



**Quarterly Statement
of the Sava Insurance Group
for January–March 2023**

Ljubljana, 23 May 2023

Financial highlights

EUR	1–3/2023	1–3/2022	Change	Index
Business volume	260,167,590	236,814,839	23,352,751	109.9
Insurance revenue	153,211,935	136,891,945	16,319,990	111.9
Insurance service result	23,824,892	15,356,502	8,468,390	155.1
Net profit or loss for the period	20,091,036	8,224,635	11,866,401	244.3
	31 March 2023	31 December 2022	Change	Index
Shareholders' equity	552,487,326	521,216,046	31,271,280	106.0
Contractual service margin (CSM)	147,016,120	137,309,546	9,706,574	107.1
Investment portfolio position	1,448,873,518	1,416,697,740	32,175,778	102.3
Total assets	2,403,798,487	2,343,089,403	60,709,084	102.6
Assets under management	2,124,493,029	2,006,528,480	117,964,549	105.9
	1–3/2023	1–3/2022	Change	Index
Combined ratio	88.4%	94.0%	-5.6 p.p.	-
Return on equity	13.4%	5.9%	+7.5 p.p.	-
Return on investment portfolio	2.2%	0.2%	+2.0 p.p.	-
Solvency ratio	180–186%	196–202%	-	-

The Group's **business volume** grew by 9.9% to EUR 260.2 million, mainly driven by growth in non-life and reinsurance gross written premiums, with both segments benefiting from price increases and organic growth. Gross written premiums in the life segment were below last year's level due to the exceptionally high sales of single premium policies in the first quarter of last year.

The higher premium volume is also the main reason for the 11.9% increase in **insurance revenue**. Life insurance revenue increased despite the decrease in gross life written premiums. This is due to a decrease in premiums for life business with large investment components (which are excluded from insurance revenue) and an increase in premiums for protection business (without investment components).

The significant year-on-year improvement in the **insurance service result** (up 55.1%) was mainly driven by the reinsurance and non-life business, reflecting both higher insurance revenue and a lower claims burden from major claims as their composition triggered the Group's reinsurance protection to a greater extent in 2023. Although there were more claims in 2022, they did not trigger reinsurance protection to the same extent. The high growth in the insurance service result is partly due to the strong impact of claims inflation on the first-quarter 2022 result. As a result, the **combined ratio** improved by 5.6 p.p. to a very favourable 88.4%.

Net profit for the period was EUR 20.1 million, an increase of 144.3% year on year. This was driven by the insurance service result for the reasons described above, but also by a strong improvement in the finance result due to the more favourable developments in the financial markets this year. Consequently, **return on equity** increased by 7.5 p.p. to 13.4%.

Shareholders' equity was EUR 552.5 million, up 6.0% from the previous year end, thanks to the first quarter profit and other comprehensive income resulting from the increase in the fair value of financial investments.

The contractual service margin (CSM) grew by EUR 9.7 million, or 7.0%, to which the life segment contributed EUR 3.8 million (up 3.0% year on year) and the reinsurance segment EUR 6.0 million (up 128.9% year on year).

The **investment portfolio** increased by 2.3% to EUR 1,448.9 million compared to the end of the previous year. Fixed-income investments remain the largest asset class at 83.1%. The **return on the investment portfolio** rose to 2.2% in the first quarter as a result of improved financial markets and higher reinvestment rates.

Assets under management increased by 5.9% to EUR 2,124.5 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.

The estimated solvency position as at 31 March 2023 shows that the Group is well capitalised, with an estimated solvency ratio between 180% and 186% (31 December 2022: 183%).

Non-life segment

EUR	1-3/2023	1-3/2022	Change	Index
Gross premiums written¹	161,310,098	139,828,476	21,481,622	115.4
EU	139,626,386	122,252,140	17,374,246	114.2
Outside EU	21,683,712	17,576,336	4,107,376	123.4
Insurance revenue	117,140,763	105,352,052	11,788,711	111.2
EU	98,371,948	88,728,382	9,643,566	110.9
Outside EU	18,768,815	16,623,670	2,145,145	112.9
Insurance service result	14,810,126	11,593,641	3,216,485	127.7
EU	13,174,009	9,484,421	3,689,589	138.9
Outside EU	1,636,117	2,109,221	-473,104	77.6
Profit or loss before tax	12,937,554	7,346,043	5,591,511	176.1
EU	11,829,050	6,066,850	5,762,200	195.0
Outside EU	1,108,504	1,279,193	-170,689	86.7
Combined ratio	89.5%	91.7%	-2.2 p.p.	-
EU	88.3%	91.4%	-3.1 p.p.	-
Outside EU	96.4%	93.6%	+2.8 p.p.	-

