

Lietuvos draudimas AB

*Independent Auditor's Report,
Annual Management Report and
Consolidated Financial Statements for the Year
Ended 31 December 2024*

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Independent auditor's report

To the shareholder of Lietuvos draudimas AB

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Lietuvos draudimas AB (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2024, and of the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 9 April 2025.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements and Other Assurance Services that are relevant to our audit of the consolidated financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements and Other Assurance Services.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group are in accordance with the applicable law and regulations in the Republic of Lithuania and that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014 considering the exemptions of Regulation (EU) No 537/2014 endorsed in the Law of the Republic of Lithuania on the Audit of Financial Statements and Other Assurance Services.

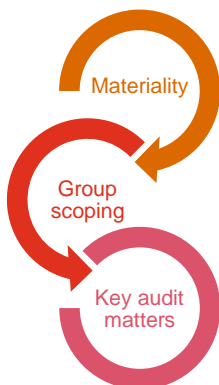
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We have not provided any non-audit services to the Group in the period from 1 January 2024 to 31 December 2024.

Our audit approach

Overview



- Overall Group materiality: EUR 2,600 thousand
- We have audited the separate financial statements of the Company and performed specified procedures for material non-current assets of its subsidiaries B10 biurai UAB and B10 apartamentai UAB.
- Our audit scope covered substantially all of the Group's revenues and total assets
- Valuation of liabilities for incurred claims

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

Materiality

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

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

Overall materiality	EUR 2,600 thousand
How we determined it	Approximately 5% of the Group's profit before tax
Rationale for the materiality benchmark applied	<p>We chose profit before tax as the base benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and it is a generally accepted benchmark.</p> <p>We chose the threshold of 5%, which is within the range of acceptable quantitative materiality thresholds for this benchmark.</p>



We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 130 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of liabilities for incurred claims</p> <p><i>Refer to notes 5, 6.3, 26, 30 of the financial statements.</i></p> <p>At 31 December 2024 total liabilities for incurred claims (LIC) are valued at EUR 171,115 thousand representing 53.6% of the Group's total liabilities.</p> <p>When measuring the liability for incurred claims, the Management is required to estimate present value of future cashflows for claims that occurred until 31 December 2024 and risk adjustment for non-financial risk arising from uncertainty in those cashflows.</p> <p>The estimation of liability for incurred claims based on incurred but not reported claims and reported annuity claims requires the Management to apply professional judgment, as well as complex and subjective assumptions, especially for lines of business that are considered to have longer tail such as Motor Third Party Liability. This is the case, in particular, for development of bodily injury claims, including annuities.</p> <p>For the above reasons, obtaining sufficient and appropriate audit evidence in respect of the amount of liabilities for incurred claims required our increased attention. Accordingly, we considered the area to be a key audit matter.</p>	<p>We examined the Group's accounting policy for measurement of LIC and assessed the policy and methodology applied for compliance with the requirements of IFRS 17.</p> <p>We obtained understanding of the process for determining the LIC and assessed the internal control mechanisms involved.</p> <p>We analysed and assessed the key actuarial assumptions and methods used by the Group to value LIC. For insurance products selected for the sample, based on size or risk of error, we performed an independent calculation of LIC balance.</p> <p>We confirmed accuracy and completeness of key reports containing data used by the Group for LIC calculation and compared their data to the source documents.</p> <p>We engaged our actuarial experts to perform the above procedures.</p> <p>We also assessed the accuracy and completeness of the disclosures relating to LIC in the financial statements against the requirements included in the International Financial Reporting Standards as adopted by the European Union.</p>

How we tailored our Group audit scope

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

For Group audit purposes, based on our risk and materiality assessment we determined that a full scope audit was required only for the Company. In addition, we carried out specified procedures on investment property and property, plant and equipment held by its subsidiaries. Our audit work addressed substantially all of the Group's revenues and the Group's total assets.



Reporting on other information including the consolidated management report

Management is responsible for the other information. The other information comprises the consolidated management report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the consolidated management report.

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

With respect to the consolidated management report, we considered whether it includes the disclosures required by the Law of the Republic of Lithuania on Reporting by Undertakings and by Groups of Undertakings.

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

- the information given in the consolidated management report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the consolidated management report, has been prepared in accordance with the Law of the Republic of Lithuania on Reporting by Undertakings and by Groups of Undertakings.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated management report which we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view 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.

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

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



- Identify and assess the risks of material misstatement of the 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, we are required to draw attention in our auditor's 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 auditor's 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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 have communicated 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other legal and regulatory requirements

Appointment

We were appointed as auditors of the Group on 26 April 2023. This is the first year of our engagement.

The key audit partner on the audit resulting in this independent auditor's report is Rimvydas Jogéla.
On behalf of PricewaterhouseCoopers UAB

Rimvydas Jogéla
Partner
Auditor's Certificate No. 000457

Vilnius, Republic of Lithuania
9 April 2025

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report.

1. Management report

1.1. Reporting Period Covered by the Consolidated Management Report

1 January – 31 December, 2024.

1.2. Business and Performance Overview

1.2.1. About the Group

We are the largest and longest-established non-life insurance company in the Baltics – we celebrated our centenary in 2021. We are part of PZU SA, one of the largest insurance groups in Central and Eastern Europe. Our core business is the provision of motor, third party liability, property and personal lines insurance services to private and corporate customers in Lithuania and Estonia. In Lithuania, we remain the undisputed market leader – our market share has been growing for four consecutive years. In 2024, it reached 30%, meaning that every third resident of Lithuania chooses us as their insurer. In Estonia, our market share in 2024 was 15.5%, making us the third-largest insurance company by market share. Among all insurers operating in Lithuania and Estonia, we stand out for our exceptionally strong capital position and a consistently high and stable solvency ratio.

We operate nearly 100 branches across the country in both large cities and smaller towns, as well as an online store. We have four branches and an online store in Estonia. We have a professional customer service centre and an electronic self-service website where customers can conveniently register claims and handle other insurance-related services.

Every year, Lithuanian residents recognize us as the most trusted brand in the insurance sector (Brand Survey 2024, KOG). In this sector, we are valued not only as the best insurance professionals – clients also identify us as the company that assesses losses from damage the most objectively, handles claims simply and smoothly, and settles them quickly. This is very important to us because insurance is a promise that once the need for help arises, help will come quickly. The brand AB Lietuvos draudimas is known to 90% of Lithuanian residents (Brand survey 2024, KOG). According to the assessment by *Verslo žinios*, in 2024 we were second among leaders of the financial sector and third among the *Top 500 Lithuanian Business Leaders*.

Mission and Values

Mission. We work to ensure that your future is safe and calm.

Values. AB Lietuvos draudimas operates in accordance with three values:

- Desire to win for the benefit of customers, employees and shareholders
- Freedom to act, enabling curiosity and leadership in market innovation
- Cooperation based on a transparent, fair and effective partnership

1.2.2. Shareholders and Structure

AB Lietuvos draudimas is owned by the Polish insurance company Powszechny Zakład Ubezpieczeń Spółka Akcyjna (hereinafter – PZU SA, PZU, or PZU Group), which in 2024 held 100% of AB Lietuvos draudimas shares. The PZU Group is one of the largest insurance companies in Central and Eastern Europe, with more than 200 years of history and 22 million clients. The Group offers a wide range of insurance services – life, property, health, and third-party liability, etc., and also manages investment and pension funds. The Group is listed on the Warsaw Stock Exchange and is one of the financially strongest insurance companies in the region. The head office of AB Lietuvos draudimas is located at J. Basanavičiaus g. 10, Vilnius. We did not acquire, dispose of or own any shares during 2024 and as at 31 December 2024. We have a branch in Estonia, which is registered under the name Lietuvos Draudimas AB Eesti filiaal (company code: 12831829, registered office address: Parnu mnt. 141, Tallinn, Estonia) and two subsidiaries: UAB B10 biurai (company code: 306272437, registered office address: J. Basanavičiaus g. 12), UAB B10 apartamentai (company code: 306272533, registered office address: J. Basanavičiaus g. 12).

1.2.3. Overview of the Market

Overview of the Lithuanian Market

According to the data of the Bank of Lithuania, the country's non-life insurance market (including branches of foreign insurance companies operating in the country) in 2024 signed EUR 1.2 billion in insurance premiums, with total growth in signed premiums compared to 2023 amounting to 10.4%. The rapid growth was driven by

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household property, land motor vehicles casco and personal insurance classes, as well as additional voluntary health insurance.

Compulsory third-party liability insurance remained the largest type of non-life insurance, generating EUR 351 million in written premiums in 2024, accounting for 29% of the total non-life insurance market premiums. In the household segment, the growth of signed premiums was 2.6%; in the business segment this insurance class grew by 6.2%.

The type of Casco insurance with EUR 284 million written premiums in 2024 accounted for 23% of the total non-life insurance market. In the residential segment, this type of insurance grew by 19.0%, while in the business segment the growth of written premiums was 7.6%.

Property insurance accounted for EUR 269 million of premiums written and 22% of total non-life premiums. Premiums written for personal property insurance grew by 22.8%, while in the business segment this type of insurance grew by 0.6%.

Together, these three main types of insurance – compulsory motor third party liability, Casco and property insurance – accounted for the majority (75%) of the Lithuanian non-life insurance market in terms of written premiums. Supplementary voluntary health insurance also contributed significantly to the growth of the market, with EUR 121 million of premiums written in 2024, which is 20.9% more than in 2023.

AB Lietuvos draudimas signed EUR 366 million in insurance premiums in the Lithuanian market in 2024 – 10.7% more than in 2023. In the household segment, the amount of signed premiums grew by 13.2%, while in the business segment the growth was 8.1%. The Group maintains its leading position in the Lithuanian non-life insurance market, growing faster than the market for four consecutive years and holding a market share of 30.1%.

Overview of the Estonian Market

In the Estonian non-life insurance market, EUR 601 million in insurance premiums were signed in 2024 – an increase of 8.5% or EUR 47 million compared to 2023, when the total was EUR 554 million. The Estonian branch of AB Lietuvos draudimas signed EUR 93 million in premiums, which is 10.6% more compared to 2023. The Estonian branch's market share increased to 15.5%, or by 0.3 percentage points, making it the third largest insurance company in Estonia.

In 2024, the total amount of claims paid in the Estonian non-life insurance market reached EUR 338 million – this is 11% (EUR 33 million) more than in 2023, when EUR 305 million was paid. AB Lietuvos draudimas Estonian branch paid EUR 48 million in claims, which is 7% more than in the previous year.

Market growth was mainly driven by the increase in motor vehicle (Casco) insurance, which grew by 6% (EUR 10.9 million), and private property insurance, which increased by 10% (EUR 9.6 million), mostly due to inflation. Additionally, general third-party liability insurance grew by 49% (EUR 9.3 million), mostly due to the introduction of compulsory medical malpractice liability insurance (MedMal).

As of November 2024, 14 insurance companies were operating in the Estonian non-life insurance sector, of which the four largest companies held about 67% of the market.

1.2.4. Financial results

Non-life insurance premiums written in 2024 by AB Lietuvos draudimas together with its Estonian branch amounted to EUR 459.1 million and, compared to the EUR 414.6 million of premiums written in 2023, achieved a 10.7% growth. We have successfully grown in both our Lithuanian and Estonian markets.

We were profitable in both our markets. The net profit, including the result of the Estonian branch, amounts to EUR 45.4 million in 2024 (EUR 33.5 million in 2023). The Group's operations were profitable in both the non-life insurance activities and investment portfolio management in 2024.

The result of our insurance service in 2024 was EUR 46.0 million (EUR 36.4 million in 2023). The successful non-life insurance operating result and stable profit were driven by continued growth in insurance premiums, which is a result of our strong brand recognition, customer satisfaction, and excellence in risk assessment. Our control of non-current costs and claims costs, efficiency-enhancing actions and rigorous risk-assessment discipline also contribute to maintaining profitability.

In 2024, we continued our conservative investment policy, concentrating our investments in European government debt securities and safe securities of strong companies.

2024 was also a successful year for us in terms of investment activity. The profits from investment activities of AB Lietuvos draudimas together with the Estonian branch comprised EUR 9.5 million, as compared to EUR 5.5 million in profits from investment activities in 2023.

The sum of claims settled with the Group's clients continues to increase annually. In 2024, the Company together with the Estonian branch settled non-life insurance claims for the amount of EUR 242.1 million, which is 12% more compared to the previous year (EUR 216.1 million in 2023).

In 2024, AB Lietuvos draudimas income tax expenses increased by 54% and amounted to EUR 7 million (2023 – EUR 4.5 million).

Detailed financial information about our operations can be found in the 2024 Solvency and Financial Condition Report and in the set of Financial Statements on the website [lid.lt](https://www.lid.lt).

1.2.5. Research and Development Activities

The growth in signed premiums was mainly driven by private property and commercial motor third party liability insurance products. In 2024, our team paid particular attention to the quality of customer service – we improved and expanded the programs and tools we already had to make them the most innovative in the market and to meet customer needs. In addition, we looked for solutions to provide insurance services more conveniently, faster, and more simply, and to compensate claims even more quickly and efficiently. Although for the second summer in a row we faced new challenges – a record-breaking storm and multimillion-euro damages it caused – it did not prevent us from providing high-quality claims settlement and compensation services, making every effort to ensure the safety of our clients and their property. Our future priorities are the further digitalisation of processes and better management of the growing amount of data for the benefit of clients and the organisation. In the autumn of 2024, we took an important step in customer service – we launched an updated mobile app. Using the app, clients can view and manage all their insurance agreements, make payments, and register claims. This change is important because from now on clients can access insurance services even faster and more conveniently, at a time that suits them.

For health insurance clients, we launched a remote family doctor consultation service. Clients can quickly and conveniently receive a personal consultation with family doctors remotely in case of a health disorder or complaint. During the consultation, they can discuss health issues, ailments, the first symptoms of illness and, if necessary, immediately receive a prescription for medication (e-prescription issuance or extension), a referral for further tests, or a referral to other specialist doctors.

In 2024, we continued to provide insurance protection consultations in Lithuania. The purpose of the consultation is to discuss the customer's insurance risks and assess their security in order to help them better understand the risks and choose protection measures. The consultations are held via remote video connection, and if the client is unable to connect, we invite them to a branch. In 2024, we started offering insurance protection consultations through the mobile app and self-service. Around the world, more and more companies are interacting with their clients through remote video consultations. This is especially relevant when communicating with the younger generation, who increasingly avoid phone calls. Following global trends and aiming to meet client needs, insurance protection consultations were launched via the mobile app and self-service. All clients can easily register for a remote insurance protection consultation at a time convenient for them.

To best meet customer needs and offer a broader range of services, we introduced two new products: purchase insurance and extended warranty insurance. Purchase insurance covers damage related to any sudden and unexpected event resulting in the insured item being damaged, destroyed, or lost. The item is insured against theft (robbery or burglary), fire or flooding, damage or destruction caused by voltage fluctuations, glass breakage, or shattering. Extended warranty insurance (internal defects of the item) covers the insurance of purchased household appliances, video and audio equipment, power tools, and other valuable devices/equipment against warranty failures. Individuals can extend the manufacturer's or seller's warranty for up to 5 years, and legal entities – up to 3 years. Extended warranty protection starts immediately after the manufacturer's or seller's warranty expires, which usually lasts 12 months for legal entities and 24 months for individuals. In the event of a breakdown of the insured equipment during the extended warranty period (i.e. when the manufacturer's/vendor's warranty is no longer valid), the cost of repairing or replacing the equipment is covered in accordance with the items listed in the manufacturer's or vendor's warranty, except as provided in the insurance rules.

In 2024, we further expanded self-service capabilities. In Lithuania, about 82% and in Estonia about 69% of private clients actively used the new claims registration options on the self-service website. Automated processes are especially convenient for clients in cases of mass damage – caused by a storm, black ice, etc.

– because the information is provided in a simple manner, and minor losses can be settled very quickly. In view of the increased risk of natural disasters, we intend to continue expanding these and other innovations. In 2024, we also strengthened partnerships with car service providers, thereby providing higher quality services and more convenient service to MTPL and Casco insurance clients.

Customers and Their Experience

At the end of 2024, we had 665,974 unique clients in Lithuania (629,199 individuals and 36,775 legal entities), while in 2023 – 665,435 clients. In the Estonian branch at the end of 2024, we had 199,020 unique clients, of whom 170,123 were individuals and 28,897 were legal entities, while in 2023 – 195,041 unique clients. In 2024, the number of private clients grew the fastest in the areas of health, housing, and motor insurance products. In the legal entities segment, the highest growth was recorded in the fields of personal insurance and cargo insurance.

We regularly collect feedback from our clients on how we are doing, what their experience is like, and what we could do differently. Since 2010, we have been applying the *Voice of the Customer* system, which enables us to listen to clients' opinions and take them into account. At the end of 2024, the *Voice of the Customer* NPS (Net Promoter Score) reached 66% (2023 – 72%), and in the Estonian branch – 68% (2023 – 64%). Also, clients who are dissatisfied with our services can submit complaints and feedback via the AB Lietuvos draudimas website, by phone, at branches, or on social networks.

1.2.6. Business Plans and Forecasts

We aim to ensure a safe future for our clients by listening to their needs, providing reliable and innovative solutions, and building long-term trust. Our goal is not only to provide the highest quality services but also to be a trusted partner, helping clients make confident decisions along their life or business journey. We continuously improve the client experience by implementing modern technologies, ensuring smooth service, and offering personalised solutions that meet the unique expectations of each client. A focus on innovation, professionalism, and empathy allows us not only to respond to today's customer needs but also to contribute to the creation of their safe and stable future.






Strategic priority for 2025–2027: to become **the leader in customer experience** through expertise and digital solutions, by growing a new generation of customers and retaining the existing customer base.

- **Finance.** Ensure sustainable financial growth.
- **Clients.** Establish leadership in private and business customer experience.
- **Growth and development.** Increase our attractiveness as an employer in the financial sector.
- **Processes and innovations.** Enhance digital solutions and build a data-driven organisation with a strong focus on operational excellence.

1.2.7. Sustainability

For more than 100 years, we have dutifully taken responsibility for the well-being and safety of our employees and customers. We are entering the new century with sustainability at the forefront of our environmental, social responsibility and governance priorities. Our sustainability principles and commitments are outlined in the Group's strategy and policies. We follow internationally recognized standards:

- We integrate the economic, environmental and social aspects of our activities into our business processes.
- Our strategy incorporates the relevant United Nations Sustainable Development Goals (SDGs).
- We are guided by the 10 principles of the Global Compact in the areas of human rights, employee rights, the environmental protection and anti-corruption.
- We promote the rational and sustainable management and use of resources.
- We contribute to the European Green Deal and the implementation of the Paris Agreement: we aim **to become a climate-neutral company by 2050.**

	A reliable partner in adapting to climate change	Creating a safe future	A responsible organization
	We promote resilience to climate change	We act socially responsibly and promote positive change	We build a modern and transparent organization
Our Ambitions	<ul style="list-style-type: none"> We aim to become a climate-neutral company. We promote responsible waste management and reuse in the claims process. We encourage adaptation to climate change through our services. We support green projects through our investments. 	<ul style="list-style-type: none"> We build an inclusive organization. We care about employee and community well-being (Feel Good program and other benefits, volunteering, etc.). We promote insurance literacy and safety (Protect Me, how to protect against storms, on the road, etc.). 	<ul style="list-style-type: none"> We encourage responsible leadership and attitudes among employees.
We focus on the following aspects of the Sustainable Development Goals	 	 	

In preparation for the implementation of the Corporate Sustainability Reporting Directive (CSRD), the PZU Group, which includes AB Lietuvos draudimas, carried out its first double materiality assessment, which is presented in the group's annual and sustainability report.

AB Lietuvos draudimas is required to provide information on sustainability matters under the Law on Accounting of Enterprises and Groups of Enterprises of the Republic of Lithuania, but uses the exemption provided in Article 19(7) of the Law not to provide a separate report, as the information is submitted to the PZU Group. The PZU Group prepared a consolidated group report that includes information on AB Lietuvos draudimas, in accordance with the European Sustainability Reporting Standards, and was published in March 2025 on the PZU website: <https://www.pzu.pl/fileserver/item/1559101> and was audited by the Group's auditor PwC: <https://www.pzu.pl/fileserver/item/1559110>.

