



Financial Report of the Sava Insurance Group for January–June 2023

Ljubljana, 16 August 2023

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Business report

1 Key financials for the Sava Insurance Group

EUR	1–6/2023	1–6/2022	Change	Index
Business volume	495,083,597	443,295,586	51,788,011	111.7
Insurance revenue	328,421,271	286,572,634	41,848,637	114.6
Insurance service result	48,235,957	27,206,277	21,029,680	177.3
Finance result	10,121,439	-1,928,865	12,050,304	-
Net profit or loss for the period	40,043,007	11,110,629	28,932,377	360.4
	30 June 2023	31 December 2022	Change	Index
Equity	543,609,890	524,821,585	18,788,305	103.6
Contractual service margin (CSM)	151,330,932	137,309,546	14,021,386	110.2
Investment portfolio position	1,457,260,001	1,416,697,740	40,562,261	102.9
Total assets	2,419,725,008	2,343,078,217	76,646,791	103.3
Assets under management	2,225,349,846	2,006,528,482	218,821,364	110.9
	1–6/2023	1–6/2022	Change	Index
Combined ratio	89.9%	96.7%	-6.8 p.p.	-
Return on equity (ROE)	13.3%	4.1%	+9.2 p.p.	-
Rate of return on investment portfolio	2.2%	0.2%	+2.0 p.p.	-
Solvency ratio	183–189%	192–198%	-	-

2 Impact of the business environment on the Group's business

2.1 Macroeconomic environment

In the first half of 2023, the focus was on inflation, which fell sharply to 5.5% in the euro area and to 3.0% in the US at the end of June. Central banks were faced with the challenge of containing inflation and finding the right strategy to fight it. As a result, the European Central Bank raised its key interest rate four times in the first half of the year, from 2.5% to 4.0%. The global economy is in the process of cooling, but the International Monetary Fund has not forecast a global recession. At an estimated 2.9% in 2023 and 3.1% in 2024, growth is expected to be lower but still positive.

Geopolitical risks remain high, with no significant progress in conflict resolution. In particular, tensions in Ukraine and in China–US relations over Taiwan continue to complicate global cooperation. Geopolitical tensions remain high and can quickly escalate into further conflict, representing the highest level of geopolitical risk.

The collapse of two mid-sized US banks at the end of the first quarter and the troubled Swiss giant Credit Suisse have contributed to increased volatility in the financial markets. The impact on the investment portfolio was negligible as the Group had no direct exposure to these banks. The second quarter of 2023 was marked by stability in the financial markets, with no major turbulence and lower volatility than the average of the previous year, for both equities and bonds. Yields on risk-free bonds fell slightly after end-2022, while credit spreads did not change significantly. Although there are signs of an economic slowdown, expectations of a deeper recession are being reduced, which has had a positive impact on equity markets and also on the Group's investment portfolio.

2.2 Major loss events

The Group's business has been significantly affected by natural catastrophes this year. The earthquake in Turkey in February did not have a significant impact on the half-year results due to lower other losses and reinsurance cover.

In recent weeks, i.e. after the reporting date, Slovenia was hit by a wave of windstorms and floods that caused significant damage to property, the most devastating of which were the floods on 4 and 5 August 2023. Based on currently available data, gross claims are estimated to come close to EUR 100 million. Together with the claims to be covered by Sava Re on reinsurance business accepted outside the Group (written in Austria, Croatia and Serbia) and taking into account the reinsurance protection, the management board estimates the total impact on the business result to be in the range of EUR 30 million to 35 million. An assessment of the impact of these events on the profit or loss for the year is provided in section 7 “Progress on the business plan”. The Sava Insurance Group has sufficient liquidity to shoulder natural catastrophe losses and adequate reinsurance coverage in place to ensure timely payment of claims to policyholders and to maintain the Group’s strong financial position.

3 Business and performance

3.1 Group results

The Group’s **business volume** continued to grow during the period, with gross premiums and asset management revenue increasing by a remarkable 11.7% to EUR 495.1 million. This was mainly driven by a 16.9% increase in non-life gross written premiums and a 9.5% increase in reinsurance gross written premiums. In life insurance, the Group managed to narrow the gap with the volume of the previous half-year to a mere 1.7% in the second quarter. The lower volume of life insurance business compared to the previous half year is entirely due to the exceptional sales of single premium policies at the beginning of last year.

Insurance revenue increased by 14.6% to EUR 328.4 million, with reinsurance, non-life and life revenues up 28.8%, 13.0% and 7.1% respectively.

The **insurance service result** of EUR 48.2 million is higher than last year, mainly due to the significant inflationary increase in non-life insurance and reinsurance claims costs in the first half of last year. At that time, the Group began to adjust its pricing policy to the new macroeconomic environment, but the impact of the premium increases on the income statement was later than the impact of the increased claims. As a result, the **combined ratio** improved from 96.7% to 89.9%. No major claims impacted the non-life result in the first half of 2023, and the claims burden was below the long-term average, particularly in the Slovenian portfolio. The 5.5% improvement in the life insurance service result is due to higher insurance revenue.

The **finance result** improved by EUR 12.1 million. It improved in all segments, but the main driver of the improvement was the change in investments measured at fair value through profit or loss.

The **net profit for the period** of EUR 40.0 million improved compared to the previous half-year mainly for the reasons described above. As a result, the **return on equity** was also higher, at 13.3%.

The **contractual service margin (CSM)** was EUR 151.3 million (net of reinsurance EUR 141.2 million) and increased by EUR 14.0 million, or 10.2%, over the half-year, with the highest increase in the life and reinsurance segments.

3.2 Segment reporting

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 14.7 “Financial statements by operating segment”.

Non-life segment

EUR	1–6/2023	1–6/2022	Change	Index
Gross premiums written¹	312,231,611	267,077,343	45,154,268	116.9
EU	262,834,273	227,244,116	35,590,157	115.7
Non-EU	49,397,338	39,833,227	9,564,111	124.0
Insurance revenue	244,977,407	216,822,132	28,155,275	113.0
EU	204,673,456	183,297,899	21,375,557	111.7
Non-EU	40,303,951	33,524,233	6,779,718	120.2
Insurance service result	30,199,660	11,432,252	18,767,408	264.2
EU	28,417,986	8,366,158	20,051,827	339.7
Non-EU	1,781,675	3,066,094	-1,284,419	58.1
Finance result	2,712,732	-1,073,369	3,786,101	-
EU	1,614,084	-1,735,505	3,349,589	-
Non-EU	1,098,648	662,136	436,512	165.9
Profit or loss before tax	25,252,661	1,889,266	23,363,395	1,336.6
EU	24,001,048	98,396	23,902,652	24,392.2
Non-EU	1,251,613	1,790,869	-539,257	69.9
Combined ratio	90.5%	98.5%	-8.0 p.p.	-
EU	88.5%	98.9%	-10.5 p.p.	-
Non-EU	99.5%	96.7%	+2.9 p.p.	-

Gross written premiums of the non-life segment increased by EUR 45.2 million, or 16.9%. Across all markets, the strongest growth was achieved in motor insurance. In the EU markets, this mostly occurred in the private passenger car segment. Gross written premiums grew due to an increase in insurance rates, raised by EU companies to keep up with claims inflation caused by more expensive car parts and repair costs. Organic growth through the acquisition of new policies and policyholders also contributed to the increase in gross written premiums. In the non-EU markets, premiums rose by as much as 24.0%. In addition to motor insurance, health and property insurance premiums also increased significantly.

Insurance revenue grew by 13.0%, driven by the growth in gross written premiums described above. The Group’s revenue grew both in its EU markets (11.7%) and in its non-EU markets (20.2%).

The **insurance service result** for the first half of the year is higher than last year, mainly reflecting a sharp increase in claims expenses last year due to inflation in the Slovenian market. In the second quarter, the Group began to adjust its pricing policy to the new circumstances, but the impact of the premium increases on the income statement lagged behind the impact of the increased claims. In addition, the favourable claims experience in the first half of the year contributed to the improved insurance service result for the year, with no major single claims affecting the EU companies (apart from a storm at the end of June), whereas the Group was affected by two major storms and a major property claim in the second quarter of last year. The insurance service result in non-EU markets is below the year-on-year level due to a higher volume of claims.

¹ A breakdown of gross premiums written by class of business and region is shown in Appendix 1.

The **finance result** for the first half of the year amounted to EUR 2.7 million, an increase of EUR 3.8 million. Improvements were seen in both EU and non-EU markets. The improved finance result largely reflects the financial market conditions last year and the related higher fair value losses on FVTPL investments. Furthermore, higher interest revenue was achieved this year due to reinvestments at higher effective interest rates.

Profit before tax was EUR 23.4 million higher year on year, thanks to improved insurance service and finance results, the reasons for which are explained earlier in this section.

The **combined ratio** of 90.5% improved by 8.0 p.p., mainly as a result of an improved loss ratio, but also partly as a result of an improved expense ratio. The combined ratio improved by 10.5 p.p. in the EU markets and deteriorated by 2.9 p.p. in the non-EU markets.

Life segment

EUR	1-6/2023	1-6/2022	Change	Index
Gross premiums written²	89,870,323	91,439,248	-1,568,925	98.3
EU	84,114,553	86,521,080	-2,406,527	97.2
Non-EU	5,755,770	4,918,168	837,602	117.0
Insurance revenue	31,842,976	29,719,149	2,123,827	107.1
EU	29,326,519	27,661,696	1,664,823	106.0
Non-EU	2,516,457	2,057,453	459,004	122.3
Insurance service result	9,908,347	9,388,446	519,902	105.5
EU	9,298,552	9,077,055	221,498	102.4
Non-EU	609,795	311,391	298,404	195.8
Finance result	3,365,904	-461,982	3,827,885	-
EU	3,011,982	-725,084	3,737,066	-
Non-EU	353,921	263,102	90,819	134.5
Profit or loss before tax	10,461,243	6,196,689	4,264,554	168.8
EU	9,703,585	5,843,004	3,860,580	166.1
Non-EU	757,658	353,685	403,973	214.2
	30 June 2023	31 December 2022	Change	Index
Contractual service margin (CSM)	131,710,306	125,535,771	6,174,535	104.9
EU	122,188,874	115,335,765	6,853,109	105.9
Non-EU	9,521,432	10,200,006	-678,574	93.3

Gross written premiums in the EU markets decreased by 2.8%, reflecting higher single premium volumes in the first half of last year. Before the start of the war in Ukraine, capital markets were more optimistic and banks were still charging demurrage, which led to higher sales of single-premium policies. This year, however, sales growth has led to organic growth in gross written premiums for unit-linked and protection business, while single premium sales have also strengthened in recent months, reducing the premium gap from 9.0% in the first quarter to 2.8% in the first half of the year. A notable 17.0% increase in gross written premiums outside the EU was achieved particularly in the Serbian market, where the Group increased its sales through its own distribution channels as well as through agencies and banks.

Insurance revenue increased by 7.1%, of which 6.0% was in the EU markets as a result of changes in the portfolio mix. Demand is shifting towards protection policies without an investment component. The investment component is included in the calculation of gross written premiums but not in insurance revenue. Insurance revenue from the non-EU companies grew by 22.3%, mainly as a result of an increase in sales volume or gross written premiums.

² A breakdown of gross premiums written by class of business and region is shown in Appendix 2.

The **insurance service result** increased by 5.5% to EUR 9.9 million, reflecting higher insurance revenue and, outside the EU, a more favourable claims experience. Last year, the Serbian insurer also still saw a slight increase in mortality directly or indirectly related to Covid-19.

The **finance result** in the first half of last year was strongly influenced by the unfavourable development of the financial markets, which had an impact on the fair value loss on FVTPL investments of EUR 4.3 million. This year, however, the increase in interest rates resulted in a EUR 0.6 million increase in insurance finance expense.

The improvement in the finance and insurance service results led to a 68.8% **increase in profit before tax** to EUR 10.5 million.

The 4.9% increase in the **contractual service margin** was driven by new business written in the EU, whereas expected future profits were also higher because of positive developments in the financial markets. The contractual service margin on new business written was EUR 11.5 million, exceeding the release of the contractual service margin to profit (EUR 8.4 million) by 37.5%, reflecting strong sales and sustained profitability. The contractual service margin outside the EU was lower due to changes on future cash flow assumptions.

Reinsurance segment

EUR	1–6/2023	1–6/2022	Change	Index
Gross premiums written	79,370,349	72,495,195	6,875,154	109.5
Insurance revenue	51,398,051	39,909,856	11,488,195	128.8
Insurance service result	8,058,527	6,358,921	1,699,606	126.7
Finance result	1,979,559	-1,050,293	3,029,853	-
Profit or loss before tax	8,201,876	4,059,524	4,142,352	202.0
Combined ratio	86.9%	86.3%	+0.6 p.p.	-
	30 June 2023	31 December 2022	Change	Index
Contractual service margin (CSM)	12,321,647	4,632,770	7,688,877	266.0

The 9.5% growth in **gross written premiums** was achieved through both price increases in line with developments in the global reinsurance markets and organic volume growth. Reinsurance rates on non-proportional business, particularly in the EU, increased by more than 30%. As a result, **insurance revenue** grew by 28.8%.

The **insurance service result** improved by EUR 1.7 million. The size and nature of this quarter's major losses are different from those of last year's first half, which is why reinsurance protection operated differently. In 2023, the claims (especially the earthquake in Turkey) were largely passed on to reinsurers outside the Group. Although the claims volume was larger in 2022, these claims did not trigger reinsurance cover to the same extent and were borne more by the Group. Thus, the increase in the revenue described earlier, as well as higher inflation assumptions in the first half of 2022, also contributed to the higher insurance service result.

The **finance result** improved by EUR 3.0 million. The improvement was mainly driven by lower fair value losses on FVTPL investments and higher interest revenue.

Profit before tax improved by EUR 4.1 million, primarily due to the afore-mentioned improved insurance service result, together with an even better finance result.

The **combined ratio** was a favourable 86.9%, similar to the first half of 2022.

The **contractual service margin (CSM)** increased by EUR 7.7 million, or 166.0%, reflecting a higher proportion of reinsurance contracts renewed in the first half of the year, as well as higher expected profits due to price adjustments and an improved portfolio structure towards more profitable

contracts. In addition, the positive development of the proportional portfolio for the past underwriting years also contributed to the increase.

Pensions and asset management segment

EUR	1-6/2023	1-6/2022	Change	Index
Business volume	11,209,240	10,968,890	240,350	102.2
Asset management revenue	9,380,962	8,973,360	407,602	104.5
Gross premiums written (annuities)	1,828,278	1,995,530	-167,252	91.6
Expenses	6,395,967	5,958,085	437,882	107.3
Cost-to-income ratio	65.4%	65.1%	+0.3 p.p.	-
Profit or loss before tax	3,851,587	1,435,081	2,416,506	268.4
EUR	30 June 2023	31 December 2022	Change	Index
Assets under management	1,678,161,864	1,507,752,304	170,409,560	111.3

Business volume grew by 2.2% due to higher revenue from asset management and by 4.5% due to higher assets under management, while gross written premiums in the annuity fund decreased by 8.4% as fewer policyholders reached retirement eligibility.

The **cost-to-income ratio (CIR)** rose by 0.3 p.p. due to the impact of inflation on cost levels.

Profit before tax increased by EUR 2.4 million, mainly due to a lower finance result in the first quarter of 2022. Unfavourable developments in the financial markets at that time resulted in fair value losses on FVTPL investments, and provisions were set aside for the risk of not achieving guaranteed returns. All three companies in the segment improved their financial performance.

Assets under management increased by 11.3%, driven by the net investment income generated and positive net inflows in all companies.

“Other” segment

EUR	1-6/2023	1-6/2022	Change	Index
Income	4,143,581	3,218,883	924,698	128.7
Expenses	3,274,460	2,464,868	809,592	132.8
Profit or loss before tax	869,121	754,015	115,106	115.3

Profit before tax was 15.3% higher, mainly due to higher gains on equity-accounted investments in the first half of 2023.

4 Financial position

EUR	30 June 2023	31 December 2022	Change	Index
Equity	543,609,890	524,821,585	18,788,305	103.6
Contractual service margin (CSM)	151,330,932	137,309,546	14,021,386	110.2
Risk margin	101,526,181	97,370,600	4,155,581	104.3
Investment portfolio position	1,457,260,001	1,416,697,740	40,562,261	102.9
Total assets	2,419,725,008	2,343,078,217	76,646,791	103.3
Assets under management	2,225,349,846	2,006,528,482	218,821,364	110.9

4.1 Equity and solvency

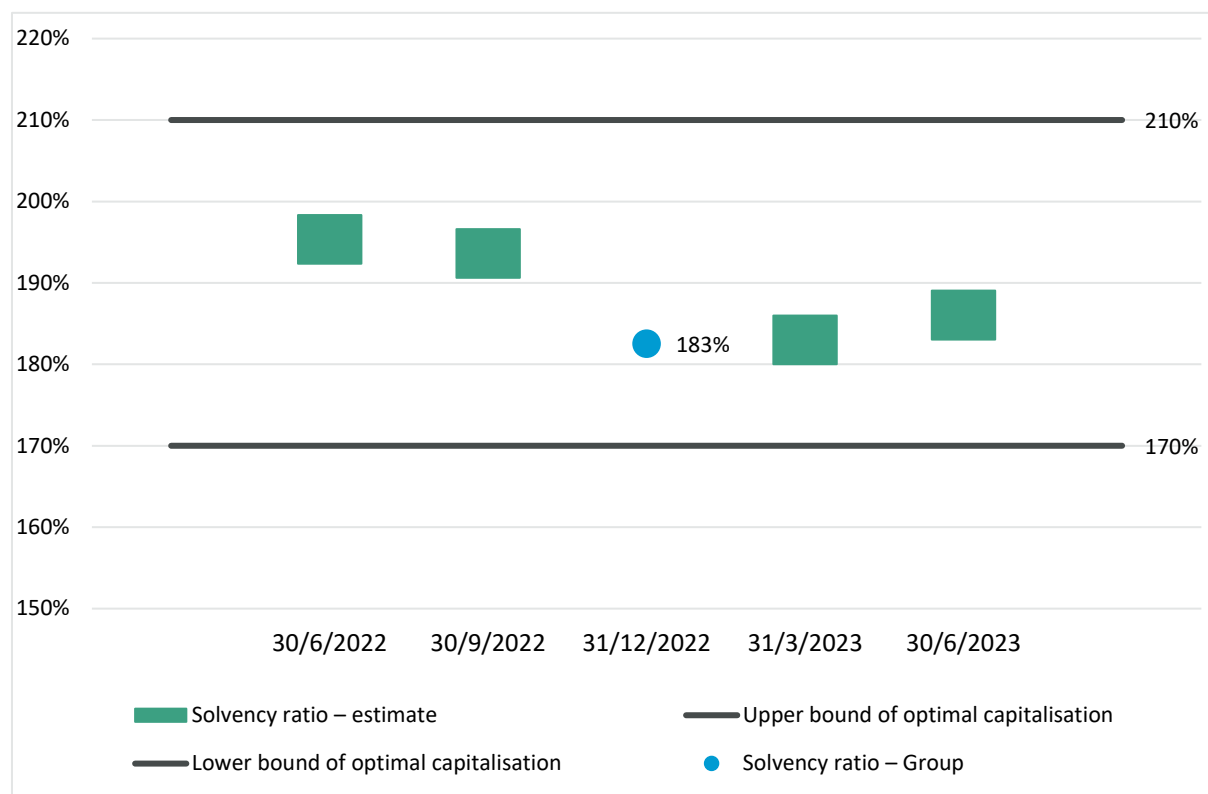
Equity amounted to EUR 543.6 million, up 3.6% compared to the end of last year. The first-half profit and the change in other comprehensive income had a positive impact, whereas the dividend payout (EUR 24.9 million) had a negative impact.

The **contractual service margin (CSM)** is an estimate of future profits on insurance contracts (excluding ceded reinsurance) that relate to future periods and have not yet been recognised in profit or loss. At 30 June 2023, it totalled EUR 151.3 million (net of reinsurance, EUR 141.2 million). The majority of the contractual service margin (EUR 131.7 million or 87.0% of the total CSM) arose from life insurance, followed by reinsurance with EUR 12.3 million (8.1%) and non-life business with EUR 5.6 million (3.7%), with the remainder attributable to pensions (EUR 1.7 million or 1.1%). In the six months to 30 June 2023, the contractual service margin grew by EUR 14.0 million, or 10.2%, of which the life segment contributed EUR 6.2 million (up 4.9%) and the reinsurance segment EUR 7.7 million (up 166.0%). The contractual service margin of new business written (EUR 27.7 million) was higher than that released to profit or loss (EUR 26.0 million). The increase in the contractual service margin was also favourably affected by the change in future cash flow assumptions of EUR 9.7 million and by the positive impact of contracts that moved from unprofitable to profitable during the period under review (EUR 2.2 million), both mainly in the reinsurance segment, due to the positive development of the proportional portfolio for past underwriting years. The remainder of the change relates to interest and foreign exchange differences.

The Group's estimated solvency position as at 30 June 2023 shows that the Group is well capitalised, with an assessed **solvency ratio** of between 183% and 189% (31 December 2022: 183%). Eligible own funds are estimated to have increased slightly in the second quarter of 2023, mainly due to the strong business performance. On the other hand, the solvency capital requirement (SCR) also increased slightly. The Group thus has a solvency ratio well above the regulatory requirement of 100% and is well capitalised according to its internal criteria, which define an optimal solvency ratio between 170% and 210%.

The following graph shows the Group's solvency ratio ranges by quarter compared to the lower and upper limits of the optimal level of the solvency ratio under internal criteria.

Capital adequacy of the Sava Insurance Group for the period from 30 June 2022 to 30 June 2023³



After the balance sheet date, Slovenia experienced several extreme weather events, including flooding, which will have an impact on the business result and the solvency ratio. Notwithstanding these impacts, we estimate that the Group's solvency ratio at the end of 2023 will, within reasonable expectations and in the absence of significant additional adverse external events, remain well above the regulatory solvency ratio.

³ The optimal level of capitalisation shown is effective from 1 January 2023.

4.2 Investment portfolio

The **investment portfolio** increased by 2.9% to EUR 1,457.3 million compared to the end of the previous year. Fixed-income investments remained the largest asset class at 83.3%. Among debt investments, 68.3% were rated A or better, and 88.4% of all debt investments were investment grade (rated above BBB).

Investment portfolio position

EUR	30 June 2023	31 December 2022	Absolute change	Index
Deposits	24,148,344	18,653,094	5,495,250	129.5
Government bonds	744,317,774	734,892,738	9,425,036	101.3
Corporate bonds	445,829,185	421,357,176	24,472,009	105.8
Shares	24,584,556	24,883,922	-299,366	98.8
Mutual funds	17,990,260	22,157,732	-4,167,472	81.2
Infrastructure funds	56,498,631	53,856,376	2,642,255	104.9
Real estate funds	15,394,505	16,497,061	-1,102,556	93.3
Loans granted	856,594	1,196,069	-339,475	71.6
Total financial investments	1,329,619,849	1,293,494,169	36,125,680	102.8
Financial investments in associates	23,286,300	21,856,109	1,430,191	106.5
Investment property	22,667,755	22,795,761	-128,005	99.4
Cash and cash equivalents	81,686,096	78,551,702	3,134,395	104.0
Total investment portfolio	1,457,260,001	1,416,697,740	40,562,261	102.9
Assets held for the benefit of policyholders who bear the investment risk	547,187,982	498,776,177	48,411,806	109.7
- Financial investments	538,478,778	483,892,247	54,586,531	111.3
- Cash and cash equivalents	8,709,204	14,883,930	-6,174,725	58.5
Investment contract assets	173,008,606	166,374,119	6,634,487	104.0

Net investment income and the rate of return on the investment portfolio increased due to more favourable movements in the financial markets and higher reinvestment rates. Net investment income for the period was EUR 15.6 million and the rate of return was 2.2%. In the same period last year, the financial markets were significantly impacted by the war situation in Ukraine, resulting in fair value losses on FVTPL assets of EUR 8.8 million. To maintain a high-quality and liquid portfolio, reinvestments were made in better-rated debt securities.

Net investment income of and rate of return on the investment portfolio

EUR	1–6/2023	1–6/2022	Change	Index
Net investment income relating to the investment portfolio	15,625,172	1,746,600	13,878,572	894.6
Interest income	9,284,517	7,437,929	1,846,588	124.8
Change in fair value of FVTPL investments	1,821,532	-8,827,929	10,649,461	-20.6
Other investment income/expenses	4,519,123	3,136,600	1,382,523	144.1
Rate of return on investment portfolio	2.2%	0.2%	+2.0 p.p.	-

4.3 Assets under management

Assets under management increased by 10.9% to EUR 2,225.3 million, driven by higher net inflows and favourable developments in the financial markets. Growth was achieved across all companies in the pensions and asset management segment.

5 Earnings per share

Earnings per share increased to EUR 2.58 in the first half of 2023 (up 162.1% compared to the first half of 2022).

	1-6/2023		1-6/2022	
	Shares issued	Shares outstanding	Shares issued	Shares outstanding
Number of shares	17,219,662	15,497,696	17,219,662	15,497,696
Net profit or loss attributable to owners of the controlling company per share (EUR)	2.33	2.58	0.64	0.71
Book value of share	31.57	35.08	28.68	31.86

6 Risk management

The risks to which the Group is exposed in the first half of 2023 have not changed significantly from those described in section 17.7 “Risk management” of the Sava Insurance Group annual report for 2022. Information regarding macroeconomic, geopolitical and other impacts, as well as expected risks until the end of 2023, is provided below.

The macroeconomic and geopolitical environment in the first half of the year is described in section 2.1 “Macroeconomic environment”. With respect to claims inflation, the Group and its companies are monitoring trends and responding with price adjustments as necessary. The macroeconomic and geopolitical situation remains uncertain, and we will continue to monitor it closely in the second half of the year and respond appropriately. Until the end of 2023, we expect exposure to strategic risks to remain elevated given the situation, and the Group will seek to mitigate the risks accordingly. Should the macroeconomic or geopolitical situation deteriorate in the second half of 2023, this could have an adverse effect on the assets and liabilities of the Sava Insurance Group. Therefore, market risks will remain somewhat elevated, as will underwriting risks, particularly those related to claims inflation. We will continue to monitor inflation over the coming months so we can react promptly to potential adverse changes.

We also believe that the Group’s liquidity risk is well managed, and we do not expect any significant increase in this risk in the second half of 2023.

After the balance sheet date, Slovenia and its neighbouring countries experienced several extreme weather events in July and August. The impact of these major loss events is described in section 7 “Progress on the business plan”. These events represent a significant departure from the normal loss experience, with more catastrophe claims in the summer months of the current financial year than the normal multi-year dynamics of major losses. From a risk perspective, we highlight the risk of an increase in the frequency and size of major losses with an impact on profit or loss. Given the random nature of insured risks, we cannot rule out the possibility of an increase in the number of catastrophic events (in Slovenia and abroad) before the end of 2023.

The realisation of these risks could have a direct or indirect impact on the Group’s results until the end of 2023. A current assessment of the impact is given in section 7 “Progress on the business plan”.

7 Progress on the business plan

In the first half of 2023, the Sava Insurance Group made strong progress on its 2023 business plan, achieving 61.9% of the planned business volume for the full year 2023. Net profit for the period was EUR 40.0 million, representing 75.6% of the lower end of the 2023 full-year target range. All other key performance indicators were also well ahead of the pro-rata annual targets.

Actuals versus targets in 2023

EUR million	1–6/2023	2023 plan	As % of plan
Business volume	495.1	> 800	61.9%
Business volume growth	11.7%	> 4%	✓
Return on equity	13.3%	> 9.5%	✓
Profit or loss, net of tax	40.0	> 53	75.6%
Solvency ratio	183–189%	170–210%	✓
Combined ratio	89.9%	< 95%	✓
Rate of return on investment portfolio	2.2%	> 1.5%	✓

The storms and floods that hit Slovenia in July and early August caused extensive damage to property. Based on currently available data, gross claims are estimated to come close to EUR 100 million. Together with the claims to be covered by Sava Re on reinsurance business accepted outside the Group (written in Austria, Croatia and Serbia) and taking into account reinsurance protection, the management board estimates the total impact on the business result to be in the range of EUR 30–35 million. Due to the conservative investment portfolio, which also provides the Group companies with a high level of liquidity, claims payments alone will not jeopardise the Group's liquidity position.

As the Group had a strong first half of the year with no major claim events or negative impact, the management board estimates that the profit for 2023 will be approximately 25% lower than planned, or around EUR 40 million, due to the impact of the storms and floods. This estimate is based on the assumption that claims experience as the year progresses will remain in line with long-term claims statistics. These estimates are subject to change in the event of major claims or other events of significant magnitude. The estimated profit will mainly come from business segments that are not directly affected by natural catastrophes (life insurance, motor third-party liability, business related to the management of assets, and reinsurance in international markets).

8 Significant events in the reporting period

Changes in the management board

David Benedek was appointed as a member of Sava Re's management board on 5 December 2022; he began his five-year term of office on 22 March 2023. Now that David Benedek has taken up his office, the management board of Sava Re once again consists of four members.

Changes to the supervisory board and its committees

The term of office of Andrej Gorazd Kunstek and Edita Rituper, the employee representatives on the supervisory board, expired on 12 June 2023. The works council reappointed Edita Rituper for a four-year term of office, and Blaž Garbajs was appointed for the first time as the second employee representative on the supervisory board. Both the appointed members began their new terms of office on 13 June 2023.

With the expiry of his term of office on the supervisory board, the term of office of Andrej Gorazd Kunstek on two supervisory board committees also came to an end. The supervisory board appointed Edita Rituper as a new member of its nominations and remuneration committee and Blaž Garbajs as a new member of its audit committee. Both will take up their roles in the supervisory board committees on 13 June 2023.

39th general meeting of shareholders

The Sava Re general meeting of shareholders was held once in the second quarter of 2023.

In accordance with the Company's 2023 financial calendar, the 39th general meeting of shareholders was held on 5 June 2023. Among other things, the general meeting was presented with the annual report for 2022, including the auditor's opinion and the written report of the supervisory board to the annual report, and the annual report on internal auditing for 2022 with the opinion of the supervisory board thereto. The general meeting received the management board's report on own shares. At the general meeting, the shareholders adopted the proposal of the management and supervisory boards to use EUR 24,796,313.60 of the profits for dividends. The dividend of EUR 1.60 gross per share was paid out on 21 June 2023 to the shareholders listed in the shareholders' register on 20 June 2023. The dividend yield was 6.7%. The shareholders granted discharge to the management and supervisory boards for 2023. The general meeting approved the Directors' Remuneration Report of Sava Re d.d. for the Financial Year 2022 (Directors' Remuneration Report), whereas the advisory vote on the resolution to approve the Remuneration Policy for Members of Management and Supervisory Bodies of Sava Re d.d. (Directors' Remuneration Policy) was not carried. Although the Directors' Remuneration Policy is valid and consistent with the law, it is not fully aligned with the recommendations of the shareholder Slovenian Sovereign Holding published on 4 May 2023. The Company will examine the deviations from the recommendations of this shareholder and will resubmit a revised remuneration policy at the next annual general meeting of Sava Re for a vote. The Directors' Remuneration Report and the Directors' Remuneration Policy were posted on the Company's website immediately after the 39th general meeting and will remain posted for at least ten years. No legal actions to challenge any general meeting resolutions were announced at the general meeting.