Gross written premiums grew by a notable 15.4%. In the EU markets, gross written premiums grew mainly due to the growth in motor premiums in the personal lines segment. This growth primarily reflects rising average premiums due to inflation-adjusted price increases (to keep pace with the rising cost of spare parts and repairs). However, premium growth also reflects the acquisition of new policyholders and an upswing in the number of policies sold. On the other hand, it was mainly organic growth that contributed to the Group's 23.4% increase in gross written premiums in markets outside the EU. The strongest growth in these markets was again achieved in the motor business, while health and property insurance premiums also grew significantly.

Insurance revenue grew by 11.2%, driven by the growth in gross written premiums described above. The Group's revenue grew both in its EU markets (10.9%) and in its non-EU markets (12.9%).

The **insurance service result** grew by 27.7% year on year. The high growth in the EU markets was the result of several factors. The most important is the high growth in insurance revenue mentioned above. Other factors include insurance service expenses, which were higher in the first quarter of 2022 due to inflationary pressure on claims provisions, and the present value of future claims payments in the period, which was lower in the first quarter of 2023 because it is discounted at a higher market rate than in the first quarter of 2022. The insurance service result in non-EU markets is below the year-on-year level due to a higher volume of claims.

Profit before tax was 76.1% higher year on year, with the increase coming from the EU markets. In addition to the improved insurance service result mentioned above, EUR 2.0 million was contributed by the better finance result, largely as a result of last year's financial market conditions and the related higher fair value losses on FVTPL investments. Furthermore, higher interest income was achieved this

¹ A breakdown of gross premiums written by class of business and region is shown in Appendix 2.

year due to a larger investment portfolio and reinvestment at higher effective interest rates. The higher profit before tax generated in the non-EU markets is due to a lower insurance service result.

The **combined ratio** of 89.5% improved by 2.2 p.p. due to an improved loss ratio, whereas the expense ratio remained at the same level as last year. The combined ratio improved by 3.1 p.p. in the EU markets and deteriorated by 2.8 p.p. in the markets outside the EU.

Life segment

EUR	1–3/2023	1–3/2022	Change	Index
Gross premiums written²	44,661,102	48,398,243	-3,737,141	92.3
EU	41,723,997	45,870,885	-4,146,888	91.0
Outside EU	2,937,105	2,527,358	409,747	116.2
Insurance revenue	15,740,145	14,558,680	1,181,465	108.1
EU	14,534,813	13,577,415	957,398	107.1
Outside EU	1,205,332	981,265	224,067	122.8
Insurance service result	5,009,487	4,860,435	149,052	103.1
EU	4,972,630	4,828,623	144,007	103.0
Outside EU	36,857	31,812	5,045	115.9
Profit or loss before tax	5,398,869	2,926,658	2,472,211	184.5
EU	5,304,011	2,996,137	2,307,874	177.0
Outside EU	94,858	-69,479	164,337	-
	31 March 2023	31 December 2022	Change	Index
Contractual service margin (CSM)	129,328,608	125,535,771	3,792,837	103.0
EU	119,124,223	115,335,765	3,788,458	103.3
Outside EU	10,204,385	10,200,006	4,379	100.0

Gross written premiums in the EU markets decreased by 9.0%, driven by higher single premium volumes in the first quarter of last year. Before the start of the war in Ukraine, capital markets were more optimistic and banks were still charging demurrage, making single-premium policies very attractive. This year, however, better sales led to organic growth in gross premiums for instalment unit-linked and protection business. A notable 16.2% growth in non-EU gross written premiums was achieved 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 8.1%, of which 7.1% in the EU markets as a result of changes in the portfolio mix. Demand is shifting towards protection policies without an investment component, which is included in the calculation of gross written premiums but not in insurance revenue. Insurance revenue from the non-EU companies grew by 22.8%, mainly due to an increase in sales volume or gross written premiums.

Despite higher insurance revenue, the **insurance service result** of EUR 5.0 million remained roughly at the year-on-year level due to a slight increase in claims.

