



ДУНАВ РЕ а.д.о.

ANNUAL REPORT

FOR THE PERIOD

01 Jan 2024 – 31 Dec 2024

2024

www.dunavre.rs

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Reinsurance Company Dunav Re achieved record-breaking results in 2024, both in terms of gross written premium, which reached EUR 123 million (RSD 14.4 billion), and in terms of the Company's retained premium, amounting to EUR 40.5 million (RSD 4.75 billion). 53



1. GENERAL INFORMATION

The reinsurance company "Dunav Re" a.d.o. Belgrade (hereinafter referred as: the Company) was registered with the Serbian Business Registers Agency under number 43206 on July 22, 2005, as a joint-stock company specializing in reinsurance operations. The Company's registered seat is: Belgrade, Vračar, Bulevar kralja Aleksandra 18/1. The Company was originally established on July 1, 1977, under the name Reinsurance Community "Dunav Re." The activity code is 6520. The Company Registration Number is 07046901. The Tax Identification Number (TIN) is 100001327. The person authorized to represent the Company is the President of the Executive Board, Vladimir Uzelac. The Company's internal organization and governance are regulated by its Statute and other general acts. The audit of the financial statements is performed by the auditing company KPMG d.o.o. Belgrade

Shareholders

The majority owner of the Company is Dunav Insurance Company a.d.o. Belgrade, holding an 87.12% share in the Company's share capital. The Company is not engaged in the repurchase of its own shares.

Members of the Supervisory Board:

- Aleksa Aksentijević (Dunav Insurance Company);

President

- Milica Milićević (Dunav Insurance Company), Member;

Siniša Nišić, Independent Member.

Members of the Executive Board:

- Vladimir Uzelac, President of the Executive Board;

Members of the Audit Committee:

- Zoran Subotić (Dunav Insurance Company), President of the Audit Committee;
- Simonida Nisić (Dunav Insurance Company), Member of the Audit Committee;
- Bojana Benać (Sava Insurance), Member of the Audit Committee.

Market Capitalization

As at December 31, 2024, the Company's share capital and other equity amount to RSD 2,404,733. Of this amount, 99.86% relates to share capital, while 0.14% pertains to other equity. The share price on the stock exchange as at December 31 2024, was RSD 3,300.00 per share, with a nominal value of RSD 2,450.00 per share.

Stock market indicators

Market Capitalization: 3.234.386.100 RSD

EPS 792,85

P/E 4,16

P/B 0,87

Employees

qualification structure of employees as at 31.12.2023. and 31.12.2024.

Bachelor 27 / 31

+4

Bachelor

+2

Secondary school

-4

TOTAL 42 / 44

+2

2. BUSINESS ENVIRONMENT IN 2024

Based on data from the latest Monthly Statistical Bulletin published by the Republic Statistical Office with data for November 2024, then the February (2025) Inflation Report published by the National Bank of Serbia, and the

Macroeconomic and Fiscal Data published by the Ministry of Finance of the Republic of Serbia on February 4, 2025, the following results emerge:

- Global economic developments in 2024 continued to be influenced by the

processes of previous years in terms of global uncertainty and geopolitical tensions, as well as the rise of protectionism in the world. On the other hand, inflation has been contained, although it remains at higher levels and remains a challenge for the coming period.

The fight against inflation, although it did not cause a global recession, resulted in below-average economic growth in some markets last year. According to the estimates of the Republic Statistical Office, the growth of gross domestic product in the Republic of Serbia at the annual level was 3.9% and was one of the highest in Europe

- The negative effects of the drought on agricultural production were greater than initially estimated during the year, but they were more than offset by better performance in industry, primarily manufacturing, as well as in the service sectors. A positive contribution in 2024 also came from construction, primarily due to the implementation of infrastructure projects planned under the Expo 2027 program.

- During the fourth quarter of 2024, the activities undertaken by the National Bank of Serbia with the aim of reducing inflation continued, and at the end of 2024 it was almost twice as low as at the end of 2023, amounting to 4.3% year-on-year. The activities undertaken with the aim of managing inflation did not have a significant effect on economic growth. The average growth in consumer prices in 2024 is estimated at 4.6%, which

represents a significant decrease compared to 12.1% in 2023.

- At the consolidated level, in 2024, the state sector deficit amounted to 191.9 billion dinars, or 2% of gross domestic product, which is a better result than the deficit planned in the republican budget rebalance of 2.7% of gross domestic product. The more successful result was achieved primarily due to lower current expenditures compared to the plan.

- The share of general government public debt in gross domestic product at the end of 2024 was 47.6%. Considering the percentage of public debt in relation to GDP at the end of 2023, which was 52.7%, this represents a continuation of the trend of decreasing the level of public debt in relation to GDP, primarily as a result of the dynamic growth of the level of GDP.

- The inflow of foreign direct investments, for the third year in a row, was at a record level and, according to preliminary data, amounted to 5.2 billion euros in 2024. In addition, their high geographical and project spread and predominant focus on export sectors were maintained.

The Executive Board of the National Bank of Serbia reduced the reference interest rate three times in 2024, so that from January 2024 to December it was reduced from 6.5% to 5.75%, with the last reduction in September. Compared to the trend in 2022 and 2023, when the reference interest rate was continuously increasing, the inflation levels in 2024 enabled the National Bank of Serbia to change the interest rate trend.

The credit rating of the Republic of Serbia

On January 31, 2025, the rating agency Fitch Ratings maintained/affirmed rating of Serbia at BB+ with a positive outlook for its upgrade, one level above investment grade.

On October 4, 2024, the rating agency Standard and Poor's upgraded Serbia's credit rating to BBB- with a stable outlook for its further upgrade.

With this announcement, the Republic of Serbia officially entered the group of countries with investment grade credit ratings. The rating agency's explanation states that the upgrade reflects the Republic of Serbia's strong macroeconomic resilience to external

influences, disciplined macroeconomic management, and that it is expected that further policy will be conducted in the same manner.

On 30 August 2024, Rating Agency Moody's affirmed Serbia's Ba2 rating with a positive outlook, an upgrade from the previous stable outlook. The agency's report notes that the decision to upgrade the Republic of Serbia's credit rating follows continued strengthening of economic and fiscal strength, consistent GDP growth, and improved fiscal performance, which exceed the agency's expectations.

Rating Agency	Moody's	Fitch Ratings	S&P Ratings
Date	August 30, 2024.	January 31, 2025.	04.10.2024.
Activity	Confirmed rating	Confirmed rating	Increased rating
rating	Ba2/Positive outlook	BB+/positive outlook	BBB-/stable outlook

Economic aspect

The public debt of the central government as of December 31, 2024 amounted to 4,548.9 billion dinars (38.9 billion euros). Compared to the end of 2023, when it amounted to 4,236.1 billion

dinars (36.2 billion euros), the public debt recorded an increase in absolute terms, while the share of public debt in relation to GDP further decreased and amounted to 47.6% at the end of 2024.

Structure of the Public debt

Category	December 31, 2022	December 31, 2023	December 31, 2024
Public debt of the central government in RSD (in million)	3.909.892	4.236.147	4.548.864
Public debt of the central government in EUR (in million)	33.326	36.153	38.874
Total domestic debt in EUR (in million)	11.760	10.791	11.032
Total external debt in EUR (in million)	21.566	25.362	27.842

International insurance market

Global insurance premiums for 2023 increased by 2.80% to \$6,990 billion, with global non-life premiums growing by 3.90% while life premiums grew by 1.20% year-on-year. Insurance markets showed a recovery in 2023, largely driven by a return to positive premium growth in the life sector. This year, still-strong labor markets and improving real wages will drive demand for both life and non-life insurance, while in life insurance, higher interest rates will drive strong sales in fixed-rate savings.

According to forecasts for the end of 2024, the expectations for the insurance industry are as follows:

- Life insurance premium growth of 2.90%, non-life insurance premium growth of 3.3% and insurance premium growth of 3.20% globally. The highest growth is expected in Asia, Europe and Africa with moderate growth in other markets

- Inflation is still one of the important topics for all market participants, and lower inflation is expected in the coming period, which will result in lower costs related to claims settlement, as well as higher demand for life insurance premiums.

- The trend of increasing insurance and reinsurance rates in the global market continues, especially for coverage related to protection against natural hazards, but the greatest growth is being achieved in property insurance and motor vehicle insurance.

- Including climate risks into both risk-taking and investment processes

- As the market is affected by a number of significant events around the world; the number and magnitude of losses from extreme natural disasters is expected to increase

- The ongoing conflict in the Gaza Strip is impacting the market, particularly in the marine insurance segment, with additional costs due to the avoidance of certain parts of the shipping route
- the market is more concerned with limiting coverage related to secondary risks, considering the increase in losses caused by these risks in the previous period
- the process of digitalization increases exposure to cyber risks at the global level

- in the coming period, an increase in reinsurance and retrocession capacity is expected, considering the decrease in the previous period, but also the changed guidelines of reinsurers
- supply chain issues continue to affect the development of the entire market in this period
- the trend of including ESG factors in business as an important factor in the process of long-term business sustainability continues

Catastrophe losses

According to published data, total economic losses in 2024 are estimated at \$368 billion, exceeding \$300 billion for the ninth consecutive year. Tropical storms generated the largest amount of economic losses.

Total insured losses are \$145 billion, exceeding \$100 billion for the fifth consecutive year.

The largest share of economic losses is caused by hurricanes, and the largest single insured loss is Hurricane Helene in the United States, with economic losses of \$75 billion and insured losses of \$20 billion.

The United States accounted for 78% of global insured losses, with severe convective storms further increasing costs in regions such as Dallas, Houston, and Denver.

There is also an increasing trend in billion-dollar disasters, with at least 54 events exceeding that threshold in 2024, compared to an annual average of 44 events. This increase is attributed to population growth, urban expansion, and increased wealth in areas vulnerable to natural hazards. The year 2024 was also the year with the highest temperatures ever recorded in several territories and regions around the world.

Insurance market of the Republic of Serbia

The report of the National Bank of Serbia for the third quarter of 2024 highlights the following key indicators of the insurance sector in the Republic of Serbia:

There are 20 insurance companies operating in the market of the Republic of Serbia, of which 16 companies are exclusively engaged in insurance business, and 4 companies in reinsurance business. Of the companies engaged in

insurance business, 6 companies are engaged in non-life insurance only, 4 companies in life insurance, while 6 companies are engaged in both non-life and life insurance.

The total insurance premium in the period from January to September 2024 amounted to 132.6 billion dinars (1,133 million euros or 1,264 million dollars), which represents an increase of 14.7% compared to the same period of the previous year.

In the premium structure, the share of life insurance premiums decreased from 18.5% in the third quarter of 2023 to 17.7% in the same quarter of 2024, due to a higher nominal growth in non-life insurance premiums than the growth in life insurance premiums.

Observed by line of business, the premium structure in the period I-IX 2024 does not differ significantly compared to the same period of the previous year.

Observed by line of business, the largest share is recorded by motor vehicle liability insurance in the total premium of 28.3%, followed by property insurance with 19.9%, then life insurance with 17.7%.

Financial market of the Republic of Serbia

The Executive Board of the National Bank of Serbia reduced the reference interest rate three times in 2024, so that from January 2024 to September 2024 it was reduced from 6.5% to 5.75%, the same amount as at the end of the year.

Depending on the inflation trend at the global level (primarily in the euro area and among the largest foreign trade partners) as well as on internal cost pressures, the

motor vehicle insurance - comprehensive with 11.0% and voluntary health insurance with 10.5%.

The balance sheet total of (re)insurance companies increased to 417.1 billion dinars (3.56 billion euros or 3.97 billion dollars) at the end of the third quarter of 2024, by 8.6% compared to the end of Q3 of the previous year.

Total capital amounts to 75.2 billion dinars and increased by 6.4%, compared to the same period of the previous year.

Technical provisions increased by 8.0% and amounted to 290.4 billion dinars, with the full amount of technical provisions invested in prescribed forms of assets.

The available solvency margin of (re)insurance companies in the Republic of Serbia as of 30 September 2024 amounted to 62.2 billion dinars, and the required solvency margin was 27.9 billion dinars. For companies that primarily deal with non-life insurance, the basic capital adequacy indicator (the ratio of available to required solvency margin) was 217.4%, while for companies that primarily deal with life insurance it was 239.9%.

National Bank of Serbia will use the reference interest rate as an effective monetary policy instrument. The first data on inflation trends in 2025, for January at the level of 4.6%, indicate the need for active monitoring of inflation, although macroeconomic projections for 2025 provide the basis for projecting a further decline in inflation and approaching the central target value.

Total turnover on the Belgrade Stock Exchange in 2024 amounted to 36.41

billion dinars (311 million EUR), and compared to 2023, this represents a 74% increase in turnover, but the number of transactions is a closer indicator of the state of trading on the stock exchange and is lower by 1.94% (19,095 transactions were made in 2024, 19,471 transactions in 2023).

