with stable outlook, assigned by A.M. Best on 8 December 2023.

D.10 Capital management

The Capital Management Policy defines principles for Capital Management activities.

Capital management activities refer to Own Funds management and control and in particular to procedures to:

- classify and review Own Funds;
- regulate issuance of Own Funds according to the medium-term Capital Management Plan;
- ensure consistency with policy or statement in respect of ordinary share dividends.

Capital management activities support the Solvency Position management considering the limits set out in Risk Appetite Framework. Capital management shall operate in compliance with all the regulatory requirements and legislative framework at Local and Group level. The Company, as a part of Generali Group, follows the Group approach.

D.10.1 Solvency

The Company carries out business in the insurance sector, which is a regulated industry. The Company must comply with all regulations set in the Insurance Act No 277/2009 Coll. and regulation No 306/2016 Coll., fully harmonised with EU regulation, including prudential rules relating to the capital. Generali Group makes use of an internal approach to determine the available financial resources and the capital requirements for risks which it is exposed to (Group Internal Model), while maintaining consistency with the basic framework of Solvency II. The Company, following regulatory approval, uses the Group Internal Model for regulatory solvency capital requirement (SCR) calculation. SCR for business taken over from Generali Poisťovňa in 2021 was modelled using a Standard formula approach and added to an Internal model SCR of an existing business, as a model adjustment, for perido ending 31 December 2022. As at 31 December 2023, the SCR was, following a regulatory approval, incorporated in the internal model scope.

The Company regularly assesses its statutory solvency position which is derived from the ratio of its eligible own funds and the solvency capital requirement.

To determine the amount of eligible own funds, the total Equity per financial statements (2023: 37,447 CZK, 2022 (restated): CZK 34,133 million) is further adjusted for revaluation of assets and liabilities to market value and taking into account the eligibility criteria according to Solvency II rules.

The Company has complied with the regulatory capital requirements in respect of Solvency position both during 2023 and 2022. The solvency position according to the Solvency II requirements is published as a part of the Solvency and Financial Condition Report (SFCR) which is available on the web pages of the Company.

E. NOTES TO THE STATEMENTS OF FINANCIAL POSITION, INCOME AND COMPREHENSIVE INCOME

E.1 Intangible assets

In CZK million, as at 31 December	2023	2022
Software	1,781	1,793
Other intangible assets	76	62
Total	**1,857**	**1,855**

E.1.1 Software

In CZK million, for the year ended 31 December	2023	2022
Acquisition cost as at the beginning of the year	**9,039**	**8 437**
Accumulated amortisation and impairment as at the beginning of the year	**(7,246)**	**(6 720)**
Carrying amount as at the beginning of the year	**1,793**	**1 734**
Additions	527	591
Amortisation for the period	(542)	(528)
Currency translation difference	7	(5)
Accumulated amortisation related to currency translation difference	(1)	2
Other movements	(4)	15
Accumulated amortisation related to other movements	1	-
Acquisition cost as at the end of the year	**9 569**	**9 039**
Accumulated amortisation and impairment as at the end of the year	**(7,788)**	**(7 246)**
Carrying amount as at the end of the year	**1,781**	**1 793**

E.1.2 Other intangible assets

In CZK million, for the year ended 31 December	2023	2022
Acquisition cost as at the beginning of the year	**160**	**160**
Accumulated amortisation and impairment as at the beginning of the year	**(98)**	**(87)**
Carrying amount as at the beginning of the year	**62**	**73**
Additions	-	1
Amortisation for the period	8	(13)
Currency translation difference	1	(3)
Accumulated amortisation related to currency translation difference	(1)	2
Currency difference - gross amount	2	-
Other movements	4	2
Acquisition cost as at the end of the year	**167**	**160**
Accumulated amortisation and impairment as at the end of the year	**(91)**	**(98)**
Carrying amount as at the end of the year	**76**	**62**

Other intangible assets include mainly upfront fee. Upfront fee mechanism satisfies conditions of IAS 38 for the recognition of intangible assets. This intangible assets are amortized over the useful life which is equal to duration of the contracts.

E.2 Tangible assets and Right-of-use assets

In CZK million, as at 31 December	2023	2022
Land and buildings (self-used)	48	34
Right-of-use assets (self-used)	389	528
Other tangible assets	71	92
Other assets	20	21
Total	**528**	**675**

The decrease of Right-of-use assets is mainly caused by the termination of leasing contracts.

E.2.1 Land and buildings (self-used)

In CZK million, for the year ended 31 December	2023	2022
Acquisition cost as at the beginning of the year	**282**	**292**
Accumulated depreciation and impairment as at the beginning of the year	**(248)**	**(261)**
Carrying amount as at the beginning of the year	**34**	**31**
Additions	27	12
Disposals	(189)	(22)
Accumulated depreciation related to disposals	184	20
Depreciation of the period	(8)	(7)
Acquisition cost as at the end of the year	**120**	**282**
Accumulated depreciation and impairment as at the end of the year	**(72)**	**(248)**
Carrying amount as at the end of the year	**48**	**34**

E.2.2 Right-of-use assets (self-used)

In CZK million, for the year ended 31 December	2023	2022
Acquisition cost as at the beginning of the year	**1,343**	**1,119**
Accumulated depreciation and impairment as at the beginning of the year	**(815)**	**(586)**
Carrying amount as at the beginning of the year	**528**	**533**
Additions	314	243
Disposals	(311)	(16)
Accumulated depreciation related to disposals	126	10
Depreciation of the period	(270)	(239)
Currency translation difference	3	(3)
Accumulated amortisation related to currency translation difference	(1)	-
Acquisition cost as at the end of the year	**1,349**	**1,343**
Accumulated depreciation and impairment as at the end of the year	**(960)**	**(815)**
Carrying amount as at the end of the year	**389**	**528**

E.2.3 Other tangible assets

In CZK million, for the year ended 31 December	2023	2022
Acquisition cost as at the beginning of the year	**211**	**186**
Accumulated depreciation and impairment as at the beginning of the year	**(119)**	**(102)**
Carrying amount as at the beginning of the year	**92**	**84**
Additions	36	65
Disposals	(56)	(39)
Accumulated depreciation related to disposals	19	2
Depreciation of the period	(22)	(19)
Currency translation difference	2	(1)
Acquisition cost as at the end of the year	**193**	**211**
Accumulated depreciation and impairment as at the end of the year	**(122)**	**(119)**
Carrying amount as at the end of the year	**71**	**92**

Other tangible assets comprise primarily IT and office equipment.

E.3 Investments

Carying values of investment:

In CZK million, for the year ended 31 December	Investment properties – Right of use assets	Financial investments at amortized costs	Financial investments at FVOCI	Financial investments at FVTPL
Balance as at 1 January 2022	**170**	**1,345**	**54,135**	**30,278**
Purchases/additions	59	3,104	56,595	4,701
Disposals/repayments/sales/maturities	-	(3,097)	(60,510)	(7,044)
Depreciation	(72)	-	-	-
Fair value gains/losses recorded in the income statements	-	-	(838)	(1,015)
Fair value gains/losses recorded in other comprehensive income	-	-	(5,597)	(121)
Accrued interest	-	(22)	24	5
Foreign exchange adjustments	-	10	(96)	-
Other movements	(32)	-	(195)	207
Balance as at 31 December 2022	**125**	**1,340**	**43,518**	**27,011**
Purchases/additions	68	2,167	57,857	7,824
Disposals/repayments/sales/maturities	-	(2,233)	(58,325)	(7,397)
Depreciation	(76)	-	-	-
Fair value gains/losses recorded in the income statements	-	24	171	2,384
Fair value gains/losses recorded in other comprehensive income	-	-	2,998	79
Accrued interest	-	-	(69)	(34)
Foreign exchange adjustments	-	-	-	-
Other movements	(2)	(11)	-	(1,002)
Balance as at 31 December 2023	**115**	**1,287**	**46,150**	**28,865**

Other movements in the column Investment properties – Right of use assets represent a decrease in the value of the Right of use due to the termination of leases.

E.3.1 Financial assets at amortized costs

In CZK million, as at 31 December	2023	2022 restated
Financial assets at amortized costs		
Loans to subsidiaries	1,287	1,268
Other loans	-	72
Total	**1,287**	**1,340**
Current portion	**1,207**	**1,257**
Non-current portion	**80**	**83**

In 2023 and 2022, the financial assets at amortized costs are classified as Stage 1 financial assets.

The fair value of loans:

In CZK million, as at 31 December	2023	2022 restated
Financial assets at amortized costs		
Loans to subsidiaries	1,294	1,271
Other loans	-	72
Total	1,294	1,343

In CZK million, as at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at amortized costs				
Loans to subsidiaries	-	1,294	-	1,294
Total	**-**	**1,294**	**-**	**1,294**

In CZK million, as at 31 December 2022 (restated)	Level 1	Level 2	Level 3	Total
Financial assets at amortized costs				
Loans to subsidiaries	-	1,271	-	1,271
Other loans	-	72	-	72
Total	**-**	**1,343**	**-**	**1,343**

E.3.2 Financial assets at fair value through other comprehensive income

In CZK million, as at 31 December	2023	2022 restated
Equites[1]	2,718	3,540
Quoted	2,718	3,540
Unquoted	-	-
Bonds	39,301	38,517
Quoted	39,172	38,401
Unquoted	129	116
Reverse repo operations Unquoted	4,131	1,461
Total	**46,150**	**43,518**
Current portion	**6,180**	**6,103**
Non-current portion	**39,970**	**37,415**

[1] Equities designated as at FVOCI: the Company has activated an OCI option taking into consideration equity instruments' implicit volatility, confimed also by historical movements and impacts on Company's result or equity. Dividend income from these equities recognized in profit and loss represented CZK 111 million (2022: CZK 60 million). Equity investments in FVOCI include in 2023 and 2022 primarily Irish collective asset-management vehicle and Moneta Money bank investments.

Fair value measurement as at the end of the reporting period:

In CZK million, as at 31 December 2023	Level 1	Level 2	Level 3	Total
Equities	231	2,487	-	2,718
Quoted	231	2,487	-	2,718
Unquoted	-	-	-	-
Bonds	33,477	2,757	3,067	39,301
Quoted	33,477	2,628	3,067	39,172
Unquoted	-	129	-	129
Reverse repo	-	4,131	-	4,131
Total	**33,708**	**9,375**	**3,067**	**46,150**

In CZK million, as at 31 December 2022 (restated)	Level 1	Level 2	Level 3	Total
Equities	351	3,189	-	3,540
Quoted	351	3,189	-	3,540
Unquoted	-	-	-	-
Bonds	30,790	3,289	4,438	38,517
Quoted	30,790	3,289	4,322	38,401
Unquoted	-	-	116	116
Reverse repo	-	1,461	-	1,461
Total	**31,141**	**7,939**	**4,438**	**43,518**

The following table presents the changes in Level 3 instruments for the year ended 31 December.

In CZK million for the year ended 31 December	2023	2022 restated
Opening balance	4,438	5,861
Transfers into Level 3	442	4,352
Total gains or losses	399	(1,709)
in income statement	23	151
in other comprehensive income	376	(1,860)
Purchases	241	467
Sales	(164)	(1,544)
Impairment	-	3
Transfer out of Level 3	(2,289)	(2,992)
Closing balance	**3,067**	**4,438**
Total change	**(1,371)**	**(1,423)**

In 2023 goverment bonds in the amount of CZK 375 million and corporate bonds in the amount CZK 67 million were reclassified from Level 2 to Level 3. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In 2023 corporate bonds in the amount of CZK 272 million were reclassified out of the Level 3 to Level 1. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In 2023 goverment bonds in the amount of CZK 1,484 million and corporate bonds in the amount of CZK 533 million were reclassified out of the Level 3 to Level 2. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In 2022 corporate bonds in the amount of CZK 1,507 million were reclassified from Level 2 to Level 3. The main driver was the fact that level of credit spread used for valuation started to be classified as material non-observable market input (either materiality increases or less information on the market was available).

In 2022 corporate bonds in the amount of CZK 2,864 million were reclassified from Level 1 to Level 3. The main driving force was a change of data source (Level 1 quotations are no longer available).

In 2022 corporate bonds in the amount of CZK 2,992 million were reclassified out of the Level 3. The main driver was the fact that level of credit spread used for valuation ceased to be classified as material non-observable market input (either materiality decreases or more information on the market was available).

