

2024 Annual report



MODRA
ZAVAROVALNICA
A WISE THREAD
TO SAVINGS

2024 Annual report

Contents

Introduction

1	Introduction	9
1.1	Statement by the Management Board	10
1.2	Presentation of Insurance Company	13
1.2.1	General Data	13
1.2.2	Ownership Structure and Equity	13
1.2.3	Activities of the Company	13
1.2.4	Bodies of the Company	14
1.3	Report of the Supervisory Board	17

Financial Report

2.1	Business Environment	22
2.1.1	Economic Environment in Slovenia	22
2.1.2	Trends on Financial Markets	22
2.2	Business in 2024	24
2.2.1	Financial Result and Financial Position	24
2.2.2	Mutual Pension Fund Management	26
2.2.3	Financial Assets of Modra zavarovalnica	29
2.2.4	Management of Guarantee Funds for the Disbursement of Pension Annuities	30
2.2.5	Management of Own Financial Assets	33
2.3	Marketing Activities	36
2.4	Risk Management	38
2.4.1	Risk Management System	39
2.4.2	Risk Management System and Framework	40
2.4.3	Capital and Capital Adequacy Management	41
2.4.4	Risk Types	43
2.5	Internal Audit Function	44
2.6	Informatics	46
2.6.1	Information System	46
2.6.2	Personal Data Protection	47
2.7	Organisation and Employees	48
2.7.1	Organisation	48
2.7.2	Employees	49
2.7.3	Employee Training and Education	50
2.7.4	Hybrid work	50

2.8	Social Responsibility	51
2.8.1	Responsibility to the Insured and the Broader Social Community	51
2.8.2	Charity	51
2.8.3	Environmental Responsibility and Compliance with Principles of Sustainability	52
2.8.4	Care for Employees	54
2.8.4.1	Annual Personal Discussion	54
2.8.4.2	Promotion of Health at Workplace	54
2.8.4.3	Health and Safety at Work	54
2.8.4.4	The Right to Disconnect	54
2.8.4.5	Family Friendly Company Certificate	54
2.8.4.6	Supplementary Pension Insurance and Other Collective Insurances	54
2.8.4.7	Mutual Relations Are Important	54
2.8.4.8	The Organisational Climate	54
2.9	Important Business Events After the End of the Financial Year	56
2.10	Expected Development of Modra zavarovalnica in 2025	57
2.11	Report on Relations with the Controlling Company	58
2.12	Corporate Governance Statement	58
2.12.1	Reference to the Applicable Corporate Governance Code	58

Accounting Report

3.1	Statement of Management's Responsibility	72
3.2	Independent Auditor's Report	73
3.3	Separate Statement of Financial Position	81
3.4	Separate Statement of Profit or Loss	82
3.5	Separate Statement of Other Comprehensive Income	83
3.6	Separate Cash-Flow Statement	84
3.7	Separate Statement of Changes in Equity 2024	86
3.8	Separate Statement of Changes in Equity 2023	88
3.9	Notes to the Separate Financial Statements	90
3.9.1	General Disclosures	90
3.9.2	Important Information on Accounting Policies	91
3.9.3	Breakdown and Disclosures to the Financial Statements	109
3.10	Financial Statements According to the Decision of the Insurance Supervision Agency	160
3.10.1	Annex 1: Segment Reporting of Items in Accordance with the Provisions of the Decision on the Annual Report and Quarterly Financial Statements of Insurance Companies	160
3.10.2	Annex 2.1: Explanations for the Fund Where Entitlements are Tied to Asset Units or Fund Value, While Profit Allocation is Not Linked to the Technical Result	168
3.10.3	Annex 2.2: Explanations for Funds Where Profit Allocation is Determined Based on the Technical Result	169

Index of Tables

Table 1: Financial Results of Modra zavarovalnica	24
Table 2: Financial Position of Modra zavarovalnica	25
Table 3: Data on Mutual Pension Funds Managed by Modra zavarovalnica as at 31 December 2024	28
Table 4: Company's Financial Assets as at 31 December 2024	29
Table 5: Basic Information on Modra zavarovalnica Guarantee Funds	30
Table 6: Assets of the KS MR	30
Table 7: Number of New Members and Amount of Payments in KS MR II in 2024	31
Table 8: Assets of the KS MR II	32
Table 9: Assets of the KS PPS	33
Table 10: Own Financial Assets of Modra zavarovalnica	33
Table 11: Portfolio Equity Investments	34
Table 12: Portfolio Debt Security Investments	34
Table 13: Capital Adequacy Pursuant to the Requirements of Solvency II	41
Table 14: Composition of the 2024 Management Team	62
Table 15: Composition of the Supervisory Board and Committees in FY2024	64
Table 16: Composition of the Supervisory Board and Committees in FY2024 – Part II	66
Table 17: External Members of Supervisory Board Committees in FY2024	66
Table 18: Funds Under Management of Modra zavarovalnica as at 31 December 2024	90
Table 19: Number of Employees by Level of Education	91
Table 20: Fair Value Hierarchy of Equity Investments When the Stock Market is the Principal Market	95
Table 21: Fair Value Hierarchy of Unlisted Equity Investments	96
Table 22: Fair Value Hierarchy of Debt Investments if the Stock Market is the Principal Market	96
Table 23: Fair Value Hierarchy of Debt Investments if the OTC Market is the Principal Market	97
Table 24: Fair Value Hierarchy of Target Fund Units	97
Table 25: Products of Modra zavarovalnica in the Context of IFRS 17	100
Table 26: Changers in Interest Rates/Returns	141
Table 27: Change in Mortality	142
Table 28: Changes in Costs	142
Table 29: Capital Adequacy Pursuant to the Requirements of Solvency II	142
Table 30: Equity Portfolio Risk	143
Table 31: Currency Risk	143
Table 32: Currency Risk of Financial Assets	144

Table 33: Analysis of Investment Sensitivity to Changes in Market Interest Rates as at 31 December 2024 – Change of 50 Basis Points in Interest Rates	144
Table 34: Analysis of Investment Sensitivity to Changes in Market Interest Rates as at 31 December 2023 – Change of 50 Basis Points in Interest Rates	145
Table 35: Net Exposure of Financial Assets to Credit Risk Without Considering Potential Collateral (Security) as at 31 December 2024	146
Table 36: Net Exposure of Financial Assets to Credit Risk Without Considering Potential Collateral (Security) as at 31 December 2023	146
Table 37: Allowance for Loss in 2024	147
Table 38: Allowance for Loss in 2023	148
Table 39: Changes in the Gross Carrying Amount and the Allowance in 2024	149
Table 40: Changes in the Gross Carrying Amount and the Allowance in 2023	150
Table 41: Geographical Concentration of Credit Risk Exposure of Financial Assets	150
Table 42: Expected Actual Non-Discounted Cash Flows as at 31 December 2024	151
Table 43: Expected Actual Non-Discounted Cash Flows as at 31 December 2023	152
Table 44: Overview of Financial Assets According to Marketability	152
Table 45: Overview of Financial Assets at to Carrying Amount and Fair Value as at 31 December 2024	153
Table 46: Overview of Financial Assets at to Carrying Amount and Fair Value as at 31 December 2023	153
Table 47: Hierarchy of Financial Asset Fair Values as of 31 December 2024	154
Table 48: Hierarchy of Financial Asset Fair Values as of 31 December 2023	154
Table 49: Reclassification of Assets Between Fair Value Levels in 2024	155
Table 50: Reclassification of Assets Between Fair Value Levels in 2023	155
Table 51: Changes in Level 3 Investments	156
Table 52: Effective Interest Rates by Financial Asset Group	156
Table 53: Gross Remuneration in 2024 by Category of Beneficiaries	157
Table 54: Remuneration of Members of the Management Board in 2024	157
Table 55: Remuneration of Members of the Supervisory Board and External Members of Supervisory Board Committees in 2024	158

Index of Images

Figure 1: Comparison of Changes in the SBI TOP Slovenian Stock Index and Selected Foreign Stock Indices in 2024 (in Euro; Index: 31 December 2023 = 100)	22
Figure 2: Comparison of Changes in the Yield to Maturity (YTM) of the 10-year German Bond, the Slovenian Government Bond and the 6-month EURIBOR in 2024 (in %)	23
Figure 3: Comparison of 12-Month Return Rates of Domestic Pension Funds Pursuing a Guaranteed Rate Investment Policy	26
Figure 4: Comparison of 12-Month Return Rates of Domestic Pension Funds Pursuing a Balanced Investment Policy	27
Figure 5: Comparison of 12-Month Return Rates of Domestic Pension Funds Pursuing a Dynamic Investment Policy	27
Figure 6: Results of Ongoing Customer Satisfaction Measurement in 2024	36
Figure 7: Risk-Free Interest Rate Curve as at 31 December 2024 and as at 31 December 2023	38
Figure 8: Three Lines of Fisk Management	39
Figure 9: Risk Management System	40
Figure 10: Risk Appetite and Realised Capital Adequacy	41
Figure 11: The Movement of the SCR Ratio Without and With the Application of the Adjustment	42
Figure 12: Organisational Chart of Modra zavarovalnica	48
Figure 13: Percentage of Employees by Level of Education as at 31 December 2024	49
Figure 14: Structure of Employees by Age Group as at 31 December 2024	50
Figure 15: Double Materiality Matrix of Sustainability Topics of Modra zavarovalnica	53
Figure 16: Risk-Free Rate Curve, IFRS 17 Discount Curve, and Illiquidity Premium as of 31 December 2024 and 31 December 2023	102

List of Used Abbreviations

Abbreviation	Explanation
AI	Artificial Intelligence
AJPES	Agency of the Republic of Slovenia for Public Legal Records and Related Services
ISA	Insurance Supervision Agency (Business-to-Business)
CBBT	Composite Bloomberg Bond Trader
CSM	Contractual Service Margin
DPJU	Dynamic Civil Servants Sub-Fund
VAT	Value-Added Tax
ECB	European Central Bank
ESRS	European Sustainability Reporting Standards
EU	European Union
EUR	Euro – Currency of the European Union
EURIBOR	Euro Interbank Offered Rate
EAD	Exposure at Default

Abbreviation	Explanation
EWS	Early Warning System
GMM	General Measurement Model
iBoxx	Reference Index of Liquid Bonds with an Investment Rating
IPEV	The International Private Equity and Venture Capital Valuation
KPSJU	Life-Cycle Civil Servants Pension Fund
KS MR	Modra Renta Guarantee Fund
KS MR II	Modra Renta II Guarantee Fund
KS PPS	Guarantee Fund of the First Pension Fund of the Republic of Slovenia
LC	Loss Component
LGD	Loss Given Default
LRC	Liabilities for Remaining Coverage
MKPS	Life-Cycle Pension Fund
MDP	Dynamic Sub-Fund
MPP	Prudent Sub-Fund
MZP	Guaranteed Sub-Fund
MSCI Index	Morgan Stanley Capital International Index
IFRS	International Financial Reporting Standards as Adopted by EU
OTC	Over-the-Counter
PD	Probability of Default
PNMZ K	Pension Scheme for Collective Supplementary Pension Insurance (MKPS)
PNMZ P	Pension Scheme for Individual Voluntary Supplementary Pension Insurance (MKPS)
PPJU	Prudent Civil Servants Sub-Fund
PPS	First Pension Fund of the Republic of Slovenia
RS	Republic of Slovenia
SBI TOP	Central Slovenian Stock Market Index
USD	US Dollar
FUV	Fund Unit Value
MPF	Mutual Pension Fund
USA	United States of America
ZGD-1	Companies Act (Official Gazette of the Republic of Slovenia, No. 42- 1799/2006)
ZPIZ-2	Pension and Disability Insurance Act (Official Gazette of the Republic of Slovenia, No. 96/2012)
ZPJU	Guaranteed Civil Servants Sub-Fund
ZSDH-1	Slovenian Sovereign Holding Act (Official Gazette of the Republic of Slovenia, No. 25/2014)
ZZavar-1	Insurance Act (Official Gazette of the Republic of Slovenia, No. 93/2015)





Introduction

Together, we shape a wise future – with a team of leading financial experts whose knowledge, commitment, and experience ensure that our clients' savings remain profitable and safe.

1.1 Statement by the Management Board

In financial terms, 2024 brought strong growth in capital markets, declining inflation and a slowdown in economic activity. Unfortunately, the year was also marked by ongoing conflicts in the Middle East and Ukraine, shifts in international politics, and heightened macroeconomic risks.

In this environment, Modra zavarovalnica recorded a net profit of EUR 20.0 million, while the statement of other comprehensive income also shows a positive value in the amount of EUR 31.9 million. The total comprehensive income thus amounted to EUR 51.9 million.

The results from insurance contracts, reported in the statement of total comprehensive income, amounted to EUR 3.8 million and includes the performance of KS PPS, KS MR, and KS MR II annuity funds, as well as accident insurance. In the profit or loss statement, this amount consists of the result from insurance operations in the amount of EUR -4.3 million and financial expenses due to the unwinding of discounting in the amount of EUR -8.5 million. In addition, the result from insurance operations is also recognised in the statement of comprehensive income in the amount of EUR -1.3 million, namely due to the changes along the discount curve. The insurance products are also associated with income from investments in guarantee funds amounting to EUR 14.6 million in the profit or loss statement, and EUR 3.3 million in the statement of comprehensive income.

The result from investing activities in Company's own funds, as reported in the profit or loss statement, amounted to EUR 21.5 million. The result from investing activities in other comprehensive income, which refers to investments valued at fair value through other comprehensive income, was also positive and reached EUR 29.8 million. The result from investing activities is closely related to the developments of the financial markets, which recorded high growth in 2024. In 2024, the global MSCI World stock index recorded a 26.8 percent increase in euro terms, while the Slovenian SBI TOP index performed even better, achieving a growth of 32.9 percent. The exchange rates of government and corporate bonds also rose; The European government bond index gained 1.7 percent of its value, and the corporate bond index gained 4.5 percent.

In 2024, the premiums paid in the mutual pension funds managed by Modra zavarovalnica reached EUR 140.5 million, without taking into account transfers between funds or sub-funds. The insurance company generated

EUR 12.0 million in revenue from the management of mutual pension fund.

Our asset managers took advantage of the favourable macroeconomic environment to achieve strong returns in the management of pension funds. All funds managed by Modra Zavarovalnica have achieved positive returns and have recorded strong results compared to the competition. The guaranteed sub-funds rank among the most profitable funds with a guaranteed investment policy in Slovenia, while the funds with dynamic or balanced investment policies are positioned in the middle compared to competing funds. The Guaranteed Sub-Fund achieved a return of 4.52 percent, while the Guaranteed Civil Servants Sub-Fund achieved a return of 4.77 percent. The return of the Prudent Sub-Fund and the Prudent Civil Servants Sub-Fund reached 12.81 and 13.07 percent, respectively. Meanwhile, the return of the Dynamic Sub-Fund and the Dynamic Civil Servants Sub-Fund, which have the highest share of stocks in their portfolios, amounted to 18.24 and 19.17 percent, respectively.

At the end of 2024, the equity of Modra zavarovalnica, which ensures the safety of the assets of its policyholders, reached EUR 397.5 million, or 13.7 percent more than at the end of the previous year. The value of assets under management also increased and exceeded EUR 2.5 billion at the end of 2024; EUR 1.7 billion were collected in mutual pension funds, EUR 430 million in guarantee funds, and own funds represented EUR 408 million.

We focused our marketing activities on strengthening the recognition of Modra zavarovalnica as a reliable and approachable insurance company that listens to its customers and cares for their social security throughout all stages of life. In 2024, we established a partnership with Delavska hranilnica and Vzajemna zdravstvena zavarovalnica. We redesigned our website and implemented full digital support of the process of concluding supplementary pension insurance contracts. We upgraded the m.Modra mobile app to provide users with an excellent user experience. It allows them to instantly view their account balance, deposits, withdrawals, and asset returns, as well as enabling direct communication with Modra zavarovalnica. With simple and clear communication, we continually strive to strengthen the trust and satisfaction of our customers. Their high level of trust is confirmed by the results of satisfaction surveys, where they rated us 4.83 out of 5. This serves as additional

motivation for us to continue providing high-quality and user-friendly solutions.

At Modra zavarovalnica, we understand the challenge of sustainable development and believe in the importance of green transformation and other aspects of sustainability. The sustainable factors, especially in the area of asset management, are integrated into our daily operations, and we assess our investment directions also from an environmental and ethical perspective.

As we are aware of our responsibility in ensuring the protection of individuals' rights and freedoms during the processing of personal data, we ensure the highest level of confidentiality, integrity, and availability of data, and ensure compliance with legal and other regulations.

The Company devotes special attention to the comprehensive risk management that ensures the realisation of strategic goals. Our activities are focused on identifying, measuring, monitoring, and managing assumed and potential risks. We continuously build and promote a culture of risk awareness at all levels of the organisation. One of the key indicators of effective risk management

is the Solvency Capital Requirement (SCR) ratio, which represents the ratio between eligible own funds to total capital needed. At the end of 2024, it reached 324 percent, significantly exceeding the target level of 200 percent that we had set.

In an environment of mutual trust, respect, collaboration, and teamwork, our employees contribute to the Company's successful performance. We build our competitive advantages through a focus on development, the acquisition of new knowledge and skills, and by encouraging employee motivation.

In Modra zavarovalnica, we prepared a business strategy for the medium-term period from 2025 to 2028. Our strategic activities in 2025 will be sustainability-oriented and focused on ensuring data quality, developing new products, achieving returns for our clients, increasing sales, and promoting the professional growth of our employees. The ultimate goal of our renewed strategy is successful and secure operations that provide above-average returns to our pension fund savers, appropriate annuities upon retirement, suitable returns for the owner, and satisfied employees.



A blue ink signature of Boštjan Vovk.

Boštjan Vovk,
MEMBER OF THE
MANAGEMENT BOARD



A blue ink signature of mag. Matija Debelak.

mag. Matija Debelak,
MEMBER OF THE
MANAGEMENT BOARD



A blue ink signature of Matej Golob Matzele.

Matej Golob Matzele,
CHAIRMAN OF THE
MANAGEMENT BOARD



1.2 Presentation of Insurance Company

1.2.1 General Data

Name: Modra zavarovalnica, d. d.

Registered office: Dunajska cesta 119, Ljubljana

Company ID number: 6031226

VAT ID: SI21026912

Number of employees: 65

Share capital: EUR 152.2 million

Assets under management: EUR 2.5 billion

Number of persons insured in the mutual pension fund: 315,478

Number of pension annuity beneficiaries: 52,378

1.2.2 Ownership Structure and Equity

As at 31 December 2024, the sole shareholder of Modra zavarovalnica, d. d. was Kapitalska družba, d. d.

The Company's share capital amounts to EUR 152,200,000, and is divided into 152,200,000 entered ordinary registered no-par value shares. Each share represents an equal stake and an associated amount in the share capital. The share of an individual no-par value share in the share capital is determined according to the number of no-par shares issued.

1.2.3 Activities of the Company

Modra zavarovalnica performs activities within the group of life insurance products pursuant to the Insurance Act and the decision issued by the Insurance Supervision Agency allowing the Company to perform insurance transactions in the following insurance segments:

- accident insurance – point 1 of paragraph 2 of Article 7 of the Insurance Act (ZZavar-1),
- life insurance – point 19 of paragraph 2 of Article 7 of the Insurance Act (ZZavar-1).

The activities of Modra zavarovalnica are laid down by the law and the Company's Articles of Association. According to the Articles of Association and in line with its purpose, Modra zavarovalnica performs the following activities:

- 65.110 – Life insurance,
- 65.120 – Non-life insurance (only transactions within insurance types of accident and health insurance),
- 65.300 – Pension funding,
- 66.210 – Risk and damage evaluation,
- 66.220 – Activities of insurance agents and brokers,
- 66.290 – Other activities auxiliary to insurance and pension funding,
- 66.300 – Fund management activities.

Bodies of the Company

Management Board

Pursuant to the Company's Articles of Association, the Management comprises three members. In 2024, Modra zavarovalnica was run by the Management composed of:

- Matej Golob Matzele, Chairman of the Management, four-year mandate period from 10 May 2023 onwards;
- Matija Debelak, MSc, member of the Management, four-year mandate period starting 14 September 2021;
- Boštjan Vovk, member of the management, four-year mandate period starting 1 October 2022.

The Management runs the Company in the best interest of the Company, independently and at its own responsibility. The Management represents and presents the Company without limitations. In legal transactions, the Company is represented by two Management members jointly, i.e. the Chairman and one member, a member with the Chairman or another member of the Management Board. The Company's Articles of Association lay down the transactions and decisions that are subject to approval by the Supervisory Board.

In 2024, the Management executed its powers in line with the Management's Rules of Procedure, made regular reports to the Supervisory Board and, in line with the Articles of Association, fulfilled its obligations to the shareholder as laid down by the Companies Act (ZGD-1).

Supervisory Board

In 2024, the Supervisory Board comprised the following members:

- Branimir Štrukelj, Member of the Supervisory Board from 9 December 2020 and 9 December 2024 onwards, he served as Chairman of the Supervisory Board from 23 December 2023 to 22 December 2024 and as of 23 December 2024 onwards he serves as Vice Chairman of the Supervisory Board;
- Bachtar Djalil, Member of the Supervisory Board from 9 June 2021 onwards, he served as the Vice Chairman of the Supervisory Board from 23 December 2023 to 22 December 2024, and from 23 December 2024 he serves as the Chairman of the Supervisory Board.

- Bojan Zupančič, Member from 9 December 2020 to 9 December 2024,
- Janez Prašnikar, PhD, Member from 9 June 2021 onwards,
- Roman Jerman, Member from 9 December 2020 to 9 December 2024;
- Marko Cvetko, Member from 9 December 2020 and from 9 December 2024 onwards,
- Irena Ilešič Čujevič, Member from 9 December 2024 onwards,
- Goranka Volf, Member from 9 December 2024 onwards.

The powers of the Supervisory Board are laid down in the Company's Articles of Association, while the method of its work is governed by the Supervisory Board's Rules of Procedure. A detailed description of the activities and the method of Supervisory Board operations in 2024 is provided in the Report of the Supervisory Board.

Audit Committee of the Supervisory Board

In 2024, the Audit Committee of the Supervisory Board operated in the following composition:

- Janez Prašnikar, PhD, President of the Audit Committee from 9 June 2021 onwards, Member of the Supervisory Board;
- Bojan Zupančič, Member of the Audit Committee and Member of the Supervisory Board from 9 December 2020 to 9 December 2024;
- Irena Ilešič Čujevič, Member of the Audit Committee from 18 December 2024 onwards, Member of the Supervisory Board;
- Dragan Martinović, Member of the Audit Committee from 16 December 2020 and from 21 November 2024 onwards, Independent External Member of the Audit Committee.

General Meeting

The voting rights at the general meeting in 2024 were exercised by Kapitalska družba, d. d., as the sole shareholder.

Diversity Policy

In 2022, Modra zavarovalnica adopted a Diversity Policy for its management and supervisory bodies, considering factors such as gender, age, education, and professional experience. The Diversity Policy of the Management

Board and Supervisory Board sets out the main principles for ensuring diversity in the Management Board and Supervisory Board of Modra zavarovalnica. The Diversity Policy promotes diversity in the membership of both bodies.

A diverse composition of management and supervisory bodies can leverage differences in knowledge, experience, professional skills, age, gender, and other aspects of their members for the benefit of the Company. The Diversity Policy aims to achieve greater diversity in the composition of the Management Board and the Supervisory Board, which will contribute to the effectiveness of both bodies and will have a positive impact on the development of the Company's business and reputation. Ensuring diversity in terms of gender, age, educational and professional background, professional profile, and tenure allows for the exchange of different views and perspectives and a good understanding of current developments, with the aim of ensuring the long-term success and sustainability of the Company's business. The Management and Supervisory Board strive to achieve the goals of the Diversity Policy, each within their respective areas of responsibility. The sole shareholder and representatives of policyholders in fund committees also advocate for the implementation of the Diversity Policy, particularly in the formation of proposals for Supervisory Board members. Pursuant to the Act Governing Conversion of the Pension Fund Management and Investment Policy of Pension Fund Management (KAD) and the Slovenian Compensation Company (SOD), and the Company's Articles of Association, the Supervisory Board comprises six members. Three Supervisory Board members are appointed at the proposal of Kapitalska družba, d. d. and three at the proposal of the Company's insured persons: two members are proposed by the Board of the civil servant pension fund on behalf of persons insured in the civil servant pension fund, while the third member is proposed jointly by the Company's insured persons. The aim shall be to have as equal a gender balance as possible and continuity of operations, which means that not all members of the Management Board or Supervisory Board are replaced at the same time. The complementarity of the two bodies is also important. In the Supervisory Board, two-thirds of the members are male and one-third are female, while in the Management Board, there are only male representatives..

Strategy and Plans

In Modra zavarovalnica, we prepared a business strategy for the medium-term period from 2025 to 2028 in 2024. The strategy takes into account the findings of the insurance company's analysis of strengths, weaknesses, opportunities, and threats and includes various aspects of the Company's operations. In shaping the strategy, we followed the aspect of key stakeholders' expectations, focusing on the owners and savers or policyholders. Nearly a third of all employees participated in the actual preparation of the strategy. We considered the aspect of external relations with key partners and other forms of external collaborations, as well as the aspect of internal processes and the structure and culture of the insurance company.

Our mission is to create accessible insurance and other financial solutions aimed at increasing an individual's social security in all stages of life.

The values we follow are paired as follows: (1) accessibility and attentiveness, (2) professionalism and reliability, (3) adaptability and creativity.

We will work towards the adopted **vision**, which states that by 2028 we will be the best manager in all sub-funds, the largest manager of market mutual pension funds, and a recognised provider of collective life insurance and long-term care services.

The strategic activities in the next medium-term period will be subordinated to achieving strategic goals and will be primarily focused on leveraging the existing potentials of the insurance company in terms of growing "the talents of Modra" and utilising collected data. In line with modern trends, we will focus our efforts on data management, developing a digital branch, and creating new products, which will guide us towards the planned "wise and sustainable yield." On the other hand, with the support of marketing and weaving the 'a common thread of prudence throughout our activities' and by establishing a connecting ecosystem, we will achieve the planned 'Sales 2.0'. We are committed to sustainability in business operations and the adoption of the concept of digital operational resilience for the financial sector.

The ultimate goal of our renewed strategy is successful and secure operations that provide above-average returns to our pension fund savers, appropriate annuities upon retirement, suitable returns for the owner, and satisfied employees.

1.3 Report of the Supervisory Board

Report of the Supervisory Board

Pursuant to the provisions of Article 282 of the Companies Act (hereinafter: the ZGD-1), the Supervisory Board of Modra zavarovalnica submits the following report to the company's General Meeting:

a) Report of the Supervisory Board on the method and scope of the review of the company's management during the financial year

Pursuant to the provisions of the Act Governing Conversion of the Pension Fund Management and Investment Policy of Pension Fund Management (KAD) and the Slovenian Compensation Company (SOD) (hereinafter: the ZPKDPIZ) and the company's Articles of Association, Modra zavarovalnica has a Supervisory Board comprising six members that are appointed by the company's General Meeting. Half (3) of the Supervisory Board members are nominated by persons insured with the company. Three Supervisory Board members represent the interests of the sole shareholder, i.e. Kapitalska družba pokojninskega in invalidskega zavarovanja d.d., and are appointed at the proposal of Kapitalska družba pokojninskega in invalidskega zavarovanja d.d. as the sole shareholder.

In 2024, the composition of the Supervisory Board was as follows: Branimir Štrukelj (Chairman), Bachtiar Djalil (Deputy Chairman), Marko Cvetko, Roman Jerman, Dr. Janez Prašnikar and Bojan Zupančič and as of 9 December 2024 onwards Branimir Štrukelj (Chairman), Bachtiar Djalil (deputy Chairman), Marko Cvetko, Irena Ilešič Čujovič, Dr. Janez Prašnikar and Goranka Volf.

At the 179th regular meeting of the Supervisory Board held on 20 December 2023, Branimir Štrukelj and Bachtiar Djalil were appointed Chairman of the Supervisory Board and Deputy Chairman of the Supervisory Board respectively, pursuant to the provisions of the company's Articles of Association and for the period from 23 December 2023 to 22 December 2024. At the 186th meeting of the Supervisory Board held on 18 December 2024, Bachtiar Djalil was appointed Chairman of the Supervisory Board and Branimir Štrukelj was appointed Deputy Chairman of the Supervisory Board, both for the period from 23 December 2024 to 22 December 2025.

Over the course of the 2024 financial year, the Supervisory Board met at 7 regular meetings. The members of the Supervisory Board acted independently when making decisions. The members attended meetings well prepared in regard to the topics discussed, put forth constructive proposals and remarks, and made decisions pursuant to their competences. The members of the Supervisory Board acted in accordance with the rules on the protection of business secrets and on conduct in the event of conflicts of interest. Supervision of the company's operations was carried out in line with the powers and competences laid down by the Companies Act (the ZGD-1) and the Insurance Act (the ZZavar-1), and further specified by the company's Articles of Association and the Rules of Procedure of the Supervisory Board.

The monitoring of operations encompassed the monitoring of the management of Modra zavarovalnica's fixed assets as well as the management and implementation of supplementary pension insurance of the pension funds managed by Modra zavarovalnica (First Pension Fund of the Republic of Slovenia (PPS), Life-Cycle Civil Servants Pension Fund (KPSJU) with its three sub-funds: The Dynamic Civil Servants Sub-fund, the Prudent Civil Servants Sub-Fund, and the Guaranteed Civil Servants Sub-Fund, and the Life Cycle Pension Fund (MKPS) with its three sub-funds: Dynamic Sub-Fund, Prudent Sub-Fund, and Guaranteed Sub-Fund), and the disbursement of pension annuities (the guarantee fund of the First Pension Fund (KS PPS), the Modra renta I guarantee fund, and the Modra renta II guarantee fund).

At its 182nd meeting held on 18 April 2024, the Supervisory Board confirmed the Annual Report of Modra zavarovalnica for the 2023 financial year, including the Auditor's Report and the report of the Supervisory Board regarding the review of the company's Annual Report, and took note of the company's annual internal audit report for 2023, the report prepared by a certified actuary, and the annual reports of the mutual pension funds managed by Modra zavarovalnica. It also approved the Management Board's proposal on the use of distributable profit. Pursuant to the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities (the ZPPOGD), and the Rules on Variable Remuneration of Members of the Management Board of Modra zavarovalnica, also taking into account qualitative and quantitative criteria, the Supervisory Board assessed the work performed by the Management Board in 2023 and approved the payment of variable remuneration to the members of the Management Board.

In 2024, Supervisory Board members decided to grant consent for the Management Board to amend and supplement the policies of the company's governance system in line with the Insurance Act, and conducted a fit and proper assessment of the candidates for positions of members of the Supervisory Board and the Management Board of Modra zavarovalnica, d.d., conducted a fit and proper assessment of the Supervisory Board and the Management Board as collective bodies, and carried out an assessment of the effectiveness of their work. In line with the findings of the self-assessment process, they prepared an action plan. The Supervisory Board regularly monitored the company's operations, discussed quarterly reports on the company's operations, and took note was briefed on of the reports to the Insurance Supervision Agency, pursuant to the Insurance Act and the Solvency II Directive. The Audit Committee assessed the effectiveness of its own work.

Pursuant to the Pension and Disability Insurance Act and the Life-Cycle Pension Fund Management Rules, the Supervisory Board members appointed board members of the Life-Cycle Pension Fund.

At its 186th meeting held on 18 December 2024, the Supervisory Board granted its consent to the Business and Financial Plan of Modra zavarovalnica d.d. for 2025, the Work Plan of the Internal Audit Department for 2025 as well as the Development Strategy of Modra zavarovalnica d. d. for the Period from 2025 to 2028.

The remuneration of Supervisory Board members complies with the resolution adopted at the General Meeting, and is detailed in the Annual Report of Modra zavarovalnica d. d., in the Other Disclosures section.

Work of the Audit Committee of the Supervisory Board

The three-member committee – composed of Dr. Janez Prašnikar (Chairman), Bojan Zupančič (member), and Dragan Martinović (external independent auditor) and as of 18 December 2024 onwards composed of Dr. Janez Prašnikar (Chairman), Irena Ilešič Čujović (member) and Dragan Martinović (external independent auditor) – was a permanent operational body of the Supervisory Board in 2024, and closely monitored the company's operations and the work of the Management Board during the financial year so as to best serve the decision-making process of the Supervisory Board. In 2024, the Audit Committee held 7 meetings. In its work, the Audit Committee observed the Recommendations of the Slovenian Directors' Association for Audit Committees and of the Slovenian Institute of Auditors, Priorities for Audit Committee Work 2024 / 2025 as well as the Rules of Procedure of the Audit Committee adopted by the Supervisory Board. The Audit Committee worked with the selected independent auditor in discussing the Unaudited Annual Report of Modra zavarovalnica, d.d. for 2024.

The Audit Committee reviewed the company's Annual Report and the External Auditor's Report, and discussed both the Annual Action Plan of the Internal Audit Department and the Business and Financial Plan of Modra zavarovalnica d.d. for 2025, which were both approved by the Supervisory Board. The Audit Committee assessed the effectiveness of its own work and adopted an action plan.

The Audit Committee monitored the independence of the auditor of the Annual Report. The Audit Committee regularly reported on its work at Supervisory Board meetings.

Assessment of the work of the Management Board and the Supervisory Board

Based on the aforementioned ongoing monitoring and supervision of the operations and management of Modra zavarovalnica during the financial year, and based on the review of the Annual Report, which was drawn up and submitted by the Management Board, the Supervisory Board hereby assesses that the Annual Report and the disclosures contained therein give a true and fair view of the status and position of Modra zavarovalnica. The Supervisory Board estimates that the company's Management Board managed the company's operations in 2024 successfully and properly, and successfully realised the business goals set. It prepared materials with quality information and in-depth discussion of all major operating categories in due time, and provided comprehensive responses to subsequent questions and motions put forward by the members of the Supervisory Board. The Management Board's reports to the Supervisory Board in 2024 allowed the latter to perform its supervisory function appropriately.

b) Position of the Supervisory Board on the Auditor's Report on the audit of the financial statements of Modra zavarovalnica for 2024

Pursuant to the second paragraph of Article 282 of the Companies Act, the Supervisory Board reviewed and discussed the Auditor's Report on the audit of the financial statements of Modra zavarovalnica for 2024, which was performed by Deloitte revizija d.o.o. of Ljubljana. The Supervisory Board finds that the auditor has performed its task in accordance with the law, with rules on auditing, and with international auditing standards. The Supervisory Board has no objections to the Auditor's Report.

c) Resolution approving the 2024 Annual Report

Pursuant to Article 282 of the Companies Act, the Supervisory Board hereby approves the 2024 Annual Report of Modra zavarovalnica.

d) Position of the Supervisory Board on the Auditor's Report on the outcomes of the audit of the Report on Relations with Associated Companies

Pursuant to the third paragraph of Article 546.a of the Companies Act, the Supervisory Board reviewed and discussed the Auditor's Report on the outcomes of the audit of the Report on Relations with Associated Companies, which was performed by Deloitte revizija d.o.o. of Ljubljana. The Supervisory Board has no objections to the Auditor's Report.

e) Resolution on the verification of the Report on Relations with Associated Companies for 2024

Pursuant to the provisions of Article 546.a of the Companies Act, the Supervisory Board reviewed the Report on Relations with Associated Companies for 2024, and has no comments on the statement of the management in the Report on Relations with Associated Companies for 2024.

f) Proposal to the General Meeting on the granting of discharge to the Management Board and the Supervisory Board

Based on the statements under points a), b), and c) above, and based on the provisions of Article 294 of the Companies Act, the Supervisory Board proposes that the General Meeting of Modra zavarovalnica adopts a resolution to grant a discharge to the Management Board and Supervisory Board of the company for the work performed in the 2024 financial year.

Bachtar Djalil
Chairman of the Supervisory Board



Ljubljana, 17 April 2025





Financial Report

Trusted by over 315,000 savers and 2,200 employers – we hold the thread of a secure future and better retirement.

2.1 Business Environment

2.1.1 Economic Environment in Slovenia

Economic growth in 2024 amounted to 1.6 percent. Final consumption by households and the government positively contributed to growth. Investments and foreign trade had a negative impact on growth. Institute of Macroeconomic Analysis and Development predicts growth of 2.1 percent in 2025 and of 2.4 percent in 2026.

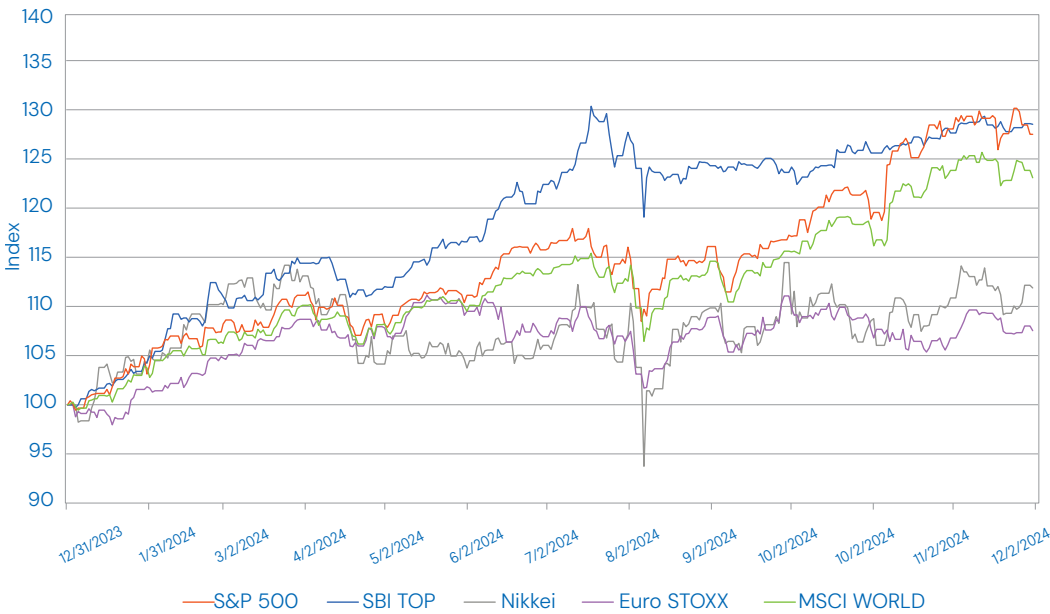
The number of employed persons reached 938,439 in December 2024. The registered unemployment rate was 4.8 percent in the same month and was 0.4 percentage points lower than in January 2024. The average gross monthly salary for the year 2024 amounted to EUR 2,395, which was nominally 6.2 percent higher than the salary for the year 2023.

