

**GD UAB**  
**SB draudimas**

*Independent Auditor's Report and  
Financial Statements for the year ended  
31 December 2024*

**GD UAB SB draudimas**

Company code 110081788, Gynėjų g. 14, Vilnius

**FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2024**

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	PAGE
<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>3–7</b>
<b>FINANCIAL STATEMENTS:</b>	
<b>MANAGEMENT REPORT</b>	<b>8–10</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>11</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>12</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>13</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>14</b>
<b>EXPLANATORY NOTES</b>	<b>15–57</b>

# Independent Auditor's Report

To the Shareholder of GD UAB SB draudimas

## Report on the Audit of the Financial Statements

### ■ Opinion

We have audited the financial statements of Gyvybės draudimo UAB "SB Draudimas" ("the Company"). The Company's financial statements comprise:

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

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

### ■ Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ■ Key Audit Matters

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

## Insurance contract liabilities for remaining coverage

The gross amount of liabilities for remaining coverage in the financial statements as at 31 December 2024: EUR 99.858 million.

Refer to accounting policy 2.13 Classification and accounting of insurance and investment contracts and Note 11 Insurance and reinsurance contract assets and liabilities.

The key audit matter	How the matter was addressed in our audit
<p>Liabilities for remaining coverage – LRC for life insurance contracts measured under general measurement model (GMM) and variable fee approach (VFA) (“the insurance liability”) represents a significant element of insurance contract liabilities in the Company’s statement of financial position. In measuring the insurance liability the Management was required to establish present value of future cash flows (PVFCFs), risk adjustment for non-financial risk (RA LRC) and contractual service margin (CSM). We focused on this area as measurement of the insurance liability requires the Management to apply professional judgement, as well as complex and subjective assumptions, including those with a long-time period.</p> <p>Relatively insignificant changes in the key assumptions may have a material impact on the amount of the insurance liability for remaining coverage. The key assumptions include:</p> <ul style="list-style-type: none"> <li>• Mortality rates</li> <li>• Disability/morbidity</li> <li>• Lapse rates</li> <li>• Expenses.</li> </ul> <p>These assumptions are treated as inputs for cash flow models using complex actuarial methods.</p> <p>For the above reasons, obtaining sufficient and appropriate audit evidence in respect of the amount of the insurance liability for remaining coverage for life insurance contracts was considered by us to be a significant risk in our audit, which required our increased attention. Accordingly, we considered the area to be a key audit matter.</p>	<p>Our audit procedures in the area included, among others:</p> <ul style="list-style-type: none"> <li>• obtaining understanding of the methodology used when estimating Company’s LRC for life insurance contracts and assessing its compliance with the relevant requirements of IFRS 17 standard and relevant legal and regulatory requirements. As part of the above, we identified the relevant methods, assumptions and sources of data, and assessed whether such methods, assumptions, data and their application are appropriate in the context of IFRS 17 requirements. Additionally, assisted by our own actuarial specialists, we have challenged the Management on whether the level of the methodology’s sophistication is appropriate;</li> <li>• testing the design, implementation and operating effectiveness of selected key controls over the approval, recording and monitoring of insurance policies including, but not limited to, those over quality of the policy data.</li> <li>• challenging the Management’s back testing of estimated fulfilment cash flows, by: <ul style="list-style-type: none"> <li>○ assessment of the assumptions underlying the analyses;</li> <li>○ assessment of the results of the analyses.</li> </ul> </li> <li>• challenging the key actuarial assumptions used by the Company, including mortality rates, disability/morbidity, lapse ratios, and expenses – by reference as applicable to financial reporting standards and regulatory requirements as well as by comparison of these assumptions to their historical values and available forecasts or other statistical and market data or contractual terms;</li> <li>• assessment of the completeness and the accuracy of the input data used by the Management in valuation of the LRC for life insurance contracts.</li> <li>• recalculating, with the help of the specialists, the PVFCFs, RA LRC and CSM as at 31 December 2024 for a sample of selected groups of insurance contracts.</li> </ul> <p>Evaluating the accuracy and completeness of the LRC for life insurance contracts disclosures in the financial statements by reference to the requirements of the applicable financial reporting framework.</p>

## ■ Other Information

The other information comprises the information included in the Company's management report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Company's management report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether management report, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

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

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## ■ Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## ■ Report on Other Legal and Regulatory Requirements

Under decision of the general shareholders' meeting we were appointed on 9<sup>th</sup> July 2020 for the first time to audit the Company's financial statements. Our appointment to audit the Company's financial statements is renewed each year under decision of the general shareholders' meeting, and the total uninterrupted period of engagement is 5 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the additional report which we have submitted to the Company and its Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Company are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, in addition to the audit of financial statements, we have provided permissible tax and translation services.

On behalf of KPMG Baltics, UAB

Domantas Dabulis  
Partner  
Certified Auditor

Vilnius, the Republic of Lithuania

14 March 2025

**MANAGEMENT REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

GD UAB SB draudimas (hereinafter referred to as "the Company") was established in 2000 and is owned by AB Šiaulių bankas. The Company provides all basic life insurance, accident and critical illness insurance services to individuals. The Company is licensed to carry out pension annuity business.

**1. OVERVIEW OF THE COMPANY'S POSITION, PERFORMANCE AND DEVELOPMENT**

Following organisational changes implemented within the AB Šiaulių bankas group at the end of 2023, the Company transitioned into a product development and support entity. Throughout 2024, the Company focused significantly on product oversight and governance, as well as modernising and enhancing insurance contract conclusion and administration processes. During 2024, the Company revised the terms, pricing structure, and distribution process of the Consumer Credit Borrowers Life Insurance (formerly known as Life Risk Insurance with Decreasing Insurance Amount). Additionally, the Company merged its previous insurance self-service platform with the acquired INVL Life portfolio's self-service platform into a single system with improved functionality. Operations continued in Estonia and Latvia.

In 2024, the Company offered the following life insurance products to its customers:

- Insurance in case of death:
  - Consumer Credit Borrowers Life Insurance (for UAB SB lizingas clients);
  - Mortgage insurance (to AB Šiaulių bankas customers);
  - Life risk insurance;
- Unit-linked insurance:
  - Unit-linked life insurance;
- Complimentary illness and accident insurance.

During 2024, the Company wrote a total of EUR 33,512,345 of life insurance premiums, of which EUR 29,096,825 were written in Lithuania, EUR 2,129,696 in Latvia and EUR 2,285,824 in Estonia. Compared to 2023, life insurance premiums increased 2.3-fold (the premium amount in 2023 was EUR 14,393,874).

In 2024, the Company paid out EUR 22,556,124 in insurance claims, of which EUR 14,808,394 in Lithuania, EUR 2,881,259 in Latvia and EUR 4,866,471 in Estonia. The total amount of insurance claims paid increased 3.1-fold compared to 2023 (the total claims paid in 2023 amounted to EUR 7,322,017).

**2. INFORMATION ON COMPANY'S SHARES**

In 2024 and 2023, the shareholder (ultimate and parent company) of the Company was AB Šiaulių bankas (company code - 112025254, address - Tilžės g. 149, Šiauliai).

As at 31 December 2024 and 31 December 2023, the Company's authorised share capital amounted to EUR 26,012,800. As at 31 December 2024 and 31 December 2023, the authorised share capital consisted of 89,817 ordinary shares, each with a nominal value of EUR 289.62. All shares are fully paid. There is one class of ordinary shares. All issued shares carry equal voting rights.

The Company did not acquire or dispose of any of its own shares during the reporting period.

**3. INFORMATION ON COMPANY'S BRANCHES**

The Company has branches in Latvia and Estonia.

GD UAB SB draudimas Estonian branch was established in 2023. Company code: 16836083, address: Keemia 4, Tallinn, Estonia.

GD UAB SB draudimas Latvian branch was established in 2023. Company code: 40203508126, address: Citadeles 12, Riga, Latvia.

**4. COMPANY'S FINANCIAL RESULTS**

In 2024, the Company's net profit was EUR 5,202,345 (2023: net loss of EUR 2,226,512).

The largest part of the revenue was insurance revenue of EUR 10,893,657. The major part of the costs were insurance service expenses related to insurance contracts of EUR 7,384,073, including costs of insurance claims incurred of EUR 2,472,242, losses on onerous contracts of EUR 264,740, acquisition and other costs of EUR 4,647,091. Reinsurance result was EUR -83,873 and finance income from insurance and reinsurance contracts amounted to EUR 81,991. Result from investing activities amounted to EUR 1,300,152. The result of managing investment contracts amounted to EUR 628,223, of which investment contract revenue amounted to EUR 2,796,159 and acquisition and other costs for investment contracts amounted to EUR 2,167,936. Other operating income amounted to EUR 23,394 and other operating expenses to EUR 207,086. Income tax expense amounted to EUR 50,040.



## **5. RISK MANAGEMENT**

In carrying on insurance business, the Company assumes the risks inherent in that business. A quality risk management process is a prerequisite for the success of the Company. The main risks to which the Company is exposed are: insurance, market, credit, liquidity, concentration and operational risks.

The Company has also included other non-financial risks related to the management of the Company in its operational risks: strategic, reputation, compliance, money laundering, terrorist financing and international sanctions, sustainability, IT, model risks. The Company's risk management is guided by a risk management policy. As part of Solvency II requirements, the Company also conducts its own risk and solvency assessment, which examines the Company's solvency position under various business and economic scenarios. During the reporting period, the Company complied with all capital requirements, with own funds amounting to EUR 53.9 thousand (31 December 2023: EUR 53.5 thousand) and exceeding the Solvency Capital Requirement by a factor of 2.04 (31 December 2023: 1.9).

The types of risks, their management approaches and the potential impact of the risks on the Company's financial performance are described in the notes to the financial statements.

## **6. ENVIRONMENTAL, SOCIAL AND GOVERNANCE ACTIVITIES**

The Company belongs to Šiaulių bankas group, which is guided by the Sustainability Strategy (ESG Strategy – Environmental, Social and Governance factors). The ESG Strategy is based on the Group's business strategy and views of internal and external stakeholders on the most important impact topics, and forms an integral part of the Šiaulių bankas group strategy. When updating the Šiaulių bankas group strategy in 2024, consideration was given to the results of the double materiality assessment conducted in 2024 and the significant topics identified therein. Following a comprehensive double materiality assessment, these key significant topics were identified for the Šiaulių bankas group:

- Climate change: climate change mitigation, adaptation to climate change, energy;
- Own workforce: working conditions (fair remuneration, social dialogue, freedom of association, collective bargaining, health and safety), equal treatment and equal opportunities for all (gender equality and equal pay for work of equal value, training and skills development), other work-related rights (privacy);
- Consumers and end users: information-related impact on consumers and/or end users (privacy, access to (quality) information), social inclusion of consumers and/or end users (non-discrimination, access to products and services, responsible marketing).
- Business ethics: Šiaulių bankas group culture, corruption and bribery.

More comprehensive ESG information of the Company and measures that have been or are planned to be implemented in response to the double materiality assessment can be found in the AB Šiaulių bankas group's 2024 Sustainability Report.

## **7. INFORMATION ABOUT THE COMPANY'S RESEARCH AND DEVELOPMENT ACTIVITIES**

The Company continuously invests and seeks ways to ensure growth and improved operational efficiency.

## **8. FORECASTS FOR 2025**

In 2025, the Company plans to actively collaborate with AB Šiaulių bankas, further optimise processes, improve the quality of post-contract insurance servicing, invest in professional development of insurance agents, with particular focus on adhering to principles of fair customer treatment and appropriate product distribution to consumers. Insurance revenue of EUR 15 million are planned for 2025.

## **9. INFORMATION ON MEMBERS OF THE COMPANY'S MANAGEMENT AND SUPERVISORY BODIES**

Company's Board members:

<b>Name Surname</b>	<b>Positions held in the Company</b>	<b>Main employment</b>	<b>Position held in main employment</b>
<b>Tomas Varenbergas</b>	Chairman of the Board	AB Šiaulių bankas, company code 112025254	Board member, Head of Investment Management
<b>Donatas Savickas</b>	Board member	AB Šiaulių bankas, company code 112025254	Deputy Chairman of the Board, Deputy Chief Executive Officer, Head of Finance
<b>Algimantas Gaulia</b>	Board member	AB Šiaulių bankas, company code 112025254	Board member, Head of Risk Management

The Company's Chief Executive Officer is Rasa Kasperavičiūtė, the Head of Finance is Mindaugas Petrošius, the Head of the Actuarial Function is Inga Kirnienė, the Head of Risk Management is Rita Butkuvienė, and the Head of Compliance is Aistė Patašiūtė. The Head of the Company's Latvian branch is Ieva Bane and the Head of the Estonian branch is Airi Heinapuu.

In 2024, the Company's external auditor was KPMG Baltics, UAB.

**GD UAB SB draudimas****Company code 110081788, Gynėjų g. 14, Vilnius****10. SUBSEQUENT EVENTS**

There were no events after the reporting period which would have effect on these financial statements or require additional disclosure.

Chief Executive Officer

Rasa Kasperavičiūtė

Vilnius

14 March 2025

**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2024**

	<b>Note</b>	<b>31/12/2024</b>	<b>31/12/2023</b>
Intangible assets	6	1,696,336	1,866,866
Property, plant and equipment	5	31,592	62,633
Right-of-use assets	5	160,426	720,951
Financial assets:	7	227,162,849	199,022,322
Financial assets through profit or loss		217,089,806	187,164,810
Financial assets at amortised cost		10,073,043	11,857,512
Reinsurance contract assets	11	64,328	14,616
Amounts receivable	8	179,179	265,722
Deferred tax assets		2,296	2,296
Other assets	8	70,227	74,576
Cash and cash equivalents	9	9,522,405	9,522,424
<b>TOTAL ASSETS</b>		<b>238,889,638</b>	<b>211,552,406</b>
Authorised capital	10	26,012,800	26,012,800
Legal reserve	10	405,758	405,758
Other reserves	10	76,072	93,031
Retained earnings		8,736,660	3,534,315
<b>TOTAL EQUITY</b>		<b>35,231,290</b>	<b>30,045,904</b>
Insurance contract liabilities	11, 16	101,657,698	86,749,399
Liability for remaining coverage		99,857,694	85,181,360
Liability for incurred claims		1,800,004	1,568,039
Investment contract liabilities	11, 16	96,686,151	89,779,602
Reinsurance contract liabilities	11, 16	53,457	1,334
Other liabilities	13	938,914	1,497,239
Accrued costs	13	2,012,940	936,880
Deferred income	23	2,309,188	2,542,048
<b>TOTAL LIABILITIES</b>		<b>203,658,348</b>	<b>181,506,502</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>238,889,638</b>	<b>211,552,406</b>

*The explanatory notes on pages 14 to 56 constitute an integral part of these financial statements.*

The financial statements were approved and signed by the Company's management on 14 March 2025.

Chief Executive Officer

Rasa Kasperavičiūtė

Head of Actuarial Team

Birutė Masiulienė

Head of Financial Accounting

Jovita Gibavičienė

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	31/12/2024	31/12/2023
<b>INSURANCE REVENUE</b>	14	<b>10,893,657</b>	<b>4,567,833</b>
<b>INSURANCE SERVICE EXPENSES</b>	11	<b>-7,384,073</b>	<b>-5,999,575</b>
Costs of insurance claims incurred		-2,472,242	-2,185,804
Losses on onerous contracts		-264,740	-1,016,441
Acquisition costs		-995,446	-918,833
Other operating expenses		-3,651,645	-1,878,497
<b>REINSURANCE RESULT</b>	11	<b>-83,873</b>	<b>-149,049</b>
<b>RESULT OF INSURANCE FINANCIAL ACTIVITIES</b>	12	<b>81,991</b>	<b>872,657</b>
Finance income/costs on insurance contracts		81,077	871,911
Finance income/costs on reinsurance contracts		914	746
<b>RESULT OF INVESTING ACTIVITIES</b>	15	<b>1,300,152</b>	<b>404,238</b>
Gains/losses on changes in value of financial assets		704,602	192,502
Interest income on assets at fair value		196,505	136,856
Interest income on assets at amortised cost		221,049	260,606
Total interest expenses on assets at amortised cost		-	-57,026
Other income/expenses from investing activities		177,996	-128,700
<b>RESULT OF MANAGING INVESTMENT CONTRACTS</b>	15, 17, 18	<b>645,286</b>	<b>-1,993,769</b>
<b>OTHER INCOME/EXPENSES</b>	20	<b>-200,755</b>	<b>72,464</b>
Other expenses		-224,150	-16,862
Other operating income		23,395	89,326
<b>RESULT FOR THE PERIOD – PROFIT (LOSS) BEFORE TAX</b>		<b>5,252,385</b>	<b>-2,225,201</b>
<b>INCOME TAX</b>	21	<b>-50,040</b>	<b>-1,311</b>
<b>RESULT FOR THE PERIOD – PROFIT (LOSS)</b>		<b>5,202,345</b>	<b>-2,226,512</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>5,202,345</b>	<b>-2,226,512</b>

*The explanatory notes on pages 14 to 56 constitute an integral part of these financial statements.*

The financial statements were approved and signed by the Company's management on 14 March 2025.

Chief Executive Officer

Rasa Kasperavičiūtė

Head of Actuarial Team

Birutė Masiulienė

Head of Financial Accounting

Jovita Gibavičienė

**GD UAB SB draudimas**

Company code 110081788, Gynėjų g. 14, Vilnius

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>Authorised capital</b>	<b>Legal reserve</b>	<b>Other equity</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 01/01/2023</b>	<b>4,057,576</b>	<b>405,758</b>	<b>67,917</b>	<b>5,775,354</b>	<b>10,306,605</b>
Net profit (loss) for 2023	-	-	-	-2,226,512	-2,226,512
Increase of authorised capital	21,955,224	-	-	-	21,955,224
Other comprehensive income	-	-	-	-	-
Transactions with owners of the Company	-	-	-	-	-
Formation of other equity	-	-	25,114	-14,527	10,587
<b>Balance at 31/12/2023</b>	<b>26,012,800</b>	<b>405,758</b>	<b>93,031</b>	<b>3,534,315</b>	<b>30,045,904</b>
Net profit (loss) for 2024	-	-	-	5,202,345	5,202,345
Other comprehensive income	-	-	-	-	-
Transactions with owners of the Company	-	-	-	-	-
Formation of other equity	-	-	-16,959	-	-16,959
<b>Balance at 31/12/2024</b>	<b>26,012,800</b>	<b>405,758</b>	<b>76,072</b>	<b>8,736,660</b>	<b>35,231,290</b>

*The explanatory notes on pages 14 to 56 constitute an integral part of these financial statements.*

The financial statements were approved and signed by the Company's management on 14 March 2025.