In CZK million, for the year ended 31 December	2023	2022 restated
Transfer into Level 1 from Level 2	86	-
Transfer into Level 1 from Level 3	272	837
Transfer into Level 2 from Level 1	2,487	78
Transfer into Level 2 from Level 3	2,017	2,120
Transfer into Level 3 from Level 1	-	2,864
Transfer into Level 3 from Level 2	442	1,507

Maturity of financial assets at FVOCI – bonds in fair value:

In CZK million, as at 31 December	2023	2022 restated
Up to 1 year	2,049	4,642
Between 1 and 5 years	19,590	16,364
Between 5 and 10 years	10,835	10,945
More than 10 years	6,827	6,566
Total	**39,301**	**38,517**

Realised gains and losses and net creation of ECL on financial assets FVOCI:

In CZK million, for the year ended 31 December 2023	Realised gains	Realised losses	ECL
Equities	539	(712)	-
Bonds	377	(277)	5
Total	**916**	**(989)**	**5**

In CZK million, for the year ended 31 December 2022 (restated)	Realised gains	Realised losses	ECL
Equities	458	(657)	-
Bonds	156	(1,309)	(703)
Total	**614**	**(1,966)**	**(703)**

E.3.3 Financial assets at fair value through profit or loss

In CZK million, as at 31 December	2023	2022 (restated)
Investment fund units (mandatorily measured at FVTPL)	**2,337**	**2,003**
Quoted	2,304	2,003
Unquoted	33	-
Bonds (mandatorily measured at FVTPL)	**216**	**195**
Derivatives (designated as at FVTPL)	**1,249**	**2,660**
Hedging derivatives	817	2,267
Held for trading	432	393
Unit-linked investments (designated as at FVTPL)	**23,277**	**20,317**
Allocated to policyholders	23,349	20,451
Not allocated to policyholders	(72)	(134)
Interest in investment vehicles (designated as at FVTPL)	**1,786**	**1,836**
Total	**28,865**	**27,011**
Current portion	**324**	**4,878**
Non-current portion	**28,541**	**22,133**

Unit-linked investment might not precisely match the liabilities. Certain part could not be allocated to policyholders as at year end and stay available for new unit linked insurance contracts or the contrary. FV revaluation of financial assets that are designated through profit and loss eliminate accounting mismatch from related liabilities arising from unit linked insurance contracts.

Fair value measurement as at the end of the reporting period:

In CZK million, as at 31 December 2023	Level 1	Level 2	Level 3	Total
Investment fund units (mandatorily measured at FVTPL)	2,304	-	33	2,337
Bonds (mandatorily measured at FVTPL)	-	-	216	216
Derivatives (designated as at FVTPL)	-	1,249	-	1,249
Interest in investment vehicles (designated as at FVTPL)	-	-	1,786	1,786
Unit-linked investments (designated as at FVTPL)	22,887	312	78	23,277
Total	**25,191**	**1,561**	**2,113**	**28,865**

In CZK million, as at 31 December 2022 (restated)	Level 1	Level 2	Level 3	Total
Investment fund units (mandatorily measured at FVTPL)	2,003	-	-	2,003
Bonds (mandatorily measured at FVTPL)	-	-	195	195
Derivatives (designated as at FVTPL)	-	2,660	-	2,660
Interest in investment vehicles (designated as at FVTPL)	-	-	1,836	1,836
Unit-linked investments (designated as at FVTPL)	19,699	494	124	20,317
Total	**21,702**	**3,154**	**2,155**	**27,011**

The following table presents the changes in Level 3 instruments:

In CZK million, for the year ended 31 December	2023	2022 restated
Opening balance	**2,155**	**1,827**
Transfers into Level 3	58	114
Total gains or losses in P/L	(142)	177
Purchases	259	530
Disposals	(162)	(384)
Pay-backs (maturities)	-	(3)
Transfer out of level 3	(55)	(106)
Closing balance	**2,113**	**2,155**
Total change	**100**	**151**

In CZK million, for the year ended 31 December	2023	2022
Transfer into Level 1 from Level 3	22	5
Transfer into Level 2 from Level 3	33	101
Transfer into Level 3 from Level 1	1	102
Transfer into Level 3 from Level 2	57	12

E.4 Receivables

In CZK million, as at 31 December	2023			2022 restated		
	Gross	ECL	Net	Gross	ECL	Net
Receivables from intermediares	73	(47)	26	50	(48)	2
Trade and other receivables	1,327	(358)	969	1,286	(373)	913
Receivables from derivatives collateral	18	-	18	49	-	49
Tax receivables	702	-	702	1,093	-	1,093
Total	**2,120**	**(405)**	**1,715**	**2,478**	**(421)**	**2, 057**
Current portion			**1,715**			**2,057**

In CZK million, for the year ended 31 December	2023	2022 restated
Balance as at 1 January	**2,057**	**1,281**
Net change in gross value of receivables	(330)	918
Movement in ECL	15	(141)
Write offs	(27)	(1)
Balance as at 31 December	**1,715**	**2,057**

The movement in ECL in 2022 represents mainly receivable on unpaid bonds in the amount of CZK 156 million.

The increase in receivables during 2022 is caused by the increase of tax receivable in the amount 1,055 million. In 2023, tax receivables decreased to the value of CZK 702 million., which caused an overall decrease in receivables in 2023.

E.5 Non-current assets held for sale and discontinued operations

As at 31 December 2023 and 2022 the Company classifies as non-current assets held for sale its investment in a subsidiary Green Point Offices s. r. o. in the amount of CZK 493 million (2022 CZK 691 million). Due to failed negotiations with a buyer the property has not been sold so far, however, the sale is expected during the year 2024.

E.6 Cash and cash equivalents

In CZK million, as at 31 December	2023	2022 restated
Cash and cash equivalents	2	1
Cash at bank	1,275	1,564
Short term deposits	639	438
Total	**1,916**	**2,003**

E.7 Other assets

In CZK million, as at 31 December	2023	2022 restated
Accrued income and prepayments	462	428
Total	**462**	**428**
Current portion	**462**	**428**

E.8 Shareholder´s equity

In CZK million, as at 31 December	2023	2022 restated
Share capital	4,000	4,000
Currency translation differences	(262)	(262)
Fair value revaluation of financial assets at FVOCI	(155)	(2,452)
Insurance finance reserve	(3)	214
Statutory reserve fund	912	912
Retained earnings brought forward	9,515	11,263
Retained earnings, effect of adoption of IFRS9	1,715	1,715
Retained earnings, effect of adoption of IFRS17	16,005	16,003
Net profit for the year	5,720	2,740
Total	**37,447**	**34,133**

Fair value revaluation of financial assets at FVOCI comprises:

- the cumulative net change in the fair value of bonds measured at FVOCI (which is increased by the amount of loss allowance) until the assets are derecognised or reclassified;
- the cumulative net change in the fair value of equity securities measured at FVOCI.

Insurance finance reserve include reserve for OCI component related to insurance contracts.

The following table provides details on reserves for fair value revaluation of financial assets at FVOCI.

In CZK million, for the year ended 31 December	2023	2022 restated
Balance as at 1 January	**(2 452)**	**705**
Gross revaluation as at the beginning of the year	**(3 048)**	**864**
Tax on revaluation as at the beginning of the year	**596**	**(159)**
Bonds	2 027	(3,102)
Revaluation gain/loss in OCI – gross	2 631	(5,691)
Revaluation gain/loss on realisation in income statement – gross	75	1,153
Sales and disposal	(175)	-
Movement in ECL	(5)	703
Tax on revaluation	(479)	745
Currency trans. differences on tax on revaluation	2	(3)
Currency translation differences	(22)	(37)
Other	-	28
Equities	270	(55)
Revaluation gain/loss in OCI – gross	351	(68)
Tax on revaluation	(78)	13
Currency trans. differences	(3)	-
Gross revaluation as at the end of the year	**(196)**	**(3,048)**
Tax on revaluation as at the end of the year (Note E.22.2)	**41**	**596**
Balance as at 31 December	**(155)**	**(2,452)**

The insurance finance reserve comprises the cumulative insurance and reinsurance finance income and expenses recognised in OCI:

	2023	2022 restated
Balance as at 1 January	**214**	**(363)**
Gross revaluation as at the beginning of the year	**259**	**(440)**
Tax on revaluation as at the beginning of the year	**(45)**	**77**
Finance expenses on insurance contracts - gross	(661)	972
Finance expenses on insurance contracts - tax	121	(175)
Finance income on reinsurance contracts – gross	399	(273)
Finance income on reinsurance contracts – tax	(76)	53
Gross revaluation as at the end of the year	**(3)**	**259**
Tax on revaluation as at the end of the year (Note E.22.2)	**-**	**(45)**
Balance as at 31 December	**(3)**	**214**

E.8.1 Share capital

There are no preferences or restrictions attached to the shares of the Company. The following table provides details of ordinary shares.

As at 31 December	2023	2022
Number of shares authorised, issued and fully paid	40,000	40,000
Par value per share (CZK)	100,000	100,000

E.8.2 Dividends

No proposal for a distribution of the profit of the year 2023 has been made by the date of the financial statements.

The sole shareholder approved on 5 April 2023 the payment of dividend in the amount of CZK 4,530 million. The dividend amounted to CZK 113.250 per each share in the nominal value of CZK 100,000.

The sole shareholder approved on 14 April 2022 the payment of dividend in the amount of CZK 2,000 million. The dividend amounted to CZK 50.000 per each share in the nominal value of CZK 100,000.

E.9 Insurance and reinsurance contract assets and liabilities

In CZK million, as at 31 December	Direct insurance		Accepted reinsurance		Total	
	2023	2022 restated	2023	2022 restated	2023	2022 restated
Insurance contracts	**(60,775)**	**(57,773)**	**(1,617)**	**(1,263)**	**(62,392)**	**(59,036)**
Non-life segment	**(22,069)**	**(19,145)**	**(1,638)**	**(1,285)**	**(23,707)**	**(20,430)**
Insurance contract assets	96	161	197	183	293	344
Insurance contract liabilities	(22,165)	(19,306)	(1,835)	(1,468)	(24,000)	(20,774)
Life segment	**(38,706)**	**(38,628)**	**21**	**22**	**(38,685)**	**(38,606)**
Insurance contract assets	3,631	2,189	21	22	3,652	2,211
Insurance contract liabilities	(42,337)	(40,817)	-	-	(42,337)	(40,817)
Reinsurance contracts	**7,997**	**7,461**	**1,212**	**628**	**9,209**	**8,089**
Non-life segment	**7,487**	**7,095**	**1,232**	**650**	**8,719**	**7,745**
Reinsurance contract assets	10,297	9,565	1,365	725	11,662	10,290
Reinsurance contract liabilities	(2,810)	(2,470)	(133)	(75)	(2,943)	(2,545)
Life segment	**510**	**366**	**(20)**	**(22)**	**490**	**344**
Reinsurance contract assets	555	413	-	-	555	413
Reinsurance contract liabilities	(45)	(47)	(20)	(22)	(65)	(69)
Total	**(52,778)**	**(50,312)**	**(405)**	**(635)**	**(53,183)**	**(50,947)**
Current	(14,669)	(13,236)	(187)	(265)	(14,856)	(13,501)
Non-current	(38,109)	(37,076)	(218)	(370)	(38,327)	(37,446)

At 31 December 2023, the maximum exposure to credit risk from insurance contracts is CZK 8,874 million (2022: CZK 8,715 million), which primarily relates to premiums receivable for services that the Company has already provided, and the maximum exposure to credit risk from reinsurance contracts is CZK 3,703 million (2022: CZK 3,572 million).

Insurance and reinsurance contract assets and liabilities by measurement model:

	GMM		VFA		PAA		Total	
	2023	2022 restated	2023	2022 restated	2023	2022 restated	2023	2022 restated
Insurance contracts	**(29,997)**	**(30,554)**	**(8,688)**	**(8,045)**	**(23,707)**	**(20,437)**	**(62,392)**	**(59,036)**
Non-life segment	**-**	**-**	**-**	**-**	**(23,707)**	**(20,430)**	**(23,707)**	**(20,430)**
Insurance contract assets	-	-	-	-	293	344	293	344
Insurance contract liabilities	-	-	-	-	(24,000)	(20,774)	(24,000)	(20,774)
Life segment	**(29,997)**	**(30,554)**	**(8,688)**	**(8,045)**	**-**	**(7)**	**(38,685)**	**(38,606)**
Insurance contract assets	3,631	2,189	-	-	21	22	3,652	2,211
Insurance contract liabilities	(33,628)	(32,753)	(8,688)	(8,045)	(21)	(29)	(42,337)	(40,817)
Reinsurance contracts	**-**	**-**	**-**	**-**	**9,209**	**8,089**	**9,209**	**8,089**
Non-life segment	**-**	**-**	**-**	**-**	**8,719**	**7,745**	**8,719**	**7,745**
Reinsurance contract assets	-	-	-	-	11,662	10,290	11,662	10,290
Reinsurance contract liabilities	-	-	-	-	(2,943)	(2,545)	(2,943)	(2,545)
Life segment	**-**	**-**	**-**	**-**	**490**	**344**	**490**	**344**
Reinsurance contract assets	-	-	-	-	555	413	555	413
Reinsurance contract liabilities	-	-	-	-	(65)	(69)	(65)	(69)
Total	**(29,997)**	**(30,554)**	**(8,688)**	**(8,045)**	**(14,498)**	**(12,348)**	**(53,183)**	**(50,947)**

E.9.1 Non-life segment

E.9.1.1 Movement of non-life insurance contract assets and liabilities – analysis by remaining coverage and incurred claims

	Liability for remaining coverage (PAA)		Liability for incurred claims		Total
In CZK million, for the year ended 31 December 2023	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	
Balance as at 1 January – assets / liabilities	**(3,914)**	**(109)**	**(15,673)**	**(734)**	**(20,430)**
Changes in the statement of profit or loss and OCI					
Insurance revenues	**35,742**	**-**	**-**	**-**	**35,742**
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	(17,722)	(299)	(18,021)
Losses on onerous contracts	-	(19)	-	-	(19)
Amortisation of insurance acquisition cash flows	(8,101)	-	-	-	(8,101)
Adjustments to liabilities for incurred claims	-	-	(948)	349	(599)
Insurance service result	**27,641**	**(19)**	**(18,670)**	**50**	**9,002**
Net finance expenses from insurance contracts	(33)	-	(1,296)	(47)	(1,376)
Effect of movements in exchange rates	(35)	-	(64)	(2)	(101)
Total changes in the statement of profit or loss and OCI	**27,573**	**(19)**	**(20,030)**	**1**	**7,525**
Cash flows					
Premiums received	(36,562)	-	-	-	(36,562)
Claims and other insurance service expenses paid	-	-	17,437	-	17,437
Insurance acquisition cash flows	8,295	-	-	-	8,295
Total cash flows	**(28,267)**	**-**	**17,437**	**-**	**(10,830)**
Transfer to other items in the statement of financial position	33	-	(5)	-	28
Balance as at 31 December - assets / liabilities	**(4,575)**	**(128)**	**(18,271)**	**(733)**	**(23,707)**