2.1.2 Trends on Financial Markets

Money Market

The interbank reference rate in the Eurozone, the 6-month EURIBOR, decreased from 3.861 to 2.568 percent in 2024. The yield to maturity (YTM) of the 10Y German Bund increased in 2024 from 2.024 to 2.367 percent, while the YTM of the Slovenian 10Y government bond increased from 2.883 to 3.013 percent. The European Central Bank lowered the key interest rate four times in 2024, from 4.5 to 3.15 percent.

Figure 1: Comparison of Changes in the SBI TOP Slovenian Stock Index and Selected Foreign Stock Indices in 2024 (in Euro; Index: 31 December 2023 = 100)



Foreign Exchange Rates

The value of the US dollar relative to the euro increased by 6.2 percent in 2024. The movement of the US dollar exchange rate was most influenced by expectations regarding future interest rate movements on both sides of the Atlantic, the outcome of the US presidential elections, and the announcement of tariffs by the new US administration.

Equity Market

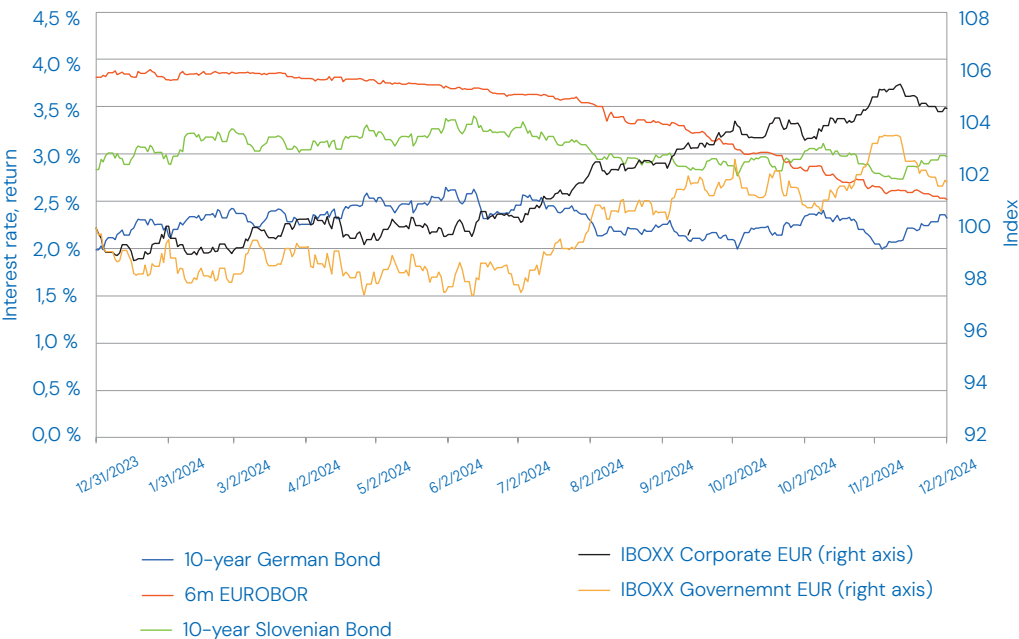
In 2024, the value of the MSCI global stock index recorded a 26.8 percent growth (measured in EUR). The highest growth in this period were recorded by Nasdaq (37.5 percent). It is followed by the general index of American stocks, the S&P 500, which gained 31.8 percent, and the Japanese stock index Nikkei, which gained 13.7 percent.

European shares gained 9.2 percent, while Slovenian shares gained 32.9 percent. Relatively weaker returns were recorded by stocks in emerging markets, which increased by an average of 12.3 percent.

Debt Market

In 2024, the prices of both government and corporate bonds increased. The European government bond index (IBOXX Euro Sovereign Overall Total Return Index) gained 1.7 percent in this period, while the corporate bond index (IBOXX Euro Corporates Overall Total Return Index) gained 4.5 percent. Bond price movements were affected mainly by the expectations regarding future monetary policies in Europe and the US. The central banks began easing monetary policy in 2024. The European Central Bank lowered the interest rate four times, while the American central bank did so three times.

Figure 2: Comparison of Changes in the Yield to Maturity (YTM) of the 10-year German Bond, the Slovenian Government Bond and the 6-month EURIBOR in 2024 (in %)



2.2 Business in 2024

2.2.1 Financial Result and Financial Position

In 2024, Modra zavarovalnica recorded a positive net operating result amounting to EUR 20.0 million, and also reported a positive value of EUR 31.9 million in the statement of comprehensive income. Thus, the total comprehensive income reached a value of EUR 51.9 million.

The total result from insurance contracts amounted to EUR 3.8 million, consisting of categories in the profit or loss statement and the statement of other comprehensive income. The result from insurance activities in the profit or loss statement for the year 2024 reached EUR -4.3 million and includes the operations of annuity funds KS PPS, KS MR, and KS MR II, as well as accident insurance. Along with this, the mentioned products also achieved financial expenses in the amount of EUR -8.5 million, which represent the elimination of the discount due to changes along the existing discount curve. The result from

insurance activities is also recognised in the statement of other comprehensive income in the amount of EUR -1.3 million, which is due to the change in the discount curve. The insurance products also relate to investment income from cover funds amounting to EUR 14.6 million in the profit or loss statement and EUR 3.3 million in the statement of other comprehensive income.

The result from investing own funds amounted to EUR 21.5 million. The result from investing own funds in other comprehensive income, which refers to investments valued at fair value through other comprehensive income, was also positive and reached EUR 29.8 million.

The most important item of other income and expenses is income from asset management, which includes income from the mutual pension fund management, and reached EUR 12.0 million. The result is lower than the comparable figure in 2023, as in 2023 we released provisions due to not achieving the guaranteed return, totaling EUR 6.9 million.

Table 1: Financial Result of Modra zavarovalnica

Item	in EUR	
	2024	2023
Result from insurance operations	-4,273,279	87,347
Financial result from insurance contracts	-8,534,737	-5,144,856
Net income (expenses) from investing activities of guarantee funds	14,561,413	12,887,709
Net income (expenses) from investing own funds	21,544,281	11,482,113
Income/expenses from asset management	12,005,896	17,028,656
Non-attributable costs	-8,541,803	-7,744,146
Other income/expenses	-477,958	-1,143,619
Profit or loss before tax	26,283,813	27,453,205
Corporate income tax	-6,303,456	-4,671,756
Changes in deferred taxes	-1,390	-39,254
Net profit or loss for the period	19,978,967	22,742,196
Result from investments of guarantee funds in other comprehensive income	3,344,820	10,783,935
Result from investments of own funds in other comprehensive income	29,823,116	9,038,168
Result from insurance contracts in other comprehensive income	-1,286,097	-11,197,040
Total comprehensive income	51,860,806	31,367,259

Non-attributable costs, which are directly charged to the insurance company's statement of profit or loss, reached EUR -8.5 million, while the insurance company also recorded attributable costs in the amount of EUR -1.3 million, which are taken into account in the calculation of the result from insurance operations. Modra zavarovalnica also effectively managed costs in 2024, which is assessed based on the total volume of attributable and non-attributable costs (EUR -9.8 million).

Investments of Modra zavarovalnica in intangible assets and property, plant and equipments amounted to EUR 401.9 thousand in 2024.

The calculated premiums in the pension funds of Modra zavarovalnica reached EUR 91.8 million in 2024, exceeding the previous year's values by 10.0 percent. The effect associated with the calculated premiums is reflected in the result from insurance operations.

The premiums paid in the mutual pension funds managed by Modra zavarovalnica reached EUR 140.5 million in the relevant period, without taking into account transfers between funds or sub-funds, and increased by 9.8 percent compared to 2023.

The calculated premiums in annuity funds and paid premiums in mutual pension funds exceeded the planned values for 2024. We exceeded the planned values at Modra zavarovalnica in achieving the total comprehensive return as well.

Table 2: Financial Position of Modra zavarovalnica

Item	in EUR	
	31 Dec 2024	31 Dec 2023
Financial assets	827,482,285	713,175,394
Other assets	10,713,195	8,134,206
Total assets	838,195,480	721,309,600
Equity	397,539,148	349,582,400
Liabilities	440,656,332	371,727,199
Insurance contract liabilities	401,766,199	336,629,878
Provisions	3,907,021	5,055,169
Deferred tax liabilities	16,270,657	12,898,287
Other liabilities	18,712,455	17,143,865
Total equity and liabilities	838,195,480	721,309,600

The largest share of Modra zavarovalnica assets are financial assets, which reached EUR 827.5 million at the end of 2024, while liabilities from insurance contracts are the most important in terms of size.

2.2.2 Mutual Pension Fund Management

Market Overview

Funds from supplementary pension insurance are collected and managed in pension funds formed in accordance with ZPIZ-2. In 2024, eight providers offered supplementary pension insurance in Slovenia. Modra zavarovalnica and two other providers offer supplementary pension insurance in the form of mutual pension funds, four providers in the form of a group of long-term guarantee funds, and one provider offers supplementary pension insurance in the form of both mutual pension funds and group of long-term guarantee funds.

All pension funds implement a life-cycle investment policy that allows the saver to save in an age-appropriate manner, and a greater choice of investment policy. At the same time, the life-cycle investment policy enables the saver to potentially achieve higher returns in the long run and thus achieve a higher value of savings for the supplementary pension.

The managers of Modra zavarovalnica took good advantage of the rise in stock and bond prices in 2024, so the returns of all sub-funds managed by Modra zavarovalnica were positive. For the second consecutive year, we observed exceptionally high stock returns, so the returns of prudent and dynamic sub-funds were significantly higher than those of guaranteed sub-funds.

Both guaranteed sub-funds rank among the more profitable sub-funds with an investment policy of guaranteed returns and also, in absolute terms, exceed the expected long-term average annual return. The achieved returns of both sub-funds with a guaranteed return policy also significantly exceeded the guaranteed return for the year 2024.

The sub-funds with a prudent investment policy achieved a return in 2024 that is comparable to competing sub-funds. In terms of returns, two competitors stood out upwards, but in our assessment, they also took on higher risks during the year.

A sub-fund with a dynamic investment policy ranks in the middle when comparing its returns with the competition. The reason lies primarily in our strategy of taking on lower market risk, which was the result of an assessment that stock valuations, particularly American ones, may already be excessively high.

Figure 3: Comparison of 12-Month Return Rates of Domestic Pension Funds Pursuing a Guaranteed Rate Investment Policy

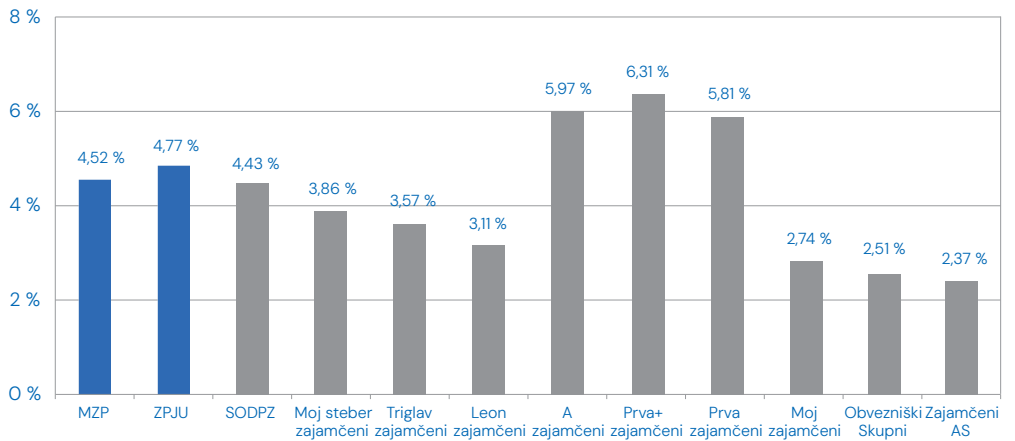


Figure 4: Comparison of 12-Month Return Rates of Domestic Pension Funds Pursuing a Balanced Investment Policy

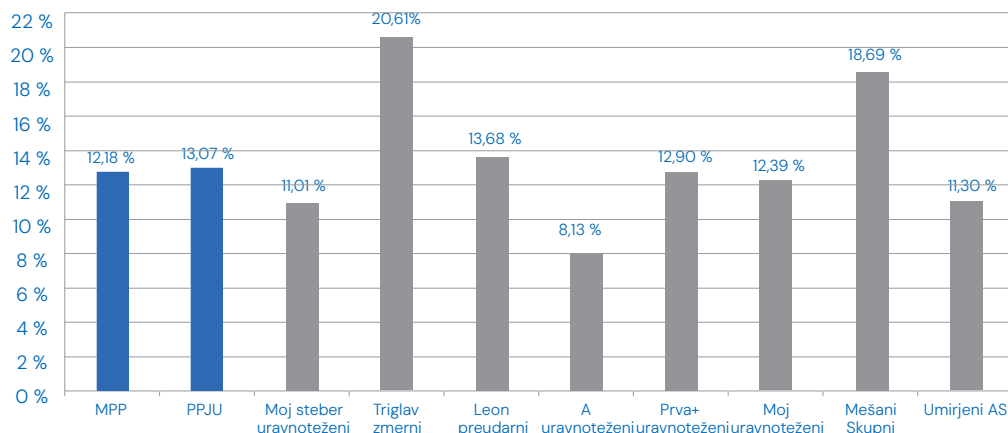
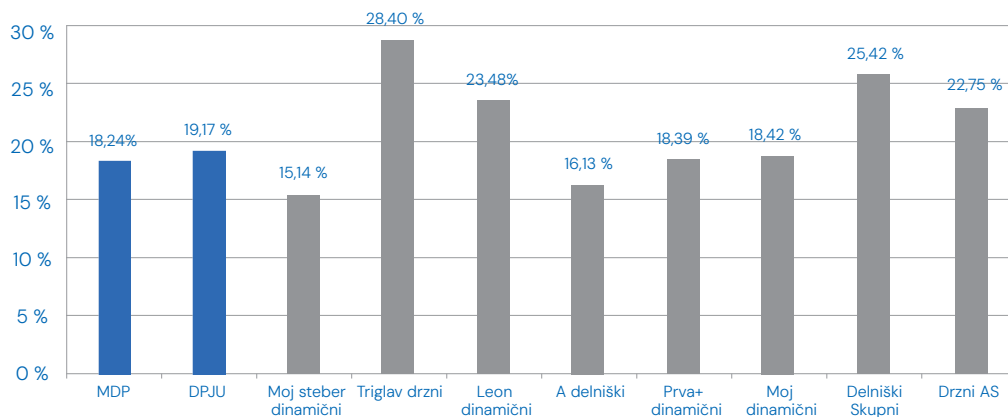


Figure 5: Comparison of 12-Month Return Rates of Domestic Pension Funds Pursuing a Dynamic Investment Policy



Mutual Pension Funds Managed by Modra zavarovalnica

Modra zavarovalnica is the largest provider of supplementary pension insurance in Slovenia and the main provider of old-age saving schemes within the scope of the second pension pillar. In our mutual pension funds, more than 315,000 individuals were saving as of December 2024, and the collected assets are approaching the amount of EUR 1.7 billion. Total supplementary pension insurance premium paid in, excluding asset transfers between the sub-funds, reached EUR 140.5 million in 2024.

Modra zavarovalnica manages three mutual pension funds that are run and disclosed as separate assets owned by the members of a particular fund:

- Life-Cycle Civil Servants Pension Fund (KPSJU),
- Life-Cycle Pension Fund (MKPS), and
- First Pension Fund of the Republic of Slovenia (PPS) which was formed according to a special act through the exchange of pension vouchers.

Table 3: Data on Mutual Pension Funds Managed by Modra zavarovalnica as at 31 December 2024

Fund	No. of members/ persons insured	No. of employers/ premium payers	Assets under management in mio EUR
KPSJU	262,705	1,877	1,225,7
MKPS	40,712	490	435,2
PPS	12,061	–	10,9
Total	315,478	2,367	1,671,8

Pursuant to Article 313 of ZPIZ-2, Modra zavarovalnica is, in the event that the actual net value of pension fund assets in an accounting period falls below the guaranteed value of the fund's assets, obliged to form provisions for failing to achieve the guaranteed rate that are debited to equity and are equal to the sum total of all deficits in the value of a member's assets up to the guaranteed value of a member's assets.

At the end of 2024, Modra zavarovalnica disclosed provisions for failing to achieve the guaranteed rate of return on mutual pension funds amounting to EUR 3,5 million.

Life–Cycle Civil Servants Pension Fund

KPSJU pursues a life–cycle investment policy and comprises three different sub–funds:

- Dynamic Civil Servants Sub–Fund (DPJU) is intended for young savers aged up to 50 years of age and pursues a higher risk investment policy. Savers saving within the scope of this sub–fund assume the entire investment risk.
- The Prudent Civil Servants Sub–Fund (PPJU) is intended for savers aged between 50 and 60 years of age and pursues a balanced investment policy. Savers saving within the scope of this sub–fund assume the entire investment risk.
- The Guaranteed Civil Servants Sub–Fund (ZPJU) is intended for the oldest savers aged over 60. Savers saving within the scope of this sub–fund assume only the investment risk exceeding the guaranteed return.

The Life–Cycle Civil Servants Pension Fund (KPSJU) is a fund intended exclusively for civil servants. It provides them with the right to a supplementary old–age pension or other rights stipulated in the pension scheme. In addition to the premiums paid into the fund by employers, premiums can also be paid in by civil servants themselves, thus ensuring a higher supplementary pension and allowing them to claim a tax allowance.

Newly employed civil servants are included in the sub fund that is suitable for their age, unless they decided otherwise. Members who have saved in accordance with the guaranteed return policy at the time of its transformation in the beginning of 2017 they can decide on a possible transition to a higher risk investments policy.

As the manager of KPSJU based on the KPSJU Rules, Modra zavarovalnica is entitled to an entry fee and management fee. Entry fees are calculated as a percentage of the paid–in premium amounted to 0.5 percent in 2024. The annual fee for the management of the KPSJU fund amounts to 0.5 percent of the average NAV of the KPSJU. All other direct operating costs of the fund are charged to the Company.

KPSJU is the largest Slovenian pension fund, both as regards the number of savers and the volume of the funds collected. At the end of 2024, 262,705 savers were included in it, with their funds exceeded EUR 1.2 billion.

Life-Cycle Pension Fund

The Life-Cycle Pension Fund (MKPS) is an open-ended mutual pension fund intended for the implementation of supplementary pension insurance schemes. All persons in employment included in compulsory pension insurance can pay into this fund. The PNMZ K Pension Scheme for collective supplementary insurance is open to insured persons via their employer, just like the individual PNMZ P Pension Scheme, which is intended for individuals.

MKPS comprises three sub-funds that are established as separate assets, whereby each sub-fund is characterised by its own investment goal and investment policy and is intended for a target age group of members.

- The Dynamic Sub-Fund (MDP) is intended for younger savers aged up to 50 and pursues a somewhat higher risk investment policy. Savers saving within the scope of this sub-fund assume the entire investment risk.
- The Prudent Sub-Fund (MPP) is intended for savers aged 50 to 60 years of age and pursues a prudent investment policy. Savers saving within the scope of this sub-fund assume the entire investment risk.
- The Guaranteed Sub-Fund (MZP) is intended for savers older than 60 years of age and pursues a guaranteed return investment policy. Savers saving within the scope of this sub-fund assume only the investment risk exceeding the guaranteed return.

Modra zavarovalnica, as the manager of MKPS, is entitled to entry fees and management fees for MKPS based on the detailed Management Rules of MKPS. Entry fees are calculated as a percentage of the paid in premium upon its payment and are remitted to the manager's account; in 2024, they amounted to 2.5 percent. The annual fee for the management of the MKPS amounted to 1 percent of the average net value of assets of an individual sub-fund.

Table 4: Company's Financial Assets as at 31 December 2024

					in EUR
Item	Financial assets KS PPS	Financial assets KS MR	Financial assets KS MR II	Own financial assets	Total
Financial investments in associates and jointly controlled entities	0	0	0	51,103,621	51,103,621
Investments	96,303,321	5,659,976	320,153,144	347,303,930	769,420,371
Cash and cash equivalents	531,462	720,432	2,616,765	3,089,635	6,958,293
Total	96,834,784	6,380,408	322,769,909	401,497,186	827,482,285

At the end of 2024, 40,712 savers were included in it, with their assets amounting to EUR 435.2 million.

First Pension Fund of the Republic of Slovenia

PPS is a pension fund that obtained its assets through the exchange for pension vouchers. Since 1 January 2003, PPS has been a closed-ended mutual pension fund and further payments or enrolment in the fund have not been possible. Since August 2004, the funds collected by all members aged 60 or over, have been transferred to KS PPS, which is intended for the disbursement of supplementary pension annuities. If a member of PPS dies before acquiring the right to a pension annuity, the right to the payment of the surrender value of their policy is granted to their heirs.

Modra zavarovalnica is entitled to an annual fee for the management of PPS, which amounted to 1 percent of the average annual NAV in 2024, and to exit fees charged as a percentage of the surrender value of assets paid out to heirs.

At the end of 2024, 12,061 savers were included in it, with their assets amounting to EUR 10.9 million.

2.2.3 Financial Assets of Modra zavarovalnica

The financial assets of Modra zavarovalnica include the financial assets of guarantee funds and the Company's own assets under the following items of the statement of financial position:

- Investments in associates and jointly controlled entities (item F.),
- Investments (item G.),
- Cash and cash equivalents (item N.).

2.2.4 Management of Guarantee Funds for the Disbursement of Pension Annuities

Modra zavarovalnica is the largest payer of supplementary pensions/pension annuities in the Republic of Slovenia, and in 2024 managed three guarantee funds for the disbursement of pension annuities, which are managed separately:

- Modra Renta guarantee fund (KS MR), which collected insurance premiums between December 2011 and December 2015;
- Modra Renta II guarantee fund (KS MR II), which was established on 1 January 2016 based on ZPIZ-2; since January 2016, the premium is paid in this fund only and no longer in the Modra Renta guarantee fund (KS

MR), while annuities are disbursed from both funds;

- Guarantee Fund of the First Pension Fund (KS PPS), which has been used since August 2004 to disburse supplementary pension annuities deriving from the exchanged pension vouchers to all persons who have reached the age of 60.

Pursuant to the provisions of the Insurance Act (ZZavar-1), KS MR II and KS PPS funds are registered as ring-fenced funds.

In 2024, Modra zavarovalnica paid a sum of EUR 42.1 million for supplementary pensions to 52,378 insured persons. Pension annuity deriving from supplementary pension insurance ("Modra Renta" and "Modra Renta II" annuities) was received by 42,862 insured persons, while 9,516 insured persons received annuities deriving from supplementary pension insurance in the First Pension Fund (exchange for pension vouchers).

Table 5: Basic Information on Modra zavarovalnica Guarantee Funds

Guarantee fund	No. of annuity recipients at the end of 2024	Assets under management	Expenses for annuities (€ million)
KS MR	6,774	6.4	1.2
KS MR II	36,088	326.8	34.0
KS PPS	9,516	97.0	6.9
Total	52,378	430.2	42.1

Modra Renta Guarantee Fund

The KS MR represents separate assets intended for the disbursement of pension annuities to savers under supplementary pension insurance schemes who have exercised their right to a pension deriving from compulsory insurance at the Pension and Disability Insurance Institute.

Payments in KS MR had been collected until the end

of 2015 and, since 2016, KS MR has merely made disbursements of lifetime pension annuities. Upon taking out annuity pension insurance, each individual was able to select one of the forms of lifetime annuities, thereby exercising their right to a supplementary old-age pension.

As at 31 December 2024, the fund's assets amounted to EUR 6.4 million. The biggest share of these assets is represented by bonds, which account for 80 percent of total assets.

Table 6: Assets of the KS MR

Assets	in EUR	
	31 Dec 2024	31 Dec 2023
Bonds	5,099,005	6,509,354
Treasury bills	468,724	803,924
Investment receivables	92,247	0
Cash	720,432	71,965
Receivables	198	155
Total	6,380,606	7,385,398

At the end of 2024, 34 percent of the assets of the KS MR were invested in the Republic of Slovenia and 66 percent

of assets were held in investments of foreign issuers.

Modra Renta II Guarantee Fund

KS MR II represents separate assets intended for the disbursement of pension annuities to savers under supplementary pension insurance schemes who have exercised their right to a pension deriving from compulsory insurance at the Pension and Disability Insurance Institute. Upon taking out annuity pension insurance, each person insured may select one of the forms of lifetime pension annuities, thereby exercising their right to a supplementary old-age pension. Modra zavarovalnica provides a diverse selection of different pension annuity forms to retired savers:

- Lifetime Modra renta: this is a supplementary pension without a guaranteed period of disbursement that is disbursed to the end of one's life. It may be disbursed monthly, quarterly, semi-annually or annually, whereby the period of disbursement depends on the amount of funds collected. An individual disbursement may not be lower than EUR 30.
- Lifetime Modra renta with a guaranteed disbursement period: this is a supplementary pension with a guaranteed disbursement period of 1 to 20 years. It is until an insured person's death or at least until the expiry of the selected guaranteed period of disbursement. It may be disbursed monthly, quarterly, semi-annually or annually, whereby the

period of disbursement depends on the amount of the funds collected. An individual disbursement may not be lower than EUR 30.

- Lifetime Modra renta with accelerated disbursement: this is a supplementary pension with a guaranteed disbursement period of 1 to 20 years, whereby the majority of the funds saved are drawn in the selected guaranteed period of disbursement, after which an amount not lower than EUR 30 is disbursed monthly (quarterly, semi-annually or annually) until the end of life.
- Lifetime Modra renta with accelerated disbursement 2/1: this is a supplementary pension with accelerated disbursements in a guaranteed period of 1 to 20 years, whereby the high monthly pension annuity in the accelerated period does not exceed twice the amount of the lifetime pension annuity after the expiry of the accelerated period.
- An individual who chooses an annuity with a guaranteed payment period can opt for the payment of the annuity in the form of an advance.

An individual who chooses an annuity with a guaranteed payment period can opt for the payment of the annuity in the form of an advance.

Table 7: Number of New Members and Amount of Payments in KS MR II in 2024

Pension fund	No. of new members/ persons insured	Surrender value of assets (in EUR million)
MKPS	737	12.6
KPSJU	4,471	47.4
Pension funds by other managers	1,220	31.5
Total	6,428	91.5

The amount of one's pension annuity depends on the supplementary pension insurance funds collected, the technical interest rate, unisex life expectancy tables, date of birth, age upon the effective date of annuity insurance and the cost of annuity payments. The average age of annuity recipients is 65 years, and 60 percent of all annuity recipients are female.

Insurances for lifetime annuity disbursements are included in the positive result achieved during the disbursement period through the management of such insurance portfolios. The Company earmarks at least 90 percent of its positive underwriting result of the previous accounting period for profits. At least 50 percent of 90 percent of

the positive technical result from the previous accounting period is credited to the policyholder each year, no later than the end of April of the current year, in the form of an increase in the pension annuity, in accordance with the technical bases used at that time for calculating the pension annuity. The amount of EUR 5,508,535 was allocated to pension annuity increases in 2024. The policyholders received the payment of the increased annuity in April, and a settlement for the period from January to March 2024 was also paid.

The fund's assets reached EUR 326.7 million on December 31, 2024. The largest portion of the assets consists of bonds, accounting for 53 percent, and advances, making up 28 percent of all the fund's assets.

Table 8: Assets of the KS MR II

	in EUR	
Assets	31 Dec 2024	31 Dec 2023
Bonds	171,603,960	140,980,584
Shares	209,608	0
Units of target funds	44,056,803	44,713,242
Commercial paper	2,497,436	2,172,171
Treasury bills	8,688,332	10,228,813
Deposits and investment receivables	1,408,677	3,151,518
Advances	91,688,328	58,653,191
Cash	2,616,765	346,096
Receivables	4,018,329	3,733,269
Total	326,788,237	263,978,884

At the end of 2024, 36 percent of the assets of the KS MR II were invested in the Republic of Slovenia and 64 percent of all assets were held in investments of foreign issuers.

Guarantee Fund of the First Pension Fund

KS PPS constitutes separate assets and was established on 13 July 2004 for all insured persons aged 60 or more, thereby obtaining the right to annuity. Upon obtaining the right to annuity, each person insured selects the corresponding form of pension annuity, based on an indicative calculation. Insured persons having 2,000 points or less can receive their pension annuity in a one-off amount. Insured persons having more than 2,000 points on their insurance policy can choose between a lifetime pension annuity and a lifetime pension annuity with a guaranteed disbursement period. Insured persons having between 2,000 and 5,000 points can also receive their pension annuity once a year. The guaranteed payout period is set at 5, 10 or 15 years. If an insured person dies during the guaranteed payout period, the pension annuity is paid out to their beneficiaries or heirs until the expiry of the guaranteed payout period.

Insured persons receiving the KS PPS pension annuity are entitled to the surplus rate of return of the annuity fund over the guaranteed rate of return, pursuant to the General Terms and Conditions of Supplementary Pension Insurance in the First Pension Fund of the Republic of Slovenia – exchange for pension vouchers. The share of

the surplus intended for a permanent annuity increase is identified once a year by the manager's Management. In 2024, there was no increase in pension annuities.

In 2024, the right to a pension annuity was acquired by 1,200 insured persons aged 60 or more who paid in a total of EUR 2.2 million into the KS PPS for their supplementary pensions.

As at 31 December 2024, the fund's assets amounted to EUR 97.0 million. The largest part of these assets comprise bonds, which account for 64%, and stocks which account for 22% of all assets.

Table 9: Assets of the KS PPS

	in EUR	
Assets	31 Dec 2024	31 Dec 2023
Bonds	62,553,017	58,045,035
Stocks	21,147,861	21,856,507
ETF units	6,512,445	7,066,820
Treasury bills	4,792,206	2,443,546
Deposits and investment receivables	1,297,793	2,296,940
Cash	531,462	542,414
Receivables	172,834	250,864
Total	97,007,618	92,502,126

At the end of 2024, 45 percent of KS PPS assets were invested in investments in the Republic of Slovenia, while 55 percent of all assets were invested in the investments of foreign issuers.

2.2.5 Management of Own Financial Assets

The Company's own financial assets amounted to EUR 401.5 million at the end of December 2024. The largest share is taken up by the portfolio of bond investments, which are followed by non-portfolio equity investments.

Table 10: Own Financial Assets of Modra zavarovalnica

	in EUR	
Assets	31 Dec 2024	31 Dec 2023
Portfolio equity investments	53,991,235	50,438,844
Non-portfolio equity investments	81,036,901	60,732,145
Portfolio debt security investments	263,379,415	240,502,399
Cash	3,089,635	1,619,886
Total	401,497,186	353,293,274

Portfolio Equity Investments

Table 11: Portfolio Equity Investments

	in EUR	
Assets	31 Dec 2024	31 Dec 2023
Stocks	53,991,235	50,438,844
Total	53,991,235	50,438,844

At the end of 2024, the portfolio was most exposed to the information technology sector, followed by the finance and consumer durables sectors. The entire portfolio was invested in foreign stocks, with more than half of the portfolio invested in equity investments of issuers from the USA, and slightly less than 30 percent in investments from European issuers. The remainder is represented by investments in issuers from more developed Asian countries and issuers from developing economies.

Non-Portfolio Equity Investments

As at 31 December 2024, Modra zavarovalnica owned stocks or interests in Cinkarna Celje, d.d., Pozavarovalnica Sava, d.d., Delavska hranilnica, d. d., and Hotelske nepremicnine, d.o.o among its equity investments. Owing to the size of the equity interest, these investments are managed actively. The total value of these investments amounted to EUR 81.0 million at the end of 2024.

Portfolio Debt Security Investments

The value of the government bond portfolio amounted to EUR 95.6 million at the end of 2024. The portfolio predominantly consists of government bonds from euro area countries. Most of the bonds are denominated in euros, a smaller portion in US dollars. The largest share among government bonds consists of bonds from Slovenia, Italy, Spain, and France. The average maturity of the government bond portfolio is 7.4 years and the average rating is A. Most bonds have a fixed coupon interest rate.

Table 12: Portfolio Debt Security Investments

	in EUR	
Assets	31 Dec 2024	31 Dec 2023
Bonds	185,182,351	121,388,079
Government bonds	95,630,524	61,099,633
Corporate bonds	89,551,827	60,288,446
Treasury bills	22,787,176	61,201,036
Commercial paper	998,974	690,530
Deposit and investment receivables	645,738	3,645,890
ETF units	53,765,176	53,576,864
Total	263,379,415	240,502,399

At the end of 2024, the value of the corporate bond portfolio amounted to EUR 89,6 million. Among corporate bonds, bonds of issuers from the Euro area prevail as well. All bonds are denominated in Euro. The majority of the bonds have a fixed coupon interest rate. The largest number of corporate bond issuers were from the finance, consumer staples, pharmaceuticals, and telecommunications sectors. The average duration of the corporate bond portfolio was 3.9 years, and the average credit rating was A-.

At the end of 2024, the value of target fund units reached EUR 53.8 million; of the mentioned amount, EUR 27.6 million are related to target funds that invest exclusively in debt securities.

The value of the treasury bill portfolio amounted to EUR 22.8 million. The portfolio consists of German, Italian, Spanish, Belgian, and French treasury bills.

Deposits and investment receivables added EUR 646 thousand to the debt financial investment portfolio.

Cash

At the end of December 2024, Modra zavarovalnica disclosed EUR 3.1 million of cash and cash equivalents among its financial assets.

2.3 Marketing Activities

We focused the marketing activities of Modra zavarovalnica on strengthening its recognition as a reliable and accessible insurance company that listens to its clients and takes care of their social security in all stages of life.

In 2024, we revamped our website and digitally supported the entire process of e-concluding additional pension insurance. We also upgraded the mobile app m.Modra, which allows existing and potential members to pay individual premiums, switch sub-funds, review and designate beneficiaries in case of death, and manage savings policies.

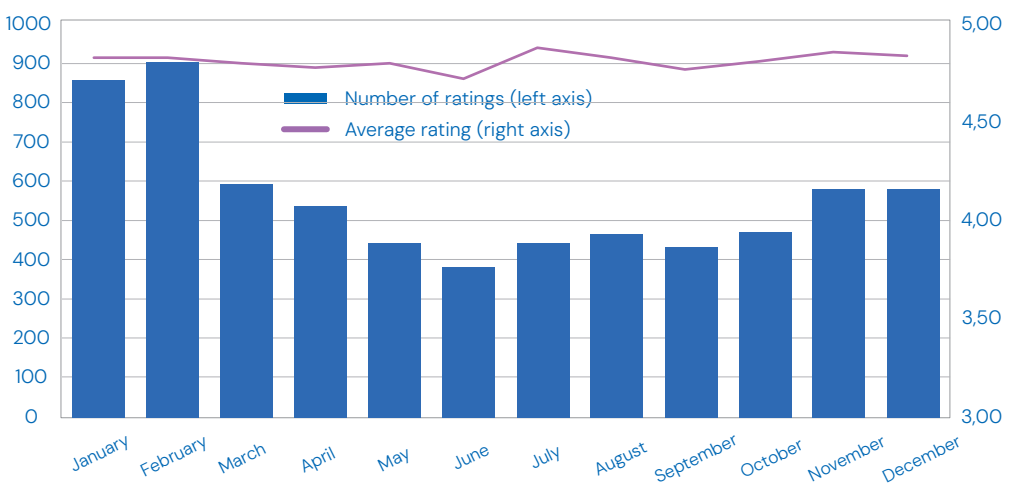
As part of our marketing activities, we raised awareness about the necessity of saving for an additional pension. We also presented ourselves through events for young people, whose main purpose is to acquire basic knowledge in the field of personal finance or financial literacy. As a "supporter of financial literacy for young people" we collaborated with the newspaper Finance, involving our

experts in financial schools that took place during school holidays. We also supported the student HackathON organized by Arnes as part of the annual conference of the Slovenian Society of Informatics.

We continued with the "Modra nit" campaign, which ran across various communication channels and was aimed at increasing the visibility of supplementary pension insurance and highlighting the role of Modra zavarovalnica as a provider.

We prepare and publish professional contributions and advertising articles in various media. In the context of social responsibility, we participate in the preparation of content for trade union websites and internal company portals, where we provide clients with relevant information. For savers, we regularly prepare a monthly newsletter with current notifications, encourage them to participate in satisfaction surveys, and present additional benefits and offers to them.

Figure 6: Results of Ongoing Customer Satisfaction Measurement in 2024



In 2024, we established a partnership with Delavska hranilnica and Vzajemna zdravstvena zavarovalnica. Through the sales network of Delavska hranilnica, we enable the conclusion of supplementary pension insurance and carry out targeted marketing campaigns. Based on customer feedback, we plan to upgrade existing products and develop new ones tailored to market needs in the future.

With a simple and understandable presentation of products, we strive to increase the level of financial literacy, trust, and recognition of Modra zavarovalnica as a key player in the field of social security. With the enhancement of the user experience and a comprehensive approach to communication, we strengthen customer satisfaction and loyalty.

Customer satisfaction is one of the strategic goals of Modra zavarovalnica. We continuously improve the process of monitoring satisfaction and incorporate customer feedback into the development and optimisation of our offerings. We measure the satisfaction of customers who communicate with us via phone and email throughout the year. In 2024, customers rated us with an average score of 4.83 out of 5, which confirms the excellent quality of communication and support we provide.

In 2024, we successfully completed the traditional marketing campaign Brez vstopnih stroškov ("No Entry Fees") through digital channels, which encourages premium payments and thereby results in higher income tax savings. The results show that individuals are increasingly aware of the importance of saving for a supplementary pension and knowing the advantages of tax relief within supplementary pension insurance.

In all of our marketing activities, we devote special attention to compliance with the laws and other regulations governing consumer protection. Before concluding the insurance, we provide clear and quality information and continuously improve the transparency of our operations. As one of the largest data processors, we ensure the highest level of security and confidentiality of our customers' personal data. We adapt to changes in the environment by constantly developing the competencies of our employees, by training and acquiring new knowledge, and by monitoring good practices, which we successfully integrate into our work.

2.4 Risk Management

In line with the adopted capital management policy, Modra zavarovalnica ensures security and profitability of operations as well as a high level of stakeholder confidence. The objectives we pursue are efficient allocation of available capital for the assurance of the security of savers' savings and long-term and stable returns on the investment of the owner of Modra zavarovalnica based on predetermined dividend policy criteria and taking into account the interests of the remaining stakeholders and regulatory restrictions.