Information on Activities Aligned with the EU Taxonomy

The European Union Taxonomy Regulation (EU) 2020/852 and its implementing legislation define a classification system for sustainable economic activities and investments. It defines types of activities considered to make a significant contribution to achieving environmental goals. The regulation aims to direct private investments toward environmentally sustainable activities that support the implementation of the European Green Deal. Insurance and reinsurance companies are required to review their products and business models and assess how environmentally sustainable their activities are. In 2023, we identified which of the activities falling under the scope of the EU taxonomy are aligned with the requirements for sustainable activities. PZU SA prepared the EU taxonomy interpretation guidelines for insurance and reinsurance activities. The purpose of these guidelines is to ensure a consistent understanding of the EU taxonomy throughout the PZU Group so that information on the specified economic activities is presented uniformly.

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At the end of 2024, in Lithuania, we adapted the business property product to the EU taxonomy requirements, and we plan to adapt other products in the future, offering additional incentives to clients who reduce risks and providing them with advisory information on climate risk and preventive measures. A guide prepared for business clients, outlining the fire risk reduction measures for which we apply special offers and advice on reducing fire risk, is available on our [website](#). At the end of the year, the Estonian branch adapted three products to meet EU taxonomy requirements: Casco, cargo, and business property insurance.








Table 1. Quantitative information on activities aligned with the EU taxonomy – AB Lietuvos draudimas

	Revenue, thousands EUR	Share of revenue
Non-life insurance and reinsurance result from aligned activities	795.4	0.2%
Non-life insurance and reinsurance result from taxonomy-eligible but not aligned activities	172,372	39%
Non-life insurance and reinsurance result from non-taxonomy-eligible activities	263,531	60%
Total amount:	436,698	

Disclosure of information on EU taxonomy-aligned activities is voluntary. Detailed and audited information on EU taxonomy application in the PZU Group, including AB Lietuvos draudimas, can be found in the Group's https://www.pzu.pl/_files/ver/item/1559101.

ENVIRONMENTAL PROTECTION

Our key environmental objectives:

Target	Result of 2024	Link to the SDGs
Lithuania and Estonia		
Increase the share of investments in climate and energy transformation to 5% of the portfolio	5.9%	 
Lithuania		
Reduce our CO ₂ footprint by more than 10% compared to 2019	over 50%	 
Allocate at least 1% of the insurance activity result annually to the development of green and sustainable insurance products, offers, segments, or to support green technologies	1.3%	 
Estonia		
Increase the number of repaired car windows to at least 11%	12.4%	

Product and Services

One of our strategic goals is to encourage clients to choose sustainable, environmentally friendly solutions. We believe we can best achieve this through our core service – insurance – by offering special conditions to clients who care for the environment.

In 2024, for clients who are more environmentally conscious, we offered the following special insurance proposals:

- clients insuring business property could also insure a solar power plant at the same address for EUR 1;
- we offered up to 30% discount on Casco insurance for electric vehicles;

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- we applied a EUR 0 deductible for insured events caused by natural forces for new clients whose home energy efficiency class is A+ or A++, and/or who have a solar power plant.

We also apply discounts to clients who have installed fire safety systems. If a depreciated building has been reconstructed to strengthen its structures and make it more climate-resistant, better terms are offered to the client – insurance at replacement value instead of residual value. Property insurance for residents also includes coverage for environmentally friendly solutions such as solar power plants and panels, as well as electric vehicle charging stations. Casco insurance includes towing of electric vehicles to the charging station.

In business property insurance, we cover wind turbines and solar power plants. In cases of specific risks (e.g., snow load), we encourage clients to maintain their property (e.g., regularly clear snow from roofs), and if this recommendation is not followed, coverage for the risk does not apply. For clients who manage risks well, we apply lower premiums and/or deductibles. We do not make offers to customers whose risk management is not acceptable. We perform inspections, assess possible threats, and provide clients with recommendations on how to better protect their property from fire, natural forces, and other risks.

The maximum probable loss from natural disasters related to climate change is constantly assessed and calculated based on recognized international methodologies, analysis of historical data, and internal risk management procedures. The assessment process takes into account various climate models, the probability of insured events, and the potential financial impact on the Group's operations. We also continuously improve our risk assessment systems to ensure accuracy and compliance with the latest trends in the field of climate change. However, this information is considered confidential, and its disclosure could negatively affect the Group's operational strategy, commercial interests, and competitive position; therefore, it is not publicly disclosed.

Climate Change, Energy and Other Resource Consumption

Although companies in our field have a relatively small impact on nature and environmental pollution, we constantly look for ways to save the resources we use daily and to contribute even more to environmental protection. We support a low-carbon economy and contribute to the movement towards sustainable business. Below are the energy consumption figures at our Group.

Table 2. **Energy and resource consumption**

	Units	Lithuania		Estonia	
		2023	2024	2023	2024
Electricity	MWh	1,158	1,057	34	37
Energy for heating or cooling spaces	GJ	4,574	4,038	6,759	6,416
Water	cubic metres	2,862	4,124	464	415
Natural gas	cubic metres	24,241	25,213	N/A	N/A
Fuel (petrol, diesel)	t	176	140	-*	-*

*In Estonia, we do not own our own cars, we use taxis for work trips and no fuel information is collected.

Our main document for managing environmental impacts is our internal Environmental Policy. Since 2022, we have implemented the ISO 14001 environmental management system, which helps to better identify and systematically manage the Group's environmental impact. All employees are made aware of the Policy and standards and have to take a knowledge test. Compliance with the environmental management system requirements according to the standard LST EN ISO 14001:2015, as well as the environmental procedures and rules related to our Group's activities, is included in the job descriptions of all employees.

For several consecutive years, we have been implementing various initiatives to reduce paper usage within the Group. In 2024, we continued to reduce paper consumption in customer service. 95% of customers in Lithuania and 96% in Estonia are served in a paperless way. In 2024, we continued the HR Department's digitalisation project in Lithuania, which will fully transition to electronic employment contracts and other HR management documents and/or records.

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In 2024, the AB Lietuvos draudimas building complex B10, located on Basanavičiaus Street in Vilnius, was recognized as the best multifunctional site in Lithuania. The award was presented at the annual 'For Sustainable Development' awards held by the Lithuanian Real Estate Development Association (LNTPA), which evaluates new residential, commercial, retail, and multifunctional real estate projects. The B10 complex was recognized for its harmonious integration with the surrounding environment, outstanding engineering solutions, sustainable innovations, and attention to historical heritage.

GHG Emissions

Our first GHG emissions reference (base) year was 2019. GHG emission reductions were measured relative to the first year of the accounting period – pre-COVID-19. CO₂ emissions (Scope 1 and 2) were reduced due to successfully implemented fuel-saving and energy-efficiency initiatives: in 2024, compared to 2019, we achieved more than a 50% reduction. Detailed information on emissions assessment and calculation is provided in the PZU SA Group's [sustainability report](#).

Key Areas and Measures to Reduce GHG Emissions:

- We have reduced the size of the Group's car fleet and are renewing it with electric and hybrid vehicles. We have changed our Group procedures and increased the purchase limits for hybrid and electric vehicles. We have electric scooters in three of our offices that employees can use for short trips.
- By establishing hybrid work principles, we are optimising the network of administrative and sales units to allow for more comfortable and energy-efficient working conditions. In total, we have renovated 52 of our offices: 15 in 2024, 8 in 2023 (including the headquarters), 13 in 2022, 26 in 2021, 5 in 2020, and 10 in 2019.
- We use LED lighting, purchase only green electricity, and in 2024 began using a share of a remotely located solar power plant that we acquired.

Promotion of the Circular Economy

We participate in initiatives related to the transition to green energy. Although our activities generate relatively little waste, when managing motor claims, we aim to work only with partners (auto repair shops) who:

- properly dispose of end-of-life parts;
- collect the damaged parts for reuse on the secondary market;
- sell irreparable vehicles at auctions.

In Estonia, we have set a target to increase the number of car windscreens repaired to at least 11%. In 2024, such repairs accounted for 12.4%. We aim to increase the repair of windshield chips and cracks rather than replacing the entire glass. Clients have two options: choose chip or crack repair (with no deductible), or full glass replacement (a deductible applies).

Sustainable Investments

We only invest in assets and investment instruments the risks of which we can identify, monitor, assess, manage and control. The funds are invested subject to limits set by the Group (quality, diversification, liquidity) as well as Risk Appetite Limits (risk capital requirements, total solvency ratio).

We aim to invest in companies or collective investment undertakings that promote the application of ESG criteria and standards in their practices, but are not limited to such investments. 83.1% of the investment portfolio consists of government bonds, and 96% of them are government bonds from European Union countries (which must aim for a carbon-neutral economy), with only 4% being from non-EU countries. The foundation of our sustainable investment process is negative screening: we avoid investing in sectors or companies involved in undesirable activities or companies with a particularly poor reputation. We conduct this screening by monitoring media and other information channels that reveal ESG issues, scandals, risks, and reputational concerns.

We aim not to invest in shares or bonds of companies that generate revenue from:

- production or sale of tobacco products (except for retailers specialising in non-tobacco products and alcohol);
- production or sale of distilled alcohol (except for retailers specialising in non-tobacco products and alcohol);
- manufacture or sale of arms and ammunition;

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- organisation of gambling;
- pornography.

ESG risk and opportunity analysis is not the sole basis for investment decisions. We also rely on an analysis of financial instrument issuers and their environmental factors that affect the value of financial instruments, including sustainability risk. In the investment process, we take such risks into account as we do other risks such as financial, regulatory and legal, as well as at the level of managing the diversification of the entire portfolio of financial instruments.




We set a goal to increase our investments in combating climate change and transitioning to clean energy to 5% of the portfolio share by 2024. In 2024, we invested 5.9% of our portfolio in green securities (EUR 25.2 million).

Employee Knowledge Development

As AB Lietuvos draudimas moves forward on the path of sustainability, our employees' knowledge in this area becomes an essential part of success. We understand that each person's contribution to sustainability is important, so we need to know more, be curious, and understand. In 2024, we launched a new event series called "Sustainable Talks at LD", where we invited various external guests to learn more about different sustainability topics (e.g., waste sorting, volunteering, sustainable holiday preparation). Also in 2024, we organized a Sustainability Hike, to make hiking not only enjoyable but also useful, and we invited climatologist, sustainability ambassador, and hiking enthusiast Silvestras Dikčius on the journey. During the hike, we talked about sustainability in everyday life.

SOCIAL RESPONSIBILITY

Our key social responsibility objectives:

Target	Result of 2024	Link to the SDGs
Lithuania		
Include 60% of employees in wellness programs (2021–2024 total, excluding those on parental leave)	84,6%	
To reach 1 million Lithuanians over 2023 and 2024 with social initiatives and educational messages on sustainable and safe lifestyles	0.9 million	
To allocate 6 400 hours of volunteering in the communities around us over 2023 and 2024	8,190 hours	

Employee Well-being

In the Group, we have long cared about the well-being of employees, because we believe that our employees' well-being is an essential factor of our success. We aim to create an inclusive and sustainable working environment where flexibility, collaboration, and work-life balance are valued. We encourage collaboration, continuous improvement, learning, the desire to win, and freedom to act. As a result of long and systematic work in this area, we received the "Workplace of the Year 2024" award for the second year in a row at the National Responsible Business Awards, organized by the Ministry of Social Security and Labour of the Republic of Lithuania.

Employee Engagement

Employee engagement and feeling is one of the priority areas to which we devote significant attention in the Group. It is important for us to create opportunities for employees to express their opinions, share experiences, and make suggestions. This involves employees in decision-making and allows us to create a working environment where we feel safe, heard, and motivated to achieve the best results. For this purpose, we conduct two surveys: the employee opinion survey *LD Voice* and the new employee survey. The results of the *LD Voice* survey are discussed with both managers and employees: we talk about what we can be proud of, what and

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how should be improved. The result of the discussions is specific action plans that help maintain good results and improve areas that need improvement. In the latest survey, almost 90% of all employees participated, most of whom left their opinions and comments in open responses, which shows that employees feel able to speak openly, see the value of such surveys, and appreciate the dialogue with the organization. In the new employee survey, we directly ask employees how they feel in our organization. Employees are surveyed to find out whether they receive sufficient attention during the onboarding process, whether they receive enough attention and feedback from the manager, whether they had an assigned buddy, and whether the buddy helped them integrate into the organization and experience less stress. We also ask whether the assigned responsibilities are clear, because this is very important for adaptation and for experiencing less uncertainty. It is very important for us that the employee feels good in the organization, so we ask how they evaluate career opportunities. One of the questions is also about which benefits they value the most, and this allows us to see what motivates employees.

Number of Employees

As of 31/12/2024, AB Lietuvos draudimas employed 902 employees (as of 31/12/2023 – 904), the average length of service was 10.4 years, the average age – 41.7 years (2023 – 42 years, 2022 – 41 years). In 2024, the employee turnover rate (number of employees who left divided by the average number of employees) was 13.7% (2023 – 17.4%), voluntary turnover was 8.4% (2023 – 12.5%). In the Estonian branch, there were 155 employees (2023 – 157), the average total length of employment is 8 years, the average age – 46.6 years.

I Feel Good Programme

Since 2021 we have been implementing the *I Feel Good* program – periodic lectures on psychological topics are organized each year. In 2024, in cooperation with *Youth Line*, we contributed to the campaign *Green Light for Life* and supported World Mental Health Day by lighting the central office in Vilnius green, and we also held a lecture titled *Emotional difficulties: what are they and how to deal with them?* together with a representative from *Youth Line*. It is important to us that employees feel heard in the organization, so last year in lectures we talked about how to build trust in one another and in the team, how to collaborate successfully, how to make and keep agreements. Supporting employees' physical activity initiatives, for the second year in a row we organized a hike for all employees. In 2024, we dedicated the hike to the theme of sustainability and together with sustainability expert Silvestras Dikčius we talked about the importance of sustainability and how important is each of our contributions. We also implemented project *LD Values Pulse*, in which as many as 86% of employees participated in values events. The aim of the past events was for employees to internalize the organization's value-based behaviours through experiential activities and to be able to recognize them in everyday work, talk about them, and provide feedback. This strengthens the organizational culture, encourages openness, transparency, and contributes to strengthening employee well-being in the organization.

Employee Development and Competency Improvement

Training is a key part of our work culture and development, with 100% of our workforce receiving training during the year. On average, each employee completed 68 hours of training during the year. All employees must complete mandatory training in the electronic learning system eLDa, and also participate in professional and general competence training, managers learn in the LD Managers' Club, newly joined insurance consultants have a long-term and continuous onboarding and training program, and all employees have the opportunity to participate in and rewatch the *I Feel Good* lectures.

We care about our employees' careers and growth opportunities. We value the knowledge and competences of our employees and want to give them every opportunity to develop new ones and realise their full potential. At AB Lietuvos draudimas, 67% of vacancies in 2024 were filled by internal candidates (51% in 2023). In 2024, 98 employees made internal vertical or horizontal careers (76 in 2023) and 5 specialists became managers (6 in 2023). In the Estonian branch, internal candidates filled 30% of job vacancies in 2024.

Specific and timely feedback is one of the best and most effective tools to ensure employee development. We aim to make it clear to every employee what is expected of them, the meaning of what they do and how they contribute to the achievement of common goals. This is ensured by the employee performance review process. Even before the performance review interviews begin, calibration sessions are held at managerial level to

receive and provide feedback on the performance, results and behaviour of employees in the division. This ensures fair and accurate employee performance evaluations.

Ensuring Human Rights and Equal Opportunities, Promoting Diversity and Inclusion

Since 2010, we have an approved and effectively implemented Human Rights Policy. In 2018, according to the requirements of the Labour Code of the Republic of Lithuania, this policy was supplemented with a Gender Equality Implementation Program, and from 01-11-2022, after consultations with the LD Works Council, it was further supplemented with a new Violence and Harassment Prevention Program. All employees are briefed on this Policy and the above-mentioned programmes digitally upon acknowledgement of receipt of information by signature. Periodically, training and knowledge testing are organized on this topic for employees and new hires, to assess how well employees can recognize signs of workplace violence.

We support the principles of human rights enshrined in the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the fundamental conventions of the International Labour Organization (ILO), and the OECD Guidelines for Multinational Enterprises. We respect and uphold the right to equal opportunities and non-discriminatory treatment, the right to human security, children's rights, freedom of association and the right to collective bargaining. We make sure employees have a safe and healthy workplace, are paid fair wages, are free from bribes and our products are not used for human rights abuses. We are committed to ensuring that our activities are free from any violation of human rights.

In 2015, we approved and have been successfully applying a procedure for reporting violations. Violations can be reported in various ways and channels, both through the intranet and via our external website. Reports can be submitted anonymously, and protection is applied to the reporter. Responsible persons are assigned to investigate received reports, and if necessary, an investigation commission is formed. Anonymized information about violations is made public to prevent recurrence in the future. We provide the opportunities for employees to report or otherwise speak to their employer if their emotional health is at risk.

In 2024, we signed the Diversity Charter and committed that diversity and employee inclusion will become one of our strategic goals. This partnership is an important step in promoting equal opportunities for employees and creating an open and inclusive work environment. By joining the Diversity Charter Association, we give even greater importance to diversity, inclusion, and equality in the Group. Diversity in the workplace fosters new ideas and innovations and creates an inclusive environment in which every employee feels important and valued, regardless of their gender, age, origin, beliefs, or physical and mental abilities. We are convinced that only by combining diverse experiences, perspectives, and talents can we achieve outstanding results and ensure the sustainable growth of the Group.

Volunteering Initiative *I Want to Help*

We have implemented employee volunteering for many years, and each employee is granted 2 paid vacation days per year for volunteering activities. Volunteering in our organization is one of the sustainability goals, but we aim not only for set goals – we also see how important it is for employees to do meaningful work and how much value volunteering brings not only to those we help but also to ourselves. Our annual volunteer hours target is 3,200 hours. In 2023, we volunteered for 6,780 hours, and in 2024 we volunteered for 8,190 hours. This reflects our sustainable approach to social responsibility and employee engagement. Employees of our organization work throughout Lithuania, so we are able to provide help on a national scale. Our main areas of volunteering include assistance to care institutions, contribution to support activities for Ukraine, maintenance of national or regional parks, help for animal shelters, and professional volunteering. Employees share that volunteering brings a sense of purpose, better mutual understanding, and that contributing to local communities strengthens social connections. Last year, we invited all employees to a Volunteering Festival, during which 4 organizations received our helping hands: we made the sweetest jam for seniors cared for by the Maltese Order; we made candles for “Caritas”, that raise funds for the needy; we learned with the Lithuanian Red Cross how to properly pack an emergency bag; we made toys for the animals of the shelter “Lesė”. With this festival, our aim was not only to contribute good deeds but also to further spread the idea of volunteering throughout the organization.

Initiative *Protect Me*

Protect Me is a road safety initiative for children, launched by us in the year 2000, through which we insure all schoolchildren in Lithuania. The *Protect Me* campaign encourages the country's drivers to be extra attentive on the road and to pay special attention to the youngest road users, who are returning to the city streets after the summer holidays. We provide free road accident insurance for all Lithuanian schoolchildren. The insurance applies throughout September for pupils travelling on foot or by bicycle. The sum insured is EUR 5 000.

***I Can Help* Project**


The idea of the *I Can Help* project was born seven years ago, with the ambitious goal of ensuring that everyone in Lithuania knows how to provide first aid. It is important for the people of Lithuania to be able to decide quickly what and how should be done if a sudden need to help someone nearby arises. That is why, for more than seven years, we have been working towards the great goal of a first aid-literate Lithuania! Last year, during the first aid campaign, we gave away as many as 1,000 free first aid lectures and reminded people of the rhythm of the Lithuanian folk song, which can help save lives in the future. In cooperation with our close partners from the Lithuanian Red Cross, from the first days of June we invited Lithuanian residents to register and attend first aid lectures in Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys, Rokiškis, Raseiniai and Tauragė. Since the beginning of the project, we have already provided 5,000 first aid trainings. In September, we were actively involved in organizing the *First Aid Festival*, which was held for the second year in a row by the Lithuanian Red Cross to raise awareness about the importance of first aid knowledge and skills in society. In addition, on our website www.ld.lt, we share educational material about how to help in cases of choking, bleeding, and how to perform basic resuscitation. We support public events to raise awareness about first aid training and work closely with the Lithuanian Red Cross.