Chief Executive Officer

Rasa Kasperavičiūtė

Head of Actuarial Team

Birutė Masiulienė

Head of Financial Accounting

Jovita Gibavičienė

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>31/12/2024</b>	<b>31/12/2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>358,837</b>	<b>-11,050,148</b>
<b>Cash flows from insurance contracts:</b>	13,734,341	7,412,218
Contributions received (including investment component) and other amounts	25,884,914	12,396,989
Insurance claims paid (including investment component) and other amounts	-12,150,573	-4,984,771
<b>Cash flows from investment contracts:</b>	-2,665,505	-269,459
Investment contract management amounts received	7,740,046	2,067,802
Investment component and other amounts paid	-10,405,551	-2,337,261
<b>Cash flows from reinsurance contracts:</b>	-83,075	-36,672
Premiums paid and other amounts ceded to reinsurers	-167,322	-166,621
Claims received and other amounts received from reinsurers	84,247	129,949
<b>Operating expenses (taxes) paid</b>	-9,665,202	-4,969,871
Interest received	1,845,390	463,628
Amounts received on maturity or on disposal of investments	119,545,103	13,677,186
Amounts paid on acquisition of investments	-122,273,719	-27,274,341
Investing activity fees paid	-78,496	-52,837
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-163,511</b>	<b>4,773,305</b>
Amounts received on sale of property, plant and equipment	16,443	88,608
Amounts paid on acquisition of property, plant and equipment	-8,676	-46,412
Amounts paid on acquisition of non-current intangible assets	-268,091	-315,500
Business acquisition, net of cash acquired in the transaction	-	5,056,518
Amounts arising from other investing activities	96,813	38
Amounts paid in connection with other investing activities	-	-9,947
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-194,077</b>	<b>14,469,924</b>
Amounts received on issue of equity securities	-	14,595,074
Amounts paid on redemption of equity securities	-	-
Lease payments	-194,077	-125,150
Amounts paid in connection with other financing activities	-	-
<b>Effect of changes in exchange rates on the balance of cash and cash equivalents</b>	<b>-1,268</b>	<b>154</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9,522,424</b>	<b>1,329,189</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,522,405</b>	<b>9,522,424</b>

*The explanatory notes on pages 14 to 56 constitute an integral part of these financial statements.*

The financial statements were approved and signed by the Company's management on 14 March 2025.

Chief Executive Officer Rasa Kasperavičiūtė

Head of Actuarial Team Birutė Masiulienė

Head of Financial Accounting Jovita Gibavičienė

# **GD UAB SB draudimas**

**Company code 110081788, Gynėjų g. 14, Vilnius**

## **EXPLANATORY NOTES FOR THE YEAR ENDED 31 DECEMBER 2024**

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### **1 GENERAL INFORMATION**

GD UAB SB draudimas (hereinafter referred to as the Company) was established and commenced its operations on 31 August 2000. The Company's registered office is located at Gynėjų g, 14, Vilnius, Lithuania, company code 110081788. The Company carries out the following groups (sub-groups) of life insurance business:

- Life insurance in case of death;
- Life insurance in case of survival;
- Unit-linked life insurance;
- Complimentary illness and accident insurance.

As at 31 December 2024 and 31 December 2023, all the shares of the Company were held by AB Šiaulių bankas, whose shares are listed on the Nasdaq Baltic Main List. The Company's ultimate parent company is located in Šiauliai, Lithuania.

The Company has branches in Estonia and Latvia.

As at 31 December 2024, the Company had 72 employees (54 in the Lithuanian branch, 12 in the Estonian branch and 6 in the Latvian branch) and 77 employees as at 31 December 2023.

The Company's financial year coincides with the calendar year.

### **2 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

These financial statements were approved by the Chief Executive Officer, the Head of the Actuarial Team and the Head of Financial Accounting on 14 March 2025. The shareholders of the Company have the statutory right to approve or disapprove these financial statements and to require management to prepare a new set of financial statements.

#### **2.1 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as adopted by the European Union.

All amounts in the financial statements, including disclosures in the explanatory notes, are presented in the national currency the euro (EUR), unless otherwise stated.

#### **Amendments to existing standards and interpretations effective in 2024**

New standards, amendments to standards and interpretations effective from 1 January 2024 that do not have a material impact on the Company's financial statements:

- Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7; not adopted by the EU);
- Non-Current Liabilities with Covenants (Amendments to IAS 1).

#### **Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Company**

A number of new standards are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7);
- Presentation and Disclosure in Financial Statements (Amendments to IFRS 18);
- Subsidiaries without Public Accountability: Disclosures (Amendments to IFRS 19);
- Lack of Exchangeability (Amendments to IFRS 10).

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**2.2 ACCOUNTING POLICIES REQUIRING THE COMPANY'S JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in accordance with IFRSs requires the use of certain critical accounting estimates. Management is also required to make judgements regarding the application of the Company's accounting policies. Areas where judgements are complex or where assumptions and accounting estimates are significant to the financial statements are disclosed in the relevant sections:

- Classification of insurance, reinsurance and investment contracts for assessing whether the insurance risk in a contract is significant; separation of the investment component – Chapter 2.10 *Classification and Accounting of Insurance and Investment Contracts*.
- Classification of insurance contracts into portfolios and by yield and inception date – Chapter 2.10 *Classification and Accounting of Insurance and Investment Contracts*.
- Assessment of insurance contracts, method for calculating the adjustment for non-financial risk and confidence level, and coverage units for a group of contracts – Chapter 2.10 *Classification and Accounting of Insurance and Investment Contracts*.
- The key assumptions used in the assessment of insurance contracts and the process for selecting those assumptions – Chapter 2.10 *Classification and Accounting of Insurance and Investment Contracts*, Chapter 2.11 *The Process of Establishing Insurance Assumptions*. Sensitivity analysis for changes in key assumptions – Chapter 3 *Risk Management*.
- Insurance risk and its management – Chapter 3.2 *Insurance Risk*;
- Business acquisitions – Chapter 2.9 *Business Acquisition* and Chapter 23 *Business Acquisition Disclosure*;
- Classification of financial assets – Chapter 2.5 *Classification of Financial Assets*;
- Impairment of assets – Chapter 2.6 *Impairment of Assets and Chapter 6 Intangible Assets*.

**2.3 TRANSACTIONS IN FOREIGN CURRENCIES**

*(a) Functional and presentation currency*

All amounts in the Company's financial statements are measured in the currency of the primary economic environment in which the Company operates (hereinafter referred to as "the functional currency"). The amounts in the financial statements are presented in euro (EUR), which is the Company's functional and presentation currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses arising on the settlement of these transactions and on the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recorded in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses arising from the translation of currencies relating to investments in insurance or investment contracts are recorded through profit or loss in 'Finance income/costs on insurance contracts' and 'Result of managing investment contracts', and those relating to the Company's investments are recorded in 'Changes in value of financial assets'. All other foreign exchange gains and losses are recorded in the statement of profit or loss and other comprehensive income under 'Other operating income/expenses'.

**2.4 FINANCIAL ASSETS**

All regular way purchases and sales of financial assets are recognised on the purchase (selling) date. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**2.5 CLASSIFICATION OF FINANCIAL ASSETS**

All of the Company's financial assets are classified into financial assets at fair value through profit or loss and financial assets measured at amortised cost in subsequent periods.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss on initial recognition if they are acquired with a view to sell in the near future, if they are included in a portfolio of financial assets that are held for the purpose of generating a short-term profit, or if management determines such classification.

Financial assets designated as at fair value through profit or loss on initial recognition are:

- Financial assets held in internal funds for the purpose of covering insurance and investment contract liabilities that are linked to changes in the fair value of these assets. The Company classifies its entire client investment portfolio in this category. The designation of these assets as financial assets at fair value through profit or loss eliminates or significantly reduces measurement and recognition inconsistencies that would otherwise arise from measuring assets and liabilities differently or recognising gains or losses on those assets and liabilities differently.
- All other financial assets that do not cover insurance contract liabilities and are held by the Company's management and whose performance is measured on a fair value basis. The Company's investment strategy is to invest in equity and debt securities and to measure them on a fair value basis. Financial assets included in these portfolios are classified as financial assets at fair value through profit or loss at initial recognition.



**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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b) Financial assets at amortised cost

Financial asset with cash flows that constitute solely payments of principal and interest and with a fixed duration is classified as at amortised cost if the Company has the positive intent and ability to hold it to maturity and has a business model that requires it to hold the financial asset to collect the expected cash flows. Financial assets at amortised cost are recognised at fair value on initial recognition. In subsequent periods, financial assets at amortised cost are carried at amortised cost using the effective interest method, less any recognised impairment losses that reflect uncollectible amounts.

Income from financial assets measured at amortised cost is recognised in profit or loss using the effective interest method.

Receivables from customers, loans and other receivables with fixed or determinable payments that are not traded in an active market are initially recognised at fair value. In subsequent periods, such financial assets are carried at amortised cost using the effective interest method, less any recognised impairment losses that reflect expected credit losses.

Interest income is recognised using the effective interest method, except for short-term receivables where the recognition of interest income would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**2.6 IMPAIRMENT OF ASSETS**a) Financial assets at amortised cost

For debt securities measured at amortised cost, the Company measures prospective expected credit losses (ECL). The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic condition.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

b) Impairment of other non-financial (non-current) assets

Amortised assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The amount by which the carrying amount of an asset exceeds its recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the assets' fair value less costs to sell and its value in use. In determining impairment, assets are allocated to the smallest groups for which cash flows can be separately identified (i.e. cash-generating units), unless certain events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

**2.7 FINANCIAL LIABILITIES**

Liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Company measures all financial liabilities at fair value on initial recognition.

Financial liabilities at fair value

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

Other financial liabilities

Other financial liabilities, including loans, are measured at fair value less transaction costs. Other financial liabilities are measured at amortised cost in subsequent periods using the effective interest method, with interest expense recognised on an effective interest rate basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial liability or, if applicable, a shorter period to the net carrying amount at the time of initial recognition.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's liabilities are discharged, cancelled or expire.

**2.8 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value reflects the value of financial instruments at which assets can be realised or liabilities settled. Where, in the opinion of management, the fair value of financial assets and liabilities differs significantly from their carrying amounts, the fair value of those financial assets and liabilities is disclosed separately in the notes to these financial statements.

**2.9 BUSINESS ACQUISITION**

The Company uses the purchase method of accounting for business acquisitions:

- the cost of the business is determined;
- the business-related assets and liabilities acquired are measured at fair value on initial recognition;
- the difference between the cost of the acquired business and the net asset value of the acquired business is calculated and recognised as goodwill, gain or loss on acquisition.

Groups of insurance contracts issued are grouped as if the contracts had been issued at the transaction date. On initial recognition, the fair value of the contracts at the date of initial recognition is used as a proxy for premiums received.

**2.10 CLASSIFICATION AND ACCOUNTING OF INSURANCE AND INVESTMENT CONTRACTS**

Contracts concluded by the Company are classified into insurance contracts (accounted for in accordance with IFRS 17) and investment contracts (accounted for in accordance with IFRS 9, with the exception of investment contracts with a discretionary participation feature, which are also accounted for in accordance with IFRS 17) based on the insurance and/or financial risk assumed.

A contract shall not be deemed to be an insurance contract if, under the contract, the Company only bears financial risk, such as interest rate risk, financial instrument price risk, credit risk, or other financial risk, but not significant insurance risk. A contract without significant insurance risk is considered an investment contract.

A contract is only considered an insurance contract if it meets the definition of a contract with significant insurance risk. The significance of the insurance risk is assessed at the time of initial recognition at the level of the insurance contract, except for products for which the significance of the insurance risk is obvious (e.g. term life insurance, endowment insurance, etc.). Contracts for these products are not assessed separately for the significance of insurance risk and are classified as insurance contracts accounted for in accordance with IFRS 17 at initial recognition of the contract. A contract that is designated as an insurance contract at the time of initial recognition is treated as an insurance contract until the end of the insurance obligation.

10% is the Company's chosen materiality level for assessing the significance of insurance risk. The significance of insurance risk is assessed by reference to the (probability-weighted) future cash flows discounted by the risk-free interest rate curve recorded at the time of initial recognition, including any additional amounts that would be payable in the economic basis scenarios. The assessment of the materiality of insurance risk is based on the following scenarios:

1. the insured event does not occur,
2. the insured event occurs with a probability of 100%.

If the additional amounts that would be payable in the second scenario are 10% higher than in the first scenario, the insurance risk is significant.

For the portfolio acquired on 01/12/2023 and for new contracts entered into after that date, the significance of the insurance risk is assessed using the simplified approach, once it is demonstrated that the simplified approach produces reliable results that are not materially different from the exact assessment. Under the simplified approach, the significance of the insurance risk for unit-linked contracts is assessed by comparing the sum of the life and complimentary coverage insurance risk to 10% of the value of the investment fund. If the sum of the life and complimentary coverage risks is higher, then the insurance risk in the contract is considered to be significant.

IFRS 17 requires an entity to separate a distinct investment component from the host insurance contract if, and only if, the investment component is separable. Certain of the Company's insurance contracts include an investment component, but the investment component and the insurance component are interrelated and the investment component is not separable, so the Company does not apply the separation of the investment component to its existing insurance contracts. However, payments related to the investment component are not included in insurance revenue and the insurance service expenses are shown in the statement of profit or loss and other comprehensive income.

Due to the low significance of investment contracts with discretionary participation features, information relating to these contracts is not presented separately and is disclosed together with information relating to insurance contracts.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**Insurance contract liabilities**

In accordance with IFRS 17, all rights and obligations arising from a portfolio of insurance contracts are presented on a net basis. Amounts arising from reinsurance contracts are presented separately. This presentation of insurance and financial results provides a more transparent picture of the sources and quality of the income earned.

Under IFRS 17, amounts recognised in the statement of profit or loss and other comprehensive income are disaggregated into:

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

Insurance revenue consists of expected claims and expenses on insurance contracts, changes in risk adjustment, recognition of contractual service margin for services rendered and recovery of the insurance contract acquisition costs. The insurance service expenses comprise claims incurred on insurance contracts, directly attributable costs incurred, losses on onerous contracts (and reversals of such losses), changes in the liability for claims incurred in respect of past services, and amortisation of insurance acquisition cash flows. Insurance service result shall exclude any investment components and changes in cash flows related to future service (the amount of these changes is adjusted to the contractual service margin).

The finance income and expenses of insurance contracts comprise the effect of the time value of money (discounting) and changes in the financial risks associated with groups of insurance contracts. The Company has chosen not to disaggregate insurance finance income and expenses between profit or loss and other comprehensive income.

In accordance with the requirements of IFRS 17, the Company aggregates insurance contracts into "Unit of Account" groups. The purpose of this grouping is to ensure that profits are recognised over time in proportion to the service provided under the insurance contract and losses are recognised as soon as the Company assesses that the contract is/becomes onerous. The offsetting of profit and loss between the identified classes of insurance contracts is not possible. Insurance contracts are aggregated into groups of insurance contracts according to the following three levels:

1. Portfolio - level of insurance contracts subject to similar risks and managed together
  - Endowment insurance (General Measurement Model, GMM)
  - Endowment insurance for survival (GMM)
  - Life insurance portfolios with participation features acquired on 01/12/2023 in the Baltics (GMM)
  - Hybrid (Variable Fee Approach, VFA)
    - Endowment insurance with guaranteed interest
    - Safe future with guaranteed interest
    - Endowment insurance portfolios acquired on 01/12/2023 in Latvia and Estonia
  - Studies insurance (GMM)
  - Pension insurance (GMM)
  - Pension annuities insurance (GMM)
  - Annuities (GMM):
    - Studies insurance annuities
    - Pension insurance annuities
    - Annuity portfolios acquired on 01/12/2023 in the Baltics
  - Investment insurance (VFA):
    - Endowment insurance with variable capital
    - Pension scheme
    - Safe future investment scheme
    - Unit-linked portfolios acquired on 01/12/2023 in the Baltics
  - Children safe future insurance (VFA)
  - Children future programme (VFA)
  - Life risk insurance (GMM)
  - Life risk insurance with decreasing insurance amount (GMM)
  - "I'm safe" insurance (GMM)
  - Life risk "Safe family" insurance (GMM)
  - Mortgage life insurance (GMM)
  - Life risk insurance portfolios acquired on 01/12/2023 in the Baltics (GMM)
2. Profitability – the level of contracts in the same profitability group
  - The Company decided to classify insurance contracts as onerous and other, with onerous contracts being those contracts that have a loss component at initial recognition. An insurance contract has a loss component if the present value of the future cash flows of the contract, after adjustments for non-financial risks, is negative. After initial recognition, insurance contracts are not reclassified for changes in profitability.
3. Cohort – contracts which date of entry into force differ by more than one year.
  - Portfolio cohort period beginning is January 1st of each calendar year and contracts of each portfolio are accounted using a one year interval principle (annual cohort). The contracts of the portfolio acquired on 01/12/2023 were recognised at the moment of acquisition and were allocated to the 2023 cohort.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Company has elected to apply two of the approaches in IFRS 17 to groups of direct business insurance contracts:

- The General Measurement Model, GMM, is used for insurance contracts that cover a specific risk over a longer period of time.
- The variable Fee Approach, VFA, is applied to insurance contracts with investment components that meet the definition of a direct participation feature (DPF) (see the list of insurance contract portfolios above for an indication of which model applies to which insurance contract portfolio).

In accordance with the requirements of IFRS 17, the carrying amount of a group of insurance contracts at the end of each reporting period is calculated by adding the liability for remaining coverage and the liability for incurred claims. In assessing these liabilities, the risk-adjusted present value of future cash flows (fulfilment cash flows) is calculated for each group of insurance contracts, separately assessing the present value of future cash flows and the risk adjustment for non-financial risk.

For groups of insurance contracts without a loss component, the liability for remaining coverage consists of the sum of fulfilment cash flows and the contractual service margin. On initial recognition, the contractual service margin is equal to an amount that reduces the liability for remaining coverage to zero. If the contractual service margin is negative at initial recognition, then the contractual service margin is reduced to zero and the corresponding negative amount is recognised as a loss component affecting the statement of profit or loss and other comprehensive income.

For insurance contracts, future cash flows are projected up to the contract boundary to measure the remaining insurance cover. The contract boundary is assumed to coincide with the contract term set out in the insurance contract due to the long period of insurance and the limited ability to reassess the portfolio risk. The Company includes all future cash flows that fall within the contract boundaries of each contract within the group in the measurement of a group of insurance contracts.