The key conditions for the achievement of the mentioned objectives are recognisability, measurement, monitoring and management of assumed and potential risks as well as continuous own risk and solvency assessment. Comprehensive risk management enables regular measurement and monitoring of the amount, returns and consumption of capital.

Modra zavarovalnica measures risk and monitors capital adequacy using the methods that comply with the standard formula according to Solvency II. In order to ensure long-term target capital adequacy, the Company regularly performs Own Risk and Solvency Assessment (hereinafter: ORSA) by way of which it determines the ongoing and expected capital requirements and defines the appropriate capital management measures. The ORSA conducted in 2024 indicates that the Company would have a sufficient amount of capital to cover all the risks it assumes in its operations over the next three years, given the realisation of the scenarios.

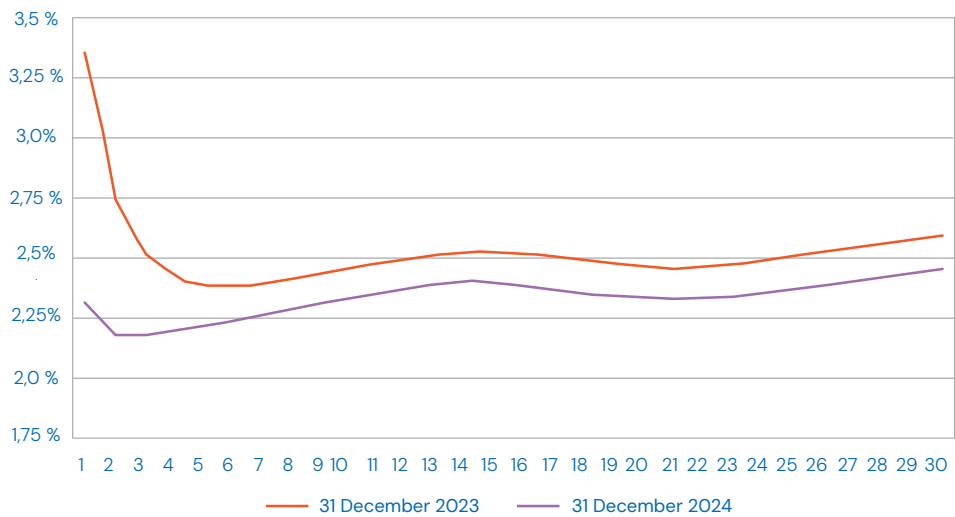
In 2024, while preparing the new strategy, we increased the target capital adequacy, defined as the ratio between the appropriate own funds of the Company and the total capital requirement, and set it at a level of 200 percent, effective from 1 January 2025.

All materially significant risks to earnings, which the insurance company is exposed, constitute the risk profile of the insurance company. Taking into account the absorption capacity of deferred taxes, the shares of market risks and life insurance risks have slightly increased in the risk profile, compared to the situation at the end of 2023.

In 2024, we witnessed the growth in stock indexes. On the other hand, there has been a reduction in central bank interest rates. In 2024, the ECB reduced the key interest rate four times, from 4.5 to 3.15 percent. Inflation in the eurozone decreased to 2.7 percent in 2024, which still exceeds the reference inflation rate set by the ECB at 2 percent.

The risk-free interest rate curve has decreased across the entire maturity spectrum, primarily due to the lowering of ECB interest rates. The largest change occurred in the shorter end of the curve, specifically in the first year, when the curve decreased by 112 basis points, and in the second year, when it decreased by 60 basis points. The difference between the two curves was between 12 and 15 basis points over a longer period.

Figure 7: Risk-Free Interest Rate Curve as at 31 December 2024 and as at 31 December 2023



2.4.1 Risk Management System

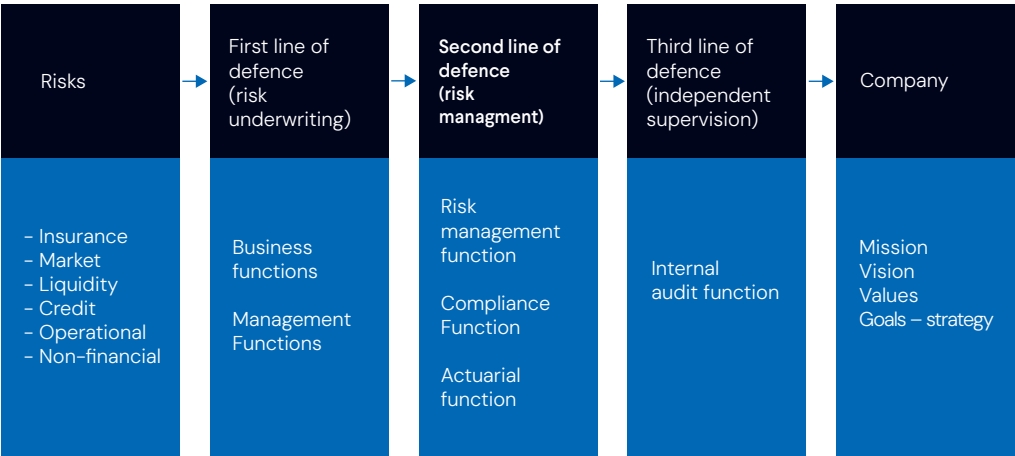
The Company devotes special attention to the comprehensive risk management system that ensures the realisation of strategic goals. Our risk management system is clear, transparent and documented. It allows us to identify important risks on time, and also encompasses processes that enable effective management of individual risk types.

The ORSA process is strongly tied to the quality of the entire risk management system. The main purpose of the ORSA process is for the Company to prepare (on the Company level) own assessments of risks arising

from operations that affect its current or future capital requirements. The mentioned assessments represent the basis for deciding on the application of particular risk and capital management strategies. A part of the process that is the basis for strategic decision-making is the study of the stability of the Company's capital adequacy subject to select scenarios.

The risk management system at the Company is based on the three lines of defence model. The first line of defence is a change by the Company's Management Board and the business functions, which actively manage specific operational risks through their business decisions and are primarily responsible for risk identification, underwriting and reporting.

Figure 8: Three Lines of Risk Management



The second line of defence is represented by business functions and decision-making bodies forming the risk management system, which includes exposure identification, measurement and monitoring procedures as well as the exposure limit system.

The third line of defence includes the internal audit function which executes and is in charge of the processes and activities associated with regular reviews of the effectiveness of the internal control environment in individual functional areas as well as the effectiveness of the risk management system.

2.4.2 Risk Management System and Framework

The risk management system covers all functional areas, focusing on those having a material impact on the Company's operations and set business objectives.

- The risk management framework includes suitable:
- identification of risks,
- measurement or assessment of the risk level,
- risk management and control, and
- risk reporting.

The main documents of the comprehensive risk management system of the Company are the Strategy and the Business Plan of Modra zavarovalnica. The process for the determination of planned guidelines and targets for the strategic period involves

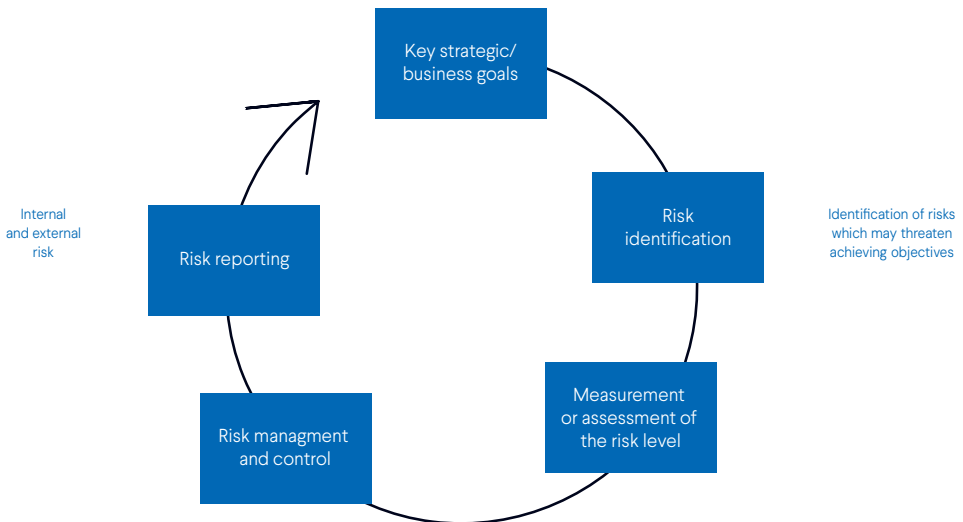
The risk management system encompasses a continuous process involving:

- the development of a risk management strategy supported by policies and procedures;
- risk measurement, monitoring and management;
- regular reporting to the Company's Management and Supervisory Board;
- review and improvement of the risk management system.

the definition of the risks that the Company is prepared to assume. The process involves the determination of key indicators that enable the determination of target and extreme values of exposure to the risks that are defined in the Risk Appetite Statement. We stipulate a zero tolerance for risks we are not prepared to assume.

The key indicators include the required solvency capital ratio. The strategic decision of the Company was to increase the target SCR ratio to 200 percent as of 1 January 2025, which is at the upper quartile of relevant insurance companies, as evident from the supervisory report ([Insurance Risk Dashboard – EIOPA Q2 2024](#)). In addition to the said indicator, the Risk Appetite Statement defines target values and permitted deviations from the same for each of the important risk categories as well as the measures for their lowering. The matching of the risk profile (actual risk exposure) is regularly compared to the thresholds defined in the Risk Appetite Statement.

Figure 9: Risk Management System



2.4.3 Capital and Capital Adequacy Management

Capital management serves to optimise the operations and take suitable business decisions in order to attain the strategic goals of Modra zavarovalnica. At Modra zavarovalnica, we estimate that we have a sufficient amount of own funds in relation to our total capital requirement.

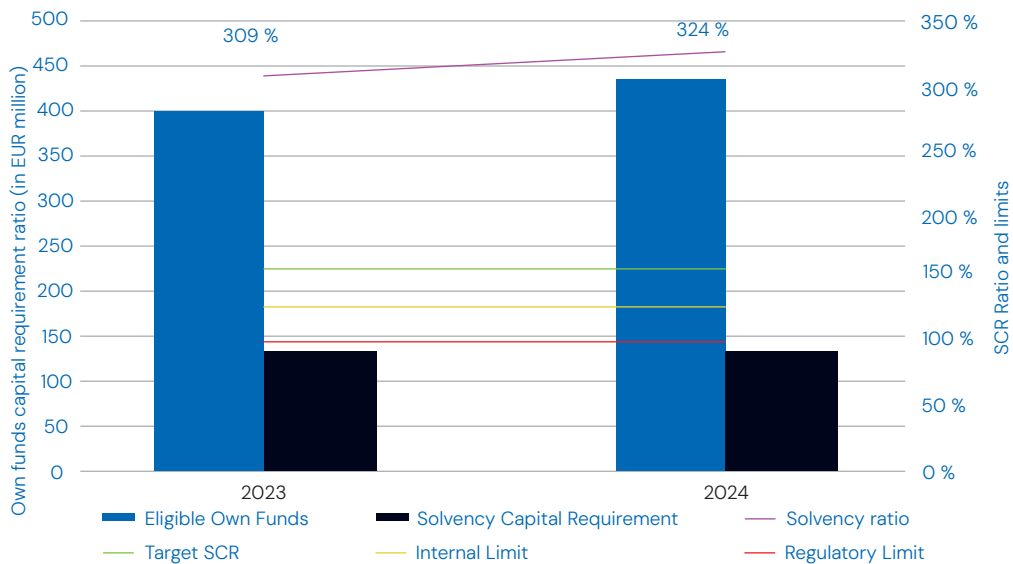
Table 13: Capital Adequacy Pursuant to the Requirements of Solvency II

Item	31 Dec 2024	31 Dec 2023
Solvency II		
Total capital requirement (in EUR)	134,332,960	129,593,794
Eligible own funds (in EUR)	435,167,261	400,253,476
Excess of available own funds (in EUR)	300,834,301	270,659,682
Eligible own funds to total capital need ratio	324 %	309 %

The SCR ratio increased from the initial 309 percent in 2023 to 324 percent in 2024. The main reason for the increase in the SCR ratio was favorable market conditions throughout the year 2024, which positively impacted the valuation of equity securities. Additionally, the shift in the risk-free interest rate curve had a favorable impact on the

valuation of debt securities (increase) but a less favorable impact on the value of liabilities. Taking the above into consideration, the value of assets increased more than the value of liabilities, resulting in an increase in own funds.

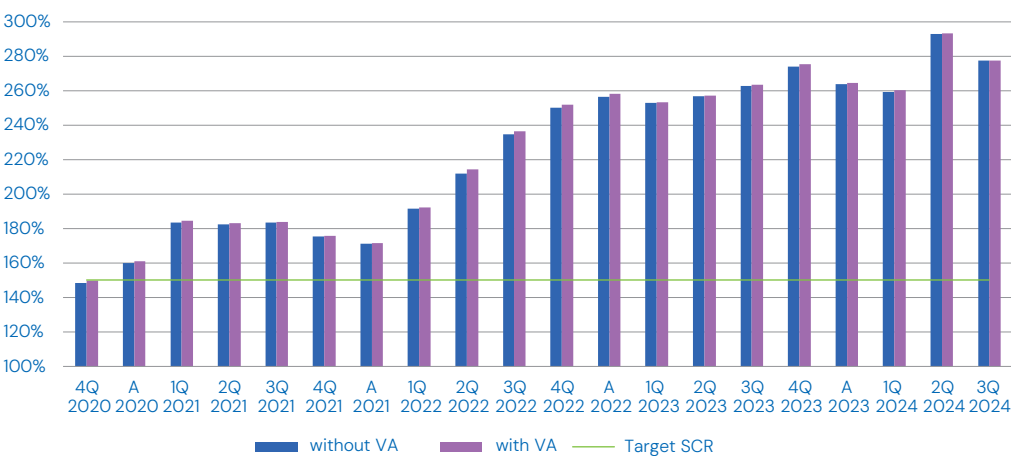
Figure 10: Risk Appetite and Realised Capital Adequacy



At the end of 2020, the Insurance Supervision Agency (ISA), based on the application by Modra Insurance, approved the use of the volatility adjustment to the risk-free interest rate curve, which the Company first applied in its year-end 2020 reporting.

Based on the reporting history and market conditions, we have determined that the use of the volatility adjustment to the risk-free interest rate curve, despite considerable resource expenditure, does not have a noticeable effect on the SCR ratio (immaterial change). Therefore, we have decided not to use the aforementioned adjustment from 1 January 2025 onwards. We also informed the ISA about this, and on 12 February 2025, we received the appropriate decision from them.

Figure 11: The Movement of the SCR Ratio Without and With the Application of the Adjustment



2.4.4 Risk Types

The basis for the definition of the risk appetite is the identification of the risks in the business operations process. Risk identification is a continuous activity in which all functional areas (risk owners) take part in accordance with their competences and responsibilities. The aim is to ensure the inclusion of all important risks into the risk management system, set up the risk exposure measurement process and achieve uniform treatment and understanding of the risks at all levels of the company. We assume the following risks in our operations:

- **Insurance risks** are risks related to the insurance coverages covered by the insurances. Insurance coverage represents the risk of loss or of adverse change in the value of underwriting liabilities due to inadequate premiums and assumptions taken into account in the calculation of technical provisions. Insurance risks are broken down into risks under life insurance, health insurance, which includes accident insurance, and non-life insurance. The Company is mainly exposed to life insurance risks, while health insurance risks are immaterial because of the low volume of such insurance. The Company is not exposed to non-life insurance risk.
- **Market risks** represent the risk of loss or of adverse change in the Company's financial position resulting from fluctuations in the level or volatility of the market prices of assets, liabilities and financial instruments. They include equity risk, currency risk, interest rate risk, spread risk, market concentration risk and property risk.
- **Credit risk** is the risk of loss or adverse change in the financial position of the Company resulting from fluctuations in the credit standing of security issuers, counterparties and eventual debtors, to which the Company is exposed through counterparty default risk.
- **Liquidity risk** is the risk of loss resulting from the Company's inability to meet all of its past-due liabilities arising from the fact that the Company is forced to acquire sufficient funding for the settlement of liabilities on maturity at a cost that is significantly above the usual costs. Liquidity risk also refers to the risk of more difficult access to financing required for the settlement of liabilities arising from

insurance and other contracts. Liquidity risk usually materializes in the form of the inability to liquidate investments without selling at a significant discount to the current market prices.

- **Operational risk** is the risk of loss resulting from inadequate or failed internal processes, conduct of employees, functioning of systems or external events. It includes IT risk, legal risk, cyber risks, compliance risk, and other risks.
- **Strategic risks** are risk of loss resulting from unsuitable strategic decisions and inconsistent implementation of strategic decisions. They include mainly the risk of loss of reputation, capital adequacy risk and the risk of competition and market position.
- **Sustainability risks** encompass an environmental, social, or governance event or circumstance that, if it occurs, may have an actual or potential negative impact on the value of an investment or liability.

In addition to the risks identified above, potential risks are also important for the Company. These are risks that may still develop or those which already exist and are characterised by being difficult to quantify and have major consequences for operations. We carefully monitor the potential risks and accordingly upgrade the risk management system.

2.5 Internal Audit Function

The Company has established and organised an independent internal audit function as an integral part of itself, which provides assurance and advice in the areas of risk management, internal control systems, and Company management.

The internal audit function is organised within the Internal Audit Department, which is an independent organisational unit that performs the internal audit function independently and impartially with the necessary professional diligence, in accordance with the components of the International Standards for the Professional Practice of Internal Auditing and the Charter of the Internal Audit Department.

The authority and responsibility for leading the internal audit function lie with the Head of the Department, who also holds the position of the internal audit function holder. The authority to appoint and revoke the internal audit function holder is granted by the Company's Management Board with the consent of the Supervisory Board.

The implementation of the internal audit function is defined in the Charter of the Internal Audit Department, which was updated in 2024 in accordance with the new Global Internal Audit Standards.

The main activities of internal auditing are the impartial examination of evidence to provide independent assurance and the provision of consulting services on the adequacy and effectiveness of management, risk management, and control processes for the Company.

The scope of internal auditing services encompasses all activities, functions, and processes of the Company.

The holder of the internal audit function prepares the internal audit work strategy based on risk assessment. On this basis, they determine the priorities for internal audit activities for the next three-year period.

The department conducted internal audits of Company's operations in 2024 in accordance with the Internal Audit Department's Work Plan for 2024.

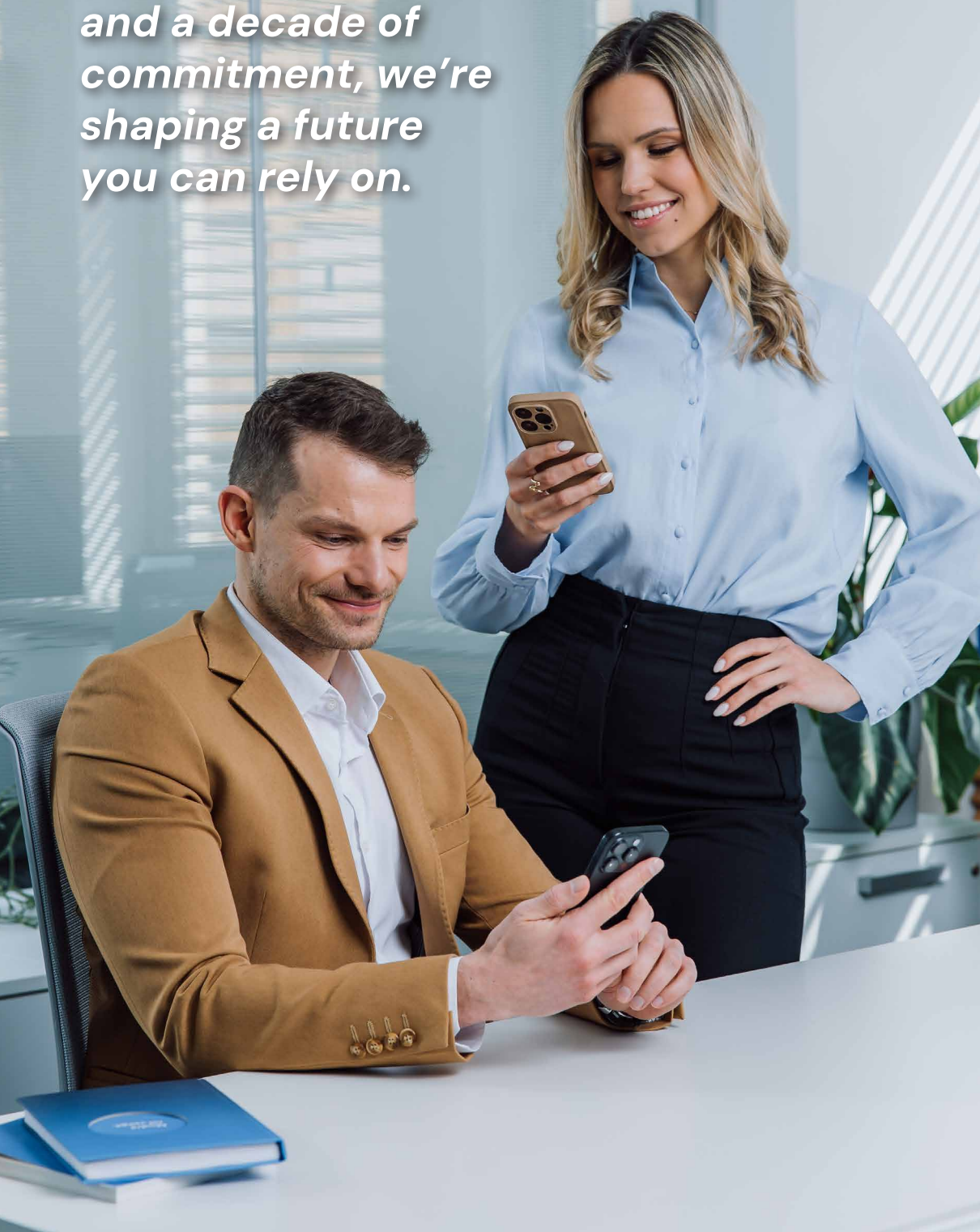
During the period under review, the department conducted audits in the areas of digital operational resilience, the procurement process, commissioning development activities for the mobile application, and key risk management functions.

In 2024, new Global Internal Audit Standards were published, which guide the professional practice of internal auditing worldwide and serve as a basis for evaluating and enhancing the quality of the internal audit function.

In 2024, the department began analysing the requirements of the new standards and updated the Charter in accordance with the standards, as well as revamped the standard audit documents, methodologies, and procedures related to the implementation of internal auditing.

The holder of the internal audit function prepares semi-annual and annual internal audit reports and submits them to the Management, the Audit Committee, and the Supervisory Board of the Company. Both types of reports contain all significant internal audit findings and recommendations in the areas of assurance and consulting.

*Backed by over
€2.5 billion
and a decade of
commitment, we're
shaping a future
you can rely on.*



2.6 Informatics

2.6.1 Information System

In the past year, significant advancements have been observed in the field of artificial intelligence development. The shift has occurred in the use of AI tools, as various business situations are increasingly being addressed first with AI tools, followed by the use of specialised or dedicated IT tools. However, the rapid development presents a significant challenge for the information function in companies. IT professionals are facing unauthorised use of artificial intelligence, loss of control over its use, and potential leakage of sensitive data. On the other hand, the potential benefits of using AI are significant enough to require an immediate selective approach to its implementation in business processes.

In October, at Modra zavarovalnica, we successfully released the first official version of the mobile application m.Modra 2.0 on the App Store and Google Play, which is intended for all our members as well as those who are not yet saving with Modra zavarovalnica. We have enabled so-called 24/7 easy access to various supplementary pension insurance services without visiting our office. Members have the option to use the demo mode of the application or can digitally engage in a user-customised mode of use with various means of identification. Access to information related to saving in supplementary pension insurance. With the help of a calculator, they can make an informative estimate of the future annuity, which they can adjust by simulating the paid premium. Furthermore, they can use a personal premium calculation, which allows them to optimally reduce their income tax. Access to certificates of rights from supplementary pension insurance and other important documents is enabled. They can easily change the sub-fund into which they want to contribute in the future. We expect that the simplicity of the digital dialogue in the mobile application and the presence of human dialogue with our employees will become key factors of trust and customer loyalty at Modra zavarovalnica.

With the increasing level of digitalisation and interconnectedness, exposure to cyber threats or disruptions in the field of information and communication technology is rising. Financial entities must comply with the uniform rules for the security of their networks and information systems, as defined by the Digital Operational Resilience Act (DORA), starting from 17 January 2025. In the insurance company, we have adopted a set of internal rules to establish a framework that defines our handling and ability to respond to any disruption or threat related to information and communication technology. Key changes have been made in the area of operational risk management systems, security incident management, digital operational resilience testing, and the management of third-party risks that collaborate with the insurance company in the field of information and communication technology.

In IT and IT security management, we observe all of the essential details and the requirements of the international ISO/IEC 27001:2005 standard and the ISO/IEC 27002:2007 information security code or the ISO/IEC 27001:2013 standard and the ISO/IEC 27002:2013 information security code.

2.6.2 Personal Data Protection

As a personal data controller, we bear the responsibility for the protection of all processing of the personal data of our insured persons and – in line with the said responsibility – carry out diverse prevention measures to try to reduce risks related to the protection of the rights and freedoms of individuals in the processing of personal data. We are fully aware that raising the employees' awareness constantly is key to maintaining the personal data protection. In addition to training for employees, the Company also promotes a culture of continuous learning and awareness about personal data protection. We carefully follow the guidelines of the Information Commissioner and the European Data Protection Board, as well as the adopted guidelines of the Slovenian Insurance Association. We systematically manage all the legally prescribed records on processing activities and the catalogue of contractors. Personal data protection is closely linked to information security, and therefore, in line with this, we maintain the area of cybersecurity in the insurance company's risk catalog and conduct impact assessments for the processing of personal data for planned processes, through which we identify risks for potential violations of individuals' rights. With the introduced organizational and technical measures, we provide access to personal data only to authorised employees and contractual processors, i.e. to the extent and for the purpose necessary for the uninterrupted operation of work processes, provision of insurance services and fulfilment of rights and obligations under concluded contractual relations. Our contractual processors are committed to protecting personal and confidential data and respecting the rights of individuals in the same way as Modra zavarovalnica.

2.7 Organisation and Employees

2.7.1 Organisation

Modra zavarovalnica is organised in line with the needs of the work process and requirements regarding the efficiency and competitiveness of operations. The highest management, presentation and representation body is the Management Board. It is a three-member collective body comprised of the Chairman and two Members of the Management Board.

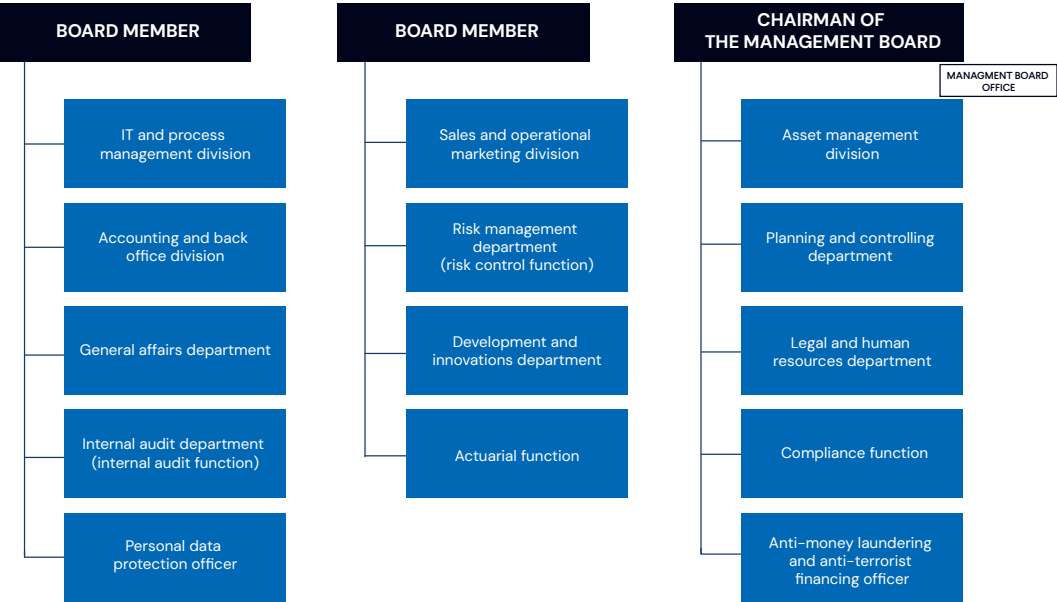
With an appropriate organisational structure, we ensure that the execution of all business processes is efficient and aligned with the Company's mission. The internal organisation enables professional, rational, and coordinated execution of tasks, an effective decision-making process, and internal control over task performance, ensuring optimal execution of key areas of work.

The basic organisational units of the Company are the sector and the department. The main tasks of managing the basic organisational units are planning, organising, coordinating, and supervising the work of the organisational unit, collaborating with other internal organisational unit leaders, and achieving set business goals.

Leaders of organisational units, key function holders, and authorised persons are accountable to the Company's management for implementing business policy and for the lawful, timely, and quality work of the sector or department, as well as for keeping employees in the sector or department informed.

The Management Board's areas of work are functionally divided among the members of the Management Board, by individual area, field of activities of individual organisational units, the area of the implementation of key functions and the area of appointed officers.

Figure 12: Organisational Chart of Modra zavarovalnica



2.7.2 Employees

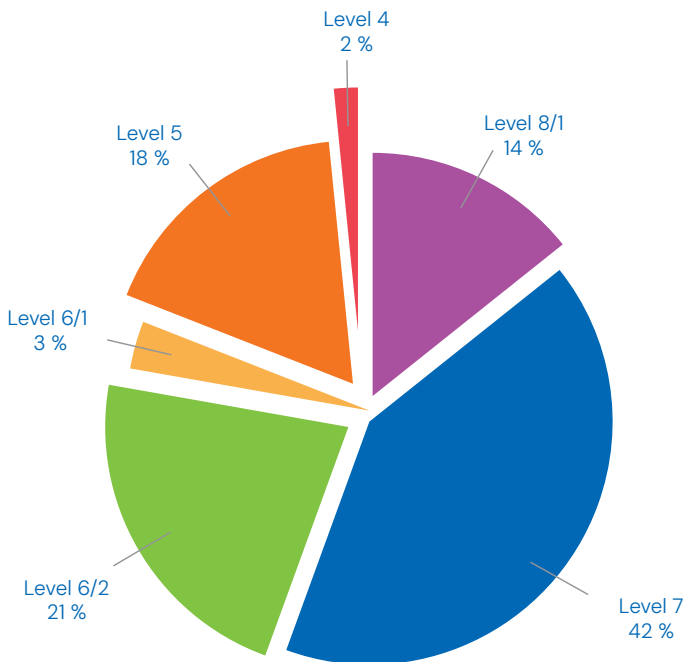
Employees are the source of effort and knowledge contributing to the attainment of the Company's long-term goals and the satisfaction of its customers. For this reason, we strive to create a working environment in which the dignity and integrity of each employee is respected and one that promotes mutual trust, respect and cooperation in the attainment of the Company's goals.

By organising work effectively and offering flexible working hours, the Company enables the employees to better balance their professional and personal responsibilities.

Educational Structure of Employees

We understand that only by investing intensively in development can we respond quickly and effectively to the demands of a competitive market. Therefore, we pay great attention to knowledge and education, as demonstrated by the educational structure of employees at Modra zavarovalnica, with 56 percent of employees having achieved at least the 7th level of professional education.

Figure 13: Percentage of Employees by Level of Education as at 31 December 2024



Number of Employees and Employee Structure

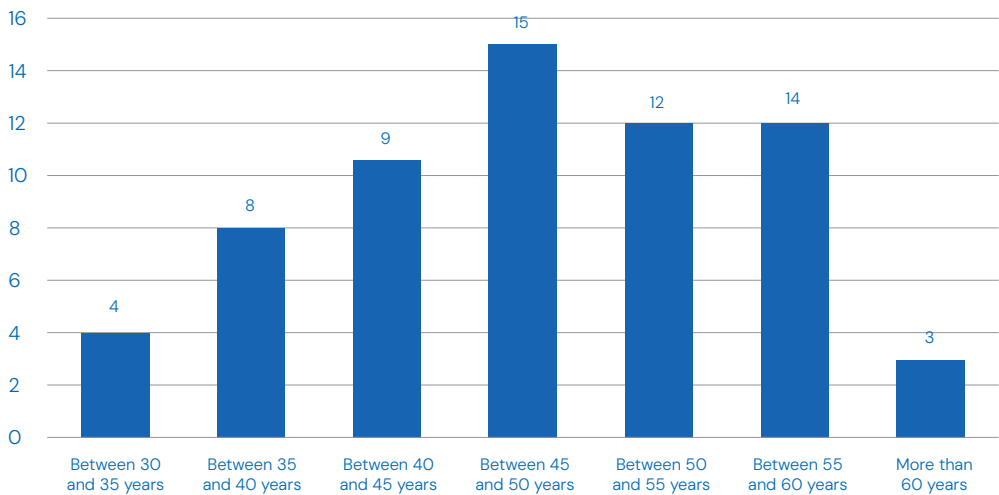
At the end of 2024, the Company employed 65 people, and the average number of employees in 2024 is 65.67 people.

In 2024, there were no new hires, and one employee retired. All employees have permanent employment contracts.

Just over 66 percent of employees are women, and just under 34 percent are men. The average age of employees is 48, while the average length of service is slightly over 22 years.

There are no employees under the age of 30 working at the Company, and the largest number of employees falls within the 45 to 50 age group.

Figure 14: Structure of Employees by Age Group as at 31 December 2024



2.7.3 Employee Training and Education

Our employees develop their knowledge and competences at numerous external and internal trainings. We are aware that investing in the knowledge and development of all employees is the way to the success of the Company. We strive to ensure that every employee is involved in at least one form of training course per year, coordinated with the development tasks of Modra zavarovalnica.

Seminars and trainings organised by external institutions are mostly related to the work processes of employees and they serve to supplement or upgrade their existing knowledge.

We also provide internal employee training, delivered by experts from the Company, particularly focusing on recent legislative developments.

Training on the prevention of money laundering, terrorist financing, and personal data protection is conducted annually.

We also place great emphasis on cybersecurity training, as communication through digital channels today shows no boundaries — and neither do the threats. This is why it is essential for the employees to be properly informed and trained, to understand the importance of security, follow the rules, and consistently adhere to prescribed procedures critical to cybersecurity.

A major part of education is devoted to regular professional training of insurance agents who must undergo continuous education lasting at least 20 teaching hours per year pursuant to the law.

By co-financing tuition fees and providing study leave, the Company supports additional education and training at faculties, institutes and other institutions at home and abroad. In 2024, four employees underwent additional education and professional training.

2.7.4 Hybrid work

The Company also offers hybrid work, which has proven to be desirable and effective. We have established all the necessary legal and technical conditions to support working from home. We placed particular emphasis on ensuring that employees are properly equipped and trained, and on strict compliance with all occupational health and safety requirements as defined by the relevant legislation.

Hybrid work helps reduce the need for office space, lowers the Company's carbon footprint, and eases the environmental impact, while also allowing employees to better balance their professional and personal lives. Activities and tasks that need to be done in person are carried out at the Company's headquarters.

2.8 Social Responsibility

2.8.1 Responsibility to the Insured and the Broader Social Community

Modra zavarovalnica plays a key role in ensuring the stability of the pension system in Slovenia. It is the largest manager of mutual pension funds and the largest payer of pensions annuities. The Company strives to strengthen trust in the pension system and encourages individuals to actively save for their retirement years.

We recognise the importance of transparent and clear communication, as well as the timely provision of accessible information. Customers can reach us through various communication channels:

- In person: advisors are available at the contact center at the Company's headquarters, we conduct presentations at various locations or via conference calls;
- Phone support and email: we offer assistance with general information, claims, and complaint resolution;
- Digital channels: the key and current information are published on our website. The online platform and mobile app allow customers to view their policies and communicate directly with the insurance company. We are also actively present on social media, providing customers with easy access to information and professional support tailored to their needs.

By supporting organisations aimed at young people, we take care of their development. In 2024, we supported the Vesela Košarka Jaka Blažič ("Jaka Blažič Happy Basketball") project, which promotes the quality development of children, the implementation of social activities, and the renovation of sports playgrounds. As a Podpornik finančnega opismenjevanja mladih ("Supporter of Youth Financial Literacy") we collaborated with the newspaper Finance to provide for financial schools held during the school holidays. We also supported the student HackathON organised by Arnes as part of the annual conference of the Slovensko društvo INFORMATIKA. We also reached out to young people with the Vlagaj vase ("Invest in Yourself") campaign, aimed at raising awareness about the importance of saving for the future. The campaign was supported by external and online advertising.

Union representatives play a crucial role in raising awareness among employees about the importance of the supplementary pension insurance as an effective way to ensure social security. Therefore, we actively collaborate with unions and provide them with professional support.

We are present on their digital channels with up-to-date content, and our experts give lectures at union seminars and conferences. Additionally, we provide ongoing professional assistance in responding to inquiries from employees and union members. We monitor initiatives and feedback from the field and respond appropriately.

Access to quality information and appropriate knowledge is crucial for making thoughtful and responsible financial decisions. Therefore, we actively engage in various forms of professional collaboration with the wider public and support projects and initiatives that contribute to improving the financial literacy of the population. Through partnership collaborations and educational content, we enable individuals to better understand the pension system and long-term savings. We believe that by doing so, we contribute to the greater financial security and stability of individuals and society as a whole.

2.8.2 Charity

With donations and sponsorships at Modra zavarovalnica, we have been supporting socially responsible projects that cannot be carried out by the implementers solely with their own resources for many years. We respond to requests for fundraising for a good cause and provide assistance in the event of natural disasters. Throughout the year, we respond to requests of various societies and organisations and help them with promotional material in organising tomobolas and giveaways.

We supported **educational projects** by assisting students from the Faculty of Medicine in Ljubljana with their humanitarian medical expedition to Uganda. We donated funds to Hajdina Elementary School for the implementation of various quality educational programs and supported the summer reading project for children and youth, Poletavci in najPoletavci, organized by the Miklova Hiša Library.

