ANNUAL REPORT 2023

Generali CEE Holding B.V.
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Letter from the Chairman and CEO

Dear Ladies and Gentlemen,

in 2023, our first year together as part of Generali International, we delivered our promises to create long-term value for our people and clients and to become the engine of growth and profitability for Generali Group. We consolidated our position, as the third largest business unit after Italy and DACH, contributing with 19% of the Group overall GWP and with 22% of the Group operating results. The Prague Regional Office, with Generali CEE Holding, played a crucial role in this organisation contributing with 63% of the overall Generali International adjusted net result, accelerating the business and supporting the local companies in achieving their targets.

External challenges

Local regulations changes, more frequent natural catastrophes and unstable insurance markets tested our capabilities, though we emerged stronger, and thanks to your undisputed capabilities, fast response, and resilience, we beat our competitors remaining among the top three players in the Czech Republic, Hungary, Serbia, Slovakia, and Slovenia.

Our companies in Hungary and Slovenia are the two, within the CEE countries, who suffered the major profit blow due to the windfall tax introduction and the abolishment of the complementary health insurance. Furthermore, the local insurance market in Romania has been shaken by a new bankruptcy of a major MTPL player.

Regional targets

Among the priorities to drive the strategic plan in its last year of execution, we must focus on modernizing our core systems through the implementation of the Insurance in a Box project and boost our Life & Health solutions through the Integrated Offer project and the automatization of the health insurance ecosystem with the Advance Care platform. The Regional Digital Acceleration Program, Lion Power, launched in May 2020, remains the focus of our digitization journey and a powerful tool to embed the Group Strategy Lifetime Partner 24.

As part of *GPeople24 - Ready for the Next*, one of our targets remains to enhance our employees' listening approach with more active and regular interaction. For this reason, last year, we launched the Global Pulse Survey, achieving an outstanding 93% participation rate within CEE and this year we aim to transform your feedback in actions to make Generali an even better workplace.

Sustainability

We are passionate to build a more sustainable future integrating ESG principles into everything we do. As responsible insurer, we want to foster a sustainable transition for the SMEs through the fourth edition of the SME EnterPRIZE initiative with Croatia, the Czech Republic, Hungary and Slovenia already participating to this journey.

As responsible employer we continue promoting dedicated actions to create, increase and nurture diversity, equity and inclusion, upskilling and new ways of working. In the Central and Eastern Europe Region, the target on gender balance is on a positive track as 64% of the entire workforce is female and 51% of the managers are women.

Lastly, as responsible citizens, we are delighted by the impact of the programs launched in every country by The Human Safety Net foundation in cooperation with local NGOs.

We are well positioned in continuing the journey to becoming Lifetime Partner to our customers and distributors and have a clear strategy to face a complex environment thanks to the capabilities and motivation of our people. We aim to transform our role to a trusted advisor, providing integrated solutions that add genuine value to people's lives, health, home, mobility, work and support them in achieving their life goals and dreams.

Jaime Anchústegui Melgarejo
Chairman, Generali CEE Holding B.V.
CEO International, Generali Group

Manlio Lostuzzi
International CEE Regional Officer
CEO of Generali CEE Holding B.V.

Economic and Insurance Market Development

General economic situation in 2023

Economic developments in 2023 were characterised by retreating global inflation pressures. Disinflation was driven by commodity prices: the development was impacted by the lowering dependency of Europe on energy imports from Russia and a by weaker global economic growth. Tighter monetary policy and weaker economic growth in number of European countries, including the CEE region, also contributed to the decline in inflation. Some of the CEE countries, incl. the Czech Republic and Hungary, already had their annual inflation in the target range, set by the national central banks, in early 2024.

Economic growth in Europe was negatively impacted by the increase in energy prices observed in 2022, as higher energy prices led to a weaker household consumption, especially in the first half of 2023. Slowing growth momentum of the Chinese economy also created headwinds for Europe. The full-year Gross domestic product ("GDP") growth in 2023 reached 0.5% in both the Eurozone and the EU. The Eurozone only narrowly avoided technical recession in the second half of 2023, but recovery is expected for 2024, mainly via household consumption but also due to stronger exports. The European Commission in its Winter 2024 Forecast expected the full-year GDP growth in 2024 at 0.8% for the Eurozone and at 0.9% for the EU.

The CEE central banks were the first in the EU to start monetary policy tightening in 2021 and the first to start cutting interest rates in 2023. Hungary led the easing cycle and rate cuts were delivered also in Poland and the Czech Republic. The Hungarian National Bank (Magyar Nemzeti Bank, "MNB") and Czech National Bank ("CNB") cut their interest rates further in early months of 2024. The U.S. FED (Federal Reserve) and the European Central Bank delivered the last rate hikes in the third quarter 2023 and kept the key rates on hold since then: first rate cuts were expected for the second quarter of 2024.

The Czech GDP declined by -0.4% in 2023. The decline was driven by household consumption but there were signals of recovery in the household spending in data and surveys for the final months of 2023. Inflation reached its local peak at 15.7% yoy in January 2023 and was mostly declining since than: to 6.9% in December, while in January 2024 it declined to 2.3% yoy, i.e., it reached the inflation target set by the CNB at 2% yoy +/- 1 percentage point. A full-year average inflation may come at area of 2% in 2024 and GDP growth may slightly exceed 1%. The CNB delivered first interest rate cut in December 2023, it cut the policy rate further in February and its forecast operated with sharp rate cuts during 2024.

The Hungarian GDP fell by -0.8% in 2023. The economy was in recession in the second half of 2022 and the first half of 2023. The full-year GDP contraction was mainly driven by household consumption and gross fixed capital creation. However, household consumption started to recover from the second quarter of 2023 thanks to lower inflation. Household consumption should be among the key drivers of Hungary's GDP growth in 2024. Headline inflation reached its peak at 25.7% yoy in January 2023 and fell to 5.5% yoy in December. The MNB started to ease monetary policy in May 2023 and cut the deposit rate to 10.75% by the end of 2023. Disinflation and monetary policy easing continued in early 2024.

In Poland, the full-year 2023 GDP growth estimate stood at 0.2%. Polish GDP stagnated the final quarter of 2023, at 0.0% qoq, but recovery was expected for 2024 via stronger household consumption and fiscal impulse. Inflation reached its peak at 18.4% yoy in February 2023 and fell to 6.2% in December 2023, and further to 3.9% yoy in January 2024. It was expected to reach inflation target area of 2.5% by early spring 2024 but there was uncertainty over developments of regulated prices and its impact on headline Consumer price index ("CPI") in a second half of 2024. The National Bank of Poland ("NBP") cut the key interest rate from 6.75% to 5.75% by early autumn 2023 but stood on hold since then. Gradual interest rate cuts can be on the table in a second half of 2024.

Slovakia's economy is set to recover in 2024. Consumption driven recovery should lift growth to 2.7% from 1.2% in 2023 while inflation will fall from sharply from the average 10.9% in 2023 to 2.75%. The unsustainable state of government finances demands additional consolidation. The approved consolidation package will only stabilise budget deficit above 6% GDP while debt level will continue to increase which makes the future of subsidised energy prices for households after 2024 is questionable.

Bulgarian economy continues to follow a stable growth path with limited growth deviations in neither direction. GDP likely added 2% in 2023 and investment driven acceleration is expected to follow in 2024. Inflation quickly moderated but Bulgaria is still not expected to meet the inflation criterion to adopt euro in 2025. However, there is a room for some compromise and the overall macro fundament remains strong. Also, politics settled down after major parties finally formed a grand coalition following another inconclusive early election in April 2023.

Croatian economy performed well in 2023. Although growth of the key tourism industry lost some steam, GDP still added decent 2.8% in 2023 with a healthy structure. Combined with the prevailing fiscal outperformance, the country was awarded by outlook upgrades by all rating agencies to Positive during autumn. Euro adoption last year likely propelled very strong wage growth and combined with receding inflation, it pushed retail sector into strong growth. However, a space for visible economic growth acceleration in 2024 looks relatively limited.

Montenegro’s economy likely maintained fast growth by mid-2023, although complete GDP data are still missing. Private demand was the key driver, as changes of labour taxation supported consumption. Slowdown of average inflation to 8.6% also helped. Politics again draw a lot of attention in 2023, as centrists and liberals took both the government and presidency, but politics will remain fragmented, which complicates ongoing fiscal consolidation. Debt burden related to controversial highway project and its next stages will weigh on the fundament.

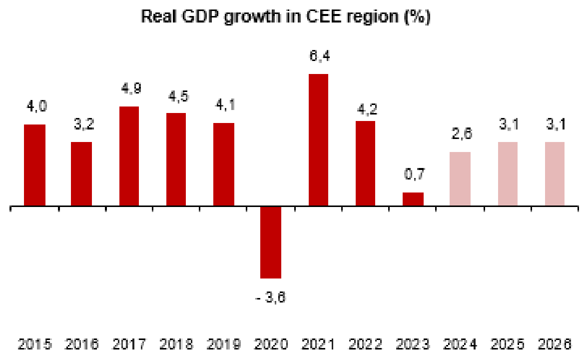
Romania’s economy is facing a combination of growth constrains, sticky inflation and prolonged process of the fiscal discipline restoration. Rating agencies already warned on that and some negative actions in terms of outlook cut cannot be ruled out. While consumption is receiving support from strong wage growth, rising labour cost led to competitive disadvantage of the economy so sectors like industry remain in deep contraction already for some time. Inflation bounced in early 2024 amid tax hikes. It should soon resume the downward trend but to approach toward the target range only slowly, so the central bank is expected to proceed with rate cuts, but the process should be only gradual. Looking ahead, the consumption growth, combined with the EU funds utilisation, should support the economy. However, the needed fiscal consolidation will not be easy in the heavy election year with four key elections scheduled since mid-2024, especially with large pensions hikes already approved.

Serbian economy recovered from the slowdown that hit the country sooner that most of the peers. In 2023, GDP added decent 2.5%, like in 2022, while inflation continued to climb in early 2023, perhaps influenced by a bit hesitant central bank that finished its tightening only in summer 2023. The National Bank of Serbia (“NBS”) will likely wait with easing for major central banks but in the meantime, GDP growth bounced on strong investment activity. Such trend should continue also in coming years, as market friendly policy should go on after early election in December confirmed dominant position of The Conservatives. Improving growth prospect could transform into gradual upside rating path toward investment grade. However, unsettled relations with Kosovo still complicate progress of the EU entrance process.

Slovenia’s growth somehow underperformed in 2023, although the economy avoided recession. GDP growth by 1.6% in 2023 failed to impress, especially after 2022’s growth figure was cut by half to 2.5%. Inflation was rather sticky before is struck a downside trend in autumn. Activity data and particularly industrial output were negatively hit by the floods in August 2023. Slow progress of reforms amid frictions in the government coalition complicates a restoration of the fiscal prudence and the government pursues tax on assets of all banks.

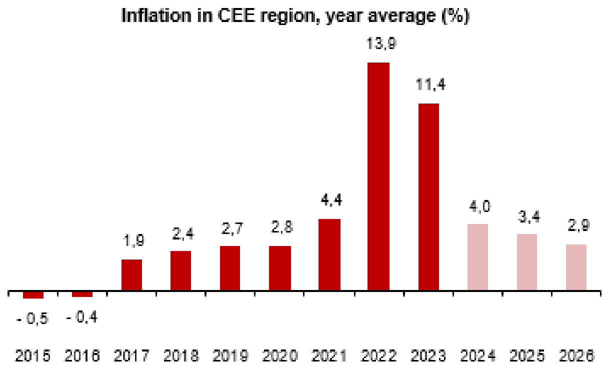
Economic conditions

Economic growth slowed in most cases across the region in 2023 and some countries even recorded a full-year GDP contraction (the Czech Republic and Hungary). The full-year GDP performance was hit by a weak household consumption, by a weak external environment (underperformance of German economy) or by combination of both mentioned factors. The mix of lower inflation and a still strong labour market (incl. wage growth) should lead to recovery of household consumption, which should be a key driver of a stronger GDP performance across the region in 2024. The recovery of domestic demand can be curbed by fiscal consolidation efforts in some countries (e.g., the Czech Republic).



Real GDP growth (%)	2021	2022	2023	2024f	2025f	2026f
CEE	6,4	4,2	0,7	2,6	3,1	3,1
Bulgaria	7,7	3,9	1,9	3,0	3,4	3,2
Croatia	13,8	6,3	2,8	2,6	2,8	2,8
Czech Republic	3,5	2,4	-0,4	1,4	2,8	3,0
Hungary	7,1	4,6	-0,8	2,9	3,4	3,2
Montenegro	13,0	6,1	5,5	3,2	2,3	2,8
Poland	6,9	5,3	0,2	2,8	3,3	3,3
Romania	5,7	4,1	2,0	3,0	3,2	3,3
Serbia	7,7	2,5	2,5	3,5	3,3	3,8
Slovakia	4,9	1,8	1,2	2,7	2,5	2,3
Slovenia	8,2	2,5	1,6	2,2	2,6	2,5

Inflation in the region mostly culminated in early 2023 and was gradually declining during the year. The decline was driven by development of commodity prices and by the weaker domestic demand, which led to a decline in underlying price pressures. In early 2024, headline CPI already fell to the inflation target area in some countries and further moderation in annual inflation was expected during 2024. The Hungarian and Czech central banks were in process of interest rate cuts in early 2024 while the NBP was in a wait-and-see position after rate cuts delivered in September and October 2023. Central banks in Romania and Serbia were expected to start cutting rates during 2024.



Inflation, year avg. (%)	2021	2022	2023	2024f	2025f	2026f
CEE	4,4	13,9	11,4	4,0	3,4	2,9
Bulgaria	3,3	15,3	9,5	3,9	3,7	3,5
Croatia	2,6	10,8	8,0	3,6	2,8	2,6
Czech Republic	3,8	15,1	10,7	2,1	2,0	2,0
Hungary	5,1	14,5	17,6	4,0	3,7	3,2
Montenegro	2,5	13,0	8,6	4,2	3,0	2,8
Poland	5,1	14,3	11,6	4,3	3,7	2,8
Romania	5,1	13,8	10,4	5,8	3,8	3,5
Serbia	4,1	11,9	12,1	5,0	3,8	3,2
Slovakia	2,8	12,1	10,9	2,8	4,0	3,0
Slovenia	2,0	9,3	7,4	3,6	2,6	2,9

The CEE currencies were mainly driven by domestic factors, incl. monetary policy, political situation and by countries' access to sources allocated in the EU funds. While the external factors contributed to volatility during the year, their overall impact was rather positive for the CEE currencies (as the EUR firmed against the USD during 2023 and central banks in major advanced economies ended their interest rate hike cycles).

The Czech koruna ("CZK") had a strong start in 2023 and firmed from 24.15 to 23.30/EUR, as sentiment vs. Europe improved thanks to the falling risk of energy crisis. However, the Czech currency started to weaken since spring months. The CZK weakened particularly in summer when the CNB formally announced an end of its FX market interventions and then in the final months of 2023, as the CNB started cutting interest rates. The CZK traded at 24.70/EUR in late December. The Hungarian forint firmed from area of 400/EUR seen in early 2023 to 383-area by the year-end.

The Hungarian forint was supported by the better sentiment in global markets and by the attractive interest rate differential even though the MNB started cutting rates since May. Good news was a release of ca. EUR 10bn from the EU funds for Hungary, announced in December.

The Polish zloty ("PLN") firmed from area of 4.67/EUR seen in early 2023 to 4.34/EUR by the year-end. The PLN was disturbed by interest rate cuts delivered by the NBP in September and October. However, the zloty later received a boost from the outcome of parliamentary elections held in mid-October, as victory of a pro-European coalition improved chances for access of Poland to sources allocated in the EU funds. In the SEE, preference of central banks and authorities to keep stable exchange rate was one of the key policy tools also in 2023.

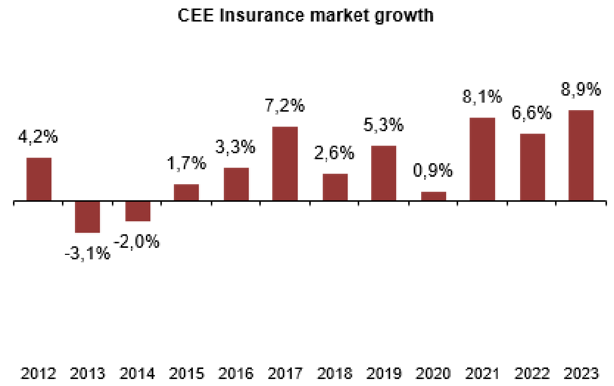
The improved macro mix and rich investments inflow led to an unwanted appreciation pressure on Serbin dinar and the NBS allowed only marginal gains.

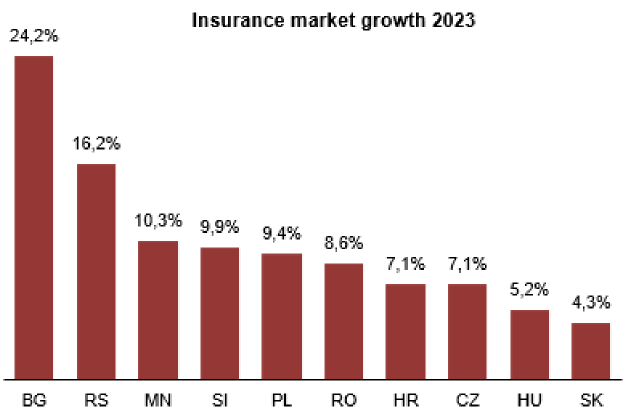
The Romanian leu (RON) profited in higher interest rate differential amid waiting mode of the National Bank of Romania but persisting imbalances counterbalanced it.

Bulgaria is finalising the euro adoption process, but the target of January 2025 could be again delayed due to higher inflation. Meanwhile, the peg of the lev remains an anchor.

CEE Insurance market development

Over last ten years insurance markets in CEE region had been showing more or less steady development. During this period there were only two years of reaching negative rate. Starting from 2015, market was keeping slightly volatile, but positive trend, which has been significantly weakened during 2020 as the result of Covid-19 pandemic. During the last three years, impacts of the crisis have been mitigated and market has been experiencing solid recovery ever since, reaching 8.9 % growth rate of total insurance premiums in 2023. Non-Life segment proved to be more resilient, showing lasting growth across the years despite less favourable conditions. Trend in Life segment is less stable with its repetitive tendency to decline.





Note: Growth of Gross Written Premiums (Non-Life and Life) in local currencies (weighted average for CEE). "CEE" represents the average rate for Generali CEE Holding countries (Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia).
Source: National Insurance Markets Associations / Regulators, Generali CEE Research.

CEE Non-life market remained on positive track also in 2023, achieving +11.9 % growth rate, which is exceeding years preceding the Covid-19 pandemic with accelerating tendency. In general, both Motor and Non-Motor insurance continued to grow above the pre-crisis level. Growth in Motor has been strengthened by post-crisis recovery in new car sales, which was finally experienced on majority of markets in 2023. Non-Motor segment, including for instance also travel insurance, kept positive trend, which has been restored already in 2021.

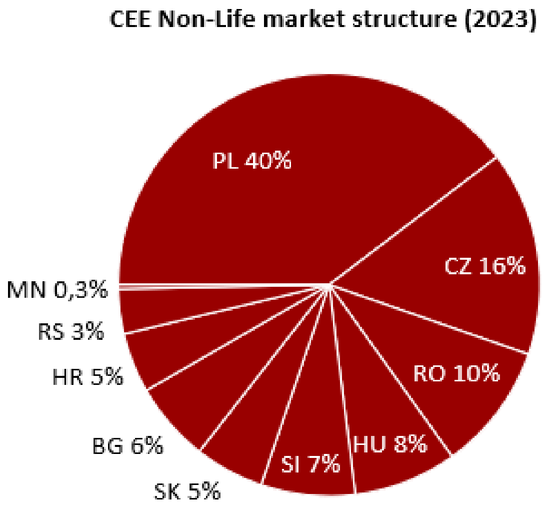
All CEE countries reported growth in Non-Life segment over the year. Significant growth continued to be achieved in Motor Own Damage insurance ("MOD") and Non-Motor segment, followed by solid growth rates in Motor Third Party Liability insurance ("MTPL"). Considering the largest markets, the most favourable development of Non-Life insurance was coming from Hungary and Poland. Strongly positive trend has been observed also on South Eastern European markets, especially Bulgaria and Serbia.