The 84.5% increase in the **profit before tax** is largely attributable to the performance in the EU markets and is mainly due to a lower finance result in the previous year as a result of the unfavourable financial markets at that time. The net investment result improved by as much as EUR 2.4 million in the first quarter of this year compared to the same period last year.

The 3.0% increase in the **contractual service margin** was driven by new business, reflecting the continued profitability of the life portfolio, while expected future profits were also higher because of positive developments in the financial markets.

² A breakdown of gross premiums written by class of business and region is shown in Appendix 3.

Reinsurance segment

EUR	1-3/2023	1-3/2022	Change	Index
Gross premiums written	47,508,860	42,364,834	5,144,026	112.1
Insurance revenue	20,238,723	16,925,655	3,313,068	119.6
Insurance service result	4,008,647	-1,108,784	5,117,431	-
Profit or loss before tax	3,654,534	-2,122,474	5,777,008	-
Combined ratio	81.9%	108.5%	-26.7 p.p.	-
	31 March 2023	31 December 2022	Change	Index
Contractual service margin (CSM)	10,603,680	4,632,770	5,970,910	228.9

The 12.1% 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 20.0%. As a result, **insurance revenue** grew by 19.6%.

The **insurance service result** improved by EUR 5.1 million. The size and nature of this quarter's major losses are different from last year's major losses, which is why reinsurance protection operated differently. In 2023, the claims (mainly the earthquake in Turkey) were thus largely passed on to reinsurers outside the Group. Although the claims volume was larger in 2022, they 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 quarter of 2022, also contributed to the higher insurance service result.

Profit before tax improved by EUR 5.8 million, primarily due to the above-mentioned insurance service result, but also due to the improved finance result. The more favourable financial market conditions this year resulted in lower fair value losses on FVTPL investments, and interest revenue also increased.

The **combined ratio** stood at a very favourable 81.9%, a significant improvement over the same period last year for the reasons described above.

The **contractual service margin (CSM)** increased by EUR 6.0 million, or 128.9%, reflecting a higher proportion of reinsurance contracts renewed at the beginning of the year, as well as higher expected profits due to price adjustments and an improved portfolio structure towards more profitable contracts.

Pensions and asset management segment

EUR	1-3/2023	1-3/2022	Change	Index
Business volume	5,566,824	5,669,153	-102,329	98.2
Asset management revenue	4,600,779	4,559,624	41,155	100.9
Gross premiums written (annuities)	966,045	1,109,529	-143,484	87.1
Expenses	3,115,012	2,971,645	143,367	104.8
Cost-to-income ratio	64.8%	64.0%	+0.8 p.p.	101.2
Profit or loss before tax	2,030,022	854,611	1,175,411	237.5
EUR	31 March 2023	31 December 2022	Change	Index
Assets under management	1,601,518,797	1,507,752,304	93,766,493	106.2

The **business volume** decreased by 1.8% solely because of the gross written premiums of the annuity fund, which decreased by 12.9% as fewer policyholders reached retirement eligibility. However, asset management revenue grew by 0.9% due to higher assets under management.

The **cost-to-income ratio** rose by 0.8 p.p. due to the impact of inflation on cost levels.

Profit before tax increased by EUR 1.2 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 the guaranteed return. All three companies in the segment improved their financial performance.

Assets under management increased by 6.2%, driven by the net investment income generated and positive net inflows in all companies.

“Other” segment

EUR	1–3/2023	1–3/2022	Change	Index
Income	1,834,979	2,009,104	-174,125	91.3
Expenses	1,561,306	1,203,130	358,176	129.8
Profit or loss before tax	273,673	805,974	-532,301	34.0

Profit before tax declined by 66.0% due to the sale of S Estate in the first quarter of 2022, which generated a gain of EUR 0.99 million.

Investment portfolio

Financial market conditions

To combat rising inflation, the European Central Bank raised its key interest rate twice in the first quarter of 2023. Risk-free bond yields have been falling since the end of 2022, while credit spreads have tightened, particularly for investments of Group companies outside the EU. The collapse of two mid-sized US banks and the troubled Swiss banking giant Credit Suisse have contributed to increased volatility in the financial markets. The impact of these events on invested assets was negligible as the Group had no direct exposure to these banks. Although there are signs of an economic slowdown, expectations of a deeper recession are being tempered, which has had a positive impact on equity markets and the Group’s investment portfolio.