The index of the most liquid shares BELEX15 at the end of 2023 amounted to 1,146.76 index points and increased by 30.96% compared to the end of 2022 (875.66 index points).

BELEX15 index movement in the past 365 days

VALUE



Source: BELEX15

The general BELEXLine stock index recorded an increase of 28.19% at the end

of 2024, compared to the end of 2023, and amounted to 2,453.68 index points.

BELEXLine index movement over the past 365 days

Value



Source: BELEXLine

The structure of turnover on the stock market was dominated by trading in bonds of the Republic of Serbia, accounting for more than 85% of total turnover. When it comes to shares, the most traded shares were those of the issuers NIS a.d., Novi Sad, Dunav

osiguranje a.d.o. Belgrade, Žitopek a.d. (j.s.c.), Niš, Sloga a.d. (j.s.c.) Kać, Aerodrom Nikola Tesla a.d. (Nikola Tesla Aeroport j.s.c.), Belgrade, Metalac a.d. Gornji Milanovac and Messer Tehnogas a.d. (j.s.c.) Belgrade.

Currency exchange rate

The RSD exchange rate against euro has remained stable since the beginning of 2024, with a slight strengthening of the dinar by 0.14% during the year, despite turbulent events in the global economy.

During the year, the average value of the domestic currency against euro was 117.0851, with a smaller trend of strengthening of the dinar, considering that 2024 started with an exchange rate

of 117.1737, while at the end of the year the exchange rate was recorded at 117.0149 dinars per euro.

In the interbank foreign exchange market, the National Bank of Serbia purchased a net of 2.725 billion euros in the period from January to December 2024 due to appreciation pressures, which is approximately the same level of foreign exchange purchases as in 2023.

Sociological aspect

According to data from the Republic Statistical Office, the average gross salary for November 2024 was 138,911 RSD and was nominally 14.2% higher than in November 2023. In the same period, the average net salary nominally increased by approximately 14.1% (real growth is 9.0%). According to data from the Republic Statistical Office, in the third

quarter of 2024, the unemployment rate was 8,4%.

3. BUSINESS RESULTS

The previous year for Dunav Re, despite the old and new challenges from the environment we faced, was marked by a series of good business results, primarily new record levels of premium and net profit, growth in assets and investment portfolio, new improved external rating of the company, staff reinforcements of the Company's professional services and internal organizational improvements.

As the leading reinsurance company in the Serbian market and the third reinsurer in the region, in 2024 we were an active player in the development and improvement of the local insurance market by supporting our partners, existing and new, in implementing their business plans, by providing quality and professional service.

The Company's business results for 2024, reflected in a double-digit growth in premiums, which reached 14.4 billion dinars, or 123.4 million euros, as well as a

profit before tax of 922.5 million dinars, or 7.9 million euros, demonstrate the Company's commitment to achieving sustainable long-term growth. At the same time, the Company's assets grew to 14.5 billion dinars, or 124 million euros, accompanied by a double-digit growth in the Company's investment portfolio to 5.3 billion dinars, or 45.5 million euros. The Company's total capital, at the end of 2024, reached 3.7 billion dinars, or 31.9 million euros.

In August 2024, the rating agency AM Best increased the Company's rating to B++ with a stable outlook, as a result of the Company's commitment to achieving good business results on a stable basis.

The guarantor of achieving good business results for the Company in the future remains, as before, a team of dedicated professionals with decades of experience, who face complex tasks and challenges.

Balance sheet

Y In 2024, the profit before tax amounted to 922,452 thousand RSD, which represents an increase of 8.85% compared to the previous year and a higher amount compared to the revised 2024 plan by 2.49%.The investment

result is higher by 11.75% compared to the result achieved in 2023, which is caused by a higher average level of the investment portfolio and higher rates of return.

in 000 RSD

Description	2023	REVISED PLAN 2024	2024	INDEX (4/3)
(1)	(2)	(3)	(4)	(5)
Operating income	4.432.170	5.378.631	5.541.590	103,03
Operating expenses	2.655.811	3.896.258	4.076.624	104,63
Gross operating result	1.776.359	1.482.373	1.464.966	98,83
Investment income	192.625	188.604	209.035	110,83
Investment expenses	6.460	10.000	9.443	94,43
Result from investment activities	186.165	178.604	199.592	111,75
Procurement, administrative and other operating expenses	2.753.306	1.465.318	1.544.116	105,38
Commission income	1.599.695	748.565	812.041	108,48
Operating expenses	1.153.611	716.753	732.075	102,14
NET BUSINESS RESULT	808.913	944.223	932.483	98,76
Financial result	(47.989)	(14.001)	(4.414)	31,53
Result from impairment	89.827	(14.000)	15.649	(111,78)
Other result	(3.129)	(16.150)	(20.272)	125,52
Profit from ordinary operations	847.622	900.072	923.446	102,60
Result from adjustments from previous periods	(150)	(33)	(994)	3.012,12
PROFIT BEFORE TAX	847.472	900.040	922.452	102,49
Income tax	119.642	135.006	145.363	107,67
NET PROFIT	727.830	765.034	777.089	101,58

Business indicators

In the observed period, the Company's performance indicators were maintained at a level significantly better than the reference values for the reinsurance industry. Although the Company's net retained claims ratio recorded an increase of 3.29 pp, the expense ratio decreased by 10.50 pp compared to the reference data in 2023, the combined ratio 2 is at a level below 85%. Due to the

growth in premium, there was an additional growth in productivity, so that the premium per employee grew by more than 12% compared to the same period of the previous year. Stable growth was also recorded in all liquidity indicators.

DESCRIPTION	2023	REVISED PLAN 2024	2024
C1: " Premium in equity / Total own equity "	135,49	126,34	127,22
C2: " Total own capital / Total assets "	25,48	27,20	25,69
C3: " Total own capital / Technical reserves"	52,62	58,13	48,40
QUALITY OF ASSETS - A			
A1: " Non-liquid assets / Total assets ""	25,95	27,07	22,89
REINSURANCE AND ACTUARIAL POSITIONS - R			
R1: " Applicable right to join / Applicable total premium	35,68	33,96	34,30
PRODUCTIVITY - MANAGEMENT - M			
M1: "Gross premium / Number of employees"	294.118	329.521	328.303
M2: "Total assets / Number of employees "	307.185	321.909	330.221
PROFITABILITY - E			
E1: loss ratio	60,55	60,78	63,84
E2: expense ratio	26,02	15,48	15,53
E3: investment return ratio	4,20	3,86	4,23
E4: Combined ratio 1	86,57	76,26	79,37
E5: Combined ratio 2	82,38	72,40	75,14
ROE: Net result / Basic capital*	41,03	43,12	37,22
ROE 2: Net result / average total capital*	23,94	20,65	22,14
ROA: Net result /assets*	5,31	5,66	5,67
LIQUIDITY - L			
L1- Liquidity ratio of the 1st level	0,25	0,25	0,32
L2: Liquidity ratio of the 2nd level	4,20	4,09	5,11
L2(A): Liquidity ratio of the 1st level	0,16	0,16	0,18
L4: Liquidity ratio	1,50	1,49	1,88

* annualized rate

4. COMPANY BUSINESS POLICY IN 2024

The previous financial year was characterized by heightened geopolitical tensions and the tightening of global economic conditions. A significant increase in energy prices and rising inflation led to higher key interest rates and elevated required returns across financial markets. These developments presented new challenges for nearly all participants in the insurance sector.

In 2024, Dunav Re successfully achieved all targets outlined in its original and revised business plans. This success was driven by a strong focus on client needs across all stages of the sales and underwriting processes, prudent risk management, and the preservation of capital strength.

The Company's capital position, solvency, and performance were further validated by an upgrade of its credit ratings by A.M. Best (London), which assigned a Financial Strength Rating of "B++" (Stable Outlook) and a Long-Term Issuer Credit Rating of "BBB" (Stable Outlook).

Throughout the year, we expanded and deepened our client relationships by offering sustainability-focused programs and products. Internationally, we strengthened our market presence through new partnerships and enhanced cooperation with foreign partners.

The Company remained committed to its sustainable development policy, which governs the sustainability management system and reinforces the principles of responsible management across all operations. Special emphasis was placed on initiatives supporting the achievement of carbon neutrality by 2050, underscoring our long-term commitment to sustainability goals.

The Company's business policy in 2024 remains centered on the realization of strategic objectives, including: achieving a return on equity above 5%, maintaining a combined ratio below 93%, ensuring a liquidity ratio above 1%, and delivering a net profit exceeding RSD 500 million.

5. PORTFOLIO STRUCTURE

The structure of the Company's portfolio continues to be traditionally dominated by Insurance Class 08 (Property Insurance) and Class 09 (Other Property Insurance), which together account for more than 50% of the total portfolio.

This strong presence of property insurance is fully consistent with the Company's planned portfolio structure.

Similarly, within the structure of the Company's retained portfolio, property insurance remains predominant, representing **62.21% of the total**.

Reinsurance portfolio structure by line of business

TYPE OF INSURANCE	2023	2024	INDEX (4=3/2)
(1)	(2)	(3)	(4)
Property (08 and 09)	54,60%	61,03%	111,78
Liability (13)	4,67%	5,19%	111,13
Motor liability (10)	16,62%	6,24%	37,55
Motor hull (03)	7,11%	9,27%	130,38
Other non-life	15,97%	17,32%	108,45
Life	1,03%	0,96%	93,20
Total	100,00%	100,00%	

Net portfolio structure by line of business

TYPE OF INSURANCE	2023	2024	INDEX (4=3/2)
(1)	(2)	(3)	(4)
Property (08 and 09)	58,48%	61,00%	104,31
Liability (13)	1,17%	1,25%	106,54
Motor liability (10)	15,69%	3,88%	24,73
Motor hull (03)	16,32%	24,57%	150,55
Other non-life	7,89%	8,84%	112,04
Life	0,46%	0,47%	101,65
Total	100,00%	100,00%	

6. MARKET POSITION OF THE COMPANY

The Company measures its market position regarding other six companies operating in the territory of the former Yugoslavia. Measured by the gross premium, the Company ranks third in the

ex-YU region. In the territory of the Republic of Serbia, the Company is the absolute leader both in terms of gross premium and net retained premium

According to the assessment of the international credit agency AM Best, the Company is in the group of financially secure partners and has a rating of B++/BBB with stable prospects.

FSR ratings by AM Best

Sava Re / FSR A / Country Category CRT 2

Triglav Re / FSR A / Country Category CRT 2

Dunav Re / FSR B++ / Country Category CRT 4

Bosna Re / FSR B+ / Country Category CRT 5

Wiener Re / unrated

Generali Re / unrated

DDOR Re/ unrated



B++ / bbb

7. REINSURANCE PREMIUM

Reinsurance premium by line of business

In 2024, the growth in reinsurance premium was achieved in accordance with the goals set in the revised business

plan. Compared to the same period of the previous year, the growth is 16.94%. Compared to the planned, the revised plan for 2024 achieved a growth of 4.37%. This growth was primarily influenced by the contracting of new coverage in property lines 08 and 09, which was set as a goal for this year.

In 000 RSD

Code	LINE OF BUSINESS	REALIZATI	REVISED	REALIZATI	INDEX%
(1)	(2)	(3)	(4)	(5)	(6)
1	Personal Accident insurance	266.831	312.259	302.729	96,95
2	Voluntary health insurance	103.564	131.347	141.453	107,69
3	Motor hull insurance	878.343	1.209.493	1.339.249	110,73
4	Rail insurance	15.596	16.224	17.230	106,21
5	Aircraft insurance	466.865	456.990	490.338	107,30
6	Insurance of vessels	7.072	8.869	12.749	143,75
7	Goods in transit insurance	169.165	383.386	391.026	101,99
8	Property Insurance fire and other perils	3.519.809	3.759.207	4.121.916	109,65
9	Other property insurance	3.225.941	4.694.399	4.694.159	99,99
10	Motor liability insurance	2.052.632	930.955	901.153	96,80
11	Aircraft liability insurance	264.050	239.697	232.771	97,11
12	Third party liability insurance for	55.211	30.407	49.265	162,02
13	General liability insurance	576.704	752.901	749.676	99,57
14	Credit insurance	290.498	409.710	408.901	99,80
15	Guarantee insurance	22.572	22.942	22.401	97,64
16	Financial loss insurance	286.994	331.096	406.397	122,74
18	Travel assistance insurance	23.115	20.753	26.070	125,62
20	Life insurance	94.120	89.736	103.382	115,21
22	Supplementary life insurance	33.873	39.514	34.458	87,20
	TOTAL	12.352.955	13.839.885	14.445.323	104,37

Net retained premium by line of business

The Company's net retained premium at the end of 2024 recorded an increase of 6.62% compared to the previous year. Compared to the planned values in the revised plan for 2024, an increase of 2.21% was achieved. The largest share is held by LoBs 08 - property insurance

against fire and other perils and 09 - other property insurance, which jointly recorded an increase of 10.79%. In addition to the listed property insurance lines, the LoBs that have a share of more than 5% are 01 - accident insurance and 03 - motor hull insurance.