Public Education on Security and Sustainability

Last year, we continued our proactive communication to customers and the public on a wide range of insurance topics. Based on the main insurance product lines (home, vehicle, health and personal, travel, business insurance), we provided information in the form of press releases, advice, and expert commentary about how to protect property and health, and explained what actions to take in the event of damage. We also responded to the media's demand for topical commentary on damage caused by natural disasters or seasonal challenges to people's property. In total, we issued more than 120 press releases last year. The most covered topics in proactive communication were home and motor third party liability insurance as well as related claims.

GOVERNANCE

Our key governance objectives

Target	Result of 2024	Link to the SDGs
Lithuania		
30% of the main suppliers of AB Lietuvos draudimas must comply with the green ESG criteria	77%	

Supply Chain Responsibility

We ask all our suppliers to confirm that they comply with the provisions of the Corporate Social Responsibility Code applicable to PZU Group suppliers, under which suppliers must comply with mandatory legal requirements governing employee safety, prohibition of forced or compulsory labour and child labour, and fundamental employee rights (including the prohibition of collective bargaining). [The Code](#) is publicly available on our website.

Since 2023, we have integrated a sustainability questionnaire into the supplier selection process in Lithuania – we ask suppliers to fill in a questionnaire we have prepared to assess their level of sustainability. It must be completed by service providers whose contracts last more than one year and whose purchase amount exceeds EUR 100,000. In 2024, 77% of such suppliers met the requirements. In 2025, we plan to begin assessing supplier compliance with ESG criteria in the Estonian branch. We use green procurement criteria to ensure that the goods, services and works we buy have the lowest possible environmental impact. It becomes a lever

that encourages the business environment and our partners to apply ever higher sustainability standards in their operations.

Personal Data Protection

We comply with the requirements of the General Data Protection Regulation (GDPR) – we continuously maintain a high level of data protection. In order to ensure the protection of personal data and all information related to insurance, we continued improving our self-service website and mobile application, implementing additional functions aimed at enabling clients to provide information in the most secure and convenient way.

To ensure a high level of protection of personal data, we regularly review and update our internal procedures governing the processing of personal data and the investigation of personal data breaches, and employees are made aware of these documents and any amendments thereto. Every year, all employees improve their knowledge of personal data protection by attending training courses and taking a knowledge test.

The Data Protection Officer ensures compliance with the Personal Data Legal Protection Procedure and the requirements of laws regulating the processing of personal data and advises employees on matters of compliance with personal data protection.

Corruption and Bribery Prevention

We strictly comply with the Anti-Corruption Program, which applies to all employees and all their activities. Our employees must not give, offer or accept any bribes or 'facilitation payments', inappropriate gifts or gratuities. This obligation applies both to relations with public officials and with other natural persons or legal entities. We require strict compliance with the Anti-Corruption Program from partners, contractors, suppliers, consultants, and other persons related to the Group – they are informed about the [Anti-Corruption Program](#) published on our website and commit to follow it. We also publish rules and a list of recommendations on the intranet about how and when employees can give and receive gifts or other services without violating anti-corruption rules. All employees are provided with relevant training on how to implement the provisions of the Anti-Corruption Program. The team members must immediately inform the law enforcement officials or their own management regarding any attempts of bribing. We are committed to combating bribery and corruption in accordance with the legislation in force in Lithuania, ethical standards and in accordance with the best practices set out in the Group's Anti-Corruption Programme. The Group's community also contributes to the fight against corruption – it complies with the Group's support allocation rules, which prohibit supporting and allocating funds to political parties, military organizations, religious organizations, and individuals seeking support individually. Every year, employees update their knowledge in the field of anti-corruption by completing Anti-Corruption training. In 2024, no cases or penalties were imposed on us for violations of anti-corruption laws.

Preparation for Legislative Changes

On 28 June 2025, the [Law on Accessibility Requirements for Products and Services \(ARPSL\)](#) will enter into force, transposing the European Accessibility Act ([Directive 2019/882 on the accessibility requirements for products and services](#)). The main aim of ARPSL is to improve the accessibility of products and services not only for people with disabilities but also for older people and those with temporary or permanent functional limitations. A key accessibility requirement is the ability to perceive content in more than one way, such as in visual or audio form. According to the requirements of ARPSL, we are obliged to ensure accessibility in e-commerce. In preparation for the implementation of these requirements, in 2024 we conducted a GAP analysis to assess how many and what changes will need to be made to meet the mentioned requirements. We also prepared an action plan and began its implementation.

On 19 June 2026, amendments to the Civil Code and the Law on Consumer Protection will enter into force, which strengthen the consumer's right to withdraw from a remotely concluded contract, and more clearly regulate what information and in what way must be provided to consumers regarding their right to withdraw. Currently, a GAP analysis of these legal acts is being carried out to prepare an action plan to ensure timely implementation of the requirements.

According to Commission Implementing Regulation (EU) 2023/894, the definition of expected dividends was updated from 2024. Therefore, from Q1 2024, we began to use two indicators for monitoring the solvency ratio (before expected dividends and net of expected dividends for the current year Q1–Q3).

DORA (Digital Operational Resilience Act, Regulation (EU) 2022/2554) entered into force on 17 January 2025. Therefore, in 2024 we paid special attention to preparation and compliance with the implementation of this regulation. We carried out a GAP analysis to identify areas for improvement. Based on the analysis, we prepared an action plan with deadlines and responsible persons. The planned actions were carried out according to the prepared plan: existing policies and procedures were updated, new ones were developed, and improvements were made to existing IT management, ICT contract management, and other processes described in the regulation.

We also prepared for two new reporting requirements: notification of major ICT incidents and submission of the ICT contract register to the Bank of Lithuania.

Information on Violations

Reports on possible violations or suggestions may be submitted through the internal whistleblowing channel. Anonymous reports of legal and ethical violations or fraud can be submitted by both our employees and the public via an electronic form on the websites ld.lt or pzu.ee.

Detailed information on our governance structure is provided in the Solvency and Financial Condition Report, which is published at ld.lt.

1. Internal Control and Risk Management Systems

The risk management system is a core part of our management system. The risk management system includes processes defined in internal documents and implemented in operations that are necessary to identify, assess, monitor, and manage risks that we face or may face, both individually and in aggregate, as well as processes required to ensure appropriate communication about types of risks and their interdependence. The risk management system defines the continuous management of all known and emerging external risks that may interfere with the achievement of strategic and operational objectives.

The internal control system supports the implementation of our risk management system. It defines processes and systems necessary for the execution of legal and regulatory requirements and ensures effective and efficient achievement of strategic goals, including the reliability and availability of financial and non-financial information.

The internal control system includes supervisory, administrative, and accounting procedures, organizational structure, IT system solutions, compliance function, and other control measures (controls) that help implement our objectives and ensure security and stability.

The Group's internal control system consists of three groups of controls, which include the following key elements:

- Preventive internal control, aimed at preventing misconduct, avoiding operational errors, and the inclusion of misleading or incorrect data in databases, accounting, or financial reports.
- Special (instant) internal control, which involves unexpected inspections of specific processes, operations, assets, or parts of assets during or immediately after the operations are carried out.
- Subsequent internal control, designed to eliminate or correct misconduct, errors, inaccuracies, fraud, and incorrect or misleading data that occurred in accounting or financial reports.

The risk management and internal control systems ensure that financial statements are prepared accurately and on time, and that the data is correct.

Our Internal Control and Risk Management systems are aligned with the systems of the PZU Group.

A detailed description of the internal control and risk management system can be found in the [Solvency and Financial Condition Report](#).

2. Key Intangible Assets

The key intangible assets of AB Lietuvos draudimas that contribute to our value creation are:

- **Brand and reputation:** our brand is the most recognized and also considered the most trustworthy among all insurance companies, which helps ensure the company's long-term growth and stability. More in section '2.1. About the Group.'
- **Human capital:** focus is placed on employee competence, training, and our culture to ensure high service quality and customer satisfaction. More described in the section 'Social Responsibility.'
- **Intellectual capital:** we invest in technological innovations and digital solutions that help increase operational efficiency and provide modern insurance services. More described in '2.5. Research and Development.'
- **Relational capital:** long-term relationships with customers and partners that strengthen the company's reputation and loyalty. More described in 'Customers and Their Experience'.

These intangible assets are integrated into the Group's business model, ensure sustainable financial growth, and provide a competitive advantage.

3. Significant Events After the End of the Previous Financial Year

There were no significant events after the end of the financial year.

4. Information on Financial Risk Management Objectives, Hedging Instruments Used, and the Scope of the Group's Exposure to Price Risk, Credit Risk, Liquidity Risk, and Cash Flow Risk

Disclosed in the Set of Financial Statements and the Solvency and Financial Condition Report, which will be published on 7 April 2025 at <https://www.ld.lt/finansiniai-rezultatai>.

5. Information About the Group's Management Board and Supervisory Board

Supervisory Board

Name, surname	Position
Katarzyna Anna Galus	Chair of the Supervisory Board (until 30-05-2024)
Krzysztof Sajewski	Member of the Supervisory Board (from 30-05-2024 to 12-12-2024), Chair of the Supervisory Board (from 03-06-2024 to 12-12-2024)
Piotr Bielarczyk	Member of the Supervisory Board (from 15-01-2025 to 13-03-2025), Chair of the Supervisory Board (from 17-01-2025 to 13-03-2025)
Marcin Goral	Member of the Supervisory Board (until 02-07-2024)
Weronika Dejneka	Member of the Supervisory Board (until 14-01-2025)
Jan Pstragowski	Member of the Supervisory Board (until 30-05-2024)
Krzysztof Soltysik	Member of the supervisory board
Jakub Sajkowski	Member of the supervisory board
Kazimiera Jaromin	Member of the Supervisory Board (from 30-05-2024)
Lidia Orzechowska	Member of the Supervisory Board (from 20-09-2024)
Zofia Gajewska	Member of the Supervisory Board (from 2025-01-15 to 2025-03-04)
Bogdan Benczak	Member of the Supervisory Board (from 2025-03-24) Chair of the Supervisory Board (from 2025-03-24)

Board of Directors

Name, Surname	Position
Kęstutis Šerpytis	Chairman of the Board, CEO
Artūras Juodeikis	Member of the Management Board, Director of the Claims Department Member of the Management Board, Director of the Strategy, Customer and Marketing Department
Aurelija Kazlauskienė	Member of the Management Board, Director of the Insurance Risk Department
Julius Kondratas	Member of the Management Board, Director of the Private Sales Department
Raimondas Geleževičius	Member of the Management Board, Head of the Eesti Branch of AB Lietuvos draudimas
Mihkel Uibopuu	Member of the Management Board, Director of the Business Clients Department
Simonas Lisauskas	Member of the Management Board, Director of the Finance Department
Arūnas Rumskas	Member of the Management Board, Director of the Operations and IT Department
Dainius Brandišauskas	

Information about Supervisory Board members involved in other organisations

Katarzyna Anna Galus

Position: Director of the Foreign Operations Supervision Department
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Director of the Foreign Operations Supervision Department
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Annual Management Report
For the year ended 31 December 2024

Position: Chairperson of the Supervisory Board
Organisation: AAS BALTA
Legal form of the organisation: Insurance Public Limited Company
Company code: 40003049409
Address: Rauno str. 10/12, LV-1039 Riga, Latvia

Position: Chairperson of the Supervisory Board
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania

Position: Member of the supervisory board
Organisation: Voxel SA
Legal form of the organisation: Public limited liability company
Company code: 238176
Address: Wielicka str. 265, 30-663 Krakow, Poland

Krzysztof Sajewski

Position: Director of the Legal Department
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Director of the Legal Department
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Deputy Chairman of the Management Board
Organisation: PZU Centrum Operacji SA
Legal form of the organisation: Public limited liability company
Company code: 0000043026
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Piotr Bielarczyk

Position: Director of the Corporate Office
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Director of the Corporate Office
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Member of the supervisory board
Organisation: AAS BALTA
Legal form of the organisation: Insurance Public Limited Company
Company code: 40003049409
Address: Rauno str. 10/12, LV-1039 Riga, Latvia

Position: Chairperson of the Supervisory Board
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737

Annual Management Report
For the year ended 31 December 2024

Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania

Marcin Goral

Position: Executive Director of Strategy at the PZU Group
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Executive Director of Strategy at the PZU Group
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Member of the supervisory board
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania

Position: Member of the supervisory board
Organisation: AAS BALTA
Legal form of the organisation: Insurance Public Limited Company
Company code: 40003049409
Address: Rauno str. 10/12, LV-1039 Riga, Latvia

Weronika Dejneka

Position: Coordinator
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Coordinator
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Member of the supervisory board
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania

Position: Member of the supervisory board
Organisation: AAS BALTA
Legal form of the organisation: Insurance Public Limited Company
Company code: 40003049409
Address: Rauno str. 10/12, LV-1039 Riga, Latvia

Position: Chairperson of the Board
Organisation: SA PZU Cash
Legal form of the organisation: Public limited liability company
Company code: 0000688411
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Member of the Board
Organisation: PZU Zdrowie
Legal form of the organisation: Joint Stock Company

Annual Management Report
For the year ended 31 December 2024

Company code: 0000395215
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Jan Pstragowski

Position: Head of Project Management
Organisation: TFI PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000019102
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Head of Project Management
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Head of Project Management
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Krzysztof Soltysik

Position: Director of Credit Risk and Related Parties
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Director of Credit Risk and Related Parties
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Member of the supervisory board
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania

Position: Member of the supervisory board
Organisation: AAS BALTA
Legal form of the organisation: Insurance Public Limited Company
Company code: 40003049409
Address: Rauno str. 10/12, LV-1039 Riga, Latvia

Position: Member of the supervisory board
Organisation: PZU Ukraine PrJSC IC
Legal form of the organisation: Public limited liability company
Company code: 20782312
Address: 62, Dehtiarivska str., Kiev, 0411, Ukraine

Position: Member of the supervisory board
Organisation: PZU Ukraine Life Insurance PrJSC IC
Legal form of the organisation: Public limited liability company
Company code: 32456224
Address: 62, Dehtiarivska str., Kiev, 0411, Ukraine

Jakub Sajkowski

Annual Management Report
For the year ended 31 December 2024

Position: Executive Director – Commercial Insurance
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Kazimiera Jaromin

Position: Foreign Operations Oversight Coordinator
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Foreign Operations Oversight Coordinator
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Member of the supervisory board
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania

Lidia Orzechowska

Position: Head of Finance, Insurance Holding Company Subsidiaries, Planning and Control Office
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Head of Finance, Insurance Holding Company Subsidiaries, Planning and Control Office
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Member of the supervisory board
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania

Position: Member of the supervisory board
Organisation: AAS BALTA
Legal form of the organisation: Insurance Public Limited Company
Company code: 40003049409
Address: Rauno str. 10/12, LV-1039 Riga, Latvia

Zofia Gajewska

Position: Director of the Board Office
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Director of the Board Office
Organisation: PZU Zycie SA
Legal form of the organisation: Public limited liability company

Annual Management Report
For the year ended 31 December 2024

Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Member of the supervisory board
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania

Position: Member of the supervisory board
Organisation: AAS BALTA
Legal form of the organisation: Insurance Public Limited Company
Company code: 40003049409
Address: Rauno str. 10/12, LV-1039 Riga, Latvia

Bogdan Benczak

Position: Managing Director for Corporate Affairs and foreign operations
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 0000009831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Varšuva, Lenkija

Position: Managing Director for Corporate Affairs and foreign operations
Organisation: „PZU Zycie SA“
Legal form of the organisation: Public limited liability company
Company code: 0000030211
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Varšuva, Lenkija

Position: Chairman of the Supervisory Board
Organisation: UAB „PZU Lietuva gyvybės draudimas“
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lietuva

Position: Chairman of the Supervisory Board
Organisation: AAS BALTA
Legal form of the organisation: Insurance Public Limited Company
Company code: 40003049409
Address: Raunas iela 10/12, LV-1039 Ryga, Latvija

Position: Chairman of the Supervisory Board
Organisation: „PZU Ukraine PrJSC IC“
Legal form of the organisation: Public limited liability company
Company code: 20782312
Address: 62, Dehtiarivska str., Kiev, 0411, Ukraine

Position: Chairman of the Supervisory Board
Organisation: „PZU Ukraine Life Insurance PrJSC IC“
Legal form of the organisation: Public limited liability company
Company code: 32456224
Address: 62, Dehtiarivska str., Kiev, 0411, Ukraine

Disclosure of Information About Management Board Members Participating in Other Organisations

Kęstutis Šerpytis

Position: Member of the Council
Organisation: Lithuanian Insurers Association
Legal form of the organisation: Association
Company code: 121737585
Address: Gedimino pr. 45-11, LT-01109 Vilnius, Lithuania

Annual Management Report
For the year ended 31 December 2024

Position: Chairperson of the Council
Organisation: Motor Insurers' Bureau of the Republic of Lithuania
Legal form of the organisation: Association
Company code: 125709291
Address: Algirdo g. 38, LT-03606 Vilnius, Lithuania

Mihkel Uibopuu

Position: Member of the Board
Organisation: MKU IDEED OU
Legal form of the organisation: Public limited liability company
Company code: 12206020
Address: Metsise str. 5-3 Tallinn, Estonia

Arūnas Rumskas

Position: Coordinator of the Foreign Operations Supervision Department
Organisation: PZU SA
Legal form of the organisation: Public limited liability company
Company code: 9831
Address: Rondo Ignacego Daszyńskiego 4, 00-843 Warsaw, Poland

Position: Management Board Member, Chief Financial Officer
Organisation: AAS BALTA
Legal form of the organisation: Insurance Public Limited Company
Company code: 40003049409
Address: Rauno str. 10/12, LV-1039 Riga, Latvia

Position: Chairman of the Board, CEO
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania

Aurelija Kazlauskienė

Position: Chairperson of the Board
Organisation: UAB LTG Link
Legal form of the organisation: Private limited liability company
Company code: 305052228
Address: Geležinkelio g. 16, LT-02100 Vilnius, Lithuania

Julius Kondratas

Position: Member of the Board
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus 10B, LT-01118 Vilnius, Lithuania

Dainius Brandišauskas

Position: Director of Operations and IT Department
Organisation: UAB PZU Lietuva gyvybės draudimas
Legal form of the organisation: Private limited liability company
Company code: 110082737
Address: J. Basanavičiaus g. 10B, LT-01118 Vilnius, Lithuania


2. Consolidated Financial Statements


2.1. Consolidated statement of comprehensive income

	Note	2024	2023
Insurance service result before reinsurance		54.315	40.054
Insurance revenue	6.1, 6.3	436.698	381.866
Insurance service expenses	6.3	(382.383)	(341.812)
Expenses from reinsurance contracts held		(8.270)	(3.648)
Allocation of reinsurance premiums	6.2, 6.4	(16.978)	(13.683)
Amounts recoverable from reinsurers	6.4	8.708	10.035
Insurance service result		46.045	36.406
Insurance finance expenses	7	(1.679)	(309)
Reinsurance finance income	7	91	27
Interest income calculated using the effective interest method	8	9.333	6.038
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	8	(2.191)	(537)
Net gains on FVTPL investments	8	1.630	632
Other profit (loss) from investment activity	8	748	(624)
Movement in allowances for expected credit losses and impairment losses on financial instruments	9	23	(55)
Finance costs	10	(385)	(129)
Other operating income	11	500	1.524
Other operating expenses	11	(1.759)	(4.935)
Profit before tax		52.355	38.038
Income tax expense	12	(6.965)	(4.513)
Profit for the year		45.390	33.525
Other comprehensive income (OCI)		7.904	11.772
Items that are or may be reclassified to profit or loss	13	7.987	7.658
Items that will not be reclassified to profit or loss	13	(83)	4.114
Total comprehensive profit / (loss) for the reporting year		53.294	45.296

All profit / (loss) is attributable to the owners of AB "Lietuvos draudimas".
Notes on pages 34 to 78 are an integral part of these consolidated financial statements.


