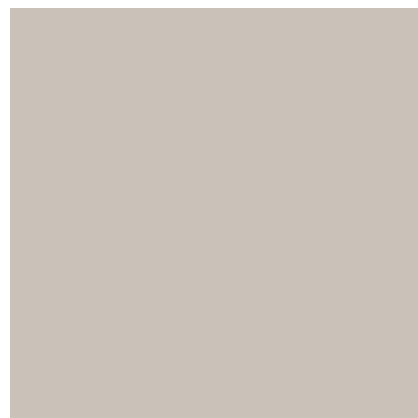


■■■ PRVA GROUP

AUDITED  
ANNUAL REPORT  
2023



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## BUSINESS REPORT

### 1 INTRODUCTORY WORDS FROM THE MANAGEMENT BOARD

In the past year, Prva Group continued its trend of growth in the number of clients and total assets under management. At the end of 2023, it had over 550,000 policyholders and EUR 1.67 billion under management. Prva Group thus remains one of the leading providers of income protection products in Central and Southeast Europe, while with its stake in Deželna banka Slovenije it is also present in the banking sector. The consolidated net profit of the Group for the previous year amounted to EUR 8.3 million.

Both companies in the Slovenian market, Prva pokojninska družba d. d. and Prva osebna zavarovalnica d. d., continued their growth and performed very well. An increasingly important segment for Prva Group in the Slovenian market is supplementary health insurance, where we achieved the highest growth in the past year, i.e. 37% portfolio growth and 51% premium growth. Growth has also been achieved by other key product segments, i.e. voluntary supplementary pension insurance, risk life insurance, and investment insurance. Both companies remain strong in terms of capital.

KB Prvo penzisko društvo AD Skopje further strengthened its role as the leading provider of supplementary pension insurance in North Macedonia. We have seen a strong growth in assets under management driven by a rise in contributions to pension funds and positive returns, which has also led to good operating results.

A life insurance company, Prva Život AD Skopje, was set up in North Macedonia in 2023, which started selling risk life and investment insurance. In 2024, the sales results justified the expectations when entering this market.

Operations in Serbia normalised last year and we again saw growth in collected premiums and assets under management.

Another important challenge in 2023 was the implementation or transition to the new IFRS 17 financial reporting standard, effective from 1 January 2023 in the insurance sector. The standard mainly had an impact on the financial statements of Prva osebna zavarovalnica d. d. and resulted in a positive increase in the total capital of the insurance company.

**Janez Kranjc**  
President of the Management Board



## 2 THE ACTIVITIES OF THE COMPANY AND THE GROUP AND ITS DEVELOPMENT

Basic information about the company:

Name: Skupina Prva d. d. (Prva Group plc.)

Registered office: Fajfarjeva ulica 33, 1000 Ljubljana, Slovenia

Country of incorporation: Slovenia

Country of business: Slovenia

TIN: SI 28012593

Share capital: EUR 13,386,247

Prva Group plc. is a mixed-activity financial holding, which consisted of four pension companies and two insurance companies in 2023.

The Company's activity includes holding operations in insurance and pension funds.

Grant Thornton Audit d.o.o. was appointed as the auditor of the Group in 2023.

Prva Group plc. is a public limited company set up for an indefinite period of time.

In 2023, the following companies operated within the Group: Prva osebna zavarovalnica d. d. and Prva pokojninska družba d. d. in Slovenia, KB Prvo and PRVA Život AD Skopje in North Macedonia, DDOR Garant in Serbia, and FSKP in Kosovo.

Prva Group plc. compiled the consolidated financial statements of the Group, which includes six subsidiaries, in accordance with the IFRS as adopted by the EU. The consolidated financial statements are based on the original financial statements of the companies included in consolidation, inclusive of the necessary consolidation adjustments which, however, are not subject to recording in the financial statements of the companies included in consolidation. In the financial statements, investments in subsidiaries are accounted for using the cost method. The report also presents the operations of guarantee funds, which are managed by the subsidiaries.

Prva Group plc. does not have any branch offices either in Slovenia or abroad.

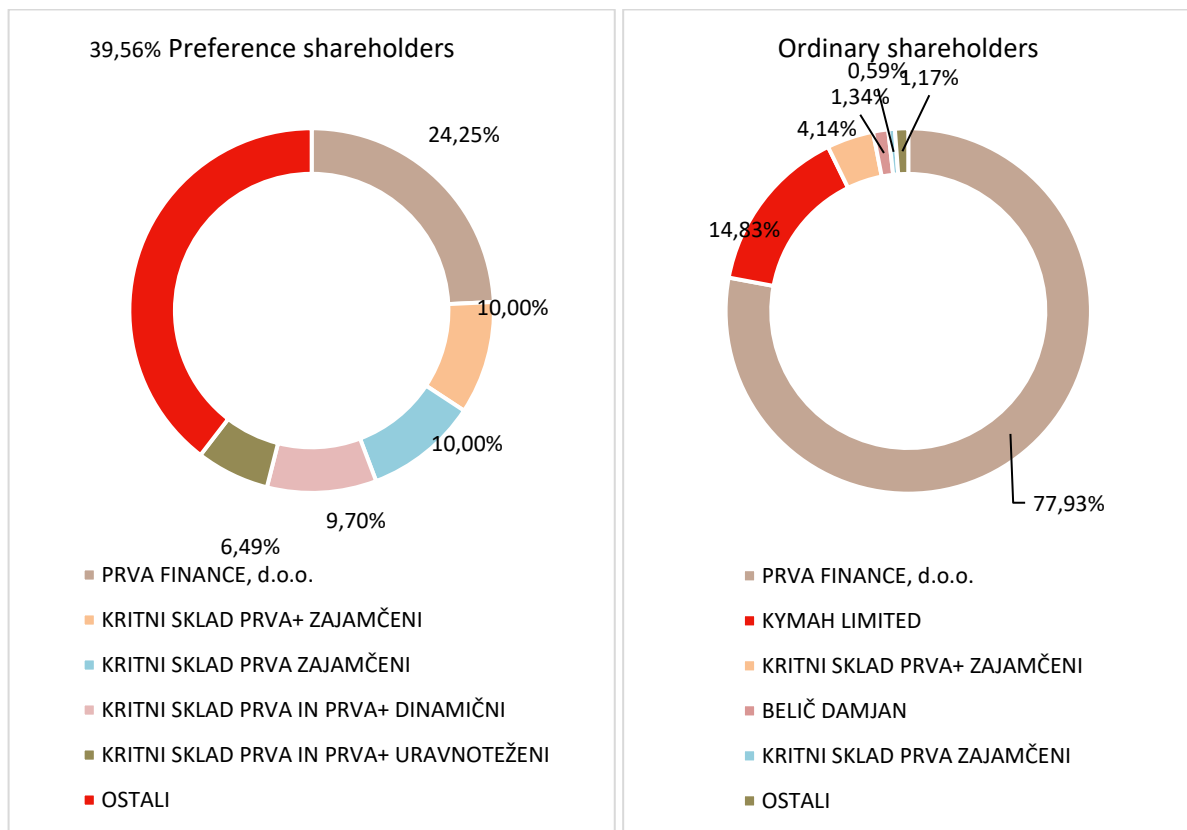
In the Annual Report, Prva Group plc. is referred to as Prva Group plc. or Prva Group or the Company and Skupina Prva Group is referred to as the Group.

## 3 SHARE CAPITAL AND SHAREHOLDERS

The Company's share capital amounts to EUR 13,386,247 and did not change in 2023. Individual capital elements are described in detail in Section 16.10. Equity.

The owners of Prva Group are successful Slovenian and foreign companies, members of the Supervisory and Management Boards, and other shareholders and companies that have included their insured in one of the pension schemes of Prva pokojninska družba d. d. The parent company of Prva Group is PRVA FINANCE d.o.o. The majority owner of PRVA FINANCE, d.o.o. is Alenka Žnidaršič Kranjc.

Chart 1: The five largest shareholders of ordinary and preference shares of Prva Group as at 31 December 2023



Source: The share register of Prva Group

19 legal and natural persons are owners of class A ordinary shares. The largest shareholders are PRVA FINANCE, d.o.o. with a 77.93% share, Kymah Limited with a 14.83% share, and Prva+ Guaranteed Fund with a 4.14% share. The others own a total of 3.1% of ordinary shares.

Class B shares are owned by 60 legal and natural persons. The largest share is held by PRVA FINANCE, d.o.o. with a 24.25% share, Prva+ Guaranteed Fund with a 10.00% share, and Prva Guaranteed fund with a 10.00% share. The other owners own a total of 55.75% of preference shares.

At the end of 2023, the Company has no authorised capital available for the subscription of shares.

## 4 CORPORATE GOVERNANCE BODIES

The Company’s corporate governance bodies are the General Meeting, the Supervisory Board, the Management Board, and the Audit Committee. The General Meeting of Prva Group is comprised of legal and natural persons holding shares of Prva Group. The Supervisory Board is composed of four members. All members are representatives of capital.

The Management Board represents and presents the Company. In 2023, the President of the one-member Management Board was Janez Kranjc.

## 4.1 REPORT ON THE WORK OF THE SUPERVISORY BOARD AND THE AUDIT COMMITTEE OF PRVA GROUP

In 2023, the four-member Supervisory Board performed its duties and tasks in accordance with the provisions of the Insurance Act, the Companies Act, the Company's Articles of Association, and the Rules of Procedure of the Supervisory Board.

