bta

VIENNA INSURANCE GROUP

BTA Baltic Insurance Company AAS

ANNUAL REPORT

2024

For the year ended 31 december 2024

The deepest codes of nature that have united the Baltics since pre-statehood times.
Root = identity. Blossom = the person today.
Our heritage is our sustainable future.

Lithuania's National flower

Rue “Ruta”

Ruta graveolens

Though much of Lithuania’s soil is not fertile, the hardy and resilient Rue Flower, Ruta graveolens, grows bountifully throughout the country.

Latvia's National flower

Daisy

Leucanthemum vulgare

Among its hundreds of native flower species, the Daisy, Leucanthemum vulgare, is the one most cherished by the Latvian people.

Estonia's National flower

Cornflower

Centaurea cyanus

The plant grows in rye fields, meaning in the minds of Estonians, there is a strong connection between the flower and their daily bread.

Contents

Information about the Company

Name of the company	BTA Baltic Insurance Company
Legal status of the company	Insurance Joint Stock Company (AAS)
Number, place and date of registration	40103840140, registered in Riga, Latvia on 28 October 2014
Address	Sporta 11, Riga, Latvia, LV-1013
Management Board members and their positions	**Oskars Hartmanis** – Chairman of the Management Board (from 18.01.2024), Deputy Chairman of the Management Board (until 17.01.2024) **Agnese Vilcāne** – Member of the Management Board, CFO (from 01.06.2024) **Evija Matveja** – Member of the Management Board **Tadeuš Podvorski** – Member of the Management Board **Gediminas Radavičius** – Member of the Management Board (from 18.01.2024)
Supervisory Board members and their positions	**Harald Riener** – Chairman of the Supervisory Board **Gabor Lehel** – Deputy Chairman of the Supervisory Board **Franz Fuchs** – Deputy Chairman of the Supervisory Board **Jan Bogutyn** – Member of the Supervisory Board (until 11.04.2024) **Wolfgang Kurt Wilhelm Stockmeyer** - Member of the Supervisory Board (from 18.01.2024)
Reporting period	01.01.2024 – 31.12.2024
Auditors	KPMG Baltics SIA Roberta Hirsa street 1 Riga, Latvia, LV-1045 Licence No 55

Management report

BTA Baltic Insurance Company AAS (BTA or the Company) was created as an independent insurance company back in 1993 and has grown into an international market player with more than 1000 insurance experts and maintains a leading role as one of the most important providers of insurance services in the Baltic States. BTA offers the broadest range of non-life insurance services in the Baltic States – Latvia, Lithuania, and Estonia. The sole shareholder of the Company is Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG) with 200 years of experience in the insurance business. VIG has around 30,000 employees in more than 50 insurance companies and is represented in 30 countries. VIG is a clear market leader in its Central and Eastern European markets and takes care of around 33 million customers. VIG has an A+ rating with stable outlook from the well-known rating agency Standard & Poor's. The Vienna Insurance Group is listed in both Vienna and Prague stock markets. Wiener Städtische Versicherungsverein – a stable core shareholder with a long-term development focus – owns around 72% of VIG's shares. The remaining shares are in free float.

Changes in BTA management board and structural units

This year marked the beginning of new strategic development for BTA – **a new company management board** was appointed, and the responsibilities of the board members were revised, pan Baltic approach was reinforced. These changes introduced a new structure and strategic adjustments in the management of the Company, but BTA's core mission and day-to-day operations remained unchanged.

Changes were made to Company's structural units on the Baltic level to strengthen BTA's position in the Baltic non-life insurance market, increase the Company's competitiveness in dynamic market conditions, promote quick and transparent decision-making and cooperation between BTA's structural units throughout the Baltics, as well as to generally optimize and improve the Company's activity at the Baltic level.

Throughout these changes BTA continued to put the main emphasis on customer centricity, as well as continued to offer customers a wide range of insurance services, focusing on digital solutions and process optimization. BTA also remains committed to excellence in everything it does in order to make responsibility simple.

Customer centricity and employee satisfaction in BTA

In 2024, the Company continued reviewing internal processes and worked on several directions of strategic importance, some of the most important are:

- Customer centricity;
- People;
- Efficiency and speed;
- Innovations and digitalization;
- Sustainability.

We put a lot of focus and emphasis on people, therefore the Company is proud that in 2024 we were highly rated among employees as a great place to work. In the "TOP employer" survey organized by CV Online, we won the 6th place in the financial sector, maintaining last year's position, **and continuing to be among the TOP 10 best employers in the financial sector.**

CV-Online TOP Darba Devējs

In the fourth quarter the Company started trainings for Sales, Claims and other department colleagues in all Baltic countries about the new BTA Customer Standard. BTA wishes to be recognized as the best service company in the market and the new Customer Standard will strengthen our customer journey with personalized interactions, streamlined processes in claims handling and sales that facilitate cross-selling opportunities, maximizing value for both the customer and BTA. So far more than 650 participants in Latvia, Lithuania and Estonia have taken part in the sessions where they were informed and taught about the new standards and the importance making the customer journey as seamless and positive as possible.

Our work and investment in customer well-being, safety and satisfaction was also noticed and appreciated – **BTA was recognized as the insurance company with the best customer service in Latvia.** In the study conducted by the international company “Dive Group” for the best customer service in insurance, BTA took the leading position in Latvia with the highest result of 92%.

We are also proud to have **received for the first time the globally recognized Great Place to Work®** certification. This certification indicates that our employees highly value working at BTA and recognize BTA as a great place to work.

New innovations and products

BTA continued to strengthen the care for our customers by providing varied insurance products, and in the first quarter of 2024 the Company introduced a new product in Latvia - Bicycle+ insurance. With the **Bicycle+ policy,** it is possible to insure various means of transportation and equipment for active recreation, which are used both on land and on water, as well as in snow or ice. Bicycle+ includes insurance that protects the inventory, as well as provides third-party liability insurance for individuals that protects the customer if they cause an accident involving a third party, and accident insurance that protects the customer themselves if an accident occurs.

In the second and third quarter BTA started offering **Device and Movable property, and Renters insurance.** Device and Movable property insurance allows the customers to insure not only their entire household, but also one specific smart device. In turn Renters Insurance is a special insurance solution tailored specifically for those who rent their home. The client can insure all their belongings, even if the property itself is not theirs. The customer can also purchase additional third-party liability insurance, providing peace of mind in the event of an accident that causes losses to neighbours. In the implementation of these new products, the Company paid great attention to ensuring that the customer can purchase them 100% online.

In the first quarter several updates were also made to the BTA mobile app. Customers have the possibility to request a statement for submission to the State Revenue Service (SRS) regarding BTA's partially paid health insurance services in the mobile app. In the first quarter this functionality was used by more than 13 thousand customers which was a 150% increase over the previous year when this had to be done manually.

The Company continued to work on the improvement of insurance products and services. In the second quarter, the Company improved the renewal of the MTPL policy – when the MTPL policy expires, the customer receives an e-mail with a link where they can renew the policy in just a few clicks. Customers can choose a different policy period, add or remove insurable risks and conveniently pay for the policy online.

At the end of 2023 the Company facilitated the claims submission process for Property, Accident and CASCO insurance claims in the BTA customer portal. The positive impact from the changes made was felt throughout 2024 - the claims process was easier and much faster not only for the client but also BTA employees. In 2024 nearly 70% of all claims for these products were submitted online in BTA customer portal. At the end of 2024 similar changes were made to MTPL claims submission process. The Company constantly continues work on further improvements to Claims processes.

New customer portals for internal usage

BTA recognizes that in today's digital age it is important to simplify various processes, therefore, we celebrated the finalization of the BTA HR portal project in the first quarter of 2024. Currently, employees have easier access to the HR portal, which can be viewed on different devices, like a mobile phone, a computer.
In the fourth quarter the new document management system or ECM (Enterprise Content Management) project was completed. As part of the project, a unified Baltic system was created, significantly improving internal document flow and employee engagement and efficiency.

Real estate development

BTA real estate portfolio consists largely of rental apartment buildings, main project being LiveOn development in 2023, when the Company in cooperation with the construction company YIT developed 479 rental apartments across all three Baltic states, This project was also recognized by the Baltic real estate industry by receiving “Project of the Year” award at the “BRELF Awards 2023” for Terbatas 72 premises in Riga. Currently the Company's investment strategy in this area is maintaining the high quality of the real estate portfolio.

In order to make the rental apartments more accessible for potential tenants, BTA developed a new insurance product – BTA rental agreement insurance. This product effectively replaces the rental deposit for the tenant, decreasing their upfront expenses, and offers other benefits. For example, if due to a personal accident the tenant loses their earning capacity, or they are diagnosed with an acute illness that leads to loss of earning capacity, BTA will pay out the rent and 35% of utility expenses. This product is actively used by tenants in LiveOn project, as well by other real estate developers across Baltics.

Challenges and resolutions

The third quarter was challenging for the Company due to unpredictable and destructive weather conditions. Storm “Christy” caused very significant damage in the Baltics - mainly several areas in Latvia and Lithuania. BTA faced a high customer flow in the first days after the storm, for example, in Latvia the Company received more than 800 calls which was 52% higher than usual. In Latvia 1 249 claims were filled in the first months after the storm, of which 1 037 were property insurance cases, 94 were CASCO and 118 were other insurance product claims. In Lithuania, more than 1 111 claims were filed, of which 977 were property insurance cases, 59 were CASCO, 19 were crop claims and 56 were other insurance product claims. More than 7 million EUR has currently been paid out in all three Baltic countries.

New challenges mean new solutions, therefore, assessing the significance of the situation, BTA introduced a new risk in property insurance policy for its Latvian customers – Heavy Rainfall. This risk will ensure that the customer's property is protected from the consequences of flooding, even if the flooding is caused by short-term intense rain. Already, more than 700 customers have purchased the additional rainfall risk, leading to premium payments of EUR 17 000.

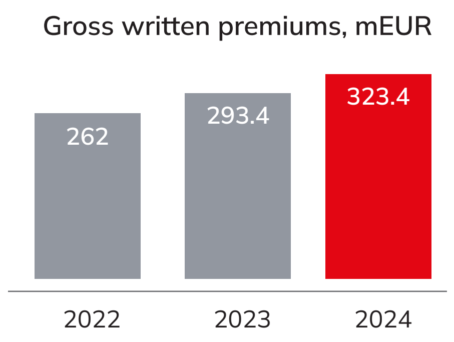
Business development in the Baltics

In 2024 the Baltic economies began to recover compared to 2023, but the recovery was slow and uneven. Consumer and corporate demand gradually improved, supporting a moderate recovery in the insurance sector, particularly in non-life insurance. However, challenges like price sensitivity continued to impact the full potential of this recovery.

Employment is still a challenge, especially with the increase in the cost of labor in the Baltic region, which was around 3-5% in year 2024. All three Baltic countries are dealing with labor shortages, especially in high-skill sectors. The aging population is putting further pressure on the workforce, requiring higher wages to attract and retain employees.

During the reporting year the Company has attempted to maintain the level of prices for its insurance products that would offset the increased claim costs and to cover the projected increase of claims level in the following years.

In the reporting year, the Company's gross written premiums (after mandatory fees), if recognized under previously effective IFRS4, amounted to EUR 323.4 million, reflecting a 10% increase compared to 2023. Property insurance lines experienced strong growth, with a 20% rise in premiums, reaching EUR 59.6 million. In the CASCO segment, premiums increased by 7% to EUR 71.4 million, with the average price remaining stable compared to the previous year. However, motor third-party liability insurance (MTPL) was more affected by a softening market, resulting in a modest 1% growth, bringing the premiums to EUR 87.6 million (after mandatory fees).



Health insurance and other Personal risk insurance lines (Accident and Assistance insurance) saw a 20% growth in 2024, with combined premiums reaching EUR 70.6 million. The primary driver of this growth was the development of the health insurance business in Lithuania and Latvia.

In Latvia premium development in the reporting year was influenced by the Company's risk underwriting actions, particularly in the key lines of CASCO, Property insurance and Health insurance. Health insurance, which remained the largest business line in 2024, grew by 9% in premiums, reaching EUR 28.8 million. The premium growth in CASCO insurance (+3% compared to 2023) led to total of EUR 20.4 million, while MTPL insurance was slightly decreasing by 2%, with premiums reaching EUR 13.8 million (after mandatory fees), mainly due to lower prices in 2024 compared to the previous year. Property insurance, which remained the second largest business line in Latvia, grew by 16% to EUR 24.6 million in gross written premiums, benefiting from the risk underwriting decisions and positively contributing to the overall business growth in the reporting year.

In Lithuania MTPL insurance, the largest business line, saw a modest 1% increase in gross written premiums in 2024, reaching EUR 65.6 million (after mandatory fees), despite a softening market. CASCO insurance, the second-largest line of business, experienced a 10% growth, with premiums EUR 41.9 million, driven by a slight increase in pricing. The Company also continued to expand its premium volumes in Property insurance, the third-largest line, with a 27% growth to EUR 27.1 million. Personal risk insurance, including Health, Accident, and Assistance insurance, showed a strong 39% increase, reaching a combined total premium volume of EUR 35.0 million in 2024.

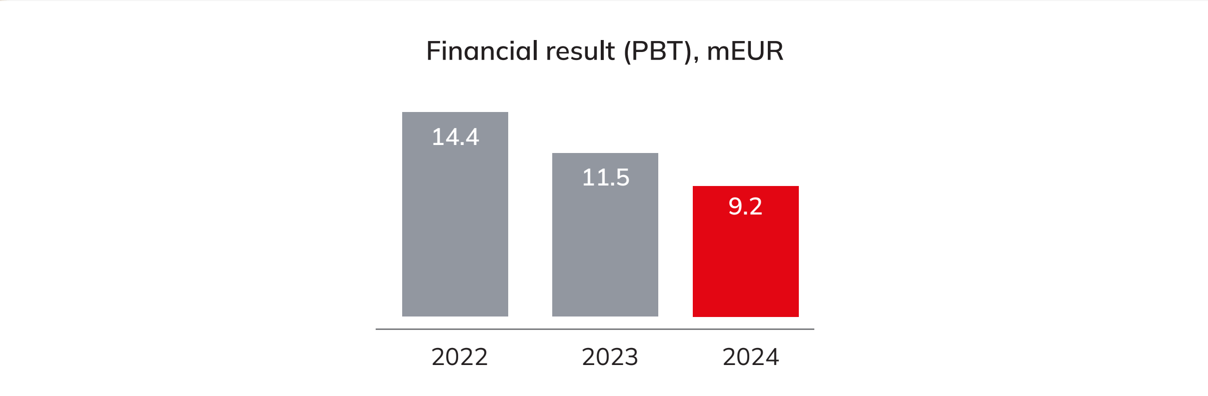
In Estonia, business development in both motor insurance lines was impacted by the ongoing downward trend in market tariffs. Gross written premiums for MTPL grew by 3% in 2024, reaching EUR 8.1 million (after mandatory fees). CASCO insurance saw a 7% increase compared to the previous year, with premiums EUR 9.0 million. The Company continued to focus on boosting premium volumes in Property insurance in Estonia, resulting in a 12% growth, reaching EUR 8.0 million. However, Personal risk insurance, including Health, Accident, and Assistance insurance, experienced a decline of 21% in 2024, dropping to EUR 2.3 million. The decrease was mainly driven by Health insurance, which saw a 53% drop to EUR 0.3 million in premiums compared to 2023.

Overall, the Company's performance in 2024 aligned with the development of the Baltic insurance market, while successfully maintaining its market position in key insurance lines. It solidified its position as the third-largest property and casualty insurer in both Latvia and Lithuania, holding a market share of 16% in each market. In the highly competitive Estonian insurance market, the Company ranked eighth, with a market share of 5%.

During the reporting year, the Company has worked on reaching excellence in insurance techniques and building a strong foundation for profitable and sustainable business development in the years to come. The Company remained one of the leading insurance companies on the Baltic insurance market and proved again that it is a key market player in the main market segments – Motor insurance lines, Health insurance and other Personal risk insurance, Financial risk insurance and General third-party liability insurance.

Financial Information

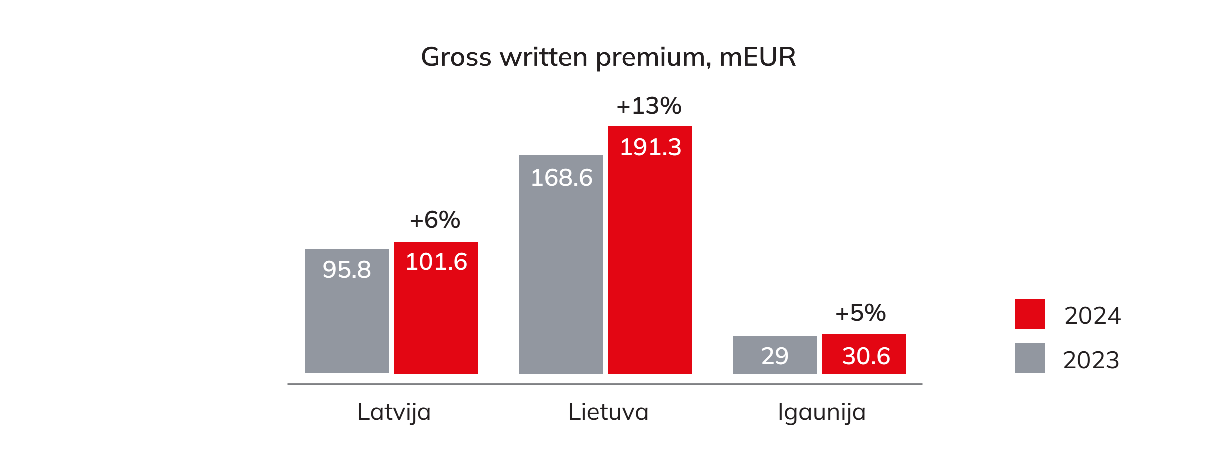
Total profit before tax amounted to EUR 9.2 million, while the net profit for 2024 was EUR 7.7 million. This represents a 25% decrease compared to the net profit of EUR 10.4 million in 2023 under IFRS 17 mainly driven by the competitive market and increase of incurred claims and costs.



In 2024 the Company had to encounter the increase in both claims costs and operational costs stemming from the continuing inflation, that started to moderate in 2024. The Company managed to maintain the appropriate price levels of its insurance products to ensure that the prices adequately cover the current and future costs.

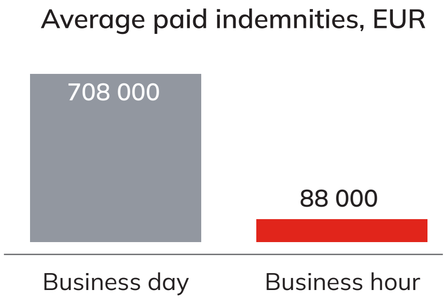
The Company's total gross written insurance premiums (after mandatory fees), if recognized under IFRS 4, amounted to EUR 323.4 million, driven by growth of 10% compared to the results of 2023.

Business growth was strongest in Lithuania, where the Company successfully increased its premium volumes (gross written premiums, as recognized under IFRS 4) across most key business lines, reaching a total premium volume of EUR 191.3 million, a robust 13% growth compared to 2023. In Latvia, competitive market conditions impacted the Company's risk underwriting and sales actions, leading to a more modest 6% increase in premiums, which was EUR 101.6 million in total. In Estonia, premium development was also impacted by downward tariff trends, particularly in the motor insurance lines, aimed to strengthen the position in market. Despite this, the Company managed to grow its business volumes by 5%, reaching EUR 30.6 million in premiums, compared to 2023.



The total amount of incurred claims and benefits in the reporting year reached EUR 179.8 million, marking a 7% increase compared to the previous year. This rise was largely due to the impact of large claims and natural catastrophic events. The most significant increase came from Property insurance, where the volume of insurance claims paid grew by 12%, driven by a series of climate-related claims, including those from storms, as well as several large claims. In CASCO insurance, the growth in claims was more moderate, with no change compared to the previous year. Meanwhile, MTPL insurance saw a 7% increase in claims, primarily due to several large cases. Claims in General third-party liability insurance rose sharply by 77%.

Overall, the Company paid out about EUR 708 thousand on average during every business day in 2024, which was approximately EUR 88 thousand every business hour.

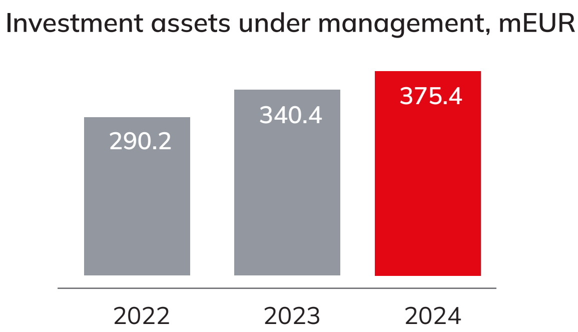


Investment strategy and development of the investment portfolio

In the reporting year, the Company continued to execute a conservative approach towards the investment strategy based on careful selection of assets with low investment risk, which ensures stable and foreseeable financial results from the investment activity and high degree of liquidity of the Company's financial investments.

During 2024 the Company continued the strategy of primarily investing into sovereign bonds that it enacted in 2022 to improve Solvency II ratio, with 93% of total investments made during 2024 being within sovereign bonds, of which 97% were made into Baltic government bonds due to observed higher risk/return profile in BTA's view compared to other Eurozone countries. During 2024 the Company has managed to improve the average bond portfolio return for the future periods, as well as increase the average portfolio duration to closely match the liabilities in duration as at the end of year 2024.

The total size of investment assets under management of the Company – investments in bonds, loans, fund certificates, real estate, and cash – increased to EUR 375.4 million by the end of 2024, a 12% increase resulting from the healthy operational cash flow, as well as partly regaining the market value of the portfolio, which experienced a significant decrease in 2022 and continues to recover.



Investments into debt securities of sovereign governments and government agencies of the European Union member states constituted 63% of all investment asset value as at 31 December 2024 (up from 57% as at 31 December 2023).

The share of investments into government, corporate, and mortgage backed securities with high investment rating (between A- and AAA according to international rating agency Standard & Poor's classification) was 89% of total fixed income portfolio and, respectively, 70% of the total investment volume at 31 December 2024, an increase from 64% as at 31 December 2023.

The Company's investments into real estate backed assets through direct and indirect holdings, participation in real estate investment funds and trusts, mortgage backed securities and real estate backed loans amounted to 23% of the total investment volume as of 31 December 2024.

Due to lackluster Baltic equity market performance in recent years the Company decided to close its equity position completely during 2024. The Company plans to reenter equity markets during 2025, considering concentration in local, European and US markets.