Investment portfolio³

EUR	31 March 2023	31 December 2022	Change	Index
Investment portfolio position	1,448,873,518	1,416,697,740	32,175,778	102.3
EUR	1–3/2023	1–3/2022	Change	Index
Net investment income relating to the investment portfolio	7,676,862	605,614	7,071,248	1,267.6
Interest income	4,426,855	3,699,920	726,935	119.6
Change in fair value of FVTPL investments	1,343,019	-4,502,351	5,845,370	-
Other investment income/expenses	1,906,988	1,408,045	498,943	135.4
Return on investment portfolio	2.2%	0.2%	+2.0 p.p.	-

The Group’s investment portfolio of EUR 1,448.9 million as at 31 March 2023 generated a positive return of 2.2%, despite the geopolitical and economic challenges that are causing increased volatility in the financial markets. The performance reflects a balanced investment policy and the quality of the investment portfolio, which is dominated by government bonds and other high-quality assets, with 66.9% of debt instruments rated A or better and 86.8% of all debt instruments rated investment grade.

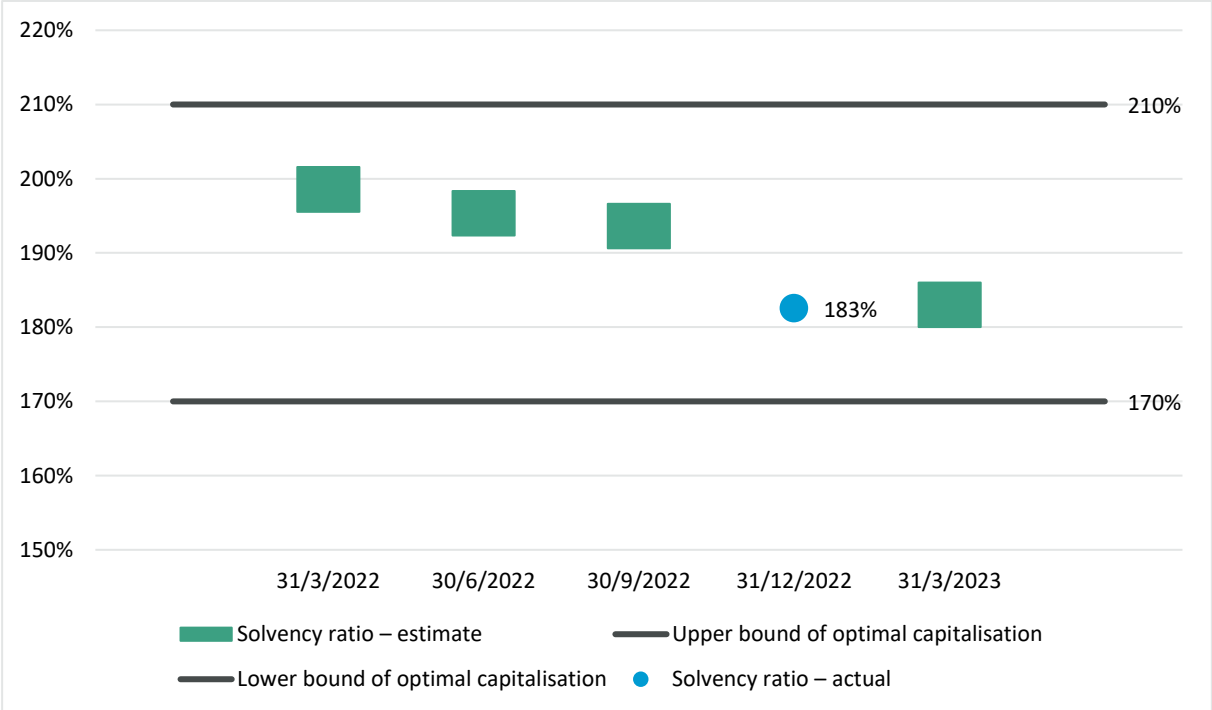
³ Appendix 5 provides a more detailed breakdown of the investment portfolio.

Interest revenue increased, reflecting (re)investments at higher interest rates. The investment result benefited from FVTPL investments, particularly equity investments. In the first quarter of the previous year, the financial markets moved in a markedly negative direction due to the outbreak of the war in Ukraine, which resulted in fair value losses on FVTPL assets of EUR 5.2 million.