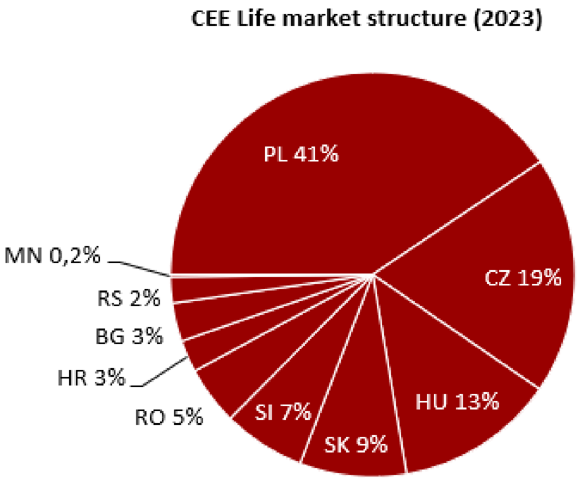
In Hungary the growth has been driven by both Motor and Non-Motor segments. Motor has been growing despite continuously decreasing tendency in new car sales, in contrary to the improving overall new car sales trend within CEE region. Slower pace of increase in MTPL is present in the Czech Republic, Poland and Romania, impacted by the development of average price. Despite high level of inflation, MTPL average premium in the Czech Republic grew with moderate pace, still behind the increase in spare parts prices. Average premium finally overturned its trend and started to increase slightly also in Poland. After the bankruptcy of another largest player City and subsequent significant increase in premium during 2021 and 2022, MTPL premium growth get weakened in Romania. Negative trend on Slovakian MTPL market is fully attributable to 8% reduction of MTPL tax by all companies in 2023. MOD and Non-Motor showed overall lasting significant growth, with the contribution of smaller CEE countries. While MOD has been also benefiting from growth in new car sales, Non-Motor continued to be positively impacted by recovered trend in travel insurance together with various lines of business developing fairly across the region.

CEE Life market has been experiencing volatile development over the last years reflecting the strength of drops reported in Life Single, but also growing trend in Life Regular. After slight drop in premiums, which has been reported during the last year, market returned to growth.

The drop of Single Life premium is present on all markets with the reported split except Poland. Life Regular kept positive trend with the exception of a decrease reported solely in Slovakia (which is however caused by the reclassification of A&H GWP from Life to P&C introduced together with IFRS 17). As the result, positive trend in total Life premium prevailed on Life market, despite negative rates reported in Slovakia, Hungary and Croatia. In Hungary the decline in total Life premiums was caused by Single Life segment, which shrunk due to the introduction of the windfall tax and consequent lowered profitability of Single products on the whole market. Additionally, drop in total Life premium has been present in Croatia, where the trend is driven mainly by development of Traditional insurance.

All in all, the entire CEE insurance market reached EUR 43.7 billion in 2023 (considering the countries with the presence of Generali CEE Holding) of which Non-Life segment represents 71% and Life segment represents 29%. CEE insurance market is economically dominated by Central European countries. The biggest market is Poland representing 40% of Non-Life and 41% of Life premium volume in CEE region.





Note: CEE countries are represented by: Poland (PL), the Czech Republic (CZ), Romania (RO), Hungary (HU), Slovenia (SI), Slovakia (SK), Bulgaria (BG), Croatia (HR), Serbia (RS) and Montenegro (MN)

The Holding’s management

Board of Directors

Jaime Anchústegui Melgarejo
Chairperson and Non-Executive Director

Cristiano Borean
Vice-Chairperson and Non-Executive Director
(resigned on 26 April 2023)

Heike Ottemann-Toyza
Vice-Chairperson (from 27 April 2023) and Non-Executive Director

Manlio Lostuzzi
Executive Director and Chief Executive Officer

Carlo Schiavetto
Executive Director

Miroslav Bašta
Executive Director
(appointed on 27 April 2023)

Executive Committee

Manlio Lostuzzi
Chief Executive Officer

Lorenzo Bacca
Head of Distribution, Marketing & Bancassurance
(resigned on 29 February 2024)

Josef Beneš
Chief Investment Officer (till 31 December 2023), Head of Asset & Wealth Management

Samuele Borghi
Head of P&C Corporate & Commercial

Alberto Branchesi
Head of IT & Operations

Andrej Bukovčan
Head of Human Resources & Organization

Pavel Charamza
Head of Risk Management

Mark Dassui
Head of Property & Casualty Retail & Motor Insurance and Claims

Andrea Leskovská
Chief Life & Health Insurance Officer
(appointed on 1 February 2024)

Antonella Maier
Chief Insurance Officer Life & Health
(resigned on 31 January 2024)

Carlo Schiavetto
Chief Financial Officer

Elena Silvani
Head of Distribution & Marketing
(appointed on 1 March 2024)

Miroslav Singer
Head of Institutional Affairs & Economics

Antonio Tedesco
Chief Investment Officer
(appointed on 1 January 2024)

Manlio Lostuzzi

Manlio Lostuzzi has been appointed Chief Executive Officer and CEE Regional Officer on 1 September 2022. With over 30 years of experience, Lostuzzi joined Assicurazioni Generali S.p.A. in 1986 and has covered a variety of managerial roles within the Generali Group. In 2003, Lostuzzi became the head of the technical and reinsurance area of the Generali Group and, in 2011, he assumed the position of deputy general manager of Generali Italia with responsibility for the agency network. In 2013, Manlio Lostuzzi was appointed to Chief Insurance Officer of Generali Italia and, after one year in 2014, Lostuzzi became CEO of Genertel and GenertelLife – the companies operating in bancassurance and direct channel businesses. In September 2019, Lostuzzi has been appointed CEO of Generali Global Corporate & Commercial until January 2023. Passionate Chess master and judo athlete, Manlio Lostuzzi graduated in Statistics, Actuarial and Economic Sciences from the Università degli Studi di Trieste.

Lorenzo Bacca

Lorenzo Bacca was appointed Head of Distribution, Marketing & Bancassurance and Member of the Executive Committee of Generali CEE Holding B.V. in December 2022. Prior to this appointment he was Head of Distribution in the CEE Region, and he previously covered the role of Group Head of Business Development and Innovation in the Group Head Office. Lorenzo started his professional career as Controller at the Italian Stock Exchange and then he moved to management consultancy at McKinsey with focus on financial services. Before joining Generali, he worked for more than four years at the leading Italian aggregator, Facile.it (since the very first days till the first exit) where he led the business unit of Financial Products and the network of subagents. He holds a degree in Business Administration from Bocconi University.

Josef Beneš

Josef Beneš became Chief Investment Officer of Generali CEE Holding B.V. and CEO of Generali Investments CEE, investiční společnost, a.s. in 2014. At the same time, he was appointed Regional CIO for CEE of the Generali Group. He joined the Executive Committee of Generali CEE Holding in July 2016. He gathered vast experience in the financial industry in the Czech Republic and abroad. Josef Beneš holds master's degrees from the University of Economics Prague and the Columbia University New York.

Samuele Borghi

Samuele Borghi has been appointed CEE Head of P&C Corporate & Commercial and Member of the Executive Committee of Generali CEE Holding B.V. in December 2022. He remains Head of CEE Global Corporate & Commercial. Previously, Samuele – with nearly 20 years of experience in the Generali Group – held the position of Head of Operations and IT in the GC&C segment. Before moving to the Czech Republic in 2013, he held various managerial positions in the Netherlands, Belgium and Italy, primarily in the organisational/process improvement field within Life and P&C retail segments. He has a master's degree from the University of Padova in Industrial and Management Engineering.

Alberto Branchesi

Alberto Branchesi was appointed CEE Head of IT & Operations and Member of the Executive Committee of Generali CEE Holding B.V. in December 2022. Since he joined Assicurazioni Generali in 2016, Alberto has been Group Head of Data and Digital Platforms where he defined Generali Group strategy in digital and innovation and managed Group Smart Process Automation program. In the last year he worked as senior manager in Operations and IT in International. Before Generali, Alberto worked in Microsoft and in IBM, leading enterprise digital transformation projects and managing business development teams. Alberto Branchesi graduated in Theoretical Physics at University of Bologna and has an Executive MBA at POLIMI Graduate School of Management.

Andrej Bukovčan

Andrej Bukovčan has been appointed Head of Human Resources & Organization in Austria & CEE since December 2019 and at the same time became a Member of the Executive Committee of Generali CEE Holding B.V. As of September 2022, Austria is not anymore under her supervision, consequently a Generali Group reorganisation. He has joined Generali CEE Holding in May 2016 and contributed significantly to further development of the HR area in the region. Before, Andrej was Head of HR at Generali Poisťovňa in Bratislava. He reached this position after a significant external experience, which provided him the opportunity to work extensively across different countries within the region. Andrej Bukovčan has studied psychology and English language and literature at the Comenius University in Bratislava.

Pavel Charamza

Pavel Charamza has been appointed CEE Head of Risk Management and Member of the Executive Committee of Generali CEE Holding B.V. in December 2022. Before he worked as a Head of Enterprise risk management in Generali CEE Holding and Generali Česká pojišťovna from 2017. He came to Generali Group from Erste Group where he worked as a Team leader of risk parameters competence center. Pavel studied Econometrics at the Charles University. He is experienced Team Lead with a demonstrated history of working in the banking and insurance industry. Skilled in Enterprise Risk Management, Solvency II and Basel III regulations. Strong information technology professional with focus on automation, development and innovations.

Mark Dassui

Mark Dassui has been appointed CEE Head of Property & Casualty Retail & Motor Insurance and Claims and Member of the Executive Committee of Generali CEE Holding B.V. in December 2022. Previously, Mark held various management positions within the Generali Group. After working for many years as a manager in Generali Deutschland, in 2011 he moved to Poland as Member of the Management Board. In May 2014, Mark moved to the Generali CEE Holding as Head of P&C Non-Motor and took over at the same time the position as Head of Product Management Non-Life Motor and Retail Non-Motor of Česká pojišťovna. In July 2015, Mark was asked to join the Group Head Office in Trieste as Head of Non-Life Non-Motor before he returned end of 2016 to the Generali CEE Holding as Chief Insurance Officer. After Austria became part of the CEE region Mark acted as Deputy Chief Insurance Officer P&C.

Andrea Leskovská

Andrea joined Generali Slovakia in 2017 as Chief Insurance Officer and Board member and, after the merger of Generali Czech and Slovak operations in December 2021, she was appointed Non-Life Chief Insurance Officer and Board member of Generali Česká pojišťovna and Generali Slovakia. Andrea has been in the insurance industry since 1999, and prior to joining Generali Group, she was working for Allianz Slovakia as Head of Motor Insurance, Director of External Sales Channels and Director of Product Management both for Life and Non-Life.

Carlo Schiavetto

Carlo Schiavetto became Chief Financial Officer of Generali CEE Holding B.V. on 1 May 2020 to supervise the financial performance and strategic development of 13 countries within the entire Austria & CEE Region. As of September 2022, Austria is not anymore under his supervision, consequently a Generali Group reorganisation. As of 1st of May 2020, he was appointed a member of the Executive Committee of Generali CEE Holding B.V. Previously, Carlo held position of Head of Controlling at Generali CEE Holding B.V. based in Prague. Before moving to the Czech Capital in 2013, Carlo was Senior Controller at the Group Control and Strategic Planning Department at the Corporate Center in Trieste in charge for the CEE countries. From 2004 till 2008 he was working for Allianz Group in Milan and Dublin as Financial Controller and Head of the Financial Department.

Elena Silvani

Elena Silvani was appointed International CEE Head of Distribution & Marketing and Member of the Executive Committee of Generali CEE Holding in March 2024. Prior to this appointment, Elena was Head of Sales Operations and Governance for Alleanza Assicurazioni, part of Generali Group, from 2016 till February 2024. She previously covered for Generali the role of Contact Center Manager, responsible for all claim notification procedures and first level assistance to Generali Italia distribution network and clients. Before joining Generali, Elena worked for six years at the financial consulting firm Towers Perrin supporting insurance clients improving the effectiveness and efficiency of their core business and developing their marketing and commercial strategies. Elena holds a degree in Business Administration from Bocconi University and an MBA from the MIB Trieste School of Management.

Miroslav Singer

Miroslav Singer joined Generali CEE Holding B.V. in January 2017 as Director for Institutional Affairs and Chief Economist of Generali CEE Holding. As of 1st of January 2018, he has been appointed member of the Executive Committee of Generali CEE Holding. He, then, became also the Chairman of the Supervisory Board of Česká pojišťovna. Miroslav served as Governor of the Czech National Bank ("CNB") from 2010 till 2016 and from 2005 till 2010, he was a CNB Board Member and Vice Governor. Prior to this, he worked as a deputy director, researcher and lecturer at the Economic Institute of the Charles University in Prague and the Center for Economic Research and Graduate Education of the Czech Academy of Science between 1991 and 1995. He also held management posts at the financial and industrial group Expandia, later becoming its CEO in 1995, until 2001. From 2001 until 2005 Miroslav Singer was a director at PriceWaterhouseCoopers. After graduating in mathematical methods in economics, he completed his postgraduate thesis at the University of Pittsburgh and was awarded a PhD in 1995.

Antonio Tedesco

Antonio joined Generali Group in 2018 as Head of Group Asset Liability Management & Strategic Asset Allocation within Generali's investments, asset & wealth management unit before becoming Head of Investment Transformation and Innovation Projects in Assicurazioni Generali S.p.A. With more than 20 years' experience, he joined Generali from Poste Vita, where he was Head of Asset Management Project and Head of Capital Management, and previously, Head of Finance, with a specific focus on Strategic Asset Allocation and Asset Liability Management. Prior to this, he served in senior positions at JPMorgan Chase Bank in New York and London, with responsibility for client-oriented structured investment products and solutions across all asset classes.

Financial Section

I. Board of Directors Report

A. Profile

Generali CEE Holding B.V. (“the Company”) is a parent holding company of subsidiaries operating mainly in P&C and life insurance business as well as in pension and asset management services. The Company’s subsidiaries are located in Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, Netherlands, Poland, Romania, Serbia, Slovakia, and Slovenia. The companies of Generali CEE Holding offer insurance and financial products ranging from savings and family protection policies to unit-linked policies and complex plans for multinationals. The Company has 160 employees of 13 different nationalities.

The authorised share capital of the Company amounts to €0.5 million and is divided into 500,000 ordinary shares with a nominal value of €1 each, of which 100,000 shares are issued and fully paid. Sole shareholder is Assicurazioni Generali S.p.A. All shares are registered and are numbered consecutively from 1 forwards. Attached to each share is a voting right, a meeting right and a right to share in the Company’s profits and reserves, in accordance with the provisions of the articles of association.

The Company and its subsidiaries are a key part of the Generali Group, one of the largest global insurance and asset management providers. Established in 1831, it is present in 50 countries in the world, with a total premium income of €82,466 million in 2023. With almost 82,000 employees serving 70 million customers, the Generali Group has a leading position in Europe and a growing presence in Asia and Latin America.

In order to ensure proper governance framework over data governance and data quality, the Company implemented Data Governance Group/Regional Policy & Guideline and Integrated Data Quality System Group/Regional Policy & Guideline. In brief, the Data Governance Policy has been defined the “Master Policy” to which other internal regulations on data management shall refer to, ensuring compliance with external regulation, through an effective data management activity, guaranteeing efficient decision-making processes and appropriate market and regulatory reporting.

The Integrated Data Quality System (“IDQS”) Policy then identifies the following processes for data quality management: (i) Identification, Analysis and Design; (ii) Implementation and Monitoring; (iii) Verification. Basic Requirements and Extended Requirements are defined for all the processes above. For all data, group legal entities in scope shall guarantee (Basic Requirements): the design and implementation of adequate DQ controls, ensuring their effective execution; the performance of data categorization through a dedicated tool; the performance of a DQ assessment and the definition of the System of Governance (roles and responsibilities for data). For Relevant Outputs, additional requirements (Extended Requirement) are provided for monitoring activities, performed using specific tools (Data Directory approach and/or Process-Data Flow approach).

A specific Escalation Process is in place for the on-going management of data quality issues, recorded in a dedicated register with the aim of putting in place dedicated structural actions. Specific management certifications on data quality are provided (Integrated Confirmation Letter and DQ Certification).

Being part of Generali Group the Company adheres to the “Code of Conduct” (maintained by the Compliance function), setting up minimum standards of behavior to follow in the relationships with colleagues, customers, shareholders, suppliers and the other stakeholders. The Code of Conduct mandatorily applies to all employees of the Company.

Company Highlights

Dividend income

CZK 10,521 million

Net profit

CZK 9,758 million

Our people

160

B. Financial performance

In 2023, the Company maintained its solid financial position. At the end of 2023, the shareholder's equity of the Company amounted to CZK 70,834 million (2022: CZK 70,857 million) and total assets amounted to CZK 71,997 million (2022: CZK 71,959 million).

The profit of the Company in 2023 reached CZK 9,758 million (2022: CZK 4,206 million) with the main source of revenues being dividend income which reached in 2023 the level of CZK 10,521 million (2022: CZK 12,256 million).

C. Risk management

The Company has implemented a risk management system, which is aligned with the general framework set up by Generali Group of which the Company is part of, that aims at identifying, evaluating and monitoring the most important risks to which the Company is exposed. The purpose of the risk management system is to ensure that all risks to which the Company is exposed are properly and effectively managed through a defined risk strategy following a set of processes and procedures and based on clear governance provisions. The principles defining the risk management system are provided in the risk management policy, which is the cornerstone of all risk-related policies and guidelines. The risk management policy covers all risks the Company is exposed to, both on a current and on a forward-looking basis.

The Company is exposed to various risks as a result of its activities: financial risks, credit risks, liquidity risks, strategic risks, operational risks, sustainability risks, emerging risks and reputational risks. The Company uses different tools to mitigate the individual risks:

With respect to financial and credit risks, different types of financial derivates, risk management guidelines related to investment risk management, the system of investments risk limits, credit ratings and guidelines on an approval process for new instruments are in place.

With respect to operation risks, the Company performs the qualitative assessment of operational risks. The assessments outputs are usually presented in a heatmap, where it distinguishes financial heatmap and heatmap including also reputational risks effects. Within this assessment also sustainability risks are considered.

With respect to liquidity, the Company manages expected cash inflows and outflows to maintain a sufficient available cash level to meet short- and medium-term needs, and by investing in instruments that can be quickly and easily converted into cash. The Company considers its prospective liquidity situation under plausible market conditions as well as under stress scenarios.

For detailed information on risk management, see Section D of the Company Financial statements.

D. Sustainability

At Generali we think that being a sustainable player is about living our purpose: "to enable people to shape a safer and more sustainable future by caring for their lives and dreams". We are passionate to build a more sustainable future integrating sustainability principles into everything we do. This allows us to act as a true Lifetime Partner for all our stakeholders. Environmental, Social and Governance (ESG) commitments were embedded within our previous strategic plans, and we further accelerate as sustainability is the originator of the strategy Generali "Lifetime Partner 24: Driving Growth". This means creating long-term value, preserving the environment, and acting for the common good. To deliver sustainable long-term value, we have four "Responsible" roles to play as an Investor, an Insurer, an Employer, and a Citizen. The Company is fully engaged in Generali group's initiatives and contributed to the targets settings for the region as described in following paragraphs.

As RESPONSIBLE INSURER: we want to increase gross written premiums by 5-7% CAGR by 2024 in relation to the insurance solutions with ESG components; we want to transition the insurance portfolio to net-zero greenhouse gas (GHG) emission by 2050; we want to strengthen the focus on sustainable SMEs through the SME EnterPRIZE project and the integration of sustainability into our customer value proposition.

To complement the goal of achieving net-zero greenhouse gas emissions attributable to the insurance portfolio by 2050, Generali has undertaken a stringent exclusion policy towards companies operating in the fossil fuel sector. Since 2018, the Group has adopted specific restrictions on the underwriting of coal-related activities to support its commitment to removing its already minimal insurance exposure towards this sector; the phase-out will be reached by 2030 for clients located in OECD countries and by 2038 in the rest of the world.

In 2018, we launched an engagement activity with eight coal companies in the Centrale and Eastern Europe region. The dialogue focused on customers' adoption of solid decarbonization plans based on climate science. As part of this activity, we found that some of our stakeholders had adopted some short- and medium-term climate strategies. In spite of this, the ambition was assessed as not being in line with the Group's objectives, and the insurance contracts for the coal asset in the Czech Republic and Poland were phased out in 2022 without any further renewal actions. Consequently, as of 2023, these are no longer active, fulfilling the commitments made as part of our Group climate strategy.

Launched in 2021, the aim of the SME EnterPRIZE project is to support small and medium-sized companies in their sustainable transition and highlight significant examples of responsible business, inspiring entrepreneurs of SMEs to develop sustainable behaviors with a direct impact in three areas: environment, welfare, and community. Since the first edition, SME EnterPRIZE gives now visibility to companies across Europe, including Croatia, the Czech Republic, Hungary, and Slovenia.