In CZK million, for the year ended 31 December 2022 (restated)	Liability for remaining coverage (PAA)		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	
Balance as at 1 January – assets / liabilities	**(3,624)**	**(176)**	**(16,229)**	**(686)**	**(20,715)**
Changes in the statement of profit or loss and OCI					
Insurance revenues	**33,914**	**-**	**-**	**-**	**33,914**
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	(17,232)	(288)	(17,520)
Losses on onerous contracts	-	66	-	-	66
Amortisation of insurance acquisition cash flows	(7,427)	-	-	-	(7,427)
Insurance acquisition cash flows not amortised	(89)	-	-	-	(89)
Adjustments to liabilities for incurred claims	-	-	(37)	259	222
Insurance service result	**26,398**	**66**	**(17,269)**	**(29)**	**9,166**
Net finance expenses from insurance contracts	5	-	495	(24)	476
Effect of movements in exchange rates	26	1	83	5	115
Total changes in the statement of profit or loss and OCI	**26,429**	**67**	**(16,691)**	**(48)**	**9,757**
Cash flows					
Premiums received	(34,711)	-	-	-	(34,711)
Claims and other insurance service expenses paid	-	-	16,678	-	16,678
Insurance acquisition cash flows	7,836	-	3	-	7,839
Total cash flows	**(26,875)**	**-**	**16,681**	**-**	**(10,194)**
Transfer to other items in the statement of financial position	156	-	566	-	722
Balance as at 31 December - assets / liabilities	**(3,914)**	**(109)**	**(15,673)**	**(734)**	**(20,430)**

E.9.1.2 Movement of non-life reinsurance contract assets and liabilities – analysis by remaining coverage and incurred claims

In CZK million, for the year ended 31 December 2023	Liability for remaining coverage (PAA)		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	
Balance as at 1 January – assets / liabilities	(2,523)	42	9,827	399	7,745
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(12,229)	-	-	-	(12,229)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	7,612	-	7,612
Recoveries on onerous contratcs	-	15	-	-	15
Adjustment to assets to incurred claims	-	-	496	(25)	471
Reinsurance service result	(12,229)	15	8,108	(25)	(4,131)
Net finance income from reinsurance contracts	(5)	-	602	26	623
Effect of movements in exchange rates	(14)	-	36	-	22
Total changes in the statement of profit or loss and OCI	(12,248)	15	8,746	1	(3,486)
Cash flows					
Premiums paid	16,728	-	-	-	16,728
Amounts received	(4,672)	-	(7,597)	-	(12,269)
Total cash flows	12,056	-	(7,597)	-	4,459
Transfer to other items in the statement of financial position	-	-	1	-	1
Balance as at 31 December - assets / liabilities	(2,715)	57	10,977	400	8,719

In CZK million, for the year ended 31 December 2022 (restated)	Liability for remaining coverage (PAA)		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	
Balance as at 1 January – assets / liabilities	(3,815)	79	9,594	341	6,199
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	(11,205)	-	-	-	(11,205)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	7,613	-	7,613
Recoveries on onerous contratcs	-	(37)	-	-	(37)
Adjustment to assets to incurred claims	-	-	(148)	48	(100)
Reinsurance service result	(11,205)	(37)	7,465	48	(3,729)
Net finance income from reinsurance contracts	(51)	-	(210)	12	(249)
Effect of movements in exchange rates	7	-	(28)	(1)	(22)
Total changes in the statement of profit or loss and OCI	(11,249)	(37)	7,227	59	(4,000)
Cash flows					
Premiums paid	16,936	-	-	-	16,936
Amounts received	(4,396)	-	(6,995)	-	(11,391)
Total cash flows	12,540	-	(6,995)	-	5,545
Transfer to other items in the statement of financial position	1	-	1	(1)	1
Balance as at 31 December - assets / liabilities	(2,523)	42	9,827	399	7,745

E.9.1.3 Claims development

The table below illustrates how estimates of cumulative claims for the Company's non-life segment have developed over time on a gross and net of reinsurance basis. Each table shows how the Company's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date. Due to the transition to IFRS17, reliable historical data except those disclosed below are not available.

In CZK million, for the year ended 31 December 2023

Gross of reinsurance	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimates of undiscounted cumulative claims	-	-	-	-	-	-	-	17,403	16,009	17,659	
One year later	-	-	-	-	-	-	13,399	17,643	15,824		
Two years later	-	-	-	-	-	14,976	13,212	17,566			
Three years later	-	-	-	-	14,195	14,952	13,079				
Four years later	-	-	-	13,922	14,149	14,951					
Five years later	-	-	12,445	13,890	14,059						
Six years later	-	11,244	12,424	13,887							
Seven years later	11,543	11,213	12,390								
Eight years later	11,538	11,255									
Nine years later	11,565										
Estimate of cumulative claims	11,565	11,255	12,390	13,887	14,059	14,951	13,079	17,566	15,824	17,659	142,235
Cumulative payments	11,395	10,956	12,059	13,594	13,759	14,394	12,494	15,706	13,801	10,132	128,290
Risk adjustment											733
NL annuities											1,786
Provisions for ULAE											805
Unmodelled											2,709
Discounting effect											(1,630)
Undiscounted Liability for Incurred claims - not included in accident year											656
Value recognized in the Statement of Financial Position	**170**	**299**	**331**	**293**	**300**	**557**	**585**	**1,860**	**2,023**	**7,527**	**19,004**

In CZK million, for the year ended 31 December 2022

Gross of reinsurance	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimates of undiscounted cumulative claims	-	-	-	-	-	-	-	-	17,389	15,994	
One year later	-	-	-	-	-	-	-	13,383	17,661		
Two years later	-	-	-	-	-	-	14,951	13,190			
Three years later	-	-	-	-	-	14,172	14,926				
Four years later	-	-	-	-	13,916	14,125					
Five years later	-	-	-	12,413	13,883						
Six years later	-	-	11,231	12,392							
Seven years later	-	11,526	11,200								
Eight years later	13,535	11,521									
Nine years later	13,535										
Estimate of cumulative claims	13,535	11,521	11,200	12,392	13,883	14,125	14,926	13,190	17,661	15,994	138,427
Cumulative payments	13,411	11,364	10,924	12,009	13,547	13,634	14,235	12,227	14,603	9,904	125,858
Risk adjustment											734
NL annuities											1,671
Provisions for ULAE											700
Unmodelled											1,977
Discounting effect											(1,879)
Undiscounted Liability for Incurred claims - not included in accident year											1,671
Value recognized in the Statement of Financial Position	**124**	**157**	**276**	**383**	**336**	**491**	**691**	**963**	**3,058**	**6,090**	**16,408**

Information in the table include also claims handling costs attributable to the claims. Provisions for outstanding claims which were not included in the analysis by an accident year include provision for claims which occurred before 2014 and provisions related to minor non-life insurance products.

In CZK million, for the year ended 31 December 2023

Net of reinsurance	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimates of undiscounted cumulative claims	-	-	-	-	-	-	-	8,977	9,180	9,731	
One year later	-	-	-	-	-	-	7,591	8,642	8,961		
Two years later	-	-	-	-	-	8,382	7,442	8,614			
Three years later	-	-	-	-	-	8,373	7,392				
Four years later	-	-	-	-	-	8,353					
Five years later	-	-	-	-	-						
Six years later	-	-	-	-							
Seven years later	-	-	-								
Eight years later	-	-									
Nine years later	-										
Estimate of cumulative claims	-	-	-	-	-	8,353	7,392	8,614	8,961	9,731	43,051
Cumulative payments	-	-	-	-	-	8,113	7,101	7,990	7,911	5,800	36,915
Risk adjustment											
NL annuities											333
Provisions for ULAE											1,210
Unmodelled											805
Discounting effect											(917)
Undiscounted Liability for Incurred claims - not included in accident year											797
Value recognized in the Statement of Financial Position	**-**	**-**	**-**	**-**	**-**	**240**	**291**	**624**	**1,050**	**3,931**	**7,627**

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In CZK million, for the year ended 31 December 2022

Net of reinsurance	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimates of undiscounted cumulative claims	-	-	-	-	-	-	-	-	8,995	9,191	
One year later	-	-	-	-	-	-	-	7,592	8,692		
Two years later	-	-	-	-	-	-	8,378	7,437			
Three years later	-	-	-	-	-	-	8,368				
Four years later	-	-	-	-	-	-					
Five years later	-	-	-	-	-						
Six years later	-	-	-	-							
Seven years later	-	-	-								
Eight years later	-	-									
Nine years later	-										
Estimate of cumulative claims	-	-	-	-	-	-	8,368	7,437	8,692	9,191	33,688
Cumulative payments	-	-	-	-	-	-	8,041	6,961	7,593	5,869	28,464
Risk adjustment											335
NL annuities											1,104
Provisions for ULAE											700
Unmodelled											(950)
Discounting effect											(1,246)
Undiscounted Liability for Incurred claims - not included in accident year											1,015
Value recognized in the Statement of Financial Position	**-**	**-**	**-**	**-**	**-**	**-**	**327**	**476**	**1,099**	**3,322**	**6,182**

E.9.2 Life segment

E.9.2.1 Movement of GMM life insurance contract assets and liabilities

Analysis by remaining coverage and incurred claims

In CZK million, for the year enden 31 December 2023 and 31 December 2022 (restated)	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	2023				2022			
Balance as at 1 January – assets / liabilities	(27,221)	(9)	(3,324)	(30,554)	(29,791)	-	(3,213)	(33,004)
Changes in the statement of profit or loss and OCI								
Insurance revenues	**9,715**	**(5)**	**-**	**9,710**	**9,420**	**-**	**-**	**9,420**
Contract under modified retrospective transition approach	1,576	-	-	1,576	1,708	-	-	1,708
Contract under fair value transition approach	4,268	-	-	4,268	4,790	-	-	4,790
Other contracts	3,871	(5)	-	3,866	2,922	-	-	2,922
Insurance service expenses	**(1,766)**	**(1)**	**(10,001)**	**(11,766)**	**(1,668)**	**(9)**	**(10,125)**	**(11,802)**
Incurred claims and other insurance service expenses**	-	-	(10,062)	(10,062)	-	-	(10,348)	(10,348)
Amortisation of insurance acquisition cash flows	(1,766)	-	-	(1,766)	(1,668)	-	-	(1,668)
Losses and reversals of losses on onerous contracts	-	1	-	1	-	(9)	-	(9)
Adjustments to liabilities for incurred claims	-	-	61	61	-	-	223	223
Investment components**	5,543	-	(143)	5,400	5,935	-	(422)	5,513
Insurance service result	**13,492**	**(4)**	**(10,144)**	**3,344**	**13,687**	**(9)**	**(10,547)**	**3,131**
Net finance expenses from insurance contracts	(2,189)	-	(77)	(2,266)	(64)	-	13	(51)
Effect of movements in exchange rates	(7)	-	(41)	(48)	22	-	26	48
Total changes in the statement of profit or loss and OCI	**11,296**	**(4)**	**(10,262)**	**1,030**	**13,645**	**(9)**	**(10,508)**	**3,128**
Cash flows								
Premiums received	(13,001)	-	-	(13,001)	(13,289)	-	-	(13,289)
Claims and other insurance service expenses paid, including investment components	-	-	9,921	9,921	-	-	10,397	10,397
Insurance acquisition cash flows	2,394	-	-	2,394	2,165	-	-	2,165
Total cash flows	**(10,607)**	**-**	**9,921**	**(686)**	**(11,124)**	**-**	**10,397**	**(727)**
Transfer to other items in the statement of financial position	58	-	155	213	49	-	-	49
Balance as at 31 December - assets / liabilities	**(26,474)**	**(13)**	**(3,510)**	**(29,997)**	**(27,221)**	**(9)**	**(3,324)**	**(30,554)**

** Incurred claims are presented gross of Investment components

Analysis by measurement component

In CZK million, for the year ended 31 December 2023	Estimates of present value of future cash flows	Risk adjustment for nonfinancial risk	CSM				Total
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Subtotal	
Balance as at 1 January – assets / liabilities	**(8,826)**	**(1,363)**	**(12,153)**	**(2,289)**	**(5,923)**	**(20,365)**	**(30,554)**
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	**(114)**	**145**	**1,679**	**319**	**1,144**	**3,142**	**3,173**
CSM recognised for services provided (release of CSM)	7	-	1,679	319	1,144	3,142	3,149
Change in risk adjustment for non-financial risk for risk expired	-	145	-	-	-	-	145
Experience adjustments	(121)	-	-	-	-	-	(121)
Changes that relate to future services	**2,837**	**212**	**(832)**	**(208)**	**(2,188)**	**(3,228)**	**(179)**
Contracts initially recognised in the year (new business contribution)	1,940	(189)	-	-	(1,751)	(1,751)	-
Changes in estimates that adjust the CSM and other	890	401	(832)	(208)	(426)	(1,466)	(175)
Changes in estimates that result in losses and reversals of losses on onerous contracts	7	-	-	-	(11)	(11)	(4)
Changes that relate to past services	**306**	**44**	**-**	**-**	**-**	**-**	**350**
Adjustments to liabilities for incurred claims	(126)	44					(82)
Other adjustments (receivables, liabilities, LRC)	432	-	-	-	-	-	432
Insurance service result	**3,029**	**401**	**847**	**111**	**(1,044)**	**(86)**	**3,344**
Net finance expenses from insurance contracts	(1,631)	(78)	(315)	(37)	(205)	(557)	(2,266)
Effect of movements in exchange rates	91	(9)	(31)	(4)	(95)	(130)	(48)
Total changes in the statement of profit or loss and OCI	**1,489**	**314**	**501**	**70**	**(1,344)**	**(773)**	**1,030**
Cash flows	**(686)**	**-**	**-**	**-**	**-**	**-**	**(686)**
Transfer to other items in the statement of financial position	213	-	-	-	-	-	213
Balance as at 31 December - assets / liabilities	**(7,810)**	**(1,049)**	**(11,652)**	**(2,219)**	**(7,267)**	**(21,138)**	**(29,997)**