Divestment of G2I

In April 2023, Sava Re finalised the sale of its ownership interest in G2I, an associated company marketing online motor policies.

9 Significant events after the reporting date

Storms

In July and August 2023, Slovenia was hit by a wave of storms and floods that caused major property damage. Further details of these and other major loss events and the assessment of their impact on the year-end result are described in sections 2.2 "Major loss events", 6 "Risk management" and 7 "Progress on the business plan".

Acquisition of ASP

In August 2023, Sava Re acquired 100% of the shares of ASP d.o.o. after all suspensive conditions were fulfilled. The company is a provider of key IT applications to support the operations of the insurance companies in the Sava Insurance Group.

Establishment of Vita S Holding

In August 2023, Sava Re established Vita S Holding d.o.o., based in Skopje, North Macedonia, in which it currently holds an 80% stake. The company was established to provide a platform for Sava Re to develop healthcare services in North Macedonia.

10 Related-party transactions

Information on related-party transactions is provided in the notes to the financial statements, section 16.15 "Related-party disclosures".

11 About the Sava Insurance Group

The Sava Insurance Group is a customer-centric, flexible and sustainability-oriented insurance group doing business in over one hundred insurance and reinsurance markets worldwide. The Group is a provider of primary insurance, reinsurance, asset management and retirement solutions. Sava Re d.d., the parent company and reinsurer, serves more than 350 clients worldwide. With a presence in six countries in the Adriatic region, the Group is one of the larger insurance groups based in southeastern Europe. In 2022, Sava Re's long-term financial strength ratings were affirmed by both S&P Global Ratings and AM Best at the "A" level with a stable outlook. The Group ended 2022 with a business volume of over EUR 750 million and a net profit of EUR 68 million. The audited annual report of the Sava Insurance Group for 2022 is available at <https://www.sava-re.si/media/store/savare/en-si/doc/2023/Audited-annual-report-2022.pdf>.

12 Disclaimer

Forward-looking statements

This document may contain forward-looking statements relating to the expectations, plans or goals of the Sava Insurance Group (the Group), which are based on estimates and assumptions made by the management of Sava Re (the Company). By their nature, forward-looking statements involve known and unknown risk and uncertainty. As a result, actual developments, in particular performance, may differ materially from the expectations, plans and goals set out in this document; therefore, persons should not rely on forward-looking statements.

Duty to update

The Group and the Company assume no obligation to update or revise any forward-looking statements or other information contained in this document, except to the extent required by applicable laws and regulations.

Alternative performance measures

This document may contain certain alternative performance measures used by the Company's management to monitor the business, financial performance and financial position of the Group and provide investors with additional information that management believes may be useful and relevant to understanding the Group's results. These alternative benchmarks generally do not have a standardised meaning and therefore may not be comparable to similarly defined benchmarks used by other companies. Therefore, no such indicators or measures should be considered in isolation from, or in place of, the consolidated financial statements of the Group and the related notes prepared in accordance with IFRS standards.

Legal basis for preparing this document

This document has been prepared on the basis of the Market in Financial Instruments Act, the rules of the Ljubljana Stock Exchange and other laws and regulations applicable in Slovenia.

Appendices to the business report

1. Non-life

Unconsolidated gross premiums written – non-life

EUR	1–6/2023	1–6/2022	Index
Slovenia	253,317,130	219,330,476	115.5
Serbia	20,301,480	15,086,193	134.6
Croatia	9,746,473	8,052,310	121.0
North Macedonia	10,358,395	8,748,571	118.4
Montenegro	10,466,064	8,247,340	126.9
Kosovo	8,284,910	7,763,539	106.7
Total	312,474,451	267,228,430	116.9

Composition of consolidated gross non-life insurance premiums written by class of business⁴

EUR	1–6/2023		1–6/2022	
	EUR	As % of total	EUR	As % of total
Land motor vehicles	100,193,754	32.1%	81,098,976	30.4%
Motor vehicle liability	84,398,018	27.0%	71,170,674	26.6%
Property	61,071,560	19.6%	60,272,055	22.6%
Accident, health and assistance	47,084,705	15.1%	38,570,384	14.4%
General liability	15,171,450	4.9%	12,908,571	4.8%
Marine, suretyship and goods in transit	3,203,509	1.0%	2,471,062	0.9%
Other insurance	1,108,616	0.4%	585,621	0.2%
Total	312,231,611	100.0%	267,077,343	100.0%

2. Life

Unconsolidated gross insurance premiums written – life

EUR	1–6/2023	1–6/2022	Index
Slovenia	83,105,332	85,512,588	97.2
Serbia	3,480,098	2,681,290	129.8
Kosovo	2,275,671	2,236,878	101.7
Croatia	1,009,221	1,009,114	100.0
Total	89,870,322	91,439,870	98.3

Composition of consolidated gross life insurance premiums by class of business

EUR	1–6/2023		1–6/2022	
	EUR	As % of total	EUR	As % of total
Unit-linked life	57,825,184	64.3%	60,266,821	65.9%
Traditional life	32,045,139	35.7%	31,172,427	34.1%
Total	89,870,323	100.0%	91,439,248	100.0%

⁴ Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

3. Pensions and asset management

Performance of funds under management (accumulation part)

EUR	1–6/2023	1–6/2022	Index
Opening balance of fund assets (31 December)	1,507,752,304	1,541,670,574	97.8
Fund inflows	90,879,409	90,933,633	99.9
Fund outflows	-23,572,808	-33,908,617	69.5
Asset transfers	-8,100,756	-5,274,875	153.6
Net investment income of funds	112,979,488	-125,693,566	-
Entry and exit charges	-1,231,112	-1,196,433	102.9
Exchange differences and fair value reserve	-544,661	-1,770,216	30.8
Closing balance of fund assets (30 June)	1,678,161,864	1,464,760,501	114.6

Funds under management at period end (accumulation part)

EUR	30 June 2023	31 December 2022	Index
Sava Penzisko Društvo	930,042,091	847,491,761	109.7
Sava Infond	575,741,615	494,429,217	116.4
Sava Pokojninska	172,378,158	165,831,325	103.9
Total	1,678,161,864	1,507,752,304	111.3

4. Investment portfolio of the Sava Insurance Group

Composition of the investment portfolio

EUR	30 June 2023	31 December 2022	Change (p.p.)
Fixed-rate financial investments	83.3%	82.9%	0.4
Cash and cash equivalents	5.6%	5.5%	0.1
Infrastructure funds	3.9%	3.8%	0.1
Shares	1.7%	1.8%	-0.1
Property	1.6%	1.6%	-0.1
Mutual funds	1.2%	1.6%	-0.3
Real estate funds	1.1%	1.2%	-0.1
Other*	1.7%	1.6%	0.0
Total	100.0%	100.0%	0.0

* The "other" item comprises loans granted and financial investments in associates.

Composition of fixed-rate investments

	30 June 2023		31 December 2022		
	EUR	As % of total	EUR	As % of total	Change (p.p.)
Government bonds	689,752,328	47.3%	679,606,633	48.0%	-0.6
Regular corporate bonds	364,687,540	25.0%	374,201,397	26.4%	-1.4
Government-guaranteed bonds	54,565,446	3.7%	55,286,105	3.9%	-0.2
Subordinated bonds	29,436,982	2.0%	32,679,047	2.3%	-0.3
Covered bonds	51,704,663	3.5%	14,476,732	1.0%	2.5
Deposits	24,148,344	1.7%	18,653,094	1.3%	0.3
Total	1,214,295,303	83.3%	1,174,903,008	82.9%	0.4

Financial statements with notes

Declaration of the Management Board of Sava Re d.d.

The management board of Sava Re d.d. hereby approves the condensed financial statements of the Sava Insurance Group and Sava Re for the six months to 30 June 2023, and the accompanying appendices to the financial statements, accounting policies and notes to the financial statements. The management board also confirms that the condensed financial statements, including the notes, have been prepared on a going concern basis regarding the operations of the Company and the Group, that they comply with Slovenian law and IAS 34 "Interim Reporting" and that they should be read together with the annual financial statements for the financial year ended 31 December 2022. The interim financial statements have not been audited.

The financial statements have been prepared using relevant judgements, estimates and assumptions, including actuarial judgements, applying the methods most suited to the Company and the Group under given circumstances, based on which we can give the below assurances.

The management board members ensure that to the best of their knowledge:

- the financial statements and the accompanying notes have been drawn up in accordance with the reporting principles adopted by the Company and the Group and give a true and fair view of the assets and liabilities, financial position, profit and loss of the Company and the Group;
- the business report includes a fair presentation of the development and results of operations of the Company and the Group, and their financial position, including a description of the significant risks and opportunities that Sava Re and the Sava Insurance Group are exposed to.

Furthermore, the management board is responsible for keeping appropriate records that at all times present, in understandable detail, the financial position of the Company and the Group, for adopting appropriate measures to protect assets, and for preventing and detecting fraud and other irregularities.



Marko Jazbec, Chairman of the Management Board



Polona Pirš Zupančič, Member of the Management Board



Peter Skvarča, Member of the Management Board



David Benedek, Member of the Management Board

Ljubljana, 16 August 2023

13 Unaudited condensed financial statements

13.1 Unaudited statement of financial position

		Sava Insurance Group		
EUR				
	Note	30 June 2023	31 December 2022 (restated*)	1 January 2022 (restated)
ASSETS				
Intangible assets and goodwill		65,910,916	65,969,017	62,797,813
Property, plant and equipment	16.1	62,528,061	62,435,626	56,332,556
Investment property		22,667,754	22,795,759	14,280,600
Right-of-use assets		7,538,471	7,425,676	7,384,816
Investments in equity-accounted associates		23,286,300	21,856,109	20,479,729
Deferred tax assets	16.9	17,102,192	29,565,551	12,414,263
Financial investments	16.2	1,868,098,626	1,777,386,416	1,986,344,596
Investment contract assets	16.3	173,008,606	166,374,119	168,020,989
Insurance contract assets	16.4, 16.5, 16.7	7,319,918	7,635,325	14,758,258
Reinsurance contract assets	16.4, 16.6, 16.8	67,413,021	66,380,912	63,674,009
Receivables		6,693,822	12,712,506	6,669,402
Current income tax assets		890,866	3,945,207	330,518
Non-current assets held for sale		434,231	991,803	770,544
Cash and cash equivalents	16.10	90,395,303	93,435,634	88,793,990
Other assets		6,436,921	4,168,557	4,156,090
Total assets		2,419,725,008	2,343,078,217	2,507,208,173
LIABILITIES				
Subordinated liabilities		76,344,529	74,924,356	74,863,524
Deferred tax liabilities	16.9	22,546,365	33,289,467	31,047,385
Insurance contract liabilities	16.4, 16.5, 16.7	1,557,169,029	1,493,056,844	1,632,436,599
Reinsurance contract liabilities	16.4, 16.6, 16.8	633,265	528,625	1,097,077
Investment contract liabilities	16.3	172,845,098	166,197,363	167,844,906
Provisions		7,791,335	7,973,454	8,918,059
Lease liability		7,838,562	7,657,186	7,640,477
Other financial liabilities		648,527	548,577	561,728
Current income tax liabilities		2,732,863	2,087,344	2,996,533
Other liabilities		27,565,544	31,993,416	39,399,557
Total liabilities		1,876,115,117	1,818,256,632	1,966,805,845
EQUITY				
	16.11			
Share capital		71,856,376	71,856,376	71,856,376
Capital reserves		42,702,320	42,702,320	42,702,320
Profit reserves		257,003,667	256,945,591	229,008,079
Own shares		-24,938,709	-24,938,709	-24,938,709
Accumulated other comprehensive income		-42,226,315	-45,872,117	-1,196,597
Retained earnings		201,948,509	203,620,925	225,800,601
Net profit or loss for the period		40,045,582	23,242,176	0
Translation reserve		-3,217,645	-3,261,962	-3,247,203
Equity attributable to owners of the controlling company		543,173,785	524,294,600	539,984,867
Non-controlling interests in equity		436,106	526,986	417,463
Total equity		543,609,891	524,821,586	540,402,330
Total liabilities and equity		2,419,725,008	2,343,078,217	2,507,208,173

* The financial statements for the comparative periods have been restated for the adoption of IFRS 17 and IFRS 9.

		Sava Re		
EUR				
	Note	30 June 2023	31 December 2022 (restated)	1 January 2022 (restated)
ASSETS				
Intangible assets and goodwill		4,420,757	4,068,384	3,194,031
Property, plant and equipment	16.1	2,551,789	2,553,945	2,464,213
Investment property		7,647,168	7,721,693	7,899,693
Right-of-use assets		314,407	320,124	204,879
Investments in subsidiaries		303,360,793	303,360,793	304,554,991
Investments in equity-accounted associates		19,575,000	19,575,000	19,575,000
Deferred tax assets	16.9	7,542,743	8,628,550	6,394,690
Financial investments	16.2	321,083,431	324,430,975	319,625,037
Insurance contract assets	16.4, 16.5, 16.7	3,700,906	3,646,547	3,510,187
Reinsurance contract assets	16.4, 16.6, 16.8	61,708,270	61,706,316	56,368,492
Receivables		1,350,334	0	0
Current income tax assets		0	49,594	0
Cash and cash equivalents	16.10	34,197,509	23,926,029	28,806,817
Other assets		1,050,191	699,783	746,045
Total assets		768,503,298	760,687,733	753,344,075
LIABILITIES				
Subordinated liabilities		76,344,529	74,924,356	74,863,524
Deferred tax liabilities	16.9	4,424,876	4,428,386	2,110,833
Insurance contract liabilities	16.4, 16.5, 16.7	270,613,718	278,850,600	300,532,387
Reinsurance contract liabilities	16.4, 16.6, 16.8	199,870	312,362	710,627
Provisions		378,173	392,640	421,865
Lease liability		316,538	320,490	203,730
Current income tax liabilities		1,418,520	45,414	394,752
Other liabilities		3,442,178	4,345,269	6,106,718
Total liabilities		357,138,402	363,619,517	385,344,436
EQUITY	16.11			
Share capital		71,856,376	71,856,376	71,856,376
Capital reserves		54,239,757	54,239,757	54,239,757
Profit reserves		257,222,058	257,222,058	229,238,622
Own shares		-24,938,709	-24,938,709	-24,938,709
Accumulated other comprehensive income		-13,410,843	-13,925,165	-3,161,285
Retained earnings		27,817,585	17,518,333	40,764,877
Net profit or loss for the period		38,578,671	35,095,566	0
Equity attributable to owners of the controlling company		411,364,896	397,068,216	367,999,639
Total equity		411,364,896	397,068,216	367,999,639
Total liabilities and equity		768,503,298	760,687,733	753,344,075

13.2 Unaudited income statement

EUR	Note	Sava Insurance Group	
		1–6/2023	1–6/2022 (restated)
Insurance revenue	16.12	328,421,271	286,572,634
Insurance service expenses	16.13	-277,476,691	-283,008,641
Insurance service result before reinsurance		50,944,580	3,563,993
Revenue from reinsurance contracts held	16.14	10,742,556	40,202,966
Expenses for reinsurance contracts held	16.14	-13,451,180	-16,560,682
Net result from reinsurance contracts held		-2,708,624	23,642,284
Insurance and reinsurance service result		48,235,956	27,206,277
Profits from investments in equity-accounted associates		1,734,135	896,824
Net income/expenses from investments in subsidiaries		0	994,003
Interest income		9,284,517	7,437,929
Other investment income/expenses		-3,348	-5,181,778
Net investment income/expenses		11,015,304	4,146,978
Net investment income from policies where policyholders bear the investment risk		33,328,715	-61,460,458
Net insurance finance income/expenses		-33,687,494	55,481,532
Net reinsurance finance income/expenses		-535,086	-96,914
Insurance and reinsurance finance result		-34,222,580	55,384,618
Finance result of investments and insurance services		10,121,439	-1,928,862
Other income/expenses		-9,720,907	-10,942,840
Profit or loss before tax		48,636,488	14,334,575
Income tax expense		-8,593,481	-3,223,946
Net profit or loss for the period		40,043,007	11,110,629
Net profit or loss attributable to non-controlling interests		-2,575	51,523
Net profit or loss attributable to owners of the controlling company		40,045,582	11,059,106

EUR	Note	Sava Re	
		1–6/2023	1–6/2022 (restated)
Insurance revenue	16.12	80,173,124	68,375,366
Insurance service expenses	16.13	-61,951,684	-84,652,883
Insurance service result before reinsurance		18,221,440	-16,277,517
Revenue from reinsurance contracts held	16.14	13,698,782	42,957,370
Expenses for reinsurance contracts held	16.14	-14,157,802	-15,310,504
Net result from reinsurance contracts held		-459,020	27,646,866
Insurance and reinsurance service result		17,762,420	11,369,349
Profits from investments in equity-accounted associates		112,595	0
Net income/expenses from investments in subsidiaries		28,823,862	51,282,835
Interest income		1,920,429	1,211,825
Other investment income/expenses		-2,455,447	1,333,443
Net investment income/expenses		28,401,438	53,828,103
Net insurance finance income/expenses		3,318,328	-4,132,951
Net reinsurance finance income/expenses		-600,766	-164,466
Insurance and reinsurance finance result		2,717,562	-4,297,417
Finance result of investments and insurance services		31,119,000	49,530,687
Other income/expenses		-7,764,273	-6,775,187
Profit or loss before tax		41,117,147	54,124,848
Income tax expense		-2,538,477	-785,269
Net profit or loss for the period		38,578,671	53,339,579
Net profit or loss attributable to owners of the controlling company		38,578,671	53,339,579

13.3 Unaudited statement of other comprehensive income

EUR	Sava Insurance Group					
	1-6/2023			1-6/2022 (restated)		
	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	40,045,582	-2,575	40,043,007	11,059,106	51,523	11,110,629
OTHER COMPREHENSIVE INCOME, NET OF TAX	3,628,137	2,033	3,630,170	-25,124,996	-4,702	-25,129,698
a) Items that will not be reclassified subsequently to profit or loss	-196,549	-101	-196,650	-47,832,034	-75	-47,832,109
Net gains/losses on investments in equity instruments at fair value through other comprehensive income	-148,089	0	-148,089	-48,353,390	0	-48,353,390
Other items that will not be reclassified subsequently to profit or loss	-49,019	-101	-49,120	523,487	-75	523,412
Tax on items that will not be reclassified subsequently to profit or loss	559	0	559	-2,131	0	-2,131
b) Items that may be reclassified subsequently to profit or loss	3,824,686	2,134	3,826,820	22,707,038	-4,627	22,702,411
Insurance and reinsurance finance income/expenses	-8,761,397	0	-8,761,397	73,619,189	0	73,619,189
Insurance finance income/expenses	-8,452,019	0	-8,452,019	75,886,345	0	75,886,345
Reinsurance finance income/expenses	-309,378	0	-309,378	-2,267,156	0	-2,267,156
Net gains/losses on remeasurement of investments at fair value through other comprehensive income	13,146,524	2,546	13,149,070	-57,586,521	-4,392	-57,590,913
Gains/losses recognised in accumulated other comprehensive income	13,146,524	2,546	-13,143,978	-57,586,521	-4,392	-57,590,913
Tax on items that may be reclassified subsequently to profit or loss	-538,189	-296	-538,485	6,751,248	460	6,751,708
Net gains or losses from translation of financial statements of non-domestic companies	-22,252	-116	-22,368	-76,878	-695	-77,573
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	43,673,719	-542	43,673,177	-14,065,890	46,821	-14,019,069
Attributable to owners of the controlling company	43,673,719	0	43,673,719	-14,065,890	0	-14,065,890
Attributable to non-controlling interests	0	-542	-542	0	46,821	46,821

EUR	Sava Re	
	1-6/2023	1-6/2022 (restated)
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	38,578,671	53,339,579
OTHER COMPREHENSIVE INCOME, NET OF TAX	514,322	-5,526,317
a) Items that will not be reclassified subsequently to profit or loss	26,702	36,891
Other items that will not be reclassified subsequently to profit or loss	26,702	36,891
b) Items that may be reclassified subsequently to profit or loss	487,620	-5,563,208
Insurance and reinsurance finance income/expenses	-2,072,197	10,016,464
Insurance finance income/expenses	-1,747,153	13,528,976
Reinsurance finance income/expenses	-325,045	-3,512,512
Net gains/losses on remeasurement of investments at fair value through other comprehensive income	2,166,100	-16,884,623
Gains/losses recognised in accumulated other comprehensive income	2,166,100	-16,884,623
Tax on items that may be reclassified subsequently to profit or loss	393,717	1,304,951
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	39,092,992	47,813,263

13.4 Unaudited statement of cash flows

		Sava Insurance Group	
EUR		1-6/2023	1-6/2022 (restated)
A.	Cash flows from operating activities		
a)	Items of the income statement	1,396,837	77,096,826
	Net profit or loss for the period	40,045,582	11,059,106
	Adjustments for:	-38,648,745	66,037,720
	1 Realised gains or losses on the disposal of subsidiaries	0	-994,004
	2 Realised gains or losses on the disposal of property, plant and equipment assets	-31,973	1,880
	3 Gains or losses of equity-accounted subsidiary	-112,595	0
	4 Impairment loss on intangible assets and goodwill	-48,460	521,357
	5 Other financial expenses/income	-48,727,611	61,705,577
	6 Depreciation/amortisation	5,154,710	5,300,308
	7 Income tax expense	7,656,518	1,045,466
	8 Net exchange differences	-2,539,334	-1,542,864
b)	Changes in operating cash flow items	58,083,455	-30,607,357
	1 Change in receivables from insurance contract assets	315,407	6,707,361
	2 Change in receivables from reinsurance contract assets	-503,671	-28,527,479
	3 Change in other receivables and other assets	-4,391,266	204,231
	4 Change in deferred tax assets	2,616,026	-506,419
	6 Change in insurance contract liabilities	61,527,005	-14,317,216
	7 Change in reinsurance contract liabilities	-252,905	-3,838,019
	8 Change in other operating liabilities	1,915,462	16,974,309
	9 Corporate income tax paid	-3,142,603	-7,304,125
c)	Net cash from/used in operating activities (a + b)	59,480,292	46,489,469
B.	Cash flows from investing activities		
a)	Cash receipts from investing activities	210,416,410	198,762,539
	1 Interest received from investing activities	153,019	11,782,472
	2 Cash receipts from dividends and participation in the profit of others	11,312,146	691,408
	4 Proceeds from sale of property, plant and equipment assets	150,598	160,724
	5 Proceeds from disposal of financial investments	198,800,647	186,127,935
	5.1 Proceeds from disposal of subsidiaries and other companies	112,595	1,000,000
	5.2 Other proceeds from disposal of financial investments	198,688,052	185,127,935
b)	Cash disbursements in investing activities	-247,973,916	-177,712,888
	1 Purchase of intangible assets	-1,394,397	-2,808,411
	2 Purchase of property, plant and equipment	-3,716,686	-14,919,138
	3 Purchase of financial investments	-242,862,833	-159,985,339
	3.2 Other disbursements to acquire financial investments	-242,862,833	-159,985,339
c)	Net cash from/used in investing activities (a + b)	-37,557,506	21,049,651
C.	Cash flows from financing activities		
a)	Cash receipts from financing activities	832,807	821,391
	2 Proceeds from borrowing	832,807	821,391
b)	Cash disbursements in financing activities	-25,795,925	-24,234,891
	1 Interest paid	-120,803	-131,580
	3 Repayment of financial liabilities	-788,470	-801,766
	5 Dividends and other profit participations paid	-24,886,652	-23,301,545
c)	Net cash from/used in financing activities (a + b)	-24,963,117	-23,413,500
C2.	Closing balance of cash and cash equivalents	90,395,303	132,919,610
x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	-3,040,331	44,125,620
y)	Opening balance of cash and cash equivalents	93,435,634	88,793,990

		Sava Re	
EUR		1–6/2023	1–6/2022 (restated)
A.	Cash flows from operating activities		
a)	Items of the income statement	6,557,831	4,251,575
	Net profit or loss for the period	38,578,671	53,339,579
	Adjustments for:	-32,020,840	-49,088,004
	1 Realised gains or losses on the disposal of subsidiaries	-112,595	-994,004
	2 Realised gains or losses on the disposal of property, plant and equipment assets	-863	-57,302
	5 Other financial expenses/income	-31,194,997	-48,711,908
	6 Depreciation/amortisation	434,868	347,136
	7 Income tax expense	1,570,560	1,122,769
	8 Net exchange differences	-2,717,812	-794,695
b)	Changes in operating cash flow items	-4,640,398	13,044,677
	1 Change in receivables from insurance contract assets	-666	-23,091,485
	2 Change in receivables from reinsurance contract assets	-54,358	730,766
	3 Change in other receivables and other assets	-68,789	-2,986,432
	4 Change in deferred tax assets	568,346	-437,524
	6 Change in insurance contract liabilities	-1,137,636	5,106,922
	7 Change in reinsurance contract liabilities	-2,876,947	33,728,305
	8 Change in other operating liabilities	-873,007	555,555
	9 Corporate income tax paid	-197,341	-561,430
c)	Net cash from/used in operating activities (a + b)	1,917,433	17,296,253
B.	Cash flows from investing activities		
a)	Cash receipts from investing activities	75,297,381	41,630,588
	1 Interest received from investing activities	1,978,504	1,781,925
	2 Cash receipts from dividends and participation in the profit of others	27,347,525	12,073,871
	4 Proceeds from sale of property, plant and equipment assets	863	57,302
	5 Proceeds from disposal of financial investments	45,970,488	27,717,490
	5.1 Proceeds from disposal of subsidiaries and other companies		1,000,000
	5.2 Other proceeds from disposal of financial investments	45,970,488	26,717,490
b)	Cash disbursements in investing activities	-42,101,649	-36,367,607
	1 Purchase of intangible assets	-524,670	-508,381
	2 Purchase of property, plant and equipment	-138,752	-228,506
	3 Purchase of financial investments	-41,438,227	-35,630,721
	3.2 Other disbursements to acquire financial investments	-41,438,227	-35,630,721
c)	Net cash from/used in investing activities (a + b)	33,195,733	5,262,981
C.	Cash flows from financing activities		
b)	Cash disbursements in financing activities	-24,841,686	-23,306,786
	1 Interest paid	-3,736	-21,157
	3 Repayment of financial liabilities	-41,636	-39,085
	5 Dividends and other profit participations paid	-24,796,314	-23,246,544
c)	Net cash from/used in financing activities (a + b)	-24,841,686	-23,306,786
C2	Closing balance of cash and cash equivalents	34,197,509	28,059,264
x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	10,271,480	-747,553
y)	Opening balance of cash and cash equivalents	23,926,029	28,806,817

13.5 Unaudited statement of changes in equity

Sava Insurance Group 1–6/2023

EUR	I. Share capital	II. Capital reserves	III. Profit reserves						IV. Accumulated other comprehensive income				V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (17 + 18)
			Contingency reserve	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Reserves for credit risk	Catastrophe equalisation reserve	Other	Insurance contracts issued	Reinsurance contracts held	Financial investments	Other provisions							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Closing balance in previous financial year	71,856,376	42,702,320	0	12,150,797	24,938,709	0	11,225,068	208,631,017	71,979,002	-431,102	-119,513,479	2,093,462	205,942,377	20,920,727	-24,938,709	-3,261,962	524,294,603	526,986	524,821,589
Opening balance in the financial period	71,856,376	42,702,320	0	12,150,797	24,938,709	0	11,225,068	208,631,017	71,979,002	-431,102	-119,513,479	2,093,462	205,942,377	20,920,727	-24,938,709	-3,261,962	524,294,603	526,986	524,821,589
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	-6,717,926	-333,647	10,745,840	-48,460	-61,986	40,045,582	0	44,317	43,673,720	-542	43,673,178
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	0	40,045,582	0	0	40,045,582	-2,575	40,043,007
b) Other comprehensive income	0	0	0	0	0	0	0	0	-6,717,926	-333,647	10,745,840	-48,460	-61,986	0	0	44,317	3,628,138	2,033	3,630,171
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	0	0	0	0	-24,796,314	0	0	0	-24,796,314	-90,338	-24,886,652
Allocation of net profit to profit reserve	0	0	0	0	0	0	0	58,076	0	0	0	0	-58,076	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	0	0	0	20,920,727	-20,920,727	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	1,781	0	0	0	1,781	0	1,781
Closing balance in the financial period	71,856,376	42,702,320	0	12,150,797	24,938,709	0	11,225,068	208,689,093	65,261,076	-764,749	-108,767,639	2,045,002	201,948,509	40,045,582	-24,938,709	-3,217,645	543,173,790	436,106	543,609,896

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EUR	I. Share capital	II. Capital reserves	III. Profit reserves						IV. Accumulated other comprehensive income				V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (17 + 18)
			Contingency reserve	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Reserves for credit risk	Catastrophe equalisation reserve	Other	Insurance contracts issued	Reinsurance contracts held	Financial investments	Other reserves							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Closing balance in previous financial year	71,856,376	42,702,320	0	12,150,797	24,938,709	0	11,225,068	180,693,505	0	0	21,246,888	1,300,871	116,166,406	49,623,843	-24,938,709	-3,256,354	503,709,720	367,296	504,077,016
Retrospective adjustments due to transition to IFRS 9	0	0	0	0	0	0	0	0	0	0	-10,083,834	0	11,965,534	0	0	0	1,881,700	0	1,881,700
Retrospective adjustments due to transition to IFRS 17	0	0	0	0	0	0	0	0	-15,373,430	1,712,906	0	0	48,044,819	0	0	9,152	34,393,447	50,167	48,044,819
Opening balance in the financial period	71,856,376	42,702,320	0	12,150,797	24,938,709	0	11,225,068	180,693,505	-15,373,430	1,712,906	11,163,054	1,300,871	176,176,760	49,623,843	-24,938,709	-3,247,202	539,984,867	417,463	540,402,330
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	66,547,209	-1,673,131	-91,413,821	521,356	970,269	11,059,106	0	-67,727	-14,056,739	46,821	-14,009,918
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	0	11,059,106	0	0	11,059,106	51,523	11,110,629
b) Other comprehensive income	0	0	0	0	0	0	0	0	66,547,209	-1,673,131	-91,413,821	521,356	970,269	0	0	-67,727	-25,115,845	-4,702	-25,120,547
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	0	0	0	0	-23,246,544	0	0	0	-23,246,544	-55,001	-23,301,545
Allocation of net profit to profit reserve	0	0	0	0	0	0	0	-45,864	0	0	0	0	45,864	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	0	0	0	49,623,843	-49,623,843	0	0	0	0	0
Closing balance in the financial period	71,856,376	42,702,320	0	12,150,797	24,938,709	0	11,225,068	180,647,641	51,173,779	39,775	-80,250,767	1,822,227	203,570,192	11,059,106	-24,938,709	-3,314,929	502,681,584	409,283	503,090,867

Sava Re 1–6/2023

EUR	I. Share capital	II. Capital reserves	III. Profit reserves						IV. Accumulated other comprehensive income				V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	IX. Equity attributable to owners of the controlling company	Total (15 + 16)
			Contingency reserve	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Reserves for credit risk	Catastrophe equalisation reserve	Other	Insurance contracts issued	Reinsurance contracts held	Financial investments	Other provisions					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Closing balance in previous financial year	71,856,376	54,239,757		14,986,525	24,938,709		10,000,000	207,296,824	7,186,274	-1,152,820	-20,111,066	152,447	17,518,333	35,095,566	-24,938,709	397,068,216	397,068,216
Opening balance in the financial period	71,856,376	54,239,757	0	14,986,525	24,938,709	0	10,000,000	207,296,824	7,186,274	-1,152,820	-20,111,066	152,447	17,518,333	35,095,566	-24,938,709	397,068,216	397,068,216
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	-1,415,194	-263,286	2,166,100	26,702	0	38,578,671	0	39,092,993	39,092,993
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	0	38,578,671	0	38,578,671	38,578,671
b) Other comprehensive income	0	0	0	0	0	0	0	0	-1,415,194	-263,286	2,166,100	26,702	0	0	0	514,322	514,322
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	0	0	0	0	-24,796,314	0	0	-24,796,314	-24,796,314
Transfer of profit	0	0	0	0	0	0	0	0	0	0	0	0	35,095,566	-35,095,566	0	0	0
Closing balance in the financial period	71,856,376	54,239,757	0	14,986,525	24,938,709	0	10,000,000	207,296,824	5,771,080	-1,416,106	-17,944,966	179,149	27,817,585	38,578,671	-24,938,709	411,364,895	411,364,895

Sava Re 1–6/2022

EUR	I. Share capital	II. Capital reserves	III. Profit reserves						IV. Accumulated other comprehensive income				V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	IX. Equity attributable to owners of the controlling company	Total (15 + 16)
			Contingency reserve	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Reserves for credit risk	Catastrophe equalisation reserve	Other	Insurance contracts issued	Reinsurance contracts held	Financial investments	Other provisions					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Closing balance in previous financial year	71,856,376	54,239,757		14,986,525	24,938,709	0	10,000,000	179,313,388	0	0	3,619,684	96,544	10,633,662	26,420,064	-24,938,709	371,166,000	371,166,000
Retrospective adjustments due to transition to IFRS 9	0	0	0	0	0	0	0	0	0	0	-3,270,615	0	4,387,132	0	0	1,116,517	1,116,517
Retrospective adjustments due to transition to IFRS 17	0	0	0	0	0	0	0	0	-6,124,913	2,518,016	0	0	-675,981	0	0	-4,282,878	-4,282,878
Opening balance in the financial period	71,856,376	54,239,757	0	14,986,525	24,938,709	0	10,000,000	179,313,388	-6,124,913	2,518,016	349,069	96,544	14,344,813	26,420,064	-24,938,709	367,999,639	367,999,639
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	10,958,471	-2,845,134	-13,676,545	36,891	0	53,339,579	0	47,813,263	47,813,263
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	0	0	0	0	53,339,579	0	53,339,579	53,339,579
b) Other comprehensive income	0	0	0	0	0	0	0	0	10,958,471	-2,845,134	-13,676,545	36,891	0	0	0	-5,526,317	-5,526,317
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	0	0	0	0	-23,246,544	0	0	-23,246,544	-23,246,544
Transfer of profit	0	0	0	0	0	0	0	0	0	0	0	0	26,420,064	-26,420,064	0	0	0
Closing balance in the financial period	71,856,376	54,239,757	0	14,986,525	24,938,709	0	10,000,000	179,313,388	4,833,558	-327,118	-13,327,476	133,435	17,518,332	53,339,579	-24,938,709	392,566,357	392,566,357

14 Notes to the condensed consolidated financial statements

The selected notes to the interim financial statements are significant to an understanding of the changes in the financial position of the Group at the end of June 2023 compared to year-end 2022 and the performance of the Group in the first half of 2023 compared to the first half of 2022.

