GROUP ANNUAL REPORT 2025

COMPENSA LIFE VIENNA INSURANCE GROUP SE
Commercial Register number 10055769

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Reporting period	1 January 2025 – 31 December 2025
Auditor	KPMG Baltics OÜ
Principal activity	Life insurance, EMTAK code no. 6511

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VIENNA INSURANCE GROUP
Status: January 2026
We are Number 1
in Central and Eastern Europe
VIG
VIENNA INSURANCE GROUP
Protecting what matters.

Directors' report

Owners

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

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

Compensa Life has 21 offices and 312 employees in the three Baltic countries. Since 2016, the Compensa Life group (hereafter Compensa) has also included Vienibas Gatve Investment OÜ and Compensa Life Distribution UAB (both 100% subsidiaries of Compensa Life) as well as Vienibas Gatve Properties SIA (a 100% subsidiary of Vienibas Gatve Investment OÜ). The subsidiaries employed 20 employees at, 31 December 2025.

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

Compensa Life provides insurance solutions to both individuals and corporate clients. In the Baltics, Compensa Life covers over 308 thousand insured individuals whose assets exceed 628 million euros. Compensa Life is the only II pillar pension benefits payer in Estonia.

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

Around 33 000 employees work for the Vienna Insurance Group (VIG) at more than 50 companies and pension funds in 30 countries. We develop insurance solutions in line with personal and local needs, which has made us one of the leaders in the insurance industry in Austria and Central and Eastern Europe (CEE).

The Vienna Insurance Group is an international insurance group headquartered in the Austrian capital, Vienna. After the fall of the Iron Curtain in 1989, VIG expanded rapidly from a purely Austrian business into an international group. VIG is synonymous with stability and expertise in providing financial protection against risks. The group's origins date back to 1824. More than two centuries of experience, coupled with a focus on our core competence of providing insurance coverage, forms a solid and secure basis for the group's 33 million customers.

Besides Austria, VIG places a clear emphasis on CEE as its home market.

For VIG, protecting clients financially against risk is a responsibility. The group pursues a multi-brand strategy based on established local markets as well as local management. Ultimately, the group's success and closeness to its clients is down to the strengths of each individual brand and local know-how.

VIG has an A+ rating with stable outlook from the rating agency Standard & Poor's, meaning that it is among the top-rated companies on the ATX, Vienna Stock Exchange's index of leading shares. The Group's shares are listed in both Vienna, Prague and Budapest stock exchanges. Wiener Städtische Versicherungsverein – a stable core shareholder with a long-term focus – owns 72% of VIG's shares. The remaining shares are in free float.

For further information on VIG's financial performance and Group's new strategy evolve[28] for 2026-2028, see the website **group.vig**

Governance

The board of Compensa Life has three members: Chairman of the Board Tomas Milašius and members Tanel Talme and Ervins Vēveris. In 2025, there were no changes in the management of Compensa Life. On 02.07.2025 mandates of all three board members were extended until 30.06.2028.

The spheres of competence of the board members were amended, effective as of 01.05.2025. The Chairman of the Management Board of Tomas Milašius is in charge of compliance control and internal audit. He is also responsible for Compensa Life's overall management, sponsoring, data protection, customer experience, human resources and legal services. In addition, the Chairman of the Management Board oversees overall management, sales management, client administration, policy administration, underwriting, claims handling, marketing and public relations at the Estonian entity and the Lithuanian branch.

The Member of the Management Board Tanel Talme oversees the actuarial function and insurance technical services, risk management, IT services, reinsurance (capital management), controlling, financial and investment services, prevention of money laundering and terrorist financing, and application of international sanctions in the Baltics.

The Member of the Management Board and the Head of the Latvian branch Ervins Vēveris oversees Life products development and governance and Life products underwriting and reinsurance. At the Latvian branch, Ervins Vēveris is responsible for overall branch management, sales management, client and policy administration, customer experience, marketing activities, public relations, claims handling, underwriting, legal services and human resource management.

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

Compensa Life's Supervisory Board has four members. Harald Riener is the Chairman, Franz Fuchs and Gábor Lehel are the Deputy Chairmen, and Włodzimierz Wasiak is a member of the Supervisory Board. The mandate of Supervisory Board expires on 31.05.2027.

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

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

Compensa Life's auditor is KPMG Baltics OÜ.

People

At the end of 2025, Compensa Life had 292 employees (2024: 258): 79 at the Estonian entity (2024: 71), 79 at the Latvian branch (2024: 64), and 134 at the Lithuanian branch (2024: 123). The subsidiaries employed 20 people in total (2024: 17).

During the reporting period, Compensa Life's average number of employees was 274 (2024: 253) and personnel-related expenses together with associated taxes totalled 11.61 million euros (2024: 10.18 million euros).

Financial performance indicators

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

Compensa’s Baltic operations generated a consolidated net profit of 12.56 million euros in 2025 (2024: 10.20 million euros). Compensa Life’s net profit amounted to 11.00 million euros (2024: 8.89 million euros).

ABBREVIATED CONSOLIDATED INCOME STATEMENT

	2025	2024	Δ in%	Δ absolute
in EUR thousands				
Insurance service result	**9 105**	**13 748**	**-33,78%**	**-4 644**
Insurance service revenue – issued business	97 076	84 908	14,33%	12 168
Insurance service expenses – issued business	-87 351	-71 702	21,82%	-15 648
Insurance service result – reinsurance held	-621	543	-214,47%	-1 164
Total capital investment result	**4 717**	**144**	**3183,49%**	**4 574**
Investment result	28 544	39 916	-28,49%	-11 371
Insurance finance result	-24 083	-40 061	-39,88%	15 978
Result from associated consolidated companies	256	289	-11,34%	-33
Finance result	**732**	**706**	**3,74%**	**26**
Business operating result	**-1 074**	**-1 742**	**-38,35%**	**668**
Result before taxes	**13 481**	**12 856**	**4,86%**	**624**
Taxes	**-906**	**-2 656**	**-65,90%**	**1 750**
Result for the period	**12 575**	**10 200**	**23,28%**	**2 375**

Insurance service revenue – issued business

The insurance service revenue in the year 2025 amounted to 97.08 million (2024: 84.91 million) and was thus 14,33% above the value of the previous year. The growth was mainly attributable to the growth in Health insurance under Premium Allocation Approach. Further detail on the insurance service expenses is included in Note 4.

Insurance service expenses – issued business

In 2025 the insurance service expenses amounted to 87.35 million (2024: 71.70 million). The growth of 21.82% in comparison to the previous year was mainly attributable to the significant growth in business volume. Further detail on the insurance service expenses is included in Note 4.

Insurance service result – reinsurance held

The insurance service result from reinsurance held resulted in 2025 in a loss 0.62 million euro (2024: profit 0.54 million euro). Further detail on the insurance service expenses are include in Note 4.

Total capital Investment result

The two significant positions in the total capital investment result are the investment result in which the results of the assets evaluated according to IFRS 9 are shown and the insurance finance result in which the effect of the time value of money and financial risks (including discounting and changes in financial assumptions) on insurance assets and liabilities is shown.

Income from investment activities was 28.80 million euros in 2025 (2024: 40.20 million), a decrease of 28.4%. The result of insurance financing was -24.08 million euros (2024: -40.06 million euros).

Result before taxes

The consolidated result before taxes increased by 4.86 % to 13.48 million euros in 2025 (2024: 12.86 million euros). Compensa Life's result before tax increased by 2.8 % to 11.63 million euros (2024: 11.31 million

Attributable operating expenses (direct contract acquisition costs and administrative expenses) for 2025 totalled 25.97 million euros (2024: 28.61 million euros), a 9.2% decline compared with 2024. The main reason for decline in operating expenses was a 25.2% decline in commissions (in 2025 commissions amounted to 10.00 million euros, in 2024 13.37 million euros), which accounted for 38.5% of attributable operating expenses (2024: 46.7%).

Net combined ratio

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

Net Combined Ratio	2025	2024
in euros		
Insurance service revenue, net	90 727 411	80 938 068
Attributable costs, net	-20 480 001	-20 634 631
Insurance service expenses excl attributable costs, net	-61 142 751	-46 555 056
Insurance service expenses, net	-81 622 752	-67 189 687
Net claims ratio in %	**67.4%**	**57.5%**
Net cost ratio in %	**22.6%**	**25.5%**
Net combined ratio in %	**90.0%**	**83.0%**

Net claims ratio*=Insurance service expenses excl attributable costs/Insurance service revenue*
Net cost ratio*=Attributable costs/Insurance service revenue*
Net combined ratio*=Insurance service expenses/Insurance service revenue*
All components net of reinsurance.

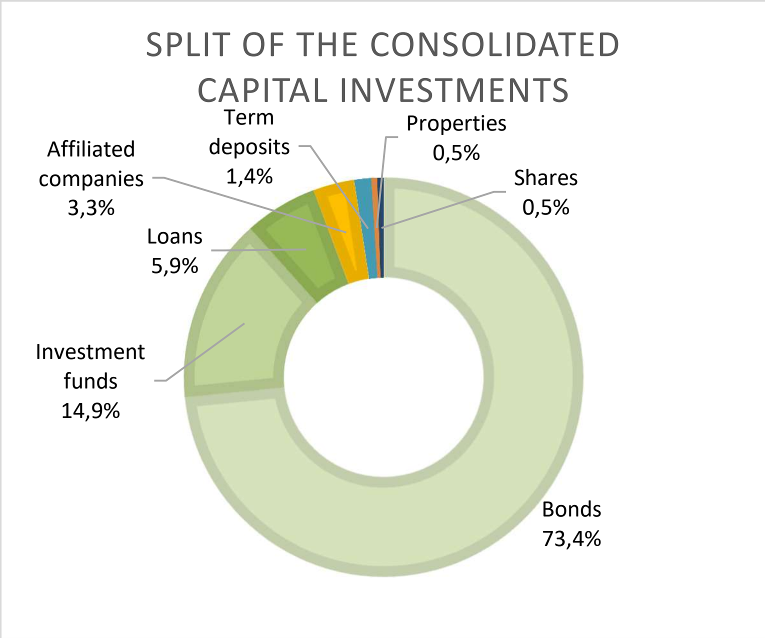
Contractual service margin (CSM)

The contractual service margin includes the unrealised profits originally priced into the insurance contract, which is reported as a separate component of the technical provisions. As of 31 December 2025, the CSM amounted 89.89 million (issued + held) (2024: 90.29 million).

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

Capital investment portfolio

Further details on financial instruments are included in the Note 5. Financial assets and liabilities as well as other balance sheet items evaluated according to IFRS 9 starting on page 92 in the notes to the to the consolidated financial statements.



The total capital investment portfolio as of the reporting date 31 December 2025 amounted 675.24 million (2024: 619.65 million). The increase of 9.0 % year-on-year is primarily due to the increased market values of the investments measured at fair value. The financial instruments for unit- and index-linked life insurance increased 2025 by 19.5% mainly due to market value increase from 257.76 million in 2024 to 307.89 million in 2025.

Insurance contracts liabilities issued

Further details on the insurance contracts liabilities issued are included in Note 4.1. Insurance contracts issued in the notes to the consolidated financial statements starting on page 61.

The insurance contracts liabilities issued amounted to 628.21 million as of the balance sheet date 31 December 2025 (2024: 559.33 million). That corresponds to an increase of 12.3% year-on-year and is primarily based on the positive price development of the underlying items in the Variable Fee Approach.

Sales

In 2025, Compensa increased its total gross written premium (GWP) in the Baltics by 3.1% to 208.2 million euros (2024: 201.9 million euros). Compensa's market share in terms of GWP declined to 28,8% (2024: 29,6%), as our Life business in all countries underperformed compared to the market. Total gross written premiums of the Baltic life insurance market reached 723.8 million euros, and the market as a whole grew by 6.1% (2024: 5.9%).

In Estonia, GWP in 2025 for Compensa reached 15.75 million euros, up 7.6% on 2024 result of 14.64 million euros, outpacing market growth, which remained at 6.5%. This allowed Compensa to increase market share in Estonia from 17.3% in 2024 to 17.5%, solidifying its third position on the market. Largest increase came from Health insurance product, where GWP grew by 192.8% from 0.47 million euros in 2024 to 1.39 million euros. Health insurance market share among all market participants grew from 2.2% at the end of 2024 to 5.8% at the end of 2025. New sales GWP increased by 14.4% to 9.65 million euros, up from 8.44 million euros in 2024. Besides Health insurance, fastest growth is seen in risk products, where new sales in 2025 increased by 40.7% compared to 2024. Since 2022, Compensa Life is the only II pillar pension benefits payer in Estonia, compared to 2024 II pillar GWP increased by 14.2% to 1.75 million euros.

Sales in Latvia reached 56.8 million euros in 2025 (2024: 56.7 million euros), growing by 0.2%. Growth has been fuelled by the result of Health insurance where GWP grew by 8.8% to 15.84 million euros (2024: 14.56 million), while the II pillar product declined to 30.40 million euros GWP in 2025 (2024: 31.87 million euros). Market share has decreased from 32.1% at the end of 2024 to 30.9%. Latvia's life insurance market grew by 4.3% from 176.5 million euros in 2024 to 184.1 million euros.

Lithuania is Compensa's largest market, with 2025 GWP at 135.6 million euros, up 3.9% on 130.5 million GWP achieved in 2024. Lithuanian life insurance market grew by 6.7% in 2025 from 421.5 million euros to 449.8 million euros. Compensa Life's market share in Lithuania declined from 31.0% to 30.2%, but still maintaining market leader position by a clear margin. Compensa's largest GWP growth came from Health insurance, where GWP increased by 9.1% from 2024's 45.9 million euros to

50.1 million in 2025. Market share in Health insurance among all market participants is 36.9% (37.9% at the end of 2024). New sales in life business have been lower than previous year, down 37% to 6.1 million euros in 2025, driven by low-performing unit-linked sales, due to the loss of tax benefits from personal income tax exemption from the start of 2025. The new Family Protection risk product was launched in 2025 and had a strong first year with a total GWP of 0.78 million euros.

By the end of the year, Compensa Life had over 215,000 active insurance contracts across the three Baltic countries, covering more than 308,000 insured individuals.

Activity Report 2025

Customer Focus and Innovation

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

Strengthening Cooperation with Compensa Vienna Insurance Group ADB (CNL)

The collaboration between Compensa Life and CNL has been a key focus in recent years and will continue to be also during upcoming years. We have launched joint websites in Latvia (www.compensa.lv) and Lithuania (www.compensa.lt) to provide a more comprehensive insurance service to customers. In 2026, we plan to launch joint website also in Estonia. Following the launch of the joint websites, we will continue to deepen our cooperation even more, working towards integrating service processes and improving the range of insurance solutions available to customers.

IT Developments, Resilience, and Cybersecurity

Technology and cybersecurity are critical in the finance and insurance industry. Following the establishment of a joint IT organization with CNL, in 2025 we focused on strengthening its effectiveness and resilience enhancing our ability to respond to technological challenges.

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

In 2025, ensuring compliance with the Digital Operational Resilience Act (DORA) has been a key priority, requiring further strengthening of ICT risk management, third-party oversight, and incident response capabilities.

New Products and Market Expansion

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

Following our expansion into the Estonian health insurance market, in 2025 we focused on developing and scaling this product line, strengthening our position and responding to growing customer demand.

Following successful launch of new protection-oriented solution ’Family Protection’ in Lithuania, we will introduce the product also in Latvia and Estonia. This product aligns with our strategy to offer customers holistic and flexible insurance solutions, ensuring financial security both in daily life and in the future.

Sustainability, Responsible Investment and Social Commitment

At Compensa Life, sustainability, responsible investment and social responsibility are important aspects of our long-term strategy and daily operations. We are committed to reducing our environmental footprint, promoting inclusive organizational culture, and supporting the communities we serve. In 2025, we continued our long-standing commitment to supporting health initiatives, promoting sports, fostering education, and contributing to social welfare and environmental sustainability.

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

Investment decisions reflect our commitment to sustainability. We avoid investments in companies involved in prohibited weapons or the coal industry and prioritize investments with positive societal and environmental outcomes. When making investment-related decisions, we prioritize reducing our involvement in most polluting sectors. Short-term and long-term investment decisions are made to achieve the intended objectives of reducing CO_2 emissions and support transition to green energy.

Our staff actively participate in social responsibility and take part of Social Active Day, which was organized already for the 11th executive year.

Following the 'Great Place to Work' certification, we continued to strengthen our organizational culture in 2025 focusing on trust, engagement and inclusion. Through strategic investments, partnerships, and employee-led initiatives, Compensa Life remains dedicated to driving meaningful and lasting positive impact for society and the environment.

Regulatory Changes and Market Developments

As of January 1, 2025, changes in Lithuanian legislation eliminated the income tax benefit for new savings insurance contracts, which influenced customer behavior in this segment.
Starting from January 1, 2026, the new defence tax as well as a cap on tax incentives were introduced to health insurance in Lithuania. This change may impact employer-sponsored health insurance demand and requires adjustments in product design and pricing strategies.
Compensa closely monitors market and regulatory developments, adapting its strategy to changing conditions to continue delivering clients with valuable and relevant insurance solutions.

Sustainable Growth and Future Outlook

2025 was a successful year for Compensa – we attained our strategic objectives and secured a market-leading position in the Baltics. Moving forward, we will continue focusing on profitable growth, digitalization, and sustainable development to provide the best possible service and insurance solutions to our clients.