Proposal on distribution of profits

Taking into account the Company's development strategy and according to the Company's capital management plans, the Management Board recommends to pay out a dividend of EUR 10.05 per share, that is a total amount of EUR 5 574 670 for the financial year 2024. The remaining part of the net profit for 2024 shall be included in the Company's retained earnings.

Subsequent events

As of the last day of the reporting period until the date of signing these financial statements there have been no events requiring adjustment of or disclosure in the financial statements or notes thereto.

The Company does not see any going concern risks.

Insurance Market Profile

The strong competition in the Baltic non-life insurance market continued in 2024, although the premium volumes grew in almost all lines of business. Overall, in 2024 the Baltic market showed signs of economic recovery and grew by 10% according to the available market statistics and the Company's estimates.

The insurance industry in the Baltic states has been increasingly adopting digital tools and innovations. This has made insurance products more accessible and user-friendly, attracting a broader range of customers, particularly through online platforms, mobile apps, and digital services.

CASCO and MTPL continued to be the largest lines of insurance business in the Baltic non-life insurance market in terms of premiums, but the total Motor premium volume decreased and now it is below 50%. CASCO contributed strongly to the market development in 2024 with the growth of estimated 10% and became the largest line of insurance business in the Baltic.

According to the Company's estimates, gross written premiums in Property insurance increased by 13% in the whole Baltic insurance market compared to the previous year. The Company expects that Property insurance products will continue to increase in importance in the coming years as the purchasing power of the population and a better understanding of the importance of insurance increase.

Health insurance was among the most actively growing insurance services in the market, increasing in volumes by estimated 18%. This growth was fueled by both increased demand by the employers willing to offer their employees adequate health insurance coverage and efforts by the insurers to counter the rising costs of medical services. In 2024 Health insurance developed in the Lithuanian by +21%, Estonian +13% and Latvian markets +17%.

Among other lines of business, Liability insurance showed significant growth rates: +18% compared to the premium volume in 2023.

Capital management and compliance with Solvency requirements

During the reporting year the drop of interest rate levels on the international financial and capital markets had significant impact compared to 2023 and had a significant positive impact on the market valuation of the Company's financial assets.

No capital measures were taken during 2024.

The Company's solvency capital requirements increased during the reporting year mainly due to considerable premium growth during 2024 and expectations for continuing premium growth in 2025. The Company also made efforts to continue to optimize its solvency capital requirements by improving maturity matching and currency matching its assets and liabilities, resulting in lower required capital for the market risk.

The increase in value of the Company's assets were the main contributors to increasing the Company's eligible own funds and thus its Solvency ratio (gave more than 10 p.p.).

According to the Company's risk strategy and capital management plans the Solvency ratio should range around 125%. As at December 2024 the Company's Solvency ratio was 135.7% (unaudited), a significant improvement from 125.9% (unaudited) as at 31 December 2023.

Risk management

The essence of the insurance business is the deliberate taking of diverse risks and managing them in order to make a profit. One of the primary responsibilities of the Company's risk management is to ensure that the Company is always capable to meet the commitments made in its insurance policies.

The Company's risk management system is tailored to the scale and complexity of its operations and includes effective risk identification, measurement, and assessment of risks, as well as monitoring and control to ensure the Company's sustainability and the achievement of its strategic goals. Risk control measures are used to avoid, reduce, diversify, transfer, and accept risks. In developing the risk management framework, the Company complies with the requirements set out in the policies and guidelines of the VIG Group.

The Company's risk management system encompasses:

- insurance (non-life and health) underwriting risk management;
- market risk management;
- counterparty default risk management;
- operational risk management, including compliance risk management, information security and business continuity risk management;
- as well as risks that are not covered under the solvency capital requirement, i.e. liquidity risk, strategic risk, reputation risk as well as sustainability (ESG) risk management.
- Each of the aforementioned areas have clearly defined risk management principles and responsible company units and persons.

The risk strategy is based on the following principles:

- Assumed and expected risks – all risks directly related to the performance of the insurance business are accepted to a sustainable extent. Such risks comprise underwriting risks and to a limited extent, market risks as well.
- Conditionally accepted risks – operational risks are avoided whenever possible. However, some degree of acceptance is necessary, as these risks cannot be entirely eliminated. Furthermore, the cost of fully mitigating such risks would often be disproportionate to the potential losses that could occur if the risks were realized.
- Asset management follows the regulatory "prudent person principle." The Company's conservative investment strategy is guided by its investment risk strategy and established limits, with a strong emphasis on incorporating sustainability considerations.

- Risk minimisation measures - risk minimization is achieved across all areas through a well-developed culture of risk awareness and robust risk governance. Tehnical provisions are calculated with careful consideration of potential significant fluctuations in individual parameters. Reinsurance plays a critical role in ensuring stable results by safeguarding against the adverse impacts of major losses (tail risks). Additionally, the establishment of limits for market risks and investments further supports effective risk mitigation.
- Not accepted risks – certain risks are not accepted if the necessary expertise or resources to manage them are unavailable, or if the capital resources are insufficient to cover the associated exposures. For liability insurance, underwriting risks are explicitly excluded in areas such as genetic engineering and atomic energy.

Risks within the individual categories of the risk profile are assessed using quantitative and/or qualitative methods. Quantitative assessments are conducted based on the standardized calculation approach outlined by Solvency II (standard formula). The Company conducts an Own Risk and Solvency Assessment (ORSA) at least once a year. The results of this assessment are integrated into strategic and operational planning, budget development, and decision-making processes, particularly when significant changes in the Company's operations are considered. The Company regularly monitors its risk profile, conducting quarterly evaluation of its risk-bearing capacity.

The Company places a strong emphasis on cultivating and enhancing a risk awareness culture among its employees, recognizing its critical role in maintaining an effective risk management system.

Sustainability

For BTA sustainability is not just a fashion trend. We care about the environment, social and governance areas, which is why BTA invests resources and develops new projects in these areas. For instance, the Company took time in 2024 to take care of the BTA Sustainability forest which was planted in 2022 and is made up of 15,000 trees. BTA Sustainability Forest will help to mitigate negative climate change as trees are one of the most important sources of CO_2 sequestration. The Company also provides customers with the opportunity to receive insurance policies digitally and most BTA customers choose an electronic version rather than a printed version.

Employees of VIG and BTA who want to become involved with a good cause or social organization are generally allowed to spend one working day (also known as Social Active Day) on such activities. During 2024 more than 700 BTA employees throughout the Baltics used this opportunity. Employees participated in clean-ups, visited senior homes, helped animal shelters, and performed several other important activities for the benefit of society.

BTA Art and Velomaster

BTA is proud to be a part of culture and sport events with such projects as "BTA Art" and "BTA Velomaster".

In the second quarter BTA was honored with the opportunity to participate in the international art exhibition "Unknown Familiars" in Vienna with part of the "BTA's Art: collection. The exhibition was organized in honor of the 200th anniversary of the Wiener Städtische Versicherungsverein, the main shareholder of the Vienna Insurance Group. The "BTA Art" collection was created in 2018 in collaboration with *Kim?* Contemporary art

center and it serves as a symbol of the Company's values and connection with culture and society. In addition, “BTA Art” artworks in the BTA main offices across the Baltics give employees and customers the opportunity to enjoy and learn about the diversity of art, promoting creativity and intellectual growth.

BTA cares about public safety and one of the ways to ensure this is through educating and informing. Already for several seasons, children in many cities in the Baltics have the opportunity to improve their cycling skills in “BTA Velomaster” cycling tracks. According to statistics, cyclists get into accidents more and more often due to insufficient cycling skills. We care for the safety of the young cyclists, therefore the initiative of BTA Corporate Social Innovation strategy “BTA Velomaster” helped the young cyclists to improve their cycling skills for the fourth year in a row. All together there are 33 installations across the Baltics and in 2024 four new “BTA Velomaster” tracks were opened – one in Latvia, one in Lithuania and two in Estonia.

This year the Company decided to focus also on first-hand education about safety on the road as a cyclist, therefore in the second quarter BTA, in cooperation with the State Police, Riga Municipal Police and the Police Cycling Association, organized "Velopatruļa" (Bicycle control) campaign, during which passing cyclists were informed about traffic rules, were provided advice on safe riding and were given a technical assessment and consultation of their bicycle, as well as informed about the need for insurance. Thanks to the great response, in the third and fourth quarter this project was continued and the “Velopatruļa” team went to 11 different schools around Latvia teaching children about road safety and the importance of insurance. This project is planned to continue in 2025.


Sustainability disclosures

BTA Baltic Insurance Company is part of Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG), whose registered office is at Schottenring 30, 1010 Vienna, Austria. In accordance with Article 8 of the Sustainability Information Disclosure Law of the Republic of Latvia, BTA is exempted from the obligation to prepare a separate sustainability report as the relevant information is included in the consolidated sustainability report of the VIG Group.

The consolidated sustainability report of VIG as well as the auditor's assurance report will be available on the VIG website: www.vig.com from 1 May 2025.

BTA has developed the BTA Sustainability Programme 25, based on the VIG Sustainability Programme 25, which serves as a common framework for the development of the Group-wide sustainability strategy. The BTA Sustainability Programme 25 is tailored to the specific needs and priorities of the Company and has been approved by the VIG Supervisory Board.

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The VIG Sustainability Programme 25 is designed to reinforce sustainability as an integral part of the business model. The strategy encompasses four key dimensions, and this approach serves as the basis for the development and implementation of BTA sustainability strategy:
- Economic component: a profitable and sustainable business model that creates value for the stakeholders;
- Governance component: corporate governance that is responsible, transparent and geared towards long-term success;
- Social component: contribution to social welfare, affordable insurance products and staff development;
- Environmental component: reducing the environmental impact of business and implementing sustainable solutions.

The VIG Sustainability Programme 25 includes six spheres of impact that define the sustainability focus for the coming years:

- Asset management - VIG aims to achieve its long-term goal to reduce greenhouse gas emissions from the investment portfolio to net zero by 2050. Investment decisions also include social aspects such as respect for human rights;
- Underwriting - the Group's long-term objective is to reduce greenhouse gas emissions from the corporate and retail underwriting portfolios to net zero by 2050. Furthermore, VIG wants to help its customers to better adapt to climate change and increase the proportion of products and services that are helpful in this regard;
- Operations - the aim is to become climate neutral by 2030 and to achieve net zero greenhouse gas emissions by 2050. We envisage achieving these targets through conscious energy consumption, increased use of renewable energies, or by travelling for business less frequently and in more environmentally friendly ways;
- Employees – VIG strives to be an attractive employer who promotes equal opportunities, employee centricity and diversity. For most companies in the group, employer attractiveness is measured using an international index that provides insights into the potential development opportunities of individual companies at the local level;
- Customers - the VIG insurance companies want to assist with rectifying the existing protection gaps, particularly with regard to customers. As part of this, the companies concentrate on products that target personal resilience and evaluate product ranges for under-served or socially vulnerable customers;
- Society - one of the key focuses in the sphere "society" is the promotion of risk literacy. VIG wants to support people in its markets in making well-informed decisions when it comes to risk and therefore will bolster its efforts in the area of risk education. Furthermore, as part of VIG Corporate Volunteering initiative, thousands of employees dedicate one working day a year to causes that benefit society.

As part of the VIG Group, BTA identifies and manages key sustainability risks, including:

- the impact of climate change on the insurance portfolio and business;
- the integration of ESG factors into investments and adhering to ethical business principles;
- regulatory requirements and their impact on business.

The VIG Group's risk management system ensures that these risks are identified, monitored and mitigated in line with the EU sustainability regulatory requirements.

The sustainability management at the Group level is provided by the VIG Sustainability Office, which coordinates the sustainability policy and integrates ESG factors into the business. The implementation of the Group's sustainability strategy is monitored by the VIG Management Board, which regularly informs the Supervisory Board on sustainability issues.

BTA continues to pursue a sustainable business approach, ensuring compliance with Latvian laws and regulations and VIG sustainability standards.

Further development

For the upcoming period BTA has a set of strategic ambitions that are aimed to enable further growth and market position strengthening. One of the key ambitions is to enhance customer centricity and experience by putting customers at the core of everything BTA does. This shall allow to maintain an industry trendsetter position and grow faster than the market while maintaining profitability. Focusing on innovations and digitalization as well as improving speed and efficiency is another set of strategic ambitions BTA has set for the future. This involves improving internal as well as external processes. Being a socially responsible company also requires thinking about the environment we operate in. Thus, BTA has established sustainability as another pillar for the upcoming periods. Throughout the years BTA has left significant footprint in improving the environment and being a sustainable company and will pursue doing so. Last but not least, BTA believes that its people are the most valuable asset and puts existing and potential employees' wellbeing, satisfaction, and education in the list of strategic ambitions for the future.

Oskars Hartmanis Chairman of the Management Board	**Agnese Vilcāne** Member of Management Board, CFO	**Evija Matveja** Member of Management Board	**Tadeušs Podvorski** Member of Management Board	**Gediminas Radavičius** Member of Management Board

8 April 2025

PART OF VIENNA INSURANCE GROUP

COMPANY PORTRAIT

> We continue to strengthen our leading market position in Central and Eastern Europe, focusing on close collaboration and cooperation within the Group. At the same time, we are a reliable and resilient partner for our stakeholders.
>
> *Hartwig Löger, CEO of Vienna Insurance Group*

Vienna Insurance Group (VIG), headquartered in Vienna, is the leading insurance group throughout Central and Eastern Europe (CEE). More than 50 insurance companies and pension funds in 30 countries form a Group with a long-standing tradition, strong brands and close customer relations. Around 30,000 employees in the VIG take care of the day-to-day needs of around 32 million customers.

FROM FIRST MOVER TO MARKET LEADER IN CEE

VIG was one of the first European insurance groups to expand into the markets of the CEE region after the fall of the Iron Curtain in 1989. Step by step, the Group established itself in new markets and has become the number 1 in the region. Vienna Insurance Group places an emphasis on Central and Eastern Europe as its home market and pursues a long-term business strategy in its markets that is focused on sustainable profitability and continuous earnings growth. More than half of the total business volume and profit is generated in this region.

EXPERTISE WITH LOCAL RESPONSIBILITY

Vienna Insurance Group is synonymous with stability and offers a wide range of risk protection and pension solutions. Great importance is attached to a local multi-brand policy with regionally established brands and local entrepreneurship. Ultimately, it is the individual strengths of these brands and local expertise that enable customer proximity and make the Group successful.

STRONG FINANCES & CREDIT RATING

Vienna Insurance Group has been awarded an A+ rating with a stable outlook from the internationally recognised rating agency Standard & Poor's. VIG shares are listed on the Vienna, Prague, and Budapest stock exchanges. Wiener Städtische Versicherungsverein – the stable main shareholder with a long-term focus – owns 72% of VIG's shares. The remaining shares are in free float.

ALBANIA
SIGMA VIENNA INSURANCE GROUP
INTERSIG VIENNA INSURANCE GROUP
VIENNA LIFE VIENNA INSURANCE GROUP

AUSTRIA
VIG VIENNA INSURANCE GROUP
WIENER STÄDTISCHE VIENNA INSURANCE GROUP
donau VIENNA INSURANCE GROUP

BELARUS
КУПАЛА VIENNA INSURANCE GROUP

BOSNIA-HERZEGOVINA
WIENER OSIGURANJE VIENNA INSURANCE GROUP
vienna osiguranje VIENNA INSURANCE GROUP

BULGARIA
BULSTRAD VIENNA INSURANCE GROUP
Life BULSTRAD VIENNA INSURANCE GROUP
PENSION ASSURANCE COMPANY DOVERIE VIENNA INSURANCE GROUP

CROATIA
WIENER OSIGURANJE VIENNA INSURANCE GROUP

CZECH REPUBLIC
Kooperativa VIENNA INSURANCE GROUP
ČPP VIENNA INSURANCE GROUP
VIG Re VIENNA INSURANCE GROUP

DENMARK
VIG VIENNA INSURANCE GROUP

ESTONIA
bta VIENNA INSURANCE GROUP
COMPENSA VIENNA INSURANCE GROUP
Seesam VIENNA INSURANCE GROUP

FINLAND
VIG VIENNA INSURANCE GROUP

FRANCE
VIG Re VIENNA INSURANCE GROUP

GEORGIA
GPI VIENNA INSURANCE GROUP
IRAO VIENNA INSURANCE GROUP

GERMANY
InterRisk VIENNA INSURANCE GROUP
VIG Re VIENNA INSURANCE GROUP

HUNGARY
UNION VIENNA INSURANCE GROUP
ALFA VIENNA INSURANCE GROUP

KOSOVO
SIGMA VIENNA INSURANCE GROUP

LATVIA
bta VIENNA INSURANCE GROUP
COMPENSA VIENNA INSURANCE GROUP

LIECHTENSTEIN
VIENNA-LIFE VIENNA INSURANCE GROUP

LITHUANIA
bta VIENNA INSURANCE GROUP
COMPENSA VIENNA INSURANCE GROUP

MOLDOVA
DONARIS VIENNA INSURANCE GROUP

MONTENEGRO
Život WIENER STÄDTISCHE VIENNA INSURANCE GROUP

NORTH MACEDONIA
Life WINNER VIENNA INSURANCE GROUP
МАКЕДОНИЈА ОСИГУРУВАЊЕ VIENNA INSURANCE GROUP

NORWAY
VIG VIENNA INSURANCE GROUP

POLAND
COMPENSA VIENNA INSURANCE GROUP
InterRisk VIENNA INSURANCE GROUP
VIENNA LIFE VIENNA INSURANCE GROUP
Vienna PTE VIENNA INSURANCE GROUP

ROMANIA
OMNIASIG VIENNA INSURANCE GROUP
Asirom VIENNA INSURANCE GROUP
BCR ASIGURARI DE VIATA VIENNA INSURANCE GROUP
Carpathia PENSII VIENNA INSURANCE GROUP

SERBIA
WIENER STÄDTISCHE VIENNA INSURANCE GROUP
WIENER RE Beograd VIENNA INSURANCE GROUP

SLOVAKIA
Kooperativa VIENNA INSURANCE GROUP
KOMUNÁLNA POISŤOVŇA VIENNA INSURANCE GROUP

SLOVENIA
WIENER STÄDTISCHE VIENNA INSURANCE GROUP

SWEDEN
VIG VIENNA INSURANCE GROUP

TÜRKIYE
RAY SİGORTA VIENNA INSURANCE GROUP
Viennalife VIENNA INSURANCE GROUP

UKRAINE
КНЯЖА VIENNA INSURANCE GROUP
life КНЯЖА VIENNA INSURANCE GROUP
USG VIENNA INSURANCE GROUP

Status: January 2025

WE ARE **NUMBER 1** IN CENTRAL AND EASTERN EUROPE.

VIG VIENNA INSURANCE GROUP
Protecting what matters.


Daisy "Leucanthemum vulgare"
Latvia's National flower

Statement of management responsibility

In 2024 the Management Board of BTA Baltic Insurance Company AAS (the Company) was responsible for the management of the Company. The Management regularly informed the Supervisory Board about key developments in the Company and provided necessary explanations.

The Management assumes responsibility for the preparation of the accounting records, compliance in the process of recording transactions under the regulative norms applicable to accounting, safekeeping of the assets of the Company as well as the prevention of fraud and other dishonest activities.

The Company's Management assumes responsibility for the preparation of the Company's separate financial statements (hereinafter – financial statements) for the year ended 31 December 2024 prepared in accordance with IFRS Accounting standards as adopted by the European Union to reflect fairly the activities and cash flows of BTA Baltic Insurance Company AAS for the year ended 31 December 2024, as well as its financial position as at 31 December 2024.

The Company's Management confirms that the Company's financial statements for the year ended 31 December 2024 have been prepared in accordance with the effective requirements of legislation and Latvijas Banka, and IFRS Accounting standards as adopted by the European Union.

The Company's financial statements for the year ended 31 December 2024 have been prepared on the basis of prudent decisions and assumptions of the Management.

The Company uses exemption rules from the obligation to prepare non-financial statements according to the Regulations of the Financial and Capital Market Commission No. 114 "Statutory provisions for the preparation of the annual report and the consolidated annual report of insurance and reinsurance companies and non-member country insurers' branches" (paragraph No 16 of the above Regulation) as "Vienna Insurance Group AG" is publishing a separate consolidated non-financial report for financial year 2024.

The Management confirms that the requirements of Latvian legislation and applicable legislation in other European Union countries have been met and that the financial statements have been prepared on a going concern basis.

The Management is not aware of any significant events after the year-end, which are not reflected in these financial statements and that might have a material impact on activities of the insurance company and the assessment of the financial statements.