In 2023, the Supervisory Board was composed of Nicholas Andrew Lindsay Stuart (President), Helena Petrin, Miha Kranjc, and Matej Akrapović.

### ACTIVITIES OF THE SUPERVISORY BOARD

In 2023, the Supervisory Board monitored the Company's operations and the work of the Management Board at two regular meetings and two correspondence meetings, where it exercised the statutory supervision over the Company's operations and the realisation of resolutions adopted at previous Supervisory Board meetings.

In 2023, the Supervisory Board regularly monitored the overall performance of the Company and the Group on the basis of the Annual Report and the regular reports on the performance of the Company and Group companies and compared the realised targets with the planned targets.

Furthermore, the Supervisory Board's work in 2023 included the consideration and approval of the Annual Report of the Company for 2022, the Group's Consolidated Annual Report for 2022, and the Report on Relations with Affiliated Companies for 2022 with the opinion of the external auditor to these reports. In 2023, the Supervisory Board also considered the report on the preliminary audit of the financial statements and monitored the work of the external auditor.

In 2023, the Supervisory Board approved the proposal to convene the General Meeting of the Company, proposed to the General Meeting the appointment of the auditor of the financial statements for the 2023-2026 financial years, and reviewed and approved the conclusion of contracts with the external auditor.

The Supervisory Board further approved an increase in the remuneration of the President of the Management Board of the Company and, in this respect, approved the conclusion of an annex to the employment contract and gave its consent to the investments made by the Management Board in accordance with the Company's Articles of Association.

The Supervisory Board regularly supervised the work of the Audit Committee and its findings, as set out in the Annual Report of the Audit Committee for 2022 and the Audit Committee's regular activity reports. In 2023, the Supervisory Board also adopted amendments to the Rules of Procedure of the Audit Committee.

With a view to the future operations of the Company, the Supervisory Board, at its last meeting in 2023, adopted the Company's financial and business plan for the 2024-2026 period and took note of the financial and business plans of all Group companies for the 2024-2026 period.

### AUDIT COMMITTEE

The Supervisory Board has an Audit Committee. In 2023, the Audit Committee was comprised of: Nicholas Andrew Lindsay Stuart (President), Helena Petrin (Deputy President), Sara Čučnik (Independent Expert).

The tasks and competencies of the Audit Committee are laid down in the Companies Act, the Rules of Procedure of the Audit Committee, the Rules of Procedure of the Supervisory Board, and the resolutions adopted by the Supervisory Board.

In 2023, the Audit Committee met at two regular and two correspondence meetings and addressed the following topics:

- risk management and internal control efficiency (monitoring of the relevance of risk management, provision of sufficient amount of capital, and monitoring internal control efficiency and performance);
- efficiency and performance of the internal audit services in subsidiaries (monitoring efficiency and performance of internal audit services in individual subsidiaries through quarterly reports

- of internal auditors in subsidiaries or declarations made by internal auditors);
- financial statements and external audit (discussing the proposal for the appointment of the external auditor of the financial statements, participating in the drafting of the contracts between the auditor and the Company, checking and monitoring the auditor's independence, monitoring the audit of the annual financial statements, cooperating with the external auditor, and assessing the drafting of the annual report);
- integrity of financial information (monitoring financial reporting procedures and their adequacy and integrity).

In 2023, the Audit Committee reported on its work and findings in its regular activity reports and in the annual report on the work of the Audit Committee, which also included the consideration of the Annual Report of Prva Group for 2022, the Consolidated Annual Report of the Group for 2022, and the Report on Relations with Affiliated Companies for 2022 with the opinion of the external auditor on these reports. The regular activity reports and the annual report of the Audit Committee were submitted to the Supervisory Board for information and approval. The President of the Audit Committee provided regular reports at Supervisory Board meetings on the activities and findings of the Audit Committee.

The Supervisory Board considers that the Audit Committee provided professional support to the Supervisory Board in exercising control over the Company, with a focus on risk management, monitoring the effectiveness and efficiency of internal controls and internal audit, and the integrity of financial information.

## 4.2 CORPORATE GOVERNANCE STATEMENT

Pursuant to the fifth paragraph of Article 70 of the Companies Act ( the ZGD-1), the Company issues the following Corporate Governance Statement for the period from 1 January to 31 December 2023.

The Company applies the Corporate Governance Code for Public Limited Companies adopted by the Ljubljana Stock Exchange and the Slovenian Directors' Association on 27 October 2016, which entered into force on 1 January 2017 and is available on the website of the Ljubljana Stock Exchange ([www.ljse.si](http://www.ljse.si)). While the application of the Corporate Governance Code for Public Limited Companies ( the Code) is not mandatory, the Company is required to disclose the recommendations not complied with, including explanation of the reasons for non-compliance.

In 2015, the Company adopted the Corporate Governance Policy, which sets out the main guidelines for corporate governance of subsidiaries, taking into account the Company's long-term objectives and the legislation applicable in the country of individual subsidiaries. The Company has not decided to use any other corporate governance codes.

### Derogation from the Code

The Company has chosen to meaningfully apply the provisions of the Code rather than explicitly follow them.

The factors that contributed to that decision include:

- the Company's activity is limited to the management of participations in subordinated companies. This means that the Company generates revenue almost exclusively from dividends received from companies in which it holds equity shares. To ensure the appropriate level of corporate governance in subordinated companies, the Company adopted a corporate governance policy in 2015, which is binding for all subordinated companies;
- the Company's human resources structure is also adapted to the scale of the Company's activities, with an average of only 0.2 employees in 2023;
- the Company's share capital is divided into two classes of shares (regular shares with voting rights and preference shares without voting rights), with only preference shares being quoted on the stock exchange (without voting rights and without the right to participation in the governance of the Company). The Company's ownership structure in 2022 in terms of both classes of shares was stable with a relatively low number of new shareholders and minor ownership changes;
- taking into account the limited scope of the Company's activities and human resources, as well as relatively stable ownership, the Company analysed the costs associated with compliance with the recommendations of the Code and assessed that further compliance with the Code was not cost efficient and would not contribute to the maximisation of the Company's value. The Company does comply with all the binding provisions of the relevant legislation that directly relate to the corporate governance of public limited companies.

### Description of key characteristics of the Company's internal control and risk management systems related to the financial reporting process

In the context of the Company's internal control and risk management systems related to the financial reporting process, particular attention is paid to:

- identifying important business events that have a direct or significant impact on the financial reporting;
- accounting categories and individual accounts and the related processes;
- regular updating and documenting of the flow of business processes;
- assessing the results and eliminating the weaknesses identified in the planned or existing internal controls.

## Information referred to in points 3, 4, 6, 8, and 9 of the sixth paragraph of Article 70 of the ZGD-1 and information on the work of the General Meeting

### General Meeting

The structure of share capital is explained in the “Share capital and shareholders” section. The Company did not adopt any specific restrictions regarding voting rights other than in terms of preference shares which are, according to the Articles of Association, without voting rights. Members of the Management Board are not authorised for issuing or acquiring own shares.

The powers of the General Meeting are set out in the ZGD-1 and the Articles of Association.

The General Meeting makes decisions on:

- the distribution of accumulated profit, except for the part allocated by the Management Board to reserves in accordance with the rules and regulations;
- the appointment and recall of members of the Supervisory Board;
- amendments to the Articles of Association;
- measures to increase and reduce share capital;
- the dissolution of the Company;
- changes in the status of the Company;
- appointment and dismissal of the auditor;
- consent for the performance of certain types of business if the Supervisory Board refuses to give its consent, and
- other matters in accordance with the law.

The Management Board convenes the General Meeting at least 30 days in advance. The General Meeting is normally held at the registered office of the Company. The General Meeting may also be convened by the Supervisory Board if the Management Board fails to convene the General Meeting on time. The General Meeting makes decisions by a majority of the votes cast of the share capital represented. A valid decision shall be taken if shareholders with voting rights representing at least 15% of the Company’s share capital are present, unless a higher majority or another requirement is laid down by the law or by the Articles of Association. Amendments to the Articles of Association are decided by the General Meeting by a majority of no less than 81% of the share capital represented. Shareholders exercise their rights at the General Meeting in person or by proxy. Shareholders’ rights are defined in the Articles of Association and by the applicable legislation.

In 2023, the Management Board convened one General Meeting, which was held on 20 June 2023. The General Meeting considered the Audited Annual Report of the Company for the 2022 financial year, the report of the Supervisory Board on the result of the examination of the Audited Annual Report of the Company for 2022, took note of the remuneration of the members of the supervisory and management bodies of the Company, adopted the resolution on the use of accumulated profit, granted a discharge to the Management Board and members of the Supervisory Board for 2022, took note of the report on the acquisition and disposal of own shares, and appointed the auditor of the financial statements for the 2023-2026 financial period.

### Information on management and supervisory bodies

In 2023, the Management Board was composed of one member. The position of the President of the Management Board of the Company in 2023 was held by Janez Kranjc. The Management Board performs its duties in accordance with statutory provisions, the Articles of Association, internal rules, and the established and generally accepted good business practices. The same applies to the Supervisory Board and the Audit Committee, whose composition and tasks are described in detail in Section 4.1 Report on the work of the Supervisory Board and Audit Committee of Prva Group. The Company’s rules on the appointment and replacement of members of management or supervisory bodies are laid down in the Company’s Articles of Association and the legislation. There are no additional rules.