As RESPONSIBLE INVESTOR: we committed to be carbon neutral by 2050 through a gradual decarbonization of our investment portfolio, with an interim goal of reducing by 25% our carbon footprint by 2024; we want to make at least euro 9.5 bn of new green, social and sustainable bond investment by 2025; we want to invest euro 3.5 bn to support the EU Recovery by 2025.

As RESPONSIBLE EMPLOYER: we are working to measure, reduce, and report the carbon footprint resulting from our own direct operations. In 2009 Generali developed the Group Environmental Management System (EMS) to effectively manage the impacts arising from the operating activities of the Group's companies. The System is being used also by the Czech Republic, Hungary, Poland, Serbia and Slovakia, and the scope of countries and legal entities will be further extended.

Being a responsible employer also means promoting dedicated actions to create, increase and nurture diversity, equity and inclusion, upskilling and new ways of working. Our Lifetime Partner 24 objectives include ensuring equal opportunities with a target of 40% of women in leadership positions, placing people at the heart of our transformation with a target of 70% of employees upskilled and embracing a sustainable hybrid work model that is digitally rooted, with a target of 100% adoption rate among our entities.

In the Central and Eastern Europe Region, the target on gender balance is on a positive track as 64% of the entire workforce is female and 51% of the managers are women.

As RESPONSIBLE CITIZEN: the insurance companies of Generali CEE Holding are also active in helping communities. The Human Safety Net – a social innovation hub powered by Generali’s skills, networks, and solutions to create social impact – was activated in all the countries of our region. Two out of three The Human Safety Net’s programs were launched in various companies across the region. They target key social issues affecting communities, creating equal life opportunities for children from disadvantaged backgrounds and saving newborns from the debilitating and potentially fatal consequences of asphyxia.

E. Gender diversity

Gender diversity target

The Company is committed to fostering a diverse work environment.

As part of the Lifetime partner 24 strategy of Assicurazioni Generali (“Generali Group”), Generali Group is committed to leverage Diversity, Equity and Inclusion (“DEI”) to create long-term value, be innovative, sustainable and to make the difference for employees, clients, partners, and as well as the communities it operates in. The key areas of DEI action are: gender, generations, culture and inclusion.

The Company of course supports and adheres to this commitment and undertakes the necessary actions to fulfilling it. With regard to gender, the aim is to maintain a balanced gender distribution within the Generali Group. In addition, there is a clear ambition to increase the presence of women in strategic positions, reaching 40% at Generali Group level by the end of 2024, and to increase the presence of women in managerial roles – at Generali Group level reaching 41.5% by the end of 2025.

Status-quo 2023

At year-end 2023 the workforce of the Company consisted of a total of 160 people, of which 68 females and 92 males (none have reported identifying beyond binary gender categories).

The Board of Director (“BoD”) consisted of 5 members: one female, four males. The ratio of men to women in the BoD was, therefore, 20%.

The Company has 51 employees on managerial positions, of which these are 6 women (12%) and 45 men.

Course of action

In recent years, the theme of a balanced distribution of seats, in the BoD, has been part of the nomination procedure when filling vacancies in this body. Due to the nature of the business, it is the Company’s policy to primary nominate internal candidates, either from its management team or members of management teams of companies within the Generali Group, for the seats in the BoD. Given the composition of the Company’s current BoD, it is a realistic expectation that in the coming years female candidates will be nominated for seats on the Company’s BoD to increase the gender distribution.

In order to foster the development and career progression of female managers within the Company, a range of development opportunities are offered, such as: training of both technical skills as well soft skills, coaching, mentoring and opportunities to participate in virtual or physical international experience (within the Generali Group), new program for women managers named GIFT has been implemented at international level. At Generali Group level, a series of concrete initiatives has been launched targeting senior female managers (Lioness Acceleration Program) and managers (Elevate). Furthermore, experience-based learning is offered to raise awareness of diversity related topics among management and board members. In light hereof, a DEI Community of Practice has been active (at Generali Group level), of which the Company’s employees (including management and board members) are also members. The community mainly focuses on promoting a culture where DEI is embedded in the way we work and do business.

F. Outlook for operations

During 2023 economic growth in CEE region slowed down compared to 2022, with some countries (like the Czech Republic and Hungary) even recording a GDP contraction; the household consumption was the main drag on the economic development, as the high inflation in the region eroded consumer confidence and real purchasing power.

Inflationary pressures reached however their peak in early 2023 and were gradually continuing to ease during the year, with a further reduction expected in 2024. A similar development is also expected on the monetary policy in the CEE region, where the national banks already started the process of interest rates cuts in the last months of 2023, and this process is expecting to continue during 2024, even though the following cuts might be more gradual compared to what was anticipated in previous months. The mix of the improved inflation outlook and the still strong labour market should lead to a recovery of the private consumption, which shall be the key driver of a stronger GDP growth across the region in 2024.

CEE insurance markets showed a solid expansion in 2023, with positive contribution in all the countries in the region. The increase was more significant in P&C segment, with both Motor and Non-Motor lines continuing to grow above the pre-Covid levels, but also the Life segment showed a moderate growth, thanks to the positive trend in Life regular premiums. In 2024 we expect the insurance market to continue this trend, although probably at a more moderately pace to 2023, also as a consequence of lower level of inflation.

Concerning Group results, we expect a slight increase in the premium volumes in our insurance subsidiaries, although in Non-life segment the increase will be lower compared to last year due to the extraordinary impact coming from the abolishment of the complementary health insurance in Slovenia. The profit after tax of our subsidiaries is also expected to present an improvement compared to 2023, driven by a very sound technical performance and also by a sound contribution of the investment income. Such development should be reflected in an increasing amount of dividends received by our subsidiaries, which shall be the main driver for a slight increase of the profit before tax compared to the 2023 level.

Prague, 19 April 2024
The Board of Directors

II. Company Financial Statements for the Year Ended 31 December 2023

Acronyms:

Acronym	
AC	Amortised cost
AFS	Available for sale
AG	Assicurazioni Generali S.p.A.
A&H	Accident & Health insurance
ALM	Asset-liability management
Avg.	Average
BoD	Board of Directors
bp	Basis point
BM	Business Model
CAGR	Compound annual growth rate
CCS	Cross currency swap
CDO	Credit default option
CDS	Credit default swap
CEE	Central and East Europe
CNB	Czech National Bank
CZK	Czech koruna
DACH	The Generali Business Unit Germany, Austria and Switzerland
DDM	Dividend discount model
DEI	Diversity, equity and inclusion
DQ	Data quality
Dutch GAAP	Dutch generally accepted accounting principles and guidelines
EAD	Exposure at default
ECL	Expected credit loss
EMS	Environmental Management System
EPS	Earnings per share
ESG	Environmental, Social and Governance
EU	European union
EUR / €	Euro
FTE	Full-time equivalent
FV	Fair value
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FX	Foreign exchange
GAAP	Generally accepted accounting principles
GCA	Gross carrying amount
GDP	Gross domestic product
GICEE	Generali Investments CEE, Investiční Společnost, a.s.
GIH	Generali Investments Holding S.p.A.
GLG	Global Leadership Group

GHG	Greenhouse gas
GHO	Group Head Office
GWP	Gross written premium
IAS	International accounting standards
IASB	International accounting standards board
IDQS	The Integrated Data Quality System
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
IT	Information technology
LCR	Low credit risk
LGD	Loss given default
LTI	Long-term incentive
MNB	The Hungarian National Bank (Magyar Nemzeti Bank)
MOD	Motor Own Damage insurance
MTPL	Motor Third Party Liability insurance
NAV	Net assets value
NBP	National Bank of Poland
NBS	National Bank of Serbia
NGO’s	Non-governmental organisations
NHCF	Net Holding Cash Flow
No.	Number
OCI	Other comprehensive income
OECD	Organisation for Economic Co-operation and Development
ORA	Operational Risk Assessment
P&C	Property and casualty
PD	Probability of default
PLN	Polish zloty
qoq	Quarter-on-quarter
REPO	Repurchase operations
ROE	Return on Equity
SAA	Strategic Asset Allocation
SEE	Southern and Eastern Europe
SME	Small and medium enterprise
S&P	Standard & Poor's
SPPI	Solely Payments for Principal and Interest
TSR	Total Shareholder’s Return
USD	United States dollar
VAT	Value added tax
YoY	Year-over-year

COMPANY STATEMENT OF FINANCIAL POSITION

(CZK million)	Note	31.12.2023	31.12.2022	1.1.2022
Total assets		**71,997**	**71,959**	**79,152**
Cash and cash equivalents	E.1	199	203	260
Financial investments	**E.2**	**8,760**	**8,526**	**8,453**
Financial investments measured at amortised cost	E.2.1	4,678	4,756	4,108
Financial investments measured at FVTPL	E.2.2	1,969	2,248	2,454
Financial investments measured at FVOCI	E.2.3	2,113	1,522	1,891
Receivables	E.3	137	142	131
Intangible assets	E.4	132	63	27
Investments in subsidiaries and associates	E.5	58,382	62,967	70,118
Non-current assets held for sale	E.6	4,263	-	-
Current tax assets	E.7	56	38	157
Other assets	E.8	68	20	6
Total liabilities		**1,163**	**1,102**	**768**
Financial liabilities measured at FVTPL	E.10	253	270	143
Payables	E.11	111	154	127
Provisions	E.12	11	4	-
Current tax liabilities	E.7	42	42	36
Deferred tax liabilities	E.22.1	137	139	213
Other liabilities	E.13	609	493	249
Total equity	**E.9**	**70,834**	**70,857**	**78,384**
Share capital	E.9	3	3	3
Share premium reserve	E.9	48,347	48,347	48,347
Revaluation reserve – Financial assets at FVOCI	E.9	108	99	319
Retained earnings	E.9	22,376	22,408	29,715
Total liabilities and equity		**71,997**	**71,959**	**79,152**

COMPANY INCOME STATEMENT

For the year ended 31 December

(CZK million)	Note	2023	2022
Net result from investments into subsidiaries	E.15	10,072	5,383
Net income / loss (-) from financial assets and liabilities	E.16	204	(403)
Net expected credit loss expense (-) / income	E.17	3	-
Interest revenue calculated using the effective interest method	E.18	289	113
Interest expense calculated using the effective interest method	E.19	(6)	-
Net foreign exchange differences	E.20	121	86
Other expenses	E.21	(897)	(894)
Profit before taxes		**9,786**	**4,285**
Income taxes	E.22	(28)	(79)
Net profit of the year		**9,758**	**4,206**
Profit for the period attributable to owners of the parent		**9,758**	**4,206**

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

(CZK million)	Note	2023	2022
Net profit of the year		**9,758**	**4,206**
Other comprehensive income items that maybe reclassified to profit or loss in future periods			
Revaluation of financial assets measured at FVOCI		-	-
Other comprehensive income items that may not be reclassified to profit or loss in future periods			
Revaluation of financial assets measured at FVOCI	E.9	15	(272)
Total gains and losses recognised directly in equity		**15**	**(272)**
Tax on items taken directly to or transferred into equity	E.9	(6)	52
Other comprehensive income, net of tax		**9**	**(220)**
Total comprehensive income		**9,767**	**3,986**
Comprehensive income for the period attributable to owners of the parent		**9,767**	**3,986**

STATEMENT OF CHANGES IN EQUITY

(CZK million)	Note	Share Capital	Share Premium reserve	Revaluation reserve - financial assets at FVOCI	Retained earnings	Total
Balance as at beginning of reporting period 2022		**3**	**48,347**	**319**	**29,715**	**78,384**
Net profit of the year 2022		-	-	-	4,206	4,206
Revaluation of financial assets measured at FVOCI	E.9	-	-	(272)	-	(272)
Tax on other comprehensive income items	E.9	-	-	52	-	52
Total comprehensive income 2022	E.9	**-**	**-**	**(220)**	**4,206**	**3,986**
Other movements	E.9	-	-	-	(174)	(174)
Allocation to reserve for share-based payments	E.9	-	-	-	52	52
Dividends to shareholders	E.9	-	-	-	(11,391)	(11,391)
Balance as at end of reporting period 2022	E.9	**3**	**48,347**	**99**	**22,408**	**70,857**
Balance as at beginning of reporting period 2023		**3**	**48,347**	**99**	**22,408**	**70,857**
Net profit of the year 2023		-	-	-	9,758	9,758
Revaluation of financial assets measured at FVOCI	E.9	-	-	15	-	15
Tax on other comprehensive income items	E.9	-	-	(6)	-	(6)
Total comprehensive income 2023	E.9	**-**	**-**	**9**	**9,758**	**9,767**
Other movements	E.9	-	-	-	1	1
Allocation to reserve for share-based payments	E.9	-	-	-	39	39
Dividends to shareholders	E.9	-	-	-	(9,830)	(9,830)
Balance as at end of reporting period 2023	E.9	**3**	**48,347**	**108**	**22,376**	**70,834**

STATEMENT OF CASH FLOWS (indirect method)

For the period from 1 January to 31 December

(CZK million)	Note	2023	2022
Cash flow from operating activities			
Earnings before taxes		**9,786**	**4,285**
Adjustments for:			
Depreciation and amortisation	E.4	9	11
Impairment of investments into subsidiaries	E.15	449	4,496
Loss on disposal of investments into subsidiaries	E.15	-	2,377
Net ECL change of the year	E.16	(3)	-
Gain (-) / loss from revaluation of financial assets and financial liabilities at FVTPL	E.16	(204)	403
Interest expense	E.19	6	-
Interest income	E.18	(289)	(113)
Dividend income from investments into subsidiaries	E.15	(10,521)	(12,256)
Income / expenses not involving movements of cash		-	(9)
Net foreign exchange differences	E.20	(127)	(88)
Share-based payments reserve	E.14	39	52
Change in receivables	E.3	5	(11)
Change in other assets	E.8	(48)	(14)
Change in payables	E.11	(43)	27
Change in other liabilities	E.13	116	244
Change in provisions	E.12	7	4
Change in financial investments measured at FVTPL		292	(235)
Change in financial investments measured at FVOCI		(575)	97
Change in financial investments measured at AC		54	(672)
Dividends received		10,688	12,494
Interest received		267	105
Cash flows arising from taxes on income		(4)	(24)
Net cash flow from operating activities		**9,904**	**11,173**
Cash flow from investing activities			
Purchase of tangible assets and intangible assets	E.4	(78)	(47)
Net cashflow from acquisition of subsidiaries, associates and joint ventures		-	206
Net cash flow from investing activities		**(78)**	**159**
Cash flow from financing activities			
Interest paid		(6)	
Dividends paid to shareholders	E.9.1	(9,830)	(11,391)
Net cash flow from financing activities		**(9,836)**	**(11,391)**
Net increase (decrease) in cash and cash equivalents		**(10)**	**(59)**
Cash and cash equivalents as at beginning of reporting period		**203**	**260**
Effect of exchange rate changes on cash and cash equivalents		6	2
Cash and cash equivalents as at end of reporting period		**199**	**203**

Notes to the Company Financial Statements

A. General Information

A.1 Description of the Company

Generali CEE Holding B.V. (“Generali CEE Holding”, or the “Company”) is a parent holding company of subsidiaries offering a wide range of life and P&C insurance products, as well as pension fund schemes and asset management services in Central and Eastern Europe.

The Company was established under the laws of the Netherlands and as at 31 December 2023 was fully owned by Assicurazioni Generali S.p.A. (“Generali Group”), which is the Company’s ultimate parent company. Generali Group’s financial statements are publicly available on its internet pages www.generali.com.

Although a Dutch company, incorporated on 8 June 2007 under the laws of the Netherlands, with its registered office in De Entree 91, 1101 BH Amsterdam, The Netherlands, its main operations are based in the Czech Republic, where its branch is registered at Na Pankráci 121/1658, 140 21 Prague 4, Czech Republic. The Company identification number issued by the commercial register in the Netherlands is 342 75 688, the branch in the Czech Republic is registered under the identification number of 282 39 652.

The Company was incorporated for the purpose of integrating the business activities of Generali Group and PPF Group (former minority shareholder of the Company). The Company’s business activities are consulting services in the entrepreneurial, financial, economic and organisational fields and their procurement to the Company's subsidiaries. The Company is doing these activities in order to support its subsidiaries with their business activities in order to keep growing the Company’s main income of dividend.

The Board of Directors authorised the separate financial statements to be issued on 19 April 2024.

A.2 Statutory body

The statutory body of the Company was as at 31 December 2023 as follows:

Members: Manlio Lostuzzi
Jaime Anchustegui Melgarejo
Carlo Schiavetto
Heike Otteman-Toyza
Miroslav Bašta

Miroslav Bašta became the member of the Board of Directors on 27 April 2023, he replaced previous member Cristiano Borean whose mandate was terminated on 26 April 2023.

The Company is subject to Dutch and Czech corporate income taxation, due to its branch in the Czech Republic. Since all the assets and activities of the Company have been transferred to the Czech branch, Czech tax law has primacy for the Company’s tax status.

B. Basis of preparation

B.1 Statement of compliance

These separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS-EU”), including International Accounting Standards (“IAS”), promulgated by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB, and with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

For all periods up to and including the year ended 31 December 2022, the Company prepared its financial statements in accordance with Dutch generally accepted accounting principles and guidelines (“Dutch GAAP”). These separate financial statements for the year ended 31 December 2023 are the first the Company has prepared in accordance with IFRS-EU and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. Refer to note C.4 for information on explanation of transition to IFRS Accounting Standards.

Management has reviewed those IFRS and interpretations adopted by the EU that, as at the date of issuance of these separate financial statements, were not yet effective as at that date. An assessment of the expected impact of these standards and interpretations on the Company is shown in C.3.1.

B.2 Basis of preparation

The Company prepares these separate financial statements in accordance with IFRS Accounting Standards (as adopted by the EU).

The Company has elected to apply the exemption permitted in Section 408, Book 2 of the Dutch Civil Code from preparing consolidated financial statements and presents only separate financial statements. As at the reporting date, the ultimate parent company of the Company was Assicurazioni Generali S.p.A. ("Generali Group"). Consolidated financial statements of Generali Group are publicly available on its internet pages www.generali.com. Generali Group is registered in the Group Insurance Register maintained by Institution for the Supervision of Insurance ("IVASS") under No. 026. For more details about Company's subsidiaries see note E.5.

The Company's separate financial statements are presented in the Czech Koruna (CZK), which is the functional currency of the Company and the domestic currency of the Czech Republic, as permitted in Section 362(7), Book 2 of the Dutch Civil Code. All amounts have been rounded to the nearest million, except where otherwise indicated. The reporting currency of the Company changes from EUR in 2022 to CZK in 2023. Subsequently, comparative figures 2022 were translated from EUR to CZK as follows: positions of Statement of financial position and Statement of changes in equity at the foreign exchange rate ruling at that date 1 January 2022: CZK/EUR 24.860 and as at 31 December 2022: CZK/EUR 24.115, positions of statement of comprehensive income at the average foreign exchange rate of 2022: CZK/EUR 24.565.

These separate financial statements have been prepared on a historical cost basis except for the following assets and liabilities which are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income.

The preparation of these separate financial statements in accordance with IFRS-EU requires that Management makes 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 judgements about the 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.

The accompanying separate financial statements have been prepared assuming that the Company will continue as a going concern.

C. Material accounting policies and assumptions

C.1 Material accounting policies

The accounting standards adopted in preparing the separate financial statements, and the contents of the items in the Company's financial statements are presented in this section.

C.1.1 Intangible assets

In accordance with IAS 38, an intangible asset is recognised if, and only if, it is identifiable and controllable, it is probable that the expected future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

This category includes mainly software. The Company owns no software with indefinite useful life.

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.

Intangible asset acquired by the Company is measured at cost less accumulated amortisation and any accumulated impairment losses.

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.

The amortisation and potential impairment of other intangible assets are recognised in the separate income statement under the item "Other expenses". For further details, see note E.21.

Where there is an indication that an impairment loss recognised for an asset in prior years no longer exists, the carrying amount of the asset is increased to its estimated recoverable amount. The increased carrying amount of the asset due to the reversal of impairment loss cannot exceed the carrying amount that would be determined if no impairment loss had been recognised for the asset in prior years, net of any depreciation or amortisation accounted for in the meantime.

C.1.2 Investments in subsidiaries

Investments in subsidiaries are entities (including intermediate subsidiaries and special purpose entities) over which the Company has control. Subsidiaries are recognised from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognised from the date that control ceases.

There are three conditions of control (according to the standard IFRS 10 Consolidated Financial Statements) which must be met for considering an entity as controlled:

- Power over the investee.
- Exposure, or right to variable returns.
- The ability to affect those returns through power over the investee.