The interim financial statements and notes have been prepared in compliance with IAS 34 “Interim Financial Reporting”. In accordance with IAS 34, explanatory notes are provided for events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial report prepared for 2022. The financial statements and notes as at and for the six months to 30 June 2023 have not been audited. The interim financial statements as at 30 June 2023 have been prepared using the same accounting policies and methods of computation as those applied in the 2022 annual financial statements, except as detailed below.

14.1 Impact of the new standards IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”

On 25 June 2020, the International Accounting Standards Board (IASB) issued the final accounting standard for insurance contracts IFRS 17, with the effective date 1 January 2023. The new IFRS 17 accounting standard will replace the existing accounting standard IFRS 4.

At the same time, IFRS 9 “Financial instruments”, which replaces IAS 39, entered into force for the Group and the Company on 1 January 2023. For IFRS 9, the date of the first application was set as 1 January 2018, but the Group and the Company exercised the option to temporarily exempt the implementation of the standard until 1 January 2023.

The Group and the Company have applied IFRS 17 and IFRS 9 for the first time in their interim financial statements as at 1 January 2023 and in the comparative information for 2022. The Group and the Company have not preliminarily adopted any other standard, interpretation or amendment that has been issued but has not yet entered into force.

The adoption of IFRS 17 and IFRS 9 has a significant impact on the consolidated and separate financial statements. The effect of the transition to the new standards is recognised in retained earnings. The adoption of IFRS 17 and IFRS 9 has also led to significant changes in other equity items, notably the accumulated other comprehensive income (the fair value reserve under IAS 39).

The key amendments to IFRS 17 and IFRS 9 are explained in section 15 “Changes in accounting policies”.

The following illustrates the main impact of the adoption of IFRS 9 and IFRS 17 by comparing the restated statement of financial position of the Group and of the Company as at 1 January 2022 with the audited statement of financial position of the Group and of the Company as at 31 December 2021.

Sava Insurance Group			
EUR million	31 December 2021 (published)	1 January 2022 (restated)	Restatement effect
ASSETS			
Intangible assets and goodwill	67.3	62.8	-4.5
Deferred acquisition costs	4.7	0.0	-4.7
Other intangible assets and goodwill	62.6	62.8	0.2
Property, plant and equipment and right of use	63.7	63.7	0.0
Investment property	14.3	14.3	0.0
Investments in equity-accounted associates	20.5	20.5	0.0
Deferred tax assets	5.5	12.4	6.9
Financial investments	1,990.1	1,986.3	-3.8
Investment contract assets	172.8	168.0	-4.8
Insurance and reinsurance contract assets	57.8	78.4	20.6
Receivables	149.6	6.7	-142.9
Receivables arising out of primary insurance business	64.4	0.0	-64.4
Receivables arising out of reinsurance and co-insurance business	71.2	0.0	-71.2
Other receivables	14.0	6.7	-7.3
Current income tax assets	0.3	0.3	0.0
Non-current assets held for sale	0.8	0.8	0.0
Cash and cash equivalents	88.6	88.8	0.2
Other assets	4.4	4.2	-0.2
Deferred acquisition costs	22.6	0.0	-22.6
Total assets	2,658.3	2,507.2	-151.1
LIABILITIES			
Subordinated liabilities	74.9	74.9	0.0
Deferred tax liabilities	11.4	31.0	19.6
Insurance and reinsurance contract liabilities	1,761.7	1,633.5	-128.2
Investment contract liabilities	172.7	167.8	-4.9
Liabilities	52.2	0.5	-51.7
Liabilities from primary insurance business	13.9	0.0	-13.9
Liabilities from reinsurance and co-insurance business	22.8	0.0	-22.8
Other operating and financial liabilities	15.5	0.5	-15.0
Current income tax liabilities	3.0	3.0	0.0
Other liabilities, provisions and lease liabilities	78.3	56.0	-22.3
Total liabilities	2,154.2	1,966.7	-187.5
EQUITY			
Share capital	71.9	71.9	0.0
Capital reserves	42.7	42.7	0.0
Profit reserves	229.0	229.0	0.0
Own shares	-24.9	-24.9	0.0
Accumulated other comprehensive income	22.5	-1.2	-23.7
Retained earnings	116.2	176.2	60.0
Net profit or loss for the period	49.6	49.6	0.0
Translation reserve	-3.3	-3.2	0.1
Equity attributable to owners of the controlling company	503.7	540.0	36.3
Non-controlling interests in equity	0.4	0.4	0.0
Total equity	504.1	540.5	36.4
Total liabilities and equity	2,658.3	2,507.2	-151.1

EUR million	Sava Re		
	31 December 2021 (published)	1 January 2022 (restated)	Restatement effect
ASSETS			
Intangible assets and goodwill	3.2	3.2	0.0
Property, plant and equipment and right of use	2.7	2.7	0.0
Investment property	7.9	7.9	0.0
Investments in equity-accounted associates	304.6	304.6	0.0
Investments in subsidiaries	19.6	19.6	0.0
Deferred tax assets	3.7	6.4	2.7
Financial investments	327.8	319.6	-8.2
Insurance and reinsurance contract assets	48.5	59.9	11.4
Receivables	79.7	0.0	-79.7
Receivables arising out of primary insurance business	74.4	0.0	-74.4
Receivables arising out of reinsurance and co-insurance business	5.1	0.0	-5.1
Other receivables	0.2	0.0	-0.2
Cash and cash equivalents	28.8	28.8	0.0
Other assets	0.7	0.7	0.0
Deferred acquisition costs	4.9	0.0	-4.9
Total assets	832.1	753.4	-78.7
LIABILITIES			
Subordinated liabilities	74.9	74.9	0.0
Deferred tax liabilities	0.1	2.1	2.0
Insurance and reinsurance contract liabilities	331.8	301.2	-30.6
Liabilities	46.2	0.0	-46.2
Liabilities from primary insurance business	39.6	0.0	-39.6
Liabilities from reinsurance and co-insurance business	6.6	0.0	-6.6
Current income tax liabilities	0.4	0.4	0.0
Other liabilities, provisions and lease liabilities	7.6	6.9	-0.7
Total liabilities	461.0	385.5	-75.5
EQUITY			
Share capital	71.9	71.9	0.0
Capital reserves	54.2	54.2	0.0
Profit reserves	229.2	229.2	0.0
Own shares	-24.9	-24.9	0.0
Accumulated other comprehensive income	3.7	-3.2	-6.9
Retained earnings	10.6	14.3	3.7
Net profit or loss for the period	26.4	26.4	0.0
Total equity	371.1	367.9	-3.2
Total liabilities and equity	832.1	753.4	-78.7

Below we describe the most significant changes in the statement of financial position of the Sava Insurance Group:

- The change in the amount of investments is due to the transition to IFRS 17, in particular to the reclassification of deposits from cedants and part of the investment contract assets, and to the change in the valuation model for equity investments.
- There has been a decrease in long-term deferred acquisition costs and insurance and reinsurance receivables and liabilities, which have been reclassified to insurance and reinsurance contract assets.
- Technical provisions have been replaced by the item insurance and reinsurance contract assets. The valuation of insurance and reinsurance contract assets is mainly affected by:
 - the use of the best estimate of assumptions instead of a conservative estimate of assumptions (positive impact);
 - discounting all of the Group's liabilities using a risk-free interest rate plus a liquidity premium (positive effect);
 - recognition of expected future profits for portfolios valued using the BBA and VFA approaches in the CSM (negative effect).

- Deferred taxes are accounted for and calculated based on the afore-mentioned changes.
- The effects of the afore-mentioned changes are reflected in the changes in the Group's equity.

Reclassification of financial investments of the Sava Insurance Group

Sava Insurance Group		Classification of financial investments under IFRS 9	Value under IAS 39 as at 31 December 2021	Reclassification under IFRS 9 as at 1 January 2022	Remeasurement of expected credit losses	IFRS value as at 1 January 2022
EUR	Classification of financial investments under IAS 39					
	Investments in deposits at amortised cost	Investments in deposits at amortised cost	18,411,569	0	-340,256	18,071,313
	Investments in loans, advances at amortised cost	Investments are classified as IFRS 17 investments	276,290	-276,290	0	0
	Investments in loans at amortised cost	Investments in loans at amortised cost	1,548,382	0	-28,669	1,519,714
	Held-to-maturity investments	Investments at amortised cost	40,023,235	2,398,251	-58,956	42,362,530
	Available-for-sale investments (debt)	Investments at fair value through other comprehensive income (debt)	1,233,809,949	0	0	1,233,810,056
	Available-for-sale investments (debt)	Investments at fair value through profit or loss	7,502,545	0	0	7,502,545
	Available-for-sale investments (equity)	Investments at fair value through other comprehensive income options (equity)	21,374,809	0	0	21,374,809
	Available-for-sale investments	Investments at fair value through profit or loss	105,745,253	2,314,906	0	108,060,159
	Additional impact due to model change	Impact of change in model valuation of investments at fair value through profit or loss	0	0	0	1,858,910
	Investments at fair value	Investments at fair value through profit or loss	34,386,073	0	0	34,386,073
	Deposits with cedants	Investments are classified as IFRS 17 investments	9,610,337	-9,610,337	0	0
	Total financial investments		1,472,688,443	-5,173,471	-427,881	1,468,946,108
	Assets held for the benefit of policyholders who bear the investment risk					
	Investments in deposits at amortised cost	Investments in deposits at amortised cost	2,008,600	0	-38,593	1,970,006
	Held-to-maturity investments	Investments at amortised cost	4,078,892	0	-1,551	4,077,341
	Available-for-sale investments	Assets at fair value through other comprehensive income	60,882,191	0	0	60,882,191
	Available-for-sale investments	Investments at fair value through profit or loss	1,977,081	0	0	1,977,081
	Investments at fair value	Investments at fair value through profit or loss	448,493,110	0	0	448,491,870
	Total assets held for the benefit of policyholders who bear the inv. risk		517,439,873	0	-40,144	517,398,488
	Total financial investments		1,990,128,316	-5,173,471	-468,025	1,986,344,596

Reclassification of financial investments of Sava Re

Sava Re		Classification of financial investments under IFRS 9	Value under IAS 39 as at 31 December 2021	Reclassification under IFRS 9 as at 1 January 2022	Remeasurement of expected credit losses	Value under IFRS 9 as at 1 January 2022
EUR	Classification of financial investments under IAS 39					
	Investments in loans at amortised cost	Investments in loans at amortised cost	2,572,974	0	-49,420	2,523,554
	Held-to-maturity investments	Investments at amortised cost	2,816,979	0	-17,001	2,799,977
	Available-for-sale investments	Assets at fair value through other comprehensive income	271,786,710	0	-239,484	271,786,710
	Available-for-sale investments	Investments at fair value through profit or loss	31,714,551	0	0	31,714,551
	Additional impact due to model change	Impact of change in model valuation of investments at fair value through profit or loss	0	0	0	1,517,199
	Investments at fair value	Investments at fair value through profit or loss	9,283,045	0	0	9,283,045
	Deposits with cedants	Investments are classified as IFRS 17 investments	9,610,337	-9,610,337	0	0
	Total financial investments		327,784,596	-9,610,337	-305,905	319,625,037

14.2 Seasonality and cyclicity of interim operations

The operations of the Group are not seasonal in nature. Pursuant to underwriting rules, the Group's insurance companies defer the costs (expenses and income) that, by their nature, may or must be deferred at the year end.

14.3 Nature and amount of unusual items

There were no extraordinary events affecting the Group's assets, liabilities, equity, net profit/loss or cash flows, except for changes in accounting standards. Macroeconomic and geopolitical uncertainties persist. Their impact on the business is presented in sections 2.1 "Macroeconomic environment" and 6 "Risk management".

14.4 Materiality

Equity was used as a basis for determining a materiality threshold for the condensed consolidated financial statements, specifically 2% thereof, which was EUR 10.9 million as at 30 June 2023. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been disaggregated in the interim condensed financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are provided in this report, even if they do not exceed the materiality threshold.

14.5 Issuance, repurchase and repayment of debt and equity securities

The Group issued no new debt or equity securities.

14.6 Key accounting estimates and judgements

The Group has prepared this interim report using the same principles concerning estimates as those applied for its annual report, except for the changes described in section 15 “Changes in accounting policies”.

14.7 Financial statements by operating segment

Operating segments as disclosed and monitored were determined based on the different activities carried out in the Group. Segments were formed through the aggregation of operations of companies that generate revenue and expenses, including revenue and expenses arising from intra-Group transactions, based on similar services provided by companies (features of insurance products, market networks, and the circumstance in which companies operate).

The operating segments are reinsurance (reinsurance business), non-life (non-life insurance business, broken down into EU and non-EU), life (life insurance business, broken down into EU and non-EU), pensions and asset management (pension insurance business in Slovenia and North Macedonia, and fund management) and the “other” segment (assistance services associated with motor, homeowners and health insurance business). The Croatia-based part of Zavarovalnica Sava was transferred from the non-EU geographical segment to the EU segment as from 1 January 2023.

Performance of these segments is monitored based on different indicators, with profit before tax calculated in accordance with IFRSs being a common performance indicator for all segments. The management board monitors segment performance at the level of insurance service results, net investment income and other aggregated performance indicators, as well as total assets and liabilities on a quarterly basis.

Statement of financial position by operating segment (assets)

EUR	Reinsurance		Non-life, EU		Non-life, non-EU		Life, EU		Life, non-EU		Pensions and asset management		Other		Total	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
ASSETS																
Intangible assets and goodwill	4,420,758	4,068,385	16,494,446	16,900,619	9,530,107	9,318,769	3,151,009	2,874,285	180,071	118,787	29,332,606	29,879,226	2,801,919	2,808,946	65,910,916	65,969,017
Property, plant and equipment	2,551,789	2,553,946	40,130,760	40,929,091	13,383,444	12,634,139	5,037,969	4,872,184	1,084,413	1,058,434	254,209	340,235	85,477	47,597	62,528,061	62,435,626
Investment property	7,647,167	7,721,692	11,818,748	11,839,443	3,168,269	3,200,383	33,570	34,241	0	0	0	0	0	0	22,667,754	22,795,759
Right-of-use assets	236,025	248,062	4,141,857	4,551,855	2,265,969	2,256,173	121,376	221,030	21,054	24,397	539,857	121,639	212,333	2,520	7,538,471	7,425,676
Investments in equity-accounted associates	0	0	0	0	0	0	0	0	0	0	0	0	23,286,300	21,856,109	23,286,300	21,856,109
Deferred tax assets	7,542,743	8,628,551	2,693,346	8,516,451	142,777	198,951	6,657,687	12,161,496	1,837	1,837	63,802	58,265	0	0	17,102,192	29,565,551
Financial investments	245,936,031	236,709,532	472,688,173	446,033,123	77,711,186	75,795,560	998,473,251	950,449,045	26,669,514	25,479,258	46,620,471	42,919,899	0	0	1,868,098,626	1,777,386,416
Investment contract assets	0	0	0	0	0	0	0	0	0	0	173,008,606	166,374,119	0	0	173,008,606	166,374,119
Insurance contract assets	3,603,178	3,527,574	3,594,279	3,959,721	55,613	134,737	6,145	13,293	60,703	0	0	0	0	0	7,319,918	7,635,325
Reinsurance contract assets	26,098,197	22,394,120	40,996,198	43,688,654	33,523	56,914	285,104	241,224	0	0	0	0	0	0	67,413,021	66,380,912
Receivables	-257,352	-76,656	5,477,898	5,402,469	2,055,748	4,278,571	-1,042,059	439,681	-729,210	-522,070	1,160,956	965,485	27,841	2,225,026	6,693,822	12,712,506
Current income tax assets	0	49,594	547,499	3,551,197	341,684	342,733	0	0	1,683	1,683	0	0	0	0	890,866	3,945,207
Non-current assets held for sale	0	0	273,610	380,282	160,621	160,636	0	0	0	0	0	450,885	0	0	434,231	991,803
Cash and cash equivalents	26,275,648	13,279,021	32,666,162	39,526,501	4,730,092	4,343,170	19,028,081	26,879,454	3,087,183	1,907,495	3,924,988	7,001,632	683,150	498,361	90,395,303	93,435,634
Other assets	1,050,192	699,783	2,956,554	1,368,195	693,322	615,481	327,135	289,128	63,569	36,029	719,619	596,053	626,530	563,888	6,436,921	4,168,557
Total assets	325,104,375	299,803,604	634,479,530	626,647,600	114,272,355	113,336,216	1,032,079,267	998,475,061	30,440,817	28,105,849	255,625,114	248,707,438	27,723,550	28,002,447	2,419,725,008	2,343,078,217

Statement of financial position by operating segment (liabilities and equity)

EUR	Reinsurance		Non-life, EU		Non-life, non-EU		Life, EU		Life, non-EU		Pensions and asset management		Other		Total	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022	30 June 2023	31 December 2022
LIABILITIES																
Subordinated liabilities	0	0	0	0	0	0	0	0	0	0	0	0	76,344,529	74,924,356	76,344,529	74,924,356
Deferred tax liabilities	5,021,549	5,025,059	1,752,052	7,024,494	183,749	324,284	13,252,970	18,481,380	0	0	2,336,045	2,434,250	0	0	22,546,365	33,289,467
Insurance contract liabilities	170,066,018	175,385,580	424,214,525	405,704,422	61,603,131	57,344,229	862,483,757	819,181,498	16,166,725	14,935,022	22,634,874	20,506,094	0	0	1,557,169,030	1,493,056,845
Reinsurance contract liabilities	104,766	103,997	222,721	79,071	27,889	2,830	277,889	342,728	0	0	0	0	0	0	633,265	528,625
Investment contract liabilities	0	0	0	0	0	0	0	0	0	0	172,845,098	166,197,363	0	0	172,845,098	166,197,363
Provisions	378,173	392,640	5,643,028	5,489,589	244,984	240,037	1,005,264	1,155,805	11,836	11,838	450,473	625,968	57,577	57,577	7,791,335	7,973,454
Lease liability	236,536	246,929	4,330,666	4,738,721	2,353,725	2,283,197	121,376	221,029	28,041	28,682	551,637	131,013	216,581	7,615	7,838,562	7,657,186
Other financial liabilities	1	0	1,698,639	1,675,642	592,239	547,997	-1,698,640	-1,675,648	395	586	55,893	0	0	0	648,527	548,577
Current income tax liabilities	1,418,520	45,414	7,914	248,252	348,697	842,323	579,968	732,302	39,906	26,762	225,117	159,258	112,741	33,033	2,732,863	2,087,344
Other liabilities	-3,273,194	-1,372,042	21,292,209	20,989,578	2,423,804	3,765,592	3,048,700	2,855,699	1,262,045	1,034,139	1,398,247	1,407,141	1,413,733	3,313,309	27,565,544	31,993,416
Total liabilities	173,952,369	179,827,577	459,161,754	445,949,769	67,778,218	65,350,489	879,071,284	841,294,793	17,508,948	16,037,029	200,497,384	191,461,087	78,145,161	78,335,890	1,876,115,118	1,818,256,633
EQUITY																
Equity attributable to owners of the controlling company															543,173,784	524,294,599
Non-controlling interests in equity															436,106	526,986
Total equity															543,609,890	524,821,585
Total liabilities and equity															2,419,725,008	2,343,078,218

Income statement by operating segment

EUR	Reinsurance		Non-life, EU		Non-life, non-EU		Life, EU		Life, non-EU		Pensions and asset management		Other		Total	
	1-6/2023	1-6/2022	1-6/2023	1-6/2022	1-6/2023	1-6/2022	1-6/2023	1-6/2022	1-6/2023	1-6/2022	1-6/2023	1-6/2022	1-6/2023	1-6/2022	1-6/2023	1-6/2022
Insurance revenue	51,398,051	39,909,856	204,673,456	183,297,899	40,303,951	33,524,233	29,326,519	27,661,696	2,516,457	2,057,453	202,837	121,497	0	0	328,421,271	286,572,634
Insurance service expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	46,814,789	35,089,040	170,343,179	198,834,827	38,407,628	28,813,942	19,871,018	18,429,931	1,906,662	1,746,062	-133,415	-94,839	0	0	277,476,691	283,008,641
Insurance service result before reinsurance	4,583,262	4,820,816	34,330,277	-15,536,928	1,896,323	4,710,291	9,455,501	9,231,765	609,795	311,391	69,422	26,658	0	0	50,944,580	3,563,993
Revenue from reinsurance contracts held	7,758,229	4,255,951	6,429,359	38,499,958	-3,705,163	-2,656,175	260,131	103,232	0	0	0	0	0	0	10,742,556	40,202,966
Expenses for reinsurance contracts held	-4,282,963	-2,717,846	-12,341,651	-14,596,872	3,590,515	1,011,978	-417,080	-257,942	0	0	0	0	0	0	-13,451,179	-16,560,682
Net result from reinsurance contracts held	3,475,265	1,538,105	-5,912,291	23,903,086	-114,648	-1,644,197	-156,949	-154,710	0	0	0	0	0	0	-2,708,623	23,642,284
Insurance and reinsurance service result	8,058,527	6,358,921	28,417,986	8,366,158	1,781,675	3,066,094	9,298,552	9,077,055	609,795	311,391	69,422	26,658	0	0	48,235,957	27,206,277
Profits from investments in equity-accounted associates	0	0	0	0	0	0	0	0	0	0	0	0	1,734,135	896,824	1,734,135	896,824
Net income/expenses from investments in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0	994,000	0	994,000
Interest income	1,452,700	866,336	1,646,839	912,688	1,133,018	914,558	4,109,494	4,086,483	460,954	397,627	481,512	260,237	0	0	9,284,517	7,437,929
Other investment income/expenses	-2,864,283	1,785,835	1,864,998	-2,143,282	296,123	11,711	532,759	-3,398,329	12,023	-33,867	155,032	1,403,846	0	0	-3,348	-5,181,778
Net investment income/expenses	-1,411,584	2,652,170	3,511,838	-1,230,594	1,429,141	926,270	4,642,253	688,154	472,977	363,760	636,544	1,143,609	1,734,135	1,890,824	11,015,304	4,146,975
Net investment income from policies where policyholders bear the investment risk	0	0	0	0	0	0	33,328,365	61,460,458	350	0	0	0	0	0	33,328,715	-61,460,458
Net insurance finance income/expenses	3,639,241	-3,476,945	-1,604,459	-636,558	-338,501	-261,333	34,956,934	60,047,462	-119,406	-100,658	-307,435	-90,436	0	0	-33,687,494	55,481,532
Net reinsurance finance income/expenses	-248,098	-225,519	-293,294	131,647	8,008	-2,800	-1,701	-242	0	0	0	0	0	0	-535,086	-96,914
Insurance and reinsurance finance result	3,391,143	-3,702,464	-1,897,753	-504,911	-330,493	-264,133	34,958,635	60,047,220	-119,406	-100,658	-307,435	-90,436	0	0	-34,222,580	55,384,618
Finance result of investments and insurance services	1,979,559	-1,050,293	1,614,084	-1,735,505	1,098,648	662,136	3,011,982	-725,084	353,921	263,102	329,109	1,234,045	1,734,135	1,890,824	10,121,439	-1,928,865
Other income/expenses	-1,836,210	-1,249,107	-6,031,021	-6,532,257	-1,628,710	-1,937,361	-2,606,950	-2,508,967	-206,058	-220,808	3,453,056	2,642,468	-865,014	1,136,809	-9,720,908	-10,942,840
Profit or loss before tax	8,201,876	4,059,524	24,001,048	98,396	1,251,613	1,790,869	9,703,585	5,843,004	757,658	353,685	3,851,587	1,435,081	869,121	754,015	48,636,488	14,334,575
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-8,593,481	-3,223,946
Net profit or loss for the period															40,043,007	11,110,629

15 Changes in accounting policies

15.1 Description of key changes introduced by IFRS 9 “Financial Instruments”

On 1 January 2023, the Group and the Company initially applied IFRS 9 “Financial Instruments”, which replaced IAS 39. Entities started applying the new standard IFRS 9 no later than the beginning of the first financial year, which began on or after 1 January 2018, except for insurance undertakings that qualify for a deferral of IFRS 9 until the financial year beginning on or after 1 January 2023. The reason for the deferral of initial application by insurance companies is the adoption of a new standard for insurance contracts (IFRS 17). The Group and the Company have met the conditions for deferring the first application of IFRS 9 and have exercised the option to temporarily defer the application of the standard until 1 January 2023.

The requirements of this standard represent a significant change from IAS 39 as applied in the prior period and are summarised below.

15.1.1 Classification of financial assets and liabilities

IFRS 9 classifies financial assets into three categories:

- measured at amortised cost (AC),
- measured at fair value through other comprehensive income (FVOCI), and
- measured at fair value through profit or loss (FVTPL).

Financial assets are classified based on the business models under which each financial asset is managed and the contractual cash flows of each financial asset. The classification and measurement of financial assets under IFRS 9 is described in more detail later in this section.

IFRS 9 largely retains the requirements of IAS 39 for the classification of financial liabilities. In the case of liabilities designated for measurement as at fair value through profit or loss, under IAS 39 all changes in fair value were recognised in profit or loss, while under IFRS 9 the change in fair value resulting from a change in the credit risk of the liability is recognised in other comprehensive income and the remaining amount of the change in fair value is recognised in the income statement.

15.1.1.1 Classification of financial assets

In accordance with IFRS 9, the Group and the Company classify financial instruments on the basis of both their business models for managing the financial assets and the contractual cash flow characteristics of their financial asset. On initial recognition, the financial asset is classified into one of the following measurement categories:

- at amortised cost (AC),
- at fair value through other comprehensive income (FVOCI), and
- at fair value through profit or loss (FVTPL).

The business model for managing financial assets reflects the management of a group of financial assets to achieve particular business objectives. The management of such a group of financial assets is based on:

- the nature of the company’s liabilities supported by any investment portfolio;

- how the performance of a business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated.

The business model is determined based on a consideration of the main factors mentioned above that influence the purpose of achieving the asset management objectives.

The following business models are defined:

- a business model whose objective is to hold assets in order to collect contractual cash flows (the hold-to-collect model),
- a business model whose objective is to both collect contractual cash flows and sell financial assets (the hold-to-collect-and-sell model), and
- other business models.

For the purposes of classifying financial assets in terms of their contractual cash flow characteristics (the SPPI test), the principal amount represents the fair value of the financial asset at initial recognition. For the purpose of classifying financial assets in terms of their contractual cash flow characteristics (the SPPI test), interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

A financial asset is measured **at amortised cost (AC)** if both of the following conditions are met:

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

A financial asset is measured **at fair value through other comprehensive income (FVOCI)** if both of the following conditions are met:

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

A financial asset is measured **at fair value through profit or loss (FVTPL)** if:

- it is a debt instrument and does not fall into any of the above measurement categories (AC/FVOCI);
- it is an equity instrument and is not designated for measurement at fair value through other comprehensive income (FVOCI option);
- it eliminates or significantly reduces an “accounting mismatch”;
- it is a derivative.

Debt instruments, such as bonds, are generally classified as FVOCI under IFRS 9 if they pass the SPPI test. New debt investments will primarily be classified as FVOCI if they will pass the SPPI test.