### Diversity policy

The Company has not formally adopted any diversity policy in relation to the presentation in the management and supervisory bodies with regard to gender, age or education. Nevertheless, the

composition of the management and supervisory bodies is such as to comply with the relevant legislation and to ensure, as far as possible, the complementarity of the members' knowledge and experience and the heterogeneity of composition. The Company's Management Board does not plan to adopt a diversity policy in 2024, but will do so in the future if required by the legislator.

Ljubljana, 24 April 2024

**Janez Kranjc**  
President of the Management Board



## 5 GENERAL INFORMATION ON THE GROUP'S OPERATIONS

The subsidiaries of Prva Group hold licenses for the following insurance transactions:

- accident insurance (point 1 of the second paragraph of Article 7 of the Insurance Act - the ZZavar-1);
- health insurance (point 2 of the second paragraph of Article 7 of the Insurance Act - the ZZavar-1);
- life insurance (point 19 of the second paragraph of Article 7 of the Insurance Act - the ZZavar-1);
- unit-linked life insurance (point 21 of the second paragraph of Article 7 of the Insurance Act - the ZZavar-1); and
- capital redemption insurance (point 23 of the second paragraph of Article 7 of the Insurance Act - the ZZavar-1).

The year 2023 was marked mainly by high inflation and a rapidly changing economic environment, still as a result of the war in Ukraine and the climate change and extremes that have also affected Slovenia. Inflation has been reflected in a weakening of the purchasing power of the population, but the services sector has so far shown resilience to the above-mentioned constraints. However, based on the current macroeconomic outlook, it is very likely that the economic slowdown and the resulting lower general consumption will continue, which could also be reflected in lower demand for insurance services.

This year, two Group companies (Prva osebna zavarovalnica and Prva pokojninska družba) switched to the new International Financial Reporting Standard IFRS 17. The model requires insurance liabilities to be recognised on the basis of current assumptions at the reporting date, while the income statement will reflect the "insurance services rendered" in the reporting period. As a result, the model combines the current valuation of the balance sheet with performance over time. We have thus also adjusted the accounts of the other Group companies to this reporting when preparing the consolidated financial statements. The comparative period for IFRS 17 is already 2022, which means that we have also updated the comparative period for 2022. The bulk of the changes in reporting this year is borne by Prva osebna zavarovalnica due to the effects of the transition to the new standard, which are reflected in the Group's financial statements. The introduction of the new standard as of 31 December 2021 also had a negative impact on the Group's last year's result, which decreased by 20% compared to the result under IFRS 4.

As in the past, the Group will maintain its high level of corporate governance and continue raising awareness of the importance of long-term financial security. The Group's subsidiaries are also maintaining an adequate level of capital adequacy and complying with their legal and contractual obligations. Through its strategic planning processes and its own risk and solvency assessment, the Group also indirectly examines states of emergency such as the COVID-19 pandemic, the Russo-Ukrainian war, and the extreme floods in Slovenia.

### 5.1 VOLUNTARY AND COMPULSORY SUPPLEMENTARY PENSION INSURANCE

The companies in Slovenia, Serbia and Kosovo provide voluntary supplementary pension insurance, whereas policyholders insured by the company in North Macedonia take out compulsory supplementary insurance. In accordance with the above pension schemes, supplementary pension insurance is available to persons who are insured or beneficiaries of rights from compulsory pension and disability insurance.

The Group does not condition the conclusion of supplementary pension insurance on the payment of a pension annuity. The funds paid by the insured into supplementary pension insurance for which tax relief was not used are managed separately.

We consider 2023 to have been a successful year for supplementary pension insurance, despite the health crisis and the related obstacles we faced in marketing this product. At the end of 2023, 470,983 members were enrolled in the funds of the subsidiaries, which is a successful increase compared to 2022, when 462,423 members were enrolled. The same applies to premium payments.

At the end of 2023, the Group had just over EUR 1.58 billion of assets under management in all pension funds.

### Pension annuity payment

Supplementary pension annuities are paid by Prva pokojninska družba and by FSKP in Kosovo. The total assets of all annuity funds amount to EUR 36,551,927. In 2023, we recorded EUR 10,242,277 in contributions to annuity funds, which shows a stable development compared to previous years. With the transition to IFRS 17, the pension annuity paid by Prva pokojninska družba has been classified as a financial contract.

## 5.2 OTHER INSURANCE

The subsidiaries Prva osebna zavarovalnica and Prva Život are the only ones to conclude the following insurance contracts in personal insurance in 2023:

- class 19 life insurance (life insurance which includes, in particular, endowment insurance, insurance in the event of death, mixed life insurance, annuity insurance, life insurance with the repayment of premiums);
- class 21 life insurance (unit-linked life insurance where the policyholder assumes the investment risk linked to changes in the value of the investment coupons or other securities of investment funds, or linked to changes in the value of the unit of assets of the guarantee fund);
- class 23 life insurance (capital redemption insurance, which is based on actuarial calculations, whereby, in return for single or periodic payments of premiums, the policyholder, the insured or any other beneficiary receives payments of a specified duration and amount);
- class 1 insurance (accident insurance):
  - supplementary accident insurance - supplement to supplementary pension insurance
  - basic accident insurance
- class 2 insurance (health insurance):
  - critical illnesses
  - fast access to specialists

Almost all of the above insurance types grew in 2023 compared to 2022. One of the products that has been growing steadily for several years, also due to COVID-19, is health insurance.

## 6 ECONOMIC ENVIRONMENT

### 6.1 MACROECONOMIC ENVIRONMENT

The global economy has proved to be remarkably resilient despite the many shocks of the past four years. In fact, after the fastest rise in interest rates in 40 years, advanced economies have managed to hold out without the major economic consequences that the tightening of monetary policy usually brings (i.e. high unemployment rates or financial crises). The central banks of advanced economies have thus managed to tame inflation without plunging the economy into recession. The results varied between countries, with stronger growth in the US and many developing markets, while most European countries showed a slowdown. Nevertheless, the outlook for economic activity remains weak. After a sharp slowdown in 2022 and weaker growth last year, forecasts point to a further slowdown in economic activity in 2024, which would mark the third consecutive year of economic slowdown. As the global economy continues to cope with the lingering effects of the coronavirus pandemic, the war in Ukraine, inflation, and the resulting sharp tightening of monetary conditions, the recent conflict in the Middle East has increased geopolitical risks and uncertainty in commodity and energy markets, with potential negative implications for global growth. Global headline and core inflation continued to decline in 2023 from their 2022 levels. Nevertheless, inflation remains above target in most advanced economies. According to OECD forecasts, inflation is expected to return to central bank target levels in most G20 countries by the end of 2025.

## 6.2 MONEY MARKETS AND INTEREST RATES

Inflation continued to be the driving force behind central banks' tightening of monetary policy in 2023, which remains aimed at bringing inflation to the 2% target. In this context, core inflation in particular remains stubbornly persistent at levels higher than headline inflation. After raising interest rates by 4.25 percentage points in 2022, the US Federal Reserve raised interest rates four times in the past year, every time by 0.25 percentage points, in order to maintain price stability. It thus raised interest rates to a range of 5.25% to 5.50%. The European Central Bank (ECB) has also continued to raise interest rates in 2023 to fight rising inflation. The ECB raised key interest rates by 2 percentage points over the past year. In total, the ECB has raised key interest rates ten times in this tightening cycle since July 2022, totalling 4.5 percentage points. Since the last increase in September 2023, the interest rate for main refinancing operations has therefore been 4.75%, the marginal lending rate 4.5%, and the open-ended marginal deposit facility rate 4%. Since the last interest rate hike in September 2023, the ECB has kept key interest rates unchanged, thereby conducting monetary policy in a manner that keeps them at a high level. The Federal Reserve has also kept interest rates unchanged since the last rate hike in July 2023. Both central banks consider that interest rates have reached levels that, if maintained for long enough, will contribute significantly to a timely return of inflation to target. As a result, they have adopted an approach where further monetary policy decisions depend on new data providing stronger evidence of a moderation in economic activity and inflation. In particular, the ECB's Governing Council's decisions on interest rates will be based on its assessment of the inflation outlook in the light of the economic and financial data received, the dynamics of inflation, and the strength of the transmission of monetary policy, representing the effects that monetary policy actions have on the economy itself.

## 6.3 STOCK MARKETS

Despite a difficult start to the year, which was marked by economic uncertainty, market volatility, and geopolitical instability, capital markets ended the year on a positive note. This was mainly due to the stabilisation of inflation and interest rates. Stock markets have also experienced a strong recovery due to increased levels of IPO activity and large block trades. The year 2023, which has been labelled a 'year of recovery' for the markets, ended on a positive note, with the main equity indices, including the S&P 500, Dow, and NASDAQ, registering growth. The latter recorded a 43.42% increase, followed by the S&P 500, which approached its highs and ended the year with a 24.23% increase, while the Dow finished with a modest 13.8% increase. European shares underperformed compared to the US. The Stoxx 600 index ended the year up 12.6%, while Germany's DAX posted a 20.31% rise. Emerging-market shares were the worst performers, mainly due to negative returns from China, the largest economy in this category, which saw an 18% decline. Technology shares were once again at the forefront of profitability, and went up 40%. The artificial intelligence segment was the largest contributor within the sector. This includes companies that either develop artificial intelligence or offer hardware and software. Artificial intelligence is thus emerging as one of the latest megatrends.