Investments in group companies are originally measured at cost. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

The Company assesses at the end of each reporting period whether there is any indication of impairment. If such indication exists, investment is subject to impairment testing.

An impairment loss is recognised if the carrying amount of an investment exceeds its estimated recoverable amount. The latter is the higher of its fair value less costs of disposal (i.e., the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and its value in use (i.e., the present value of the future cash flows expected to be derived from holding the investment).

The value in use resulting from the impairment test model is compared to the historical cost of the investment. In particular, the Dividend Discount Model ("DDM") has been used for the determination of the value in use.

The Dividend Discount Model is based on the hypothesis that the value of the investment is equal to the present value of the post-tax cash flows available for its shareholders. These cash flows are supposed to be equal to the flows derived from the distributable dividends, while maintaining an adequate capital structure as required by the laws in force and the entity's economic nature and to maintain its expected future development.

According to this method, the value of the cash-generating unit is equal to the sum of the discounted value of future dividends plus the terminal value of the cash-generating unit itself.

The application of this criterion has generally entailed the following phases:

a) For forecasting the future cash flows of each Company subject to the test, profit after tax available in the most recent Rolling plan 2024-2026 has been taken into account. The main economic-financial data has been calculated for two additional years (2027 and 2028) on the basis of the growth rate in the last year of the rolling plan (2026) to extend the forecast period.

b) Explicit forecasting of the future cash flows to be distributed to shareholders in the planned time frame, taking into account limits requiring the maintenance of an adequate capital level.

c) Calculating the participation's terminal value, which is the expected value of the participation at the end of the latest year planned.

d) Regarding the terminal value, applying a growth rate of 2.0% on the cash flows of the latest Plan year.

e) The discount rate of the future cash flows (between 9.20% and 14.50%) has been derived from the return rate of risk-free investments (between 3.45% and 7.45%), annual cost of capital (5.00%), size premium (1.00%) and beta (0.95).

The impairment loss is recognised in the income statement.

Where there is any indication that an impairment loss recognised for an investment in prior years no longer exists, the carrying amount of the asset is increased to its estimated recoverable amount. The increased carrying amount of the investment due to the reversal of impairment loss cannot exceed the carrying amount that would be determined if no impairment loss had been recognised for the investment in prior years.

The reversal of impairment loss is recognised in the income statement.

C.1.3 Investments

C.1.3.1. Recognition and initial measurement

Investments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost, cash and cash equivalents.

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.1.3.2. Classification and subsequent measurement

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. For these equity instruments, only dividend income can be presented in the profit and loss statement, any value loss or gain is presented as Other comprehensive income and shall be never recycled to profit and loss (specific "non-recycling" rule applies). The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable. The Company decided to activate this option for such instruments to mitigate the volatility of the results which is implied in this asset class.

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. In the observed periods, the Company did not use this option.

Business model assessment

The Company assesses the objective of the business model in which a financial asset is held. The information considered includes:

1. the stated policies and objectives 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;
2. how the performance of the portfolio is evaluated and reported to the Key Management Personnel;
3. 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;
4. how managers of the business are compensated and the linkage of their remuneration with KPIs; and
5. 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 business model of the Company was identified for separate clusters of assets:

1) Financial assets managed as investments

Instruments within this group include equities, investment funds, reverse REPO and derivatives.

Management of these assets is in line with the strategic asset allocation process which defines target exposure and limits, in term of minimum and maximum exposure allowed, for each relevant asset class.

The Company needs to consider its business in relation to investments management and take into account liability cash flow matching, liquidity needs, management of specific credit risk profile, generation of valued added from investment activity, actively assessing investment opportunities, related risk profile and return and value maximization. All of the above is done both through holding assets and collecting related cash flows and also through sales.

Based on the above considerations, asset groups that fall within this category follow general approach which is "hold to collect and sell" business model, in line with General Business Model of the Generali Group.

2) Financial assets not managed as investments

The objectives of these items are interpreted as not based on objectives normally used to manage investments. It can be assumed as a transitory item between cash collection and investment decision.

No sales before maturity, no active trading or other selling activities are performed within these assets. Expectations about future sales activity remain on current level without any changes.

These assets generate very small fraction of the investment result. Results generated by these clusters are monitored and reviewed on regular basis, but it is not the key driver of KPIs.

Financial assets not managed as investment are assigned to a "hold to collect" business model, considering as primary objective in relation to these assets the collection of contractual cash flows.

a) Receivables

Receivables are amounts due from employees, suppliers and customer, intermediaries, or any other party. Receivables are usually short-term instruments that do not have a significant financing component. The objectives of these items are interpreted as not based on objectives normally used to manage investments as they arise in the ordinary course of business.

Receivables have characteristics as described above for financial assets not managed as investments and are therefore assigned to a "hold to collect" business model, considering as primary objective in relation to these assets the collection of contractual cash flows as they become due.

b) Cash and cash equivalent

Cash comprises cash on hand and demand deposits together with term deposits. Cash equivalents are defined by the same standard as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for meeting short-term cash commitments or as transitory item between cash collection and investment decision rather than for investment or other purposes. Considering short term nature and an insignificant risk of changes in value, this group contains also term deposits with maturity at inception less than 15 days.

Cash and cash equivalents are assigned to a "hold to collect" business model, considering main characteristics of these assets.

c) Loans to subsidiaries

Loans to subsidiaries comprises loans provided by the Company to its subsidiaries as one source of financing. No sales before maturity and no active trading are performed within these assets which is not expected to be changed for the future.

Primary objective of loans to subsidiaries is collection of contractual cash flows once they become due and such items are assigned to a hold to collect business model.

d) Term Deposits and Cash pool

These assets represent either short term money allocation or are part of specific Generali Group cash pooling initiative to efficiently manage Group's cash capacity. No sales before maturity and no active trading are performed within these assets which is not expected to be changed for the future.

Primary objective of these assets is short term funds allocation and consequently collection of contractual cash flows once they become due or cash is needed and such items are assigned to a hold to collect business model.

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 change in expected credit losses 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 change in expected credit losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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;
  - designated as at FVTPL;
- 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 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.

Derivatives

Derivatives, including embedded derivatives separated from their host contracts, are classified as held-for-trading. 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.

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 Cash and cash equivalents

Cash consists of cash on hand, demand deposits with banks and other financial institutions and term deposits 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. All cash and cash equivalents held by the Company are available for use by the Group. There are no restrictions imposed on cash and cash equivalents.

C.1.5 Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) 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 (or components of a disposal group) are measured in accordance with the applicable IFRS. Thereafter, generally, the assets (or disposal group) 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 re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

C.1.6 Equity

Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Share premium reserve
Excess contributed by an investor to the Company over the par-value price of a share issue is recognised in share premium reserve.

Revaluation reserve - financial assets at 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.

Retained earnings
This item comprises retained earnings or losses adjusted for the effects arising from the first-time application of IFRS and statutory reserve funds.

Net profit of the year
The item refers to the Company's earnings after taxes for the period. Dividend payments are accounted for after the approval of the shareholders' general meeting.

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.1.7 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, 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 recognised in the Czech Republic under Act No. 229/2002 Coll. as amended by subsequent changes.

C.1.8 Payables

Accounts payable is a 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.1.9 Net result from investments into subsidiaries

Net result from investments in subsidiaries includes dividend income, impairment / reversal of impairment expense and realised gains or losses from the disposal of subsidiaries recognised during the period.

Dividend income from a subsidiary is recognised in the profit and loss statement of the Company when the Company's right to receive the dividend is established. This right is established once the dividend payment is approved by the general meeting of the subsidiary.

C.1.10 Net income and loss from financial assets and liabilities

Other income and expenses from financial assets comprise realised and unrealised gains/losses on investments.

A realised gain/loss arises on de-recognition 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 in other comprehensive income.

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

C.1.11 Interest revenue and interest expenses calculated using the effective interest method

Interest income and interest expense are recognised in the income statement on an accrual basis, taking into account the effective yield of the asset or liability, or an applicable floating rate. Interest income and interest expense include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest method.

In the context of effective interest method, interests are normally recognised on Gross carrying amount ("GCA"), with exception of assets classified as ECL Stage 3 (see C.1.14 for more detailed information), when interests are calculated on amortised cost.

Interest on financial assets measured at fair value through profit or loss and interest income on other assets is reported as a part of "Interest revenue calculated using the effective method". Interest expense on other liabilities is reported as "Interest expense calculated using the effective method".

Interests recognition 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.1.14).
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.

C.1.12 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 where it relates to items recognised directly in other comprehensive income, 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 balance sheet 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.

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 tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

C.1.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are those due to be settled within twelve months of the end of the period in which the employees render the related service, other than termination benefits. Short-term employee benefits mainly include wages and salaries, management remuneration and bonuses, remuneration for membership of Company boards and non-monetary benefits. The Company makes contributions to government pension schemes 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).

Other long-term employee benefits

Other long-term employee benefits are those that are not due to be settled within twelve months after the end of the period in which the employees render the related service, other than post-employment benefits and termination benefits.

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

Post-employment benefits

Post-employment benefits are those (other than termination benefits) payable after completion of employment. The Company makes contributions to the government health, 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 defined by the relevant laws to such schemes. 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. There are no further obligations of the Company in respect of employees' post-employment benefits.

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 an inducement to accept voluntary redundancy.

The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed irrevocable formal plan or providing termination benefits as an inducement to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

C.1.14 Other accounting policies

Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in CZK, which is the Company’s functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing as at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement and presented within “Net foreign exchange differences”.

Changes in the fair value of monetary securities denominated in foreign currencies classified as FVOCI are distinguished between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss in the income statement. Translation differences on non-monetary financial assets, such as equities classified FVOCI financial assets, are included in the reserve for unrealised gains and losses on financial assets at FVOCI in other comprehensive income.

Impairment on financial instruments – Expected credit losses

The impairment requirements on financial instruments are based on an expected credit loss (ECL) model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI. In addition, ECL shall be recognised when such cases are present, on most loan commitments (if not accounted for at FVTPL), financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IFRS 16 Leases.

Expected Credit Losses (“ECL”) in the context of IFRS 9 are the probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument. Credit losses are the present value of expected cash shortfalls, where a cash shortfall is the difference between the cash flows due to the entity in accordance with the contract (scheduled or contractual cashflows) and the cash flows that the entity expects to receive (actual expected cashflows).

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”); being EAD equal to the Gross Carrying Amount (“GCA”) at evaluation date.

An entity must determine 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.

The Company recognises 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.

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

Below table offers a more schematic representation of applied rule:

	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 cost

In this risk assessment related to significant deterioration in credit risk, the Company must take into account the change in default that may occur after the initial recognition of the financial instrument rather than change in the amount of expected credit losses.

The approach chosen by the Company in order to measure Significant Increase in Credit Risk for Bonds (and similar to Bonds) exposures foresees the Credit Rating Downgrading by a defined number of notches. In this quantitative transfer criteria, the rating shift is the parameter monitored in order to detect a significant credit risk deterioration. The difference is measured as number of notches compared with a threshold that determines, in relative terms, if the position is classified as Stage 1, Stage 2 or Stage 3. The case in which the number of notch is lower than the threshold, tranche will be classified as Stage 1 and ECL calculated considering risk of default over next 12 months; if higher than the threshold for passing to Stage 2 but lower than the threshold of Stage 3, the position will be classified at Stage 2 and ECL is calculated considering lifetime risk of default; otherwise it is classified at Stage 3 and ECL calculated based on the recovery amounts estimates. As Stage 3 are also considered all cases with objective evidence of impairment, regardless of approach above.

Use of Low Credit Risk ("LCR") exemption is implicitly considered in the definition of number of notches change described above. In this case, the threshold limits of BBB-, S&P rating scale, has been chosen for the identification of Low Credit Risk Assets, being this the rating floor to define an "investment grade" score.

The Company assesses at each reporting date whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition. ECL shall always reflect the current expectations of credit losses. Consequently, as the Company would recognise lifetime ECL in case of significant increase of credit risk, equally lifetime ECL recognised in previous reporting periods changes to 12-month ECL if there is evidence that there is no longer a significant increase in credit risk relative to initial recognition.

Expected credit loss is calculated as weighted value obtained by considering a series of possible scenarios in which forward-looking information are specified. The Company has decided to identify three different scenarios with following weights (Upward scenario – 30%; Base scenario – 40%; Downward scenario – 30%). Calculation considers all reasonable and supportable information, including the forward-looking one. Probabilities of defaults used for each scenario depend on rating class and the historical evolution of related probabilities of default in time, deriving so the point in time probability of default. This is adjusted thought the use of satellite models to forward looking probabilities of default, considering impact of specific relevant macroeconomic factors to the probability of default for each of three mentioned scenarios. As mentioned above, PDs are then combined with LGDs and EAD to calculate the ECL amounts.

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

In case of financial assets measured at amortised cost, ECL is reducing the gross carrying amount of the asset. Hence, the total value presented in the balance sheet, i.e. Amortised cost, is the difference of GCA and ECL. In P&L, ECL is presented as cost at initial recognition or through our first year of assets recognition. Subsequently the change of ECL estimate respect to last annual reporting period is recognised as either cost or income, depending on whether ECL estimate increased or decreased in time.

In case of FVOCI assets, In P&L ECL is presented as cost at initial recognition or through our first year of assets recognition. Subsequently the change of ECL estimate respect to last annual reporting period is recognised as either cost or income, depending on whether ECL estimate increased or decreased in time. Within a dedicated reserve in equity, ECL reserve is recognised, counterbalancing the ECL cumulative cost as recognised in P&L, assuring Company's financial statement are reflecting Fair value measurement as required for OCI instruments.

In Income statement, ECL is presented in the line "Net expected credit loss expense (-) / income.

Write-offs

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

Considering very limited cases of applicable investments, the Company doesn't have a specific write off policy. These cases, if occurred, would be assessed on case-by-case basis.

Transfers that doesn't qualify for derecognition - REPO/reverse REPO transactions

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of the 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 payables section (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 effective interest rate.

When the counterparty has the right to sell or re-pledge the securities, the Company reclassifies those securities in its statement of financial position to financial assets held for trading pledged as collateral or to financial investments available for sale pledged as collateral, as appropriate.

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 cash collateral on securities borrowed and reverse repurchase agreements, 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 effective interest rate.

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 income from other financial instruments.

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.

Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby they 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 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 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.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation and any expenses not yet recognised for the award are recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if there were a modification of the original award, as described in the previous paragraph.

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.

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 where 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 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, if 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 is estimated as at the end of the reporting period 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 are intended to reflect market conditions.

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

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

- 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 financial instruments 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 assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives or unquoted bonds) is 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 the 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 judgement or estimation. A general description of the valuation techniques used for Level 3 assets and liabilities is provided below:

- independent evaluation by a 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 Shareholder’s 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, etc.).

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

	Level 2	**Level 3**
Equities		The fair value is mainly determined using an independent evaluation provided by a third party or is based on the amount of Shareholder’s equity.
Investment funds		The fair value is mainly based on information about the value of underlying assets.
Bonds, Loans	Bonds are valued using the 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.	Indicative price is provided by a third party or determined by discounted cash-flow method with significant expert judgement regarding credit spread.
Derivatives	Derivatives are valued using the discounted cash flow technique.	
Deposits, Reverse REPO operations	These instruments are valued using discounted cash flow technique.	

The table below shows unobservable inputs of Level 3 assets (in CZK million):

Description	Fair value as at 31 December 2023	Valuation technique(s)	Non-market observable input(s)	Range
Equities at FVTPL	1,681	net asset value	value of underlying instruments	n/a
Investment fund units	203	net asset value	value of underlying instruments	n/a
Loans to subsidiaries	357	discounted cash-flow	credit spread	30 bps

Description	Fair value as at 31 December 2022	Valuation technique(s)	Non-market observable input(s)	Range
Equities at FVTPL	1,813	net asset value	value of underlying instruments	n/a
Investment fund units	152	net asset value	value of underlying instruments	n/a
Loans to subsidiaries	1,820	discounted cash-flow	credit spread	31 – 124 bps

Description	Fair value as at 1 January 2022	Valuation technique(s)	Non-market observable input(s)	Range
Equities at FVTPL	2,135	net asset value	value of underlying instruments	n/a
Investment fund units	113	net asset value	value of underlying instruments	n/a
Loans to subsidiaries	2,408	discounted cash-flow	credit spread	83 – 90 bps

Where possible, the Company tests the sensitivity of the fair values of Level 3 investments to changes in unobservable inputs for 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, a 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 for 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.

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

C.2 Critical accounting estimates and judgements

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 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 a valuation method. The Company uses its judgement to select a variety of valuation methods and makes assumptions that are mainly based on the market conditions existing at the end of each reporting period (see also Note C.1.3).

C.2.2 Impairment test of investments in subsidiaries

Investments in subsidiaries are subject to annual impairment testing. Determination of recoverable amount of the investments requires usage of certain assumptions. Impairment test process and calculation is described in Note C.1.2.

C.3 New standards and interpretations

C.3.1 Standards, interpretations and amendments to existing standards that are not yet effective and are relevant for the Company's financial statements

Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements effective for annual periods beginning on or after 1 January 2024.

The IFRS Interpretations Committee received a submission about supply chain finance arrangements asking:

- How an entity presents liabilities to pay for goods or services received when the related invoices are part of a supply chain finance (or reverse factoring) arrangement; and
- What information about reverse factoring arrangements an entity is required to disclose in its financial statements.

In response to that feedback, the Board decided to amend IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Key changes this amendment will bring are listed below.

The amendments in Supplier Finance Arrangements:

- **Do not define supplier finance arrangements.** Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.
- **Add two disclosure objectives.** Entities will have to disclose in the notes information that enables users of financial statements:
  - to assess how supplier finance arrangements affect an entity's liabilities and cash flows and
  - to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.
- **Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:**
  - the terms and conditions of the supplier finance arrangements;
  - for the arrangements, as at the beginning and end of the reporting period:
    - the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
    - the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;
    - the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

- **Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7**

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

Amendments to IAS 1 – Non-current Liabilities with Covenants effective for annual periods beginning on or after 1 January 2024.

Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback effective for annual periods beginning on or after 1 January 2024.

This amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendment to IAS 21 – Lack of Exchangeability effective for annual periods beginning on or after 1 January 2025, that contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when. is not.

C.3.3 Standards, interpretations and amendments to published standards that are effective and are not relevant for the Company's financial statements

Amendment to IAS 12 - International Tax Reform — Pillar Two Model Rules issued in May 2023 effective for annual periods beginning on or after 1 January 2023.The amendments introduce an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes; an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments; the remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023..

C.4 Explanation of transition to IFRS

The accounting policies described in chapter C.1 have been applied in preparing the separate financial statements for the year ended 31 December 2023, and the comparative information presented in these separate financial statements for the year ended 31 December 2022 and in the preparation of an opening IFRS-EU statement of financial position at 1 January 2022 (the Company's date of transition to IFRS-EU).

In preparing the Company's opening IFRS-EU statement of financial position, the Company has adjusted amounts reported previously in separate financial statements prepared in accordance with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code ("Dutch GAAP").

An explanation of how the transition from Dutch GAAP to IFRS-EU has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables. Statement of cash flows was not part of the Company's Dutch GAAP financial statements and therefore no reconciliation IFRS-EU Statement of cash flows is disclosed.