We are always happy to respond to requests from organisations and institutions involved in volunteering, charity, and humanitarian work. We donated funds to five volunteer fire departments to purchase essential medical, protective, and other equipment to assist in rapid response efforts. These departments are the ones who selflessly provide help in various challenging situations and natural disasters. We reached an agreement with the Bob Institute to donate all the computer equipment that was retired from use in 2024, so it can be reused by

young people and those in need. We allocated funds to the Rdeči noski ("Red Noses") organisation to support the existence of the association and to bring joy to children and the elderly in hospitals. We collaborated with the Novo Mesto Occupational Activity Center to organize the event V jatu smo drugačni ("In the Flock, We Are Different"), and allocated funds to the Sonček Association for educating children and youth in self-awareness and understanding their environment. We allocated funds to the Jonatan Association for the purpose of providing psychological support to parents whose children have been diagnosed with cancer and supported the project "Inclusive and Accessible Society," which aims to enable equal inclusion of elderly citizens in society, organized by the Iskriva Institute.

At Modra zavarovalnica, we support a **healthy lifestyle**, so we also assist sports clubs, which serve as a meeting point for young people to socialise and lead healthy lives. In 2024, we supported the sustainable mobility project and donated two Pony bicycles to the Koper Student Dormitory for the purpose of free bicycle rentals for high school and university students. Additionally, we donated funds to the Vztrajaj Association for the purchase of a portable eye microscope.

We also engaged in cultural activities and supported the organisation of the 59th Borštnik Meeting Festival and the SNG Drama project, Drama's Library, a platform for listening to audio dramas.

2.8.3 Environmental Responsibility and Compliance with Principles of Sustainability

Modra zavarovalnica has been monitoring sustainability factors for a long time, especially in the area of asset management, and integrates them into daily operations. In 2024, Modra zavarovalnica enhanced its sustainable business practices towards maximum compliance with anticipated legislation, which was enacted at the end of the year in the amendment ZGD-1M, as well as towards the voluntary consideration of certain provisions of the SFDR Regulation. In addition, together with Kapitalska družba, it collaborates with an external consultant. In the new business strategy for the period from 2025 to 2028, it has set the goal of becoming a sustainable insurance company.

In 2022, Modra zavarovalnica published for the first time the assessment of the carbon footprint of its funds and their impact on the increase in average temperature, which is updated annually ([Izjava-o-upostevanju-trajnostnih-](#)

[nacel-Modre_april-2024.pdf](#)).

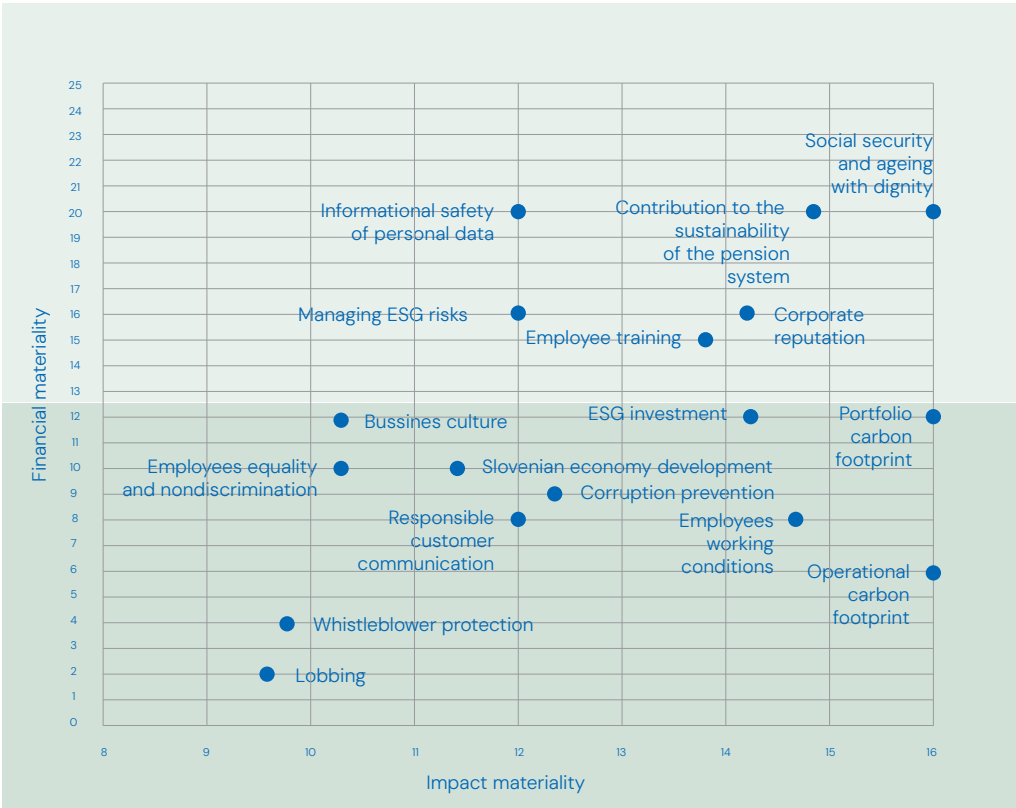
In the assessment, it considers data in publicly accessible verified databases, which unfortunately do not provide data for all its investments. We expect that over time, the quality and availability of data on the sustainable operations of investment portfolios will improve, as more and more companies will be obliged to publicly disclose data. In the area of management of own assets and funds under management, Modra zavarovalnica has already in the past specified economic sectors that it avoids, when investing, such as the production or sale of weapons, ammunition, tobacco and tobacco products, the production of electricity from fossil fuels, gambling and information technology that supports mentioned industries.

Modra zavarovalnica understands the challenge of sustainable development and believes in the importance of the green transformation and other aspects of sustainability. Although the Company is not legally required to collect and disclose data on the adverse impact of its investments and operations on sustainability in accordance with the SFDR, it gathers this information as reasonably as possible, particularly greenhouse gas emissions, and makes it publicly available.

Although Modra zavarovalnica is not required to prepare a sustainability report in accordance with the ESRS, it intends to closely align with these standards and will prepare an expanded sustainability report for the 2025 fiscal year, which will be published in 2026. In 2024, Modra zavarovalnica, with the assistance of an external consultant, prepared for comprehensive reporting. It conducted stakeholder consultations to assess the impacts of Modra zavarovalnica on the natural and social environment, evaluated all prescribed impacts, risks, and opportunities in line with ESRS requirements, established a materiality threshold, created a double materiality matrix, and began a gap analysis. It also updated its sustainability policy. While preparing the double materiality matrix, Modra zavarovalnica identified the following topics as doubly material, meaning both in terms of the impacts of the insurance company on the natural environment and society, as well as the risks and opportunities arising from the environment or society:

- social security and dignified aging,
- contribution to the sustainability of the pension system,
- information security of personal data (customers and employees),
- management of sustainability risks,
- company reputation, and
- employee training and education.

Figure 15: Double Materiality Matrix of Sustainability Topics of Modra zavarovalnica



Furthermore, significant topics also emerge in sustainable investing and in the areas of climate change (E1), corporate integrity (G1), employee treatment (S1), and responsible communication with customers (S4). Important sustainability topics largely stem from Company's mission to provide accessible insurance products and contribute to the improvement of individuals' social security.

The statement on compliance with principles of sustainability lists the codes that Modra zavarovalnica respects and the certificates it has obtained in the field of conducting with employees as well as the corporate field. Modra zavarovalnica, in addition to monitoring the impact of its investments on sustainability, currently focuses on tracking CO2 emissions from heating and cooling its office spaces, the production of consumed

electricity, and emissions generated by employees using company vehicles or commuting to and from work, along with certain other environmental impacts. In caring for the environment, it believes that a clean environment is the foundation for the long-term development and success of Modra zavarovalnica and society as a whole. That is why we support environmentally-oriented activities, take part in waste sorting, by introducing electronic business we ensure less paper consumption, by introducing the principle of "water from the tap" we gave up plastic bottles, collect used and waste printer cartridges and give them for refilling, donate funds to charity...

2.8.4 Care for Employees

2.8.4.1 Annual Personal Discussion

An important tool for effectively managing, recognising potential, motivating, and developing employees at Modra zavarovalnica is the Annual Personal Discussion. This discussion is aimed at setting goals, defining responsibilities, planning education, and developing the employee, while also facilitating a mutual exchange of information. In 2024, we introduced the Semi-Annual Personal Discussion for the first time. During this discussion, the manager and employee review the progress of activities planned during the Annual Personal Discussion. They also reassess the planned training sessions, which can be adjusted to better align with the needs and aspirations for the employee's continued development.

2.8.4.2 Promotion of Health at Workplace

By implementing an action plan to promote health, employees are encouraged to lead a healthy lifestyle, thus reducing the risk of illness. The incentives are aimed at both the professional and private life.

We internally update information on current health topics, share useful articles on exercise and healthy eating with employees, offer a half-hour guided exercise session once a week for employees, and ensure the supply of fresh fruits and vegetables twice a week. We have ergonomically equipped workstations, provide preventive health check-ups, and encourage sports activities outside of work, with the possibility of partial reimbursement of registration or training fees.

2.8.4.3 Health and Safety at Work

We provide a safe and healthy working environment for all employees. Regular trainings for safe and healthy work, which are mandatory for all employees, are carried out during working hours, and their costs are fully covered by Modra zavarovalnica. Various activities are carried out at Modra zavarovalnica to manage sick leave. In order to prevent the introduction and limit the spread of viral infections, we introduced both sanitary and organizational measures (the possibility of working from home), thereby enabling smooth work processes.

2.8.4.4 The Right to Disconnect

At Modra zavarovalnica, we have always respected the rights of our employees by not interfering with their free time during daily or weekly rest periods, annual leave, or other justified absences from work. Since the right to disconnect has been introduced into our labor legislation, along with

the obligation for employers to take appropriate measures, we have adopted the Regulation on the Right to Disconnect, which addresses this right at a normative level.

2.8.4.5 Family Friendly Company Certificate

Modra zavarovalnica is a proud holder of the full Family-Friendly Company certificate, as we place great emphasis on balancing private and family life, and we are pleased to observe that the implementation of these measures is extremely well-received among our employees. Thus, the care for balancing professional and family life has become part of our organisational culture.

2.8.4.6 Supplementary Pension Insurance and Other Collective Insurances

By paying premiums for the supplementary pension insurance fund for all employees, we provide for additional income that employees will receive after retirement. By concluding collective insurances with business partners, we also enable employees to be collectively included in other insurances, which represent an important part of the social security of employees and their family members.

2.8.4.7 Mutual Relations Are Important

With the aim of building a positive atmosphere and fostering good relationships among employees, in 2024 we organized a spring picnic, a trip for employees on Day of Modra zavarovalnica, which also serves as a social gathering, and conducted a two-day team workshop where we strengthened mutual cooperation and communication, demonstrating that despite our differences, we know how to come together to achieve a goal.

2.8.4.8 The Organisational Climate

In 2024, the measurement of organisational climate at Modra zavarovalnica was conducted based on the OCS (Organisational Climate Survey) methodology, to which we added additional questions related to the Family-Friendly Company certificate. The survey showed a significant improvement in all indices, indicating a trend of positive changes within the Company. The overall OCS index has increased on a scale from 1 to 5 according to the latest measurement and has transitioned from a medium to a high level of development. The overall OCS index at Modra zavarovalnica exceeds the Slovenian average by +0.50 points.

The highest increase compared to the latest measurement and the highest absolute value was recorded by the satisfaction index, followed by the responsiveness, systems, and climate indices.

Behind every successful savings story stand the employees at Modra – supported by a safe and healthy work environment that fosters both personal and professional growth.



2.9 Important Business Events After the End of the Financial Year

On 14 January 2025, the Insurance Supervision Agency announced a Notice on the main supervisory updates and supervisory priorities for the year 2025. Among the important topics highlighted are digital operational resilience for the financial sector (DORA), amendments and supplements to subordinate regulations, prevention of money laundering and terrorist financing, profit allocation to annuity policyholders, the area of sustainability, supervision of insurance product distribution, and the directive on establishing a framework for the recovery and resolution of insurance and reinsurance companies (IRRDR).

In January 2025, the regulation of the European Parliament on digital operational resilience for the financial sector came into effect. In the Company, we have aligned the operational resilience management processes with the provisions of the regulation. The key changes concern the operational risk management system, security incident management (classification, reporting), and the management of risks associated with third parties cooperating with the Company in the field of information and communication technology.

The beginning of the year 2025 brought a decline in capital market prices in response to measures by the new U.S. administration, which instilled a significant level of unpredictability regarding tariffs and overall measures that might be introduced in the future. The MSCI World Index, measured in euros, lost 11 percent from mid-February to mid-March. The external policy actions of the U.S. administration led to a significant shift in the European Union's defense policy, resulting in a drastic change in its armament strategy. This decision, made in early March, substantially increased the yields on European government bonds. Risks can have a short- to medium-term impact on the operations of Modra zavarovalnica and the funds under management. The manager continuously adjusts exposures with the aim of optimising the risk-return ratio.

2.10 Expected Development of Modra zavarovalnica in 2025

For 2025, financial analysts predict moderate growth in stock and bond indexes and a positive economic growth. Unfortunately, achieving favorable investment results will continue to be influenced by unpredictable geopolitical conditions. We expect that the ceasefire in the Middle East and peace efforts to end the war in Ukraine will have a positive impact on financial markets. American stocks related to artificial intelligence, which are relatively highly valued, will still have a significant impact, and it is not expected that they will continue to increase in price at the same pace. In the field of stocks, it will likely be very interesting to follow developments in other markets in 2025, which, compared to the American market, are relatively favorably valued.

In 2025, we plan to upgrade investment portfolios with derivative financial instruments in order to protect returns, if necessary, and we will upgrade the investment management process in the direction of pursuing the key principles of sustainable development. We will continue to refine our trading and analytical processes.

In line with our business strategy, Modra zavarovalnica will proceed with preparations for sustainability reporting in 2025. In this context, we will primarily update certain internal documents, establish key sustainability performance indicators and sustainability risk indicators, and define target values for these indicators. We will also examine and take into account the new European Commission guidelines on sustainability reporting.

In 2025, we will publish a non-binding report on our website with information on various aspects of sustainability in investment management. At the same time, we are collecting data and preparing a statement on the main adverse impacts of investments.

In the future, we will continue to work towards comprehensive management of assumed and potential risks with the aim of maintaining capital adequacy at a high level. Our goal is for the amount of own funds to always exceed the amount of required solvency capital, calculated from various types of risks, with the target value of the mentioned ratio being 200 percent.

We will continue to strengthen the recognition of Modra zavarovalnica as a reliable partner in providing social security. With marketing activities, we will target different groups and adjust communication approaches to their

needs. We will upgrade existing communication channels and introduce new ones that will enable more effective connections with clients and savers.

The key focus will be on digitalisation and improving the user experience. We will upgrade the mobile app based on user feedback to make it even easier for tracking savings, informing about the benefits of additional pension insurance, and managing funds. The app will also allow direct communication and enable remote insurance arrangements.

We will continue to educate the younger population about financial literacy and raise awareness about additional pension insurance in the public sector. We will actively cooperate with trade unions and exchange information to better recognise the needs of members and incorporate them into the development of services that will ensure financial security in all stages of life.

We will strengthen partnership relations with Delavska hranilnica and Vzajemna zdravstvena zavarovalnica, through which we will offer additional pension insurance. In cooperation with Vzajemna, we will continue to offer health insurance to our members, actively test new products, and develop and adjust the offer to the needs of the market.

In the year 2025, a proposal for pension reform (ZPIZ-3) is expected to be prepared, which, according to the disclosed starting points, will not significantly change the arrangement of the second pillar of pension insurance. Modra zavarovalnica, as the largest provider of additional pension insurance in Slovenia, will continue to actively engage in the legislative change process, both through participation in the Slovenian Insurance Association and through direct contacts with various stakeholders. We expect that the changes to ZPIZ-3 and the accompanying subordinate regulations will enable greater flexibility for pension funds in the investment policy of the life cycle and greater diversity of pension annuities, which will better reflect the needs of policyholders, and simplify communication between providers of additional pension insurance and their members.

2.11 Report on Relations with the Controlling Company

In the 2024 financial year, the Company took no action in relation to the controlling company deriving from contractual and business relationships at the initiative or in the interest of the controlling company and its associated companies that would result in its disadvantage or detriment.

2.12 Corporate Governance Statement

Pursuant to the fifth paragraph of Article 70 of the Companies Act (ZGD-1) and provision 3.4 of the Corporate Governance Code for Companies with Capital Assets of the State, Modra zavarovalnica hereby provides a corporate governance statement for the period from 1 January to 31 December 2024.

2.12.1 Reference to the Applicable Corporate Governance Code

The Management and the Supervisory Board of Modra zavarovalnica, which is 100% owned by Kapitalska družba d.d., hereby declare that they voluntarily observe the Corporate Governance Code for Companies with Capital Assets of the State, as adopted on 19 December 2014 and supplemented on 2 March 2016, 17 May 2017, 27 November 2019, 17 March 2021, 6 June 2022 and 18 December 2023 by the Slovenian Sovereign Holding d. d. (hereinafter: SDH, d.d.). The Company follows the applicable Recommendation and the expectations of SDH, d.d. The Corporate Governance Code for Companies with Capital Assets of the State recommends principles, procedures and criteria for the conduct of members of governing and supervisory bodies in companies with capital assets of the State and all subsidiaries in the group in which a company with capital assets of the State holds the position of controlling company. The Code is available on the website of the Slovenian Sovereign Holding at <http://www.sdh.si/sl-si/upravljanje-nalozb/kodeks-upravljanja-kapitalskih-nalozb-republike-slovenije>.

The Management Board of Modra zavarovalnica adopted the Governance Policy of Modra zavarovalnica d.d. at its meeting held on 29 December 2015, and its amendments and supplements on 11 November 2016, 14 December 2017, 6 December 2018, 28 November 2019, 3 December 2020,

25 January 2024 and 21 December 2024, which entered into force when the consent of the Company's Supervisory Board was obtained.

The following are deviations from the recommendations of the Corporate Governance Code for Companies with Capital Assets of the State (hereinafter: the Code)

Governance Framework for Companies with Capital Assets of the State

Point 3.1 of the Corporate Governance Code for Companies with Capital Assets of the State:

The fundamental goal of a company with capital assets of the State is to maximise its value and generate the maximum possible return for owners in the long term, unless laid down otherwise by the law or its Memorandum of Association. In addition to the fundamental goal, companies also pursue other goals which are defined by regulations or the Memorandum of Association of an individual company. In order to ensure higher transparency in relation to the company goals, companies are obliged to make sure that all such goals are clearly defined in the company's documents on incorporation. If a company has contradicting goals, the Memorandum of Association or some other relevant act (e.g. corporate governance policy) defines relations between the goals and the resolution of conflicts between them.

Clarification: Pursuant to Article 80 of the Slovenian Sovereign Holding Act (ZSDH-1), Modra zavarovalnica is considered a strategic investment as long as it manages a pension fund for civil servants. With a strategic investment in Modra zavarovalnica, the Republic of Slovenia, in addition to economic goals, also pursues an important strategic goal to provide the sustainability of the pension system by strengthening supplementary pension insurance and raising citizens' awareness of the importance of supplementary pension saving. The Company's mission and goals are laid down and delineated in its strategic business plan. The Company has at its disposal suitable analytical bases, based on which it estimates with reliability that the security of savings is the most important element of trust in supplementary pension insurance, which is why it is defined as the central strategic goal in the relevant strategic business plan.

Furthermore, the Company's business model is tailored to the said strategic goal, which, considering the fact that the pension fund management activity is extremely demanding in terms of capital and regulations, also implies moderate expectations about the Company's profitability. Expectations could only be raised with an over-proportionate increase in the Company's operational risk, which would reduce the level of security of the savers' savings, thus threatening the attainment of the Company's strategic goals and the goals pursued by the Republic of Slovenia through its indirect ownership in Modra zavarovalnica.

Modra zavarovalnica continues to be the largest pension fund manager and payer of supplementary pensions in the Republic of Slovenia, and an important source of funds for the first pension pillar, as it increased value for its owner by over EUR 143.5 million in the past five years, of which EUR 15.2 million in the form of dividend distribution and EUR 128.3 million in the form of capital growth.

Point 11.4 of the Corporate Governance Code for Companies with Capital Assets of the State:

11.1. Among the fundamental principles of operation for a company with state capital investment, it is necessary to include commitments in the areas of compliance and integrity, transparent operation, and zero tolerance toward corruption, illegal, and unethical behavior of employees, management boards, and members of supervisory bodies.

11.2 For the purpose of strengthening business compliance and integrity, in addition to the applicable legislation in the field of integrity and corruption prevention, taking into account the specifics of individual industries and companies, reference documents and good practices

in the field of strengthening the importance of business compliance and integrity should be adhered to as much as possible (guidelines of the Commission for the Prevention of Corruption, Slovenian Corporate Integrity Guidelines, and anti-corruption principles for state-owned enterprises, etc.).

11.3 For companies with state capital investment, in which SDH holds a majority share or dominant influence, more detailed recommendations in the area of business compliance and integrity are provided in the Recommendations and Expectations of SDH.

For other companies with state capital investment that have more than 50 employees, it is recommended that:

11.4.1 in the organisational structure and job classification, they include a position or function for a compliance and integrity officer and identify potential risks in the areas of corruption, unethical, and unlawful conduct;

11.4.2 prepare a risk management plan by identifying ongoing and/or one-time measures to manage these risks (developing an "integrity plan" or "anti-corruption program");

11.4.3 in the company's integrity plan or anti-corruption program, they detail the risks and measures related to procurement, conflicts of interest, receiving gifts, insider trading, lobbying contacts, protection of trade secrets, and recruitment for managerial or leadership positions. They establish a system for reporting irregularities and protecting whistleblowers, as well as a system for regular reporting to management and supervisory bodies about received and addressed reports of irregularities and the actions taken. They may also include other areas, depending on the specifics of their operations and the identified risks.

Clarification: Modra zavarovalnica has established internal rules aimed at maintaining and enhancing integrity. These rules govern procurement processes, conflicts of interest, the receipt of gifts, the management of insider information, lobbying contacts, the protection of trade secrets, and the recruitment of management personnel. To facilitate whistleblowing, they have implemented a system for internal reporting, reporting irregularities, and protecting whistleblowers. All employees at the insurance company are informed about these rules, and they maintain a risk catalog to document any potential irregularities in the execution of these processes.

Description of the Company's main characteristics of internal control and risk management systems relating to the accounting reporting procedure

Clarification: Modra zavarovalnica manages risks and carries out internal control procedures at all levels. The purpose of internal controls is to ensure the accuracy, reliability, transparency and clarity of all processes and risk management related to financial reporting.

The controls carried out in the Accounting and Back Office Division, which is in charge of keeping books of account and compiling financial statements pursuant to the applicable accounting, tax and other regulations, include procedures ensuring that:

- business events are recorded based on authentic bookkeeping documents; they are recorded accurately and honestly and provide a guarantee that the Company disposes of its assets with integrity;
- business events are recorded, and financial statements prepared in compliance with applicable legislation.

The financial statements of Modra zavarovalnica for each financial year are also examined and audited by an external audit. Based on a resolution adopted by the General Meeting on 8 July 2022, the Company's financial statements for 2022, 2023 and 2024 financial years are audited by PricewaterhouseCoopers, d. o. o., Cesta v Kleče 15, 1000 Ljubljana.

The Internal Audit Department is an independent organisational unit within the Company and is directly subordinate to the Management Board. This provides the independence of its operations and separation from executive functions that are the subject of audit. The fundamental focus of Internal Auditing is to examine and provide assurance on the operations of the Company's internal control systems. An internal auditor assesses the efficiency of internal controls in terms of the management of risks that the Company is exposed to. Pursuant to the annual work programme of internal auditing, as adopted by the Company's Management and Supervisory Boards, the internal auditor carries out audits for individual areas of the Company's operations. By way of proposals for improvements to the business processes and procedures at the Company, the internal audit contributes to improved performance of the Company.

Important direct and indirect ownership of the Company's securities in terms of achieving a qualifying holding as laid down by the act regulating takeovers

Clarification: The sole shareholder of Modra zavarovalnica is Kapitalska družba d.d., which is the holder of all 152,200,000 ordinary registered no par value shares (100% holding in the share capital).

Holders of securities that carry special control rights

Clarification: The Company has issued no securities that would grant special control rights.

Restrictions on voting rights

Clarification: The sole shareholder of Modra zavarovalnica, i.e. Kapitalska družba d.d., which is the holder of all 152,200,000 ordinary registered no par value shares, has no restrictions on voting rights.

The Company rules on the appointment or replacement of members of the management/supervisory bodies and amendments to Articles of Incorporation

Clarification: The Company's rules on the appointment and replacement of the members of the management and supervisory bodies are defined in its Articles of Association.

The Supervisory Board of Modra zavarovalnica is appointed by the General Meeting. Pursuant to paragraph 2 of Article 2 of the Act Governing Conversion of the Pension Fund Management and Investment Policy of Pension Fund Management (KAD) and the Slovenian Compensation Company (SOD), and Article 10 of the Company's Articles of Association, the Supervisory Board comprises six members.

Three Supervisory Board members are appointed at the proposal of Kapitalska družba, d. d. and three at the proposal of the Company's insured persons: two members are proposed by the Board of the civil servant pension fund on behalf of persons insured in the civil servant pension fund, while the third member is proposed jointly by the Company's insured persons. Proposal for Member of the Supervisory Board who is proposed by persons insured under the civil servant fund is formed on the basis of a public call to persons insured under the civil servant fund, which is published in the Official Gazette of the Republic of Slovenia and on the Company's website. Based on the proposals received, the civil servant fund board proposes

two Members of the Supervisory Board after a proposal is formed and confirmed by members of the board who represent insured persons and are themselves insured at the Company. The proposal for Member of the Supervisory Board who is proposed by other insured persons is formed on the basis of a public call to all persons insured by the Company outside the civil servant scheme, which is published in the Official Gazette of the Republic of Slovenia and on the Company's website. Based on the proposals received, the competent Board formulates a proposal for a member of the Supervisory Board, which is confirmed by members of the Board who are themselves insured at the Company.

Members of the Supervisory Board of Modra zavarovalnica, who are appointed based on the proposal by Kapitalska družba, are nominated by the management of the sole shareholder. The term of office of Members of the Supervisory Board of Modra zavarovalnica lasts four years, after which they may be reappointed.

Modra zavarovalnica is owned by Kapitalska družba d.d., or rather, indirectly by the Republic of Slovenia and is defined as a strategic investment. Both companies form a vital part of the Slovenian pension system and contribute to the long-term financial sustainability of the pension system in Slovenia in line with their mission. When appointing the supervisory body of both companies, an important role is not only held by the owner, but also by other stakeholders co-forming the pension system together with the Republic of Slovenia, as well as by social partners representing the interests of employed nationals. The composition and appointment of the supervisory boards of both companies are laid down by the law and allow all interested parties to co-develop the Company's business policy. The law also lays down disposal of the shares of Modra zavarovalnica in the form of a public offering, whereby the shareholdings of the Republic of Slovenia and Kapitalska družba d.d. must together account for the majority of all shares of Modra zavarovalnica. The pre-emptive right to obtain shares in a public offering is granted to the insured persons and employers financing the pension schemes in the funds managed by Modra zavarovalnica, as well as to trade unions representing public servants.

Members of the Management are appointed by the Supervisory Board. One of the Members is appointed Chairman of the Management Board. The term of office of the members of the Management Board is 4 years. The members of the Management Board may be re-appointed. The Management Board or one of its Members may be dismissed early, solely for the reasons laid down in paragraph 2 of Article 268 of the Companies Act (ZGD-1). At least one Member of the Management Board must have the relevant expertise and experience required to perform the tasks of managing the First Pension Fund and pension funds.

The Articles of Association and its amendments and supplements are adopted by the Annual General Meeting of the Company at the proposal of the Management and the Supervisory Board.

Authorisations to the Management, particularly authorisations to issue or purchase own shares

Clarification: The powers held by members of the management are laid down in the Company's Articles of Association. The Company's Management Board is not authorised to issue or purchase treasury shares.

Information on the operations and key competences of the Company's General Meeting and a description of the shareholders' rights and method of their enforcement

Clarification: The sole shareholder of the Company, i.e. Kapitalska družba d.d., exercises its rights deriving from the ownership of shares at the Company's General Meeting. The General Meeting is the highest body of the Company and acts pursuant to the provisions of the Companies Act and the Company's Articles of Association. The General Meeting is convened by the Management, as laid down by the law and Articles of Association, and when in the interest of the Company. The General Meeting may also be convened by the Supervisory Board. The General Meeting must also be convened by the Management Board at the request of the shareholder. The shareholder is required to enclose with its request for the convocation of the General Meeting a written agenda and proposal for a resolution under each proposed item on the agenda to be adopted by the General Meeting or, if the General Meeting fails to adopt the resolution under a particular item on the agenda, an explanation of the item on the agenda. The convocation of the General Meeting is published on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) and the Modra zavarovalnica website. The published convocation of the General Meeting must also contain proposals for resolutions and an indication of the place where the entire material to be submitted for decision-making at the General Meeting must be made available at the same time the convocation is published. The right to attend the General Meeting and exercise voting rights is granted to any shareholder entered in the central registry of book-entry securities as the holder of shares as at the end of the 4th day preceding the General Meeting.

The General meeting adopts resolutions on the fundamental matter at Modra zavarovalnica, particularly:

adopts the Company's Articles of Association and their amendments; adopts the annual report in the event that the Supervisory Board has not approved it or if the Management and Supervisory Boards leave the decision on the adoption of the annual report to the General Meeting; takes decisions regarding the use of distributable profit at the proposal of the Management and Supervisory Boards; takes decisions on discharging members of the

Management and Supervisory Boards; appoints and dismisses members of the Company's Supervisory Board; appoints the Company's auditor; takes decisions regarding measures to increase or decrease share capital, unless laid down otherwise by the Articles of Association or the law; takes decisions on the dissolution of Modra zavarovalnica and its status changes, as well as on other matters in line with the law and Articles of Association.

Table 14: Composition of the 2024 Management Team

Name and surname	Function (chairman, member)	Areas of work within the Management Board	First appointment to the function	Completion of the function/ term of office
Matej Golob Matzele	Chairman of the Management Board	Investment management, planning and controlling, legal and HR, ML/ ATF officer's duties and compliance functions	10 May 2023	10 May 2027
mag. Matija Debelak	Member	IT and process management, accounting and process support, general affairs, as well as data protection and the internal audit function	14 September 2011	14 September 2025
Boštjan Vovk	Member	Areas of risk management, product and sales development, as well as the actuarial function and risk management function	01 October 2018	01 October 2026

Information about the composition and operations of the management and supervisory bodies and their committees

Clarification: The governance and management of Modra zavarovalnica are based on legal provisions and the provisions of the Articles of Association. The Company has a two-tier governance system, with the Management Board managing the Company and the Supervisory Board supervising its operations. The composition of the Management and Supervisory Boards and their committees is described in the Company Bodies chapter.

Gender	Citizenship	Year of birth	Education	Professional profile	Membership in the supervisory boards of companies not related to the insurance company
M	RS	1972	BSc (Economics)	Insurance business, banking, financial industry, corporate governance, asset and pension fund management	Delavska hranilnica, d. d.
M	RS	1971	MSc (Science)	IT and process management, financial asset management, pension fund management	
M	RS	1966	BSc (Computer Science), certified actuary	Actuarial tasks, insurance business, development, risk management, pension fund management	

Table 15: Composition of the Supervisory Board and Committees in the 2024 financial year

Name and surname	First appointment to the function	Completion of the function/ term of office	Representative of capital/employees	Attendance at meetings	Gender
Branimir Štrukelj	09 December 2011	09 December 2028	Representative of those insured in the KPSJU	7/7	M
Bachtiar Djalil	14 January 2019	09 June 2025	Representative of capital	7/7	M
Marko Cvetko	09 December 2020	09 December 2028	Representative of those insured in the MKPS	7/7	M
Janez Prašnikar, PhD	09 June 2017	09 June 2025	Representative of capital	7/7	M
Bojan Zupančič	09 December 2011	09 December 2024	Representative of those insured in the KPSJU	7/7	M
Roman Jerman	09 April 2019	09 December 2024	Representative of capital	6/7*	M
Irena Ilešič Čujovič	09 December 2024	09 December 2028	Representative of those insured in the KPSJU	1/7*	M
Goranka Volf	09 December 2024	09 December 2028	Representative of capital	1/7*	F

Participation in meetings of the Supervisory Board and committees during the financial year 2024 reflects the number of meetings held throughout the calendar year. It is important to consider the conclusion of the term or the appointment to the position; the individuals marked were present at all meetings during their tenure.

Citizenship	Year of birth	Education	Professional profile	Independence
RS	1957	Prof. of History and Art History	Expert in the area of pension fund management	Yes
RS	1975	BSc (Law), LL M	Corporate governance, pension and investment fund management, commercial and financial law	No
RS	1970	BA (Chemical Technology), management specialist	Corporate governance and security, human resources, innovation management within the company, and HR management	Yes
RS	1950	PhD	Economic sciences, management, transition, restructuring, innovation, corporate governance	Yes
RS	1950	Senior social worker	Accounting, pension fund management	Yes
RS	1975	BSc (Economics), certified business and real estate valuer, court expert in economics and business valuation	Finance, asset management, corporate governance	No
RS	1976	BSc (Economics)	Law, insurance, pension fund management	Yes
RS	1959	BSc (Economics)	Strategic planning, financial analysis, corporate governance, pension fund management, insurance	Yes

Table 16: Composition of the Supervisory Board and Committees in the 2024 financial year – Part II

Name and surname	Existence of conflict of interest in the financial year (Yes/No)	Membership in the supervisory boards of companies not related to the insurance company
Branimir Štrukelj	No	–
Bachtiar Djalil	Yes	
dr. Janez Prašnikar	No	–
Bojan Zupančič	No	–
Roman Jerman	Yes	Gospodarsko razstavišče, d.o.o., until 15 June 2023 Loterija Slovenije, d. d., until 05 April 2023
Marko Cvetko	No	–
Irena Ilešič Čujović	No	–
Goranka Volf	No	Terme Čatež, from 17 July 2024 onwards

Table 17: External Members of Supervisory Board Committees in the 2024 financial year

Name and surname	Committee	Attendance in committee meetings compared to the total number of meetings		Citizenship
Dragan Martinović	Audit committee	7/7	M	RS

Membership in committees (president/ member of the audit or HR committee)	Attendance in committee meetings compared to the total number of meetings
–	–
–	–
Chairman of the Audit Committee (from 09 June 2021)	7/7
Member of the Audit Committee (from 16 December 2020 to 09 December 2024)	6/7*
–	–
–	–
Member of the Audit Committee (until 18 December 2024)	–
–	–

Education	Year of birth	Professional profile	Membership in the supervisory boards of companies not related to the insurance company
BSc (Economics), audit specialist, certified auditor, certified tax officer, court expert for auditing	1959	Auditing, taxes	Pozavarovalnica Sava, d.d. (Member of Audit Committee NS)

Description of the Diversity Policy Regarding Representation in the Company's Management and Supervisory Bodies

In 2022, Modra zavarovalnica adopted a Diversity Policy for its management and supervisory bodies, considering factors such as gender, age, education, and professional experience. The Diversity Policy of the Management Board and Supervisory Board sets out the main principles for ensuring diversity in the Management Board and Supervisory Board of Modra zavarovalnica. The Diversity Policy promotes diversity in the membership of both bodies.

A diverse composition of management and supervisory bodies can leverage differences in knowledge, experience, professional skills, age, gender, and other aspects of their members for the benefit of the Company. The Diversity Policy aims to achieve greater diversity in the composition of the Management Board and the Supervisory Board, which will contribute to the effectiveness of both bodies and will have a positive impact on the development of the Company's business and reputation. Ensuring diversity in terms of gender, age, educational and professional background, professional profile, and tenure allows for the exchange of different views and perspectives and a good understanding of current developments, with the aim of ensuring the long-term success and sustainability of the Company's business. The Management Board and the Supervisory Board strive to achieve the goals of the Diversity Policy, each within the scope of their responsibilities. The sole shareholder and representatives of policyholders in fund committees also advocate for the implementation of the Diversity Policy, particularly in the formation of proposals for Supervisory Board members. Pursuant to the Act Governing Conversion of the Pension Fund Management and Investment Policy of Pension Fund Management (KAD) and the Slovenian Compensation Company (SOD), and the Company's Articles of Association, the Supervisory Board comprises six members. Three members of the Supervisory Board are appointed based on the proposal by Kapitalska družba, d.d., and three members are nominated by the policyholders of the Company. Two members representing the policyholders of the public employees' pension fund are proposed by its committee, while one member is jointly proposed by the other policyholders of the insurance company. There is a focus on achieving balanced gender representation and ensuring continuity in operations, meaning that not all members of the Management or Supervisory Board are replaced at the same time. The complementarity of the two bodies is also important. In the Supervisory Board, two-thirds of the members are male and one-third are female, while in the Management Board, there are only male representatives.

Ljubljana, 20 March 2025



Boštjan Vovk,
MEMBER OF THE
MANAGEMENT BOARD



mag. Matija Debelak,
MEMBER OF THE
MANAGEMENT BOARD



Matej Golob Matzele,
CHAIRMAN OF THE
MANAGEMENT BOARD





Accounting Report

*Over ten years of trusted savings
protection – helping build a stronger,
more secure future.*

3.1 Statement of Management's Responsibility

The Management Board of Modra zavarovalnica, d. d. hereby confirms the Financial Statements of Modra zavarovalnica for the period from 1 January 2024 to 31 December 2024 and the Associated Notes and Disclosures to the Financial Statements.

The Management Board hereby confirms that appropriate accounting policies were consistently applied and that accounting estimates were made under the principle of prudence and diligence of a good manager and represent a true and fair overview of the insurance company's financial position and financial performance for 2024.

The Management is also responsible for an appropriate accounting system and adoption of suitable measures to secure assets and other funds and hereby confirms that financial statements and therewith related notes have been compiled under the assumption of going concern and in accordance with the applicable legislation and International Financial Reporting Standards adopted by the EU.

The tax authorities may inspect the Company's operations at any time within five years of the expiry of the year for which tax must be assessed, which could result in additional payment liability for tax, default interest and penalty arising from corporate income tax or other taxes and duties. The Company's Management Board has no knowledge of any circumstances that could give rise to a potential material liability in that respect.

Ljubljana, 20 March 2025



Boštjan Vovk,
MEMBER OF THE
MANAGEMENT BOARD



mag. Matija Debelak,
MEMBER OF THE
MANAGEMENT BOARD



Matej Golob Matzele,
CHAIRMAN OF THE
MANAGEMENT BOARD

3.2 Independent Auditor's Report



Independent Auditor's Report

To the Shareholder of Modra zavarovalnica d.d.

Report on the audit of the separate financial statements

Our opinion

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

Our opinion is consistent with our additional report to the Audit Committee of the Insurance Company dated 14 March 2025.