Held-to-maturity financial assets, such as deposits with a maturity of more than three months, debt securities, loans granted and receivables, are classified as at amortised cost in accordance with IFRS 9.

The majority of the equity instruments are classified as at fair value through profit or loss under IFRS 9, while there is an option to designate shares and participations as at fair value through other comprehensive income (FVOCI) under the standard. The Group companies have primarily designated equity instruments as at fair value through profit or loss (FVTPL).

Other types of investments, such as units in collective investment undertakings, ETFs, alternative funds, etc. are designated as measured at fair value through profit or loss (FVTPL) under IFRS 9.

For the majority of the Group's financial assets backing unit-linked life insurance contracts, the Group and the Company make an irrevocable election at initial recognition to designate the financial assets as at fair value through profit or loss because doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch).

This is because despite the provisions of the standard relating to the classification of financial assets, an entity may make an irrevocable election, at initial recognition, to designate a financial asset as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

15.1.1.2 Classification of financial liabilities

In accordance with the standard, the Group and the Company classify all financial liabilities as subsequently measured at amortised cost, except as specified in the standard. In those cases, the financial liabilities are measured at fair value through profit or loss.

On initial recognition, the Group and the Company irrevocably designate investment contracts liabilities as measured at fair value through profit or loss when this results in more relevant information because it eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the related gains and losses on different bases. In accordance with IFRS 9:

- the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income;
- the remaining amount of the change in the fair value of the liability is presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk may create or enlarge an accounting mismatch in profit or loss. In such a case, the entity presents any gains and losses on that liability in profit or loss.

15.1.2 Impairment of financial assets

Compared to IAS 39, which was based on the incurred loss principle, IFRS 9 introduces the expected loss principle. The new impairment model applies to financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income. The new impairment model also takes into account leased assets, while shares and participating interests are not impaired. The accounting policies adopted for impairment of financial assets under IFRS 9 are described in more detail in section 15.1.7. "Impairment".

15.1.3 Transition to IFRS 9

The Group and the Company adopted IFRS 9 on 1 January 2023. The Group and the Company have also prepared comparative financial statements for the 2022 financial year in accordance with IFRS 9. The Group and the Company have applied the classification overlay approach in preparing the 2022 comparatives.

At the date of initial application, the Group and the Company:

- assessed whether a financial asset meets the conditions for classification, considering the business model and contractual cash flow characteristics specified in paragraph 4.1.2(a) or 4.1.2.A.(a) based on the facts and circumstances existing at that date. The resulting classification is applied retrospectively, regardless of the entity's business model in prior reporting periods;
- designated all financial assets that are measured at fair value through profit or loss in accordance with paragraph 4.1.5 of the standard;
- designated investments in equity instruments as measured at fair value through other comprehensive income in accordance with paragraph 5.7.5 of the standard;
- designated financial liabilities as measured at fair value through profit or loss in accordance with paragraph 4.2.2(a) of the standard;
- assessed whether a financial asset is in a low credit risk category.

Such assessment or designation was made on the basis of the facts and circumstances existing at the date of initial application. The Group and the Company applied this classification retrospectively. The effects of the transition to IFRS 9 are discussed in more detail in section 15.1.

15.1.4 Recognition and derecognition

Initial recognition

The Group and the Company recognise a financial asset or a financial liability in their statements of financial position when, and only when, the Group and the Company become party to the contractual provisions of the financial instrument. When the Group and the Company first recognise a financial asset, it is classified and measured in accordance with the standard.

A regular way purchase or sale of a financial asset is recognised and derecognised using trade date accounting.

Derecognition

The Group and the Company derecognise a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition under the standard. On derecognition of a financial asset in its entirety, 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.

The Group and the Company remove a financial liability (or part of a financial liability) from their statements of financial position when, and only when, it is extinguished, i.e. the contractual obligation is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

15.1.5 Reclassification of financial assets and liabilities

When, and only when, the Group and the Company change their business model for managing financial assets, they will reclassify all affected financial assets in accordance with the standard.

The Group and the Company must not reclassify any financial liability.

15.1.6 Measurement of financial assets and liabilities

Except for trade receivables, at initial recognition, the Group and the Company measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the Group and the Company measure a financial asset at:

- amortised cost,
- fair value through other comprehensive income, or
- fair value through profit or loss.

The Group and the Company apply the impairment requirements of the standard to financial assets that are measured at amortised cost and financial assets that are measured at fair value through other comprehensive income.

After initial recognition, the Group and the Company measure a financial liability at:

- amortised cost, or
- fair value through profit or loss.

Amortised cost measurement

Financial assets measured at amortised cost are measured at amortised cost using the effective interest method. They are stated at the principal amount outstanding, plus any unpaid interest and fees, less any impairment. Interest revenue is calculated using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Group and the Company apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition;
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group and the Company apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with the standard and the Group and the Company recalculate the gross carrying amount of the financial asset and recognise a modification gain or loss in profit or loss.

The Group and the Company directly reduce the gross carrying amount of a financial asset when they have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

15.1.7 Impairment

General approach

IFRS 9 introduces the concept of an expected credit loss based on the expected future solvency of the debtor. The Group and the Company must recognise a loss allowance for expected credit losses on a financial asset that is measured at amortised cost or fair value through other comprehensive income, on a lease receivable, a contract asset or a loan commitment and a financial guarantee contract.

The Group and the Company must also apply the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognised in other comprehensive income and must not reduce the carrying amount of the financial asset in the statement of financial position.

Subject to the standard, at each reporting date, the Group and the Company must measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The credit risk of a financial instrument is not considered to have increased significantly since initial recognition if, at the reporting date, the financial instrument is considered to have low credit risk and an investment-grade credit rating. Increased credit risk is associated with instruments that are downgraded by three notches and reclassified from investment grade to speculative grade, or with investments that are reclassified from investment grade to speculative grade.

Under the standard, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group and the Company must measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

At each reporting date, the Group and the Company assess whether the credit risk on a financial instrument has increased significantly since initial recognition. This assessment is made using reasonable and supportable forward-looking information that is readily available without undue cost or effort and that indicates a significant increase in credit risk since initial recognition.

The transition to stage 3 is carried out if one of the following criteria is met:

- at least one of the credit rating agencies assesses that the issue or the issuer is in default (technical default – late payment by the borrower is excluded);
- a delay in the payment of the contractual amount of principal or interest for more than 30 days (unless due to technical difficulties or force majeure), unless the contract or prospectus stipulates otherwise and such delay is not considered as default or significant increase in credit risk or risk of non-payment (payment deferral);
- the delay in payment of the contractual amount for loans is greater than 90 days.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Expected credit losses are determined based on historical data on recoverability, expected macroeconomic trends and certain other factors that indicate the expected solvency of a debtor. The main input parameters for determining credit losses are the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The expected credit loss is the product of the expected probability of default, the expected loss given default and the expected exposure at the time of default.

The expected credit loss also depends on the stage of the asset. In this respect, the standard divides loss allowances and the expected credit loss calculation into three stages:

- Stage 1: for assets for which credit risk has not increased significantly since initial recognition, expected 12-month credit losses are calculated.
- Stage 2: for assets for which credit risk has increased significantly since initial recognition, lifetime expected credit losses are calculated.
- Stage 3: for assets that are credit-impaired or in default, where the lifetime expected credit loss is calculated and considers the appropriate probability of default as well as expected cash flows stemming from proceeds from sale, etc., but at the net carrying amount (the gross carrying amount less any impairment loss).

Assets are classified into stages based on external or internal credit ratings and taking into account the number of days past due. An internal credit rating is calculated based on an internal credit risk model. The credit model is based on the analysis of market data and on the verification and comparison of market data with expected values for each investment. To determine an internal rating, the model uses several analyses: the analysis of probability of default (PD), the analysis of Z-spread, the analysis of hazard rate, the analysis and comparison of option-adjusted spread (OAS), and the analysis of existing credit ratings. For the purposes of calculating the necessary indicators on the basis of which the internal assessment is determined, static data on a certain day are used.

The Company and the Group have obtained the PD parameter from Moody's rating reports, where long-term averages of default rates and transition matrices from initial to final rating over a given period can be obtained. The reports are usually separate for corporate bonds and government bonds, and the data is updated once a year. The underlying data have been adjusted based on expectations for the economic situation, thus achieving the forward-looking approach required by the standard.

The standard provides no guidance on how to determine the loss given default (LGD) or recovery rate (RR), which is why the Group and the Company follow established practice and use data provided by credit rating agencies annually calculated based on historical data. Such reports would usually contain a section on corporate and one on government bonds. Due to ease of access and the comprehensive presentation of default rates in reports, the Group's and the Company's methodology has focused on the credit rating agency Moody's, while comparative information can also be obtained from the reports prepared by S&P Global Ratings.

The EAD parameter represents the expected exposure at default. The Group and the Company have obtained this information from their internal information system.

15.1.8 Gains and losses

Any gain and loss arising from a change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss in the period in which it arises.

Dividends are recognised in profit or loss only when:

- the entity's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the entity; and
- the amount of the dividend can be measured reliably.

At initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of the standard that is neither held for trading nor contingent consideration recognised in other comprehensive income. If an entity makes this election, it recognises in profit or loss dividends from that investment.

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

An entity shall present a gain or loss on a financial liability that is designated as at fair value through profit or loss as follows:

- the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income; and
- the remaining amount of the change in the fair value of the liability is presented in profit or loss unless the treatment of the effects of changes in the liability's credit risk described in (a) would create or enlarge an accounting mismatch in profit or loss.

If the requirements set out in the preceding paragraph create or enlarge an accounting mismatch in profit or loss, an entity shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When a financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest calculated using the effective interest method is recognised in profit or loss.

15.2 Description of key changes introduced by IFRS 17 "Financial Contracts"

In the accompanying financial statements, the Group and the Company have applied for the first time IFRS 17, which replaced IFRS 4 as of 1 January 2023. The Group and the Company have not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

On 25 June 2020, the International Accounting Standards Board (Board) issued the final version of the accounting standard for insurance contracts IFRS 17. When IFRS 17 was finalised, the effective date was deferred by two years, from 1 January 2021 to 1 January 2023. The Board also decided to align the effective date of IFRS 9 with that of IFRS 17 for insurance companies. As a result of the deferral of the effective date of IFRS 17, the beginning of the comparative period has also been deferred by two years,

from 1 January 2020 to 1 January 2022. IFRS 4 allowed the use of local accounting practices for insurance contracts in the consolidated financial statements. With IFRS 17, the Board has introduced, for the first time, common accounting guidance for insurance contracts. The Group and the Company applied IFRS 4 for reporting for the 2022 financial year. For the purpose of preparing the financial statements for the 2023 financial year and the 2022 comparatives, the Group and the Company have applied IFRS 17, taking into account the transitional provision of IFRS 17.C3(a).

IFRS 17 introduces a completely new concept of accounting for insurance contracts, which significantly changes long-standing practice. The standard also fundamentally changes the way in which financial statements are prepared and the information disclosed. In particular for long-term contracts, it significantly changes profit and loss dynamics, also disclosing information on current and expected profitability by main type of (re)insurance contracts and measurement methods.

The main changes in the measurement of insurance and reinsurance contracts under the new standard are as follows:

- the classification of insurance contracts and the aggregation of insurance contracts have been redefined in line with the requirements of IFRS 17, including an update of the product design and underwriting guidelines,
- the introduction of new measurement models:
 - the general measurement model for insurance contracts issued and reinsurance contracts held, based on the prospective method (also the building block approach – BBA),
 - the premium allocation approach, which is primarily designed to measure contracts with a duration of one year or less,
 - the mandatory model for measuring insurance contracts with direct participation features – the variable fee approach,
- the use of current, explicit, unbiased assumptions that reflect the entity's point of view to measure insurance contract liabilities,
- accounting for the time value of money (discounting),
- the introduction of a non-financial risk adjustment to explicitly capture the uncertainty in the cash flows related to the performance of insurance contracts,
- the introduction of a contractual service margin (CSM) for deferred profits on a group of insurance contracts, which are recognised as revenue in accordance with the amount of cover provided by the group of insurance contracts during the period,
- the separate measurement of insurance contracts and reinsurance contracts held by the Group and the Company,
- the elimination of investment components from income and expenses,
- the separate presentation of the insurance service result, which includes only costs directly attributable to insurance contracts,
- the separate presentation of the insurance finance result,
- the introduction of an option to measure insurance liabilities in other comprehensive income, which reduces some of the volatility in insurers' profit or loss from financial risks, while financial assets are measured at amortised cost or fair value through other comprehensive income in accordance with IFRS 9.

The introduction of IFRS 17 has changed the structure of the financial statements. For example, instead of the previous line items of premiums earned, claims incurred and changes in technical provisions, the income statement now includes the items of the insurance service result, which is made up of insurance revenue and insurance service expenses. The result from reinsurance contracts held by the Group or the Company is also reported separately. Finance income and expense from insurance contracts and reinsurance contracts held by the Group or the Company are shown separately from the

insurance or reinsurance service result, as are exchange differences. The statement of financial position has also been changed, as the following asset and liability items replace the previous technical provision items:

- insurance contract assets;
- insurance contract liabilities;
- reinsurance contracts held by the Group or the Company that are assets (reinsurance contract assets); and
- reinsurance contracts held by the Group or the Company that are liabilities (reinsurance contract liabilities).

15.2.1 Transition to IFRS 17

The Group and the Company have assessed the possible transition approaches for each unit of account in accordance with the standard. The full retrospective approach, as required by the standard, has been applied unless it was impracticable for the unit of account. In such cases, the modified retrospective approach or, if impracticable, the fair value approach has been used.

In doing so, the Group and the Company have not disclosed quantitative information about the amount of the adjustment for the current period and for each prior period presented for each line item in the financial statements and the earnings per share reported.

Full retrospective approach

At the transition date of 1 January 2022, the Group and the Company:

- identified, recognised and measured each group of insurance contracts, as if IFRS 17 had always applied;
- derecognised any existing balances that would not exist had IFRS 17 always applied; and
- recognised any resulting net difference in equity.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to the fully retrospective approach; therefore, the Group and the Company have used all reasonable and supportable information available in applying such an approach. Accordingly, in applying this approach, they have used, to the greatest extent possible, the information they would use in applying the fully retrospective approach.

The reasons for applying the modified retrospective approach or the fair value approach are as follows:

- Cash flow data are not available in an appropriate format or at an appropriate level of granularity.
- The information necessary to determine fixed and variable expenses relating to groups of insurance contracts is not available.
- Information on assumptions and estimates as well as changes in assumptions and estimates is not available.
- Data for calculating the risk adjustment for non-financial risk are not available.
- Data on contract profitability expectations and contract-related risks are not available.

Fair value approach

When using the fair value approach, the Group and the Company have, based on the information available at the transition date:

- identified groups of insurance contracts;
- assessed whether an insurance contract meets the definition of an insurance contract with direct participation features; and
- defined discretionary cash flows for insurance contracts without direct participation features.

When using the fair value approach, the Group and the Company have determined the contractual service margin or the loss component of the liability for remaining coverage as the difference between the fair value of the group of insurance contracts and the value of the expected cash flows (including a risk adjustment for non-financial risk) measured at the transition date.

15.2.2 Classification of contracts

A contract is deemed an insurance contract if the issuer accepts significant insurance risk from another party by agreeing to compensate the other party if it is adversely affected by a specified uncertain future event (an insured event). A contract that transfers significant insurance risk from the Group or the Company to a reinsurance company is a reinsurance contract held by the Group or the Company.

Insurance risk is significant if, and only if, an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance (i.e. no discernible effect on the economics of the transaction).

The existence of significant insurance risk is assessed at the individual contract level at the time a contract is entered. Underwriting risk is considered significant, if an insured event results in payments for the Group of at least 5% of the claim payment.

The Group transacts traditional and unit-linked life business, non-life business and reinsurance business, the basic purpose of which is the transfer of underwriting risk. Accordingly, the Group classified all such contracts concluded as insurance contracts.

The Company issues reinsurance contracts. Reinsurance contracts assume the risk arising from the risk of the original insurance contracts and provide for significant additional payments in the event of a reinsured loss, and therefore meet the measurement criteria of IFRS 17.

The Group applies IFRS 17 to:

- insurance contracts issued, including reinsurance contracts issued,
- reinsurance contracts held by the Group, and
- investment contracts with discretionary participation features.

The Company applies IFRS 17 to:

- reinsurance contracts issued, and
- reinsurance contracts held by the Company.

All references in IFRS 17 to insurance contracts issued also apply to reinsurance contracts issued and to insurance contracts acquired by the Group and the Company in a transfer of insurance contracts or a business combination other than reinsurance contracts held by the Group and the Company.

A set or series of insurance contracts with the same or a related counterparty may achieve, or be designed to achieve, a common commercial effect. In order to report the substance of such contracts, it is necessary to treat the set or series of contracts as a whole.

Certain contracts entered into by the Group have the legal form of insurance contracts but do not transfer significant insurance risk. Such contracts are classified as investment contracts and accounted for under IFRS 9.

The Group classifies insurance contracts as either with or without direct participation features. Insurance contracts with direct participation features are contracts that meet the following criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

15.2.3 Separating components from an insurance contract

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. These components include:

- investment components,
- service components,
- embedded derivatives.

An investment component exists if an insurance contract requires the Group or the Company to repay an amount to a policyholder in all circumstances, regardless of whether an insured event occurs.

The Group and the Company separate an investment component from a host insurance contract if, and only if, that investment component is distinct. The Group and the Company apply IFRS 9 to account for a separate investment component unless it is an investment contract with discretionary participation features within the scope of IFRS 17.

An investment component is distinct from a host insurance contract if, and only if, both of the following conditions are met:

- the investment component and the insurance component are not highly interrelated;
- a contract with similar terms and conditions is or could be sold separately in the same market or jurisdiction by the Group or the Company issuing the insurance contract or by third parties. In making this determination, the Company and the Group take into account all information reasonably available in making this determination. The Group and the Company do not need to seek exhaustive information to determine whether an investment component is sold separately.

An investment component and an insurance component are highly interrelated if, and only if:

- the company is unable to measure one component without considering the other. If the value of one component varies with the value of the other, the Group and the Company apply IFRS 17 to account for the combined investment and insurance component; or
- the policyholder is unable to benefit from one component unless the other is also present. If the lapse or maturity of one component in a contract causes the lapse or maturity of the other, the entity shall apply IFRS 17 to account for the combined investment component and insurance component.

The service component refers to the transfer of goods or services that are not insurance-related and, as such, are not dependent on the occurrence of an insured peril (occurrence of a loss).

The Group and the Company have identified an investment component that is not distinct from the host insurance contract in certain traditional life insurance contracts, annuity contracts and unit-linked life insurance contracts and in reinsurance contracts issued and held that are not distinct from the host insurance contract, but have not identified a distinct investment or service component.

15.2.4 Level of aggregation and recognition of insurance and reinsurance contracts

15.2.4.1 Groups of similar risks, profitability and annual cohorts

The Group and the Company identify portfolios of insurance contracts in accordance with IFRS 17. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. If the Group and the Company consider that the legal form of insurance contracts does not reflect their economic substance, homogeneous groups of risks arising from those insurance contracts are considered in the construction of portfolios.

The Group and the Company further subdivide the portfolios into groups based on profitability levels:

- a group of contracts that are onerous upon initial recognition (unprofitable);
- a group of contracts that, on initial recognition, are highly unlikely to become onerous subsequently, if any; and
- a group of the remaining contracts, if any.

The Group further subdivides contracts according to the year in which each contract was issued, as contracts issued more than one year apart cannot be included in the same group of contracts.

The above granulation defines a set of groups of insurance contracts (units of account – UoA) and all IFRS 17 measurements are made at this level.

15.2.4.2 Contract boundaries

Insurance contracts

The Group and the Company include in the measurement of a group of insurance contracts all future cash flows that are within the boundary of each contract in the group. Cash flows are within the contract boundaries of an insurance contract if:

- the contract issuer can compel the policyholder to pay the premiums,
- the contract issuer has a substantive obligation to provide the policyholder with insurance contract services.

Liabilities or assets that are outside the boundary of recognised insurance contracts and relate to future contracts are shown separately in the statement of financial position.

If a contract requires the policyholder to renew or otherwise continue the contract, the Group and the Company assess whether the premiums and related cash flows that arise from the renewed contract are within the boundary of the original contract. When reassessing the contract boundaries, all risks that would be considered when underwriting equivalent contracts at the renewal date for the remaining service are taken into account.

Contract boundaries are reassessed at each balance sheet date and are subject to change.

Reinsurance contracts

When measuring reinsurance contracts, the Group and the Company consider all cash flows within the boundary of the contract. Cash flows are within the contract boundary, if:

- the contract holder can require the reinsurer to provide coverage and other services,
- there is a significant obligation of the contract holder to pay a reinsurance premium to the reinsurer.

The contractual boundary of a reinsurance contract is determined by the date of the option to terminate or renew the contract, which is usually one year, or the agreed date termination of the contract, whereby to determine the term of coverage of a particular reinsurance contract, the coverage of the underlying insurance contracts also needs to be taken into account.

15.2.4.3 Recognition of insurance contracts

Insurance contracts

The Group recognises a group of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

Insurance contracts acquired in a transfer of contracts or in a business combination are recognised on the date of the transaction.

A group of insurance contracts is recognised upon recognition of the first contract that is part of the group. An insurance contract is included in a group of insurance contracts at recognition based on portfolio, annual cohort and profitability.

Reinsurance contracts

The standard provides a slightly modified recognition approach for reinsurance contracts held by the Group or the Company. Such a reinsurance contract is recognised on the earlier of the following dates:

- the beginning of the coverage period of a group of reinsurance contracts held by the Group or the Company;
- the date on which the underlying group of onerous insurance contracts is recognised if, on or before that date, a related reinsurance contract from the group of reinsurance contracts held has been entered into.

Notwithstanding the above, recognition of a reinsurance contract that provides proportional coverage is deferred until the date on which an underlying insurance contract is initially recognised if that date is later than the commencement of the coverage period of the reinsurance contract.

Reinsurance contracts acquired in a transfer of contracts or a business combination are recognised on the date of the transaction.

15.2.4.4 Modification of an insurance contract

If the terms of an insurance contract are modified, for example by agreement between the parties to the contract or by a change in regulation, the Group and the Company derecognise the original contract and recognise the modified contract as a new contract, applying IFRS 17 or other applicable standards if, and only if, any of the conditions specified in the standard are satisfied.

15.2.4.5 Derecognition of an insurance contract

An insurance contract is extinguished:

- when the obligation specified in the insurance contract expires or is discharged or cancelled; or
- the insurance contract has been significantly modified.

The Group and the Company derecognise an insurance contract from within a group of contracts by applying the following requirements in IFRS 17:

- the fulfilment cash flows allocated to the group are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group;
- the contractual service margin of the group is adjusted for the change in fulfilment cash flows described in the first indent; and
- the number of coverage units for expected remaining insurance contract services is adjusted to reflect the coverage units derecognised from the group, and the amount of the contractual service margin recognised in profit or loss in the period is based on that adjusted number.

15.2.4.6 Reinsurance contracts

The Group and the Company classify all reinsurance contracts held as reinsurance contracts in accordance with IFRS 17.

Reinsurance contracts are divided into segments in the same way as insurance contracts, except that a reinsurance contract cannot be unprofitable (in which case there is a net gain or net loss on initial recognition). In identifying groups of reinsurance contracts, the Group and the Company, because of the different characteristics of the individual reinsurance contracts, apply the rule that each reinsurance contract constitutes its own basic unit of account.

15.2.5 Key assumptions in measuring insurance contracts

The following discusses the key assumptions about the future that are sources of uncertainty and significant risks in the measurement of insurance and reinsurance contracts at the reporting date. Their change in subsequent reporting periods may lead to significant adjustments to the amounts of insurance and reinsurance contract assets and liabilities that the Group and the Company report in their financial statements at the reporting date. The Group and the Company have based their assumptions and estimates on the parameters available at the time of preparing the financial statements. However, existing circumstances and assumptions about the future period may change due to changes in the market or circumstances beyond the Group's or the Company's control. Such changes are reflected in the assumptions as they occur. The Group and the Company break down the information for the disclosure of insurance and reinsurance contracts issued separately.

15.2.5.1 Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows,
- an adjustment to reflect the time value of money and financial risks related to the future cash flows, and
- a risk adjustment for non-financial risk.

When estimating future cash flows, the Group and the Company use forecasts based on deterministic forecasting models. For certain groups of contracts, stochastic techniques are also sometimes used to model future cash flows or are used as a supplement. The objective of estimating future cash flows is to determine the expected value, or probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date.

Cash flows within the insurance contract boundary are those that relate directly to the fulfilment of the contract, including cash flows for which the entity has discretion over the amount or timing. The estimated contract boundary, which determines which future cash flows are included in the measurement of the contract, is considered by reference to the substantive rights and obligations arising under the contract.

Cash flows within the contract boundaries of an insurance contract include:

- premiums (including premium adjustments) from a policyholder and any additional cash flows that result from those premiums,
- payments to (or on behalf of) a policyholder, including claims that have already been incurred but have not yet been paid (whether reported or not) and all future claims for which the entity has a substantive obligation,
- payments to (or on behalf of) a policyholder that are contingent on investment returns, to the extent that those options and guarantees are not separate from the insurance contract,
- payments to (or on behalf of) a policyholder resulting from derivatives to the extent that those options and guarantees are not separated from the insurance contract,
- an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs,
- claim handling costs (i.e. the costs that will be incurred in investigating, processing and resolving claims under existing insurance contracts, including legal fees),
- costs incurred by the Group and the Company in providing contractual benefits paid in kind,
- policy administration and maintenance costs, such as costs of premium billing and handling policy changes, including renewal commissions within the contractual boundaries of the contract,
- transaction-based taxes (such as premium taxes, fire service levies, regulatory fees, etc.) that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis,
- payments by the insurer in a fiduciary capacity to meet the tax obligations incurred by the policyholder and related receipts,
- potential cash inflows from recoveries on incurred as well as future claims,
- the cost of investment activity to the extent that such activities are performed to enhance the benefits from insurance coverage for policyholders,
- an allocation of fixed and variable overheads (such as the costs of accounting, human resources, information technology, etc.); such overheads are allocated to groups of contracts using methods that are systematic, rational and consistently applied to all costs that have similar characteristics,
- any other costs charged to the policyholder under the terms of the insurance contract.

Estimates of the future cash flows do not include:

- investment returns;
- cash flows arising under reinsurance contracts – these are taken into account in the valuation of reinsurance contracts;
- cash flows that may arise from future insurance contracts (cash flows outside the boundary of existing contracts);
- costs that cannot be directly attributed to the portfolio of insurance contracts, such as project costs, development costs, training costs, and general marketing costs (such costs are recognised in profit or loss when incurred);
- cash flows arising from abnormal amounts of wasted labour or other resources that are used to fulfil insurance contracts (such costs are recognised in profit or loss when incurred);
- income tax payments and receipts that the Group or the Company does not pay or receive in a fiduciary capacity or that are not specifically chargeable to the policyholder under the terms of the insurance contract;
- internal cash flows between accounts within the Group or the Company if those cash flows do not change the amount that will be paid to the policyholders;
- cash flows arising from components that are separate from the insurance contract and accounted for using other applicable standards.

When estimating future cash flows, the Group and the Company apply certain market and non-market variables or assumptions. Assumptions that cannot be reliably derived from market values are based on current estimates calculated by the Group and the Company and on publicly available resources (e.g. demographic information published by the local statistical bureau). They reflect historical experience and are adjusted where necessary to reflect the experience of the Group and the Company. In estimating future cash flows, the Group and the Company use the following assumptions, as appropriate to the (re)insured portfolio.

Mortality and morbidity rates: Assumptions are generally based on data provided by the local statistical office or on portfolio data and are updated by the Group and the Company based on a statistical review of their experience. Increases in expected mortality and morbidity rates will increase expected claims costs, which will reduce the Group's expected future profits.

Longevity: Assumptions are based on industry standards and national tables, adjusted where necessary to reflect the Group's and the Company's own risk experience. Increases in expected longevity rates will increase expected claims costs, which will reduce the Group's expected future profits.

Lapse rates and surrender rates: Lapses are terminations of insurance contracts due to non-payment of premiums. Surrenders are voluntary terminations of insurance contracts by policyholders. Lapse and surrender assumptions are based on historical experience and vary by product type and contract duration. Increases in lapse and surrender rates early in the life of a policy will generally reduce the Group's profits, but increases thereafter are generally neutral.

Liability for claims: The Group and the Company estimate their liability for claims based on expected loss ratios and historical experience. For claims that have already occurred, all known information from policyholders is considered. Historical patterns are taken into account in determining the expected timing of claims payments. Major deviations in expected claims inflation are also taken into account.

Liability for expenses: The Group and the Company estimate their liability for expenses based on historical experience, business plans and cost allocation methodologies consistent with IFRS 17. Underwriting, contract and claims administration expenses are accounted for separately. Other directly attributable fixed and variable expenses are also allocated accordingly.

15.2.5.2 Risk adjustment for non-financial risk (RA)

The risk adjustment for non-financial risk is the compensation the Group and the Company require for bearing the uncertainty related to the amount and timing of the cash flows that arise from non-financial risk as they fulfil the contractual agreements. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk. The adjustment for non-financial risk reflects the estimated cost at which the Group and the Company could transfer the uncertainty related to non-financial risk to another party.

The Group and the Company assess the risk adjustment for non-financial risk using the confidence level technique (VaR and TVaR) to determine the maximum possible loss at a given confidence interval. The Group and the Company take into account a confidence interval of 75% to 85% for VaR and 40% for TVaR.

Changes in the risk adjustment for non-financial risk are fully reflected in the insurance service result.

15.2.5.3 Contractual service margin (CSM)

The amount of the contractual service margin for a group of insurance contracts is recognised in profit or loss in each period to reflect the insurance contract services provided under the group of insurance contracts during that period. The amount is determined by:

- identifying the coverage units in a group of contracts. The number of coverage units in a group of contracts is the quantity of insurance contract services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage period;
- allocating the contractual service margin at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future;
- recognising in profit or loss the amount allocated to coverage units provided during the period.

For most insurance contracts, the basis for determining the coverage units is the contractually agreed level of benefits, the sum insured, or the insurance or reinsurance premiums earned. For annuities, the basis is the annuity due during the period.

The aggregate units of cover of each group of insurance contracts are reassessed at the end of each reporting period by increasing them for newly recognised contracts and adjusting them for changes in insurance contracts and changes in service expectations within the group of insurance contracts.

15.2.5.4 Expenses

Cash flows within the boundary of a contract also include expenses incurred in fulfilling an insurance contract. Expenses that can be directly attributed to insurance contracts are as follows:

- acquisition expenses directly related to the portfolio or individual contracts,
- claims handling costs (investigating, processing and settling claims),
- contract administration and maintenance costs,
- other general expenses directly attributable to the fulfilment of insurance contracts.

Assumptions about operating expenses reflect expectations about the development of expenses incurred in meeting the obligations under insurance contracts and related activities. Historical experience is used as a reasonable basis for estimating future costs. Estimates are adjusted where necessary for expected inflation and pre-planned costs.