Chairman of the Management Board
Tomas Milašius

Consolidated financial statements

Consolidated statement of profit or loss

In euros	Note	2025	2024
Insurance service result	4	**9 104 658**	13 748 381
Insurance revenue	4	97 076 415	84 907 974
Insurance service expenses - issued business	4	-87 350 605	-71 702 237
Insurance service result - reinsurance held	4	-621 152	542 644
Total capital investment result		**4 717 443**	143 672
Investment result	Note 5	28 544 207	39 915 611
Interest revenues using the effective interest rate method	5	8 183 131	7 321 932
Realised gains and losses from financial assets measured at AC	5	-351 506	-9 192
Impairment losses incl. reversal gains on financial instruments	4	-1	-28
Other result from financial instruments	4	20 712 583	32 602 899
Insurance finance result	4	**-24 082 789**	-40 060 714
Insurance finance result – issued business	4	-22 971 646	-39 673 628
Insurance finance result – reinsurance held	4	-1 111 143	-387 086
Income from consolidated companies		256 025	288 775
Finance result		**732 435**	706 056
Finance income	Note 11	763 505	789 157
Finance expenses	Note 12	-31 070	-83 101
Other income and expenses		**-1 073 177**	-1 741 998
Other operating income	Note 6	2 161 471	1 629 649
Other operating expenses	Note 7	-3 234 648	-3 371 646
Business operating result		13 481 359	12 856 111
Result before taxes		**13 481 359**	12 856 111
Income tax	Note 20	-923 419	-2 655 649
Result for the period		**12 557 941**	10 200 462

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Consolidated statement of other comprehensive income

In euros	Note	2025	2024
Result for the period		12 557 941	10 200 462
Items that may be reclassified subsequently to profit or loss	Note **16**		
Unrealised gains and losses from debt instruments measured at FVOCI		-7 656 830	4 532 661
Share of reserves of consolidated companies		**12 131**	-81 980
Unrealised gains and losses according to IFRS 17	16	**12 718 381**	-7 428 217
Total other comprehensive income		5 073 682	-2 977 535
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**17 631 623**	7 222 927

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Consolidated statement of financial position

As of 31 December In euros	Note	2025	2024
ASSETS			
Cash and cash equivalents	5	41 879 576	23 099 917
Financial investments	5	661 756 942	605 601 632
Receivables		2 244 835	2 102 475
Current tax assets		1 974 265	1 164 769
Investment in associates	5	12 230 318	12 218 189
Insurance contract assets	4	2 419 265	991 028
Reinsurance contract assets	4	812 507	816 530
Investment property	5	1 831 055	1 831 055
Other assets	13	847 648	901 076
Intangible assets	14	4 686 631	4 316 319
Deferred tax assets	Note 20	142 009	81 993
Right-of-use assets	15	560 307	802 326
Total assets		**731 385 357**	**653 927 307**
LIABILITIES			
Liabilities and other payables	Note 17	3 940 199	4 353 283
Current tax liabilities		428 987	2 126 406
Other financial liabilities	5	1 320 120	1 985 383
Other liabilities		638	1 485
Insurance contract liabilities	4	628 207 687	559 326 020
Reinsurance contract liabilities	4	2 086 634	760 269
Provisions		400 000	400 000
Total liabilities		**636 384 266**	**568 952 845**
EQUITY	16		
Share capital		11 604 000	11 604 000
Share premium		9 465 795	9 465 795
Statutory capital reserve		1 160 400	1 160 400
Other reserves		4 325 566	-745 414
Retained earnings		68 445 330	63 489 680
Total equity		95 001 092	**84 974 462**
TOTAL EQUITY AND LIABILITIES		**731 385 357**	**653 927 307**

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Consolidated statement of cash flows

In euros	Note	2025	2024(adjusted*)
CASH FLOW FROM OPERATING ACTIVITIES			
Insurance premium received		217 220 717	193 844 134
Insurance claims and benefits paid		-118 101 830	-103 691 537
Reinsurance premiums, claims and commissions paid (net)		-496 220	-872 163
Operating expenses paid		-34 427 667	-30 364 654
Lease payments made		-498 327	-523 482
Other receipts from customers		504 888	280 969
Commissions and fees received		1 052 670	1 363 083
Net cash flow from shares and fund units		-34 447 612	-38 857 449
Dividends received		1 787 558	1 481 948
Net cash flow from debt securities and deposits		-7 629 224	-19 155 908
Interest received		4 337 580	6 782 681
Paid for asset management services		-406 513	-384 086
Paid corporate income tax		-3 034 417	-1 145 126
Net cash from operating activities		**25 861 601**	**8 758 408**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		-485 190	-314 428
Repayments of loans provided		410 305	348 084
Interest received on investments		594 587	654 996
Net cash used in investing activities		**519 702**	**688 652**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	Note 16	-7 600 000	-6 300 000
Net cash used in financing activities		**-7 600 000**	**-6 300 000**
NET CASH FLOW		**18 781 303**	**3 147 060**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**23 099 917**	**19 943 496**
Change in cash and cash equivalents		18 781 303	3 147 060
Effect of movements in foreign exchange rates		-1 645	9 361
CASH AND CASH EQUIVALENTS AT END OF YEAR		**41 879 576**	**23 099 917**

*2024 consolidated statement of cash flow has been adjusted since in the 2024 annual report were erroneously reported parent company’s primary statement of cash flows numbers not consolidated.

The correction had no impact on the consolidated statement of financial position, consolidated statement of profit or loss, or consolidated statement of changes in equity.

Detailed information is presented in Note 1

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Consolidated statement of changes in equity

In euros	Share capital	Capital reserve: Share premium	Capital reserve: Statutory capital reserve	Retained earnings	Other reserves: Currency reserve	Other reserves: Other reserves	Total
As of 31 December 2023	**11 604 000**	**9 465 795**	**1 160 400**	**59 589 218**	**1 149**	**2 230 971**	**84 051 534**
Other comprehensive income						**-2 977 535**	**-2 977 535**
Result of the year				10 200 462			**10 200 462**
Total other comprehensive income for the year				**10 200 462**		**-2 977 535**	**7 222 928**
Dividend payment				-6 300 000			**-6 300 000**
As of 31 December 2024	**11 604 000**	**9 465 795**	**1 160 400**	**63 489 681**	**1 149**	**-746 564**	**84 974 462**
As of 1 January 2025	**11 604 000**	**9 465 795**	**1 160 400**	**63 489 681**	**1 149**	**-746 564**	**84 974 462**
Other comprehensive income						5 070 980	**5 070 980**
Result of the year				12 555 649			**12 555 649**
Total other comprehensive income for the year				**12 555 649**		**5 070 980**	**17 626 628**
Dividend payment				-7 600 000			**-7 600 000**
As of 31 December 2025	**11 604 000**	**9 465 795**	**1 160 400**	**68 445 329**	**1 149**	**4 324 416**	**95 001 090**

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

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Notes to the consolidated financial statements

General information

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

Compensa's branch in Latvia is located at Vienības gatve 87h in Riga and Compensa's branch in Lithuania is located at Ukmergės gatve 280 in Vilnius. The company has 21 offices across the Baltics: 4 in Estonia, 5 in Latvia and 12 in Lithuania.

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

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

At, 31 December 2025, Compensa's parent was VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, and the ultimate controlling party was Wiener Städtische Versicherungsverein.

At the end of 2025, Compensa had 292 employees (31 December 2024: 258 employees).

Note 1 Basis of preparation

1.1. Basis of preparation

The consolidated financial statements of Compensa for 2025 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

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

These consolidated financial statements are presented in euro (EUR), which is the group's functional currency.

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

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

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

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

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

During the preparation of the annual financial statements, an error was discovered in the consolidated statement of cash flows of 2024. In the annual report were erroneously reported parent company's primary statement of cash flows numbers not consolidated.

The correction had no impact on the consolidated statement of financial position, consolidated statement of profit or loss, or consolidated statement of changes in equity.

Adjustment of 2024 consolidated statement of cash flow

In euros	As previously reported	Adjustments	As restated
CASH FLOW FROM OPERATING ACTIVITIES			
Insurance claims and benefits paid	-103 691 537	0	-103 691 537
Operating expenses paid	-31 778 969	1 414 315	-30 364 654
Lease payments made	-649 996	126 514	-523 482
Other receipts from customers	130 432	150 537	280 969
Commissions and fees received	1 363 083	0	1 363 083
Net cash flow from shares and fund units	-38 857 449	0	-38 857 449
Net cash flow from debt securities and deposits	-17 435 908	-1 720 000	-19 155 908
Interest received	6 719 591	63 090	6 782 681
Paid for asset management services	-384 086	0	-384 086
Paid corporate income tax	-1 135 126	-10 000	-1 145 126
Net cash from operating activities	**8 733 952**	24 456	**8 758 408**

1.2. Use of judgements and estimates

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Compensa based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

In preparing these financial statements management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Although the estimates are based on management's best judgement and facts, actual results may differ from those estimates.

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

The Compensa applies all three measurement models the PAA (premium allocation approach), GMM (general measurement model) and FVA (fair value approach) for the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Compensa's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Compensa accounts for all reasonable and supportable information available without undue cost or effort. This information includes both internal and external historical data concerning claims and other measurement components, updated to reflect current expectations about future events.

All insurance contract liabilities (except for the LRC measured under the PAA) are calculated by discounting expected future cash flows at risk-free rates plus an illiquidity adjustment. The illiquidity adjustment to the relevant risk-free interest rates is based on the risk-corrected spread between the interest rate that could be earned from a reference portfolio and the basic risk-free interest rate. Reference portfolio weights are calculated considering all of Compensa's applicable investments grouped by country.

Material estimates

The measurement of impairment losses in accordance with IFRS 9 across relevant financial assets requires discretionary decisions in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and for the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs.

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

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

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

More detailed information is presented in Note 5

Judgements

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

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

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

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

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

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

Note 2 Material accounting policies

2.1. Measurement of fair values

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

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

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

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

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

Principles of profit sharing

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

2.2. Deferred tax assets

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

2.3. Estimation of the recoverable amount of intangible assets

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

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

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

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

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

Taxable temporary differences for which no deferred tax liability is recognised are disclosed in Note 20 If Compensa changed the accounting policy and recognised the deferred tax liability on these investments, the liability recognised would be immaterial as of 31 December 2025.

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2.5. Insurance and reinsurance contracts classification

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

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

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

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

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

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

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

- Life insurance:
  - With profit participation
    - Saving products
    - Estonian Pillar 2 pension
  - Other life
    - Latvian Pillar 2 pension
    - Risk products
    - Annuities
    - Personal accident in Latvia
  - Health similar to life
    - Cancer insurance
    - Personal accident in Estonia
  - Unit- and index-linked
  - Reinsurance held
- Health not similar to life:
  - Medical insurance

During the year 2025 product group Health similar to life was first time used by Compensa. New multy year insurance contracts covering only health related biometrical risks are classified under this group.

Unit-linked contracts are measured under the VFA. These are contracts for which, at inception, the contractual terms specify that the policyholder participates in a clearly identified pool of underlying items, the Group expects to pay the policyholder a substantial share of the fair value returns on those underlying items, and a substantial proportion of the amounts payable to the policyholder is expected to vary with changes in the fair value of the underlying items.

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Long-duration insurance contracts in primary life insurance without direct participation features — such as savings contracts with guaranteed interest, annuities, and risk products — are generally measured under the GMM.

In primary health not similar to life insurance, short-duration insurance contracts are measured using the PAA.

2.6. Insurance and reinsurance contracts accounting treatment

2.6.1. Level of aggregation

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

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

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

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

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

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

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

2.6.1. Onerous groups of contracts

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

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

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

2.6.2. Recognition

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

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

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

- the beginning of the coverage period of the group of reinsurance contracts held and
- the initial recognition of any underlying insurance contract
- If the group of reinsurance contracts held covers an onerous group of underlying contracts recognized at the date before the beginning of the coverage period of the group of reinsurance contracts held and if Compensa entered into the related reinsurance contract held at or before that date, in which case reinsurance contracts held are recognized
- at the same time as the onerous group of underlying contracts

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

2.6.3. Contract boundary

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

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

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

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

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

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

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

2.7. Measurement

The assumptions and estimates are based on all parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond of control. Such changes are reflected in the assumptions when they occur. The information is disaggregated to disclose the IFRS 17 measurement models, namely GMM, VFA and PAA. This disaggregation follows closely the lines of business structure at VIG, which can be described principally as follows:

- Life insurance without direct participation features, health similar to life, all reinsurance contacts are measured by GMM
- Unit-linked life insurance contracts are measured by VFA
- Health not similar to life contracts are measured by PAA.

2.7.1. Initial measurement

Insurance contracts not measured under PAA

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

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

The fulfilment cash flows comprise:

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

The objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean of the full range of possible outcomes considering all reasonable and supportable information available at the reporting date without undue cost or effort. Future cash flows are estimated considering a range of assumptions.

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

- premiums and any additional related cash in flows
  claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims handling costs
- policy administration and maintenance costs including recurring commissions that are expected to be paid to intermediaries
- allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs.

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

Insurance contracts measured under PAA

Compensa applies the premium allocation approach (PAA) at least to all health not similar to life insurance contracts that it issues:

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

The PAA is not applied if at the inception of the group of contracts, a significant variability in the fulfilment cash flows is expected that would affect the measurement of the liability for the remaining

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coverage (LRC) during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example, the length of the coverage period of the group of contracts.

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

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

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

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

Reinsurance contracts held

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

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

Compensa also establishes (or adjusts) a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses recognised applying the requirements above. The loss-recovery component determines the amounts that are presented in profit or loss as reversals of recoveries of losses from reinsurance contracts held and are, consequently excluded from the allocation of premiums paid to the reinsurer.

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

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

2.7.2. Subsequent measurement

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

Insurance contracts not measured under PAA

Insurance contracts not measured under PAA are measured by estimating the present value of future cash flows using deterministic modelling techniques. The projections incorporate best estimate assumptions regarding timing, amount, and uncertainty of cash flows, consistent with current market conditions. Depending on contract type, GMM or VFA methods apply .

The following assumptions are used when estimating future cash flows:

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

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

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

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

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

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

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

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

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

- the effect of any new contracts added to the group (see 2.6.1)
- interest accreted on the carrying amount of the CSM during the reporting period measured at the discount rates at initial recognition
- the changes in fulfilment cash flows relating to future service except to the extent that:
  - such increases in the fulfilment cash flows exceed the carrying amount of the CSM giving rise to a loss; or
  - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage (see 2.13)
- the effect of any currency exchange differences on the CSM and

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- the amount recognised as insurance revenue because of the transfer of insurance contract services in the period determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period (see 2.12).

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

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

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

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

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

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

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

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

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allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);

- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

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

Insurance contracts measured under PAA

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

- plus premiums received in the period
- minus insurance acquisition cash flows
- plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- minus the amount recognised as insurance revenue for the services provided in the period.

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

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

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

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement.

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

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

Reinsurance contracts held

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

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

Compensa measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts with an adjustment for any risk of non-performance by the reinsurer.

2.7.3. Insurance contracts – modification and derecognition

Insurance contracts are derecognized when:

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

2.7.4. Insurance acquisition cash flows

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

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

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

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

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

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

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

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

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

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

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

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

2.8. Discount rates

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

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

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

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

Spot rates without illiquidity adjustment in %	Maturity 31.12.2025					
	1 year	3 years	5 years	10 years	20 years	30 years
Insurance contracts issued						
EUR	2,08	2,28	2,48	2,86	3,21	3,27
Reinsurance contracts held						
EUR	2,08	2,28	2,48	2,86	3,21	3,27

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

Illiquidity adjustment	31.12.2025	31.12.2024
in basis points		
Estonia	30	43
Latvia	30	43
Lithuania	30	43

2.9. Risk adjustment for non-financial risk

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

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

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

Compensa’s cost of capital rate used for risk adjustment in the financial year 2025 amounts is 6.0% (2024: 6.0%).

Compensa's risk adjustment for life and health contracts corresponds to an average confidence level of 79,93% (2024: 79,51%).

2.10. Amortisation of the Contractual Service Margin (CSM)

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

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

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

Compensa determine the quantity of benefits and coverage units for its main product lines as follows:

For the health not similar to life and non-life reinsurance business, Compensa approximate the insurance services provided with the projected earned premium, as the majority of these services is the insurance coverage. The coverage unit is therefore the projected earned premium.

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

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

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

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

2.11. Presentation

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

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

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

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

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

2.12. Insurance service revenue

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

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

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

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

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

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

2.13. Insurance service expenses

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

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

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

2.14. Loss components

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

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

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

2.15. Loss-recovery components

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

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

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

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

2.16. Insurance finance result

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

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

Compensa applies the option to disaggregate insurance finance result on insurance contracts issued for its life business between profit or loss and OCI. The OCI option allows inconsistent measurements (accounting mismatch) of assets and liabilities to be offset through equity, rather than through profit or loss. Such differences can, for example, occur for life insurance policies eligible for profit-participation.

If the business model requires such measurement, the OCI option is used to minimise the accounting mismatch. For participations that are being held for strategic purposes, the OCI option is predominantly used in order to minimise the accounting mismatches mentioned above. Compensa's financial assets backing the insurance issued portfolios are predominantly measured at amortised cost or FVOCI.

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

2.17. Net income or expense from reinsurance contracts held

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

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

With special treatment of:

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

2.18. Consolidation and business combinations

Branches

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

Subsidiaries, Associates and other Equity investments

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

An associate is an entity over which the **Group** has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies. It is presumed that the entity has significant influence, if **Group** holds directly or indirectly (eg through subsidiaries), 20 per cent or more of the voting power of the investee.

Other Equity investments include those entities over which Group has no direct or indirect significant influence, holding less than 20 per cent of the voting power of the investee.

In Compensa the investment in subsidiaries, associates and other equity investments is measured using the fair value method.

The list of Compensa's financial investments in equity instruments is presented in Note 5.2.