What we have audited

The Insurance Company's separate financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the "Regulation"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report.

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

PricewaterhouseCoopers d.o.o.,
Cesta v Kleče 15, SI-1000 Ljubljana, Slovenia
T: +386 (1) 5836 000, F: +386 (1) 5836 099, www.pwc.com/si
Matriculation No.: 5717159, VAT No.: SI35498161

The company is entered into the company register at Ljubljana District Court under Insert no. 12156800 per resolution Srg. 200110427 dated 19 July 2001 and into the register of audit companies at the Agency for Public Oversight of Auditing under no. RD-A-014/94. The registered share capital is EUR 34,802. The list of employed auditors with valid licenses is available at the company's registered office.

Translation note:

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



Independence

We are independent of the Insurance Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the separate financial statements in Slovenia. We have fulfilled our other ethical responsibilities in accordance with those requirements and with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Insurance Company and its subsidiaries are in accordance with the applicable law and regulations in Slovenia and that we have not provided non-audit services that are prohibited under Article 5(1) of the Regulation.

The non-audit services that we have provided to the Insurance Company and its subsidiaries, in the period from 1 January 2024 to 31 December 2024, are disclosed in note 17.2.2: Operating costs by natural to the separate financial statements.

Our audit approach

Overview

Materiality	<ul style="list-style-type: none">Overall Insurance Company materiality: EUR 3,975 thousand, which represents 1.0 % of the Insurance Company's net assets as at 31 December 2024.
Key audit matters	<ul style="list-style-type: none">Insurance contract liabilities

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the separate financial statements as a whole, taking into account the structure of the Insurance Company, the accounting processes and controls, and the industry in which the Insurance Company operates.

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

Materiality

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

Translation note:

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



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

Overall Company materiality	EUR 3,975 thousand
How we determined it	1.0 % of net assets
Rationale for the materiality benchmark applied	<p>The Insurance Company's net assets are an important indicator of operations for key stakeholders. Therefore, we chose net assets as a materiality benchmark because we believe that this is of most interest to the key users of the separate financial statements.</p> <p>We have chosen the value of 1.0 %, which is consistent with the quantitative materiality thresholds used for regulated companies in the insurance sector.</p>

Key audit matters

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

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Key audit matter

How our audit addressed the key audit matter

Insurance contract liabilities

Refer to note:

- 3.9.2. Material accounting policy information - Significant Accounting Judgements and Estimates;
- 3.9.2. Material Accounting Policy Information – Insurance Contract Liabilities;
- 3.9.3. Breakdown and Disclosures to the Financial Statements - Note no. 9.: Insurance Contract Liabilities

to the separate financial statements for detailed information on the insurance contract liabilities.

The total amount of the Insurance contracts liabilities amounts to EUR 401,766 thousand as of 31 December 2024 and in substance represents Liabilities for remaining coverage ("LRC"), divided into liabilities for remaining coverage - without loss component of EUR 387,404 thousand and liabilities for remaining coverage - Loss component of EUR 14,361 thousand.

The model applied by the Insurance Company to the measurement of the insurance contract liabilities is the General measurement model (GMM).

The GMM model is based on the following building blocks: a current estimate of fulfilment cash flows expected to arise during the life of the contract; an adjustment to reflect the time value of money and the financial risks related to the fulfilment cash flows and a contractual service margin (CSM) representing the unearned profit from the contract.

This measurement model involves significant judgment over uncertain future outcomes, including primarily the timing and ultimate full settlement amount of the long-term policyholder liabilities, as well as significant economic assumptions, such as, discount rates and actuarial assumptions including mortality, longevity and expenses attributable to insurance contracts. Significant judgment is applied in setting these assumptions.

The complexity of the GMM model, its subjectivity, including higher risk estimates applied in the model, may increase the inherent risk as a result of inadequate / incomplete data or estimates applied and the design or application of the model therefore we considered it a key audit matter for our audit.

Our audit approach was the following:

- We tested the requirements and implementation of selected internal controls in the process of determining and measuring insurance contract liabilities, with an emphasis on internal controls applicable to determining and validating actuarial assumptions and model's results;
- We evaluated control activities in the actuarial processes and verified the operational effectiveness of key internal controls in the process;
- We gained our understanding of the insurance contract liabilities calculation methodology applied by the Insurance Company. We engaged our actuarial experts to assist us in performing our audit procedures;
- We tested on the sample basis the accuracy of the input data of the measurement model in the source systems and reconciled it with the input in the insurance contract liabilities calculation engine;
- We assessed how management determined and approved actuarial assumptions applied in the measurement model. Our assessments included challenging, as appropriate, management's rationale for the specified actuarial assumptions and judgments applied;
- We assessed the assumptions used in the projected cash flows adopted by the Insurance Company, taking into consideration specific product features;
- We recalculated, on a sample basis, the projected cash flows used in the calculation of the insurance contract liabilities;
- We performed substantive analytical procedures to determine whether the insurance contract liabilities calculated in the model and systems are accurate and complete. We reconciled the output of the insurance contract liabilities calculation engine with the accounting records on 31 December 2024;
- We have assessed the disclosures related to the insurance contract liabilities in the separate financial statements, with respect to their adequacy, completeness, and compliance with the International Financial Reporting Standards as adopted by the European Union.

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Reporting on other information including the Business Report

Management is responsible for the other information. The other information comprises the Business Report which is a constituent part of the Annual Report of the Insurance Company (but does not include the separate financial statements and our auditor's report thereon).

Our opinion on the separate financial statements does not cover the other information, including the Business Report.

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

With respect to the Business Report we also performed procedures required by the Slovenian Companies Act. Those procedures include assessing whether the Business Report is consistent with the separate financial statements and whether the Business Report was prepared in accordance with legal requirements.

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

- the information given in the Business Report for the financial year for which the separate financial statements are prepared is, in all material respects, consistent with the separate financial statements; and
- the Business Report, has been prepared, in all material respects, in accordance with the requirements of the Slovenian Companies Act.

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

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

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

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

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

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Auditor's responsibilities for the audit of the separate financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Insurance Company at the shareholders' meeting of the Insurance Company on 8 July 2022 for the financial year ended 31 December 2022. The president of the supervisory board signed the audit contract on 13 June 2022. The contract was concluded for 3 years. The total period of our uninterrupted engagement appointment for the Group and the Insurance Company, as a public interest entity, represents 3 years.

The key audit partner on the audit resulting in this independent auditor's report is Primož Kovačič.

For and on behalf of PricewaterhouseCoopers d.o.o.:

Primož Kovačič, Certified auditor

20 March 2025

Ljubljana, Slovenia

Translation note:

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3.3 Separate Statement of Financial Position¹

in EUR			
Item	Note	31 Dec 2024	31 Dec 2023
ASSETS			
A. Property, plant and equipment	1	83,568	119,949
C. Right to use assets	2	1,704,428	278,660
Č. Intangible assets and goodwill	3	1,260,755	1,226,088
D. Deferred tax assets	18	0	6,021
F. Investments in associates and jointly controlled entities	4,1	51,103,621	39,370,285
G. Financial investments measured at:	4,2	769,420,371	671,224,748
1. Fair value through other comprehensive income		409,471,356	343,481,694
2. Amortised cost		164,239,598	139,086,230
3. Fair value through profit or loss		195,709,417	188,656,824
L. Current income tax receivables	5	1,590,185	0
M. Other receivables	6	1,751,929	2,611,325
N. Cash and cash equivalents	4,3	6,958,293	2,580,361
O. Other assets	7	4,322,330	3,892,163
TOTAL ASSETS		838,195,480	721,309,600
EQUITY			
	8		
A. Share capital		152,200,000	152,200,000
C. Profit reserves		91,476,565	80,523,218
Č. Accumulated other comprehensive income		131,194,363	112,859,182
E. Retained earnings/losses		22,668,220	4,000,000
1. Retained earnings/losses from previous years		18,612	–117,245
2. Retained earnings/losses for the period		22,649,608	4,117,245
TOTAL EQUITY		397,539,148	349,582,400
Equity of controlling company owners		397,539,148	349,582,400
LIABILITIES			
B. Deferred tax liabilities	18	16,270,657	12,898,287
C. Insurance contract liabilities	9	401,766,199	336,629,879
E. Provisions	10	3,907,021	5,055,169
F. Lease liabilities	11	1,719,881	285,347
I. Current income tax liabilities	12	657,803	1,897,573
J. Other liabilities	13	16,334,771	14,960,945
TOTAL LIABILITIES		440,656,332	371,727,200
TOTAL EQUITY AND LIABILITIES		838,195,480	721,309,600

¹ Disclosures and notes to the financial statements form an integral part of the financial statements and should be read in conjunction with them.

3.4 Separate Statement of Profit or Loss²

			in EUR
Item	Note	2024	2023
A. Result from insurance operations	14		
1. Insurance services income	14,1	9,942,074	8,781,438
2. Insurance service expenses	14,2	-14,215,353	-8,694,091
Result from insurance operations		-4,273,279	87,347
B. Result from investing activities	16		
1. Interest income calculated using the effective interest method		11,989,736	9,930,335
2. Dividend income		12,522,666	4,064,434
3. Net gains/losses from derecognition of financial assets:		2,754,122	2,611,607
- that are measured at fair value through profit or loss		1,676,106	2,722,957
- that are measured at amortised cost		0	-51
- measured at fair value through other comprehensive income		1,078,016	-111,299
5. Net impairments/removal of impairments of financial assets		12,649	-87,648
7. Other income/expenses from investing activities		8,826,521	7,851,094
Net income (expenses) from investing activities		36,105,694	24,369,822
C. Result from insurance contracts	15		
1. Net financial income/expenses from insurance contracts		-8,534,737	-5,144,856
Financial result from insurance contracts		-8,534,737	-5,144,856
D. Other income and expenses	17		
1. Income from asset management	17,1	12,005,896	17,028,656
2. Net other operating income/expenses		-531,803	-1,225,923
3. Net other financial income/expenses		-25,331	-22,938
4. Non-attributable costs	17,2	-8,541,803	-7,744,146
7. Net other income and expenses		79,176	105,243
Other income (expenses)		2,986,135	8,140,892
E. Profit or loss before tax		26,283,813	27,453,205
Corporate income tax	18	-6,303,456	-4,671,756
Changes in deferred taxes		-1,390	-39,254
Net profit or loss for the period		19,978,967	22,742,195
Net profit or loss for of controlling company equity holders		19,978,967	22,742,195
Net profit or loss of non-controlling interests		0	0
Earnings per share		0,13	0,15

² Disclosures and notes to the financial statements form an integral part of the financial statements and should be read in conjunction with them.

3.5 Separate Statement of Other Comprehensive Income³

			in EUR
Item	Note	2024	2023
I. Net profit and loss for the year		19,978,967	22,742,195
II. Other comprehensive income of the accounting period after tax	19	31,881,839	8,625,064
A. Items that may be reclassified to profit or loss in future periods		-2,153,363	-1,421,411
1. Unrealised net gains/losses on financial investments valued at fair value through other comprehensive income		-867,261	9,775,653
Gains/losses recognised in accumulated OCI		-867,261	9,775,653
3. Net financial income/expenses from insurance contracts		-1,286,102	-11,197,064
B. Income tax on items that may be reclassified to profit or loss in future periods		-139,570	-421,898
1. Income tax from investments from financial investments		-139,575	-421,923
2. Income tax from insurance contracts		5	25
C. Items that will not be reclassified to profit or loss in future periods		34,174,772	10,468,373
4. Other items that cannot be reclassified to profit or loss in future periods		37,507,962	13,494,138
5. Income tax on items that will not be reclassified to profit or loss in future periods		-3,333,190	-3,025,765
III. Comprehensive income for the period		51,860,806	31,367,259
Share of controlling company owners		51,860,806	31,367,259

³ Disclosures and notes to the financial statements form an integral part of the financial statements and should be read in conjunction with them.

3.6 Separate Statement of Cash-Flows⁴

	in EUR	
Item	2024	2023
A. Cash flow from operating activities		
a) Items of the statement of profit or loss	45,343,583	41,996,614
Net profit or loss	19,978,967	22,742,195
Adjustments for:	25,364,616	19,254,419
– Realised gains/losses on disposals of property, plant and equipment	–199	13,327
– Other financial expenses/revenues	18,835,836	13,594,324
– Depreciation	790,101	706,478
– Tax expense/income	6,304,846	4,711,010
– Net foreign exchange differences	–565,968	229,280
b) Changes in net current assets (insurance claims, other receivables, other assets, deferred tax assets and liabilities) in statement of financial position items	460,248	1,731,086
Opening less closing receivables from direct insurance	–390,795	–1,179,277
Opening less closing other receivables and assets	–1,020,881	–2,505,294
Opening less closing deferred tax assets	6,021	3,867
Opening less closing liabilities arising from direct insurance	118,579	36,317
Closing less opening other operating liabilities	1,301,562	4,002,642
Closing less opening other liabilities	1,685,531	3,994,900
Cash outflows for tax	–1,239,769	–2,622,069
c) Net receipts from operations or net disbursements from operations (a+b)	45,803,831	43,727,700
B. Cash flows from investing activities		
a) Cash receipts from investing activities	246,491,045	206,909,575
Interest received from investing activities	9,976,079	6,577,420
Receipts from dividends and profit participation	12,451,444	4,018,493
Cash receipts from disposal of property, plant and equipment	318	14,509
Cash receipts from disposal of financial investments	224,063,204	196,299,153
– Other receipts from disposal of financial investments	224,063,204	196,299,153
b) Cash disbursements from investing activities	–283,917,129	–249,466,221
Cash disbursements to acquire intangible assets	–390,948	–359,141
Cash disbursements to acquire property, plant and equipment	14,823	–16,331
Cash disbursements to acquire investments	–283,541,004	–249,090,749
– Other disbursements to acquire financial investments	–283,541,004	–249,090,749
c) Net cash from investment activities or net expenditure from investment activities (a+b)	–37,426,084	–42,556,646

⁴ Disclosures and notes to the financial statements form an integral part of the financial statements and should be read in conjunction with them.

Item	in EUR	
	2024	2023
C. Cash disbursements from financing activities		
b) Cash disbursements from financing activities	-3,999,816	-3,297,948
Cash disbursements for payment of dividends and other shares in profit	-3,999,816	-3,297,948
c) Surplus of receipts/expenses from financing activities	-3,999,816	-3,297,948
Č. Closing balance of cash and cash equivalents	6,958,293	2,580,361
x) Net cash flow for the period (sum total of surpluses Ac, Bc and Cc)	4,377,931	-2,126,894
y) Opening balance of cash and cash equivalents	2,580,361	4,707,255

3.7 Separate Statement of Changes in Equity 2024⁵

		III. Profit reserves	
		I. Share capital	Legal and statutory
		1,	4,
1.	Balance as at the end of the previous financial year 31 Dec 2023	152,200,000	13,010,908
4.	OPENING BALANCE FOR THE PERIOD 1 January 2024 (1+3)	152,200,000	13,010,908
5.	Comprehensive income of the financial year, after tax	0	0
	a) Net profit or loss	0	0
	b) Other comprehensive income	0	0
10.	Dividends to be paid	0	0
11.	Allocation of net profit to revenue reserves	0	1,946,153
13.	Settlement of loss from previous years	0	0
15.	Others	0	0
16.	CLOSING BALANCE FOR THE PERIOD 31 December 2024 (4+5+10+13)+15	152,200,000	14,957,061

⁵ Disclosures and notes to the financial statements form an integral part of the financial statements and should be read in conjunction with them.

in EUR

V. Accumulated other comprehensive income					
Other profit reserves	Investments	Insurance contracts	V. Retained net profit or loss	VI. Net profit or loss for the period	TOTAL EQUITY (From to 13)
8,	9,	10,			14,
67,512,312	66,915,138	45,944,044			349,582,400
67,512,312	66,915,138	45,944,044	4,000,000	0	349,582,400
0	19,621,279	-1,286,097	13,546,657	19,978,967	51,860,806
0	0	0	0	19,978,967	19,978,967
0	19,621,279	-1,286,097	13,546,657	0	31,881,839
0	0	0	-3,999,816	0	-3,999,816
9,007,193	0	0	0	-10,953,346	0
0	0	0	18,428	-18,428	0
0	0	0	95,758	0	95,758
76,519,505	86,536,417	44,657,946	13,661,027	9,007,193	397,539,148

3.8 Separate Statement of Changes in Equity 2023⁶

		III. Profit reserves	
		I. Share capital	Legal and statutory
		1,	4,
1.	Balance as at the end of the previous financial year 31 Dec 2022 adjusted	152,200,000	13,010,908
3.	Retrospective adjustments due to the transition to IFRS 9 (adjustments to business models)	0	0
4.	OPENING BALANCE FOR THE PERIOD 1 January 2023 (1+3)	152,200,000	13,010,908
5.	Comprehensive income of the financial year, after tax	0	0
	a) Net profit or loss	0	0
	b) Other comprehensive income	0	0
10.	Dividends to be paid	0	0
13.	Settlement of loss from previous years	0	0
15.	Others	0	0
16.	CLOSING BALANCE FOR THE PERIOD 31 December 2023 (4+5+10+13) +15.	152,200,000	13,010,908

⁶ Disclosures and notes to the financial statements form an integral part of the financial statements and should be read in conjunction with them.

in EUR

V. Accumulated other comprehensive income					
Other profit reserves	Investments	Insurance contracts	V. Retained net profit or loss	VI. Net profit or loss for the period	TOTAL EQUITY (From to 13)
8,	9,	10,	11,	12,	14,
71,675,486	52,458,590	57,141,082	-3,038,375	0	343,447,691
0	0	0	-21,914,331	0	-21,914,331
71,675,486	52,458,590	57,141,082	-24,952,706	0	321,533,360
0	14,456,548	-11,197,038	5,365,554	22,742,195	31,367,259
0	0	0	0	22,742,195	22,742,195
0	14,456,548	-11,197,038	5,365,554	0	8,625,064
0	0	0	-3,297,948	0	-3,297,948
0	0	0	15,785,973	-15,785,973	0
-4,163,174	0	0	11,099,127	-6,956,222	-20,269
67,512,312	66,915,138	45,944,044	4,000,000	0	349,582,400

3.9 Notes to the Separate Financial Statements

3.9.1 General Disclosures

Company Profile

Modra zavarovalnica, d. d. is organised as a public limited company. Its registered office is located at Dunajska cesta 119 in Ljubljana, Slovenia. The establishment of Modra zavarovalnica, d. d. was registered in the Register of Companies with the District Court in Ljubljana on 3 October 2011.

The activities of Modra zavarovalnica are laid down by the law and the Company's Articles of Association. Modra zavarovalnica, d. d. offers insurance products such as life insurance, accident and health insurance, pursues the activities of pension funds, assessment of risks and loss adjustment, activities of insurance agents, other auxiliary activities for insurance operations and financial and fund management.

Funds Under Management

Table 18: Funds Under Management of Modra zavarovalnica as at 31 December 2024

Fund	Fund registration no.	Type of fund
First Pension Fund of the Republic of Slovenia	6031226001	Mutual Pension Fund
Life–Cycle Pension Fund	6031226007	Life–Cycle Pension Fund
Dynamic Sub–Fund	6031226006	Mutual Pension Fund
Prudent Sub–Fund	6031226008	Mutual Pension Fund
Guaranteed Sub–Fund	6031226009	Mutual Pension Fund
Guarantee Fund of the First Pension Fund	6031226004	Ring–Fenced fund
Modra Renta Guarantee Fund	6031226005	Guarantee fund for the disbursement of pension annuities
Modra Renta II Guarantee Fund	6031226010	Ring–Fenced fund
Life–Cycle Civil Servants Pension Fund	6031226011	Life–Cycle Pension Fund
Dynamic Civil Servants Sub–Fund	6031226012	Mutual Pension Fund
Prudent Civil Servants Sub–Fund	6031226013	Mutual Pension Fund
Guaranteed Civil Servants Sub–Fund	6031226014	Mutual Pension Fund

Controlling Company Profile

Modra zavarovalnica, d. d. is a fully owned subsidiary of Kapitalna družba pokojninskega in invalidskega zavarovanja, d. d., Dunajska cesta 119, 1000 Ljubljana, Slovenia. The Company's financial statements are included in the consolidated financial statements of the controlling company. The consolidated financial statements of the controlling company Kapitalna družba pokojninskega in invalidskega zavarovanja, d. d. is available online at http://www.kapitalna-druzba.si/o_kapitalski_druzbi/letna_porocila.

Employees

Table 19: Number of Employees by Level of Education

Education	31 Dec 2024	31 Dec 2023
Level 8 (8/1, 8/2)	9	9
Level 7	27	28
Level 6 (6/1, 6/2)	16	15
Level 5	12	13
Level 4	1	1
Total	65	66

Subsidiaries and Associates

As at 31 December 2024, Modra zavarovalnica had an investment in the associate Cinkarna Celje, družba, d.d.; it did not have any subsidiaries.

Joint Ventures

As at 31 December 2024, Modra zavarovalnica, d. d. recorded the investment in Hotelske nepremicnine, d. o. o. as a joint venture investment.

3.9.2 Material Accounting Policy Information

Basis for Preparation

The separate financial statements of Modra zavarovalnica for 2024 have been compiled in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, the Companies Act, the Insurance Act (ZZavar-1), and the Decision on annual report and quarterly financial statements of insurance undertakings issued by the Insurance Supervision Agency. The data in the financial statements are based on book-keeping documents and books of account kept in accordance with IFRS. The following general accounting assumptions have been observed in the preparation: going concern, systematic consistency and accrual basis. The following quality characteristics have been observed in the formulation of accounting policies: comprehensibility, suitability, reliability, and comparability.

When preparing separate financial statements, the Company follows the requirements of the IAS 27 standard. Investments in associates are treated at fair value through comprehensive income, and investments in joint ventures are treated at cost. Separate financial statements are the only statements prepared by the Company, in compliance with Article 4a) of IFRS 10, which determines the conditions under which the controlling company is not obligated to prepare consolidated financial statements. The Company is fully owned by Kapitalska družba, d. d., which prepares consolidated financial statements. The debt and equity instruments of Modra zavarovalnica are not traded on the public market, nor has the Company submitted a request for such trading to the competent regulatory organisation. The method of valuation of investments in associates or joint ventures complies with the IAS 28, which specifies exceptions to the use of the equity method.

Statement of Compliance

The separate financial statements of Modra zavarovalnica, d. d. are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

In its separate financial statements, Modra zavarovalnica, d. d. has applied all IFRS standards and IFRIC interpretations that were mandatory for the 2024 financial year. Modra zavarovalnica has not adopted any of standards or interpretations early where the use of amended standards and interpretations was not mandatory in 2024.

Basic Policies

The separate financial statements have been prepared on the historical cost basis, with the exception of assets measured at fair value through profit or loss and assets measured at fair value through other comprehensive income. The separate financial statements are presented in euros (EUR), which is the functional and reporting currency of the Company. All figures are rounded to EUR 1, except where specifically stated otherwise.

The Company uses the General Measurement Model (GMM) in accordance with IFRS 17 to value its insurance contracts.

Significant Accounting Judgements and Estimates

The preparation of separate financial statements requires the use of certain estimates and assumptions made by the management that affect the value of the Company's assets and liabilities as well as the income and expenses.

The suitability of the assumptions and estimates used is reviewed periodically or at the reporting date, and at least once a year.

The important judgements made by the management relate to the classification, recognition, measurement and derecognition of financial assets. Policies are explained in the "Business Models" section.

Likewise, important judgments relate to the definition or recognition of insurance contracts, which we are talking about when the insurance company assumes a significant insurance risk from the insurance policy holder upon their conclusion, by agreeing to compensate the policy holder for the damage that he would have suffered in certain future event (insured event). The definition of insurance

risk is a matter of subjective judgement. We estimate that life insurance contracts, the purpose of which is to provide an annuity, carry a significant insurance risk. Consequently, we categorise them as insurance contracts. In the same manner, insurance contracts also include accident insurance contracts. The guidelines are explained in the chapter "Insurance Contracts Which Are Liabilities."

Significant estimates on the part of the management relate also to the provisioning for the failure to achieve the guaranteed return. The guidelines are explained in the chapter "Provisions for Not Achieving Guaranteed Returns".

Foreign Currency Translation

The separate financial statements are presented in euros (EUR), which is the functional and reporting currency of the Company. Foreign currency transactions are initially recognised in the functional currency, translated at the exchange rate applicable on the transaction date. Monetary assets and liabilities in foreign currency are translated at the exchange rate of the functional currency as at the reporting date. Any differences arising from the translation of foreign currencies are recognised in the profit or loss statement. Non-monetary assets and liabilities that are measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate applicable as at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value denominated in a foreign currency are retranslated at the exchange rate applicable as at the date the fair value was determined.

Procedure for the Adoption of the Annual Report

The Company's Annual Report is adopted by the Management Board of the Company and then submitted for confirmation to the Company's Supervisory Board. The Management and Supervisory Boards also decide on the use of net profit for provisioning pursuant to the Companies Act. Such use of profits is included in the statements for the current year, while the distribution of profit for appropriation is decided on by the Company's General Meeting.

Investments

Business Models

The insurance company uses three business models in the management of its own assets and assets of cover funds:

- Business model whose objective is to hold financial assets in order to collect contractual cash flows (Amortised Costs – AC): this business model includes financial assets held by the manager or the guarantee fund in order to collect contractual cash flows, which passed the SPPI test.
- Business model whose objective is to hold assets to collect contractual cash flows and sell the assets (Hold To Collect And To Sell – HTC & S): the manager generates returns on these assets by collecting contractual cash flows and by sales. The model is characterised by greater frequency and higher value of sales because the sale of financial assets is essential for reaching the business model targets.
- Business model of financial assets that is managed and whose returns are estimated based on the fair value (Fair Value Through Profit or Loss – FVTPL): this business model includes financial assets held by the fund manager in order to manage and measure their performance based on fair value. The manager is mainly focused on the information on fair value that they apply for assessing the return on assets and for taking decisions.

Expected Credit Loss Model

IFRS 9 has also established the expected credit loss model meaning that an impairment is recognised even before the loss occurs. The expected credit loss model incorporates the historical data on the recoverability and the macroeconomic forecasts as well as other internal and external factors indicating the debtor's future solvency.

The basis for the formation of impairments is the data on the probability of default – PD, loss given default – LGD and exposure at default – EAD. Data are obtained from international statistics publications of the Moody's and S&P credit agencies (PD and LGD) as well as the internal IT system holding current data on EAD.

The standard defines three stages describing the credit quality of a financial asset. Upon recognising a financial asset classified as stage 1, the fund recognises the expected credit loss over a period of 12 months. Financial assets classified as stage 2 are assets whose credit risk in the period after recognition has increased and for which credit loss is calculated over their entire term. Stage 3 is represented by financial assets of non-creditworthy issuers, meaning that impairments are required for total expected losses.

Individual investments classified in stages based on international or internal ratings and days of default.

We also carried out regular monitoring of portfolio investments in the form of an internal early warning system – EWS.

In order to determine the expected credit losses (ECL) based on forward-looking information, we calculate the correlation coefficients for a period of three years that we obtain based on international macroeconomic indicators for the following three years and the data on the default rate provided by S&P. Select macroeconomic indicators were selected for the calculation, i.e. those with the maximum statistical information value and are relevant for economic cycle forecasting. We observe the average historical PD value for the period longer than three years because it is difficult to explain deviations from average PD values over a longer time period.

The Company recognises a loss allowance for the ECL relating to financial assets measured at amortised cost or fair value through other comprehensive income.

Recognition and Derecognition of Investments

The Company recognises investments in its statement of financial position as an item of financial asset only when it becomes a party to the contractual provisions of a financial instrument.

A financial asset which is an investment and is traded on a regulated securities market is recognised as an asset with application of accounting after the date of the conclusion of the transaction; a settlement liability is also established at that time. Upon disposal, the derecognition of the financial asset is accounted for after the date of the conclusion of the transaction.

A financial asset that is a financial investment and is traded on a regulated securities market is recognised as an asset with application of accounting as at the transaction settlement date. A financial asset is decreased or derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset is transferred and the said transfer qualifies for derecognition.

When buying and selling financial assets on the primary securities market (in an auction), the investment is recognised as a financial asset with application of accounting as at the transaction settlement date.

Fair Value Estimate

Determining Fair Value of Investments

In accordance with IFRS 13, the Company determines the fair value of investments as if the said fair value were 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. The Company defines the measurement date as the date on which it calculates the value of a unit (reporting date). Fair value measurement in case of this type of transaction is based on the assumption that the transaction is executed on the principal market or, in its absence, on the most advantageous market. If there is no main (or most advantageous) market during fair value measurement, the Company determines the fair value using a valuation technique. The fair value of an investment is determined by taking into account one of the above conditions.

Upon the purchase of an investment, the Company defines the following as the principal market for the investment:

- stock market (applies to equity and debt investments) or
- over-the-counter market or OTC (applies to debt investments).

As at the investment measurement date, the Company re-verifies the principal market which was defined upon the purchase.

As at the investment fair value measurement date, the Company establishes whether the market for the investment is an active one.

In case of a stock market, the assumption of an active market is met if the average daily trading volume for an individual investment over the last 180 days up to the fair value measurement date was higher than EUR 0.5 million taking into account the number of trading days. If the stock market is active, the last known listed price not older than 15 days is used for fair value measurement. If the stock market is not active, the last known listed price not older than 90 days is used for fair value measurement. In other cases, the fair value of an investment is determined using a valuation technique.

When valuing debt security investments whose principal market is the OTC market, the Company uses CBBT (Composite Bloomberg Bond Trader) as the price source.

In case of an OTC market, the assumption of an active market is met if the CBBT price was published for at least half of the trading days over the last 30 days up to the valuation date. If the OTC market is active, the last known CBBT price not older than 15 days is used for fair value measurement. If the OTC market is not active, the last known CBBT price not older than 90 days is used for fair value measurement. If the last known CBBT price is older than the last realised transaction price of a financial asset or if the CBBT price is not available, the last known transaction price not older than 90 days is used for fair value measurement, whereby the active market transaction is met if the transaction price is not older than 15 days. In other cases, the fair value of an investment is determined using a valuation technique.

In accordance with IFRS 13.69, the Company uses the quoted price without adjustment for fair value measurement when such a price exists in an active market.

When valuing, the Company uses only the stock exchange closing price or the published closing BID CBBT or transaction price as the unadjusted quoted price.

Criteria for the Classification of Investments into Fair Value Hierarchy Levels

Investments measured at fair value are classified by the Company into fair value levels in accordance with IFRS 13. The said standard defines a hierarchy for compliance and comparability purposes, whereby it classifies the inputs used for fair value valuation into three levels, i.e.:

- level 1 inputs are quoted (unadjusted) market prices in active markets for the investments which the Company can access as at the measurement date;
- level 2 inputs are inputs that are not quoted prices included in level 1 and which can be directly or indirectly observed; level 2 inputs include the following in accordance with IFRS 13.82:
 - quoted prices for similar investments in active markets,
 - quoted prices for identical or similar investments in non-active markets,
 - inputs other than quoted prices that are observable for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals (implied volatiles, credit spreads etc.),
 - inputs corroborated by market;
- level 3 inputs are unobservable inputs.

In line with IFRS 13.74, the Company favours the inputs used in valuation techniques rather than a valuation techniques themselves when measuring the fair value.

In line with IFRS 13.97, the Company also discloses the following in the fair value hierarchy: investments that are not measured at fair value in the statement of financial position (generally measured at amortised cost).

The Company classifies investments into levels based on the characteristics of the input used to determine the fair value of investments and to assess whether the principal market is an active one.

In the case of investments in alternative funds, the market value of the investment is not available, therefore valuation based on market data is not possible. The value of the investment in the alternative fund is given by the manager of the alternative fund as the value of the fund unit or as the value of the payment to the fund which represents the best approximation of the market value. The valuation

is performed based on material non-public information of the fund's portfolio companies, to which the Company does not have access. Modra zavarovalnica has limited access to the data used by the alternative fund manager, so we do not carry out our own valuation, nor is it possible to do a sensitivity analysis. The alternative fund manager usually uses IPEV-compliant (International Private Equity and Venture Capital Valuation) valuation methods, such as discounted cash flows method or market multiples method. In accordance with the criteria for classifying investments in fair value hierarchies, the listed investments are classified in level 3.

Fair Value Hierarchy of Equity Investments

Table 20: Fair Value Hierarchy of Equity Investments When the Stock Market is the Principal Market

Level	Investment type
Level 1	Equity investments with fair value measured on the basis of the quoted prices in active markets
Level 2	Equity investments with fair value measured on the basis of the quoted prices in non-active markets
	Equity investments for which quoted prices are not available and their fair value is measured using a valuation technique (taking into account level 2 inputs)
Level 3	Equity investments for which quoted prices are not available and their fair value is measured using a valuation technique (taking into account level 3 inputs) or based on the prices provided by third parties

Table 21: Fair Value Hierarchy of Unlisted Equity Investments

Level	Investment type
Level 1	—
Level 2	Equity instruments with fair value measured using a valuation technique (taking into account level 2 inputs)
Level 3	Equity investments at fair price, measured using a valuation technique (taking into account level 3 inputs) or based on the prices provided by third parties

Fair Value Hierarchy of Debt Investments

The debt financial investments include bonds, commercial papers, treasury bills, and investments in units of target funds.

At the level of the fair value hierarchy, the Company also classifies those debt security investments that are not measured at fair value in the statement of financial position. These are generally bonds at amortised cost that are measured at fair value by the Company for disclosure purposes. The same rules as for debt securities measured at fair value in the statement of financial position apply to these securities.

Table 22: Fair Value Hierarchy of Debt Investments if the Stock Market is the Principal Market

Level	Investment type
Level 1	Debt investments with fair value measured on the basis of quoted prices in active markets
Level 2	Debt investments with fair value measured on the basis of quoted prices in non-active markets
	Debt securities measured using a valuation technique (taking into account level 2 inputs)
Level 3	Debt securities measured using a valuation technique (taking into account level 3 inputs) or prices provided by third parties

Table 23: Fair Value Hierarchy of Debt Investments if the OTC Market is the Principal Market

Level	Investment type
Level 1	Debt investments with fair value measured on the basis of CBBT price in active markets
	Debt investments with fair value measured on the basis of transaction prices in active markets
Level 2	Debt investments with fair value measured on the basis of CBBT prices in markets that are not active
	Debt investments with fair value measured on the basis of transaction prices in markets that are not active
	Debt securities without a CBBT price in (in)active markets and for which the fair value is measured using a valuation technique (taking into account level 2 inputs)
Level 3	Debt securities without a CBBT price in (in)active markets and for which the fair value is measured using a valuation technique (taking into account level 3 inputs) or prices provided by third parties

Table 24: Fair Value Hierarchy of Target Fund Units

Level	Investment type
Level 1	Target fund units with fair value measured on the basis of the quoted NAV per unit
Level 2	—
Level 3	Target fund points measured based on the prices provided by third parties

Fair Value Hierarchy of Loans and Deposits

The insurance company measures bank deposits in the statement of financial position at amortised cost. Deposits with a maturity of up to 1 year are measured on the basis of the original or contractual interest rate for the purposes of disclosing the fair value, and deposits with a maturity of over 1 year are measured using the interest rate reference curve; both are classified as level 2.

Determination of Gains or Losses on Investments

According to IFRS 9.5.7.1, a gain or loss on a financial asset that is measured at fair value is recognised in profit or loss unless:

- the insurance company took into account the exception permitted by IFRS 9.7.5, that equity instruments are valued/measured at fair value through the statement of comprehensive income, where changes in fair value are shown in other comprehensive income, and realized gains/losses from this type of instrument upon sale are recognized among capital items.
- the financial asset is a debt instrument and the company recognises certain changes in fair value in other comprehensive income.

Investments at Fair Value through Profit or Loss

The Company recognises gains or losses on a financial asset measured at fair value through profit or loss in its statement of profit or loss through finance income and expenses. Restatements of financial assets expressed in foreign currencies are also recognised in profit or loss.

Investments in Equity Instruments Measured at Fair Value through Comprehensive Income

On initial recognition, the Company may make an irrevocable election to present in other comprehensive income the subsequent changes in the fair value of an investment in an equity instrument. If an entity decides for this option, it recognises in its profit or loss only dividends (IFRS 9.5.7.7.), namely when it obtains the right to payment (cut-off date defined by the issuer).

Gains or losses on investments and restatement of investments denominated in foreign currencies are recognised in other comprehensive income and affect the increase or decrease in revaluation surplus.

On derecognition of a financial asset, cumulative gains or losses that were previously recognised in other comprehensive income are reallocated to other equity components.

Investments in Equity Instruments Measured at Fair Value through Comprehensive Income

Gains or losses on a debt financial asset measured at fair value through other comprehensive income are recognised in profit or loss as income up to the level of the effective

interest rate, whilst the difference up to fair value is recognised in other comprehensive income as an increase or a decrease in revaluation surplus, until a financial asset is derecognised or reclassified.

Gains or losses due to impairments and gains or losses from exchange differences are recognised in profit or loss. On derecognition of a financial asset, cumulative gains or losses previously recognised in other comprehensive income is reclassified from the equity revaluation adjustment to profit or loss (recycling).

Derecognition of Financial Instruments

When accounting for ordinary purchases and ordinary sales, the Company recognises or derecognises all financial investments on the trading day (the date on the stock exchange company accounts or the date of the contract) in the accounting statements and the balance sheet.

The Company derecognises a financial investment as a financial asset in its books of account and in the balance sheet when it no longer controls the contractual rights that comprise that asset or if it realises the rights to benefits specified in the contract, if the rights expire, or if it transfers almost all the risks and rewards related to the ownership of the investment.

Investment in Associate

Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company measures joint ventures at cost according to IAS 27. The investment in the joint venture is consolidated in the consolidated annual report of the Company's parent undertaking.

Investment in Joint Ventures

Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company measures joint ventures at cost according to IAS 27. The investment in the joint venture is consolidated in the consolidated annual report of the Company's parent undertaking.

Receivables

Operating Receivables

Operating receivables include receivables relating to premiums paid in the mutual pension funds, which are created upon the transfer of insured persons from mutual pension funds to guarantee funds. They are recognised as at the day the insured person acquires the right to the pension annuity. At that point, the mutual pension fund determines the amount of liabilities for the transfer of assets of the insured person to the guarantee funds. The amount of liabilities held by the mutual pension funds equals the sum of the redemption values of asset units in policies held by insurers.

The surrender value of units is the multiple of the number of the units held by the insured person who has acquired the right to a pension annuity and the unit value on the day the right to the pension annuity is acquired (the last published unit value). When the guaranteed unit value exceeds the actual unit value, the guaranteed unit value is applied.