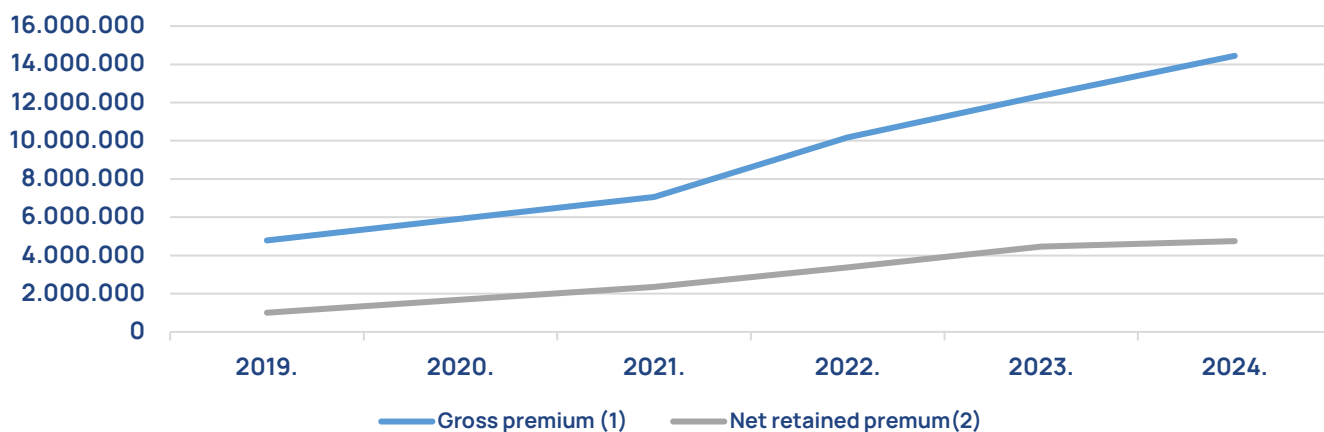
Code	LINE OF BUSINESS	2023	REVISED	2024	INDEX %
(1)	(2)	(3)	(4)	(5)	(6)
1	Personal Accident insurance	239.475	281.187	271.057	96,40
2	Voluntary health insurance	4.451	6.444	5.659	87,81
3	Motor hull insurance	726.957	1.044.986	1.156.048	110,63
4	Rail insurance	13.523	14.582	14.334	98,30
5	Aircraft insurance	22.591	24.754	46.404	187,46
6	Insurance of vessels	4.203	6.543	10.158	155,25
7	Goods in transit insurance	18.775	21.535	26.970	125,24
8	Property Insurance fire and	1.565.589	1.698.164	1.742.945	102,64
9	Other property insurance	1.048.433	1.234.540	1.153.153	93,41
10	Motor liability insurance	696.885	189.721	182.893	96,40
11	Aircraft liability insurance	5.183	5.578	5.539	99,30
12	Third party liability insurance	22.107	9.978	14.806	148,39
13	General liability insurance	49.473	54.870	55.681	101,48
14	Credit insurance	3.764	7.684	7.244	94,27
15	Guarantee insurance	944	968	936	96,69
16	Financial loss insurance	11.633	27.846	33.256	119,43
18	Travel assistance insurance	186	137	164	119,71
20	Life insurance	15.542	13.989	17.238	123,23
22	Supplementary life	4.876	3.201	4.834	151,00
	TOTAL	4.454.590	4.646.707	4.749.319	102,21

8. NET RETAINED PREMIUM IN THE PERIOD FROM 2019 TO 2024

In thousand 000 RSD

	2019	2020	2021	2022	2023	2024
Gross premium (1)	4.785.880	5.919.145	7.059.352	10.177.129	12.352.955	14.445.323
Net retained premium (2)	1.002.572	1.677.100	2.346.313	3.379.577	4.454.590	4.749.319
Participation (2/1)	20,95%	28,33%	33,24%	33,21%	36,06%	32,88%

OVERVIEW OF GROSS AND NET PREMIUMS
IN THE PERIOD FROM 2019 TO 2024



9. LOSSES

Gross settled claims by line of business

In this period, 11.51% more claims were settled than planned in the revised plan for 2024. Total claims settled decreased

by 4.61% compared to the same period last year.

Co	LINE OF BUSINESS	2023	REVISED	2024	INDEX %
(1)	(2)	(3)	(4)	(5)	(6)
1	Personal Accident insurance	184.634	195.000	223.237	114,48
2	Voluntary health insurance	94.114	95.000	90.586	95,35
3	Motor hull insurance	665.126	700.000	774.343	110,62
4	Rail insurance	4.564	5.000	2.036	40,72
5	Aircraft insurance	20.997	21.000	122.661	584,10
6	Insurance of vessels	1.737	1.500	4.936	329,07
7	Goods in transit nsurance	12.653	15.000	31.044	206,96
8	Property Insurance fire and other	1.853.530	1.275.000	1.252.583	98,24
9	Other property insurance	1.772.710	1.920.000	2.062.864	107,44
10	Motor liability insurance	717.979	215.000	292.349	135,98
11	Aircraft liability insurance	-	10.800	1.495	13,84
12	Third party liability insurance for	3.997	6.000	8.847	147,45
13	General liability insurance	24.168	36.000	82.963	230,45
14	Credit insurance	90.517	100.000	222.919	222,92
15	Guarantee insurance	8.011	57.000	59.884	105,06
16	Financial loss insurance	32.919	33.000	14.403	43,65
18	Travel assistance insurance	23.479	25.000	5.743	22,97
20	Life insurance	17.105	17.500	19.501	111,43
22	Supplementary life insurance	9.780	10.000	10.496	104,96
	TOTAL	5.538.020	4.737.800	5.282.891	111,51

Net settled claims by line of business

Compared to the revised plan for 2024, 91.95% of claims were settled in this period. Planned settled claims are lower, given that the settlement process for certain businesses was prolonged and

that the Cedents settled fewer claims under their contracts. In 2024, 7.85% fewer claims were settled compared to the previous year.

Co	LINES OF BUSINESS		REVISED		INDEX %
(1)	(2)	(3)	(4)	(5)	(6)
1	Personal Accident insurance	175.089	185.000	214.449	115,92
2	Voluntary health insurance	2.942	2.850	2.175	76,32
3	Motor hull insurance	504.495	555.000	624.585	112,54
4	Rail insurance	3.741	4.000	1.083	27,07
5	Aircraft insurance	12	13	952	7.323,08
6	Insurance of vessels	734	645	4.195	650,39
7	Goods in transit insurance	3.410	4.050	9.454	233,43
8	Property Insurance fire and other perils	1.229.072	810.000	829.371	102,39
9	Other property insurance	511.678	985.000	675.332	68,56
10	Motor liability insurance	245.663	75.000	41.790	55,72
11	Aircraft liability insurance	-	108	4	3,70
12	Third party liability insurance for vessels	223	360	497	138,06
13	General liability insurance	3.297	15.000	6.652	44,35
14	Credit insurance	390	430	2.658	618,14
15	Guarantee insurance	253	49.000	57.034	116,40
16	Financial loss insurance	3.652	3.663	4.222	115,26
18	Travel assistance insurance	365	500	29	5,80
20	Life insurance	3.248	3.325	2.572	77,35
22	Supplementary life insurance	1.381	1.400	1.333	95,21
	TOTAL	2.689.645	2.695.344	2.478.387	91,95

Gross outstanding claims by line of business

Total reserved claims as of December 31, 2024 increased by 10.06% compared to December 31, 2023. This increase is a consequence of the prolonged settlement process by the Cedents as well as the reporting of new claims in this

period under both proportional and non-proportional contracts.

Cod	LINE OF BUSINESS	31 DEC 2023	REVISED	31 DEC 2024	INDEX
(1)	(2)	(3)	(4)	(5)	(6)
1	Personal Accident insurance	4.865	5.000	29.863	597,26
2	Voluntary health insurance	8.645	8.500	27.127	319,14
3	Motor hull insurance	73.850	95.000	94.535	99,51
4	Rail insurance	158	200	774	386,00
5	Aircraft insurance	54.564	56.000	57.325	102,37
6	Insurance of vessels	1.560	1.500	41	2,73
7	Goods in transit nsurance	316.940	320.000	298.059	93,14
8	Property Insurance fire and other	1.080.678	1.040.000	1.373.565	132,07
9	Other property insurance	1.578.191	740.000	1.653.683	223,47
10	Motor liability insurance	319.438	325.000	280.348	86,26
11	Aircraft liability insurance	1.109	1.200	579	48,25
12	Third party liability insurance for	900	900	990	110,00
13	General liability insurance	42.538	45.000	70.123	155,83
14	Credit insurance	116.246	120.000	135.326	112,77
15	Guarantee insurance	47.235	1.000	212	21,20
16	Financial loss insurance	6.557	10.000	523	5,23
18	Travel assistance insurance	-	-	-	-
20	Life insurance	7.494	8.000	7.385	92,31
22	Supplementary life insurance	5.812	8.800	5.174	58,80
	TOTAL	3.666.782	2.786.100	4.035.631	144,85

Net outstanding claims by line of business

Net outstanding claims as at December 31, 2024 recorded an increase of 38.96% compared to the planned values in the revised plan for 2024. The greatest impact on the increase in provisions was recorded in LoBs 08 Property insurance

against fire and other perils and 09 Other property insurance due to newly reported claims and an increase in provisions. An increase in outstanding claims is also recorded in LoB 01 Personal Accident insurance.

Cod	TYPE OF INSURANCE	REALIZATIO	REVISED	REALIZATION	INDEX
(1)	(2)	(3)	(4)	(5)	(6)
1	Personal Accident insurance	3.121	3.200	28.226	882,06
2	Voluntary health insurance	319	200	915	457,50
3	Motor hull insurance	36.278	90.000	94.131	104,59
4	Rail insurance	113	150	774	516,00
5	Aircraft insurance	1.148	3.000	1.142	38,07
6	Insurance of vessels	1.560	1.500	41	2,73
7	Goods in transit nsurance	61.524	60.000	58.944	98,24
8	Property Insurance fire and other	419.958	410.000	653.637	159,42
9	Other property insurance	81.295	133.000	232.601	174,89
10	Motor liability insurance	116.834	120.250	82.408	68,53
11	Aircraft liability insurance	580	600	579	96,50
12	Third party liability insurance for	50	50	55	110,00
13	General liability insurance	5.910	6.300	5.646	89,62
14	Credit insurance	1.243	1.524	1.505	98,75
15	Guarantee insurance	46.872	650	18	2,77
16	Financial loss insurance	6.557	4.000	523	13,08
18	Travel assistance insurance	-	-	-	0,00
20	Life insurance	920	960	841	87,60
22	Supplementary life insurance	923	1.408	788	55,97
	Total	785.206	836.792	1.162.773	138,96

10. TECHNICAL PROVISIONS

Technical provisions as at December 31, 2024 recorded an increase of 21.91% compared to the planned in the rebalancing plan for 2024. The most significant impact on the increase of 23.45% compared to the values on the same day of the previous year was the

partial settlement of claims that were outstanding as at December 31, 2023, as well as the increase in unearned premium due to the assumption of risks with maturity in the last quarter.

IN 000 RSD

No.	TECHNICAL PROVISION		REVISED	31 DEC 2024	INDEX %
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Outstanding Claims	4.858.300	4.731.646	5.618.678	118,75
2	Unearned Premium	1.361.704	1.565.959	2.064.649	131,85
3	Mathematical Reserve	25.635	26.147	26.504	101,36
4	Unexpected Risk Reserves	51	0	0	0
5	Risk Equalization Reserves	2.149	3.142	3.019	96,09
	TOTAL	6.247.839	6.326.894	7.712.850	121,91

Risk Equalization Reserves

Net retained technical provisions as at 31 Dec 2024 recorded an increase of 30.40% compared to the revised plan for 2024. The increase in technical provisions compared to the same day of the previous

year is primarily the result of higher outstanding claims provisions but also an increased unearned premium for risks assumed in the last quarter.

No.	TECHNICAL PROVISION		REVISED	31 DEC 2024	INDEX %
(1)	(2)	(3)	(4)	(5)	(6)
1	Total Outstanding Claims	1.181.362	1.276.989	1.687.436	132,14
2	Unearned Premium	110.950	127.592	146.719	114,99
3	Mathematical Reserve	4.214	4.445	4.325	97,30
4	Unexpected Risk Reserves	51	-	-	-
5	Risk Equalization Reserves	2.149	3.142	3.019	96,09
	TOTAL	1.298.726	1.412.168	1.841.499	130,40

11. KEY BUSINESS INDICATORS FOR 2024

The realized loss ratio as at December 31, 2024, recorded an increase of 5.09% compared to the planned values, while compared to the same period of the previous year, the realized increase was

5.43%. The decrease in the expense ratio of 8.32% is a consequence of the change in the method of recording commissions, due to changes in the relevant regulations.