In CZK million, for the year ended 31 December 2022	Estimates of present value of future cash flows	Risk adjustment for nonfinancial risk	CSM				Total
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Subtotal	
Balance as at 1 January – assets / liabilities	(11,153)	(1,677)	(13,145)	(2,262)	(4,767)	(20,174)	(33,004)
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	605	173	1,857	310	910	3,077	3,855
CSM recognised for services provided (release of CSM)	-	-	1,857	310	910	3,077	3,077
Change in risk adjustment for non-financial risk for risk expired	-	173	-	-	-	-	173
Experience adjustments	605	-	-	-	-	-	605
Changes that relate to future services	1,615	175	(586)	(306)	(2,051)	(2,943)	(1,153)
Contracts initially recognised in the year (new business contribution)	1,706	(194)	-	-	(1,512)	(1,512)	-
Changes in estimates that adjust the CSM and other	(92)	369	(586)	(306)	(529)	(1,421)	(1,144)
Changes in estimates that result in losses and reversals of losses on onerous contracts	1	-	-	-	(10)	(10)	(9)
Changes that relate to past services	449	(20)	-	-	-	-	429
Other adjustments (receivables, liabilities, LRC)	(179)	(20)	-	-	-	-	(199)
Adjustments to liabilities for incurred claims	628	-	-	-	-	-	628
Insurance service result	2,669	328	1,271	4	(1,141)	134	3,131
Net finance expenses from insurance contracts – PL	455	(37)	(321)	(34)	(115)	(469)	(51)
Effect of movements in exchange rates	(119)	23	42	2	100	144	48
Total changes in the statement of profit or loss and OCI	3,005	314	992	(27)	(1,156)	(191)	3,128
Cash flows	(727)						(727)
Transfer to other items in the statement of financial position	49	-	-	-	-	-	49
Balance as at 31 December - assets / liabilities	(8,826)	(1,363)	(12,153)	(2,289)	(5,923)	(20,365)	(30,554)

E.9.2.2 Movement of VFA life insurance contract assets and liabilities

Analysis by remaining coverage and incurred claims

In CZK million, for the year ended 31 December 2023 and 31 December 2022 (restated)	Liability for remaining coverage		Liability for incurred claims	Total	Liability for remaining coverage		Liability incurred claims	Total for
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	2023				2022			
Balance as at 1 January – assets / liabilities	(7,757)	(22)	(266)	(8,045)	(9,479)	-	(333)	(9,812)
Changes in the statement of profit or loss and OCI								
Insurance revenues	160	164	-	324	376	-	-	376
Contract under modified retrospective transition approach	(83)	-	-	(83)	69	-	-	69
Contract under fair value transition approach	243	165	-	408	190	-	-	190
Other contracts	-	(1)	-	(1)	117	-	-	117
Insurance service expenses	(89)	22	(1,315)	(1,382)	(99)	(22)	(1,445)	(1,566)
Incurred claims and other insurance service expenses**	-	-	(1,133)	(1,133)	-	-	(1,570)	(1,570)
Amortisation of insurance acquisition cash flows	(89)	-	-	(89)	(99)	-	-	(99)
Losses and reversals of losses on onerous contracts	-	22	-	22	-	(22)	-	(22)
Adjustments to liabilities for incurred claims	-	-	(182)	(182)	-	-	125	125
Investment components**	986	5	193	1,184	1,409	-	(155)	1,254
Insurance service result	1,057	191	(1,122)	126	1,686	(22)	(1,600)	64
Net finance expenses from insurance contracts	(1,158)	(168)	-	(1,326)	940	-	(5)	935
Effect of movements in exchange rates	(54)	(2)	(14)	(70)	93	-	12	105
Total changes in the statement of profit or loss and OCI	(155)	21	(1,136)	(1,270)	2,719	(22)	(1,593)	1,104
Cash flows								
Premiums received	(537)	-	-	(537)	(998)	-	-	(998)
Claims and other insurance service expenses paid, including investment components	-	-	1,162	1,162	-	-	1,660	1,660
Insurance acquisition cash flows	2	-	-	2	1	-	-	1
Total cash flows	(535)	-	1,162	627	(997)	-	1,660	663
Transfer to other items in the statement of financial position	-	-	-	-	-	-	-	-
Balance as at 31 December - assets / liabilities	(8,447)	(1)	(240)	(8,688)	(7,757)	(22)	(266)	(8,045)

** Incurred claims are presented gross of Investment components

Analysis by measurement component

In CZK million, for the year ended 31 December 2023	Estimates of present value of future cash flows	Risk adjustment for nonfinancial risk	CSM				Total
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Subtotal	
Balance as at 1 January – assets / liabilities	(6,928)	(77)	(977)	(63)	-	(1,040)	(8,045)
Changes in the statement of profit or loss and OCI							
Changes that relate to current services	84	6	115	7	-	122	212
CSM recognised for services provided	(6)	-	115	7	-	122	116
Change in risk adjustment for non-financial risk for risk expired	-	6	-	-	-	-	6
Experience adjustments	90	-	-	-	-	-	90
Changes that relate to future services	(160)	25	143	1,438	-	286	151
Contracts initially recognised in the year	-	-	-	-	-	-	-
Changes in estimates that adjust the CSM and other	(12)	25	143	(195)	(1)	(53)	(40)
Changes in estimates that result in losses and reversals of losses on onerous Contracts	(148)	-	-	338	1	339	191
Changes that relate to past services	(97)	-	-	-	-	-	(237)
Adjustments to liabilities for incurred claims	6	-	-	-	-	-	6
Other adjustments (receivables, liabilities, LRC)	(243)	-	-	-	-	-	(243)
Insurance service result	(313)	31	258	150	-	408	126
Net finance expenses from insurance contracts	(980)	(4)	(207)	(135)	-	(342)	(1,326)
Effect of movements in exchange rates	(66)	-	(2)	(2)	-	(4)	(70)
Total changes in the statement of profit or loss and OCI	(1,359)	27	49	13	-	62	(1,270)
Cash flows	627	-	-	-	-	-	627
Transfer to other items in the statement of financial position	-	-	-	-	-	-	-
Balance as at 31 December - assets / liabilities	(7,660)	(50)	(928)	(50)	-	(978)	(8,688)

In CZK million, for the year ended 31 December 2022	Estimates of present value of future cash flows	Risk adjustment for nonfinancial risk	CSM				Total
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Subtotal	
Balance as at 1 January – assets / liabilities	(8,625)	(98)	(1,072)	(17)	-	(1,089)	(9,812)
Changes in the statement of profit or loss and OCI	,						
Changes that relate to current services	4	9	119	8	-	127	140
CSM recognised for services provided	-	-	119	8	-	127	127
Change in risk adjustment for non-financial risk for risk expired	-	9	-	-	-	-	9
Experience adjustments	4	-	-	-	-	-	4
Changes that relate to future services	14	14	(197)	(12)	-	(209)	(181)
Contracts initially recognised in the year	-	-	-	-	-	-	-
Changes in estimates that adjust the CSM and other	14	14	(197)	(10)	-	(187)	(159)
Changes in estimates that result in losses and reversals of losses on onerous Contracts	-	-	-	(22)	-	(22)	(22)
Changes that relate to past services	105	-	-	-	-	-	105
Adjustments to liabilities for incurred claims	(30)	-	-	-	-	-	(30)
Other adjustments (receivables, liabilities, LRC)	135	-	-	-	-	-	135
Insurance service result	123	23	(78)	(4)	-	(82)	64
Net finance expenses from insurance contracts	813	(3)	168	(43)	-	125	935
Effect of movements in exchange rates	98	1	5	1	-	6	105
Total changes in the statement of profit or loss and OCI	**1,034**	**21**	**95**	**(46)**	**-**	**49**	**1,104**
Cash flows	663	-	-	-	-	-	663
Transfer to other items in the statement of financial position	-	-	-	-	-	-	-
Balance as at 31 December - assets / liabilities	(6,928)	(77)	(977)	(63)	-	(1,040)	(8,045)

E.9.2.3 Movement of life reinsurance contract assets and liabilities – analysis by remaining coverage and incurred claims

In CZK million, for the year ended 31 December 2023	Liability for remaining coverage (PAA)		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	
Balance as at 1 January – assets / liabilities	**(336)**	**-**	**656**	**24**	**344**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	**(1,252)**	**-**	**-**	**-**	**(1,252)**
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	583	-	583
Recoveries on onerous contratcs	-	-	-	-	-
Adjustment to assets to incurred claims	-	-	128	(8)	120
Reinsurance service result	**(1,252)**	**-**	**711**	**(8)**	**(549)**
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Net finance income from reinsurance contracts	(1)	-	27	2	28
Effect of movements in exchange rates	2	-	-	-	2
Total changes in the statement of profit or loss and OCI	**(1,251)**	**-**	**738**	**(6)**	**(519)**
Cash flows					
Premiums paid	1,734	-	-	-	1,734
Amounts received	(515)	-	(567)	-	(1,082)
Total cash flows	**1,219**	**-**	**(567)**	**-**	**652**
Transfer to other items in the statement of financial position	-	-	13	-	13
Balance as at 31 December - assets / liabilities	**(368)**	**-**	**840**	**18**	**490**

In CZK million, for the year ended 31 December 2022 (restated)	Liability for remaining coverage (PAA)		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risks	
Balance as at 1 January – assets / liabilities	**(325)**	**-**	**644**	**17**	**336**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	**(1,151)**	**-**	**-**	**-**	**(1,151)**
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	503	-	503
Recoveries on onerous contratcs	-	-	-	-	-
Adjustment to assets to incurred claims	-	-	50	6	56
Reinsurance service result	**(1,151)**	**-**	**545**	**6**	**(592)**
Effect of changes in non-performance risk of reinsurers	-	-	-	-	
Net finance income from reinsurance contracts	(1)	-	(7)	1	(7)
Effect of movements in exchange rates	-	-	(1)	-	(1)
Total changes in the statement of profit or loss and OCI	**(1,152)**	**-**	**545**	**7**	**(600)**
Cash flows					
Premiums paid	1,708	-	-	-	1,708
Amounts received	(567)	-	(533)	-	(1,100)
Total cash flows	**1,141**	**-**	**(533)**	**-**	**608**
Transfer to other items in the statement of financial position	-	-	-	-	-
Balance as at 31 December - assets / liabilities	**(336)**	**-**	**656**	**24**	**344**

E.9.2.4 Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year:

In CZK million, for the year ended 31 December 2023	GMM		VFA		Total
	Profitable contracts issued	Onerous contracts issued	Profitable contracts issued	Onerous contracts issued	
Claims and other insurance service expenses payable	(6,948)	(58)	-	(7)	(7,013)
Insurance acquisition cash flows	(2,496)	-	-	-	(2,496)
Estimates of present value of cash outflows	(9,444)	(58)	-	(7)	(9,509)
Estimates of present value of cash inflows	11,383	60	-	7	11,450
Risk adjustment for non-financial risk	(189)	(1)	-	-	(190)
CSM	**1,750**	**1**	**-**	**-**	**1,751**
Losses recognised on initial recognition	**-**	**1**	**-**	**-**	**1**

In CZK million, for the year ended 31 December 2022	GMM Profitable contracts issued	GMM Onerous contracts issued	VFA Profitable contracts issued	VFA Onerous contracts issued	Total
Claims and other insurance service expenses payable	(6,222)	(118)	(13)	-	(6,353)
Insurance acquisition cash flows	(2,297)	-	(1)	-	(2,298)
Estimates of present value of cash outflows	(8,519)	(118)	(14)	-	(8,651)
Estimates of present value of cash inflows	10,221	123	14	-	10,358
Risk adjustment for non-financial risk	(193)	(1)	-	-	(194)
CSM	**1,509**	**4**	**-**	**-**	**1,513**
Losses recognised on initial recognition	**-**	**-**	**-**	**-**	**-**

E.9.2.5 CSM

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

In CZK million, for the year ended 31 December 2023	Less than 1 year	Between 1-5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	More than 20 years	Total
GMM	2,889	8,169	5,374	2,680	1,224	802	21,138
VFA	115	356	274	144	59	30	978
Total	**3,004**	**8,525**	**5,648**	**2,824**	**1,283**	**832**	**22,116**

In CZK million, for the year ended 31 December 2022	Less than 1 year	Between 1-5 years	Between 5 and 10 years	Between 10 and 15 years	Between 15 and 20 years	More than 20 years	Total
GMM	2,713	7,742	5,185	2,640	1,247	838	20,365
VFA	109	356	293	166	75	41	1,040
Total	**2,822**	**8,098**	**5,478**	**2,806**	**1,322**	**879**	**21,405**

E.10 Other provisions

In CZK million, as at 31 December	2023	2022
Restructuring provision	38	37
Provisions for commitments	275	289
Other provisions	2	3
Total	**315**	**329**
Current portion	**112**	**173**
Non-current portion	**203**	**156**

In CZK million, for the year ended 31 December	2023	2022
Carrying amount as at 1 January	**329**	**311**
Increases of provisions	75	108
Unused and reversed amounts	(94)	(85)
Amounts used without impact on P&L	1	-
Foreign currency translation	4	(5)
Carrying amount as at 31 December	**315**	**329**

Provisions for commitments represent mainly a guarantee for Slovak Insurers´ Bureau of CZK 172 million (2022: CZK 168 million).