Oskars Hartmanis Chairman of the Management Board	**Agnese Vilcāne** Member of Management Board, CFO	**Evija Matveja** Member of Management Board	**Tadeuš Podvorski** Member of Management Board	**Gediminas Radavičius** Member of Management Board

8 April 2025

Separate Statement of Comprehensive Income

	Note	2024 EUR'000	2023 EUR'000
Insurance service revenue	6, 20	**308 216**	**279 852**
Insurance service expenses	10, 20	**(296 900)**	**(255 194)**
Incurred claims and benefits, and other insurance expenses	7	(179 761)	(167 602)
Amortization of insurance acquisition cash flows		(40 407)	(41 527)
Changes in liabilities for past periods		46 828	57 021
Changes in liabilities for current period		(80 625)	(73 607)
Onerous contract changes		(421)	248
Incurred directly attributable operating expenses		(42 514)	(29 727)
Income/(Expenses) from reinsurance contracts, net		**1 108**	**(6 450)**
Total insurance service result		**12 424**	**18 208**
Insurance finance result			
Insurance finance result from direct business		(3 661)	(4 434)
Insurance finance result from reinsurance contracts		1 298	1 649
Total insurance finance result	8	**(2 363)**	**(2 785)**
Investment result			
Interest revenue calculated using the effective interest method	9 (a)	6 889	3 657
Other investment revenue	9 (b)	1 323	923
Gain/(loss) of financial assets not measured at FVtPL, net		(1 995)	(2 065)
Gain/(loss) of financial assets measured at FVtPL, net		(161)	(447)
Net impairment loss on financial instrument		(7)	(26)
Gain/(loss) on foreign currency fluctuation		151	331
Gain/(loss) on investment property	9	108	(145)
Total investment result	9	**6 308**	**2 228**
Asset management income/expenses		**(112)**	**(97)**
Other operating income		**1 147**	**1 117**

Continued table

	Note	2024 EUR'000	2023 EUR'000
Other operating expenses			
Incurred directly non-attributable operating expenses		(6 130)	(5 228)
Other operating expenses		(589)	(533)
Total other operating expenses	10	**(6 719)**	**(5 761)**
Other financial costs	11	**(1 468)**	**(1 389)**
Profit before tax		**9 217**	**11 521**
Income tax expense	12	(1 472)	(1 146)
Net profit for the period		**7 745**	**10 375**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Debt investments at FVtOCI – net change in fair value	25,38	8 120	9 933
Liabilities for incurred claims through OCI		(75)	-
Other comprehensive income for the period		8 045	9 933
Total comprehensive profit for the period		**15 790**	**20 308**


Cornflower "Centaurea cyanus"
Estonia's National flower

Separate Statement of Financial Position

Assets	Note	31.12.2024 EUR'000	31.12.2023 EUR'000
Property and equipment	13	**2 875**	**2 481**
Land and buildings			
Land and buildings for own use	14(a)	6 901	5 152
Investment property	14(b)	556	670
Total land and buildings		**7 457**	**5 822**
Intangible assets	15	**4 432**	**7 965**
Inventory		**106**	**146**
Investment in subsidiaries and associated companies	16	**20 492**	**20 492**
Financial investments measured at fair value through profit or loss			
Non-fixed income securities		39 245	40 753
Debt instruments		3 108	793
Total financial investments measured at fair value through profit and loss	17	**42 353**	**41 546**
Financial investments measured at fair value through other comprehensive income			
Debt instruments	18	285 454	236 399
Total financial investments measured at fair value through other comprehensive income		**285 454**	**236 399**
Financial assets at amortized costs			
Loans	19	13 842	15 189
Other receivables	21	403	421
Total financial assets at amortized costs		**14 245**	**15 610**
Next period income and expenses		**598**	**870**
Tax assets	27	**304**	**693**
Insurance contracts assets	20	**696**	**417**
Reinsurance contracts assets	28	**39 832**	**27 260**
Cash and cash equivalents	22,23	**14 156**	**19 083**
Total assets		433 000	378 784

Continued table

Equity and liabilities	Note	31.12.2024 EUR'000	31.12.2023 EUR'000
Equity			
Share capital	25	51 609	51 609
Revaluation reserves	25	(2 481)	(10 526)
Other reserves		(1 605)	(1 605)
Retained earnings		29 918	24 731
Profit for the period		7 745	10 375
Total equity		**85 186**	**74 584**
Liabilities			
Insurance contract liabilities	20	**283 460**	**239 252**
Reinsurance contract liabilities	28	**2 704**	**5 773**
Financial liabilities at amortized costs			
Subordinated loans	39	22 523	22 523
Creditors	29	22 481	26 226
Leases	26	6 747	4 782
Total financial liabilities at amortized costs		**51 751**	**53 531**
Accrued liabilities	30,31	**8 648**	**4 923**
Tax liabilities		**1 251**	**721**
Total liabilities		**347 814**	**304 200**
Total equity and liabilities		**433 000**	**378 784**


Rue "Ruta" "Ruta graveolens"
Lithuania's National flower

Separate Statement of Cash Flows

	Note	2024 EUR'000	2023 EUR'000
Cash flows from operating activities			
Premiums received in direct insurance	20	306 164	269 827
Claims paid in direct insurance	20	(179 761)	(167 361)
Payments received from reinsurers		9 169	12 158
Payments made to reinsurers		(22 404)	(15 767)
Income tax paid in Latvia and Lithuania		(670)	(1 157)
Obligatory payments	24	(5 286)	(3 009)
Other payments made		(84 363)	(64 832)
Other payments received		15 068	10 761
Total cash flows from operating activities		**37 917**	**40 620**
Cash flows from/(used in) investing activities			
Acquisition of investments		(132 627)	(108 838)
Disposal of investments		92 478	77 502
Investment income, received interest		4 554	3 891
Investment income received, other		96	131
Received dividends		1 207	856
Total cash flows from/(used in) investing activities		**(34 292)**	**(26 458)**
Cash flows from/(used in) financing activities			
Paid interest		(1 266)	(1 222)
Paid dividends	25	(5 188)	(4 644)
Payment of lease liabilities	26	(2 098)	(2 107)
Total cash flows from/(used in) financing activities		**(8 552)**	**(7 973)**
Cash and cash equivalents net increase/(decrease)		**(4 927)**	**6 189**
Cash and cash equivalents at the beginning of the period		**19 083**	**12 894**
Cash and cash equivalents at the end of the period	22	**14 156**	**19 083**

Separate Statement of Changes in Shareholder's Equity

	Share capital EUR'000	Other reserves EUR'000	Revaluation reserve EUR'000	Retained earnings EUR'000	Total Equity EUR'000
31.12.2022	**51 609**	**(1 605)**	**(20 459)**	**29 375**	**58 920**
Total comprehensive income					
Profit for the period	-	-	-	10 375	**10 375**
Other comprehensive income	-	-	9 933	-	**9 933**
Transactions with shareholder recorded directly in equity					
Dividends paid	-	**-**	**-**	(4 644)	**(4 644)**
31.12.2023	**51 609**	**(1 605)**	**(10 526)**	**35 106**	**74 584**
Total comprehensive income					
Profit for the period	-	-	-	7 745	**7 745**
Other comprehensive income	-	-	8 045	-	**8 045**
Transactions with shareholder recorded directly in equity					
Dividends paid*	-	**-**	**-**	(5 188)	**(5 188)**
31.12.2024	**51 609**	**(1 605)**	**(2 481)**	**37 663**	**85 186**

* For details on dividends, see Note 25.

Notes to the Separate Financial Statements

(1) General information

(a) Principal activities

BTA Baltic Insurance Company AAS (BTA or the Company) is a company domiciled in the Republic of Latvia (Latvia). The Company was registered on 28 October 2014 in Riga, Latvia as a Joint Stock Insurance Company. The headquarter is located in Riga, Sporta Street 11, Republic of Latvia.

On 10 June 2015 the Company obtained the following insurance licenses in Latvia:
- accident insurance;
- health insurance (insurance against illnesses);
- motor transport (except railway transport) insurance (CASCO);
- railway rolling stock insurance;
- aircraft insurance;
- marine vessel insurance;
- freight insurance;
- property insurance against damage by fire and natural disasters (damages caused to property, except for motor transport, railway rolling stock, aircraft, marine vessel and freight, by fire, explosion, nuclear power, subsiding of land and other disasters);
- property insurance against other damage (damages caused to property, except for motor transport, railway rolling stock, aircraft, marine vessel and freight, by hail, frost, theft and other accidents, except fire, explosion, nuclear power, subsiding of land and other disasters);
- motor vehicle owner third party liability insurance (MTPL);
- aircraft owner third party liability insurance;
- ship owner liability third party insurance;
- general third party liability insurance (TPL);
- credit insurance;
- surety insurance;
- miscellaneous financial loss insurance;
- legal expenses insurance;
- assistance insurance.

The Company operates in Latvia, Lithuania and Estonia, and it offers a wide range of non-life insurance products to legal entities and individuals in the abovementioned insurance lines.

Insurance services are offered through the network of branches, intermediaries and client customer centres in Latvia, Lithuania and Estonia.

(b) Branches

A branch is an economical entity established for offering services on behalf of a company. A branch is not an independent legal person. The company is liable for the obligations arising from the activities of a branch. The accounts of foreign branches are maintained separately. Branches prepare their financial information for the same periods and using the same accounting policies, see Note 2 for additional information. Any balances, income, expenses, gains and losses arising from intra-company transactions are eliminated in full.

The Company has two foreign branches – in Estonia and Lithuania. Business is conducted through permanent establishments (branches) within the European Union. The registered address of the branch in Estonia – Lõõtsa 2B, Tallinn 11415; in Lithuania - Laisvės pr. 10, LT-04215, Vilnius.

(c) Subsidiaries

The Company has not consolidated the financial information of the subsidiaries SIA Urban Space and SIA LiveOn, as they are consolidated at the Company's parent company's – Vienna Insurance Group AG Wiener Versicherung Gruppe – level. Subsidiaries investments are accounted at cost less impairment, if any.

(d) Associates

The Company has not consolidated the financial information of the associate SIA Global Assistance, SIA Ģertrūdes 121, SIA Artilērijas 35 and SIA Alauksta 13/15, since consolidation is performed at the Company's parent company's – Vienna Insurance Group AG Wiener Versicherung Gruppe – level. Associates investments are accounted at cost less impairment, if any.

(e) Shareholder

Information on the shareholder:

	31.12.2024	
	Number of shares	**Shareholding**
Vienna Insurance Group AG Wiener Versicherung Gruppe	516 094	100%
	516 094	**100%**

	31.12.2023	
	Number of shares	**Shareholding**
Vienna Insurance Group AG Wiener Versicherung Gruppe	516 094	100%
	516 094	**100%**

(2) Basis of preparation

(a) Statement of compliance

The accompanying separate financial statements (hereinafter – financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting standards as adopted by the European Union, and regulations of the Latvijas Banka (LB) (until 31.12.2022 - the Financial and Capital Market Commission of the Republic of Latvia (FCMC) in force as at the reporting date. As of 1 January 2023, FCMC has been integrated into Latvijas Banka. In accordance with the decision adopted by the Saeima of the Republic of Latvia, Latvijas Banka takes over all functions related to the supervision and the promotion of the development of the financial and capital market as well as the functions of the resolution authority).

The financial statements were authorised for issue by the Management Board on 8 April 2025. The shareholder have the right to reject the financial statements and request that new financial statements are prepared and issued.

(b) Functional and Presentation Currency

These financial statements are presented in thousands of euro (EUR'000), unless stated otherwise.
The functional currency of the Company and its branches in Estonia and Lithuania is Euro.

(c) Reporting period

The reporting period comprises the 12 months from 1 January 2024 to 31 December 2024. The comparative period is from 1 January 2023 to 31 December 2023.

(d) Basis of measurement

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

Item	Measurement basis
Financial assets at fair value through profit or loss (FVtPL)	Fair value
Financial assets at fair value through other comprehensive income (FVtOCI)	Fair value

(e) Changes in accounting policies

The Company has no transactions that are affected by the newly effective standards or its accounting policies are already consistent with the new requirements.

The company is using bottom-up approach (risk free rate plus liquidity premium for region) under IFRS17. All discounting changes go through income statement for cohorts till 2023 and through OCI and income statement for cohorts from 2024. In order to determine the amount of the Insurance finance income or expenses (IFIE) included in P&L related to the LIC discount rate at the date of the incurred claim shall be used. Meaning that the P&L impact is determined based on the locked-in discount rates and difference between locked-in and current rates is captured by OCI. IFIE can be decomposed as change in variable fee, change in FCFs that vary with the underlying item, change in FCFs that do not vary with the underlying item and FX differences.

New Standards and Interpretations not yet adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2024, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below.

(i) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).
(ii) Annual Improvements to IFRS Accounting standards Volume 11.
(iii) IFRS 18 Presentation and Disclosure in Financial Statements.
(iv) IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.
(i) Lack of Exchangeability (Amendments to IAS 21).
(ii) Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
(iii) Annual Improvements to IFRS Accounting Standards. Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash flows.

(3) Significant accounting policies

3.1 Foreign currency

Foreign exchange transactions are translated to the functional currency of the Company in accordance with the exchange rate set by the European Central Bank on the date of the respective transaction.

Monetary assets and liabilities, including commitments and contingencies denominated in foreign currencies are retranslated into functional currency in accordance with the exchange rate set by the European Central Bank on the last date of the reporting period.

Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value or cost are translated at the exchange rate as at the date fair value or cost was determined.

Foreign exchange rates at the end of the reporting period are as follows:

	31.12.2024	**31.12.2023**
USD	1.0389	1.105
PLN	4.275	4.3395
GBP	0.82918	0.86905
DKK	7.4578	7.4529
NOK	11.795	11.2405
SEK	11.459	11.096

Profit or loss relating to fluctuations in the exchange rate on assets and liabilities denominated in a foreign currency is recognised in the profit or loss.

3.2 Insurance contracts

(a) Classification of insurance contracts

An insurance contract signed by the insurer is classified as an insurance contract only if it transfers a significant insurance risk from the policyholder to the insurer. All insurance contracts concluded by the Company are classified as non-life insurance contracts and the Company does not conclude any investment contracts and service contracts (IFRS 9 and IFRS 15 components).

Non-life insurance includes contracts:

- in which the insurer assumes substantial insurance risk on behalf of the other contracting party – the policyholder, by agreeing to compensate losses to the policyholders if a certain unexpected future event (insured occurrence) has been previously agreed, which adversely impacts the policyholder. An unexpected future event is considered to be a situation when at the time of signing the insurance contract is not known:
  1.whether the insured occurrence will occur;
  2. when it will occur;
  3. how much the insurer will have to pay if it occurs.
- in which the insured event is the discovery of a loss during the term of the contract, even if the loss arises from an event that occurred before the inception of the contract;
- in which the insured event is an event that occurred during the term of the contract, even if the resulting loss is discovered after the end of the contract term;
- which comprise events, which have already occurred, but whose financial impact is not yet fixed. For example, reinsurance contracts that protect direct insurer from the adverse development of claims already reported by the policy holder;
- which require or permit payment in kind, e.g., the insurer directly replaces a stolen object rather than compensates the claim to the policy holder in money;
- which stipulate a fixed charge service, in which the service level depends on an unexpected event. Fixed charge services are based on the number of expected equipment malfunctions, but it cannot be determined on whether some specific equipment will not function;
- in which one insurer (reinsurer) compensates the losses of one or several contracts closed with other insurers (assignor).

The company splits contracts (both primary and reinsurance) in three groups in line with IFRS 17 standard: onerous, low probability to become onerous, other contracts. As of 31 December 2024, all contracts are in group "other".

The key principles in IFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognise and measure;
- recognises and measures groups of insurance contracts at:
  1. Based on Premium allocation approach (PAA) method if PAA eligible otherwise GMM approach (company does not use GMM as of 2023):
  2. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset);
  3. an amount representing the unearned profit in the group of contracts (the contractual service margin).

IFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

(b) Liability remaining coverage (LRC)

Premium allocation approach (PAA) is a simplified approach based on unearned premium reserves less unamortised expenses and less net receivables (receivables less payables). And it is used for LRC calculations in the Company for all contracts. PAA is calculated based on indirect accounting cash flow approach, premiums received derived indirectly (by using gross written premium, receivables). General measurement approach (full cash flow method under IFRS 17) is not applied as all group of contracts are PAA eligible. PAA eligibility test is performed in both ways: a quantitative PAA eligibility test (if duration of contracts is longer than 3 years). and qualitative test (if duration of contracts is 3 years and less).

Unearned premium reserves represent the proportion of premiums written which relate to the period of risk subsequent to the reporting period. Reserves are calculated for each insurance policy under the 365 – day Pro Rata Temporis method based on the period in force for a particular policy, except for insurance of warranties and performance bonds within surety insurance line of business. UPR for these policies are calculated based on exponential trend approach which is typical for this insurance type because claims are reported and paid at the end of policy term.

Loss component

Loss component is set aside for loss making group of contracts for each cohort arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting period end date exceeds the unearned premiums reserve in relation to such group of insurance or reinsurance contracts. The Company uses cost of capital approach for risk adjustment calculation for loss component in line with IFRS 17 standard. Percentages for each group of insurance contracts are calculated during solvency capital requirement (SCR) calculation once per year. In addition, there is non-financial performance adjustment for reinsurance share for loss component based on cost of capital approach (non-performance ratio is 0.3%).

(c) Assets remaining coverage (ARC)

Premium allocation approach (PAA) is simplified approach based on reinsurance unearned premium reserves less acquisition expenses, less net receivables (receivables less payables) and premium reinsurance deposit. And it is used for ARC calculations in the Company for all reinsurance contracts. PAA is calculated based on indirect accounting cash flow approach, premiums written (or in line with initial recognition definition) derived indirectly (by using reinsurance written premium, receivables). General measurement approach (full cash flow method under IFRS 17) is not applied as all reinsurance contracts are PAA eligible.

(d) Liabilities claims incurred for primary business (LIC)

LIC is calculated as sum of claim reserves for primary contracts (both reported but not settled claims reserve (RBNS) and incurred but not reported claims reserve (IBNR)) and risk adjustment less discounting effect and receivables related to LIC.

Claims incurred from insurance activities are claims attributable to the reporting period and consist of claims paid in the financial period, the corresponding claim handling expenses (loss adjustment expenses) and changes in the claim reserves. Claims paid are decreased by the amount of losses recovered through cession, sales of salvage or subrogation. Recovered losses are recognised on a cash basis when they are recovered. The Company uses cost of capital approach for risk adjustment calculation in line with IFRS 17 standard. Percentages for each group of insurance contracts are calculated during SCR calculation once per year.

(e) Assets claims incurred for primary business (AIC)

Claim amounts recoverable under reinsurance contracts are assessed on each reporting period end date. The value of those assets decreases if due to an event subsequent to initial recognition there is objective evidence that the Company will not be able to recover all amounts, and this event has a reasonable measurable impact on the amounts receivable by the Company from the reinsurer. The Company uses cost of capital approach for risk adjustment calculation in line with IFRS 17 standard. Percentages for each group of insurance contracts are calculated during SCR calculation once per year. In addition, there is non-financial performance adjustment for reinsurance share for loss component based on cost of capital approach (non-performance ratio is 0.3%).

LIC comprise reserves for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the period end date whether reported or not, and the related internal and external claims handling expenses.

Reserves outstanding are discounted with yield curve created by VIG group based on risk-free rates and liquidity premium in Baltic countries (Latvia, Lithuania, Estonia). This approach is called bottom up approach under IFRS 17 accounting standard.

Reported but not settled claims reserve (RBNS)

The RBNS claims reserve is calculated on a case-by-case basis by the Company's loss adjusters for claims reported and not yet settled (including loss adjustment expenses) as at the reporting date.

Incurred but not reported claims reserve (IBNR and IBNER)

IBNR reserves are calculated for whole Company's portfolio, except for MTPL where InterRisk Vienna Insurance Group AAS portfolio, which arises from merger in 2019, which is calculated separately and later counted together with the rest of Company's portfolio.

The chain-ladder method is used in the calculation of the IBNR reserve for following licences (agreement classification (by Line of Business and by each country separately) is used for IBNR calculation):

- accident insurance;
- health insurance;
- motor transport (except railway transport) insurance (CASCO);
- property insurance against other risks;
- general third party liability insurance;
- surety insurance;
- assistance insurance;
- motor vehicle owner third party liability insurance (MTPL).

Where available statistics are considered to be insufficient, e.g. lack of historical data, IBNR reserve is calculated as a maximum from a percentage of premiums (5%) written during the last 12 months in the respective line of business or at least initial reserve or from triangle in the following lines of business as actuarial portfolios:

- railway rolling stock insurance;
- aircraft insurance;
- marine vessel insurance;
- property insurance against other risks;
- aircraft owner third party liability insurance;
- ship owners' third party liability insurance;
- credit insurance;
- miscellaneous financial losses insurance;
- legal expenses insurance;
- assistance insurance.

In order to calculate IBNR reserve for Latvian and Estonian health insurance line of business, the Company analyses claims that are reported late for every month within the last two years before the respective reporting period end. Based on this analysis IBNR reserve is set.

(f) Risk adjustment (both primary and reinsurance contracts)

The Company uses cost of capital approach for risk adjustment calculation in line with IFRS 17 standard. Percentages for each group of insurance contracts are calculated during SCR calculation once per year. In general, the cost of capital is the required return an investor seeks when making a specific investment. In the context of risk measurement, the cost of capital (further "CoC") represents the opportunity cost of the capital allocated to a block of business. The CoC rates are an integral part of the Risk Adjustment calculation.

(g) Discounting

The company is using bottom-up approach (risk free rate plus liquidity premium for region) under IFRS17. All discounting changes go through income statement for cohorts till 2023 and through OCI and income statement for cohorts from 2024. In order to determine the amount of the Insurance finance income or expenses (IFIE) included in P&L related to the LIC discount rate at the date of the incurred claim shall be used. Meaning that the P&L impact is determined based on the locked-in discount rates and difference between locked-in and current rates is captured by OCI. IFIE can be decomposed as change in variable fee, change if FCFs that vary with the underlying item, change in FCFs that do not vary with the underlying item and FX differences. All risk-free discount rates within the scope of IFRS 17 are illiquidity adjusted on Baltic countries level for all segments (life, non-life); i.e.: there is one adjustment per country for all branches within this country and all currencies they are using for discounting their cashflows.

(h) Asset claims incurred for reinsurance (AIC)

AIC is calculated as sum of claim reserves for each reinsurance contract separately and risk adjustment less discounting effect, increased by net receivables related to AIC and less claims reinsurance deposit. Grouping of contracts and calculation goes in line with reinsurance contracts in the Company.

The Company cedes risks to reinsurance limiting its potential net loss through the diversification of the risks. Assets, liabilities, income, and expense arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Reinsurance assets include the recoveries due from (re)insurance companies in respect of claims paid and the reinsurance share in the insurance contract liabilities.

Reinsurance commissions and profit participations include commissions received or receivables from reinsurers and profit participations based on the reinsurance contracts. Reinsurance commissions are deferred in a manner consistent with the deferred client acquisition costs.

(i) Allocation of administration expenses among cost centres and insurance types

The allocation of administrative expenses to loss adjustment expenses, client acquisition costs and investment management expenses is based on the expenses incurred in different cost centres.
Administration expenses, which are not directly referred to in a specific type of insurance, are distributed among types of insurance mainly in proportion to the volume of the gross premiums written.

(j) Liability for incurred claims (LIC) sensitivity

Forecast inflation and discount rates are one of the key assumptions used in the estimates of the outstanding claim reserves for annuities. Every year the Company evaluates the adequacy of its previous year provisions by preparing run-off tests. Additionally, sensitivity of main assumptions is checked. The gross results of sensitivity analysis as at 31 December 2024 and 2023 for inflation:

EUR'000	Projected annual inflation increased by 3 p.p.*	Projected annual inflation decreased by 3 p.p.*
Increase/ (decrease) in LIC (including annuities) in 2024	10 294	(6 875)
Increase/ (decrease) in LIC (including annuities) in 2023	7 629	(6 535)

* By default, the Company takes into account a possible inflation increases of 5-6% for initial case reserves. Also calculated IBNR includes 6% explicit inflation. 3 p.p. shows an exceptional shock.

3.3 Fair value measurement

Fair value is 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 in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values

Specific controls include:
- Verification of observable pricing;
- Regular re-performance of model valuations;
- A review and approval process for new models against observed market transactions;
- Analysis and investigation of significant daily valuation movements;
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared to previous month.