Solvency position

The Group’s estimated solvency position as at 31 March 2023, which takes into account foreseeable dividend payments, shows that the Group is well capitalised, with an expected **solvency ratio** between 180% and 186% (31 December 2022: 183%). We estimate that eligible own funds increased slightly in the first quarter of 2023, mainly due to the more favourable financial market conditions and the resulting positive impact on investment valuations. 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%.

Capital adequacy of the Sava Insurance Group for the period from 31 March 2022 to 31 March 2023⁴



⁴ The optimal level of capitalisation shown is effective from 1 January 2023.

Progress on the business plan

In the first quarter of 2023, the Sava Insurance Group successfully implemented its 2023 business plan, achieving 32.5% of the planned business volume for the full year 2023. Net profit for the period was EUR 20.1 million, representing 37.9% 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	1–3/2023	2023 plan	As % of plan
Business volume	260.2	> 800	32.5%
Business volume growth	9.9%	> 4%	✓
Return on equity	13.4%	> 9.5%	✓
Profit or loss, net of tax	20.1	> 53	37.9%
Solvency ratio	180–186%	170–210%	✓
Combined ratio	88.4%	< 95%	✓
Return on investment portfolio	2.2%	> 1.5%	✓

First application of IFRS 17 and IFRS 9

This quarterly statement for the three months to 31 March 2023 with the comparable period in 2022 has been prepared in accordance with IFRS 17 and IFRS 9, which entered into force on 1 January 2023. The methodologies and estimated impact of the transition to the new standards are presented in the Group's 2022 annual report. This quarterly statement does not represent an interim financial report within the meaning of IAS 34, but such a report will be published for the first half of 2023 in accordance with the financial calendar.

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.

Significant events after 31 March 2023

Notice of general meeting of shareholders

In April 2023, the notice of the 39th general meeting of shareholders to be held on 5 June 2023 was published.

Divestment of G2I

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

About the Sava Insurance Group

The Sava Insurance Group is one of the larger insurance groups in the region. Headquartered in Ljubljana, Slovenia, Sava Re d.d. is a reinsurance company and the operating holding company of the Sava Insurance Group. The Group is present in six markets in the region and provides reinsurance services to its clients in more than 120 countries worldwide. The Group's companies provide a comprehensive range of financial services, including non-life, life and pension insurance, reinsurance, fund management, assistance and healthcare services. 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>.

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. This document is not an interim financial report within the meaning of IAS 34 "Interim Financial Reporting". The interim financial statements have not been audited.

Appendices

1. Consolidated income statement by operating segment

EUR	Reinsurance		Non-life, EU		Non-life, outside EU		Life, EU		Life, outside EU		Pensions and asset management		Other		Total	
	1-3/2023	1-3/2022	1-3/2023	1-3/2022	1-3/2023	1-3/2022	1-3/2023	1-3/2022	1-3/2023	1-3/2022	1-3/2023	1-3/2022	1-3/2023	1-3/2022	1-3/2023	1-3/2022
Insurance revenue	20,238,723	16,925,655	98,371,948	88,728,382	18,768,815	16,623,670	14,534,813	13,577,415	1,205,332	981,265	92,304	55,558	0	0	153,211,935	136,891,945
Insurance service expenses	-21,152,385	-20,499,920	-83,137,522	-76,037,118	-17,629,351	-14,201,929	-9,551,019	-8,588,689	-1,168,475	-949,453	-95,672	-44,348	0	0	-132,734,424	-120,321,457
Insurance service result before reinsurance	-913,662	-3,574,265	15,234,426	12,691,264	1,139,464	2,421,741	4,983,794	4,988,726	36,857	31,812	-3,368	11,210	0	0	20,477,511	16,570,488
Reinsurance result	4,922,309	2,465,481	-2,060,417	-3,206,843	496,653	-312,520	-11,164	-160,103	0	0	0	0	0	0	3,347,381	-1,213,986
Insurance service result	4,008,647	-1,108,784	13,174,009	9,484,421	1,636,117	2,109,221	4,972,630	4,828,623	36,857	31,812	-3,368	11,210	0	0	23,824,892	15,356,502
Net investment income/expenses	1,717,564	142,693	1,658,476	-940,323	689,301	447,215	19,606,894	-26,610,823	223,953	172,949	292,375	-634,629	710,088	454,033	24,898,651	-26,968,886
Insurance and reinsurance finance result	-1,099,955	-1,082,561	-773,920	-214,003	-187,127	-139,284	-18,226,055	25,797,968	-26,035	-24,774	-145,298	-49,348	0	0	-20,458,390	24,287,998
Net foreign exchange differences	-244,342	169,429	-47,737	45,511	14,641	9,085	-7,204	116,860	-748	5,504	23,594	4,537	0	0	-261,796	350,926
Finance result	373,266	-770,439	836,819	-1,108,815	516,815	317,016	1,373,635	-695,995	197,170	153,679	170,671	-679,440	710,088	454,033	4,178,465	-2,329,962
Other income and expenses	-727,379	-243,251	-2,181,779	-2,308,755	-1,044,428	-1,147,043	-1,042,254	-1,136,491	-139,169	-254,970	1,862,719	1,522,841	-436,415	351,941	-3,708,705	-3,215,728
Profit or loss before tax	3,654,534	-2,122,474	11,829,050	6,066,850	1,108,504	1,279,193	5,304,011	2,996,137	94,858	-69,479	2,030,022	854,611	273,673	805,974	24,294,652	9,810,812
Income tax expense															-4,203,616	-1,586,177
Net profit or loss for the period															20,091,036	8,224,635