E.11 Financial liabilities

In CZK million, as at 31 December	2023	2022 restated
Financial liabilities at fair value through profit or loss	125	457
Derivatives	125	457
Lease liabilities	542	698
Total	**667**	**1,155**
Current portion	**531**	**705**
Non-current portion	**136**	**450**

Roll-forward of financial liabilities:

In CZK million, for the year ended 31 December			Non-cash movements			
	Carrying amount as at 31.12.2022	Cash flow movements	Foreign currency translation effects	Fair value changes	Other non-cash movements	Carrying amount as at 31.12.2023
Lease liabilities	698	(407)	1		250	542
Total	**698**	**(407)**	**1**		**250**	**542**

In CZK million, for the year ended 31 December			Non-cash movements			
	Carrying amount as at 31.12.2021	Cash flow movements	Foreign currency translation effects	Fair value changes	Other non-cash movements	Carrying amount as at 31.12.2022
Lease liabilities	752	(362)	(3)		311	698
Total	**752**	**(362)**	**(3)**		**311**	**698**

Fair value measurement as at the end of the reporting period:

In CZK million, as at 31 December 2023	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss		125		125
Lease liabilities		542		542

In CZK million, as at 31 December 2022 restated	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss		457		457
Lease liabilities		657		657

E.11.1 Lease liabilities

In CZK million, as at 31 December			2023			2022 restated
	Amortised cost	Fair value	Fair value level	Amortised cost	Fair value	Fair value level
Lease liabilities	542	542	2	698	657	2
Total	**542**	**542**		**698**	**657**	
Current portion	**444**	**444**		**371**	**402**	
Non-current portion	**98**	**98**		**327**	**255**	

E.12 Payables

In CZK million, as at 31 December	2023	2022 restated
Payables to intermediaries	757	941
Payables relating to taxation	513	254
Payables to client and suppliers	269	200
Payables to employees	194	197
Social security	93	91
Other payables	4,662	6,416
Total	**6,488**	**8,099**
Current portion	**6,481**	**6,105**
Non-current portion	**7**	**1,994**

The significant items of other payables in 2023 are the payable to the Ministry of Finance of the Czech Republic for the employer´s liability insurance in the amount of CZK 1,232 million (2022: CZK 1,167 million) which the Company administers for the state and the liability from a collateral in the amount of CZK 1,038 million (2022: CZK 2,050 million). The rest of the balance represents unmatched payments related to policyholders.

Non-current payables represent payables to travel agencies from co-payments in 2023. Non-current payables in 2022 included the liabilities from collaterals (there are no non-current collaterals in 2023).

E.13 Other liabilities

In CZK million, as at 31 December	2023	2022 restated
Other accrued expense	1,221	1,132
Thereof: Non-invoiced supplies	682	649
Accrued expenses for untaken holidays and bonuses	539	482
Deferred income	1	14
Total	**1,222**	**1,146**
Current portion	**1,222**	**1,146**

E.14 Insurance revenues

In CZK million,			Life	Non-life	Total
for the year ended 31 December 2023	GMM	VFA	PAA	PAA	
Contracts not measured under the PAA	**9,710**	**324**	**-**	**-**	**10,034**
Amounts relating to changes in liabilities for remaining coverage	8,003	235	-	-	8,238
CSM recognised for services provided	3,142	122	-	-	3,264
Change in risk adjustment for nonfinancial risk for risk expired	145	6	-	-	151
Expected incurred claims and other insurance service expenses	4,799	125	-	-	4,924
Other	(83)	(18)	-	-	(101)
Recovery of insurance acquisition cash Flows	1,707	89	-	-	1,796
Contracts measured under the PAA	**-**	**-**	**172**	**35,742**	**35,914**
Total	**9,710**	**324**	**172**	**35,742**	**45,948**

In CZK million, for the year ended 31 December 2022			Life	Non-life	Total
	GMM	VFA	PAA	PAA	
Contracts not measured under the PAA	**9,420**	**376**	**-**	**-**	**9,796**
Amounts relating to changes in liabilities for remaining coverage	7,801	278	-	-	8,079
CSM recognised for services provided	3,077	127	-	-	3,204
Change in risk adjustment for nonfinancial risk for risk expired	173	9	-	-	182
Expected incurred claims and other insurance service expenses	4,409	135	-	-	4,544
Other	142	7	-	-	149
Recovery of insurance acquisition cash Flows	1,619	98	-	-	1,717
Contracts measured under the PAA	**-**	**-**	**152**	**33,914**	**34,066**
Total	**9,420**	**376**	**152**	**33,914**	**43,862**

E.15 Insurance service expenses

In CZK million, for the year ended 31 December	2023	2022
Non-life insurance service expenses	**29,749**	**27,858**
Losses on onerous contracts	19	(66)
Claims paid	17,722	17,520
Change in liabilities for incurred claims	948	37
Change in liabilities for incurred claims – risk adjustment	(50)	29
Insurance acquisition cash flows	8,101	7,516
Other insurance service expenses	3,009	2,822
Life insurance service expenses	**6,670**	**6,671**
Losses on onerous contracts	(24)	31
Claims paid	9,702	9,771
Change in liabilities for incurred claims	103	206
Change in liabilities for incurred claims – risk adjustment	(44)	20
Non-distinct investment component, expense reduction	(6,584)	(6,767)
Insurance acquisition cash flows	1,866	1,771
Other insurance service expenses	1,651	1,639
Total	**36,419**	**34,529**

E.16 Net expenses from reinsurance contracts

In CZK million, for the year ended 31 December	2023	2022
Non-life net expenses from reinsurance contract	**4,106**	**3,768**
Reinsurance expenses of the period recognised from pure premium reserve (PAA)	12,229	11,205
Recoveries on onerous contratcs	(15)	37
Claims received	(7,612)	(7,613)
Change in reinsurance asset for incurred claims	(496)	139
Reinsurance acquisition cash flows	-	-
Other	-	-
Life net expenses from reinsurance contract	**549**	**592**
Reinsurance expenses of the period recognised from pure premium reserve (PAA)	1,252	1,151
Recoveries on onerous contratcs	-	-
Claims received	(565)	(503)
Change in reinsurance asset for incurred claims	(120)	(56)
Reinsurance acquisition cash flows	-	-
Other	(18)	-
Total	**4,655**	**4,360**

E.17 Investment return

In CZK million, for the year ended 31 December	2023	2022 restated
Interest revenue calculated using the effective interest method	**1,579**	**1,237**
Interest income from financial assets at amortized costs	76	39
Interest income from financial assets at FVOCI	1,406	1,125
Interest income from cash and cash equivalents	97	73
Other investment revenue/expense	**5,174**	**(1,730)**
Net revenue from financial assets at FVTPL backing policies where the risk is borne by policyholders (backing liabilities under IFRS17)	3,099	(2,081)
Net revenue on financial instruments mandatorily measured FVTPL	248	(205)
Net revenue from derivative instuments	497	1,977
Net gains/losses on derecognition of debt investments at FVOCI	100	(2,115)
Dividends on equity investments at FVOCI	111	60
Net foreign exchange gain on debt investments not measured at FVTPL	142	229
Income from subsidiaries and associates	1,169	344
Dividends and other income	1,164	327
Realized gains from disposal	5	17
Other investment income	(192)	61
Net impairment loss on financial assets	**22**	**(848)**
Bonds at FVOCI	5	(703)
Receivables	17	(144)
Other	0	(1)
Total	**6,775**	**(1,341)**

Income from dividends from subsidiaries and associates consists of the dividends received from:

In CZK million, for the year ended 31 December	2023	2022
Generali Česká Distribuce a.s.	88	103
Europ Assistance s.r.o.	2	1
Generali Real Estate Fund CEE a.s.	-	11
Generali penzijní společnost a.s.	1,013	-
Pařížská 26, s.r.o.	-	10
VÚB Generali dôchodková správcovská spoločnosť, a.s.	54	198
Small GREF a.s.	7	4
Total	**1,164**	**327**

E.18 Net insurance finance result

In CZK million, for the year ended 31 December	2023	2022
Net finance expenses from insurance contracts	**(5,014)**	**1,406**
Changes in fair value of underlying items of direct participating Contracts	(1,328)	935
Interest accreted	(1,625)	(1,463)
Effect of changes in interest rates and other financial assumptions	(1,309)	925
Net foreign exchange loss	(44)	42
Net impairment lossess on insurance receivables	(49)	(8)
Amounts recognised in OCI	(659)	975
Net finance income from reinsurance contracts	**586**	**(236)**
Interest accreted	241	128
Other	(55)	(90)
Amounts recognised in OCI	400	(274)
Net insurance financial result	**(4,428)**	**1,170**
Amounts recognised in profit or loss	(4,169)	469
Amounts recognised in OCI	(259)	701

E.19 Other income

In CZK million, for the year ended 31 December	2023	2022 restated
Gains on foreign currency	232	205
Reversal of other provisions	45	45
Income arising from service and assistance activities	369	382
Other income	57	110
Total	**703**	**742**

E.20 Other operating expenses

In CZK million, for the year ended 31 December	2023	2022 restated
Amortisation of intangible assets	10	60
Losses on foreign currency	159	146
Restructuring charges and allocation to other provisions	41	47
Other taxes	11	4
Expense from service and assistance activities and charges incurred on behalf of third parties	324	315
Other non recurring expenses	123	121
Termination employee benefits expenses	40	43
Other expenses	1,031	1,046
Total	**1,739**	**1,782**

Other expenses include amounts not attributable to insurance and reinsurance contracts. The majority represent payments (management expenses) to insurance distribution companies Generali Česká Distribuce a.s. and Generali Slovenská Distribucia a.s. in the amount of CZK 157 million (2022: CZK 157 million), marketing expenses in the amount of CZK 488 million (2022: CZK 442 million), projects costs in the amount of CZK 163 million (2022: CZK 164 million), education and training expenses in the amount of CZK 79 million (2022: CZK 68 million), product development expenses in the amount of CZK 84 million (2022: CZK 81 million) and in 2022 cost of "We share" program in the amount of CZK 70 million.

E.21 Expenses by nature

In CZK million, for the year ended 31 December	Non-life segment		Life segment		Total	
	2023	2022 restated	2023	2022 restated	2023	2022 restated
Claims and benefits (w/o ULAE)	17,611	16,594	9,575	9,879	27,186	26,473
Acquisition costs	8,282	7,801	2,520	2,208	10,802	10,009
Losses on onerous contracts	19	(66)	(24)	31	(5)	(35)
Non-distinct investment component, expense reduction	-	-	(6,584)	(6,767)	(6,584)	(6 767)
Staff costs	2,959	2,712	1,027	920	3,986	3,632
Depreciation and amortization	649	618	285	264	934	882
Marketing and advertising	359	360	145	159	504	519
IT costs	554	611	255	268	809	879
Other administration costs	516	619	672	670	1,188	1,289
of which: statutory audit	30	39	11	16	41	55
tax advisory	2	2	1	1	3	3
other assurance services	4	7	2	2	6	9
other non-audit services	21	17	9	6	30	23
Total	**30,949**	**29,249**	**7,871**	**7,632**	**38,820**	**36,881**
Amounts attributed to insurance acquisition cash flows incurred during the year	(8,155)	(7,718)	(2,481)	(2,157)	(10,636)	(9,875)
Amortization of insurance acquisition cash flows	8,157	7,567	1,817	1,738	9,974	9,305
Total	**2**	**(151)**	**(664)**	**(419)**	**(662)**	**(570)**
Represented						
Insurance service expenses	29,749	27,858	6,670	6,671	36,419	34,529
Other operating expenses	1,202	1,240	537	542	1,739	1,782
Total	**30,951**	**29,098**	**7,207**	**7,213**	**38,158**	**36,311**

E.22 Income taxes

In CZK million, for the year ended 31 December	2023	2022 restated
Current income taxes	1,195	996
of which: related to prior years		181
Deferred taxes	(523)	(675)
Total	**672**	**321**

Reconciliation between expected and effective tax rates:

In CZK million, for the year ended 31 December	2023	2022 restated
Expected income tax rate	**19%**	**19%**
Earnings before taxes	**6,392**	**3,061**
Expected income tax expense	**1,214**	**582**
Expenses not allowable for tax purposes	102	59
Income not subject to tax	(365)	(99)
Other reconciliations	(279)	(221)
Tax expense	672	321
Effective tax rate	**10.51%**	**14.49%**

The tax authority may at any time inspect the books and records of the Company within a maximum period of 10 years subsequent to the reported tax year, and may impose additional tax assessments and penalties. The Company's management is not aware of any circumstances which may give rise to a potential material liability in this respect.