Insurance Acquisition Cash Flows, IACF, are a separate cost category which is taken into account to determine future cash flows for the remaining coverage. Such cash flows include cash flows arising from insurance contracts group disposal, distribution and commencement costs directly attributable to portfolio of insurance contracts to which that group belongs. Applying GMM and VFA methods future expected attributable costs affect the amount of contractual service margin and are recognised in profit (loss) over the period of coverage in accordance with the relevant coverage units.

In the Company's judgement, the present value of future cash flows is calculated using discount rates determined using a bottom-up approach (described as a formula of a risk-free rate plus an illiquidity premium). The discounting of cash flows is based on the Company's decision to use the risk-free rate curves published by the European Insurance and Occupational Pensions Authority (EIOPA). In order to reflect the cash flow and liquidity characteristics of the contract, the EIOPA risk-free rate without volatility adjustment is applied to liquid products, i.e. unit-linked products, and the EIOPA risk-free rate with volatility adjustment is applied to the rest of the illiquid products.

Risk-free rate with volatility adjustment:

EUR	1 year	5 years	10 years	20 years	30 years	40 years	50 years
<b>31/12/2024</b>	2,5%	2,4%	2,5%	2,5%	2,6%	2,7%	2,8%
<b>31/12/2023</b>	3,6%	2,5%	2,6%	2,6%	2,7%	2,8%	3,0%

Risk-free rate without volatility adjustment:

EUR	1 year	5 years	10 years	20 years	30 years	40 years	50 years
<b>31/12/2024</b>	2,2%	2,1%	2,3%	2,3%	2,4%	2,6%	2,7%
<b>31/12/2023</b>	3,4%	2,3%	2,4%	2,4%	2,5%	2,7%	2,8%

Under the General Measurement Approach, the liabilities of groups of insurance contracts are measured using discount rates recorded at the time of initial recognition of the relevant group of insurance contracts. As newly issued insurance contracts are added to the annual cohort throughout the year, a weighted discount rate is recorded for the groups of insurance contracts, which is derived using the discount rates at the end of each quarter/month and the number of contracts written/premiums written during the relevant period.

The Company includes a risk adjustment for non-financial risk in the measurement of insurance contract liabilities, which is calculated separately from other cash flows and is defined as the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Company fulfils insurance contracts. The Company chose to calculate risk adjustment based on Solvency II capital requirement calculation methodology before diversification, gross. Assumption is made that all IFRS 17 insurance contract non-financial risk (mortality, longevity, disability, validity, outflows and catastrophe risk) is distributed by normal distribution. Calculation of the risk adjustment is based on determining risks at the reference date (t=0) and forecasting them based on a run-off pattern appropriate for each non-financial risk based on coverage units. The risk adjustment corresponds, in the Company's judgement, to a confidence level of 75% of the derived distribution of non-financial risks. Entire change in risk adjustment for non-financial risk will be included as part of the insurance service result.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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The contractual service margin at the reporting date demonstrates the profit of a group of insurance contracts which has not yet been recognised as it is related to future service, which will be provided under group contracts. According to IFRS 17, the CSM for a group of insurance contracts is recognised as profit or loss of each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount allocated to a certain period is determined by identifying coverage units within the portfolio. The number of coverage units within a group of insurance contracts is the quantity of insurance contracts services provided by the contracts in the group, determined by considering for each contract the quantity of the claims paid under a contract and its expected coverage period (including possible cancellations). The Company decided not to discount the coverage units.

The fulfilment cash flows related to claims already incurred are calculated for each group of insurance contracts, separately assessing the present value of future cash flows and the adjustment for non-financial risk. The present value of future cash flows for claims already incurred is calculated by estimating the best estimate of claims outstanding, forecasting cash flows based on the Company's historic claim rates, and discounting the cash flows at a specified risk-free rate. The risk adjustment for non-financial risk for the measurement of the incurred liabilities reflects the risk compensation related to the amount and expected timing of already incurred claim payments and corresponds to a 75% confidence level.

**Investment contract liabilities**

An investment contract is a contract without significant insurance risk. Under such contract, the Company may only bear financial risk, such as interest rate risk, financial instrument price risk, credit risk, or other financial risk, but not significant insurance risk. The liabilities of investment contracts are measured at the market value of the portfolio of such contracts and the value of the liabilities varies with changes in the market value of the related investments. After the business acquisition, an additional liability may arise as the difference between the fair value of the acquired portfolio of contracts and the market value of the portfolio of contracts. This additional liability is amortised on a straight-line basis over the average life of the acquired portfolio. Management and insurance risk fees charged on investment contracts reduce the investment contract liabilities and are recognised as income of the Company.

**2.11 THE PROCESS OF ESTABLISHING INSURANCE ASSUMPTIONS**

The Company's assumptions used in the measurement of the liabilities (hereinafter referred to as "the assumptions") are based on the characteristics, structure and development changes of the Company's portfolio of insurance liabilities, and the impact of external factors on these changes. In the event of insufficient statistical data on the Company's portfolio of insurance liabilities, which makes it impossible to calculate insurance liabilities in a prudent, reliable and objective manner, the assumptions are not based on the characteristics of the Company's portfolio of insurance liabilities, but on the characteristics of a portfolio of insurance liabilities of a similar nature (e.g. the Republic of Lithuania, the Lithuanian insurance market, etc). Where historical statistical data are not usable due to internal and/or external circumstances and reliable statistical analysis cannot be performed, approximations, expert judgement based on generally accepted statistical principles, laws, professional experience, etc. may be used to determine assumptions.

The assumptions for measuring insurance liabilities are used consistently and may not be revised for more than three (3) years, but assumptions whose change has a material effect on the amount of the liabilities are revised at least annually. If, after a review of the assumptions, the assumptions are found to have deviated significantly from experience, the amount of statistical data increased or decreased, then the assumptions may be changed and the method of setting the assumptions shall be revised. The method of setting the assumptions is subject to change when the assumptions have deviated significantly from experience for 3 (three) consecutive years or clear evidence exists that they will change in the future. After the assumptions have expired, the assumptions may remain unchanged provided they have not deviated significantly from experience and from the assumptions that were previously in place, that no increase in the amount of statistical data has occurred that would make it possible to calculate the insurance liabilities in a prudent, reliable and objective manner.

The main assumptions for the calculation of insurance liabilities are mortality/longevity, disability/morbidity, cancellations, expenses, and indicators related to changes in financial markets. The sensitivity of the Company's contractual service margin, profit (loss) and equity value to changes in assumptions is described in Note 3 *Risk Management* which shows how a change in key assumptions could affect the Company's future results.

**2.12 REINSURANCE CONTRACTS HELD**

The Company has surplus reinsurance contracts under which the Company and the reinsurers agree on the share of the insurance risk and premiums to be borne by the reinsurer. Depending on the outcome of the reinsurance, the reinsurers pay profit commissions to the Company.

Under IFRS 17, the accounting for reinsurance contracts depends on the terms of the contract and the nature of the risk ceded. The Premium Allocation Approach is used to measure the reinsurance liabilities of the Company's portfolio contracts acquired on 01/12/2023 and new contracts concluded after the business combination, as the reinsurance term recorded in the reinsurance contract is one year. For contracts accounted for under the Premium Allocation Approach, the Company excludes the effect of changes in the time value of money and financial risk and future acquisition cash flows from valuation. For the Company's reinsurance contract prior to the business combination, the General Measurement Approach is applied.

The reinsurance result includes the net outcome of the reinsurers' portion of reinsured contracts.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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**2.13 AMOUNTS RECEIVABLE AND PAYABLE IN RESPECT OF INSURANCE AND INVESTMENT CONTRACTS**

Amounts receivable from and payable to policyholders and insurance intermediaries are recognised when incurred. If there is objective evidence that an impairment loss/increase in receivables exists, the Company reduces/increases the carrying amount of the receivable and recognises the change in profit or loss.

**2.14 INCOME TAX AND DEFERRED INCOME TAX FOR THE REPORTING PERIOD**

Income tax expense comprises the current year's income tax expense and deferred income tax expense. The tax is recognised in the statement of profit or loss and other comprehensive income.

Income tax

Current income tax expenses are calculated on the current year's profit, adjusted for certain expenses/income that do/do not reduce taxable profit. The income tax expense is calculated using the income tax rate enacted at the reporting date. In 2024, Lithuanian companies are subject to a standard income tax rate of 15 per cent (2023: 15 per cent).

In Estonia and Latvia, retained earnings are exempt from income tax.

Under current Estonian law, the branch of the Company is subject to income tax on profits and assets taken over from its permanent establishment, both in cash and in kind. In 2024, the tax rate was 20/80 of the amount.

According to the Law on Corporate Income Tax of the Republic of Latvia, the tax rate is 20% of the distributed profit (calculated dividends, dividend-equivalent payments, conditional dividends). The Law on Corporate Income Tax also provides for a tax rate of 20% to be applied to the taxable base of conditionally or theoretically allocated profit (e.g. non-operating expenses and other cases provided for by the Law). In accordance with IAS 12 *Income Taxes*, only taxes based on taxable profit are included in income taxes, so that income taxes calculated on the taxable amount of the tax base, which consists of the conditional or theoretical allocation of profit, are recognised in other expenses.

**2.15 REMUNERATION FOR EMPLOYEES**

The Company has fixed remuneration and variable remuneration.

The fixed remuneration for employees comprises: 1) basic salary and related payments (e.g., holiday pay, compensation for unused leave, sick pay, overtime payments and similar); 2) fringe benefits.

Fixed remuneration is the main portion of the remuneration.

When determining an individual employee's basic salary, consideration is given to external competitiveness, internal equity, the salary range established for the position level, the employee's professional experience, abilities, specific knowledge, skills and competencies, etc.

Fringe benefits are applied without regard to the individual performance of employees and without providing an incentive to take risks. Fringe benefits are based on predefined criteria.

Variable remuneration includes: 1) annual variable remuneration; 2) bonuses, including annual bonuses; 3) one-off incentive payments; 4) other payments which are classified as variable remuneration under legislation (e.g., termination benefits).

Variable remuneration calculation models are designed to align with the Company's and Group's business strategy, objectives, values, long-term going concern interests and to promote sound and effective risk management, help prevent conflicts of interest, ensure adherence to the Group's Code of Ethics, and ensure employees are not incentivised to take excessive risks unacceptable to the Company and/or Group, whilst also safeguarding client protection principles when the Company provides services and not compromising client interests.

In accordance with the Remuneration Policy, annual variable remuneration may only be granted to nominated employees. Nominated employees are divided into nominated employees of AB Šiaulių bankas group and nominated employees of the Company.

Variable remuneration for the **Group's nominated employees** may be allocated in one of the following ways:

- 50 per cent is paid in cash (without deferral) and 50 per cent is paid in Šiaulių bankas shares, with a 3-year deferral period from the date of award of the annual variable remuneration to the date of payment of the deferred portion, taking into account the potential risks associated with the employee's annual performance review;
- 100 per cent is paid in cash (without deferral) – this method may be applied when the annual variable remuneration allocated for specific performance years does not exceed EUR 50,000 (gross) and does not constitute more than 1/3 of the employee's total annual remuneration.

The deferred part of the variable pay is paid out in the Bank's shares on expiry of the deferral period. Shares are granted under Option Agreement concluded with a nominated employee.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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The grant-date fair value of equity-settled share-based payment arrangements granted to these employees is recognised as salaries and related expenses in the statement of profit or loss with a corresponding increase in other equity line in the statement of financial position, over the vesting period of the awards. Liabilities to settle contracts with equity instruments are recognised as share-based payments. To account for the benefits received by the Company's employees, the Company recognises share-based payment arrangements as a component of salaries and related expenses in the statement of profit or loss and other comprehensive income and a corresponding amount in other equity in the statement of financial position. The amount recognised as an expense is adjusted to reflect the number of awards for which the service and conditions (not directly based on market performance of shares) are expected to be met, such that the amount ultimately recognised is based on the benefits that meet the related service and conditions at vesting date. Any deviation from the original amount is recognised in the statement of profit or loss and other comprehensive income and a corresponding adjustment is recognised in other equity in the statement of financial position.

The annual variable remuneration of the **Company's nominated employees** for 2021, divided into two equal parts: the immediately payable portion amounting to 50 per cent of the total annual variable remuneration awarded, which is paid in cash; and the deferred portion amounting to 50 per cent of the total annual variable remuneration award is allocated in cash. This part of the remuneration is subject to a deferral period of 3 years, taking into account the potential risks associated with the employee's annual performance review. For 2022 and subsequent periods, the annual variable remuneration allocated to the Company's nominated employees is paid immediately.

## **2.16 REVENUE RECOGNITION**

### a) Revenue from insurance and investment contracts

Revenue from insurance and investment contracts is recognised according to the type of contract (refer to Note 2.10 *Classification and accounting of insurance and investment contracts*).

### b) Interest income

Interest income is recognised in the statement of profit or loss and other comprehensive income for all interest-bearing financial instruments using the effective interest method. The effective interest method is a method of calculating the adjusted cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and allocating interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. In calculating the effective interest rate, the Company estimates cash flows taking into account all contractual terms and conditions, but without taking into account future discounting. This calculation includes all significant contractual service fees paid or received by the parties to the contract from each other in the transaction.

If a financial asset or a group of similar financial assets is written down for impairment, interest income is recognised using the same interest rate as that used to discount future cash flows to measure the impairment loss.

## **3 RISK MANAGEMENT**

### **3.1 RISK MANAGEMENT FRAMEWORK**

The Company's risk management policy sets out the risk management framework, risk management principles, objectives, types of risks and the organisational structure of risk management. The Company's risk management framework comprises a set of methods, processes, information procedures necessary to identify, assess, manage and monitor risks on an ongoing basis. An effective risk management framework uses the Three Lines Model, which ensures the independence of functions and a clear definition of responsibilities:

- The business units (1st line) are responsible for assuming risks within the limits set by the Board, implementing risk management measures, and providing risk-related information;
- The second line functions (risk management, actuarial, compliance) provide control, monitoring, advice, information to the Board and maintain and improve the risk management framework;
- Internal audit assesses the effectiveness of the risk management framework and makes recommendations for its improvement.

The Company's Board is responsible for the design and regular review of the risk management strategy and policies, for defining risk appetite and tolerance limits, approving the risk management policy and other internal documents governing risk management.

The Company has a Risk Management Committee as an advisory body on risk management matters. The Committee monitors risk management in all risk areas and the Company's risk profile at an aggregate level, assesses the risk management framework, and makes proposals to the Board on improvements to the risk management framework, key risk indicators and risk limits.

The Risk Management function is responsible for implementing the risk management framework.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Company assesses risks not only internally, but also in accordance with the risk assessment methods set out in Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II). The Company implements and carries out the processes and procedures required under the Solvency II Directive. The Company's decision-making process also takes into account changes in the capital requirements for individual risks and the Company's overall Solvency Capital Requirement, Solvency Ratio.

The main process of the risk management framework is the Own Risk and Solvency Assessment (ORSA). It determines the Company's projected solvency position as well as the amount of own funds required to ensure that the Company's overall solvency needs are met at all times during the planning period. It takes into account the nature, extent and complexity of the risks inherent in the business. The ORSA process starts with the business planning process. A prospective solvency capital assessment is carried out, taking into account the objectives, financial performance, projected assets and insurance liabilities in the Company's business plan. Taking into account possible internal and external changes in the environment, historical data, market forecasts or other criteria relevant to the Company, test scenarios are developed and an assessment of the solvency position is carried out in accordance with the identified adverse scenarios. This is followed by analysis and documentation of the results, review of the risks to be assumed and the strategy and finalisation of the business plan.

Risks faced and managed by the Company: insurance, market, credit, liquidity, operational, strategic, reputational, compliance, money laundering, terrorist financing and international sanctions, sustainability, IT, model risks. The risk management process, assessment methods, key risk indicators, limits and responsibilities for each risk are set out in the internal documents governing risk management.

The following information provides information on measures to manage insurance and financial risks (market, credit, liquidity), their impact on financial results and potential sensitivity to changes in assumptions.

**3.2 INSURANCE RISK**

Insurance risk is a risk of a loss or an unfavourable change in the value of insurance liabilities, resulting from incorrect assumptions regarding measurement and recognition of provisions. The Company assumes the protection of a person's property interests in the event of insured events in return for an insurance premium, and is therefore exposed to the risk of loss due to inadequate assessment of the insurance risk assumed, and to estimated premiums which may be inadequate to cover actual claims and expenses with regard to insurance risk assumed by the Company.

The Company issues the contracts with mortality, morbidity, survival, lapses, expenses, casualty risks.

Mortality, morbidity, survival, casualty risks occur because the frequency or severity of claims and benefits are greater than estimated, that will cause that future premiums will not be sufficient to cover the future claims in case of death, illnesses or trauma. For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS or SARS) or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. The survival insurance risk appears due to the longer life-time than planned. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. The most significant factor that could increase the casualty insurance risk is the departure from occupational safety, use of obsolete equipment, increasing rate of accidents.

The Company manages the risks by assessing the insured person's health, lifestyle habits and family medical history. The Company has a multi-level risk assessment system, depending on the size of the risks assumed. The aim of this system is to ensure that the premium paid by the policyholder corresponds to the insured person's state of health.

**3.2.1 Insurance risk concentration**

Concentration of risk measured by the insurance risk\*:

<b>Risk</b>	<b>2024 (EUR thousand)</b>	<b>2024 (%)</b>	<b>2023 (EUR thousand)</b>	<b>2023 (%)</b>
<b>Death</b>	545,553	27	545,586	27
<b>Illness</b>	368,154	17	341,672	17
<b>Death in case of accident</b>	286,798	14	299,249	15
<b>Trauma</b>	880,049	42	822,483	41
<b>Total</b>	<b>2,080,554</b>	<b>100</b>	<b>2,008,990</b>	<b>100</b>

\*Comparative year data has changed, as previous years' reports showed the sum of insurance amounts. This report presents the magnitude of insurance risk for both the reporting and comparative periods.

**3.2.2 Insurance risk sensitivity analysis**

The sensitivity analysis is carried out by changing the relevant assumption by the specified value, while leaving the values of the other variables constant. The impact of reinsurance on the sensitivity analysis performed is negligible.