## 6.4 COMMODITY MARKETS

This year has been relatively calm after the Russian invasion of Ukraine, which brought a lot of dynamics to commodity markets. Weaker economic forecasts had a negative impact on some markets after reaching record highs. The onset of the conflict in the Middle East in early October led to a small rise in commodity prices, which then subsided, mainly due to the slowdown in economic activity. This year has seen a series of ups and downs in the oil market. Brent crude prices fluctuated this year due to speculative short selling, rising geopolitical risk, and limited OPEC+ production. Since the beginning of 2023, OPEC+ curbed around 2.5 million 159 litre barrels per day. The gap between supply and demand at the end of the year was around 1.5 million barrels per day. Natural gas prices in Europe remained high and sensitive to LNG terminal disruptions at the end of 2023. After steep falls at the beginning of the year, due to weak LNG imports from China and the EU's replacement of the Russian pipeline, prices peaked in early October following the closure of a gas field off the coast of Israel, an explosion at the Baltic Sea, and the escalation of the conflict in the Middle East. The situation in the supply of agricultural and food commodities improved in 2023, leading to relatively stable prices for agricultural products throughout the year. Factors such as the collapse of the Black Sea Grain Initiative and India's ban on exports of white rice other than basmati had a negative impact on commodity prices, which was on the other hand balanced by improved supply chains for some other key foodstuffs

such as maize, soybeans, and wheat. Metal prices have seen a downturn in 2023, mainly due to subdued demand attributable to reduced business volumes in China's heavy industry and the real estate sector.

## 7 FINANCIAL RESULT OF THE COMPANY AND THE GROUP

The Company ended the 2023 financial year with net profit of EUR 4,044,704 primarily as a result of the investment part of operations. The Group ended the year 2023 with net profit of EUR 8,384,184. The table below shows alternative performance measures that the Company and the Group calculate over the years to facilitate monitoring of performance.

The Group's subsidiaries, Prva osebna zavarovalnica and Prva pokojninska družba, started applying the new financial reporting standard, the IFRS 17, as at 31 December 2021. The standard has had a significant impact on the financial statements, with the largest effect being reflected in the Company's statement of financial position in the increase in total equity as at 31 December 2021 by EUR 4,264,145. The category with the largest impact was retained earnings, as this reflects the effect of the transition to the new financial reporting standard. The profit and loss account decreased by EUR 1.3 million for the comparative year 2022 due to the different accounting treatment of revenue from insurance and reinsurance contracts. The biggest change due to the change in the financial reporting standard is evident in Prva osebna zavarovalnica.

Furthermore, as a result of the transition to IFRS 17, Prva pokojninska družba carried out a full retrospective test of the classification of contracts, which showed that the entire portfolio of pension annuities, with the exception of an insignificant number of contracts, is classified as financial contracts. The pension annuity liabilities are therefore measured under IFRS 9 Financial Instruments at fair value through profit or loss.

The standard required comparative year reporting, which consequently implies a change in the financial statements and disclosures also for 2022, from the officially published annual report for the previous reporting period.

Table 1: Alternative performance measures of the Company and the Group

	Prva Group		The Group	
	2023	2022	2023	2022
<b>Operating result</b>	-61,266	-183,362	4,453,823	7,891,856
<b>Result from investments</b>	4,121,569	3,289,814	4,401,020	-1,280,200
<b>Profit before tax</b>	4,060,303	3,106,452	8,854,843	6,611,655
<b>Corporate income tax and other taxes</b>	-15,600	2	-470,659	-123,496
<b>Net profit</b>	4,044,704	3,106,454	8,384,184	6,488,160
Assets under management*			1,667,968,702	1,411,764,603
Number of policyholders			557,155	530,417
Net increase in the number of policyholders			26,738	8,132
Average annual premium			301	255
Management fee			0.56%	0.55%
Return on funds (attributed weighted average)			8.09%	8.72%
<b>Equity</b>	25,780,249	23,879,320	67,216,400	61,692,437
Operating ROE			17.94%	12.79%
ROE from investments			17.72%	-2.08%
Total ROE			33.77%	10.52%
Profitability of assets			1.74%	1.39%
Number of employees as at 31 December			159	147

\*The figure represents the sum of the amounts in the 'Assets from financial contracts' disclosure (disclosure 15.7, Table 59) of EUR 432,870,826, the 'Off-balance sheet liabilities of the Group' disclosure (disclosure 15.16, Table 88) of EUR 1,188,752,665 and the assets of unit-linked policyholders, (disclosure 15.5.3, Table 64) of EUR 18.684.030

Explanation of the measures:

**Operating ROE:** The ratio between the operating result and the average capital in the period.

**ROE from investments:** The ratio between the result from investments and the average capital in the period.

**Total ROE:** The ratio between the net profit and the average capital in the period.

**Profitability of assets:** The ration between the profit before taxes and the average assets in the period.

## 8 IT DEPARTMENT

In 2023, a number of optimisations of business processes were implemented in the Group companies at the level of different business divisions, thus supporting a number of new business processes. The Company focuses a lot of attention on automated and digitalised processes. The IT department also paid considerable attention to business analytics, thus enabling added value in data analysis in the context of regular reporting and the IFRS 17 project. The IT department also implemented upgrades and further automations in the area of system informatics, thus further deepening and improving the support of IT systems in the companies.

During this time, IT support ensured the smooth functioning of existing IT resources and developed the foundations for further IT support. Technical assistance to users was provided in line with the objectives and was strengthened in this area as well. The IT department continues to focus on IT systems to support sales and external business partners, a role which will be further developed in the future. The IT department operates in a centralised manner and exploits synergies of all affiliated companies using the same ICT systems, thus reducing risks in the area of operational risks.

In 2024, the IT department will further strengthen its role as a link between technology and business processes, thus enabling the implementation of the Group's strategy.

Cyber and information security is an exceptionally important factor in the digital age, both for the IT sector and the Company as a whole. We can no longer see it only as a part of the IT sector, as it must extend to all areas of the Company and be aligned with the Company's strategy. Nowadays, many financial institutions still focus exclusively on firewalls and consider this to be a central security protection. Threats can be separated into several areas and research shows that today the majority of misuse or threats come from within (mainly involving human error) or are related to companies, services or individuals who have a higher level of trust (e.g. administrator, power user, etc.). This is followed by external threats, which are increasingly linked to insider misuse of information. To ensure effective implementation, the following important areas are addressed:

- online cyber security (active equipment, protection, regular penetration tests and analyses);
- internal security policy (clear and enforceable);
- endpoint protection on employee devices (antivirus, device management);
- active analysis on active network equipment (real-time traffic analysis);
- SIEM for post-operational analysis and storage (alarms, analysis, audit trail);
- regular training and social engineering (regular internal and external training and testing);
- data loss detection and prevention systems (information leakage analysis systems);
- human error (control, BPM processes, verification, analysis).

Security today is by no means at a hundred percent, so active prevention, controls and analysis systems are essential and must be implemented and managed by IT. Trends predict that the cycle of attackers will be shorter (observation time; from analysis to execution) and that decision-makers in companies who are not at the top, but who are sufficiently empowered, will be targeted. The very nature of a financial institution makes it all the more important to cover all aspects and facets in a strategy, as abuses are becoming increasingly complex.

Human error covers a wide area and includes wrong email addresses, stolen devices, lost or stolen passwords, use of unprotected IT systems, phishing, social engineering, etc. Special emphasis therefore needs to be placed on a system of education, verification, and demonstration of procedures to employees. Security must be an integral part of the daily routine of all employees and the processes they carry out.

In order to effectively implement a cyber and information security management strategy, it is important that:

- the implementation strategy is clear;
- the institution has a separate IT implementation function from the CISO function;
- effective governance is in place, including top management, and that accountabilities and clearly defined performance indicators are clear and regularly measured;
- cyber security is integrated at the outset of software and process development;
- the institution has the needed tools for monitoring and control.

The Company has mechanisms in place to protect against and prevent cyber threats, which are regularly upgraded, supplemented, and given increasing attention.

The basic principle followed by the Company is to avoid unnecessary exposure of the internal network to networks (Internet, VLAN) that are not controlled by the Company's IT staff or for which there is no need for connections. We thus have separate VLAN networks for individual divisions, segments and areas, so that only the parts that are necessary or permitted can be connected between them.

From the Internet side, access to the internal network is only through minimal access points. All points are protected by a double firewall, which is regularly updated.

Systems that allow communication with other information systems in the Company are subject to security checks (pen tests), which are mandatory before exposure to the PROD environment.

One of the major threats to the Company's network are user devices and therefore only devices installed by IT staff and compliant with the Company's security policy are allowed on the network. All devices have software installed to protect the device and the network. The software is regularly updated. In 2023, additional configuration of permitted actions and user activities was carried out, which means that indirectly an analysis was also performed. Each device has antivirus software installed, which is also updated regularly.

At the end of 2023, user testing was carried out, followed by training for all users in the Company. A comprehensive internal security test was also carried out. The Company recognises that user education is one of the most important preventive measures for ensuring the security of the Company's network. Additional training in information security will be organised in 2024.

The Company is aware of the importance of active network analyses and has embarked on a project to implement a system aimed at actively logging user activity on the network to enable real-time protection already in 2020. Such a system also records all user anomalies (programs, protocols, usage attempts, encryption, data copying, data deletion, and other suspicious transactions), also with the help of artificial intelligence, and can thus continuously adapt to user activity. The system also significantly records anomalies in the operation of O365 services, which are part of the cloud system and subject to global cyber security risks. The system is part of a global organisation that is experiencing tremendous growth in business and new functionalities, which the Company is also using, thus keeping up with the latest trends in real cyber risk protection. A special feature of such a system used by the Company is that it also actively monitors all privileged users (e.g. administrators). In 2024, the Company will carry out additional training on the use of the system, upgrading and adapting its use.