Transactions eliminated on consolidation

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

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

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

2.19. Cash and cash equivalents

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

2.20. Financial assets

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

Financial assets are divided into the following categories:

- Measured at amortized cost (AC)
- Measured at fair value through other comprehensive income (FVOCI)
- Measured at fair value though profit or loss (FVTPL)

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

2.20.1. Business model assessment

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

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

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

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

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

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

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

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Compensa applies

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judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.20.3. Financial assets measured at amortized cost

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

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

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

Assets held at amortized cost are loans and time deposits.

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

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

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

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

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

Financial instruments measured at FVTPL:

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

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

2.20.6. Impairment of financial assets

The Compensa recognizes an allowance for expected credit loss (as follows ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Compensa expects to receive, discounted at the appropriate effective interest rate.

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

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

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

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

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

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

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

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

2.20.7. The calculation of ECLs

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

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

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

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

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

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

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

  – assets fulfilling the default definition of VIG
- **Stage 0** – POCI*

***POCI** - Purchased or Originated Credit-Impaired (POCI) assets are financial instruments (such as loans or bonds) that are already credit-impaired upon acquisition or origination. Under IFRS 9, they are recorded at fair value, with lifetime expected credit losses (ECL) incorporated into the rate and subsequent adjustments recorded as gains/losses.*

Debt instruments measured at FVOCI

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

Forward looking information

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

2.21. Property, plant and equipment

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

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and equipment are carried at cost less any accumulated depreciation and any impairment losses. Assets held under finance leases are accounted for similarly to purchased assets.

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

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

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

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

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

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

2.22. Leases

Under the standard IFRS 16, "*Leases",* the lessee recognises all lease liabilities on-balance sheet. Lease liabilities are recognised on the liabilities side and the assets held under a lease contract are recognised on the assets side as right-of-use assets.

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

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

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

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

The interest rate (discount rate) is 2.0% for lease liabilities in Estonia and 2.6% for those in Latvia and Lithuania. The interest rate is based on the country- and industry-specific cost of debt rate. Under the new lease accounting model, the pattern of expense is front-loaded, although the lessee pays constant monthly rentals. Lease accounting model excludes leases of low-value assets (up to 5 000 euros according to the classification applied by VIG group) and short-term leases (up to 12 months).

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

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

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

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

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

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

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

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

2.23. Other financial liabilities

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

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

2.24. Other provisions and contingent liabilities

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

Provisions are recognised based on management’s estimates of the expenditure required to settle the present obligation and the time the obligation has to be settled. A provision is recognised in an amount

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which according to management's estimates is required to settle the obligation at the reporting date or to transfer it to a third party. A provision is measured at its discounted value (the present value of the expected outflows) unless the effect of discounting is immaterial. Expenses on provisions are recognised in the period in which they are incurred.

2.25. Corporate income tax

Under Estonian legislation, corporate profit is not subject to income tax and thus deferred tax assets and liabilities do not arise. In place of profit, corporate income tax (CIT) is charged on dividends distributed from retained earnings. The tax rate is 22% and the amount of tax payable is calculated as 22/78 of the net dividend (as from 1 January 2025).

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

In Lithuania, corporate profit is subject to income tax at the rate of 16%. From 1 January 2026 a new CIT rate of 17% will apply. Accordingly, deferred tax assets and liabilities may arise (see Note 20). Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously. During the reporting period, the Company applied the relevant provisions of the Law on Corporate Income Tax in determining the corporate income tax treatment of income arising from its life insurance business. In accordance with these provisions, investment income earned from the portion of life insurance premiums invested for the benefit of the policyholder and/or beneficiary qualifies for non-taxable treatment, provided that the applicable statutory conditions are met. The same treatment applies to investment income arising from occupational pension life insurance contracts, except for dividends and other distributed profits.

In Latvia the CIT rate is 20% applicable to the taxable base. However, before applying the statutory rate, the taxable base should be divided by a coefficient of 0.8. As the taxable base is increased by the coefficient, the effective CIT rate is 25%. The tax bases are as follows:

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

For non-business expenses, a non-taxable cap on representation expenses and staff sustainability expenses is calculated as 5% of the company's total gross wages for the past year.

The taxation of corporate profits is postponed until those profits are distributed as dividends or deemed to be distributed. The tax rate for undistributed profit is 0%.

2.26. Deferred tax

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

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

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

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

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

2.27. Financial liabilities

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

2.28. Cash flow statement

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

2.29. Revenue

Fee and commission income

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

Interest income

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

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Dividend income

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

2.30. New and revised standards and interpretations

The IASB has issued several new or revised standards and interpretations in 2025 or earlier. These standards are divided into two sub-sections below - standards endorsed by the European Union as at 10 March 2026, which are effective for annual periods beginning after 1 January 2025, and standards and interpretations not yet endorsed by the European Union, which are effective for annual periods beginning after 1 January 2025.

New or revised standards that entered into force on or after 1 January 2025 did not have a significant impact on the financial statement for the 2025 financial year.

2.30.1. New or amended standards and interpretations that are effective for annual periods beginning after 1 January 2025, not yet endorsed by the European Union as at 10 March 2026

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. As the European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future.)

The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The quantitative impact of the adoption of the amendments can only be assessed in the year of initial application of the amendments, as this will depend on the transfer of an asset or business to the associate or joint venture that takes place during that reporting period.

Compensa plans to adopt this pronouncement when it becomes effective.

2.30.2. New or amended standards and interpretations, as endorsed by the European Union as at 10 March 2026, that are effective for annual periods beginning after 1 January 2025

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

Settlement of liabilities through electronic payment systems

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

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

The amendments also provide an optional exception, which allows the company to derecognise its trade payable earlier than the settlement date, potentially on the date when payment is initiated and cannot be cancelled. The exception is available when the company uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

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

Classification of financial assets with ESG-linked features

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented solely payments of principal and interest (SPPI), which is a condition for measurement at amortised cost. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

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

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

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

- not related directly to a change in basic lending risks or costs; and
- not measured at fair value through profit or loss.

Contractually linked instruments (CLIs) and non-recourse features

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

Disclosures on investments in equity instruments

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

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

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

In this volume of improvements, the IASB makes minor amendments to IFRS 9 Financial Instruments and to a further four accounting standards[1]. The amendments to IFRS 9 address:

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

The amendments to IFRS 9 require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15. They also clarify that

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when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

[1] IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures; IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows.

Compensa plans to apply the improvements from 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements (Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.)

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The major changes in the requirements are summarised below.

A more structured statement of profit or loss

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

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

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

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

MPMs – Disclosed and subject to audit

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

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

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

Greater disaggregation of information

The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

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

Other changes applicable to the primary financial statements

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

Transition

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

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

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

Note 3 Risk management

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

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

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

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

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

- Underwriting risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk

3.1. Underwriting risk

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

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

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

Compensa offers guaranteed-interest, term life, annuities, unit-linked products and, a health insurance for the corporative clients. Guaranteed-interest insurance products comprise endowment, children's and pension insurance. Term life insurance products comprise risk and loan insurance. Unit-linked products are also endowment type insurance products (endowment, children's and pension insurance) but the investment risk is borne by the policyholder. Additional risk covers – such as critical illnesses, permanent disability, and death, permanent disability and temporary incapacity for work resulting from an accident- can be added to the main contract. Compensa also offers accident insurance and critical illnesses (cancer protection) as separate standalone contract.

Customers may choose a suitable premium amount and payment schedule in the framework of product terms. Product terms allow the customer certain deviations from the agreed payment schedule.

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

Compensa will update mortality and tariff tables to provide adequate cover against its insurance risks.

Compensa controls and manages insurance risk through its underwriting procedures. It has established limits for concentrations of specific insurance risks. Depending on the age of the insured person and the insured amount, a medical examination may be required. Besides the above measures, Compensa limits its maximum risk retention. All losses that exceed 30 000 euros are to be covered 100% by a reinsurer.

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

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

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

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

The sale of health insurance has increased rapidly in recent years. Compensa has issued many contracts that provide coverage to a large number of people with relatively small insured amounts, i.e. the potential loss per insured person is not significant. Therefore, concentration risk is not considered to be high.

3.2. **Market risk**

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

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

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

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

3.3. Interest rate risk

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

FVOCI Financial assets by geographical area:

In euros	31.12.2025	31.12.2024
Lithuania	31 213 955	31 712 170
France	31 022 949	28 742 427
Estonia	24 872 212	25 601 223
Latvia	25 099 832	21 494 899
Austria	13 486 062	15 379 735
Slovenia	14 043 002	14 561 664
Netherland	19 090 123	13 968 847
Slovakia	7 510 400	11 777 015
Poland	5 524 376	11 500 290
Germany	12 405 862	10 585 383
Ireland	7 479 933	8 028 410
Finland	7 456 641	7 602 602
Denmark	8 243 228	7 514 292
Supranational	11 819 830	9 529 031
Spain	7 137 601	7 098 257
European Union Institutions	11 022 601	8 739 241
Other countries	6 646 610	6 182 929
United States	6 203 200	4 962 557
Belgium	6 248 845	4 953 367
Hungary	4 202 437	4 135 868
Sweden	2 768 584	3 855 546
Great Britain	3 345 320	3 106 914
Luxembourg	1 981 445	2 777 458
Italy	1 429 154	1 929 961
TOTAL	**270 254 201**	**265 740 083**

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

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A +/-1.0 percentage point change in interest rates as at the reporting date would have resulted in a - 20,73/+24,07 million euro change in the value of the debt securities portfolio which is reported within fair value through other comprehensive income financial assets (bonds); this would have had a direct impact on Compensa's equity.

Changes in interest rates do not have a direct impact on profit or loss for insurance contracts measured under GMM, as the effect of changes in discount rates is recognized in OCI and therefore reflected in equity. For contracts measured under VFA, interest rate movements may affect the Compensa's share in the value of underlying items. To the extent these changes relate to future service, the impact is largely absorbed in the CSM and recognized in profit or loss over time, thereby reducing short-term earnings volatility.

. The effects on profit or loss and equity are presented net of the related income tax.

3.4. Currency risk

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

All insurance contracts issued in Estonia, Latvia and Lithuania are denominated in euros and assets that back their liabilities are also denominated in euros. Assets backing liabilities from those contracts are also denominated in euros. In 2025, Compensa made investments in financial instruments denominated in the following currencies:

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

Compensa's exposure to currency risk:

In euros	31.12.2025					
	EUR	**USD**	**GBP**	**DKK**	**SEK**	**CZK**
Cash and cash equivalents	41 867 984	2 479	5 816	1 006	0	2 291
Financial investments	653 558 636	282 304	132 896	7 563 674	219 432	0
Insurance contract assets	2 242 808	0	0	0	0	0
Reinsurance contract assets	2 153 431	0	0	0	0	0
Other assets and receivables	23 529 740	0	0	0	0	0
Total assets	**723 352 599**	**284 782**	**138 712**	**7 564 679**	**219 432**	**2 291**
Insurance contract liabilities	628 207 687	0	0	0	0	0
Reinsurance contract liabilities	2 086 634	0	0	0	0	0
Financial liabilities	1 320 120	0	0	0	0	0
Other liabilities	4 769 825	0	0	0	0	0
Total liabilities	**636 384 266**	**0**	**0**	**0**	**0**	**0**
Currency cap	**86 791 195**	**284 782**	**138 712**	**7 564 679**	**219 432**	**2 291**

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In euros	31.12.2024					
	EUR	USD	GBP	DKK	SEK	CZK
Cash and cash equivalents	23 094 417	1 111	2 425	1 964	0	2 682
Financial investments	597 664 071	160 919	84 775	7 565 547	126 319	0
Insurance contract assets	2 102 475	0	0	0	0	0
Reinsurance contract assets	1 164 769	0	0	0	0	0
Other assets and receivables	21 958 515	0	0	0	0	0
Total assets	**645 984 246**	**162 030**	**87 200**	**7 567 512**	**126 319**	**2 682**
Insurance contract liabilities	559 326 020	0	0	0	0	0
Reinsurance contract liabilities	760 269	0	0	0	0	0
Financial liabilities	1 985 383	0	0	0	0	0
Other liabilities	6 881 173	0	0	0	0	0
Total liabilities	**568 952 845**	**0**	**0**	**0**	**0**	**0**
Currency cap	**77 031 401**	**162 030**	**87 200**	**7 567 512**	**126 319**	**2 682**

A +/- 1% change in the exchange rate of the euro against currencies not pegged to the euro at the reporting date would have changed Compensa's profit by +81,3 thousand /- 82,9 thousand euros (2024: would have changed profit by +78,7 thousand /- 80,3 thousand euros). The effect is such if other parameters remain constant.

3.5. Equity price risk

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

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Investments exposed to price risk include shares and fund units in Compensa's own investment portfolio that are measured at fair value through profit or loss. The position exposed to price risk in Compensa's investment portfolio is 56.89 million euro. Fund units account for 96.7% and single stocks for only 3.3% of Compensa's price risk exposure.

In euros	**31.12.2025**	31.12.2024
Shares	1 892 793	1 597 360
Investment funds own	55 027 724	51 813 907
Unit-linked investment funds	307 868 236	257 747 227
Total	**364 788 753**	**311 158 494**

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Fund units by fund type and geographical area in carrying amount as at 31 December 2025:

31.12.2025					
In euros	Global	Europe	America	Asia	Total
Shares	**0**	**1 446 783**	**446 010**	**0**	**1 892 793**
Investment funds – own	**13 256 944**	**41 290 354**	**413 218**	**67 208**	**55 027 724**
Equity funds	117 922	1 360 856	413 218	67 208	**1 959 204**
Mixed funds	9 417 142	0	0	0	**9 417 142**
Debt funds	1 538 381	7 860 962	0	0	**9 399 343**
Hedge funds	2 183 499	307 666	0	0	**2 491 165**
Property funds	0	31 760 870	0	0	**31 760 870**
Investment funds - unit-linked	**135 837 639**	**27 594 148**	**137 927 460**	**6 508 990**	**307 868 237**
Equity funds	9 759 579	27 594 148	137 927 460	6 508 990	**181 790 177**
Mixed funds	101 386 208	0	0	0	**101 386 208**
Debt funds	24 691 852	0	0	0	**24 691 852**
TOTAL	**149 094 583**	**70 331 285**	**138 786 688**	**6 576 198**	**364 788 754**

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

A +/-1% change in the market prices of shares and fund units held as at the reporting date would have changed Compensa's profit and equity by +/- 775.5 thousand euros (2024: +/- 536.7 thousand euros).

3.6. Credit risk

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

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

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

Investment-related financial risks are managed through the investment risk strategy, which outlines the limits and lowest permitted ratings for investments in debt securities. According to the policy, in general the permitted minimum rating for debt securities is A (Standard & Poor's). In limited quantities, it is allowed to acquire debt securities with a BBB rating (Standard & Poor's). At the time of purchase, the ratings of the instruments were in compliance with the strategy but since then several ratings have been lowered in connection with the economic difficulties persisting in Europe. Compensa monitors and analyses the changes in the ratings of debt securities held consistently and with due care and makes appropriate changes to the structure of its portfolio as and when necessary.

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

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

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

Financial assets (debt instruments) exposed to credit risk:

	31.12.2025							
Measured at FVOCI	**AAA**	**AA**	**A**	**BBB**	**BB and lower**	**Without rating**	**Book value**	**Risk provision**
Stage 1								
Bonds	**47 453 532**	**36 774 192**	**142 886 748**	**39 939 174**	**848 340**	**670 596**	**268 572 582**	**-120 120**
Stage 2								
Bonds	**0**	**0**	**425 510**	**0**	**376 560**	**0**	**802 069**	**-14 452**
Stage 3								
Bonds	**0**	**0**	**0**	**0**	**879 962**	**0**	**879 962**	**-374 949**
TOTAL MEASURED IN FVOCI	**47 453 532**	**36 774 192**	**143 312 258**	**39 939 174**	**2 104 862**	**670 596**	**270 254 614**	**-509 521**

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

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	31.12.2025						
Measured at AC	**A**	**BBB**	**BB and lower**	**Without rating**	**Gross carring amount**	**Risk provision**	**Net carring amount**
Stage 1							
Loans	**0**	**3 659 471**	**3 876 789**	**14 326 242**	**21 862 502**	**-148 928**	**21 713 575**
Term deposits	**5 000 000**	**0**	**0**	**0**	**5 000 000**	**0**	**5 000 000**
TOTAL MEASURED AT AC	**5 000 000**	**3 659 471**	**3 876 789**	**14 326 242**	**26 862 502**	**-148 928**	**26 713 575**

	31.12.2024						
Measured at AC	**A**	**BBB**	**BB and lower**	**Without rating**	**Gross carring amount**	**Risk provision**	**Net carring amount**
Stage 1							
Loans	**0**	**3 755 370**	**3 992 034**	**14 594 166**	**22 341 571**	**-131 239**	**22 210 332**
Term deposits	**6 588 237**	**0**	**0**	**0**	**6 588 237**	**-859**	**6 587 378**
TOTAL MEASURED AT AC	**6 588 237**	**3 755 370**	**3 992 034**	**14 594 166**	**28 929 808**	**-132 098**	**28 797 710**

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

Development In euros		2025	
Measured at FVOCI and measured at AC	**Stage 1**	**Stage 2**	**Total**
Loans			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	**-131 239**	**0**	**-131 239**
Increase due to acquisitions	0	0	0
Changes due to remeasurements (net)	-19 174	0	-19 174
Decrease due to derecognition	1 485	0	1 485
Credit Loss Allowance as of 31.12	**-148 928**	**0**	**-148 928**
Term deposits			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	**-859**	**0**	**-859**
Increase due to acquisitions	-1 479	0	-1 479
Changes due to remeasurements (net)	2 120	0	2 120
Decrease due to derecognition	218	0	218
Credit Loss Allowance as of 31.12	**0**	**0**	**0**
Bonds FVOCI			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	**-173 495**	**-1 349**	**-174 844**
Increase due to acquisitions	-17 481	0	-17 481
Changes due to remeasurements (net)	60 188	-11 444	48 744