Cash flows within the contract boundary include both fixed and variable administrative expenses that are directly attributable to the fulfilment of insurance contracts. Expenses that cannot be directly allocated to an insurance policy are allocated to groups of insurance contracts using methods that are systematic, rational and consistently applied to all expenses that have similar characteristics. Expenses that are not attributable to, or not strictly necessary for, the fulfilment of insurance contracts are directly recognised in the income statement outside the insurance service result as they are incurred.

15.2.5.5 Discount rates

The Group and the Company adjust their estimates of expected cash flows for the time value of money and the financial risks associated with these cash flows. The Group and the Company apply a bottom-up approach to determine appropriate discount rates. A risk-free interest rate in the form of a risk-free interest rate curve plus a liquidity premium is used to discount the estimated future cash flows. Curves are defined for each currency that is designated as the primary currency of each group of insurance contracts. The curves are determined on the basis of yield data for AAA-rated covered bonds and a multiple of the liquidity premium. The multiple of the liquidity premium is determined by taking into account the liquidity characteristics of the groups of insurance contracts. Cash flows that vary based on the returns on the contractually defined set of assets are discounted using rates that reflect this variability. The cash flow discount curves are determined at each balance sheet date.

15.2.5.6 Investment component

The investment component represents the amounts that will be paid to the policyholder in all circumstances, regardless of whether the insured event occurs or not. The same applies to reinsurance contracts held by the Group and the Company (sliding-scale commission, profit commission, no-claims bonus). An investment component is separated from the insurance contract only if the conditions prescribed in the standard requiring the independence or unbundling of the investment and insurance components are met.

If the investment component and the insurance component are interrelated, the Group and the Company value both components within the scope of IFRS 17 and exclude the effect of the investment component from the insurance revenue and insurance service expenses.

15.2.5.7 Uncertainty in the implementation of accounting policies

In the process of implementing the requirements of the standard, the Group's and the Company's management is required to make accounting estimates and judgements that can have a significant effect on the reported amounts of insurance and reinsurance contract assets and liabilities. Areas where management's use of estimates and judgements is particularly important include:

- assessing significant insurance risk,
- assessing the existence of a non-insurance component and an investment component,
- determining the contract boundary,
- aggregating insurance contracts into portfolios with similar risk and assessing the profitability of contracts in determining the basic unit of account,
- dividing costs into attributable and non-attributable,
- assessing the appropriateness of using the premium allocation approach (PAA),
- assessing the appropriateness of using the variable fee approach (VFA),
- determining the level in the calculation of the adjustment for non-financial risk (RA),
- determining the basis for the allocation of coverage units.

15.2.6 Measurement of insurance and reinsurance contracts

15.2.6.1 Determination of the calculation method for each basic unit of account

The basic method of measuring insurance and reinsurance contracts under IFRS 17 is the general measurement model (GMM) or building block approach (BBA). The standard also permits the use of a simplified measurement approach in some cases – the premium allocation approach (PAA). The standard requires the mandatory use of the variable fee approach (VFA) in the case of a group of insurance contracts with direct participation features and when the application criteria specified in the standard are met. For reinsurance contracts, the modified general measurement model or the premium allocation approach is used if the conditions in the standard are met and the variable fee approach cannot be used. The Group uses all of the above approaches to value insurance and reinsurance contracts, whereas the Company uses the general model and, to a lesser extent, the premium allocation approach.

15.2.6.2 Measurement – insurance and reinsurance contracts measured using the building block approach (BBA)

15.2.6.2.1 Initial measurement of an insurance contract

On initial recognition, the Group and the Company measure a group of insurance contracts at the total of:

- fulfilment cash flows, which comprise:
 - estimates of future cash flows,
 - an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows,
 - a risk adjustment for non-financial risk (RA),
- the contractual service margin (CSM).

The fulfilment cash flows represent an explicit, unbiased and probability-weighted estimate of future cash flows adjusted for changes in the time value of money and associated financial risks. They include cash flows attributable to the fulfilment of existing insurance contracts, as well as expectations regarding the future behaviour of the contract holders.

In accordance with the standard, estimates of expected cash flows are adjusted for the time value of money and the financial risk associated with these cash flows. The Group and the Company apply a bottom-up approach to determine appropriate discount rates. The Group and the Company use a risk-free interest rate curve plus a liquidity premium to discount future cash flows.

The risk adjustment for non-financial risk is for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk when the Group and the Company fulfil insurance contracts. It measures the compensation that the Group and the Company would require to make them indifferent between:

- fulfilling a liability that has a range of possible outcomes arising from non-financial risk; and
- fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts.

Changes in the risk adjustment for non-financial risk are fully reflected in the insurance service result.

The contractual service margin (CSM) represents the unearned profit arising from insurance contracts that the Group and the Company will recognise as they provide insurance services under these contracts in the future. The contractual service margin is recognised when the net present value of future cash flows is positive (inflows are expected to exceed outflows). It is determined as the excess

of cash inflows over cash outflows, less an adjustment for non-financial risk. A contractual service margin is established to prevent the recognition of a gain before it is realised. It is released over the life of the insurance contract.

In the event of a transfer of insurance contracts or a business combination, the consideration received or paid is included in the calculation as a proxy for the premiums received on initial recognition of the contracts.

For identified future losses arising out of insurance contracts, when the net present value of future cash flows is negative (more outflows than inflows are expected), the loss is recognised in the current period. In the case of an onerous (unprofitable) group of contracts, the loss component is included in the liability for remaining coverage.

15.2.6.2.2 Subsequent measurement of an insurance contract

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

- the liability for remaining coverage comprising:
 - the fulfilment cash flows relating to future services allocated to a group of insurance contracts at that date;
 - the contractual service margin of a group of insurance contracts at that date; and
- the liability for incurred claims, which includes fulfilment cash flows in respect of past services allocated to a group of insurance contracts at that date.

In calculating the assets/liabilities under insurance contracts at the balance sheet date, the Group and the Company apply current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in these components affect the following items:

Assumption – change	Impact
Changes related to future service	Change in CSM
Changes related to current or past service	Change in the insurance service result for the financial year
The effects of the time value of money, financial risk and changes thereof on estimated future cash flows	Change in finance income or expense and change in other comprehensive income

After initial recognition, the contractual service margin is remeasured at each balance sheet date, separately for each group of insurance contracts.

For insurance contracts without direct participation features, the carrying amount of the contractual service margin of a group of contracts on measurement at the reporting date equals the carrying amount at the start of the reporting period adjusted for:

- the effect of any new contracts added to the group of insurance contracts;
- interest accreted on the carrying amount of the contractual service margin during the reporting period;
- the changes in fulfilment cash flows relating to future service measured using discount rates at the time of recognition of the group of contracts, except to the extent that:
 - such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, resulting in a loss; or
 - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage;
- the effect of any currency exchange differences on the contractual service margin; and

- the amount recognised as insurance revenue due to the transfer of insurance contract services during the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period.

The changes in fulfilment cash flows relating to future service consist of:

- adjustments arising from premiums received in the period relating to future service, and related cash flows, such as insurance acquisition cash flows and premium-based taxes,
- changes in estimates of the present value of the future cash flows in the liability for remaining coverage (experience and assumptions),
- differences between the investment component expected to become payable during the period and the investment component that actually becomes payable in the period,
- differences between the policyholder loan expected to become repayable in the period and the policyholder loan that actually becomes repayable during the period, and
- changes in the risk adjustment for non-financial risk that relate to future service.

The terms of some insurance contracts without direct participation features give the Group discretion over the cash flows to be paid to policyholders. In such a case, the change in discretionary cash flows is considered to relate to future services and the contractual service margin is adjusted accordingly.

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognised insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. Such contracts are placed in groups of insurance contracts separate from other insurance contracts. The Group and the Company may identify the group of onerous contracts by measuring a set of contracts rather than individual contracts. In the event of an onerous contract, the Group and the Company recognise a loss in profit or loss equal to the amount of the net outflow for the group of onerous contracts, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the contractual service margin of the group being zero.

A group of insurance contracts may also become onerous after initial recognition / subsequent measurement if the change in cash flows attributable to future coverage (plus an adjustment for non-financial risk) exceeds the value of the contractual service margin, resulting in the establishment of a loss component (LC). Again, this loss is recognised in the income statement.

The Group and the Company establish (or increase) a loss component of the liability for remaining coverage for an onerous group that represents the losses recognised in accordance with the preceding paragraphs. The loss component determines the amounts that are recognised in profit or loss as reversals of losses on onerous groups and are therefore excluded from the determination of insurance revenue.

The loss component for the remaining coverage is part of the liability for future coverage, and any release of the fulfilment cash flows from the LRC in relation to claims, expenses, any adjustment for non-financial risk and finance expenses or income is allocated between the loss component of the liability for remaining coverage and the LRC without the loss component in a systematic way.

The LC is reduced to zero if the change in cash flows relating to future coverage (plus any adjustment for non-financial risk) exceeds the value of the LC, resulting in the creation of a CSM, or when the coverage period of a group of insurance contracts has expired.

The liability for incurred claims represents the expected cash flows for claims and the related expenses that have been incurred but not yet paid. The liability for incurred claims includes incurred but not yet reported (IBNR) claims and reported but not yet settled (RBNS) claims.

15.2.6.2.3 Reinsurance contracts

The valuation methods for reinsurance contracts held by the Group and the Company (referred to in this section as reinsurance contracts) are the same as for insurance contracts, using consistent assumptions in the valuation of insurance and reinsurance contracts covering those insurance contracts, to the extent possible. In this case, the future cash flows in the valuation of reinsurance contracts are increased by a cash flow representing the effect of the reinsurer default risk, including the effects of collateral and litigation losses.

The risk adjustment for non-financial risk for reinsurance contracts represents the amount of risk being transferred from the insurer to the reinsurer.

Also, in the valuation of reinsurance contracts, the unearned profit represented by the contractual service margin is replaced by the net gain or loss on the purchase of reinsurance. The Group measures the net gain/loss on the initial recognition of reinsurance contracts at:

- the fulfilment cash flows;
- the amount derecognised at that date of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts;
- any cash flows arising from reinsurance contracts in a group of reinsurance contracts at that date;
- income recognised in the income statement as a result of the recognition of the reinsurance loss-recovery (LR) component of the asset for remaining coverage which mitigates the creation of a loss component for the liability for remaining coverage on the gross part.

If the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the group of reinsurance contracts, the Group and the Company recognise this cost immediately as an expense in profit or loss.

The contractual service margin at the end of each reporting period for a group of reinsurance contracts is determined as the contractual service margin at the beginning of the reporting period, adjusted for:

- the effect of any new reinsurance contracts added to the group of reinsurance contracts,
- accrued interest on the amount of the CSM,
- income recognised in the income statement as a result of the recognition of the reinsurance loss-recovery (LR) component of the asset for remaining coverage,
- any reversals of the loss-recovery component to the extent that those reversals are not part of the change in fulfilment cash flows of a group of reinsurance contracts,
- changes in fulfilment cash flows for the remaining coverage, unless the change relates to a change in cash flows that does not change the CSM of the insurance contracts or, in the case of the PAA approach on direct business, affects the creation of a loss component of the liability for remaining coverage,
- the effect of foreign exchange differences on the CSM,
- the amount recognised in profit or loss because of services received in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period of the group of reinsurance contracts.

Changes in fulfilment cash flows resulting from changes in the reinsurer's default risk are unrelated to future service and consequently do not adjust the CSM.

The Group and the Company adjust the contractual service margin of a group of reinsurance contracts and, consequently, recognise revenue when they recognise an onerous group of insurance contracts underlying the reinsurance contracts or when they add onerous insurance contracts underlying the reinsurance contracts to the group (this is the so-called loss-recovery component of an asset for

remaining coverage of a group of reinsurance contracts). This adjustment is made only if the reinsurance contract has already been written at the time the loss component of the liability for remaining coverage on the onerous insurance contracts is recognised.

The amount of this adjustment is equal to the product of the recognised loss on the gross business and the share of the claims covered by that reinsurance contract on the insurance contracts from which that loss arises.

The Group and the Company establish (or adjust) a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts depicting the recovery of losses recognised in accordance with the above paragraphs. The loss-recovery component determines the amounts that are recognised in profit or loss as reversals of recoveries of losses from reinsurance contracts and are consequently excluded from the premiums paid to the reinsurer.

The loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The carrying amount of the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts.

The PAA approach may also be used to measure reinsurance contracts if:

- the Company reasonably expects that such simplification would result in a measurement of the liability for remaining coverage for the group of reinsurance contracts that is not materially different from the measurement under the BBA approach; or
- the coverage period of each contract in the group of reinsurance contracts is one year or less.

The criterion in the first bullet point above is not met if, at the inception of a group of reinsurance contracts, the Group and the Company expect significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred.

If the PAA approach is used, the carrying amount of the asset is adjusted for the remaining coverage in the event that a loss recovery component is created.

15.2.6.3 Measurement – insurance contracts with direct participation features (VFA)

Insurance contracts with direct participation features are insurance contracts that, in addition to providing insurance cover, also provide the policyholder with investment services provided by the Group. Under IFRS 17, insurance contracts with direct participation features are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee that the Group will deduct from the amount referred to in the preceding indent in exchange for the future service provided by the insurance contract, comprising:
 - the amount of the Group's share of the fair value of the underlying items; less
 - fulfilment cash flows that do not vary based on the returns on the underlying items.

For insurance contracts with direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted by the amounts set out below. The Group is not required to determine these adjustments separately, but may determine an aggregate amount for some or all of the adjustments.

The adjustments are:

- the effect of any new contracts added to the group of insurance contracts;

- the change in the amount of the entity's share of the fair value of the underlying items, except to the extent that:
 - the risk mitigation provision applies;
 - the decrease in the amount of the Group's share of the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss; or
 - the increase in the amount of the entity's share of the fair value of the underlying items reverses the amount referred to in the previous paragraph;
- the changes in the fulfilment cash flows relating to future service, except to the extent that:
 - the risk mitigation provision applies;
 - such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, resulting in a loss; or
 - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage;
- the effect of any currency exchange differences arising on the contractual service margin; and
- the amount recognised as insurance revenue because of the transfer of insurance contract services in the period.

15.2.6.4 Measurement – insurance contracts measured using the premium allocation approach (PAA)

The Group and the Company use the premium allocation approach to measure a particular segment of insurance contracts when the coverage period of a group of contracts is less than 12 months or the simplification is expected to be a reasonable approximation of the measurement results under the building block approach.

The criterion in the preceding paragraph is not met if, at the inception of a group of insurance contracts, significant variability is expected in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period until a claim is incurred.

On recognition, the Group and the Company measure the liability for remaining coverage using the following approach:

- Upon initial recognition, the carrying amount of the liability is:
 - the premiums, if any, received at initial recognition;
 - minus any insurance acquisition cash flows at that date, unless the entity elects to recognise the payments as an expense; and
 - plus or minus any amount arising from the derecognition of assets or liabilities at that date.
- The carrying amount of the liability at the end of each subsequent reporting period is the carrying amount at the beginning of the reporting period:
 - plus the premiums received during the period;
 - minus any insurance acquisition cash flows;
 - plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period;
 - plus any adjustment to a financing component;
 - minus the amount recognised as insurance revenue for providing coverage during that period; and
 - minus any investment component paid or transferred to the liability for claims incurred.

The liability for incurred claims represents the expected cash flows for claims and the related expenses that have been incurred but not yet paid. The liability for incurred claims includes incurred but not yet

reported (IBNR) claims and reported but not yet settled (RBNS) claims. Even when the liability for remaining coverage is measured using the PAA approach, the liabilities for claims incurred are valued using the general approach – building block approach (BBA) – and the future cash flows are adjusted for the time value of money and the effect of financial risk.

If, at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, to the extent that the fulfilment cash flows exceed the carrying amount, the Group and the Company recognise a loss in profit or loss and increase the liability for remaining coverage. Under IFRS 17, the adjustment for the time value of money and the effect of financial risk may be ignored if, at initial recognition, the period between the premium due date and the provision of insurance services is expected to be no more than one year.

The Group and the Company use consistent assumptions for measuring reinsurance contracts held as for recognising and measuring insurance contracts issued.

15.2.7 Presentation of insurance and reinsurance contracts

15.2.7.1 (Re)insurance contract assets and liabilities

The Group and the Company present separately in the statement of financial position the carrying amount of portfolios of:

- insurance contracts issued that are assets (the net present value of future cash flows is negative);
- insurance contracts issued that are liabilities (the net present value of future cash flows is positive);
- reinsurance contracts held that are assets (the net present value of future cash flows is positive);
- reinsurance contracts held that are liabilities (the net present value of future cash flows is negative).

15.2.7.2 Insurance revenue and insurance service expenses

The Group and the Company disaggregate the amounts recognised in the income statement and the statement of other comprehensive income (OCI) into:

- the insurance service result, which consists of insurance revenue and insurance service expenses; and
- insurance finance income or expenses.

The Group and the Company present the results of insurance and reinsurance contracts separately.

Insurance revenue comprises the provision of services arising from a group of insurance contracts, specifically for an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for the services provided. Insurance service expenses comprise incurred claims, expenses and other expenses related to insurance services. Neither insurance revenue nor insurance service expenses include an investment component.

The amount of insurance revenue for each group of insurance contracts is equal to the premiums paid, adjusted for a financing effect and excluding any investment components. The allocation of insurance revenue by period is determined by the amount of insurance services provided during the reporting period, which includes:

- the expected insurance service expenses for each reporting period, net of any adjustment for non-financial risk and amounts allocated to the loss component of the liability for remaining coverage;
- the risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage;
- the contractual service margin;
- amounts related to income tax that are specifically chargeable to the policyholder;
- amounts related to acquisition costs.

When the Group and the Company provide insurance services during a period, they reduce the liability for the remaining coverage and recognise insurance revenue during the period. The reduction in the liability for remaining coverage does not include changes that are not related to the provision of insurance services, such as:

- changes resulting from cash inflows from premiums received;
- changes relating to investment components during the period;
- amounts relating to transaction-based taxes collected on behalf of third parties;
- insurance finance income and expenses;
- acquisition costs;
- derecognition of liabilities transferred to a third party;
- changes in the loss component of the liability for remaining coverage.

To the extent that the Group and the Company derecognise an asset for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of insurance contracts, they recognise insurance revenue and insurance service expenses for the amount derecognised at that date.

Consequently, insurance revenue for the period can also be analysed as the sum total of the changes in the liability for remaining coverage during the period that relates to services for which the Group and the Company expect to receive consideration. Those changes are:

- insurance service expenses incurred during the period (measured at the amounts expected at the beginning of the period), excluding:
 - amounts allocated to the loss component of the liability for remaining coverage;
 - repayment of investment components;
 - amounts relating to transaction-based taxes collected on behalf of third parties (such as premium taxes, value added taxes and goods and services taxes);
 - policy acquisition expenses; and
 - the amount related to the risk adjustment for non-financial risk;
- the change in the risk adjustment for non-financial risk, excluding:
 - changes included in insurance finance income or expenses;
 - changes that adjust the contractual service margin because they relate to future service; and
 - amounts allocated to the loss component of the liability for remaining coverage;
- the amount of the contractual service margin recognised in profit or loss;
- other amounts, if any, for example, experience adjustments for premium receipts other than those that relate to future service.

The Group and the Company have determined insurance revenue related to insurance acquisition cash flows by allocating the portion of the premiums that relate to recovering those cash flows to each reporting period in a systematic way on the basis of the passage of time. The Company and the Group have recognised the same amount as insurance service expenses.

If the PAA approach is used to value liabilities for future coverage, the insurance revenue is equal to the amount of the expected premiums, excluding any investment component relating to the reporting

period. Premiums are recognised evenly over the period of the cover, except for insurance contracts where the amount of insurance cover changes during the period of cover (decrease in the amount of insurance cover for credit insurance, increase in the amount of insurance cover for construction and erection insurance and reinsurance contracts).

15.2.7.3 Insurance and reinsurance finance result

Finance income and expenses arising from insurance and reinsurance contracts comprise the change in the carrying amount of a group of contracts resulting from the effect of the time value of money. The standard permits a portion of this change to be recognised in finance income and expenses in profit or loss and a portion to be recognised in other comprehensive income. The Group and the Company have used the above option to split the effect of financial assumptions between profit or loss and other comprehensive income, which is expected to reduce accounting mismatches and contribute to lower volatility in profit or loss.

16 Notes to the financial statements

16.1 Property, plant and equipment

Movement in cost and accumulated depreciation / impairment losses of property, plant and equipment assets

Sava Insurance Group						
EUR						
	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2022	5,216,520	63,859,517	27,035,610	521,439	57,768	96,690,854
Additions	0	1,828	630,328	3,648	1,936,908	2,572,712
Transfer to use	0	813	740,065	0	-740,878	0
Disposals	0	0	-1,117,951	-83	-29,643	-1,147,677
Impairment	0	0	-1,069	0	0	-1,069
Exchange differences	0	-3,143	-993	-14	-2	-4,152
30 June 2023	5,216,520	63,859,015	27,285,990	524,990	1,224,153	98,110,668
Accumulated depreciation and impairment losses						
31 December 2022	0	14,956,675	19,106,449	192,104	0	34,255,228
Additions	0	884,553	1,533,680	5,279	0	2,423,512
Disposals	0	0	-1,029,052	-63,875	0	-1,092,927
Impairment	0	0	-1,072	0	0	-1,072
Exchange differences	0	-1,221	-913	0	0	-2,134
30 June 2023	0	15,840,007	19,609,092	133,507	0	35,582,606
Carrying amount as at 31 December 2022	5,216,520	48,902,842	7,929,161	329,335	57,768	62,435,626
Carrying amount as at 30 June 2023	5,216,520	48,019,008	7,676,898	391,483	1,224,152	62,528,061

Sava Insurance Group						
EUR						
	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2021	5,578,483	56,069,050	25,704,990	589,920	9,460,484	97,402,927
Additions	0	106,390	1,316,012	213,018	13,217,555	14,852,975
Reclassification	-112,267	-8,195,699	-442,409	-15,945	0	-8,766,320
Transfer to use	433,464	19,171,538	3,015,267	0	-22,620,269	0
Disposals	-676,883	-3,289,830	-2,558,369	-265,669	0	-6,790,751
Reductions – subsidiaries – disposal	-5,376	0	0	0	0	-5,376
Exchange differences	-901	-1,932	119	115	-2	-2,601
31 December 2022	5,216,520	63,859,517	27,035,610	521,439	57,768	96,690,854
Accumulated depreciation and impairment losses						
31 December 2021	0	22,100,341	18,779,149	186,263	0	41,065,753
Additions	0	1,010,884	3,054,865	34,560	0	4,100,309
Reclassification	0	-7,537,181	-495,875	-16,081	0	-8,049,137
Disposals	0	-616,422	-2,232,056	-12,641	0	-2,861,119
Exchange differences	0	-947	366	3	0	-578
31 December 2022	0	14,956,675	19,106,449	192,104	0	34,255,228
Carrying amount as at 31 December 2021	5,578,483	33,968,709	6,925,841	403,657	9,460,484	56,337,174
Carrying amount as at 31 December 2022	5,216,520	48,902,842	7,929,161	329,335	57,768	62,435,626

Sava Re						
EUR						
	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2022	151,374	2,449,708	1,538,294	274,192	0	4,413,567
Additions	0	0	112,589	0	0	112,589
Disposals	0	0	-17,349	0	0	-17,349
30 June 2023	151,374	2,449,708	1,633,533	274,192	0	4,508,807
Accumulated depreciation and impairment losses						
31 December 2022	0	823,916	992,620	43,084	0	1,859,621
Additions	0	16,656	92,306	5,144	0	114,105
Disposals	0	0	-16,709	0	0	-16,709
30 June 2023	0	840,572	1,068,218	48,227	0	1,957,017
Carrying amount as at 31 December 2022	151,374	1,625,792	545,673	231,108	0	2,553,945
Carrying amount as at 30 June 2023	151,374	1,609,136	565,316	225,965	0	2,551,789

Sava Re						
EUR						
	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2021	151,374	2,417,758	1,492,148	314,358	10,554	4,386,191
Additions	0	0	366,711	207,242	31,880	605,833
Reclassification	0	31,950	1,360	0	0	33,310
Transfer to use	0	0	42,434	0	-42,434	0
Disposals	0	0	-364,359	-247,408	0	-611,767
31 December 2022	151,374	2,449,708	1,538,294	274,192	0	4,413,567
Accumulated depreciation and impairment losses						
31 December 2021	0	787,358	1,086,069	48,551	0	1,921,979
Additions	0	33,150	185,554	7,174	0	225,878
Reclassification	0	3,408	1,128	0	0	4,536
Disposals	0	0	-280,131	-12,641	0	-292,772
31 December 2022	0	823,916	992,620	43,084	0	1,859,621
Carrying amount as at 31 December 2021	151,374	1,630,400	406,078	265,807	10,554	2,464,213
Carrying amount as at 31 December 2022	151,374	1,625,792	545,673	231,108	0	2,553,945

16.2 Financial investments

As at 30 June 2023, financial investments totalled EUR 1,868.1 million, up by EUR 90.7 million from year-end 2022. Compared to the end of the previous year, investments measured at amortised cost decreased, whereas investments measured at fair value through profit or loss and those measured at fair value through other comprehensive income increased.

Sava Insurance Group				
EUR				
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
30 June 2023				
Debt instruments	71,648,171	18,429,036	1,175,739,628	1,265,816,835
Deposits and CDs	24,148,342	0	0	24,148,342
Government bonds	33,926,120	692,439	738,766,330	773,384,890
Corporate bonds	12,717,115	17,736,596	436,973,298	467,427,009
Loans granted	856,593	0	0	856,593
Equity instruments	0	514,835,490	15,553,165	530,388,655
Shares	0	9,031,391	15,553,165	24,584,556
Mutual funds	0	505,804,099	0	505,804,099
Investments in infrastructure funds	0	56,498,631	0	56,498,631
Investments in real-estate funds	0	15,394,505	0	15,394,505
Total	71,648,171	605,157,661	1,191,292,793	1,868,098,626

Sava Insurance Group				
EUR				
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
31 December 2022				
Debt instruments	72,424,991	20,729,027	1,133,731,859	1,226,885,877
Deposits and CDs	18,653,094	0	0	18,653,094
Government bonds	36,883,915	683,614	727,742,238	765,309,768
Corporate bonds	15,691,913	20,045,412	405,989,621	441,726,946
Loans granted	1,196,069	0	0	1,196,069
Equity instruments	0	465,219,424	14,927,677	480,147,101
Shares	0	9,956,245	14,927,677	24,883,922
Mutual funds	0	455,263,179	0	455,263,179
Investments in infrastructure funds	0	53,856,376	0	53,856,376
Investments in real-estate funds	0	16,497,061	0	16,497,061
Total	72,424,991	556,301,887	1,148,659,537	1,777,386,415

Sava Re				
EUR				
	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
30 June 2023				
Debt instruments	4,583,216	4,012,796	276,935,709	285,531,720
Deposits and CDs	985,519	0	0	985,519
Government bonds	2,023,749	0	202,397,494	204,421,243
Corporate bonds	0	4,012,796	74,538,215	78,551,011
Loans granted	1,573,947	0	0	1,573,947
Equity instruments	0	10,422,791	0	10,422,791
Shares	0	6,167,588	0	6,167,588
Mutual funds	0	4,255,203	0	4,255,203
Investments in infrastructure funds	0	20,836,081	0	20,836,081
Investments in real-estate funds	0	4,292,841	0	4,292,841
Total	4,583,216	39,564,509	276,935,709	321,083,433

Sava Re					
EUR	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total	
31 December 2022					
Debt instruments		3,871,965	5,276,003	280,840,335	289,988,303
Government bonds		2,075,272	0	212,123,409	214,198,680
Corporate bonds		0	5,276,003	68,716,927	73,992,930
Loans granted		1,796,693	0	0	1,796,693
Equity instruments		0	11,014,588	0	11,014,588
Shares		0	7,080,606	0	7,080,606
Mutual funds		0	3,933,982	0	3,933,982
Investments in infrastructure funds		0	18,843,871	0	18,843,871
Investments in real-estate funds		0	4,584,214	0	4,584,214
Total		3,871,965	39,718,676	280,840,335	324,430,976

16.2.1 Movement in expected credit losses (ECL)

The impact of the transition to IFRS 9 on the Group is reflected in the creation of an allowance for expected credit losses (ECL) of EUR 2.1 million. The change in expected credit losses in the first half of 2023 reduced the initial value by EUR 0.2 million.

The Group and the Company have no investments classified as stage 3 at 30 June 2023, and there have been no transfers between stages for investments exposed to credit risk.

The “other changes” item in the table reflects the change in expected credit losses on existing investments.

In 2023, the Sava Insurance Group did not record any reclassifications between stages.

Sava Insurance Group (EUR)			
Gross value of invested assets exposed to credit risk	Stage 1	Stage 2	Total gross value
Closing balance in previous financial year	1,202,233,247	4,183,697	1,206,416,944
New acquisitions of financial assets	188,122,624	0	188,122,624
Financial assets derecognised	-153,601,909	-2,000,000	-155,601,909
Other changes	8,449,158	494,461	8,943,619
Balance as at 30 June 2023*	1,245,203,120	2,678,157	1,247,881,277

* The opening and closing gross invested assets take into account the investments for which the ECL is calculated.

Sava Insurance Group (EUR)			
Movement in expected credit losses (ECL)	Stage 1	Stage 2	Total
Closing balance in previous financial year	-1,517,816	-604,683	-2,122,499
Resulting from new acquisitions of financial assets	-335,258	0	-335,258
Eliminated on sale or maturity of financial assets	428,775	19,036	447,811
Other changes	28,700	105,450	134,150
Balance as at 30 June 2023	-1,395,599	-480,197	-1,875,796

Sava Re (EUR)			
Gross value of invested assets exposed to credit risk	Stage 1	Stage 2	Total gross value
Closing balance in previous financial year	283,353,365	1,402,758	284,756,123
New acquisitions of financial assets	40,027,711	0	40,027,711
Financial assets derecognised	-41,842,557	-1,000,000	-42,842,557
Other changes	-590,650	221,845	-368,806
Balance as at 30 June 2023*	280,947,869	624,602	281,572,471

* The opening and closing gross invested assets take into account the investments for which the ECL is calculated.