Kęstutis Šerpytis
Chief Executive Officer
9 April 2025


Šarūnas Bazaras
Accounting and reporting manager



Kęstutis Gadeikis
Chief Actuary


2.2. Consolidated statement of financial position

	Note	2024-12-31	2023-12-31
Total Assets		512.846	457.255
Cash and cash equivalents	14	10.580	10.429
Financial assets at amortized cost	15	658	0
Financial assets at fair value through other comprehensive income	15	416.322	359.013
Financial asset at fair value through profit or loss	15	16.649	15.019
Reinsurance contract assets	6.4	19.301	21.241
Other assets	16	2.298	2.360
Intangibles	17	5.348	5.511
Investment property	18	13.380	13.145
Property, plant and equipment and right-of-use assets	19	22.351	22.970
Receivables	20	4.035	4.332
Deferred tax asset	12	1.924	3.236
Total equity		193.844	164.049
Share capital	21	11.665	11.665
Revaluation reserve	21	3.479	-4.425
Share premium	21	937	937
Retained earnings	21	175.318	153.427
Legal reserve	21	2.444	2.444
Total liabilities		319.002	293.206
Insurance contract liabilities	6.3	281.751	260.802
Reinsurance contract liabilities	6.4	1.629	2.222
Other liabilities	22	35.534	30.182
Deferred tax liability	12	88	0
Total equity and liabilities		512.846	457.255

Notes on pages 34 to 78 are an integral part of these consolidated financial statements.


Kęstutis Šerpytis
Chief Executive Officer
9 April 2025


Šarūnas Bazaras
Accounting and reporting manager


Kęstutis Gadeikis
Chief Actuary

Lietuvos draudimas AB
Company's code 110051834, J. Basanavičiaus st. 10, Vilnius
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2024
(All amounts in thousands of euro unless otherwise stated)


2.3. Consolidated statement of changes in equity

	Share capital	Fair value reserve	Finance expenses and income from insurance and reinsurance contracts	Share premium	Legal reserve	Retained earnings	Total
Balance at 31 December 2022	11.665	(22.893)	6.697	937	2.444	127.902	126.753
Net profit for the reporting period						33.525	33.525
Other comprehensive income		15.490	(3.719)				11.771
Total comprehensive income	-	15.490	(3.719)	-	-	33.525	45.297
Transactions with owners of the Group							
Dividends paid						(8.000)	(8.000)
Balance at 31 December 2023	11.665	(7.403)	2.978	937	2.444	153.427	164.049
Net profit for the reporting period						45.390	45.390
Other comprehensive income		9.333	(1.429)				7.904
Total comprehensive income	-	9.333	(1.429)	-	-	45.390	53.294
Transactions with owners of the Group							
Dividends paid						(23.500)	(23.500)
Balance at 31 December 2024	11.665	1.931	1.548	937	2.444	175.318	193.844

All equity is attributable to the owners of AB "Lietuvos draudimas".

Notes on pages 34 to 78 are an integral part of these consolidated financial statements.


Kęstutis Šerpytis
Chief Executive Officer
9 April 2025


Šarūnas Bazaras
Accounting and reporting manager


Kęstutis Gadeikis
Chief Actuary

Lietuvos draudimas AB

Company's code 110051834, J. Basanavičiaus st. 10, Vilnius

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024


(All amounts in thousands of euro unless otherwise stated)


2.4. Consolidated statement of cash flows

	Note	2024-12-31	2023-12-31 (restated)*
Cash and cash equivalents as at 1 January		10.428	9.274
Cash flows from operating activities			
Premiums received from direct insurance	6.3	436.404	396.646
Claims paid for direct insurance		(264.207)	(235.746)
Payments received from ceded reinsurance		9.941	5.117
Payments made for ceded reinsurance		(16.038)	(14.455)
Operating expenses paid		(86.384)	(84.463)
Income tax paid		(6.275)	(3.965)
Taxes paid on ordinary activities		(24.244)	(23.570)
Investments management fee		(444)	(878)
Amounts recovered through subrogation		17.546	18.554
Cash flows from operating activities		66.299	57.240
Cash flows from investing activities			
Disposal of investment units	15	51.136	83.088
Redemption of investment units	15	102.482	46.696
Acquisition of investment units	15	(201.836)	(174.428)
Interest received from debt and other fixed income securities		8.643	6.695
Dividends from shares		129	71
Sale of intangible assets and property, plant and equipment	17, 19	1.669	245
Purchase of intangible assets and property, plant and equipment	17, 19	(3.084)	(9.795)
Term deposits placed with credit institutions		(650)	-
Cash flows from investing activities		(41.511)	(47.428)
Cash flows from financing activities			
Dividends paid		(23.500)	(8.000)
Payments made for lease liabilities - Capital part	31	(752)	(528)
Payments made for lease liabilities - interest part	31	(384)	(129)
Cash flows from financing activities		(24.636)	(8.657)
Cash and cash equivalents as at 31 December	14	10.580	10.429

Notes on pages 34 to 78 are an integral part of these consolidated financial statements.


Kęstutis Šerpytis
Chief Executive Officer
9 April 2025


Šarūnas Bazaras
Accounting and reporting manager


Kęstutis Gadeikis
Chief Actuary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts in thousands of euro unless otherwise stated)

3. General information

Lietuvos draudimas AB (hereinafter "Group") is an insurance joint stock Group which was registered in Vilnius, the Republic of Lithuania in 1996. The Group offers a wide range of non-life insurance services both to corporate and private individuals.

<i>Name</i>	<i>Insurance Joint Stock Group LIETUVOS DRAUDIMAS</i>
<i>Legal address</i>	<i>J.Basanavičiaus str. 10, LT-01118, Vilnius</i>
<i>Phone</i>	<i>1828</i>
<i>Tax payer's code in Lithuania</i>	<i>10051834</i>
<i>Shareholder</i>	<i>POWSZECHNY ZAKŁAD UBEZPIECZEŃ S.A., a joint-stock Group, Poland (100%)</i>

The Group's shares are not listed. The Group belongs to a group whose parent Group trades its shares on the Warsaw Stock Exchange and whose main shareholder is the State Treasury of Poland owning more than 34% of the shares. The ultimate controlling party is Polish government represented by State Treasury of Poland.

The Group has a branch in Estonia, by the name Lietuvos Draudimas AB Eesti filial, registration number 12831829, registered address Parnu mnt 141, Tallinn, Estonia, and two subsidiaries: B10 biurai, registration number 306272437, registered address J.Basanavičius str. 12, LT-03224, Vilnius, Lithuania and B10 apartamentai, registration number 306272533, registered address J.Basanavičius str. 12, LT-03224, Vilnius, Lithuania.

4. Basis of presentation of the consolidated financial statements and material accounting policy and other explanatory information

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Consistent accounting principles have been applied to the financial years presented in these consolidated financial statements. Consolidated financial statements have been authorised for issue by the management (Chief Executive Officer, Accounting and reporting manager and Chief Actuary) on 9th April 2025. The shareholders have the power to reject the consolidated financial statements prepared and issued by the management and the right to request that new consolidated financial statements be issued.

4.1. Basis of preparation

4.1.1. Statement of compliance

These consolidated financial statements were prepared in accordance with IFRS accounting standards (hereinafter "IFRS") as adopted by the European Union (hereinafter "EU").

4.1.2. Functional and presentation currency

All amounts in the consolidated financial statements and disclosures are presented in thousands of euro (EUR thousand), unless otherwise stated, which is the Group's functional currency.

4.1.3. Basis of measurement

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

- Financial instruments measured through PL (at fair value)
- Financial instruments measured through OCI (fair value)
- Insurance and reinsurance contracts (fulfilment cashflows in line with IFRS 17)
- Investment property (fair value measurement basis)

4.1.4. Reporting year

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

4.1.5. Consolidation of subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts in thousands of euro unless otherwise stated)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

4.1.6. Estimates

The preparation of consolidated financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where estimates and judgments are significant to the financial statements are disclosed in Note 5.

4.2. New standards and interpretations, reclassification of balances in the consolidated financial statements

4.2.1. Standards and interpretations effective in the reporting period and adopted by the Group

Standards adopted by the EU for annual periods beginning on or after 1 January 2024:

(i) *Lease Liability in a Sale-and-Leaseback (Amendment to IFRS 16)*

The amendment requires that when measuring lease liabilities arising from a leaseback, the seller (lessee) should not recognize any gain or loss related to the retained right of use.

(ii) *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and also that the intentions or expectations of an entity regarding the willingness to use the possibility of deferring a liability are not relevant for the classification.

(iii) *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)*

The amendments relate to disclosure requirements (qualitative and quantitative) on supplier financing arrangements. Entities will be required to disclose information to assess how supplier arrangements affect the entity's liabilities and cash flows and to understand the impact of supplier arrangements on the entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to the entity.

The amendment introduces disclosure requirements on:

- the terms and conditions of the supplier finance arrangements;
- for the arrangements, as at the beginning and end of the reporting period: - the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
 - the carrying amount of financial liabilities disclosed referred to above for which suppliers have already received payment from the finance providers;
 - the range of payment due dates of financial liabilities referred to above and comparable trade payables that are not part of a supplier finance arrangement; and
- the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.

Supplier financing arrangements are also added as an example under the liquidity risk disclosure requirements.

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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4.2.2. New Standards and Interpretations not yet adopted

Some new standards, amendments to standards and clarifications for annual periods beginning after 1 January 2025 have not yet been effective and have not been applied in preparing these consolidated financial statements in advance:

- The effects of changes in foreign exchange rates (Amendments to IAS 21);

The amendments relate to requirements to be applied by entities when the foreign exchange currency is not exchangeable.

The amendment will not affect the consolidated statements to any significant extent.

- Presentation and disclosures in financial statements (IFRS 18);

IFRS 18 to replace IAS 1 – Presentation of Financial Statements. The new standard aims to improve information on the financial performance of entities.

The new requirements include, among others:

- Presentation of the profit and loss account, in particular the disclosure of specific totals and subtotals – all income and expenses will have to be classified into one of five categories – operating, investment, finance, income tax and discontinued operations. The presentation of the operating result, the result before financing and income tax and profit or loss will be compulsory;
- The performance measures used by management, defining them as subtotals that the entity uses in external communications, outside the financial statements, presenting a management perspective on the performance of the entity. IFRS 18 will require disclosure of all of an entity's performance measures in a single note, including how the measure was calculated, its value in use and reconciliation to the most comparable value, in accordance with IFRS 18;
- Guideless on aggregation and disaggregation of financial information.

The application of the new standard will affect the disclosures presented in the consolidated financial statements and the Group is in the process of analysing this impact.

- Subsidiaries not accountable to the public – Disclosures (IFRS 19);

The new IFRS 19 standard allows subsidiaries to limit the scope of disclosures when applying IFRS in their financial statements.

The amendment will not affect the consolidated statements to any significant extent.

- Changes in classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7);

The amendments are in response to emerging concerns in the application of the standards and include, among others:

- clarification of the timing of recognition and discontinuation of recognition of financial assets and liabilities, including a new exception for financial liabilities settled by electronic transfer;
- clarifications and additional guidance clarifying whether financial assets meet the criteria of the principal and interest flow test (SPPI test);
- new disclosures;
- amendments of disclosure requirements.

The Group is in the process of analysing this impact.

- Annual updates (11th edition).

The updates will not affect the consolidated statements to any significant extent.

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*(All amounts in thousands of euro unless otherwise stated)***4.3. Correction of material error in cashflows statement and presentation changes in the consolidated financial statements**

The Group has revised the names and items included in cashflows statement during 2024 and to have more granular and clear layout.

In 2024 the Group discovered an error in disclosing payments made for lease liabilities in 2023 cashflows. The error (-6,4m EUR) resulted in material overstatement of payments made for lease liabilities recognized in 2023. Also, the same amount with opposite sign was included under cash flows from operating activities which resulted in material overstatements of cash received.

The other restatements, caused by wrong presentation of major classes of cash receipts and payments in prior year, include:

- split of disposals of investment units to disposals and redemptions (maturities);
- split of acquisition of investment units to purchase of property plant and equipment and acquisition of investment units;
- separate presentation of income tax paid, previously presented within line "taxes paid on ordinary activities";
- separate presentation of amounts recovered from subrogation, previously presented within line "Amounts paid on other operating activities of insurance undertakings";
- eliminated reinsurance non- related payments from line "payments made for ceded reinsurance".

In addition, the group has reclassified taxes paid from line "operating expenses paid" to line "taxes paid on ordinary activities".

The restatements and reclassifications have been made as follows:

	2023-12-31 As previously reported	Increase/ (Decrease)	2023-12-31 (restated)
Cash flows from operating activities			
Premiums received from direct insurance	397.869	(1.223)	396.646
Claims paid for direct insurance	(235.064)	(682)	(235.746)
Payments received from ceded reinsurance	5.799	(682)	5.117
Payments made for ceded reinsurance	(17.270)	2.815	(14.455)
Operating expenses paid	(99.396)	14.933	(84.463)
Income tax paid	-	(3.965)	(3.965)
Taxes paid on ordinary activities	(10.518)	(13.052)	(23.570)
Investments management fee	-	(878)	(878)
Amounts paid on other operating activities of insurance undertaking	22.235	(22.235)	-
Amounts recovered through subrogation		18.554	18.554
Cash flows from operating activities	63.655	(6.415)	57.240
Cash flows from investing activities			
Disposal of investment units	130.492	(47.404)	83.088
Redemption of investment units	-	46.696	46.696
Acquisition of investment units	(183.646)	9.218	(174.428)
Interest received from debt and other fixed income securities	6.766	(71)	6.695
Dividends from shares	-	71	71
Amounts from other investing activities	(1.040)	1.040	-
Sale of intangible assets and property, plant and equipment	-	245	245
Purchase of intangible assets and property, plant and equipment	-	(9.795)	(9.795)
Cash flows from investing activities	(47.428)	-	(47.428)
Cash flows from financing activities			
Dividends paid	(8.000)	-	(8.000)
Payments made for lease liabilities including fees and interest	(7.072)	7.072	-
Payments made for lease liabilities - Capital part	-	(528)	(528)
Payments made for lease liabilities - interest part	-	(129)	(129)
Cash flows from financing activities	(15.072)	6.415	(8.657)

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4.4. Insurance contracts, reinsurance

4.4.1. Classification of contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. All contracts concluded are classified as non-life insurance contracts and the Group does not conclude any investment contracts.

4.4.2. Level of aggregation

For measurement purposes, insurance contracts are aggregated into so-called groups of insurance contracts. The purposes of this aggregation is to ensure that profits are recognized over time in proportion to the insurance service provided, and losses, are recognized immediately then the entity assesses that the concluded contract is onerous. Offsetting profits and losses between identified groups of insurance contracts is not allowed. Insurance contracts are aggregated into groups of insurance contracts, taking into consideration the following three levels:

- Portfolio – contracts with similar risk characterization, managed jointly;
- Profitability – contracts belonging to the same profitability group;
- Cohort – contracts issued no more than one year apart.

Insurance contracts are split into homogenous risk groups. Reinsurance contracts are split even in more details (per reinsurance type and counterparty). Both Insurance and Reinsurance contracts are measured using quarterly cohorts which lead to assessment of profitability and the identification of onerous contracts becoming much more detailed.

4.4.3. Contract boundaries

The measurement of an insurance contract covers solely the cash flows that are within the contract boundary. The contract boundary separates future cash flows related to existing insurance contracts from future cash flows related to insurance contracts yet to be concluded. Lietuvos draudimas sets the contract boundary when Lietuvos draudimas cannot compel the policyholder to pay the premiums or when Lietuvos draudimas has a substantive obligation to provide the policyholder with insurance contract services. The substantive obligation ends when Lietuvos draudimas has the practical ability to reassess the risk of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

4.4.4. Measurement overview

An entity is permitted to apply the PAA to measure a group of insurance contracts if, at inception of the group:

- the coverage period of each contract in the group of insurance contracts is one year or less; or
- the entity reasonably expects that the PAA would produce a measurement of the LRC for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying GMM.

Variability in the fulfilment cash flows increase with:

- the extent of expected cash flows relating to any embedded derivatives that exist in the contract; and
- the length of the coverage period.

A group containing contracts with a coverage period longer than one year can still be eligible for the PAA based on an assessment of the expected variability of cash flows.

In Lietuvos draudimas total majority of non-life insurance and reinsurance contracts automatically meet the criteria for applying the simplified Premium allocation approach (PAA) method due to their insurance coverage duration being 12 months or less.

It is worth to notice that in case of onerous portfolio the PAA actually leads to the same LRC as using GMM.

The remaining part which has insurance coverage duration longer than 12 months comes from limited number of contracts having limited variability FCFs and passing PAA eligibility criteria. Therefore, only PAA method is used for all non-life insurance contracts.

In PAA model, liability for remaining coverage is analogous to the provision for unearned premiums mechanism, without separate presentation of Risk adjustment and Contractual service margin, while the

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liability for incurred claims is measured using the General Measurement Model, wherein the insurance liability is calculated as the sum of discounted value of the best estimate of future cash flows and risk adjustment.

On initial recognition of each group, the carrying amount of the liability for remaining coverage is measured at the premiums received net of acquisition cash flows on initial recognition.

Subsequently, the carrying amount of the liability for remaining is increased by any further premiums received and decreased by acquisition cash flows paid and the amount recognized as insurance revenue for services provided. Lietuvos draudimas does not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk, i.e. the liability for remaining coverage is not discounted.

If at any time during the coverage period, facts and circumstance indicate that a group of contracts is onerous, then Lietuvos draudimas will recognize a loss in income statement and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

Lietuvos draudimas recognizes the liability for incurred claims of a group of contracts at the amount of the fulfilment cash flows (best estimate liabilities including risk adjustment) relating to incurred claims, and all the future cash flows are discounted.

4.4.5. Presentation and disclosures

Portfolios of insurance contracts that are assets and those that are liabilities are presented separately in the consolidated statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis in insurance liabilities.

Amounts recognized in the statement of profit or loss and OCI are disaggregated into:

- a) an insurance service result, comprising insurance revenue and insurance service expenses;
- b) insurance finance income and expenses.

The separate presentation of insurance service and insurance finance results will provide added transparency about the sources of profits and quality of earnings.

Insurance service result

For contracts measured using the PAA, insurance revenue is recognized based on an allocation of expected premium receipts to each period of coverage, which is based on the expected timing of passage of time. Administrative expenses that relate directly to fulfilment of contracts are recognized in profit or loss as insurance service expenses, generally when they are incurred. Only costs which meet definition of acquisition costs definition under IFRS 17 are deferred. Expenses that do not relate directly to fulfilment of contracts are presented outside the insurance service result.

Insurance finance income and expenses

Changes in the carrying amounts of group of contracts arising from the effects of the time value of money and financial risks are presented as insurance finance income or expenses. Lietuvos draudimas chooses to disaggregate insurance finance income or expenses between profit or loss and OCI. This is expected to reduce accounting mismatch in profit or loss as bonds are measured at FVOCI. The amount included in profit or loss will be determined by a systematic allocation of the expected total insurance income or expenses over the duration of the group of contracts. This allocation is based on locked-in rates corresponding to the quarter when the claims were incurred (the respective quarterly locked-in rates are the rates from the beginning of the quarter).

Disclosure

New extensive disclosures about amounts recognized in the consolidated financial statements, including detailed reconciliation of contracts as well as disclosures about judgements made. Consolidated financial statements also contain expanded disclosures about the nature and extent of risk from insurance and reinsurance contracts. Disclosures will generally be at a granular level, providing more transparent information for assessing the effects of contracts on the consolidated financial statements.

4.5. Interest income and expense

Interest income and expense are recognised in the profit and loss for all interest-bearing instruments on an accrual basis using the effective interest rate method. Interest income includes coupons earned on fixed

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income debt securities, interest on bank deposits and other loans and accrued discounts and premiums on discounted instruments.

4.6. Financial instruments

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

The Group classifies non-derivative financial liabilities into the following categories:

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Measured at amortised cost

These assets are initially measured at fair value plus any directly attributable transaction costs. Assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

A financial asset is measured at amortized cost if the following two conditions are met and is not designated at fair value through profit loss:

- The assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Debt financial assets measurement at fair value through other comprehensive income

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

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt securities are held within a business model the objective of which is achieved by both collecting contractual cash flows and selling debt securities. These assets are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity financial assets at fair value through other comprehensive income

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The Group holds equity instruments for strategic purposes for a long time. Trading equity securities is not a normal part of the business model. For these reasons, the Group has opted to measure equity instruments at fair value through other comprehensive income.

For equity investments held for non-trade purpose the Group elects to apply fair-value-through-other-comprehensive income option. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequently these financial instruments are measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at fair value through profit or loss

The Group's investments in collective investment undertakings do not meet the criteria to account for these investments in other categories of financial assets than the assets measured at fair value through profit or loss.