The Company is aware that a large part of the risk can come from uncontrolled and manual processes that allow attackers to exploit system vulnerabilities and, even more so, from obtaining information from network users, who are in many cases the weak link. The Company is therefore accelerating the introduction of automation and digitalisation of processes to reduce the human factor.

The Company is aware of the challenges of cyber security, which will increase in the coming years, and therefore this year the Company will strengthen the role of logging and performing security analyses with a system that both logs activity as well as enables alarms and analyses of what is happening on the Company's network. An important part will also be the continuing training of users, who must be actively involved in security at all times.

The Company has strengthened the role of security screening and security auditing on its internal system and intends to strengthen it in the future. This systems aims to regularly check and carry out security analyses on the entire ICT segment with internal systems, thereby reducing the risks arising from security. The system automatically checks vulnerabilities against the list of CVE vulnerabilities, which are published and accessible globally. The project continues in 2024, with adaptations being made to the system for use in the Company, The project is expected to go live in 2024. With this system, the Company will have a continuous, periodic insight into its own systems at the preventive and curative levels.

The business continuity plan is of paramount importance for the Company, as it sets out the procedures and actions to be taken in the event of unplanned incidents. At the end of 2023, the Company reviewed the plan, re-evaluating all its factors, and carrying out BIA processes, including an evaluation of the scenarios foreseen for ICT infrastructure. This resulted in an updated BCP system in 2023, reflecting the actual situation in the Group.

## 9 ORGANISATION AND HUMAN RESOURCES

Based on the hours worked, Prva Group, insurance holding company, plc. had an average of 0.2 employees in 2023. The number of employees varies depending on the requirements in a specific period and as at the last day of 2023, 0.2 persons were employed in the Company. A total of 160.4 people were employed in the Group as at 31 December 2023. Employees who are employed by both companies due to the division of the company in Slovenia are taken into account in the share of employment, so that the total number of employees in the Group does not increase.

The Company is aware of the importance of a diverse human resource policy and the diversity of the society in which we operate. Diversity brings many positive outcomes to the Company, which is why we endeavour to recruit a diverse workforce, internally, externally and in terms of organisational factors. We continuously strive to ensure a friendly work environment based on equal opportunities regardless of race, gender, religion, political belief, trade union membership, nationality, sexual orientation, origin, age, and disability. Any form of abuse, bullying, and harassment is strictly prohibited.

We have joined local human resource management initiatives, such as the Family Friendly Company, which offer a wide range of measures to better facilitate professional and family life balance, and promote non-discrimination, inclusion, and diversity at the workplace and the wider work environment. As a member of the Golden Thread research project, a selection of the best employers, we annually evaluate the quality of the relationship between the Company and its employees.

In 2023, we continued to focus on occupational health and safety and introduced new rights for employees. We have identified jobs where all or part of the work will be carried out from home in the future under employment contracts. In the context of preventive measures, we also temporarily introduced the possibility of working away from the employer’s business premises where possible.

Table 2: The number of employees in Prva Group by level of education as at 31 December 2023

Organisational unit	No. of employees	Level of education	No. of employees
Management Board	0.1	VIII.	0.1
Finance and accounting	0.1	VII.	0.1
<b>Total</b>	<b>0.2</b>	<b>Total</b>	<b>0.2</b>

Table 3: The number of employees in Prva Group by level of education as at 31 December 2022

Organisational unit	No. of employees	Level of education	No. of employees
Management Board	0.1	VIII.	0.1
Finance and accounting	0.1	VII.	0.1
<b>Total</b>	<b>0.2</b>	<b>Total</b>	<b>0.2</b>

Table 4: The number of employees in the Group by organisational unit and level of education

Organisational unit	2023	2022
Management	9	8.1
Legal	4.2	4.2
Internal audit	4.1	3
Human resources and administration	7	6
Risk management	3	3
Compliance	1.9	1
Insurance claims and policy processing	12.5	13
Actuary and product development	9	8
IT	9.25	10
Finance and accounting	18.5	16
Asset management	10	7
Marketing and sales	70.25	68
<b>Total</b>	<b>158.8</b>	<b>147.3</b>

Level of education	2023	2022
VIII.	3	3.1
VII.	56.5	46.2
VI.	64.8	64
V.	27.5	27
IV.	7	7
II.	0	0
<b>Total</b>	<b>158.8</b>	<b>147.3</b>

## 10 RISK MANAGEMENT

Risk management is an integral part of all business processes of the Group and the Company, It is based on a clear and specific organisation and deliberate processes, responsibilities, and authorisations of individual functions and committees Risk management provides for the control and management of uncertainties stemming from business opportunities, which is of fundamental importance for high-quality business decisions and consequently improved performance results.

### 10.1 CAPITAL AND CAPITAL ADEQUACY MANAGEMENT

The primary goal of capital management is to ensure sufficient and appropriate capital adequacy of all Group companies.

Pursuant to the applicable legislation, capital is measured in terms of its availability to comply with regulatory capital requirements at the level of individual companies and at Group level.

### 10.2 FINANCIAL RISK

In managing assets of guarantee funds and financing our operations, we are exposed to the following principal financial risks as part of the capital and capital adequacy management:

- risk of changes in prices of securities and fluctuation of interest rates
- credit risk
- liquidity risk
- risk of change in fair value

When forming investment policies of individual portfolios, we consider the nature and characteristics of the insurance company's liabilities, as we aim to optimise asset diversification and achieve optimal returns.

### 10.3 INTEREST RATE RISK

Interest rate risk is the risk of fluctuating market interest rates impacting the value of interest-sensitive assets, bonds, and other debt securities whose value is sensitive to the interest rate fluctuation. In the event of an interest rate increase, the value of debt investments usually decreases. On the other hand, when interest rates decrease, the value of debt investments tends to increase. Interest sensitivity of debt securities is usually increased through prolonged maturity periods, reduced absolute level of interest rate in the economy, and lower instrument coupon.

Interest rate risk is managed primarily by adjusting the maturity structure of investments (debt financial instruments), restructuring of investments from debt financial instruments at fixed interest rates to debt financial instruments with variable interest rates, adjusting the maturity and average modified duration of debt financial instruments with regard to the anticipated changes in interest rates, and the use of derivatives.

### 10.4 SHARE PRICE RISK

The Company and the Group manage share price risk of equity securities in their portfolio by setting limits of acceptable exposure and with geographical and sectoral diversification of investments. The portfolio is comprised primarily of debt securities and this diversification means an even lower share price risk. Another important factor affecting investment decisions is the liquidity of shares.

### 10.5 LIQUIDITY RISK

Liquidity risk is the risk that due to limited liquidity of investments in the securities market, the Company or the Group will not be able to trade an individual investment or will only be able to trade the investment on terms (particularly price terms) that are significantly worse than those on which the investment was valued. Liquidity risk is also the risk or threat of a liquidity mismatch or a mismatch between maturities of assets and liabilities, which can result in liquidity problems, i.e. shortage of cash needed for the settlement of liabilities on maturity.

Liquidity risk is minimised by balancing the liquidity of investments (liquidity is measured in terms of the volume of the issue and the bid-ask spread), taking into account the liquidity of the capital market, while also monitoring the dynamics of inflows and outflows of portfolio assets, as well as balancing the required additional liquidity under the ALM principle.

### 10.6 CURRENCY RISK

Currency risk is the risk that changes in exchange rates may have a positive or negative impact on the value of investments, which are denominated in a foreign currency and expressed in local currency. Our exposure to currency risk is only minimal, as the majority of our assets are invested in euro. Of the other currency exposures, the most significant are those against the currencies of the countries of North Macedonia and Serbia.

Currency risk is mitigated predominantly by balancing the currency structure of assets and liabilities, by selecting investments in foreign currencies whose exchange rates on average move in opposite directions compared to the domestic currency (appropriate currency diversification), and by using derivatives.

### 10.7 CREDIT RISK

Credit risk, as one of the most significant financial risks, is the risk of the counterparty or issuer of a financial instrument held by a guarantee fund or the Company, failing to settle its obligation in full, either on maturity or at any time thereafter. It also includes the risk of a reduction in the value of securities as a consequence of increased probability of default, which is usually reflected in the reduction of the credit rating of the issuer's debt instruments.

A subgroup of credit risk is the settlement risk, which is the risk of loss due to the process of payments between two or more parties in the settlement systems failing to proceed as expected or as agreed. This occurs mostly on exchange of assets when one of the parties to the settlement fails to settle its liabilities to one or several creditors after they had already fulfilled their individual obligations.

Credit risk is measured through daily monitoring of issuers' operations or those of counterparties, to which the funds or the Company are exposed to in the form of deposits or receivables on account of derivative financial instruments. As part of business performance monitoring, credit ratings, direction of changes in credit ratings, the volume of share capital of these entities, their performance, etc, are monitored particularly closely.

Furthermore, the basis for determining the risk of counterparty default includes the contractual relationship between the Company and its counterparty or the issuer, regulatory provisions, the Rules of Procedure of the Central Securities Clearing Corporation in relation to transaction settlement, and rules on compliance with obligations on organised markets on which financial instruments are traded.

Settlement risk is managed by following high-quality standards of business partners, their services, and payment discipline, which are monitored throughout the duration of the business relationship.