Sava Re (EUR)			
Movement in expected credit losses (ECL)	Stage 1	Stage 2	Total
Closing balance in previous financial year	-103,893	-180,023	-283,916
Resulting from new acquisitions of financial assets	-26,439	0	-26,439
Eliminated on sale or maturity of financial assets	8,812	0	8,812
Other changes	14,934	44,281	59,215
Balance as at 30 June 2023	-106,586	-135,743	-242,329

Fair values of investments

Sava Insurance Group		Fair value					Difference between FV and CA
EUR		Carrying amount	Level 1	Level 2	Level 3	Total fair value	
30 June 2023							
Investments measured at fair value		1,796,450,455	1,606,029,504	114,596,328	75,824,623	1,796,450,455	0
Investments measured at fair value through profit or loss		605,157,661	515,879,953	17,138,780	72,138,928	605,157,661	0
Held for trading		4,430,519	2,836,811	0	1,593,707	4,430,519	0
Debt instruments		2,443,310	2,443,310	0	0	2,443,310	0
Equity instruments		1,987,208	393,501	0	1,593,707	1,987,208	0
Designated to this category		600,727,143	513,043,142	17,138,780	70,545,221	600,727,143	0
Debt instruments		15,985,725	3,134,074	12,851,651	0	15,985,725	0
Equity instruments		514,441,989	509,909,068	4,287,129	245,792	514,441,989	0
Investments in infrastructure funds		56,498,631	0	0	56,498,631	56,498,631	0
Investments in real-estate funds		13,800,798	0	0	13,800,798	13,800,798	0
Investments measured at fair value through other comprehensive income		1,191,292,793	1,090,149,550	97,457,548	3,685,695	1,191,292,794	0
Debt instruments		1,175,739,628	1,074,596,385	97,457,548	3,685,695	1,175,739,628	0
Equity instruments		15,553,165	15,553,165	0	0	15,553,165	0
Investments not measured at fair value		71,648,171	38,582,221	6,432,362	25,470,875	70,485,458	-1,162,713
Investments measured at amortised cost		71,648,171	38,582,221	6,432,362	25,470,875	70,485,458	-1,162,713
Debt instruments		46,643,235	38,582,221	6,432,362	0	45,014,583	-1,628,652
Deposits and CDs		24,148,342	0	0	24,563,058	24,563,058	414,716
Loans granted		856,593	0	0	907,817	907,817	51,223
Total investments		1,868,098,626	1,644,611,725	121,028,690	101,295,498	1,866,935,913	-1,162,713

Sava Insurance Group		Fair value					Difference between FV and CA
EUR		Carrying amount	Level 1	Level 2	Level 3	Total fair value	
31 December 2022							
Investments measured at fair value		1,704,961,424	1,499,565,267	128,966,060	76,430,098	1,704,961,424	0
Investments measured at fair value through profit or loss		556,301,887	466,417,396	14,311,964	75,572,527	556,301,887	0
Held for trading		6,304,838	4,508,138	0	1,796,699	6,304,838	0
Debt instruments		3,307,353	3,307,353	0	0	3,307,353	0
Equity instruments		2,997,484	1,200,785	0	1,796,699	2,997,484	0
Designated to this category		549,997,050	461,909,258	14,311,964	73,775,828	549,997,050	0
Debt instruments		17,421,673	2,282,919	13,825,029	1,313,725	17,421,673	0
Equity instruments		464,018,639	459,626,339	486,935	3,905,365	464,018,639	0
Investments in infrastructure funds		53,856,376	0	0	53,856,376	53,856,376	0
Investments in real-estate funds		14,700,362	0	0	14,700,362	14,700,362	0
Investments measured at fair value through other comprehensive income		1,148,659,537	1,033,147,870	114,654,096	857,570	1,148,659,537	0
Debt instruments		1,133,731,859	1,018,220,193	114,654,096	857,570	1,133,731,859	0
Equity instruments		14,927,677	14,927,677	0	0	14,927,677	0
Investments not measured at fair value		72,424,991	41,965,728	918,046	26,042,550	68,926,324	-3,498,667
Investments measured at amortised cost		72,424,991	41,965,728	918,046	26,042,550	68,926,324	-3,498,667
Debt instruments		52,575,828	41,965,728	918,046	5,732,820	48,616,594	-3,959,233
Deposits and CDs		18,653,094	0	0	19,076,121	19,076,121	423,027
Loans granted		1,196,069	0	0	1,233,609	1,233,609	37,539
Total investments		1,777,386,415	1,541,530,994	129,884,106	102,472,648	1,773,887,748	-3,498,667

Sava Re		Fair value					Difference between FV and CA
EUR		Carrying amount	Level 1	Level 2	Level 3	Total fair value	
30 June 2023							
Investments measured at fair value		316,500,217	259,599,542	28,086,059	28,814,617	316,500,218	0
Investments measured at fair value through profit or loss		39,564,509	7,402,875	7,032,712	25,128,921	39,564,509	0
Designated to this category		39,564,509	7,402,875	7,032,712	25,128,921	39,564,509	0
Debt instruments		4,012,796	0	4,012,796	0	4,012,796	0
Equity instruments		10,422,791	7,402,875	3,019,916	0	10,422,791	0
Investments in infrastructure funds		20,836,081	0	0	20,836,081	20,836,081	0
Investments in real-estate funds		4,292,841	0	0	4,292,841	4,292,841	0
Investments measured at fair value through other comprehensive income		276,935,709	252,196,667	21,053,347	3,685,695	276,935,709	0
Debt instruments		276,935,709	252,196,667	21,053,347	3,685,695	276,935,709	0
Investments not measured at fair value		4,583,216	2,120,945	0	2,612,884	4,733,829	150,613
Investments measured at amortised cost		4,583,216	2,120,945	0	2,612,884	4,733,829	150,613
Debt instruments		2,023,749	2,120,945	0	0	2,120,945	97,196
Deposits and CDs		985,519	0	0	1,006,028	1,006,028	20,508
Loans granted		1,573,947	0	0	1,606,856	1,606,856	32,909
Total investments		321,083,433	261,720,487	28,086,059	31,427,500	321,234,046	150,614

Sava Re		Fair value					Difference between FV and CA
EUR		Carrying amount	Level 1	Level 2	Level 3	Total fair value	
31 December 2022							
Investments measured at fair value		320,559,011	259,193,643	36,200,275	25,165,094	320,559,012	0
Investments measured at fair value through profit or loss		39,718,676	8,030,558	6,946,308	24,741,810	39,718,676	0
Designated to FVTPL		39,718,676	8,030,558	6,946,308	24,741,810	39,718,676	0
Debt instruments		5,276,003	0	3,962,278	1,313,725	5,276,003	0
Equity instruments		11,014,588	8,030,558	2,984,030	0	11,014,588	0
Investments in infrastructure funds		18,843,871	0	0	18,843,871	18,843,871	0
Investments in real-estate funds		4,584,214	0	0	4,584,214	4,584,214	0
Investments measured at fair value through other comprehensive income		280,840,335	251,163,085	29,253,967	423,283	280,840,335	0
Debt instruments		280,840,335	251,163,085	29,253,967	423,283	280,840,335	0
AC – investments not measured at fair value		3,871,965	2,216,867	0	1,840,393	4,057,260	185,295
Investments measured at amortised cost		3,871,965	2,216,867	0	1,840,393	4,057,260	185,295
Debt instruments		2,075,272	2,216,867	0	0	2,216,867	141,595
Loans granted		1,796,693	0	0	1,840,393	1,840,393	43,700
Total investments		324,430,976	261,410,510	36,200,275	27,005,487	324,616,271	185,295

Movements in level 3 financial assets measured at fair value

Sava Insurance Group		Equity instruments		Investments in infrastructure funds		Investments in real-estate funds	
EUR		Debt instruments	Equity instruments	Investments in infrastructure funds	Investments in real-estate funds		
		30 June 2023	30 June 2023	30 June 2023	30 June 2023		
Opening balance		2,173,537	3,905,365	53,856,376	16,497,061		
Exchange differences		0	0	0	0		
Additions		0	0	2,547,238	0		
Disposals		0	0	-776,207	0		
Maturity		-1,313,725	0	0	0		
Revaluation to fair value		0	-1,485,639	871,224	-1,102,556		
Reclassification into other levels		-859,812	-2,173,933	0	0		
Reclassification into level		3,685,695	0	0	0		
Closing balance		3,685,695	245,793	56,498,631	15,394,505		
Income		64,600	0	1,281,334	141,292		
Expenses		-3,304	0	0	0		
Unrealised gains/losses		0	0	650,624	-1,102,556		

Sava Re			
EUR	Debt instruments	Investments in infrastructure funds	Investments in real-estate funds
	30 June 2023	30 June 2023	30 June 2023
Opening balance	1,737,009	18,843,871	4,584,214
Additions	0	2,019,966	0
Disposals	0	-286,720	0
Maturity	-1,313,725	0	0
Revaluation to fair value	0	258,963	-291,373
Reclassification into other levels	-423,283	0	0
Reclassification into level	3,685,695	0	0
Closing balance	3,685,695	20,836,081	4,292,841
Income	64,600	567,558	41,893
Unrealised gains/losses	-3,304	394,276	-291,373

Reclassification of assets and financial liabilities between levels

Sava Insurance Group				
EUR	30 June 2023	Level 1	Level 2	Level 3
Investments measured at fair value through profit or loss		566,418	3,145,078	-3,711,496
Debt securities designated to this category reclassified from level 2 into level 1		566,418	-566,418	0
Equity securities designated to this category reclassified from level 2 into level 3		0	3,711,496	-3,711,496
Investments measured at fair value through other comprehensive income		2,994,671	-2,115,504	-879,166
Debt instruments		2,994,671	-2,115,504	-879,166
Reclassification from level 1 into level 2		-5,686,137	5,686,138	0
Reclassification from level 2 into level 1		8,680,809	-8,680,809	0
Reclassification from level 2 into level 3		0	442,637	-442,637
Reclassification from level 3 into level 2		0	436,529	-436,529
Total		3,561,089	1,029,573	-4,590,662

Sava Re			
EUR			
30 June 2023	Level 1	Level 2	Level 3
Investments measured at fair value through profit or loss	0	3,019,916	-3,019,916
Designated to this category	0	3,019,916	-3,019,916
Equity instruments	0	3,019,916	-3,019,916
Reclassification from level 3 into level 2	0	3,019,916	-3,019,916
Investments measured at fair value through other comprehensive income	247,859	194,778	-442,637
Debt instruments	247,859	194,778	-442,637
Reclassification from level 1 into level 2	-7,940,254	7,940,254	0
Reclassification from level 2 into level 1	8,188,114	-8,188,114	0
Reclassification from level 3 into level 2	0	442,637	-442,637
Total	247,859	3,214,694	-3,462,554

16.3 Investment contract assets and liabilities

Investment contract assets and liabilities relate to the management of pension funds at the subsidiary Sava Pokojninska. The Group held EUR 173.0 million (2022: 166.4 million) of investment contract assets and EUR 172.8 million (2022: EUR 166.2 million) of investment contract liabilities. Its investment contracts include a group of life cycle funds called MOJI Skladi Življenjskega Cikla (MY life-cycle funds), relating to supplementary pension business of the company Sava Pokojninska in the accumulation phase.

Liabilities in the balance sheet of the long-term liability fund of the voluntary supplementary pension insurance are mostly long term. These are liabilities relating to the voluntary supplementary pension life liability fund for premiums paid, guaranteed return and the return in excess of guaranteed return (provisions).

EUR 30 June 2023	Measured at amortised cost	Measured at fair value through profit or loss			Total
		Non-derivative		Derivatives	
		Held for trading	Designated to this category		
Debt instruments	92,466,186	0	36,321,627	0	128,787,813
Government bonds	47,438,806	0	7,258,735	0	54,697,540
Corporate bonds	45,027,380	0	29,062,893	0	74,090,273
Equity instruments	0	0	32,542,391	0	32,542,391
Shares	0	0	5,010,921	0	5,010,921
Mutual funds	0	0	27,531,470	0	27,531,470
Investment property	0	0	593,000	0	593,000
Investments in infrastructure funds	0	0	1,904,775	0	1,904,775
Investments in real-estate funds	0	0	3,404,541	0	3,404,541
Cash and cash equivalents	5,736,516	0	0	0	5,736,516
Receivables	39,571	0	0	0	39,571
Total	98,242,272	0	74,766,334	0	173,008,606

EUR 31 December 2022	Measured at amortised cost	Measured at fair value through profit or loss			Total
		Non-derivative		Derivatives	
		Held for trading	Designated to this category		
Debt instruments	83,197,007	0	33,412,414	0	116,609,421
Government bonds	45,647,022	0	10,009,135	0	55,656,158
Corporate bonds	37,549,985	0	23,403,279	0	60,953,264
Equity instruments	0	0	26,634,985	0	26,634,985
Shares	0	0	4,344,918	0	4,344,918
Mutual funds	0	0	22,290,067	0	22,290,067
Investment property	0	0	593,000	0	593,000
Investments in infrastructure funds	0	0	1,992,155	0	1,992,155
Investments in real-estate funds	0	0	3,869,404	0	3,869,404
Cash and cash equivalents	12,644,210	0	0	0	12,644,210
Receivables	4,030,944	0	0	0	4,030,944
Total	99,872,161	0	66,501,958	0	166,374,119

EUR 30 June 2023	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	74,766,334	65,003,206	3,576,614	6,186,514	74,766,334	0
Investments measured at fair value through profit or loss	74,766,334	65,003,206	3,576,614	6,186,514	74,766,334	0
Designated to this category	74,766,334	65,003,206	3,576,614	6,186,514	74,766,334	0
Debt instruments	36,321,627	32,745,013	3,576,614	0	36,321,627	0
Equity instruments	32,542,391	32,258,193	0	284,198	32,542,391	0
Investment property	593,000	0	0	593,000	593,000	0
Investments in infrastructure funds	1,904,775	0	0	1,904,775	1,904,775	0
Investments in real-estate funds	3,404,541	0	0	3,404,541	3,404,541	0
Investments not measured at fair value	98,242,272	81,262,505	11,327,121	0	92,589,626	-5,652,646
Investments measured at amortised cost	98,242,272	81,262,505	11,327,121	0	92,589,626	-5,652,646
Debt instruments	92,466,186	81,262,505	5,551,034	0	86,813,539	-5,652,646
Deposits and CDs	0	0	0	0	0	0
Receivables and cash and cash equivalents	5,776,086	0	5,776,086	0	5,776,086	0

EUR	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
31 December 2022						
Investments measured at fair value	66,501,958	55,824,819	4,222,580	6,454,559	66,501,958	0
Investments measured at fair value through profit or loss	66,501,958	55,824,819	4,222,580	6,454,559	66,501,958	0
Designated to this category	66,501,958	55,824,819	4,222,580	6,454,559	66,501,958	0
Debt instruments	33,412,414	29,189,834	4,222,580	0	33,412,414	0
Equity instruments	26,634,985	26,634,985	0	0	26,634,985	0
Investment property	593,000	0	0	593,000	593,000	0
Investments in infrastructure funds	1,992,155	0	0	1,992,155	1,992,155	0
Investments in real-estate funds	3,869,404	0	0	3,869,404	3,869,404	0
Investments not measured at fair value	99,872,161	72,269,907	20,722,380	0	92,992,287	-6,879,874
Investments measured at amortised cost	99,872,161	72,269,907	20,722,380	0	92,992,287	-6,879,874
Debt instruments	83,197,007	72,269,907	4,047,226	0	76,317,133	-6,879,874
Receivables and cash and cash equivalents	16,675,154		16,675,154	0	16,675,154	0

EUR	Debt instruments	Equity instruments	Investments in infrastructure funds	Investments in real-estate funds
	30 June 2023	30 June 2023	30 June 2023	30 June 2023
Opening balance	0	0	1,992,155	3,869,404
Disposals	0	0	-84,207	0
Revaluation to fair value	0	0	-3,173	-464,863
Closing balance	0	0	1,904,775	3,404,541
Income	0	0	42,867	36,066
Unrealised gains/losses	0	0	-3,641	-464,863

16.4 Insurance and reinsurance contract assets and insurance and reinsurance contract liabilities

Sava Insurance Group as at 30 June 2023

EUR	Insurance contract assets	Insurance contract liabilities	Net insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-6,761,003	1,078,830,427	1,072,069,424
Insurance contracts measured using the PAA	-558,917	478,338,599	477,779,682
Total insurance contracts	-7,319,921	1,557,169,029	1,549,849,111

EUR	Reinsurance contract assets	Reinsurance contract liabilities	Net reinsurance contract assets/liabilities
Reinsurance contracts not measured using the PAA	-66,374,348	633,189	-65,741,159
Reinsurance contracts measured using the PAA	-1,038,671	74	-1,038,597
Total reinsurance contracts	-67,413,021	633,265	-66,779,756

Sava Insurance Group as at 30 June 2022

EUR	Insurance contract assets	Insurance contract liabilities	Net insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-7,842,184	1,057,745,128	1,049,902,944
Insurance contracts measured using the PAA	-208,712	479,750,463	479,541,751
Total insurance contracts	-8,050,896	1,537,495,591	1,529,444,695

EUR	Reinsurance contract assets	Reinsurance contract liabilities	Net reinsurance contract assets/liabilities
Reinsurance contracts not measured using the PAA	-92,244,087	750,750	-91,493,337
Reinsurance contracts measured using the PAA	-1,103,603	55,948	-1,047,655
Total reinsurance contracts	-93,347,690	806,698	-92,540,992

Sava Re as at 30 June 2023

EUR	Insurance contract assets	Insurance contract liabilities	Net insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-3,696,025	254,144,215	250,448,189
Insurance contracts measured using the PAA	-4,880	16,469,504	16,464,624
Total insurance contracts	-3,700,906	270,613,718	266,912,813

	Reinsurance contract assets	Reinsurance contract liabilities	Net reinsurance contract assets/liabilities
Reinsurance contracts not measured using the PAA	-61,708,270	199,870	-61,508,400
Total reinsurance contracts	-61,708,270	199,870	-61,508,400

Sava Re as at 30 June 2022

EUR	Insurance contract assets	Insurance contract liabilities	Net insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-2,734,841	295,321,918	292,587,077
Insurance contracts measured using the PAA	-44,579	14,778,799	14,734,219
Total insurance contracts	-2,779,420	310,100,716	307,321,296

EUR	Reinsurance contract assets	Reinsurance contract liabilities	Net reinsurance contract assets/liabilities
Reinsurance contracts not measured using the PAA	-87,921,738	133,630	-87,788,108
Total reinsurance contracts	-87,921,738	133,630	-87,788,108

16.5 Movement in liabilities for remaining coverage (LRC) and liabilities for incurred claims (LIC) – insurance contracts issued

Sava Insurance Group as at 30 June 2023

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC			Total LIC	Total
			Total LRC	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA			
	Excluding loss component	Loss component			Present value of future cash flows	Adjustment for non-financial risk		
Assets	-12,185,246	84,498	-12,100,748	4,575,799	-110,376	0	4,465,423	-7,635,325
Liabilities	911,094,679	12,738,055	923,832,734	232,367,492	297,028,045	39,828,575	569,224,112	1,493,056,846
Opening balance – net assets/liabilities	898,909,433	12,822,553	911,731,986	236,943,291	296,917,669	39,828,575	573,689,535	1,485,421,521
Changes in the statement of profit or loss and other comprehensive income								
Insurance contract revenue, of which	-328,421,272	0	-328,421,272	0	0	0	0	-328,421,272
Contracts under the modified retrospective approach	-16,942,550	0	-16,942,550	0	0	0	0	-16,942,550
Contracts under the fair value approach	-1,017,657	0	-1,017,657	0	0	0	0	-1,017,657
Other contracts	-310,461,065	0	-310,461,065	0	0	0	0	-310,461,065
Insurance service expenses								
Incurred claims (excluding investment components) and other incurred insurance service expenses	0	-3,005,207	-3,005,207	70,399,311	192,230,113	9,354,521	271,983,945	268,978,738
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	0	0	0	-8,620,913	-23,892,576	-12,734,500	-45,247,989	-45,247,989
Incurred claims and benefits	0	-3,005,207	-3,005,207	61,778,398	168,337,537	-3,379,979	226,735,956	223,730,749
Amortisation of insurance acquisition cash flows	45,949,719	0	45,949,719	0	0	0	0	45,949,719
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	0	7,806,809	7,806,809	0	0	0	0	7,806,809
Insurance service operating expenses	45,949,719	7,806,809	53,756,528	0	0	0	0	53,756,528
Total insurance service expenses	45,949,719	4,801,602	50,751,321	61,778,398	168,337,537	-3,379,979	226,735,956	277,487,277
Investment components excluded from insurance revenue and insurance service expenses	-57,650,399	0	-57,650,399	57,650,401	0	0	57,650,401	0
Insurance service result	-340,121,952	4,801,602	-335,320,350	119,428,799	168,337,537	-3,379,979	284,386,357	-50,933,993
Net insurance finance income/expenses	39,994,569	68,906	40,063,475	4,279,166	3,394,455	441,749	8,115,370	48,178,845
Effect of movement in exchange rates	2,331,111	-45,162	2,285,949	-8,362,318	30,305	6,778	-8,325,235	-6,039,286
Transaction exchange rate differences	-6,299	-236	-6,535	-166	-9,133	-1,212	-10,511	-17,046
Total changes in the statement of profit or loss and other comprehensive income	-297,802,571	4,825,110	-292,977,461	115,345,481	171,753,164	-2,932,664	284,165,981	-8,811,480
Cash flows								
Premiums received for insurance contracts issued	418,941,792	0	418,941,792	0	0	0	0	418,941,792
Claims and insurance service expenses paid	0	0	0	-117,238,690	-174,709,985	0	-291,948,675	-291,948,675
Insurance acquisition cash flows	-53,754,048	0	-53,754,048	0	0	0	0	-53,754,048
Total cash flows	365,187,744	0	365,187,744	-117,238,690	-174,709,985	0	-291,948,675	73,239,069
Assets	-12,654,024	121,372	-12,532,652	4,620,210	525,015	67,508	5,212,733	-7,319,919
Liabilities	978,948,630	17,526,291	996,474,921	230,429,872	293,435,833	36,828,403	560,694,108	1,557,169,029
Closing balance – net assets/liabilities	966,294,606	17,647,663	983,942,269	235,050,082	293,960,848	36,895,911	565,906,841	1,549,849,110

Sava Insurance Group as at 30 June 2022

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC			Total LIC	Total
			Total LRC	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA			
	Excluding loss component	Loss component			Present value of future cash flows	Adjustment for non-financial risk		
Assets	-26,207,005	8,797	-26,198,208	11,578,021	-142,497	4,425	11,439,949	-14,758,259
Liabilities	1,050,080,313	8,795,946	1,058,876,259	232,482,185	302,680,522	38,397,632	573,560,339	1,632,436,598
Opening balance – net assets/liabilities	1,023,873,308	8,804,743	1,032,678,051	244,060,206	302,538,025	38,402,057	585,000,288	1,617,678,339
Changes in the statement of profit or loss and other comprehensive income								
Insurance contract revenue, of which	-286,572,640	0	-286,572,640	0	0	0	0	-286,572,640
Contracts under the modified retrospective approach	-18,869,908	0	-18,869,908	0	0	0	0	-18,869,908
Contracts under the fair value approach	-1,116,296	0	-1,116,296	0	0	0	0	-1,116,296
Other contracts	-266,586,436	0	-266,586,436	0	0	0	0	-266,586,436
Insurance service expenses								
Incurring claims (excluding investment components) and other incurred insurance service expenses	0	-3,853,754	-3,853,754	66,456,993	206,423,207	14,566,092	287,446,292	283,592,538
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	0	0	0	-21,028,989	-21,178,332	-9,857,613	-52,064,934	-52,064,934
Incurring claims and benefits	0	-3,853,754	-3,853,754	45,428,004	185,244,875	4,708,479	235,381,358	231,527,604
Amortisation of insurance acquisition cash flows	40,045,468	0	40,045,468	0	0	0	0	40,045,468
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	0	11,435,568	11,435,568	0	0	0	0	11,435,568
Insurance service operating expenses	40,045,468	11,435,568	51,481,036	0	0	0	0	51,481,036
Total insurance service expenses	40,045,468	7,581,814	47,627,282	45,428,004	185,244,875	4,708,479	235,381,358	283,008,640
Investment components excluded from insurance revenue and insurance service expenses	-71,017,506	0	-71,017,506	71,017,506	0	0	71,017,506	-2
Insurance service result	-317,544,678	7,581,814	-309,962,864	116,445,510	185,244,875	4,708,479	306,398,864	-3,564,000
Net insurance finance income/expenses	-115,939,242	27,881	-115,911,361	-3,906,623	-17,084,235	-1,749,992	-22,740,850	-138,652,211
Effect of movement in exchange rates	-485,981	24,717	-461,264	2,007,495	108,846	42,842	2,159,183	1,697,919
Transaction exchange rate differences	-16,617	-1,674	-18,291	-137	-22,359	-2,684	-25,180	-43,471
Total changes in the statement of profit or loss and other comprehensive income	-433,986,518	7,632,738	-426,353,780	114,546,245	168,247,127	2,998,645	285,792,017	-140,561,763
Cash flows								
Premiums received for insurance contracts issued	376,139,419	0	376,139,419	0	0	0	0	376,139,419
Claims and insurance service expenses paid	0	0	0	-119,198,376	-157,481,574	0	-276,679,950	-276,679,950
Insurance acquisition cash flows	-47,131,349	0	-47,131,349	0	0	0	0	-47,131,349
Total cash flows	329,008,070	0	329,008,070	-119,198,376	-157,481,574	0	-276,679,950	52,328,120
Assets	-18,513,573	129,757	-18,383,816	10,529,510	-196,592	0	10,332,918	-8,050,898
Liabilities	937,408,433	16,307,724	953,716,157	228,878,565	313,500,170	41,400,702	583,779,437	1,537,495,594
Closing balance – net assets/liabilities	918,894,860	16,437,481	935,332,341	239,408,075	313,303,578	41,400,702	594,112,355	1,529,444,696

Sava Re as at 30 June 2023

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC				Total	
				Total LRC	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA			Total LIC
						Present value of future cash flows	Adjustment for non-financial risk		
		Excluding loss component	Loss component						
Assets	-7,921,878	21,473	-7,900,405	4,253,858	0	0	4,253,858	-3,646,547	
Liabilities	-22,536,933	612,611	-21,924,323	283,945,052	15,342,764	1,487,107	300,774,923	278,850,601	
Opening balance – net assets/liabilities	-30,458,811	634,083	-29,824,727	288,198,909	15,342,764	1,487,107	305,028,781	275,204,053	
Changes in the statement of profit or loss and other comprehensive income									
Insurance contract revenue, of which	-80,173,124	0	-80,173,124	0	0	0	0	-80,173,124	
Contracts under the modified retrospective approach	-238,854	0	-238,854	0	0	0	0	-238,854	
Contracts under the fair value approach	-324,196	0	-324,196	0	0	0	0	-324,196	
Other contracts	-79,610,075	0	-79,610,075	0	0	0	0	-79,610,075	
Insurance service expenses									
Incurred claims (excluding investment components) and other incurred insurance service expenses	0	-3,095,755	-3,095,755	64,437,211	197,629	29,320	64,664,161	61,568,405	
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	0	0	0	-10,109,919	1,559,320	-211,773	-8,762,372	-8,762,372	
Incurred claims and benefits	0	-3,095,755	-3,095,755	54,327,292	1,756,950	-182,453	55,901,788	52,806,033	
Amortisation of insurance acquisition cash flows	4,755,496	0	4,755,496	0	0	0	0	4,755,496	
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	0	4,390,155	4,390,155	0	0	0	0	4,390,155	
Insurance service operating expenses	4,755,496	4,390,155	9,145,651	0	0	0	0	9,145,651	
Total insurance service expenses	4,755,496	1,294,400	6,049,896	54,327,292	1,756,950	-182,453	55,901,788	61,951,684	
Investment components excluded from insurance revenue and insurance service expenses	-3,183,206	0	-3,183,206	3,179,535	3,671	0	3,183,206	-2	
Insurance service result	-78,600,835	1,294,400	-77,306,435	57,506,826	1,760,621	-182,453	59,084,995	-18,221,440	
Net insurance finance income/expenses	-335,378	52,225	-283,153	4,719,151	113,179	12,555	4,844,885	4,561,731	
Effect of movement in exchange rates	2,336,306	-44,283	2,292,022	-8,435,882	8,766	2,187	-8,424,929	-6,132,907	
Total changes in the statement of profit or loss and other comprehensive income	-76,599,908	1,302,342	-75,297,566	53,790,095	1,882,566	-167,712	55,504,950	-19,792,616	
Cash flows									
Premiums received for insurance contracts issued	84,049,266	0	84,049,266	0	0	0	0	84,049,266	
Claims and insurance service expenses paid	0	0	0	-64,384,370	-4,240,280	0	-68,624,650	-68,624,650	
Insurance acquisition cash flows	-3,923,241	0	-3,923,241	0	0	0	0	-3,923,241	
Total cash flows	80,126,025	0	80,126,025	-64,384,370	-4,240,280	0	-68,624,650	11,501,376	
Assets	-7,955,275	28,101	-7,927,174	4,226,268	0	0	4,226,268	-3,700,906	
Liabilities	-18,977,418	1,908,324	-17,069,094	273,378,366	12,985,051	1,319,395	287,682,812	270,613,718	
Closing balance – net assets/liabilities	-26,932,693	1,936,425	-24,996,268	277,604,635	12,985,051	1,319,395	291,909,081	266,912,813	

Sava Re as at 30 June 2022

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC				Total	
		Excluding loss component	Loss component	Total LRC	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA			Total LIC
						Present value of future cash flows	Adjustment for non-financial risk		
Assets	-8,505,696	8,235	-8,497,461	4,948,914	35,986	2,375	4,987,274	-3,510,187	
Liabilities	-15,843,557	831,216	-15,012,341	299,306,131	14,825,720	1,412,877	315,544,728	300,532,387	
Opening balance – net assets/liabilities	-24,349,253	839,451	-23,509,802	304,255,045	14,861,707	1,415,252	320,532,003	297,022,200	
Changes in the statement of profit or loss and other comprehensive income									
Insurance contract revenue, of which	-68,375,366	0	-68,375,366	0	0	0	0	-68,375,366	
Contracts under the modified retrospective approach	-11,844,068	0	-11,844,068	0	0	0	0	-11,844,068	
Contracts under the fair value approach	-132,934	0	-132,934	0	0	0	0	-132,934	
Other contracts	-56,398,364	0	-56,398,364	0	0	0	0	-56,398,364	
Insurance service expenses									
Incurred claims (excluding investment components) and other incurred insurance service expenses	0	-3,649,698	-3,649,698	96,967,469	1,734,922	145,102	98,847,493	95,197,794	
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	0	0	0	-19,696,702	-477,671	-192,737	-20,367,110	-20,367,110	
Incurred claims and benefits	0	-3,649,698	-3,649,698	77,270,767	1,257,251	-47,635	78,480,383	74,830,685	
Amortisation of insurance acquisition cash flows	3,760,844	0	3,760,844	0	0	0	0	3,760,844	
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	0	6,061,354	6,061,354	0	0	0	0	6,061,354	
Insurance service operating expenses	3,760,844	6,061,354	9,822,198	0	0	0	0	9,822,198	
Total insurance service expenses	3,760,844	2,411,656	6,172,500	77,270,767	1,257,251	-47,635	78,480,383	84,652,883	
Investment components excluded from insurance revenue and insurance service expenses	-3,586,108	0	-3,586,108	3,539,399	46,709	0	3,586,108	-2	
Insurance service result	-68,200,630	2,411,656	-65,788,974	80,810,166	1,303,960	-47,635	82,066,491	16,277,517	
Net insurance finance income/expenses	-1,226,800	16,629	-1,210,171	-7,847,208	-1,824,084	-133,910	-9,805,203	-11,015,374	
Effect of movement in exchange rates	-479,630	24,325	-455,305	2,368,294	-9,132	-2,109	2,357,052	1,901,747	
Total changes in the statement of profit or loss and other comprehensive income	-69,907,060	2,452,609	-67,454,450	75,331,252	-529,257	-183,654	74,618,340	7,163,890	
Cash flows									
Premiums received for insurance contracts issued	78,178,384	0	78,178,384	0	0	0	0	78,178,384	
Claims and insurance service expenses paid	0	0	0	-69,633,199	-1,656,841	0	-71,290,040	-71,290,040	
Insurance acquisition cash flows	-3,753,138	0	-3,753,138	0	0	0	0	-3,753,138	
Total cash flows	74,425,246	0	74,425,246	-69,633,199	-1,656,841	0	-71,290,040	3,135,206	
Assets	-6,736,269	31,011	-6,705,258	3,925,838	0	0	3,925,838	-2,779,420	
Liabilities	-13,094,798	3,261,049	-9,833,748	306,027,259	12,675,609	1,231,597	319,934,465	310,100,716	
Closing balance – net assets/liabilities	-19,831,067	3,292,060	-16,539,007	309,953,097	12,675,609	1,231,597	323,860,303	307,321,296	