	NET INDICES	31 DEC 2023	REVISED	31 DEC 2024	INDEX
(1)	(2)	(3)	(4)	(5)	(6)
1.	Loss Ratio	60,55	60,75	63,84	105,09
2.	Expense Ratio	26,02	15,48	15,53	100,32
3.	Combined Ratio	86,57	76,23	79,37	104,12

12. RETRO PORTFOLIO PROTECTION

In 2024, the Company did not change the maximum retention per risk and it amounted to EUR 2.5 million.

The Company defined the necessary levels of portfolio protection and aligned them with both defined procedures and conducted analyses and stress tests. By contracting retrocession, the Company achieves better management of exposures and assumed risks in

reinsurance. In addition to contracting individual facultative and retrocession automatic contracts, the Company also contracts portfolio protection on both a proportional and stop loss basis, while ensuring protection of the entire portfolio with reinsurers whose rating is AA-assigned by international rating agencies. In this way, the Company provided additional protection of net retention

13. INVESTMENT OF REINSURANCE FUNDS

Investment portfolio

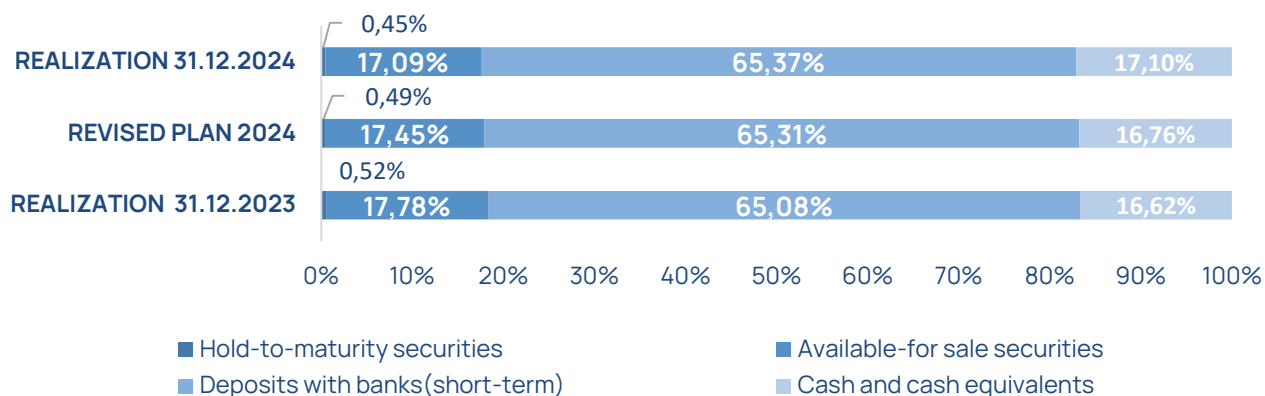
Compared to the level of the investment portfolio at the end of 2023, there was a growth of 16.24% at the end of 2024. The level of assets, primarily cash, at the end of 2024 is related to the management of the level of liabilities and receivables from partners.

The structure of the investment portfolio recorded an increase in short-term deposits by 16.75% compared to the end of the previous year and an increase in the position of cash and cash equivalents by 19.55% compared to the previous year.

In 000 RSD

DESCRIPTION	2023	REVISED PLAN 2024	2024	INDEX (5=4/3)
(1)	(2)	(3)	(4)	(5)
Securities held to maturity/Securities at amortized cost	23.916	24.000	23.898	99,92
Securities available for sale/Securities at fair value through other comprehensive income	814.411	855.000	910.000	106,43
Deposits with banks (short-term)	2.981.485	3.200.000	3.480.836	108,78
Cash and cash equivalents	761.567	821.000	910.456	110,90
TOTAL	4.581.379	4.900.000	5.325.190	108,68

INVESTMENT PORTFOLIO STRUCTURE



Results of Insurance Fund Investments

in 000 RSD

DESCRIPTION	2023	REVISED PLAN 2024	2024	INDEX (5=4/3)
(1)	(2)	(3)	(4)	(5)
Income from the Investment of Insurance Funds				
Interest	187.155	176.770	190.016	107,49
Income from Value Adjustments	1.719	3.200	6.825	213,28
Positive Foreign Exchange Differences	3.343	7.000	10.560	150,86
Other Income Arising from	408	1.634	1.634	100,00
Total	192.625	188.604	209.035	110,83
Expenses from the Investment of Insurance Funds				
Expenses based on adjusted value	1.329	6.000	4.766	79,43
Negative exchange rate differences from current investments	5.131	4.000	4.677	116,93
Other expenses				
Total	6.460	10.000	9.443	94,43
PROFIT FROM INVESTMENT ACTIVITIES	186.165	178.604	199.592	111,75

Investment income in 2024 increased by 8.52% compared to the previous year, as a result of a higher average portfolio level during the year, but primarily due to higher interest rates on short-term time

deposits, continuing the trend of rising interest rates from the second half of 2023. The level of interest income in 2024 rose by 1.53% compared to 2023.

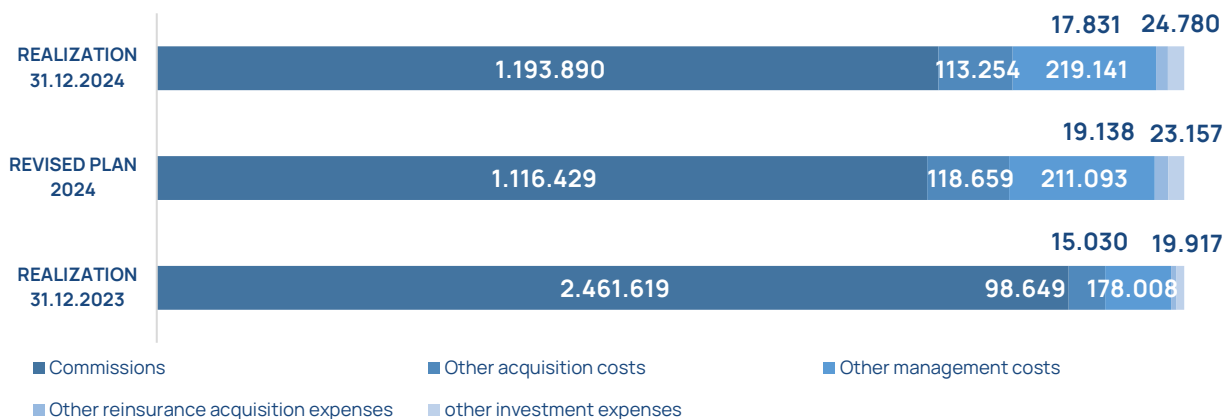
14. BUSINESS EXPENSES

Total operating expenses in 2024 amounted to RSD 756,855 thousand, representing a decrease of RSD 416,673 thousand compared to the previous year. The largest contributing factor to this

decline was a 48.95% reduction in reinsurance commission expenses, in line with the increase in reinsurance premiums.

CATEGORY	2023	REVISED PLAN 2024	2024	INDEX (5=4/3)
(1)	(2)	(3)	(4)	(5)
Acquisition costs	2.560.268	1.235.088	1.307.144	105,83
Commissions	2.461.619	1.116.429	1.193.890	106,94
Other acquisition costs	98.649	118.659	113.254	95,44
Administrative costs	178.008	211.093	219.141	103,81
Other implementation costs	15.030	19.138	17.831	93,17
Reinsurance commission	1.599.695	748.565	812.041	108,48
Total RAE	1.153.611	716.753	732.075	102,14
Survey and appraisal costs	19.920	23.157	24.780	107,01
Total Expenses	1.173.531	739.911	756.855	102,29

Cost Structure by Place of Origin



15. BALANCE SHEET

Total assets (the Company's assets) are 12.62% higher compared to 31 December

2023. Current assets dominate the asset structure, accounting for 99.16%

Assets

in 000 RSD

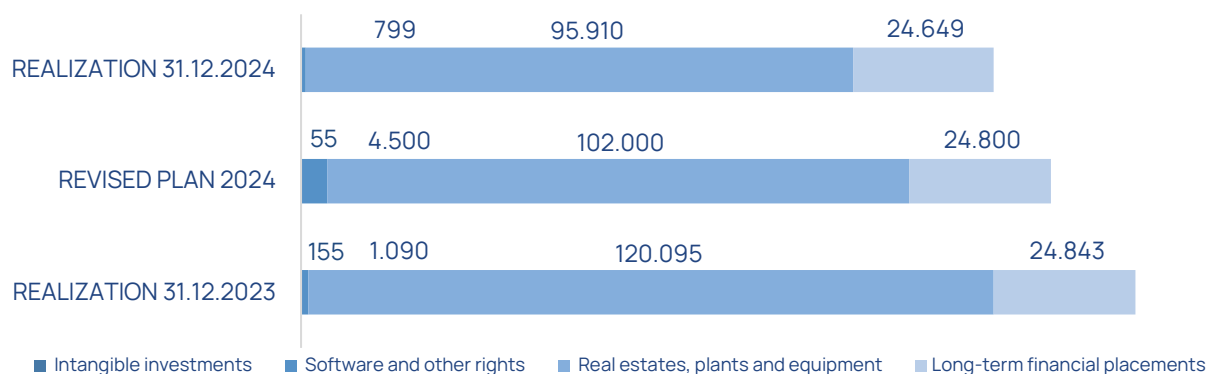
CATEGORY	2023	REVISED PLAN 2024	2024	INDEX (5=4/3)
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(1)	(2)	(3)	(4)	(5)
Intangible assets	155	55	-	-
Software and other rights	1.090	4.500	799	17,76
Property, plant and equipment	120.095	102.000	95.910	94,03
Long-term financial investments	24.843	24.800	24.649	99,39
Fixed assets	146.183	131.355	121.358	92,39
Inventories	1.570	2.000	3.715	185,75
Receivables	3.226.166	3.556.112	3.226.074	90,72
Financial investments	3.795.896	4.055.000	4.390.836	108,28
Cash and cash equivalents	761.567	821.000	910.456	110,90
Prepayments and accrued interest	21.280	40.000	5.913	14,78
Retroceded unearned premium	1.250.754	1.438.367	1.917.930	133,34
Retroceded claims provisions	3.676.939	3.454.657	3.931.242	113,80
Other technical provisions	21.420	21.702	22.179	102,20
Current assets	12.755.592	13.388.838	14.408.345	107,61
TOTAL ASSETS	12.901.775	13.520.193	14.529.703	107,47

Fixed assets

Fixed assets are 16.98% lower than last year, which is a consequence of depreciation of equipment owned by the Company and right-of-use assets recognized under IFRS 16.

Property, plant and equipment are 20.14% lower than last year, which is a result of the recognition of right-of-use assets and investments in third-party real estate at the end of 2023 and their depreciation during the period.

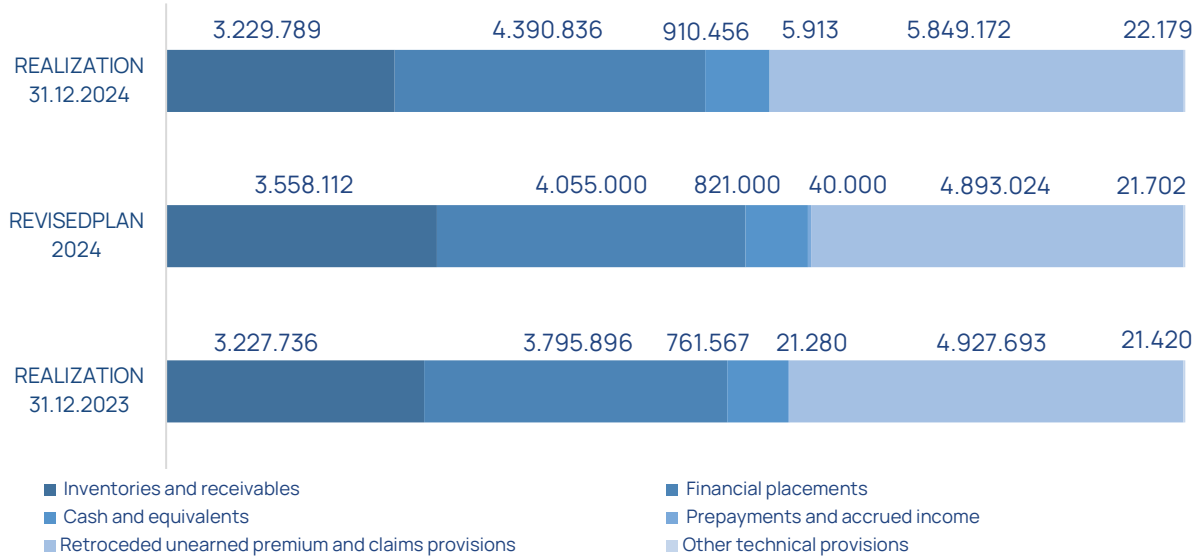


Current assets

Current assets increased by 12.96% compared to the previous year. Net premium is higher by 178 thousand dinars and gross premium is higher by 180 thousand dinars compared to December 31, 2023.