The effective tax rate in the reporting period is significantly reduced by income that is exempt from tax. These are dividends from subsidiaries and income from investments in government bonds issued after 2021.

E.22.1 Deferred tax

In CZK million, as at 31 December	Deferred tax Asset		Deferred tax Liabilities	
	2023	2022 restated	2023	2022 restated
Intangible assets	-	-	(161)	(142)
Assets from business combinations recognised in equity	1,401	1,375	-	-
Tangible assets and Land and buildings (self used)	-	-	(1)	(4)
Land and buildings (investment properties)	-	-	(24)	(24)
Financial assets at FVOCI	522	1,063	-	-
Financial liabilities and other liabilities	78	95	-	-
Insurance and reinsurance contract assets and liabilities	341		-	(168)
Other	-	30	(23)	-
Total	**2,342**	**2,563**	**(209)**	**(338)**
Net deferred tax asset/liability	**2,133**	**2,225**		

In accordance with the accounting method, the amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted as at the end of the reporting period which, for the year 2023 and following years is 21% on local and branch´s assets and liabilities (2022: 19% for Czech Republic and 21% for Slovak branch).

E.22.2 Current tax and deferred tax recognised in OCI

In CZK million, for the year ended 31 December	2023	2022 Restated
Items that will not be reclassified to profit and loss		
Deferred tax - revaluation gain/losses on equities at FVOCI	72	(1)
Items that may be reclassified subsequently to profit and loss		
Deferred tax - revaluation gain/losses on bonds at FVOCI	(231)	(735)
Net change in fair value	(928)	(1,420)
Reclassified to profit and loss	697	685
Deferred tax – ECL on financial assets at FVOCI	117	144
Deferred tax – finance expense on insurance contracts	44	165
Deferred tax – finance income on reinsurance contracts	(44)	(120)
Current tax – realised gains/lossess on financial assts – OCI option	189	214
Current tax - unrealised gain/losses on financial assets at FVOCI	-	-
Total	**147**	**(333)**

Details on tax on revaluation on financial assets at FVOCI are provided in Note E.8.

E.23 Share-based payments

Management plans

Selected members of management of the Company are beneficiaries of a Generali Group's long-term incentive 2020-2022, 2021-2023, 2022-2024 and 2023-2025 Cycle. The plans aim to strengthen the link between the remuneration of the potential beneficiaries and expected performance under Generali Group's strategic plan (so-called absolute performance), also retaining the link between remuneration and the creation of value relative to a peer group (so-called relative performance). The plans also aim to achieve management engagement at Generali Group level. The incentive for achieving the objectives will be paid in shares issued by Assicurazioni Generali S.p.A. (ultimate parent company).

Cycles are divided into three tranches. The sum of shares set aside in each of the three years will be assigned in a single deal only at the end of the third year, approximately by the month of April (date of assignment), after an overall evaluation of the Board of Directors concerning the effective achievement of the Objectives not only on annual basis but over three years as well.

For each cycle, the maximum number of shares (per beneficiary) that can be assigned at the end of three years is calculated by dividing the maximum award amount (calculated as a percentage of base salary) by the share value, calculated as the average of the three months prior to the approval by the Board of Director of the draft budget for the financial year and the consolidated financial statement relating to the financial year that closed prior to that in which the plan began.

Total amount of shares which can be assigned is subdivided into the three tranches at respective percentages rate of 30 % - 30 % - 40 %.

Plan structure and Vesting period

The plans are structured to cover approximately a period of 6 calendar years: three financial reporting years (vesting period) plus about three years for shares assignment and lock-up period (50% shares will be assigned after 2-year holding period beginning from the date of enrollment in the name of the beneficiaries). Vesting period starts from January 1, of a first year of a Cycle.

Vesting conditions

The number of shares to be allocated for each tranche is directly linked to the assessment of achievement against the objectives identified for the cycle. For the plans, the objectives identified are the relative Total Shareholders' Return – rTSR (compared with a Peer Group, identified in the STOXX Euro Insurance Index) and the Return on Equity – ROE); the performance level, and corresponding incentive level, depends on the simultaneous achievement of the two objectives.

Even after Objectives achievement, the Plan´s Bonus (whole or in part) might not be assigned when a strategic objective is not met or the working/administrative relationship with Assicurazioni Generali S.p.A. or with other companies in Generali Group of a beneficiary is terminated before the end of the three years period of the Plan.

Valuation

Total cycle cost (TC) is calculated in following manner:
Maximum award amount = 175 % (based on table of annual performance outcome) * Base salary

Maximum share number = Maximum award amount/share value (calculated as the average of the three months prior to the approval by the Board of Director of the draft financial statements relating the year before the beginning of the plan)

Base Share number = Base salary / share value (calculated as the average of the three months prior to the approval by the Board of Director of the draft financial statements relating the year before the beginning of the PLAN)

Employee plan

In 2023 new share based plan has been introduced. The plan is designed for all group employees, except executives and will be paid in shares (the Shares) issued by Assicurazioni Generali S.p.A. (ultimate parent company). The grant date of the plan was established on 24 May 2023. At that point, the Board of Directors communicated the initial price of the Shares equal to EUR 16.45. The participating employees will be required to select a payment option at maturity of the plan. If the final share price is greater than the initial price, employees receive shares (physical delivery) or require the sale of all the shares and receive the corresponding sum by cash.

A 2019 share based plan for employees matured in September 2022. Final price (the price of the Shares at maturity) was lower than the intial price. According to the rules of the plan, it was not possible to purchase the shares within the plan.

Effect on the Company´s financial statements

In CZK million	2023	2022
Total expenses per year	**16**	**(7)**
Employee plan	10	1
2019-2021 Plan	-	(10)
2020-2022 Plan	2	-
2021-2023 Plan	2	1
2022-2024 Plan	2	1
2023-2025 Plan		
Total equity reserve as at 31.12.	**20**	**6**
Employee plan	10	-
2020-2022 Plan	0	2
2021-2023 Plan	4	2
2022-2024 Plan	4	2
2023-2025 Plan	2	

In 2023 2020-2022 Cycle vested with share assignment. In 2022, 2019-2021 Cycle vested with share assignment. There is no fiscal implications and related tax effect for the Company.

E.24 Information on employees

Number of employees, as at 31 December	2023	2022
Top management	36	35
Other managers	248	244
Employees	3,293	3,300
Sales attendant	-	34
Others	2	2
Total	**3,579**	**3,615**

In CZK million, for the year ended 31 December	2023	2022 restated
Wages and salaries	2,877	2,601
Compulsory social security contributions	928	843
Thereof: state-defined contribution pension plan	531	500
Other expenses	181	188
Thereof: contribution to the private pension funds	38	40
Total staff costs	**3,986**	**3,632**
Total remuneration included in staff cost for top management	**292**	**275**

The following table shows an allocation of staff costs in the income statement.

In CZK million, for the year ended 31 December	2023	2022 restated
Acquisition costs	707	783
Insurance Benefits and Claims	928	835
Administration costs	2,351	2,013
Total	**3,986**	**3,632**

E.25 Hedge accounting

E.25.1 Interest rate risk hedging

Since 1st July 2011, fair value hedge accounting has been applied to derivatives hedging interest rate risk exposure of interest-bearing financial assets.

The Company has implemented a risk management strategy for interest rate risk. The objective of the investment and hedging strategy is to manage the overall interest rate risk position on a continuous basis. The Company achieves this objective by a dynamic strategy. The Company adjusts dynamically the positions within the fixed income portfolio and hedging derivatives that are used to adjust and hedge the interest rate sensitivity of the overall portfolio. Hedging derivates are purchased according to BPV vector of fixed income portfolio (i.e. including current credit spreads).

The change in the fair value of interest rate derivatives and FVTPL interest-bearing financial assets is reported in the profit or loss account according to IFRS 9. Change in the fair value of OCI interest-bearing financial assets attributable to the interest rate risk is within the hedge accounting reported in the profit or loss account either as other income from financial instruments and other investments or other expenses for financial instruments and other investments.

Hedged items

The Company designates as the hedged item a group of fixed income instruments (mainly bonds). Hedged items include financial assets classified in the category of financial assets at fair value through OCI.

Hedging instruments

Hedging instruments are defined as a group of interest rate derivatives. The derivatives are designated as hedging instruments in their entirety according to IFRS 9.

Assets and derivatives according to this definition can be clearly identified at any time.

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2023 were as follows.

	Nominal amount	Carrying amount	
		Assets	Liabilities
Interest rate risk	**6,907**	**818**	**(7)**
Interest rate swaps	6,907	818	(7)

The amounts relating to items designated as hedged items at 31 December 2023 were as follows.

	Carrying amount	
	Assets	Liabilities
Bonds	6,484	-

Line item in the statement of financial position where the hedging instruments is included	Change in fair value used for calculating hedge ineffectiveness for 2023	Ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Financial investments measured at FVTPL	(453)	2	Other investment revenue

Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	Line item in the statement of financial position in which the hedge item is included	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
(699)	Financial investments measured at FVOCI	454	(203)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness at 31 December 2022 were as follows.

	Nominal amount	Carrying amount	
		Assets	Liabilities
Interest rate risk	**10,065**	**1,450**	**-**
Interest rate swaps	10,065	1,450	-

The amounts relating to items designated as hedged items at 31 December 2022 were as follows.

	Carrying amount	
	Assets	Liabilities
Bonds	9,018	-

Line item in the statement of financial position where the hedging instruments is included	Change in fair value used for calculating hedge ineffectiveness for 2022	Ineffectiveness recognised in profit or loss	Line item in profit or loss that includes hedge ineffectiveness
Financial investments measured at FVTPL	1,118	95	Other investment revenue

Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item	Line item in the statement of financial position in which the hedge item is included	Change in value used for calculating hedge ineffectiveness	Accumulated amount of fair value hedge adjustments remaining in the statement of financial position for any hedged items that have ceased to be adjusted for hedging gains and losses
(1,165)	Financial investments measured at FVOCI	(1,023)	(1,165)

Hedging effectivness

There is an expectation that the value of the hedging instrument and the value of the hedged item will systematically change in response to movements in (risk-free) interest rate curves. Hence, there is an economic relationship between the hedged item and the hedging instrument over the lifetime (1 month) of hedging relationship.

The credit risk does not dominate in hedging instrument as derivatives are collateralized and issued by well rated banks.

For the purpose of hedging relationship, a BPV has been chosen as quantity. In particular, quantity of the hedged item is BPV of (group of) qualified fixed income instruments. Similarly, quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item is BPV of (group of) qualified interest rate derivatives.

Hedge ratio is then ratio of BPV of hedged item and BPV of hedging instrument in absolute amount.

Hedge ratio is determined at the beginning of a hedging relationship and its initial value is usually set to 100%. In other words, individual items of hedged item and hedging instrument are chosen in a way that BPVs of both are equal.

Assessment of hedging effectiveness and possible adjustment of dynamic hedging strategy is performed by the Company on a monthly basis. In every month of 2023 and 2022 Company´s hedging was evaluated as effective according to IFRS and internal rules governing hedge accounting.

E.26 Offsetting of financial instruments

The following table presents the recognized financial instruments that are subject to enforceable master netting arrangements or other similar agreements but not offset, as at 31 December 2023 and 2022, and shows what the net impact would be on the Company´s statements of financial position if all set-off rights were exercised. There are no instruments that are offset as at 31 December 2023 and 2022.

In CZK million, as at 31 December 2023	Note	Derivative assets	Derivative liabilities
Financial instrument total carrying value	E.3.3, E.11	1,249	(125)
Financial instruments not subject to master netting agreements		-	(27)
Financial instrument subject to master netting agreements		1,249	(98)
Collateral paid/Cash deposit received	E.4, E.12	(1,038)	18
Amounts presented in the balance sheet		211	(80)
Effect of master netting agreement		(98)	1,249
Net amount after master netting agreement		**113**	**1,169**

In CZK million, as at 31 December 2022	Note	Derivative assets	Derivative liabilities
Financial instrument total carrying value	E.3.3, E.11	2,660	(457)
Financial instruments not subject to master netting agreements		93	(58)
Financial instrument subject to master netting agreements		2,567	(399)
Collateral paid/Cash deposit received	E.4, E.12	(2,050)	49
Amounts presented in the balance sheet		517	(350)
Effect of master netting agreement		(399)	2,567
Net amount after master netting agreement		**118**	**2,217**

As regards to derivative assets and liabilities the Company is subject to an enforceable master netting arrangement in the form of an ISDA agreement with a derivative counterparty. Under the terms of this agreement, offsetting of derivative contracts is permitted only in the event of bankruptcy or default of either party to the agreement. In order to manage the counterparty credit risk associated with derivative trades, the parties have executed a collateral support agreement.

E.27 Off balance sheet items

E.27.1 Commitments

As at 31 December 2023, the Company had a commitment under investment agreements of CZK 1,963 million (2022: CZK 486 million) to make an additional contribution into the private equity funds. Till 31 December 2023, the Company already invested CZK 1,786 million (2022: CZK 1,836 million) into these private equity funds.

E.27.2 Pledged assets and collaterals

As at 31 December 2023 CZK 18 million (2022: CZK 419 million) has been pledged in derivatives agreements. The fair value of the derivative liability amounted to CZK 125 million (2022: CZK 457 million).