These assets are initially measured at fair value. The fair value option is available on initial recognition to irrevocably designate a financial asset as recognised at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising gains and losses on them on a different basis.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than foreign currency differences on debt instruments, are recognised in profit or loss.

(ii) Non-derivative financial liabilities – Measurement

Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

4.7. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. Unobservable inputs used for Level 3 assets in fair value hierarchy as valuation is not be based on observable market data.

4.8. Intangible assets

Intangible assets are stated at historical cost, less any subsequent accumulated amortisation and accumulated impairment losses, if any. Intangible assets are recognised if it is probable that future economic benefits that

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are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably. Assets are amortized on a straight-line basis over their estimated useful lives, which are from 1 to 14 years. The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets.

4.9. Property and equipment

Assets are controlled and managed by the Group, it is reasonably expected to gain economic benefit from the assets in the future periods, which will be used in the supply of services or for administrative purposes by the Group for more than one-year period, the acquisition cost can be reliably measured and which is higher than EUR 1 000 including VAT.

Assets are stated at acquisition cost less any subsequent accumulated depreciation and accumulated impairment losses, if any. Land is not depreciated.

Calculation of depreciation is started from the month following the month of putting the asset into operation using the straight-line method over the estimated useful life of the tangible asset. Estimated useful lives of key groups of assets are as follows:

Buildings	30–80 years
Other buildings	15 years
Motor vehicles	8 years
Office equipment	3–8 years
Lease under IFRS	is set based on the contract term when the lessee does not expect to obtain ownership of the asset at the end of the lease.

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

Leasehold improvements are depreciated on a straight-line basis during leasehold period.

Profit or loss from disposal of property and equipment is calculated as the difference between the book value of the property and equipment and income generated from sale, and charged to profit or loss as incurred.

Property and equipment also include assets from leases of land and premises. The value of such assets in the consolidated financial statements upon initial recognition is shown at the present value of all future lease payments. Subsequent value is decreased by depreciated amount.

4.10. Investment property

Investment property constitutes real estate maintained in order to earn lease revenue and/or profit from property value increase, and is accounted for at fair value, and the depreciation thereof is not calculated. The fair value of investment property is reviewed each time annual consolidated financial statements are drawn up, and any changes thereof are reflected in the profit and loss.

Any repair works for the investment property are recognised as costs of the period during which they were incurred.

4.11. Foreign currency revaluation

Foreign currency transactions are translated into euro applying the euro foreign exchange reference rate published by the European Central Bank at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date foreign exchange reference rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss of the respective period.

	2024-12-31	2023.12.31
1 USD/EUR	0,9626	0,9050
1 GBP/EUR	1,2060	1,1507
1 PLN/EUR	0,2339	0,2304

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4.12. Corporate income tax

Corporate income tax expense represents the sum of the tax currently payable and deferred income tax change.

Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the date of the statement of consolidated financial position. Income tax rate applied for the Group was 15% in Lithuania and 0% in Estonia in 2024 (15% in Lithuania and 0% in Estonia in 2023).

Income tax rate is increased from 15% to 16% in Lithuania since 1st January 2025 and also since 1st January 2026 Income tax rate of 2% will be introduced in Estonia.

Deferred income tax

Deferred income tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is accounted for in profit or loss, except when it relates to items accounted for directly in equity, in which case the deferred tax is also dealt with in equity and the change of deferred tax is recognised in OCI. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.13. Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

4.14. Impairment

Impairment of property and equipment and intangible assets

At each reporting date, the Group reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation cannot be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the

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time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment of financial assets

Impairment of financial assets is recognised based on expected credit loss (ECL) which could be suffered due to counterparty default. Expected credit losses model is applied on financial assets measured at fair value through other comprehensive income (except equity instruments) and on financial instruments measured at amortised cost. It is not applicable on financial instruments measured at fair value through profit or loss as well as on equity instruments measured at fair value through other comprehensive income.

Terms and definitions:

Expected Credit Loss (ECL) – the expected decrease in future cash-flows due to default event or impairment of receivables;

Probability of default (PD) – probability that over particular time liabilities to the Group will not be fulfilled.

Loss Given Default (LGD) – share of financial asset expected to lose in the case of default event;

Exposure at Default (EAD) – the amount which is exposed to default risk and for which expected credit losses are calculated;

Lifetime ECL – the expected credit losses from all possible default events over the expected life of the financial instrument;

12-month ECL – the part of the credit loss for the period of validity, resulting from loss events likely to occur within the next 12 months from the assessment date;

Recovery rate – is the extent to which defaulted debt can be recovered.

ECL on debt instruments measured at FVOCI

ECL on debt instruments is calculated based on probability of counterparty default (PD) and expected loss given default (LGD). PDs are determined by using statistics (default history of issuers with the same rating) published by major credit rating agencies. Certain probabilities of default are calculated and assigned to each financial instrument according credit rating of issuer. LGDs evaluation is also based on historical recovery rates published by credit agencies.

The Group applies 12-month ECL on debt instruments. Except if credit risk of a financial asset at the reporting date increased significantly compared to credit risk at date of initial recognition the Group applies Life-time ECL. Credit risk is determined based on external credit rating. Group considers that a financial asset's credit risk has not increased significantly if the asset has low credit risk (credit rating is under investment-grade class) at the reporting date.

Presentation in financial statements

For financial assets measured at amortised cost the loss allowance is deducted from the gross carrying amount of the assets. For debt investments measured at FVOCI the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position. The impairment on receivables is recognised in profit or loss for the period.

4.15. Employee benefits

The Group calculates annual bonuses for personnel based on the Group's reporting year's financial results and the achievement of personal goals. Short-term employee benefits, including salaries and social security

Lietuvos draudimas AB

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contributions, bonuses and vacation benefits, are included in Administrative expenses on an accrual basis. For some employees, a part of the annual bonus may be deferred and paid out in up to several years subsequent to the calculation year. The accruals for personnel bonuses represent the amount accrued as at the year end. The Group pays social security contributions to the State Social Security Fund (the Fund) on behalf of its employees in accordance with local legal requirements. The social security contributions are recognised as an expense on an accrual basis and are included within staff costs.

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5. Use of judgements and estimates

Management makes judgments, estimates and assumptions that are applied in the process of preparation of the consolidated financial statements and affect the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, the actual results ultimately may differ from those estimates.

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

Measurement method

In Lietuvos draudimas total majority of non-life insurance and reinsurance contracts (~98,2% of total GWP) automatically meet the criteria for applying the simplified Premium allocation approach (PAA) method due to their insurance coverage duration being 12 months or less. The remaining part which has insurance coverage duration longer than 12 months comes from limited number of contracts having limited variability FCFs and passing PAA eligibility criteria. Therefore, only PAA method is used for all non-life insurance contracts.

Cash flows from the performance of insurance contracts

In estimating future cash flows for liability of incurred claims, Lietuvos draudimas 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.

Risk adjustment for non-financial risk

In addition to the best estimate liability for incurred claims risk adjustment for non-financial risks is added reflecting the compensation that Lietuvos draudimas would require for bearing non-financial risk and its degree of risk aversion. The risk adjustment for non-financial risk is determined using a confidence level technique. The parameters for risk adjustment are selected so that the final value of the risk adjustment for financial risk corresponds to 83% confidence level as at 31 December 2024 (83% as at 31 December 2023).

Discounting of cash flows

Lietuvos draudimas applies EIOPA risk-free rates:

Date	Currency	1 year	5 years	10 years	20 years	30 years
2023.12.31	EUR	3,357%	2,323%	2,393%	2,406%	2,534%
2024.12.31	EUR	2,236%	2,142%	2,267%	2,259%	2,385%

Fair value of investment property

As indicated in Note 18, the fair value of investment property is based on the opinion of independent property valuation agency holding a recognized and relevant qualification. Measurement is performed using discounted cash flows method and sensitive to macroeconomic environments (e.g., economic growth, inflation and interest rates).

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(All amounts in thousands of euro unless otherwise stated)

6. Insurance and reinsurance contracts

6.1. Insurance contract revenue

	2024	2023
Contracts measured under the PAA	436.698	381.866
Insurance contract revenue total	436.698	381.866

6.2. Allocation of reinsurance premiums

	2024	2023
Contracts measured under the PAA	(16.978)	(13.683)
Allocation of reinsurance premiums	(16.978)	(13.683)

6.3. Movement in Insurance contract assets and liabilities

2024-12-31	Assets for insurance acquisition cash flows	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Contracts under PAA		
				Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
Net opening balance	(0)	93.566	11.601	146.276	9.358	260.802
Liabilities	(0)	93.566	11.601	146.276	9.358	260.802
Changes in the statement of profit or loss and other comprehensive income						
Insurance contract revenue		(436.698)				(436.698)
Measured under the fair value transition approach		(169)				(169)
Other contracts		(436.530)				(436.530)
Insurance service expenses	-	79.322	2.154	300.142	766	382.383
Incurring claims and other insurance service expenses			(28.850)	300.142	766	272.058
<i>Claims and other insurance service expenses incurred in the period</i>			(28.850)	312.691	5.370	289.211
<i>Changes for claims and other insurance service expenses incurred in the past</i>				(12.549)	(4.604)	(17.153)
Amortisation of insurance acquisition cash flows		79.322				79.322
Losses and reversals of losses on onerous contracts			31.003			31.003
Investment components		(483)		483		-
Insurance service result		(357.860)	2.154	300.625	766	(54.315)
Net finance expenses from insurance contracts without effect of FX movements				3.197	174	3.371
Total changes in the statement of profit or loss and other comprehensive income		(357.860)	2.154	303.822	940	(50.944)
Derecognition of assets for insurance acquisition cash flows	2	(2)				-
Cash flows	(2)	361.177		(289.281)		71.894
Premiums received		441.387				441.387
Insurance service expenses paid, including investment components				(289.281)		(289.281)
Insurance acquisition cash flows	(2)	(80.210)				(80.212)
Net closing balance	(0)	96.882	13.754	160.817	10.298	281.751
Liabilities	(0)	96.882	13.754	160.817	10.298	281.751

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(All amounts in thousands of euro unless otherwise stated)

2023-12-31	Assets for insurance acquisition cash flows	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		Excluding loss component	Loss component	Contracts under PAA		
				Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
Net opening balance	-	77.494	12.693	126.094	8.003	224.284
Liabilities	-	77.494	12.693	126.094	8.003	224.284
Changes in the statement of profit or loss and other comprehensive income						
Insurance contract revenue		(381.866)				(381.866)
Measured under the fair value transition approach		(197)				(197)
Other contracts		(381.669)				(381.669)
Insurance service expenses	-	71.521	(1.092)	270.247	1.136	341.812
Incurring claims and other insurance service expenses			(29.166)	270.247	1.136	242.217
Claims and other insurance service expenses incurred in the period			(29.166)	287.157	5.208	263.200
Changes for claims and other insurance service expenses incurred in the past				(16.910)	(4.072)	(20.982)
Amortisation of insurance acquisition cash flows		71.521				71.521
Losses and reversals of losses on onerous contracts			28.074			28.074
Investment components		(1.734)		1.734		-
Insurance service result		(312.079)	(1.092)	271.980	1.136	(40.054)
Net finance expenses from insurance contracts without effect of FX movements				4.535	219	4.754
Total changes in the statement of profit or loss and other comprehensive income		(312.079)	(1.092)	276.516	1.355	(35.300)
Derecognition of assets for insurance acquisition cash flows	3					3
Cash flows	(3)	328.151		(256.333)		71.815
Premiums received		402.304				402.304
Insurance service expenses paid, including investment components				(256.333)		(256.333)
Insurance acquisition cash flows	(3)	(74.153)				(74.156)
Net closing balance	-	93.566	11.601	146.276	9.358	260.802
Liabilities	-	93.566	11.601	146.276	9.358	260.802

The main difference in premiums received with cash flow is related to settlements with intermediaries cash flow statement is prepared using net bank movements while for IFRS 17 calculations input data of premiums and acquisition expenses is prepared on gross basis.

2024-12-31	Amortisation of insurance acquisition cash flows	Expenses incurred	Other operating expenses	total
Payroll	15.666	18.053	316	34.035
Social security contributions	761	1.168	2	1.931
Commissions	60.915	0	0	60.915
Depreciation	0	1.612	359	1.971
Amortisation	0	1.432	0	1.432
Audit fee	0	109	0	109
Other expenses	1.981	17.706	1.081	20.768
total	79.322	40.080	1.759	121.161

2023-12-31	Amortisation of insurance acquisition cash flows	Expenses incurred	Other operating expenses	total
Payroll	13.510	15.721	680	29.911
Social security contributions	682	1.040	26	1.747
Commissions	55.754	0	0	55.754
Depreciation	0	1.444	90	1.534
Amortisation	0	1.373	0	1.373
Audit fee	0	87	0	87
Other expenses	1.576	15.055	4.140	20.770
total	71.521	34.719	4.935	111.175

The financial statements audit services related to the audit of the consolidated financial statements of Lietuvos Draudimas AB amounted to EUR 108 901 without VAT for the year 2024 (EUR 86 580 for the year 2023). There was no any other services provided by audit firm related to the year 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts in thousands of euro unless otherwise stated)

6.4. Movement in Reinsurance contract assets and liabilities

2024-12-31	Assets for remaining coverage	Assets for incurred claims		Total
	Excluding loss recovery component	Contracts under PAA		
		Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
Net opening balance	3.507	(21.577)	(949)	(19.019)
Assets	368	(20.680)	(929)	(21.241)
Liabilities	3.138	(897)	(20)	2.222
Changes in the statement of profit or loss and other comprehensive income				
Allocation of reinsurance premiums	16.978			16.978
Amounts recoverable from reinsurers		(8.669)	(39)	(8.708)
Recoveries of incurred claims and other expenses incurred in the period		(6.847)	(195)	(7.042)
Changes for recoveries of incurred claims and other expenses incurred in the past		(1.823)	157	(1.666)
Net expenses from reinsurance contracts held	16.978	(8.669)	(39)	8.270
Effect of changes in non-performance risk of reinsurers	-	11		11
Net finance income from reinsurance contracts without effect of FX movements		(161)	(9)	(170)
Total changes in the statement of profit or loss and other comprehensive income	16.978	(8.820)	(48)	8.110
Cash flows	(16.639)	9.876		(6.764)
Premiums paid	(16.639)			(16.639)
Claims recovered and expenses paid		9.876		9.876
Net closing balance	3.845	(20.521)	(996)	(17.673)
Assets	1.101	(19.416)	(985)	(19.301)
Liabilities	2.745	(1.105)	(11)	1.629

2023-12-31	Assets for remaining coverage	Assets for incurred claims		Total
	Excluding loss recovery component	Contracts under PAA		
		Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
Net opening balance	4.605	(15.846)	(940)	(12.181)
Assets	(1.379)	(13.036)	(925)	(15.340)
Liabilities	5.984	(2.811)	(15)	3.159
Changes in the statement of profit or loss and other comprehensive income				
Allocation of reinsurance premiums	13.683			13.683
Amounts recoverable from reinsurers		(10.037)	3	(10.035)
Recoveries of incurred claims and other expenses incurred in the period		(11.043)	(325)	(11.368)
Changes for recoveries of incurred claims and other expenses incurred in the past		1.006	327	1.333
Net expenses from reinsurance contracts held	13.683	(10.037)	3	3.648
Effect of changes in non-performance risk of reinsurers		(6)		(6)
Net finance income from reinsurance contracts without effect of FX movements		(238)	(12)	(249)
Total changes in the statement of profit or loss and other comprehensive income				-
Cash flows	(14.782)	4.551		(10.231)
Premiums paid	(14.782)			(14.782)
Claims recovered and expenses paid		4.551		4.551
Net closing balance	3.507	(21.577)	(949)	(19.019)
Assets	368	(20.680)	(929)	(21.241)
Liabilities	3.138	(897)	(20)	2.222

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

*(All amounts in thousands of euro unless otherwise stated)***7. Finance income and expenses**

	2024-12-31	2023-12-31
Total investment income (gross of tax)	20.130	22.461
Interest income calculated using the effective interest method	9.333	6.038
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal	(2.191)	(537)
Net gains on FVTPL investments	1.630	632
Other profit (loss) from investment activity	748	(624)
Movement in allowances for expected credit losses and impairment losses on financial instruments	23	(55)
Amounts recognised in profit or loss (gross of tax) (Note 8 & Note 9)	9.543	5.455
Amounts recognised in other comprehensive income (gross of tax) (Note 13)	10.587	17.006
Finance expenses from insurance contracts	(3.371)	(4.754)
Interest accreted	(1.679)	(309)
Effect of changes in interest rates and other financial assumptions	(1.691)	(4.445)
Represented by		
Amounts recognised in profit or loss (gross of tax)	(1.679)	(309)
Amounts recognised in other comprehensive income (gross of tax)	(1.691)	(4.445)
Finance income from reinsurance contracts	160	256
Interest accreted	101	20
Effect of changes in interest rates and other financial assumptions	69	229
Effect of changes in non-performance risk of reinsurers	(11)	6
Represented by		
Amounts recognised in profit or loss (gross of tax)	91	27
Amounts recognised in other comprehensive income (gross of tax)	69	229
Total finance income and expenses from insurance and reinsurance contracts (gross of tax)	(3.211)	(4.498)
Amounts recognised in profit or loss (gross of tax)	(1.589)	(282)
Amounts recognised in other comprehensive income (gross of tax)	(1.622)	(4.216)

Changes in the carrying amounts of group of contracts arising from the effects of the time value of money and financial risks are presented as insurance finance income or expenses.

Disaggregation of insurance finance income and expenses between profit or loss and OCI reduces accounting mismatch in profit or loss between investment, insurance and reinsurance contracts. Negative insurance finance result is offset by positive investment result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts in thousands of euro unless otherwise stated)

8. Investment activity result

	2024-12-31	2023-12-31
Interest income calculated using the effective interest method:		
Government debt securities	7.946	4.883
Corporate debt securities	1.265	1.078
Cash and cash equivalents	122	77
Interest income calculated using the effective interest method total	9.333	6.038
Debt instruments measured at FVOCI:		
Realisation result	(2.191)	(537)
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal total	(2.191)	(537)
Financial assets measured at fair value through profit or loss:		
Collective investment undertakings unrealised gains/(losses)	1.630	632
Net gains on FVTPL investments total	1.630	632
Other profit (loss) from investment activity:		
Equity instruments measured at FVOCI		
Dividend income	129	71
Assets valued at fair value through profit and loss:		
Revaluation of investment property	235	100
Investment property rent income	687	-
Investment management expenses		
Investment management expenses	(312)	(847)
Other		
Exchange rate differences	8	52
Other profit (loss) from investment activity, total	748	(624)
Net investment income	9.520	5.510

9. Movement in allowances for expected credit losses and impairment losses on financial instruments

	2024	2023
ECL for debt instruments measured at FVOCI	13	(50)
Impairment losses created and reversed related to receivables	10	(5)
	23	(55)

ECL amounts and amounts of assets exposed to ECL at reporting date are presented in the table below:

	Exposure	ECL	Change in ECL
	2024-12-31	2024-12-31	2024-12-31
Debt instruments measured at FVOCI (Note 15)	414.274	(106)	13
Other receivables (Note 20)	4.094	(59)	10

	Exposure	ECL	Change in ECL
	2023-12-31	2023-12-31	2023-12-31
Debt instruments measured at FVOCI (Note 15)	356.870	(119)	(50)
Other receivables (Note 20)	4.415	(83)	(5)

10. Finance costs

	2024	2023
Lease	(385)	(129)
	(385)	(129)

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*(All amounts in thousands of euro unless otherwise stated)***11. Other operating income and expense**

	2024	2023
Other operating income		
Revenues from liquidation of direct damages on policies contained in other insurance	-	314
Sale of fixed assets and fixed assets under construction	166	-
Other operating income	334	1.210
Other operating expenses		
Impairment charges for intangibles and property, plant and equipment	-	(1.545)
Employee expenses	(318)	(705)
Marketing expenses	(353)	(500)
Costs from liquidation of direct damages on policies contained in other insurance	295	-
Other operating expenses	(1.383)	(2.185)
	(1.259)	(3.411)

12. Income tax expense

	2024	2023
Corporate income tax for the reporting year	(6.466)	(4.541)
Change in deferred income tax recognized through profit or loss	(499)	28
Total tax	(6.965)	(4.513)

Corporate income tax is different from the theoretically calculated amount of tax to be paid if the Group's losses were taxed at the statutory rate.