The growth of current assets is a consequence of the growth of term deposits and demand deposits, as well as

the growth of technical reserves that fall on the reinsurer's burden. In the structure of current assets, the most significant positions with a share of 25 - 30% are receivables, financial investments and passive technical reserves.



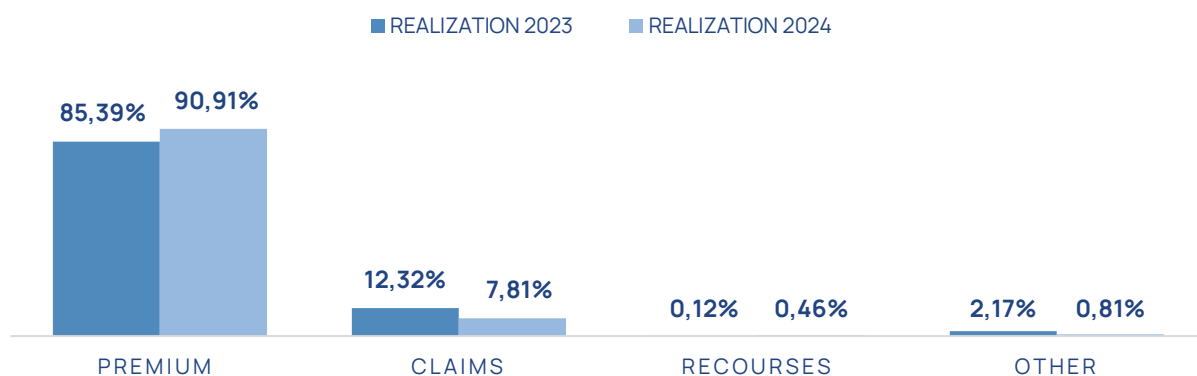
Structure of Receivables

Total net receivables are lower by RSD 92 thousand compared to the end of 2023.

On the other hand, receivables for net premium increased by 6.46%.

	31 DEC 2023			31 DEC 2024		
	Gross	Correction	Net	Gross	Correction	Net
Premiums	2.925.220	170.271	2.754.949	3.105.157	172.204	2.932.953
Losses	497.010	99.443	397.567	296.793	44.728	252.065
Recourses	3.763	-	3.763	14.922	-	14.922
Other	69.887	-	69.887	26.134	-	26.134
TOTAL	3.495.880	269.714	3.226.166	3.443.006	216.932	3.226.074

CLAIM STRUCTURE 2023-2024 (NET)

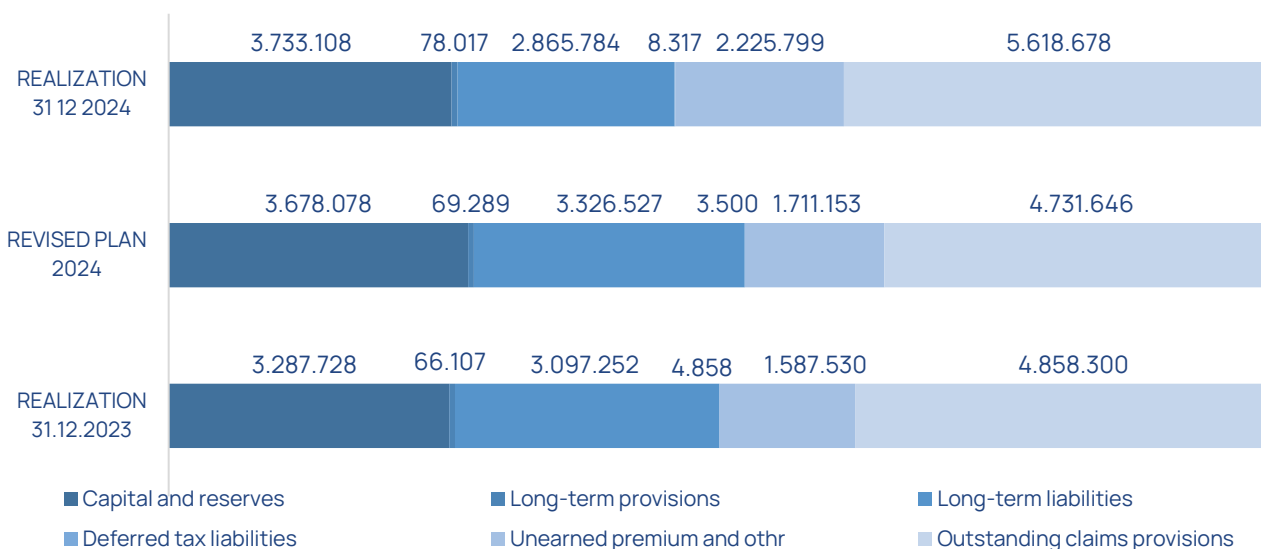


Liabilities

Liabilities at the end of 2024 are 12.62% higher compared to the end of 2023, with a comparable structure of equity and liabilities positions to those at the end of the previous year.

in 000 RSD

CATEGORY	2023	REVISED PLAN 2024	2024	Index (5=4/3)
(1)	(2)	(3)	(4)	(5)
Capital and reserves	3.287.728	3.678.078	3.733.108	101,50
Long-term provisions	66.107	69.289	78.017	112,60
Long-term liabilities	62.542	52.542	49.077	93,41
Deferred income liabilities	4.858	3.500	8.317	237,63
Short-term liabilities	3.034.710	3.273.985	2.816.707	86,03
Unearned premiums	1.361.704	1.565.959	2.064.649	131,85
Other PVR	225.826	145.194	161.150	110,99
Provisions for claims	4.858.300	4.731.646	5.618.678	118,75
TOTAL LIABILITIES	12.901.775	13.520.193	14.529.703	107,47



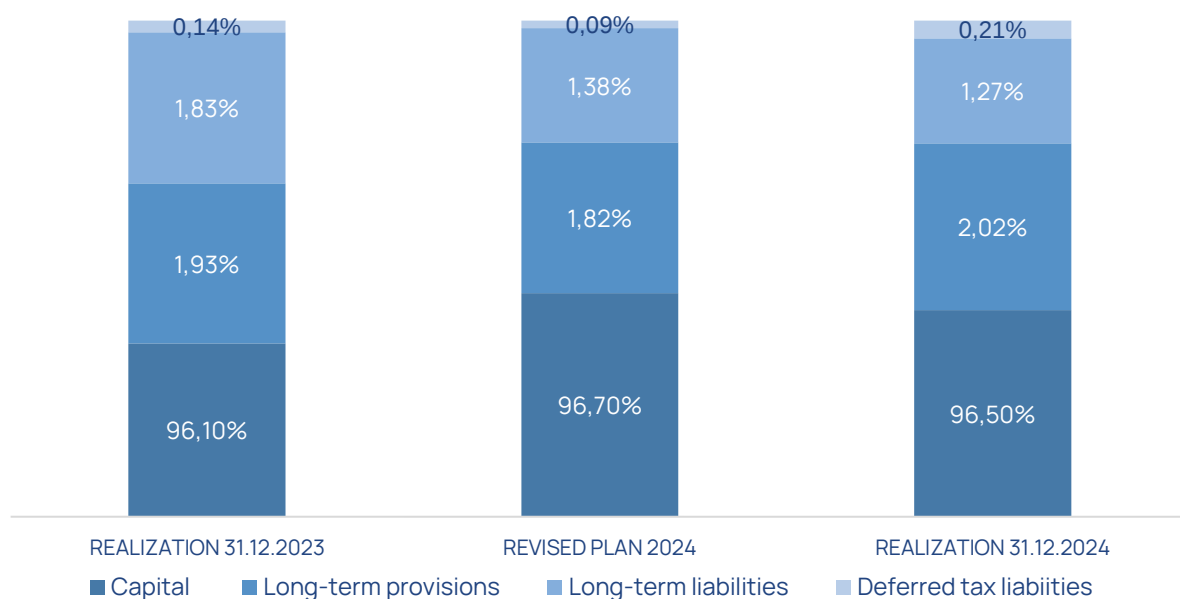
Equity, Long-Term Provisions, Long-Term Liabilities, and Deferred Tax Liabilities

Article 27 of the Insurance Law prescribes a limit of EUR 3.2 million for conducting reinsurance operations.

Total equity, reserves, long-term provisions, and long-term liabilities of the Company as of 31 December 2024 amount to RSD 3,868,519 thousand, representing an increase of 13.07% compared to 31 December 2023.

In 000 RSD

CATEGORY	2023	REVISED PLAN 2024	2024	Index (5=4/3)
(1)	(2)	(3)	(4)	(5)
Capital	3.287.728	3.678.078	3.733.108	101,50
Long-term provisions	66.107	69.289	78.017	112,60
Long-term liabilities	62.542	52.542	49.077	93,41
Deferred tax liabilities	4.858	3.500	8.317	237,63
TOTAL	3.421.235	3.803.409	3.868.519	101,71



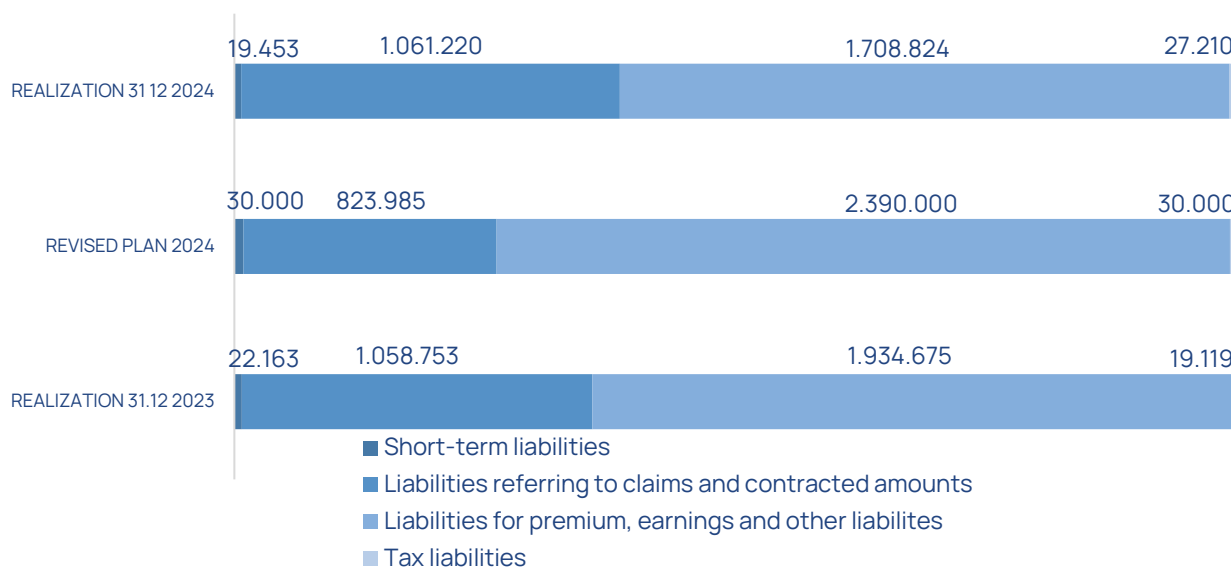
Short-Term Liabilities

Short-term liabilities are 7.18% lower compared to the end of 2023. Within the structure of short-term liabilities, the largest shares are held by

liabilities for reinsurance premiums (60.20%) and claims-related liabilities (37.68%).

In 000 RSD

DESCRIPTION	2023	REVISED PLAN 2024	2024	INDEX (5=4/3)
(1)	(2)	(3)	(4)	(5)
Short-term financial liabilities	22.163	30.000	19.453	64,84
Liabilities referring to claims and contracted amounts	1.058.753	823.985	1.061.220	128,79
Liabilities for premiums, earnings and other liabilities	1.934.675	2.390.000	1.708.824	71,50
Liabilities for income tax	19.119	30.000	27.210	90,70
TOTAL	3.034.710	3.273.985	2.816.707	86,03



Guarantee Reserve and Capital Adequacy

The Company's core capital amounts to RSD 3,341 million.

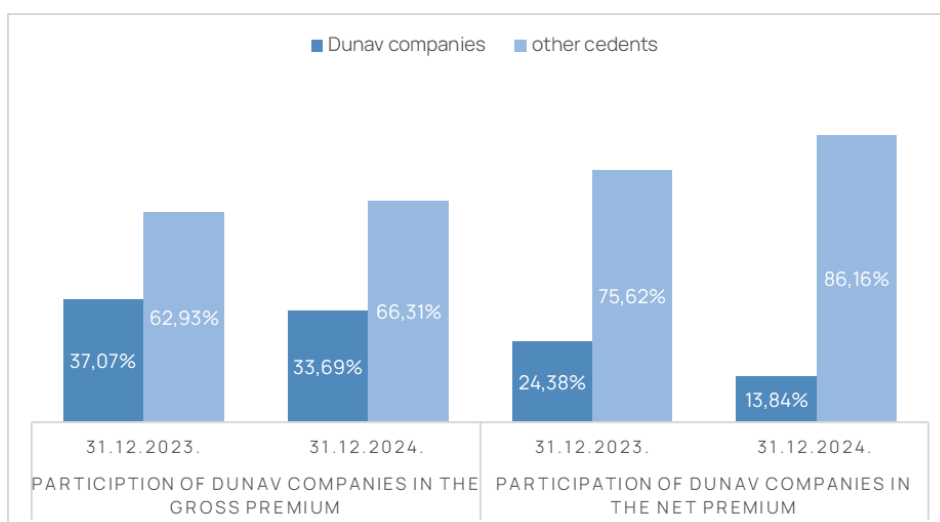
The Company meets all capital adequacy requirements, as in previous years. The guarantee capital exceeds the required solvency margin by a factor of 2.