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Decrease due to derecognition	8 346	0	8 346
Credit Loss Allowance as of 31.12	**-122 443**	**-12 793**	**-135 236**
Total Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	**-305 594**	**-1 349**	**-306 943**
Total Credit Loss Allowance as of 31.12	**-271 370**	**-12 793**	**-284 164**

Development In euros		2024	
Measured at FVOCI and measured at AC	**Stage 1**	**Stage 2**	**Total**
Loans			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	**-113 452**	**0**	**-113 452**
Increase due to acquisitions	0	0	0
Changes due to remeasurements (net)	-22 066	0	-22 066
Decrease due to derecognition	4 278	0	4 278
Credit Loss Allowance as of 31.12	**-131 239**	**0**	**-131 239**
Term deposits			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	**-4 041**	**0**	**-4 041**
Increase due to acquisitions	-74	0	-74
Changes due to remeasurements (net)	2 900	0	2 900
Decrease due to derecognition	356	0	356
Credit Loss Allowance as of 31.12	**-859**	**0**	**-859**
Bonds FVOCI			
Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	**-178 551**	**-1 707**	**-180 258**
Increase due to acquisitions	-30 831	0	-30 831
Changes due to remeasurements (net)	21 778	358	22 136
Decrease due to derecognition	14 109	0	14 109
Credit Loss Allowance as of 31.12	**-173 495**	**-1 349**	**-174 844**
Total Credit Loss Allowance as of 31.12 of the previous year = Credit Loss Allowance as of 01.01	**-296 044**	**-1 707**	**-297 751**
Total Credit Loss Allowance as of 31.12	**-305 594**	**-1 349**	**-306 943**

3.7. Liquidity risk

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

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

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

31.12.2025	Undiscounted contractual cash flows					
In euros	w/o maturity	up to one year	1-5 years	5-10 years	more than 10 years	Overall Result
Cash and cash equivalents gross	**41 879 576**	**0**	**0**	**0**	**0**	**41 879 576**
Amortized costs gross	**0**	**16 385 993**	**10 258 769**	**4 898 630**	**0**	**31 543 392**
loans AC gross	0	11 385 993	10 258 769	4 898 630	0	**26 543 392**
term deposits AC gross	0	5 000 000	0	0	0	**5 000 000**
Fair value through OCI	**8 388 498**	**25 801 256**	**95 407 339**	**91 402 592**	**168 572 163**	**389 571 848**
shares and shares in companies FVOCI	8 388 498	0	0	0	0	**8 388 498**
bonds FVOCI	0	25 801 256	95 407 339	91 402 592	168 572 163	**381 183 350**
Fair value through PL	**364 788 753**	**0**	**0**	**0**	**0**	**364 788 753**
shares and shares in companies FVTPL	1 892 793	0	0	0	0	**1 892 793**
funds FVTPL	362 895 960	0	0	0	0	**362 895 960**
Total financial asset cashflow	**415 056 827**	**42 187 249**	**105 666 108**	**96 301 221**	**168 572 163**	**827 783 568**
financial liabilities	**0**	**-606 330**	**0**	**0**	**-106 946**	**-713 276**
lease liabilities	0	-606 330	0	0	0	**-606 330**
liabilities designated at FVTPL	0	0	0	0	-106 946	**-106 946**
Net financial cashflow	**415 056 827**	**41 580 919**	**105 666 108**	**96 301 221**	**168 465 216**	**827 070 292**

31.12.2024	Undiscounted contractual cash flows					
In euros	w/o maturity	up to one year	1-5 years	5-10 years	more than 10 years	Overall Result
Cash and cash equivalents gross	**23 099 917**	**0**	**0**	**0**	**0**	**23 099 917**
Amortized costs gross	**0**	**6 587 378**	**3 542 900**	**21 461 203**	**0**	**31 591 481**
loans AC gross	0	0	3 542 900	21 461 203	0	**25 004 103**
term deposits AC gross	0	6 587 378	0	0	0	**6 587 378**
Fair value through OCI	**6 656 712**	**22 260 024**	**68 301 297**	**69 187 208**	**105 991 554**	**272 396 795**
shares and shares in companies FVOCI	6 656 712	0	0	0	0	**6 656 712**
bonds FVOCI	0	22 260 024	68 301 297	69 187 208	105 991 554	**265 740 083**
Fair value through PL	**311 158 494**	**0**	**0**	**0**	**0**	**311 158 494**
shares and shares in companies FVTPL	1 597 360	0	0	0	0	**1 597 360**
funds FVTPL	309 561 134	0	0	0	0	**309 561 134**
Total financial asset cashflow	**340 915 123**	**28 847 402**	**71 844 197**	**90 648 411**	**105 991 554**	**638 246 687**
financial liabilities	**0**	**-577 733**	**-665 932**	**-134 874**	**0**	**-1 378 539**
lease liabilities	0	-513 041	-358 314	0	0	**-871 355**
liabilities designated at FVTPL	0	-64 691	-307 618	-134 874	0	**-507 184**
Net financial cashflow	**340 915 123**	**28 269 670**	**71 178 265**	**90 513 537**	**105 991 554**	**636 868 148**

31.12.2025 In euros	Undiscounted contractual cash flows w/o maturity	Up do one year	1-5 years	5-10 years	more than 10 years	Total cashflow
Life insurance contract liabilities						
Insurance contract liabilities	-262 144 980	-33 117 770	-92 427 908	-68 700 582	-210 069 472	**-666 460 711**
Reinsurance contract liabilities	0	-84 386	-274 859	-569 982	-1 585 747	**-2 514 974**
Insurance contract assets	0	257 290	655 543	622 750	413 360	**1 948 943**
Reinsurance contract assets	0	-87 495	-16 765	-1 652	0	**-105 912**
Total life insurance contract liabilities	**-262 144 980**	**-33 032 360**	**-92 063 989**	**-68 649 466**	**-211 241 860**	**-667 132 655**
Health insurance contract liabilities						
Insurance contract liabilities	0	-37 601	0	0	0	**-37 601**
Insurance contract assets	0	117 910	301 839	122 484	-4 872	**537 361**
Reinsurance contract assets	0	-10 765	-34 440	-5 659	0	**-50 863**
Total insurance contract liabilities	**-262 144 980**	**-32 962 816**	**-91 796 590**	**-68 532 641**	**-211 246 732**	**-666 683 758**

31.12.2024 In euros	Undiscounted contractual cash flows w/o maturity	Up do one year	1-5 years	5-10 years	more than 10 years	Total cashflow
Life insurance contract liabilities						
Insurance contract liabilities	-210 270 403	-27 563 758	-96 492 568	-64 047 783	-211 823 646	**-610 198 159**
Reinsurance contract liabilities	0	-99 739	-361 923	-824 510	-2 710 103	**-3 996 275**
Insurance contract assets	0	299 652	768 543	774 478	769 548	**2 612 220**
Reinsurance contract assets	0	-37 601	0	0	0	**-37 601**
Total life insurance contract liabilities	**-210 270 403**	**-27 401 446**	**-96 085 948**	**-64 097 816**	**-213 764 202**	**-611 619 815**
Health insurance contract liabilities						
Insurance contract liabilities	0	-37 601	0	0	0	**-37 601**
Total insurance contract liabilities	**-210 270 403**	**-27 439 047**	**-96 085 948**	**-64 097 816**	**-213 764 202**	**-611 657 416**

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

3.8. Operational risk

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

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

3.9. Risk sensitivity analysis

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

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

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

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

Sensitivity across different parameters In euros	**Impact on cash flow from insurance contracts**			
Insurance risks	**2025**		**2024**	
Change in mortality rate +/-5%	**+**	**-**	**+**	**-**
Health similar to Non-Life	178	-178	114	-114
Only Life	-1 340 436	1 445 414	-1 309 305	1 416 653
Unit-/Index-linked	452 122	-453 243	536 302	-537 728
Change in life lapse rate +50%/-50%				
Health similar to Non-Life	44 421	-47 276	44 421	-47 276
Only Life	14 338 785	-23 836 220	10 714 398	-18 521 113
Unit-/Index-linked	26 870 423	-42 157 511	30 097 355	-47 199 391
Change in operating cost assumption -10%				
Health similar to Non-Life	223 677	17	151 700	-151 700
Only Life	4 148 606	179 157	4 166 801	-4 166 802
Unit-/Index-linked	6 395 863	-27 416	7 364 288	-7 364 288
Finance risks				
Change in interest rates +/- 100bps				
Health similar to Non	-170 013	173 010	-75 373	76 764
Only Life	-23 452 257	27 540 756	-24 275 543	28 333 677
Unit-/Index-linked	8 767 854	-9 311 285	10 081 907	-11 872 529
Equity price -25%				
Health similar to Non-Life		0		0
Only Life		-28 690		-20 235
Unit-/Index-linked		-70 093 602		-58 446 975

3.10. Capital management

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

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

Under Solvency II principles, an insurer has to calculate its solvency capital requirement at least once a year on a going concern basis using the standard formula, internal model, or partial internal model. The solvency capital requirement corresponds to the amount of an insurer's own funds which enables the insurer to meet its obligations under insurance contracts over the next 12 months with 99.5% probability.

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

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

The Compensa had a Solvency capital requirement (SCR) of 93.11 million (2024: 92.31 million) and a minimum capital requirement (MCR) of 23.34 million as of 31 December 2025 (2024: 23.08 million). Eligible own funds amounted to 165.16 million (2024: 142.63 million), are available for these requirements. As a result, Compensa has a solvency ratio of 1.8 (2024: 1.5) and an MCR coverage of 7.1 (2024: 6.2).

At 31 December 2025, Compensa's share capital amounted to 11 604 000 euros (31 December 2024: 11 604 000 euros).

At, 31 December 2025 and 31 December 2024, Compensa was in compliance with all legal and regulatory capital requirements.

Note 4 Insurance contracts issued

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

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

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4.1. Overview

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

Composition	31.12.2025			
In euros	PAA	GMM	VFA	Total
Insurance contract assets issued		2 419 265		**2 419 265**
Asset for Remaining Coverage (ARC)		2 602 630		2 602 630
Estimates of the PVFCF		11 095 825		11 095 825
Risk Adjustment		-1 457 789		-1 457 789
Contractual Service Margin		-7 035 406		-7 035 406
Assets for Incurred Claims		-183 365		-183 365
Reinsurance contracte assets held	231 582	580 925		**812 507**
Asset for Remaining Coverage (ARC)		552 908		552 908
Estimates of the PVFCF		-149 349		-149 349
Risk Adjustment		466		466
Contractual Service Margin		701 791		701 791
Assets for Incurred Claims	231 582	28 017		259 599
Insurance contracts liabilities issued	-24 905 229	-330 797 204	-262 144 980	**-628 207 687**
Liability for Remaining Coverage (LRC)		-327 784 240	-260 261 173	-588 045 412
Estimates of the PVFCF		-294 509 994	-182 193 361	-476 703 355
Risk Adjustment		-8 969 400	-17 756 113	-26 725 513
Contractual Service Margin		-24 304 845	-60 311 699	-84 616 544
Liability for Incurred Claims	-24 905 229	-3 012 965	-1 883 807	-29 802 001
As a liability recognised insurance acquisition costs				-10 360 273
Reinsurance contract assets held		-1 483 421	-603 213	**-2 086 634**
Liability for Remaining Coverage (LRC)		-1 545 821	-12 382 814	-13 928 635
Estimates of the PVFCF		-2 370 130	-12 793 781	-15 163 911
Risk Adjustment		179 086	0	179 086
Contractual Service Margin		645 223	410 967	1 056 190
Liability for Incurred Claims		62 400	11 779 601	11 842 001

Composition In euros	31.12.2024 PAA	GMM	VFA	Total
Insurance contract assets issued		991 028		**991 028**
Asset for Remaining Coverage (ARC)		1 038 533		1 038 533
Estimates of the PVFCF		2 365 124		2 365 124
Risk Adjustment		-243 026		-243 026
Contractual Service Margin		-1 083 565		-1 083 565
Assets for Incurred Claims		-47 506		-47 506
Reinsurance contracte assets held	69 806	746 723		**816 530**
Asset for Remaining Coverage (ARC)		-761 999		-761 999
Estimates of the PVFCF		-2 203 822		-2 203 822
Risk Adjustment		8 352		8 352
Contractual Service Margin		1 433 471		1 433 471
Assets for Incurred Claims	69 806	1 508 722		1 578 529
Insurance contracts liabilities issued	-15 068 860	-332 792 982	-210 270 403	**-559 326 020**
Liability for Remaining Coverage (LRC)		-330 254 729	-208 294 828	-538 549 557
Estimates of the PVFCF		-297 301 851	-121 108 182	-418 410 033
Risk Adjustment		-8 996 646	-18 480 211	-27 476 857
Contractual Service Margin		-23 956 231	-68 706 435	-92 662 666
Liability for Incurred Claims	-15 068 860	-2 538 254	-1 975 575	-19 582 689
As a liability recognised insurance acquisition costs				-1 193 775
Reinsurance contract assets held		-760 269		**-760 269**
Liability for Remaining Coverage (LRC)		-766 269		-766 269
Estimates of the PVFCF		-2 983 808		-2 983 808
Risk Adjustment		194 021		194 021
Contractual Service Margin		2 023 518		2 023 518
Liability for Incurred Claims		6 000		6 000

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All measurement models 2025 In euros	Liabilities for remaining coverage: Excluding Loss Component	Liabilities for remaining coverage: Loss Component	Liabilities for incurred claims	Total
Opeining assets	1 341 767	-303 234	-47 506	**991 028**
Opening liabilities	-543 142 416	-6 378 945	-8 610 885	**-558 132 246**
Net opening balance	**-541 800 649**	**-6 682 179**	**-8 658 391**	**-557 141 218**
Insurance Revenue	97 076 415	0	0	**97 076 415**
Insurance Service Expenses	-19 106 233	-7 820 891	-60 423 481	**-87 350 605**
Investment components	68 993 358	0	-68 993 358	**0**
Insurance Service Result	**146 963 540**	**-7 820 891**	**-129 416 839**	**9 725 810**
Insurance finance income or expense	-22 840 211	-103 954	-27 481	**-22 971 646**
OCI	12 820 967	0	0	12 820 967
Total changes in the statement of profit or loss and OCI	**136 944 296**	**-7 924 845**	**-129 444 319**	**-424 869**
Premiums received	-217 377 520	0	0	**-217 377 520**
Claims and other insurance service expenses paid	14 855 432	0	128 612 692	**143 468 124**
Insurance acquisition cash flows	16 047 334	0	0	**16 047 334**
Total cash flow	**-186 474 755**	0	**128 612 692**	**-57 862 062**
Insurance contract assets as at end of period	3 074 485	-471 854	**-183 365**	**2 419 265**
Insurance contract liabilities as at end of period	-594 405 592	-14 135 169	**-9 306 653**	**-617 847 414**
Net insurance contract (assets)/liabilities as at end of period	**-591 331 107**	**-14 607 024**	**-9 490 018**	**-615 428 149**

All measurement models 2024 In euros	Liabilities for remaining coverage: Excluding Loss Component	Liabilities for remaining coverage: Loss Component	Liabilities for incurred claims	Total
Opeining assets	772 871	-74 651	-39 833	**658 387**
Opening liabilities	-452 059 118	-4 206 415	-7 850 019	**-464 115 553**
Net opening balance	**-451 286 247**	**-4 281 066**	**-7 889 852**	**-463 457 166**
Insurance Revenue	84 907 974	0	0	**84 907 974**
Insurance Service Expenses	-14 491 024	-2 347 371	-54 863 842	**-71 702 237**
Investment components	60 219 202	0	-60 219 202	**0**
Insurance Service Result	**130 636 152**	**-2 347 371**	**-115 083 044**	13 205 737
Insurance finance income or expense	-39 577 641	-53 742	-42 246	**-39 673 628**
OCI	-7 864 842	0	-7	**-7 864 849**
Total changes in the statement of profit or loss and OCI	**83 193 669**	**-2 401 112**	**-115 125 297**	-34 332 740
Premiums received	-202 660 451	0	0	**-202 660 451**
Claims and other insurance service expenses paid	14 085 469	0	114 356 758	**128 442 227**
Insurance acquisition cash flows	14 866 911	0	0	**14 866 911**
Total cash flow	**-173 708 070**	**0**	**114 356 758**	-59 351 312
Insurance contract assets as at end of period	1 341 767	-303 234	**-47 506**	991 028
Insurance contract liabilities as at end of period	-543 142 416	-6 378 945	**-8 610 885**	-558 132 246
Net insurance contract (assets)/liabilities as at end of period	**-541 800 649**	**-6 682 179**	**-8 658 391**	-557 141 218

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Premium Allocation Approach	Liabilities for remaining coverage		Liabilities for incurred claims	**Total**
2025 In euros	Excluding Loss Component	Loss Component		
Insurance contract liabilities as at beginning of period	-10 971 804	0	-4 097 057	**-15 068 861**
Net insurance contract (assets)/liabilities as at beginning of period	**-10 971 804**	**0**	**-4 097 057**	**-15 068 861**
Other contracts	65 633 598	0	0	**65 633 598**
Insurance Revenue	**65 633 598**	**0**	**0**	**65 633 598**
Incurred claims and other insurance service expenses	-2 732 797	0	-50 378 679	**-53 111 476**
Losses of onerous contracts and reversals of those losses	0	0	0	**0**
Changes to liabilities for incurred claims	0	0	-285 343	**-285 343**
Amortisation of insurance acquisition cash flows	-5 930 065	0	0	**-5 930 065**
Insurance Service Expenses	**-8 662 862**	**0**	**-50 664 022**	**-59 326 884**
Insurance Service Result	**56 970 736**	**0**	**-50 664 022**	**6 306 714**
IFIE without FX	0	0	-27 481	**-27 481**
Insurance finance income or expenses	0	0	-27 481	**-27 481**
Total changes in the statement of profit or loss and OCI	**56 970 736**	**0**	**-50 691 503**	**6 279 233**
Premiums received	-75 461 135	0	0	**-75 461 135**
Claims and other insurance service expenses paid	2 732 797	0	50 378 679	**53 111 476**
Insurance acquisition cash flows	6 234 057	0	0	**6 234 057**
Total cash flows	**-66 494 281**	**0**	**50 378 679**	**-16 115 602**
Net insurance contract (assets)/liabilities as at end of period	-20 495 349	0	-4 409 881	**-24 905 230**
Insurance contract liabilities as at end of period	**-20 495 349**	**0**	**-4 409 881**	**-24 905 230**
Insurance contract liabilities as at beginning of period	-10 971 804	0	-4 097 057	**-15 068 861**
Net insurance contract (assets)/liabilities as at beginning of period	**-10 971 804**	**0**	**-4 097 057**	**-15 068 861**