Non-Current Receivables from Financing

Current receivables from financing activities comprise current receivables from interest, current receivables from dividends and other current receivables from financing activities.

Current receivables from interest arising from securities are recognised on the date interest matures in accordance with the issuer's amortisation schedule or conditions specified by the issuer upon the issue of securities.

Current receivables from dividends are recognised as at the cut-off date specified by the issuer.

Other Current Receivables

Other current receivables are receivables due from the purchasers of securities (receivables arising from securities trading) and other current receivables inclusive of receivables from principal amounts due, receivables for securities to be issued, receivables from advances, and receivables for the costs of annuities paid.

Allowances for trade receivables are made on the basis of the individual assessment of the financial position and liquidity of the debtor from whom the outstanding receivable is due. These allowances are treated in accordance with the simplified approach in line with IFRS 9.

Equity

Ordinary shares are classified as equity. Direct additional costs of issuing new shares less tax effects are debited against equity.

The share capital is divided into 152.2 million ordinary registered no-par value shares. Each share represents an equal stake and an associated amount in the share capital. The share of an individual no-par value share in the share capital is determined according to the number of no-par shares issued.

Revenue reserves are recognised based on:

- the Companies Act (ZGD-1), which prescribes their formation in special cases (acquisition of own shares, legal reserves);
- decision by the Management Board and Supervisory Board which have the power to decide pursuant to the Companies Act as to the half of the generated remaining net profit for the current year;
- decision by the General Meeting which decides on the profit for appropriation.

Fair value reserve amounts disclosed in the balance sheet are adjusted by the amounts of deferred tax .

Insurance Contract Liabilities

Definition of the Insurance Contract

An insurance contract occurs when the Company assumes a substantial insurance risk from the policyholder. In this case, only the recognition of the insurance risk and the assessment of its importance are inherently subjective. Life insurance contracts, the main purpose of which is to provide an annuity, carry a significant insurance risk. Consequently, we categorise them as insurance contracts.

Valuation of Insurance Contracts

For all insurance products under IFRS 17, the general measurement model is used.

Table 25: Products of Modra zavarovalnica in the Context of IFRS 17

Insurance group	Product	Stage	Description
Life insurance (pensions)	KS MR	Payout	Old generation of pensions – no profit; closed for new contributions; the asset group is not clearly defined
	KS MR II	Payout	New generation of pensions – with profit; 90% participation in profit; the asset group is clearly defined
	PPS	Savings	After the accumulation phase, the insurance policy is transferred to KS PPS; guaranteed 1% return on assets; the asset group is clearly defined
	KS PPS	Payout	PPS payout phase; 100% participation in profit
Non-life insurance	KPN	/	Accident, monthly/annual premium

Aggregation Levels

The process of determining the aggregation level can be formally divided into three groups:

- the portfolio level, where we define groups of contracts with similar risks that the insurance company manages together;
- the group level, where individual portfolios are divided into at least 3 groups based on the rate of return: onerous contracts, contracts unlikely to become onerous in the future and “other” contracts.
- the cohort level, as the IFRS 17 standard prohibits combining contracts that were issued more than one year apart, which is why the Company must divide the defined groups according to the issue date of the contracts.

At Modra zavarovalnica, life insurance policies with active participation in profit are treated separately from contracts without participation in profit. KS PPS and PPS products are treated together, as one group of insurance contracts.

For non-life insurance, we used the type of insurance (LoB) in accordance to the Solvency 2 directive, taking into account the basic characteristics of the risk (risks covered, severity, period of validity of the policy, distribution of risk during the entire period of validity, etc.).

When determining the cohorts, Modra zavarovalnica decided on the following approach:

- cohort date: insurance start date,
- cohort period: calendar year,
- possible other significant assumptions are taken into account (change in the technical interest rate),
- taking into account the analogy with the general principles in IAS 8, the treatment of cohorts represents the accounting policy choice.

Contractual Boundaries

The contractual boundary represents a period after the end of which the insured person no longer has material rights and the Company no longer has any material obligations to provide services arising from the insurance contract, which is key to determining the valuation method and the cash flows which have to be part of the valuation.

The cash flow estimates in an individual scenario must include all cash flows within the contractual boundary of the existing contract and no other cash flows.

Cash flows fall within the contractual boundary of the insurance contract if they arise from material rights and obligations that exist during the reporting period, in which the Company can require the insured person to pay premiums or has a material obligation to provide

contractually defined services to the insured person. A liability or asset related to an expected premium or an expected loss outside the contractual boundary of the insurance contract may not be recognised.

When the Company has to renew the contract (specified in the contract) or otherwise continue with the contract, it must assess which premiums and related cash flows arising from the renewed contract are within the contractual boundaries of the original contract.

In accordance with the requirements of the standard, the insurance company considers the following cash flows:

- premiums;
- payment of benefits and damage claims to the insured person;
- claims processing costs (policy management costs, claim processing costs, allocation of relevant overhead costs);
- administrative costs of policy management (policy management costs, allocation of relevant overheads);
- cash flows for the acquisition (acquisition costs, allocation of relevant overhead costs);
- payouts of investment components.

Recognition and Measurement

Valuation Approaches

The Company uses a general valuation model for all its products (GMM model).

Release of the CSM

Since the insurance company uses the general model for valuing its products, it is obliged to recognize the contractual service margin (CSM) at the initial recognition of groups of insurance contracts, which it later releases into the profit or loss over the coverage periods.

Upon initial recognition, the contractual service margin (assuming the contract is not onerous⁷) represents a compensation amount for derecognition of any first-day "differences", which prevents the recognition of a first-day profit.

At the end of the reporting period, the contractual service margin represents the profit from a group of insurance contracts that the Company has not yet recognised in

the profit or loss, as it relates to future services that the insurance company will provide under these contracts.

Calculation of the Loss Component

For an onerous contract or a group of onerous contracts, the Company recognises the first-day loss in the statement of profit or loss in the amount of the net outflow and thus forms liabilities for remaining coverage (LRC), which are actually a loss component (LC). CSM in this case is zero.

A contract or group of insurance contracts becomes onerous (or more onerous) upon subsequent measurement if, due to adverse changes, the realised cash flows from changes in the estimate of future service cash flows allocated to the group exceed the carrying amount of the contractual service margin (CSM). In this case, the insurance company recognises a loss in the profit in the amount of this surplus.

The initial amount of the loss is determined and adjusted by the insurance company for possible subsequent losses and for the elimination and release of losses during the entire period so that at the end of the coverage period of the group of contracts the loss component equals zero.

Methodologies for Risk Adjustment

Article 17.32 of IFRS 17 states that upon initial measurement of a group of insurance contracts, realised cash flows and contractual service margin (CSM) are taken into account. Realised cash flows include risk adjustment (RA) for non-financial risk with referring to Article 17.37 of IFRS, which prescribes the basic requirement for measuring the risk adjustment for non-financial risk.

Considering that the major part of the Company's portfolio consists of annuity products, longevity risk is the one that represents a significant part of non-financial risks. To assess the risk adjustment, the Company uses the confidence interval method analogous to the regulation brought about by the Solvency 2 directive. The Solvency 2 regime uses a confidence level of 99.5%, and the Company chooses a lower VaR for the purposes of IFRS 17, as it is not reasonable to expect that margins, which enable "almost certain" achievement of the contractual service margin (CSM), can be built into the product prices.

The Company has chosen a confidence level of 70 percent for risk adjustment, which, when calibrated using the standard formula, represents a shock size of 4.07 percent.

⁷ An insurance contract is onerous if, on the date of initial recognition, the sum of the realised cash flows allocated to the contract (risk-adjusted present value of future cash flows), all previously recognised cash flows for insurance acquisition and all cash flows from the contract equals the net cash outflow.

Discount Rate

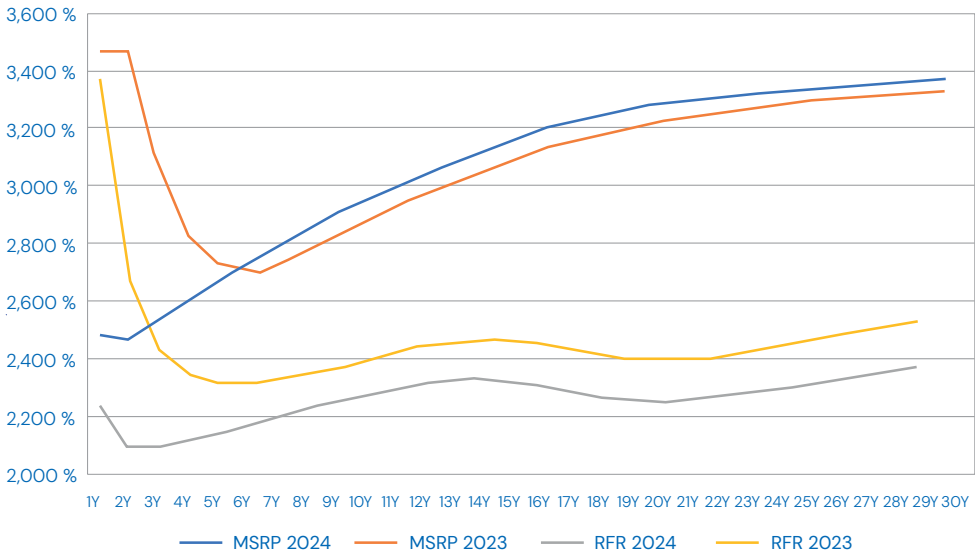
The valuation of non-current insurance liabilities and the resulting recognition of profit are largely sensitive to the discount rate. The IFRS 17 standard establishes general principles for determining discount rates, but does not detailed instructions for their application.

Modra zavarovalnica's decision is to use a single methodology for deriving the risk-free discount curve for all portfolios, taking into account the illiquidity premium. A bottom-up approach is applied. The discount rate curve therefore consists of the risk-free interest rate and the illiquidity premium. The source for the risk-free interest rate is the RFR curve published by EIOPA (no volatility adjustment spot curve).

The illiquidity premium estimate is calculated from the difference between the RFR curve and the covered bond curve. The determined illiquidity premium is fully attributed to the risk-free discount curve, which results from the characteristics of insurance contracts of Modra zavarovalnica (high illiquidity, it is difficult for the insured

person to cash out the contract early). The basis for calculating the return on each index is covered bonds issued in euros with a BBG composite AAA credit rating. At the end of December 2024, the indices consisted of 493 bonds with these characteristics. The missing yields for maturities between 10 and 30 years are calculated using the Nelson-Siegel-Svensson model. The extrapolation of the IFRS 17 discount curve is done using the Smith-Wilson model, taking into account the last liquid point (LLP) at 20 years and the ultimate forward rate (UFR) published on the EIOPA website.

Figure 16: Risk-Free Rate Curve, IFRS 17 Discount Curve, and Illiquidity Premium as of 31 December 2024 and 31 December 2023



Treatment of Costs

Modra zavarovalnica distributes revenues and expenses in accordance with the adopted Methodology for the distribution of revenues and expenses of Modra zavarovalnica. In doing so, expenses are monitored and analyzed three-dimensionally, namely within the framework of individual analytical account, individual cost center and within the framework of individual cost unit.

Expenses are posted to cost units either directly or indirectly using keys for allocating costs to cost units. The basis for calculating the keys is a survey on the distribution of individuals' work activities by cost carriers, which is conducted at least once a year in the three largest organisational units of the insurance company.

In the framework of IFRS 17, the insurance company treats the costs related to the cost units KS PPS, KS MR, KS MR II and accidents. In doing so, to measure insurance contracts, it uses all costs related to the insurance contract or to the portfolio of insurance contracts (IFRS 17.33 – IFRS 17.35 and B65 and B66). In this sense, it is therefore necessary to take into account the costs associated with the acquisition, conclusion and implementation of these contracts, while the third group of costs does not enter into the calculation of the insurance result.

When classifying, we distinguish three types of costs:

1. Direct costs of policies (directly attributable), or costs that are directly related to policies (portfolio). This group includes:

- directly costs of obtaining insurance;
- administrative costs of policies (e.g. premium billing, policy changes),
- claim management costs.

2. Indirect costs of policies (allocation of fixed and variable overheads), which are attributed to the policies or portfolio based on the keys. This group includes:

- labour costs
- IT costs,
- leases,

- depreciation that can be directly attributed to the performance of insurance contracts.

3. Costs that are not directly related to policies (non-attributable). This group includes certain general costs that are not attributed to policies, such as:

- costs of general marketing activities,
- education and training costs,
- costs of the management and supervisory board.

Subsequent Measurement of Insurance Contracts

The sum of liabilities for residual coverage (LRC) and liabilities for claims incurred (LIC) constitutes the book value of the group of insurance contracts at the end of the reporting period; the residual coverage liability is equal to the sum of the expected future cash flows at fulfilment (which are related to future service) and the contractual service margin for that group of insurance contracts, and the incurred claims liability represents the cash flows related to past service.

The insurance company recognises in the current period:

- income and expenses from the change in the book value of the liability for the remaining coverage, namely:
 - insurance income from the reduction of the liability for the remaining coverage due to the services performed during this period;
 - income and expenses from the change in the book value of liabilities for incurred damages, namely:
 - financial revenue or expense from discounting (which includes the effect of the time value of money and financial risk).
- revenue and expenses from the change in the book value of liabilities for incurred damages, namely:
 - expenses from the increase in liabilities due to claims and expenses incurred during this period;
 - expenses for all subsequent changes in cash flows in fulfillment in relation to incurred claims and expenses;
 - financial revenue or expense from discounting (which includes the effect of the time value of money and financial risk).

The insurance company recognises changes in expected cash flows related to **current or past service** in the statement of profit or loss or the statement of comprehensive income. These include:

- the effect of the time value of money and the effect of financial risk (where the effect of the changed discount rate using the same curve is recognised in the statement of profit or loss, and the effect of the shift in the discount curve is recognised in the statement of comprehensive income).
- changes in estimates of expected cash flows at fulfilment, which relate to liabilities for already incurred claims and are recognised in the statement of profit or loss, and
- experience adjustments for insurance expenses, which are recognised in the statement of profit or loss.

Changes in expected cash flows related to future service are reflected in the change in the contractual service margin or in the loss component within the liabilities for remaining coverage. Such changes are:

- experience adjustments arising from premiums received in the period relating to future service;
- changes in the estimate of the present value of future cash flows for remaining coverage liabilities;
- changes in investment components;
- adjustment changes due to non-financial risk relating to future service.

The amount of contractual service margin, which represents the profit of a group of insurance contracts that has not yet been recognised in the statement of profit and loss because it relates to future service, is affected by changes in estimates of future cash flows at fulfilment, the effect of accrued interest, which is calculated using discount rates, which were determined at the initial recognition of the contract, the transfer of the contractual service margin to income (which in the case of annuity insurance is determined by the amount of the annuity in the period) and recognised new insurance contracts in the period.

Derecognition of Insurance Contracts

The recognition of an insurance contract is cancelled when the contract is terminated, whereby the contractual obligation expires, is fulfilled or cancelled; derecognition also occurs if the contract is transferred to a third party or if the terms of the contract change significantly, either by agreement between the parties or due to a change in regulations, and based on the terminated contract, a new – amended contract is concluded under certain conditions.

Provisions for Non-Achievement of the Guaranteed Return

Pursuant to Article 313 of ZPIZ-2, if the actual net asset value of a ZPJU, MZP and PPS fund member in the accounting period falls below the member's guaranteed asset value, Modra zavarovalnica has to set aside provisions for failure to achieve the guaranteed rate of return, which are debited to equity and correspond to the sum of all shortfalls of the member's asset value and the member's guaranteed assets value as at a given date of account. The actual net or guaranteed values of the funds are calculated monthly.

Revenue

Fee and Commission Income

Modra zavarovalnica, d. d. is entitled to the refund of entry and exit fees and annual commission for the management of the assets of pension funds. Entry fees are calculated as a percentage of the premium paid, exit fees are calculated as a percentage of the surrender value upon termination, whereas the management fee is calculated as a percentage of the net annual value of the fund's assets over a saving period.

Entry Fee

For the performance of its activity in accordance with the pension scheme, the Company charges an entry fee, meaning that the collected assets transferred into an individual pension fund are decreased by the amount of the entry fees and the fund manages the assets that comprise net premiums. The entry fee is calculated as a percentage of the paid premium as at the date of payment.

Management Fee

The Company charges management fees to mutual pension funds, meaning that the monthly value of the assets of individual funds is reduced by the amount of management costs. The fund management fee is calculated as a percentage of the average annual NAV of an individual fund, calculated as an arithmetic mean of the fund's NAV as at the conversion cut-off dates in the current year.

Exit Fee

The Company is entitled to an exit fee in accordance with the pension scheme, meaning that the surrender value is decreased by the exit costs and this net value is then paid to the individual terminating the insurance. The exit fee is calculated as a percentage of the surrender value upon its redemption or payout.

Interest

Interest income is calculated and recognised upon occurrence on the basis of the effective interest rate. In the balance sheet, interest from debt securities is disclosed together with financial assets.

Dividends

Dividends are recognised when the Company obtains the right to payment.

Expenses and Costs

The expenses of Modra zavarovalnica consist of expenses from insurance services, as defined in the chapter "Obligations from insurance contracts", expenses for net operating costs, other insurance expenses and financial expenses.

Net operating costs are net costs of materials and services, amortisation and depreciation expenses of the assets required for operations, labour costs and other operating costs.

Financial expenses are classified by the Company as investment expenses.

Expenses from asset management include expenses from provisions due to failure to achieve the guaranteed return of mutual pension funds and payments to mutual pension funds upon transfer of saved assets to an annuity fund, when the actual value of the member's assets is lower than the guaranteed value of the assets.

Tax

Current Tax

Current tax assets and liabilities in respect of present and past periods are recognised at amounts which the Company expects to pay to the tax authorities or receive from them. Current tax assets or liabilities are measured using tax rates applying at the balance sheet date.

Deferred Tax

Deferred income tax assets and liabilities are accounted according to the balance sheet liability method. Only deferred liabilities and assets arising from temporary differences are recognised.

A deferred tax asset is recognised also for unused tax losses and unused tax credits which are carried forward to the next period, if it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets are examined as at the balance sheet date and impaired by that portion of the asset for which it can no longer be expected that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax liabilities or assets are measured at tax rates expected to apply when the asset is realised or the liability is settled. Tax rates (and tax regulations) applicable or close to being enacted as at the balance sheet date are applied.

Deferred tax assets and liabilities may be offset if, and only if, the company has a legal right to offset the assessed tax assets and liabilities and these assets and liabilities relate to the income tax attributable to the same tax jurisdiction.

Deferred tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

Cash Flow Statement Using the Indirect Method

A cash flow statement compiled using the indirect method is a financial statement showing the changes in cash flows during the financial year. The cash flow statement is compiled according to the indirect method using the statement of financial position data as at 31 December 2024 and 31 December 2023, P&L statement data for 2024, as well as additional data necessary for the adjustment of cash flows and for the appropriate breakdown of significant items

Amendments to Standards and Interpretations

Standards or Interpretations Effective for the First time for the Year Ending on 31 December 2024

Amendments to IFRS 16 Leases: Liabilities from sale and lease-back transactions (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments refer to sale and lease-back transactions which meet the requirements of IFRS 15 to be accounted for as sales. The amendments require the seller-lessee to subsequently measure the liability from the transaction in such a way that no profit or loss is recognized in connection with the retained right-of-use. This means a deferral of such profit, even if there is an obligation to make variable payments which do not depend on an index or rate.

Classification of liabilities as current or non-current – **Amendments to IAS 1** (initially issued on 23 January 2020 and subsequently amended as at 15 July 2020 and 31 October 2022, effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment stipulated that those loan covenants to be taken into account after the reporting date, do not affect the classification of debt as short-term or long-term as at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current

if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Amendments to IAS 7 Statement of cash flows and IFRS 7 Financial instruments: Disclosures: Supplier Financing Agreements (issued on May 25, 2023, and effective for annual periods starting 1 January 2024). In response to concerns from users of financial statements about inadequate or misleading disclosure of financing arrangements, the IASB issued amendments to IAS 7 and IFRS 7 in May 2023, requiring disclosure of supplier financing agreements. These amendments require disclosures of supplier financing agreements by the company, which would enable users of financial statements to assess the effects of these agreements on the company's liabilities and cash flows, and on the company's exposure to liquidity risk. The purpose of additional disclosure and reporting requirements is to increase transparency of supplier financing agreements. The amendments do not affect recognition or measurement principles, only disclosure and reporting requirements.

The adoption of new standards or clarifications did not lead to significant changes in the insurance company's financial statements.

Standards and amendments to the existing standards issued by the International Accounting Standards Board that are not yet effective

Amendments to IAS 21: Lack of Exchangeability (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help companies assess the exchangeability between two currencies and determine the spot exchange rate when there is no exchangeability information. The amendments affect the company if it has a transaction or does business in a foreign currency that is not convertible into another currency as at the measurement date for a specific purpose. The amendments to IAS 21 do not specify detailed requirements on how to estimate the spot exchange rate. Instead, they set the framework under which the company can determine the spot exchange rate as at the measurement date. Retrospective correction

of comparative information is not allowed when applying the new requirements. The amounts concerned should be translated at estimated spot exchange rates on the date of initial application with an adjustment to retained earnings or to the reserve for cumulative translation differences.

Changes in Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).

On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 for:

(a) clarifying the date of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled through electronic money transfer systems;

(b) clarifying and providing further guidance on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

(c) adding new disclosures for certain instruments with contractual terms that may change cash flows (such as certain instruments with features linked to achieving environmental, social, and governance (ESG) objectives); and

(d) updating disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).

The standard has not yet been endorsed by the EU.

Annual Improvements to IFRS Accounting Standards (issued in July 2024 and effective from 1 January 2026)

In IFRS 1, it was clarified that hedge accounting must be discontinued upon transition to IFRS if it does not meet the “qualifying criteria” rather than the “conditions” for hedge accounting, to resolve potential confusion arising from inconsistencies between the wording in IFRS 1 and the hedge accounting requirements in IFRS 9. IFRS 7 requires disclosures about the profit or loss on derecognition related to financial assets in which the company has continuing involvement, including whether the fair value measurements involved “significant unobservable inputs”. The new phrase replaced the reference to “significant inputs that were not based on observed market data.” The text has been aligned with IFRS 13. In addition, some examples of guidance for the implementation of IFRS 7 have been clarified. The added text explains that the examples do not necessarily illustrate all the requirements

in the specified paragraphs of IFRS 7. IFRS 16 has been amended to clarify that when a lessee determines that a lease liability has been extinguished according to IFRS 9, the lessee must use the guidance in IFRS 9 to recognize any resulting gains or losses in the profit or loss statement. This clarification relates to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies this amendment. To eliminate the inconsistency between IFRS 9 and IFRS 15, trade receivables must now be recognized initially at “the amount determined by applying IFRS 15,” instead of at “their transaction price (as defined in IFRS 15).” IFRS 10 has been amended to make the wording less definitive for cases where an entity is a “de facto agent,” and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of circumstances where judgment is required to determine whether a party is acting as a de facto agent. In IFRS 7, references to the “cost method” have been deleted, which was removed from IFRS accounting standards in May 2008 when the International Accounting Standards Board (IASB) issued the amendment “Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”.

The standard has not yet been endorsed by the EU.

Contracts Related to Electricity, Depending on Capture from nature – Amendments to IFRS 9 and IFRS 7 (issued on December 2024, and effective from 1 January 2026 onwards).

The IASB issued amendments to help improve companies' reporting on the financial effects of contracts related to electricity, which depend on capture from nature and are often structured as power purchase agreements (PPAs). The current accounting requirements may not adequately capture how these contracts impact a company's performance. To enable companies to better reflect these contracts in their financial statements, the IASB has prepared targeted amendments to IFRS 9 – Financial Instruments, and IFRS 7 – Financial Instruments: Disclosures. The mentioned amendments include: (a) clarification of the application of the “own use” requirements; (b) relaxation of certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) the addition of new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows.

The standard has not yet been endorsed by the EU.

IFRS 18 Presentation and Disclosures in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).

In April 2024, the IASB issued IFRS 18, a new standard on the presentation and disclosure in financial statements, with a focus on updates to the profit or loss statement. The key new concepts introduced in IFRS 18 relate to: the structure of the profit or loss statement, required disclosures in the financial statements for certain performance metrics reported outside the company's financial statements (i.e., performance metrics determined by management); and enhanced principles on aggregation and disaggregation applicable to primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many existing principles in IAS 1 are retained with limited changes. IFRS 18 will not affect the recognition or measurement of items in the financial statements, but it may change what a company reports as its "operating result." MSRP 18 will be used for annual reporting periods beginning on or after 1 January 2027, and it also applies to comparative information.

The standard has not yet been endorsed by the EU.

IFRS 19 Subsidiary Companies, Which are Not a Public Interest Entity: Disclosures (issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The International Accounting Standards Board (IASB) has issued a new accounting standard IFRS for Subsidiaries. MSRP 19 allows eligible subsidiaries to use accounting standards IFRS with reduced disclosures. By using MSRP 19, the costs of preparing financial statements for subsidiaries will be reduced while maintaining the usefulness of information for users of their financial statements. Subsidiaries that use IFRS accounting standards for their own financial statements provide disclosures that may not be proportional to the information needs of their users. MSRP 19 addresses these challenges by:

enabling subsidiaries to maintain only one set of accounting records—for the purposes of both the parent company and the users of their financial statements;

reducing disclosure requirements – MSRP 19 allows reduced disclosures that are more tailored to the needs of users of their financial statements.

The standard has not yet been endorsed by the EU.

Given that the mentioned standards are not yet in effect, the insurance company is still assessing the potential impacts of these changes on the financial statements.

Amendments That Have Been Published But Rejected Or Deferred By The EU

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

The standard has not yet been endorsed by the EU.

Given that the mentioned standards have neither been adopted nor are in effect, the insurance company is still assessing the potential impacts of these changes on the financial statements.

3.9.3 Breakdown and Disclosures to the Financial Statements

Notes to the Statement of Financial Position

Note No. 1: Movement of Property, Plant and Equipment

	in EUR		
2024	Equipment and small tools	Company cars	Total
Cost as at 01 January 2024	243,598	69,835	313,433
New purchases	9,540	0	9,540
Disposals	-24,363	0	-24,363
Cost as at 31 December 2024	229,185	69,835	298,610
Valuation adjustment as at 1 January 2024	-178,454	-15,030	-193,484
Write-downs/sale	23,834	0	23,834
Amortisation	-33,891	-11,911	-45,802
Valuation adjustment as at 31 December 2024	-188,511	-26,941	-215,042
Carrying amount as of 01 January 2024	65,144	54,805	119,949
Carrying amount as of 31 December 2024	40,674	42,894	83,568

	in EUR		
2023	Equipment and small tools	Company cars	Total
Cost as at 01 January 2023	246,554	50,548	297,102
New purchases	38,551	59,555	98,106
Disposals	-41,507	-40,268	-81,775
Cost as at 31 December 2023	243,598	69,835	313,433
Valuation adjustment as at 1 January 2023	-184,549	-49,581	-234,130
Write-downs/sale	41,223	39,369	80,592
Amortisation	-35,128	-4,818	-39,946
Valuation adjustment as at 31 December 2023	-178,454	-15,030	-193,484
Carrying amount as of 01 January 2023	62,005	967	62,972
Carrying amount as at 31 December 2023	65,144	54,805	119,949

The items of property, plant and equipment have not been pledged as security.

Note No. 2: Leases: Right-of-Use Assets

The right to use premises refers to business premises for which Modra zavarovalnica concluded a 5-year lease agreement in accordance with IFRS 16 – Leases on 1 October 2024.

Amortisation costs for business premises representing the right-of-use amounted to EUR 386,580 in 2024 (EUR 371,547 in 2023), while interest expenses amounted to EUR 31,677 (EUR 21,706 in the previous year). The total cash outflow for the lease amounted to EUR 402,804 in 2024 (EUR 386,566 in 2023).

The carrying amount of the assets representing the right-of-use amounted to EUR 1,704,428 as at 31 December 2024 and EUR 278,660 as at 31 December 2023. Lease liabilities amounted to EUR 1,719,881 at the end of 2024, of which the principle amounted to EUR 1,913,321 and interest to EUR –193,440. At the end of 2023, the liabilities from the right-of-use amounted to EUR 285,347, of which the principle amounted to EUR 289,925 and interest to EUR –4,578.

Note No. 3: Movement of Intangible Assets

Item	in EUR	
	2024	2023
Cost as at 01 January	3,556,498	3,254,158
New purchases	392,387	302,340
Disposals	–1,440	0
Cost as at 31 December	3,947,445	3,556,498
Loss allowance as at 1 January	–2,330,411	–2,035,426
Write-offs	1,440	0
Amortisation	–357,719	–294,985
Loss allowance as at 31 December	–2,686,690	–2,330,411
Carrying amount as at 1 January	1,226,087	1,218,732
Carrying amount as at 31 December	1,260,755	1,226,087

Intangible assets in 2024 and 2023 only include software.
Intangible assets have not been pledged as security.

Note No. 4: Financial Assets

The financial assets of Modra zavarovalnica include investments in joint ventures and associates, investments, and cash and cash equivalents.

in EUR			
Item	Own financial assets	Guarantee fund financial assets	Total 31 Dec 2024
F. Financial investments in joint ventures and associates	51,103,621	0	31 Dec 2024
G. Financial investments	347,303,930	422,116,441	769,420,371
• at amortised cost	69,752,555	94,487,044	164,239,598
• at fair value through other comprehensive income	159,149,622	250,321,734	409,471,356
• at fair value through profit or loss	118,401,754	77,307,663	195,709,417
M. Cash and cash equivalents	3,089,635	3,868,659	6,958,293
Total	401,497,186	425,985,100	827,482,286

in EUR			
Item	Own financial assets	Guarantee fund financial assets	Total 31 Dec 2023
F. Financial investments in group companies and associated companies	39,370,285	0	39,370,285
G. Financial investments	312,303,103	358,921,645	671,224,748
• at amortised cost	74,984,582	64,101,649	139,086,230
• at fair value through other comprehensive income	115,327,157	228,154,537	343,481,693
• at fair value through profit or loss	121,991,365	66,665,459	188,656,824
M. Cash and cash equivalents	1,619,886	960,475	2,580,361
Total	353,293,274	359,882,120	713,175,394

Financial investments at fair value through profit or loss were determined as such upon initial recognition.

4.1. Financial Investments in Associates and Joint Ventures

4.1.1 Financial Investments in Associates

As at 31 December 2024, Modra zavarovalnica, d. d. recorded its investment in Cinkarna Celje, d. d., in the amount of EUR 45,140,751 under investments in associates (EUR 33,407,415 at the end of 2023). In its separate financial statements, the insurance company accounts for and presents its investment in an associate at fair value through other comprehensive income, in accordance with IAS 27.10..

in EUR				
Associate	Registered office	Equity stake of the Company	Share capital 31 Dec 2024	Net profit of the Company in 2024
Cinkarna Celje, d. d.	Kidričeva ulica 26, Celje	20.17%	211,036,476	23,087,250

4.1.2 Changes in Investments in Associates

in EUR		
Item	2024	2023
Balance as at 1 January	33,407,415	37,481,490
Changes in revaluation surplus	11,733,336	-4,074,075
Balance as at 31 December	45,140,751	33,407,415

4.1.3 Financial Investments in Joint Ventures

As at 31 December 2024, Modra zavarovalnica, d. d. recorded its investment in Hotelske nepremičnine, d. o. o. in the amount of EUR 5,962,870 as a joint venture investment (the same value as at 31 December 2023). The Company measures joint ventures at cost according to IAS 27.10. An impairment indicator review was conducted for the investment, which showed that there are no indications of impairment as of 31 December 2024.

in EUR				
Joint venture	Registered office	Equity stake of the Company	Share capital 31 Dec 2024	Net profit of the Company in 2024
Hotelske nepremičnine, d. o. o.	Dunajska cesta 119, Ljubljana	50.00%	12,579,637	564,349

4.2 Financial Investments

4.2.1 Structure of Financial Investments

in EUR		
Item	31 Dec 2024	31 Dec 2023
Investments at fair value through profit or loss	195,709,417	188,656,824
Equity securities	316,015	113,657
Debt securities	195,393,401	188,543,166
Investments at fair value through other comprehensive income	409,471,356	343,481,693
Equity securities	104,965,969	93,543,553
Debt securities	304,505,387	249,938,140
Investments at amortised cost	164,239,598	139,086,230
Debt securities	69,106,817	71,338,692
Loans and deposits	95,132,781	67,747,539
Total	769,420,371	671,224,748

4.2.2 Changes in Financial Investments

in EUR				
Modra zavarovalnica	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
Balance as at 01 January 2024	139,086,230	343,481,693	188,656,824	671,224,748
Acquisitions	43,741,268	124,743,446	107,468,323	275,953,037
Revaluation	0	25,985,381	7,941,536	33,926,917
Maturity	-20,359,426	-46,367,345	-55,419,008	-122,145,779
Sales	-310,156	-48,160,462	-54,746,129	-103,216,747
Other changes and adjustments	2,081,682	9,788,643	1,807,871	13,678,196
Balance as at 31 December 2024	164,239,598	409,471,356	195,709,417	769,420,371

Other changes and adjustments include accrued interest, exchange differences, and recognized expected credit losses.

in EUR				
Modra zavarovalnica	At amor- tised cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
Balance as at 31 December 2022	268,176,251	76,356,644	251,465,474	595,998,369
Redistribution and revaluation as at 1 January 2023	-179,381,380	192,176,543	-35,454,166	-22,659,003
Balance as at 01 January 2023	88,794,871	268,533,187	216,011,308	573,339,366
Acquisitions	64,856,190	73,673,087	88,687,966	227,217,243
Revaluation	-51	27,343,866	10,173,565	37,517,380
Maturity	-15,645,084	-24,494,271	-111,374,771	-151,514,126
Sales	-311,721	-9,278,475	-15,027,929	-24,618,125
Other changes and adjustments	1,392,026	7,704,301	186,685	9,283,042
Balance as at 31 December 2023	139,086,230	343,481,693	188,656,824	671,224,748

Other changes and adjustments include accrued interest, exchange differences, and recognized expected credit losses.

4.2.3 Structure of Financial Assets with Respect to the Interest Rate Type

in EUR		
Debt investments	31 Dec 2024	31 Dec 2023
Fixed interest rate	464,671,181	404,463,071
Variable interest rate	463,362,298	401,049,980
Loans and deposits	1,308,883	3,413,091
Fixed interest rate	95,132,781	67,747,539
Cash and cash equivalents	95,132,781	67,747,539
ETF units	6,958,293	2,580,361
Total	104,334,424	105,356,927
Skupaj	671,096,680	580,147,899

Treasury bills are included as part of fixed-rate debt investments.

Loans and deposits also account for the advances given.

4.2.4 Risk of Interest Rate Fluctuations

				in EUR
Investments as at 31 Dec 2024	Less than 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Investments measured at fair value through the statement of profit or loss	42,443,505	19,908,437	28,707,035	91,058,977
Investments at amortised cost	9,430,907	12,378,741	142,429,951	164,239,598
Investments at fair value through other comprehensive income	24,367,034	101,896,347	178,242,006	304,505,387
Cash	6,958,293	0	0	6,958,293
Total	174,888,067	134,183,524	257,690,664	566,762,256

				in EUR
Investments as at 31 Dec 2023	Less than 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Investments measured at fair value through the statement of profit or loss	74,417,345	521,789	8,247,105	83,186,239
Investments at amortised cost	15,469,039	17,327,123	106,290,068	139,086,230
Investments at fair value through other comprehensive income	40,658,578	96,148,659	113,130,903	249,938,140
Cash	2,580,361	0	0	2,580,361
Total	133,125,323	113,997,572	227,668,076	474,790,972

Interest rate fluctuation risk demonstrates in which period the Company will be exposed to interest rate risk during re-investment. The table presents debt instruments with the exception of units of target funds, which are not directly exposed to the interest rate change risk. A detailed analysis of interest rate risk is presented in detail the chapter entitled "Risk Management".

4.2.5 Equity Investments at Fair Value through Other Comprehensive Income

The central objective of the Company's asset management is long-term asset value growth. The manager pursues this objective through inclusion of equity investments measured at fair value through other comprehensive income. The purpose of holding these investments is mostly to collect cash flows from dividends. The value of these investments reached EUR 105 million at the end of 2024 (compared to EUR 93.5 million at the end of 2023).

ISIN	Vrednost
SI0031200239	1,289,885
SI0031103805	4,627,285
SI0031105529	548,388
SI0031107673	595,379
SI0031104597	984,256
SI0031108580	688,105
SI0031105677	514,034
SI0031102120	5,714,290
SI0031102153	1,688,085
SI0021110513	2,847,520
SI0031100637	491,648
SI0031109646	77,585
SI0031104290	751,154
SI0031107103	93,919
SI0031110248	129,921
CNE1000003G1	923,370
JP3304200003	1,355,473
JP3633400001	158,207
US0378331005	3,651,808
DE0008404005	5,080,603
US0231351067	3,230,982
DE0005190003	341,194
US1491231015	314,259
US17275R1023	1,666,307
US1667641005	362,483
US2441991054	546,499
SI0021112212	1,361,880
US2546871060	544,478
US02079K1079	2,714,810

ISIN	Vrednost
US02079K3059	6,310,911
US4781601046	765,627
US1912161007	3,973,278
FR0000121014	462,009
US5949181045	6,834,718
DE0008430026	5,877,349
US68389X1054	853,330
US7170811035	459,659
US7427181091	896,425
NL0000009538	62,171
SI0021110513	28,571,400
CH0012032048	966,405
FR0000120578	1,897,766
US7802593050	363,634
DE0007236101	358,264
ES0178430E18	376,629
US8816242098	494,304
FR0000120271	296,737
US91324P1021	783,939
US91912E1055	433,929
US30231G1022	633,678
Skupaj	104,965,969

In 2024, Modra zavarovalnica received dividends relating to investments measured at fair value through other comprehensive income in the amount of EUR 4,002,179 (EUR 2,774,991 in 2023). In 2024, Modra zavarovalnica increased retained earnings by the amount of EUR 13,546,657 upon the disposal of investments measured at fair value through other comprehensive income (in 2023, it increased retained earnings by the amount of EUR 5,365,554).

4.3 Cash

in EUR		
Item	31 Dec 2024	31 Dec 2023
Cash on bank accounts	6,958,293	2,580,361

Note No. 5: Current Income Tax Receivables

in EUR		
Item	31 Dec 2024	31 Dec 2023
Current income tax receivables	1,590,185	0

The income tax receivable represents a claim for overpaid tax from corporate income tax prepayments in the year 2024.