Reconciliation of the Statement of Financial Position as at 1 January 2022

(CZK million)	Dutch GAAP 1.1.2022	Remeasurement of investments in subsidiaries (a)	Remeasurement of financial assets (b)	Changes within equity (c)	Elimination of hedge accounting (d)	Other (e)	IFRS 1.1.2022
TOTAL ASSETS	**124,049**	**(44,959)**	**-**	**-**	**-**	**62**	**79,152**
Cash and cash equivalents	260	-	-	-	-	-	260
AFS financial investments	3,915	-	(3,915)	-	-	-	-
Financial investments measured at FVTPL	206	-	2,248	-	-	-	2,454
Financial investments measured at FVOCI	-	-	1,891	-	-	-	1,891
Financial investments measured at amortised cost	-	-	4,108				4,108
Loans	4,332	-	(4,332)	-	-	-	-
Receivables	131	-	-	-	-	-	131
Intangible assets	27	-	-	-	-	-	27
Investments in subsidiaries and associates	115,077	(44,959)	-	-	-	-	70,118
Current tax assets	101	-	-	-	-	56	157
Other assets	-	-	-	-	-	6	6
TOTAL LIABILITIES	**525**	**-**	**213**	**-**	**-**	**30**	**768**
Financial liabilities measured at FVTPL	143	-	-	-	-	-	143
Payables	70	-	-	-	-	57	127
Current tax liabilities	36	-	-	-	-	-	36
Deferred tax liabilities	-	-	213	-	-	-	213
Other liabilities	276	-	-	-	-	(27)	249
TOTAL EQUITY	**123,524**	**(44,959)**	**(213)**	**-**	**-**	**32**	**78,384**
Share capital	3	-	-	-	-	-	3
Share premium reserve	97,834	(44,959)	-	(4,529)	-	1	48,347
Retained earnings	20,814	-	393	8,406	71	31	29,715
Revaluation reserves	4,873	-	(606)	(3,877)	(71)	-	319
TOTAL LIABILITIES AND EQUITY	**124,049**	**(44,959)**	**-**	**-**	**-**	**62**	**79,152**

Reconciliation of the Statement of Financial Position as at 31 December 2022

(CZK million)	Dutch GAAP 31.12.2022	Remeasurement of investments in subsidiaries (a)	Remeasurement of financial assets (b)	Changes within equity (c)	Elimination of hedge accounting (d)	Other (e)	IFRS 31.12.2022
TOTAL ASSETS	**104,785**	**(32,842)**	**-**	**-**	-	**16**	**71,959**
Cash and cash equivalents	203	-	-	-	-	-	203
AFS financial investments	3,364	-	(3,364)	-	-	-	-
Financial investments measured at FVTPL	283	-	1,965	-	-	-	2,248
Financial investments measured at FVOCI	-	-	1,522	-	-	-	1,522
Financial investments measured at amortised cost	-	-	4,756	-	-	-	4,756
Loans	4,879	-	(4,879)	-	-	-	-
Receivables	142	-	-	-	-	-	142
Intangible assets	63	-	-	-	-	-	63
Investments in subsidiaries and associates	95,809	(32,842)	-	-	-	-	62,967
Current tax assets	42	-	-	-	-	(4)	38
Other assets	-	-	-	-	-	20	20
TOTAL LIABILITIES	**959**	**-**	**139**	**-**	-	**4**	**1,102**
Financial liabilities measured at FVTPL	269	-	-	-	-	1	270
Payables	92	-	-	-	-	62	154
Provisions	-	-	-	-	-	4	4
Current tax liabilities	42	-	-	-	-	-	42
Deferred tax liabilities	-	-	139	-	-	-	139
Other liabilities	556	-	-	-	-	(63)	493
TOTAL EQUITY	**103,826**	**(32,842)**	**(139)**	**-**	-	**12**	**70,857**
Share capital	3	-	-	-	-	-	3
Share premium reserve	93,441	(32,842)	-	(12,253)	-	1	48,347
Retained earnings	16,242	-	267	5,742	147	10	22,408
Other reserves	(5,860)	-	(406)	6,511	(147)	1	99
TOTAL LIABILITIES AND EQUITY	**104,785**	**(32,842)**	**-**	**-**	**-**	**16**	**71,959**

Income Reconciliation for the year ended 31 December 2022

(CZK million)	Dutch GAAP 2022	Remeasurement of investments in subsidiaries (a)	Remeasurement of financial assets (b)	Elimination of hedge accounting (d)	Other (e)	IFRS 2022
Net result from investments in subsidiaries	8,399	(3,016)	-	-		5,383
Net income / loss (-) from financial assets and liabilities	84	-	(562)	75	-	(403)
Net expected credit loss expense (-) / income	-	-	-	-	-	-
Interest revenue calculated using the effective interest method	113	-	-	-	-	113
Interest expense calculated using the effective interest method	-	-	-	-	-	-
Net foreign exchange differences	(467)	-	534	-	19	86
Other income	24	-	-	-	(24)	-
Other expenses	(908)	-	-	-	14	(894)
Earnings before taxes	**7,245**	**(3,016)**	**(28)**	**75**	**9**	**4,285**
Income taxes	(102)	-	23	-	-	(79)
Net profit of the year	**7,143**	**(3,016)**	**(5)**	**75**	**9**	**4,206**

Notes to the reconciliations

(a) Remeasurement on investments in subsidiaries

Under Dutch GAAP Investments in group companies were measured at net asset value which was based on the measurement of assets, provisions and liabilities and determination of profit based on the principles applied in the IFRS consolidated financial statements. This is different compared to the IFRS-EU where the Company decided to measure investments in subsidiaries during the first-time adoption at cost. The cost has been determined in accordance with IAS 27. Consideration transferred includes the fair value of any asset or liability resulting from the deal, including any contingent consideration arrangement.

The impact arising from the change on statement of financial position is summarised as follows:

Statement of financial position (CZK million)	1 January 2022	31 December 2022
Investments in subsidiaries	(44,959)	(32,842)
Share premium reserve	44,959	32,842

Under the Dutch GAAP, net result from investments in subsidiaries was equal to the Company's share of the net income of Group companies while under IFRS, this item is equal to the income and expenses recognised during the year in relation to such investments. From income point of view this represents dividend income from subsidiaries. Dividends are recognised when the entity's right to receive the dividend is established. This financial statement line item also includes impairment expense (reversal of impairment respectively), if applicable.

The impact arising from the change on Income statement is summarised as follows:

Statement of comprehensive income (CZK million)	31 December 2022
Net result from investments in subsidiaries	(3,016)

(b) Remeasurement of financial assets

Financial assets are recognised during the first-time adoption in line with IFRS 9 requirements. 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. 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.1.3.

The following table provides classification under Dutch GAAP and classification under IFRS 9 before loss allowance as at 1 January 2022:

Description	Note	Dutch GAAP classification	IFRS 9 classification	Dutch GAAP 1 January 2022	IFRS 9 1 January 2022
Equities	E.2.3	Available for sale	FVOCI	1,668	1,668
Investment funds	E.2.2	Available for sale	FVTPL	114	114
Lion River investments	E.2.2	Available for sale	FVTPL	2,134	2,134
Reverse REPO	E.2.3	Loans and receivables	FVOCI	223	223
Loans to subsidiaries	E.2.1	Loans and receivables	Amortised cost	2,412	2,416
Term deposits	E.2.1	Loans and receivables	Amortised cost	1,696	1,696
Derivatives	E.2.2	FVTPL	FVTPL	206	206
Total				**8,453**	**8,457**

As at 1 January 2022, the loss allowance under IFRS 9 of CZK 4 million has been recognised for loans to subsidiaries.

As at 1 January 2022, deferred tax liability in the amount of CZK 213 million has been recognised for the temporary difference between accounting and tax carrying values together with deferred tax asset on ECL allowance in the amount of CZK 1 million.

The following table provides classification under Dutch GAAP and classification under IFRS 9 before loss allowance as at 31 January 2022:

Description	Note	Dutch GAAP classification	IFRS 9 classification	Dutch GAAP 31 January 2022	IFRS 9 31 January 2022
Equities	E.2.3	Available for sale	FVOCI	1,397	1,397
Investment funds	E.2.2	Available for sale	FVTPL	152	152
Lion River investments	E.2.2	Available for sale	FVTPL	1,815	1,812
Reverse REPO	E.2.3	Loans and receivables	FVOCI	125	125
Loans to subsidiaries	E.2.1	Loans and receivables	Amortised cost	1,818	1,824
Term deposits	E.2.1	Loans and receivables	Amortised cost	2,936	2,936
Derivatives	E.2.2	FVTPL	FVTPL	283	283
Total				**8,526**	**8,529**

As at 31 January 2022, the loss allowance under IFRS 9 of CZK 3 million has been recognised for loans to subsidiaries.

As at 31 January 2022, deferred tax liability in the amount of CZK 139 million has been recognised for the temporary difference between accounting and tax carrying values together with deferred tax asset on ECL allowance in the amount of CZK 1 million.

Apart from reclassification of financial assets there is the change in equity because of the transfer of unrealised gain from original revaluation reserve to the retained earnings keeping the total value of equity unchanged.

The impact arising from the change on statement of financial position is summarised as follows:

Statement of financial position (CZK million)	1 January 2022	31 December 2022
AFS Financial Assets	(3,915)	(3,364)
Loans	(4,332)	(4,879)
Financial investments measured at FVOCI	1,891	1,522
Financial investments measured at FVTPL	2,248	1,965
Financial investments measured at AC	4,108	4,756
Total assets	-	-
Deferred tax liabilities	213	139
Total liabilities	**213**	**139**
Retained earnings	393	267
Revaluation reserve	(606)	(406)
Total equity	**(213)**	**(139)**

Because of the fact that investment funds and Lion River investments have been reclassified from Available for sale category into FVTPL category, there is an impact on Income statement under IFRS for the year ended 31 December 2022. Moreover, foreign exchange gains and losses from derivative instruments have been presented under Dutch GAAP within net foreign exchange differences, however under IFRS these gains and losses are recognised within the line of net income / loss (-) from financial assets and liabilities.

The impact arising from the change on statement of comprehensive income is summarised as follows:

Statement of comprehensive income (CZK million)	31 December 2022
Lion River reclassification	
Net income / loss (-) from financial assets and liabilities	(41)
Investment funds reclassification	
Net income / loss (-) from financial assets and liabilities	13
Derivatives presentation	
Net income / loss (-) from financial assets and liabilities	(534)
Net foreign exchange differences	534
Earnings before taxes	**(28)**
Income taxes	23
Profit after tax	**(5)**

(c) Changes within equity

Under the Dutch GAAP, total amount of equity was equal to the consolidated amount of equity attributable to the Generali Group which was disclosed as part of the Consolidated financial statements. Moreover, result of the period was equal to the result of the period attributable to the equity holders of the parent. With the first-time adoption of IFRS-EU these linkages ceased to exist and both amount of equity and result of the period are derived directly from the accounting of the Company. Different accounting treatment impacted the total amount of equity as well as the split of equity into individual categories.

The main differences can be summarised as following for each category.

Share capital

No difference between Dutch GAAP and IFRS-EU.

Share premium

Under the Dutch GAAP, amount of share premium was stable over the periods and was not impacted by any intragroup transactions. With the first-time adoption of IFRS-EU amount of share premium differs compared to Dutch GAAP due to the impact of intragroup organisational changes which happened in the past. In case of upstream mergers, investment in the subsidiary was replaced by the book value of its assets and liabilities. The difference between the book value of such investment and book value of net equity was reflected in share premium.

Retained earnings

The main difference between retained earnings under the Dutch GAAP and retained earnings under IFRS-EU relates to the fact that net profit under Dutch GAAP was linked to the consolidated net profit attributable to the parent which was mainly driven by the Company’s share of the net income of its subsidiaries. However, under IFRS-EU, profit of the period is equal to the difference between Company’s income and expense recognised over the period. The main driver of the difference is the item of net result from investment in subsidiaries. In IFRS-EU, this item is equal to the dividend income from subsidiaries together with net impairment expense / income recognised over the period and realised loss / gain from the disposal of subsidiaries. The magnitude of the difference depends, among others, on the dividend payout ratios of individual subsidiaries, result of impairment test of investment in subsidiaries and timing difference between recognition of dividend in current accounting year which is derived from the prior year profit of the subsidiary.

Other reserves

Under the Dutch GAAP, other reserves consisted of revaluation reserve (AFS reserve), currency translation reserve and cash flow hedge reserve. Apart from cash flow hedge reserve, these items have been impacted by the movements recognised in consolidated statement of comprehensive income. Under IFRS-EU, only revaluation reserve for financial assets measured at FVOCI is recognised in equity which is the reason for the change between Dutch GAAP and IFRS-EU.

The impact arising from the change on statement of financial position is summarised as follows:

Statement of financial position (CZK million)	1 January 2022	31 December 2022
Share premium reserve	(4,529)	(12,253)
Retained earnings	8,406	5,742
Revaluation reserve	(3,877)	6,511

(d) Elimination of hedge accounting

With the first-time adoption of IFRS-EU, the Company does not fulfil anymore requirements for the application of hedge accounting in its financial statements. This means that cash flow hedge reserve was released into retained earnings and all subsequent movements for related derivatives are recognised in Income statement. Under the Dutch GAAP, hedge accounting was followed based on the fact, that hedging was done within the same consolidation group and Dutch GAAP profit was linked to the IFRS-EU consolidated one. This relation is not valid anymore.

The impact arising from the change on statement of financial position is summarised as follows:

Statement of financial position (CZK million)	1 January 2022	31 December 2022
Retained earnings	71	147
Revaluation reserve	(71)	(147)

The impact arising from the change on statement of comprehensive income is summarised as follows:

Statement of comprehensive income (CZK million)	31 December 2022
Net income / loss (-) from financial assets and liabilities	75

D. Risk report

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

D.1 Risk management system, measurement and control

The Company is a member of the Generali Group and is part of its risk management structure.

Generali CEE Holding is not a regulated entity. The Company is, however, approved as a qualified shareholder in all of its direct and indirect subsidiaries, which are regulated entities and must meet criteria stipulated by relevant local laws and regulatory. In addition, being a member of the insurance group headed by Assicurazioni Generali, the Company is required to comply with the measures imposed on the Company for the implementation of applicable laws and provisions set by the Italian Institute for insurance supervision for the purposes of the stable and efficient management of the Generali Group. This is reflected in risk profile of the Company.

Generali Group has implemented a risk management system that aims at identifying, evaluating and monitoring the most important risks to which the Generali Group and the Company are exposed.

Risk management process is defined within the Risk Management Group Policy and applicable for the Company, including the risk map determining the risks which the Company face to.

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

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

The risk management process is defined within the following phases:

Specifically, the Company is exposed to financial risks, credit risks, liquidity risks, strategic risks, operational risks, sustainability risks, emerging risks and reputational risks. Details about risks are mentioned in separate chapters.

The Company mainly uses the following approaches to mitigate the individual risks:

Financial and Credit risks:

The Company uses derivatives to mitigate the financial risks in the portfolio. The derivatives help the Company improve the quality, liquidity and profitability of the portfolio, according to the business planning targets.

Swaps

Swaps are over-the-counter agreements between the Company and other parties to exchange future cash flows based upon agreed notional amounts. Swaps most commonly used by the Company are foreign currency swaps. Under foreign currency swaps the Company agrees to simultaneously borrow one currency and lend another currency at an initial date, then exchanging the amounts at maturity.

Market risk arises from potentially unfavourable movements in foreign exchange rates.

Forwards

Forward contracts are commitments to either purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or another financial asset. Forward contracts result in credit exposure to the counter party and exposure to market risk based on changes in market prices relative to the contracted amounts.

Financial instruments and other investments

With specific focus on financial instruments and other investments, Risk Management guidelines related to investment risk management, the system of investments risk limits, credit ratings and guidelines on an approval process for new instruments are in place, as well as the investment risk reporting for management on a monthly basis.

The Company acts in line with Investment Risk Group Guideline. This guideline is cascaded to the Company via the Guideline for the System of Investment Risk Limits and a Risk limit Annex specific for the Company, providing it with a set of definitions, limits, requirements and restrictions to manage credit and market risks. The Guideline illustrates also the treatment and the requirements related to specific asset classes or transactions, and, in addition, it describes the related monitoring activities.

The asset portfolio is invested based on the Prudent Person Principle. The objective of the strategy is to establish appropriate return potential while ensuring that the Company can always meet its obligations without undue cost and in accordance with its internal and external regulatory capital requirements.

Strategic asset allocation follows standardised process described by Asset Liability management and Strategic asset allocation Group Guideline (ALM and SAA Group Guideline). The SAA is subject to approval of Regional Investment Committee with Group head office ("GHO") representative which is held twice a year.

In addition to that, there are also Investment Governance Group Policy, Risk Concentrations Management Group Policy and Treasury Group Policy which specify the roles and responsibilities, processes and reporting requirements in these areas.

Liquidity risk

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

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

Operational risks, sustainability risks and reputation risks

On yearly basis the Company performs qualitative assessment of operational risks which is done by Risk Management function.

The assessment takes into account internal and external inputs, both historical and forward looking. Within the exercise the qualitative evaluation is performed for all the operational risks in the operational risk catalogue defined by Generali Group and aligned with the Generali Group methodology. The assessments outputs are usually presented in a heatmap, where we distinguish financial heatmap and heatmap including also reputational risks effects. Within the assessment also sustainability risks are considered.

Operational risks are well managed, individually based on type of the operational risks. The main topics for the Company are international sanctions, cyber-attack, taxes, antitrust and risk of correct data entry.

D.2 Roles and responsibility

The system is based on three levels of responsibility:

- Assicurazioni Generali ("Generali Group") – for every country, it sets the targets in terms of solvency, results, and risk exposure. Moreover, it defines the risk management policy through a list of Guidelines for acceptance of the main risks. The Generali Group has developed the Enterprise Risk Management Policy to align the risk measurement methodology, the governance and the reporting of each company within the Generali Group.
- Generali CEE Holding ("the Company") – defines strategies and objectives for every company within the CEE region, taking into account the local features and regulations, providing support for the implementation and controlling the results. In particular, in order to assure a better solution to the specific features of local risks and changes in local regulation, the risk management responsibility and decisions are delegated to the Chief Risk Officer of the Company respecting the Generali Group policy framework. Generali Group and the Company are also assigned performance targets for their respective areas.
- Business Unit – risk management involves the corporate governance of Generali Group entities and the operational and control structure, with defined responsibility levels and aims to ensure the adequacy of the entire risk management system at every point.

D.3 Market risk

Unexpected movements in prices of equities, currencies, and interest rates might impact the value of the Company's assets and liabilities.

In relation to Market risks monitoring, the Company focuses on investments where market risks affect the Company's result of financial positions.

The following table shows investments subject to interest rate and equity risk affecting the Company's financial position.

(CZK million)	31.12.2023		31.12.2022		1.1.2022	
	Total fair value	weight (%)	Total fair value	weight (%)	Total fair value	weight (%)
Equity investments and funds	3,296	81%	3,362	89%	3,917	90%
Reverse repurchase agreement	701	17%	125	3%	222	5%
Derivative financial assets	85	2%	283	8%	206	5%
Total Assets	**4,082**	**100%**	**3,770**	**100%**	**4,345**	**100%**
Derivative financial liabilities	253	100%	270	100%	143	100%
Total Liabilities	**253**	**100%**	**270**	**100%**	**143**	**100%**

As mentioned above, the economic impact of changes in interest rates, equity prices, currencies and corresponding volatility for the shareholders will depend on the sensitivity of the assets to these shifts.

Other financial instruments (receivables, term deposits, financial liabilities, etc.) are not subject to significant market risk with exception of currency risk.

D.3.1 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 re-price 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 re-pricing characteristics of the various floating rate instruments.

The financial instruments subject to interest rate risk are derivative instruments and reverse repurchase agreement.

The income statement and Shareholder's equity sensitivity to interest rate changes have been calculated by applying the stress test (100 bp parallel fall or rise in all yield curves worldwide) to financial instrument portfolio as at 31 December 2023 and 31 December 2022.

The following table shows this sensitivity analysis at the year end, before and after the related deferred 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.

(CZK million)		31.12.2023		31.12.2022	
		Income Statement	Shareholder's Equity	Income Statement	Shareholder's Equity
100 bp parallel increase	Gross impact on fair value	1	(2)	-	-
	Income tax charge / (credit)	-	-	-	-
	Total net impact	**1**	**(2)**	**-**	**-**
100 bp parallel decrease	Gross impact on fair value	(1)	2	-	-
	Income tax charge / (credit)	-	-	-	-
	Total net impact	**(1)**	**2**	**-**	**-**

D.3.2 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:

- The limits for investments are set and carefully monitored for each business unit in its investment policy.
- The portfolio is diversified (limits are set per single counterparty exposure).

The table below summarises the breakdown by equity and equity investment fund unit type:

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Equities at fair value	3,093	3,210	3,804
Quoted	1,412	1,397	1,669
Unquoted	1,681	1,813	2,135
Investments in fund units	203	152	113
Total	**3,296**	**3,362**	**3,917**

The Income statement and shareholder's equity sensitivity to equity price changes have been calculated by applying the stress test (+/-10% change in equity prices) to all equities and investment fund unit portfolios as at 31 December 2023 and 2022.

The following table shows this sensitivity analysis at the year end, before and after the related deferred taxes.

(CZK million)		31.12.2023		31.12.2022	
		Income Statement	Shareholder's Equity	Income Statement	Shareholder's Equity
Equity price +10%	Gross impact on fair value	188	141	196	140
	Income tax credit	(36)	(27)	(37)	(27)
	Total net impact	**152**	**114**	**159**	**113**
Equity price -10%	Gross impact on fair value	(188)	(141)	(196)	(140)
	Income tax charge	36	27	37	27
	Total net impact	**(152)**	**(114)**	**(159)**	**(113)**

The impact on the income statement or shareholder's equity is determined by the IFRS classification of the particular investment.