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

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General Measurement Model	Liabilities for remaining coverage		Liabilities for incurred claims	**Total**
2025 In euros	Excluding Loss Component	Loss Component		
Insurance contract assets as at beginning of period	1 341 767	-303 234	-47 506	**991 027**
Insurance contract liabilities as at beginning of period	-324 500 061	-5 754 668	-2 538 254	**-332 792 983**
Net insurance contract (assets)/liabilities as at beginning of period	**-323 158 294**	**-6 057 902**	**-2 585 760**	**-331 801 956**
Contracts under the fair value approach	11 251 835	0	0	**11 251 835**
Other contracts	4 774 321	0	0	**4 774 321**
Insurance Revenue	**16 026 156**	**0**	**0**	**16 026 156**
Incurred claims and other insurance service expenses	-3 748 634	0	-6 782 884	**-10 531 518**
Losses of onerous contracts and reversals of those losses	0	-7 222 107	0	**-7 222 107**
Changes to liabilities for incurred claims	0	0	119 967	**119 967**
Amortisation of insurance acquisition cash flows	-668 326	0	0	**-668 326**
Insurance Service Expenses	**-4 416 960**	**-7 222 107**	**-6 662 917**	**-18 301 984**
Investment components	**46 493 476**	0	-46 493 475	**1**
Insurance Service Result	**58 102 672**	**-7 222 107**	**-53 156 392**	**-2 275 827**
IFIE without FX	-6 589 504	-103 954	0	**-6 693 458**
Insurance finance income or expenses	-6 589 504	-103 954	0	**-6 693 458**
OCI	12 820 967	0	0	**12 820 967**
Total changes in the statement of profit or loss and OCI	**64 334 135**	**-7 326 061**	**-53 156 392**	**3 851 682**
Premiums received	-62 469 704	0	0	**-62 469 704**
Claims and other insurance service expenses paid	6 242 416	0	52 545 821	**58 788 237**
Insurance acquisition cash flows	3 253 801	0	0	**3 253 801**
Total cash flows	**-52 973 487**	**0**	**52 545 821**	**-427 666**
Insurance contract assets as at end of period	3 074 485	-471 854	-183 365	**2 419 266**
Insurance contract liabilities as at end of period	-314 872 132	-12 912 108	-3 012 965	**-330 797 205**
Net insurance contract (assets)/liabilities as at end of period	**-311 797 646**	**-13 383 963**	**-3 196 331**	**-328 377 940**

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

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Variable Fee Approach	Liabilities for remaining coverage		Liabilities for incurred claims	**Total**
2025 In euros	Excluding Loss Component	Loss Component		
Insurance contract liabilities as at beginning of period	-207 670 551	-624 277	-1 975 575	**-210 270 403**
Net insurance contract (assets)/liabilities as at beginning of period	**-207 670 551**	**-624 277**	**-1 975 575**	**-210 270 403**
				0
Contracts under the fair value approach	5 731 762	0	0	**5 731 762**
Other contracts	9 684 900	0	0	**9 684 900**
Insurance Revenue	**15 416 662**	**0**	**0**	**15 416 662**
Incurred claims and other insurance service expenses	-4 421 827	0	-3 476 307	**-7 898 134**
Losses of onerous contracts and reversals of those losses	0	-598 784	0	**-598 784**
Changes to liabilities for incurred claims	0	0	379 765	**379 765**
Amortisation of insurance acquisition cash flows	-1 604 584	0	0	**-1 604 584**
Insurance Service Expenses	**-6 026 411**	**-598 784**	**-3 096 542**	**-9 721 737**
Investment components	22 499 883	0	-22 499 883	**0**
Insurance Service Result	**31 890 134**	**-598 784**	**-25 596 425**	**5 694 925**
IFIE without FX	-16 250 707	0	0	**-16 250 707**
Insurance finance income or expenses	-16 250 707	0	0	**-16 250 707**
Total changes in the statement of profit or loss and OCI	**15 639 427**	**-598 784**	**-25 596 425**	**-10 555 782**
Premiums received	-79 446 682	0	0	**-79 446 682**
Claims and other insurance service expenses paid	5 880 219	0	25 688 192	**31 568 411**
Insurance acquisition cash flows	6 559 475	0	0	**6 559 475**
Total cash flows	**-67 006 988**	**0**	**25 688 192**	**-41 318 796**
Insurance contract liabilities as at end of period	-259 038 112	-1 223 061	-1 883 807	**-262 144 980**
Net insurance contract (assets)/liabilities as at end of period	**-259 038 112**	**-1 223 061**	**-1 883 808**	**-262 144 981**

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

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Developments of LRC /ARC and LIC/AIC **All measurement models** **2025** In euros	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	**Total**
Insurance contract assets as at beginning of period	2 317 618	-243 026	-1 083 565	**991 027**
Insurance contract liabilities as at beginning of period	-422 923 862	-27 476 857	-92 662 666	**-543 063 385**
Net insurance contract (assets)/liabilities as at beginning of period	**-420 606 244**	**-27 719 883**	**-93 746 231**	**-542 072 358**
Insurance Service Result	-55 600 514	-598 392	59 618 004	**3 419 098**
Insurance finance income or expenses	34 789 907	-210 348	-57 523 724	**-22 944 165**
OCI	12 475 646	345 322	0	**12 820 968**
Total changes in the statement of profit or loss and OCI	**-8 334 961**	**-463 418**	**2 094 280**	**-6 704 099**
Total cash flows	-41 746 461	0	0	**-41 746 461**
Insurance contract assets as at end of period	10 912 460	-1 457 789	-7 035 406	**2 419 265**
Insurance contract liabilities as at end of period	-481 600 127	-26 725 513	-84 616 544	**-592 942 184**
Net insurance contract (assets)/liabilities as at end of period	**-470 687 666**	**-28 183 301**	**-91 651 951**	**-590 522 918**

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

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Developments of LRC/ARC and LIC/AIC **General Measurement Model**	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	**Total**
2025 In euros				
Insurance contract assets as at beginning of period	2 317 618	-243 026	-1 083 565	**991 027**
Insurance contract liabilities as at beginning of period	-299 840 105	-8 996 646	-23 956 231	**-332 792 982**
Net insurance contract (assets)/liabilities as at beginning of period	**-297 522 487**	**-9 239 672**	**-25 039 796**	**-331 801 955**
				0
Contractual service margin recognised for services provided	0	0	5 672 430	**5 672 430**
Risk adjustment recognised for the risk expired	0	1 376 540	0	**1 376 540**
Experience adjustments	-2 471 714	0	0	**-2 471 714**
Changes that relate to current services	**-2 471 714**	**1 376 540**	**5 672 430**	**4 577 256**
				0
Contracts initially recognised in the period	19 061 160	-2 631 602	-16 491 387	**-61 829**
Changes in estimates that adjust the contractual service margin	-6 662 402	1 413 622	-27 756 564	**-33 005 344**
Changes in estimates that do not adjust the contractual service margin (losses and reversal of losses)	-5 679 228	-1 481 051	0	**-7 160 279**
Changes that relate to future services	**6 719 530**	**-2 699 031**	**-44 247 951**	**-40 227 452**
				0
Adjustments to liabilities for incurred claims	391 593	0	0	**391 593**
Changes that relate to past services	**391 593**	**0**	**0**	**391 593**
				0
IFIE without FX	-5 775 402	-210 348	-707 708	**-6 693 458**
Insurance finance income or expenses	**-5 775 402**	**-210 348**	**-707 708**	**-6 693 458**
				0
OCI	**12 475 646**	**345 322**	**0**	**12 820 968**
				0
Total changes in the statement of profit or loss and OCI	**11 339 653**	**-1 187 517**	**-39 283 229**	**-29 131 093**
				0
Premiums received	-62 469 704	0	0	**-62 469 704**
Claims and other insurance service expenses paid	58 788 236	0	0	**58 788 236**
Insurance acquisition cashflows	3 253 801	0	0	**3 253 801**
Total cash flows	**-427 667**	**0**	**0**	**-427 667**
				0
Insurance contract assets as at end of period	10 912 460	-1 457 789	-7 035 406	**2 419 265**
Insurance contract liabilities as at end of period	-297 522 959	-8 969 400	-24 304 845	**-330 797 204**
Net insurance contract (assets)/liabilities as at end of period	**-286 610 499**	**-10 427 189**	**-31 340 251**	**-328 377 939**

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

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Developments of LRC/ARC and LIC/AIC **Variable Fee Approach**	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	**Total**
2025 In euros				
Insurance contract liabilities as at beginning of period	-123 083 757	-18 480 211	-68 706 435	**-210 270 403**
Net insurance contract (assets)/liabilities as at beginning of period	**-123 083 757**	**-18 480 211**	**-68 706 435**	**-210 270 403**
				0
Contractual service margin recognised for services provided	0	0	4 034 795	**4 034 795**
Risk adjustment recognised for the risk expired	0	2 398 975	0	**2 398 975**
Experience adjustments	-556 979	0	0	**-556 979**
Changes that relate to current services	**-556 979**	**2 398 975**	**4 034 795**	**5 876 791**
				0
Contracts initially recognised in the period	7 237 114	-2 151 934	-6 176 241	**-1 091 061**
Changes in estimates that adjust the contractual service margin	-66 855 812	495 439	54 999 715	**-11 360 658**
Changes in estimates that do not adjust the contractual service margin (losses and reversal of losses)	-481 165	-18 381	0	**-499 546**
Changes that relate to future services	**-60 099 863**	**-1 674 876**	**48 823 474**	**-12 951 265**
				0
Adjustments to liabilities for incurred claims	416 918	0	0	**416 918**
Changes that relate to past services	**416 918**	**0**	**0**	**416 918**
				0
IFIE without FX	40 565 308	0	-56 816 016	**-16 250 708**
Insurance finance income or expenses	**40 565 308**	**0**	**-56 816 016**	**-16 250 708**
				0
Total changes in the statement of profit or loss and OCI	**-19 674 616**	**724 099**	**-3 957 747**	**-22 908 264**
				0
Premiums received	-79 446 682	0	0	**-79 446 682**
Claims and other insurance service expenses paid	31 568 412	0	0	**31 568 412**
Insurance acquisition cashflows	6 559 475	0	0	**6 559 475**
Total cash flows	**-41 318 795**	**0**	**0**	**-41 318 795**
				0
Insurance contract liabilities as at end of period	-184 077 168	-17 756 113	-60 311 699	**-262 144 980**
Net insurance contract (assets)/liabilities as at end of period	**-184 077 168**	**-17 756 113**	**-60 311 699**	**-262 144 980**

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

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4.2. Contracts initially recognized

GMM	2025 Profitable contracts issued	2025 Onerous contracts issued	2025 Total	2024 Profitable contracts issued	2024 Onerous contracts issued	2024 Total
In euros						
Estimate of present value of future cash outflows excluding insurance acquisition cash flows	44 095 027	-17 847	**44 077 181**	37 802 412	-11 662	**37 790 750**
Estimates of insurance acquisition cash flows	1 468 520	79 675	**1 548 195**	469 794	14 124	**483 918**
Estimate of present value of future cash outflows	**45 563 548**	**61 828**	**45 625 376**	**38 272 206**	**2 463**	**38 274 668**
Estimates of present value future cash inflows	-64 619 603	0	**-64 619 603**	-48 120 382	0	**-48 120 382**
Risk adjustment for non-financial risk	2 564 669	0	**2 564 669**	1 005 727	0	**1 005 727**
Contractual Service Margin (CSM)	16 491 387	0	**16 491 387**	8 842 450	0	**8 842 450**
Estimate of present value of future cash inflows	**-45 563 548**	**0**	**-45 563 548**	**-38 272 206**	**0**	**-38 272 206**
Losses recognised on initial recognition	**0**	**61 828**	**61 828**	**0**	**2 463**	**2 463**

VFA	2025 Profitable contracts issued	2025 Onerous contracts issued	2025 Total	2024 Profitable contracts issued	2024 Onerous contracts issued	2024 Total
In euros						
Estimate of present value of future cash outflows excluding insurance acquisition cash flows	52 978 261	3 992 677	**56 970 938**	116 059 381	6 983 455	**123 042 837**
Estimates of insurance acquisition cash flows	3 849 937	39 903	**3 889 840**	9 123 684	140 281	**9 263 965**
Estimate of present value of future cash outflows	**56 828 198**	**4 032 580**	**60 860 778**	**125 183 066**	**7 123 737**	**132 306 802**
Estimates of present value future cash inflows	-64 296 032	-3 801 860	**-68 097 891**	-142 904 238	-6 855 950	**-149 760 188**
Risk adjustment for non-financial risk	1 291 593	860 341	**2 151 934**	2 544 381	106 584	**2 650 965**
Contractual Service Margin (CSM)	6 176 241	0	**6 176 241**	15 176 791	0	**15 176 791**
Estimate of present value of future cash inflows	**-56 828 198**	**-2 941 518**	**-59 769 717**	**-125 183 066**	**-6 749 366**	**-131 932 432**
Total	**0**	**1 091 061**	**1 091 061**	**0**	**374 371**	**374 371**

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4.3. CSM expected to be recognised in profit and loss

Insurance contracts issued	31.12.2025 1st year	2nd year	3rd year	4th year	5th year	further years	Total
GMM	**-4 817 065**	**-3 688 739**	**-3 166 125**	**-2 750 781**	**-2 384 929**	**-14 532 610**	**-31 340 249**
Assets for Remaining Coverage (ARC)	-793 734	-712 110	-625 905	-545 480	-462 726	-3 895 450	**-7 035 405**
Liability for Remaining Coverage (LRC)	-4 023 331	-2 976 629	-2 540 220	-2 205 301	-1 922 203	-10 637 160	**-24 304 844**
VFA	**-4 005 489**	**-3 802 009**	**-3 608 025**	**-3 412 730**	**-3 219 449**	**-42 263 996**	**-60 311 699**
Liability for Remaining Coverage (LRC)	-4 005 489	-3 802 009	-3 608 025	-3 412 730	-3 219 449	-42 263 996	**-60 311 699**
Total	**-8 822 554**	**-7 490 748**	**-6 774 150**	**-6 163 511**	**-5 604 378**	**-56 796 606**	**-91 651 948**

Insurance contracts issued	31.12.2024 1st year	2nd year	3rd year	4th year	5th year	further years	Total
GMM	**-4 088 202**	**-3 269 858**	**-2 626 449**	**-2 234 639**	**-1 915 904**	**-10 904 744**	**-25 039 796**
Assets for Remaining Coverage (ARC)	-133 162	-119 937	-108 892	-97 574	-84 227	-539 773	**-1 083 565**
Liability for Remaining Coverage (LRC)	-3 955 040	-3 149 921	-2 517 557	-2 137 065	-1 831 677	-10 364 971	**-23 956 231**
VFA	**-4 418 780**	**-4 184 175**	**-3 976 634**	**-3 774 423**	**-3 575 324**	**-48 777 100**	**-68 706 435**
Liability for Remaining Coverage (LRC)	-4 418 780	-4 184 175	-3 976 634	-3 774 423	-3 575 324	-48 777 100	**-68 706 436**
Total	**-8 506 982**	**-7 454 033**	**-6 603 083**	**-6 009 062**	**-5 491 228**	**-59 681 844**	**-93 746 232**

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4.4. Reinsurance contracts held

Development All measurement models 2025 In euros	Assets for remaining coverage		Assets for incurred claims	Total
	Excluding Loss Component	Loss Component		
Reinsurance contract assets as at beginning of period	-1 427 743	374 343	1 578 528	**525 128**
Reinsurance contract liabilities as at beginning of period	-955 827	189 558	6 000	**-760 269**
Net reinsurance contract (assets)/liabilities as at beginning of period	**-2 383 570**	**563 901**	**1 584 528**	**-235 141**
Reinsurance Service Result	-6 267 805	681 832	5 256 222	**-329 751**
Reinsurance finance income or expenses	-873 254	-238 027	138	**-1 111 143**
OCI	-102 586	0	0	**-102 586**
Total changes in the statement of profit or loss and OCI	**-7 243 645**	**443 805**	**5 256 360**	**-1 543 480**
Total cash flows	**-4 768 436**	**0**	**5 272 929**	**504 493**
Reinsurance contract assets as at end of period	-100 516	641 205	271 818	**812 507**
Reinsurance contract liabilities as at end of period	-14 295 136	366 501	11 842 001	**-2 086 634**
Net reinsurance contract (assets)/liabilities as at end of period	**-14 395 651**	**1 007 706**	**12 113 817**	**-1 274 127**