**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Company's sensitivity to the changes in key variables that have a material impact as at 31 December 2024:

	Change in variable	Change in contractual service margin (EUR thousand)	Change in profit (loss) (EUR thousand)	Change in equity (EUR thousand)
Mortality rates	+10%	-1,395	-827	827
Mortality rates	-10%	1,324	756	-756
Disability/Morbidity	+10%	-1,714	-689	689
Disability/Morbidity	-10%	1,717	690	-690
Lapse rates	+10%	-4,286	-530	530
Lapse rates	-10%	5,416	727	-727
Expense rate	+10%	-2,751	-1,303	1,303
Expense rate	-10%	2,781	1,272	-1,272

The Company's sensitivity to the changes in key variables that have a material impact as at 31 December 2023:

	Change in variable	Change in contractual service margin (EUR thousand)	Change in profit (loss) (EUR thousand)	Change in equity (EUR thousand)
Mortality rates	+10%	-1,961	-163	163
Mortality rates	-10%	1,849	160	-160
Disability/Morbidity	+10%	-1,830	-207	207
Disability/Morbidity	-10%	1,831	207	-207
Lapse rates	+10%	-2,722	-59	59
Lapse rates	-10%	3,085	60	-60
Expense rate	+10%	-3,120	-695	695
Expense rate	-10%	3,131	684	-684

**3.3 MARKET RISK**

Market risk is a risk of a loss or an unfavourable change in the financial position, resulting directly or indirectly from changes in the level or volatility of market prices of assets, value of liabilities and financial instruments.

Direct market risk arises from the Company's management of an equity portfolio covering the Company's equity and all liabilities, except investment insurance financial liabilities. The Company invests funds in accordance with an Investment Strategy, which sets out the principles and limits for the investment of funds.

Indirect market risk arises from fluctuations in the value of an investment portfolio. The investment portfolio relates to unit-linked insurance contracts. The Company is exposed to the risk of receiving less fee income which commensurate with the value of the fund. The market risk of the investment portfolio is managed in accordance with the investment direction management policy.

Fair value and composition of key items for insurance contracts with direct participation features:

	<b>31/12/2024</b>	<b>31/12/2023</b>
Cash and cash equivalents	1,799,481	2,103,240
Financial investments	93,735,543	78,370,556
<b>Total</b>	<b>95,535,024</b>	<b>80,473,796</b>

Fair value and composition of main items for investment contracts:

	<b>31/12/2024</b>	<b>31/12/2023</b>
Cash and cash equivalents	4,039,566	2,008,345
Financial investments	92,646,585	87,771,257
<b>Total</b>	<b>96,686,151</b>	<b>89,779,602</b>

The main market risks to which the Company is exposed are interest rate, foreign exchange and equity securities risks.

The Company assesses market risk components individually in accordance with the risk management methods approved by the Board of the Company. The Company also uses a standard methodology for calculating the Solvency Capital Requirement. Therefore, in accordance with the Solvency II Directive, the market risk components are assessed (1) individually by calculating the risk-based capital requirements and (2) collectively by calculating the total market risk capital requirement, taking into account the correlations between the risks specified in the Solvency II Directive.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024****3.3.1 Interest rate risk**

Interest rate risk is primarily the risk of losses due to fluctuations in market interest rates, which can reduce the value of debt securities.

Under unit-linked contracts, the insurance claim payable in the event of termination of the contract is fixed and guaranteed at the commencement of the contract. The Company is exposed to the risk that the investment income from the financial assets backing the liabilities may not be sufficient to fund the guaranteed insurance claim.

Interest rate risk is managed by selecting financial instruments with yields and maturities that match the Company's guaranteed interest rate product liabilities. The Company's investments covering the liabilities of guaranteed interest rate products include bond funds and individual government and corporate debt securities exposures with an average duration of 3 years.

Values of insurance contracts (other than unit-linked insurance) are compared to the investment yield of the own portfolio on the basis of the guaranteed interest rate. As at 31 December 2024, the average yield to maturity of the Company's financial assets backing insurance liabilities with guaranteed interest rates is higher than the guaranteed interest rates that will be paid to policyholders.

Guaranteed interest rate	Value of insurance contracts (except investment insurance)	Yield intervals	Assets
No guarantees	2,101,815	-	-
0,00%	76,399	[0,00-0,50)%	-
0,50%	7,045	[0,50-0,75)%	-
0,75%	991,736	[0,75-0,90)%	-
0,90%	77,421	[0,90-1,00)%	-
1,00%	853,418	[1,00-1,25)%	-
1,25%	1,015,260	[1,25-1,30)%	-
1,30%	135,424	[1,30-1,50)%	-
1,50%	1,050,310	[1,50-1,75)%	-
1,75%	426,392	[1,75-2,00)%	-
2,00%	4,937,403	[2,00-2,5)%	638,256
2,50%	1,554,367	[2,50-3,00)%	13,547,147
3,00%	204,465	[3,00-3,50)%	10,228,665
3,50%	3,673,639	[3,50-4,00)%	1,802,374
4,00%	1,464,461	≥4,00%	14,136,604
<b>Total</b>	<b>18,569,555</b>		<b>40,353,046</b>

**3.3.2 Foreign currency exchange risk**

Foreign exchange risk is a risk to incur losses due to adverse fluctuations in exchange rates. In 2024, almost all insurance contracts were in euros, except for a very small number of contracts (0.007%) in US dollars. The Company manages risk by matching the structure of its assets and liabilities by currency. As the amount of currency liabilities is insignificant, the Company does not currently invest its own funds in foreign currencies.

Unit-linked liabilities do not create currency risk, even if the liabilities are in different currencies. Indirectly, this risk may arise from a decrease in the value of the investment portfolio due to exchange rate fluctuations – as the value of the fund decreases, the Company's income decreases due to the collection of lower fees, which are proportional to the value of the investment portfolio.

**3.3.3 Risk of equity securities**

Equity securities risk is the risk of losses due to fluctuations in share prices. As part of the Company's investment strategy, the equity portfolio is not invested in equity securities and therefore the Company is not directly exposed to this risk.

Equity securities risk has an indirect impact on the Company's investment insurance portfolio: some contract and asset management fees are based on the net asset value of the investment lines – if the value of an investment line decreases, the Company receives less fee income. A decrease in the value of an investment line of business may result in an increase in the number of cancellations and therefore a decrease in the value of the Company's investment insurance assets and income.

**3.3.4 Market risk sensitivity analysis**

The sensitivity analysis is carried out by changing the relevant assumption by the specified value, while leaving the values of the other variables constant.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Company's sensitivity to the changes in key variables that have a material impact as at 31 December 2024:

Risk ratio	31/12/2024, EUR thousand	Change in contractual service margin		Change in profit (loss)		Change in equity	
		Increase	Decrease	Increase	Decrease	Increase	Decrease
Interest rate (parallel shift by 100bp)	SB draudimas IFRS 17 contracts	-455	3,362	2,282	-1,702	2,282	-1,702
	Own investments	-	-	-935	982	-935	982
	<b>Total</b>	<b>-455</b>	<b>3,362</b>	<b>1,347</b>	<b>-720</b>	<b>1,347</b>	<b>-720</b>
Share price (shift by 10%)	SB draudimas IFRS 17 contracts	543	-531	-4,744	4,729	-4,744	4,729
	Own investments	-	-	-	-	-	-
	<b>Total</b>	<b>543</b>	<b>-531</b>	<b>-4,744</b>	<b>4,729</b>	<b>-4,744</b>	<b>4,729</b>
Currency price (shift by 10%)	SB draudimas IFRS 17 contracts	447	-436	-3,904	3,892	-3,904	3,892
	Own investments	-	-	-	-	-	-
	<b>Total</b>	<b>447</b>	<b>-436</b>	<b>-3,904</b>	<b>3,892</b>	<b>-3,904</b>	<b>3,892</b>

The Company's sensitivity to the changes in key variables that have a material impact as at 31 December 2023:

Risk ratio	31/12/2023, EUR thousand	Change in contractual service margin		Change in profit (loss)		Change in equity	
		Increase	Decrease	Increase	Decrease	Increase	Decrease
Interest rate (parallel shift by 100bp)	SB draudimas IFRS 17 contracts	-2,817	3,350	1,893	-2,455	1,893	-2,455
	Own investments	-	-	-717	750	-717	750
	<b>Total</b>	<b>-2,817</b>	<b>3,350</b>	<b>1,176</b>	<b>-1,705</b>	<b>1,176</b>	<b>-1,705</b>
Share price (shift by 10%)	SB draudimas IFRS 17 contracts	437	-442	-3,600	3,600	-3,600	3,600
	Own investments	-	-	-	-	-	-
	<b>Total</b>	<b>437</b>	<b>-442</b>	<b>-3,600</b>	<b>3,600</b>	<b>-3,600</b>	<b>3,600</b>
Currency price (shift by 10%)	SB draudimas IFRS 17 contracts	349	-352	-2,868	2,868	-2,868	2,868
	Own investments	-	-	-	-	-	-
	<b>Total</b>	<b>349</b>	<b>-352</b>	<b>-2,868</b>	<b>2,868</b>	<b>-2,868</b>	<b>2,868</b>

**3.4 CREDIT RISK**

Credit risk is the risk of loss or adverse change in the financial position to which the related undertaking is exposed, resulting from fluctuations in the credibility and creditworthiness of the issuers of securities, contractors and any debtors, materialised by the counterparty's default.

The Company manages the credit risk of these entities: banks with which the Company's cash is held and/or with which time deposit agreements are in place; electronic and payment money institutions with which the Company's cash is held; reinsurers with which reinsurance agreements are in place; depositories with which the Company's securities are deposited; insurers, intermediaries and other entities from which receivables are due; and issuers, the value of whose securities may fluctuate as a result of credit spread of their securities or its volatility in relation to the structure of risk-free interest rates by maturity.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The Company has procedures in place to ensure that a transaction is only made with an entity that meets the limits set by the Company. These limits are set on a per-entity basis, e.g. sufficiently high credit rating, date of credit rating, sector, country, etc.

Reinsurance is a tool to manage insurance risk. However, it does not eliminate the Company's obligations as a primary insurer. If the reinsurer fails to pay a claim under an insured event for certain reasons, the Company shall be liable to pay such claim to the insured.

The maximum amount related to reinsurance contracts held at the end of the reporting period was EUR 88,374. However, the reinsurer's credit risk is managed by choosing only reinsurance companies with a high financial strength rating; therefore, in the Company's assessment, the reinsurance risk and the potential losses due to the reinsurer's default are extremely low. The creditworthiness of the reinsurer shall also be assessed in relation to its financial stability prior to contracting.

Ratings assigned to reinsurance undertakings by international rating agencies as at 31 December 2024:

Reinsurance undertaking	Standard & Poor's rating	Moody's rating	Fitch rating
VIG RE zajišťovna, a.s,	A+	-	-
HANNOVER RÜCK SE	AA-	-	-

The credit risk related to bank balances is limited as the Company transacts with banks that have sufficiently high credit ratings from international rating agencies (or bank group). The credit risk of electronic and payment money institutions is limited by the strict limits that the Company imposes on the amounts held with such institutions.

Credit risk related to issuers of debt securities is also limited and the Company selects issuers that meet the Company's criteria for credit ratings, yield, liquidity, sectors, countries, etc. Investments in debt securities of not rated issuers are subject to a separate decision and a limit for such investments.

Assets covering unit-linked contracts are invested in accordance with the criteria set out in the policies on investment lines, so that the policyholder is aware of the credit risk to which he or she may be exposed when choosing specific investment lines. The Company's debt securities (corporate bonds and government securities), deposits, cash in current accounts, classified according to ratings issued by international rating agencies:

31/12/2024	Debt securities (not unit-linked)	Loans, receivables, including insurance receivables	Cash and cash equivalents	Total
AAA/ Aaa	-	-	-	-
From AA- to AA+ / from Aa3 to Aa1	203,348	-	1,200,966	1,404,314
From A- to A+ and/ from A1 to A3	13,239,508	-	629,868	13,869,376
From BBB- to BBB+ and/ from Baa3 to Baa1	5,912,589	-	1,850,986	7,763,575
From BB- to BB+ and/ from Ba3 to Ba1	1,547,130	-	-	1,547,130
From B- to B+ and/ from B3 to B1	-	-	-	-
Not rated	-	-	1,538	1,538
Total	20,902,575	-	3,683,358	24,585,933

31/12/2023	Debt securities (not unit-linked)	Loans, receivables, including insurance receivables	Cash and cash equivalents	Total
AAA/ Aaa	595,344	-	-	595,344
From AA- to AA+ / from Aa3 to Aa1	1,196,457	-	3,942,797	5,139,254
From A- to A+ and/ from A1 to A3	11,352,629	-	886,788	12,239,417
From BBB- to BBB+ and/ from Baa3 to Baa1	4,267,352	500,000	579,652	5,347,004
From BB- to BB+ and/ from Ba3 to Ba1	1,116,880	-	-	1,116,880

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>From B- to B+ and/ from B3 to B1</b>	-	-	-	
<b>Not rated</b>	252,486	-	1,601	<b>254,087</b>
<b>Total</b>	<b>18,781,148</b>	<b>500,000</b>	<b>5,410,838</b>	<b>24,691,987</b>

Depository risk is managed by selecting depositories that have a sufficiently high credit rating from international rating agencies or that are central depositories and banks in European Union Member States.

The table below shows the depositories where the Company's investments are held and their average credit rating as at 31 December 2024 and 2023, based on the credit ratings from international rating agencies (Standard & Poor's, Moody's Investors Service and Fitch Ratings):

<b>Depository</b>	<b>Credit rating</b>
SEB bankas	1
AB Šiaulių bankas	3

**Impairment**

For financial assets measured at amortised cost, prospective expected credit losses (ECL) are measured. At each reporting date, the Company recognises the change in the amount of the ECL as an impairment gain or loss in profit or loss. In assessing impairment of financial assets, the Company follows the requirements of the ECL model described in IFRS 9 (see Chapter 2.6 for details). The Company uses PDs and LGDs published by rating agencies for debt securities. The gross exposure value is used as an estimate of the EAD for debt securities. The Company uses a simplified model and relies on historical data provided by Moody's to assess the probability of default; forward-looking macroeconomic information is only included in the ECL model to the extent that it is included in the rating agencies' assessment.

All of the Company's debt securities measured at amortised cost are classified as Stage 1 financial assets. A significant increase in credit risk is defined by the Company as a decrease of at least 3 notches in its external credit risk assessment. No significant increase in credit risk was observed since initial recognition.

The carrying amount of assets carried at amortised cost is measured for impairment using the ECL model:

	<b>2024</b>	<b>2023</b>
<b>Government bonds</b>		
Gross value	5,541,317	5,769,288
Impairment	-2,389	-3,527
Carrying amount	5,538,928	5,765,761
<b>Corporate bonds</b>		
Gross value	5,561,246	6,616,950
Impairment	-1,027,131	-1,025,200
Carrying amount	4,534,115	5,591,750

The amount of debt securities measured at amortised cost has decreased during the reporting period, so the impact of impairment on the statement of profit or loss is lower than in the previous year.

Reconciliation of allowance for impairment of investment debt securities is presented in the table below:

	<b>2024</b>	<b>2023</b>
<b>Allowance for impairment of investment debt securities as of 1 January:</b>	8,688	10,619
Change in allowance for impairment	-1,720	-1,931
Update in the methodology for loss allowance estimation	-	-
The effect of changes in exchange rates	-	-
<b>Allowance for impairment of investment debt securities as of 31 December:</b>	6,968	8,688

Cash flows and other movements of investment securities at amortised cost:

	<b>2024</b>	<b>2023</b>
<b>1 January:</b>	11,357,512	12,714,692
Acquisitions	-	-
Redemptions	-400,000	1,280,000
Disposals	-810,000	-
Accrued interest	221,048	245,108
Received coupon payment	-235,516	-258,125

**GD UAB SB draudimas**

Company code 110081788, Gynėjų g. 14, Vilnius

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Impairment	-60,001	-55,475
Reclassification	-	-
Impact of IFRS 9 application together with IFRS 17	-	-8,688
<b>31 December:</b>	<b>10,073,043</b>	<b>11,357,512</b>

The table below presents the maximum credit risk exposures of the Company's own investment portfolio (unit-linked assets are not included). For on-balance sheet assets, the exposures presented above are net carrying amount as reported in the balance sheet.

	2024	2023
Cash and cash equivalents	3,683,358	5,410,839
<b>Financial assets at fair value through profit or loss:</b>		
Government bonds	7,746,308	6,966,755
Corporate bonds	3,083,224	456,880
Investment fund units	19,878,146	13,599,361
<b>Financial assets at amortised cost:</b>		
Government bonds	5,538,928	5,765,761
Corporate bonds	4,534,115	5,591,750
Term deposits	-	500,000
<b>Total</b>	<b>44,464,079</b>	<b>38,291,346</b>

No material reclassifications between securities portfolios were performed during 2024 and 2023.

The Company does not use collaterals or other credit risk mitigation measures.

**3.4.1 Credit concentration risk**

The Company monitors the concentration of credit risk arising from the Company's own investments in debt securities by country of issuer and sector.

Geographical distribution of debt instruments:

Country	2024	2023
Republic of Lithuania	11,511,134	9,400,165
French Republic	613,342	1,317,728
Federal Republic of Germany	409,839	1,007,127
Republic of Romania	1,388,443	884,883
Republic of Finland	204,958	702,782
United States of America	409,451	629,493
Commonwealth of Australia	609,386	610,809
United Mexican States	549,096	552,725
Kingdom of Spain	463,862	479,636
Czech Republic	1,051,978	413,065
Kingdom of the Netherlands	723,224	404,347
United Kingdom	632,551	411,717
Republic of Indonesia	323,871	330,039
Republic of Slovenia	-	263,032
Kingdom of Morocco	300,630	300,697
Grand Duchy of Luxembourg	249,850	249,816
Republic of Austria	213,103	217,206
Republic of Poland	1,047,242	208,805
Republic of Ireland	200,615	200,695
Kingdom of Saudi Arabia	-	196,381
<b>Total</b>	<b>20,902,575</b>	<b>18,781,148</b>

Breakdown of debt instruments by sector of economic activity:

Sector	2024	2023
Manufacturing	1,554,372	1,244,420
Wholesale and retail trade; repair of motor vehicles and motorcycles	431,698	204,395
Electricity, gas, steam and air conditioning	1,916,176	1,237,073
Financial and insurance activities	1,265,673	1,688,754

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Information and communications	405,483	406,795
Mining and quarrying	509,311	-
Real estate operations	810,694	1,063,572
Government	13,806,113	12,732,516
Human health care and social work	203,055	203,623
<b>Total</b>	<b>20,902,575</b>	<b>18,781,148</b>

**3.5 LIQUIDITY RISK**

Risks of failure to realise investments and assets in a timely and efficient manner (without incurring unreasonable costs) in order to meet financial obligations as they fall due. The Company manages this risk by continuously monitoring cash levels, expected drawdowns, calculating liquidity ratios and diversifying the Company's investments. The Company has possible measures in place to cope with liquidity crises (including: sale of debt securities, obtaining a loan from the Company's shareholder AB Šiaulių bankas, other banks or other credit institutions).