16.6 Movement in assets for remaining coverage (ARC) and assets for incurred claims (AIC) – reinsurance contracts

Sava Insurance Group as at 30 June 2023

EUR	Assets for remaining coverage – ARC			Assets for incurred claims – AIC			Total	
			Total ARC	Reinsurance contracts not measured using the PAA	Reinsurance contracts measured using the PAA			Total AIC
	Excluding loss component	Loss component			Present value of future cash flows	Adjustment for non-financial risk		
Assets	-1,387,495	-5,955	-1,393,450	-63,974,667	-830,371	-182,423	-64,987,461	-66,380,911
Liabilities	787,326	0	787,326	-258,701	0	0	-258,701	528,625
Opening balance – net assets/liabilities	-600,169	-5,955	-606,124	-64,233,368	-830,371	-182,423	-65,246,162	-65,852,286
Changes in the statement of profit or loss and other comprehensive income								
Allocation of reinsurers' shares of premiums	0	0	0	0	0	0	0	0
Insurance contract revenue ceded to reinsurers	13,451,185	0	13,451,185	0	0	0	0	13,451,185
Amounts recoverable from reinsurers								
Insurance claims and benefits recovered from reinsurers	0	0	0	-16,208,586	3,534,129	-1,210	-12,675,667	-12,675,667
Changes in amounts recoverable arising from changes in liability for incurred claims	0	0	0	1,810,308	173,737	52,063	2,036,108	2,036,108
Changes in fulfilment cash flows which relate to onerous underlying contracts	0	-102,994	-102,994	0	0	0	0	-102,994
Total amounts recoverable from reinsurance	0	-102,994	-102,994	-14,398,278	3,707,866	50,853	-10,639,559	-10,742,553
Reinsurance investment components	-1,048,820	0	-1,048,820	1,048,820	0	0	1,048,820	0
Reinsurance service result	12,402,365	-102,994	12,299,371	-13,349,458	3,707,866	50,853	-9,590,739	2,708,632
Net reinsurance finance income/expenses	-108,160	0	-108,160	71,825	-31,306	-4,611	35,908	-72,252
Finance effects from credit risk	846,975	0	846,975	33,691	-11,604	0	22,087	869,062
Effect of movement in exchange rates	-722	0	-722	48,380	0	0	48,380	47,658
Transaction exchange rate differences	-1	1	0	-8	-3	0	-11	-11
Total changes in the statement of profit or loss and other comprehensive income	13,140,457	-102,993	13,037,464	-13,195,570	3,664,953	46,242	-9,484,375	3,553,089
Cash flows								
Premiums received for insurance contracts issued	-10,867,362	0	-10,867,362	0	0	0	0	-10,867,362
Reinsurance service expenses recovered for insurance contracts issued	0	0	0	10,149,755	-3,762,952	0	6,386,803	6,386,803
Total cash flows	-10,867,362	0	-10,867,362	10,149,755	-3,762,952	0	6,386,803	-4,480,559
Assets	743,834	-90,686	653,148	-67,001,544	-928,444	-136,181	-68,066,169	-67,413,021
Liabilities	929,092	-18,262	910,830	-277,639	74	0	-277,565	633,265
Closing balance – net assets/liabilities	1,672,926	-108,948	1,563,978	-67,279,183	-928,370	-136,181	-68,343,734	-66,779,756

Sava Insurance Group as at 30 June 2022

EUR	Assets for remaining coverage – ARC			Assets for incurred claims – AIC			Total	
			Total ARC	Reinsurance contracts not measured using the PAA	Reinsurance contracts measured using the PAA			Total AIC
	Excluding loss component	Loss component			Present value of future cash flows	Adjustment for non-financial risk		
Assets	-3,003,861	-8,276	-3,012,137	-58,072,887	-2,414,527	-174,459	-60,661,873	-63,674,010
Liabilities	1,293,263	-4,027	1,289,236	-170,967	-20,936	-257	-192,160	1,097,076
Opening balance – net assets/liabilities	-1,710,598	-12,303	-1,722,901	-58,243,854	-2,435,463	-174,716	-60,854,033	-62,576,934
Changes in the statement of profit or loss and other comprehensive income								
Allocation of reinsurers' shares of premiums	0	0	0	0	0	0	0	0
Insurance contract revenue ceded to reinsurers	16,560,685	0	16,560,685	0	0	0	0	16,560,685
Amounts recoverable from reinsurers								
Insurance claims and benefits recovered from reinsurers	0	0	0	-34,163,920	2,783,023	-2,748	-31,383,645	-31,383,645
Changes in amounts recoverable arising from changes in liability for incurred claims	0	0	0	-8,532,969	-225,137	-4,917	-8,763,023	-8,763,023
Changes in fulfilment cash flows which relate to onerous underlying contracts	0	-56,301	-56,301	0	0	0	0	-56,301
Total amounts recoverable from reinsurance	0	-56,301	-56,301	-42,696,889	2,557,886	-7,665	-40,146,668	-40,202,969
Reinsurance investment components	-666,245	0	-666,245	666,245	0	0	666,245	0
Reinsurance service result	15,894,440	-56,301	15,838,139	-42,030,644	2,557,886	-7,665	-39,480,423	-23,642,284
Net reinsurance finance income/expenses	6,190	0	6,190	3,136,942	121,410	14,412	3,272,764	3,278,954
Finance effects from credit risk	240,693	0	240,693	118,014	7,939	0	125,953	366,646
Effect of movement in exchange rates	3,101	0	3,101	-286,538	0	0	-286,538	-283,437
Transaction exchange rate differences	-1	1	0	1	-2	-1	-2	-2
Total changes in the statement of profit or loss and other comprehensive income	16,144,423	-56,300	16,088,123	-39,062,225	2,687,233	6,746	-36,368,246	-20,280,123
Cash flows								
Premiums received for insurance contracts issued	-18,374,144	0	-18,374,144	0	0	0	0	-18,374,144
Reinsurance service expenses recovered for insurance contracts issued	0	0	0	9,909,325	-1,219,116	0	8,690,209	8,690,209
Total cash flows	-18,374,144	0	-18,374,144	9,909,325	-1,219,116	0	8,690,209	-9,683,935
Assets	-5,134,014	-55,551	-5,189,565	-87,063,232	-928,217	-166,677	-88,158,126	-93,347,691
Liabilities	1,193,695	-13,052	1,180,643	-333,522	-39,129	-1,293	-373,944	806,699
Closing balance – net assets/liabilities	-3,940,319	-68,603	-4,008,922	-87,396,754	-967,346	-167,970	-88,532,070	-92,540,992

Sava Re as at 30 June 2023

	Assets for remaining coverage – ARC		Assets for incurred claims – AIC		Total
	Excluding loss component	Total ARC	Reinsurance contracts not measured using the PAA	Total AIC	
Assets	-864,188	-864,188	-60,842,128	-60,842,128	-61,706,316
Liabilities	537,097	537,097	-224,735	-224,735	312,362
Opening balance – net assets/liabilities	-327,091	-327,091	-61,066,863	-61,066,863	-61,393,954
Changes in the statement of profit or loss and other comprehensive income					
Allocation of reinsurers' shares of premiums	0	0	0	0	0
Insurance contract revenue ceded to reinsurers	14,157,802	14,157,802	0	0	14,157,802
Amounts recoverable from reinsurers					
Insurance claims and benefits recovered from reinsurers	0	0	-15,257,730	-15,257,730	-15,257,730
Changes in amounts recoverable arising from changes in liability for incurred claims	0	0	1,558,948	1,558,948	1,558,948
Total amounts recoverable from reinsurance	0	0	-13,698,782	-13,698,782	-13,698,782
Reinsurance investment components	-1,048,820	-1,048,820	1,048,820	1,048,820	0
Reinsurance service result	13,108,983	13,108,983	-12,649,962	-12,649,962	459,020
Net reinsurance finance income/expenses	-115,950	-115,950	91,887	91,887	-24,064
Finance effects from credit risk	864,307	864,307	37,909	37,909	902,216
Effect of movement in exchange rates	-722	-722	48,380	48,380	47,658
Total changes in the statement of profit or loss and other comprehensive income	13,856,618	13,856,618	-12,471,787	-12,471,787	1,384,831
Cash flows					
Premiums received for insurance contracts issued	-10,710,611	-10,710,611	0	0	-10,710,611
Reinsurance service expenses recovered for insurance contracts issued	0	0	9,211,334	9,211,334	9,211,334
Total cash flows	-10,710,611	-10,710,611	9,211,334	9,211,334	-1,499,277
Assets	2,433,222	2,433,222	-64,141,492	-64,141,492	-61,708,270
Liabilities	385,694	385,694	-185,824	-185,824	199,870
Closing balance – net assets/liabilities	2,818,916	2,818,916	-64,327,316	-64,327,316	-61,508,400

Sava Re as at 30 June 2022

EUR		Assets for remaining coverage – ARC		Assets for incurred claims – AIC		Total
		Excluding loss component	Total ARC	Reinsurance contracts not measured using the PAA	Total AIC	
Assets		-2,814,682	-2,814,682	-53,553,810	-53,553,810	-56,368,492
Liabilities		876,104	876,104	-165,477	-165,477	710,627
Opening balance – net assets/liabilities		-1,938,579	-1,938,579	-53,719,287	-53,719,287	-55,657,866
Changes in the statement of profit or loss and other comprehensive income						
Allocation of reinsurers' shares of premiums	0	0	0	0	0	0
Insurance contract revenue ceded to reinsurers	15,310,504	15,310,504	15,310,504	0	0	15,310,504
Amounts recoverable from reinsurers						
Insurance claims and benefits recovered from reinsurers	0	0	0	-33,325,442	-33,325,442	-33,325,442
Changes in amounts recoverable arising from changes in liability for incurred claims	0	0	0	-9,631,928	-9,631,928	-9,631,928
Total amounts recoverable from reinsurance	0	0	0	-42,957,370	-42,957,370	-42,957,370
Reinsurance investment components	-666,245	-666,245	-666,245	666,245	666,245	0
Reinsurance service result	14,644,258	14,644,258	14,644,258	-42,291,124	-42,291,124	-27,646,866
Net reinsurance finance income/expenses	148,044	148,044	148,044	3,099,689	3,099,689	3,247,734
Finance effects from credit risk	260,865	260,865	260,865	169,419	169,419	430,284
Effect of movement in exchange rates	3,100	3,100	3,100	-286,538	-286,538	-283,438
Total changes in the statement of profit or loss and other comprehensive income	15,056,268	15,056,268	15,056,268	-39,308,554	-39,308,554	-24,252,285
Cash flows						
Premiums received for insurance contracts issued	-15,848,863	-15,848,863	-15,848,863	0	0	-15,848,863
Reinsurance service expenses recovered for insurance contracts issued	0	0	0	7,970,906	7,970,906	7,970,906
Total cash flows	-15,848,863	-15,848,863	-15,848,863	7,970,906	7,970,906	-7,877,957
Assets	-3,114,301	-3,114,301	-3,114,301	-84,807,437	-84,807,437	-87,921,738
Liabilities	383,128	383,128	383,128	-249,498	-249,498	133,630
Closing balance – net assets/liabilities	-2,731,173	-2,731,173	-2,731,173	-85,056,934	-85,056,934	-87,788,108

16.7 Movement in the individual components of insurance contracts

Sava Insurance Group as at 30 June 2023

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin				Total insurance contracts not measured using the PAA	Total insurance contracts measured using the PAA	Total insurance contracts
			Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-12,862,648	1,492,436	206,427	1,083	3,773,174	3,980,684	-7,389,528	-245,797	-7,635,325
Liabilities	850,936,929	53,378,340	70,347,281	1,227,741	61,753,838	133,328,860	1,037,644,129	455,412,715	1,493,056,844
Opening balance – net assets/liabilities	838,074,281	54,870,776	70,553,708	1,228,824	65,527,012	137,309,544	1,030,254,601	455,166,918	1,485,421,519
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	-54,394,886	12,301,331	632,270	282,512	38,578,856	39,493,638	-2,599,917	0	-2,599,917
Changes in estimates that adjust the contractual service margin	-14,603,868	183,838	-52,055	281,101	10,102,494	10,331,540	-4,088,490	0	-4,088,490
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	-2,924,629	513,939	66,143	1,411	1,410,009	1,477,563	-933,127	0	-933,127
Effects of contracts initially recognised in the period	-36,866,389	11,603,554	618,182	0	27,066,353	27,684,535	2,421,700	0	2,421,700
Changes that relate to current service	22,423,225	-2,553,797	-4,989,832	-108,303	-20,895,804	-25,993,939	-6,124,511	0	-6,124,511
Amount of the contractual service margin recognised in profit or loss	0	0	-4,989,832	-108,303	-20,895,804	-25,993,939	-25,993,939	0	-25,993,939
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	0	-2,553,797	0	0	0	0	-2,553,797	0	-2,553,797
Experience adjustment	22,423,225	0	0	0	0	0	22,423,225	0	22,423,225
Changes that relate to past service	-5,845,737	-2,775,176	0	0	0	0	-8,620,913	0	-8,620,913
Changes in fulfilment cash flows relating to incurred claims	-5,845,737	-2,775,176	0	0	0	0	-8,620,913	0	-8,620,913
Insurance service result	-37,817,398	6,972,358	-4,357,562	174,209	17,683,052	13,499,699	-17,345,341	-33,588,652	-50,933,993
Net insurance finance income/expenses	42,485,460	893,362	755,520	-283,594	491,894	963,820	44,342,642	3,836,204	48,178,846
Effect of movement in exchange rates	-4,733,992	-899,913	-1,146	0	-441,382	-442,528	-6,076,433	37,147	-6,039,286
Transaction exchange rate differences	-2,003	-346	804	-2	-406	396	-1,953	-15,093	-17,046
Total changes in the statement of profit or loss and other comprehensive income	-67,933	6,965,461	-3,602,384	-109,387	17,733,158	14,021,387	20,918,915	-29,730,394	-8,811,479
Cash flows									
Premiums received for insurance contracts issued	150,401,265	0	0	0	0	0	150,401,265	268,540,527	418,941,792
Claims and insurance service expenses paid	-117,238,690	0	0	0	0	0	-117,238,690	-174,709,985	-291,948,675
Insurance acquisition cash flows	-12,266,665	0	0	0	0	0	-12,266,665	-41,487,383	-53,754,048
Total cash flows	20,895,910	0	0	0	0	0	20,895,910	52,343,159	73,239,069
Assets	-14,377,366	1,812,022	546,100	7,689	5,250,552	5,804,341	-6,761,003	-558,917	-7,319,920
Liabilities	873,279,624	60,024,215	66,405,224	1,111,748	78,009,618	145,526,590	1,078,830,429	478,338,600	1,557,169,029
Closing balance – net assets/liabilities	858,902,258	61,836,237	66,951,324	1,119,437	83,260,170	151,330,931	1,072,069,426	477,779,683	1,549,849,109

Sava Insurance Group as at 30 June 2022

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin				Total insurance contracts not measured using the PAA	Total insurance contracts measured using the PAA	Total insurance contracts
			Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-71,088,840	12,057,665	31,726,527	10,495	12,731,175	44,468,197	-14,562,978	-195,280	-14,758,258
Liabilities	1,055,125,010	39,453,419	46,765,032	1,346,056	35,376,323	83,487,411	1,178,065,840	454,370,756	1,632,436,596
Opening balance – net assets/liabilities	984,036,170	51,511,084	78,491,559	1,356,551	48,107,498	127,955,608	1,163,502,862	454,175,476	1,617,678,338
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	-38,922,143	15,512,354	1,099,010	-1,335,918	28,546,019	28,309,111	4,899,322	0	4,899,322
Changes in estimates that adjust the contractual service margin	-4,968,146	3,383,170	871,461	-1,775,137	3,566,169	2,662,493	1,077,518	0	1,077,518
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	-2,693,596	-229,167	3,686	439,219	1,233,732	1,676,637	-1,246,126	0	-1,246,126
Effects of contracts initially recognised in the period	-31,260,401	12,358,351	223,863	0	23,746,118	23,969,981	5,067,930	0	5,067,930
Changes that relate to current service	23,074,426	-1,894,408	-5,605,511	-107,243	-17,245,825	-22,958,579	-1,778,561	0	-1,778,561
Amount of the contractual service margin recognised in profit or loss	0	0	-5,605,511	-107,243	-17,245,825	-22,958,579	-22,958,579	0	-22,958,579
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	0	-1,894,408	0	0	0	0	-1,894,408	0	-1,894,408
Experience adjustment	23,074,426	0	0	0	0	0	23,074,426	0	23,074,426
Changes that relate to past service	-17,611,393	-3,417,596	0	0	0	0	-21,028,989	0	-21,028,989
Changes in fulfilment cash flows relating to incurred claims	-17,611,393	-3,417,596	0	0	0	0	-21,028,989	0	-21,028,989
Insurance service result	-33,459,110	10,200,350	-4,506,501	-1,443,161	11,300,194	5,350,532	-17,908,228	14,344,230	-3,563,998
Net insurance finance income/expenses	-123,136,449	-3,150,025	3,308,522	989,326	2,170,641	6,468,489	-119,817,985	-18,834,227	-138,652,212
Effect of movement in exchange rates	1,389,635	214,493	-3,535	0	-59,790	-63,325	1,540,803	157,116	1,697,919
Transaction exchange rate differences	-2,033	-1,083	-2,158	2	-307	-2,463	-5,579	-37,893	-43,472
Total changes in the statement of profit or loss and other comprehensive income	-155,207,957	7,263,735	-1,203,672	-453,833	13,410,738	11,753,233	-136,190,989	-4,370,774	-140,561,763
Cash flows									
Premiums received for insurance contracts issued	153,531,044	0	0	0	0	0	153,531,044	222,608,375	376,139,419
Claims and insurance service expenses paid	-119,198,376	0	0	0	0	0	-119,198,376	-157,481,574	-276,679,950
Insurance acquisition cash flows	-11,741,595	0	0	0	0	0	-11,741,595	-35,389,754	-47,131,349
Total cash flows	22,591,073	0	0	0	0	0	22,591,073	29,737,047	52,328,120
Assets	-67,247,883	11,572,403	29,857,129	1,822	17,974,342	47,833,293	-7,842,187	-208,712	-8,050,899
Liabilities	918,667,169	47,202,416	47,430,758	900,896	43,543,894	91,875,548	1,057,745,133	479,750,461	1,537,495,594
Closing balance – net assets/liabilities	851,419,286	58,774,819	77,287,887	902,718	61,518,236	139,708,841	1,049,902,946	479,541,749	1,529,444,695

Sava Re as at 30 June 2023

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin				Total insurance contracts not measured using the PAA	Total insurance contracts measured using the PAA	Total insurance contracts
			Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-5,513,187	1,129,046	37	0	753,099	753,136	-3,631,004	-15,543	-3,646,547
Liabilities	223,369,933	31,965,933	544,632	131,577	7,016,814	7,693,023	263,028,889	15,821,711	278,850,601
Opening balance – net assets/liabilities	217,856,746	33,094,980	544,669	131,577	7,769,913	8,446,159	259,397,885	15,806,168	275,204,053
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	-42,984,104	15,024,670	-60,567	264,097	31,932,772	32,136,301	4,176,867	0	4,176,867
Changes in estimates that adjust the contractual service margin	-5,216,572	-181,591	-66,896	260,106	7,323,596	7,516,807	2,118,644	0	2,118,644
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	-2,007,210	-64,193	6,328	3,990	1,957,097	1,967,416	-103,987	0	-103,987
Effects of contracts initially recognised in the period	-35,760,322	15,270,455	0	0	22,652,078	22,652,078	2,162,211	0	2,162,211
Changes that relate to current service	11,834,089	-1,470,927	-115,338	-281,883	-19,970,147	-20,367,368	-10,004,206	0	-10,004,206
Amount of the contractual service margin recognised in profit or loss	0	0	-115,338	-281,883	-19,970,147	-20,367,368	-20,367,368	0	-20,367,368
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	0	-1,470,927	0	0	0	0	-1,470,927	0	-1,470,927
Experience adjustment	11,834,089	-0	0	0	0	0	11,834,089	0	11,834,089
Changes that relate to past service	-4,540,217	-5,569,702	0	0	0	0	-10,109,919	0	-10,109,919
Changes in fulfilment cash flows relating to incurred claims	-4,540,217	-5,569,702	0	0	0	0	-10,109,919	0	-10,109,919
Insurance service result	-35,690,232	7,984,041	-175,905	-17,787	11,962,625	11,768,933	-15,937,258	-2,284,182	-18,221,440
Net insurance finance income/expenses	3,137,894	740,755	-1,148	1,098	557,398	557,348	4,435,998	125,734	4,561,731
Effect of movement in exchange rates	-4,792,123	-912,147	0	-66	-439,524	-439,589	-6,143,860	10,953	-6,132,907
Total changes in the statement of profit or loss and other comprehensive income	-37,344,461	7,812,649	-177,053	-16,754	12,080,500	11,886,692	-17,645,120	-2,147,496	-19,792,616
Cash flows									
Premiums received for insurance contracts issued	77,003,035	0	0	0	0	0	77,003,035	7,046,231	84,049,266
Claims and insurance service expenses paid	-64,384,370	0	0	0	0	0	-64,384,370	-4,240,280	-68,624,650
Insurance acquisition cash flows	-3,923,241	0	0	0	0	0	-3,923,241	0	-3,923,241
Total cash flows	8,695,425	0	0	0	0	0	8,695,425	2,805,951	11,501,376
Assets	-6,810,719	1,501,848	0	0	1,612,845	1,612,845	-3,696,025	-4,880	-3,700,906
Liabilities	196,018,429	39,405,780	367,615	114,823	18,237,568	18,720,006	254,144,215	16,469,504	270,613,718
Closing balance – net assets/liabilities	189,207,710	40,907,629	367,615	114,823	19,850,413	20,332,851	250,448,189	16,464,624	266,912,813

Sava Re as at 30 June 2022

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin				Total insurance contracts not measured using the PAA	Total insurance contracts measured using the PAA	Total insurance contracts
			Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-4,758,416	1,159,081	0	0	738,790	738,790	-2,860,545	-649,642	-3,510,187
Liabilities	246,215,066	29,391,847	3,191,096	191,511	4,843,347	8,225,954	283,832,867	16,699,520	300,532,387
Opening balance – net assets/liabilities	241,456,651	30,550,928	3,191,096	191,511	5,582,137	8,964,744	280,972,322	16,049,878	297,022,200
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	-34,143,236	14,539,032	-520,685	61,989	25,797,922	25,339,226	5,735,022	0	5,735,022
Changes in estimates that adjust the contractual service margin	-5,001,988	-74,596	-525,554	57,221	8,144,698	7,676,365	2,599,781	0	2,599,781
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	-2,728,415	-337,670	4,869	4,768	1,239,710	1,249,347	-1,816,738	0	-1,816,738
Effects of contracts initially recognised in the period	-26,412,833	14,951,298	0	0	16,413,514	16,413,514	4,951,980	0	4,951,980
Changes that relate to current service	47,622,124	3,807,017	-1,861,316	-91,963	-16,493,131	-18,446,409	32,982,732	0	32,982,732
Amount of the contractual service margin recognised in profit or loss	0	0	-1,861,316	-91,963	-16,493,131	-18,446,409	-18,446,409	0	-18,446,409
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	0	3,807,017	0	0	0	0	3,807,017	0	3,807,017
Experience adjustment	47,622,124	-0	0	0	0	0	47,622,124	0	47,622,124
Changes that relate to past service	-13,878,131	-5,818,572	0	0	0	0	-19,696,702	0	-19,696,702
Changes in fulfilment cash flows relating to incurred claims	-13,878,131	-5,818,572	0	0	0	0	-19,696,702	0	-19,696,702
Insurance service result	-399,242	12,527,478	-2,382,001	-29,973	9,304,791	6,892,816	19,021,052	-2,743,535	16,277,517
Net insurance finance income/expenses	-8,074,341	-1,088,241	-7,567	1,361	111,408	105,202	-9,057,380	-1,957,994	-11,015,374
Effect of movement in exchange rates	1,670,885	300,434	0	326	-57,360	-57,035	1,914,284	-12,537	1,901,747
Total changes in the statement of profit or loss and other comprehensive income	-6,802,698	11,739,670	-2,389,568	-28,287	9,358,839	6,940,984	11,877,956	-4,714,066	7,163,890
Cash flows									
Premiums received for insurance contracts issued	72,952,410	0	0	0	0	0	72,952,410	5,225,974	78,178,384
Claims and insurance service expenses paid	-69,633,199	0	0	0	0	0	-69,633,199	-1,656,841	-71,290,040
Insurance acquisition cash flows	-3,582,413	0	0	0	0	0	-3,582,413	-170,726	-3,753,138
Total cash flows	-263,202	0	0	0	0	0	-263,202	3,398,407	3,135,206
Assets	-5,349,712	1,400,933	0	0	1,213,937	1,213,937	-2,734,841	-44,579	-2,779,420
Liabilities	239,740,462	40,889,665	801,529	163,224	13,727,038	14,691,791	295,321,918	14,778,799	310,100,716
Closing balance – net assets/liabilities	234,390,751	42,290,598	801,529	163,224	14,940,975	15,905,728	292,587,077	14,734,219	307,321,296

16.8 Movement of the individual components of reinsurance contracts

Sava Insurance Group as at 30 June 2023

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin				Total reinsurance contracts not measured using the PAA	Total reinsurance contracts measured using the PAA	Total reinsurance contracts
			Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-54,149,350	-4,658,067	0	0	-6,557,599	-6,557,599	-65,365,016	-1,015,895	-66,380,911
Liabilities	801,268	-41,676	0	-159,873	-71,094	-230,967	528,625	0	528,625
Opening balance – net assets/liabilities	-53,348,082	-4,699,743	0	-159,873	-6,628,693	-6,788,566	-64,836,391	-1,015,895	-65,852,286
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	14,445,402	-3,519,014	-13,359	-438	-13,159,953	-13,173,750	-2,247,362	0	-2,247,362
Changes in estimates that adjust the contractual service margin	4,033,709	939,947	-13,081	3,070	-7,046,424	-7,056,435	-2,082,779	0	-2,082,779
Changes in estimates relating to recognition of and reversals of losses on onerous underlying contracts	0	0	0	0	-77,575	-77,575	-77,575	0	-77,575
Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin	0	0	-278	0	-86,731	-87,009	-87,009	0	-87,009
Effects of contracts initially recognised in the period	10,411,693	-4,458,961	0	-3,508	-5,949,223	-5,952,731	1	0	1
Changes that relate to current service	-7,785,056	1,056,361	13,357	7,757	9,876,699	9,897,813	3,169,118	0	3,169,118
Amount of the contractual service margin recognised in profit or loss	0	0	13,357	7,757	9,876,699	9,897,813	9,897,813	0	9,897,813
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	0	1,056,361	0	0	0	0	1,056,361	0	1,056,361
Experience adjustment	-7,785,056	0	0	0	0	0	-7,785,056	0	-7,785,056
Changes that relate to past service	345,914	1,464,394	0	0	0	0	1,810,308	0	1,810,308
Changes in fulfilment cash flows relating to incurred claims	345,914	1,464,394	0	0	0	0	1,810,308	0	1,810,308
Reinsurance service result	7,006,260	-998,259	-2	7,319	-3,283,254	-3,275,937	2,732,064	-23,432	2,708,632
Net reinsurance finance income/expenses	199,041	-125,577	2	-63	-109,737	-109,798	-36,334	-35,917	-72,251
Finance effects from credit risk	880,666	0	0	0	0	0	880,666	-11,604	869,062
Effect of movement in exchange rates	49,650	-374	0	0	-1,618	-1,618	47,658	0	47,658
Transaction exchange rate differences	-8	-2	0	2	-1	1	-9	-3	-12
Total changes in the statement of profit or loss and other comprehensive income	8,135,609	-1,124,212	0	7,258	-3,394,610	-3,387,352	3,624,045	-70,956	3,553,089
Cash flows									
Premiums received for insurance contracts issued	-14,678,568	0	0	0	0	0	-14,678,568	0	-14,678,568
Reinsurance service expenses recovered for insurance contracts issued	10,149,755	0	0	0	0	0	10,149,755	48,254	10,198,009
Total cash flows	-4,528,813	0	0	0	0	0	-4,528,813	48,254	-4,480,559
Assets	-51,018,562	-5,651,452	0	0	-9,704,336	-9,704,336	-66,374,350	-1,038,671	-67,413,021
Liabilities	1,277,276	-172,503	0	-152,615	-318,967	-471,582	633,191	74	633,265
Closing balance – net assets/liabilities	-49,741,286	-5,823,955	0	-152,615	-10,023,303	-10,175,918	-65,741,159	-1,038,597	-66,779,756