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

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Development **General Measurement Model** **2025** In euros	Assets for remaining coverage Excluding Loss Component	Assets for remaining coverage Loss Component	Assets for incurred claims	**Total**
Reinsurance contract assets as at beginning of period	-1 427 743	374 343	1 508 722	**455 322**
Reinsurance contract liabilities as at beginning of period	-955 827	189 558	6 000	**-760 269**
Net reinsurance contract (assets)/liabilities as at beginning of period	**-2 383 570**	**563 901**	**1 514 722**	**-304 947**
Contracts under fair value approach	-160 003	0	0	**-160 003**
Other contracts	-6 189 001	0	0	**-6 189 001**
Allocation of reinsurance premiums (Reinsurance revenue)	-6 349 004	0	0	**-6 349 004**
				0
Amounts recoverable for claims and other expenses incurred in the period	0	0	4 027 222	**4 027 222**
Changes in loss recovery component	0	681 832	0	**681 832**
Adjustments to assets for incurred claims	0	0	0	**0**
Effect of changes in non-performance risk of reinsurer	81 199	0	0	**81 199**
Amounts recoverable from reinsurers	81 199	681 832	4 027 222	**4 790 253**
				0
Reinsurance Service Result	-6 267 805	681 832	4 027 222	**-1 558 751**
				0
IFIE without FX	-873 254	-238 027	0	**-1 111 281**
Reinsurance finance income or expenses	-873 254	-238 027	0	**-1 111 281**
				0
OCI	-102 586	0	0	**-102 586**
				0
Total changes in the statement of profit or loss and OCI	**-7 243 645**	**443 805**	**4 027 222**	**-2 772 618**
				0
Premiums paid	-4 768 436	0	0	**-4 768 436**
Claims and other insurance service expenses received	0	0	6 328 073	**6 328 073**
Total cash flows	**-4 768 436**	**0**	**6 328 073**	**1 559 637**
				0
Reinsurance contract assets as at end of period	-100 516	641 205	28 017	**568 706**
Reinsurance contract liabilities as at end of period	-14 295 136	366 501	11 842 001	**-2 086 634**
Net reinsurance contract (assets)/liabilities as at end of period	**-14 395 651**	**1 007 706**	**11 870 017**	**-1 517 928**

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

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Development			2025	
Premium Allocation Approach	Assets for remaining coverage		Assets for incurred claims	Total
In euro	Exc. Loss Compo-nent	Loss Compo-nent		
Reinsurance contract assets as at beginning of period	0	0	69 806	**69 806**
Reinsurance contract liabilities as at beginning of period	0	0	0	**0**
Net reinsurance contract (assets)/liabilities as at beginning of period	0	0	**69 806**	**69 806**
Amounts recoverable for claims and other expenses incurred in the period	0	0	1 225 614	**1 225 614**
Adjustments to assets for incurred claims	0	0	3 397	**3 397**
Effect of changes in non-performance risk of reinsurer	0	0	-11	**-11**
Amounts recoverable from reinsurers	0	0	1 229 000	**1 229 000**
Reinsurance Service Result	0	0	1 229 000	**1 229 000**
IFIE without FX	0	0	138	**138**
Total changes in the statement of profit or loss and OCI	0	0	**1 229 138**	**1 229 138**
Claims and other insurance service expenses received	0	0	-1 055 144	**-1 055 144**
Total cash flows	0	0	**-1 055 144**	**-1 055 144**
Reinsurance contract assets as at end of period	0	0	243 801	**243 801**
Net reinsurance contract (assets)/liabilities as at end of period	0	0	**243 800**	**243 800**

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Development		2024		
Premium Allocation Approach	Assets for remaining coverage		Assets for incurred claims	Total
In euro	Exc. Loss Compo-nent	Loss Compo-nent		
Reinsurance contract assets as at beginning of period	0	0	0	**0**
Reinsurance contract liabilities as at beginning of period	0	0	0	**0**
Net reinsurance contract (assets)/liabilities as at beginning of period	0	0	**0**	**0**
Amounts recoverable for claims and other expenses incurred in the period	0	0	69 806	69 806
Adjustments to assets for incurred claims	0	0	0	**0**
Effect of changes in non-performance risk of reinsurer	0	0	0	**0**
Amounts recoverable from reinsurers	0	0	69 806	69 806
Reinsurance Service Result	0	0	69 806	69 806
IFIE without FX	0	0	0	**0**
Total changes in the statement of profit or loss and OCI	0	0	69 806	69 806
Claims and other insurance service expenses received	0	0	0	**0**
Total cash flows	0	0	**0**	**0**
Reinsurance contract assets as at end of period	0	0	69 806	69 806
Net reinsurance contract (assets)/liabilities as at end of period	0	0	69 806	69 806

Developments of LRC/ARC and LIC/AIC **General Measurement Model**	Estimates of Present Value of Future Cashflows	Risk Adjustment for Non-Financial Risk	CSM (Other Contracts)	**Total**
2025 In euros				
Reinsurance contract assets as at beginning of period	-695 100	8 352	1 142 070	**455 322**
Reinsurance contract liabilities as at beginning of period	-2 977 808	194 021	2 023 518	**-760 269**
Net insurance contract (assets)/liabilities as at beginning of period	**-3 672 908**	**202 373**	**3 165 588**	**-304 947**
Contractual service margin for the service provided in the period	0	0	-429 177	**-429 177**
Risk adjustment recognised for the risk expired	0	-105 129	0	**-105 129**
Experience adjustments	-659 493	0	0	**-659 493**
Changes that relate to current services	**-659 493**	**-105 129**	**-429 177**	**-1 193 799**
Contracts initially recognised in the period (incl. Loss Recovery Component)	-4 037 034	547 969	3 532 799	**43 734**
Changes in the estimates that adjust the contractual service margin	5 572 240	-606 141	-4 966 100	**-1**
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	0	0	638 098	**638 098**
Changes that relate to future services	**1 535 206**	**-58 172**	**-795 203**	**681 831**
Effect of changes in non-performance risk of reinsurer	81 199	0	0	**81 199**
Reinsurance Service Result	956 912	-163 301	-1 224 380	**-430 769**
IFIE without FX	-1 066 543	138 490	-183 227	**-1 111 280**
Reinsurance finance income or expenses	**-1 066 543**	**138 490**	**-183 227**	**-1 111 280**
OCI	-104 576	1 989	0	**-102 587**
Total changes in the statement of profit or loss and OCI	**-214 207**	**-22 822**	**-1 407 607**	**-1 644 636**
Premiums paid	-5 884 201	0	0	**-5 884 201**
Claims and other insurance service expenses received	6 328 073	0	0	**6 328 073**
Total cash flows	**443 872**	**0**	**0**	**443 872**
Reinsurance contract assets as at end of period	-121 332	466	701 791	**580 925**
Reinsurance contract liabilities as at end of period	-3 321 910	179 086	1 056 190	**-2 086 634**
Net reinsurance contract (assets)/liabilities as at end of period	**-3 443 242**	**179 552**	**1 757 981**	**-1 505 709**

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

4.5. CSM expected to be recognised in profit or loss

Reinsurance contracts held	31.12.2025						
GMM	1st year	2nd year	3rd year	4th year	5th year	further years	Total
Assets for Remaining Coverage (ARC)	601 612	36 512	29 501	24 444	9 722	0	**701 791**
Liability for Remaining Coverage (LRC)	478 672	50 423	41 526	33 574	26 043	425 951	**1 056 190**
Total	**1 080 284**	**86 935**	**71 027**	**58 019**	**35 765**	**425 951**	**1 757 981**

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

4.6. Underlying assets

	31.12.2025				
	Underlying items			Non-underlying items	Total
In euros	Direct participating contracts	Investment contracts and consolidated funds	Total		
Items shown as assets	307 894 125	0	**307 894 125**	402 704 099	**710 598 224**
Cash and cash equivalents			**0**	41 213 905	**41 213 905**
Loans			**0**	23 953 510	**23 953 510**
Bonds			**0**	270 254 614	**270 254 614**
Term Deposits			**0**	0	**0**
Funds	307 894 125		**307 894 125**	55 001 834	**362 895 960**
Shares			**0**	1 892 793	**1 892 793**
Shares in affiliated nonconsolidated entities			**0**	8 388 498	**8 388 498**
Receivables			**0**	1 998 944	**1 998 944**
Items shown as liabilities			**0**	106 946	**106 946**
Liabilities designated at FVTPL			**0**	106 946	**106 946**

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In euros	31.12.2024 Underlying items Direct participating contracts	Investment contracts and consolidated funds	Total	Non-underlying items	Total
Items shown as assets	257 756 471	0	**257 756 471**	377 596 425	**635 352 896**
Cash and cash equivalents			**0**	22 347 458	**22 347 458**
Loans			**0**	24 265 137	**24 265 137**
Bonds			**0**	265 740 083	**265 740 083**
Term Deposits			**0**	3 237 378	**3 237 378**
Funds	257 756 471		**257 756 471**	51 804 663	**309 561 134**
Shares			**0**	1 597 360	**1 597 360**
Shares in affiliated nonconsolidated entities			**0**	6 656 712	**6 656 712**
Receivables			**0**	1 947 634	**1 947 634**
Items shown as liabilities			**0**	507 184	**507 184**
Liabilities designated at FVTPL			**0**	507 184	**507 184**

Amounts recognised in profit or loss

In euros	**2025**	**2024**
Underlying Assets	**17 478 580**	34 390 617
Other result from financial instruments	17 478 580	34 390 617
Non Underlying Assets	**11 028 689**	5 534 518
Interest revenue using effective interest rate method	8 146 193	7 331 456
Impairment losses incl. reversal gains on financial instruments	-1	-28
Realised gains and losses from financial assets measured at AC	-351 506	-9 192
Other result from financial instruments	3 234 003	-1 787 719
Total Underlying and Non Underlying Assets	**28 544 207**	39 915 611
Interest revenue using effective interest rate method	8 183 131	7 321 932
Impairment losses incl. reversal gains on financial instruments	-1	-28
Realised gains and losses from financial assets measured at AC	-351 506	-9 192
Other result from financial instruments	20 712 583	32 602 898

4.7. Risk of concentration

Insurance assets/liabilities

In euros	31.12.2025 GMM	PAA	VFA	Total
Insurance assets	**2 419 265**	**0**	**0**	**2 419 265**
Estonia	**1 362 172**	**0**	**0**	**1 362 172**
Latvia	**29 451**	**0**	**0**	**29 451**
Lithuania	**1 027 641**	**0**	**0**	**1 027 641**
Insurance liabilities	**-330 797 204**	**-35 265 503**	**-262 144 980**	**-628 207 687**
Estonia	-85 978 069	-60 690	-28 260 828	**-114 299 587**
Latvia	-166 028 380	-5 985 301	-41 660 731	**-213 674 412**
Lithuania	-78 790 755	-29 219 512	-192 223 421	**-300 233 688**

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

Reinsurance assets/liabilities

In euros	31.12.2025			31.12.2024		
	GMM	**PAA**	**Total**	GMM	PAA	Total
Reinsurance assets	**0**	**0**	**0**	0	**69 806**	**69 806**
Lithuania	0	**0**	**0**	0	**69 806**	**69 806**
Reinsurance liabilities	**-2 086 634**	**0**	**-2 086 634**	-760 269	0	-760 269
Estonia	-1 100 876	0	**-1 100 876**	-281 341	0	**-281 341**
Latvia	-110 756	0	**-110 756**	-80 975	0	**-80 975**
Lithuania	-875 002	0	**-875 002**	-397 953	0	**-397 953**

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2025 In euros	PAA	VFA	GMM PP	GMM Other	Total
Gross written premium					
Estonia	1 385 877	6 287 546	5 410 753	2 664 040	**15 748 215**
Latvia	15 841 139	7 460 843	2 433 361	31 068 405	**56 803 748**
Lithuania	50 089 224	64 644 256	16 848 453	4 051 832	**135 633 765**
Total	**67 316 240**	**78 392 644**	**24 692 567**	**37 784 276**	**208 185 728**

2024 In euros	PAA	VFA	GMM PP	GMM Other	Total
Gross written premium					
Estonia	473 346	6 964 260	5 127 495	2 075 738	**14 640 839**
Latvia	14 562 335	6 908 034	2 612 135	32 623 672	**56 706 176**
Lithuania	45 903 741	62 435 377	19 070 131	3 134 458	**130 543 708**
Total	**60 939 421**	**76 307 671**	**26 809 761**	**37 833 868**	**201 890 722**

2024 figures differ from previously reported values for Health and GMM Other due to recategorization of Latvian Personal accident business from 2025 as described in Note 2.

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4.8. Insurance service result

	2025			
In euros	GMM	PAA	VFA	Total
Insurance service result	**-2 275 828**	**6 306 713**	**5 694 925**	**9 725 810**
thereof revenue	16 026 155	65 633 598	15 416 663	**97 076 415**
thereof expense - issued business	**-18 301 982**	**-59 326 885**	**-9 721 737**	**-87 350 605**
paid claims incl. att.Claims handling expenses	-4 180 115	-50 378 679	-3 476 307	**-58 035 102**
change of LIC/AIC	119 967	-285 343	379 765	**214 389**
amortization of acqu.expenses	-668 326	-5 930 065	-1 604 584	**-8 202 974**
incurred dir.attr.operating expenses	-6 242 416	-2 732 797	-4 243 319	**-13 218 532**
experience adjustment	-86 416	0	-178 508	**-264 925**
onerous changes	-7 222 107	0	-598 784	**-7 820 891**
changes related to future serv.	-22 570	0	0	**-22 570**

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

	2025			2024		
In euros	GMM	PAA	Total	GMM	PAA	Total
Insurance service result - reinsurance held	**-722 169**	**101 017**	**-621 152**	**472 837**	**69 806**	**542 644**
thereof revenue	-5 221 021	-1 127 983	**-6 349 004**	-3 969 906	0	**-3 969 906**
thereof expense	**4 498 852**	**1 229 000**	**5 727 852**	**4 442 743**	**69 806**	**4 512 550**
ceded claims	4 027 222	1 225 614	**5 252 836**	3 970 157	69 806	**4 039 963**
change of AIC/LIC	0	3 387	**3 387**	0	0	**0**
other	471 630	0	**471 630**	472 587	0	**472 587**

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4.9. Insurance finance result

	2025				
In euros;	PAA	GMM	VFA	Re-insurance	Total
Insurance finance result	**-27 481**	**-6 693 458**	**-16 250 707**	**-1 111 143**	**-24 082 789**
interest accreted LRC/ARC FCF	0	-5 775 426	-3 577 434	-1 066 514	**-10 419 374**
interest rate changes LRC/ARC FCF	0	24	46 244 297	-359 888	**45 884 433**
interest accreted LIC/AIC FCF	-30 159	0	0	138	**-30 159**
interest rate changes LIC/AIC FCF	3 284	0	0	0	**3 284**
accr. CSM at locked-in inter.rate	0	-707 708	0	176 632	**-531 077**
RA financial risk component	-606	-210 348	-448 761	138 490	**-521 225**
oth.adjustm. insurance fin. result	0	0	-58 468 810	0	**-58 468 810**

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

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4.10. Remaining CSM balance per group portfolio

Expected CSM release - issued business	31.12.2025 GMM	VFA	Total	31.12.2024 GMM	VFA	Total
ARC CSM issued	-7 035 406	0	-7 035 406	-1 083 565	0	-1 083 565
LRC CSM issued	-24 304 845	-60 311 699	-84 616 544	-23 956 231	-68 706 435	-92 662 666
Total	**-31 340 251**	**-60 311 699**	**-91 651 950**	**-25 039 796**	**-68 706 435**	**-93 746 231**

Expected CSM release - reinsurance	31.12.2025 GMM	VFA	Total	31.12.2024 GMM	VFA	Total
ARC CSM RI held	701 791	0	701 791	1 433 471	0	1 433 471
LRC CSM RI held	1 056 190	0	1 056 190	2 023 518	0	2 023 518
Total	**1 757 981**	**0**	**1 757 981**	**3 456 989**	**0**	**3 456 989**

4.11. Insurance revenue

In euros	2025 GMM	VFA	PAA	Total
Contracts not measured under the PAA				
Amounts relating to the changes in the liability for remaining coverage	**15 357 829**	**13 812 079**	**0**	**29 169 908**
- Expected incurred claims and insurance service expenses incurred in the period	8 335 577	7 355 713	0	**15 691 290**
- Change in the risk adjustment for non-financial risk	1 376 540	2 398 975	0	**3 775 515**
- Amount of CSM recognised in profit or loss	5 672 430	4 034 795	0	**9 707 225**
- Other amounts (experience adjustments for premium receipts)	-26 718	22 596	0	**-4 122**
Amounts relating to recovery of insurance acquisition cash flows	668 326	1 604 584	0	**2 272 909**
- Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flow	668 326	1 604 584	0	**2 272 909**
Insurance revenue	**16 026 155**	**15 416 663**	**0**	**31 442 817**
Contracts measured under the PAA	0	0	65 633 598	**65 633 598**
Total insurance revenue	**16 026 155**	**15 416 663**	**65 633 598**	**97 076 415**

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

4.12. Insurance risk - Claims development

LIC issued	**2023**	**2024**	**2025**	**Total**
In euros				
Estimated undiscounted cash outflows excl.RA				
At the end of accident year	-40 447 146	-42 795 589	-51 843018	
One year later	-39 228 886			
Two years later				
Cumulative claims paid	39 216 414	41 650 793	47 524 936	
Remaining estimated claims per accident year - issued	75	10	-4 318 082	-4 317 997
Effect of discounting				14 413
Risk adjustment				-106 296
Total				**-4 409 881**