	DESCRIPTION	2022	2023	REVISED PLAN 2024	2024
I	PRIMARY CAPITAL	2.542.210	2.920.367	3.292.155	3.341.119
II	GR, FINAL RESULT, AVAILABLE SOLVENCY MARGIN (VI-16-17-18)	-	-	-	-
III	DECLUDING ITEMS, FIRST PART (9+10+11+12)	309	155	55	-
IV	GUARANTEE CAPITAL (I+II-III)	2.541.901	2.920.212	3.292.100	3.341.119
V	DECLUDING ITEMS, SECOND PART	-	-	-	-
VI	GUARANTEE RESERVE, PRELIMINARY RESULT (I+II-III-V)	2.541.901	2.920.212	3.292.100	3.341.119
VII	GUARANTEE RESERVE, FINAL RESULT, AVAILABLE SOLVENCY MARGIN	2.494.976	2.612.358	3.292.100	3.341.119
VIII	REQUIRED SOLVENCY MARGIN FOR REINSURANCE	904.503	1.089.035	1.206.698	1.255.402
IX	DIFFERENCE BETWEEN AVAILABLE AND REQUIRED SOLVENCY MARGIN FOR REINSURANCE $VII-VIII \geq 0$	1.590.473	1.523.323	2.085.402	2.085.717
X	RATIO OF REQUIRED SOLVENCY MARGIN FOR REINSURANCE AND GUARANTEE CAPITAL (Article 128, paragraph 1 of the Law)	0,36	0,37	0,37	0,38
XI	AMOUNT PRESCRIBED BY ARTICLE 27 OF THE LAW (in accordance with the valid operating permit)	375.432	374.956	375.040	374.448
XII	DIFFERENCE BETWEEN GUARANTEE CAPITAL AND THE AMOUNT PRESCRIBED BY ARTICLE 27 OF THE LAW (Article 128. paragraph 2 of the Law) $IV-XI \geq 0$	2.166.469	2.545.256	2.917.060	2.966.671

16. PARTICIPATION OF ASSOCIATED ENTITIES IN REINSURANCE PREMIUM

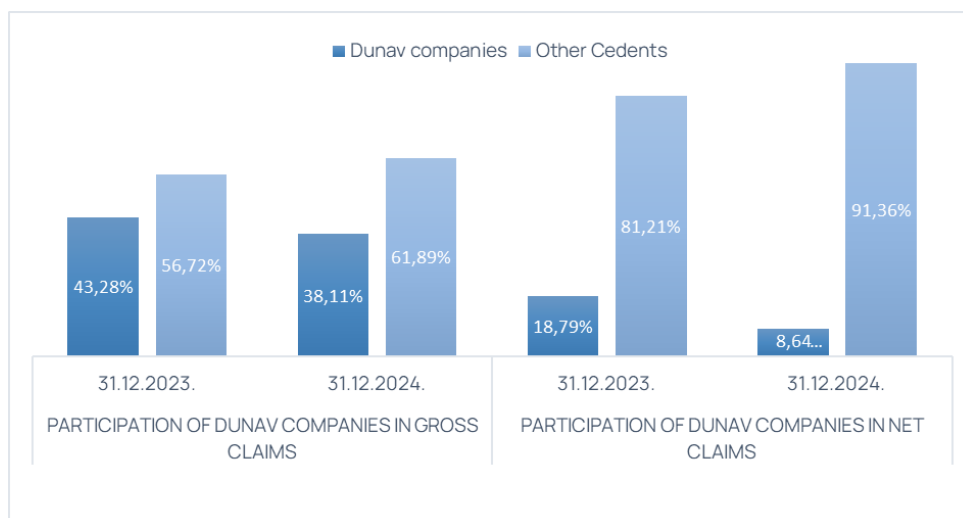
The share of the companies Dunav Insurance and Dunav Insurance Banja Luka in reinsurance premium decreased by 3.38 percentage points compared to the same period in 2023, despite an increase of 6.28% in absolute terms. Additionally, the share of Dunav Insurance and Dunav Insurance Banja

Luka in the retained premium dropped by 10.54 percentage points. The same downward trend is observed in reinsurance claims retained in 2024, showing a decrease of 10.15 percentage points compared to the same period last year.



The share of Dunav Insurance and Dunav Insurance Banja Luka in total reinsurance claims decreased in 2024 compared to the same period

last year by 5.17 percentage points, representing an absolute decrease of 7.96%.



17. BUSINESS POLICY FOR THE UPCOMING PERIOD

The following activities are planned for the upcoming period:

1. **Essential operations:**

- Increase the volume of retention within planned limits, while maintaining a high level of quality, stability, and profitability of the reinsurance portfolio.
- Expand cooperation with ceding companies by developing solutions for reinsurance programs, thereby strengthening collaboration with existing cedents and attracting new ones.
- Develop new personalized and adaptable reinsurance programs to meet the growing and specific needs of cedents.
- Further diversify and maintain a balanced portfolio that maximizes security and reduces risk, while optimizing the mix between proportional and non-proportional contracts.
- Establish the foundation for long-term cooperation, which will include continuous improvement of services and information exchange on industry trends.
- Transfer cooperation into concrete contracts that will allow timely adaptation and minimize potential losses.
- Deepen collaboration with cedents in creating new, sustainable products

aligned with market trends, and support them in modernizing their existing portfolios to be prepared for future challenges.

- Continuously improve the implementation of existing reinsurance contracts and further develop and enhance these processes.
- Establish clearer and faster communication channels with all participants in the reinsurance process and improve mechanisms for identifying and quickly resolving issues.
- Undertake risk assumption based on conservative principles while maintaining a stable and profitable portfolio.
- Organize workshops and training for employees on the latest trends and best practices in the reinsurance industry.
- Regularly review existing contracts and proactively take steps to ensure proper diversification and optimization of the portfolio.
- Initiate the activities required to prepare for the implementation of IFRS 17 within the Company.
- Strengthen the Company's capital base by increasing share capital from retained earnings and reserves.

Financial and Economic Activities:

- In the first half of 2025, implementation of activities required for the renewal of

the annual credit rating by the AM Best rating agency.

- In the upcoming period, the Company will continue to undertake all necessary measures to minimize potential negative impacts of changes in the business

environment—manifested through inflation effects, interest rate

18. RISK MANAGEMENT

- In 2024, the Company maintained strong capital strength and financial flexibility, which was confirmed by the upgraded credit rating of the AM Best Credit rating agency from FSR B+ to FSR B++ with a stable medium-term outlook.

- In the period of 2024, the Company actively managed potential risks arising

Risk Management System

The Company organizes, implements and develops a risk management and internal control system in accordance with Article 147 of the Insurance Law, the Decision on the Management System in an Insurance/Reinsurance Company ("Official Gazette of the Republic of Serbia" No. 51/2015, 29/2018, 84/2020, 94/2022, 82/2024) and), the Risk Management Strategy of February 25, 2022 and the new Risk Management Strategy of December 23, 2024. The Risk Management Strategy of February 25, 2022 and the new Risk Management Strategy of December 23, 2024.

In accordance with the provisions of the new Decision of the National Bank of Serbia on the management system in an insurance/ reinsurance company

fluctuations, and volatility of certain currencies—on uninterrupted operations, with the aim of maintaining short-term liquidity and long-term solvency.

- Strengthening the Company's capital base by increasing share capital from retained earnings and reserves.

from extreme weather conditions, macroeconomic conditions with inflationary trends and the situation on the financial market in the processes of engaging its capacities.

- Considering that the Company is predominantly focused on taking over property

("Official Gazette of the Republic of Serbia", No. 51/2015, 29/2018, 84/2020, 94/2022 and 82/2024), the Company, in the period from October 01, 2024, assesses and measures a new market risk - the risk of changes in the value of investment units of open-ended alternative investment funds.

Also, in accordance with the aforementioned Decision on the management system in an insurance/reinsurance company, the Company has formulated the risk of maturity mismatch of assets and their sources as follows: Risk of maturity mismatch of assets and their sources, especially in the part of the mismatch of

technical reserves and technical reserves.

Competencies and responsibilities

The competencies and responsibilities of the holders of the risk management system are regulated by the Insurance Law, by-laws of the National Bank of Serbia, the Company's Statute, the Rules on Internal Organization and Systematization of Affairs, and other general acts of the Company.

The holders of the risk management system in the Company are:

- **Supervisory Board**
- **Audit Committee**
- **Executive Board**
- **Controlling Department**
- **Employees**

INTEGRATED PROCESS OF CORPORATE RISK MANAGEMENT

SUPERVISORY BOARD AND AUDIT COMMITTEE

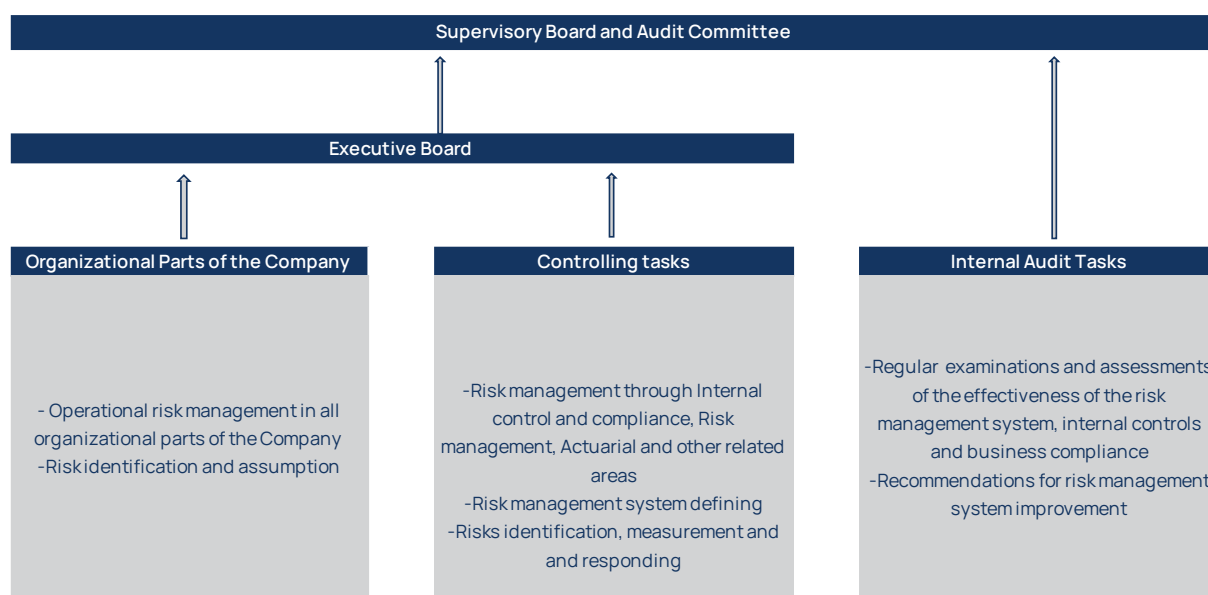


EXECUTIVE BOARD



Organizational Units of the Company	Controlling Department	Internal Audit Department
- Operational risk management in all organizational units of the Company - Identification and assumption of risk	- Risk management through internal control and compliance, risk management, actuarial and related areas - Defining the risk management system - Identification, measurement and responsibility for business risks	- Conducting regular assessments and evaluations of the effectiveness of the risk management, internal control and compliance systems - Providing recommendations for improving the risk management system

Integrated Corporate Risk Management Process



The Executive Board and the Supervisory Board of the Company play a key role in the effective functioning and support of the overall risk management system.

The Supervisory Board defines the strategy and establishes and oversees the risk management system on the one hand, while the Executive Board, on the other hand, ensures the continuous improvement of procedures and provides overall organizational, staffing, and IT support for the development of an adequate risk management process.

Operational risk management is carried out within the competent organizational units of the Company where such risks have been identified.

Heads of organizational units are responsible for the consistent implementation of the adopted risk management policies at all levels of the Company, as well as for clearly communicating to employees the responsibilities they bear within the risk management processes in which they participate, while adhering to established ethical and professional standards. All employees of the Company are aware of their responsibilities in the risk management process in which they are involved.