Note No. 6: Other Receivables

in EUR		
Item	31 Dec 2024	31 Dec 2023
Finance investments receivables	32,991	243,113
Trade receivables	541,875	1,289,286
Receivables for the management of mutual pension funds	940,181	845,721
Remaining other short-term receivables	236,881	233,205
Total	1,751,929	2,611,324

Note No. 7: Other Assets

in EUR		
Item	31 Dec 2024	31 Dec 2023
Accrued revenue and deferred costs	4,169,129	3,778,334
Short-term deferred costs	153,201	113,829
Total	4,322,330	3,892,163

Deferred costs and accrued income represent receivables due from mutual pension funds for guarantee fund premiums arising from the last conversion in the period.

Note No. 7: Equity

7.1 Share Capital

in EUR		
Item	31 Dec 2024	31 Dec 2023
Share capital (in EUR)	152,200,000	152,200,000
Ordinary shares (number)	152,200,000	152,200,000

The Company's share capital stands at EUR 152,200,000. The share capital is divided into 152,200,000 ordinary registered no par value shares. Each share represents an equal stake and an associated amount in the share capital. The share of an individual no-par value share in the share capital is determined according to the number of no-par shares issued.

As at 31 December 2024, the carrying amount of a share was EUR 2.61 (EUR 2.30 as at 31 December 2023). Modra zavarovalnica, d. d. is wholly owned by Kapitalska družba, d. d.

8.2 Changes in Individual Equity Components

in EUR					
Item	Share capital	Profit reserves	Accumulated other comprehensive income	Retained net profit	Total
31 Dec 2023	152,200,000	80,523,219	112,859,182	4,000,000	349,582,400
Change	0	10,953,346	18,335,181	18,668,220	47,956,748
31 Dec 2024	152,200,000	91,476,565	131,194,363	22,668,220	397,539,149

At the end of 2024, revenue reserves consisted of legal reserves in the amount of EUR 7,670,287, statutory reserves in the amount of EUR 7,286,773 and other revenue reserves amounting to EUR 76,519,505. Accumulated other comprehensive income consists of a positive movement in the value of investments amounting to EUR 19,621,278 and a negative movement in liabilities amounting to EUR -1,286,097. The retained net profit in the amount EUR of

22,668,220 consists of the net profit for the year 2024 in the amount of EUR 9,007,193 (after allocation to reserves and settlement of previous years' losses) and other retained earnings in the amount of EUR 13,661,027, which mostly relate to gains from the sale of equity investments measured at fair value through other comprehensive income.

Item	Share capital	Profit reserves	Accumulated other comprehensive income	Retained net profit or loss	in EUR
					Total
31 Dec 2022	152,200,000	84,686,394	109,599,672	-3,038,375	343,447,691
Retrospective adjustments*	0	0	0	-21,914,331	-21,914,331
01 Jan 2023	152,200,000	84,686,394	109,599,672	-24,952,706	321,533,360
Change	0	-4,163,175	3,259,510	28,952,706	28,049,040
31 Dec 2023	152,200,000	80,523,219	112,859,182	4,000,000	349,582,400

At the end of 2023, revenue reserves consisted of legal reserves in the amount of EUR 6,672,260, statutory reserves in the amount of EUR 6,338,647 and other revenue reserves amounting to EUR 67,512,311. In 2023, Modra zavarovalnica released other reserves in the amount of EUR 4,163,175 into retained earnings. Accumulated other comprehensive income consists of a positive movement in the value of investments amounting to EUR 14,456,548 and a negative movement in liabilities amounting to EUR -11,197,038. The retrospective adjustment refers to the effect of the reclassification of financial investments.

The net profit or loss for the year 2023 was entirely used to cover the loss from previous years.

8.3 Accumulated Other Comprehensive Income

Item	in EUR	
	2024	2023
Balance as 1 Jan	112,859,182	109,599,672
Change in fair value of financial investments	23,094,044	17,904,237
Adjustment of the reserve for fair values of financial investments for deferred tax	-3,472,765	-3,447,688
Change in fair value of insurance contracts	-1,286,103	-11,197,064
Adjustment of change in fair value of insurance contracts for deferred tax	5	25
Balance as at 31 Dec	131,194,364	112,859,182

The change in the fair value of financial investments in the years 2024 and 2023 is due to favorable movements in the securities markets, while the expenses from insurance contracts in both years result from the downward shift of the risk-free interest rate curve.

8.4 Allocation of Accumulated Profit

		in EUR	
	Item	31 Dec 2024	31 Dec 2023
a)	Net profit or loss for the period	19,978,967	22,742,195
b)	Retained net profit/retained net loss	4,000,000	-24,952,705
	profit or loss of current period under applicable standards	4,000,000	0
	adjustment to new accounting standards	0	-24,952,705
c)	Increase of profit reserves following resolution of the management	1,946,153	0
	increase in legal reserves	998,027	0
	increase in statutory reserves	948,126	0
d)	Increase/decrease of other reserves following resolution of management bodies	9,007,193	-4,163,175
e)	Profit from the sale of investments measured through other comprehensive income	13,546,657	5,365,554
f)	Profit/loss from the reversal of deferred tax	95,758	-20,270
g)	Reduction of retained net profit for dividend payment	3,999,816	3,297,948
h)	Balance sheet profit (a+b-c-d+e+f-g)	22,668,220	4,000,000

Note No. 9: Insurance Contract Liabilities

		in EUR	
	Item	31 Dec 2024	31 Dec 2023
	Present value of future cash flows	372,944,288	316,458,351
	Risk adjustment	2,396,215	2,200,457
	Contractual service margin	26,425,696	17,971,070
	Total liability for remaining coverage	401,766,199	336,629,878

**Note 9.1.1: Changes in Insurance Contracts Liabilities
in 2024**

in EUR

Item	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	No loss component	Loss component		
Liabilities	328,017,680	8,612,198		
Starting balance – net liabilities 01 January 2024	328,017,680	8,612,198	0	336,629,878
Changes in profit or loss statement or statement of other comprehensive income				
Insurance contracts income	-9,942,073	0	0	-9,942,073
Contracts for which the fair value approach was applied	-5,247,538	0	0	-5,247,538
Other contracts	-4,694,536	0	0	-4,694,536
Insurance contracts expenses				
Incurred claims (without investment component) and other insurance contracts expenses	0	-862,259	8,213,577	7,351,318
Changes in fulfillment cash flows related to incurred claims				
Incurred claims	0	-862,259	8,213,577	7,351,318
Amortisation of insurance acquisition costs	315,133	0	0	315,133
Changes relating to future service	0	6,548,902	0	6,548,902
Insurance operating costs	315,133	6,548,902	0	6,864,035
Total insurance contract expenses	315,133	5,686,643	8,213,577	14,215,353
Investment component excluded from income and expenses from insurance services	-32,316,067	0	32,316,067	0
Insurance result	-41,943,007	5,686,643	40,529,644	4,273,279
Net financial revenue/expenses from insurance	9,758,039	62,800	0	9,820,839
Total changes in profit or loss statement and statement of other comprehensive income	-32,184,968	5,749,443	40,529,644	14,094,119
Cash flows				
Received premiums for issued insurance contracts	91,820,425	0	0	91,820,425
Incurred claims that have been paid and paid insurance services expenses	0	0	-40,529,644	-40,529,644
Insurance acquisition cash flows	-248,579	0	0	-248,579
Total cash flows	91,571,846	0	-40,529,644	51,042,202
Liabilities	387,404,558	14,361,641	0	401,766,199
Final balance – net liabilities 31 December 2024	387,404,558	14,361,641	0	401,766,199

**Note 9.1.2: Changes in Insurance Contracts Liabilities
in 2023**

in EUR				
Item	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	No loss component	Loss component		
Liabilities	265,837,672	7,838,028	0	273,675,700
Starting balance – net liabilities 01 January 2023	265,837,672	7,838,028	0	273,675,700
Changes in profit or loss statement or statement of other comprehensive income				
Insurance contracts income	-8,781,438	0	0	-8,781,438
Contracts for which the fair value approach was applied	-5,429,202	0	0	-5,429,202
Other contracts	-3,352,236	0	0	-3,352,236
Insurance contracts expenses				
Incurred claims (without investment component) and other insurance contracts expenses	0	-453,139	7,748,267	7,295,129
Changes in fulfillment cash flows related to incurred claims				
Incurred claims	0	-453,139	7,748,267	7,295,129
Amortisation of insurance acquisition costs	204,604	0	0	204,604
Changes relating to future service	0	1,194,358	0	1,194,358
Insurance operating costs	204,604	1,194,358	0	1,398,962
Total insurance contract expenses	204,604	741,219	7,748,267	8,694,091
Investment component excluded from income and expenses from insurance services	-28,824,123	0	28,824,123	0
Insurance result	-37,400,956	741,219	36,572,390	-87,347
Net financial revenue/expenses from insurance	16,308,968	32,952	0	16,341,920
Total changes in profit or loss statement and statement of other comprehensive income	-21,091,988	774,171	36,572,390	16,254,572
Cash flows				
Received premiums for issued insurance contracts	83,480,154	0	0	83,480,154
Incurred claims that have been paid and paid insurance services expenses	0	0	-36,572,390	-36,572,390
Insurance acquisition cash flows	-208,158	0	0	-208,158
Total cash flows	83,271,995	0	-36,572,390	46,699,606
Liabilities	328,017,680	8,612,198	0	336,629,878
Final balance – net liabilities 31 December 2023	328,017,680	8,612,198	0	336,629,878

**Note 9.2.1: Changes in Insurance Contracts Liabilities
and Contractual Service Margin in 2024**

						in EUR
Item	Present value of future cash flows	Non- financial risk premium	Contracts for which the fair value approach was applied	Other contracts	Total contractual service margin	Total
Liabilities	316,458,351	2,200,457	0	17,971,070	17,971,070	336,629,878
Starting balance – net liabilities 1 January 2024	316,458,351	2,200,457	0	17,971,070	17,971,070	336,629,878
Changes in profit or loss statement or statement of other comprehensive income						
Changes relating to future service	–3,742,718	144,926	0	10,146,694	10,146,694	6,548,902
Changes in estimates that adjust the con- tractual service margin	1,065,767	–14,453	0	–567,929	–567,929	483,386
Changes in estimates that do not adjust the contract service margin (losses/loss reversals on onerous contracts)	5,976,450	–33,156	0	0	0	5,943,294
Effects of contracts for which initial recognition was made during the period	–10,784,936	192,535	0	10,714,623	10,714,623	122,222
Changes relating to current service	147,525	–7,845	0	–2,415,302	–2,415,302	–2,275,623
Contractual service margin recognised in profit or loss that reflects the transfer of services	0	0	0	–2,415,302	–2,415,302	–2,415,302
Change in the adjust- ment for non-financial risk that does not relate to a future or past service	0	–7,845	0	0	0	–7,845

						in EUR
Item	Present value of future cash flows	Non-financial risk premium	Contracts for which the fair value approach was applied	Other contracts	Total contractual service margin	Total
Experience adjustments	147,525	0	0	0	0	147,525
Changes relating to past service	0	0	0	0	0	0
Insurance result	-3,595,193	137,081	0	7,731,392	7,731,392	4,273,279
Net financial revenue/ expenses from insurance	9,038,928	58,677	0	723,234	723,234	9,820,839
Total changes in profit or loss statement and statement of other comprehensive income	5,443,735	195,758	0	8,454,626	8,454,626	14,094,119
Cash flows						
Received premiums for issued insurance contracts	91,820,425	0	0	0	0	91,820,425
Incurred claims that have been paid and paid insurance services expenses	-40,529,644	0	0	0	0	-40,529,644
Insurance acquisition cash flows	-248,579	0	0	0	0	-248,579
Total cash flows	51,042,202	0	0	0	0	51,042,202
Liabilities	372,944,288	2,396,215	0	26,425,696	26,425,696	401,766,199
Final balance – net liabilities 31 December 2024	372,944,288	2,396,215	0	26,425,696	26,425,696	401,766,199

**Note 9.2.2: Changes in Insurance Contracts Liabilities
and Contractual Service Margin in 2023**

						in EUR
Item	Present value of future cash flows	Non- financial risk premium	Contracts for which the fair value approach was applied	Other contracts	Total contractual service margin	Total
Liabilities	262,338,227	1,544,840	7,473,694	2,318,938	9,792,632	273,675,700
Starting balance – net liabilities 1 January 2023	262,338,227	1,544,840	7,473,694	2,318,938	9,792,632	273,675,700
Changes in profit or loss statement or statement of other comprehensive income						
Changes relating to future service	-9,227,039	741,029	-7,469,576	16,747,808	9,278,232	792,222
Changes in estimates that adjust the con- tractual service margin	5,922,596	376,973	-12,345,121	6,065,132	-6,279,989	19,580
Changes in estimates that do not adjust the contract service margin (losses/loss reversals on onerous contracts)	-4,356,349	193,048	4,875,545	0	4,875,545	712,244
Effects of contracts for which initial recognition was made during the period	-10,793,286	171,008	0	10,682,676	10,682,676	60,398
Changes relating to current service	457,395	-6,604	0	-1,330,361	-1,330,361	-879,569
Contractual service margin recognised in profit or loss that reflects the transfer of services	0	0	0	-1,330,361	-1,330,361	-1,330,361
Change in the adjust- ment for non-financial risk that does not relate to a future or past service	0	-6,604	0	0	0	-6,604

in EUR

Item	Present value of future cash flows	Non-financial risk premium	Contracts for which the fair value approach was applied	Other contracts	Total contractual service margin	Total
Experience adjustments	457,395	0	0	0	0	457,395
Changes relating to past service	0	0	0	0	0	0
Insurance result	-8,769,644	734,425	-7,469,576	15,417,448	7,947,871	-87,347
Net financial revenue/ expenses from insurance	16,190,162	-78,809	-4,118	234,685	230,566	16,341,920
Total changes in profit or loss statement and statement of other comprehensive income	7,420,518	655,616	-7,473,694	15,652,132	8,178,438	16,254,572
Cash flows						
Received premiums for issued insurance contracts	83,480,154	0	0	0	0	83,480,154
Incurred claims that have been paid and paid insurance services expenses	-36,572,390	0	0	0	0	-36,572,390
Insurance acquisition cash flows	-208,158	0	0	0	0	-208,158
Total cash flows	46,699,606	0	0	0	0	46,699,606
Liabilities	316,458,351	2,200,457	0	17,971,070	17,971,070	336,629,878
Final balance – net liabilities 31 December 2023	316,458,351	2,200,457	0	17,971,070	17,971,070	336,629,878

Note 9.3.1: New Contracts in 2024

	in EUR	
	Contracts issued	
	Profitable	Onerous
Insurance contracts		
Incurred claims and other insurance services expenses	78,013,417	96,478
Insurance acquisition cash flows	186,138	73,428
Present value of expected cash outflows	78,199,556	169,906
Present value of expected cash inflows	-89,102,195	-52,203
Adjustment for non-financial risk	188,016	4,519
Contractual service margin	10,714,623	0
Total at the initial recognition	0	122,222

Note 9.3.2: New Contracts in 2023

	in EUR	
	Contracts issued	
	Profitable	Onerous
Insurance contracts		
Incurred claims and other insurance services expenses	69,647,190	54,104
Insurance acquisition cash flows	158,898	52,195
Present value of expected cash outflows	69,806,088	106,299
Present value of expected cash inflows	-80,656,511	-49,162
Adjustment for non-financial risk	167,747	3,261
Contractual service margin	10,682,676	0
Total at the initial recognition	0	60,398

Note 9.4.1: Estimated Release of the Contractual Service Margin by Year as of 31 December 2024

	in EUR							
	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	> 10 years	Total
Contractual service margin	2,615,527	2,303,847	2,055,756	1,820,013	1,578,344	6,246,407	9,805,803	26,425,696

Note 9.4.2: Estimated Release of the Contractual Service Margin by year as of 31 December 2023

	in EUR							
	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	> 10 years	Total
Contractual service margin	1,823,585	1,627,792	1,446,189	1,279,820	1,104,519	4,205,120	6,484,046	17,971,070

Note 9.5.1: Expected Maturity of Liabilities from Insurance Contracts by Year as of 31 December 2024

	in EUR							
	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total	
Liabilities	37,831,849	33,969,064	30,960,468	28,454,258	26,036,958	343,787,288	501,039,885	

Note 9.5.2: Expected Maturity of Liabilities from Insurance Contracts by Year as of 31 December 2023

	in EUR							
	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total	
Liabilities	34,235,802	30,531,984	27,484,169	24,977,409	22,770,109	293,474,705	433,474,178	

Note No. 10: Other Provisions

10.1 Other Provisions

	in EUR	
Other provisions	31 Dec 2024	31 Dec 2023
Provisions for non-achievement of the guaranteed return	3,455,432	4,661,204
Provisions related to employees (jubilee benefits, severance pay upon retirement and similar)	451,589	393,965
Total	3,907,021	5,055,169

10.2 Changes in Other Provisions

	in EUR		
Item	Provisions for non-achievement of the guaranteed return	Provisions related to employees	Total
01 January 2024	4,661,204	393,965	5,055,169
Newly set aside during the year	0	72,623	72,623
Utilisation	0	-14,998	-14,998
Reversal of provisions	-1,205,773	0	-1,205,773
31 December 2024	3,455,431	451,589	3,907,021

	in EUR		
Item	Provisions for non-achievement of the guaranteed return	Provisions related to employees	Total
01 Jan 2023	11,536,512	339,854	11,876,366
Newly set aside during the year	0	74,899	74,899
Utilisation	0	-3,643	-3,643
Reversal of provisions	-6,875,308	-17,145	-6,892,453
31 Dec 2023	4,661,204	393,965	5,055,169

The Company sets aside provisions for failure to achieve the guaranteed rate of return when the actual net value of assets of funds implementing the investment policy of a guaranteed rate of return is lower than their guaranteed rate of return. In the years 2024 and 2023, these provisions decreased due to favorable movements in financial markets.

Provisions for retirement benefits and long-service awards are calculated according to the expected staff turnover, period of service and an estimated number of

years until retirement, taking into account the regulations of individual and collective employment agreements as well as the company's internal rules. The calculation takes into account 2-percent salary growth, which is close to the ECB inflation targets, and a 2-percent discount rate. Assumptions regarding the expected employee turnover attribute the highest probability (30%) for leaving the Company to the employees with over 20 years of service until retirement, whilst employees with less than 5 years of service until retirement are attributed the probability of 0%.

Note No. 11: Current Income Tax Liabilities

in EUR		
Item	31 Dec 2024	31 Dec 2023
Total	657,803	1,897,573

Current tax liabilities represent liabilities for corporate income tax.

Note No. 12: Other Liabilities

in EUR		
Item	31 Dec 2024	31 Dec 2023
Short-term deferred revenue	12,926,632	11,160,554
Long-term liabilities for unpaid annuities	1,437,548	1,318,969
Liabilities to employees	405,394	334,280
Current trade payables	480,373	379,593
Other liabilities	1,084,824	1,767,548
Total	16,334,771	14,960,945

Current deferred income is deferred income of KS MR II arising from the premiums received from the insured who expressed their intention based on the indicative calculation to take out insurance as of 1 January 2025.

Long-term liabilities from unpaid annuities represent already accrued damages (annuities) that have not been paid out due to various reasons.

Liabilities to employees are payroll liabilities for December 2024 (December 2023) and long-term liabilities for the valuable remuneration of members of the Management Board.

Short-term liabilities to suppliers are obligations to securities sellers and obligations to the parent company.

Other liabilities are mainly accrued costs relating to the costs of unused vacations and other estimated costs for 2024 for various liabilities of guarantee funds.

Note No. 13: Off-Balance-Sheet Assets and Liabilities

in EUR		
Item	31 Dec 2024	31 Dec 2023
Asset Register	6,418,729	0
Off-balance sheet liabilities from the use of asset management techniques	2,557,765	1,987,297
Mutual pension fund assets	1,672,083,110	1,504,043,457
Total	1,681,059,604	1,506,030,754

In 2024, exclusively for the purpose of reporting to the Insurance Supervision Agency, the Company established a register of assets that represents the Company's own resources intended to cover the gap between liabilities from insurance contracts, as measured by the insurer in accordance with IFRS 17, and insurance-technical provisions, calculated in the manner specified by Appendix 2.2 of the Decree on the Annual Report and Quarterly Financial Statements of Insurance Companies (Official Gazette of the Republic of Slovenia, No.: 151/2022, 101/2024).

Off-balance sheet assets from the use of asset management techniques pertain to the commitment of Modra zavarovalnica to purchase units of alternative investment funds.

Notes to the Statement of Profit or Loss

Note No. 14: Result from Insurance Operations

in EUR		
Item	2024	2023
Insurance services income (14.1)	9,942,074	8,781,438
Insurance service expenses (14.2)	-14,215,353	-8,694,091
Total	-4,273,279	87,347

Note No. 14.1: Insurance Services Income

		in EUR
Item	2024	2023
Contractual service margin	2,415,302	1,327,490
Release of risk adjustment	3,331	6,604
Release of future cash flows, of which:	6,664,184	6,755,012
Total expected claims (annuities)	37,662,519	35,176,999
Expected guaranteed claims (annuities)	-30,998,335	-28,421,987
Expected attributable costs (administrative expenses and acquisition costs of insurance).	859,256	692,332
Total	9,942,074	8,781,438

The release of the service margin represents the recognised revenues from insurance services rendered during the period.

The non-financial risk adjustment for annuities covers longevity risk only and only applies to non-guaranteed annuity payments. The release of the risk adjustment in the period takes into account the release due to the fulfillment of contractual obligations (with unchanged expectations).

The release of expected expenses from claims and other expenses from insurance services includes the expected changes in cash flows arising from the fulfillment of insurance contracts during the period and includes the release of annuities, insurance acquisition costs and attributable costs of claims payments.

Note No. 14.2: Insurance Service Expenses

		in EUR
Item	2024	2023
Accrued damages (annuities)	-8,057,325	-7,207,205
Total accrued claims (annuities)	-39,836,592	-35,969,935
Accrued guaranteed claims (annuities)	31,779,267	28,762,730
Actual attributable costs (administrative expenses and acquisition costs of insurance)	-1,008,185	-807,060
Expenses of onerous insurance contracts	-6,012,102	-1,132,965
Change in the loss of onerous insurance contracts	862,259	453,139
Total	-14,215,353	-8,694,091

Expenses from claims also include the attributable costs of claims payments.

Costs of obtaining insurance include labor costs and other costs of employees directly involved in insurance acquisition. Costs of obtaining insurance refer to KS PPS, KS MR II and accidents. Administrative expenses include that part of the attributable costs relating to the preparation, handling, administration, and updating of insurance policies.

Expenses of onerous insurance contracts represent the effect of higher expected costs and changes in the expected outcome of cover funds or the expected profit distribution.

Change in the loss of onerous insurance contracts relates to claims payments from them.

Note No. 15: Financial Result from Insurance Contracts

Item	in EUR	
	2024	2023
Financial result from insurance contracts		
Accrued interest at the locked-in interest rate	-8,534,737	-5,144,856
Change in interest rates and other financial assumptions	-1,286,102	-11,197,064
Financial result from insurance contracts, from which	-9,820,839	-16,341,920
Amounts recognised in the statement of profit or loss	-8,534,737	-5,144,856
Amounts recognised in the statement of other comprehensive income	-1,286,102	-11,197,064

Accrued interest at the locked-in rate (unwinding) covers the unwinding of the discount that arises due to the movement along the existing discount curve; in other words, the difference between the discounted value of the expected insurance liabilities at the reporting date and at the last day of the previous year.

Additionally, the financial result from insurance operations is also recognised in the statement of comprehensive income under the item net financial income/expenses from insurance. The insurance company recorded financial expenses from insurance contracts in both years due to the downward shift of the discount curve, specifically EUR -1.3 million in 2024 and EUR -11.2 million in 2023.

Note No. 16: Results from Investing Activities

	in EUR	
Item	2024	2023
Interest income calculated using the effective interest	11,989,736	9,930,335
Dividend income	12,522,666	4,064,434
Income from dividends paid by associates and jointly controlled entities	7,181,483	0
Income from from dividends from other investments	5,341,183	4,064,434
Net gains/losses from derecognition of financial assets	2,754,122	2,611,607
Net gains/losses from derecognition of financial assets measured through profit or loss	1,676,106	2,722,957
Realised gains	1,877,354	2,751,321
Realised losses	-201,248	-28,363
Net gains/losses on financial investments valued through other comprehensive income	1,078,016	-111,299
Realised gains	1,078,048	167
Realised losses	-32	-111,466
Net gains/losses of financial investments valued at amortised cost	0	-51
Realised losses	0	-51
Net impairment/reversal of impairment	12,649	-87,648
Expenses from impairment	-136,580	-442,779
Revenue from reversal of impairments	149,229	355,130
Other income/expenses from investing activities	8,826,521	7,851,094
Unrealised gains	7,075,272	7,618,801
Unrealised losses	-809,841	-168,193
Interest from financial investments measured through profit or loss and from advances	2,003,182	629,766
Revenue from positive exchange differences	648,671	59,285
Expenses from negative exchange differences	-82,682	-288,564
Other revenues/expenses from investments	-8,080	0
Total	36,105,694	24,369,822

Note No. 17: Other Revenue and Expenses

Note No. 17.1: Income/Expenses from Asset Management

		in EUR
Item	2024	2023
Fees from managing mutual pension funds	10,763,024	9,650,819
Income from managing KS MR II (not part of IFRS 17)	623,289	1,299,694
Formation/reversal of provisions due to failure to achieve guaranteed returns	1,205,772	6,875,308
Payments in funds	-589,201	-800,386
Other	3,012	3,221
Total	12,005,896	17,028,656

Fees from managing mutual pension funds include management fees from managing mutual pension funds, income from entry and exit fees, and transfer fees. Income from managing KS MR II primarily relates to income from the sharing of the fund's positive result, and to a lesser extent, from income from the granting of advances.

Note: No. 17.2.1: Insurance/Non-Insurance Activity Costs

		in EUR
Item	2024	2023
Insurance activity costs	-1,969,434	-1,396,240
- attributable costs	-1,269,851	-1,055,708
- non-attributable costs	-699,583	-340,532
Administrative expenses	-7,842,220	-7,403,613
Total	-9,811,654	-8,799,853

The total operating costs of the insurance company are divided into the costs of insurance and non-insurance activities. The costs of insurance activities include the costs of annuity funds and accident insurance; these costs are further divided into attributable and non-attributable costs, as explained in the accounting guidelines. The cost of non-insurance activities refer to the costs of mutual pension fund management and the insurance company's own assets.

Note: No. 17.2.2: Operating Costs by Nature

	in EUR	
Item	2024	2023
Cost of material	-219,800	-236,409
Costs of services	-3,650,170	-3,235,620
Value write-offs	-790,101	-706,478
Costs of provisions	-72,623	-57,754
Labour costs	-4,948,529	-4,390,851
Other operating expenses	-130,431	-172,742
Total	-9,811,654	-8,799,853

Operating costs by nature cover the entire costs of the insurance company.

Cost of material in 2024 came in at EUR 219,800 (EUR 236,409 in 2023). The major share of the above costs are the costs of printing.

Cost of services in 2024 came in at EUR 3,650,170 (EUR 3,235,620 in 2023). The majority of the mentioned costs are payment transaction and banking service costs, which also include custodian fees for KPSJU and PPS, totaling EUR 638,945 (EUR 542,896 in 2023). The aforementioned costs are followed by advertising, promotion, and marketing costs amounting to EUR 463,858 (EUR 461,416 in 2023), and software rental and information services amounting to EUR 509,663 (EUR 420,078 in 2023). An important part of service costs also includes costs of intellectual and personal services, such as consulting services, intellectual IT services, legal, audit, and other services, amounting to EUR 402,736 (EUR 403,439 in 2023).

Write-downs in the amount of EUR 790,101 (EUR 706,478 in 2023) relate to depreciation and amortisation costs of intangible assets and property, plant and equipment and the amortisation of the right-of-use of leased premises in accordance with IFRS 16. The increase in depreciation costs is primarily related to the activation of the mobile application m.Modra and the API backend infrastructure.

The cost of provisions amounting to EUR 72,623 (EUR 57,754 in 2023) relates to the cost of setting aside provisions for jubilee benefits, severance pay upon retirement and other provisions.

Labour costs in 2024 came in at EUR -4,948,529 (EUR 4,390,851 in 2023). From the mentioned amount, EUR 3,683,738 (EUR 3,253,651 in 2023) pertain to gross wages and compensations, social security costs amount to EUR 597,324 (EUR 526,166 in 2023), additional pension insurance costs are EUR 155,630 (EUR 143,523 in 2023), and the remainder primarily consists of holiday allowance costs and compensation for meals and commuting.

Other operating costs are the costs of memberships in associations the costs of promotion of occupational safety and health, donations and contribution for promoting employment of disabled persons.

The audit costs were the same in 2024 and 2023, amounting to EUR 110,410; they include the costs of auditing the annual reports of the insurance company and the funds (excluding MKPS). In addition, Modra zavarovalnica, together with Kapitalska družba, d. d., and Hotelske nepremičnine, d.o.o., had a consulting agreement with PricewaterhouseCoopers d.o.o regarding ESG requirements and measures for the Kapitalska družba Group. The total value of the contract was EUR 7,320, with Modra zavarovalnica's share being EUR 2,928.

Note No. 18: Taxes on Income

Note No. 18.1: Tax Expense Recognised in Profit or Loss

Item	in EUR	
	2024	2023
Current tax expense	-6,303,456	-4,671,756
Deferred tax expense	-1,390	-39,254
Tax Expense Recognised in Profit or Loss	-6,304,846	-4,711,010

Note No. 18.2: Tax Expense, Recognised in Other Comprehensive Income

Item	in EUR	
	2024	2023
Profit/loss from fair value changes of financial investments through comprehensive income	-3,472,755	3,447,688
Profit/loss from fair value changes of insurance contracts liabilities	-5	-25
Total tax recognised in other comprehensive income	-3,472,760	3,447,663

**Note No. 18.3: Reconciliation of Accounting Profit
and Tax Expense**

	in EUR	
Item	2024	2023
Accounting profit before tax (total insurance company)	26,283,813	27,453,205
Accounting profit before taxes (taxable profit)*	25,147,471	21,023,006
Income tax rate	22 %	19 %
Tax expense at average/prescribed tax rate		
Untaxed revenue	-8,603,057	-2,015,294
Expenses not recognised for tax	818,432	546,847
Tax on dividends from abroad	93,162	80,517
Tax relief	328,822	499,113
Tax losses	0	0
Other tax effects**	11,937,251	16,744,222
Tax expense/tax liability	6,303,456	6,736,718
Effective tax rate	25,07	32,04

The effective tax rate in 2024 stood at 25.07% (32.04% in 2023); it is the ratio between the income tax accounted and the profit/loss for the period (excluding guarantee funds) before taxes.

*Guarantee funds are taxed at a rate of 0% in accordance with point 3 of Article 61 of ZDDPO-2.

**In 2023, the financial impact from the intron of IFRS 17 and the sale of equity financial investments is recognised.

Note No. 18.4: Deferred Tax

Item	in EUR			
	Statement of Financial Position as at 31 Dec 2024	Statement of Financial Position as at 31 Dec 2023	2024 Profit or Loss Statement	2023 Profit or Loss Statement
Deferred income tax – liabilities; of which:	17,178,873	13,900,677	0	0
Revaluation of financial assets at fair value through other comprehensive income	16,105,405	12,638,292	0	0
revaluation of insurance contracts through comprehensive income	0	1	0	0
liabilities from transferred investments	1,073,468	1,262,384	0	-172,143
Total deferred income tax liabilities	17,178,873	13,900,677	0	-172,143
Deferred income tax – receivables; of which:	908,216	1,008,411	-1,390	132,889
Loss brought forward to be used as tax allowance	0	0	0	2,457
adjustments to the value of investments	879,521	978,330	0	132,638
provisions	28,691	30,081	-1,390	-2,206
movement of deferred taxes recognised directly in equity	4	0	0	0
Total deferred income tax assets	908,216	1,008,411	-1,390	132,889
Netting of deferred tax assets and liabilities	16,270,657	12,892,266	-1,390	-39,254

Notes to the Statement of Other Comprehensive Income

Note No. 19: Other Comprehensive Income After Tax

Item	in EUR	
	2024	2023
Revenue from financial investments	33,167,936	19,822,103
Insurance contracts expenses	-1,286,097	-11,197,039
Total	31,881,839	8,625,064

Other comprehensive income refers to net gains/losses from the remeasurement of financial assets at fair value through other comprehensive income taking into account the related tax effects. Income from financial investments in 2024 and 2023 stems from favorable movements in

the securities markets, while expenses from insurance contracts are the result of a downward shift in the risk-free interest rate curve.

Risk Management

Modra zavarovalnica assesses that its assets within its operations are exposed to insurance, credit, currency, interest rate, and liquidity risks, as well as the risk of changes in the prices of equity securities.

Insurance Risks

Insurance risk is the risk of loss or unfavourable changes in the value of insurance liabilities due to inadequate premiums and inadequate assumptions taken into account in the calculation of insurance liabilities.

Insurance risks are broken down into risks under life insurance, health insurance, which includes accident insurance, and non-life insurance.

The Company is primarily exposed to the life insurance risks. The most important insurance risk is the longevity risk in the case of annuity payments. Longevity risk is the risk that a person will live longer than predicted based on the mortality tables used.

Due to its small volume the health insurance risk is not of material importance. The Company is not exposed to non-life insurance risk.

Insurance risks are managed by regularly checking existing insurances, where the parameters used in determining the premium of an individual product are analysed, parameter sensitivity tests are carried out, the need for reinsurance is assessed and the impact of an individual product on the equity position of the insurance company is calculated.

Before starting the marketing of new insurances or products, prior internal approval is mandatory, which includes confirmation of the statistical basis for determining the insurance premium, confirmation of the limits of insurance sums and insurance premiums, examination of the need for reinsurance and assessment of the impact on the capital adequacy of the Company.

Sensitivity to Changes in Interest Rates/Return

Table 26: Change in interest rates/returns

	in EUR	
Change in liabilities	31 Dec 2024	31 Dec 2023
Increase in return by 0.25 percentage points	-3,129,138	-1,953,927
Decrease in return by 0.25 percentage points	3,123,121	2,897,734

Sensitivity to changes in costs

Table 27: Change in Mortality

	in EUR	
Change in Liabilities	31 Dec 2024	31 Dec 2023
Increase in mortality probability by 10%	-5,375,024	-4,839,672
Decrease in mortality probability by 10%	6,065,739	5,453,298

Increase of mortality probability by 10% would result in a decrease of liabilities by EUR 5,357,024 (EUR 4,839,672 in 2023). Annuity tables DAV1994R were used in the calculation of changes in liabilities due to changes in the mortality variable.

Sensitivity to changes in costs

Table 28: Change in Costs

	in EUR	
Change in Liabilities	31 Dec 2024	31 Dec 2023
Increase in costs by 10 percent	4,394,791	3,569,149

Capital Management – Solvency II

According to its assessment, Modra zavarovalnica has at its disposal a sufficient volume of own funds with respect to its total capital requirement. In 2024, the SCR ratio increased compared to 2023.

Table 29: Capital Adequacy Pursuant to the Requirements of Solvency II

	in EUR	
Item	31 Dec 2024	31 Dec 2023
Solvency II		
Total capital requirement (in EUR)	134,332,960	129,593,794
Eligible own funds (in EUR)	435,167,261	400,253,476
Excess of available own funds (in EUR)	300,834,301	270,659,682
Eligible own funds to total capital requirement ratio (in %)	324 %	309 %

In 2024, the ratio between the eligible own funds and total capital requirements (SCR ratio) increased from the initial 309 to 324 percent. The main reason for the increase in the SCR ratio is the favorable market conditions throughout the entire year of 2024. The positive impact on the SCR ratio was due to the growth in equity market

values and the downward shift of the risk-free interest rate curve, particularly on the shorter end of the curve, which resulted in an increase in liabilities on one side and a favorable impact on the valuation of debt securities on the other.

Equity Risk

Equity risk or the risk of a change in the prices of equities represents the risk of the value of equity securities changing as a result of changes to market indices or the market value of individual shares.

Equity risk is managed by applying threshold value of permitted exposure as well as geographical and industry-related diversification of investments.

Table 30: Equity Portfolio Risk

	in EUR	
Change of index by +/- 10%	31 Dec 2024	31 Dec 2023
Effect of investments measured at fair value through profit or loss on the P&L	+/-31,602	+/-1,917,843
Effect of investments measured at fair value through other comprehensive income on capital	+/-15,010,672	+/-13,291,384
Total	+/-15,042,274	+/-15,209,227

The effect on the P&L is demonstrated by equities at fair value through profit or loss, while the effect on capital is demonstrated by investments at fair value through other comprehensive income.

Currency Risk

Table 31: Currency Composition of Financial Assets

	in EUR	
Currency	31 Dec 2024	31 Dec 2023
Assets denominated in EUR	774,003,981	666,790,593
Assets denominated in US dollars	50,041,333	43,561,415
Assets denominated in other currencies	3,436,971	2,823,386
Total	827,482,285	713,175,394

As at 31 December 2024, 93.5% of the Company's financial assets were denominated in euros, 6% in US dollars, and the remainder in other currencies.

Table 32: Currency Risk of Financial Assets

	in EUR	
Change of USD exchange rate by +/- 10%	31 Dec 2024	31 Dec 2023
Impact on statement of profit or loss	+/-1,420,627	+/-603,832
Effect on capital	+/-3,583,506	+/-3,752,309
Total	+/-5,004,133	+/-4,356,141

Interest Rate Risk

The Company is exposed to interest rate risk in case of a mismatch between asset and liability cash flows.

On the asset side, interest rate risk stems from investments in securities that react to changes in the levels of market interest rates. These include investments, the income from which is linked to variable interest rates, and debt instruments where interest income is linked to a fixed interest rate despite the fact their market value changes upon any fluctuation of the level of market interest rates (valued at fair value).

The Company manages interest rate risk by changing the structure of investments, i.e. by adjusting the duration of a portfolio, restructuring fixed-rate investments into floating-rate investments or vice versa, buying inflation-protected debt securities and by classifying investments as investments at amortised cost as well as by using derivatives to hedge against interest rate risk, which were not used last year by the Company.