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

5.1. Measurement and balance of risk provision

As at 31 December	2025		2024	
In euros	Book value	ECL	Book value	ECL
Measured at amortized cost (AC)				
Assets	**70 843 411**	**-148 928**	**54 171 982**	**-132 098**
Cash and cash equivalents	41 879 576	**0**	23 099 917	**0**
Loans	22 011 430	-148 928	22 341 571	-131 239
Term deposits	5 000 000	0	6 587 378	-859
IFRS 9 measured receivables	1 952 405	0	2 143 116	0
Liabilities	**-606 330**	**0**	**-871 355**	0
Lease liabilities	-606 330	0	-871 355	0
Measured at fair value through other comprehensive income (FVOCI)	**282 482 232**	**0**	**277 958 272**	**0**
Bonds	270 254 614	0	265 740 083	**0**
Shares and shares in companies	12 227 618	0	12 218 189	**0**
Shares in participating companies	12 227 618	0	12 218 189	**0**
Measured at fair value through profit&loss (FVTPL)				
Financial assets	**364 788 753**	**0**	**311 158 494**	**0**
Shares	1 892 793	0	1 597 360	0
Bonds	0	0	0	0
Investment funds (own portfolio)	55 001 834	0	51 804 663	0
Investment funds (unit-linked portfolio)	307 894 125	0	257 756 471	0
Financial liabilities	**-106 946**	**0**	**-507 184**	0
Liabilities designated at FVTPL	-106 946	0	-507 184	0

5.2. Equity instruments designated measured at FVOCI

Financial investments		%	2025	2024
Investments in associates			**12 227 618**	**12 218 189**
	SIA “Alauksta 13/15”, Riga	**33**	315 754	314 333
	SIA “Artilērijas 35”, Riga	**33**	329 008	325 574
	SIA “Ģertrūdes 121”, Riga	**33**	1 045 076	1 040 502
Other equity investments				
	VIG FUND	**4**	10 537 780	10 537 780

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

	31.12.2025				
In euros	**Book value**	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Amortized costs	**26 862 502**	**0**	**11 327 116**	**14 805 786**	**26 132 902**
Loans	**21 862 502**	0	11 327 116	9 805 786	**21 132 902**
Term deposits	**5 000 000**	0	0	5 000 000	**5 000 000**
Fair value through other comprehensive income	**270 254 614**	**243 692 745**	**25 471 034**	**1 090 836**	**270 254 615**
Bonds FVOCI	**270 254 614**	243 692 745	25 471 034	1 090 836	**270 254 615**
Fair value through PL	**364 788 753**	**269 518 896**	**65 190 960**	**30 078 897**	**364 788 753**
Shares	**1 892 793**	1 814 953	77 840	0	**1 892 793**
Funds	**362 895 960**	267 703 943	65 113 120	30 078 897	**362 895 960**
Investment property	**1 831 055**	**0**	**0**	**1 831 055**	**1 831 055**
Investment in associates	**12 230 318**	**0**	**0**	**12 230 318**	**12 230 318**
TOTAL INVESTMENTS	**675 967 242**	**513 211 641**	**101 989 110**	**60 036 891**	**675 237 642**

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

Reclassification	**31.12.2025**		**31.12.2024**	
Number	**Level 1 to Level 2**	**Level 1 to Level 3**	**Level 1 to Level 2**	**Level 2 to Level 1**
Measured at FVOCI				
Financial assets	1	0	3	4
Measured at FVTPL				
Financial assets	1	1	18	0
Total	**2**	**1**	**21**	**4**

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5.4. Fair value development

Financial assets measured at FVOCI	31.12.2025 Level 1	31.12.2025 Level 2	31.12.2025 Level 3	31.12.2024 Level 1	31.12.2024 Level 2	31.12.2024 Level 3
In euro						
Fair value as of 31.12	234 589 803	30 945 447	0	**209 257 057**	**33 503 467**	**0**
Exchange rate difference	-7 187	-5 639	0	-3 472	-1 958	0
Reclassification to level	0	339 710	0	4 095 514	346 717	0
Reclassification from level	-339 710	0	0	-346 717	-4 095 514	0
Amortisation and accrued interest	737 520	-24 785	4 962	472 560	97 599	1 533
Addition	33 910 331	2 510 040	0	38 143 236	5 946 666	200 000
Disposal	-17 836 227	-6 782 978	0	-21 059 969	-5 354 711	0
Changes in value recognised directly in equity	-7 361 786	-233 168	-191 719	4 031 595	503 181	3 300
Fair value as of 31.12	**243 692 745**	**26 748 626**	**-186 757**	**234 589 803**	**30 945 447**	**204 833**

Financial assets measured at FVTPL	31.12.2025 Level 1	31.12.2025 Level 2	31.12.2025 Level 3	31.12.2024 Level 1	31.12.2024 Level 2	31.12.2024 Level 3
In euro						
Fair value as of 31.12	230 563 022	51 315 439	29 280 033	166 958 068	46 380 447	24 178 562
Exchange rate difference	-20 974	0	0	8 980	0	0
Reclassification to level	-7 247 660	-38 409	-40 074	623 496	0	0
Reclassification from level	0	4 300 585	3 025 558	0	-623 496	0
Amortisation and accrued interest	0	0	0	-1 255	0	0
Addition	32 329 833	5 496 268	-2 307 910	32 303 999	1 638 983	5 630 649
Disposal	-533 318	-31 123	-358 355	-317 336	-98 944	-251 540
Changes in value recognised directly in profit and loss	14 427 993	4 148 200	479 645	30 987 071	4 018 450	-277 638
Fair value as of 31.12	**269 518 896**	**65 190 960**	**30 078 897**	**230 563 022**	**51 315 439**	**29 280 033**

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5.5. Financial liabilities book value and valuation hierarchies

In euros	31.12.2025		Total	31.12.2024		Total
	Level 3			Level 3		
Lease liability	606 330		606 330	871 355		**871 355**
Liabilities designated at FVTPL		713 790	713 790		1 114 027	**1 114 027**
TOTAL FINANCIAL LIABILITIES	606 330	713 790	**1 320 120**	871 355	1 114 027	**1 985 383**

5.6. Net investment income

The table below breaks down investment income by income statement line

in euros	2025	2024
Interest revenue calculated using the effective interest method	**8 183 131**	**7 321 932**
Loans AC	559 213	563 958
Term deposits AC	164 348	271 506
Bonds FVOCI	7 459 570	6 486 467
Other investment revenue	**20 712 581**	**32 602 871**
Loans AC	-1	-28
Bonds FVOCI	-18 497	-3 735 847
Bonds FVTPL	0	-1 945
Shares FVTPL	384 378	53 745
Funds FVTPL (Own investments)	2 870 486	1 896 215
Funds FVTPL (Unit-linked)	17 478 580	34 390 617
Other investment revenue	-2 365	114
Net impairment loss on financial assets	**-351 506**	**-9 192**
Loans AC	-17 689	-17 787
Term deposits AC	859	3 181
Bonds FVOCI	-334 676	5 414
TOTAL NET INVESTMENT RETURN	**28 544 206**	**39 915 611**

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The following tables show investment income by instruments and income type

2025 In euros	Interest income/ expenses	Dividends income	Gain/loss from sale of financial instruments	Gain/loss from valuation of financial instruments	Net impairment loss on financial instruments	Net gain/loss from exchange rate change	Total
Loans AC	**559 213**	0	**-1**	0	**-17 689**	**0**	**541 523**
Term deposits AC	**164 348**	0	0	0	**859**	0	**165 207**
Bonds FVOCI	**7 459 570**	0	-5 672	0	**-334 676**	-12 825	**7 106 397**
Bonds FVTPL	0	0	0	0	0	0	**0**
Shares FVTPL	0	72 705	52 818	279 599	0	-20 744	**384 378**
Funds FVTPL (Own)	0	1 323 621	18 989	1 527 876	0	0	**2 870 486**
Funds FVTPL (Unit-linked)	0	237 304	0	17 241 276	0	0	**17 478 580**
Other	0	0	0	0	0	-2 365	**-2 365**
TOTAL NET INVESTMENT RETURN	**8 183 131**	**1 633 630**	**66 134**	**19 048 752**	**-351 506**	**-35 934**	**28 544 207**

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

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

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

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

5.7. Investment property

In euros	Land	Buildings	Total
Fair value at, 31 December 2022	400 000	1 650 663	**2 050 663**
Increase in the value of investment property	18 000	-237 608	**-219 608**
Fair value at, 31 December 2023	418 000	1 413 055	**1 831 055**
Fair value at, 31 December 2024	418 000	1 413 055	**1 831 055**
Fair value at, 31 December 2025*	418 000	1 413 055	**1 831 055**

* The fair value of investment property in the financial statement is related to the share of the property used by Compensa for its own operating activities.

In euros	2025	2024
Rental income on investment property	**163 753**	145 260
Direct property management expenses	**-82 087**	-71 125

Future periods' rental income from non-cancellable leases amounts to 162 946 euros (the contracts can be cancelled by giving six months' notice).

The fair value of investment property was 2.66 million euros at, 31 December 2025. This was measured by reference to the expert opinion issued by the independent appraisers of Colliers International Advisors SIA in January 2024. Management assesses that fair value has not changed from the prior year. According to the expert opinion, fair value was determined using the discounted cash flow method and market approach. The method is underpinned by the principle that the buyer is not willing to pay for the property in excess of the cash flow expected to be derived from the property over its entire useful life. The value of a property is determined by reference to the expected future net income from the property and the present value of the gain expected to be derived from its disposal. On the application of the discounted cash flow method, the pre-tax cash flow expected to be derived from the property over its use is discounted to its present value. The valuation belongs to level 3 in the fair value hierarchy of IFRS 13, which is based on unobservable inputs. The valuation was performed by applying the following assumptions:

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

In addition, the expert opinion took into account the following factors and changes in 2023:

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

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

The fair value of investment property will be measured next time in 2026.

Note 6 Other operating income

In euros	2025	2024
Rental income from affiliates	163 540	145 192
Other income	260 573	19 588
Income from exchange rate changes	-1 871 164	22 984
Other income from affiliates	3 608 521	1 435 819
Income from the sale of fixed assets	0	6 066
Total other operating income	**2 161 471**	**1 629 649**

Note 7 Other operating expenses

In euros	2025	2024
Loss on sale of fixed assets	-255 770	-86 172
Loss from exchange rate changes	10 804 203	-13 565
Other unacquired expenses (IFRS17)	0	-2 523 957
Other expenses	-13 783 830	-747 952
Total other operating expense	**-3 234 648**	**-3 371 646**

Note 8 Acquisition costs and administrative expenses

	2025	2024
Attributable costs	**15 970 852**	**15 240 890**
Claim handling expenses (ULAE)	2 041 224	1 850 426
Acquisition costs – other	4 117 125	3 843 776
Asset management expenses	554 177	436 509
Operating expenses	8 799 071	8 695 692
Taxes and levies (out of premium)	459 255	414 487
Initial commissions	**9 996 515**	**13 365 693**
Non-attributable costs	**2 728 328**	**2 523 957**
Total costs	**28 695 694**	**31 130 541**

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Note 9 Operating expenses

in euros	2025	2024
Personal related costs	**11 611 863**	**10 182 995**
Salaries and wages	9 694 577	8 613 914
Social security contributions	1 218 888	1 098 104
Costs relating to pension plans and employees benefits	285 967	205 008
Voluntary social contributions	412 431	265 969
Other costs	**7 087 316**	**7 581 853**
IT Costs	1 195 057	828 878
Sales costs	1 301 300	1 098 741
Cost of company cars	82 922	86 989
Travel costs	94 111	103 197
Office operating costs	1 534 435	1 546 634
Depreciation of IT and others	890 489	668 070
Taxes and levies (out of premium)	459 255	414 487
HR costs	218 194	412 068
Bank and deposit fees	896 285	858 224
Other operating costs	415 268	1 564 566
Total operating costs	**18 699 180**	**17 764 847**

	2025	2024
Administration	**207**	**196**
Of which members of management and control bodies	3	3
Of which people working under employment contracts	204	193
Sales staff	**58**	**62**
Of which people working under employment contracts	58	62
TOTAL NUMBER OF EMPLOYEES	**265**	**258**

Note 10 Lease income and expenses

Income and expenses recognised in profit or loss In euros	2025	2024
Income and expenses from sublease activities	3 859	5 925
Depreciation	-624 033	-630 624
Net lease expenses	-620 174	-624 699

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Note 11 Finance income

In euros	2025	2024
Gain from sublease	18 013	68 352
Current income from other capital investment	181 715	528 287
Rent income from affiliated companies	163 540	145 192
Gains from liailities designated at FVTPL	400 237	47 327
TOTAL FINANCING INCOME	**763 505**	**789 157**

Note 12 Finance expenses

In euros	2025	2024
Interest expense from lease liabilities	-17 912	-21 552
Loss from sublease	-13 158	-61 549
TOTAL FINANCING EXPENSE	-31 070	-83 101

Note 13 Property, plant and equipment

In euros	Buildings	Vehicles	Hardware	Furniture, office equipment	Total
Cost at, 31 December 2023	**816 972**	**225 518**	**623 255**	**355 235**	**2 020 980**
Accumulated depreciation at 31 December 2023	**-214 897**	**-134 091**	**-555 167**	**-275 706**	**-1 179 860**
Carrying amount at 31 December 2023	**602 075**	**91 427**	**68 088**	**79 529**	**841 120**
Additions and prepayments	0	0	133 160	92 764	**225 924**
Write off	-156 085	-19 416	0	0	**-175 501**
Depreciation of assets written off	121 920	19 416	0	0	**141 336**
Depreciation for the year	-28 549	-23 924	-59 156	-20 172	**-131 801**
Cost at, 31 December 2024	**660 887**	**206 102**	**756 415**	**447 999**	**2 071 403**
Accumulated depreciation at 31 December 2024	**-121 526**	**-138 599**	**-614 323**	**-295 878**	**-1 170 326**
Carrying amount at 31 December 2024	**539 361**	**67 503**	**142 092**	**152 121**	**901 077**
Additions and prepayments	0	0	2 177	65 087	67 264
Depreciation for the year	-14 412	-23 924	-47 472	-34 885	-120 692
Cost at, 31 December 2025	**660 887**	**206 102**	**758 606**	**513 095**	**2 138 690**
Accumulated depreciation at 31 December 2025	**-135 938**	**-162 523**	**-661 816**	**-330 765**	**-1 291 041**
Carrying amount at 31 December 2025	**524 949**	**43 579**	**96 790**	**182 330**	**847 649**

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Note 14 Intangible assets

In euros	Goodwill	Software	Total
Cost at, 31 December 2023	3 055 179	4 226 638	7 281 817
Accumulated amortisation at 31 December 2023	0	-3 047 481	-3 047 481
Carrying amount at, 31 December 2023	3 055 179	1 179 157	4 234 336
Additions, prepayments	0	571 797	571 797
Write off	0	-260 744	-260 744
Depreciation of assets written off	0	209 854	209 854
Amortisation for the year	0	-438 974	-438 974
Cost at 31 December 2024	**3 055 179**	**4 537 742**	**7 592 921**
Accumulated amortisation at 31 December 2024	**0**	**-3 276 601**	**-3 276 602**
Carrying amount at, 31 December 2024	**3 055 179**	**1 261 141**	**4 316 320**
Additions, prepayments	0	832 913	**832 913**
Write off	0	0	**0**
Depreciation of assets written off	0	0	**0**
Amortisation for the year	0	-472 135	**-472 135**
Cost at 31 December 2025	**3 055 179**	**5 370 655**	**8 425 834**
Accumulated amortisation at 31 December 2025	**0**	**-3 748 736**	**-3 748 737**
Carrying amount at, 31 December 2025	**3 055 179**	**1 621 919**	**4 686 631**

Impairment test on goodwill

Goodwill was tested for impairment as of 31 December 2025 in accordance with the requirements of IAS 36. According to management's assessment, there is no need to write goodwill down because its recoverable amount exceeds it carrying amount.

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

In euros **At, 31 December 2025**	
Compensa Life Distribution UAB	2 924 497
Vienibas Gatve Properties SIA	130 682
TOTAL	**3 055 179**

Compensa Life Distribution UAB

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

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

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

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

Note 15 Right-of-use assets

In euros	31.12.2025	31.12.2024
Right-of-use assets	**554 829**	**795 493**
Office premises	554 829	795 493
Vehicles	**5 478**	**6 832**
TOTAL RIGHT OF USE ASSETS	**560 306**	**802 325**

In euros	Carrying amount at, 31.12.2024	Write-up/ write-down of cost	Additions	Write-off	Impairment/ decrease in value	Increase in value	Change in depreciation	Carrying amount at, 31.12.2025
Office premises	795 493	368 308	7 878	-293 061	-609 270	13	285 468	554 829
Vehicles	6 832	13 422	0	-28 207	-14 776	0	28 207	5 478
Total right-of-use assets	**802 325**	**381 730**	**7 878**	**-321 268**	**-624 046**	**13**	**313 675**	**560 306**

In euros	Carrying amount at, 31.12.2023	Write-up/ write-down of cost	Additions	Write-off	Impairment/ decrease in value	Increase in value	Change in depreciation	Carrying amount at, 31.12.2024
Office premises	969 458	491 706	0	-22 439	-613 766	237	-29 704	795 493
Vehicles	6 785	17 143	0	0	-17 095	0	0	6 832
Total right-of-use assets	**976 243**	**508 849**	**0**	**-22 439**	**-630 862**	**237**	**-29 704**	**802 325**

Note 16 Equity

According to the articles of association, the minimum and maximum authorised share capital of Compensa Life Vienna Insurance Group SE amount to 3 000 000 and 12 000 000 euros respectively. At, 31 December 2025, Compensa's share capital amounted to 11 604 000 euros. The Compensa has issued 1 424 423 ordinary shares without par value that are held by its sole shareholder, VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe.

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

In 2025, Compensa paid the owner a dividend of 7 600 000 euros from retained earnings.

At, 31 December 2025, Compensa's statutory capital reserve amounted to 1 160 400 euros (2024: 1 160 400 euros).