The methods described below have been used for the determination of fair values.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions with the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When the transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in the statement of comprehensive income depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

When applicable, the Company measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Valuation techniques include recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data. Where third-party information, such as broker quotes or pricing services, are used to measure fair value, the Company assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS Accounting standards as adopted by EU. This includes:

- Verifying that equity broker or pricing service is approved by the Company for use in pricing the relevant type of financial instrument;
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement;
- Further analysis of basis for fair value and fair value determination principles are disclosed in Notes 17, 18 and 38.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments for which the valuation technique includes unobservable inputs that have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.4 Impairment of non-financial assets

Non-financial assets, other than deferred taxes and deferred acquisition costs, are assessed at each reporting date for any indications of impairment. In the presence of such evidence, the Company estimates the recoverable amount of the related asset. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in the profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Property and equipment

Property and equipment are disclosed at cost less accumulated depreciation and impairment. Depreciation is calculated using a linear method over the entire useful life of the respective asset in order to write their value down to the residual value at the end of the useful life based on the following rates:

Office equipment	20% per year
Computers, electrical equipment	33% per year
Vehicles	20% per year
Buildings for own use	5% per year

Land and buildings used for the Company's operating activities are initially stated at cost. Subsequently buildings for own use are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and is carried at a cost less any accumulated impairment losses.

Maintenance costs of property and equipment are recognised in the profit or loss as incurred. Costs of capital repairs of property and equipment (leasehold improvements) are added to the value of the respective asset and written off over the useful lifetime of the asset. Capital repair costs on leased property and equipment are written off on a straight-line basis during the shorter of the useful lifetime of the capital repairs and the period of lease.

Profit or loss from disposal of property and equipment is calculated as the difference between the carrying amount of the asset and income generated from sale and reflected as profit or loss in the profit or loss when disposed.

When revalued fixed assets are disposed, the related revaluation reserve is transferred to retained earnings.

Depreciation methods, useful lives and residual values are reviewed annually.

3.6 Intangible assets

Software licences

Software licences are capitalised. Software licences are recorded at cost including acquisition and implementation costs less accumulated amortisation and impairment. Amortisation is calculated using the linear method over the entire useful life of the respective asset in order to write their value down to the estimated residual value at the end of the useful life based on a 20% per year rate.

3.7 Investment property

Land and buildings held either to earn rental income or for capital appreciation or both are classified as investment property and are measured at cost less accumulated depreciation and impairment.

Depreciation is calculated using a linear method over the entire useful life of the respective asset in order to write their value down to the residual value at the end of the useful life based on the following rates:

Buildings	5% per year

Land is not depreciated and is carried at a cost less any accumulated impairment losses.

Transfers to or from investment property are made when there is a change in use.

When an item of land and buildings is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in gain or losses.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting, any differences arising are recognised directly in gain or losses.

3.8 Leases

The Company has applied IFRS 16 for accounting lease contracts.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The incremental borrowing rates are determined by the Vienna Insurance Group AG Wiener Versicherung Gruppe Group's accounting department based on interest rates from various external financing sources and making certain adjustments to reflect the terms of the lease and type of the asset leased.

After the commencement date, the lessee shall measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The amount of the remeasurement of the lease liability shall be recognised as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement shall be recognised in profit or loss.

The Company presents right-of-use assets that meet definition of land and buildings in "Land and Building for own use" while those assets that do not – in "Property and equipment" and lease liabilities in 'Lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company as a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset. In the reporting period the Company has only operating lease agreements.

Rental income from an investment property leased out under an operating lease is recognised on a straight-line basis over each lease term.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. Company applies permission to account concession is in the form of a one-off reduction in rent, and it is accounted for as a variable lease payment and is recognised in profit or loss.

3.9 Corporate income tax

(a) Payable tax

Based on the Law on Corporate Income Tax of the Republic of Latvia the tax rate is 20%, the taxation period is one month and the taxable base, determined by dividing the value of the taxable item by a factor of 0.8, includes:

- distributed profit (dividends calculated, payments equivalent to dividends, conditional dividends) and
- conditionally or theoretically distributed profit (non-operating expenses, doubtful debts, excessive interest payments, loans to related parties, decrease of income or excessive expenses which are incurred by entering into transactions at prices other than those on the market that should be calculated using the methodology determined by the Cabinet of Ministers, benefits bestowed by the non-resident upon its staff or Management board and Supervisory Board members regardless of whether the receiving party is a resident or a non-resident, if they relate to the operation of a permanent establishment in Latvia, liquidation quota).

(b) Deferred tax

Lithuania

Deferred tax is recognised providing for temporary differences between the carrying value of assets and liabilities in the financial statements (financial reporting purposes) and the amounts used for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The carrying amount of deferred tax asset was reviewed at 31 December 2024 and changes were charged to profit or loss in the reporting period.

Latvia

IAS 12 Income taxes requires that, if there is a difference between the tax rate applicable to distributed profit and undistributed profit, deferred tax assets and liabilities shall be recognized at the tax rate applied to retained earnings.

The Law on Corporate Income Tax of the Republic of Latvia applies 20% tax rate to distributed profit while the applicable tax rate for profit that is added to retained earnings is 0%. Consequently, the deferred tax asset and liabilities are to be recognized in zero amount.

Estonia

Company does not recognize deferred tax asset or liability in Estonia's part of business, because Company controls the dividend policy of its branches. In Estonia all undistributed corporate profits are tax exempt and Company does not expect to pay out dividends from Estonian branch in the foreseeable future, and, therefore no deferred tax liability in relation to these profits has been recognised.

(c) Tax relief

A corporate income tax relief has been applied due to amounts donated to budget institutions, and public, cultural, science, sports, charity, health and environment protection organisations registered in Latvia, as well foundations and religious organisations which are permitted to accept donations in accordance with Article 8 and 12 of the Corporate Income Tax Law.

3.10 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash in hand, demand deposits, overnight deposits and term deposits with banks with the initial maturity term of less than three months. In the statement of cash flows, cash flows are presented using the direct method.

3.11 Dividends

Dividends are reflected as an appropriation of retained earnings in the period in which they are declared.

3.12 Employee benefits

Short-term employee benefits, including salaries and social security contributions, bonuses and vacation benefits are included in net operating expenses on an accrual basis as the services are provided. The Company pays fixed social security contributions to State Social Fund on behalf of its employees during the employment period in accordance with local legal requirements and will have no obligations to pay further contributions relating to employee services in respect of retired employees.

3.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.14 Related parties

Related parties represent both legal entities and private individuals related to the company in accordance with the following rules.

a) A person or a close member of that person's family is related to a reporting entity if that person:
i) has control or joint control over the reporting entity;
ii) has significant influence over the reporting entity;
iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:
i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii) Both entities are joint ventures of the same third party.
iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi) The entity is controlled, or jointly controlled by a person identified in (a).
vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
viii) The entity, or any member of a group to which the entity belongs provides management personnel services to the entity or to the parent of the entity.

Related party transaction – a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a consideration is determined.

(4) IFRS 9 Financial instruments

IFRS 9 is a comprehensive accounting standard for financial instruments, covering the (de)recognition, classification and measurement of financial instruments, new requirements on impairments of financial assets and guidance on hedge accounting.

The shorthand phrases used for the text and the tables in connection with IFRS 9 are set out below:

Short description	Long description
Measured at AC	Measured at Amortised Costs
Measured at FVtOCI	Measured at Fair Value through Other Comprehensive Income
Measured at FVtPL	Measured at Fair Value through Profit and Loss
Designated measured at FVtOCI	Designated measured at Fair Value through Other Comprehensive Income
Designated measured at FVtPL	Designated measured at Fair Value through Profit and Loss
ECL	Expected Credit Losses
FV	Fair Value
SPPI	Solely Payments of Principal and Interest
Mandatorily measured at FVtOCI	Mandatorily measured at Fair Value through Other Comprehensive Income
Mandatorily measured at FVtPL	Mandatorily measured at Fair Value through Profit and Loss

4.1 Classification and measurement of financial assets

(a) Classification

To determine the classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the respective instrument's contractual cash flow characteristics. IFRS 9 makes a distinction between equity and debt instruments in the fair value measurement. Equity instruments held for trading are classified through measurement at FVtPL. For equity instruments that are not held for trading, the irrevocable FVtOCI option (designated measured at FVtOCI) can be used upon initial application.

The Company uses a central subledger (tool) for the measurement of financial instruments. The classification of financial assets based on the SPPI criteria has been almost entirely automated. Most investments relevant to IFRS 9 are currently managed in this tool. This makes it possible to consistently apply IFRS 9, including the calculation of ECL. The implementation of IFRS 9 is governed in the VIG Group Guidelines, which are used for uniform implementation of IFRS 9. Under IFRS 9, financial assets that have been identified as "SPPI fail" (SPPI criterion not met) must be classified as measured at FVtPL. Illiquid portfolios for which the hold strategy is used are normally classified as measured at AC. This applies to loans in particular. Financial assets that both satisfy the SPPI criterion (SPPI pass) and are subject to the "hold to collect and sell" business model are categorised as measured at FVtOCI. Financial assets that are not compliant with SPPI (SPPI fail) or do not meet any of the above-mentioned business models are recognised as measured at FVtPL.

With regard to the remaining financial assets (e.g. debt instruments), a tendency towards categorising these as measured at FVtOCI is becoming apparent under IFRS 9.

IFRS 9 includes three principal measurement categories for financial assets – measured at amortised cost (AC), fair value through other comprehensive income (FVtOCI) and fair value through profit or loss (FVtPL).

In accordance with the new impairment model the Company classifies its financial assets in the following categories: measured at amortized cost (AC), at fair value through other comprehensive income (FVtOCI) and at fair value through profit or loss (FVtPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

At inception, all financial instruments are classified into one of the following categories:

(i) Financial assets at fair value through other comprehensive income (FVtOCI)

Financial assets that are debt instruments are measured at FVtOCI if it meets both of the following conditions and is not designated as measured at FVtPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- it contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Company's overall investment objective is to maximize its total return (i.e. interest or dividends and increase in fair value) given a low to medium level of risk and within the given restrictions for the whole portfolio.

The following financial assets of the Company can be classified as financial assets at FVtOCI:
- debt securities, meet solely payments of principal and interest test (SPPI).

The fair value at initial recognition is not differ from the transaction price.

For financial assets measured at FVtOCI, transaction costs directly attributable are included in the amortised cost at initial recognition. Internal (overhead) costs are not attributed to the amortised costs as these are not directly attributable to the single transaction.

(ii) Financial assets measured at amortized costs

Financial assets are measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVtPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The following financial assets of the Company can be classified as financial assets at amortised costs:
- term deposits at credit institutions;
- loans;
- other receivables.

For financial assets measured at amortised cost, transaction costs directly attributable are included in the amortised cost at initial recognition. Internal (overhead) costs are not attributed to the amortised costs as these are not directly attributable to the single transaction.

The other receivables are presented in amounts expected to be received. Provisions for other debtors are made, in accordance with IFRS 9, based on the Application of the Credit Loss Approach. The basic principles of provisioning created according to the following criteria:
- the payment not yet due or due – make provisions amounting to 1% of debt amount;
- the payment delay is between 1 and 30 days – make provisions amounting to 5% of debt amount;
- the payment delay is between 31 and 90 days - make provisions amounting to 50% of debt amount;
- the payment delay exceeds 90 days - make provisions amounting to 100% of debt amount.

The extend and amount of the required provisions is to be established on a quarterly basis: on 31 March, 30 June, 30 September, 31 December.

(iii) Financial assets at fair value through profit or loss (FVtPL)

All financial assets not classified as measured at amortised cost or FVtOCI as described above are measured at FVtPL. In addition, on initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVtOCI as measured at FVtPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following financial assets of the Company can be classified as financial assets at FVtPL:
- debt securities, fails SPPI test;
- equities;
- fund certificates.

In the Company the fair value at initial recognition is not differ from the transaction price.

The Company financial assets (Investment portfolio) under IFRS 9 are classified and measured as following:

Financial instrument type	SPPI test	Classification under IFRS 9		Method of valuation	Classification criteria
Bonds	Pass	FVtOCI	Fair value through Other Comprehensive Income	The gains/ losses resulting from assets measured at fair value due to changes in fair value-measured amounts. These changes are recognized initially in other comprehensive income (OCI).	1. FVtOCI is the closest classification to AFS under IAS 39. 2. FVtOCI classification follows classification of the majority of government and corporate bond portfolio. 3. Meet SPPI test (solely payments of principal and interest).
Bonds	Fail	FVtPL	Fair Value through Profit and Loss	The changes in fair value (for those items measured at fair value) are recognized in the profit and loss account of an entity.	1. Fails SPPI test - should be classified as FVtPL
Equities		FVtPL	Fair Value through Profit and Loss		1. FVtPL is the default classification for this asset class. 2. FVtPL classification properly reflect the nature of the matching liabilities.
Fund certificates		FVtPL	Fair Value through Profit and Loss		1. FVtPL classification follows classification of other non-fixed income asset classes.
Deposits		AC	Amortized cost	Amortized cost	1. AC is the closest classification to AC under IAS 39. 2. AC classification properly reflect the nature of the matching liabilities.
Loans		AC	Amortized cost	Amortized cost	

4.2 Recognition and derecognition

The Company only recognises financial assets and financial liabilities in the balance sheet when the Company becomes a party to the provisions of a contract. Purchase or sale of a financial asset in the ordinary manner is recognised and derecognised using the settlement date accounting. Financial liabilities or part of the liabilities are only excluded from the balance sheet once it has been covered, i.e., the duty stated in the contract has been completed, cancelled or expired.

For financial assets measured at amortised cost and at FVtOCI, transaction costs directly attributable are included in the amortised cost at initial recognition. Internal (overhead) costs are not attributed to the amortised costs as these are not directly attributable to the single transaction. Financial assets carried at FVtPL are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership. Financial assets at FVtOCI and at FVtPL are subsequently carried at fair value. Financial assets measured at amortized cost are carried at amortised cost using the effective interest method.

For debt instruments measured at FVtOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

Dividends are recognised in the income statement as part of interest and dividend income. Dividends are recognised in the income statement when the Company's right to receive payments is established.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are recognised in the profit or loss in the period in which they arise.

4.3 Impairment

The adoption of IFRS 9 has fundamentally changed the accounting for impairment losses for debt instruments measured at FVtOCI or at AC by replacing IAS 39's incurred loss with a forward-looking expected loss approach.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' model. This required considerable judgement about how changes in economic factors affect expected credit loss (ECL), which is determined on a probability-weighted basis. The Company on a regular basis assesses the expected credit loss of financial assets not carried at fair value.

The impairment model for credit risk is based on expected losses. This model applies to loans and debt instruments measured at amortised cost or at fair value through other comprehensive income, to loan commitments and financial guarantee contracts that are not recognised at fair value, as well as to lease receivables, trade receivables and contract assets.

IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12-month ECL or lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument; 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The debt instruments measured at FVtOCI are primarily made up of investment-grade bonds, so have a low credit risk. Under IFRS 9, such instruments can be measured on a 12-month ECL basis.

If credit risk has not increased significantly since initial recognition, a 12 month ECL (Stage 1) is recognized (unless the financial asset is purchased or originated credit-impaired). If credit risk has increased significantly since initial recognition, a lifetime ECL (Stage 2) is recognised which may be significantly higher than a 12 month ECL. The assessment of what is considered to be a significant increase in credit risk therefore may have a significant impact on the loss allowance recognised.

The Company conducts the assessment of loss given defaults (LGD) (for unsecured exposures) and probability of defaults (PD) on collective basis and apply these parameters together with the cash flows of the single assets for the calculation of expected cash flows (and ECLs respectively) on individual basis. For stage 3 assets with outstanding amount above EUR 100.000, cash flows (LGDs) should be estimated individually. For covered assets in stage 1 or 2, the LGDs for estimated cash flows (LGDs) should be assessed individually based on the respective collateral (and LTV) as well. In cases, where no reliable information about the value of collateral is available or the value of collateral is heavily volatile, the LGD parameters for unsecured exposures may be used instead.

The Company's definition of default covers at least two dimensions, namely one rating-based dimension as well as one days past due (90 days past due) based criterion. However, in certain cases, financial assets can be considered to be in default when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The adoption of the ECL requirements and the associated new system resulted in an increase in the credit loss allowances related to debt instruments. With the initial application of IFRS 9, these effects were recognised under shareholders' equity in retained earnings.

The simplified approach is used for trade receivables and receivables from leases in accordance with IFRS 9.5.5.15. As a result, country-specific loss rates have been calculated based on historical probabilities of default and future parameters for determining the corresponding risk provisions. Furthermore, receivables whose contractually agreed payments are 90 days past due are classified as being in default.

Significant accounting estimates and judgement in applying accounting policies

The preparation of financial statements in conformity with IFRS Accounting Standards as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, the actual results ultimately may differ from those estimates.

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

Key judgment areas

The Company concludes guarantee insurance contracts which may include taking a financial pledge from its customer by using PAA approach. The financial pledge is contractually linked to the guarantee insurance contract. The management has established a judgment that the cash flows linked to accepting the financial pledges do not form part of insurance contract liabilities but instead are accounted for as deposits (not under LRC PAA). In VIG Group based on IFRS policy there might be insurance contracts that have a collateral which is to be used as a reimbursement in case of an insured event. Such collaterals should be accounted for as a non-technical liability (Liability for surety). These financial pledges are disclosed in note 29.

Key sources of estimation uncertainty:

- Liabilities claims incurred for primary business (LIC) – refer to Note 3.2 and 5.2 for more detailed information;
- Fair value measurement – refer to Note 4 for more detailed information.

(5) Risk management

5.1 General principles

The Company's risk management is an integral part of the governance and decision-making system, and a systematic set of measures – ensuring risk identification, assessment, monitoring, and control of the individual exposure level.

The Company's management board has overall responsibility for the establishment and oversight of the risk management framework.

The risk management policy is established to identify and analyse the risks faced by the Company, set appropriate risk limits and controls, and monitor adherence to risk limits. Risk management policy is reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The risk management system ensures three levels of defence:

- the first level of defence is based on management controls and internal control measures within responsibility of the process/risk owner (following "four eyes" principle; documentation of critical processes etc.);
- the second level of defence is ensured by the functions that oversee risks – risk management function, compliance function, actuarial function which have a direct access to the Company's Management Board to report any concerns. These functions ensure that the first line of defence is properly designed, in place, and operating as intended. Each of these functions has some degree of independence from the first line of defence. They may intervene directly in modifying and developing the internal control and risk systems. Therefore, the second line of defence serves a vital purpose but cannot offer truly independent analyses to governing bodies regarding risk management and internal controls;
- the third level is carried out by Internal Audit activities providing independent assurance on risk management system and control processes and having a direct access to Company's Management Board, Audit Committee, and the Supervisory Board.

The business of insurance represents the transfer of risk from the policyholder to the insurer and management of this risk. Consequently, the largest risks result from accepting insurance risk, choosing the reinsurance cover, and fulfilling obligations with respect to signed insurance contracts. The company is also exposed to financial risks, which are an integral part of investment activity, as well as - operational risk – potential losses that may occur during day-to-day operations due to employee errors, process inconsistencies, information system failures or external influences.

The Company monitors its risk profile regularly. The calculation of the required solvency capital is carried out once per quarter, as well as regular stress tests, sensitivity tests are performed to check if the actual indicators differ from the own risks and solvency assessment forecast. The use of the standard formula corresponds to the Company's risk profile, which is assessed in the own risk and solvency assessment.

The results of the own risk and solvency evaluation are used in strategic and operational planning, as well as in the budgeting process. If significant changes are planned in the Company's activities or unexpected material changes are observed in financial data, ad-hoc own risk and solvency evaluation will be performed.

To ensure the reliability of the risk management system, the Company separates Risk measurement, analysis and control functions from business functions, e.g., the Company ensures that those who affect the risk profile are not simultaneously assigned risk monitoring and risk control. Additionally, the Company educates its employees regularly and systematically in order to raise their awareness of the risks.

5.2 Insurance underwriting risks

Insurance underwriting risk is the most significant risk faced by the Company in day-to-day activities. The main components of the insurance underwriting risk are premium and reserve risk, lapse risk and catastrophe risk.

In order to manage insurance risk, the Company has developed different control and management tools. For all insurance types, insurance terms and conditions have been developed and are binding both for the Company, as well as for the customers. Product methodologies have been developed for all insurance types and should be followed when assessing and accepting the risk assumed by the Company.

Tariff Committees have essential role in this area, especially considering working in high inflation environment. These committees consolidate the competence of product development, underwriting, pricing etc., and use highly developed analytic tools to ensure appropriate pricing and fulfilment of business goals.

(a) Underwriting strategy

Underwriting risk mean the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. To mitigate underwriting risk, the Company's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and, as such, it is believed that this reduces the variability of the outcome. The underwriting strategies are set out in annual business plans prepared by product managers.

These strategies are cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by insurance line, class of business and industry in order to enforce appropriate risk selection within the portfolio.

Risk diversification is assumed as highly important through the same risk underwriting process across all Baltic countries. The calculation of the tariffs and prices on insurance products reflects current market conditions and covers the most probable assumptions necessary for the adjustment of future results.

Adherence to the underwriting authorities is being monitored by management on an on-going basis. Those transactions requiring special authorisation are subject to the special attention of the Company's Management Board.

(b) Basic products

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below. In addition, the following gives an assessment of the Company's main products and the ways in which it manages the associated risks.

Motor transport (except railway transport) insurance (CASCO)

Product features

The insurance indemnifies for losses, which arise from damage to, destruction, or loss of vehicle. Several additional insurance covers may also be purchased which are related to the insured vehicle. The largest losses arise from theft or total loss.

Management of risks

The key risks associated with this product are underwriting risk and claims development risk.

CASCO premiums are determined on the basis of the bonus-malus system, driver's driving experience period, insurance territory and other criteria, which decreases the insurance premium upon the absence of losses and increases the insurance premium upon the occurrence of losses. The sums insured rarely exceed EUR 70 000. Insurance premiums are set in line with applicable insurance methodology. Vehicles are divided into four risk groups with different insurance premiums. CASCO usually contains a deductible element by the policyholder.

Motor vehicle owner third party liability insurance (MTPL)

Product features

This insurance is a compulsory insurance which policy conditions and indemnification rules are prescribed by the respective regulations on Motor Vehicle Owner Third Party Liability Insurance. MTPL insurance covers physical injury claims and property claims in countries where the policies has been issued as well as claims caused abroad by insured motorists under the Green Card system. Most of the motor vehicle owner third party liability insurance indemnities are for property damage and lump sum personal injuries, mostly medical treatment costs, and temporary absence from work. However, long-term indemnities may also be possible, such as pensions and permanent inability to work which may be paid out over a long term as annuities.

Even if according to previous statistics the claims have been notified promptly and can be settled without delay, the situation can change and claims arising from motor vehicle owner third party liability insurance are classified as 'long-tail' classes where the ultimate claim cost takes longer to determine.