Table 33: Analysis of Investment Sensitivity to Changes in Market Interest Rates as at 31 December 2024 – Change of 50 Basis Points in Interest Rates

	in EUR			
Item	Interest rate change	Sensitivity of interest income	Effect on fair value	Total
Investments at fair value through profit or loss	+/-0,5 %	+/-6,544	-/+247,586	-/+241,042
Investments at amortised cost	+/-0,5 %	+/-0	+/-0	+/-0
Financial investments at fair value through other comprehensive income	+/-0,5 %	+/-0	-/+1,522,527	-/+1,522,527
Total	+/-0,5 %	+/-6,544	-/+1,770,113	-/+1,763,569

Table 34: Analysis of Investment Sensitivity to Changes in Market Interest Rates as at 31 December 2023 – Change of 50 Basis Points in Interest Rates

				in EUR
Item	Interest rate change	Sensitivity of interest income	Effect on fair value	Total
Investments at fair value through profit or loss	+/-0,5 %	+/-17,065	+/-54,801	+/-37,736
Investments at amortized cost	+/-0,5 %	+/-0	+/-0	+/-0
Financial investments at fair value through other comprehensive income	+/-0,5 %	+/-0	+/-1,209,508	+/-1,209,508
Total	+/-0,5 %	+/-17,065	+/-1,264,309	+/-1,247,244

In calculating the sensitivity of interest income, float-ing-rate investments are taken into account, while in calculating the impact on fair value, fixed-rate investments are taken into account.

Credit Risk

Credit risk relates to debt securities (financial assets held as bonds, commercial and treasury bills, certificates of deposits, deposits, cash and cash equivalents) and represents the risk of investments into debt securities being repaid only in part or not to be repaid at all; maximum exposure equals the carrying amount of these financial instruments. Equity securities are excluded from the analysis because they do not carry direct credit risk.

Modra zavarovalnica, d. d. employs certain procedures for the monitoring of the credit exposure to financial institutions whose instruments it holds as investments; it also has limits in place for the maximum exposure to debt securities that do not hold an investment-grade rating. Within the scope of the Company's internal rules, a business partner's credit rating is determined using the Company's own model and taking into account the credit ratings provided by Standard and Poor's, Fitch and Moody's, whereby the second best rating is taken into account. The decision to approve an investment is adopted by the Management Board, based on the proposals submitted by internal committees.

Modra zavarovalnica manages credit risk by prudently selecting its partners (analysis of counter parties before assuming a credit risk), checking their credit rating and diversifying investments in terms of issuer, industry and geographical area. The credit risk of foreign debt securities is generally managed by investing in foreign debt securities with a credit rating provided by a recognised credit rating agency higher than BBB-, and by adjusting the portfolio's credit rating structure to the internal restrictions adopted.

The credit risk arising from exposure to individual banks (deposits, deposit certificates) is managed in line with the internal rules, i.e. by monthly determining investments limitations, which represent the allowed exposure to individual bank in a specific period. Total exposure to individual issuers is determined regularly and is in line with regulations. Financial assets are not collateralised. The Company did not use derivative financial instruments for hedging against credit risk.

Table 35: Net Exposure of Financial Assets to Credit Risk Without Considering Potential Collateral (Security) as at 31 December 2024

					in EUR
Internal credit risk	Credit risk	Bonds	Deposits	Other	Total
Low-risk investments	AAA	22,972,893	0	7,734,680	30,707,573
	AA	111,900,261	0	21,076,549	132,976,809
	A	177,272,256	91,688,328	1,584,725	270,545,308
	BBB	101,929,633	0	16,795,188	118,724,821
Less safe investments	BB	4,711,256	3,444,454	0	8,155,709
	B	3,708,180	0	0	3,708,180
	CCC	1,943,855	0	0	1,943,855
No rating		0	0	104,334,424	104,334,424
Total		424,438,333	95,132,781	151,525,566	671,096,680

All debt investments are presented in the table.

No rating investments are the investments in the units of target funds.

High-risk investments include current debt securities (deposits, commercial paper and corporate bonds of domestic issuers), partly also foreign investments with a downgraded credit rating.

Table 36: Net Exposure of Financial Assets to Credit Risk Without Considering Potential Collateral (Security) as at 31 December 2023

					in EUR
Internal credit risk	Credit risk	Bonds	Deposits	Other	Total
Low-risk investments	AAA	19,838,202	0	24,361,904	44,200,106
	AA	72,670,680	0	29,778,959	102,449,638
	A	129,806,851	58,653,191	8,595,565	197,055,607
	BBB	95,259,514	1,300,652	14,521,254	111,081,420
Less safe investments	BB	5,175,847	3,740,082	2,862,701	11,778,629
	B	3,258,227	4,053,614	0	7,311,842
	CCC	913,729	0	0	913,729
No rating		0	0	105,356,927	105,356,927
Total		326,923,051	67,747,539	185,477,309	580,147,899

All debt investments are presented in the table.

No rating investments are the investments in the units of target funds.

High-risk investments include current debt securities (deposits, commercial paper and corporate bonds of domestic issuers).

Table 37: Allowance for Loss in 2024

	in EUR			
Stage	Stage 1	Stage 2	Stage 3	Total
Expected loss allowance as at 01 January 2024	-118,570	-114,651	-414,456	-647,677
Transfer between stages	0	33,087	0	33,087
Transfer from Stage 2 to Stage 3 stages	0	33,087	0	33,087
- bonds	0	33,087	0	33,087
Derecognition of financial assets in the period	54,221	79,225	30,608	164,055
- bonds	42,382	70,113	30,608	143,104
- deposits	9,255	9,112	0	18,366
- other	2,584	0	0	2,584
Acquisition of financial assets in the period	-72,424	0	0	-72,424
- bonds	-65,971	0	0	-65,971
- deposits	-6,452	0	0	-6,452
- other	0	0	0	0
Other changes	-26,818	-337	-84,966	-112,121
Expected loss allowance as at 31 December 2024	-163,590	-2,675	-468,814	-635,080

The total loss allowance reached EUR 635,080, which means a reduction of the allowance by EUR 12,597 compared to the end of 2023.

As of 31 December 2024, the insurance company owned two investments that were classified in stage 3. Of these, one investment was already in this stage at the end of 2023, while the other was transferred from stage 2 in 2024, having been fully impaired, and in its place, we received a replacement bond. In addition, as of 31 December 2024, one investment was classified in stage 2, while two investments that were in stage 2 last year either matured or were sold.

Changes in impairments due to acquisitions of new investments and disposals in 2024 are also recognized, as well as maturities of investments.

Other changes in loss allowance arise from changes in risk parameters, which are mainly due to changes in macroeconomic indicators in 2024, as well as changed data from international credit rating agencies reports on the probability of default and losses in the event of customer default.

The macroeconomic indicators taken into account in the calculation of the adjustment of assets are gross domestic product growth, consumer price index, unemployment rate and the current account balance as a percentage of GDP. The actual annual percentage the default rate from Standard and Poor's annual historical data is used as a dependent variable. Macroeconomic forecasts and historical data values apply to Europe, as investments in bonds of European issuers are predominant in the portfolios. The only exception is the default rate data published by Standard and Poor's globally.

The correction factors for the 12-month period increased mainly due to worse forecasts regarding economic growth and inflation. There was an increase of correlation coefficients and thus an increase in impairments by 21.4%.

Table 38: Allowance for Loss in 2023

	in EUR			
Stage	Stage 1	Stage 2	Stage 3	Total
Expected loss allowance as at 31 December 2022	-82,264	-203,224	-585,523	-871,010
Adjustment due to revaluation of investments	-809	143,053	-309,838	-167,595
Expected loss allowance as at 01 January 2023	-83,073	-60,171	-895,361	-1,038,605
Transfer from Stage 1 to Stage 2	8,327	-41,596	0	-33,269
- bonds	8,327	-41,596	0	-33,269
Derecognition of financial assets in the period	12,473	16,775	596,532	625,781
- bonds	6,045	16,775	596,532	619,353
- deposits	3,968	0	0	3,968
- other	2,460	0	0	2,460
Acquisition of financial assets in the period	-15,027	-6,934	0	-21,961
- bonds	-13,007	0	0	-13,007
- deposits	0	-6,934	0	-6,934
- other	-2,020	0	0	-2,020
Other changes	-41,270	-22,725	-115,628	-179,624
Expected loss allowance as at 31 December 2023	-118,570	-114,651	-414,456	-647,677

As of 31 December 2023, the insurance company owned one investment classified in Stage 3, and four debt investments classified in Stage 2. Of these, two investments were transferred from Stage 1 to Stage 2.

Changes in impairments due to acquisitions of new investments and disposals in 2023 are also recognized, as well as maturities of investments.

Changes in the valuation allowance due to the revaluation of investments on reclassification from AC to FVOCI or from FVTPL to FVOCI are also shown.

Other changes in loss allowance arise from changes in risk parameters, which are mainly due to changes in macroeconomic indicators in 2023, as well as changed data from international credit rating agencies reports on the probability of default and losses in the event of customer default.

The macroeconomic indicators taken into account in the calculation of the adjustment of assets are gross domestic product growth, consumer price index, unemployment rate and the current account balance as a percentage of GDP. The actual annual percentage the default rate from Standard and Poor's annual historical data is used as a dependent variable. Macroeconomic forecasts and historical data values apply to Europe, as investments in bonds of European issuers are predominant in the portfolios. The only exception is the default rate data published by Standard and Poor's globally.

The correction factors for the 12-month period increased mainly due to worse forecasts regarding economic growth and inflation. There was an increase of correlation coefficients and thus an increase in impairments by 38.4%.

Table 39: Changes in the Gross Carrying Amount and the Allowance in 2024

Category	in EUR	
	Gross carrying amount	Value adjustment for loss
Initial value as at 01 January 2024	389,086,724	-647,677
Acquisition of financial assets in the period	197,221,095	-72,424
- bonds	162,055,126	-65,971
- deposits	35,165,968	-6,452
Derecognition of financial assets in the period	-116,457,145	164,055
- bonds	-99,914,475	143,104
- deposits	-7,814,931	18,366
- other	-8,727,739	2,584
Transition between stages (from Stage 2 to Stage 3)	-643,543	33,087
- bonds	-643,543	33,087
Other changes	172,935	-112,121
Final value as at 31 December 2024	469,380,066	-635,080

The category of other changes in gross carrying amount primarily represents changes in value and impairments formed between 30 December 2024, and 31 December 2024, which are the result of new macroeconomic indicators.

Table 40: Changes in the Gross Carrying Amount and the Allowance in 2023

Category	in EUR	
	Gross carrying amount	Value adjustment for loss
Initial value as at 01 January 2023	285,776,023	-871,010
Adjustment due to revaluation of investments	-5,007,826	-167,595
Initial value as at 01 January 2023	280,768,197	-1,038,605
Acquisition of financial assets in the period	141,834,755	-21,961
– bonds	99,682,504	-13,007
– deposits	33,424,879	-6,934
– other	8,727,371	-2,020
Derecognition of financial assets in the period	-33,534,586	625,781
– bonds	-25,380,778	619,353
– deposits	-4,770,721	3,968
– other	-3,383,087	2,460
Transition between stages (from Stage 1 to Stage 2)	13,036	-33,269
– bonds	13,036	-33,269
Other changes	5,323	-179,624
Final value as at 31 December 2023	389,086,724	-647,677

Other changes in the gross carrying amount mainly represent the changes in value and created impairments between 30 December 2023 and 31 December 2023. Changes in the gross carrying amount and the valuation allowance due to the revaluation of investments on reclassification from AC to FVOCI or from FVTPL to FVOCI are also shown.

Table 41: Geographical Concentration of Credit Risk Exposure of Financial Assets

Region	in EUR	
	31 Dec 2024	31 Dec 2023
Slovenia	179,037,401	138,510,631
EU (excluding Slovenia)	323,839,423	262,354,380
USA	41,213,146	54,640,469
Other	127,006,710	124,642,419
Total	671,096,680	580,147,899

Units of target funds are also allocated to the 'Other' group: at the end of 2024 in the amount of EUR 104,334,424, and at the end of 2023 in the amount of EUR 105,356,927.

Liquidity Risk

Liquidity risk represents the risk that the Company's liabilities will not be settled by their due date. As at 31 December 2024, Modra zavarovalnica, d. d. recorded a total of EUR 424 million worth of surplus of expected non-discounted cash inflows over outflows.

Table 42: Expected Actual Non-Discounted Cash Flows as at 31 December 2024

	in EUR			
Item	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Investments	343,068,428	173,058,664	419,108,290	935,235,382
– in associates and jointly controlled entities	51,103,621	0	0	51,103,621
– at fair value through profit or loss	148,378,121	25,472,035	35,978,253	209,828,410
– at amortised cost	7,449,635	18,626,222	157,976,991	184,052,849
– at fair value through other comprehensive income	136,137,051	128,960,406	225,153,046	490,250,503
Cash	6,958,293	0	0	6,958,293
Receivables	1,590,185	0	0	1,590,185
Total assets	351,616,906	173,058,664	419,108,290	943,783,860
Lease liabilities	309,002	1,410,879	0	1,719,881
Other liabilities	15,497,277	1,495,297	0	16,992,574
Annuity fund liabilities	37,831,849	119,420,747	343,787,288	501,039,885
Total liabilities	53,638,128	122,326,923	343,787,288	519,752,340
Difference (assets – liabilities)	297,978,778	50,731,741	75,321,002	424,031,520

Table 43: Expected Actual Non-Discounted Cash Flows as at 31 December 2023

	in EUR			
Item	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Investments	368,835,182	140,206,205	275,924,407	784,965,794
– in associates and jointly controlled entities	39,370,285	0	0	39,370,285
– at fair value through profit or loss	176,968,660	2,451,149	13,772,502	193,192,311
– at amortised cost	15,805,365	23,615,563	120,018,571	159,439,499
– at fair value through other comprehensive income	136,690,872	114,139,493	142,133,334	392,963,699
Cash	2,580,361	0	0	2,580,361
Other receivables	2,611,325	0	0	2,611,325
Total assets	374,026,868	140,206,205	275,924,407	790,157,480
Lease liabilities	285,347	0	0	285,347
Other liabilities	16,858,518	1,318,969		18,177,487
Annuity fund liabilities	34,235,802	105,763,671	293,474,705	433,474,178
Total liabilities	51,379,667	107,082,640	293,474,705	451,937,012
Difference (assets – liabilities)	322,647,201	33,123,566	-17,550,299	338,220,468

Fair Value of Financial Assets

Within the section "Fair Values of Financial Assets," we disclose investments in associated and jointly controlled companies (F.), Financial Investments (G.), and Cash and Cash Equivalents (N.). Associated and jointly controlled companies are measured at fair value through other comprehensive income.

Table 44: Overview of Financial Assets According to Marketability

	in EUR	
Financial asset	31 Dec 2024	31 Dec 2023
Securities traded on the regulated market	691,084,811	610,845,246
Investments at fair value through profit or loss	175,516,818	173,352,467
Financial investments at amortised cost	68,400,787	69,642,388
Financial investments at fair value through other comprehensive income	447,167,206	367,850,391
Securities not traded on the regulated market	129,439,182	99,749,787
Investments at fair value through profit or loss	20,192,599	15,304,357
Investments at amortised cost	95,838,812	69,443,843
Financial investments at fair value through other comprehensive income	13,407,771	15,001,587
Cash	6,958,293	2,580,361
Total	827,482,285	713,175,394

At the end of 2024, investments traded on the regulated securities markets accounted for 84 percent of assets.

Table 45: Overview of Financial Assets at to Carrying Amount and Fair Value as at 31 December 2024

Item	in EUR	
	Carrying amount	Fair value
Investments at fair value through profit or loss	195,709,417	195,709,417
Financial investments at amortised cost	164,239,598	163,312,180
Investments at fair value through other comprehensive income	460,574,977	460,574,977
Cash	6,958,293	6,958,293
Total	827,482,285	826,554,868

Table 46: Overview of Financial Assets at to Carrying Amount and Fair Value as at 31 December 2023

Item	in EUR	
	Carrying amount	Fair value
Investments at fair value through profit or loss	188,656,824	188,656,824
Financial investments at amortised cost	139,086,230	138,182,535
Investments at fair value through other comprehensive income	382,851,979	382,851,979
Cash	2,580,361	2,580,361
Total	713,175,394	712,271,699

According to its accounting policies, Modra zavarovalnica, d. d. measures its financial assets at fair value, which equals the market value of the relevant investment. The difference between the carrying amount and fair value occurs in investments at amortised cost.

Table 47: Hierarchy of Financial Asset Fair Values as of 31 December 2024

in EUR				
Item	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	522,233,007	101,612,566	32,438,821	656,284,394
Financial investments at fair value through profit or loss	167,759,670	7,757,148	20,192,599	195,709,417
Financial investments at fair value through other comprehensive income	354,473,336	93,855,419	12,246,222	460,574,977
Financial assets with fair value disclosed	66,675,905	103,594,569	0	170,270,474
Investments at amortised cost	66,675,905	96,636,276	0	163,312,180
Cash	0	6,958,293	0	6,958,293
Total	588,908,911	205,207,135	32,438,821	826,554,868

Table 48: Hierarchy of Financial Asset Fair Values as of 31 December 2023

in EUR				
Item	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	457,882,748	86,304,800	27,321,254	571,508,802
Financial investments at fair value through profit or loss	170,196,116	3,156,351	15,304,357	188,656,824
Financial investments at fair value through other comprehensive income	287,686,632	83,148,449	12,016,897	382,851,979
Financial assets with fair value disclosed	67,245,642	73,517,254	0	140,762,896
Financial investments at amortised cost	67,245,642	70,936,893	0	138,182,535
Cash	0	2,580,361	0	2,580,361
Total	525,128,390	159,822,054	27,321,254	712,271,699

Level 1 includes investments where the fair value is determined entirely based on the quoted prices achieved on an active market.

Level 2 includes debt securities of companies and financial institutions as well as government securities valued using benchmark market data and investments in shares of some Slovenian companies valued using market data of comparable listed companies.

Level 3 includes investments in target funds, the values of which are provided by third parties, in the amount of EUR 16,696,188 (EUR 15,304,357 in 2023). Stage 3 also represents an investment in a joint venture worth EUR

5,962,870 (EUR 5,962,870 in 2023) and commercial papers amounting to EUR 3,496,411. Level 3 also comprises shares of certain Slovenian companies in the total amount of EUR 6,283,352 (EUR 6,054,027 at the end of 2023). The major assumptions and variables observed in the valuation of these companies were: discount rate ranging from 5.6 percent to 12.2 percent and long-term growth rate from 2.0 percent to 3.3 percent.

Table 49: Reclassification of Assets Between Fair Value Levels in 2024

Transition between hierarchy levels	From level 2 to level 1
Investments at fair value through other comprehensive income	6,886,275

Table 50: Reclassification of Assets Between Fair Value Levels in 2023

Transition between hierarchy levels	From level 3 to level 2
Deposits	38,832,424

Table 51: Changes in Level 3 Investments

Item	in EUR	
	2024	2023
Balance as at 1 Jan	27,321,254	61,556,046
Disposal	-3,524,308	-2,283,127
Acquisitions	7,248,487	5,011,832
Revaluation through profit or loss	1,153,743	773,594
Revaluation in other comprehensive income	239,645	1,095,333
Reclassifications	0	-38,832,424
Balance as 31 Dec	32,438,821	27,321,254

Table 52: Effective Interest Rates by Financial Asset Groups

Item	2024	2023
Financial investments at amortised cost	3,03 %	2,96 %
Financial investments at fair value through other comprehensive income	3,53 %	3,77 %

Financial assets disclosed in the table above comprise all debt financial instruments with effective interest rates.

Other Disclosures

Remuneration of the Management Board, the Supervisory Board and Workers Employed under Individual Employment Contracts

In 2024, total remuneration of the members of the Management Board, Supervisory Board and employees with individual employment contracts for performing their function and to whom the tariff section of the collective agreement does not apply amounted to EUR 1,615,311.

In 2024, Modra zavarovalnica, d. d. granted no prepayments or loans to members of its Management or Supervisory Boards, and neither did it assume any liabilities on their behalf.

Table 53: Gross Remuneration in 2024 by Category of Beneficiaries

	in EUR
Category of beneficiaries	Amount
Management Board members	599,682
Members of the Supervisory Board	92,935
Employees with executive employment contracts	922,694
Total	1,615,311

Remuneration of Members of Management and Supervisory Boards

Table 54: Remuneration of Members of the Management Board in 2024

	in EUR						
Name and surname	Fixed remuneration	Variable Income	Benefits	Holiday pay	Cost reimbursement	Insurance premiums	Total
Matej Golob Matzele	158,460	12,703	10,447	2,427	8,555	2,916	195,508
Matija Debelak	150,537	32,575	7,371	2,427	1,660	2,916	197,486
Boštjan Vovk	150,537	32,558	323	2,427	8,781	2,916	197,542
Borut Jamnik	0	9,146	0	0	0	0	9,146

Fixed income includes gross salary receipts. Variable income includes the payment of variable income, specifically the regular payment of the second part from the year 2021 (Debelak, Vovk) and the first part from the year 2023 (Golob Matzele, Debelak, Vovk), while Borut Jamnik was paid the full variable income for the year 2023. Reimbursements of expenses include meal and/or travel allowances and/or other reimbursements of travel expenses (per diems, mileage expenses, costs of overnight stays, parking, taxi). Fringe benefits include company cars and benefits arising from collective accident insurance as well as from collective insurance for specialist outpatient treatment, medical examinations as well as the life insurance benefit. Insurance premiums represent payments of the voluntary supplementary pension insurance premium.

Table 55: Remuneration of Members of the Supervisory Board and External Members of Supervisory Board Committees in 2024

Name and surname	v EUR					Total
	Fixed remuneration of SB	Fixed remuneration of SB AC	Monthly remuneration of SB	Monthly remuneration of SB AC	Cost reimbursement	
Branimir Štrukelj	1,375	0	15,574	0	0	16,949
Bojan Zupančič	1,375	1,100	9,804	2,451	0	14,730
dr. Janez Prašnikar	1,650	1,320	10,450	3,919	330	17,669
Bachtiar Djalil	1,650	0	11,596	0	0	13,246
Roman Jerman	1,375	0	9,804	0	43	11,222
Cvetko Marko	1,375	0	10,450	0	336	12,161
Goranka Volf	275	0	645	0	16	936
Irena Ilešič Čujovič	275	0	645	98	0	1,018
Dragan Martinović (zunanji član RK NS)	0	1,320	0	2,613	1,071	5,004

Fixed remuneration includes attendance fees for meetings of the Supervisory Board and its Audit Committee.

Compensation includes the monthly remuneration for performing the function of member of the Supervisory Board and member of the Supervisory Board's Audit Committee.

Expense reimbursements include reimbursement of travel expenses and educational/training expenses.

Related Party Transactions

In 2024, no transactions between Modra zavarovalnica, d. d. and the controlling entity, Kapitalska družba, d. d. were conducted under non-market conditions. Modra zavarovalnica had a contract for the provision of information services with Kapitalska družba and leased business premises and IT equipment from Kapitalska družba. In 2024, the total value of these services amounted to EUR 541,319.

As of 31 December, 2024, Modra zavarovalnica reported a liability to Kapitalska Družba in the amount of EUR 33,567. As of 31 December, 2024, Modra Zavarovalnica's liability from the long-term lease agreement amounted to EUR 1,719,881.

In 2024, Modra zavarovalnica paid dividends in the amount of EUR 3,999,816 to Kapitalska družba.

In 2024, the company Hotelske nepremičnine, d. o. o., paid dividends to Modra zavarovalnica in the amount of EUR 500,000.

Significant Events After the Balance Sheet Date

On 14 January 2025, the Insurance Supervision Agency announced a Notice on the main supervisory updates and supervisory priorities for the year 2025. Among

the important topics highlighted are digital operational resilience for the financial sector (DORA), amendments and supplements to subordinate regulations, prevention of money laundering and terrorist financing, profit allocation to annuity policyholders, the area of sustainability, supervision of insurance product distribution, and the directive on establishing a framework for the recovery and resolution of insurance and reinsurance companies (IRRd).

In January 2025, the regulation of the European Parliament on digital operational resilience for the financial sector came into effect. In the Company, we have aligned the operational resilience management processes with the provisions of the regulation. The key changes concern the operational risk management system, security incident management (classification, reporting), and the management of risks associated with third parties cooperating with the Company in the field of information and communication technology.

The beginning of the year 2025 brought a decline in capital market prices in response to measures by the new U.S. administration, which instilled a significant level of unpredictability regarding tariffs and overall measures that might be introduced in the future. The MSCI World Index, measured in euros, lost 11 percent from mid-February to mid-March. The external policy actions of the U.S. administration led to a significant shift in the European Union's defense policy, resulting in a drastic change in its armament strategy. This decision, made in early March, substantially increased the yields on European government bonds. Risks can have a short- to medium-term impact on the operations of Modra zavarovalnica and the funds under management. The manager continuously adjusts exposures with the aim of optimising the risk-return ratio.

*Partnering with savers and
social partners, we are
shaping a stronger pension
system and a secure
financial future for
every generation.*



3.10 Financial Statements

According to the Decision of the Insurance Supervision Agency

Annex 1: Segment Reporting of Items in Accordance with the Provisions of the Decision on the Annual Report and Quarterly Financial Statements of Insurance Companies

1.1 Statement of Financial Position

Item	
ASSETS	
A.	Property, plant and equipment
B.	Investment property
C.	Right to use assets
Č.	Intangible assets and goodwill
D.	Deferred tax assets
F.	Investments in associates and jointly controlled entities
G.	Financial investments measured at:
	1. Fair value through other comprehensive income
	2. Amortised cost
	3. Fair value through profit or loss
L.	Current income tax receivables
M.	Other receivables
N.	Cash and cash equivalents
O.	Other Assets
TOTAL ASSETS	
EQUITY	
A.	Share capital
B.	Share premium
C.	Profit reserves
Č.	Accumulated other comprehensive income
D.	Other reserves
E.	Retained earnings/ losses
	1. Retained earnings/losses from previous years
	2. Retained earnings/ losses for the period

in EUR

31 Dec 2024			31 Dec 2023		
Segment LIFE	Segment NON-LIFE	TOTAL	Segment LIFE	Segment NON-LIFE	TOTAL
83,568	0	83,568	119,949	0	119,949
0	0	0	0	0	0
1,704,428	0	1,704,428	278,660	0	278,660
1,260,755	0	1,260,755	1,226,088	0	1,226,088
0	0	0	0	6,021	6,021
51,103,621	0	51,103,621	39,370,285	0	39,370,285
764,536,897	4,883,474	769,420,371	666,301,546	4,923,202	671,224,748
406,014,783	3,456,573	409,471,356	342,177,599	1,304,095	343,481,694
163,245,513	994,085	164,239,598	137,243,206	1,843,024	139,086,230
195,276,601	432,816	195,709,417	186,880,741	1,776,083	188,656,824
1,590,185	0	1,590,185	0	0	0
1,751,049	880	1,751,929	2,609,416	1,909	2,611,325
6,843,310	114,983	6,958,293	2,563,361	17,000	2,580,361
4,273,993	48,337	4,322,330	3,843,826	48,337	3,892,163
833,147,806	5,047,674	838,195,480	716,313,131	4,996,469	721,309,600
147,200,000	5,000,000	152,200,000	147,200,000	5,000,000	152,200,000
0	0	0	0	0	0
91,397,497	79,068	91,476,565	80,444,150	79,068	80,523,218
131,187,856	6,507	131,194,363	112,879,219	-20,037	112,859,182
0	0	0	0	0	0
22,783,988	-115,768	22,668,220	4,134,196	-134,196	4,000,000
134,380	-115,768	18,612	0	-117,245	-117,245
22,649,608	0	22,649,608	4,134,196	-16,951	4,117,245

Item

TOTAL EQUITY

Equity of controlling company owners

LIABILITIES

B. Deferred tax liabilities

C. Insurance contract liabilities

E. Provisions

F. Lease liabilities

I. Current income tax liabilities

J₁ Other liabilities

TOTAL LIABILITIES

TOTAL EQUITY AND LIABILITIES

in EUR

31 Dec 2024			31 Dec 2023		
Segment LIFE	Segment NON-LIFE	TOTAL	Segment LIFE	Segment NON-LIFE	TOTAL
392,569,341	4,969,807	397,539,148	344,657,565	4,924,835	349,582,400
392,569,341	4,969,807	397,539,148	344,657,565	4,924,835	349,582,400
16,269,171	1,486	16,270,657	12,898,287	0	12,898,287
401,728,435	37,764	401,766,199	336,610,557	19,322	336,629,879
3,899,523	7,498	3,907,021	5,049,221	5,948	5,055,169
1,719,881	0	1,719,881	285,347	0	285,347
657,803	0	657,803	1,897,573	0	1,897,573
16,303,652	31,119	16,334,771	14,914,581	46,364	14,960,945
440,578,465	77,867	440,656,332	371,655,566	71,634	371,727,200
833,147,806	5,047,674	838,195,480	716,313,131	4,996,469	721,309,600

1.2 Statement of Profit or Loss

Item	
A.	Result from insurance operations
	1. Insurance services income
	2. Insurance service expenses
	Result from insurance operations
B.	Result from investing activities
	1. Interest income calculated using the effective interest method
	2. Dividend income
	3. Net gains/losses from derecognition of financial assets:
	– that are measured at fair value through profit or loss
	– that are measured at amortised cost
	– measured at fair value through other comprehensive income
	5. Net impairments/removal of impairments of financial assets
	7. Other income/expenses from investing activities
	Net income (expenses) from investing activities
C.	Result from insurance contracts
	1. Net financial income/expenses from insurance contracts
	Financial result from insurance contracts
D.	Other income and expenses
	1. Income from asset management
	2. Net other operating income/expenses
	3. Net other financial income/expenses
	4. Non-attributable costs
	7. Net other income and expenses
	Other income (expenses)
E.	Profit/loss before tax
	Corporate income tax
	Changes in deferred taxes
	Net profit or loss for the period
	Net profit or loss for of controlling company equity holders
	Earnings per share (net and adjusted)

2024			2023		
Segment LIFE	Segment NON-LIFE	TOTAL	Segment LIFE	Segment NON-LIFE	TOTAL
9,885,772	56,302	9,942,074	8,728,631	52,807	8,781,438
-14,107,933	-107,420	-14,215,353	-8,585,755	-108,336	-8,694,091
-4,222,161	-51,118	-4,273,279	142,876	-55,529	87,347
11,913,899	75,837	11,989,736	9,885,356	44,979	9,930,335
12,511,910	10,756	12,522,666	4,058,018	6,416	4,064,434
2,710,841	43,281	2,754,122	2,604,539	7,068	2,611,607
1,632,825	43,281	1,676,106	2,715,889	7,068	2,722,957
0	0	0	-51	0	-51
1,078,016	0	1,078,016	-111,299	0	-111,299
11,660	989	12,649	-87,758	110	-87,648
8,798,104	28,417	8,826,521	7,796,437	54,657	7,851,094
35,946,414	159,280	36,105,694	24,256,592	113,230	24,369,822
-8,532,609	-2,128	-8,534,737	-5,143,917	-939	-5,144,856
-8,532,609	-2,128	-8,534,737	-5,143,917	-939	-5,144,856
12,005,896	0	12,005,896	17,028,656	0	17,028,656
-531,957	154	-531,803	-1,225,923	0	-1,225,923
-24,599	-732	-25,331	-22,344	-594	-22,938
-8,460,034	-81,769	-8,541,803	-7,668,664	-75,482	-7,744,146
79,158	18	79,176	105,240	3	105,243
3,068,464	-82,329	2,986,135	8,216,965	-76,073	8,140,892
26,260,108	23,705	26,283,813	27,472,516	-19,311	27,453,205
-6,298,199	-5,257	-6,303,456	-4,671,756	0	-4,671,756
-1,370	-20	-1,390	-41,614	2,360	-39,254
19,960,539	18,428	19,978,967	22,759,146	-16,951	22,742,195
19,960,539	18,428	19,978,967	22,759,146	-16,951	22,742,195
0	0	0,13	0	0	0,15

1.3 Statement of Other Comprehensive Income

Item	
	I. Net profit and loss for the year
	II. Other comprehensive income of the accounting period after tax
A.	A. Items that may be reclassified to profit or loss in future periods
	1. Unrealised net gains/losses on financial investments valued at fair value through other comprehensive income
	Gains/losses recognised in accumulated OCI
	3. Net financial income/expenses from insurance contracts
B.	B. Income tax on items that may be reclassified to profit or loss in future periods
	1. Income tax from investments from financial investments
	2. Income tax from insurance contracts
C.	C. Items that will not be reclassified to profit or loss in future periods
	4. Other items that cannot be reclassified to profit or loss in future periods
	5. Income tax on items that will not be reclassified to profit or loss in future periods
	III. Comprehensive income for the period
	Share of controlling company owners

in EUR

2024			2023		
Segment LIFE	Segment NON-LIFE	TOTAL	Segment LIFE	Segment NON-LIFE	TOTAL
NON-LIFE	TOTAL	Segment LIFE	Segment	-16,951	22,742,195
NON-LIFE	TOTAL	31,881,839	8,604,936	20,128	8,625,064
-2,187,395	34,032	-2,153,363	-1,445,309	23,898	-1,421,411
-901,317	34,056	-867,261	9,751,621	24,032	9,775,653
-901,317	34,056	-867,261	9,751,621	24,032	9,775,653
-1,286,078	-24	-1,286,102	-11,196,930	-134	-11,197,064
-132,083	-7,487	-139,570	-418,128	-3,770	-421,898
-132,083	-7,492	-139,575	-418,128	-3,795	-421,923
0	5	5	0	25	25
34,174,772	0	34,174,772	10,468,373	0	10,468,373
37,507,962	0	37,507,962	13,494,138	0	13,494,138
-3,333,190	0	-3,333,190	-3,025,765	0	-3,025,765
51,815,833	44,973	51,860,806	31,364,082	3,177	31,367,259
51,815,833	44,973	51,860,806	31,364,082	3,177	31,367,259

3.10.2 Annex 2.1: Explanations for the Fund Where Entitlements are Tied to Asset Units or Fund Value, While Profit Allocation is Not Linked to the Technical Result

Presentation of Assets and Total Return of the KS MR Fund

Item	2024	2023
2.1.a) Presentation of Fund Assets		
II. Investments	5,659,976	7,313,278
1. Investments at fair value through OCI	4,994,403	6,409,193
2. Financial investments at amortised cost	92,247	0
3. Investments at fair value through profit or loss	573,326	904,085
III. Receivables	199	155
IV. Cash	720,432	71,965
TOTAL FUND ASSETS	6,380,607	7,385,398

2.1.c) Presentation of the Total Return of the Fund		
I. Fund revenues	272,730	543,322
2. Revenues from financial investments	272,730	543,322
II. Fund expenses	-203,310	-243,270
2. Expenses from financial investments	-3,256	-8,890
3. Expenses relating to management and business operation	-39,479	-46,001
4. Other fund expenses	-160,575	-188,379
TOTAL RETURN OF THE FUND	69,420	300,052

3.10.3 Annex 2.2: Explanations for Funds Where Profit Allocation is Determined Based on the Technical Result

Presentation of Assets, Liabilities, and Outcome of the KS PPS Fund

Item	2024	2023
2.2.a) Presentation of the Fund's Assets		
III. Investments	96,303,321	91,708,848
1. Investments at fair value through OCI	82,247,415	79,813,747
2. Investments at amortized cost	1,297,793	2,296,940
3. Investments at fair value through profit or loss	12,758,113	9,598,161
IV. Receivables	3,843	81,352
V. Cash	531,462	542,414
VI. Other fund assets	168,991	169,512
TOTAL FUND ASSETS	97,007,617	92,502,126
2.2.b) Presentation of the Fund's Liabilities		
MATHEMATICAL RESERVES at the beginning of the year	94,708,882	98,748,957
MATHEMATICAL RESERVES at the end of the year, namely:		
– without considering the profit allocation of the current year	90,797,488	94,708,882
– considering the profit allocation of the current year	96,993,698	94,708,882
2.2.c) Presentation of the Fund's Outcome		
I. Transfer of funds from pension plans of additional pension insurance	2,167,875	2,279,267
II. Investment income	9,561,867	8,723,390
III. Expenses for claims	–6,856,634	–7,019,124
IV. Change in mathematical reserves (without considering the profit allocation of the current year)	4,012,081	4,075,326
VIII. Investment expenses	–468,303	–108,700
IX. Fund outcome before profit allocation	8,416,886	7,950,159
X. Profit allocation for the current year, of which:	6,196,210	0
A. Allocation to policyholders in the form of an increase in pension annuity	6,196,210	0

Presentation of Assets, Liabilities, and Outcome of the KS MR II Fund

Item	2024	2023
2.2.a) Presentation of Fund Assets		
III. Investments	320,153,144	259,899,520
1. Investments at fair value through OCI	163,079,916	141,931,596
2. Investments at amortized cost	93,097,004	61,804,710
3. Investments at fair value through profit or loss	63,976,224	56,163,214
IV. Receivables	18,190	124,446
V. Cash	2,616,765	346,096
VI. Other fund assets	4,000,138	3,608,822
TOTAL FUND ASSETS	326,788,237	263,978,884

2.2.b) Presentation of the Fund's Liabilities

MATHEMATICAL RESERVES at the beginning of the year	273,999,092	215,672,165
MATHEMATICAL RESERVES at the end of the year, namely:		
- without considering the profit allocation of the current year	330,785,676	268,490,255
- considering the profit allocation of the current year	333,206,966	273,999,092
UNALLOCATED AMOUNTS OF TECHNICAL RESULTS at the beginning of the year	-6,575,708	-12,084,545
UNALLOCATED AMOUNTS OF TECHNICAL RESULTS at the end of the year	-4,154,418	-6,525,708

2.2.c) Presentation of the Fund's Outcome

I. Transfer of funds from pension plans of additional pension insurance	89,599,287	81,148,467
II. Investment income	10,185,898	15,022,580
III. Expenses for claims	-34,000,107	-29,115,683
IV. Change in mathematical reserves (without considering the profit allocation of the current year)	-56,768,487	-52,817,101
VI. Cost allocated per policies	-1,863,000	-1,517,719
VII. Other costs charged to fund members	-136,201	-113,800
VIII. Investment expenses	-1,636,745	-364,884
IX. Fund outcome before profit allocation	5,380,645	12,241,860
X. Profit allocation for the current year, of which:	2,421,290	5,508,837
A. Allocation to policyholders in the form of an increase in pension annuity	2,421,290	5,508,837
XI. Unallocated amount of the technical results for the current year	2,421,290	5,508,837
XII. Fund results attributable to the manager	538,064	1,224,186

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