Furthermore, as at 31 December 2023 the Company has received financial assets as collateral for CZK 4,235 million (2022: CZK 1,460 million), in particular for transactions in bonds and loans and CZK 1,253 million (2022: CZK 2,078 million) for derivative transactions and CZK 748 million (2022: CZK 398 million) for other operations . Fair value of collateral held in bonds and loans is CZK 4,235 million (2022: 1,442 million), in derivative CZK 1,038 million (2022: CZK 2,633 million) and in other operations CZK 760 million (2022: CZK 418 million) (see Note D.5).

E.27.3 Other contingencies

E.27.3.1 Participation in Czech insurance nuclear pool

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

In CZK million, for the year ended 31 December	2023	2022 restated
Liability (w/o D&O liability)	291	291
D&O liability only	33	33
FLEXA extended coverage of nuclear Risks plus BI	709	709
Total	**1,033**	**1,033**

The Company as a member of CzNIP signed pool documents like Statute, Cooperation agreement, Claims handling cooperation agreement and Solidarity agreement. As a result of this, the Company is jointly and severally liable for the obligations resulting from these pool documents. This means that, in the event that one or more of the other members are unable to meet their obligations to the CzNIP, the Company would take over the uncovered part of this liability, pro-rata to its own net retention used for the contracts in question. The management does not consider the risk of another member being unable to meet its obligations to the CzNIP to be material to the financial position of the Company. CzNIP implemented adequacy rules of net member's retentions related to their capital positions and evaluated in individual quarters. In addition, the potential liability of the Company for any given insured/assumed risk is contractually capped at quadruple the Company's net retention for direct risks (insurance contracts) and double the Company's net retention for indirect risks (inwards reinsurance contracts).

E.27.3.2 Participation in Slovak insurance nuclear pool

Generali Poisťovňa, pobočka poisťovne z iného členského štátu is a member of the Slovak insurance nuclear Pool (SJPP). The subscribed net retention is as follows:

In CZK million, for the year ended 31 December	2023	2022 restated
Liability (w/o D&O liability)	6	6
FLEXA extended coverage of nuclear Risks plus BI	3	3
Total	**9**	**9**

The Company as a member of SJPP signed pool documents like Statute, Cooperation agreement, Claims handling cooperation agreement and Solidarity agreement. As a result of this, the Company is jointly and severally liable for the obligations resulting from these pool documents. This means that, in the event that one or more of the other members are unable to meet their obligations to the SJPP, the Company would take over the uncovered part of this liability, pro-rata to its own net retention used for the contracts in question. The management does not consider the risk of another member being unable to meet its obligations to the SJPP to be material to the financial position of the Company. SJPP implemented adequacy rules of net member's retentions related to their capital positions and evaluated in individual quarters.

E.27.3.3 Collateral pledged on behalf of third party

There is no collateral pledged on behalf of third party as at 31 December 2023 and 2022.

E.27.3.4 Membership in the Insurers' Bureau

As a member of the Czech Insurers' Bureau and Slovak Insurers´ Bureau ("the Bureau") related to MTPL insurance, the Company is committed to guarantee the MTPL liabilities of the Bureau. For this purpose, the Company makes contributions to the guarantee fund of the Bureau based on the calculations of the Bureau.

In the event of a fellow member of the Bureau being unable to meet its liabilities arising from MTPL due to insolvency, the Company may be required to make additional contributions to the guarantee fund. Management has evaluated this risk and a provision for commitments for Slovak Insurers´ Bureau of CZK 172 million (2022: CZK 168 million) has been created. Apart from this, management does not believe there is any other risk of this occurring to be material to the financial position of the Company.

E.28 Related parties

This section contains information about all significant transactions with related parties excluding those which are described in other parts of the notes.

E.28.1 Identity of related parties

The Company is related to ultimate controlling entity Assicurazioni Generali S.p.A. and to companies controlled by it.

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The key management personnel of the Company and its parent, their close family members and other parties that are controlled, jointly controlled or significantly influenced by such individuals and entities in which such individuals hold significant voting power are also considered related parties.

Key management personnel of the Company comprise the members of the Board of Directors and the Supervisory Board.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

E.28.2 Key management personnel compensation

There were no significant transactions with members of the Supervisory Board during 2023 and 2022. Transactions with members of the Board of Directors comprised:

In CZK million, as at 31 December 2023	Board of Directors	
	Related to the board membership	Related to employment contract
Short-term employee benefits	136	24
State-defined contribution pension plan	2	-

In CZK million, as at 31 December 2022	Board of Directors	
	Related to the board membership	Related to employment contract
Short-term employee benefits	149	2
State-defined contribution pension plan	4	-

Short-term employee benefits include wages, salaries and social security contributions, allowances provided for membership in the statutory bodies, bonuses and non-monetary benefits such as medical care and cars.

During the reporting period 2023 no termination benefits to the key management personnel of the Company were paid.

As at 31 December 2023 and 31 December 2022, the members of the statutory bodies held no shares of the Company.

Selected members of management of the Company are beneficiaries of a Generali Group's long-term incentive Plans as described in the Chapter E.26.

E.28.3 Related party transactions

The related party transactions were carried out on terms equivalent to those that would apply in similar transactions with unrelated parties and are usually settled in cash.

The Company had no material transactions or outstanding balances with the ultimate and direct parent company Assicurazioni Generali S.p.A. and Generali CEE Holding B.V. in either in 2023 or in 2022, except for those described in the notes below.

The Company held no securities issued by the controlling entity. The Company also did not accept any guarantees from the controlling entity, nor did it provide any guarantees to such person.

The other related parties fall into the following groups:

Group 1a – subsidiaries of the Company
Group 1b – associates of the Company
Group 2 – enterprises directly consolidated within the group of the ultimate parent company
Group 3 – other companies

In CZK million, as at 31 December 2023	Notes	Group 1a	Group 1b	Group 2	Group 3
Cash and cash equivalents		-	-	-	-
Subsidiaries and associates		-	-	-	-
Investments		1 287	-	4 414	667
Investment property		-	-	-	-
Measured at amortized cost	1	1 287	-	-	-
Measured at FVOCI	2	-	-	2 487	574
Measured at FVTPL	3	-	-	1 927	93
Receivables		96	42	56	-
Insurance contract assets		-	-	122	-
Reinsurance contract assets	4	-	-	10 640	-
Property and equipment		-	-	-	-
Intangible assets		-	-	-	-
Non-current assets held for sale		-	-	-	-
Deferred tax receivable		-	-	-	-
Other assets		288	2	63	-
Total assets		**1 671**	**44**	**15 295**	**667**
Insurance contract liabilities	5	543	-	1 045	-
Reinsurance contract liabilities	6	-	-	2 916	-
Other provisions		-	-	-	-
Financial liabilities		249	-	25	-
Payables		273	26	176	-
Deferred tax liabilities		-	-	-	-
Other liabilities		138	15	166	-
Total liabilities		**1 203**	**41**	**4 328**	**-**

Notes:
1. The balances with companies in Group 1a comprise mainly loan to Green Point Offices a.s. in the amount of CZK 828 million and loan to Palac Krizik a.s. in the amount of CZK 379 million.
2. The balance in Group 2 consists of ICAV funds.
3. The balance in Group 2 consists of mainly Lion River investments in the amount of CZK 1,785 million.
4. The balances with companies in Group 2 comprise mainly assets from ceded reinsurance from GP Re in the amount of CZK 10,193 million and assets from ceded reinsurance from Assicurazioni Generali S.p.A. in the amount of CZK 48 million.
5. The balances with companies in Group 2 comprise liabilities from accepted reinsurance from Generali Insurance AD in the amount of CZK 911 million.
6. The balances with companies in Group 2 comprise mainly liabilities from ceded reinsurance from GP Re in the amount of CZK 2,631 million and liabilities from ceded reinsurance from Assicurazioni Generali S.p.A. in the amount of CZK 41 million.

In CZK million, as at 31 December 2022 (restated)	Notes	Group 1a	Group 1b	Group 2	Group 3
Cash and cash equivalents		-	-	-	-
Subsidiaries and associates		-	-	-	-
Investments		1 268	-	5 092	587
Investment property		-	-	-	-
Measured at amortized cost	1	1 268	-	-	-
Measured at FVOCI	2	-	-	3 189	510
Measured at FVTPL	3	-	-	1 903	77
Receivables		105	42	39	1
Insurance contract assets		-	-	83	-
Reinsurance contract assets	4	-	-	9 167	-
Property and equipment		-	-	-	-
Intangible assets		-	-	-	-
Non-current assets held for sale		-	-	-	-
Deferred tax receivable		-	-	-	-
Other assets		216	5	73	-
Total assets		**1 589**	**47**	**14 454**	**588**
Insurance contract liabilities	5	596	-	775	-
Reinsurance contract liabilities	6	-	-	2 515	-
Other provisions		-	-	-	-
Financial liabilities		383	-	-	-
Payables		436	3	31	3
Deferred tax liabilities		-	-	-	-
Other liabilities		109	7	149	-
Total liabilities		**1 524**	**10**	**3 470**	**3**

Notes:
1. The balances with companies in Group 1a comprise mainly loan to Green Point Offices a.s. in the amount of CZK 807 million and loan to Palac Krizik a.s. in the amount of CZK 379 million.
2. The balance in Group 2 consists of ICAV funds.
3. The balance in Group 2 consists of mainly Lion River investments in the amount of CZK 1,836 million.
4. The balances with companies in Group 2 comprise mainly assets from ceded reinsurance from GP Re in the amount of CZK 8,957 million and assets from ceded reinsurance from Assicurazioni Generali S.p.A. in the amount of CZK 75 million.
5. The balances with companies in Group 2 comprise liabilities from accepted reinsurance from Generali Insurance AD in the amount of CZK 673 million.
6. The balances with companies in Group 2 comprise mainly liabilities from ceded reinsurance from GP Re in the amount of CZK 2,373 million and liabilities from ceded reinsurance from Assicurazioni Generali S.p.A. in the amount of CZK 20 million.

In CZK million, for the year ended 31 December 2023	Notes	Group 1a	Group 1b	Group 2	Group 3
Insurance service result		**(4 178)**	**(355)**	**(4 772)**	**(39)**
Insurance revenue		-	-	324	-
Insurance service expenses	1	(4 178)	(355)	(1 080)	(39)
Net expenses from reinsurance contracts	2	-	-	(4 016)	-
Net financial result		**950**	**14**	**170**	**54**
Investment return		**950**	**14**	**2**	**54**
Interest income		73	-	-	11
Other investment revenue		877	14	2	43
Net impairment loss on financial assets		-	-	-	-
Insurance finance result		**-**	**-**	**168**	**-**
Net finance expenses or income from insurance contracts		-	-	(4)	-
Net finance expenses or income from reinsurance contracts		-	-	172	-
Other income		227	-	25	-
Other operating expenses		(227)	-	(8)	(1)
Other finance costs		-	-	-	-
Expenses from discontinued operations		-	-	-	-
Total		**(3 228)**	**(341)**	**(4 585)**	**14**

Notes:
1. The balances in Group 1a include transactions with Generali Česká Distribuce a.s. in the amount of CZK 3,475 million (acquisition costs) and transactions with Generali Slovenská distribúcia, a. s. in the amount of CZK 536 million (acquisition costs). The balances in Group 2 comprise transactions from reinsurance Assicurazioni Generali S.p.A. in the amount of CZK 174 million (Generali brand fee) and expenses from IT service with Generali Shared Services S.c.a.r.l. in the amount of CZK 520 million.
2. The balances in Group 2 include net expences from ceded reinsurance with GP Re in the amount of CZK 3,893 million and ceded reinsurance with Assicurazioni Generali S.p.A. in the amount of CZK 208 million.

In CZK million, for the year ended 31 December 2022 (restated)	Notes	Group 1a	Group 1b	Group 2	Group 3
Insurance service result		**(3,504)**	**(146)**	**(4,407)**	**(22)**
Insurance revenue		-	-	308	-
Insurance service expenses	1	(3,504)	(146)	(906)	(22)
Net expenses from reinsurance contracts	2	-	-	(3,809)	-
Net financial result		**384**	**4**	**395**	**23**
Investment return		**384**	**4**	**349**	**23**
Interest income		46	-	-	15
Other investment revenue		339	4	349	8
Net impairment loss on financial assets		(1)	-	-	-
Insurance finance result		**-**	**-**	**46**	**-**
Net finance expenses or income from insurance contracts		-	-	(18)	-
Net finance expenses or income from reinsurance contracts		-	-	64	-
Other income		183	-	35	-
Other operating expenses		(161)	-	(9)	-
Other finance costs		-	-	-	-
Expenses from discontinued operations		-	-	-	-
Total		**(3,098)**	**(142)**	**(3,986)**	**1**

Poznámky:
1. The balances in Group 1a include transactions with Generali Česká Distribuce a.s. in the amount of CZK 2,986 million (acquisition costs) and transactions with Generali Slovenská distribúcia, a. s. in the amount of CZK 486 million (acquisition costs). The balances in Group 2 comprise transactions from reinsurance Assicurazioni Generali S.p.A. in the amount of CZK 125 million (Generali brand fee) and expenses from IT service with Generali Shared Services S.c.a.r.l. in the amount of CZK 554 million.
2. The balances in Group 2 include net expences from ceded reinsurance with GP Re in the amount of CZK 3,559 million and ceded reinsurance with Assicurazioni Generali S.p.A. in the amount of CZK 193 million.

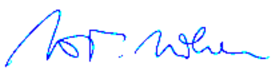
As at 31 December 2023 and 31 December 2022, the Company held no securities issued by related parties.
For the details of the collateral pledged with the related parties, any guarantees received or provided and commitments to such entities, see Note D.5, E.27.1 and E.27.2.