D.3.3 Currency risk

The Company is exposed to currency risk as a result of transactions in foreign currencies and through its assets and liabilities being denominated in foreign currencies.

The FX position is regularly monitored, and the hedging instruments are reviewed and adjusted accordingly.

As a result of this approach, the Company has no significant open exposure to any currencies.

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

(CZK million) 31.12.2023	CZK	EUR	Other currencies	Total CZK
Cash and cash equivalents	170	22	7	199
Financial investments	1,428	6,960	372	8,760
Receivables	22	115	-	137
Other assets	4	63	1	68
Total assets	**1,624**	**7,160**	**380**	**9,164**
Financial liabilities FVTPL	104	3	146	253
Payables	46	64	1	111
Other liabilities	368	240	1	609
Total liabilities	**518**	**307**	**148**	**973**

(CZK million) 31.12.2022	CZK	EUR	Other currencies	Total CZK
Cash and cash equivalents	197	4	2	203
Financial investments	2,174	6,035	317	8,526
Receivables	19	123	-	142
Other assets	1	18	1	20
Total assets	**2,391**	**6,180**	**320**	**8,891**
Financial liabilities FVTPL	3	177	90	270
Payables	34	120	-	154
Other liabilities	344	148	1	493
Total liabilities	**381**	**445**	**91**	**917**

(CZK million) 1.1.2022	CZK	EUR	Other currencies	Total CZK
Cash and cash equivalents	212	40	8	260
Financial investments	3,281	5,172	-	8,453
Receivables	44	87	-	131
Other assets	2	3	1	6
Total assets	**3,539**	**5,302**	**9**	**8,850**
Financial liabilities FVTPL	-	143	-	143
Payables	14	113	-	127
Other liabilities	180	69	-	249
Total liabilities	**194**	**325**	**-**	**519**

D.4 Credit risk

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 honour its financial obligations.
- Counterparty default risk - reflects possible losses due to unexpected default or deterioration in the creditworthiness of the counterparties where the company holds cash, derivatives and receivables.

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

(CZK million)	31. 12. 2023	31. 12. 2022	1. 1. 2022
Financial investments	5,379	4,881	4,330
Financial investments at amortised cost	4,678	4,756	4,108
Financial investments at FVOCI	701	125	222
Receivables	137	142	131
Current tax assets	56	38	157
Other assets	68	20	6
Cash and cash equivalents	199	203	260
Total	**5,839**	**5,284**	**4,884**

The following tables show the credit quality of the Company's financial assets. Most of those financial assets are of intragroup nature (CZK 4,732 million as at 31.12.2023; CZK 4,813 million as at 31.12.2022 and CZK 4,169 million as at 1.1.2022, see chapter E.26 for more detail).

Rating of Financial investments measured at amortised cost, Financial investments measured at FVOCI and Receivables

(CZK million)	31. 12. 2023			31. 12. 2022			1. 1. 2022		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
AA-	701	-	701	125	-	125	222	-	222
BBB+	-	-	-	1,820	-	1,820	-	-	-
BBB	4,678	-	4,678	2,936	-	2,936	4,108	-	4,108
Not rated	-	137	137	-	142	142	-	131	131
Total	**5,379**	**137**	**5,516**	**4,881**	**142**	**5,023**	**4,330**	**131**	**4,461**

Assets classified at Stage 2 are receivables, for this Life time ECL is calculated as simplification allowed by IFRS 9. The Company did not identify any non-performing exposure belonging to Stage 3.

As at 1 January 2022 loans to subsidiaries have been rated according to the BBB rating of Generali Group which was improved to BBB+ as at the end of 2022. In 2023 rating restriction was introduced for such loans that the rating can't be better than the rating of country where counterparty operates and as a result loan to Generali Biztosító Zrt. was downgraded to BBB.

The following table presents the ageing analysis for Financial investments measured at amortised cost, Financial investments measured at FVOCI and Receivables:

(CZK million) 31.12.2023	Financial investments at FVOCI	Receivables	Financial investments at amortised cost
Neither past due nor impaired			
Gross carrying amount	**701**	**137**	**4,678**
Allowances	-	-	-
Net carrying amount	**701**	**137**	**4,678**

(CZK million) 31.12.2022	Financial investments at FVOCI	Receivables	Financial investments at amortised cost
Neither past due nor impaired			
Gross carrying amount	**125**	**142**	**4,760**
Allowances	-	-	(4)
Net carrying amount	**125**	**142**	**4,756**

(CZK million) 1.1.2022	Financial investments at FVOCI	Receivables	Financial investments at amortised cost
Neither past due nor impaired			
Gross carrying amount	**222**	**131**	**4,112**
Allowances	-	-	(4)
Net carrying amount	**222**	**131**	**4,108**

The Company has no past due or credit impaired financial asset.

The Company holds collateral for financial investments in the form of securities as part of reverse repurchase agreements and cash collateral for derivative agreements.

The following table shows the fair value of collateral held:

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Reverse REPO	701	124	217
Derivative instruments	86	117	74
Total collateral held	**787**	**241**	**291**

The collaterals held fully cover the exposure to above mentioned assets.

D.4.1 Amounts arising from ECL on financial assets

Inputs, assumptions and techniques used for estimating impairment

See accounting policies in C.1.3.2

Significant increase in credit risk

The approach chosen by Generali Group, of which the Company is a part, in order to measure Significant Increase in Credit Risk for Bond exposures foresees the Credit Rating Downgrading by a defined number of notches. In this quantitative transfer criteria, the rating shift is the parameter monitored in order to detect a significant credit risk deterioration. The difference measured as number of notches compared with a threshold that determines, in relative terms, if the position is classified as Stage 1, Stage 2 or Stage 3. The case in which the number of notch is lower than the threshold, tranche will be classified as Stage 1 and ECL calculated 12 months; if higher than the threshold for passing to Stage 2 but lower than the threshold of Stage 3, the position will be classified at Stage 2 and ECL calculated lifetime; otherwise it is classified at Stage 3 and ECL calculated using the recovery amounts. As Stage 3 are also considered all cases with objective evidence of impairment, regardless of approach above.
Use of low credit risk exemption is implicitly considered in the definition of number of notches change described above. In this case, the threshold limits of BBB-, S&P rating scale, has been chosen for the identification of LCR Assets since is also the rating floor to define an “investment grade” score.
The Company assess at each reporting date whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition.

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 Company 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 Company; 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;
- loss given default; and
- exposure at default.

The expected credit loss calculation is based on probability of default, loss given default and total exposure at default parameters that are influenced by forward-looking information obtained by processing specific scenarios.

With regard to quantification of a significant increase in credit risk, necessary in order to allocate debt instruments to the various stages, the Generali Group has defined a model based on a combination of quantitative elements (e.g. measurement based on a comparison with lifetime probability of default) and qualitative elements (e.g. watchlists). A similar approach is used to identify default events, required for classification of an instrument as Stage 3. In the approaches used by the Generali Group to quantify a significant increase in credit risk, the aforementioned low credit risk exemption is not taken into consideration directly.

The model also envisages the option of a simplified approach for trade receivables and leases, for which it is not necessary to calculate the 12-month expected credit losses, but lifetime expected credit losses are always recognised.

The introduction of the Generali Group Expected Credit Losses model, which the Company adopted, has had a limited impact on the Financial Statements, reflecting the strong credit rating of the debt securities portfolio held by the Company.

Loss allowance

The following tables show reconciliations from the opening balance to the closing balance of the loss allowance.

(CZK million)	Stage 1	Stage 2*	Stage 3	Total
Balance as at 1 January 2023	**4**	**-**	**-**	**4**
Transfer to (out) Stage 1	-	-	-	-
Transfer to (out) Stage 2	-	-	-	-
Transfer to (out) Stage 3	-	-	-	-
Remeasurements, changes in models and methods	(1)	-	-	(1)
New financial assets acquired	-	-	-	-
Derecognition and maturities	(3)	-	-	(3)
Write-offs (use of allowances)	-	-	-	-
Balance as at 31 December 2023	**-**	**-**	**-**	**-**

(CZK million)	Stage 1	Stage 2*	Stage 3	Total
Balance as at 1 January 2022	4	**-**	**-**	**4**
Transfer to (out) Stage 1	-	-	-	-
Transfer to (out) Stage 2	-	-	-	-
Transfer to (out) Stage 3	-	-	-	-
Remeasurements, changes in models and methods	1	-	-	1
New financial assets acquired	1	-	-	1
Derecognition and maturities	(2)	-	-	(2)
Write-offs (use of allowances)	-	-	-	-
Balance as at 31 December 2022	**4**	**-**	**-**	**4**

* The Company identifies Receivables as Stage 2. Allowances for expected credit losses are nil in both years.

Write-offs

Considering very limited cases of applicable investments, the Company does not have a specific write-off policy. These cases, if occurred, would be assessed on case-by-case basis.

D.5 Liquidity risk

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

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

The Company strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. 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 smoothly access to funds to meet known obligations, with an additional buffer to cover potential unknown situations.

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 strategy. The identification of the liquidity risk sources addresses the size and time distribution of both cash inflows and cash outflows, as well as the marketability of assets, identifying any potential Liquidity mismatch.

The following table shows an analysis of the Company's financial assets and liabilities (undiscounted) broken down into their relevant maturity bands, based on the residual contractual maturities.

Residual contractual maturities of financial assets

(CZK million) 31.12.2023	Less than 1 year	Between 1 and 5 years	More than 5 years	Unspecified	Total
Financial investments at amortised cost	4,678	-	-	-	4,678
Financial investments at FVOCI	701	-	-	1,412	2,113
Financial investments at FVTPL	85	1	-	1,883	1,969
Receivables	137	-	-	-	137
Other assets	68	-	-	-	68
Cash and cash equivalents	199	-	-	-	199
Total	**5,868**	**1**	**-**	**3,295**	**9,164**

(CZK million) 31.12.2022	Less than 1 year	Between 1 and 5 years	More than 5 years	Unspecified	Total
Financial investments at amortised cost	4,756	-	-	-	4,756
Financial investments at FVOCI	125	-	-	1,397	1,522
Financial investments at FVTPL	226	57	-	1,965	2,248
Receivables	142	-	-	-	142
Other assets	20	-	-	-	20
Cash and cash equivalents	203	-	-	-	203
Total	**5,472**	**57**	**-**	**3,362**	**8,891**

(CZK million) 1.1.2022	Less than 1 year	Between 1 and 5 years	More than 5 years	Unspecified	Total
Financial investments at amortised cost	4,108	-	-	-	4,108
Financial investments at FVOCI	222	-	-	1,669	1,891
Financial investments at FVTPL	193	13	-	2,248	2,454
Receivables	131	-	-	-	131
Other assets	6	-	-	-	6
Cash and cash equivalents	260	-	-	-	260
Total	**4,920**	**13**	**-**	**3,917**	**8,850**

Residual contractual maturities of financial liabilities

(CZK million) 31.12.2023	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial liabilities measured at FVTPL	248	5	-	253
Payables	111	-	-	111
Other liabilities	609	-	-	609
Total	**968**	**5**	**-**	**973**

(CZK million) 31.12.2022	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial liabilities measured at FVTPL	270	-	-	270
Payables	154	-	-	154
Other liabilities	493	-	-	493
Total	**917**	**-**	**-**	**917**

(CZK million) 1.1.2022	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Financial liabilities measured at FVTPL	143	-	-	143
Payables	127	-	-	127
Other liabilities	249	-	-	249
Total	**519**	**-**	**-**	**519**

D.6 Operating risk and other risks

Operational risk is defined as potential losses arising from shortcomings or underperformance in internal processes, human resources and systems or from other causes which may result from internal or external factors (e.g. natural catastrophes).

As part of the on-going processes of the Generali Group, the Company has set some common principles for these kinds of risks:

- policies and basic requirements to handle specific risk sources as defined at the Generali Group level;
- criteria to measure operational risk. Common Generali Group methodology was set up to identify, measure and monitor operational risks; and
- common methodologies and principles guiding internal audit activities to identify the most relevant processes to be audited.

The operational risk management process is primarily based on analysing the risks and designing modifications to work procedures and processes to eliminate the risks associated with operational events aligned with risk appetite of the company. Work procedures governing the investment and risk management processes constitute a part of the Company's system of mandatory policies and procedures.

Specific focus on Fraud risk

Fraud risk is among risks that are regularly assessed through Operational Risk Assessment ("ORA"), which is performed on yearly bases. The fraud risk is further split to fraud risk from clients, intermediaries and suppliers and internal fraud risk (categories are defined withing Group Operational Risks catalogue). The risk assessment considers Potential Risk Exposure, which is assessed through financial impact and frequency of the risk occurrence, and adequacy of control system in place. Combination of two mentioned factors defines residual risk area – from Very low up to Very High. The 2023 assessment for the Company concluded there is low exposure related to fraud risk. Hence the self-assessment concluded the controls put in place are efficient in mitigating such risks.

D.7 Capital management

The company is not subject to any regulatory capital requirements. It manages its capital in a way not to put in danger liquidity position of the Company and to be able to continue as a going concern.

Capital composition is available in the note E.9.

There are no financial debts or loans which can be considered as capital.

D.8 Potential impact of climate changes

Generali Group is committed to promote the transition towards a low-carbon economy, disclosing the risks and opportunities associated with climate change.

The Generali Group Strategy on Climate Change defines decisions and actions taken by the Group to promote a fair and socially just transition to a net-zero emission economy both as an Issuer, an Asset Owner and Underwriter.

Sustainability is the originator of Generali Group strategy and therefore the Generali Group acts as a responsible insurer, investor, employer and corporate citizen.

Responsible investor

As an Asset Owner, in order to reduce the environmental and climate impact of its investment portfolio, the Generali Group has developed an integrated strategy based on following elements:

- increasing the weight of thematic investments (green assets);
- reducing exposure to carbon-intensive issuers (exclusion criteria); and
- methodically measuring and reducing carbon footprint of the portfolio (portfolio decarbonization) in line with the protocols developed by the Net-Zero Asset Owner Alliance.

The goals and strategy of the Generali Group are summarised below:

- By 2025 €8.5 to €9.5 billion in new green and sustainable investments in addition to those already made by the end of 2020.
- Exclusion of new investments and gradual divestment from coal-related companies identified with progressively more restrictive criteria.
- Exclusion of new non-listed investments in infrastructures dedicated to coal transport.
- Phase-out of investments in the coal sector by 2030 for OECD countries and by 2040 for the rest of the world.
- Exclusion of new investments and progressive divestment from companies active in the exploration and production of unconventional fossil fuels: tar sands, oil and gas extracted through fracking and upstream operations in the Arctic.
- Exclusion of new non-listed investments in infrastructures dedicated to unconventional fossil fuels (tar sands, oil and gas from fracking and from the Arctic) including upstream, midstream and downstream.
- By 2025, engagement with 20 carbon-intensive companies in the Generali Group's investment portfolio.

- Gradual decarbonization of the investment portfolio to reach net-zero emissions by 2050.
- Continuous improvement of ESG framework within the perimeter, covering multiple asset classes with multiple ESG approaches (Negative Screening, Positive Screening, Sustainable Investments, Engagement and Voting).

Responsible insurer

As a Responsible Insurer, the Generali Group business activity is focused on:

- Development of premiums growth strategy from insurance solutions with ESG components with a CAGR (Compound Annual Growth Rate) of 5-7% over the period 2022-2024.
- Exclusion of new underwriting cover and gradual discontinuation of the existing cover for clients insured for activities strictly related to the coal industry identified with progressively more restrictive criteria.
- Phase-out of underwriting exposure to the coal sector by 2030 for OECD countries and by 2038 for the rest of the world.
- Forging ahead with the commitment to no longer insure clients operating in upstream oil and gas, both conventional and unconventional.
- Progressive decarbonization of the insurance portfolio to reach net-zero emissions by 2050.

Responsible employer

The Generali Group commitment to promote diversity, equity, and inclusion in our work environment, upskill our people, nurture talent in all its forms, and implement more flexible and sustainable ways of working while measuring, reducing, and reporting the carbon footprint resulting from our own direct operations.

- By the end of 2025, greenhouse gas emissions from offices, data centres and mobility will be reduced by 35% compared to the base year 2019. The scope of this target includes scope 1, scope 2 and scope 3 for operational activities.
- Achievement of net-zero emissions by 2040 through financing of removal projects that will take into account the evolution of sector-specific regulations.

E. Notes to the Company statement of financial position and Company income statement

E.1 Cash and cash equivalents

For the purposes of the separate statement of cash flows, cash and cash equivalents comprise the following balances with maturities from the acquisition of less than 15 days:

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Cash at bank and credit balances with banks payable on demand	199	168	260
Term deposits with credit institutions	-	35	-
Total Cash and cash equivalents	**199**	**203**	**260**

E.2 Financial investments

E.2.1 Financial investments measured at amortised cost

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Term deposits related to direct cash pooling	4,326	2,936	1,696
Loans to subsidiaries	352	1,820	2,412
Total Financial investments measured at amortised cost	**4,678**	**4,756**	**4,108**

In 2023 and 2022, the financial investments at amortised cost are classified as Stage 1 financial assets.

E.2.2 Financial investments measured at FVTPL

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Investment fund units	203	152	113
Equity securities	1,681	1,813	2,135
Derivative instruments	85	283	206
Total Financial investments measured at FVTPL	**1,969**	**2,248**	**2,454**

E.2.3 Financial investments measured at FVOCI

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Equity securities	1,412	1,397	1,669
Reverse repurchase agreement	701	125	222
Total Financial investments measured at FVOCI	**2,113**	**1,522**	**1,891**

E.2.4 Fair value of financial investments

The fair value of loans measured at amortised cost:

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Term deposits related to direct cash pooling	4,326	2,936	1,696
Loans to subsidiaries	357	1,820	2,408
Total Financial investments measured at amortised cost	**4,683**	**4,756**	**4,104**

Fair value measurement of financial investments

(CZK million)	31.12.2023			
	Level 1	Level 2	Level 3	Total
Financial investments measured at amortised cost	**-**	**4,326**	**357**	**4,683**
Term deposits related to direct cash pooling	-	4,326	-	4,326
Loans to subsidiaries	-	-	357	357
Financial investments measured at FVTPL	**-**	**85**	**1,884**	**1,969**
Investment fund units	-	-	203	203
Equity securities	-	-	1,681	1,681
Derivative instruments	-	85	-	85
Financial investments measured at FVOCI	**1,412**	**701**	**-**	**2,113**
Equity securities	1,412	-	-	1,412
Reverse repurchase agreement	-	701	-	701
Total Financial investments	**1,412**	**5,112**	**2,241**	**8,765**

(CZK million)	31.12.2022			
	Level 1	Level 2	Level 3	Total
Financial investments measured at amortised cost	**-**	**2,936**	**1,820**	**4,756**
Term deposits related to direct cash pooling	-	2,936	-	2,936
Loans to subsidiaries	-	-	1,820	1,820
Financial investments measured at FVTPL	**-**	**283**	**1,965**	**2,248**
Investment fund units	-	-	152	152
Equity securities	-	-	1,813	1,813
Derivative instruments	-	283	-	283
Financial investments measured at FVOCI	**1,397**	**125**	**-**	**1,522**
Equity securities	1,397	-	-	1,397
Reverse repurchase agreement	-	125	-	125
Total Financial investments	**1,397**	**3,344**	**3,785**	**8,526**

(CZK million)	1.1.2022			
	Level 1	Level 2	Level 3	Total
Financial investments measured at amortised cost	**-**	**1,696**	**2,408**	**4,104**
Term deposits related to direct cash pooling	-	1,696	-	1,696
Loans to subsidiaries	-	-	2,408	2,408
Financial investments measured at FVTPL	**-**	**206**	**2,248**	**2,454**
Investment fund units	-	-	113	113
Equity securities	-	-	2,135	2,135
Derivative instruments	-	206	-	206
Financial investments measured at FVOCI	**1,669**	**222**	**-**	**1,891**
Equity securities	1,669	-	-	1,669
Reverse repurchase agreement	-	222	-	222
Total Financial investments	**1,669**	**2,124**	**4,656**	**8,449**

There were no transfers between fair value levels in 2023 and 2022 for financial investment instruments.