Management of risks

The key risks associated with this product are underwriting risk and claims development risk. The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates. To mitigate the risks reinsurance protection is used.

Health insurance

Product features

The health insurance product is offered to companies that purchase health insurance for their employees. Health insurance indemnifies against expenses such as doctor visits, laboratory and diagnostic tests and hospital treatment.

Management of risks

The Company monitors and reacts to changes in the prices for medical services, monitors the claim ratios on employer's bases and adjusts insurance premiums accordingly each year when renewal takes place.

Property insurance

Product features

Property insurance indemnifies, subject to any specified limits or deductibles, the insured against loss or damage of property. The risks covered by property insurance include fire risk, pipe leakage, explosion, third party illegal activities, and natural disasters. The most frequently occurring risks for property include pipe leakages and fire. Most often larger losses result from fire.

Generally, claims in the property insurance line are notified promptly and can be settled without delay. Property business is therefore classified as 'short-tail', contrasted with the 'long-tail' classes where the ultimate claim cost takes longer to determine.

In addition to property insurance, customer can get the indemnity of business interruption arising from insured property damage, as well as to purchase liability insurance with insuring real estate assets.

Business interruption insurance covers lost business profits and fixed costs incurred that arise from the realisation of any risk covered by the property insurance of the Company. Upon the sale of that insurance type, it is considered to be particularly important to take into account the transparency of the financial statements.

Management of risks

The key risks associated with this product are underwriting risk and claims development risk.

In order to charge appropriate premiums different specifics of properties are assessed. For private property insurance, it is expected that there will be large numbers of properties with similar risk profiles. However, for commercial business this may not be the case. Many commercial property proposals comprise a unique combination of location, type of business, and safety measures in place. Calculating a premium commensurate with the risk for these policies will be more complex.

Insurance risk is managed primarily through pricing, independent assessment of property under international standards, product design, risk selection and reinsurance. Therefore, the Company monitors and reacts to changes in the general economic and business by changing pricing or product conditions.

(c) Insurance risk concentration

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Company's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts and relate to circumstances where significant liabilities could arise.

Risk concentration may occur because of different coincidences and regularities. In property insurance, risk concentration might occur if one densely populated area experiences any of the exposures (e.g. fire), which may easily transfer from one property to another one and this action cannot be avoided.

In addition, the management is aware that the possible risk concentration can be in one company or an industry in total, for which several risks are insured. When providing insurance of such risks, a precondition is the assessment of the Company's financial position and capacity, as well as identifying how large financial liabilities can arise, how large the liabilities are that are already held by the Company and what it can afford. When evaluating financial risks, the trends of economic growth and the risks that might impact this area are studied.

To minimise losses that could occur because of risk concentration, the Company uses reinsurance effectively – by protecting risks proportionally and non-proportionally. Placing reinsurance, the Company's net retention for one risk is defined per one object and per one event, when losses happen simultaneously for several objects. The Company follows the Reinsurance policy, which has been approved by the Management Board.

The Company's key methods in managing these risks are two-fold. Firstly, the risk is managed through appropriate underwriting. Underwriters are not permitted to accept the risks unless the expected profits are commensurating with the risks assumed. Secondly, the risk is managed using reinsurance. The Company purchases reinsurance coverage for various insurance lines of business. The Company assesses the costs and benefits associated with the reinsurance programme on an ongoing basis.

The Company sets out the total aggregate exposure that it is prepared to accept in relation to the concentrations of risk. It monitors these exposures both at the time of underwriting a risk, and monthly by reviewing reports, which show the key aggregations to which the Company is exposed. The Company uses several modelling tools to monitor risk accumulation to measure the effectiveness of the reinsurance programme and the Company's net retention.

Concentration risk is tested and evaluated within different scenario tests. Stress test results are used for decision making to understand what concentration risk the Company may undertake.

Geographic concentration of risks

To reduce the concentration risk in one country, the Company continues to develop operations in all Baltic countries. As a result, in the reporting period, 32% of all business (by insurance service revenue) was conducted in Latvia, 58% in Lithuania and 10% in Estonia.

Concentration of risks by industry

The concentration of insurance risks by industry does not exceed 20% for an industry, therefore the Company's management considers that the risk concentration is at an acceptable level.

(d) Catastrophes

The Company's management is aware that catastrophe risks are possible. In the Company's geographic position these risks are mostly connected with meteorological phenomena: storms, flood, hail etc. Large fires and earthquakes are unlikely, but they may occur. The most characteristic catastrophes in Baltics are floods and storms while the largest claims usually are because of a fire. To minimise the impact of catastrophe risk on the Company, reinsurance is arranged – both proportionally and non-proportionally. In addition, facultative reinsurance is purchased for large risks. The retention is specified and reviewed in accordance with business needs, involving the Management Board and Reinsurance Department, and considering maximum allowed net retention of 3% of the Company's equity. Actuarial Department calculates impact on SCR from top exposures on demand. According to the management, the measures taken sufficiently reduce the impact of catastrophe risk on the Company.

(e) Onerousity test or liability adequacy test

A liability adequacy test is carried out by line of business in Latvia, Lithuania and Estonia at each reporting date and assesses whether the insurance liabilities recognized during the reporting year for valid policies are adequate by comparing the insurance reserves established to the present value of the estimated future cash flows arising on existing insurance policies. Onerousity is performed by cohorts. The test takes into account potential decrease of claims paid due to regress and it is performed after the deduction of any deferred acquisition and administration costs from unearned premium reserve. However, it does not take into account reinsurance. If the assessment indicates a deficiency in the carrying amount of liabilities, the deficiency is recognised in the profit or loss by set up of additional liability remaining coverage. In addition, the IFRS 17 expense ratio and the loss ratio are calculated by each cohorts. If the combined ratio is above 105% and this result is not caused by a single large loss event, and unearned premium reserve is significant than the loss component is set aside also for older cohorts. Decision tree is described in BTA Reserving methodology.

Liability adequacy test and Combined ratio per cohort approach (as alternative loss component approach) as at 31 December 2024 has identified deficiency that would require setting of loss component for property line of business for older cohorts (2023, 2022) in Latvia total EUR 420 thousand. As at 31 December 2023 there was no loss component in Latvia, Lithuania, Estonia.

Claims development

Information on the claims development (undiscounted and without risk adjustment) has been provided in order to illustrate the insurance risk to which the Company is subject. The claim table discloses a comparison of cumulative payments to date and the development of claim reserves made for these insurance claims by accident year.

The following table shows how the Company estimates total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the Statement of the Financial position.

Undiscounted LIC without risk adjustment, EUR'000

	Year of insured occurrence, EUR'000										
	2015 year and before	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
	Gross claim provision at the end of the reporting period										
At the end of accident year	55 700	27 996	41 344	56 159	55 283	58 748	72 885	70 978	81 806	90 120	-
-one year later	31 326	14 390	17 692	20 160	15 649	13 364	16 987	23 227	36 090	-	-
-two years later	45 617	9 881	12 049	13 284	7 551	8 650	10 202	14 975	-	-	-
-three years later	45 835	8 652	10 145	8 040	5 020	5 980	8 467	-	-	-	-
-four years later	42 703	5 523	6 053	5 466	3 351	8 404	-	-	-	-	-
-five years later	37 354	5 224	3 591	3 560	3 150	-	-	-	-	-	-
-six years later	36 499	3 936	3 217	3 558	-	-	-	-	-	-	-
-seven year later	29 557	3 139	2 888	-	-	-	-	-	-	-	-
-eight year later	29 704	2 841	-	-	-	-	-	-	-	-	-
-nine year later	31 355	-	-	-	-	-	-	-	-	-	-

Continued table

	Gross claims paid in subsequent years, EUR'000										
-one year later	20 903	16 765	28 415	37 089	28 610	22 538	31 684	36 518	37 632	-	-
-two years later	5 494	5 017	2 687	4 526	2 573	2 167	3 271	4 503	-	-	-
-three years later	4 720	1 802	1 508	2 860	1 068	965	1 709	-	-	-	-
-four years later	4 277	1 010	1 052	844	760	432	-	-	-	-	-
-five years later	2 847	517	313	463	684	-	-	-	-	-	-
-six years later	3 149	736	113	324	-	-	-	-	-	-	-
-seven year later	1 841	353	269	-	-	-	-	-	-	-	-
-eight year later	1 275	108	-	-	-	-	-	-	-	-	-
-nine year later	1 468	-	-	-	-	-	-	-	-	-	-
Gross claims paid	**45 974**	**26 308**	**34 357**	**46 106**	**33 695**	**26 102**	**36 664**	**41 021**	**37 632**	**-**	**327 859**
Current year (deficiency)/ redundancy	**(3 119)**	**190**	**60**	**(323)**	**(483)**	**(2 857)**	**27**	**3 749**	**8 083**	**-**	**5 327**

(f) Assumptions used for estimation of MTPL insurance claim reserves

IBNR reserve estimation for MTPL insurance claims with chain coefficients is calculated separately for material claims and bodily injury claims. Reporting triangle is used for material damage and bodily injury development triangle for each Baltic state.

RBNS reserves for annuities are calculated based on mathematical formulas used in life insurance. The main assumptions in these calculations are mortality tables, inflation and discount rates. General Latvian mortality tables are used for RBNS reserve calculations. Special disabled person mortality tables are used for first or second group disabled persons. Cash flows are calculated until the end of life or until age of retirement. VIG group and EIOPA (The European Insurance and Occupational Pensions Authority) given discount rates are used for discounting cash flows for liability and asset incurred claims (both RBNS, IBNR primary and reinsurance business). In addition, RBNS reserve for cases involving government social insurance agencies and private persons are calculated using specific indexation coefficients set by each country separately. Sensitivity analysis of reserve discounting and it's impact can be seen in next section under market risk, interest rate risk.

5.3 Financial risk management

The Company is exposed to financial risks due to operations with financial instruments. Financial risks include market risk, credit risk and liquidity risk. Below is a description of each of these financial risks and a summary of the methods used by the Company to manage these risks. Exposure to those risks arises in the normal course of the Company's business.

The Company's financial assets and liabilities, including investments, deposits with banks, loans, insurance receivables and receivables from reinsurance activities, are exposed to financial risk as follows:

- Market risk: risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments, including interest rate risk, price risk and currency risk;
- Credit risk: risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which Company is exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations;
- Liquidity risk: risk that Company is unable to realise investments and other assets in order to settle its financial obligations when they fall due.

<u>Market risk</u>

All financial instruments and positions are subject to market risk, the risk of incurring losses due to fluctuations in market conditions that impact the overall performance of financial investments.

To limit investment risk, investments are made in different financial instruments. When choosing financial instruments, the requirements of the insurance company and solvency capital requirements are observed.

When carrying out investing activities, the employees of Financial Department are guided according to the approved Investment and Risk Strategy, which regulates issues related to control and the minimisation of investments risk.

The reduction of investments risk is carried out in three ways – firstly, by diversifying the investments portfolio, secondly, by analysing the specific asset before the purchase of this asset and following the available information on this asset, and thirdly, by constantly monitoring the development of the held asset and related markets. On quarterly basis, the Company performs mismatch analysis of asset and liabilities' currencies, duration, and cash flows during solvency capital requirement calculations.

(a) Currency (foreign exchange rate) risk

Currency risk is the sensitivity of the values of assets, liabilities, and financial instruments to changes in the level or in the volatility of currency exchange rates.

Some insurance liabilities are denominated in foreign currencies. The Company's policy is to restrict the currency risk with respect to known and expected transactions in foreign currencies. Currency risk management is based on investments in the respective currencies. The Company is not engaged in any speculative transactions that may increase the currency risk.

The Company held an open currency position in DKK in the equivalent of EUR 19 889 thousand (31 December 2023: EUR 18 915 thousand), primarily invested into covered fixed income securities. Taking into account that DKK is pegged to EUR, the Company believes that the underlying currency risk is insignificant and acceptable and does not require any risk mitigation measures.

An analysis of sensitivity of the Company's net income for the period and equity to changes in the foreign currency exchange rates based on currency positions from assets and liabilities denominated in foreign currency existing as at 31 December 2024 and 2023 and a simplified scenario of a 10% change in PLN, GBP, USD to EUR exchange rate is as follows:

EUR'000	**2024 Net income**	**2023 Net income**
10% depreciation of PLN against EUR	(177)	(174)
10% appreciation of PLN against EUR	177	174
10% depreciation of GBP against EUR	321	228
10% appreciation of GBP against EUR	(321)	(228)
10% depreciation of USD against EUR	(112)	(38)
10% appreciation of USD against EUR	112	38

The split of financial assets and liabilities and insurance contract liabilities by currencies in EUR equivalent as at period end were as follows:

31 December 2024	EUR EUR'000	USD EUR'000	DKK EUR'000	PLN EUR'000	GBP EUR'000	Other EUR'000	Total EUR'000
Financial and insurance related assets							
Debt securities and other fixed income securities	260 695	473	19 881	5 638	1 385	490	288 562
Non-fixed income securities	39 245	-	-	-	-	-	39 245
Loans	13 842	-	-	-	-	-	13 842
Insurance contracts assets	696	-	-	-	-	-	696
Reinsurance contracts assets	39 832	-	-	-	-	-	39 832
Other receivables	403	-	-	-	-	-	403
Cash and cash equivalents	12 776	1 085	8	74	180	33	14 156
Total financial assets	**367 489**	**1 558**	**19 889**	**5 712**	**1 565**	**523**	**396 736**
Insurance contract liabilities, net and financial liabilities							
Insurance contracts liabilities	274 151	441	-	3 942	4 777	74	283 385
Reinsurance contracts liabilities	2 704	-	-	-	-	-	2 704
Financial liabilities	51 750	-	-	-	-	-	51 750
Total insurance contract liabilities, net and financial liabilities	**328 605**	**441**	**0**	**3 942**	**4 777**	**74**	**337 839**
Open currency position	**38 884**	**1 117**	**19 889**	**1 770**	**(3 212)**	**449**	**58 897**

31 December 2023	EUR EUR'000	USD EUR'000	DKK EUR'000	PLN EUR'000	GBP EUR'000	Other EUR'000	Total EUR'000
Financial and insurance related assets							
Debt securities and other fixed income securities	211 214	-	18 849	5 591	1 369	169	**237 192**
Non-fixed income securities	40 753	-	-	-	-	-	**40 753**
Loans	15 189	-	-	-	-	-	**15 189**
Insurance contracts assets	417	-	-	-	-	-	**417**
Reinsurance contracts assets	27 260	-	-	-	-	-	**27 260**
Other receivables	421	-	-	-	-	-	**421**
Cash and cash equivalents	18 027	824	66	29	115	22	**19 083**
Total financial assets	**313 282**	**824**	**18 915**	**5 620**	**1 484**	**191**	**340 315**
Insurance contract liabilities, net and financial liabilities							
Insurance contracts liabilities	231 100	449	-	3 883	3 766	54	**239 252**
Reinsurance contracts liabilities	5 773	-	-	-	-	-	**5 773**
Financial liabilities	53 531	-	-	-	-	-	**53 531**
Total insurance contract liabilities, net and financial liabilities	**290 404**	**449**	**-**	**3 883**	**3 766**	**54**	**298 556**
Open currency position	**22 877**	**375**	**18 915**	**1 737**	**(2 282)**	**137**	**41 759**

(b) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Company takes a long or short position in a financial instrument.

A significant share of the Company's financial investments was accounted for assets as measured at fair value through other comprehensive income. Changes in securities prices for the instruments is reported through other comprehensive income for the period. A simplified scenario of 5% change in securities prices would result in the following effect on the other comprehensive income as at 31 December 2024 and 2023:

	2024	2023
	EUR'000	EUR'000
5% increase in non-fixed income securities prices	14 082	11 734
5% decrease in non-fixed income securities prices	(14 082)	(11 734)

An analysis of the sensitivity of the Company's profit or loss to changes in investments' prices based on positions existing as at 31 December 2024 and 2023 and a simplified scenario of a 5% change in all fair value through profit and loss instruments prices is as follows:

	2024	2023
	EUR'000	EUR'000
5% increase in securities prices	2 102	2 066
5% decrease in securities prices	(2 102)	(2 066)

(c) Interest rate risk

Interest rate risk is defined as the loss in value resulting from a change in interest rates and is viewed both from the asset-only perspective and in relation to the interest-rate sensitivity of the liabilities.

Measures for management of the interest rate risk in the Company are based on the assessment of the impact of the interest rate risk on the Company's financial indices. The Company is using VIG ARM given discount rates for liability incurred claims.

The Company is exposed to a moderate interest rate risk. The duration matching of assets and liabilities is analysed quarterly.

	31.12.2024		31.12.2023	
EUR'000	Profit or loss	OCI	Profit or loss	OCI
100 bp parallel increase	1 410	(14 109)	1 405	(8 800)
100 bp parallel decrease	(1 739)	14 109	(1 728)	8 800

Fluctuations in fair value that results from changes of interest rate of financial assets with fixed interest rate are reflected in price risk sensitivity analysis. Changes in interest rate risk reserves are recognized in profit or loss (no OCI options). Reinsurance deposit is defined as short term and there is no discounting for nominal value.
The following table present the Company's financial assets analysed according to repricing periods determined as the earlier of the remaining contractual maturity and the contractual repricing. The interest rate repricing profile of the Company's assets as at end of the period:

31 December 2024	**Up to 12 months EUR'000**	**1-5 years EUR'000**	**Over 5 years EUR'000**	**Non-interest bearing EUR'000**	**Total EUR'000**	**Of which subject to fixed rates EUR'000**
Financial assets						
Debt securities and other fixed income securities	22 077	121 517	144 968	-	**288 562**	283 841
Non-fixed income securities	-	-	-	39 245	**39 245**	**-**
Loans	-	-	13 842	0	**13 842**	**13 842**
Insurance contracts assets	-	-	-	696	**696**	**-**
Reinsurance contracts assets	-	-	-	39832	**39 832**	**-**
Other receivables	-	-	-	403	**403**	**-**
Cash and cash equivalents	-	-	-	14 156	**14 156**	-
Total financial assets	**22 077**	**121 517**	**158 810**	**94 332**	**396 736**	**297 683**

31 December 2023	**Up to 12 months EUR'000**	**1-5 years EUR'000**	**Over 5 years EUR'000**	**Non-interest bearing EUR'000**	**Total EUR'000**	**Of which subject to fixed rates EUR'000**
Financial assets						
Debt securities and other fixed income securities	40 089	167 610	29 493	-	**237 192**	236 663
Non-fixed income securities	-	-	-	40 753	**40 753**	**-**
Loans	-	1 000	14 189	-	**15 189**	**15 189**
Insurance contracts assets	-	-	-	417	**417**	**-**
Reinsurance contracts assets	-	-	-	27 260	**27 260**	**-**
Other receivables	-	-	-	421	**421**	**-**
Cash and cash equivalents	-	-	-	19 083	**19 083**	**2 100**
Total financial assets	**40 089**	**168 610**	**43 682**	**87 934**	**340 315**	**253 952**

Liquidity risk

The Company understands liquidity as the ability to meet its current liabilities in timely and comprehensive manner.

In order to mitigate any short-term liquidity risks, the Company carries out regular cash flow planning and continuously maintains a minimal cash position. As a long-term liquidity risk mitigation, the Company invests primarily into highly liquid investments.

Highly liquid investments are deemed to be the following assets:
1) claims on demand to credit institutions;
2) other claims to solvent credit institutions (term deposits, etc.) whose remaining repayment term does not exceed 30 days, and deposits with another term if the agreement stipulates an option to withdraw money before the due date (less the amount of contractual penalty for preterm withdrawal of deposits if such is provided);

3) investments in securities if they have a constant, unrestricted market, i.e., they can be sold in a short time without considerable losses or can be used as a collateral for receipt of loan.

The tables below show the allocation of the Company's assets and liabilities to maturity groups based on the time remaining from the reporting period end date to the maturity dates or expected dates of settlement. The table below does not show carrying amount separately as carrying amount is equal to gross and undiscounted amounts, apart from lease liabilities which effect is immaterial.

While the tables below reflect the liquidity risk, it is based on time to contractual maturity. Investments classified as financial instruments at fair value through profit and loss and available for sale instruments, are considered as highly liquid financial assets and management has the ability to sell them earlier than the contractual date, thereby helping to manage its liquidity gap, if needed.

31 December 2024	**Up to 12 months EUR'000**	**From 1 to 5 years EUR'000**	**Over 5 years EUR'000**	**No fixed maturity EUR'000**	**Total EUR'000**
Financial and insurance related assets					
Debt securities and other fixed income securities	22 077	121 517	144 968	-	**288 562**
Non-fixed income securities	-	-	-	39 245	**39 245**
Loans	-	-	13 842	-	**13 842**
Insurance contracts assets	696	-	-		**696**
Reinsurance contracts assets	39 832	-	-		**39 832**
Other receivables	403	-	-		**403**
Cash and cash equivalents	14 156	-	-		**14 156**
Total financial assets taking into account maturity	**77 164**	**121 517**	**158 810**	**39 245**	**396 736**
Insurance contract liabilities, net and financial liabilities					
Insurance contracts liabilities	242 280	38 736	2 444	-	**283 460**
Reinsurance contracts liabilities	2 704	-	-	-	**2 704**
Financial liabilities	23 623	4 952	23 945	-	**52 520**
Total Insurance contract liabilities, net and financial liabilities	**268 607**	**43 688**	**26 389**	**-**	**338 684**
Maturity gap	**(191 443)**	**77 829**	**132 421**	**39 245**	**58 052**

31 December 2023	**Up to 12 months EUR'000**	**From 1 to 5 years EUR'000**	**Over 5 years EUR'000**	**No fixed maturity EUR'000**	**Total EUR'000**
Financial and insurance related assets					
Debt securities and other fixed income securities	40 089	167 610	29 493	-	**237 192**
Non-fixed income securities	-	-	-	40 753	**40 753**
Loans	-	1 000	14 189	-	**15 189**
Insurance contracts assets	417	-	-	-	**417**
Reinsurance contracts assets	27 260	-	-	-	**27 260**
Other receivables	421	-	-	-	**421**
Cash and cash equivalents	19 083	-	-	-	**19 083**
Total financial assets taking into account maturity	**87 270**	**168 610**	**43 682**	**40 753**	**340 315**
Insurance contract liabilities, net and financial liabilities					
Insurance contracts liabilities	187 031	15 829	36 392	-	**239 252**
Reinsurance contracts liabilities	5 773	-	-	-	**5 773**
Financial liabilities	27 207	2 802	23 522	-	**53 531**
Total Insurance contract liabilities, net and financial liabilities	**220 011**	**18 631**	**59 914**	**-**	**298 556**
Maturity gap	**(132 741)**	**149 979**	**(16 232)**	**40 753**	**41 759**

The Company carries out regular analysis of maturity structure of assets and liabilities, including evaluation of potential effect of mismatches in the maturity structure of such assets and liabilities on the Company's financial results and financial position. Effects of investments on maturity structure of assets are evaluated prior to investments.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 December 2024	**Carrying amount EUR'000**	**Total EUR'000**	**Up to 12 months EUR'000**	**From 1 to 5 years EUR'000**	**Over 5 years EUR'000**
Financial liabilities					
Creditors	22 481	22 481	21 211	1 270	-
Leases	6 747	7 516	1 889	3 682	1 945
Subordinated loan	22 523	29 924	2 763	9 948	17 213
Total financial liabilities	**51 751**	**59 921**	**25 863**	**14 900**	**19 158**

31 December 2023	**Carrying amount EUR'000**	**Total EUR'000**	**Up to 12 months EUR'000**	**From 1 to 5 years EUR'000**	**Over 5 years EUR'000**
Financial liabilities					
Creditors	26 226	26 226	25 374	852	-
Leases	4 782	4 782	1 310	1 950	1 522
Subordinated loan	22 523	31 187	1 263	11 826	18 098
Total financial liabilities	**53 531**	**62 195**	**27 947**	**14 628**	**19 620**

Credit risk

The Company takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one issuer of securities, debtor, borrower, or group of the above. Such risks are monitored regularly.