For unit-linked activities, the liquidity risk is low as the Company pays out to clients only after the sale of the relevant units. The table below shows the cumulative value of IFRS 17 contracts and the amounts expected to be paid on demand (a large part under unit-linked insurance contracts):

	<b>31/12/2024</b>	<b>31/12/2023</b>
Amount payable on demand, unit-linked insurance contracts	95,745,381	79,369,135
Amount payable on demand, remaining contracts	14,672,259	14,875,220
Total cumulative value	112,028,582	95,681,885

The table below shows the periods until the assets and liabilities are realised as at 31 December 2024. The information in the table is grouped and presented by asset and liability groups in order to facilitate the assessment of the situation reflecting the specific nature of the business. Insurance contract liabilities are shown at present value and reinsurance liabilities accounted for using the Premium Allocation Approach are not included in the presented analysis.

	<b>Up to 1 year</b>	<b>Up to 2 years</b>	<b>Up to 3 years</b>	<b>Up to 4 years</b>	<b>Up to 5 years</b>	<b>Indefinite terms</b>	<b>Total</b>
Intangible assets					549,650	1,146,686	1,696,336
Other financial investments	2,677,711	2,475,020	16,475,922	4,074,183	4,616,552	196,843,461	227,162,849
Reinsurance contract assets						64,328	64,328
Amounts receivable	33,478					145,701	179,179
Property, plant and equipment						31,592	31,592
Cash and cash equivalents	9,522,405						9,522,405
Right-of-use assets		160,426					160,426
Deferred tax assets						2,296	2,296
Other assets	7,413					62,814	70,227
<b>Total assets:</b>	<b>12,241,007</b>	<b>2,635,446</b>	<b>16,475,922</b>	<b>4,074,183</b>	<b>5,166,202</b>	<b>198,296,878</b>	<b>238,889,638</b>
Capital and reserves						35,231,290	35,231,290
Insurance contract liabilities	1,693,267	1,138,940	3,504,032	2,582,881	3,055,301	89,683,277	101,657,698
Investment contract liabilities	4,862,630	2,237,960	4,439,724	2,683,543	2,790,883	79,671,411	96,686,151
Reinsurance contract liabilities						53,457	53,457
Other liabilities	652,773	174,582				111,559	938,914
Accrued expenses and deferred income	1,777,152					2,544,976	4,322,128
<b>Total liabilities:</b>	<b>8,985,822</b>	<b>3,551,482</b>	<b>7,943,756</b>	<b>5,266,424</b>	<b>5,846,184</b>	<b>207,295,970</b>	<b>238,889,638</b>
Difference	3,255,185	-916,036	8,532,166	-1,192,241	-679,982	-8,999,092	-

Periods until the assets and liabilities are realised as at 31 December 2023:

	<b>Up to 1 year</b>	<b>Up to 2 years</b>	<b>Up to 3 years</b>	<b>Up to 4 years</b>	<b>Up to 5 years</b>	<b>Indefinite terms</b>	<b>Total</b>
Intangible assets					720,180	1,146,686	1,866,866
Other financial investments	3,832,416	4,575,942	5,616,539	23,001,287	9,622,659	152,373,479	199,022,322
Reinsurance contract assets						14,616	14,616
Amounts receivable	158,372					107,350	265,722
Property, plant and equipment						62,633	62,633
Cash and cash equivalents	9,522,424						9,522,424
Right-of-use assets		720,951					720,951
Deferred tax assets						2,296	2,296
Other assets						74,576	74,576
<b>Total assets:</b>	<b>13,513,212</b>	<b>5,296,893</b>	<b>5,616,539</b>	<b>23,001,287</b>	<b>10,342,839</b>	<b>153,781,636</b>	<b>211,552,406</b>
Capital and reserves						30,045,904	30,045,904
Insurance contract liabilities	1,025,434	536,865	1,785,815	3,684,884	2,801,274	76,915,127	86,749,399

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Investment contract liabilities						89,779,602	89,779,602
Reinsurance contract liabilities						1,334	1,334
Other liabilities	646,268		739,421			111,550	1,497,239
Accrued expenses and deferred income	670,312					2,808,616	3,478,928
<b>Total liabilities:</b>	<b>2,342,014</b>	<b>536,865</b>	<b>2,525,236</b>	<b>3,684,884</b>	<b>2,801,274</b>	<b>199,662,133</b>	<b>211,552,406</b>
Difference	11,171,198	4,760,028	3,091,303	19,316,403	7,541,565	-45,880,497	-

**3.6 CAPITAL ADEQUACY MANAGEMENT**

The Company must at all times ensure that eligible own funds are in excess of the Solvency Capital Requirement to enable the Company to absorb potential losses and to provide reasonable assurance to policyholders and beneficiaries that amounts due to them will be paid.

Shareholders' equity comprises paid-up ordinary share capital, the reconciliation reserve, which is reduced by expected dividends and other distributions, and the net value of deferred tax assets.

	<b>2024</b>	<b>2023</b>
Ordinary share capital	26,012,800	26,012,800
Reconciliation reserve	27,880,993	27,450,522
Deferred tax assets	-	2,296
<b>Total</b>	<b>53,893,793</b>	<b>53,465,618</b>

The Solvency Capital Requirement and own funds are calculated quarterly. These ratios are continuously monitored and, if there are indications that they might change, calculations are made to determine the potential change in these ratios and its significance.

The Company has set a "risk appetite" level that it considers acceptable, i.e. the number of times own funds should exceed the Solvency Capital Requirement and the Minimum Capital Requirement. This ensures that own funds in relation to the Solvency Capital Requirement and the Minimum Capital Requirement always exceed the requirements of Solvency II Directive. During the reporting period, the Company complied with all capital requirements.

The Company conducts an annual assessment of its risk and solvency, taking into account the nature, scale and complexity of the Company. The forward-looking assessment is carried out three years in advance, thus guaranteeing that the Company will ensure that own funds will meet the Solvency Capital Requirement and the Minimum Capital Requirement for the next three years, and that compliance with the technical provisions requirements will be ensured at all times.

The Company monitors its risk levels, the projected levels of risk capital requirements and the overall solvency of the Company on a quarterly basis, and compares them with actual results. The comparison shall determine whether the Company's overall level of risk and the levels of individual risks have not changed and are acceptable.

**4 FAIR VALUE MEASUREMENT****Financial assets and liabilities not measured at fair value****a) Loans and advances from banks**

The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The fair value of fixed interest bearing deposits is estimated using valuation technique attributable to Level 3 in the fair value hierarchy, based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. The fair value method used corresponds to Level 3 of the fair value hierarchy.

**b) Loans and advances from customers**

Loans and advances are net of charges for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates (average interest rates on outstanding loans published by the Bank of Lithuania) to determine fair value. The fair value method used corresponds to Level 3 of the fair value hierarchy.

**c) Investment securities**

The fair value for held-to-collect assets is based on market prices or broker/dealer price quotations – i.e. it is estimated using valuation technique attributable to Level 1 or 2 in the fair value hierarchy.

**d) Other financial assets and other financial liabilities**

The fair value of lease liabilities is estimated by discounting the cash flows of existing lease liabilities at the interest rates that would be applied to new lease liabilities with similar maturities. The fair value method used corresponds to Level 3 of the fair value hierarchy. The estimated fair value of other financial assets and other financial liabilities is not materially different from their carrying amounts due to the short maturity of these assets and liabilities.

The following are the carrying amounts and fair values of financial instruments that are presented at amortised cost in the statement of financial position:

	<b>31/12/2024</b>	<b>31/12/2023</b>
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**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at amortised cost:</b>				
Government bonds	5,538,928	5,267,006	5,765,761	5,286,459
Corporate bonds	4,534,115	4,378,365	5,591,751	5,227,365
<b>Term deposits</b>	-	-	500,000	500,000
	<b>10,073,043</b>	<b>9,645,371</b>	<b>11,857,512</b>	<b>11,013,824</b>

**Financial assets and liabilities measured at fair value**

Financial assets and liabilities that are measured at fair value in the financial statements are presented according to levels of the fair value hierarchy.

**Level 1** are such quoted prices (unadjusted) in active markets for identical assets or liabilities that are available as at the measurement date. This level includes listed equities and debt instruments.

**Level 2** are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs comprise:

- quoted prices in active markets for similar assets or liabilities;
- quoted prices in inactive markets for similar or identical assets or liabilities;
- other observable data on assets or liabilities other than quoted prices;
- market-based data.

Financial liabilities at fair value through profit or loss (unit-linked) are also classified as Level 2 because their value is directly attributable to the value of the related assets traded in an active market and whose value is determined by reference to quoted prices in the market (classified as Level 1).

**Level 3** – data on assets and liabilities that are not based on observable market data (unobservable data). Unobservable data are used in fair value measurements to the extent that relevant observable data are not available, and may be used in situations where there is little or no market activity in the market for the asset or liability at the measurement date. However, the objective of fair value measurement is the same, namely to determine the final price to the market participant holding the asset or liability at the measurement date. Therefore, unobservable data must be consistent with the assumptions on which market participants rely in pricing the asset or liability.

Where practicable, the Company measures a financial asset at fair value using the quoted price of that financial asset in an active market. A market is considered active if it trades in those financial instruments with sufficient frequency and volume to provide continuous price information.

The value of derivative instruments is determined according to the price obtained from the counterparty, based on the latest market rates and relevant economic indicators. Units of collective investment undertakings that are not publicly traded and/or whose net asset value or unit value is not determined on a daily basis are valued on the basis of the last determined net asset value or the last published/reported unit value, subject to adjustment for changes (e.g. material events, calls, distribution of a portion of liabilities, distribution of a portion of income, other events). The Company's valuation is based on information provided by asset managers on net asset value or unit price. No quantitative unobservable data is prepared by the Company or available to the Company.

Investment contracts may be terminated at any time and contract holders may recover the value of those contracts equal to the value of the related assets. Therefore, investment contract liabilities are measured on the basis of the market value of the financial instruments related to those contracts.

The following table provides an analysis of financial instruments, grouping financial instruments into Levels 1 to 3 depending on the degree of observability with which their fair value can be measured:

	<b>31/12/2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	189,192,116	15,864,897	12,032,793	217,089,806

	<b>31/12/2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	136,064,005	38,583,879	12,516,926	187,164,810

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The following table presents the changes in Level 3 instruments during 2024 and 2023

	Liabilities from insurance contracts with direct participation features						Investment contract liabilities		Other	
	Investment fund units		Unlisted equity securities		Derivative financial instruments		2024	2023	Corporate bonds	
	2024	2023	2024	2023	2024	2023			2024	2023
<b>Value at 1 January</b>	<b>8,442</b>	<b>155,016</b>	<b>783,011</b>	<b>569,239</b>	<b>4,495</b>	<b>-</b>	<b>11,468,492</b>	<b>205,653</b>	<b>252,486</b>	<b>253,917</b>
Acquisitions	37,355	-	173,516	-	-	4,495	1,200,695	5,087	-	-
Acquisitions at the time of transaction	-	8,412	-	705,932	-	-	-	10,579,648	-	-
Disposals	-	-835	-119,126	-	-4,495	-	-683,195	-255,297	-250,000	-
Reclassification*	377,805	-154,367	661,391	-510,036	-	-	-1,039,196	664,402	-	-
Revaluation through profit or loss	-72,855	217	-52,024	17,875	-	-	-711,518	268,998	-2,486	-1,431
<b>Value at 31 December</b>	<b>350,748</b>	<b>8,442</b>	<b>1,446,768</b>	<b>783,011</b>	<b>-</b>	<b>4,495</b>	<b>10,235,277</b>	<b>11,468,492</b>	<b>-</b>	<b>252,486</b>

\*from/to liabilities from insurance contracts with direct participation features to investment contract liabilities

<b>Total result from revaluation of Level 3 instruments included in the statement of profit or loss</b>	<b>2024</b>	<b>2023</b>
from corporate bonds	5,014	13,569
from investment fund units	-488,235	66,415
from unlisted equity securities	-348,162	220,675
<b>Total</b>	<b>-831,383</b>	<b>300,659</b>

The tables below provide a breakdown of financial instruments carried at fair value by level within the fair value hierarchy at the end of the reporting period. In the table below, the value of investment contract liabilities does not include the value of the cash backing such liabilities.

<b>31/12/2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Liabilities from insurance contracts with direct participation features</b>				
<b>Financial investments</b>				
government bonds	5,499,864	2,706,041	-	8,205,906
corporate bonds	5,385,231	1,300,685	-	6,685,917
investment fund units	76,061,446	626,025	350,748	77,038,219
unlisted equity securities	358,734	-	1,446,768	1,805,501
derivatives	-	-	-	-
<b>Total</b>	<b>87,305,276</b>	<b>4,632,752</b>	<b>1,797,516</b>	<b>93,735,543</b>
<b>Investment contract liabilities</b>		<b>82,411,307</b>	<b>10,235,277</b>	<b>92,646,585</b>

<b>31/12/2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Liabilities from insurance contracts with direct participation features</b>				
<b>Financial investments</b>				
government bonds	7,793,293			7,793,293
corporate bonds	11,695,334			11,695,334
investment fund units	42,431,071	15,340,438	8,442	57,779,952
unlisted equity securities	314,472		783,011	1,097,483
derivatives			4,495	4,495
<b>Total</b>	<b>62,234,169</b>	<b>15,340,438</b>	<b>795,948</b>	<b>78,370,556</b>
<b>Investment contract liabilities</b>		<b>76,302,765</b>	<b>11,468,492</b>	<b>87,771,257</b>

## 5 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Assets are recognised as property, plant and equipment if they meet these criteria: assets are controlled and managed by the Company, it is reasonably expected to gain economic benefit from the assets in the future periods, assets will be used in the supply of services or for administrative purposes (not for investing activities) by the Company for more than one year, it is possible to reliably measure the acquisition cost of the asset, which is from EUR 1,000. The useful lives of property, plant and equipment are as follows:

Vehicles 6 years

Office equipment 3–6 years

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>Vehicles</b>	<b>Office equipment</b>	<b>Right-of-use assets</b>	<b>Total</b>
<b>Acquisition cost</b>				
<b>31 December 2022</b>	<b>193,205</b>	<b>187,394</b>	<b>510,070</b>	<b>890,669</b>
Acquired assets	-	46,412	122,310	168,722
<b>Assets acquired on transaction</b>		11,987	351,970	363,957
Assets disposed, written off	-168,205	-88,930	-96,306	-353,441
<b>31 December 2023</b>	<b>25,000</b>	<b>156,863</b>	<b>888,044</b>	<b>1,069,907</b>
Acquired assets	-	8,675	319	8,994
Assets disposed, written off	-	-33,780	-573,756	-607,536
<b>31 December 2024</b>	<b>25,000</b>	<b>131,758</b>	<b>314,607</b>	<b>471,365</b>
<b>Accumulated depreciation</b>				
<b>31 December 2022</b>	<b>124,726</b>	<b>154,977</b>	<b>114,149</b>	<b>393,852</b>
<b>Depreciation accumulated on transaction</b>	-	3,597	-	3,597
Calculated depreciation	18,693	26,464	148,749	193,906
Depreciation of disposed, written off assets	-122,169	-87,058	-95,805	-305,032
<b>31 December 2023</b>	<b>21,250</b>	<b>97,980</b>	<b>167,093</b>	<b>286,323</b>
Calculated depreciation	3,749	22,390	189,440	215,579
Depreciation of disposed, written off assets	-	-20,203	-202,352	-222,555
<b>31 December 2024</b>	<b>24,999</b>	<b>100,167</b>	<b>154,181</b>	<b>279,347</b>
<b>Carrying amount</b>				
<b>31 December 2022</b>	<b>68,479</b>	<b>32,417</b>	<b>395,921</b>	<b>496,817</b>
<b>31 December 2023</b>	<b>3,750</b>	<b>58,883</b>	<b>720,951</b>	<b>783,584</b>
<b>31 December 2024</b>	<b>1</b>	<b>31,591</b>	<b>160,426</b>	<b>192,018</b>

Depreciation expenses are charged to operating expenses (Note 18).

## 6 INTANGIBLE ASSETS

Intangible assets comprise software and goodwill.

Software is measured at acquisition cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method over the estimated useful life of the asset, which is 3 years. Software impairment, asset write-off losses and amortisation costs are charged to the Company's operating expenses. Software amortisation expenses are charged to operating expenses (Note 18).

The result of the acquisition of the insurance business from UADB INV L Life was recognised as goodwill. The value of goodwill was booked as a difference of consideration paid and net value of assets and liabilities obtained. The business was taken over on 1 December 2023. Goodwill arising in a business acquisition process is accounted for at cost determined at business acquisition date. Goodwill acquired in a business combination is not amortised, but is tested for impairment annually or more frequently, when indications of impairment losses exist. The recoverable amount is determined by applying the embedded value calculations. Embedded value equals to the value of in-force business plus the value of the free capital. Value of in-force business is calculated using management estimations of the cash flows from the insurance portfolio and the income from capital-in-lock discounted to net present value using the discount rate of 9.40% (2023: 9.58%) that reflects current market assessment of the time value of money and the risks related to cash generating unit.

No indicators of goodwill impairment were identified in 2024 and 2023. changes in judgements and estimates can significantly affect the assessed value of goodwill. Increase of discount rate used in impairment testing by 2% (with all other factors remaining constant) would not result in impairment.

The calculation of goodwill is presented in Note 23.