The following table shows the changes in Level 3 financial investments measured at amortised cost:

(CZK million)	2023	2022
Balance as at beginning of reporting period	**1,820**	**2,408**
Transfers from Level 3	-	-
Increases	318	296
Accrued interest increase	22	8
Pay-backs	(1,699)	(950)
Unrealised gains	8	4
Currency translation differences	15	(1)
Transfers to Level 3	-	-
Other changes	(127)	55
Balance as at end of reporting period	**357**	**1,820**
Realised gains/losses for the period recognised in profit and loss	-	-
Net impairment loss for the period recognised in profit and loss	-	-

The following table shows the changes in Level 3 financial investments measured at FVTPL:

(CZK million)	2023	2022
Balance as at beginning of reporting period	**1,965**	**2,248**
Transfers from Level 3	-	-
Unrealised gains/losses	(22)	(179)
Increases and purchases	70	283
Sales and disposals	(80)	(323)
Changes in shares	(97)	-
Currency translation differences	48	(64)
Transfers to Level 3	-	-
Balance as at end of reporting period	**1,884**	**1,965**
Realised gains/losses for the period recognised in profit and loss	-	-
Net impairment loss for the period recognised in profit and loss	-	-

E.3 Receivables

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Receivables from employees	2	1	1
Trade and other receivables	135	141	130
Total Receivables	**137**	**142**	**131**

Item Trade and other receivables includes among others, the receivables from derivatives collateral in the amount of CZK 81 million in 2023 (2022: CZK 88 million; 2021: CZK 52 million). We did not recognise any ECL on Receivables.

E.4 Intangible assets

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Software	132	63	27
Total Intangible assets	**132**	**63**	**27**

The tables below show the changes in the individual classes of intangible assets:

(CZK million)	2023	2022
Gross book value as at beginning of reporting period	**113**	**66**
Accumulated amortisation and impairment as at beginning of reporting period	**(50)**	**(39)**
Carrying amount as at beginning of reporting period	**63**	**27**
Additions	78	47
Amortisation and impairment of the period	(9)	(11)
Gross book value as at end of reporting period	**191**	**113**
Accumulated amortisation and impairment as at end of reporting period	**(59)**	**(50)**
Carrying amount as at end of reporting period	**132**	**63**

E.5 Investments in subsidiaries and associates

The following table provides details about the Company's subsidiaries:

In CZK million, for the year ended 31 December 2023:

Name	Country	Cost of investment	Accumulated impairment	Impairment (-) of the period	Net cost of impairment	Proportion of ownership interest (%)	Proportion of voting power (%)
Generali Insurance AD	Bulgaria	1,789	-	-	1,789	99.96	99.96
GP Reinsurance EAD	Bulgaria	749	-	-	749	100.00	100.00
Generali Osiguranje d.d.	Croatia	1,935	-	-	1,935	100.00	100.00
Generali Česká pojišťovna a.s.	Czech Republic	13,157	-	-	13,157	100.00	100.00
Generali Biztosító Zrt.	Hungary	14,391	-	-	14,391	100.00	100.00
Generali osiguranje Montenegro	Montenegro	139	-	-	139	65.24	65.24
Generali Towarzystwo Ubezpieczeń S.A.	Poland	5,725	-	-	5,725	100.00	100.00
Generali Zycie Towarzystwo Ubezpieczeń S.A.	Poland	4,421	-	-	4,421	100.00	100.00
Generali SAF Pensii Private S.A.	Romania	517	-	-	517	99.99	99.99
SC Generali Romania Asigurare Reasigurare S.A.	Romania	3,673	-	-	3,673	98.39	98.39
Generali Osiguranje Srbija A.D.O	Serbia	4,075	-	-	4,075	99.95	99.95
Generali Development d.o.o. Beograd	Serbia	5	-	-	5	100.00	100.00
Generali Zavarovalnica d.d.	Slovenia	6,850	-	-	6,850	100.00	100.00
GW Beta Limited	The Netherlands	5,926	(4,521)	(449)	956	49.00	100.00
Total		**63,352**	**(4,521)**	**(449)**	**58,382**		

During the year 2023 additional impairment in the amount of CZK 449 million for the investment into GW Beta Limited has been recognised based on the valuation of GW Beta. Other investments passed impairment assessment without any impairment indication.

During the year 2023 additional reorganisation changes have been performed in Czech Republic, Poland, Hungary and Slovenia in relation to asset management companies. In Slovenia new company Generali Investments SI, holdinška družba, d.o.o. was established. The share of Generali Investments, družba za upravljanje, d.o.o. previously owned by Generali Zavarovalnica d.d. was transferred to this company and Generali Investments SI, holdinška družba was classified as held for sale. In Hungary share of Generali Alapkezelõ Rt. owned by Generali Biztosító Zrt. was transferred to Generali Befektetési Zrt and both Generali Alapkezelõ Rt. and Generali Befektetési Zrt have been classified as held for sale. All transactions have been done on book values basis so without impact on other balance sheet or profit and loss items.
In case of Generali Investments CEE, Investiční Společnost, a.s. and Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A. both companies have been reclassified to non-current assets held for sale category (see note E.6 for further details).

During the year 2023 loan provided to GW Beta was capitalised and the cost value of investment was increased by CZK 127 million.

In CZK million, for the year ended 31 December 2022:

Name	Country	Cost of investment	Accumulated impairment	Impairment (-) / reversal of impairment in the period	Net cost of impairment	Proportion of ownership interest (%)	Proportion of voting power (%)
Generali Insurance AD	Bulgaria	1,789	-	-	1,789	99.96	99.96
GP Reinsurance EAD	Bulgaria	749	-	-	749	100.00	100.00
Generali Osiguranje d.d.	Croatia	1,935	-	-	1,935	100.00	100.00
Generali Česká pojišťovna a.s.	Czech Republic	13,157	-	-	13,157	100.00	100.00
Generali Investments CEE, Investiční Společnost, a.s.	Czech Republic	1,062	-	-	1,062	100.00	100.00
Generali Biztosító Zrt.	Hungary	14,415	-	-	14,415	100.00	100.00
Generali Alapkezelõ Rt.	Hungary	88	-	-	88	26.00	26.00
Generali Befektetési Zrt	Hungary	1	-	-	1	100.00	100.00
Generali osiguranje Montenegro	Montenegro	139	-	-	139	65.24	65.24
Generali Towarzystwo Ubezpieczeń S.A.	Poland	5,725	-	-	5,725	100.00	100.00
Generali Zycie Towarzystwo Ubezpieczeń S.A.	Poland	4,421	-	-	4,421	100.00	100.00
Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	2,369	(25)	25	2,369	100.00	100.00
Generali SAF Pensii Private S.A.	Romania	517	-	-	517	99.99	99.99
SC Generali Romania Asigurare Reasigurare S.A.	Romania	3,673	-	-	3,673	98.39	98.39
Generali Osiguranje Srbija A.D.O	Serbia	4,075	-	-	4,075	99.95	99.95
Generali Development d.o.o. Beograd	Serbia	5	-	-	5	100.00	100.00
Generali Zavarovalnica d.d.	Slovenia	7,569	-	-	7,569	100.00	100.00
GW Beta Limited	The Netherlands	5,799	-	(4,521)	1,278	49.00	100.00
Total		**67,488**	**(25)**	**(4,496)**	**62,967**		

During the year 2022 impairment in the amount of CZK 4,521 million for the investment into GW Beta Limited has been recognised based on the valuation of GW Beta together with the reversal of impairment in the amount of CZK 25 million for the investment into Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A. Other investments passed impairment assessment without any impairment indication.

During the year 2022, GSK Financial, a.s. merged with Generali Slovenská Distribúcia, s.r.o. which became universal successor of the company GSK Financial, a.s. and acquired all its rights and obligations. Impact of the transaction on financial statements is described in the note E.15.

During the last quarter of 2022, new company Generali Befektetési Zrt in Hungary was established. In addition to this there was an increase of investment into the Generali Osiguranje d.d. in the amount of CZK 414 million.

In CZK million, for the year ended 1 January 2022:

Name	Country	Cost of investment	Accumulated impairment	Net cost of impairment	Proportion of ownership interest (%)	Proportion of voting power (%)
Generali Insurance AD	Bulgaria	1,789	-	1,789	99.96	99.96
GP Reinsurance EAD	Bulgaria	749	-	749	100.00	100.00
Generali Osiguranje d.d.	Croatia	1,521	-	1,521	100.00	100.00
Generali Česká pojišťovna a.s.	Czech Republic	13,157	-	13,157	100.00	100.00
Generali Investments CEE, Investiční Společnost, a.s.	Czech Republic	1,062	-	1,062	100.00	100.00
Generali Biztosító Zrt.	Hungary	14,415	-	14,415	100.00	100.00
Generali Alapkezelõ Rt.	Hungary	88	-	88	26.00	26.00
Generali osiguranje Montenegro	Montenegro	139	-	139	65.24	65.24
Generali Towarzystwo Ubezpieczeń S.A.	Poland	5,725	-	5,725	100.00	100.00
Generali Zycie Towarzystwo Ubezpieczeń S.A.	Poland	4,421	-	4,421	100.00	100.00
Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A.	Poland	2,369	(25)	2,344	100.00	100.00
Generali SAF Pensii Private S.A.	Romania	517	-	517	99.99	99.99
SC Generali Romania Asigurare Reasigurare S.A.	Romania	3,673	-	3,673	98.39	98.39
Generali Osiguranje Srbija A.D.O	Serbia	4,075	-	4,075	99.95	99.95
Generali Development d.o.o. Beograd	Serbia	5	-	5	100.00	100.00
GSK Financial, a.s.	Slovakia	3,070	-	3,070	100.00	100.00
Generali Zavarovalnica d.d.	Slovenia	7,569	-	7,569	100.00	100.00
GW Beta Limited	The Netherlands	5,799	-	5,799	49.00	100.00
Total		**70,143**	**(25)**	**70,118**		

As at 1 January 2022 impairment in the amount of CZK 25 million for the investment into Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A. has been recognised. Other investments passed impairment assessment without any impairment indication.

E.6 Non-current assets held for sale

As at 31 December 2023, the Company classifies as non-current assets held for sale its investments in subsidiaries stated in below table.

(CZK million)	31.12.2023	31.12.2022	31.12.2021
Generali Investments CEE, Investiční Společnost, a.s.	1,062	-	-
Generali Alapkezelõ Rt.	88	-	-
Generali Befektetési Zrt	24		
Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A.	2,369	-	-
Generali Investments SI, holdinška družba, d.o.o.	720	-	-
Total	**4,263**	**-**	**-**

There is an ongoing process in place to transfer shares of those subsidiaries from Generali CEE Holding B.V. to Generali Investments Holding S.p.A. (“GIH”) and to receive equivalent number of shares of GIH. This is part of the intragroup reorganization related to the segment of asset management companies. Whole process is expected to be finalised within the year 2024. There is no impact from the reclassification on the Company’s income statement.

E.7 Current tax assets and liabilities

(CZK million)	31.12.2023	31.12.2022	31.12.2021
Current tax assets	56	38	157
Current tax liabilities	42	42	36
of which: Current income tax payable	35	36	28

Corporate income tax advances were offset with current income tax payable in the 2022 tax return and the difference was settled with the tax authority in 2023.

E.8 Other assets

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Prepaid interests	42	13	-
Accrued income	20	3	1
Prepayments	6	4	5
Total Other assets	**68**	**20**	**6**

E.9 Shareholder’s equity

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Share capital	3	3	3
Share premium reserve	48,347	48,347	48,347
Reserve for unrealised gains/losses on financial assets at FVOCI	108	99	319
Retained earnings	22,376	22,408	29,715
of which: Profit of the year	9,758	4,206	-
Total Shareholder’s equity	**70,834**	**70,857**	**78,384**

The following table provides details of reserves for revaluation of financial assets measured at FVOCI:

(CZK million)	2023	2022
Beginning of reporting period	**99**	**319**
Gross revaluation at the beginning of the year	**122**	**394**
Tax on revaluation at the beginning of the year	**(23)**	**(75)**
Equities		
Unrealised losses	(126)	(245)
Unrealised gains	122	-
Currency translation differences	19	(27)
Tax on revaluation	(6)	52
Gross revaluation at the end of the year	**136**	**122**
Tax on revaluation at the end of the year	**(28)**	**(23)**
End of reporting period	**108**	**99**

The following table provides details of authorised and issued shares:

	31.12.2023	31.12.2022
Number of shares authorised	500,000	500,000
Number of shares issued and fully paid	100,000	100,000
Par value per share (CZK)	26.2	26.2

The following table provides details of the distribution restrictions of equity:

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Not available for distribution to shareholders	**4,014**	**4,005**	**4,225**
Share capital	3	3	3
Share premium reserve – portion not available for distribution	3,903	3,903	3,903
Revaluation reserve	108	99	319
Available for distribution to shareholders	**66,820**	**66,852**	**74,159**
Share premium reserve – portion available for distribution	44,444	44,444	44,444
Retained earnings	22,376	22,408	29,715
Total shareholder’s equity	**70,834**	**70,857**	**78,384**

E.9.1 Profit distribution

Overall dividend payment in 2023 amounted to CZK 9,830 million (2022: CZK 11,391 million) which corresponds to the amount of CZK 19,659.83 per share.

E.10 Financial liabilities measured at FVTPL

Financial liabilities consist of the following:

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Derivative instruments	253	270	143
Total Financial liabilities measured at FVTPL	**253**	**270**	**143**

All derivatives are classified in fair value hierarchy as Level 2.

Majority of derivatives is recognised as current, with maturity within 6 months (CZK 248 million), remaining CZK 5 million has maturity between 1 and 2 years. All derivatives in 2022 were recognised as current.

E.11 Payables

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Payables to employees	22	22	23
Payables to clients and suppliers	43	11	24
Social security	7	7	7
Collateral held for securities lending transactions and derivatives	39	114	73
Total Payables	**111**	**154**	**127**

E.12 Provisions

(CZK million)	2023	2022
Provision for commitments other than restructuring at the beginning of the year	**4**	**-**
Additions to provision	7	4
Provision for commitments other than restructuring at the end of the year	**11**	**4**

E.13 Other liabilities

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Accrued charges	598	485	241
Accrued rent	8	6	6
Other	3	2	2
Total Other liabilities	**609**	**493**	**249**

The line Accrued charges consists of accruals for bonuses, salaries and other sundry accruals.

E.14 Share-based payments

Selected members of management of the Generali Group are beneficiaries of a Generali Group's long-term incentive (LTI) plan.

LTI represents the long-term variable remuneration which takes the form of multi-year plans, approved from time to time by the competent bodies and may be addressed to directors, managers with strategic responsibilities and other Generali Group employees; they may be based on cash disbursement or financial instruments.

The plan LTI 2020 has completed the performance cycle at the end of 2022. The corresponding share allocation has been carried out starting from April 2023, depending on the target population.

A new long-term incentive plan based on Assicurazioni Generali S.p.A. shares – Long Term Incentive (LTI) 2023 - has been submitted for the approval of the Shareholders' Meeting of 28 April 2023.

The LTI plans 2021, 2022 and 2023, currently in progress, may result in shares' granting respectively in 2024, 2025 and 2026, subject to the Generali Group performance level (determined by the comparison of ranges of Operating ROE, Net ROE, EPS growth and relative TSR) and the overcoming of the minimum level, where requested in terms of Regulatory Solvency Ratio.

In line with market practices and investor expectations, shares are assigned and made available to beneficiaries over a deferred long-term time span, subject to the achievement of Group's performance conditions (Net Holding Cash Flow, Total Shareholder Return – relevant TSR and ESG targets) and the achievement of a minimum level of Regulatory Solvency Ratio, as the only access threshold, as detailed below.

The Plan is based on the following essential aspects:

- the incentive connected with the achievement of the targets is paid through the grant of Assicurazioni Generali S.p.A. ordinary shares;
- the right to receive the shares is subject to an entry threshold, defined annually by the Board of Directors and which represents a condition precedent;
- the targets to which payment of the incentive is subject are Generali Group financial ones and are defined at the beginning of the performance period and kept consistent with the strategic long-term plans of the Generali Group.

The maximum number of shares that can be assigned is determined at the start of the plan. The maximum potential bonus to be disbursed in shares equals to 175% of the gross fixed remuneration of the Global Leadership Group ("GLG") members (or a different percentage considering the role of the beneficiary); therefore, the maximum number of shares that can be assigned is the result of the ratio of the maximum bonus and the share value, with the latter calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Parent Company and the consolidated financial statements for the year prior to that when the Plan is started.

With reference to methods and time frame for granting the shares, they are differentiated by:

- the Managing Director/Group CEO and the members of the Group Management Committee:
    - at the end of the three-year performance period, 50% of the shares accrued on the basis of the targets met will be granted; 25% are immediately available (to allow the beneficiaries to bear the tax charges connected with the grant), while the remaining 25% are subject to a one-year lock-up period;
    - the remaining 50% of the accrued shares is subject to another two years of deferral, during which the accrued amount may become zero if the Regulatory Solvency Ratio threshold level established by the plan is not met, or if a malus provided for by the plan regulation should occur. After having check that the aforesaid threshold level has been reached and that there is no malus, and provided that on that date the beneficiary has a relationship with the Company (or with other Generali Group companies), the remaining 50% of the shares accrued are granted; 25% are immediately available (to allow the beneficiaries to bear the tax charges connected with the grant), while the remaining 25% are subject to a one year lock-up period;
- the remaining key employees, GLG, Directors and talents: at the end of the three-year performance period, 100% of the shares accrued will be granted, of which 50% are immediately available (to allow the beneficiaries to bear the tax charges connected with the grant), while the remaining 50% are subject to a two-year lock-up period.

The performance level is expressed as a percentage of the level of individual indicators achievement, which results are calculated using a linear interpolation approach.

During each year of the plan and at the end of the three-year performance period and, in any case, at the end of the additional two-year deferral period, an evaluation is carried out on the degree to which access threshold has been achieved, defined in terms of Regulatory Solvency Ratio equal to 130% - the limit set considering the hard limit level defined in the Group Risk Appetite Framework – or an alternative percentage as may be chosen from time to time by the Board of Directors. This evaluation is a malus mechanism based on which the number of shares to grant definitively may be reduced or set at zero by the Board of Directors should the Regulatory Solvency Ratio be lower than the set threshold. The Board of Directors is also entitled to set a reduced number of shares to grant definitively should the Regulatory Solvency Ratio be lower than the soft limit level established by the Risk Appetite Framework, that is 150% - but in any case, higher than 130%.

In any case, no incentive will be paid in the event of a significant worsening of the capital and financial situation of Generali. Any amount disbursed will be subject to claw-back if the performance considered should later be found to be non-lasting or ineffective as a result of wilful misconduct or gross negligence.

In line with what has already been established for the existing plans, the 2023 Plan has a dividend equivalent mechanism on the basis of the dividends distributed during the performance period (dividend equivalent). In particular, should the shareholders' meeting resolve upon the distribution of dividends in favour of the shareholders during the reference period, at the expiry of such period, an additional number of shares determined in relation to the overall dividends distributed during the reference period will be assigned in favour of the beneficiaries. The additional number of shares thus determined shall be assigned simultaneously and in relation with the other shares assigned in favour of each beneficiary, subject to the same restrictions (holding period) and determined considering the shares' value at the assignment of the plan, to be calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Parent Company and the consolidated financial statements for the year before that when the Plan is started.

The maximum number of shares that can be granted is 11,300,000, accounting for 0.71% of the current share capital of the Parent Company.

In line with the previous plans, the 2023 LTI plan can be treated as an equity-settled share-based payment falling under IFRS 2 scope, which provides a grant date measurement model seeking to capture the value of the contingent right to shares promised at grant date, to the extent that promises become an entitlement of the counterparty, rather than the value of any shares finally delivered.

The condition related to relative TSR configures as a market condition, other conditions mentioned above are considered whether as performance or as service condition.

The value of the right to receive free shares related to the market condition is estimated at grant date using a statistical model which estimates the statistically probable positioning of relative TSR of the Generali share compared to a peer group panel of selected companies.

The fair value of the bonus right linked to market condition is made by multiplying the forward price of assignable shares (taking into account the lock-up period set by the plan for the different beneficiary types) to the grant date with the pay-out ratio of the relative TSR. Such pay-out is determined as the average of the pay-outs resulting from the processing of a series of scenarios using a statistical model. The pay-out of the single simulation is zero in the case of the TSR of Generali's shares positioning below the median of the panel peer group, while it is positive in the case of the TSR of Generali's shares positioning above the median of the panel peer group. The maximum pay-out is recognised in the case of the relative TSR value of Generali shares positioning above the 90th percentile.

The estimated fair value of LTI 2023 plan at the grant date of the bonus right related to the performance level in terms of relative TSR is € 13.16 with reference to the members of the GLG category.