F. SUBSEQUENT EVENTS

Effective from 1 February 2024, Lenka Kejíková joined the Board of Directors. Effective from 1 January 2024, Lucie Šmerousová joined the Supervisory board. Effective from 1 January 2024, Marek Kubiska joined the Supervisory board. Effective from 31 January 2024, Andrea Leskovská terminated her membership in the Board of directors. Effective from 1 January 2024 Miloslava Mášová terminated her membership in the Supervisory board.

The Company has not identified any other significant events that have occurred since the end of the reporting period up to 5 April 2024.

5 April 2024



Milan Novotný **Roman Juráš**

SUSTAINABILITY IS THE KEY

We back businesses preparing for future challenges. Whether they are investing in innovative technologies or energy-saving solutions. In 2023, we held our SME EnterPRIZE competition for the best achievements in sustainable business for the third time.

REPORT ON RELATED-PARTY TRANSACTIONS FOR THE 2023 ACCOUNTING PERIOD

Generali Česká pojišťovna a.s., incorporated by entry in the Commercial Register kept by the Municipal Court in Prague, Section B, File 1464, on 1 May 1992, as a public limited company (registration number 45272956), having its registered office at Spálená 75/16, 110 00 Praha 1 (the "Company"), is required to compile a report on related-party transactions for the 2023 accounting period in accordance with Section 82 of Act No 90/2012 on companies and cooperatives (Business Corporations Act), as amended.

The Company's sole shareholder as at 31 December 2023 was Generali CEE Holding B.V., having its registered office at De Entree 91, 1101 BH, Amsterdam, Netherlands (the controlling entity). The disclosures in the Generali Česká pojišťovna a.s. financial statements are incorporated into the consolidated financial statements of Assicurazioni Generali S.p.A., Italy, which is the ultimate controlling company ("Generali Group").

Controlling entities wield control within Generali Group by the weight of their votes alone, i.e. by exercising voting rights at general meetings.

The structure of the Group and the status of Generali Česká pojišťovna are described in a separate section of the Annual Report.

The Report on Related-party Transactions includes contracts and agreements concluded between related parties in the last accounting period, other legal transactions executed in the interests of such parties, and all other measures taken on behalf of or at the instigation of those parties by a controlled entity. Effective contracts and agreements concluded in prior periods, under which the Company provided or received performance or consideration to/from related parties in the current period, are also listed here.

Overview of mutual contracts between the Company and the controlling entity and between entities controlled by the same controlling entity:

- Contracts with Acredité s.r.o., having its registered office at Na Pankráci 1658, 140 21 Praha 4:
  – insurance contracts;
  – framework cost-sharing agreement;
  – lease/sublease contracts (including addenda);
  – contract on the fulfilment of obligations arising from group participation;
  – contracts granting rights of software use;
  – Helpline access contract;
  – service agreements (including addendum);
  – contract on access to the APH application (including addendum);
  – contract on the conduct of professional examinations and follow-up training.

- Contracts with Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd, having its registered office at Vladimira Popovića 8, 11070 Novi Beograd, Beograd:
  – framework cost-sharing agreement;
  – MTPL insurance card (green card) contract;

- Contracts with Akcionarsko društvo za reosiguranje Generali Reosiguranje Srbija, Beograd, having its registered office at Vladimira Popovića 8, 11070 Novi Beograd, Beograd:
  – reinsurance contracts.

- Contracts with Assicurazioni Generali S.p.A., having its registered office at Piazza Duca degli Abruzzi, 2, Trieste:
  – cooperation Agreement (including addendum);
  – derivatives trading contract;
  – global framework consultancy agreement;
  – terms and conditions for the use of the Generali brand;
  – service contract on the appointment of a proxy to exercise voting rights at general meetings of companies;
  – credit rating contract;
  – Orion platform (HR system) administration;
  – reinsurance contracts.

- Contracts with Europ Assistance S.A., having its registered office at 1, Promenade de la Bonnette, Gennevilliers:
  – breakdown cover cooperation contract;
  – reinsurance contracts.

- Contracts with Europ Assistance s.r.o., having its registered office at Na Pankráci 1658/121, 140 00 Praha 4:
  – Helpline access contract;
  – insurance contracts;
  – framework cost-sharing contracts (including addendum);
  – lease/sublease contract (including addendum);
  – breakdown cover cooperation contracts (including addenda);
  – cooperation agreement.

- Contracts with Generali Assurances Générales SA, having its registered office at Avenue Perdtemps 23:
  – reinsurance contract.

- Contracts with Generali Biztosító Zrt., having its registered office at Teréz krt. 42-44, Budapest, 1066:
  – IT support contract (including addendum);
  – tripartite agreements on the transfer of a contract;
  – reinsurance contracts.

- Contracts with Generali CEE Holding B.V., having its registered office at De Entree 1101 BH, Amsterdam:
  – agreement on the assignment of rights and assumption of obligations;
  – Earnix licensing agreement;
  – insurance contracts (including addendum);
  – framework cost-sharing contracts (including addenda);
  – framework IT and non-IT sharing contracts (including addendum);
  – lease/sublease contracts (including addenda);
  – contract on the fulfilment of obligations arising from group participation (including addenda);
  – Helpline access contract;
  – service agreement (including addenda);
  – cooperation agreement.

- Contracts with Generali Česká Distribuce a.s., having its registered office at Na Pankráci 1658/121, Nusle, 140 00 Praha 4:
  – compensation agreement;
  – insurance contracts;
  – lease/sublease contracts;
  – agency agreement;
  – contract on the fulfilment of obligations arising from group participation;
  – Helpline access contract (including addendum);
  – advertising and promotion contract;
  – cost-sharing agreement;
  – cooperation agreement;
  – loan contract (including addendum).

- Contracts with Generali Deutschland Versicherung AG, having its registered office at AachenMünchener-Platz 1, Aquisrgrana:
  – reinsurance contracts.

- Contracts with Generali Development d.o.o., having its registered office Vladimira Popovića 8, 11070 Novi Beograd, Beograd:
  – development and technical support contract.

- Contracts with Generali Engagement Solutions GmbH, having its registered office at Adenauerring 9, Monaco:
  – IT service agreement (including addendum).

- Contracts with Generali España S.A. de Seguros y Reaseguros, having its registered office at Calle de Orense 2, Madrid:
  – reinsurance contracts.

- Contracts with Generali Finance spółka z ograniczoną odpowiedzialnością, having its registered office at ul. Postępu 15B, 02-676 Warszawa:
  – licensing agreement.

- Contracts with Generali Hellas Insurance Company S.A., having its registered office at Ilia Iliou 35-37, Athina 117 43, Greece:
  – reinsurance contracts.

- Contracts with Generali IARD S.A., having its registered office at 2 rue Pillet-Will, Paris:
  – reinsurance contracts.

- Contracts with Generali Insurance AD, having its registered office at 68 Knyaz Al. Dondukov Blvd., Sofia:
  – reinsurance contracts.

- Contracts with Generali Investments CEE, investiční společnost, a.s., having its registered office at Na Pankráci 1720/123, 140 00 Praha 4, service number 140 21:
  – agreement on consistent shared-cost accounting;
  – investment management agreement (including addenda);
  – insurance contracts (including addenda);
  – framework cost-sharing contract (including addenda);
  – framework IT and non-IT sharing contract (including addenda);
  – lease/sublease contracts (including addendum);
  – contract on the fulfilment of obligations arising from group participation;
  – contract on the terms and conditions of issue and redemption of investment fund securities, and on the establishment and maintenance of asset accounts;
  – Helpline access contract;
  – cooperation agreement;
  – loyalty bonus contract (including addenda).

- Contracts with Generali Investments Luxembourg S.A., having its registered office at 4, rue Jean Monnet, Luxembourg:
  – distribution agreement (including addenda);
  – cooperation agreement.

- Contracts with Generali IT s.r.o., having its registered office at Heydukova 12-14, Bratislava 811 08:
  – software development and maintenance support contract.

- Contracts with Generali Italia S.p.A., having its registered office at Via Marocchesa n. 14, Mogliano Veneto:
  – reinsurance contracts.

- Contracts with Generali Operations Service Platform s.r.l., having its registered office at Piazza Duca degli Abruzzi, 2, Trieste:
  – framework service agreement (including addenda);
  – framework cost-sharing agreement;
  – framework IT and non-IT sharing contract (including addendum);
  – lease/sublease contracts (including addenda);
  – contract on the fulfilment of obligations arising from group participation.

- Contracts with Generali Osiguranje d.d., having its registered office at Bani 110, 10010 Zagreb:
  – cost-sharing agreement;
  – reinsurance contract.

- Contracts with Generali penzijní společnost, a.s., having its registered office at Na Pankráci 1720/123, 140 21 Praha 4 – Nusle:
  – agreement on an assessment of professional competence;
  – insurance contract;
  – mandate contract (including addenda);
  – framework cost-sharing agreement;
  – framework IT and non-IT sharing contract (including addenda);
  – lease/sublease contract;
  – cooperation agreement;
  – Helpline access contract.

- Contracts with Generali Powszechne Towarzystwo Emerytalne S.A., having its registered office at ul. Postępu 15B, 02-676 Warszawa:
  – service agreement.

- Contracts with Generali Real Estate Fund CEE a.s., investiční fond, having its registered office at Na Pankráci 1658/ 121, 140 21 Praha 4:
  – framework cost-sharing agreement.

- Contracts with Generali Real Estate S.p.A., having its registered office at Piazza Duca degli Abruzzi, 1, Trieste:
  – insurance contract;
  – shared services contract.

- Contracts with Generali Seguros, S.A., having its registered office at Avenida da Liberdade, 242, Lisboa:
  – reinsurance contracts.

- Contracts with Generali Slovenská distribúcia, a. s., having its registered office at Lamačská cesta 3/A, 841 04 Bratislava:
  – framework IT and non-IT sharing contract
  – cost-sharing contracts (including addendum).

- Contracts with Generali Towarzystwo Ubezpieczeń Spółka Akcyjna, having its registered office at ul. Postępu 15B, 02-676 Warszawa:
  – contracts on the assignment of an IT administration contract by Generali Česká pojišťovna (including addendum);
  – reinsurance contracts.

- Contracts with Generali Versicherung AG, having its registered office at Landskrongasse 1-3, Vienna:
  – outsourcing and service cooperation contract;
  – reinsurance contracts.

- Contracts with Generali zavarovalnica d.d. Ljubljana, having its registered office at Kržičeva 3, Ljubljana:
  – framework cost-sharing agreement.

- Contracts with GP Reinsurance EAD, having its registered office at 68 Knyaz Al. Dondukov Blvd., Sofia:
  – contract assignment agreement;
  – reinsurance contracts.

- Contracts with Green Point Offices a.s., having its registered office at Lamačská cesta 3/A, 841 04 Bratislava:
  – credit agreement (including addenda).

- Contracts with Nadace GCP, having its registered office at Na Pankráci 1658/121, 140 21 Praha 4 – Nusle:
  – donation contract;
  – Helpline access contract;
  – framework cost-sharing agreement;
  – lease/sublease contract.

- Contracts with Office Center Purkyňova, a.s., having its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Praha 1:
  – lease/sublease contract.

- Contracts with PALAC KRIZIK a.s., having its registered office at Radlická 608/2, 150 23 Praha 5:
  – insurance contracts;
  – loan contract (including addendum).

- Contracts with Pankrác East a.s., having its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Praha 1:
  – lease/sublease contract (including addenda).

- Contracts with Pankrác West a.s., having its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Praha 1:
  – lease/sublease contract (including addenda).

- Contracts with Pařížská 26, s.r.o., having its registered office at Václavské náměstí 772/2, Nové Město, 110 00 Praha 1:
  – loan contract (including addendum).

- Contracts with S.C. Generali Romania Asigurare Reasigurare S.A., having its registered office at Piata Charles De Gaulle, Nr. 15, București, 11857:
  – framework cost-sharing agreement;
  – reinsurance contract.

- Contracts with VUB Generali dôchodková správcovská spoločnost', a.s., having its registered office at Mlýnské nivy 1, 820 04 Bratislava:
  – insurance contract;
  – cooperation agreement (including addenda).

All the contracts above were concluded on an arm's-length basis. The granting of an interest-free loan to a controlled subsidiary is also considered to be on an arm's-length basis as it is not to the detriment of the parent company. All services provided and received under these contracts and under contracts concluded in prior periods, as disclosed in previous reports on related-party transactions, which continued to be delivered in the 2023 accounting period were provided on an arm's-length basis and the Company incurred no loss. Nor did the contracts executed result in any special advantages, disadvantages or additional risks for the Company.

Consideration under the above contracts comprises the payment of the price agreed for services provided by the other party, which is subject to business secrecy.

Within Generali Group, the Company cooperates on Group projects and policies. The Company incurred no detriment or loss as a result of its cooperation on such Group activities.

The Company did not take any measures or execute other legal acts on behalf of or at the instigation of related parties in the 2023 accounting period in respect of assets exceeding 10% of the Company's equity as determined by the latest financial statements.

The Company's governing body declares that it has prepared this report with due professional care and that the information disclosed herein is sufficient, correct and complete. In keeping with its statutory obligations, the Company will publish an Annual Report, of which this Company Report on Related-party Transactions will be an integral part.

Prague, 28 March 2024

Roman Juráš
Chairman of the Board of Directors

Milan Novotný
Member of the Board of Directors

Annual Report 2023

Design, consulting and production: TAC-TAC agency s.r.o.