**GD UAB SB draudimas**

Company code 110081788, Gynėjų g. 14, Vilnius

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Software	Goodwill	Total intangible assets
Acquisition cost			
<b>31 December 2022</b>	<b>865,029</b>	-	<b>865,029</b>
Acquired assets	315,500	-	315,500
Assets acquired on transaction	2,017,238	1,146,686	3,163,924
Assets disposed, written off	-237,662	-	-237,662
<b>31 December 2023</b>	<b>2,960,105</b>	<b>1,146,686</b>	<b>4,106,791</b>
Acquired assets	268,091	-	268,091
Assets disposed, written off	-	-	-
<b>31 December 2024</b>	<b>3,228,196</b>	<b>1,146,686</b>	<b>4,374,882</b>
Accumulated depreciation			
<b>31 December 2022</b>	<b>384,460</b>	-	<b>384,460</b>
Depreciation accumulated on transaction	1,944,456	-	1,944,456
Calculated depreciation	127,886	-	127,886
Depreciation of disposed, written off assets	-216,877	-	-216,877
<b>31 December 2023</b>	<b>2,239,925</b>	-	<b>2,239,925</b>
Calculated depreciation	438,621	-	438,621
Depreciation of disposed, written off assets	-	-	-
<b>31 December 2024</b>	<b>2,678,546</b>	-	<b>2,678,546</b>
Carrying amount			
<b>31 December 2022</b>	<b>480,569</b>	-	<b>480,569</b>
<b>31 December 2023</b>	<b>720,180</b>	<b>1,146,686</b>	<b>1,866,866</b>
<b>31 December 2024</b>	<b>549,650</b>	<b>1,146,686</b>	<b>1,696,336</b>

**7 FINANCIAL ASSETS**

During the year ended 31 December 2024, movements in financial assets at fair value through profit or loss were as follows:

	Government bonds	Corporate bonds	Investment fund units	Equity securities	Derivative financial instruments	Total
Acquisition cost						
31 December 2023	21,563,203	23,389,284	121,817,266	11,955,269	9,582	178,734,604
adjustment	-	-1,020,100	-	-	-	-1,020,100
<b>31 December 2023</b>	<b>21,563,203</b>	<b>22,369,184</b>	<b>121,817,266</b>	<b>11,955,269</b>	<b>9,582</b>	<b>177,714,504</b>
acquisitions	13,043,483	15,799,118	92,182,090	1,195,616	-	122,220,307
assets sold, disposed and redeemed	-12,564,554	-23,405,760	-65,721,394	-2,003,973	-9,582	-103,705,263
<b>31 December 2024</b>	<b>22,042,132</b>	<b>14,762,542</b>	<b>148,277,962</b>	<b>11,146,912</b>	<b>-</b>	<b>196,229,548</b>
Revaluation and impairment						
31 December 2023	638,517	-69,410	7,306,981	554,118	-	8,430,206
adjustment	-	1,020,100	-	-	-	1,020,100
<b>31 December 2023</b>	<b>638,517</b>	<b>950,690</b>	<b>7,306,981</b>	<b>554,118</b>	<b>-</b>	<b>9,450,306</b>
increase in value	1,611,501	2,831,304	29,298,228	2,119,316	32,145	35,892,494
decrease in value	-924,237	-1,635,698	-7,539,616	-1,646,194	-119,167	-11,864,912
assets sold, disposed and redeemed	-308,961	-1,349,348	-10,390,941	-655,402	51,533	-12,653,119
<b>31 December 2024</b>	<b>1,016,820</b>	<b>796,948</b>	<b>18,674,652</b>	<b>371,838</b>	<b>-35,489</b>	<b>20,824,769</b>
Carrying amount						
<b>31 December 2023</b>	<b>22,201,720</b>	<b>23,319,874</b>	<b>129,124,247</b>	<b>12,509,387</b>	<b>9,582</b>	<b>187,164,810</b>
<b>31 December 2024*</b>	<b>23,058,952</b>	<b>15,559,490</b>	<b>166,952,614</b>	<b>11,518,750</b>	<b>-35,489</b>	<b>217,054,317</b>

\* Negative amount of derivative financial instruments is shown under liabilities

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	31/12/2024	31/12/2023
<b>Financial assets at fair value through profit or loss:</b>		
Listed trading securities		
government bonds	23,058,952	22,201,720
corporate bonds	15,559,490	23,067,388
investment fund units	164,602,091	89,635,108
equity securities	1,836,479	-
Not listed trading securities		
corporate bonds	-	252,486
investment fund units	2,350,523	42,332,091
equity securities	9,682,271	9,666,435
Derivative financial instruments	-	9,582
	<b>217,089,806</b>	<b>187,164,810</b>
<b>Financial assets at amortised cost:</b>		
government bonds	5,538,928	5,765,761
term deposits	-	500,000
corporate bonds *	5,556,667	6,611,790
impairment of bonds*	-1,022,552	-1,020,039
	<b>10,073,043</b>	<b>11,857,512</b>

\*In 2015, information was received that Banka Srpske was experiencing payment problems, for which the supervisory authority appointed an interim administrator to take over the management of the bank. Therefore, the Company formed provisions for 100% of the nominal value of the bonds held by this bank.

**8 AMOUNTS RECEIVABLE INCLUDING INSURANCE RECEIVABLES, AND OTHER ASSETS**

	31/12/2024	31/12/2023
<b>Insurance receivables</b>		
from policyholders	39,821	47,377
from intermediaries	70,743	105,751
doubtful receivables from intermediaries	-49	-14,446
<b>Other receivables</b>		
other amounts	68,664	102,311
advance income tax	-	24,729
<b>Other assets</b>		
prepayments and deferred costs	62,814	74,576
accrued income	7,413	-
<b>Total</b>	<b>249,406</b>	<b>340,298</b>

Other receivables are not interest-bearing.

The Company calculated an impairment charge for receivables from intermediaries (over 180 days past due), which was recorded in operating expenses.

During 2024 and 2023, the Company recognised impairment losses of EUR 0 for other receivables. The receivables are not secured by collateral. Past due but not impaired insurance receivables are immaterial and are therefore not disclosed below.

**9 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprised the following:

	31/12/2024	31/12/2023
<b>Cash balances in bank accounts</b>	9,570,752	9,570,771
<b>Reserves created*</b>	-48,347	-48,347
<b>Total</b>	<b>9,522,405</b>	<b>9,522,424</b>

In 2024, the interest rate on cash balances in bank accounts was approximately 1% (in 2023 – approximately 0%).

\* Provisions of 100% were created for the bankruptcy proceedings of AB Ūkio bankas and AB Snoro bankas.

As the other banks holding cash and deposits are of high creditworthiness, Management considers provision as immaterial due to minimal risk.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**10 AUTHORISED CAPITAL AND RESERVES**

In 2024 and 2023, the shareholder (ultimate and parent company) of the Company was AB Šiaulių bankas (company code - 112025254, address – Tilžės g. 149, Šiauliai).

	<b>Number of shares issued</b>	<b>Ordinary shares</b>	<b>Total</b>
<b>31/12/2023</b>	89,817	26,012,800	26,012,800
<b>31/12/2024</b>	89,817	26,012,800	26,012,800

**Ordinary shares**

Under the current Law on Insurance, the minimum authorised capital of an insurance undertaking must be at least EUR 1,000,000. As at 31 December 2024 and 31 December 2023, the authorised share capital comprised 89,817 ordinary shares, each with a nominal value of EUR 289.62. All shares are fully paid. There is one class of ordinary shares. All issued shares carry equal voting rights.

**Legal reserve**

The legal reserve is formed in accordance with the Law on Companies of the Republic of Lithuania, with annual transfers of 5% of net profit until the reserve reaches 10% of the authorised capital. This reserve is non-distributable and is only used to cover losses.

In 2022, the legal reserve amounted to EUR 405,758, i.e. 10% of the authorised capital, and the reserve was therefore considered formed. After the increase of the authorised capital in 2023, the legal reserve is considered to be insufficient and shall be increased annually by a transfer of 5% of the net profit. As the net result for 2023 was negative, the legal reserve was not increased in 2024.

**Other equity**

Other equity consists of amount that corresponds to the obligation to grant the shares of Šiaulių bankas to nominated employees as part of variable remuneration. The remuneration policy of Šiaulių bankas group prescribes two main components of remuneration – fixed remuneration and variable remuneration, and various additional benefits. Employees whose professional activities and/or decisions might have a significant impact on the risk accepted by the group, receive deferred variable remuneration. Under the group's incentive scheme employees whose professional activities and/or decisions may have a significant impact on the risk assumed by the group receive 50% of the annual long term incentive program in cash and 50% in form of Šiaulių bankas shares options executable after 3 years. The number of share options is based on the currency value of the achieved results divided by the weighted average price at which the shares of Šiaulių bankas are traded on Nasdaq Vilnius during the period of five months prior the approval of remuneration. Each option is convertible into one ordinary share.

AB Šiaulių bankas has assessed fair value of shares option by the Black-Scholes model which is attributable to Level 3 in fair value hierarchy. Model inputs comprise:

- For the option granted 31 March 2024: grant date (31 March 2023), expiry day (14 April 2028 and 29 April 2029), share price 0.709 on grant day, exercise price 0.577422, expected price volatility of the bank's shares 25%, risk free interest rates – 3.5% and 2.3%;

- For the option granted 31 March 2023: grant date (31 March 2023), expiry day (9 April 2027 and 14 April 2028), share price 0.747 on grant day, exercise price 0.65, expected price volatility of the bank's shares 26%, risk free interest rates – 5% and 2.3%;

- For the option granted 30 March 2022: grant date (30 March 2022), expiry day (11 April 2025), share price 0.656 on grant day, exercise price 0.588, expected price volatility of the bank's shares 28%, risk free interest rate – 0.1%.

The Company had 3 nominated employees holding the Nominated Positions, which were determined by the Bank's Board in accordance with the qualitative and quantitative criteria set out in the Delegated Regulation (EU) No. 604/2014 of the European Commission and additional criteria (if appropriate) for determining the categories of employees whose professional activities have a material impact on the risk profile of the institution (Group).

The value of the option is included in other equity line in the statement of financial position. Other equity comprises:

	<b>31/12/2024</b>	<b>31/12/2023</b>
<b>Options</b>	76,072	93,031
<b>Total</b>	<b>76,072</b>	<b>93,031</b>

No options were forfeited or expired during years ended 31 December 2024 and 31 December 2023. During 12 months period ended 31 December 2024, 25,694 units of share options were exercised for the benefit of nominated employees on exercise date at weighted average share price of EUR 0.66.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024****11 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES**

	<b>31/12/2024</b>	<b>31/12/2023</b>
Insurance contract assets	0	0
Reinsurance contract assets	64,328	14,616
Insurance contract liabilities	101,657,697	86,749,399
Reinsurance contract liabilities	53,457	1,334

**11.1 MOVEMENT OF INSURANCE AND REINSURANCE CONTRACT BALANCE**

The amounts in this section are presented with the opposite sign to the amounts presented in the statements of financial position and profit or loss and other comprehensive income.

Reconciliation of the remaining insurance coverage and liabilities for incurred claims in insurance contracts at 31/12/2024:

	<b>Liability for remaining coverage</b>		<b>Liability for incurred claims</b>	<b>Amount</b>
	<b>Except loss component</b>	<b>Loss component</b>		
Insurance contract assets at the beginning of the period	5,015,566	-339,809	-185,352	4,490,406
Insurance contract liabilities at the beginning of the period	-87,462,259	-2,394,859	-1,382,686	-91,239,804
Net insurance contract balance at the beginning of the period (restated)	-82,446,693	-2,734,667	-1,568,039	-86,749,399
Insurance revenue	10,893,657	0	0	10,893,657
Insurance service expenses				
- Claims incurred under insurance contracts	0	0	-7,104,357	-7,104,357
- Changes in liability for incurred claims related to past services	0	0	980,469	980,469
- Losses on onerous contracts (and their elimination)	0	-264,740	0	-264,740
- Amortisation of insurance contracts acquisition costs	-995,446	0	0	-995,446
Finance income/costs on insurance contracts	-13,479,245	-43,517	-11,943	-13,534,704
Investment component	10,080,099	0	-10,080,099	0
Profit (loss) from insurance activities	6,499,066	-308,257	-16,215,929	-10,025,120
Received premiums	-25,860,680	0	0	-25,860,680
Claims paid	0	0	12,332,319	12,332,319
Directly attributable insurance expenses	0	0	3,651,645	3,651,645
Insurance contracts acquisition costs	4,993,537	0	0	4,993,537
Total cash flows	-20,867,143	0	15,983,964	-4,883,179
Insurance contract assets at the end of the period	7,084,775	-799,546	-223,102	6,062,126
Insurance contract liabilities at the end of the period	-103,899,545	-2,243,378	-1,576,901	-107,719,824
Net insurance contract balance at the end of the period	-96,814,770	-3,042,924	-1,800,004	-101,657,698

**GD UAB SB draudimas**

Company code 110081788, Gynėjų g. 14, Vilnius

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Reconciliation of the remaining insurance coverage and liabilities for incurred claims in insurance contracts at 31/12/2023:

	Liability for remaining coverage		Liability for incurred claims	Amount
	Except loss component	Loss component		
Insurance contract assets at the beginning of the period	1,633,639	-572,610	15,957	1,076,986
Insurance contract liabilities at the beginning of the period	-29,180,865	-1,120,806	-731,471	-31,033,142
Net insurance contract balance at the beginning of the period	-27,547,226	-1,693,416	-715,513	-29,956,155
Insurance revenue	4,567,833	0	0	4,567,833
Insurance service expenses				
- Claims incurred under insurance contracts	0	0	-1,096,884	-1,096,884
- Changes in liability for incurred claims related to past services	0	0	-2,967,417	-2,967,417
- Losses on onerous contracts (and their elimination)	0	-1,016,441	0	-1,016,441
- Amortisation of insurance contracts acquisition costs	-918,833	0	0	-918,833
Finance income/costs on insurance contracts	-5,107,085	-24,811	-22,942	-5,154,838
Investment component	3,031,757	0	-3,031,757	0
Profit (loss) from insurance activities	1,573,673	-1,041,251	-7,119,001	-6,586,580
Received premiums	-58,588,916	0	0	-58,588,916
Claims paid	0	0	4,387,978	4,387,978
Directly attributable insurance expenses	0	0	1,878,497	1,878,497
Insurance contracts acquisition costs	2,115,777	0	0	2,115,777
Total cash flows	-56,473,139	0	6,266,475	-50,206,664
Insurance contract assets at the end of the period	5,015,566	-339,809	-185,352	4,490,406
Insurance contract liabilities at the end of the period	-87,462,259	-2,394,859	-1,382,686	-91,239,804
Net insurance contract balance at the end of the period	-82,446,693	-2,734,667	-1,568,039	-86,749,399



**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Reconciliation of the remaining insurance coverage and liabilities for incurred claims in reinsurance contracts at 31/12/2024:

	<b>Liability for remaining coverage</b>	<b>Liability for incurred claims</b>	<b>Amount</b>
Reinsurance contract assets at the beginning of the period	-5,051	19,667	14,616
Reinsurance contract liabilities at the beginning of the period	-4,898	3,564	-1,334
Net reinsurance contract balance at the beginning of the period	-9,950	23,231	13,282
Reinsurance contracts income/expenses			
- Reinsurance premiums	-145,307	0	-145,307
- Repayable amounts from reinsurer	0	41,475	41,475
- Changes in liability for incurred claims related to past services	0	17,431	17,431
Finance income/costs on reinsurance contracts	746	168	914
Profit (loss) from reinsurance activities	-144,560	59,074	-85,486
Premiums payable to reinsurer	138,524	0	138,524
Repayable amounts from reinsurer	0	-55,449	-55,449
Total cash flows	138,524	-55,449	83,075
Reinsurance contract assets at the end of the period	40,495	23,834	64,328
Reinsurance contract liabilities at the end of the period	-56,480	3,023	-53,457
Net reinsurance contract balance at the end of the period	-15,986	26,857	10,871

Reconciliation of the remaining insurance coverage and liabilities for incurred claims in reinsurance contracts at 31/12/2023:

	<b>Liability for remaining coverage</b>	<b>Liability for incurred claims</b>	<b>Amount</b>
Reinsurance contract assets at the beginning of the period	24,227	122,071	146,298
Reinsurance contract liabilities at the beginning of the period	0	0	0
Net reinsurance contract balance at the beginning of the period	24,227	122,071	146,298
Reinsurance contracts income/expenses			
- Reinsurance premiums	-175,562	0	-175,562
- Repayable amounts from reinsurer	0	94,819	94,819
- Changes in liability for incurred claims related to past services	0	-68,306	-68,306
Finance income/costs on reinsurance contracts	-235	981	746
Profit (loss) from reinsurance activities	-175,798	27,494	-148,304
Premiums payable to reinsurer	146,519	0	146,519
Repayable amounts from reinsurer	0	-131,232	-131,232
Total cash flows	146,519	-131,232	15,287
Reinsurance contract assets at the end of the period	-5,051	19,667	14,616
Reinsurance contract liabilities at the end of the period	-4,898	3,564	-1,334
Net reinsurance contract balance at the end of the period	-9,950	23,232	13,282

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Reconciliation of insurance contract liabilities components at 31/12/2024:

	<b>Best estimate of liabilities</b>	<b>Risk adjustment</b>	<b>Contractual service margin</b>	<b>Amount</b>
Insurance contract assets at the beginning of the period	8,731,337	-1,094,965	-3,145,966	4,490,406
Insurance contract liabilities at the beginning of the period	-48,453,710	-15,918,976	-26,867,119	-91,239,804
Net insurance contract balance at the beginning of the period (restated)	-39,722,373	-17,013,941	-30,013,085	-86,749,399
Changes related to current-period services				
- Recognition of contractual service margin for services rendered	0	0	2,796,397	2,796,397
- Change in risk adjustment	0	663,999	0	663,999
- Adjustments based on historical data	1,349,679	-1,563,685	0	-214,006
Changes related to future services				
- Contracts recognised during the reporting period	6,272,055	-2,174,201	-4,587,149	-489,295
- Changes in estimates that adjust contractual service margin	287,767	64,832	-352,598	-0
- Changes in estimates that adjust losses on onerous contracts	-176,060	-51,920	0	-227,979
Changes related to past services				
Changes in liability for incurred claims related to past services	-570,979	1,551,448	0	980,469
Finance income/costs on insurance contracts	-13,275,574	0	-259,130	-13,534,704
Profit (loss) from insurance contracts	-6,113,112	-1,509,527	-2,402,481	-10,025,120
Received premiums	-25,860,680	0	0	-25,860,680
Claims paid	12,332,319	0	0	12,332,319
Directly attributable insurance expenses	3,651,645	0	0	3,651,645
Insurance contracts acquisition costs	4,993,537	0	0	4,993,537
Total cash flows	-4,883,179	0	0	-4,883,179
Insurance contract assets at the end of the period	15,745,691	-3,042,107	-6,641,457	6,062,126
Insurance contract liabilities at the end of the period	-66,464,354	-15,481,361	-25,774,108	-107,719,824
Net insurance contract balance at the end of the period	-50,718,664	-18,523,468	-32,415,565	-101,657,698

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Reconciliation of insurance contract liabilities components at 31/12/2023:

	<b>Best estimate of liabilities</b>	<b>Risk adjustment</b>	<b>Contractual service margin</b>	<b>Amount</b>
Insurance contract assets at the beginning of the period	1,831,135	-410,027	-344,121	1,076,986
Insurance contract liabilities at the beginning of the period	-24,856,063	-2,160,999	-4,016,080	-31,033,142
Net insurance contract balance at the beginning of the period	-23,024,928	-2,571,026	-4,360,201	-29,956,155
Changes related to current-period services				
- Recognition of contractual service margin for services rendered	0	0	818,601	818,601
- Change in risk adjustment	0	-595,614	0	-595,614
- Adjustments based on historical data	2,867,736	-362,902	0	2,504,833
Changes related to future services				
- Contracts recognised during the reporting period	37,801,987	-13,851,082	-24,646,982	-696,077
- Changes in estimates that adjust contractual service margin	1,797,075	16,564	-1,813,639	0
- Changes in estimates that adjust losses on onerous contracts	-594,124	98,056	0	-496,068
Changes related to past services				
Changes in liability for incurred claims related to past services	-3,219,479	252,062	0	-2,967,417
Finance income/costs on insurance contracts	-5,143,975	0	-10,863	-5,154,838
Profit (loss) from insurance contracts	33,509,219	-14,442,916	-25,652,884	-6,586,580
Received premiums	-58,588,916	0	0	-58,588,916
Claims paid	4,387,978	0	0	4,387,978
Directly attributable insurance expenses	1,878,497	0	0	1,878,497
Insurance contracts acquisition costs	2,115,777	0	0	2,115,777
Total cash flows	-50,206,664	0	0	-50,206,664
Insurance contract assets at the end of the period	8,731,337	-1,094,965	-3,145,966	4,490,406
Insurance contract liabilities at the end of the period	-48,453,710	-15,918,976	-26,867,119	-91,239,804
Net insurance contract balance at the end of the period	-39,722,373	-17,013,941	-30,013,085	-86,749,399

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Reconciliation of reinsurance contract liabilities components at 31/12/2024:

	<b>Best estimate of liabilities</b>	<b>Risk adjustment</b>	<b>Contractual service margin</b>	<b>Amount</b>
Reinsurance contract assets at the beginning of the period	12,430	2,186	0	14,616
Reinsurance contract liabilities at the beginning of the period	-1,334	0	0	-1,334
Net reinsurance contract balance at the beginning of the period	11,095	2,186	0	13,282
Changes related to current-period services				
- Recognition of contractual service margin for services rendered	0	0	-7,293	-7,293
- Change in risk adjustment	0	-2,278	0	-2,278
- Adjustments based on historical data	-100,091	5,831	0	-94,260
Changes related to future services				
- Contracts recognised during the reporting period	-46,601	2,616	43,985	0
- Changes in estimates that adjust contractual service margin	32,848	41	-32,889	0
Changes related to past services				
Changes in liability for incurred claims related to past services	21,637	-4,206	0	17,431
Finance income/costs on reinsurance contracts	-650	0	1,565	914
Profit (loss) from reinsurance contracts	-40,735	2,004	5,368	-33,363
Premiums payable to reinsurer	138,524	0	0	138,524
Repayable amounts from reinsurer	-55,449	0	0	-55,449
Total cash flows	83,075	0	0	83,075
Reinsurance contract assets at the end of the period	54,770	4,190	5,368	64,328
Reinsurance contract liabilities at the end of the period	-53,457	0	0	-53,457
Net reinsurance contract balance at the end of the period	1,313	4,190	5,368	10,871

Reconciliation of reinsurance contract liabilities components at 31/12/2023:

	<b>Best estimate of liabilities</b>	<b>Risk adjustment</b>	<b>Contractual service margin</b>	<b>Amount</b>
Reinsurance contract assets at the beginning of the period	140,525	5,774	0	146,298
Reinsurance contract liabilities at the beginning of the period	0	0	0	0
Net reinsurance contract balance at the beginning of the period	140,525	5,774	0	146,298
Changes related to current-period services				
- Recognition of contractual service margin for services rendered	0	0	26,288	26,288
- Change in risk adjustment	0	-5,453	0	-5,453
- Adjustments based on historical data	-109,899	8,321	0	-101,578
Changes related to future services				
- Contracts recognised during the reporting period	-10,894	3,488	7,406	0
- Changes in estimates that adjust contractual service margin	33,483	460	-33,944	0
Changes related to past services				
Changes in liability for incurred claims related to past services	-57,903	-10,403	0	-68,306
Finance income/costs on reinsurance contracts	496	0	249	746
Profit (loss) from reinsurance contracts	-144,716	-3,587	0	-148,304
Premiums payable to reinsurer	146,519	0	0	146,519
Repayable amounts from reinsurer	-131,232	0	0	-131,232
Total cash flows	15,287	0	0	15,287
Reinsurance contract assets at the end of the period	12,430	2,186	0	14,616
Reinsurance contract liabilities at the end of the period	-1,334	0	0	-1,334
Net reinsurance contract balance at the end of the period	11,096	2,186	0	13,282

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024****11.2 EFFECT OF CONTRACTS CONCLUDED DURING THE REPORTING PERIOD**

Insurance contracts recognised during the reporting period 2024:

	<b>Remaining contracts</b>	<b>Onerous contracts</b>	<b>Amount</b>
Present value of expected future premiums	25,329,840	10,121,432	35,451,273
Present value of expected future claims	19,313,458	9,865,760	29,179,218
- Including claims and directly attributable expenses	16,076,862	8,385,102	24,461,964
- Including insurance acquisition costs	3,236,596	1,480,658	4,717,253
Present value of future cash flows	-6,016,382	-255,673	-6,272,055
Risk adjustment	1,429,233	744,968	2,174,201
Contractual service margin	4,587,149	0	4,587,149
Loss component	0	489,295	489,295

Insurance contracts recognised during the reporting period 2023:

	<b>Remaining contracts</b>	<b>Onerous contracts</b>	<b>Amount</b>
Present value of expected future premiums	182,787,355	9,552,319	192,339,673
Present value of expected future claims	144,879,401	9,658,285	154,537,686
- Including claims and directly attributable expenses	144,150,097	8,134,676	152,284,773
- Including insurance acquisition costs	729,304	1,523,608	2,252,913
Present value of future cash flows	-37,907,953	105,966	-37,801,987
Risk adjustment	13,557,442	293,640	13,851,082
Contractual service margin	24,646,982	0	24,646,982
Loss component	296,471	399,606	696,077

Separation of insurance contracts recognised during the reporting period 2023 from the acquired portfolio:

	<b>Acquired portfolio contracts</b>	<b>Newly issued contracts</b>
Present value of future cash flows	-36,920,744	-881,244
Risk adjustment	13,413,540	437,542
Contractual service margin	23,803,674	843,308
Loss component	296,471	399,606

Reinsurance contracts recognised during the reporting period 2024:

	<b>Remaining contracts</b>	<b>Onerous contracts</b>	<b>Amount</b>
Present value of expected future claims	0	93,102	93,102
Present value of expected future premiums	0	139,703	139,703
Present value of future cash flows	0	-46,601	-46,601
Risk adjustment	0	2,616	2,616
Contractual service margin	0	43,985	43,985
Reinsurance contract assets	0	0	0

Reinsurance contracts recognised during the reporting period 2023:

	<b>Remaining contracts</b>	<b>Onerous contracts</b>	<b>Amount</b>
Present value of expected future claims	0	128,226	128,226
Present value of expected future premiums	0	139,121	139,121
Present value of future cash flows	0	-10,894	-10,894
Risk adjustment	0	3,488	3,488
Contractual service margin	0	7,406	7,406
Reinsurance contract assets	0	0	0

**11.3 CONTRACTUAL SERVICE MARGIN**

Projection of recognition of contractual service margin for services rendered:

**GD UAB SB draudimas**

Company code 110081788, Gynėjų g. 14, Vilnius

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>31/12/2024</b>	<b>31/12/2023</b>
Less than 1 year	2,671,401	2,525,485
1-2 years	2,426,615	2,285,038
2-3 years	2,221,351	2,084,348
3-4 years	2,040,431	1,907,435
4-5 years	1,877,695	1,748,912
More than 5 years	21,178,071	19,461,866
Amount	32,415,565	30,013,085

Reconciliation of contractual service margin and insurance revenue under the transition method at 31/12/2024:

	<b>Modified retrospective approach</b>	<b>Fair value method</b>	<b>Remaining contracts</b>
<b>Insurance contracts</b>			
Contractual service margin at the beginning of the period	1,990,007	25,984,459	2,038,619
Changes related to current-period services			
- Recognition of contractual service margin for services rendered	-256,462	-2,095,515	-444,420
Changes related to future services			
- Contracts recognised during the reporting period	0	0	4,587,149
- Changes in estimates that adjust contractual service margin	285,581	-430,615	497,632
Changes related to financial developments			
Finance income/costs on insurance contracts	0	213,652	45,478
Contractual service margin at the end of the period	2,019,126	23,671,981	6,724,458
Insurance revenue	871,533	7,149,378	2,872,746

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Reconciliation of contractual service margin and insurance revenue under the transition method at 31/12/2023:

	<b>Modified retrospective approach</b>	<b>Fair value method*</b>	<b>Remaining contracts*</b>
<b>Insurance contracts</b>			
Contractual service margin at the beginning of the period	2,140,432	1,054,233	1,165,535
Changes related to current-period services			
- Recognition of contractual service margin for services rendered	-278,902	-313,999	-225,700
Changes related to future services			
- Contracts recognised during the reporting period	0	23,803,674	843,308
- Changes in estimates that adjust contractual service margin	128,476	1,440,515	244,648
Changes related to financial developments			
Finance income/costs on insurance contracts	0	35	10,828
Contractual service margin at the end of the period	1,990,007	25,984,459	2,038,619
Insurance revenue	938,413	1,078,568	2,550,852

\* In the financial statements for 2023, the portfolio acquired from INV L Life on 1 December 2023 was incorrectly classified under the *Remaining contracts* column. As the contracts in the acquired portfolio are accounted for using the fair value method, the contractual service margin and insurance revenue of the acquired portfolio are classified under the *Fair value method* column.

Reconciliation of contractual service margin under the transition method at 31/12/2024:

	<b>Modified retrospective approach</b>	<b>Fair value method</b>	<b>Remaining contracts</b>
<b>Reinsurance contracts</b>			
Contractual service margin at the beginning of the period	0	0	0
Changes related to current-period services			
- Recognition of contractual service margin for services rendered	0	0	-7,293
Changes related to future services			
- Contracts recognised during the reporting period	0	0	43,985
- Changes in estimates that adjust contractual service margin	0	0	-32,889
Changes related to financial developments			
Finance income/costs on reinsurance contracts	0	0	1,565
Contractual service margin at the end of the period	0	0	5,368

Reconciliation of contractual service margin under the transition method at 31/12/2023:

	<b>Modified retrospective approach</b>	<b>Fair value method</b>	<b>Remaining contracts</b>
<b>Reinsurance contracts</b>			
Contractual service margin at the beginning of the period	0	0	0
Changes related to current-period services			
- Recognition of contractual service margin for services rendered	0	0	26,288
Changes related to future services			
- Contracts recognised during the reporting period	0	0	7,406
- Changes in estimates that adjust contractual service margin	0	0	-33,944
Changes related to financial developments			
Finance income/costs on reinsurance contracts	0	0	249
Contractual service margin at the end of the period	0	0	0

**GD UAB SB draudimas**

Company code 110081788, Gynėjų g. 14, Vilnius

**EXPLANATORY NOTES****FOR THE YEAR ENDED 31 DECEMBER 2024****11.4 CLAIM DEVELOPMENT TABLE**

The development of insurance claims demonstrates the Company's ability to forecast the total value of claims,

The Company's ten-year claim development as at 31 December 2024:

<b>Claims (EUR)</b>											
<b>Date</b>	<b>Year of event</b>										
	<b>&lt;=2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>&lt;=2015</b>	13,319,156										
<b>2016</b>	123,181	2,182,886									
<b>2017</b>	8,222	177,640	2,924,828								
<b>2018</b>	12,652	17,392	161,338	2,728,462							
<b>2019</b>	724	4,043	1,720	163,683	3,166,934						
<b>2020</b>	-	-	398	8,554	71,783	2,806,058					
<b>2021</b>	290	58	-	-	12,057	206,190	3,040,120				
<b>2022</b>	116	-	-	70	300	37,811	153,392	4,254,658			
<b>2023</b>	-	-	1,448	579	1,150	952	31,700	243,913	7,042,275		
<b>2024</b>	22,547	6,355	6,349	5,639	4,228	2,757	1,043	24,751	1,649,908	20,832,547	22,556,124
<b>Claims outstanding (EUR)</b>											
<b>Date</b>	<b>&lt;=2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>&lt;=2015</b>	2,176,785										
<b>2016</b>	12,091	182,637									
<b>2017</b>	9,937	10,275	195,908								
<b>2018</b>	9,937	5,465	11,019	194,963							
<b>2019</b>	9,937	5,520	6,279	15,922	106,055						
<b>2020</b>	9,937	5,520	6,279	13,953	27,604	200,436					
<b>2021</b>	9,937	5,086	6,279	12,686	6,024	19,599	154,932				
<b>2022</b>	9,937	5,086	6,279	13,121	3,441	13,204	9,836	287,706			
<b>2023</b>	9,931	5,086	6,275	12,686	3,334	10,559	4,396	56,002	2,232,270		
<b>2024</b>	9,905	5,086	6,258	12,683	3,006	10,205	3,965	25,408	917,528	3,104,515	4,098,559
<b>Discounting effect</b>											-8,143
<b>Risk adjustment for non-financial risk</b>											145,406
<b>Total liabilities</b>											4,235,822
<b>Gross liability (EUR)</b>											
<b>Date</b>	<b>&lt;=2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>&lt;=2015</b>	15,495,942										
<b>2016</b>	13,454,428	2,365,523									
<b>2017</b>	13,460,496	2,370,800	3,120,736								
<b>2018</b>	13,473,148	2,383,383	3,097,184	2,923,424							
<b>2019</b>	13,473,872	2,387,481	3,094,164	2,908,066	3,272,989						
<b>2020</b>	13,473,872	2,387,481	3,094,562	2,914,651	3,266,320	3,006,494					
<b>2021</b>	13,474,161	2,387,104	3,094,562	2,913,385	3,256,797	3,031,847	3,195,052				
<b>2022</b>	13,474,277	2,387,104	3,094,562	2,913,889	3,254,514	3,063,264	3,203,348	4,542,365			
<b>2023</b>	13,474,271	2,387,104	3,096,006	2,914,033	3,255,558	3,061,571	3,229,608	4,554,573	9,274,545		
<b>2024</b>	13,496,793	2,393,459	3,102,337	2,919,669	3,259,457	3,063,974	3,230,220	4,548,730	9,609,711	23,937,062	69,561,413
<b>Development result</b>											168,716
<b>Change in 2023 and 2024</b>											-377,081



**GD UAB SB draudimas**

Company code 110081788, Gynėjų g. 14, Vilnius

**EXPLANATORY NOTES****FOR THE YEAR ENDED 31 DECEMBER 2024**

The Company's ten-year claim development, net of reinsurers' share, as at 31 December 2024:

<b>Insurance claims, net of reinsurance (EUR)</b>											
<b>Date</b>	<b>Year of event</b>										
	<b>&lt;=2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>&lt;=2015</b>	13,273,312										
<b>2016</b>	123,181	2,182,886									
<b>2017</b>	8,222	177,640	2,924,828								
<b>2018</b>	12,652	17,392	141,779	2,724,824							
<b>2019</b>	724	4,043	1,720	153,942	3,166,934						
<b>2020</b>	-	-	398	8,554	71,783	2,799,255					
<b>2021</b>	290	58	-	-	12,057	206,190	3,020,612				
<b>2022</b>	116	-	-	70	300	37,811	153,392	4,246,232			
<b>2023</b>	-	-	1,448	579	1,150	952	31,700	243,913	6,912,326		
<b>2024</b>	22,547	6,355	6,349	5,639	4,228	2,757	1,043	24,751	1,632,837	20,794,170	22,500,675
<b>Claims outstanding, net of reinsurance (EUR)</b>											
<b>Date</b>	<b>&lt;=2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>&lt;=2015</b>	2,151,526										
<b>2016</b>	12,091	182,637									
<b>2017</b>	9,937	10,275	176,350								
<b>2018</b>	9,937	5,465	11,019	185,222							
<b>2019</b>	9,937	5,520	6,279	15,922	105,445						
<b>2020</b>	9,937	5,520	6,279	13,953	26,994	184,636					
<b>2021</b>	9,937	5,086	6,279	12,686	6,024	19,599	153,632				
<b>2022</b>	9,937	5,086	6,279	13,121	3,441	13,204	9,836	168,461			
<b>2023</b>	9,931	5,086	6,275	12,686	3,334	10,559	4,396	56,002	2,214,171		
<b>2024</b>	9,905	5,086	6,258	12,683	3,006	10,205	3,965	25,408	917,000	3,084,477	4,077,992
<b>Discounting effect</b>											-8,143
<b>Risk adjustment for non-financial risk</b>											145,406
<b>Total liabilities</b>											4,215,255
<b>Gross liability, net of reinsurance (EUR)</b>											
<b>Date</b>	<b>&lt;=2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>&lt;=2015</b>	15,424,837										
<b>2016</b>	13,408,583	2,365,523									
<b>2017</b>	13,414,651	2,370,800	3,101,178								
<b>2018</b>	13,427,303	2,383,383	3,077,626	2,910,046							
<b>2019</b>	13,428,027	2,387,481	3,074,606	2,894,688	3,272,379						
<b>2020</b>	13,428,027	2,387,481	3,075,004	2,901,273	3,265,710	2,983,891					
<b>2021</b>	13,428,317	2,387,104	3,075,004	2,900,007	3,256,797	3,025,044	3,174,244				
<b>2022</b>	13,428,432	2,387,104	3,075,004	2,900,511	3,254,514	3,056,461	3,183,840	4,414,693			
<b>2023</b>	13,428,426	2,387,104	3,076,448	2,900,655	3,255,558	3,054,767	3,210,100	4,546,147	9,126,497		
<b>2024</b>	13,450,948	2,393,459	3,082,779	2,906,291	3,259,457	3,057,170	3,210,712	4,540,304	9,462,163	23,878,646	69,241,931
<b>Development result, net of reinsurance</b>	575,305	-27,936	18,399	3,755	12,921	-73,279	-36,468	-125,611	-335,666		11,420
<b>Change in 2023 and 2024</b>	-22,522	-6,355	-6,331	-5,636	-3,900	-2,403	-612	5,843	-335,666		-377,581

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024****11.5 INSURANCE ACQUISITION COSTS**

Insurance acquisition cash flows on insurance contract assets and liabilities:

	<b>31/12/2024</b>	<b>31/12/2023</b>
Insurance contract liabilities		
- Insurance contract balance	-107,719,824	-91,239,804
- Insurance acquisition cash flow assets	5,884,725	5,627,775
Insurance contract assets		
- Insurance contract balance	6,062,126	4,490,406
- Insurance acquisition cash flow assets	5,800,737	2,059,597
Reinsurance contract assets	64,328	14,616
Reinsurance contract liabilities	-53,457	-1,334

Expected derecognition of insurance acquisition costs assets:

	<b>31/12/2024</b>	<b>31/12/2023</b>
Less than 1 year	655,097	820,216
1-2 years	896,014	816,673
2-3 years	877,015	787,283
3-4 years	864,943	771,999
4-5 years	851,950	769,889
5-6 years	836,982	763,215
6-7 years	822,448	756,074
7-8 years	816,989	733,177
8-9 years	777,705	652,600
9-10 years	678,973	521,251
More than 10 years	3,607,348	294,994
Amount	11,685,463	7,687,372

Reconciliation of insurance acquisition cash flows:

	<b>31/12/2024</b>	<b>31/12/2023</b>
Insurance acquisition cash flow assets at the beginning of the period	7,687,372	6,490,428
Change from newly issued contracts	4,792,333	2,281,969
Changes in estimates	201,204	-166,192
Amortisation	-995,446	-918,833
Insurance acquisition cash flow assets at the end of the period	11,685,463	7,687,372

**12 RESULT OF INSURANCE FINANCIAL ACTIVITIES**

Financial result of insurance contracts is presented in the table below:

	<b>31/12/2024</b>	<b>31/12/2023</b>
Interest accrued on insurance contracts	-2,730,416	-1,049,001
Change in financial assumptions	-10,836,171	-4,228,279
Changes related to the effect of discount rates at initial recognition	31,883	122,442
Change in the value of assets related to insurance contracts	13,615,781	6,026,749
<b>Financial result of insurance contracts</b>	<b>81,077</b>	<b>871,911</b>

<b>Financial result of reinsurance contracts held is presented in the table below:</b>	<b>31/12/2024</b>	<b>31/12/2023</b>
Interest accrued on insurance contracts	915	747
Change in financial assumptions	-1	-2
Changes related to the effect of discount rates at initial recognition	-	-
Change in the value of assets related to insurance contracts	-	-
<b>Financial result of reinsurance contracts</b>	<b>914</b>	<b>746</b>

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**
**13 OTHER LIABILITIES AND ACCRUED COSTS**

	31/12/2024	31/12/2023
Lease liabilities, whereof:	174,582	739,301
<i>Non-current lease liabilities</i>	48,126	349,612
<i>Current lease liabilities</i>	126,456	389,689
Employment related liabilities	19,116	24,714
Social security contributions and other payable taxes	97,134	124,936
Policyholders	88,044	90,164
Reinsurers	-	2,527
Intermediaries	66,020	-
<i>Thereof: amounts payable to related parties</i>	65,765	
Trade payables	458,529	515,597
<i>Thereof: amounts payable to related parties</i>	77,666	423,658
Liabilities arising from derivative financial instruments (see Note 7)	35,489	
<b>Total other liabilities</b>	<b>938,914</b>	<b>1,497,239</b>
Accrued commission costs	1,173,466	362,590
Vacation and pension accruals	235,789	266,569
Accrued variable remuneration for employees	546,739	90,000
Other accrued costs	56,946	217,721
<i>Thereof: accrued costs from related parties</i>	2,258	-
<b>Total accrued costs</b>	<b>2,012,940</b>	<b>936,880</b>
<b>Total</b>	<b>2,951,854</b>	<b>2,434,119</b>

Amounts of lease liabilities recognised in the Company's statement of financial position:

	Lease liabilities
31 December 2023	739,301
Contract additions/value increases	319
Contract cancellations/reductions in value	-390,313
Actual lease payments	-194,077
Related interest expenses	19,352
<b>31 December 2024</b>	<b>174,582</b>

**14 INSURANCE REVENUE**

Total insurance revenue of the Company:

	31/12/2024	31/12/2023
Amounts related to the remaining insurance coverage		
- Expected claims under insurance contracts	3,018,312	1,660,319
- Expected insurance contracts expenses	3,458,647	1,763,063
- Change in risk adjustment	624,856	-592,983
Recognition of contractual service margin for services rendered	2,796,397	818,601
Reversal of insurance contract acquisition costs	995,445	918,833
<b>Total insurance revenue</b>	<b>10,893,657</b>	<b>4,567,833</b>

**15 INCOME AND EXPENSES FROM FINANCIAL ASSETS**
**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:**

Investment profit (loss)	31/12/2024	31/12/2023
Government securities	1,120,728	424,859
Corporate bonds	2,242,671	738,656
Investment fund units	22,349,590	6,752,351
Equity securities	980,456	175,037
Other net income from investing activities	115,622	-
Management fees	-81,404	-176,113
<b>Total</b>	<b>26,727,663</b>	<b>7,914,790</b>

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**
**FINANCIAL ASSETS AT AMORTISED COST:**

<b>Investment profit (loss)</b>	<b>31/12/2024</b>	<b>31/12/2023</b>
<b>Government securities</b>	68,906	76,241
<b>Corporate bonds</b>	73,482	107,285
<b>Term deposits and cash balances in bank accounts (interest)</b>	1,319	15,052
<b>Total</b>	<b>143,707</b>	<b>198,578</b>

	<b>31/12/2024</b>	<b>31/12/2023</b>
<b>Total income/expenses from financial assets:</b>	<b>26,871,370</b>	<b>8,113,368</b>

The breakdown of these income and expenses in the statement of profit or loss is shown below:

	<b>31/12/2024</b>	<b>31/12/2023</b>
Income/expenses from assets related to insurance contracts	13,615,781	6,026,749
Income/expenses from assets related to investment contracts	11,955,437	1,682,381
Income/expenses from the Company's own investments	1,300,152	404,238

**16 CHANGES IN INSURANCE AND INVESTMENT CONTRACT LIABILITIES**

	<b>Best estimate of liabilities</b>	<b>Risk adjustment for non-financial risk</b>	<b>Contractual service margin</b>	<b>Investment units</b>	<b>Total</b>
<b>Gross</b>					
1 January 2023	23,024,928	2,571,026	4,360,201	6,229,264	36,185,419
Change during the period	16,697,444	14,442,916	25,652,884	83,550,338	140,343,581
31 December 2023	39,722,373	17,013,941	30,013,085	89,779,602	176,529,001
Change during the period	10,996,291	1,509,527	2,402,481	6,906,549	21,814,848
31 December 2024	50,718,664	18,523,468	32,415,565	96,686,151	198,343,848
<b>Reinsurers' share</b>					
1 January 2023	-	-	-	-	-
Change during the period	1,334	-	-	-	1,334
31 December 2023	1,334	-	-	-	1,334
Change during the period	52,123	-	-	-	52,123
31 December 2024	53,457	-	-	-	53,457
<b>Net</b>					
31 December 2023	39,723,707	17,013,941	30,013,085	89,779,602	176,530,335
31 December 2024	50,772,121	18,523,468	32,415,565	96,686,151	198,397,305

**17 RESULT OF MANAGING INVESTMENT CONTRACTS**

	<b>2024</b>	<b>2023</b>
Contract management income	2,475,086	915,432
Other income/expenses (insurance)	4,036	38,265
Income from assets related to investment contracts	11,955,437	1,682,381
Change in value of investment contracts	-11,955,437	-1,744,904
Recognition of deferred income (see Disclosure 23)	232,859	19,405
Expenses	-2,066,695	-2,904,348
<b>Total</b>	<b>645,286</b>	<b>-1,993,769</b>

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024****18 COSTS BY TYPE**

	<b>2024</b>	<b>2023</b>
Insurance commissions	4,815,584	3,237,814
Expenses of employee benefits	3,807,589	1,677,078
Purchases of goods and services*	849,719	893,097
Depreciation and amortisation	654,201	318,417
Marketing	163,143	158,364
Software	765,498	486,386
Other	119,717	127,466
<b>Total</b>	<b>11,175,451</b>	<b>6,898,622</b>

\* audit firm's services to the Company:

	<b>2024</b>	<b>2023</b>
Audit of financial statements	127,746	145,200
Assurance and other related services	-	-
Tax advisory	-	-
Other services	3,267	-
<b>Total</b>	<b>131,013</b>	<b>145,200</b>

The breakdown of costs between insurance and investment contracts is shown below:

	<b>2024</b>	<b>2023</b>
Insurance contracts acquisition costs	3,792,524	2,115,777
Directly attributable insurance expenses	5,092,082	1,878,497
Investment contracts acquisition costs	1,023,060	605,143
Write-off of deferred commission costs on investment contracts	-	728,376
Investment contract costs, acquisition and administrative	1,043,635	1,570,829
Directly non-attributable expenses	224,150	-
<b>Total</b>	<b>11,175,451</b>	<b>6,898,622</b>

**19 EMPLOYEE BENEFITS**

	<b>2024</b>	<b>2023</b>
Remuneration	3,576,172	1,601,147
Social security contributions	255,068	48,116
Vacation/pension reserve	-23,651	27,815
Total employee benefits	3,807,589	1,677,078
Number of employees (at year-end)	72	77

**20 OTHER INCOME/EXPENSES**

	<b>2024</b>	<b>2023</b>
Lease interest expenses	-19,352	-16,862
Other	-204,798	-
Other income	23,395	89,326
<b>Total</b>	<b>-200,755</b>	<b>72,464</b>

**21 INCOME TAX EXPENSE**

	<b>2024</b>	<b>2023</b>
Income tax for the current year	50,000	1,311
Adjustment of previous year income tax	40	-
<b>Income tax expense</b>	<b>50,040</b>	<b>1,311</b>

Retained earnings are exempt from tax under Estonian and Latvian legislation, refer to Note 2.17.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The calculated tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	<b>2024</b>	<b>2023</b>
Profit (loss) before tax for the reporting year	5,252,385	-2,225,201
Income tax expense (income) calculated at the statutory income tax rate (15%)	787,858	-333,780
Non-taxable income	-9,743,148	-1,934,033
Non-deductible expenses	9,005,290	2,269,124
<b>Income tax expense</b>	<b>50,000</b>	<b>1,311</b>

A breakdown of the taxable and non-taxable income and expenses attributable to the Lithuanian branch in 2024 is provided below. Income and expenses directly related to insurance contracts are classified as taxable/non-taxable income and allowable/non-allowable deductions directly. If it is not possible to attribute the expenses directly to the insurance contract, the provision of the Law on Corporate Income Tax that only the portion of operating expenses attributable to taxable income may be deducted is taken into account. In this case, the allowable deductions are calculated on the basis of the proportion of taxable premiums to total premiums.

<b>Items of income and expenses</b>	<b>Total</b>	<b>Of which non-taxable</b>	<b>Of which taxable</b>
Insurance premiums	29,096,825	28,498,651	598,174
Insurance claims	-14,808,394	-14,465,416	-342,978
Total insurance revenue	25,310	288	25,022
Reinsurance premiums	-23,587	-10,740	-12,847
Reinsurance commissions	4,949	1,354	3,595
Change in insurance contract liabilities	-14,743,502	-14,966,810	223,308
Change in investment contract liabilities	-7,390,389	-7,465,930	75,541
Change in reinsurance assets/liabilities	-33,076	-33,076	-
Recognition of deferred income	232,861	222,125	10,736
Operating expenses	-9,998,497	-9,748,590	-249,907
Investment income/expenses	22,892,499	22,892,499	-
Sale of non-current assets	2,460	-	2,460
Other income/expenses	19,261	19,030	231
<b>Total profit (loss) attributable to the Lithuanian branch</b>	<b>5,276,720</b>	<b>4,943,385</b>	<b>333,335</b>

**22 TRANSACTIONS WITH RELATED PARTIES**

All shares of the Company are owned by AB Šiaulių bankas.

Related parties of the Company include: the Company's shareholder, the Company's Chief Executive Officer, Board members and persons performing key functions (actuarial, risk management, compliance and internal audit), the Chief Executive Officer of the Company's shareholder, Board members, Supervisory Board members; and legal entities controlled by the Company's shareholder.

As at 31 December 2024 and 2023 and for the years then ended, transactions with related parties were:

	<b>2024</b>			
	<b>Assets (EUR)</b>	<b>Liabilities (EUR)</b>	<b>Income (EUR)</b>	<b>Expenses (EUR)</b>
<b>Shareholder</b>				
Term deposits	-	-	1,319	-
Sale of non-current assets	-	-	2,225	-
Amounts receivable	5,386	-	-	-
Amounts payable	-	144,885	-	-
Insurance commissions	-	-	-	377,164
Investment management fees	-	-	-	41,120
Other	-	-	-	829,565
<b>Shareholder, total</b>	<b>5,386</b>	<b>144,885</b>	<b>3,544</b>	<b>1,247,849</b>
<b>Other related parties</b>				
Amounts receivable	8,510	-	-	-
Amounts payable	-	804	-	-
Other income	-	-	212,356	-
Other	-	-	-	217,891
<b>Other related parties, total</b>	<b>8,510</b>	<b>804</b>	<b>212,356</b>	<b>217,891</b>
<b>Total</b>	<b>13,896</b>	<b>145,689</b>	<b>215,900</b>	<b>1,465,740</b>

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>2023</b>				
	<b>Assets (EUR)</b>	<b>Liabilities (EUR)</b>	<b>Income (EUR)</b>	<b>Expenses (EUR)</b>
<b>Shareholder</b>				
Term deposits	500,000	-	9,500	-
Currency transactions	-	-	-	233
Amounts payable	-	406,220	-	-
Investment management fees	-	-	-	48,747
Other	-	-	-	703,684
<b>Shareholder, total</b>	<b>500,000</b>	<b>406,220</b>	<b>9,500</b>	<b>752,664</b>
<b>Other related parties</b>				
Other income	-	-	17,674	-
Other	19,394	17,438	-	92,237
<b>Other related parties, total</b>	<b>19,394</b>	<b>17,438</b>	<b>17,674</b>	<b>92,237</b>
<b>Total</b>	<b>519,394</b>	<b>423,658</b>	<b>27,174</b>	<b>844,901</b>

The amounts charged to the Company's key management personnel comprised amounts related to employment relations:

	<b>2024</b>	<b>2023</b>
<b>Remuneration of the key management of the Company</b>	362,342	283,588

In management's opinion, due to minimal risk, provision for expected credit losses for related party transactions is not material. The most significant transaction here is a term deposit which, at the time of preparing these financial statements, had already matured and been transferred to the Company's account. Settlement of invoices between related parties is not delayed.

**23 BUSINESS ACQUISITION DISCLOSURE**

On 1 December 2023, GD UAB SB draudimas acquired insurance business from UADB INVL Life. The amount of the transaction is EUR 8,955 thousand. AB Šiaulių bankas entered into a liability transfer agreement, on the basis of which the Bank assumed from the Company the obligation to pay part of the transaction price – EUR 7,360 thousand. The Bank thereby acquired the right to claim payment of the same amount from the Company, and the Company consequently acquired a debt obligation to pay the Bank the said amount. At the same time, after the Bank and the Company entered into the subscription agreement for the newly issued shares of the Company, an additional agreement for the set-off of a counter-claim which is of the same kind was signed. According to this agreement, the Bank's claim of EUR 7,360 thousand to the Company in respect of the assumed obligation in relation to UADB INVL Life was offset against the Company's claim to the Bank of EUR 7,360 thousand in respect of the payment of the corresponding part of the issue price of the Company's newly issued shares. The remaining part of the issue of EUR 1,595 thousand was paid by the Bank into the Company's account and the Company paid the same amount to UADB INVL Life. Thus the Company is fully settled for the acquired insurance business. Following this transaction, the Company significantly expanded its life insurance business in the Baltic States (in Latvia and Estonia through branches), which was the main goal of the transaction. The business combination was accounted for using the acquisition method. No minority interest was created in this business acquisition. Acquisition costs directly attributable to this transaction were written off to operating expenses.

**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

The fair values of the assets, liabilities and net assets acquired on transaction at the acquisition date are presented in the table below,

	<b>EUR thousand</b>
<b>Fair value</b>	
Intangible assets	73
Property, plant and equipment	76
Financial assets through profit or loss	137,994
Reinsurance assets	4
Insurance receivables	32
Deferred costs	38
Other receivables	22
Cash and cash equivalents	1,784
<b>Total assets</b>	<b>140,023</b>
Liabilities for remaining coverage	47,775
Liabilities of incurred claims	1,147
Investment contract liabilities*	82,983
Liabilities related to insurance activities	43
Other amounts payable	255
Accrued costs	11
<b>Total liabilities</b>	<b>132,215</b>
<b>Total recognised net assets</b>	<b>7,809</b>
<b>Goodwill</b>	<b>1,147</b>
<b>Total acquisition price</b>	<b>8,955</b>
Paid in cash	1,595
Transferred to the Bank by way of an increase of authorised capital	7,360

\* The investment contract liabilities have been separated on initial recognition into the fair value of the contracts, determined by the fair value of the assets backing the liabilities, of EUR 80,421,758, and deferred income of EUR 2,561,453, which is recognised as income over 11 years (based on the average duration of the investment contracts acquired), starting from December 2023. The deferred income arose because the expected income from the acquired portfolio of investment contracts will not cover the expected costs and an adequate return on capital required to manage the portfolio. The deferred income will ensure an adequate return on the portfolio. In 2024, EUR 232,859 was recognised as income.

The Company's management decided to recognise goodwill arising from the transaction in the financial statements as the transaction is expected to generate significant synergies and efficiencies by leveraging the extensive experience and knowledge of the employees of UADB INV L Life in the renewal of existing and development of new life insurance products as well as in the review and improvement of processes.



**EXPLANATORY NOTES  
FOR THE YEAR ENDED 31 DECEMBER 2024**

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Fair value measurements of the assets acquired and liabilities assumed are described below.

<b>Assets acquired and liabilities assumed</b>	<b>Measurement</b>
Financial investments	Financial investments were valued using quoted prices on active markets. The financial investment price was set within the range of the bid and ask prices by calculating an average price. Units of collective investment undertakings that are not publicly traded and/or whose net asset value or unit value is not determined on a daily basis were valued on the basis of the last determined net asset value or the last published/reported unit value, which was adjusted for changes (e.g. material events, calls, distribution of a portion of liabilities, distribution of a portion of income, other events).
Other assets	Due to the insignificance and/or nature of other assets, the carrying amounts of the repossessed assets were assumed to be the fair values of those assets.
Liabilities for remaining coverage	The fair value of these liabilities was measured using the Solvency II technical reserve valuation methodology with certain adjustments (not using premium limits, using different cost of capital and an increased target solvency ratio).
Liabilities of incurred claims	These liabilities were valued based on expected future cash flows and additionally increased by a risk adjustment calculated using a confidence level technique.
Investment contract liabilities	The fair value of these liabilities was measured using the Solvency II technical reserve valuation methodology with certain adjustments (not using premium limits, using different cost of capital and an increased target solvency ratio).
Other liabilities	Due to the insignificance and/or nature of other liabilities, the carrying amounts of the repossessed liabilities were assumed to be the fair values of those liabilities.

The results of the insurance business after the acquisition and the income and results of operations before the acquisition are not disclosed because technical and administrative constraints make it impossible to obtain the information without incurring disproportionate costs.