Credit risk mainly arising from direct insurance debtors, intermediaries and reinsurance debtors in case the counterparty fails to fulfil its payment obligations.

Maximum credit risk	**2024 EUR'000**		**2023 EUR'000**	
	Gross	**Net**	**Gross**	**Net**
Government bonds	240 627	240 551	193 017	192 947
Corporate bonds	24 778	24 716	25 158	25 097
Mortgage bonds	20 048	20 048	19 018	19 018
Loans	13 905	13 842	15 253	15 189
Other debtors	719	403	737	421
Cash	14 156	14 156	19 083	19 083
	314 233	**313 716**	**272 266**	**271 755**

Credit risk arises on the financial investments, direct insurance amounts receivable and the reinsurance amounts receivable and is the risk the counterparty defaults on the payment of the amount due. Except for due from policy holders, intermediaries and other debtors, no financial assets are overdue or with impairment allowances.

Management of Financial investments

The Company manages credit risks by investing most of the investments in markets and investments with high ratings. Deposits are invested in Latvian, Lithuanian and Estonian commercial banks that are subsidiaries of foreign banks and that do not have separate ratings.

Investment analysis by ratings:

2024	Rating	Government bonds	Listed debt securities	Mortgage bonds	Total
		EUR'000	EUR'000	EUR'000	EUR'000
Agency: S&P, Fitch, Moody's					
	AAA	322	-	20 048	20 370
	AA	2 895	916	-	3 811
	A	235 600	8 210	-	243 810
	BBB	1 810	12 242	-	14 052
	BB and lower	-	4 134	-	4 134
	No rating	-	2 385	-	2 385
		240 627	**27 887**	**20 048**	**288 562**

2023	Rating	Government bonds	Listed debt securities	Mortgage bonds	Total
		EUR'000	EUR'000	EUR'000	EUR'000
Agency: S&P, Fitch, Moody's					
	AAA	18 109	-	19 018	**37 127**
	AA	14 769	539	-	**15 308**
	A	156 726	7 010	-	**163 736**
	BBB	3 412	13 047	-	**16 459**
	BB and lower	-	2 655	-	**2 655**
	No rating	-	1 907	-	**1 907**
		193 016	**25 158**	**19 018**	**237 192**

Reinsurance

The Company reinsures a part of the risk portfolio to increase its underwriting capabilities, to control its exposure to losses and to protect own capital. It purchases the obligatory and facultative reinsurance coverage to underwrite a larger quantity and/or volume of risk, to reduce the net exposure and to keep the solvency ratio in favourable range. The Company also buys reinsurance treaties that protect the Company from any cumulative losses that may arise from multiple claims resulting from the same event, including natural catastrophes. By covering against accumulated individual commitments, reinsurance gives the Company more security for its equity and solvency by increasing its ability to withstand the financial burden when unusual and major events occur.

Ceded reinsurance contains credit risk, and such reinsurance recoverable is reported after deductions for known counterparty insolvencies and uncollectible items. The Company monitors the financial condition of reinsurers by following VIG Security List of reinsurers and reviews its reinsurance arrangements periodically.
Risks are ceded to the (re)insurance companies with a sound reputation considering internal and VIG Reinsurance Security guidelines. The decision of choosing a cooperation partner with a rating below A Group by Standard and Poor's, Moody, Reuters, A.M. Best and Fitch, upon evaluating all risks, is coordinated with the Management Board and VIG Security Committee. Most of the reinsurance companies are rated with rating AA and A, this is ap to 99% from reinsurance agreements. Reinsurance companies settle their obligations in the time period of 30 days. Reinsurance agreements also stipulate the reinsurer's obligation to pay the insurance indemnity immediately when the amount of the indemnity exceeds a certain amount.

During the reporting period, all reinsurance companies fulfilled their obligations to the Company in accordance with the applicable agreements.

Taking into account the reinsurance agreements the Company's max liability for each insurance risk per event for the main business lines is as follows:

	31 December 2024 EUR'000	31 December 2023 EUR'000
Accident insurance	200	200
Health insurance	Retained on net	Retained on net
CASCO	Retained on net	Retained on net
Railway rolling stock insurance	250	250
Aircraft insurance	250	250
Marine vessel insurance	250	250
Freight insurance	250	250
Property insurance	750	750
MTPL	600	600
Aircraft owner third party liability insurance	250	250
Ship owner third party liability insurance	250	250
General third party liability insurance	400	400
Credit insurance	800	800
Surety insurance	750	750
Miscellaneous financial losses insurance	750	750
Legal expense insurance	15 (only LT)	15 (only LT)
Assistance insurance	Retained on net	Retained on net

5.4 Operational risk management

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes - inadequate or failed processes, people, systems, or external events. Operational risks arise from all of the Company's operations.

The Company has a framework to identify, assess, manage, monitor, and report operational risk. The Company considers internal control to be key for managing operational risk. The objectives of the internal control system are:
- to provide reasonable assurance financial statements and disclosures are materially correct;
- support sustainable processes;
- to ensure legal and regulatory compliance.

The internal control system is designed to mitigate rather than eliminate the risk that business objectives might not be met. To ensure consistency of processes and reliability of operations, the Company develops internal regulatory documents for essential processes.

The Company collects and registers the data on operational risk events, their causes, consequences and measures taken to correct the issue and prevent their recurrence. Key controls are assessed for their design and operating effectiveness. The risk awareness and understanding of controls are promoted through communication and employee training.

Annual operational risk assessment confirmed that the level of operational risk is adequate to the size and scale of complexity to the business and no material risks were identified being without effective control measures.

5.5 Capital adequacy requirements and Capital management

According to the requirements of the "Insurance and Reinsurance Law" of the Republic of Latvia, Directive 2009/138/EC of the European Parliament and of the Council and Commission Delegated Regulation 2015/35 which are in force for the reporting period, the Company should constantly have at its disposal eligible own funds, which should equal or be higher than a determined solvency capital requirement.
The Company has developed a capital management policy to be sure:

a. that eligible own fund items, both at issue and subsequently, are classified according to the features in Articles 71, 73, 75 and 77 of Commission Delegated Regulation 2015/35.
b. before issuance of any own fund items that it can satisfy the criteria for the appropriate tier on a continuous basis;
c. that own funds items are not encumbered by the existence of any agreements or connected transactions, or as a consequence of a group structure, which would undermine their efficacy as capital;
d. that the actions required or permitted under the contractual, statutory or legal provisions governing an own fund item are initiated and completed in a timely manner;

e. that the contractual terms governing own fund item items are clear and unambiguous in relation to the criteria for classification into tiers;
f. that any policy or statement in respect of ordinary share dividends is fully taken into account in consideration of the capital position and the assessment of the foreseeable dividends;
g. that the manner in which items included in own funds under the transitional measures operate in times of stress, and in particular how the items absorb losses is assessed and taken into account in the ORSA (own risk solvency assessment).

Capital management

The Company has adopted the Solvency II regulation, which entered into force on 1 January 2016 and served as the main model for capital risk management in the reporting period. When developing capital management policies and capital management plans, the Company's management uses the methods for calculating the solvency capital requirement in order to determine the capital requirements of the Company, taking into account the Company's existing financial situation, liabilities and future development plans. The management of the company evaluates the level of capitalization desired and determines the measures that are necessary to achieve it in the future taking into account the Company's risk profile and market conditions. Such measures may include limiting and reducing the risks taken, additional capital attraction, and adjusting the Company's development strategy.

Capital management policies and capital management plans are developed by the Management Board of the Company together with the Finance Department, the actuarial function and risk management function and approved by the Supervisory Board of the Company.

During the reporting year the drop of interest rate levels on the international financial and capital markets had significant impact compared to 2023 and had a significant positive impact on the market valuation of the Company's financial assets. No capital measures were taken during 2024. The Company's solvency capital requirements increased during the reporting year mainly due to considerable premium growth during 2024 and expectations for continuing premium growth in 2025. The Company also made efforts to continue to optimize its solvency capital requirements by improving maturity matching and currency matching its assets and liabilities, resulting in lower required capital for the market risk. The increase in value of the Company's assets were the main contributors to increasing the Company's eligible own funds and thus its Solvency ratio (gave more than 10 p.p.). According to the Company's risk strategy and capital management plans the Solvency ratio should range around 125%. As at December 2024 the Company's Solvency ratio was 135.7% (unaudited), a significant improvement from 125% (unaudited) as at 31 December 2023.

(6) Insurance service revenue

	2024 **EUR'000**	**2023** **EUR'000**
Non-life contracts measured under the PAA	308 216	279 852
	308 216	**279 852**

	2024 **EUR'000**	**2023** **EUR'000**
Contracts measured under the PAA		
Motor vehicle liability insurance	88 630	85 326
Other motor insurance	69 104	64 121
Fire and other damage to property insurance	53 706	45 474
Medical expense	47 346	39 502
General liability	16 746	14 631
Credit and suretyship insurance	10 312	10 266
Assistance	9 246	8 585
Income protection	8 629	7 555
Marine, aviation and transport insurance	3 231	3 365
Miscellaneous financial loss	1 231	1 002
Legal expenses	35	25
Total contracts measured under the PAA	**308 216**	**279 852**

Breakdown of insurance service revenue by country:

	2024 EUR'000	2023 EUR'000
Latvia	99 243	93 858
Lithuania	178 991	156 754
Estonia	29 982	29 240
	308 216	**279 852**

(7) Incurred claims and benefits and other insurance expenses

	2024 EUR'000	2023 EUR'000
Motor vehicle liability insurance	54 418	51 022
Other motor insurance	43 439	43 376
Medical expense	33 183	30 161
Fire and other damage to property insurance	32 761	29 741
General liability	4 935	2 793
Assistance	4 466	3 353
Income protection	4 154	3 938
Marine, aviation and transport insurance	1 023	2 464
Miscellaneous financial loss	828	380
Credit and suretyship insurance	553	374
Legal expenses	1	-
Total	**179 761**	**167 602**

(8) Insurance finance result

	2024 EUR'000	2023 EUR'000
Net finance expenses from insurance contracts		
Interest accreted	(2 734)	(1 895)
Effect of changes in interest rates and other financial assumptions	(634)	(2 171)
Net foreign exchange loss	(293)	(368)
Total net finance expenses from insurance contracts	**(3 661)**	**(4 434)**
Net finance income from reinsurance contracts		
Interest accreted	1 067	1 087
Other	231	562
Total net finance income from reinsurance contracts	**1 298**	**1 649**
Represented by:		
Amounts recognised in profit or loss	**(2 363)**	**(2 785)**

(9) Investment result

	2024 EUR'000	2023 EUR'000
Investment return		
Interest revenue calculated using the effective interest method (a)	6 889	3 657
Other investment revenue (b)	1 323	923
Gain/(loss) on disposal of Debt investments at FVtOCI	(1 995)	(2 065)
Gain/(loss) of financial assets measured at FVtPL, net	(161)	(447)
Net impairment loss on fin. instrument	(7)	(26)
Gain/(loss) on foreign currency fluctuation	151	331
Gain/(loss) on investment property	108	(145)
Total investment return	**6 308**	**2 228**

(a) Interest revenue calculated using the effective interest method

	2024 EUR'000	2023 EUR'000
Debt investments measured at FVtOCI		
Government bonds	5 159	2 161
Other debt securities	1 064	981
	6 223	**3 142**
Financial assets measured at amortised cost		
Cash and cash equivalents	285	146
Deposits with financial institutions	9	2
Loans	372	367
	666	**515**
Total interest revenue calculated using the effective interest method	**6 889**	**3 657**

(b) Other investment revenue

	2024 EUR'000	2023 EUR'000
Net gains on financial instruments measured at FVTPL		
Other debt securities	93	43
Investments in investment funds	1 027	632
Shares and other equity securities	159	155
	1 279	**830**

	2024 EUR'000	2023 EUR'000
Net gains on financial instruments measured at Cost less impairment		
Shares in fully consolidated companies	43	93
	43	**93**

(10) Expenses

	2024 EUR'000	2023 EUR'000
Claims and benefits and changes in liabilities	201 071	173 184
Employee benefits	40 357	24 527
Amortization of intermediary commission	32 042	41 693
IT expenses	8 455	3 612
Depreciation and amortization	6 721	4 898
Direct claim handling expenses	4 509	3 888
Obligatory payments and deductions	2 667	2 891
Advertising and public relation expenses	1 542	1 300
Other operating expenses	1 403	325
Business related costs	864	740
External claim handling expenses	795	926
Utility expenses (electricity, heating, water)	651	797
Car maintenance costs	649	618
Telecommunication costs	629	639
Onerous contract changes	421	(248)
Rent payments	390	377
Cleaning expenses	325	308
Consulting services	208	208
Audit costs	126	122
Asset management costs	81	316
Changes in indirect acquisition expenses	(287)	(166)
	303 619	**260 955**
Represented by:		
Insurance service expenses	296 900	255 194
Other operating expenses	6 719	5 761
	303 619	**260 955**

(11) Other financial costs

	2024 EUR'000	2023 EUR'000
Interest expenses on financial liabilities measured at amortised cost		
Interest expense on subordinated loans	1 265	1 263
	1 265	**1 263**
Interest expense on lease liabilities	203	126
	1 468	**1 389**

(12) Income tax expense

	2024 EUR'000	2023 EUR'000
Current corporate income tax	(1 546)	(1 174)
Deferred tax	74	28
	(1 472)	**(1 146)**

Effective tax rate reconciliation

	2024 EUR'000			
	Latvia	**Lithuania**	**Estonia**	**Total**
Profit before tax	**2 171**	**9 194**	**(2 148)**	**9 217**
Theoretical tax using the 15% or 20% rate*	434	1 379	-	**1 813**
Non-deductible expenses	-	140	-	**140**
Profit taxation on distribution impact	(434)	-	-	**(434)**
Donations	-	(47)	-	**(47)**
Tax expenses	**-**	**1 472**	**-**	**1 472**

	2023 EUR'000			
	Latvia	**Lithuania**	**Estonia**	**Total**
Profit before tax	**6 588**	**6 959**	**(1 957)**	**11 590**
Theoretical tax using the 15% or 20% rate*	1 318	1 044	-	**2 362**
Non-deductible expenses	-	148	-	**148**
Profit taxation on distribution impact	(1 318)	-	-	**(1 318)**
Donations	-	(46)	-	**(46)**
Tax expenses	**-**	**1 146**	**-**	**1 146**

* Theoretical tax rate in 2024 and 2023 for Latvia is 20%, for Lithuania – 15%, for Estonia – 20%.

According to the double taxation treaty between Latvia and Estonia income declared by the Estonian branch is taxable in Latvia. According to the treaty, the Company applies the credit method in order to avoid double taxation.

According to the double taxation treaty between Latvia and Lithuania income declared by the Lithuanian branch is taxable in Lithuania. According to the treaty, the Company applies the release method in order to avoid double taxation. When determining taxable income, income generated by the Company's branch in Lithuania is not taken into account. Taxable income is reduced by the Company's income for the taxation period that was generated in Lithuania and included in the profit or loss of the Company and the taxable amount has been increased by the amount of expenses that are connected with generating the above income and included in the profit or loss of the Company.

Should all distributable retained earnings as of period end in the amount of EUR 29 918 thousand (2023: EUR 24 731 thousand) be distributed, EUR 9 964 thousand (2023: EUR 9 244 thousand) could be distributed without additional income tax consequences, while the distribution of all distributable retained earnings would result in corporate income tax implications of EUR 4 989 thousand. The distribution of Share premium and Reserve capital and other reserves to shareholders would not result in additional income tax consequences.

(13) Property and equipment

	Vehicles EUR'000	Art in BTA EUR'000	Other property and equipment EUR'000	Right-of-use assets EUR'000	Total EUR'000
Cost					
31.12.2022	**2 127**	**164**	**3 773**	**505**	**6 569**
Purchased	785	35	575	21	1 416
Disposals	(217)	-	(729)	(53)	(999)
31.12.2023	**2 695**	**199**	**3 619**	**473**	**6 986**
Purchased	648	41	662	126	1 477
Disposals	(538)	-	(252)	(124)	(914)
31.12.2024	**2 805**	**240**	**4 029**	**475**	**7 549**
Accumulated depreciation					
31.12.2022	**(1 247)**	**-**	**(2 870)**	**(270)**	**(4 387)**
Depreciation for the period	(447)	-	(574)	(83)	(1 104)
Depreciation on disposed assets	205	-	728	53	986
31.12.2023	**(1 489)**	**-**	**(2 716)**	**(300)**	**(4 505)**
Depreciation for the period	(484)	-	(473)	(81)	(1 038)
Depreciation on disposed assets	499	-	246	124	869
31.12.2024	**(1 474)**	**-**	**(2 943)**	**(257)**	**(4 674)**
Balance at 31.12.2023	**1 206**	**199**	**903**	**173**	**2 481**
Balance at 31.12.2024	**1 331**	**240**	**1 086**	**218**	**2 875**

Depreciation for the period is presented in the profit or loss under Depreciation caption.

(14) Land and buildings and Investment property

(a) Land and buildings for own use

	Land and buildings EUR'000	Right-of-use assets EUR'000	Total EUR'000
Cost			
31.12.2022	**1 887**	**7 541**	**9 428**
Additions	-	3 676	3 676
Disposals	-	(309)	(309)
31.12.2023	**1 887**	**10 908**	**12 795**
Additions	-	3 736	3 736
Disposals	(164)	(1 192)	(1 356)
31.12.2024	**1 723**	**13 452**	**15 175**
Accumulated depreciation			
31.12.2022	**(1 179)**	**(4 778)**	**(5 957)**
Depreciation for the period	(73)	(1 922)	(1 995)
Depreciation on disposed assets	-	309	309
31.12.2023	**(1 252)**	**(6 391)**	**(7 643)**
Depreciation for the period	(68)	(1 866)	(1 934)
Depreciation on disposed assets	104	1 199	1 303
31.12.2024	**(1 216)**	**(7 058)**	**(8 274)**
Balance at 31.12.2023	**635**	**4 517**	**5 152**
Balance at 31.12.2024	**507**	**6 394**	**6 901**

Depreciation for the period is presented in the profit or loss under Depreciation caption.

Gain on sale of own use property EUR 46 thousand (2023: loss EUR 2 thousand).

(b) Investment property

	Investment property EUR'000
Balance at 31.12.2022	**947**
Disposals	(505)
Depreciation for the period	(85)
Depreciation on disposed assets	313
Balance at 31.12.2023	**670**
Disposals	(138)
Depreciation for the period	(64)
Depreciation on disposed assets	88
Balance at 31.12.2024	**556**

Investment property comprises a number of commercial properties that are leased to third parties.

Rental income is recognized in the profit or loss under Other income amounting to EUR 97 thousand (2023: EUR 132 thousand).

Gain on sale of investment property EUR 60 thousand (2023: gain EUR 136 thousand).
All investment properties represent Level 3 fair value hierarchy.

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used for 2024 and 2023 in brackets:

Type	**Fair value, EUR'000 (year 2023)**	**Valuation technique**	**Significant unobservable inputs for 2024 and 2023**	**Inter-relation between significant unobservable inputs and fair value measurement**
Building and land located in Tukums	72** (66)	Discounted cash flows technique*	Rental income of EUR 4.67 per m^2 Discount rate 10%	The estimated fair value would increase/ (decrease) if rental income per m^2 was higher/ (lower). The estimated fair value would increase/ (decrease) if discount rate was lower/ (higher)
Building and land located in Talsi	30** (26)	Discounted cash flows technique*	Rental income of EUR 2.99 per m^2 Discount rate 10%	The estimated fair value would increase/ (decrease) if rental income per m^2 was higher/ (lower). The estimated fair value would increase/ (decrease) if discount rate was lower (higher)
Buildings and land located in Riga	124**(146)	Discounted cash flows technique*	Rental income of EUR 7.8 per m^2 Discount rate 8%	The estimated fair value would increase/ (decrease) if rental income per m^2 was higher/ (lower). The estimated fair value would increase/ (decrease) if discount rate was lower (higher)
Building and land located in Riga (part of the property was sold during 2023 and 2024)	751 (848)	Discounted cash flows technique*	Rental income range EUR 5-8 per m^2 Discount rate 8.5%	The estimated fair value would increase/ (decrease) if rental income per m^2 was higher/ (lower). The estimated fair value would increase/ (decrease) if discount rate was lower (higher)

	2024 EUR'000	**2023 EUR'000**
Total fair value	**977**	**1 099**

* Discounted cash flows technique is a model based on discounted cash flows from rental income.
** Changes in fair value is due to revaluation of properties that were revaluated by external valuators during the year 2024.

All assets held for sale represent Level 3 fair value hierarchy.

(15) Intangible assets

	Software EUR'000	Total EUR'000
Cost		
31.12.2022	**11 458**	**11 458**
Purchased	3 111	3 111
Disposals	(255)	(255)
31.12.2023	**14 314**	**14 314**
Purchased	222	222
Impairment	(2 587)	(2 587)
31.12.2024	**11 949**	**11 949**
Accumulated amortisation		
31.12.2022	**(4 806)**	**(4 806)**
Amortisation for the period	(1 795)	(1 795)
Amortisation on disposed assets	252	252
31.12.2023	**(6 349)**	**(6 349)**
Amortisation for the period	(2 208)	(2 208)
Amortisation on fully impaired asset	1 040	1 040
31.12.2024	**(7 517)**	**(7 517)**
Balance at 31.12.2023	**7 965**	**7 965**
Balance at 31.12.2024	**4 432**	**4 432**

Amortisation for the period is presented in the profit or loss under Depreciation and amortisation caption. Software purchases for the reporting period are increased due to capitalisation of costs for IT systems.