## 10.8 OPERATIONAL RISK

Operational risk is the risk of loss, including legal risk, arising due to the following circumstances:

- inadequate or inaccurate performance of internal processes;
- other inappropriate conduct of persons within the internal business sphere of the legal person;
- inadequate or inaccurate operation of systems within the internal business sphere of the legal person; or
- other external events or actions.

Examples of operational risk include: external criminal activities, strategic risk, natural disasters, internal control system, process management, terrorist attacks and war, information technology infrastructure, software, legal risk, risk of loss of reputation, human error, etc. Operational risk is managed through well-defined processes and controls, which minimise the likelihood of losses arising from operational risk.

## 10.9 CLIMATE CHANGE RISK

Climate change risks are mainly reflected in the Group's day-to-day operations as investment risks, as climate change has the potential to greatly impact global financial markets. The Group primarily manages climate change risk related to investment value through an appropriate strategic diversification of investments, both geographically and by sector, as well as at the level of exposure to individual entities. One of the main activities is the regular monitoring of global markets and potential and existing investments. The latter also includes regular preparation of special analyses. In the long run, climate change risk is also managed through specified environmental, social and governance (ESG) risk assessment and management techniques, which represent an integral part of our processes to meet investment objectives, as the nature of long-term insurance transactions and responsibility towards the environment in which we operate is important for environmental sustainability and stakeholder benefit in the long run.

Making corresponding investment decisions is important in daily investment processes, including selecting ESG responsible investments and excluding investments that do not sufficiently meet internal ESG criteria of the Group. This means that a part of our investment portfolio is invested in projects that have a positive attitude towards ESG factors.

The primary mechanism for managing ESG investment risk is to assess and consider the long-term effects of investments on environmental, social and corporate governance factors, as important and determining factors when buying or selling individual investments. These factors are primarily economic (return on investment, appropriate areas for responsible development, etc.), social (sustainable and ethical growth of local and global economies, protection and development of human rights and quality of life, etc.), and environmental (sustainable relationship with the environment, especially regarding active approaches to climate change, pollution mitigation, nature preservation, and waste management). Potential negative indirect impact is reviewed for each investment, such as higher exposure to climate change (physical risks of climate change or transition risks due to changes

in market sentiment towards a low-carbon economy). An important factor in managing ESG investment risk is continuously keeping-up with local and global standards and ESG factor development, which includes internal and external auditing of individual sustainable development effects.

## 10.10 OTHER RISKS AND COMMENTS ON INFLATIONARY PRESSURES IN 2023

Through its regular strategic planning processes, business plan preparation and implementation, the Group has already considered the higher growth in inflation, which has not had any significant impact on the robustness of operations and the projection of high capital adequacy. As part of the planning process, the potential risks posed by the high interest rate environment and persistent inflation were also reviewed and taken into account by the subsidiaries, and no specific actions were taken in this respect. As a consequence of the increase in market interest rates, Prva pokojninska družba has converted a part of its investment portfolios to amortised cost in 2023 (Amortised cost under IFRS 9).

The subsidiaries and the funds they manage do not have direct exposure to Russia and Ukraine through investments, but do have indirect exposure through investments in index funds; however, this exposure is negligible. In terms of the activities of supplementary pension insurance, investment, life and health insurance, the activities of offering and paying pension annuities and managing pension funds and life-cycle funds, we do not expect these activities to be significantly affected by the situation.

We further assess that the achievement of guaranteed returns is not at risk. We do not consider that the going concern assumption is compromised as a result of the situation and we do not expect any deterioration in the provision of adequate cash flows.

## 10.11 PLANS FOR THE FUTURE

Further growth of assets under management and insurance premiums is planned for the next strategic period, i.e. 2024-2026. A lot of attention will be paid to strengthening and adapting our product portfolio in order to offer our customers the most appropriate solution. We will continue with the digitalisation of operations to optimise the customer experience.

We will continue implementing activities related to raising awareness of the importance of long-term financial security and will also strengthen our position as a socially responsible company in all the markets in which we operate. Prva Group will maintain a high level of corporate governance, which is based on the Group Code and ensures safe and ethical operations of the entire Group.

We will approach the development of an efficient reporting system due to the new IFRS 17 financial reporting standard, as well as the growth of our policyholder portfolio. There are also challenges ahead in the IT sector, where new regulatory requirements will come into force in the future (DORA - the Digital Operational Resilience Act).

The Group is prepared for potential challenges both in terms of knowledge and capital strength.

## 10.12 SIGNIFICANT EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no significant events after the balance sheet date.

## FINANCIAL REPORT

### 11 AUDITOR'S REPORT

#### INDEPENDENT AUDITOR'S REPORT

to the shareholders of the company  
PRVA GROUP, insurance holding company,  
plc.

Audit report on separate and consolidated financial statements

**Grant Thornton Audit d.o.o.**

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#### Opinion

We have audited the separate financial statements of the company PRVA GROUP, insurance holding company, plc. (hereinafter "the Company") and the consolidated financial statements of the Company and its subsidiaries (hereinafter "the Group") which comprise the separate and consolidated statement of financial position as per 31 December 2023, and the separate and consolidated income statement, the separate and consolidated statement of other comprehensive income, the separate and consolidated statement of changes in equity, the separate and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including significant information on accounting policies.

In our opinion, the enclosed separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Company and the Group as per 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (hereinafter "ISAs") and the Regulation (EU) No. 537/2014 (hereinafter "the Regulation"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the audited Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (hereinafter "IESBA Code") and the ethical requirements relating to the audit of separate and consolidated financial statements in Slovenia, and we confirm that we have fulfilled all other ethical requirements in accordance with the IESBA Code.

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

## Key audit matters

The key audit matters are those that, in our professional judgement, were most important in the audit of the separate and consolidated financial statements for the current period. These matters have been addressed in the context of the audit of the separate and consolidated financial statements as a whole and in forming our opinion on these separate and consolidated financial statements, that is why we do not issue a separate opinion on these matters. We identified the following key audit matters:

### Valuation of investments in subsidiaries – separate financial statements

Investments in subsidiaries are an important item in the separate statement of financial position. As at 31 December 2023, they amount to 20.027.272 EUR and represent 77.2 % of the assets in the separate statement of financial position (31 December 2022: 15,877,272 EUR or 66.2 % of the assets).

In the audited annual report of the Company, they are disclosed in the notes “13.1 Summary of significant accounting policies”, “13.1.4.10 Investments into subsidiaries in the separate financial statements of Prva Group, plc” and “15.4 Investments in subsidiaries”.

#### Key audit matter

The Company has six active subsidiaries in different European countries that provide services in the field of insurance and investment management. In the separate financial statements, the company measures investments in subsidiaries at cost less accumulated impairments. At the financial reporting date, the Management assesses the existence of indicators that would indicate whether the carrying amount of investments in subsidiaries is higher than their recoverable amount. Such indicators include, but are not limited to, significant losses, equity deficit or below-planned operations.

For investments that show signs of impairment, the Management assesses their recoverable amount using an internal model by determining the higher of fair value less costs to sell, or the value in use.

In the process of determining recoverable amounts, the Management uses significant assessments and judgments, which are included in estimates of the value of investments in subsidiaries, primarily in connection

#### Our response

Our audit procedures included, but were not limited to:

We reviewed the established internal controls related to the assessment and recognition of impairments of investments in subsidiaries, including the identification of signs of impairment and the assessment of recoverable amount.

We critically evaluated the adequacy of the valuation methods used by the Company's Management in determining the value of investments in subsidiaries and the methods' compliance with the relevant financial reporting standards and valuation practices.

We evaluated, in a reasonably manner, the judgments used by Management in assessing the existence of signs of impairment. Where these indications existed, we evaluated the Management's judgment in performing an impairment test based on our understanding of market conditions and independent assessment of financial results by comparing the actual operations with the past planned operations.

with assumptions such as growth rates, discount rate and planned profit.

Based on the above, we defined the measurement of investments in subsidiaries as a key audit matter.

For investments that showed signs of impairment at the end of the reporting period, we evaluated the assumptions and estimates used by the Management in estimating recoverable amounts. Among other things, we critically assessed the discount rates used in the valuation model and compared them with our independent assessment using publicly available sources. We further critically assessed the Management's assumptions, in particular the growth rate and planned profit. We evaluated the reliability and quality of accounting planning by comparing past plans and the actually achieved results. We checked the financial statements of subsidiaries and inquired with the Company's Management about the financial results. We verified the accuracy and completeness of the Company's disclosures about the key assumptions and judgments used in estimating the recoverable amount of investments in subsidiaries in relation to the relevant financial reporting standards.

#### **Measurement of insurance contracts – consolidated financial statements**

Insurance contracts that are liabilities amounted to EUR 28,520,727 at 31 December 2023 (EUR 23,038,566 at 31 December 2022; EUR 24,585,981 at 31 December 2021).

In the audited annual report of the Group, they are disclosed in the following notes: "13.1 Summary of significant accounting policies", "13.1.4.16 Liabilities from insurance contracts" and "15.11 Insurance contract, that are assets or liabilities".

##### Key audit matter

Insurance contract liabilities are valued according to an appropriate measurement methodology based on the characteristics of the insurance portfolio, appropriate models developed and appropriate assumptions made.

The carrying amount of a group of insurance contracts is the sum of liabilities for remaining coverage and liabilities for incurred claims. The liabilities for the remaining coverage are the first component of the insurance contract liabilities and comprise the

##### Our response

We carried out audit procedures in cooperation with an actuarial expert.