The related cost on the overall plan is obtained by multiplying the fair value mentioned above by the number of rights related to the market condition, to be assigned based on the satisfaction of the vesting condition. A similar calculation was applied to the bonus portion linked to Net Holding Cash Flow (NHCF), identifying the pay-out through the linear interpolation applied to the level of performance considered most probable. The range applied to the linear interpolation of NHCF is included between the maximum pay-out, granted in case of level equal to or greater than € 9.7 billion and a pay-out equal to 0 in case of a level equal or lower than € 8.2 billion. Payment related to the achievement of ESG target is determined based on 1) the amount of investments classifiable as New Green & Bond Investments and 2) the percentages of women in strategic positions.

Finally, the cost related to the recognition of dividends paid during the period (so called dividend equivalent) was estimated by applying an estimated dividend to the expected number of shares to be assigned under the plan, based on the degree of achievement assessed as above described. For additional information related to incentive plans refer to the 2023 Remuneration Report.

The Annual General Meeting of 29th April 2022 approved the proposal to launch a new three-year share ownership plan for Group employees, in line with the 2022-2024 Strategy, focused on a culture of ownership and empowerment, and promoting participation in the creation of Group sustainable value.

The Plan offers Group employees the opportunity to purchase Generali shares at favourable conditions based on the appreciation of the value of the stock with the introduction of an ESG objective connected to the reduction of CO2 emissions relating to the Group's operating activities in line with the Group's climate strategy.

The Share Plan is addressed to employees of Assicurazioni Generali and the companies belonging to the Group.

The Plan was launched in June 2023 and will end at the end of May 2026, thus having a duration of indicatively 3 years.

The essential features of the Plan are set out below:

- at the beginning of the Plan, employees who decide to participate ('participants') will be able to define the amount of their individual contribution;
- the amount of the individual contribution shall be between a minimum of € 660 and a maximum of € 9,900 and will be committed for the entire duration of the Plan;
- based on the amount of the individual contribution, participants will receive free of charge the right ('options') to purchase, at the end of the Plan, underlying Generali share at a price determined at the beginning of the Plan ('initial price'). The number of options assigned to each participant will be equal to the ratio between the individual contribution and the initial price. The initial price shall be calculated as the average of the official closing prices of Generali shares on Euronext Milan of the month following the date on which this Plan is launched by the Board of Directors with the possibility of applying an adjustment factor up to the +/- 10% on the defined average price;

- at the end of the Plan, the final price of Generali shares shall be determined and:

a) in case of share price appreciation (final price equal to or higher than the initial price, i.e. options 'in-the-Money'), participants will automatically purchase the Underlying Shares by paying to the Company the individual contribution accrued throughout the Plan and will receive free of charge:

   - dividend Equivalent Shares, amounting to the ratio between the value of the dividends per share (paid by Assicurazioni Generali on a cash basis during the years 2023, 2024 and 2025) and the initial price, multiplied by the number of Underlying Shares purchased;
   - two Matching Shares for every ten Underlying Shares purchased;
   - two ESG Shares for every ten Underlying Shares purchased, if the ESG Goal is also achieved.

b) In case of share price depreciation (final price lower than the initial price, i.e. options 'out-of-the-Money'), participants will receive:

   - the refund of the individual contribution accrued (protection mechanism);
   - the Dividend Equivalent Shares in case the Net Holding Cash Flow (NHCF) goal is achieved.

The maximum number of shares for the Plan is 9,000,000 (about 0.6% of current Generali Group share capital), to be executed through the purchase of treasury shares in the market without capital dilution. In the event that the aggregate number of subscriptions to the Plan exceeds the maximum threshold of distributable options, or the maximum threshold of Generali purchasable or attributable shares, the number of options to be assigned free of charge shall be reduced on a pro rata basis for all the participants (reallotment). The reallotment shall be carried out for a percentage value such as to guarantee the allocation of options (or, subsequently of Generali shares) within the stated maximum limits.

The Plan also provides for mauls, clawback and prohibitions on hedging clauses in the line with Group Policies.

The overall cost of the LTI plans 2020, 2021, 2022 and 2023 and the share plan for Generali Group employees (We SHARE) is allocated over the period of maturity (vesting period) starting from the first financial year on which the performance levels are assessed, with a corresponding increase in equity.

The costs associated with the above mentioned outstanding plans recognised during the period amounted to CZK 39 million (2022: CZK 52 million) and the equity reserve for share based payments as at 31 December 2023 to CZK 103 million (2022: CZK 86 million).

E.15 Net result from investments in subsidiaries

(CZK million)	2023	2022
Dividend income from subsidiaries	10,521	12,256
Impairment of investment in subsidiaries	(449)	(4,521)
Reversal of impairment of investment in subsidiaries	-	25
Realised gain / loss (-) from disposal of subsidiaries	-	(2,377)
Total Net result from investments in subsidiaries	**10,072**	**5,383**

Realised loss from disposal of subsidiaries in the amount of CZK 2,377 million relates to the result of the merger of GSK Financial, a.s. into Generali Slovenská Distribúcia, s.r.o. which is owned by Generali Česká pojišťovna a.s.

E.16 Net income / loss (-) from financial assets and liabilities

(CZK million)	2023	2022
Dividends from FVOCI Equities	91	85
Gains and losses on FVTPL investment vehicles	94	(41)
Gains and losses from Investment Fund Units	15	13
Gains and losses on derivatives	4	(459)
Total Net income / loss (-) from financial assets and liabilities	**204**	**(403)**

E.17 Net expected credit loss

(CZK million)	2023	2022
ECL on loans to subsidiaries and investment vehicles measured at amortised cost	3	-
Total Net expected credit loss	**3**	**-**

E.18 Interest revenue calculated using the effective interest method

(CZK million)	2023	2022
Interest from loans	138	82
Interest from reverse REPO	19	14
Interest from term deposits	107	16
Interests on bank accounts	24	-
Other interest income	1	1
Total Interest revenue calculated using the effective interest method	**289**	**113**

The most significant item of interest income in 2023 and 2022 is interest from loans to subsidiaries and investment vehicles in the amount of CZK 138 million (2022: CZK 82 million). Interest from term deposit in 2023 in the amount of CZK 107 million is represented by interest from cash pooling operations (2022: 16 CZK million).

E.19 Interest expense calculated using the effective interest method

(CZK million)	2023	2022
Other interest expense	6	-
Total Interest expense calculated using the effective interest method	**6**	**-**

The amount CZK 6 million is represented by interest expenses on collateral held for securities lending transactions and derivatives.

E.20 Net foreign exchange difference

(CZK million)	2023	2022
Gains on foreign currency	142	267
Losses on foreign currency	(21)	(181)
Total Net foreign exchange difference	**121**	**86**

Foreign exchange differences include foreign exchange gains or losses from the revaluation of monetary items denominated in foreign currency.

E.21 Other expenses

(CZK million)	2023	2022
Amortisation of other intangible assets	9	11
Allocation to provisions for commitments other than restructuring	7	4
Termination employee benefits expenses	-	1
Expenses on investments	8	10
Bank expenses	-	1
Personnel expenses	555	593
IT expenditure	100	77
Consulting	109	148
Expenses for office operating and maintenance	75	30
Other expenses	34	19
Total Other expenses	**897**	**894**

E.22 Income taxes

The table below shows a breakdown of income taxes recognised in the income statement for the year ended 2023:

(CZK million)	2023	2022
Current income taxes	35	39
of which: related to prior years	2	3
Non-recoverable foreign income taxes	-	62
Deferred income taxes	(7)	(22)
Total Income taxes	**28**	**79**

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 Company has assessed the impact of the Global minimum tax for the future periods and expects no impact on the tax liability.

Tax rate applicable in the Czech Republic is equal to 19%. Since 1 January 2024 income tax rate was increased to 21%. Deferred tax items have been recalculated accordingly.

The table below shows the reconciliation between the expected and actual income tax, which is based on the 19% tax rate applicable in the Czech Republic.

(CZK million)	2023	2022
Expected income tax rate	**19.0%**	**19.0%**
Earnings before taxes	**9,786**	**4,285**
Expected income tax expense (benefit)	**1,859**	**814**
Tax exempt income and other tax decreasing items	(1,951)	(1,470)
Tax non-deductible expenses and other tax increasing items	172	630
Effect of tax losses	(53)	-
Differences or adjustments between IFRS and local GAAP	(12)	43
Non-recoverable foreign income taxes	-	62
Change of corporate tax rate	13	-
Tax expense	**28**	**79**
Effective tax rate	**0.3%**	**1.8%**

Tax exempt income and other tax decreasing items represent mainly dividend income from investments into subsidiaries which is exempted from tax satisfying conditions of the participation exemption regime.

In 2022, the Company generated tax loss of CZK 251 million which was fully utilised in 2023.

E.22.1 Deferred tax

Deferred tax assets and liabilities consist of the following:

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Deferred tax assets	**46**	**59**	**38**
Financial investments measured at FVOCI	14	20	11
Financial investments measured at FVTPL	32	38	26
ECL allowance on financial investments	-	1	1
Deferred tax liabilities	**(183)**	**(198)**	**(251)**
Financial investments measured at FVOCI	(42)	(43)	(86)
Financial investments measured at FVTPL	(141)	(155)	(165)
Set off of tax	**46**	**59**	**38**
Net deferred tax asset / liability (-) at the end of period*	**(137)**	**(139)**	**(213)**

* The Company is offsetting deferred tax asset and deferred tax liability and reports net deferred tax.

The following table shows the movement of the net deferred tax liability/asset:

(CZK million)	2023	2022
Net deferred tax at the beginning of period	**(139)**	**(213)**
Change in net deferred tax - profit and loss impact	**7**	**22**
- Loss allowances for loans and receivables	(1)	-
- Financial assets measured at FVTPL	8	22
Change in net deferred tax – equity impact	**(5)**	**52**
- Financial assets measured at FVOCI	(5)	52
Net deferred tax at the end of period	**(137)**	**(139)**

In accordance with the balance sheet liability 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 at the end of the reporting period.

E.23 Information on employees

Number of employees:

	2023	2022
The average number of employees during the period	159	160
Number of Managers at the end of the period	51	52
Number of employees (FTEs) at the end of the period*	109	109
Total FTEs at the end of the period	**160**	**161**

* Managers are excluded.

Employee expenses for the year 2023 equal to CZK555 million (2022: CZK 593 million). More detailed overview can be found in the table below:

(CZK million)	2023	2022
Wages, salaries, bonuses	393	450
Benefits	26	27
Social security contribution	63	61
Public health insurance contribution	35	36
Other expenses	38	19
Total Employee expenses	**555**	**593**

All employees of the Company work outside the Netherlands.

E.24 Offsetting financial instruments

The following tables provide details relating to the effect or potential effect of netting arrangements, including the rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities.

As at 31 December 2023, financial assets were as follows:

(CZK million)	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Derivative financial assets	12,169	(12,084)	85	-	(39)	46
Receivable from derivative collateral paid	81	-	81	(81)	-	-
Total	**12,250**	**(12,084)**	**166**	**(81)**	**(39)**	**46**

As at 31 December 2022, financial assets were as follows:

(CZK million)	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Derivative financial assets	8,150	(7,867)	283	-	(115)	168
Receivable from derivative collateral paid	88	-	88	(88)	-	-
Total	**8,238**	**(7,867)**	**371**	**(88)**	**(115)**	**168**

As at 1 January 2022, financial assets were as follows:

(CZK million)	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Derivative financial assets	7,289	(7,083)	206	-	(74)	132
Receivable from derivative collateral paid	52	-	52	(52)	-	-
Total	**7,341**	**(7,083)**	**258**	**(52)**	**(74)**	**132**

As at 31 December 2023, financial liabilities were as follows:

(CZK million)	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral paid	
Derivative financial liabilities	(12 337)	12 084	(253)	-	-	(253)
Total	**(12,337)**	**12,084**	**(253)**	**-**	**-**	**(253)**

As at 31 December 2022, financial liabilities were as follows:

(CZK million)	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral paid	
Derivative financial liabilities	(8,137)	7,867	(270)	-	-	(270)
Total	**(8,137)**	**7,867**	**(270)**	**-**	**-**	**(270)**

As at 1 January 2022, financial liabilities were as follows:

(CZK million)	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral paid	
Derivative financial liabilities	(7,226)	7,083	(143)	-	-	(143)
Total	**(7,226)**	**7,083**	**(143)**	**-**	**-**	**(143)**

Financial assets and liabilities are offset in the separate statement of financial position when the Company has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

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 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.25 Off-balance sheet items

E.25.1 Commitments

As at 31 December 2023, the Company had no commitment under investment agreements to make an additional contribution into the private equity funds (2022: CZK 102 million, 2021: CZK 464 million).

E.25.2 Pledged assets and collaterals

The Company has received financial assets as collateral for CZK 701 million (2022: CZK 125 million, 2021: CZK 222 million), in particular for REPO operations.

E.25.3 Legal

As at 31 December 2023 the Company is not part of any significant litigations.

E.26 Related parties

This chapter contains information about all important transactions with related parties, excluding those which are described in other parts of the notes.

E.26.1 Identity of related parties

The ultimate parent company is Assicurazioni Generali S.p.A.

Related parties are the Company’s shareholders, entities outside the Generali Group controlled by them, its associates and joint ventures, key management personnel, their close family members and other parties that are controlled, jointly controlled or significantly influenced by such individuals. Entities in which such individuals hold significant voting power are also considered related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

Key management personnel of the Company comprise the members of the Board of Directors.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

E.26.2 Transactions with key management personnel of the Company

The following table shows the employee benefits for the members of Generali CEE Holding B.V. Board of Directors.

(CZK thousands)	Board of Directors			
	Related to the board membership		Related to employment contract	
	2023	2022	2023	2022
Short-term employee benefits	-	-	38,621	34,507
Long-term employee benefits	-	-	7,572	2,776
Contribution to State-defined contribution pension plans	-	-	2,144	994

Short-term employee benefits include wages, salaries, allowances provided for membership in the statutory bodies, bonuses and other benefits such as medical care and cars. Bonuses are conditional upon achievement of specific targets linked to profitability levels of the Generali Group’s insurance business; these targets have been largely met in the current financial year.

Long-term employee benefits include income from share-based payments. For further detail please refer to note E.14.

There were no termination benefits paid to the key management personnel of the Company in both 2023 and 2022.

E.26.3 Related party transactions

Transactions with the parent company

The transactions with the parent company Generali Assicurazioni were as follows:

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Total assets	**4,348**	**2,937**	**1,705**
Financial investments	4,326	2,936	1,696
Receivables	4	1	9
Other assets	18	-	-
Total liabilities	**79**	**44**	**60**
Payables	-	1	-
Other liabilities	79	43	60

(CZK million)	2023	2022
Total income	**107**	**16**
Interest income	107	16
Total expenses	**(25)**	**(38)**
Other expenses	(25)	(38)

Investments in the amount of CZK 4,326 million (2022: CZK 2,936 million) represents term deposits related to direct cash pooling operations at amortised cost. Interest income in 2023 in the amount of CZK 107 million (2022: CZK 16 million) is also represented by interest from cash pooling. Transactions are not secured.

Direct Cash Pooling is the process through which the Group Treasury unit (Treasurer) operates similarly to a bank in relation to excess Liquidity centralization and optimization. Assicurazioni Generali S.p.A., through the Direct Cash Pooling, aims to optimise the Liquidity and improve the cash circulation within the Group, reduce the risk of cash shortfall and/or the need for extra external financing of the pooling participant, facilitate the management and administration of the aggregate liquidity of the Group. Particularly the Direct cash pooling aims to provide short-term liquidity from participant with excess of cash to the participant with shortage of cash reflecting the terms and conditions of the Cash pooling agreement. The company is the owner of the funds provided to the Cash pooling and bear all the risks and rewards connected to the operation.

For the interest calculation within the Direct Pooling method, the Group Treasury unit has defined a Fund Transfer Pricing (FTP) methodology according to the indications of the Group Tax Affairs structure. FTP is determined based on the "arm's length" principle for transfer pricing purposes, also considering the tax principles related to the transfer pricing legislation and in accordance with the regulations defined at OECD level, as implemented in the different jurisdictions. The Interest rate is updated daily and is based on Euro short-term market rate, credit risk spread of the treasurer and bid-ask spread.

Other related party transactions

Other transactions with related parties that are part of the Generali Group, it means companies controlled by the ultimate parent company Assicurazioni Generali S.p.A., are presented in the following tables:

(CZK million)	31.12.2023	31.12.2022	1.1.2022
Total assets	**2,084**	**3,964**	**4,713**
Financial investments	2,032	3,909	4,659
Receivables	50	53	48
Other assets	2	2	6
Total liabilities	**307**	**273**	**52**
Payables	10	3	4
Other liabilities	297	270	48

(CZK million)	2023	2022
Total income	**105**	**175**
Income from investments	105	175
Total expenses	**(46)**	**(68)**
Other expenses	(46)	(68)

Transactions are not secured.

E.27 Audit fees

Audit fees related to the audit of the financial statements of the Company for 2023 amounted to CZK 4.8 million, net of VAT and are due to the KPMG network of firms (2022: CZK 9.1 million). The other services provided by the audit firm have been immaterial.

F. Subsequent events

F.1 Interim Dividend

On 9 January 2024, on 4 March 2024 and on 19 March 2024 Generali CEE Holding B.V, adopted the resolutions of the General meeting to distribute the interim dividends to Assicurazioni Generali in the amount of CZK 2,460 million, CZK 2,536 million and CZK 2,527 million. The total dividend corresponds to the amount of CZK 15,044 per share.

F.2 Reorganisation of investments into asset management companies

On 25 March 2024, shares of Generali Investments CEE, Investiční Společnost, a.s. ("GICEE") have been exchanged for the 2,142,930 shares of Generali Investments Holding S.p.A. ("GIH") and the Company became minority shareholder of GIH. Transaction is part of the ongoing changes in the asset management perimeter. Resulting gain from the difference between book value of GICEE and fair value of GIH was recognised in income statement in 2024.

On 8 April 2024 regulatory requirements for transfer of shares of Generali Alapkezelõ Rt. have been met and related shares were exchanged for the 365,545 shares of GIH and the Company increased its shareholding in GIH. Resulting gain from the transaction was recognised in income statement in 2024.

As at the date of annual report no other subsequent events have been identified.

19 April 2024

Signed by the Board of Directors:

Manlio Lostuzzi
(Managing Director)

Jaime Anchústegui Melgarejo
(Managing Director)

Miroslav Bašta
(Managing Director)

Heike Ottemann-Toyza
(Managing Director)

Carlo Schiavetto
(Managing Director)

G. Other information

G.1 Profit appropriation

Provisions in the Articles of Association governing the appropriation of profit (Article 22):

a) Distributions can only take place up to the amount of that part of the company's net assets which exceeds the aggregate of the issued capital and reserves which must be maintained by virtue of the law.

b) Distribution of profits shall take place upon adoption of the Annual Accounts from which it appears that such distribution is allowed.

G.2 Independent auditor's report

To: the General Meeting of Shareholders of Generali CEE Holding B.V.

Independent auditor's report

To: The Shareholder and the Board of Directors of Generali CEE Holding B.V.

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2023 of Generali CEE Holding B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Generali CEE Holding B.V. as at 31 December 2023 and of its result and its cash flows for the year 2023 in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1 the statement of financial position as at 31 December 2023;

2 the following statements for the year 2023: the income statement, the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Generali CEE Holding B.V. in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In note D.6 of the Notes to the Company financial statements, the Board of Directors describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's Code of Conduct, Anti-Bribery and Anti-Corruption Guidelines, Compliance and Anti-Financial Crime Report and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Management and other relevant functions, such as Internal Audit and Compliance.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Anti-bribery and corruption laws and regulations
- Anti-money laundering and terrorist financing laws and regulations
- Data privacy legislation

Based on the above and on the auditing standards, we identified the following relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively, such as those related to journal entries and accounting estimates that require significant judgment, such as the valuation of investments.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate the risk of fraud such as processes related to journal entries and key estimates.
- We performed a data analysis of high-risk journal entries and evaluated key estimates and judgements for bias, including retrospective reviews of prior year's estimates.

We assess the assumed fraud risk related to revenue recognition as not relevant since the transactions that result in revenue are not complex and can be easily verified based on external data. Revenue recognition is not subject to significant management judgment.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Board of Directors has performed its going concern assessment and has not identified any going concern risks. To assess management's assessment, we have performed the following procedures:

— We considered whether Board of Directors assessment of the going concern risks included all relevant information of which we are aware as a result of our audit.

— We analysed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

— We considered whether the outcome of our audit procedures indicate going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on Board of Directors going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of.

— Letter from the Chairman and CEO;

— Economic and Insurance Market Development;

— The Holding's Management;

— Board of Directors Report;

— Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements;

— contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Directors is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining 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;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amstelveen, 19 April 2024

KPMG Accountants N.V.

A. Beydemir RA