Risk management activities are performed within the Company's Controlling Department. The identification, assessment, measurement, and control of risks to which the Company is exposed are

continuously developed and adjusted to business conditions across all organizational units, in accordance with the internal organizational structure and job classification system, internal regulations, professional standards, good business practices, business ethics, and applicable legal regulations.

Internal control and compliance activities within the Company are carried out by the Controlling Department.

The internal control system monitors and assesses changes in the legal environment, covers management, accounting, administrative, and other procedures, proposes measures for adapting operations to all identified

changes, and designs internal controls to ensure the compliance of specific processes by providing guidelines, recommendations, and suggestions for their improvement. Internal audit performs independent, regular, and comprehensive control of the Company's operations.

This is achieved through regular and comprehensive assessment of the effectiveness of the risk management system to which the Company is exposed and by assessing the adequacy of the established internal controls, as well as by providing recommendations for their improvement.

Risk management process

The Company's risk management framework is aligned with the regulatory standards of the National Bank of Serbia and has been appropriately developed in accordance with the size and complexity of the Company's business activities. The comprehensive process of risk management and risk identification to which the Company is exposed is based on the Business Strategy defined for the 2023–2026 period, as well as the 2024 Business Plan, in which the Company, based on an analysis of global and local market risks and macroeconomic forecasts, defined its strategic choices and business objectives. The identification, assessment, measurement, and responses to business risks are defined by the Company's Risk Management Strategy, Policies, and Guidelines.

Within the risk management process, comprehensive and preventive identification, assessment, and measurement of risks to which the Company is exposed in its operations are ensured, in a manner that provides for the continuous maintenance of capital adequacy and risk exposure at a level that does not endanger the Company's assets or operations. The risk management process enables consideration of all key factors and elements, allowing financial, human, and other resources to be directed in a way that ensures optimal diversification, allocation, and minimization of risk. The Company's risk profile is defined by an acceptable level of risk exposure, i.e., the level of risk the Company is willing to assume, and is aligned with the defined risk management policies, objectives, and principles.

In measuring exposure to individual risks, the Company uses a set of tools such as probability-impact matrices for each current business risk, as defined in the risk register.

The Controlling Department submits a Risk Management Report to the

Risk Groups, Descriptions, Assessments, and Activities

In accordance with the Decision on the Governance System in an Insurance/Reinsurance Company and the Law on Accounting, as of October 1, 2024, the Company monitors 37 risks categorized into 7 risk groups.

Risk Description: Reinsurance risk arises from the Company's inability to absorb the risks inherent to reinsurance operations. The Company enters into active reinsurance contracts under which insurance risk is transferred from insurers/reinsurers to the Company, as well as passive reinsurance contracts under which reinsurance risk is transferred from the Company to other reinsurers.

Assessment: insignificant

The Company, through its reinsurance activities, is exposed to risks arising from inadequately determined reinsurance premiums, insufficient establishment of technical reserves, catastrophic events, inadequate assessment of risks assumed in reinsurance, inadequate retention levels, and risk concentration due to insufficient portfolio diversification.

Company's Executive Board and to Dunav Insurance Company a.d.o., as the controlling entity, at least on a quarterly basis.

The Company's Executive Board continuously monitors and assesses the established risk management system and regularly reports its findings to the Supervisory Board.

As part of reinsurance risk management, the Company regularly monitors and analyzes all subcategories to ensure the continuous maintenance of risk exposure at a level that does not jeopardize its assets or operations, while also safeguarding the interests of ceding companies and other creditors.

In monitoring concentration risk, the Company continuously reviews sets of exposures linked by common risk factors and diversifies its portfolio to the extent necessary to avoid excessive risk concentrations.

Risk Description: Market risk arises from adverse changes in the market, particularly the insurance and financial markets. The Company specifically monitors interest rate risk, securities price risk, yield risk, foreign exchange risk, and competition risk. As of October 1, 2024, the Company also assesses and measures a new market risk – the risk of changes in the value of investment units of open-ended alternative investment funds.

Risk Assessment: low

The Company regularly monitors and analyzes market performance trends for

each specific market risk, giving special consideration to causal links between risk categories and the overall impact of this risk on other risks to which the Company is exposed.

The Company continually works to maintain its position in the international reinsurance market in relation to the competition, its position in the local market with capacity for further product and reinsurance portfolio development, and the preservation of stable cooperation and trust with foreign partners (reinsurers and brokers).

Risk Description: Counterparty default risk refers to the risk of potential negative effects on financial results and capital due to the non-fulfillment of obligations by the Company's business partners. The Company is exposed to counterparty default risk through reinsurance and retrocession receivables, as well as through the placement and investment of assets, particularly due to changes in the credit standing of securities issuers or other counterparties.

Assessment: insignificant

In 2024, the counterparty default risk was assessed as insignificant. This has been ensured through full compliance with all legal regulations, regular and systematic management of individual exposures in all business segments, continuous monitoring of the adequacy and quality of reinsurance partners, and sound diversification of both the reinsurance partners' portfolio and the Company's investment portfolio.

Risk Description: Liquidity risk refers to the risk that the Company will be unable to liquidate its investments and other

assets in order to fully and timely meet its current and future financial obligations. It particularly includes: the risk of inadequate asset and liability management, errors in the valuation, recognition, presentation, and disclosure of asset values and funding sources, as well as their income, expenses, and business results; the risk of maturity mismatch between assets and liabilities, especially regarding the mismatch between assets covering technical reserves and the technical reserves themselves; the risk of failure to meet reinsurance obligations (insufficient coverage of technical reserves); and the risk of concentration within the investment portfolio.

Assessment: insignificant

The Company has established an appropriate management system to support short-term, medium-term, and long-term financing needs, as well as liquidity management. Liquidity risk is managed by maintaining adequate cash reserves, continuously monitoring projected and actual cash flows, and maintaining a proper balance between the maturities of financial assets and liabilities.

Risk Description: Operational risk arises from employee or management errors, inadequate internal procedures and processes, poor management of IT and other systems, and unforeseeable external events.

Assessment: insignificant

To mitigate operational risks identified and quantified by management, the Company actively improves and enhances its internal control system, in

line with the nature, complexity, and riskiness of its operations, and ensures the implementation of an adequate information system.

Risk Description: Legal risk arises from non-compliance of the Company's operations and documents with legal regulations, from contracts that may be wholly or partially unenforceable (e.g., null and void contracts), and from potential losses resulting from legal disputes.

Assessment: insignificant

The Company monitors all laws and by-laws governing its operations and adjusts its internal documents accordingly in response to regulatory changes.

Risk Description: Other significant risks are directly related to the Company's core activities and stem from the volume and complexity of operations. This group includes reputational and strategic risks, risks arising from outsourcing, pandemic risk, as well as environmental, social, and corporate governance (ESG) risks.

Assessment: insignificant

Own Risk and Solvency Assessment Report – ORSA

The Own Risk and Solvency Assessment (ORSA) is an integral part of the Company's Business Strategy, and the results of the risk assessment are taken into account when making strategic decisions, planning business activities, and managing capital adequacy. Indicators of capital adequacy and minimum requirements that must be met are prescribed by the Insurance Law and by the National Bank of Serbia, in accordance with the Decision on the

The Company has built a reputation as a reliable partner both in the Republic of Serbia and abroad, always ready to meet client demands with professionalism and efficiency.

Through timely actions and monitoring of business results, oversight of the overall competence and integrity of entities entrusted with the Company's activities, implementation of all necessary measures to protect employee health, as well as responsible monitoring of all relevant events and legislation, and adherence to ethical practices regarding environmental, social, and overall corporate governance risks, this group of risks is successfully maintained at an insignificant level.

In the period from January 1, 2024, to December 31, 2024, there were no changes to the established set of instruments for risk identification, measurement, assessment, and control. The Company continued monitoring the impact of risks on its operations, achievement of business objectives, and implementation of its strategy.

Capital Adequacy of Insurance/Reinsurance Companies.

As of December 31, 2024, the Company's Guarantee Reserve (Available Solvency Margin) was 2.66 times higher than the Required Solvency Margin, indicating that the Company has ensured the conditions for secure operations and the prerequisites for further development, namely an adequate level of solvency capital and financial stability.

For the purposes of its own risk and solvency assessment for the year 2024, the Company conducted a risk analysis in January 2025 based on the List of Criteria for Business Year 2024.

The Own Solvency Requirement Assessment confirms the appropriateness of the regulatory method and strategic guidelines in ensuring capital adequacy. The sustainability of capital adequacy is assessed using stress scenarios that estimate potential risks and their impact on operations, which enables the

Company to take necessary measures in risk-taking, improve its internal control system, and enhance the effectiveness of strategic decision-making. The ORSA Report for 2024 is an integral part of this annual business report (annexed to the Business Report) and is not disclosed publicly, in accordance with the Decision of the National Bank of Serbia on the Governance System in an Insurance/Reinsurance Company.

19. ESG – Environmental, Social, and Governance Factors in Business Operations

In 2024, the Company continued to consistently apply ESG factors in its operations to ensure long-term sustainability and a strategic advantage in a competitive market environment.

Events and activities related to environmental, social, and governance sustainability are having an increasingly significant impact on business operations.

Environmental factors refer to the natural environment and include considerations such as climate risk, resource usage, energy consumption, pollution, and waste management.

Social factors relate to how a business system interacts with its partners, employees, and the broader community.

Governance factors refer to the procedures and processes through which a business system directs and controls its operations.

The Company manages these factors based on the following criteria:

Environmental criteria imply that the Company and its business partners actively contribute to reducing climate risk in accordance with environmental protection regulations, demonstrate responsible behavior toward nature, preserve natural resources, manage waste and toxic emissions, use energy efficiently, and implement environmental protection initiatives.

Social criteria imply that the Company and its business partners manage relationships with employees, other business partners, and the wider community in an appropriate manner. This means that ceding companies and other partners share the same professional and ethical values as the Company, respect employee rights, provide adequate working conditions, apply the highest workplace safety standards, and allocate a portion of

profits to projects of significance to the broader community.

Governance criteria imply that a business system has an adequate corporate governance structure, established internal control systems, compliance with laws, transparent reporting, and respects shareholder rights, human rights, and diversity.

Implementation of Environmental, Social, and Governance (ESG) Factors in Business Operations

The Company has successfully implemented ESG factors across all segments of its operations:

- In the reinsurance underwriting process, environmental factors are assessed through negative screening to control exposure to certain industrial sectors.
- In the investment decision-making process, ESG compliance of issuers is assessed in order to achieve higher and more stable returns, preserve the real value of reinsurance assets, and adequately manage reputational risk.

Both processes include additional assessments of the **social factor** (employee relations, work environment, occupational safety, social responsibility, allocation of profit to community-beneficial projects) as well as assessments of the **governance factor** (corporate governance structure, decision-making, application of appropriate accounting policies, proper reporting, transparency, and legal compliance in operations).

Throughout 2024, the Company demonstrated environmental responsibility in all business segments by using energy-efficient resources and adhering to energy-saving practices. Energy saving includes the use of low-energy electronic devices and advanced digitalization solutions to support the transition to fully electronic operations. The Company is fully compliant with environmental protection regulations. The management of electronic and other waste is regulated through long-term contracts with licensed companies.

The Company is committed to the implementation of green technologies and is business-oriented toward renewable energy projects, primarily solar and wind power plants, as well as technological solutions aimed at reducing harmful gas emissions from existing energy facilities (flue gas desulfurization systems and nitrogen oxide removal systems). As part of its environmental commitment, the Company continued in 2024 to finance afforestation projects using protected tree species.

In its operations, the Company prioritizes the needs of ceding companies and other business partners in order to maintain its business reputation and market position. A high level of responsibility toward employees includes opportunities for professional development, skill enhancement, career advancement, and occupational safety in accordance with the highest standards.

The Company is committed to contributing to the broader community through participation in various humanitarian activities, primarily supporting the treatment of severe

illnesses in children, assisting socially vulnerable groups, and helping persons with special needs.

All aspects of governance are aligned with best practices. The Company implements high standards of corporate governance, applies accurate and transparent accounting and reporting methods, conducts appropriate

assessment and selection of management members, eliminates any conflicts of interest, does not undertake actions to secure preferential treatment or position, refrains from any illegal activities, strictly respects human rights and diversity, prohibits any form of discrimination, and enables shareholders to vote on all important matters at General Assembly meetings.

20. THE IMPACT OF CLIMATE CHANGE ON BUSINESS OPERATIONS

Climate change represents long-term variations in temperature and weather patterns, caused both by natural changes in the solar cycle and by deliberate human activities.

The dominant cause of climate change is the use of fossil fuels in the energy sector. The second largest emitter of harmful emissions is the transportation sector, due to the combustion of fuels, which produces so-called “greenhouse gases.” This is followed by construction, agriculture, and livestock sectors, which continuously clear forests and vegetation to meet their needs. In addition to the use of fossil fuels and global deforestation, another significant contributor to climate change is the inadequate management of organic waste, especially in developing countries, which is a major source of methane emissions into the atmosphere.