	2024	2023
Taxable profit (loss) before tax	52.355	38.038
Total profit / (loss) before tax	52.355	38.038
Theoretically calculated tax at a tax rate of 15% for total result	(7.853)	(5.706)
Estonian branch non-taxable tax amount	1.592	1.376
Expenses non deductible for tax purposes	(378)	(1.369)
Adjustments for current tax of prior periods	(513)	(103)
Other non taxable income	188	1.289
Total tax	(6.965)	(4.513)

Effective corporate income tax rate in 2024 for total result is 13,3% (2023: 11,9%).

	2024	2023
Deferred income tax asset (liability) as at the beginning of the reporting year	3.236	4.262
Deferred income tax changes recognised through profit or loss	(499)	(7)
Deferred income tax changes recognised through other comprehensive income	(813)	(1.019)
	1.924	3.236

The Group does not have significant tax positions that are subject to uncertainties and therefore does not form an amount of uncertainty in the calculation of income tax in accordance with IFRIC Interpretation 23 Uncertainties relating to the measurement of income taxes.

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For the year ended 31 December 2024

(All amounts in thousands of euro unless otherwise stated)

Movement in deferred income tax balances:

	Recognised			2024-12-31		
	Net balance December 2023	in PL	in OCI	Net balance December 2023	Deferred tax asset	Deferred tax liability
Accrued expenses	2.234	384	-	2.616	2.616	
Trade and other receivables	105	13	-	118	118	
Property	256	(40)	-	217	217	
Other amounts causing temporary differences	(867)	4	-	(863)		(863)
Recoverable regress	(323)	(11)	-	(333)		(333)
Financial assets at fair value through other comprehensive income (former available-for-sale)	1.573	-	(1.254)	320	320	
Financial asset at fair value through profit or loss	(169)	(189)	-	(358)		(358)
Temporary differences insurance and reinsurance assets liabilities	425	(411)	193	207		207
Deferred tax asset/ (liability) before set-off					3.271	(1.347)
Set-off of tax					(1.347)	1.347
Net deferred tax asset/ (liability)					1.924	
Other temporary differences	-	(88)		(88)		(88)
Deferred income tax (liability) as at the end of the reporting year					(88)	

Movement in deferred income tax balances:

	Recognised			2023-12-31		
	Net balance December 2022	in PL	in OCI	Net balance December 2023	Deferred tax asset	Deferred tax liability
Accrued expenses	1.908	326		2.234	2.234	
Trade and other receivables	93	12		105	105	
Property	(48)	305		257	257	
Other amounts causing temporary differences	(766)	(101)		(867)		(867)
Recoverable regress	(263)	(60)		(323)		(323)
Financial assets at fair value through other comprehensive income	3.089		(1.515)	1.574	1.574	
Financial asset at fair value through profit or loss	(100)	(69)		(169)		(169)
Temporary differences insurance and reinsurance assets liabilities	349	(420)	496	425	425	
Deferred tax asset/ (liability) before set-off					4.595	(1.359)
Set-off of tax					(1.359)	1.359
Net deferred tax asset/ (liability)					3.236	

AB "Lietuvos draudimas" belongs to PZU Group which annual consolidated revenue exceeded EUR 750 million in at least 2 of the 4 financial years preceding the examined year. As a result, PZU, as a parent entity, falls under the scope of of Article 4 of the Act of November 6, 2024, on the equalization taxation of constituent entities of international and domestic groups ("Pillar 2") and, starting from January 1, 2025, is subject to the domestic top-up tax referred to in Article 24(1)(a) of Pillar 2. The PZU Group is currently analyzing the possibility of using the so-called transitional CBCR safe harbor to defer the obligation to calculate the domestic top-up tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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*(All amounts in thousands of euro unless otherwise stated)***13. Other comprehensive income (OCI)**

	2024-12-31		
	Other comprehensive income (OCI) gross	Deferred tax in OCI	Other comprehensive income (OCI) net
Revaluation of debt securities measured at fair value through OCI	8.492	(937)	7.555
Realisation result reclassified to profit or loss	2.191	(329)	1.862
Insurance finance income or expenses	(1.691)	194	(1.497)
Reinsurance finance income or expenses	69	(1)	68
Items that are or may be reclassified to profit or loss	9.060	(1.073)	7.987
Revaluation of equity instruments measured at fair value through OCI	(96)	12	(83)
Transfers from the owner-occupied property to investment property	-	-	-
Items that will not be reclassified to profit or loss	(96)	12	(83)
	8.965	(1.061)	7.904

	2023-12-31		
	Other comprehensive income (OCI) gross	Deferred tax in OCI	Other comprehensive income (OCI) net
Revaluation of debt securities measured at fair value through OCI	12.390	(1.470)	10.920
Realisation result reclassified to profit or loss	537	(81)	457
Insurance finance income or expenses	(4.445)	522	(3.923)
Reinsurance finance income or expenses	229	(25)	205
Items that are or may be reclassified to profit or loss	8.711	(1.053)	7.658
Revaluation of equity instruments measured at fair value through OCI	(283)	34	(248)
Transfers from the owner-occupied property to investment property	4.362	-	4.362
Items that will not be reclassified to profit or loss	4.079	34	4.114
	12.790	(1.019)	11.772

14. Cash and cash equivalents

	2024-12-31	2023-12-31
Cash in banks	10.290	10.429
3 months deposits	290	-
Cash in total	10.580	10.429

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(All amounts in thousands of euro unless otherwise stated)

15. Investment financial assets

	2024-12-31		2023-12-31	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Financial investments at fair value through other comprehensive income				
Debt securities:				
Lithuania government debt securities	160.004	161.107	138.538	133.631
Poland government debt securities	40.958	39.206	35.291	32.577
France government debt securities	38.236	38.224	23.473	21.605
Croatia government debt securities	21.221	20.726	16.391	15.598
Spain government debt securities	19.838	20.814	13.416	12.996
Romania government debt securities	18.907	18.472	12.591	10.009
Italy government debt securities	16.232	15.809	12.414	12.458
Latvia government debt securities	12.414	12.887	21.592	22.175
Hungary government debt securities	10.490	8.983	-	-
Austria government debt securities	9.476	9.810	19.727	17.197
Chile government debt securities	8.117	8.272	2.421	2.318
Bulgaria government debt securities	6.251	6.594	1.496	1.321
Indonesia government debt securities	1.381	1.441	1.496	1.283
Slovenia government debt securities	7.112	7.586	1.484	1.318
Israel government debt securities	871	942	10.517	10.474
Mexico government debt securities	2.421	2.318	6.897	6.990
Serbia government debt securities	1.496	1.356	2.866	2.955
Peru government debt securities	1.496	1.301	7.980	8.407
Morocco government debt securities	1.484	1.368	5.209	5.448
Corporate debt securities	37.076	37.059	39.358	38.110
Equity securities:				
Shares	1.422	2.047	1.422	2.143
Total Financial investments at fair value through other comprehensive income	416.899	416.322	374.579	359.013
Financial investments at fair value through profit or loss				
Collective investment undertakings	13.466	16.649	13.466	15.019
Financial assets at amortized cost				
Term deposits	650	658	-	-
Total financial investments	431.016	433.629	388.045	374.032

Financial investments at FVOCI in total of EUR 416 322 thousand at fair value are quoted (2023: EUR 359 013 thousand). In 2024 Company revised fair value hierarchy levels and tighten classification in terms of market activity. In accordance with IFRS 13 definitions, based on inputs used in the valuation techniques, fair values of quoted assets are categorized into the fair value hierarchy Level 1: unadjusted quoted prices in active markets for identical assets EUR 2 047 thousand (2023: EUR 359 013 thousand) and Level 2: unadjusted quoted prices in inactive markets for identical assets 414 275 thousand EUR (2023: 0 EUR). As at 31 December 2024, the Group did not have unquoted financial investments measured at FVOCI.

Financial investments at FVTPL in total of EUR 14 021 thousand at fair value (2023: EUR 12 249 thousand) are quoted (Level 1 - listed equity financial instruments in the fair value hierarchy). Assets amounting to EUR 2 628 thousand (2023: EUR 2 770 thousand) are categorized as Level 3 as unlisted equity financial instruments in the fair value hierarchy. The value of Collective investment undertaking categorized as Level 3 is determined by reference to the Net Asset Value of the Investee as at the reporting date, where the value of assets is measured using valuation reports prepared by external independent certified appraisers. Reports are prepared based on income and asset valuation methods by applying discount and capitalization rates.

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(All amounts in thousands of euro unless otherwise stated)

Changes in Financial assets value presented below:

	Debt securities	Shares	Collective investment undertakings	Term deposits	Total
Balance as at 31 December 2022	298.974	2.426	14.388	-	315.788
Purchased assets	176.073				176.073
Matured or sold assets	(129.783)				(129.783)
Net gains on FVTPL investments (Note 8)			632		632
Revaluation of assets accounted under OCI (Note 13)	12.390	(283)			12.107
Other	(784)				(784)
Total Balance as at 31 December 2023	356.870	2.143	15.019	-	374.032
Purchased assets	201.836	-	-	650	202.486
Matured or sold assets	(153.618)	-	-	-	(153.618)
Net gains on FVTPL investments (Note 8)			1.630		1.630
Revaluation of assets accounted under OCI (Note 13)	8.492	(96)			8.396
Other	695			8	703
Balance as at 31 December 2024	414.275	2.047	16.649	658	433.629

Changes in Level 3 FVPL assets value presented below:

Collective investment undertakings at FVPL, categorised as Level 3 in the fair value hierarchy	EUR
As at 31 December 2022	2.645
Fair value changes	125
As at 31 December 2023	2.770
Fair value changes	(17)
As at 31 December 2024	2.628

As at December 2024, EUR 629 thousand comprise unrealized gain of FVPL Level 3 assets.

Changes in ECL of financial instruments are presented below:

Debt instruments measured at FVOCI	12-month ECL	Life-time ECL not credit-impaired	Life-time ECL credit-impaired	Total
As at 31 December 2022	(69)	-	-	(69)
ECL measurements	(43)	-	-	(43)
New assets acquired	(29)	-	-	(29)
Financial assets derecognized	23	-	-	23
As at 31 December 2023	(119)	-	-	(119)
ECL measurements	2	-	-	2
New assets acquired	(24)	-	-	(24)
Financial assets derecognized	35	-	-	35
As at 31 December 2024	(106)	-	-	(106)

Equity instruments measured at FVOCI and financial assets measured at FVTPL are not subject to the ECL model.

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For the year ended 31 December 2024

(All amounts in thousands of euro unless otherwise stated)

16. Other assets

	2024-12-31	2023-12-31
IT costs	940	845
Accrued rent	23	23
Accrued receivables from direct claims handling	513	322
Other prepayments and accrued income	345	281
Other	477	889
	2.298	2.360

17. Intangibles

	Software - internally development	Software	Total
As at 31 December 2022			
Acquisition cost*	3.757	20.289	24.046
Accumulated amortisation*	(1.522)	(16.857)	(18.379)
Net book value	2.235	3.432	5.667
In 2023			
Acquired	628	589	1.217
Write off of acquisition cost	-	(3.204)	(3.204)
Amortisation charge	(499)	(874)	(1.373)
Write off of accumulated amortization	-	3.204	3.204
Closing net book value	2.364	3.147	5.511
As at 31 December 2023			
Acquisition cost	4.385	17.674	22.059
Accumulated amortisation	(2.021)	(14.527)	(16.548)
Net book value	2.364	3.147	5.511
In 2024			
Acquired	757	580	1.337
Write-off of acquisition cost	-	(68)	(68)
Amortisation charge	(465)	(967)	(1.432)
Closing net book value	2.656	2.692	5.348
As at 31 December 2024			
Acquisition cost	5.142	18.186	23.328
Accumulated amortisation	(2.486)	(15.494)	(17.980)
Net book value	2.656	2.692	5.348

*Group reviewed acquisition costs and accumulated depreciation and adjusted amounts of historical write-offs.

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*(All amounts in thousands of euro unless otherwise stated)***18. Investment property**

Net book value at 31 December 2022	1.500
Change in fair value in 2023	100
Reclassification to investment property	6.190
Addition to investment property	5.355
Net book value at 31 December 2023	13.145
Change in fair value in 2024	235
Net book value at 31 December 2024	13.380

Investment property comprises of two commercial properties and one residential property (2023: two commercial properties and one residential property). The fair value of investment property is reviewed at each reporting date, and any changes are reflected in profit or loss. Rental income during 2024 year is EUR 687 thousand (2023: EUR 313 thousand) recognised in the statement of Comprehensive Income under Other profit (loss) from investment activity as disclosed in Note 8.

Investment property is held to earn rental income or obtain benefits from increases in value, or both. Investment property is not used in operating activities. If significant part of property is used for operating activities, asset is accounted as property for own use. On subsequent disposal of the investment property, revaluation reserve may be transferred to supplementary capital.

Measurement of investment property is sensitive to macroeconomic environment (e.g. economic growth, inflation rate, interest rate), supply and demand on individual local property markets, the value may change depending on the current market situation. The Group assesses the fair value of investment property based on the opinion of independent property valuation agency that holds a recognised and relevant qualification. Fair value measurement for Investment property of EUR 13 380 thousand in 2024 (2023: EUR 13 145 thousand) has been categorised as Level 3 in the fair value hierarchy. Valuation method used measuring fair value of investment property is discounted cash flows method. Significant unobservable inputs used as at 31 December 2024 were: discount rate used was 7-10% (2023: 7-10%) and rental income per sq. m. is in the range between EUR 10 to 25 (2023: EUR 10-25). An increase of rental income with yields remaining constant, will lead to increase in the value of investment properties. Sensitivity analysis of unobservable inputs presented in table below.

Investment properties	Fair value as at 31 December 2024	Measurement technique	Unobservable parameter	Scenario	Impact on fair value/PL effect as at 31 December 2024	
					positive scenario	negative scenario
Investment properties	13.380	Discounted cash flow model	Discount rate	+1%/-1%	994	- 920
Investment properties	13.380	Discounted cash flow model	Monthly rent rate	+10%/-10%	1.330	- 1.345

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*(All amounts in thousands of euro unless otherwise stated)***19. Property, plant and equipment**

	Land and buildings	Right of use land and premises	Other (structures)	Construction in progress and prepayments	Leasehold improvements	Motor vehicles	Office and other equipment	Total
As at 31 December 2022								
Acquisition cost*	8.442	3.418	1.120	14.123	1.067	2.628	1.888	32.686
Accumulated depreciation*	(1.938)	(1.285)	(873)	-	(764)	(1.204)	(1.540)	(7.604)
Net book value	6.504	2.133	247	14.123	303	1.424	348	25.082
In 2023								
Additions	1.472	-	-	4.929	-	591	980	7.972
New leases and remeasurements	-	433	-	-	-	-	-	433
Disposals	(210)	-	-	-	-	(366)	-	(576)
Transfers from the owner-occupied property to investment property**	4.362	-	-	-	-	-	-	4.362
IFRS 16 decreases (cancellations)	-	(25)	-	-	-	-	-	(25)
Transfer to the investment property category	(6.190)	-	-	(5.363)	-	-	-	(11.553)
Transfers from assets under construction	13.678	-	-	(13.678)	-	-	-	-
Discarded assets	(1.561)	-	-	-	-	-	(54)	(1.615)
Depreciation charge	(302)	(587)	(65)	-	(85)	(323)	(172)	(1.534)
Depreciation on disposed assets	148	-	-	-	-	230	(8)	370
Depreciation on discarded assets	-	-	-	-	-	-	53	53
Closing net book value	17.901	1.954	182	11	218	1.556	1.147	22.969
As at 31 December 2023								
Acquisition cost	19.993	3.826	1.120	11	1.067	2.853	2.814	31.684
Accumulated depreciation	(2.092)	(1.872)	(938)	-	(849)	(1.297)	(1.667)	(8.715)
Net book value	17.901	1.954	182	11	218	1.556	1.147	22.969
In 2024								
Additions	153	-	448	-	-	908	277	1.786
New leases and remeasurements	-	617	-	-	-	-	-	617
Disposals	(1.308)	-	(79)	-	-	(850)	-	(2.237)
IFRS 16 decreases (cancellations)	-	(187)	-	-	-	-	-	(187)
Discarded assets	-	-	(11)	(11)	-	-	(67)	(89)
Depreciation charge	(454)	(673)	(87)	-	(79)	(360)	(318)	(1.971)
Other changes	-	219	-	-	-	-	-	219
Depreciation on disposed assets	501	-	27	-	-	638	-	1.166
Depreciation on discarded assets	-	-	11	-	-	-	67	78
Closing net book value	16.793	1.930	491	-	139	1.892	1.106	22.351
As at 31 December 2023								
Acquisition cost	18.838	4.256	1.478	-	1.067	2.911	3.024	31.574
Accumulated depreciation	(2.045)	(2.326)	(987)	-	(928)	(1.019)	(1.918)	(9.223)
Net book value	16.793	1.930	491	-	139	1.892	1.106	22.351

*Group reviewed acquisition costs and accumulated depreciation and adjusted amounts of historical write-offs.

**Refer to Note 13.

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For the year ended 31 December 2024

*(All amounts in thousands of euro unless otherwise stated)***20. Receivable**

	2024-12-31	2023-12-31
Receivables from insurance intermediaries	2.689	2.699
Receivables due from the budget, other than income tax receivables	-	260
Advances	837	850
Other	509	523
	4.035	4.332

21. Equity**21.1. Issued and fully paid share capital**

The total authorised number of ordinary shares is 805 620 (as at 31 December 2023 the number of ordinary shares was the same). The nominal value of one share as at 31 December 2024 is EUR 14.48 (as at 31 December 2023, the nominal value of one share was the same). All issued shares are fully paid. The share capital of the Group as at 31 December 2024, is EUR 11 665 thousand (as at 31 December 2023 – EUR 11 665 thousand).

The Group's shares are not listed.

21.2. The shareholder

As at 31 December 2024 and as at 31 December 2023, the shareholder of the Group with 100% shares was POWSZECHNY ZAKŁAD UBEZPIECZEŃ S.A., a stock Group. The ultimate controlling party is Polish government represented by State Treasury of Poland.

21.3. Share premium

According to the share issue rules, a share premium was set in addition to the nominal value of the shares.

21.4. Reserve capital and other reserves

Reserves include legal reserve, revaluation reserve for financial instruments measured at fair value through OCI and the impact of changing discount rates from locked-in and current rates as finance expenses and income from insurance and reinsurance contracts recognised through OCI.

The Group's legal reserve as at 31 December 2024 was the same as at 31 December 2023 and amounted to EUR 2 444 thousand. Legal reserve was formed in full capacity and cannot be distributed.

The revaluation reserve increased throughout the year from EUR (4 425) thousand at 31 December 2023 to EUR 3 479 thousand at 31 December 2024.

	2024-12-31		
	Gross	Deferred tax	Net
Fair value reserve	1.611	320	1.931
Revaluation of debt securities	(3.377)	393	(2.984)
Revaluation of equity instruments	626	(73)	553
Revaluation of fixed assets	4.362	-	4.362
Finance expenses and income from insurance and reinsurance contracts	1.781	(233)	1.549
Finance expenses from insurance contracts	1.961	(251)	1.710
Finance income from reinsurance contracts	(180)	18	(162)

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(All amounts in thousands of euro unless otherwise stated)

	2023-12-31		
	Gross	Deferred tax	Net
Fair value reserve	(8.976)	1.573	(7.403)
Revaluation of debt securities	(14.059)	1.659	(12.401)
Revaluation of equity instruments	721	(85)	636
Revaluation of fixed assets	4.362	-	4.362
Finance expenses and income from insurance and reinsurance contracts	3.404	(425)	2.978
Finance expenses from insurance contracts	3.653	(445)	3.207
Finance income from reinsurance contracts	(249)	20	(229)

21.5. Profit distribution as dividends

In accordance with the Group's Dividend Policy, the amount of dividends determined as available for distribution for the year ended 31 December 2024 is up to EUR 27 million (EUR 23,5 million for the year ended 31 December 2023). The final amount of dividends is subject to recommendation of the Management Board, proposal of the Supervisory Board and the decision of the General Shareholders' Meeting.