Sava Insurance Group as at 30 June 2022

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin				Total reinsurance contracts not measured using the PAA	Total reinsurance contracts measured using the PAA	Total reinsurance contracts
			Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-49,856,511	-5,036,234	-239,309	0	-5,942,335	-6,181,644	-61,074,389	-2,599,619	-63,674,008
Liabilities	1,250,245	-113,655	-6,853	-5,551	-42,205	-54,609	1,081,981	15,096	1,097,077
Opening balance – net assets/liabilities	-48,606,266	-5,149,889	-246,162	-5,551	-5,984,540	-6,236,253	-59,992,408	-2,584,523	-62,576,931
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	17,917,190	-2,617,424	-137,189	-150,811	-16,449,903	-16,737,903	-1,438,137	0	-1,438,137
Changes in estimates that adjust the contractual service margin	7,271,701	994,601	-138,839	-150,811	-9,313,494	-9,603,144	-1,336,842	0	-1,336,842
Changes in estimates relating to recognition of and reversals of losses on onerous underlying contracts	0	0	-121	0	-47,054	-47,175	-47,175	0	-47,175
Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin	0	0	1,771	0	-55,893	-54,122	-54,122	0	-54,122
Effects of contracts initially recognised in the period	10,645,489	-3,612,025	0	0	-7,033,462	-7,033,462	2	0	2
Changes that relate to current service	-25,790,743	268,731	334,351	13,305	10,118,549	10,466,205	-15,055,807	0	-15,055,807
Amount of the contractual service margin recognised in profit or loss	0	0	334,351	13,305	10,118,549	10,466,205	10,466,205	0	10,466,205
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	0	268,731	0	0	0	0	268,731	0	268,731
Experience adjustment	-25,790,743	0	0	0	0	0	-25,790,743	0	-25,790,743
Changes that relate to past service	-6,250,021	-2,282,948	0	0	0	0	-8,532,969	0	-8,532,969
Changes in fulfilment cash flows relating to incurred claims	-6,250,021	-2,282,948	0	0	0	0	-8,532,969	0	-8,532,969
Reinsurance service result	-14,123,574	-4,631,641	197,162	-137,506	-6,331,354	-6,271,698	-25,026,913	1,384,634	-23,642,279
Net reinsurance finance income/expenses	2,740,094	374,676	627	13	27,723	28,363	3,143,133	135,822	3,278,955
Finance effects from credit risk	358,707	0	0	0	0	0	358,707	7,939	366,646
Effect of movement in exchange rates	-274,687	-7,916	0	0	-834	-834	-283,437	0	-283,437
Transaction exchange rate differences	3	-5	-1	-2	-2	-5	-7	-4	-11
Total changes in the statement of profit or loss and other comprehensive income	-11,299,457	-4,264,886	197,788	-137,495	-6,304,467	-6,244,174	-21,808,517	1,528,391	-20,280,126
Cash flows									
Premiums received for insurance contracts issued	-19,601,735	0	0	0	0	0	-19,601,735	0	-19,601,735
Reinsurance service expenses recovered for insurance contracts issued	9,909,325	0	0	0	0	0	9,909,325	8,475	9,917,800
Total cash flows	-9,692,410	0	0	0	0	0	-9,692,410	8,475	-9,683,935
Assets	-71,029,731	-9,195,947	-48,374	0	-11,970,034	-12,018,408	-92,244,086	-1,103,605	-93,347,691
Liabilities	1,431,598	-218,828	0	-143,046	-318,973	-462,019	750,751	55,948	806,699
Closing balance – net assets/liabilities	-69,598,133	-9,414,775	-48,374	-143,046	-12,289,007	-12,480,427	-91,493,335	-1,047,657	-92,540,992

Sava Re as at 30 June 2023

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin		Total reinsurance contracts not measured using the PAA	Total reinsurance contracts
			Other contracts	Total contractual service margin		
Assets	-52,126,652	-4,280,442	-5,299,222	-5,299,222	-61,706,316	-61,706,316
Liabilities	416,874	-33,418	-71,094	-71,094	312,362	312,362
Opening balance – net assets/liabilities	-51,709,778	-4,313,860	-5,370,316	-5,370,316	-61,393,954	-61,393,954
Changes in the statement of profit or loss and other comprehensive income						
Changes that relate to future services	11,053,097	-2,915,237	-10,220,639	-10,220,639	-2,082,779	-2,082,779
Changes in estimates that adjust the contractual service margin	3,154,156	988,347	-6,225,281	-6,225,281	-2,082,779	-2,082,779
Effects of contracts initially recognised in the period	7,898,941	-3,903,583	-3,995,358	-3,995,358	0	0
Changes that relate to current service	-8,135,186	848,209	8,269,828	8,269,828	982,851	982,851
Amount of the contractual service margin recognised in profit or loss	0	0	8,269,828	8,269,828	8,269,828	8,269,828
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	0	848,209	0	0	848,209	848,209
Experience adjustment	-8,135,186	0	0	0	-8,135,186	-8,135,186
Changes that relate to past service	330,418	1,228,530	0	0	1,558,948	1,558,948
Changes in fulfilment cash flows relating to incurred claims	330,418	1,228,530	0	0	1,558,948	1,558,948
Reinsurance service result	3,248,329	-838,498	-1,950,811	-1,950,811	459,020	459,020
Net reinsurance finance income/expenses	168,897	-115,200	-77,761	-77,761	-24,064	-24,064
Finance effects from credit risk	902,216	0	0	0	902,216	902,216
Effect of movement in exchange rates	49,651	-375	-1,618	-1,618	47,658	47,658
Total changes in the statement of profit or loss and other comprehensive income	4,369,093	-954,073	-2,030,190	-2,030,190	1,384,831	1,384,831
Cash flows						
Premiums received for insurance contracts issued	-10,710,611	0	0	0	-10,710,611	-10,710,611
Claims recovered and insurance service expenses	9,211,334	0	0	0	9,211,334	9,211,334
Total cash flows	-1,499,277	0	0	0	-1,499,277	-1,499,277
Assets	-49,331,760	-5,156,750	-7,219,760	-7,219,760	-61,708,270	-61,708,270
Liabilities	491,797	-111,182	-180,745	-180,745	199,870	199,870
Closing balance – net assets/liabilities	-48,839,962	-5,267,932	-7,400,506	-7,400,506	-61,508,400	-61,508,400

Sava Re as at 30 June 2022

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin		Total reinsurance contracts not measured using the PAA	Total reinsurance contracts
			Other contracts	Total contractual service margin		
Assets	-47,044,088	-4,473,333	-4,851,072	-4,851,072	-56,368,492	-56,368,492
Liabilities	838,391	-85,559	-42,205	-42,205	710,627	710,627
Opening balance – net assets/liabilities	-46,205,697	-4,558,891	-4,893,277	-4,893,277	-55,657,866	-55,657,866
Changes in the statement of profit or loss and other comprehensive income						
Changes that relate to future services	15,447,859	-2,183,868	-14,600,837	-14,600,837	-1,336,845	-1,336,845
Changes in estimates that adjust the contractual service margin	7,070,602	872,602	-9,280,050	-9,280,050	-1,336,845	-1,336,845
Effects of contracts initially recognised in the period	8,377,257	-3,056,471	-5,320,786	-5,320,786	0	0
Changes that relate to current service	-26,168,961	34,050	9,456,819	9,456,819	-16,678,092	-16,678,092
Amount of the contractual service margin recognised in profit or loss	0	0	9,456,819	9,456,819	9,456,819	9,456,819
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	0	34,050	0	0	34,050	34,050
Experience adjustment	-26,168,961	0	0	0	-26,168,961	-26,168,961
Changes that relate to past service	-6,994,332	-2,637,596	0	0	-9,631,928	-9,631,928
Changes in fulfilment cash flows relating to incurred claims	-6,994,332	-2,637,596	0	0	-9,631,928	-9,631,928
Reinsurance service result	-17,715,434	-4,787,414	-5,144,017	-5,144,017	-27,646,866	-27,646,866
Net reinsurance finance income/expenses	2,847,921	376,887	22,926	22,926	3,247,734	3,247,734
Finance effects from credit risk	430,284	0	0	0	430,284	430,284
Effect of movement in exchange rates	-274,687	-7,916	-834	-834	-283,438	-283,438
Total changes in the statement of profit or loss and other comprehensive income	-14,711,917	-4,418,443	-5,121,926	-5,121,926	-24,252,285	-24,252,285
Cash flows						
Premiums received for insurance contracts issued	-15,848,863	0	0	0	-15,848,863	-15,848,863
Claims recovered and insurance service expenses	7,970,906	0	0	0	7,970,906	7,970,906
Total cash flows	-7,877,957	0	0	0	-7,877,957	-7,877,957
Assets	-69,253,409	-8,834,377	-9,833,952	-9,833,952	-87,921,738	-87,921,738
Liabilities	457,839	-142,957	-181,251	-181,251	133,630	133,630
Closing balance – net assets/liabilities	-68,795,570	-8,977,334	-10,015,203	-10,015,203	-87,788,108	-87,788,108

16.9 Deferred tax assets and liabilities

Deferred tax assets decreased by EUR 12.5 million to EUR 17.1 million in the first half of 2023 (31 December 2022: EUR 29.6 million). In the same period, deferred tax liabilities decreased by EUR 10.8 million to EUR 22.5 million (31 December 2022: EUR 33.3 million). Changes in the prices of debt securities classified as measured through other comprehensive income and the resulting change in the balance of the equity item accumulated other comprehensive income is the main reason for the change in deferred tax assets (down by EUR 11.7 million) and liabilities (down by EUR 5 million).

Deferred tax assets arising from the change in accumulated comprehensive income of insurance and reinsurance contracts increased by EUR 0.2 million in the first half of the year, whereas deferred tax liabilities decreased by EUR 2.9 million.

16.10 Cash and cash equivalents

EUR	Sava Insurance Group		Sava Re	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Cash in hand	134,562	24,051	0	0
Cash in bank accounts	60,860,962	56,248,962	25,247,509	15,846,029
Call and overnight deposits, and deposits of up to 3 months	29,399,779	36,961,452	8,950,000	8,080,000
Total	90,395,303	93,234,465	34,197,509	23,926,030

16.11 Equity

Equity increased by EUR 18.8 million compared to year-end 2022. The increase in equity was mainly driven by higher first-half net profit and other comprehensive income, partially offset by the dividend payment of EUR 24.9 million.

16.11.1.1 Accumulated other comprehensive income

Accumulated other comprehensive income at 30 June 2023 was EUR -42.2 million (31 December 2022: EUR -45.9 million) and increased by EUR 3.7 million compared to 31 December 2022. The effects of changes in investments classified as measured through other comprehensive income and supporting insurance and reinsurance contracts are shown below.

Sava Insurance Group

EUR	30 June 2023	31 December 2022	1 January 2022
(Re)insurance issued and held	64,496,322	71,547,900	-13,660,524
Financial investments	-108,767,639	-119,513,479	11,163,054
Provisions for employees	2,045,002	2,093,462	1,300,871
Total accumulated other comprehensive income	-42,226,315	-45,872,117	-1,196,597

Sava Re

EUR	30 June 2023	31 December 2022	1 January 2022
(Re)insurance issued and held	4,354,974	6,033,454	-3,606,897
Financial investments	-17,944,966	-20,111,066	349,069
Provisions for employees	179,149	152,447	133,435
Total accumulated other comprehensive income	-13,410,843	-13,925,165	-3,161,285

16.11.1.2 Retained earnings

Retained earnings increased by EUR 10.2 million compared to year-end 2022, because of the net effect of the transfer of net profit of EUR 35.1 million and the dividend payout of EUR 24.9 million.

16.11.1.3 Earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 30 June 2023, the parent company held 1,721,966 own shares, which are subtracted when calculating the weighted average number of shares.

Earnings or loss per share

EUR	Sava Insurance Group	
	1–6/2023	1–6/2022
Net profit or loss for the period	40,043,007	11,110,629
Net profit or loss attributable to owners of the controlling company	40,045,582	11,059,106
Weighted average number of shares outstanding	15,497,696	15,497,696
Earnings or loss per share	2.58	0.71

Comprehensive income per share

EUR	Sava Insurance Group	
	1–6/2023	1–6/2022
Comprehensive income for the period	43,673,177	-14,019,069
Comprehensive income for the owners of the controlling company	43,673,719	-14,065,890
Weighted average number of shares outstanding	15,497,696	15,497,696
Comprehensive income per share	2.82	-0.91

16.12 Analysis of insurance revenue (contracts for which the PAA approach has not been applied)

Sava Insurance Group as at 30 June 2023

EUR	
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	79,745,941
Expected insurance claims, benefits and expenses	44,310,620
Release of the risk adjustment for non-financial risk for risk expired	7,035,121
Amount of the contractual service margin recognised in profit or loss	25,993,939
Other amounts (e.g. experience adjustments for premium receipts)	2,406,261
Refund of insurance acquisition cash flows	10,375,819
Total	90,121,760
Insurance contracts measured using the premium allocation approach	238,299,510
Insurance revenue	328,421,270

Sava Insurance Group as at 30 June 2022

EUR	
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	67,462,100
Expected insurance claims, benefits and expenses	40,271,885
Release of the risk adjustment for non-financial risk for risk expired	5,943,143
Amount of the contractual service margin recognised in profit or loss	22,958,577
Other amounts (e.g. experience adjustments for premium receipts)	-1,711,505
Refund of insurance acquisition cash flows	8,622,043
Total	76,084,143
Insurance contracts measured using the premium allocation approach	210,488,492
Insurance revenue	286,572,635

Sava Re as at 30 June 2023

EUR	
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	71,558,950
Expected insurance claims, benefits and expenses	41,764,508
Release of the risk adjustment for non-financial risk for risk expired	6,842,647
Amount of the contractual service margin recognised in profit or loss	20,367,368
Other amounts (e.g. experience adjustments for premium receipts)	2,584,427
Refund of insurance acquisition cash flows	4,755,496
Total	76,314,445
Insurance contracts measured using the premium allocation approach	3,858,679
Insurance revenue	80,173,124

Sava Re as at 30 June 2022

EUR	
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	60,661,371
Expected insurance claims, benefits and expenses	37,667,779
Release of the risk adjustment for non-financial risk for risk expired	6,176,349
Amount of the contractual service margin recognised in profit or loss	18,446,409
Other amounts (e.g. experience adjustments for premium receipts)	-1,629,166
Refund of insurance acquisition cash flows	3,590,118
Total	64,251,489
Insurance contracts measured using the premium allocation approach	4,123,877
Insurance revenue	68,375,366

16.13 Analysis of insurance service expenses

Sava Insurance Group as at 30 June 2023

EUR	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA	Total
Insurance service expenses	-50,186,478	-133,457,842	-183,644,320
Insurance service operating expenses	-22,589,937	-71,253,020	-93,842,957
Acquisition costs	-10,375,819	-35,573,901	-45,949,720
Losses on onerous contracts	-622,200	-4,179,400	-4,801,600
Administrative expenses	-11,591,918	-31,499,719	-43,091,637
Insurance service expenses	-72,776,415	-204,710,862	-277,487,277

Sava Insurance Group as at 30 June 2022

EUR	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA	Total
Insurance service expenses	-34,601,993	-163,786,570	-198,388,563
Insurance service operating expenses	-23,573,926	-61,046,156	-84,620,082
Acquisition costs	-8,622,043	-31,423,427	-40,045,470
Losses on onerous contracts	-4,125,871	-3,455,942	-7,581,813
Administrative expenses	-10,826,012	-26,166,787	-36,992,799
Insurance service expenses	-58,175,919	-224,832,726	-283,008,645

Sava Re as at 30 June 2023

EUR	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA	Total
Insurance service expenses	-52,998,620	-1,484,746	-54,483,366
Insurance service operating expenses	-7,378,568	-89,751	-7,468,319
Acquisition costs	-4,755,496	0	-4,755,496
Losses on onerous contracts	-1,294,400	0	-1,294,400
Administrative expenses	-1,328,672	-89,751	-1,418,423
Insurance service expenses	-60,377,187	-1,574,497	-61,951,684

Sava Re as at 30 June 2022

EUR	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA	Total
Insurance service expenses	-76,146,335	-1,129,500	-77,275,836
Insurance service operating expenses	-7,126,206	-250,841	-7,377,047
Acquisition costs	-3,590,118	-170,726	-3,760,844
Losses on onerous contracts	-2,411,656	0	-2,411,656
Administrative expenses	-1,124,432	-80,116	-1,204,547
Insurance service expenses	-83,272,541	-1,380,342	-84,652,883

16.14 Analysis of reinsurance revenue and service expenses

Sava Insurance Group as at 30 June 2023

EUR	
Reinsurers' shares of insurance revenue, of which:	-13,451,183
Contracts not measured using the premium allocation approach (PAA)	-17,234,166
Contracts measured using the premium allocation approach (PAA)	3,782,981
Amounts recoverable from reinsurers, of which:	10,742,558
Contracts not measured using the premium allocation approach (PAA)	14,502,102
Contracts measured using the premium allocation approach (PAA)	-3,759,549
Net reinsurance revenue / service expenses	-2,708,625

Sava Insurance Group as at 30 June 2022

EUR	
Reinsurers' shares of insurance revenue, of which:	-16,560,683
Contracts not measured using the premium allocation approach (PAA)	-17,728,863
Contracts measured using the premium allocation approach (PAA)	1,168,178
Amounts recoverable from reinsurers, of which:	40,202,969
Contracts not measured using the premium allocation approach (PAA)	42,755,781
Contracts measured using the premium allocation approach (PAA)	-2,552,812
Net reinsurance revenue / service expenses	23,642,286

Sava Re as at 30 June 2023

EUR	
Reinsurers' shares of insurance revenue, of which:	-14,157,802
Contracts not measured using the premium allocation approach (PAA)	-14,157,802
Amounts recoverable from reinsurers, of which:	13,698,782
Contracts not measured using the premium allocation approach (PAA)	13,698,782
Net reinsurance revenue / service expenses	-459,020

Sava Re as at 30 June 2022

EUR	
Reinsurers' shares of insurance revenue, of which:	-15,310,504
Contracts not measured using the premium allocation approach (PAA)	-15,310,504
Amounts recoverable from reinsurers, of which:	42,957,370
Contracts not measured using the premium allocation approach (PAA)	42,957,370
Net reinsurance revenue / service expenses	27,646,866

Sava Insurance Group as at 30 June 2023

EUR	
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-1,368,398
Changes in the risk adjustment for non-financial risk	-2,301,862
Net loss/gain recognised in profit or loss	-9,780,921
Allocation of reinsurers' shares of premiums	-13,451,181
Amounts recoverable for claims and other expenses incurred in the period	12,675,668
Changes in amounts recoverable arising from changes in liability for incurred claims	-2,036,106
Changes in fulfilment cash flows which relate to onerous underlying contracts	102,994
Amounts recoverable from reinsurers	10,742,556
Net reinsurance revenue / service expenses	-2,708,625

Sava Insurance Group as at 30 June 2022

EUR	
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-4,685,402
Changes in the risk adjustment for non-financial risk	-1,606,566
Net loss/gain recognised in profit or loss	-10,268,714
Allocation of reinsurers' shares of premiums	-16,560,682
Amounts recoverable for claims and other expenses incurred in the period	39,827,239
Changes in amounts recoverable arising from changes in liability for incurred claims	319,427
Changes in fulfilment cash flows which relate to onerous underlying contracts	56,301
Amounts recoverable from reinsurers	40,202,967
Net reinsurance revenue / service expenses	23,642,285

Sava Re as at 30 June 2023

EUR	
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-3,917,369
Changes in the risk adjustment for non-financial risk	-2,023,961
Net loss/gain recognised in profit or loss	-8,216,473
Allocation of reinsurers' shares of premiums	-14,157,802
Amounts recoverable for claims and other expenses incurred in the period	15,257,730
Changes in amounts recoverable arising from changes in liability for incurred claims	-1,558,948
Changes in fulfilment cash flows which relate to onerous underlying contracts	0
Amounts recoverable from reinsurers	13,698,782
Net reinsurance revenue / service expenses	-459,020

Sava Re as at 30 June 2022

EUR	
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-4,579,833
Changes in the risk adjustment for non-financial risk	-1,310,921
Net loss/gain recognised in profit or loss	-9,419,749
Allocation of reinsurers' shares of premiums	-15,310,504
Amounts recoverable for claims and other expenses incurred in the period	41,769,037
Changes in amounts recoverable arising from changes in liability for incurred claims	1,188,332
Amounts recoverable from reinsurers	42,957,370
Net reinsurance revenue / service expenses	27,646,866

16.15 Related party disclosures

Fixed remuneration of management board members for performing their function in the first six months of 2023 totalled EUR 362,216 (first half of 2022: EUR 341,011), and variable remuneration totalled EUR 255,982 (1–6/2022: 402,625). Benefits in kind were EUR 16,035 (first half of 2022: EUR 16,592).

Remuneration of management board members in 1–6/2023

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	109,800	62,816	114	1,435	174,166
Polona Pirš Zupančič	98,386	139,706	2,622	4,119	244,833
Peter Skvarča	97,650	53,460	2,623	1,921	155,655
David Benedek	56,380	0	892	2,307	59,579
Total	362,216	255,982	6,252	9,783	634,232

Remuneration of management board members in 1–6/2022

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	101,386	155,623	108	1,845	258,962
Jošt Dolničar	61,425	140,082	1,750	1,010	204,267
Polona Pirš Zupančič	89,100	53,460	2,616	4,305	149,481
Peter Skvarča	89,100	53,460	2,610	2,348	147,518
Total	341,011	402,625	7,084	9,508	760,228

Liabilities to management board members based on gross remuneration

EUR	30 June 2023	31 December 2022
Marko Jazbec	18,000	18,000
Polona Pirš Zupančič	16,200	14,850
Peter Skvarča	16,200	14,850
David Benedek	16,200	0
Total	66,600	47,700

In 2023, EUR 86,246 was paid to Polona Pirš Zupančič, a member of the management board of Sava Re, in respect of deferred remuneration for 2021, 2020, 2019 and 2018.

As at 30 June 2023, the Company disclosed liabilities for potential payment of the variable part of pay of management board members in respect of 2021 and 2022 subject to certain conditions in the amount of EUR 136,763.31.

As at 30 June 2023, the Company had no receivables due from the management board members. Management board members are not remunerated for their functions in subsidiary companies. They

have other entitlements under employment contracts, i.e. an allowance for annual leave of EUR 1,800, severance pay upon retirement and contributions to voluntary supplementary pension insurance. Management board members are not entitled to jubilee benefits for 10, 20 or 30 years of service.

Remuneration of the members of the supervisory board and its committees in 1–6/2023

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Davor Ivan Gjivoje Jr	chair	1,375	9,750	38,665	49,790
Keith William Morris	deputy chair	1,375	7,150	3,317	11,842
Klemen Babnik	member	1,375	6,500	156	8,031
Matej Gomboši	member	1,375	6,500	1,585	9,460
Gorazd Andrej Kunstek (until 12 June 2023)	member	1,375	5,850	0	7,225
Edita Rituper	member	1,375	6,500	0	7,875
Blaž Garbajs (from 13 June 2023)	member	0	650	0	650
Total supervisory board members		8,250	42,900	43,723	94,873
Audit committee members					
Matej Gomboši	chair	1,100	2,438	1,585	5,123
Gorazd Andrej Kunstek (until 12 June 2023)	member	1,100	1,462	0	2,562
Blaž Garbajs (from 13 June 2023)	member	0	163	0	163
Katarina Sitar Šuštar	external member	0	4,425	84	4,509
Dragan Martinović	external member	0	3,788	0	3,788
Total audit committee members		2,200	12,276	1,669	16,145
Members of the nominations and remuneration committee					
Klemen Babnik	chair	440	2,438	62	2,940
Davor Ivan Gjivoje Jr	member	440	1,625	15,466	17,531
Keith William Morris	member	440	1,625	1,327	3,392
Matej Gomboši	member	440	1,625	634	2,699
Gorazd Andrej Kunstek (until 12 June 2023)	member	440	1,462	0	1,902
Edita Rituper (from 13 June 2023)	member	0	163	0	163
Total nominations committee members		2,200	8,938	17,489	28,627
Members of the risk committee					
Keith William Morris	chair	880	2,438	2,654	5,972
Davor Ivan Gjivoje Jr	member	880	1,625	30,932	33,437
Slaven Mičković	external member	0	8,795	0	8,795
Janez Komelj	external member	0	2,039	0	2,039
Total risk committee members		1,760	14,897	33,586	50,243
Members of the fit & proper committee					
Keith William Morris	chair	440	2,438	1,327	4,205
Klemen Babnik	member	440	1,625	62	2,127
Rok Saje	external member	440	1,625	0	2,065
Klara Hauko	external member	440	1,625	0	2,065
Total members of the fit and proper committee		1,760	7,313	1,389	10,462

Remuneration of the members of the supervisory board and its committees in 1–6/2022

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Davor Ivan Gjivoje Jr	chair	1,320	9,750	264	11,334
Keith William Morris	deputy chair	1,320	7,150	3,534	12,004
Klemen Babnik	member	1,320	6,500	0	7,820
Matej Gomboši	member	1,320	6,500	1,072	8,892
Gorazd Andrej Kunstek	member	1,320	6,500	219	8,039
Edita Rituper	member	1,320	6,500	0	7,820
Total supervisory board members		7,920	42,900	5,089	55,909
Audit committee members					
Matej Gomboši	chair	1,540	2,438	1,563	5,541

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Gorazd Andrej Kunstek	member	1,540	1,625	320	3,485
Katarina Sitar Šuštar	external member	0	6,537	73	6,610
Dragan Martinović	external member	0	3,888	0	3,888
Total audit committee members		3,080	14,488	1,956	19,524
Members of the nominations and remuneration committee					
Klemen Babnik	chair	440	2,438	0	2,878
Davor Ivan Gjivoje Jr	member	440	1,625	220	2,285
Keith William Morris	member	440	1,625	0	2,065
Matej Gomboši	member	440	1,625	0	2,065
Gorazd Andrej Kunstek	member	440	1,625	91	2,156
Total nominations committee members		2,200	8,938	311	11,449
Members of the risk committee					
Keith William Morris	chair	880	2,438	2,945	6,263
Davor Ivan Gjivoje Jr	member	880	1,625	220	2,725
Janez Komelj	external member	0	3,617	0	3,617
Total risk committee members		1,760	7,680	3,165	12,605
Members of the fit & proper committee					
Keith William Morris	chair	440	2,438	0	2,878
Klemen Babnik	member	440	1,625	0	2,065
Rok Saje	external member	440	1,625	0	2,065
Klara Hauko	external member	440	1,625	0	2,065
Total members of the fit and proper committee		1,760	7,313	0	9,073

As at 30 June 2023, the Company had no receivables due from the supervisory board members and had no liabilities due to any members of the supervisory board or its committees based on gross remuneration.

Transactions with subsidiaries

Investments in and amounts due from Group companies

Sava Re				
EUR			30 June 2023	31 December 2022
	Loans granted to Group companies	gross	1,000,000	1,030,575
	Receivables for (re)insurance contract assets	gross	21,623,135	13,951,635
	Short-term receivables arising out of financing	gross	1,569,813	0
	Other short-term receivables	gross	116,253	146,475
	Total		24,309,201	15,128,685

Liabilities to Group companies

Sava Re				
EUR			30 June 2023	31 December 2022
	Liabilities for (re)insurance contract liabilities		4,812,255	3,114,174
	Other short-term liabilities		6,795,367	5,979,979
	Total		11,607,622	9,094,153

Income and expenses relating to Group companies

Sava Re		
EUR	1-6/2023	1-6/2022
Insurance revenue / insurance service expenses	13,638,180	-21,098,335
Dividend income	28,823,862	50,289,971
Net investment income/expenses	30,351	20,440
Insurance finance expenses/income	-320,912	-656,006
Other income and expenses	-120,406	90,949
Total	42,051,075	28,647,019

Transactions with the state and majority state-owned entities

Receivables due from the state and majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Interests in companies	3,716,915	3,418,761	3,716,915	3,418,761
Debt securities and loans	62,304,975	61,717,733	14,816,046	14,304,654
Receivables due from policyholders	2,501,739	457,256	0	0
Total	68,523,629	65,593,750	18,532,960	17,723,415

Income and expenses relating to majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	1-6/2023	1-6/2022	1-6/2023	1-6/2022
Dividend income	90,000	240,589	90,000	240,589
Interest income at effective interest rate	593,062	684,807	128,319	129,553
Other investment income	495,219	69,492	490,699	36,832
Other investment expenses	-118,520	-267,380	0	-267,380
Gross premiums written	4,665,372	11,797,608	0	0
Gross claims payments	-938,061	-1,435,179	0	0
Total	4,787,071	11,089,937	709,018	139,594

Characteristics of loans granted to subsidiaries

Sava Re				
Borrower	Principal	Type of loan	Maturity	Interest rate
Sava Pokojninska	1,500,000	subordinated	28 June 2027	6.00%
Total	1,500,000			

17 Significant events after the reporting date

Storms

In July and August 2023, Slovenia was hit by a wave of storms and floods that caused major property damage. Further details of these and other major loss events and the assessment of their impact on the year-end result are described in sections 2.2 “Major loss events”, 6 “Risk management” and 7 “Progress on the business plan”.

Acquisition of ASP

In August 2023, Sava Re acquired 100% of the shares of ASP d.o.o. after all suspensive conditions were fulfilled. The company is a provider of key IT applications to support the operations of the insurance companies in the Sava Insurance Group.

Establishment of Vita S Holding

In August 2023, Sava Re established Vita S Holding d.o.o., based in Skopje, North Macedonia, in which it currently holds an 80% stake. The company was established to provide a platform for Sava Re to develop healthcare services in North Macedonia.

Appendix – Glossary of selected terms and calculation methodologies for indicators

Glossary of selected terms and computation methods for indicators

Performance indicators and other terms
Contractual service margin (CSM). An estimate of the unearned profit on groups of insurance contracts that has not been recognised in the income statement at a reporting date because it relates to future services.
Finance result. Short for the income statement item "finance result of investments and insurance services".
Investment portfolio. It consists of financial investments, investments in associates, investment property, and cash and cash equivalents. It does not include investments of policyholders who bear the investment risk.
FVTPL investments (investments at fair value through profit or loss). Financial investments measured at fair value through profit or loss.
Insurance revenue. Revenue from insurance contracts issued in accordance with IFRS 17, which does not include any investment components.
Insurance service result. Short for the income statement item "insurance and reinsurance service result".
Alternative performance indicators
Cost-to-income ratio (CIR). Expense ratio for the pensions and asset management segment. It is calculated as the ratio of revenue to expenses.
Dividend yield. Ratio of dividend per share to the rolling average price per share in the 12-month period.
Net investment income of the investment portfolio. Net investment income or expenses plus attributable gains or losses on equity-accounted investments. Calculated excluding the impact of foreign exchange differences and subordinated debt expenses.
Return on equity. Net profit for the period as a percentage of average equity during the period, excluding accumulated other comprehensive income.
Return on the investment portfolio. (Net investment income or expenses plus attributable gains or losses on equity-accounted investments) / average balance of investment portfolio. The investment portfolio position includes the following items of the statement of financial position: investment property, investments in equity-accounted associates, financial investments, excluding unit-linked assets, and cash and cash equivalents other than unit-linked assets. The average balance is calculated based on the figures as at the reporting date and as at the end of the previous year. Calculated excluding the impact of foreign exchange differences and subordinated debt expenses.
Book value per share. Ratio of total equity to weighted average number of shares outstanding.
Combined ratio. Expenses less claims ceded to reinsurers, net of finance expenses, as a percentage of income, less premiums ceded to reinsurers net of finance income. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments.
Gross premiums (gross written premiums). The total premiums on all policies written or renewed during a given period, regardless of what portions have been earned.
Business volume. Gross premiums written and revenue of non-insurance services.
Solvency ratio. The ratio of eligible own funds to the solvency capital requirement, expressed as a percentage. A ratio greater than 100% indicates that the Company has sufficient resources to meet its solvency capital requirement.
Assets under management. Assets of pension companies' savings funds, assets of mutual funds managed by the Group's asset management company and assets of policyholders who bear the investment risk.
Loss ratio. Insurance service expenses, net of expenses and claims ceded to reinsurers, as a percentage of insurance revenue, net of premiums ceded to reinsurers.