(16) Investment in subsidiaries and associate companies

On 18 June 2019 BTA Baltic Insurance Company AAS acquired 100% share capital of and complete control over Urban Space SIA for EUR 406 thousand. Consequently the Company's investment in Urban Space SIA increased to EUR 506 thousand.

In 2020 three new subsidiaries were established Ģertrūdes 121 SIA, Artilērijas 35 SIA and Alauksta 13/15 SIA with share capital of EUR 2 800. Reason of establishing these companies is real estate acquisition. In 2021 Company increased its share capital to EUR 1 059 thousand for Ģertrūdes 121 SIA, EUR 320 thousand for Artilērijas 35 SIA and EUR 304 thousand for Alauksta 13/15 SIA.

In 2021 new subsidiary was established LiveOn SIA. Company in 2021 in total invested EUR 15 052 thousand in share capital of LiveOn SIA. In 2022 Company additionally invested EUR 3 150 thousand in LiveOn SIA share capital. Purpose is to increase Company's real estate investment portfolio.

During 2020 BTA Baltic Insurance Company AAS acquired 33.33% shares of SIA Global Assistance. Company will be involved in providing assistance services in motor, travel and housing insurance to the customers of VIG Group companies in the Baltics.

As at 31 December 2024, as well as at 31 December 2023, the subsidiaries and associate companies are accounted using the cost method. Based on impairment analysis performed by management as at 31.12.2024, no impairment has been identified.

Name of the Company	Participation	Investment amount 31.12.2024 EUR'000	Investment amount 31.12.2023 EUR'000	Net asset value 31.12.2024 (unaudited) EUR'000	Net asset value 31.12.2023 EUR'000
Urban Space SIA	100%	506	506	751	597*
Ģertrūdes 121 SIA	33.33%	1 059	1 059	2 746	3 587
Artilērijas 35 SIA	33.33%	320	320	1 288	1 111
Alauksta 13/15 SIA	33.33%	304	304	1 025	1 154
Global Assistance SIA	33.33%	100	100	259	250
LiveOn SIA	70%	18 203	18 203	30 782	29 129
		20 492	**20 492**	**36 851**	**35 828**

* unaudited

(17) Financial investments at fair value through profit or loss

	31.12.2024 EUR'000	31.12.2023 EUR'000
Non-fixed income securities		
Investments in investment funds	34 312	34 912
Shares and other equity securities	4 933	5 841
	39 245	**40 753**

	31.12.2024 EUR'000	31.12.2023 EUR'000
Investment portfolio of non-fixed income securities by geography:		
Latvia, Lithuania, Estonia	18 599	6 986
European Union countries	19 754	27 436
Other	892	6 331
	39 245	**40 753**

	31.12.2024 EUR'000	31.12.2023 EUR'000
Fixed income securities		
Debt securities with fixed income, which are included in a regulated market	3 108	793
	3 108	**793**

	31.12.2024 EUR'000	31.12.2023 EUR'000
Investment portfolio of fixed income securities by geography:		
Latvia, Lithuania, Estonia	2 157	-
European Union countries	951	793
	3 108	**793**

(18) Financial investments at fair value through other comprehensive income

	31.12.2024 EUR'000	31.12.2023 EUR'000
Fixed income securities		
Debt securities with fixed income, which are included in a regulated market	285 454	236 399
	285 454	**236 399**

	31.12.2023 EUR'000	31.12.2023 EUR'000
Investment portfolio of fixed income securities by geography:		
Latvia, Lithuania, Estonia	230 836	150 261
Poland	15 161	14 478
Denmark	19 881	18 849
Other European Union countries	13 335	44 642
Other	6 241	8 169
	285 454	**236 399**

As at 31 December 2024 and 2023, all financial investments at fair value through other comprehensive income are assessed as Stage 1 in line with IFRS 9 requirements, except for one financial investment in 2023, that was assessed as at 31 December 2023 amounts to EUR 15 thousand as Stage 2 in line with IFRS 9 requirements. Impairment allowance for expected credit loss as at 31 December 2024 amounts to EUR 139 thousand (31 December 2023: EUR 130 thousand).

(19) Loans

Structure of loan portfolio:

	31.12.2024 EUR'000	31.12.2023 EUR'000
Amount of loans, gross	13 905	15 241
Accrued interest payments	-	11
Portfolio level impairment allowances	(63)	(63)
	13 842	**15 189**

All issued loans are to related parties. For more detailed information please refer to Note 35. As at 31 December 2024 and 2023, all loans are assessed as Stage 1 in line with IFRS 9 requirement. No events of delays of payments have been identified during the reporting year.

Loan maturity structure:

	31.12.2024 EUR'000	31.12.2023 EUR'000
With maturity 1 - 5 years	-	1 000
With maturity in more than 5 years	13 905	14 241
	13 905	**15 241**

Loan structure by geographical split:

	31.12.2024 EUR'000	31.12.2023 EUR'000
Latvia	8 182	9 406
Poland	5 530	5 639
Czech Republic	123	128
Estonia	30	40
Lithuania	40	28
	13 905	**15 241**

All issued loans are to related parties. For more detailed information please refer to Note 35.

(20) Insurance contract assets and liabilities

Insurance contract assets	**31.12.2024 EUR'000**	**31.12.2023 EUR'000**
Receivables premiums	632	417
Assets for insurance acquisition cash flows	64	-
	696	**417**
Insurance contract liabilities		
Liabilities for remaining coverage	84 037	77 745
Liabilities for incurred claims	197 947	160 733
Risk adjustment for non-financial risk	1 055	774
Loss component	421	-
	283 460	**239 252**
Insurance contract assets/liabilities	**282 764**	**238 835**

Movements in insurance contract balances

	Total amount 31.12.2024 EUR'000	Assets and liabilities for remaining coverage 31.12.2024 EUR'000	Loss component 31.12.2024 EUR'000	Assets and liabilities for incurred claims 31.12.2024 EUR'000	Risk adjustment for non-financial risk 31.12.2024 EUR'000
Opening assets	(417)	(417)	-	-	-
Opening liabilities	239 252	77 745	-	160 733	774
Net opening balance	**238 835**	**77 328**	**-**	**160 733**	**774**
Insurance revenue	**(308 216)**	**(308 216)**	**-**	**-**	**-**
Insurance service expenses					
Incurred claims and other insurance service expenses	222 275	-	-	222 275	-
Amortization of acquisition cash flows	40 407	40 407	-	-	-
Changes in liabilities for past periods	(46 828)	-	-	(46 686)	(142)
Changes in liabilities for current period	80 625	-	-	80 224	401
Changes in liabilities through OCI	75	-	-	75	-
Loss component changes	421	-	421	-	-
Insurance service expenses	**296 975**	**40 407**	**421**	**255 888**	**259**
Insurance finances result from direct					
Net finances expenses from insurance contract	3 368	-	-	3 347	21
Effect of movement in exchange rates	293	10	-	282	1
Insurance finances result from direct	**3 661**	**10**	**-**	**3 629**	**22**
Total changes in the statement of profit or loss and in OCI	**(7 580)**	**(267 799)**	**421**	**259 517**	**281**
Cash flows					
Premium received	306 164	306 164	-	-	-
Claims paid	(179 761)	-	-	(179 761)	-
Incurred directly attributable operating expenses	(42 514)	-	-	(42 514)	-
Insurance acquisition cash flows	(32 380)	(32 380)	-	-	-
Total cash flows	**51 509**	**273 784**	**-**	**- 222 275**	**-**
Closing assets	(696)	(724)	-	28	-
Closing liabilities	283 460	84 037	421	197 947	1 055
Net closing balance	**282 764**	**83 313**	**421**	**197 975**	**1 055**

	Total amount 31.12.2023 EUR'000	Assets and liabilities for remaining coverage 31.12.2023 EUR'000	Loss component 31.12.2023 EUR'000	Assets and liabilities for incurred claims 31.12.2023 EUR'000	Risk adjustment for non-financial risk 31.12.2023 EUR'000
Opening assets	(622)	(622)	-	-	-
Opening liabilities	213 966	73 239	248	139 584	895
Net opening balance	**213 344**	**72 617**	**248**	**139 584**	**895**
Insurance revenue	**(279 852)**	**(279 852)**	**-**	**-**	**-**
Insurance service expenses					
Incurred claims and other insurance service expenses	197 329	-	-	197 329	-
Amortization of acquisition cash flows	41 527	41 527	-	-	-
Changes in liabilities for past periods	(57 021)	-	-	(57 021)	-
Changes in liabilities for current period	73 607	-	-	73 768	(161)
Loss component	(248)	-	(248)	-	-
Insurance service expenses	**255 194**	**41 527**	**(248)**	**214 076**	**(161)**
Insurance finances result from direct					
Net finances expenses from insurance contract	4 066	-	-	4 028	38
Effect of movement in exchange rates	368	(8)	-	374	2
Insurance finances result from direct	**4 434**	**(8)**	**-**	**4 402**	**40**
Total changes in the statement of profit or loss and OCI	**(20 224)**	**(238 333)**	**(248)**	**218 478**	**(121)**
Cash flows					
Premium received	269 827	269 827	-	-	-
Claims paid	(167 361)	241	-	(167 602)	-
Incurred directly attributable operating expenses	(29 727)	-	-	(29 727)	-
Insurance acquisition cash flows	(27 024)	(27 024)	-	-	-
Total cash flows	**45 715**	**243 044**	**-**	**(197 329)**	**-**
Closing assets	(417)	(417)	-	-	-
Closing liabilities	239 252	77 745	-	160 733	774
Net closing balance	**238 835**	**77 328**	**-**	**160 733**	**774**

(21) Other receivables

	31.12.2024 EUR'000	31.12.2023 EUR'000
Financial assets		
Receivables for claims handling services provided	197	196
Other debtors	353	427
Impairment allowance	(316)	(316)
Total financial assets	**234**	**307**
Non-financial assets		
Advance payments	169	114
Total non-financial assets	**169**	**114**
	403	**421**

(22) Cash and cash equivalents

	31.12.2024 EUR'000	31.12.2023 EUR'000
Cash on hand	6	5
Current accounts with credit institutions	14 150	16 978
Short term deposits	-	2 100
Cash and cash equivalents	**14 156**	**19 083**
Cash and cash equivalents as disclosed in the statement of cash flows	**14 156**	**19 083**

Credit institutions:

	31.12.2024 EUR'000	31.12.2023 EUR'000
Latvian credit institutions	5 605	8 746
Lithuanian credit institutions	7 260	8 141
Estonian credit institutions	1 285	2 191
	14 150	**19 078**

Credit institutions analysis by ratings:

	31.12.2024 EUR'000	31.12.2023 EUR'000
A	9 577	8 849
BBB	4 561	10 208
Not rated	12	21
	14 150	**19 078**

Group ratings are used to reflect credit ratings of credit institutions in the table above if the credit institution does not have a credit rating, but the wider group does.

(23) Deposits with banks

Investment maturity structure:

	31.12.2024 EUR'000	31.12.2023 EUR'000
With original maturity not longer than 3 months (refer to Note 22 - Cash and cash equivalents)	-	2 100
	-	**2 100**

Investment structure by geographic split: by geography:

	31.12.2024 EUR'000	31.12.2023 EUR'000
Latvia	-	2 000
Estonia	-	100
	-	**2 100**

(24) Obligatory payments disclosed in statement of cash flows

Payments made to:

	31.12.2024 EUR'000	31.12.2023 EUR'000
Latvian Transport Insurance Bureau	1 395	889
Estonian and Lithuanian Transport Insurance Bureaus	2 818	1 427
Latvijas Banka commission	625	484
Estonian and Lithuanian insurance supervisory institutions	448	209
	5 286	**3 009**

(25) Capital and reserves

Share capital

The authorized and issued share capital of the Company at 31 December 2024 is EUR 51 609 400 (2023: EUR 51 609 400) comprised of 516 094 (2023: 516 094) ordinary shares and is fully paid. Nominal value of one share is EUR 100.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

Dividends

	2024 EUR'000	2023 EUR'000
Dividends declared	5 188	4 644
Dividends paid	5 188	4 644

	2023 EUR	2023 EUR
Dividends declared per share	10.05	9.00
Dividends paid per share	10.05	9.00

Other reserves

On 19 September 2017, a decision was taken regarding reorganisation of AAS BTA Baltic Insurance Company. The reorganisation is performed as a merger by way of takeover, where AAS BTA Baltic Insurance Company is the acquiring company and InterRisk Vienna Insurance Group AAS, registration number: 40003387032, registered address: Ūdens iela 12 – 115, Riga, LV-1007, is the acquired company. The reorganization was enacted effective on 27 December 2017. Amount arises from reorganization.

Revaluation Reserve

The revaluation reserve relates to revaluation on property and equipment used by the Company for its own activities and investment property, and revaluation of debt instruments measured at FVtOCI, net of deferred tax.

	31.12.2024 EUR'000	31.12.2023 EUR'000
Investment revaluation reserves	(2 406)	(10 526)
	(2 406)	**(10 526)**

	EUR'000
Balance at 31.12.2022 (restated)	**(20 459)**
Debt investments at FVtOCI – net change in fair value	7 853
Debt investments at FVtOCI – reclassified to profit or loss	2 065
Debt investments at FVtOCI – ECL net changes	15
Balance at 31.12.2023	**(10 526)**
Debt investments at FVtOCI – net change in fair value	6 140
Debt investments at FVtOCI – reclassified to profit or loss	1 995
Debt investments at FVtOCI – ECL net changes	(15)
Balance at 31.12.2024	**(2 406)**

(26) Lease liabilities (discounted)

	31.12.2024 EUR'000	31.12.2023 EUR'000
Less than one year	1 649	1 673
Between one and five years	3 973	1 703
More than five years	1 125	1 406
	6 747	**4 782**

Lease liability movement

	EUR'000
Balance at 31.12.2022	**3 062**
Additions	2 580
Modification	1 121
Interest expenses	126
Payments	(2 107)
Balance at 31.12.2023	**4 782**
Additions	155
Modification	3 705
Interest expenses	203
Payments	(2 098)
Balance at 31.12.2024	**6 747**

(27) Deferred tax assets

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets and liabilities as at 31 December 2024 and 2023. These deferred tax assets have been recognised in these financial statements.

Deferred tax asset/(liabilities) attributable to:	31.12.2024 EUR'000	31.12.2023 EUR'000
Lithuania	304	230

Movement in temporary differences during the year 2024

000'EUR	Net balance 1 January 2024	Recognised in profit or loss	Net balance 31 December 2024	31 December 2024 Deferred tax asset	31 December 2024 Deferred tax liability
Provisions	230	74	304	304	-
Deferred tax assets before set-off	**230**			**304**	**-**
Set off of tax				-	-
Net deferred tax assets				**304**	**-**

Movement in temporary differences during the year 2023

000'EUR	Net balance 1 January 2023	Recognised in profit or loss	Net balance 31 December 2023	31 December 2023 Deferred tax asset	31 December 2023 Deferred tax liability
Provisions	202	28	230	230	-
Deferred tax assets before set-off	**202**			**230**	**-**
Set off of tax				-	-
Net deferred tax assets				**230**	**-**

(28) Reinsurance contract assets and liabilities

Reinsurance contract assets

	31.12.2024 EUR'000	31.12.2023 EUR'000
Assets for remaining coverage	1 245	2 561
Assets for incurred claims	38 587	24 699
	39 832	**27 260**

Reinsurance contract liabilities

	31.12.2024 EUR'000	31.12.2023 EUR'000
Reinsurance contract liabilities	(2 704)	(5 773)
	(2 704)	**(5 773)**
Total reinsurance assets and liabilities	**37 128**	**21 487**

Movements in reinsurance contracts

	Total amount 31.12.2024 EUR'000	Assets and liabilities for remaining coverage 31.12.2024 EUR'000	Assets and liabilities for incurred claims 31.12.2024 EUR'000	Risk adjustment for non-financial risk 31.12.2024 EUR'000
Opening assets	27 260	2 562	24 654	44
Opening liabilities	(5 773)	(10 613)	4 700	140
Net opening balance	**21 487**	**(8 051)**	**29 354**	**184**
Allocation of reinsurance premium paid	**(44 979)**	**(44 979)**	**-**	**-**
Amounts recoverable from reinsurers				
Recoveries of incurred claims	28 910	-	28 910	-
Adjustment to assets of incurred claims	17 177	-	17 024	153
Amounts recoverable from reinsurers	**46 087**	**-**	**45 934**	**153**
Finances result from reinsurance contracts				
Net finances income from reinsurance contract	1 298	-	1 293	5
Effect of movement in exchange rates	-	-	-	-
Finances result from reinsurance contract	**1 298**	**-**	**1 293**	**5**
Total changes in the statement of profit or loss and OCI	**2 406**	**(44 979)**	**47 227**	**158**
Cash flows				
Premium paid	44 057	44 057	-	-
Amount received	(30 822)	-	(30 822)	-
Total cash flows	**13 235**	**44 057**	**(30 822)**	**-**
Closing assets	39 832	1 245	38 386	201
Closing liabilities	(2 704)	(10 218)	7 373	141
Net closing balance	**37 128**	**(8 973)**	**45 759**	**342**

	Total amount 31.12.2023 EUR'000	Assets and liabilities for remaining coverage 31.12.2023 EUR'000	Assets and liabilities for incurred claims 31.12.2023 EUR'000	Risk adjustment for non-financial risk 31.12.2023 EUR'000
Opening assets	24 966	2 796	22 120	50
Opening liabilities	(2 553)	(10 297)	7 581	163
Net opening balance	**22 413**	**(7 501)**	**29 701**	**213**
Allocation of reinsurance premium paid	**(43 010)**	**(43 010)**	**-**	**-**
Amounts recoverable from reinsurers				
Recoveries of incurred claims	29 361	-	29 361	-
Adjustment to assets of incurred claims	7 199	-	7 237	(38)
Amounts recoverable from reinsurers	**36 560**	**-**	**36 598**	**(38)**
Finances result from reinsurance contracts				
Net finances income from reinsurance contract	1 649	-	1 640	9
Effect of movement in exchange rates	-	-	-	-
Finances result from reinsurance contract	**1 649**	**-**	**1 640**	**9**
Total changes in the statement of profit or loss and OCI	**(4 801)**	**(43 010)**	**38 238**	**(29)**
Cash flows				
Premium paid	42 460	42 460	-	-
Amount received	(38 585)	-	(38 585)	-
Total cash flows	**3 875**	**42 460**	**(38 585)**	**-**
Closing assets	27 260	2 562	24 654	44
Closing liabilities	(5 773)	(10 613)	4 700	140
Net closing balance	**21 487**	**(8 051)**	**29 354**	**184**

(29) Other creditors

	31.12.2024 EUR'000	31.12.2023 EUR'000
Financial liabilities		
Financial pledge	20 879	24 763
Due to employees (remuneration)	480	580
Other creditors	670	358
Total financial liabilities	**22 029**	**25 701**
Non-financial liabilities		
Due to the Motor Insurers' Bureau of Latvia	9	90
Due to Latvijas Banka, Latvia	147	128
Due to Motor Insurers' Bureau of Lithuania	296	308
Total non-financial liabilities	**452**	**526**
	22 481	**26 227**

(30) Accrued liabilities

Provisions

	31.12.2024 EUR'000	31.12.2023 EUR'000
Accrued staff bonuses	3 835	2 755
	3 835	**2 755**

	Gross EUR'000
Provisions at 31.12.2022	**2 477**
Paid	(4 122)
Increase of provisions	4 400
Provisions at 31.12.2023	**2 755**
Paid	(4 608)
Increase of provisions	5 688
Provisions at 31.12.2024	**3 835**

(31) Other accruals

	31.12.2024 EUR'000	31.12.2023 EUR'000
Accrued liabilities for unused employee vacations	1 668	1 528
Other accrued liabilities	3 145	640
	4 813	**2 168**

(32) Number of employees and information on branches

	At 31 December 2024	At 31 December 2023
Employees	1 048	1 050
Insurance agents	212	125
	1 260	**1 175**

Insurance agents are persons who pursue insurance mediation on behalf of and in the interests of only one insurance company but are not employees of the Company.

Number of employees as at end of the period:

	At 31 December 2024	At 31 December 2023
Latvia	442	454
Branch in Lithuania	525	523
Branch in Estonia	81	73
	1 048	**1 050**

Number of client service centres:

	At 31 December 2024	At 31 December 2023
Customer service centres abroad	95	99
Customer service centres in Latvia	47	52

(33) Personnel expenses

	2024 EUR'000	2023 EUR'000
Remuneration	33 870	31 181
Social contribution expenses	4 304	4 114
	38 174	**35 295**

(34) Information on the remuneration of the members of the Management Board and Supervisory Board

	2024 EUR'000	2023 EUR'000
Supervisory Board	51	48
Management Board	703	786
Social contribution expenses	146	172
	900	**1 006**

Remuneration to the Management Board and Supervisory Board members includes remuneration for their direct responsibilities.

(35) Related parties

Control relationships

On October 29, 2020, Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG) became a 100% owner of Company's shares.

Transactions with related parties

Transactions with related parties are conducted on arm's length bases.