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Compensa's other reserves at, 31 December 2025 totalled 4 325 566 (2024: -745 414 euros). Other reserves include the IFRS 9 reserve, which reflects changes in the fair value of financial assets reported in FVOCI, and the IFRS17 reserves.

Other reserves		
In euro	**31.12.2025**	31.12.2024
Currency reserve	**-1 149**	-1 149
Currency reserve	-1 149	-1 149
IFRS 9 reserve	**-20 314 048**	**-12 666 647**
OCI fair value change debt instruments	-21 540 557	-13 549 051
OCI Risk provision	509 521	174 844
OCI fair value change shares in fully consolidated companies	716 989	707 560
IFRS 17 reserve	**24 640 762**	**11 922 381**
OCI risk adjustment change for insurance	23 943 109	11 122 142
OCI risk adjustment change for reinsurance	697 653	800 239
TOTAL OTHER RESERVES	**4 325 566**	**-745 414**

Compensa's retained earnings at, 31 December 2025 amounted to 68 445 330 euros (31 December 2024: 63 489 680 euros).

Note 17 Liabilities and other payables

In euros	**31.12.2025**	31.12.2024
Payables to suppliers	450 122	1 081 755
Tax liabilities (except income tax)	254 507	437 775
Employees liabilities	3 110 776	2 737 298
Miscellaneous liabilities	124 794	96 454
TOTAL LIABILITIES AND OTHER PAYABLES	**3 940 199**	**4 353 283**

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

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Note 18 Related party disclosures

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

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

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

Compensa Life Vienna Insurance Group SE's transactions with related parties in 2025 and 2024:

	Amounts	
In euros	**2025**	**2024**
Remuneration of members of the management board with taxes	828 859	771 245
Remuneration of members of the supervisory board with taxes	40 000	39 000
In euros	**2025**	**2024**
Parent company **Vienna Insurance Group AG Wiener Versicherung Gruppe**		
Reinsurance	2 170 874	1 845 189
Other purchased services	598 448	1 340 985
Interest accrued (on debt security)	50 000	50 000
Group company **NNC Real Estate sp. z o.o.**		
Loan provided (-)/ loan repayments (+)	124 395	121 013
Interest accrued	103 887	101 483
Group company **VIG Re zajišťovna a.s.**		
Reinsurance	326 175	239 180
Group company **SIA Alauksta 13/15**		
Loan provided (-)/ loan repayments (+)	9 044	8 819
Interest accrued	7 525	7 750
Group company **SIA Artilērijas 35**		
Loan provided (-)/ loan repayments (+)	9 562	9 346
Interest accrued	7 954	8 194
Dividend income	0	16 000
Group company **SIA Ģertrūdes 121**		
Loan provided (-)/ loan repayments (+)	31 766	30 977
Interest income	26 431	27 220
Dividend income	0	27 200
Group company **VIG Fund s.a and its subsidiaries**		
Loan provided (-)/ loan repayments (+)	211 144	93 125
Redemption of debt security	49 380	48 130

Interest accrued (on loans and debt security)	233 533	238 984
Dividend income	256 025	245 575
Group company **SIA LiveOn and its subsidiaries**		
Loan provided (-)/ loan repayments (+)	0	0
Interest accrued	202 778	203 333

Receivables from and liabilities to related companies as at 31 December 2025

In euros	**Receivables**	**Liabilities**
Parent company **Vienna Insurance Group AG Wiener Versicherung Gruppe**		
Reinsurance	0	298 771
Other receivables and liabilities	0	37 247
Debt security (market price)	3 995 250	0
Interest receivable	38 356	**0**
Group company **NNC Real Estate sp. z o.o.**		
Balance of loans provided	4 520 420	0
Group company **VIG Re zajišťovna a.s.**		
Reinsurance	0	84 919
Group company **VIG Fund s. a**		
Debt security	497 423	0
Balance of loans provided	7 536 260	0
Interest receivable	2 020	0
Group company **SIA Alauksta 13/15**		
Balance of loans provided	324 241	0
Group company **SIA Artilērijas 35**		
Balance of loans provided	342 736	0
Group company **SIA Ģertrūdes 121**		
Balance of loans provided	1 138 845	0
Group company **SIA LiveOn and its subsidiaries**		
Balance of loans provided	8 000 000	0

Note 19 Contingent assets and liabilities

The tax administrator did not conduct a tax audit at Compensa in 2024 or 2025.

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

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

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

Note 20 Income tax

At 31.12 In euros	2025	2024
Income tax expense	-983 435	-2 666 399
Change in deferred income tax	60 017	10 750
Total income tax expense	-923 418	-2 655 649

Recognised deferred income tax assets **At 31.12**	2025	2024
Deductible temporary differences	142 009	81 993
Total	142 009	81 993

Reconciliation of accounting profit and income tax expense at 31.12	2025	2024
Consolidated profit before tax	13 481 359	12 856 111
Effect of changes in temporary differences		
Deductible temporary differences	281 056	72 167
Prior years taxable income	0	2 453 954
Profit before tax	**13 762 415**	**15 382 232**
Permanent differences		
Non-deductible expenses	15 224 672	110 757 987
Tax exempt income	-23 256 020	-106 174 881
Total permanent differences	-8 031 348	4 583 106
Taxable profit	**5 731 068**	**19 965 338**
Corporate income tax expense	-919 313	-2 258 113
Prior year's tax expense	0	-354 672
Income tax withheld on investments	-64 122	-53 615
Deferred tax expense	60 017	10 750
Income tax expense for the year	**-923 419**	**-2 655 649**

On 31 December 2025, Compensa's retained earnings amounted to 68 445 330 euros (31 December 2024: 63 489 680 euros). The maximum income tax liability that could arise if all of the retained earnings as at the reporting date were distributed as dividends amounts to 15 057 973 euros (2024: 13 967 730 euros). Thus, the amount that could be distributed as the net dividend is 53 387 357 euros (31 December 2024: 49 521 950 euros).

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

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

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Note 21 Parent company’s primary financial statements

Statement of profit or loss

In euros	2025	2024
Insurance service result	**9 104 658**	**13 748 381**
Insurance revenue	97 076 415	84 907 974
Insurance service expenses - issued business	**-87 350 605**	**-71 702 237**
Insurance service result - reinsurance held	-621 152	542 644
Total capital investment result	**4 680 505**	**153 196**
Investment result	28 507 269	**39 925 135**
Interest revenues using the effective interest rate method	8 146 193	7 331 456
Realised gains and losses from financial assets measured at AC	-351 506	-9 192
Impairment losses incl. reversal gains on financial instruments	**-1**	**-28**
Other result from financial instruments	**20 712 583**	**32 602 899**
Insurance finance result	-24 082 789	-40 060 714
Insurance finance result – issued business	**-22 971 646**	**-39 673 628**
Insurance finance result – reinsurance held	-1 111 143	-387 086
Result from associated consolidate companies	**256 025**	**288 775**
Finance result	**566 995**	**558 514**
Finance income	598 065	641 615
Finance expenses	-31 070	-83 101
Other income and expenses	**-2 724 935**	**-3 147 962**
Other operating income	259 150	53 784
Other operating expenses	-2 984 085	-3 201 746
Business operating result	**11 627 223**	**11 312 129**
Result before taxes	**11 627 223**	**11 312 129**
Income tax	-629 885	-2 423 905
Result of the period	**10 997 338**	**8 888 224**

Statement of other comprehensive income

In euros	2025	2024
Result for the period	10 997 338	**8 888 224**
Items that may be reclassified subsequently to profit or loss		
Unrealised gains and losses from debt instruments measured at FVOCI	**-7 656 830**	**4 532 661**
Share of other reserves of consolidated companies	1 741 215	1 391 582
Unrealised gains and losses acc. to IFRS 17	12 718 381	-7 428 217
Total other comprehensive income	**6 802 767**	**-1 503 973**
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	**17 800 105**	**7 384 251**

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Statement of financial position

As at 31 December In euros	2025	2024
ASSETS		
Cash and cash equivalents	41 213 905	22 347 458
Financial investments	659 577 551	605 007 960
Receivables	1 998 942	1 947 634
Current tax assets	1 973 926	1 164 429
Investment in associates	12 227 618	12 218 189
Investment in subsidiaries	8 406 696	6 674 909
Insurance contract assets	2 419 265	991 028
Reinsurance contract assets	812 507	816 530
Other assets	217 777	266 452
Intangible assets	1 624 594	1 261 141
Deferred tax assets	138 299	79 870
Right-of-use assets	560 307	802 326
Total assets	**731 171 386**	**653 577 923**
LIABILITIES		
Liabilities and other payables	4 482 786	4 329 057
Current tax liabilities	317 636	2 013 086
Other financial liabilities	713 276	1 985 383
Other liabilities	638	1 485
Insurance contract liabilities	628 207 687	559 326 020
Reinsurance contract liabilities	2 086 634	760 269
Provisions	400 000	400 000
Total liabilities	**636 208 658**	**568 815 300**
EQUITY		
Share capital	11 604 000	11 604 000
Share premium	9 465 795	9 465 795
Statutory capital reserve	1 160 400	1 160 400
Other reserves	9 201 755	2 398 988
Retained earnings	63 530 777	60 133 440
Total equity	**94 962 728**	**84 762 623**
Total equity and liabilities	**731 171 386**	**653 577 923**

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Statement of cash flows

In euros	2025	2024
CASHFLOW FROM OPERATING ACTIVITIES		
Insurance premium received	217 220 717	193 844 134
Insurance claims and benefits paid	-118 101 830	-103 691 537
Reinsurance premiums claims and commissions paid (net)	-496 220	-872 163
Operating expenses paid	-35 621 546	-31 778 969
Lease payments made	-643 291	-649 996
Other receipts from customers	345 376	130 432
Commissions and fees received	1 052 670	1 363 083
Net cash flow from shares and fund units	-34 447 612	-38 857 449
Dividends received	1 787 558	1 481 948
Net cash flow from debt securities and deposits	-5 979 224	-17 435 908
Interest received	4 235 723	6 719 591
Paid for asset management services	-406 513	-384 086
Paid corporate income tax	-3 023 167	-1 135 126
Net cash from operating activities	**25 922 639**	**8 733 952**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	-460 077	-264 612
Repayments of loans provided	410 305	568 084
Loans provided	0	0
Interest received on investments	595 224	762 159
Net cash used in investing activities	**545 452**	**1 065 631**
CASH FLOWS FROM FINANCING ACTIVITIES		**0**
Dividends paid	-7 600 000	-6 300 000
Net cash used in financing activities	**-7 600 000**	**-6 300 000**
NET CASH FLOW	**18 868 091**	**3 499 583**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**22 347 458**	**18 838 513**
Change in cash and cash equivalents	18 868 091	3 499 583
Effect of movements in foreign exchange rates	-1 645	9 361
CASH AND CASH EQUIVALENTS AT END OF YEAR	**41 213 904**	**22 347 457**

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Statement of changes in equity

in euros	Share capital	Capital reserve: Share premium	Capital reserve: Statutory capital reserve	Retained earnings	Other reserves: Currency reserve	Other reserves: Other reserves	Total
Notes							
As of 31 December 2023	**11 604 000**	**9 465 795**	**1 160 400**	**57 545 217**	**1 149**	**3 901 813**	**83 678 373**
Other comprehensive income						-1 503 973	**-1 503 973**
Result of the year				8 888 223			**8 888 223**
Total other comprehensive income for the year				**8 888 223**		**-1 503 973**	**7 384 250**
Dividend payment				-6 300 000			**-6 300 000**
As of 31 December 2024	**11 604 000**	**9 465 795**	**1 160 400**	**60 133 439**	**1 149**	**2 397 840**	**84 762 623**
As of 1 January 2025	**11 604 000**	**9 465 795**	**1 160 400**	**60 133 439**	**1 149**	**2 397 840**	**84 762 623**
Other comprehensive income						6 802 767	**6 802 767**
Result of the year				10 997 338			**10 997 338**
Total other comprehensive income for the year				**10 997 338**		**6 802 767**	**17 800 104**
Dividend payment				-7 600 000			**-7 600 000**
As of 31 December 2025	**11 604 000**	**9 465 795**	**1 160 400**	**63 530 777**	**1 149**	**9 200 606**	**94 962 728**

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Note 22 Pension contracts report (II pillar contracts)

In euros	2025	2024
Net earned premiums	**1 745 000**	**1 528 196**
Gross premiums written	1 745 000	1 528 196
Of which acquisition costs	33 971	24 722
Net investment income (+/-)	**961 381**	**275 089**
Interest and dividend income	961 381	275 089
Payments under pension contracts and change in pension contract liabilities (+/-)	**-1 541 782**	**563 178**
Pension payments	-3 262 312	-3 329 455
Change in pension contract liabilities	1 720 529	3 892 632
Pension contract management fees	31 297	31 446
Operating expenses (-)	**-600 988**	**-543 483**
Acquisition costs	-40 174	-41 532
Administrative expenses	-272 665	-238 964
Investment management expenses	-47 322	-39 105
Other operating expenses	-240 827	-223 882
Profit for the period	**563 610**	**1 822 980**
PROFIT DISTRIBUTABLE TO POLICYHOLDERS AND BENEFICIARIES	0	0

The report on pension contracts has been prepared according to the principles of IFRS4, since the regulation of the Government of the Republic establishing the form requirement has not been changed. According to Compensa's current accounting principles (IFRS 17 and IFRS 9), the result of the second pillar pension is 1.53 million euros (2024: 1.32 million euros).

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

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

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

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Independent auditors' report

To the Shareholders of Compensa Life Vienna Insurance Group SE

(Translation of the Estonian original)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Compensa Life Vienna Insurance Group SE and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Key Audit Matters

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

Measurement of life insurance contract liabilities	
Refer to Note 2 "Material accounting policies", Note 3 "Risk management", Note 4 "Insurance contracts issued" of the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group's consolidated statement of financial position as at 31 December 2025 includes insurance contract liabilities in the amount of 628 million euros (31 December 2024: 559 million euros), consisting primarily of the liability for remaining coverage (LRC) of 558 million euros.	In auditing this area, we engaged actuaries as part of our audit team. Together with the actuaries we performed the following procedures, among others: - obtained an understanding of the Group's process, methodologies and key assumptions used in the measurement of insurance contract liabilities;

The measurement of LRC related to insurance contracts in accordance with IFRS 17 Insurance Contracts is based on significant judgments relating to the data used, assumptions about future periods, and the use of estimation techniques. The determination of LRC involves the use of complex and subjective actuarial methods to estimate the present value of future cash flows, risk adjustment and the contractual service margin. There is a high degree of estimation uncertainty in forecasting the amount and timing of future cash flows and significant judgement is required to determine the financial assumptions (such as discount rates) and non-financial assumptions (such as mortality and lapse rates) used in the actuarial models. In addition, the complexity of the actuarial models used to process large volumes of data can lead to errors in their structure or results and places high demands on the quality of the data used. Due to the material significance of the amounts for the group's liabilities and financial performance and complexity of the underlying assumptions and estimates made by the management, the measurement of these liabilities was of particular significance in the context of our audit.	- assessed the appropriateness of the methods and models used by the management; - assessed the completeness, accuracy and appropriateness of the underlying data used in the actuarial models; - assessed the appropriateness of the key assumptions used in the actuarial models and compared them with publicly available data and against historical experience; - assessed the changes of assumptions used compared to the prior year; - tested the effectiveness of the general IT and other controls over the relevant systems; - performed alternative calculations of the insurance contract liabilities and related profit and loss movements and compared these with the Group's calculations; - assessed the plausibility of movements in insurance contract liabilities and related components from the beginning to the end of the period; - assessed the disclosures relating to insurance contract liabilities against the requirements included in the International Financial Reporting Standards as adopted by the European Union.

Other Information

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

We were appointed by the sole shareholder of Compensa Life Vienna Insurance Group SE on 24 April 2023 to audit the consolidated financial statements of Compensa Life Vienna Insurance Group SE for the year ended 31 December 2025. Our total uninterrupted period of engagement is 13 years, covering the periods ending 31 December 2013 to 31 December 2025.

We confirm that:

– our audit opinion is consistent with the additional report presented to the Audit Committee of the Group;

– we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

Tallinn, 9 April 2026

Eero Kaup

Certified Public Accountant,
Licence No 459

KPMG Baltics OÜ
Licence no 17

KPMG Baltics OÜ

Ahtri 4

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Estonia

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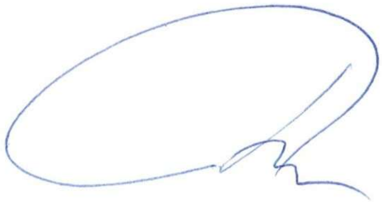
Profit allocation proposal

Compensa Life Vienna Insurance Group SE ended 2025 with a net profit of 12 557 941 euros.

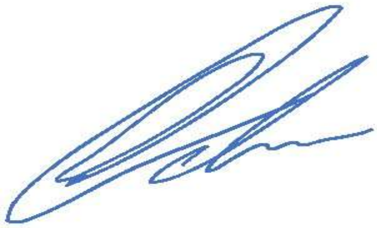
Total equity as at the year-end amounted to 95 001 092 euros.

The management board proposes that 8 800 000 euros be distributed to the owner as a dividend and 3 757 941 euros be transferred to retained earnings.



Chairman of the Management Board
Tomas Milašius

Member of the Management Board
Ervins Vēveris



Member of the Management Board
Tanel Talme

Signatures to group annual report 2025

The group annual report of Compensa Life Vienna Insurance Group SE was signed on **9th of April 2025** and approved by the general meeting with a resolution dated **29th of April 2025**:

Chairman of the Management Board
Tomas Milašius

Member of the Management Board
Ervins Vēveris

Member of the Management Board
Tanel Talme

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

In euros	2025	2024
Life insurance (code 6511)	208 185 728	201 890 722
Gross premium income	**208 185 728**	**201 890 722**