Our procedures included, but were not limited to the following:

We obtained an understanding of the relevant internal controls in the process of measuring insurance contracts and tested key controls in terms of their design, implementation and operational effectiveness.

We conducted a test of the completeness of the actuarial bases

estimated fulfilment cash flows relating to future services allocated to the group of insurance contracts. If a general insurance contract measurement model is used, this component of the liabilities includes an adjustment for non-financial risk and the contractual service margin. The liability for incurred claims comprises the estimated fulfilment cash flows related to past service allocated to the group of insurance contracts.

The measurement of insurance contract liabilities involves a significant judgement of the future cash flows estimate. These estimates are inherently uncertain and can be affected by a number of different factors.

Given the significance of the item and the complexity of making the key estimates and assumptions required in measuring insurance contracts, we have identified insurance contracts that are liabilities as a key audit matter.

used and of analytical procedures so as to detect unusual trends and material deviations.

With the assistance of an expert, we tested the accuracy and consistency of the Group's application of the chosen insurance contract measurement approaches in accordance with the requirements of IFRS 17.

Together with the expert we also reviewed the insurance contract measurement process and tested the Group's calculations and bases obtained in order to verify the accuracy of the recorded insurance contracts that are liabilities. Particular emphasis was placed on the correctness of the recorded and established contractual service margin. In particular, we examined the methodology used to determine the adjustment for non-financial risk and the discount rate chosen, together with the illiquidity premium.

We verified the accuracy and completeness of the disclosures of insurance contracts that are liabilities in the financial statements.

### **Measurement of net liabilities from financial contracts – consolidated financial statements**

Net liabilities from financial contracts constitute a significant portion of the Group's liabilities. They are included in the statement of financial position under the item "Liabilities from financial contracts". As at 31 December 2023 they totalled EUR 426,625,567, of which net liabilities to pension policyholders amounted to EUR 399,563,636 and net liabilities from annuity insurance policies to EUR 27,061,931 (they totalled EUR 380,696,393 as at 31 December 2022 and EUR 394,733,824 as at 31 December 2021). As at 31 December 2023 they accounted for a total of 80.0% of the Company's capital and liabilities (31 December 2022: 80.2%; 31 December 2021: 81.6%).

In the audited annual report, liabilities from financial contracts are disclosed in the notes „13.1.4.18 Assets and liabilities from financial contracts“, and „15.13 Net liabilities to pension funds“.

#### Key audit matter

#### Our response

We carried out audit procedures in cooperation with an actuarial expert and an information system expert.

Net liabilities from financial contracts refer to the required coverage in the Prva+ and Prva groups of long-term business funds and to the required coverage of the pension annuity fund. The Group manages four pension funds: Zajamčeni Prva+, Zajamčeni Prva, Uravnoteženi and Dinamični, and one pension annuity fund.

Net liabilities from voluntary supplementary pension insurance consist of two parts: guaranteed liabilities and liabilities above the guaranteed liabilities in guaranteed funds, and liabilities related to investment fund units or long-term business fund units of Prva and Prva+ Dinamični and Prva and Prva+ Uravnoteženi. The guaranteed liabilities and guaranteed returns are guaranteed by the Group with its own funds, which is why it classifies such contracts as assets from financial contracts.

The liabilities are determined based on the value of assets in the savings accounts of individual policyholders (pension plan members). The amount of provision arises from the calculation of an individual's net premium, which is the paid-in gross premium less entry charges. The amount of a provision for an individual policyholder equals the product of the number of units of an individual fund of an individual policyholder and the unit value on the valuation date. For pension insurance products with investments in the guaranteed fund, additional provisions are calculated in the event of failure to achieve the guaranteed return on assets.

Our procedures included, but were not limited to the following:

We tested general information controls and information controls related to the collection and protection of data used in measuring net liabilities from financial contracts.

We tested the accuracy and completeness of the data used in the calculation of net liabilities from financial contracts. We checked the adequacy and compliance of the methodology used and the Company's assumptions with the regulatory requirements and the requirements of accounting standards, and the related disclosures in the annual report. We checked the Management's consistency in the use of the methodology for measuring net liabilities from financial contracts and in the selection of assumptions, as well as calculation accuracy.

The Group determines net liabilities from pension annuities at fair value or the estimated present value of the total expected future contractual cash and related financial flows at the level of an individual pension annuity. The projection of future cash flows takes into account the economic and biometric parameters obtained from financial institutions and own portfolio analyses. The parameters used represent the current best estimate without risk adjustments. The calculation of the present value of future cash flows is based on the risk-free interest rate curve as at the reporting date prescribed and published by EIOPA, adjusted for the liquidity premium.

Net liabilities from financial contracts are an important accounting item in the Group's financial statements and has therefore been identified as a key audit matter.

#### **Measurement of insurance contracts – consolidated financial statements**

The transition to International Financial Reporting Standard 17 – Insurance Contracts (IFRS 17 – Insurance Contracts) is disclosed in the audited Annual Report of the Group in *“13.2 Changes to standards and notes”*. Information on significant accounting policies are disclosed in the notes: *“13.1 Summary of significant accounting policies”*, *“13.1.4.16 Liabilities from insurance contracts”* and *“15.13 Net liabilities to pension funds”*.

##### Key audit matter

On 1 January 2023, the Group introduced and started applying the new International Financial Reporting Standard 17 – Insurance Contracts (IFRS 17), which fully replaced the previous International Financial Reporting Standard 4 – Insurance Contracts.

The Group assessed the requirements of IFRS 17 and, based on expert judgement, developed new accounting policies, set appropriate new methodologies and prepared new complex calculation models for the purpose of alignment with the provisions of IFRS 17. The overall transition effect was significantly influenced in particular by the determination of the measurement

##### Our response

We carried out audit procedures in cooperation with an actuarial expert.

Our procedures included, but were not limited to the following:

We obtained an understanding of and evaluated the significant judgements used by the Group to determine and develop new accounting policies in accordance with the requirements of IFRS 17.

We obtained an understanding of and evaluated the significant judgements used by the Group to classify contracts and to determine and develop new

model for insurance contracts (general measurement model, premium allocation approach, variable fee approach) in line with the requirements of IFRS 17, the determination of the calculation method of the adjustment for non-financial risks and the methodology for identifying onerous contracts as well as the setting of the discount rate. In addition, the adoption of IFRS 17 had a significant impact on the disclosures to the financial statements.

In accordance with the requirements of the new IFRS 17, the Group also reassessed its contract portfolio and, consequently, classified pension annuity contracts as financial contracts, which are now, after the transition, disclosed as liabilities from financial contracts in the financial statements in accordance with International Financial Reporting Standard 9 – Financial Instruments (IFRS 9).

These changes significantly impacted the total effect of the transition and disclosures in financial statements; therefore, the transition to IFRS 17 was identified as a key audit matter.

### Other information

The management is responsible for other information. The latter consists of the “*Business report*”, which is an integral part of the Company’s and Group’s annual report, and does not include the separate and consolidated financial statements and our auditor’s report thereon. Other information was obtained before the date the auditor’s report was issued, except for the report on the work of the supervisory board and audit committee of Prva Group, which will be available after the date of the auditor’s report.

Our report on the separate and consolidated financial statements does not refer to other information and does not give any assurances relating thereto.

When conducting an audit of the separate and consolidated financial statements, our responsibility is also to read other information and assess whether it varies to a great extent from the separate and consolidated financial statements, legal requirements and our knowledge acquired during the audit or proves incorrect otherwise. If, in accordance with the work carried out, we discover material

accounting policies in accordance with the requirements of IFRS 17.

With the assistance of the expert, we assessed the appropriateness and suitability of the chosen approaches to measuring insurance contracts in accordance with the requirements of IFRS 17.

We tested the Group’s resulting calculations and bases with the help of the expert to verify the accuracy of the recorded effects of the transition as at 1 January 2022, with a particular focus on the accuracy of the recorded and established contractual service margin during the transition. In particular, we examined the methodology used to determine the adjustment for non-financial risk and the discount rate chosen, together with the illiquidity premium. We also examined the insurance contract measurement process as such and the inputs to the insurance contract measurement. We also checked the tax effects of the transition to IFRS 17.

We verified the accuracy and completeness of the new and revised disclosures to the financial statements in accordance with the requirements of IFRS 17.

misstatements of other information, we must report on such circumstances. On the basis of the procedures described, we report that:

- other information is consistent with the audited separate and consolidated financial statements in all important aspects;
- other information is prepared in accordance with applicable laws and regulations;
- based on our knowledge and understanding of the Company and the Group, and their environment acquired during the audit, we did not determine any significant incorrect statements regarding other information.

### **Responsibility of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements**

The Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control the Management deems necessary to enable the preparation of the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for the supervision over the preparation of the separate and consolidated financial statements and for the approval of the audited annual report.

### **Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements**

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

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

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

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

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

We also provide those charged with governance with a statement that we comply with the relevant ethical requirements regarding independence, and communicate with them about any relationships and other matters that may reasonably be presumed to affect our independence and, where appropriate, about protective measures associated with this.

Among the matters discussed with those charged with governance, we identify those that have been the most significant in the audit of the separate and consolidated financial statements in the current period and are key audit matters. These matters are described in the auditor's report, unless a law or regulations prevent the public disclosure of these matters or when, in extremely rare circumstances, we choose not to disclose the matter in our report as we reasonably expect the harmful consequences of such disclosure to outweigh the public benefit.