2. Non-life

Unconsolidated gross premiums written – non-life

EUR	1–3/2023	1–3/2022	Index
Slovenia	134,826,121	118,421,171	113.9
Serbia	7,831,690	5,758,663	136.0
Croatia	4,953,333	3,946,705	125.5
North Macedonia	4,900,568	4,196,694	116.8
Montenegro	4,859,857	3,742,873	129.8
Kosovo	4,096,411	3,882,971	105.5
Total	161,467,980	139,949,078	115.4

Composition of consolidated gross non-life insurance premiums written by class of business⁵

EUR	1–3/2023		1–3/2022	
	EUR	As % of total	EUR	As % of total
Land motor vehicles	49,778,423	30.9%	40,310,783	28.8%
Motor vehicle liability	40,891,707	25.3%	34,034,796	24.3%
Property	36,188,315	22.4%	38,399,899	27.5%
Accident, health and assistance	21,376,251	13.3%	17,465,538	12.5%
General liability	10,546,683	6.5%	8,108,793	5.8%
Marine, suretyship and goods in transit	2,066,735	1.3%	1,200,663	0.9%
Other insurance	462,016	0.3%	307,841	0.2%
Total	161,310,130	100.0%	139,828,313	100.0%

3. Life

Unconsolidated gross insurance premiums written – life

EUR	1–3/2023	1–3/2022	Index
Slovenia	41,221,540	45,368,353	90.9
Serbia	1,748,768	1,302,778	134.2
Kosovo	1,188,337	1,224,580	97.0
Croatia	502,456	502,532	100.0
Total	44,661,101	48,398,242	92.3

Composition of consolidated gross life insurance premiums by class of business

EUR	1–3/2023		1–3/2022	
	EUR	As % of total	EUR	As % of total
Unit-linked life	28,629,996	64.1%	32,713,050	67.6%
Traditional life	16,031,074	35.9%	15,685,356	32.4%
Total	44,661,070	100.0%	48,398,406	100.0%

⁵ 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.

4. Pensions and asset management

Performance of funds under management (accumulation part)

EUR	1–3/2023	1–3/2022	Index
Opening balance of fund assets (31 December)	1,507,752,304	1,541,670,574	97.8
Fund inflows	47,192,066	48,822,632	96.7
Fund outflows	-12,615,353	-17,250,987	73.1
Asset transfers	-5,226,690	-2,093,806	249.6
Net investment income of fund	63,201,711	-46,664,279	-
Entry and exit charges	-602,510	-609,167	98.9
Exchange differences and fair value reserve	1,817,270	1,756,023	103.5
Closing balance of fund assets (31 March)	1,601,518,797	1,525,630,991	105.0

Funds under management at period end (accumulation part)

EUR	31 March 2023	31 December 2022	Index
Sava Penzisko Društvo	892,812,804	847,491,761	105.3
Sava Infond	540,509,209	494,429,217	109.3
Sava Pokojninska	168,196,784	165,831,325	101.4
Total	1,601,518,797	1,507,752,304	106.2