The Company monitors and assesses climate change factors within its established risk management system. Climate change is categorized as an emerging risk, the identification, assessment, measurement, and control of which are continuously evolving and adapted to its specific characteristics.

The Company follows the global effects of climate change through multiple relevant scientific sources, analyzes their trends, and applies best international practices in managing such risks.

The Company considers climate change risk within the broader category of **Environmental, Social, and Governance (ESG) risks**, which is classified under **Group 7 – Other Significant Risks**, in accordance with the Decision on the Governance System in Insurance/Reinsurance Companies issued by the National Bank of Serbia.

Environmental risks are considered a serious threat due to the potentially rapid, unexpected, and significant impact of damages caused by natural disasters. The Company classifies natural disasters as extreme weather events resulting from climate change, such as storms, hurricanes, cyclones, floods, droughts, wildfires, and similar events.

Given the increasing frequency, regularity, and growing trend of economic losses caused by extreme weather events, the Company treats **climate change risk as a systemic risk**—one with the potential to cause serious adverse

effects, destabilize capital markets, other financial institutions, and the broader economy.

Considering the year-on-year growth in physical damages, the Company continued in 2024 to integrate climate change risk into its core business segments and is capable of absorbing its negative effects.

In the reinsurance underwriting process, climate change risk management aims to mitigate the adverse effects of climate uncertainty and the impact of shifting climate trends on the Company's portfolio risks, which may result in catastrophic losses. Mitigating risk factors include portfolio modeling based on exposure to natural disasters using appropriate analytical tools, performance analysis, and other elements of reinsurance contracts, as well as the Company's reinsurance protection program.

In the investment decision-making process, climate risk analysis aims to achieve higher and more stable returns and to preserve the real value of reinsurance assets. The analysis includes environmental factor assessments, particularly of potential issuers whose revenues are tied to the production, processing, sale, or handling of fossil fuels and other critical industries (so-called negative screening).

Monitoring and assessment of climate change risk is carried out within the risk management system on a **quarterly and annual basis**. The Company uses an internal assessment tool, within the framework of the risk management system, in

accordance with the **Decision on the Governance System in Insurance/Reinsurance Companies** issued by the National Bank of Serbia.

As of December 31, 2024, the assessment of climate change risk within ESG risk categories is described as **insignificant**. Its impact on the Company's operations is considered **limited**.

The **Company's Sustainable Business Committee** oversees the process of identifying, assessing, and responding to climate change risk.

The Company's **Executive Board** monitors and assesses climate change risk within the risk management system and reports its findings to the **Supervisory Board**.

The Company's **climate-related business strategy** is fully aligned with applicable legislation and other binding regulations on limiting harmful gas emissions, the **National Emission Reduction Plan for major combustion plants**, and will continue to align long-term with the economic transition toward the reduction and eventual elimination of fossil fuel use.

The Company strives to maintain a leadership position in reducing climate impact by offering **innovative reinsurance coverage** for renewable energy projects from sustainable sources, and by developing expertise in low-emission sectors. The Company reinsures renewable energy projects in the Republic of Serbia, including **solar power plants, wind farms, and flue gas desulfurization and**

nitrogen oxide removal systems in thermal power plants.

The Company is also involved in **subsidized support projects for agricultural producers**, through the development of new products for insurance based on **parameters of arable land obtained through satellite data collection**.

The Company is permanently committed to **mitigating climate change** and aims

to achieve **net-zero emissions by 2050**. **Decarbonization** means that the Company's business strategy is aligned with legal and other regulatory frameworks in the area of climate change

21. SUSTAINABLE BUSINESS OPERATIONS

Sustainable business operations are a key factor in achieving the Company's mission: to create sustainable value for shareholders, provide security for ceding companies, and build high-quality, long-term relationships with all stakeholders.

In developing its reinsurance products and services, as well as in managing its portfolio, the Company adheres to the principles of sustainable business in four main areas:

1. Reinsurance and asset management
2. Business processes
3. Responsibility toward key stakeholders
4. Corporate governance

Reinsurance and asset management are strategic activities into which **Environmental, Social, and Governance (ESG) factors** are integrated, with the

and will be progressively adjusted to follow the dynamics of transitioning to a **low-carbon economy**.

The Company's goals are aligned with the **European Commission's set of policy initiatives**, targeting a reduction in greenhouse gas emissions by at least 50% by 2030 and **climate neutrality by 2050**.

As an advocate for the application of **green technologies** and the establishment of **sustainable industrial production**, the Company, within the scope of its competencies, expects these targets to be met.

aim of transitioning toward a **climate-neutral and resilient circular economy**.

The Company's **reinsurance policy** entails that ESG factors are considered in the underwriting process, primarily for the purpose of identifying future costs related to climate uncertainty and reserving.

As a predominant reinsurer of **property and liability risks**, the Company views weather-related risks and the impact of changing climate trends as a serious threat due to their potentially significant influence on the occurrence of losses from natural catastrophes.

The Company promotes reinsurance products for **renewable energy projects**, including—but not limited to—**wind farms and solar power plants**, as well as projects aimed at reducing pollutant emissions from existing facilities.

The reinsurance policy takes into account national strategies for the **gradual phase-out of fossil fuels** and the transition toward a **climate-neutral economy**.

The Company's **investment policy** incorporates ESG factor assessments into the investment decision-making process, with the goal of achieving higher and more stable returns and preserving the real value of insurance assets.

Business processes include the evaluation of business partners according to ESG criteria, as well as the measurement of the Company's own **carbon footprint** from operational activities.

Although the Company has no direct influence on increasing the share of electricity from renewable sources, it does have control and the ability to effectively reduce **energy consumption from existing sources, office material usage, and waste management**.

Responsibility toward key stakeholders implies that the Company treats its business partners, employees, and the broader community with a high degree of responsibility.

The primary goal is to preserve the reputation of a reliable business partner and employer, by providing **financial security, knowledge and technology transfer** to business partners and employees.

As for the community, the Company will continue to participate in programs that promote **social and environmental responsibility** and support **socially vulnerable groups**.

Corporate governance entails the application of the highest management standards and adherence to ethical and professional principles in all operations. It also involves continuous efforts to improve efficiency and effectiveness at all organizational levels. The Company has adopted a **Corporate Governance Code**, which it consistently applies and expects the same ethical and professional values to be upheld by its business partners and employees.

When selecting personnel, the Company is guided by criteria such as **competence, reputation, work experience, education, possession of specific knowledge and skills, and gender structure of employees**.

The **Sustainable Business Committee** coordinates activities related to implementing the Company's mission in achieving sustainable goals at the strategic level, thereby creating a long-term stable foundation for profitable and secure operations, promoting the transition to a sustainable society, and reducing the impact on climate change. The Committee also analyzes trends and modalities of sustainable business based on **Environmental, Social, and Governance (ESG)** factors.

On May 13, 2022, the Company became a **signatory of the Principles for Sustainable Insurance (PSI)** and a promoter of the global initiative of the insurance, reinsurance, banking, and investment community, under the **United Nations Environment Programme Finance Initiative (UNEP FI)**. By adopting these principles, the insurance and reinsurance industry

contributes directly to economic, social, and environmental sustainability.

As part of its commitments, the Company discloses its progress and achieved results in applying the PSI Principles by

22. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant business events that occurred after the close of the 2024 financial year.

publishing **annual sustainable business reports**, which are available on the Company’s website.

23. ENVIRONMENTAL PROTECTION INVESTMENT

In 2024, the Company allocated an amount of RSD 1.1 million as a donation for the implementation of a project aimed at

environmental protection and air quality improvement

24. CORPORATE GOVERNANCE CODE

In accordance with Article 368 of the Law on Business Companies, Dunav Re Reinsurance Company a.d.o. declares that it applies the Corporate Governance Code, which was adopted by the Company’s Supervisory Board and

published on the Company’s website: www.dunavre.rs.

There have been no deviations from the rules established by the Corporate Governance Code in the Company’s corporate governance practice.

Internal Control System

The internal control system refers to appropriate procedures, processes, and actions organized in a manner suited to the nature, complexity, and risk level of the business, aimed at preventing excessive exposure of the Company to risks, as well as preventing illegal activities and irregularities in operations, and protecting the rights and interests of reinsurance policyholders and third parties.

exposure to risks, illegal actions, and irregularities in the Company’s operations, as well as to ensure timely and reliable reporting.

The **Supervisory Board** of the Company establishes the internal control system, while the **Executive Board** implements the established system. **Internal audit** evaluates the adequacy and reliability of the established internal control system, and examines and assesses the adequacy and application of prescribed procedures.

The primary objective of the internal control system is to prevent excessive

The Executive Board reports to the Supervisory Board at least once a year on the functioning of the internal control system and proposes amendments to it as necessary.

The Company's financial statements are prepared, reviewed, adopted, and published in accordance with applicable legal regulations, **International Accounting Standards (IAS)**, and **International Financial Reporting Standards (IFRS)**.

Composition and Functioning of Governance Bodies and Their Committees

General Assembly

The General Assembly of the Company consists of all shareholders, who exercise their voting rights either directly or through their representatives (proxies). The General Assembly is convened, scheduled, and held in accordance with the Law, the Company's Founding Agreement, its Articles of Association, and the Rules of Procedure.

At its regular annual meeting, the **General Assembly** of the Company, prior to the adoption of the Financial Statements and the Annual Business Report, is required to review and adopt the **Opinion of the Certified Actuary** on the financial statements and the **Report of the**

Independent Auditor on the audit of financial statements, thereby minimizing risks related to the financial reporting process.

Supervisory Board

The Supervisory Board consists of three (3) members, including the Chairperson. It is composed of two representatives of the shareholders with controlling interest and one independent member. Supervisory Board meetings are held at least once every three months. The convening of meetings, procedures, and decision-making processes of the Supervisory Board are governed in detail by the Supervisory Board's Rules of Procedure.

Audit Committee

The Supervisory Board establishes the Audit Committee. The Audit Committee consists of three (3) members, including the Chairperson of the Committee.

At least one member of the Committee must be a certified auditor in accordance with the law regulating accounting and auditing, or a person with appropriate knowledge and work experience in the field of finance, who is independent from the Company within the meaning of the law.

The **Rules of Procedure** regulate the Committee's working methods, procedures for preparation, convening, and holding of meetings, the decision-

Executive Board

The Executive Board of the Company consists of three (3) members, including the Chairperson. The Chairperson and members of the Executive Board are appointed and dismissed by the Company's Supervisory Board.

The rights, duties, and responsibilities of the Chairperson and members of the Executive Board are defined by the

making process, the manner of adopting acts and reporting to the Supervisory Board, as well as other matters related to the functioning of the Audit Committee.

Employment Contract concluded with the Supervisory Board.

The **Rules of Procedure** regulate the organization and working methods of the Executive Board, the procedures for preparing, convening, and holding meetings, decision-making procedures, as well as the adoption and implementation of decisions and reporting of the Executive Board.

25. DIVERSITY POLICY FOR MANAGEMENT BOARD MEMBERS

Diversity Policy

Management board members are appointed based on their competencies, knowledge, and skills, while also taking into account diversity criteria such as gender, age, length of service, and individual differences in professional and personal experience.

In the Supervisory Board, women make up 33% of the members, while in the Company's Audit Committee they account for 66%. There is also diversity in terms of educational background and age.

The goals of the diversity policy are mutual respect and appreciation of

individual differences among management members, which encourages the development and utilization of their full potential, thereby positively influencing the Company's overall business results.

Pursuant to Article 368 of the **Law on Business Companies** ("Official Gazette of RS", Nos. 36/11, 99/11, 83/14 – other law, 5/15, 44/18, 95/18, 91/19) and Article 42 of the Company's **Articles of Association** (consolidated text as of April 1, 2022), the Supervisory Board issues a **Statement on the Application of the Corporate Governance Code**, which forms an integral part of the Business Report.

26. CONCLUSION

Reinsurance Company Dunav Re achieved record-breaking results in 2024, both in terms of gross written premium, which reached EUR 123 million (RSD 14.4 billion), and in terms of the Company's retained premium, amounting to EUR 40.5 million (RSD 4.75 billion).

The increase in premium compared to the previous period stands at nearly 17% when considering total gross written premium, while the retained premium rose by 6.6%.

The year 2024 also marked a record high in net profit, which amounted to approximately EUR 6.64 million. Considering its long-standing tradition, capacity, and

professional staff, Dunav Re has held the leading position on the reinsurance market of the Republic of Serbia for years, based on the level of retained premium. We believe this positive trend will continue in the years to come.

As Dunav Re also operates on the international reinsurance market, it is worth noting that, in terms of premium volume, the Company ranks third in the region. Additionally, the credit rating agency AM Best upgraded the Company's credit rating in 2024: FSR B++ with a stable outlook / ICR BBB with a stable outlook.

The results achieved have further strengthened client confidence, justifying expectations of continued growth and development of the portfolio

President of the Executive Board

Vladimir Uzelac

Member of the Executive Board

Bojan Maričić