21.6. Dividends per share

Planned value of dividends to be paid during 2025 per share for 2024 year results is up to EUR 33,51 as at 31 December 2024. Dividends paid during 2024 for 2023 year results value per share is EUR 29,17.

22. Other liabilities

	2024-12-31	2023-12-31
Deferred reinsurance liabilities - Prepaid premiums	-	(188)
Provisions	2.563	2.375
Accrued employee salary costs	3.497	3.008
Accrued consulting services	60	70
Accrued employee bonuses	10.502	8.755
Other accounts payable	6.827	5.740
Deferred income	7	23
Lease liabilities	2.199	2.099
Prepayments	2.369	3.290
Current tax liabilities	611	236
Employee leave liabilities	2.238	1.894
Other liabilities	4.662	2.880
	35.534	30.182

Provisions consists of employee benefit obligation. Actuarial calculation is used to determine benefit for each employee on leaving Group due to statutory retirement and to be entitled for 2 average salaries payout.

Net book value at 31 December 2022	2.302
Increase	99
Utilisation	(26)
Net book value at 31 December 2023	2.375
Increase	243
Utilisation	(55)
Net book value at 31 December 2024	2.563

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(All amounts in thousands of euro unless otherwise stated)

Provisions	2024-12-31	2023-12-31
Short-term	407	281
Long-term	2.157	2.095
Provisions, total	2.563	2.375

23. Related parties transactions

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

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

23.1. Transactions with related parties*Reinsurance and fronting insurance*

	2024	2023
POWSZECHNY ZAKŁAD UBEZPIECZEŃ S.A. (PZU) (shareholder)		
Allocation of reinsurance premiums	(12.314)	(9.746)
Amounts recoverable from reinsurers for incurred claims	7.118	8.841
	(5.196)	(905)

Other transactions

	2024	2023
POWSZECHNY ZAKŁAD UBEZPIECZEŃ S.A. (PZU) (shareholder)		
Dividend paid	(23.500)	(8.000)
Other income and expenses	(88)	19
	(23.588)	(7.981)

	2024	2023
Other Group companies (Balta AAS, LINK4, PZU Lietuva Gyvybės Draudimas JSC, PZU TFI, PZU CENTRUM OPERACIJI S.A.):		
Expenses incurred in the period	491	349
Other income and expenses	106	362
	597	711

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*(All amounts in thousands of euro unless otherwise stated)**Balances with related parties*

	2024-12-31	2023-12-31
Reinsurance contract assets with PZU	16.592	17.787
Investment financial assets with Pekao SA	1.302	1.285
Poland government debt securities	39.206	32.577
Receivables from PZU	6	97
Receivables from other companies	37	189
Reinsurance contract liabilities with PZU	(716)	(740)
Other liabilities with other companies	(21)	(6)
	56.406	51.189

23.2. Management remuneration

In 2024, the Group paid remuneration, including compulsory state social security contributions, to the Management Board in the amount of EUR 2 455 thousand (2023: EUR 2 314 thousand) and to the Supervisory Board in the amount of EUR 0 thousand (2023: EUR 0 thousand).

	2024	2023
Short-term employee benefits	2.226	2.094
Other long-term benefits	228	219
Management remuneration	2.455	2.314

24. Contingent liabilities and commitments**24.1. General claims**

In the normal course of business, the Group constantly receives requests for claim payments. Such claims have been reviewed by the Group's management who is of the opinion that no material unrecognised losses will be incurred.

24.2. Litigation

The Group, like other insurers, is subject to litigation in the normal course of its business. As at 31 December 2024 there were EUR 4 180 thousand (31 December 2023: EUR 4 033 thousand) where the Group is defendant in legal disputes and accounted under Insurance contract liabilities. The management is of the opinion that no material unrecognised losses will be incurred.

25. Risk management

The Risk Management Strategy defines a consistent framework of the Risk Management System (including security management as part of operational risk management) and the Internal Control System (including Compliance function) as the element supporting Risk Management System in the Group.

The Group implements the Strategy, policies and methodologies with specific rules for risk identification, measurement and assessment, monitoring and control, reporting as well as taking management actions in response to this risk.

Risk Management Strategy is the main document describing the risk management framework in the Group. Risk Management Strategy is supported by the risk management policies and various additional documents (procedures, methodologies, etc.). Risk Appetite document as an integral part of Risk Management Strategy determines the maximum level of admissible risk by setting limits and thresholds for risks categories.

The risk management process consists of the following steps:

- Identification;
- Measurement and assessment;
- Monitoring and control;
- Reporting;
- Management actions.

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The Risk Appetite framework is established in order to determine the maximum level of admissible risk when setting limits and thresholds on risks categories and as a level which, if exceeded, determines management actions necessary to reduce further growth of the risk.

26. Insurance risk management

The Group's activity is a conclusion of contracts between the insured and the Insurer by which the Insured (policyholder) transfer the risk to the Insurer (the Group). An insurance contract is one that contains an agreement by the Insurer to provide, in exchange for insurance premiums, benefits to a beneficiary of the contract upon occurrence of specified uncertain future events affecting the life or property of the insured party (the Insured). This section summarises these risks coming from that process and the way the Group manages them.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By calculating the amount and type of risk to insure, the distribution of possible losses should be evaluated and understood. The quantity of losses within a specific period is the frequency of loss. In addition to loss frequency, the insurance Group should be also concerned with the severity of losses. Loss severity is typically the amount that an insurer pays out for a benefit or a claim. These principal risks are due to the claims paid varying in size, number, or timing of benefit payments and actual calculation premiums amount covering possible indemnities paid. For a portfolio of insurance contracts where the theory of probability is applied to pricing and reserving, the principal risk that the Group faces under its insurance contracts is that the actual claims payments will exceed the carrying amount of the insurance liabilities.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of indemnities paid for the damage suffered, and the increase in the number of claim cases. Estimated inflation is also a significant factor due to increased increment rate of inflation.

The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. It is achieved by managing different type of insurance contracts aggregated into insurance portfolios grouped by similar lines of business or similar type of insurance contracts.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

26.1. Types of significant insurance contracts

Motor third party liability insurance

It is a compulsory insurance type, the policy conditions and indemnification rules of which are prescribed by the Motor Third Party Liability Insurance Act and other related legislation.

Most of motor third party liability insurance indemnities are made up of indemnities for property damage and lump sum personal injuries, mostly medical treatment costs and temporary incapacity for work benefits. However, long-term indemnities may also be possible, such as pensions and permanent incapacity for work benefits which may be paid out over decades.

Accident insurance

The accident insurance is a money compensation for the facts of bodily injury where one type of contracts indemnifies death, permanent incapacity for work or trauma arising from an accident. It includes some insurance cover of costs for medical treatment as well as medical expenses, caused by accident. In addition, it is possible to get daily allowances for the time spent in a hospital or temporary disability. Typical losses are generally small and they are indemnified as lump sums. Death events rarely occur on the basis of accident insurance contracts.

Travel insurance

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The travel insurance indemnifies for the medical treatment costs incurred during a trip abroad if such costs are caused by an illness or an accident started during the trip, repatriation, if needed. As an additional cover, the cover loss of a baggage, insurance against trip cancellations, travel interruptions and delays as well as General Third-Party Liability (GTPL) or personal accident coverage could be included. The indemnity limit for the medical treatment and repatriation costs of passenger is usually limited to EUR 100 thousand. A larger risk is related to potential natural disasters in holiday areas or transport crashes, where the number of the injured is large.

Typical losses are generally small. The amount of an indemnity depends on the location of the loss occurrence and the number of claims depends on the season.

Motor own damage insurance

The insurance indemnifies for losses which arise from damage to the vehicle, its destruction, theft or robbery. Several additional insurance covers may also be purchased (like possibility to repair the vehicle with new spare-parts for vehicles up to certain year age, possibility to choose auto repair workshop, cover for additional equipment, cover for passengers). Insurance premiums are determined individually for each customer based on both customer as well as vehicle-based risk criteria. Product package includes road assistance and a replacement car.

Property insurance, business interruption insurance and building risks insurance

Property insurance covers losses arisen because of fire, weather, leakage of liquid or steam, explosion, malicious acts by third parties (robbery, burglary), collision. Client has an option to insure by All Risks cover for extra premium. There is a possibility for individuals (private persons) to insure their contents (property) and civil third-party liability in addition to private property insurance.

Business interruption insurance covers lost business profits and fixed costs incurred, which arise as a result of any risk covered by property insurance of the Insured.

The largest losses arise from fire risks, which in turn give rise to indemnification for business interruptions. The loss is particularly large if the property (buildings and structures with movables in them) insured to a full extent is destroyed and this leads to a business interruption indemnity until the production object is again put in operation.

The most frequent events for private property are from all Risks cover, water leakage, theft, fire and weather losses (storm, snowing and flood). The largest losses usually are because of fire.

Livestock insurance also includes risks related to the injuries resulting in death of animals. Most risky part of the cover is against very dangerous epizootic diseases.

Largest losses resulting from property type damages are managed by concluding appropriate reinsurance contracts depending on realistic risk scenarios based on accepted exposure under insurance contracts.

General liability insurance

This insurance provides coverage for bodily injury and property damage caused to a third party by an insured person, due to its activity or inactivity or by an insured Group, due to its operations or products. In respect of property damages, only direct losses are covered, but in respect of bodily injuries, direct as well as consequential losses are covered, such as unearned income because of temporary or permanent inability and allowances for dependents.

26.2. Reinsurance contract assets

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets.

These assets consist of short-term balances due from reinsurers as well as longer term receivables dependent on the expected claims and benefits arising under related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

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The Group assesses its reinsurance assets for impairment on a regular basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss.

26.3. Sensitivity to insurance risk

Based on the fact that the Group provides non-life insurance services, only the accounting estimates and assumptions for Liability for incurred claims are assessed by the Group to have material effect on the timing and uncertainty of the Group's future cash flows. The Group performs sensitivity testing on Insurance contract liabilities and represents the test losses/gains impact result before taxes on Insurance service result before reinsurance with Insurance service expenses (gross) and Insurance service result with Insurance and reinsurance finance income and expenses (net). Carrying amount represents Insurance contract liabilities (gross) and Insurance contract liabilities, Reinsurance contract liabilities and Reinsurance contract assets (net).

Scenario description (2024-12-31)	Profit and loss		Carrying amount	
	Gross	Net	Gross	Net
Base scenario	52.636	44.456	281.751	264.078
Ultimate claims increased by 5%	19.578	11.781	314.846	296.790
Difference	33.057	32.675	(33.095)	(32.711)
Ultimate claims decreased by 5%	75.223	66.661	259.127	241.837
Difference	(22.587)	(22.205)	22.624	22.241
Mortality rates for annuities increased by 5%	52.837	44.634	281.575	263.924
Difference	(201)	(178)	176	154
Mortality rates for annuities decreased by 5%	52.425	44.269	281.936	264.241
Difference	211	187	(185)	(162)

Scenario description (2023-12-31)	Profit and loss		Carrying amount	
	Gross	Net	Gross	Net
Base scenario	39.745	36.123	260.802	241.783
Ultimate claims increased by 5%	27.502	24.448	273.098	253.323
Difference	12.243	11.675	(12.297)	(11.540)
Ultimate claims decreased by 5%	51.988	47.799	248.505	229.867
Difference	(12.243)	(11.675)	12.297	11.915
Mortality rates for annuities increased by 5%	39.956	36.336	260.629	241.608
Difference	(211)	(213)	173	175
Mortality rates for annuities decreased by 5%	39.555	35.934	260.989	241.970
Difference	190	190	(187)	(187)

26.4. Concentration by territory

All insurance contracts have been issued in Lithuania and Estonia. The insured risk territorial coverage is mainly Lithuania and Estonia except travel policies and MTPL policies in cases of abroad insurance accidents. Geographical concentration of financial assets, financial liabilities, reinsurance contract assets, reinsurance contract liabilities and insurance contract liabilities as at the reporting date:

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	Lithuania	OECD countries	Total
Financial assets at fair value through other comprehensive income	169.922	246.400	416.322
Financial asset at fair value through profit or loss	5.556	11.094	16.649
Reinsurance contract assets	14.996	4.305	19.301
Cash and cash equivalents	8.648	1.933	10.581
Other receivables	2.095	1.940	4.035
Financial assets and reinsurance contract assets	201.216	265.672	466.888
Insurance contract liabilities	(222.396)	(59.356)	(281.752)
Reinsurance contract liabilities	(1.550)	(78)	(1.629)
IFRS 16 lease liability	(1.615)	(585)	(2.199)
Other financial liabilities	-	(521)	(521)
Financial liabilities, reinsurance and insurance contract liabilities	(225.561)	(60.540)	(286.101)
Net position as at 31 December 2024	(24.345)	205.132	180.787

	Lithuania	OECD countries	Total
Financial assets at fair value through other comprehensive income	143.546	215.467	359.013
Financial asset at fair value through profit or loss	4.497	10.522	15.019
Reinsurance contract assets	18.854	2.386	21.241
Cash and cash equivalents	9.188	1.241	10.429
Other receivables	1.939	2.393	4.332
Financial assets and reinsurance contract assets	180.299	229.734	410.034
Insurance contract liabilities	(213.333)	(47.469)	(260.802)
Reinsurance contract liabilities	(2.026)	(196)	(2.222)
IFRS 16 lease liability	(1.294)	(805)	(2.099)
Other financial liabilities	-	(309)	(309)
Financial liabilities, reinsurance and insurance contract liabilities	(216.653)	(48.779)	(265.431)
Net position as at 31 December 2023	(36.354)	180.955	144.603

26.5. Reinsurance coverage

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Group for each insurance risk has following own retention:

Maximum own retention for insurance contract:

	2024-12-31	2023-12-31
Personal accident & Travel medical expense	105	96
Motor own damage	300	300
Motor vehicle third party liability	600	600
Cargo insurance	400	250
Hull, CMR Property	400	250
Property insurance	1.755	1.599
General TPL insurance	468	426
Debt securities and guarantees	468	426

27. Financial risk management**Risk management framework:**

The Group's management has overall responsibility for the establishment and oversight of the Group's risk management framework. The management monitors the Group's risk management policies, which are established to identify and analyse and manage the risks faced by the Group. Policies aim to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products offered and emerging best practice.

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The operations of the Group and investment management activities in particular expose it to a variety of financial risks, including credit risk, liquidity risks and market risks, which include interest rate risks, currency risks, as well as fair value risks. The Group's management seeks to minimise potential adverse effects of financial risks on the consolidated financial performance of the Group by placing limits on the level of exposure that can be taken.

27.1. Credit risk

The Group takes an exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one issuer of securities, debtor, borrower, or group of the above. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Actual exposures against limits are monitored regularly.

Exposure to credit risk is managed through regular analysis of the ability of issuers, borrowers, and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The impairment model in IFRS 9 is based on an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised. This requires considerable judgement about how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. The impairment model applies to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments. The Group considers expected credit loss for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific expected credit loss. All individually significant receivables found not to be specifically impaired are then collectively assessed for expected credit loss. Receivables that are not individually significant are collectively assessed for expected credit loss. As the Group's receivables are mostly short-term, the Group estimates that the expected credit loss allowances for Receivables from ceded reinsurance and other debtors according to IFRS 9 are not material.

For debt assets measured at fair value through other comprehensive income the expected credit loss is applied. Impairment is measured as:

- Lifetime ECL – expected credit losses that result from all possible default events over the expected life of a financial instrument recognized when significant increase in credit risk occurs or asset became impaired;
- 12-month ECL – the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date for performing assets with low credit risk.

ECL is calculated according to historical rates of probability of default of corporate and government debt assets assigned according to external credit ratings.

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27.1.1. Maximum credit exposure (excluding shares):

	2024-12-31	2023-12-31
Lithuania government debt securities	161.107	133.631
France government debt securities	38.224	10.474
Corporate debt securities	37.059	38.110
Poland government debt securities	39.206	32.577
Spain government debt securities	20.814	22.175
Croatia government debt securities	20.726	15.598
Romania government debt securities	18.472	21.605
Collective investment undertakings	16.649	15.019
Italy government debt securities	15.809	17.197
Latvia government debt securities	12.887	12.458
Austria government debt securities	9.810	8.407
Hungary government debt securities	8.983	10.009
Chile government debt securities	8.272	-
Slovenia government debt securities	7.586	5.448
Bulgaria government debt securities	6.594	12.996
Mexico government debt securities	2.318	2.318
Morocco government debt securities	1.368	1.318
Indonesia government debt securities	1.441	6.990
Peru government debt securities	1.301	1.283
Serbia government debt securities	1.356	1.321
Israel government debt securities	942	2.955
Credit risk	430.924	371.889
Reinsurance contract assets	19.301	21.241
Other receivables	2.247	2.164
Receivables due from intermediaries	1.788	2.168
Term deposits	658	-
Cash and cash equivalents	10.580	10.429
	34.575	36.002
Maximum credit exposure, total	465.498	407.891

27.1.2. Reinsurance risk breakdown by counterparty ratings as at reporting date:

	2024-12-31	2023-12-31
AA	679	728
A	17.191	18.950
Not rated	1.431	1.563
Reinsurance contract assets	19.301	21.241

27.1.3. Investment breakdown by ratings as at reporting date:

2024-12-31	Rated AAA	AA	A	BBB	BB	Without rating	Total
Government debt securities	-	55.620	263.954	54.917	2.724	-	377.216
Corporate debt securities	-	-	15.974	21.085	-	-	37.059
Total investment assets	-	55.620	279.927	76.003	2.724	-	414.274

2023-12-31	Rated AAA	AA	A	BBB	BB	Without rating	Total
Government debt securities	-	27.285	200.841	87.996	2.638	-	318.760
Corporate debt securities	-	-	6.414	31.697	-	-	38.110
Total investment assets	-	27.285	207.255	119.693	2.638	-	356.870

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*(All amounts in thousands of euro unless otherwise stated)***27.1.4. Cash breakdown by ratings as at reporting date:**

2024-12-31	Rated AAA	AA	A	BBB	BB	Without rating	Total
Cash in banks	-	-	1.900	-	-	8.391	10.290
3 months deposits	-	-	-	-	-	290	290
Cash in total	-	-	1.900	-	-	8.681	10.580

2023-12-31	Rated AAA	AA	A	BBB	BB	Without rating	Total
Cash in banks	-	-	1.552	-	-	8.877	10.429
3 months deposits	-	-	-	-	-	-	-
Cash in total	-	-	1.552	-	-	8.877	10.429

Majority of cash position is held at locally registered banks which do not have credit ratings itself, but they belong to Scandinavian banking groups which have high credit ratings.

27.2. Liquidity risk

The Group is exposed to regular calls on its available cash resources from claims settlements. The Management sets the minimum level of cash resources, which must be available to meet its liabilities. Also, The Group has a Liquidity risk management policy, which sets minimum requirements for liquidity risk identification, measurement, management, control and reporting. The purpose of the Policy is to ensure that liquidity risk management and current assets as well as liabilities management would meet an acceptable risk level.

The liquidity risk is constantly monitored, but additionally KRI are monitored periodically and they are reported to Management Board.

Liquidity KRI – the minimum requirement for liquid assets at least 50% of the total value of the aggregate Investment portfolio, excluding collateralized assets, can be liquidated within 20 trading days. Liquid investment instruments are: cash in bank accounts and term deposits in the banks (up to 3 months), government and corporate bonds with credit rating not lower than BBB, money market funds, shares and equity funds traded on regulated markets, that can be liquidated in 20 trading days. This KRI is monitored and reported to Management Board every quarter.

Cash flow inflows and outflows mismatch levels, including the predicted direct insurance and reinsurance cash flows, are monitored constantly. Every quarter: Quarterly variance of the Cash flow from the Operational plan / Forecast KRI and a cash flow KRI - average proportion of daily expense and operational cash balance are reported to management Board.