The Company has the following related party transactions in 2024 and 2023 and debtors/creditors' balances as at 31 December 2024 and 2023:

Transactions with related parties

<u>*Reinsurance*</u>

	2024 EUR'000	2023 EUR'000
Vienna Insurance Group AG Wiener Versicherung Gruppe		
Net gain (loss) from reinsurance contracts	*(5 958)*	*(3 617)*
Total	**(5 958)**	**(3 617)**
VIG Re zajišťovna, a.s.		
Net gain (loss) from reinsurance contracts	*12 470*	*2 173*
Total	**12 470**	**2 173**
Compensa Vienna Insurance Group ADB (Lithuania)		
Net gain (loss) from reinsurance contracts	*839*	*175*
Total	**839**	**175**
Other related parties		
Net gain (loss) from reinsurance contracts	*45*	-
Total	**45**	**-**

<u>*Other transactions*</u>

During 2023 and 2024 the Company has other transaction with following related parties:

- Atrium Tower Sp. Z o.o.
- Union Biztosító Zrt.
- Compensa Vienna Insurance Group ADB (Lithuania)
- Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group
- Compania de Asigurari "Donaris Vienna Insurance Group" S.A., Chisinau
- DONAU Versicherung AG Vienna Insurance Group
- Global Assistance Baltic SIA
- KKB Real Estate SIA
- Kooperativa pojišťovna, a.s. (SK)
- Kooperativa pojišťovna, a.s. (CZ)
- LiveOn SIA
- LiveOn Linkmenu UAB
- LiveOn Paevalille OU
- LiveOn Stirnu SIA
- LiveOn Terbatas SIA
- Alauksta 13/15 SIA
- Artilērijas 35 SIA
- Ģertrūdes 121 SIA
- NNC Real Estate Sp. Z O.O.
- Bulstrad Public Ltd. Comp.
- Urban Space SIA
- VIG FUND, a.s.
- Vienna Insurance Group AG Wiener Versicherung Gruppe
- Members of the Board

	2024 EUR'000	2023 EUR'000
Interest income from loans	372	367
Dividend income from investment in shares	159	208
Other income	87	85
Income from insurance premiums	23	4
Other expenses	(1 530)	(935)
Interest expense for subordinated loans	(1 265)	(1 263)
Claims handling costs	(535)	(538)
Management portfolio fee for subordinated loans	(73)	(54)
Paid insurance claims	(8)	(17)
	(2 770)	**(2 143)**

Balances with related parties

There are following outstanding balances with related parties as at the reporting date:

	31.12.2024 EUR'000	31.12.2023 EUR'000
Assets		
Vienna Insurance Group AG Wiener Versicherung Gruppe		
Reinsurance contracts assets (liabilities)	*(6 053)*	*(1 284)*
Total	**(6 053)**	**(1 284)**
VIG RE zajišťovna a.s.		
Reinsurance contracts assets	*13 570*	*2 255*
Total	**13 570**	**2 255**
Compensa Vienna Insurance Group ADB (Lithuania)		
Reinsurance contracts assets	*826*	*195*
Total	**826**	**195**
Other related parties		
Reinsurance contracts assets	*45*	*-*
Total	**45**	**-**
Total Assets	**8 388**	**1 166**
Loans and receivables		
VIG FUND, a.s.	5 056	5 017
Atrium Tower Sp. Z o.o.	1 350	1 350
KKB Real Estate SIA	6 246	6 420
Urban Space SIA, see Note 16	506	506
Global Assistance SIA	100	100
Alauksta 13/15 SIA	637	646
Artilērijas 35 SIA	672	681
Ģertrūdes 121 SIA	2 229	2 260
Hymel Sp.z.o.o.	4 180	4 289
LiveOn SIA	18 203	19 203
LiveOn Paevalille OÜ	30	30
LiveOn Stirnu SIA	19	19
LiveOn Terbatas SIA	60	60
LiveOn Linkmenu UAB	40	40
	39 328	**40 621**
Liabilities		
Vienna Insurance Group AG Wiener Versicherung Gruppe		
Reinsurance contracts liabilities	*58 972*	*61 719*
Subordinated loan	*22 523*	*22 523*
Total Vienna Insurance Group AG Wiener Versicherung Gruppes	**81 495**	**84 242**
VIG RE zajišťovna a.s.		
Reinsurance contracts liabilities	*412*	*471*
Other accruals	*68*	*-*
Total VIG RE zajišťovna a.s	**480**	**471**
Global Assistance SIA	**125**	**119**
Total Liabilities	**82 100**	**84 832**

Assets due from VIG FUND, a.s., Atrium Tower Sp. Z.o.o., KKB Real Estate SIA, Alauksta 13/15 SIA, Artilērijas 35 SIA, Ģertrūdes 121 SIA, Hymel Sp.z.o.o., LiveOn SIA, LiveOn Paevalille OÜ, LiveOn Stirnu SIA, LiveOn Terbatas SIA, LiveOn Linkmenu UAB includes loans issued to these related parties. 31.12.2024. and 31.12.2023. figures are below.

	Loan amount 2024 EUR'000	Loan amount 2023 EUR'000	Accrued interest 2024 EUR'000	Accrued interest 2023 EUR'000	Due date	Interest rate
VIG FUND, a.s.	123	128	-	-	31.12.2030	2.50%
Atrium Tower Sp. Z o.o.	1 350	1 350	-	-	31.12.2030	2.50%
KKB Real Estate SIA	5 324	5 472	-	-	31.03.2030	2.55%
KKB Real Estate SIA	923	948	-	-	31.09.2031	2.4%
Alauksta 13/15 SIA	333	342	-	-	31.12.2031	2.25%
Artilērijas 35 SIA	352	361	-	-	31.12.2031	2.25%
Ģertrūdes 121 SIA	1 170	1 201	-	-	31.12.2031	2.25%
Hymel Sp.z.o.o.	4 181	4 289	-	-	31.12.2031	2.35%
LiveOn SIA	-	1 000	-	11	01.12.2026	6.35%
LiveOn Paevalille OÜ	30	30	-	-	27.08.2031	2.50%
LiveOn Stirnu SIA	19	19	-	-	27.08.2031	2.50%
LiveOn Terbatas SIA	60	60	-	-	27.08.2031	2.50%
LiveOn Linkmenu UAB	40	40	-	-	27.08.2031	2.50%
Total	**13 905**	**15 240**	**-**	**11**		

In addition, assets due from VIG FUND, a.s. include investment in the share capital of VIG FUND, a.s. in amount of EUR 4 933 thousand (2023: EUR 4 889 thousand), which is included in the Statement of Financial Position under Fair value through profit or loss instruments caption, see Note 17.

Payables due to Vienna Insurance Group AG Wiener Versicherung Gruppe include:

- Subordinated loan in amount of EUR 1 500 thousand (2023: EUR 1 500 thousand) that has been acquired as a result of reorganisation of InterRisk Vienna Insurance Group AAS. The payment term of this loan is 28 December 2025 and annual interest rate is 5%. Accrued interest expense as at 31 December 2024 amounted to EUR 0 (2023: EUR 0).
- Subordinated loan in amount of EUR 5 500 thousand which was received on 27 December 2018 with annual interest rate of 5.5%. The loan shall be repaid on tenth anniversary of the receipt of the loan. Accrued interest expense as at 31 December 2024 amounted to EUR 3 315 (2023: EUR 3 315).
- Subordinated loan in amount of EUR 15 000 thousand which was received on 17 June 2022 with annual interest rate of 5.82%. The loan shall be repaid on tenth anniversary of the receipt of the loan. Accrued interest expense as at 31 December 2024 amounted to EUR 518 950 (2023: EUR 518 950).

(36) Leases

(a) The Company as a lessee (IFRS 16)

Around 200 customer service centres are located in leased premises, as well as the premises for the Company's headquarters and head offices of branches are leased. The contracts for these leases typically run for a period of 2 to 3 years after which a new contract might be renegotiated or the existing one prolonged, or the lease ends all together; over one third of the lease contracts do not have a set term, for such contracts the Company has elected to set a period of 2 years with review done at the end of each calendar year.

In addition to premises, the Company also leases IT equipment, vehicle and other miscellaneous items. Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

	Land and buildings for own use (Note 14(a)) EUR'000	Property and equipment (Note 13) EUR'000	Total EUR'000
Balance at 31.12.2022	**2 763**	**235**	**2 998**
Additions	3 676	21	3 697
Disposals	(309)	(53)	(362)
Depreciation charge for the year	(1 921)	(84)	(2 005)
Depreciation for disposed assets	309	53	362
Balance at 31.12.2023	**4 518**	**172**	**4 690**
Additions	3 735	127	3 862
Disposals	(1 192)	(124)	(1 316)
Depreciation charge for the year	(1 866)	(81)	(1 947)
Depreciation for disposed assets	1 199	124	1 323
Balance at 31.12.2024	**6 394**	**218**	**6 612**

Amounts recognised in profit or loss

	2024 EUR'000
2024 – Leases under IFRS 16	
Interest on lease liabilities	203
	203

	2023 EUR'000
2023 – Leases under IFRS 16	
Interest on lease liabilities	126
	126

Amounts recognised in statement of cash flows

	2024 EUR'000
Total cash outflow for leases	**(2 098)**

	2023 EUR'000
Total cash outflow for leases	**(2 107)**

(b) The Company as a lessor (IFRS 16)

The Company leases out its investment properties (see Note 14(b)). All leases are classified as operating leases from a lessor perspective, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income is recognized in the profit or loss under Other income amounting to EUR 97 thousand (2023: EUR 132 thousand).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

2024 – Operating leases under IFRS 16	31.12.2024 EUR'000
Within one year	20
One to two years	20
Two to three years	-
	40

2023 – Operating leases under IFRS 16	31.12.2023 EUR'000
Within one year	20
One to two years	20
Two to three years	7
	47

(37) Contingent liabilities and commitments

General claims

In the normal course of the business the Company receives claims from policyholders. Management has reviewed such claims and believes that no material liabilities will arise from these cases other than already provided for.

(38) Fair value of financial instruments

(a) Fair values

Set below is a comparison, by class, of the carrying amount and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2024		2023	
Financial assets	**Carrying amount EUR'000**	**Fair value EUR'000**	**Carrying amount EUR'000**	**Fair value EUR'000**
Listed equity instruments	-	-	952	952
Non-listed equity instruments	4 933	4 933	4 889	4 889
Quoted debt instruments	288 562	288 562	237 192	237 192
Fund certificates	34 312	34 312	34 912	34 912
	327 807	**327 807**	**277 945**	**277 945**

(b) Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised.

31 December 2024	**Level 1 EUR'000**	**Level 2 EUR'000**	**Level 3 EUR'000**	**Total EUR'000**
Financial assets				
Financial investments measured at fair value through other comprehensive income	243 162	41 218	1 074	285 454
Financial investments measured at fair value through profit or loss	7 321	4 059	30 973	42 353
	250 483	**45 277**	**32 047**	**327 807**

31 December 2023	**Level 1 EUR'000**	**Level 2 EUR'000**	**Level 3 EUR'000**	**Total EUR'000**
Financial assets				
Financial investments measured at fair value through other comprehensive income	149 046	86 279	1 074	**236 399**
Financial investments measured at fair value through profit or loss	7 711	2 454	31 381	**41 546**
	156 757	**88 733**	**32 455**	**277 945**

The following table show the valuation technique used in measuring Level 2 and Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurement
Equity securities	*Market comparison technique:* The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effective of the non-marketability of the equity securities, and the revenue and EBITDA of the investee. The estimate is adjusted for the net debt of the investee.	Not applicable.	Not applicable.
Corporate debt securities	*Market comparison discounted cash flow:* The fair value is estimated considering (i) current or recent quoted prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets, adjusted by an illiquidity factor.	Not applicable.	Not applicable.
Fund certificates	*Market comparison technique:* The valuation model is based Net Asset Value statements from fund managers that combine the financial results of underlying investments.	Net asset value of funds.	Net asset value positively and directly correlates with the fair value.

(i) Transfers between Levels 1, 2 and 3.

At 31 December 2024, FVOCI Bonds with a carrying amount of EUR 273 thousand were transferred from Level 1 to Level 2 and a carrying amount of EUR 42 650 thousand were transferred from Level 2 to Level 1. There were no transfers between Levels during 2023.

(ii) Level 3 recurring values

Reconciliation of Level 3 fair values.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Bonds EUR'000	Equity securities EUR'000	Fund certificates EUR'000	Total EUR'000
Balance at 31 December 2022	**1 074**	**4 889**	**23 657**	**29 620**
Balance at 1 January 2023	1 074	4 889	23 657	**29 620**
Gain/ (loss), FVtPL	-	-	71	**71**
Received interest	(24)	-	-	**(24)**
Accrued interest	24	-	-	**24**
Purchases	-	-	3 411	**3 411**
Disposals	-	-	(647)	**(647)**
Balance at 31 December 2023	**1 074**	**4 889**	**26 492**	**32 455**
Balance at 1 January 2024	1 074	4 889	26 492	**32 455**
Gain/ (loss), FVtPL	-	44	(840)	**(796)**
Received interest	(24)	-	-	**(24)**
Accrued interest	24	-	-	**24**
Purchases	-	-	1 745	**1 745**
Disposals	-	-	(1 357)	**(1 357)**
Balance at 31 December 2024	**1 074**	**4 933**	**26 040**	**32 047**

(iii) Sensitivity analysis

For the fair values of equity securities and fund certificates, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effect:

2024	OCI, net of tax		Profit or loss, net of tax	
	Increase EUR'000	Decrease EUR'000	Increase EUR'000	Decrease EUR'000
Equity securities				
Changes in real estate cash flows by 5% resulting in change of NAV by 5%	-	-	247	(247)
Fund certificates				
Changes in real estate cash flows by 5% resulting in change of NAV by 5%	-	-	1 302	(1 302)
Bonds				
Changes in bonds' yield by 1%	11	(11)	-	-

2023	OCI, net of tax		Profit or loss, net of tax	
	Increase EUR'000	Decrease EUR'000	Increase EUR'000	Decrease EUR'000
Equity securities				
Changes in real estate cash flows by 5% resulting in change of NAV by 5%	-	-	244	(244)
Fund certificates				
Changes in real estate cash flows by 5% resulting in change of NAV by 5%	-	-	1 325	(1 325)
Bonds				
Changes in bonds' yield by 1%	19	(19)	-	-

Total gains or losses for the period of the financial instruments measured at fair value are presented in the statement of comprehensive income as follows:

Financial instruments at fair value	2024 EUR'000	2023 EUR'000
Total gains and losses included in profit or loss:		
ECL on financial assets measured at FVtOCI	(9)	(14)
Net realised gain/(loss) on financial assets measured at FVtOCI	(1 995)	(2 065)
Interest income	6 223	3 143
Total gains and losses included in other comprehensive income:		
Financial investments measured at fair value through other comprehensive income – net change in fair value	8 120	9 933

(c) Financial instruments not measured at fair value

Financial assets and financial liabilities other than those reflected at their fair value are deposits, loans issued, receivables, cash and cash equivalents, payables, lease liabilities, lease liabilities and subordinated loan.

Insurance, reinsurance and other financial debtors and financial liabilities, other than loans issued, lease liabilities and subordinated loan, have their remaining maturities of less than one year and carry no interest, thus, their fair value is deemed not to materially differ from their carrying amounts.

Cash and cash equivalents are short-term financial instruments that have their remaining maturities of less than one year and that carry no or little interest, thus, their fair value is deemed not to materially differ from their carrying amounts.

The lease liabilities carry interest in line with market circumstances and terms and conditions of the respective lease.

The loans issued carry interest in line with market circumstances and terms and conditions of the respective loan (see Note 35). As there are no material transactions costs related to these loans, its fair value is deemed not to materially differ from its carrying amount.

Comparison between carrying cost and fair value for issued loans:

31 December 2024	Level 1 000'EUR	Level 2 000'EUR	Level 3 000'EUR	Total fair values 000'EUR	Total carrying amount 000'EUR
Financial assets					
Loans	-	-	12 807	12 807	13 905
31 December 2023					
Financial assets					
Loans	-	-	13 728	13 728	15 253

The subordinated loans carry interest in line with market circumstances and terms and conditions of the respective loan, including the increased risk due to subordination (see Note 35). The fair value of subordinate loans has been estimated based on modelled current market yields. As there are no material transactions costs related to these loans, its fair value is deemed not to materially differ from its carrying amount.

Comparison between carrying cost and fair value for subordinated loans:

31 December 2024	Total fair values 000'EUR	Total carrying amount 000'EUR
Financial liabilities		
Loans	22 069	22 523
31 December 2023		
Financial liabilities		
Loans	21 966	22 523

(39) Subordinated loan

	Subordinated loan EUR'000	Interest EUR'000	Total EUR'000
Balance at 31.12.2022	**22 000**	**481**	**22 481**
Interest expenses	-	1 263	1 263
Paid interest	-	(1 221)	(1 221)
Balance at 31.12.2023	**22 000**	**523**	**22 523**
Interest expenses	-	1 265	1 265
Paid interest	-	(1 265)	(1 265)
Balance at 31.12.2024	**22 000**	**523**	**22 523**

(40) Proposal on distribution of profits

Taking into account the Company's development strategy and according to the Company's capital management plans, the Management Board recommends to pay out a dividend of EUR 10.05 per share, that is a total amount of EUR 5 574 670 for the financial year 2024. The remaining part of the net profit for 2024 shall be included in the Company's retained earnings.

(41) Subsequent events

As of the last day of the reporting period until the date of signing these separate financial statements there have been no events requiring adjustment of or disclosure in the financial statements or notes thereto.

The Company does not see any going concern risks.

Oskars Hartmanis	Agnese Vilcāne	Evija Matveja	Tadeušs Podvorski	Gediminas Radavičius
Chairman of the Management Board	Member of Management Board, CFO	Member of Management Board	Member of Management Board	Member of Management Board

8 April 2025

Independent Auditors' Report

KPMG Baltics SIA
Roberta Hirsa iela 1
Riga, LV-1045
Latvia

T: + 371 67038000
kpmg.com/lv
kpmg@kpmg.lv

Independent Auditors' Report

To the shareholder of BTA Baltic Insurance Company AAS

Report on the Audit of the Separate Financial Statements

Our Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of BTA Baltic Insurance Company AAS ("the Company") set out on pages 17 to 85 of the accompanying Annual Report, which comprise:

- the separate statement of financial position as at 31 December 2024,
- the separate statement of comprehensive income for the year then ended,
- the separate statement of changes in the shareholder's 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, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of BTA Baltic Insurance Company AAS as at 31 December 2024, and of its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Separate Financial Statements* section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code) and the independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the separate financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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. We have determined the matter described below to be the key audit matter to be communicated in our report.

Measurement of insurance contract liabilities for incurred claims

The Company's insurance contract liabilities for incurred claims as at 31 December 2024 amounted to EUR 199 002 thousand (consisting of Estimates of the present value of the future cash flows amounting to EUR 197 947 thousand and Risk adjustment for non-financial risk amounting to EUR 1 055 thousand) (31 December 2023: EUR 161 507 thousand, consisting of Estimates of the present value of the future cash flows amounting to EUR 160 733 thousand and Risk adjustment for non-financial risk amounting to EUR 774 thousand).

Reference to the separate financial statements: Note 3.2 "Insurance contracts", Note 5.2 "Insurance underwriting risks", Note 20 "Insurance contract assets and liabilities".

Key audit matter

Insurance contract liabilities for incurred claims ("liabilities for incurred claims ("LIC") for the Company, as a non-life insurance provider, constitute the most judgemental element of insurance contract liabilities presented within liabilities in the statement of financial position.

Management Board uses a range of complex and subjective actuarial methods to determine the best-estimate amounts of LIC as at the reporting date, in respect of both estimates of the present value of the future cash flows and risk adjustment for non-financial risk.

The estimation of the amounts of present value of the future cash flows generally involves a significant degree of Management Board's judgment, mainly in respect of the assumptions about future events and developments of fulfilment cash flows and their present value. Fulfilment cash flows are determined based on estimated cash flows for incurred and reported claims and for incurred but not reported claims. Relatively insignificant changes in those assumptions may have a material effect on the estimated amounts of LIC. The assumptions most subject to estimation uncertainty are those in respect of loss rates, claim frequency, average claim amounts, claim handling expenses, discount rates, changes in the amount of future annuity payments, and the expected payment period.

The complexity of the models applied may give rise to errors as a result of inaccurate and incomplete data inputs or the design or

Our response

Our audit procedures, performed, where applicable, with the assistance of our actuarial and information technology (IT) specialists, included, among others:

- Testing the design, implementation and operating effectiveness of key controls related to the process of establishing and remeasuring liabilities for incurred claims, including the relevant management review controls, accounting and actuarial controls, such as reconciliations of key data underlying the actuarial calculations (including reports on claims and other insurance service expenses paid and incurred and insurance revenue), as well as testing of general controls in the IT environment regarding data extraction and validation.
- Assessing for reasonableness the actuarial methodologies and assumptions applied by the Company in determining present value of the future fulfilment cash flows and risk adjustment for non-financial risk, including in particular the loss ratios, claim frequency and average claims amounts, development of future cash flows related to incurred but not reported claims (including for annuities), discount rates, expected payment period, by reference to the methodologies and assumptions applied by the Company in the period and the prevailing industry practice, also considering the applicable legal and regulatory requirements and the

application of the models. Thus, the completeness and accuracy of the data underlying the actuarial projections was also our area of audit focus.

Due to the above factors, we considered measurement of the insurance contract liabilities for incurred claims to be our key audit matter.

requirements of the relevant financial reporting standards.

- For all significant insurance contract portfolios, performing a retrospective analysis of the accuracy and completeness of the Company's insurance contract liabilities for incurred claims recognized at the end of prior year, comparing this analysis to the Company's current actuals, and seeking Management Board's explanations for any significant differences.
- For all significant insurance contract portfolios, such as, among others, obligatory motor third party liability, property and motor own damage insurance, developing an independent estimate of the insurance contract liabilities for incurred claims, including the estimate for cash flows for incurred but not reported claims, comparing our amount to the Company's estimates and seeking Management Board's explanations for any significant differences.
- For all significant insurance contract portfolios assessing the relevance and reliability of input data and significant assumptions in the estimation for a statistical sample of cash flows for incurred and reported claims.
- Assessing the Company's insurance contract liabilities-related disclosures against the requirements of the applicable financial reporting standards.

Reporting on Other Information

The Company's management is responsible for the other information. The other information comprises:

- Information about the Company as set out on page 3 of the accompanying Annual Report,
- the Management Report as set out on pages 4 to 14 of the accompanying Annual Report,
- About Vienna Insurance Group as set out on page 15 of the accompanying Annual Report,
- the Statement on Management Responsibility as set out on page 16 of the accompanying Annual Report.

Our opinion on the separate financial statements does not cover the other information included in the Separate Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information 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.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Bank of Latvia No. 328 – Regulations on the preparation of accounting, annual report and consolidated annual report of insurance and reinsurance undertakings and branches of foreign insurers.

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Bank of Latvia No. 328 – Regulations on the preparation of accounting, annual report and consolidated annual report of insurance and reinsurance undertakings and branches of foreign insurers.

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

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRS Accounting 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities

We were appointed by those charged with governance on 16 April 2024 to audit the separate financial statements of BTA Baltic Insurance Company AAS for the year ended 31 December 2024. Our total uninterrupted period of engagement is 10 years, covering the periods ending 31 December 2015 to 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;
- as referred to in the paragraph 37.6 of the 'Law on Audit Services' of the Republic of Latvia we have not provided to the Company the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

For the period to which our statutory audit relates, we have not provided any services to the Company in addition to the audit.

KPMG Baltics SIA
Licence No. 55

Rainers Vilāns
Member of the Board
Latvian Sworn Auditor
Certificate No. 200
Riga, Latvia
8 April 2025

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND IT HAS A TIME-STAMP