5. Investment portfolio of the Sava Insurance Group

Investment portfolio position

EUR	31 March 2023	31 December 2022	Absolute change	Index
Government bonds	771,118,137	734,892,738	36,225,399	104.9
Corporate bonds	415,467,787	421,357,176	-5,889,389	98.6
Infrastructure funds	54,218,638	53,856,376	362,263	100.7
Shares	25,657,967	24,883,922	774,044	103.1
Mutual funds	18,404,302	22,157,732	-3,753,430	83.1
Deposits	17,795,505	18,653,094	-857,590	95.4
Real estate funds	16,040,581	16,497,061	-456,481	97.2
Loans granted	1,031,327	1,196,069	-164,743	86.2
Total financial investments	1,319,734,242	1,293,494,169	26,240,074	102.0
Cash and cash equivalents	83,848,169	78,551,702	5,296,468	106.7
Investment property	22,686,760	22,795,761	-109,000	99.5
Financial investments in associates	22,604,346	21,856,109	748,237	103.4
Total investment portfolio	1,448,873,518	1,416,697,740	32,175,778	102.3
Assets held for the benefit of policyholders who bear the investment risk	522,974,232	498,776,177	24,198,056	104.9
– Financial investments	512,182,716	483,892,247	28,290,469	105.8
– Cash and cash equivalents	10,791,517	14,883,930	-4,092,413	72.5
Investment contract assets	169,481,242	166,374,119	3,107,124	101.9

Composition of the investment portfolio

	31 March 2023	31 December 2022	Structure change, p.p.
Fixed-rate financial investments	83.1%	82.9%	0.2
Cash and cash equivalents	5.8%	5.5%	0.2
Infrastructure funds	3.7%	3.8%	-0.1
Shares	1.8%	1.8%	0.0
Property	1.6%	1.6%	0.0
Mutual funds	1.3%	1.6%	-0.3
Real estate funds	1.1%	1.2%	-0.1
Other*	1.6%	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

EUR	31 March 2023	As % of total 31 March 2023	31 December 2022	As % of total 31 December 2022	Structure change, p.p.
Government bonds	716,287,008	49.4%	679,606,633	48.0%	1.5
Regular corporate bonds	366,931,873	25.3%	374,201,397	26.4%	-1.1
Government-guaranteed bonds	54,831,128	3.8%	55,286,105	3.9%	-0.1
Subordinated bonds	32,287,389	2.2%	32,679,047	2.3%	-0.1
Deposits	17,795,505	1.2%	18,653,094	1.3%	-0.1
Covered bonds	16,248,525	1.1%	14,476,732	1.0%	0.1
Total	1,204,381,428	83.1%	1,174,903,008	82.9%	0.2

6. Glossary of selected terms and computation methods for indicators

Associate company. An entity over which the investor has significant influence (the power to participate in the financial and operating policy decisions) and which is neither a subsidiary nor an interest in a joint venture.

Business volume. Gross premiums written and revenue of non-insurance services. This is not an indicator for accounting purposes under IFRS 17.

Claims inflation. The change in the expected level of claims costs over time. This also includes the cost of an individual claim (severity effects) and changes in the likelihood of claiming (frequency effects).

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.

Contractual service margin (CSM). It represents the present value of expected profits on existing insurance contracts to be recognised in the income statement in future periods.

Cost-to-income ratio (CIR). Expense ratio for the pensions and asset management segment. See expense ratio.

Financial investments. Financial investments do not include financial investments in associates, investment property, or cash and cash equivalents.

FVTPL investments (investments at fair value through profit or loss). Financial investments measured at fair value through profit or loss.

Gross premiums written. The total premiums on all policies written or renewed during a given period, regardless of what portions have been earned. Although they are no longer an accounting measure under IFRS 17, the Group continues to use them to measure the volume of its insurance business.

Insurance revenue. Revenue from insurance contracts issued in accordance with IFRS 17, which does not include any investment components.

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.

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. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments.

Minimum capital requirement (MCR). It is equal to the amount of eligible basic own funds below which policyholders, insured persons and other beneficiaries of insurance contracts would be exposed to an unacceptable level of risk if the insurer were allowed to continue operating.

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 shareholders' 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.

Solvency capital requirement (SCR). An amount based on the regulatory calculation of risk, including non-life underwriting risk, life underwriting risk, health underwriting risk, market risk, counterparty default risk and operational risk.

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.

Subsidiary entity. An entity that is controlled by another entity.