There has been the following distinction of financial assets and liabilities:

2024-12-31	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	> 10 years	total
Financial assets	85.926	47.855	72.578	25.985	61.271	132.419	2.019	428.053
Financial investments- debt securities	72.148	47.855	72.578	25.985	61.271	132.419	2.019	414.275
Cash and cash equivalents	10.580	-	-	-	-	-	-	10.580
Other receivables	3.198	-	-	-	-	-	-	3.198
Financial liabilities (not discounted)	(1.040)	(420)	(228)	(135)	(59)	(75)	(926)	(2.883)
IFRS 16 lease liability	(519)	(420)	(228)	(135)	(59)	(75)	(926)	(2.362)
Other financial liabilities	(521)							(521)
Total contract liabilities (not discounted)	(98.615)	(22.715)	(12.591)	(7.459)	(3.078)	(7.563)	(18.239)	(170.260)
Insurance contract liabilities	(99.717)	(22.721)	(12.591)	(7.459)	(3.078)	(7.563)	(18.239)	(171.368)
Reinsurance contract liabilities	1.102	6	1	-	-	-	-	1.108
Net position as at 31 December 2024	(13.729)	24.720	59.760	18.391	58.134	124.780	(17.146)	254.910

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2023-12-31	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	> 10 years	total
Financial assets	70.040	53.721	48.188	63.311	21.346	113.915	-	370.521
Financial investments- debt securities	56.389	53.721	48.188	63.311	21.346	113.915	-	356.870
Cash and cash equivalents	10.429	-	-	-	-	-	-	10.429
Other receivables	3.222	-	-	-	-	-	-	3.222
Financial liabilities (not discounted)	(710)	(313)	(229)	(86)	(50)	(1.022)	(990)	(3.401)
IFRS 16 lease liability	(401)	(313)	(229)	(86)	(50)	(1.022)	(990)	(3.092)
Other financial liabilities	(309)							(309)
Total contract liabilities (not discounted)	(90.870)	(19.456)	(12.446)	(6.999)	(1.975)	(6.575)	(18.295)	(156.615)
Insurance contract liabilities	(91.766)	(19.461)	(12.446)	(6.999)	(1.975)	(6.575)	(18.295)	(157.517)
Reinsurance contract liabilities	896	5	0	-	-	-	-	901
Net position as at 31 December 2023	(21.540)	33.952	35.513	56.226	19.321	106.318	(19.285)	210.505

There are no amounts repayable on demand concerning with insurance contracts.

27.3. Market risk

The Group takes an exposure to market risks, which include interest rate risks, currency risks, as well as fair value risks. Market risks arise from open positions in interest rate and currency instruments, all of which are exposed to general and specific market movements. The management sets limit on the value of risk that may be accepted, which is monitored regularly. Group's Market risk policy sets the rules for the identification, measurement and assessment, monitoring and control of market risk, reporting, and management action taken, as well as determining the roles of the participants in the process, and their areas of responsibility, in the Group market risk management process.

27.3.1. Exposure to interest rate risk

The interest rate risk is a possibility of incurring a loss following changes in the value of financial instruments or assets and fluctuations in the present value of projected cash flows on liabilities following changes in term of structure of market interest rates or volatility of these risk-free rates. Interest rate is a part of market risk, due to that the identification, measurement and monitoring is described in Market risk policy. The Group monitors different risk indicators monthly and quarterly, the Group sets the limits for the risk indicators, and they are reviewed at least once per year. Once per quarter information about limit realization is presented to the Management board by Risk function. One of the main indicators is interest rate risk SCR value. At least once per quarter Investment committee analyses the performance of the portfolio, performance against the market, interest rate fluctuations and expectations. The Group's exposure to interest rate risk is limited as significant part of liabilities are not bearing interest and the dominant part of interest bearing financial instruments have fixed interest rates. Weighted average effective interest rates, as applicable, for the interest bearing financial instruments, excluding insurance contracts, were as follows:

	2024-12-31	2023-12-31
Corporate debt securities	3,34%	2,99%
Government debt securities	2,64%	2,12%
Collective investment undertakings	3,84%	5,07%

Risk measurement is regularly analysed by applying back tests and comparing revaluation profit / (loss) from positions with the respective potential risk.

Change in investment value and effect on net result due to market interest rate changes was as follows:

	2024-12-31	2023-12-31
Market interest rate and impact on fair value (+0.5 percent point)	(7.731)	(6.432)
Market interest rate and impact on fair value (-0.5 percent point)	7.731	6.432

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Change in Insurance contract liabilities, Reinsurance contract liabilities and Reinsurance contracts assets and effect on Insurance service result and Insurance and reinsurance finance income and expenses result due to market interest rate changes was as follows:

Scenario description (2024-12-31)	Profit and loss	Carrying amount
Base scenario	44.456	264.078
Interest rate (EUR) increased by 1 pp	44.456	260.637
Difference	-	3.442
Interest rate (EUR) decreased by 1 pp	44.456	268.056
Difference	-	(3.977)

Scenario description (2023-12-31)	Profit and loss	Carrying amount
Base scenario	36.123	241.783
Interest rate (EUR) increased by 1 pp	36.123	238.434
Difference	-	3.349
Interest rate (EUR) decreased by 1 pp	36.123	245.262
Difference	-	(3.480)

27.3.2. Fair value determination

Financial assets fair value hierarchy consists of three levels. Level 1 – measured based on listed prices (unadjusted) from active markets for identical assets, i.e. listed liquid debt instruments, listed shares, listed derivatives. Level 2 assets measured based on input data other than listed prices, classified to Level 1, which can be directly (as prices) or indirectly (on the basis of prices) observed on the market, i.e. fund units, listed debt instruments measured based on the valuations published by an authorised information service and others. Level 3 are assets measured based on input data unobserved on existing markets, they include investment property. The split of financial values by levels is described in Notes 15 and 18.

Financial assets and financial liabilities other than those reflected at their fair value are receivables, term deposits with credit institutions and cash and cash equivalents.

Financial debtors and financial liabilities have their remaining maturities of less than one year and carry no interest, thus, their fair value is deemed not to materially differ from their carrying amounts.

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

27.3.3. Currency risk

The currency risk is a part of Market risk. The Group is not exposed to significant currency risk as the reinsurance coverage is provided in, and other transactions are, as a rule, denominated in euros. Management of the Group seeks to limit currency risk through an investment portfolio created in respective currencies in the amount equal to respective amounts of reinsurance contract assets, insurance and reinsurance contract liabilities and other liabilities.

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Split of financial assets, financial liabilities and claim reserves by currencies as at the reporting:

	EUR	PLN	Other	Total
Financial assets at fair value through other comprehensive income	416.322	-	-	416.322
Financial asset at fair value through profit or loss	16.649	-	-	16.649
Reinsurance contract assets	18.904	35	362	19.301
Cash and cash equivalents	10.562	12	6	10.580
Other receivables	4.035	-	-	4.035
Financial assets and reinsurance contract assets	466.472	47	368	466.887
Insurance contract liabilities	(275.330)	(1.620)	(4.801)	(281.751)
Reinsurance contract liabilities	(1.606)	(2)	(21)	(1.629)
IFRS 16 lease liability	(2.199)	-	-	(2.199)
Other financial liabilities	(521)	-	-	(521)
Financial liabilities, insurance and reinsurance contract liabilities	(279.656)	(1.622)	(4.822)	(286.100)
Net position as at 31 December 2024	186.816	(1.575)	(4.454)	180.787

	EUR	PLN	Other	Total
Financial assets at fair value through other comprehensive income	359.013	-	-	359.013
Financial asset at fair value through profit or loss	15.019	-	-	15.019
Reinsurance contract assets	21.067	13	161	21.241
Cash and cash equivalents	10.213	209	7	10.429
Other receivables	4.332	-	-	4.332
Financial assets and reinsurance contract assets	409.644	222	168	410.034
Insurance contract liabilities	(255.314)	(1.540)	(3.948)	(260.802)
Reinsurance contract liabilities	(2.214)	(1)	(7)	(2.222)
IFRS 16 lease liability	(2.099)	-	-	(2.199)
Other financial liabilities	(521)	-	-	(521)
Financial liabilities, insurance and reinsurance contract liabilities	(260.148)	(1.541)	(3.955)	(265.744)
Net position as at 31 December 2023	149.496	(1.319)	(3.787)	144.290

Changes in the exchange rates do not have a material impact on net position. The main share of financial assets and liabilities is held in euros.

28. Sustainability risk management

The Group has a dedicated Sustainability policy which defines the management structure of the Group's sustainable activities and to determine what the objectives of the management of sustainable activities should be when making all business decisions and implementing the Group's strategy, to define the sustainability risk management processes, the functions and responsibilities of the participants involved in sustainability risk management. Sustainability goals should not override the Group's strategic goals, policyholders', insured's and beneficiaries'. The Group has a dedicated person - Sustainability Manager, who is responsible for sustainability risk management. Every quarter risk indicators are monitored and presented to the Management board. Every year the Group in Own risk and Solvency assessment report the Group evaluates materiality of the sustainability. During the planning horizon (short term) the risks related to sustainability – transition risk, are not material for the liabilities side, possible impacts are included into underwriting risk valuations. According to the relevant sector methodology, the Group will be able to avoid negative impact on assets not only now but also in the future even in medium and long term.

29. Capital risk management

The Group is obliged to achieve and continuously maintain an appropriate level of capital to cover the solvency requirement. The Risk Appetite determines a targeted minimum level of own funds ensuring the defined minimum solvency ratio. The Management Board must be confident that the business holds enough capital to sustain it through significant (but realistic) negative impacts, yet at the same time provide itself with enough capital resource to satisfy its future growth ambitions.

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In addition, the Group must ensure it maintains capital levels that comply with European solvency regulations and the requirements of the Bank of Lithuania. Starting from 1 January 2016, the Solvency II legislation is effective, and since then Solvency Capital Requirement (SCR) for the Group is calculated using the Standard Formula.

Own Risk and Solvency Assessment (ORSA) process is designed to make a clear link between the risks the Group has and the capital requirements resulting from taking on these risks as well as the prospective capital positions over the planning period. This Capital Management Plan is a significant element of the ORSA process that communicates the current capital position and the prospective capital position over the planning period and the need for any capital issuance or redemption.

Capital Management policy sets the minimum requirement for the capital management planning, organization, monitoring and remediation actions as well as for the measurement and reporting of capital position in order for the management of the Group to take timely and necessary actions.

The Group aims at:

- Maintenance of target solvency ratio above the lower level provided for the green zone, as defined in Risk Appetite;
- Effective capital management by optimizing the use of capital;
- Total shareholders return maximization for parent Group investors in particular by optimizing the use of capital while maintaining safety;
- Maintenance of sufficient funds to cover the Group's liabilities to clients.

The Group's capital management process consists of the following stages:

- Planning;
- Organization;
- Monitoring;
- Remediation actions.

The main principles of determining the amount of proposed dividends to be paid out, as well as its approval and payment process are defined in the Group's Dividend Policy.

The main objective of the Group in relation to capital management is the maintenance of sufficient funds to cover its liabilities as well as the effective capital management by optimizing the use of capital. The Group's Capital Management Policy defines the minimum requirements for the capital management, planning, organization, monitoring, and remediation actions as well as for the measurement and reporting of capital position in order for the Management of the Group to take timely and necessary actions. The Group is focused to achieve and continuously maintain a level of solvency appropriate to the risks undertaken as part of the Group's business activities. The Capital Management Committee is the owner of the capital management related processes in the Group. The Management Board takes the ultimate ownership of the capital management.

The following basic own-fund items shall be deemed to possess the characteristics set out in Article 93(1) (a) and (b) of Solvency II Directive, taking into consideration the features set out in Article 93(2) of Solvency II Directive, and shall be classified as Tier 1 where the following items display all of the features set out in Article 71 of Delegated Regulation:

- 1) reconciliation reserve;
- 2) paid-in ordinary share capital and the related share premium account;
- 3) subordinated debt.

As at 31 December 2024, the Group manages its capital adequacy requirements in accordance with and complies with Solvency II rules.

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30. Loss development table

Loss development table illustrates the Group's estimate of ultimate gross claims outstanding:

2024-12-31	6 - 7 years back	5 - 6 years back	4 - 5 years back	3 - 4 years back	2 - 3 years back	1 - 2 years back	0 - 1 years back	Total
Estimates of undiscounted net cumulative claims								
At the end of accident period	49.227	174.137	159.807	172.646	206.151	257.420	275.737	
One year later	44.118	162.328	155.937	169.974	204.454	254.849		
Two years later	41.977	158.411	152.056	167.811	199.104			
Three years later	39.040	154.357	144.323	163.972				
Four years later	32.482	149.813	141.319					
Five years later	31.932	149.631						
Six years later	31.434							
Cumulative claims paid	29.700	139.448	137.489	154.179	184.025	227.592	192.976	1.065.409
Liability for incurred claims without expenses with occurrences less than 7 years back - BEL undiscounted	1.733	10.183	3.830	9.793	15.079	27.257	82.761	150.636
Liability for other incurred claims with occurrences more than 7 years back - BEL undiscounted								20.732
Liability for incurred claims - risk adjustment undiscounted								10.691
Effect of discount on liability for incurred claims								-10.944
Liability for incurred claims								171.115

2023-12-31	5 - 6 years back	4 - 5 years back	3 - 4 years back	2 - 3 years back	1 - 2 years back	0 - 1 years back	Total
Estimates of undiscounted net cumulative claims							
At the end of accident period	49.227	174.137	159.807	172.646	206.151	257.420	
One year later	44.118	162.328	155.937	169.974	204.454		
Two years later	41.977	158.411	152.056	167.811			
Three years later	39.040	154.357	144.323				
Four years later	32.482	149.813					
Five years later	31.932						
Cumulative claims paid	29.519	139.187	136.434	153.481	181.011	176.985	816.618
Liability for incurred claims without expenses with occurrences less than 6 years back - BEL undiscounted	2.413	10.625	7.889	14.330	23.443	80.435	139.135
Liability for other incurred claims with occurrences more than 6 years back - BEL undiscounted							18.382
Liability for incurred claims - risk adjustment undiscounted							9.779
Effect of discount on liability for incurred claims							-11.661
Liability for incurred claims							155.635

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Loss development table illustrates the Group's estimate of ultimate net of reinsurance claims outstanding:

2024-12-31	6 - 7 years back	5 - 6 years back	4 - 5 years back	3 - 4 years back	2 - 3 years back	1 - 2 years back	0 - 1 years back	Total
Estimates of undiscounted net cumulative claims								
At the end of accident period	46.565	167.592	155.362	169.647	203.349	246.292	268.856	
One year later	41.910	156.522	151.617	168.394	202.339	243.905		
Two years later	40.175	152.454	149.114	166.188	197.017			
Three years later	37.892	148.075	141.457	162.299				
Four years later	31.319	143.727	138.147					
Five years later	30.824	143.255						
Six years later	27.867							
Cumulative claims paid	29.002	138.425	136.437	153.040	182.397	217.899	192.704	1.049.904
Liability for incurred claims without expenses with occurrences less than 7 years back - BEL undiscounted	1.732	5.095	1.861	9.259	14.621	26.006	76.151	134.724
Liability for other incurred claims with occurrences more than 7 years back - BEL undiscounted								15.352
Liability for incurred claims - risk adjustment undiscounted								9.669
Effect of discount on liability for incurred claims								-10.147
Liability for incurred claims								149.598

2023-12-31	5 - 6 years back	4 - 5 years back	3 - 4 years back	2 - 3 years back	1 - 2 years back	0 - 1 years back	Total
Estimates of undiscounted net cumulative claims							
At the end of accident period	46.565	167.592	155.362	169.647	203.349	246.292	
One year later	41.910	156.522	151.617	168.394	202.339		
Two years later	40.175	152.454	149.114	166.188			
Three years later	37.892	148.075	141.457				
Four years later	31.319	143.727					
Five years later	30.824						
Cumulative claims paid	28.848	138.175	135.532	152.377	179.429	176.515	810.876
Liability for incurred claims without expenses with occurrences less than 6 years back - BEL undiscounted	1.976	5.552	5.925	13.811	22.910	69.777	119.951
Liability for other incurred claims with occurrences more than 6 years back - BEL undiscounted							15.080
Liability for incurred claims - risk adjustment undiscounted							8.800
Effect of discount on liability for incurred claims							-10.722
Liability for incurred claims							133.109

The Group has not disclosed previously information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

*(All amounts in thousands of euro unless otherwise stated)***31. Asset lease****31.1. Lease when a Group is a lessee**

The Group assesses lease agreements concluded during the financial period to determine whether they meet the criteria for right-of-use assets under IFRS 16. In assessing a lease, the leased asset is identified, the consideration for the use of the property, the contractual right to control the use of the property and the right to receive full economic benefits from its use over a period of time. At the inception of the lease, the right-of-use asset is measured at its acquisition cost, at the present value of all future payments. In the consolidated statement of financial position, right-of-use assets are classified in 'Property and equipment' position.

IFRS 16 right-of-use assets as at 31 December 2024 consist of the lease of office premises of EUR 1 546 thousand (EUR 1 036 thousand in Lithuania and EUR 511 thousand in Estonia) and lease of land under buildings where insurance activities are carried out in Lithuania of EUR 385 thousand. Total value of right-of-use assets as at 31 December 2024 amounted to EUR 1 931 thousand. As at 31 December 2023, lease of office premises right-of-use assets amounted to EUR 1 540 thousand (EUR 818 thousand in Lithuania and EUR 722 thousand in Estonia) and the lease of land in Lithuania amounted to EUR 414 thousand. Total value of right-of-use assets as at 31 December 2023 amounted to EUR 1 954 thousand.

When the contract lacks interest rate implicit in the lease the Group sets lessee's incremental borrowing rate. Lessee's incremental borrowing rate is settled based on average interest rates for loans of similar characteristics as lease liabilities. As at 31 December 2024 the weighted average interest rate on recognition of lease liabilities in Lithuania was 6,06%, for the Estonian branch 2,74%. As at 31 December 2023, the weighted average interest rate on recognition of lease liabilities in Lithuania was 4,26%, for the Estonian branch 2,69%.

IFRS 16 right of use assets liabilities change:

31 December 2022	2.233	31 December 2023	2.099
New agreements, amendments	265	New agreements, amendments	466
Lease liability payment	(528)	Lease liability payment	(751)
Lease liability interest	129	Lease liability interest	385
31 December 2023	2.099	31 December 2024	2.199
Short-term	538	Short-term	647
Long-term	1.561	Long-term	1.552

Short-term and long-term lease liability:

	2024-12-31	2023-12-31
Short-term (payable up to 1 year)	647	538
Up to 3 months	206	165
From 3 months to 1 year	441	373
Long-term (payable after 1 year)	1.552	1.561
From 1 to 2 years	592	479
From 2 to 3 years	314	424
From 3 to 4 years	136	188
From 4 to 5 years	64	55
More than 5 years	446	415
Total lease liability	2.199	2.099

IFRS 16 lease liabilities are classified in the consolidated statement of financial position under "Other liabilities".

The Group paid lease expenses for right-of-use assets for the total amount of EUR 751 thousand during 2024, which are attributed to the item "Payments made for lease liabilities - Capital part" in the statement of cash flows (during 2023: EUR 528 thousand).

The Group has opted for exemptions from the IFRS 16 requirements for short-term contracts and low value leases, that is, recognizing the cost of such leases as operating leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(All amounts in thousands of euro unless otherwise stated)

	2024	2023
Depreciation of right-of-use assets:	(668)	(549)
- Land lease	(6)	(1)
- Premises lease	(662)	(548)
Right-of-use assets interest	(385)	(48)
Expenses relating to short-term leases and low value assets	(410)	(444)
Total lease expense	(1.463)	(1.041)

Depreciation of land as right-of-use asset is included in the statement of comprehensive income item "Acquisition costs" and depreciation of premises lease presented in an item of "Administrative expense". Right-of-use assets interest is attributed to the statement of comprehensive income, item "Interest and expense".

31.2. Lease when a Group is a lessor

The Group leases premises and classifies those leases as operating leases as it does not transfer substantially all the risks and rewards of the asset. Premises subleases are short-term or low value assets and are therefore classified as operating leases.

	2024	2023
Premises lease income:	806	432
- rent income from investment property	687	313
- rent income from other properties	119	119

The table below provides an analysis of the off-balance sheet receivables for undue operating lease payments. Undiscounted amounts receivable after the reporting period from operating leases are disclosed.

	2024-12-31	2023-12-31
Receivable amount		
Up to 1 year	797	710
From 1 to 2 years	762	619
From 2 to 3 years	757	602
From 3 to 4 years	602	600
From 4 to 5 years	65	455
More than 5 years	-	3
Total	2.983	2.989

32. Subsequent events

No events have taken place from the Consolidated Statement of Financial Position date to the date of approval of these consolidated financial statements that could materially affect the annual performance, cash flows or the financial position or related disclosures of Lietuvos draudimas AB as at and for the year ended on the reporting date or require disclosure.