## Report on other legal and regulatory requirements

### Appointment as auditor

The shareholders of PRVA GROUP, insurance holding company, plc., appointed us as the auditor of the separate and consolidated financial statements of PRVA GROUP, insurance holding company, plc., for the year ended 31 December 2023 at

the General Meeting on 20 June 2023. The continuous auditing period lasts four years, from 31 December 2020 to 31 December 2026.

#### **Compliance with the additional report to the audit committee**

We confirm that our audit opinion is in accordance with the additional report submitted to the audit committee of the company PRVA GROUP, insurance holding company, plc., on 29 April 2024.

#### **Provision of non-audit services**

We confirm that we did not provide unauthorized non-audit services to the Company and the Group, as stated in Article 5 of the Regulation (EU) No. 537/2014. We remained independent also during auditing the Company and the Group.

In addition to the statutory audit and other services disclosed in the business report or the separate and consolidated financial statements of the Company and the Group, we did not provide any other services for the Company and the Group in the period covered by the separate and consolidated financial statements.

#### **Independent auditor's report with reasonable assurance on compliance with Commission Delegated Regulation (EU) 2018/815 in the presentation of audited financial statements in a single electronic form**

We have performed a reasonable assurance engagement as to whether the audited separate financial statements of the Company PRVA GROUP, insurance holding company, plc., and consolidated financial statements of the Prva Group for the financial year ended 31 December 2023 (hereinafter „audited financial statements”) have been prepared in accordance with the requirements of the Delegated Commission Regulation (EU) 2019/815 of 17 December 2018 and the amended Commission Delegated Regulation (EU) 2020/815 of 11 November 2020 supplementing Directive 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for establishing a single electronic reporting format valid for 2023 (hereinafter referred to as the „Delegated Regulation“).

#### **Responsibility of the Management and those charged with governance**

The Management is responsible for the preparation and content of ESEF documents and, in this context, for the proper presentation of audited accounts in electronic form in accordance with the requirements of the Delegated Regulation, as well as for such internal control as required by Management decision to enable audited financial statements to be prepared in electronic form which do not contain material misstatements due to fraud or error.

The audit committee and the management board shall be responsible for overseeing the preparation of audited accounts in electronic form in accordance with the requirements of the Delegated Regulation.

#### **Auditor's Responsibility**

It is our responsibility to carry out a reasonable assurance engagement and to issue a conclusion whether the audited financial statements have been prepared in accordance with the requirements of the Delegated Regulation. We performed our

reasonable assurance engagement in accordance with International Standard on Assurance 3000 (revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 - revised) issued by the International Auditing and Assurance Standards Board. This standard requires that the engagement is planned and executed in such a way as to obtain an acceptable assurance for issuing a conclusion.

We complied with the independence and ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants. The Code is based on fundamental principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. Our company operates in accordance with International Standards on Quality Management (ISQM 1, 2) and maintains a comprehensive quality management system in accordance therewith, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Summary of work performed**

Within the scope of work performed, we used audit procedures and:

- identified and assessed the risk of material non-compliance of audited financial statements with the requirements of the Delegated Regulation due to error or fraud;
- gained an understanding of internal control, which is important for the performance of a reasonable assurance engagement to design procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control;
- assessed whether the audited financial statements received meet the requirements of the Delegated Regulation;
- obtained reasonable assurance that the audited financial statements included in the issuer's annual report are presented in the correct XHTML electronic format.

We believe that the evidence obtained is a sufficient and appropriate basis for our conclusion.

### **Conclusion**

In our opinion, on the basis of the performed procedures and obtained evidence, the audited separate financial statements of the Company PRVA GROUP, insurance holding company, plc., and consolidated financial statements of the Prva Group for the financial year ended 31 December 2023, which are included in the annual report, are prepared in accordance with the requirements of the Delegated Regulation.

In Ljubljana, 29 April 2024

Grant Thornton Audit d.o.o.

Certified auditor:

Katja Pogač

## 11.1 STATEMENT OF MANAGEMENT RESPONSIBILITY

The Management Board approved the publication of the financial statements and the applied accounting policies and notes to the financial statements on 9 April 2024.

The Management Board is responsible for the preparation of the annual report so that it gives a true and fair picture of the Company's and the Group's financial position and operating results for 2023.

The members of the Management Board and the Supervisory Board confirm that the Annual Report of the Group and the Company, and its integral parts, inclusive of the corporate governance statement, have been compiled and published in accordance with the Companies Act and International Financial Reporting Standards as adopted by the EU.

The Management Board is responsible for the preparation of the Annual Report of the Group, including the financial statements and notes thereto that give a true and fair presentation of the financial position of the Company and the Group.

The Management Board confirms that the financial statements of the Company and the Group have been compiled under the assumption of a going concern, that the appropriate accounting policies have been consistently applied, and that any changes in these have been disclosed, and that accounting estimates have been made based on the principle of prudence and due diligence.

The Management Board is also responsible for the adoption of measures to prevent and detect fraud and other irregularities and to protect the value of assets of Prva Group.

The Tax Authorities may, at any time within 5 years of the end of the year for which a tax assessment was due, carry out an audit of the Company's operations, which may result in additional tax liabilities, default interest, and penalties with regard to corporate income tax or other taxes and duties. The Management Board of the company is not aware of any circumstance that could give rise to any significant liability on this account.

Pursuant to Articles 545 and 546 of the Companies Act, the management submitted a report on relations with the parent company and other subsidiaries in the Group, in which it concluded that in view of the circumstances known to the management at the time these transactions were made, the Company did not suffer a loss in transactions with the parent company or its affiliated companies. Furthermore, no legal transactions were undertaken in 2023 and no actions were either carried out or omitted, which could cause damage to the Company as a result of the influence imposed by the parent company.

Ljubljana, 24 April 2024

**Janez Kranjc**

President of the Management Board



## 12 FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

### 12.1 INCOME STATEMENT

in EUR	Note	Prva Group		The Group	
		2023	2022	2023	2022
<b>A. Result from insurance operations</b>		-	-	<b>1,241,055</b>	<b>1,603,847</b>
1. Insurance contract revenue	14.1.	0	0	12,523,207	11,196,471
2. Insurance service expenses	14.2.	0	0	10,710,249	9,399,192
3. Net gain/loss from reinsurance contracts held	14.3.	0	0	571,904	193,432
<b>B. Result from investment activities</b>	<b>14.4.</b>	<b>4,121,569</b>	<b>3,289,814</b>	<b>4,401,020</b>	<b>1,280,200</b>
1. Interest revenue calculated using the effective interest method		0	0	827,971	642,259
2. Dividend revenue		4,107,070	3,949,684	489,222	417,523
3. Gains and losses from the derecognition of financial assets:		0	0	32,436	38,358
- measured at fair value through profit or loss		0	0	19,387	8,137
- measured at amortised cost		0	0	11,523	36,570
- measured at fair value through other comprehensive income		0	0	1,526	83,065
5. Net impairments/reversal of impairments of financial assets		0	702,233	77,753	770,534
7. Other revenue/expenses from investing activities		14,500	42,362	2,973,638	1,531,091
<b>C. Result from insurance contracts</b>	<b>14.5.</b>	<b>0</b>	<b>0</b>	<b>2,089,292</b>	<b>1,271,147</b>
1. Net financial revenue/expenses from insurance contracts		0	0	2,127,931	1,237,077
2. Net financial revenue/expenses from reinsurance contracts		0	0	38,639	34,070
<b>D. Other revenue and expenses</b>	<b>-</b>	<b>61,266</b>	<b>183,362</b>	<b>5,302,060</b>	<b>5,016,861</b>
2. Revenue from asset management	14.6.	0	0	8,588,993	7,949,309
2. Other net operating revenue/expenses	14.7.	0	0	3,447,988	3,161,893
4. Non-attributable expenses	14.8.	347,803	192,369	6,656,732	5,780,068
5. Net impairments/reversal of impairments of non-financial assets	14.9.	0	0	92,032	90,059
7. Other net revenue/expenses	14.10.	286,537	9,008	13,842	224,213
<b>E. Profit or loss before tax</b>		<b>4,060,303</b>	<b>3,106,452</b>	<b>8,854,843</b>	<b>6,611,655</b>
Corporate income tax	14.11.	15,600	2	1,118,010	452,083
Change in deferred taxes		0	0	647,351	328,587
<b>Net profit or loss for the period</b>		<b>4,044,704</b>	<b>3,106,454</b>	<b>8,384,184</b>	<b>6,488,160</b>
Net profit or loss attributable to the controlling interest		4,044,704	3,106,454	6,852,893	5,248,787
Net profit or loss attributable to minority interests		0	0	1,531,291	1,239,372

The notes on the following pages are an integral part of the financial statements.

## 12.2 STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE COMPANY AND THE GROUP

EUR	Note	Prva Group		The Group	
		2023	2022	2023	2022
I.	I. NET PROFIT/LOSS FOR THE YEAR AFTER TAX	4,044,704	3,106,454	8,384,184	6,488,160
II.	OTHER COMPREHENSIVE INCOME AFTER TAX (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	856,938	102,681	1,548,466	745,182
A)	<b>Items that will be reclassified to profit or loss in subsequent periods</b>	881,024	126,767	1,827,482	391,051
	Unrealised net gains/losses from financial investments measured at fair value through other comprehensive income				
1.		881,024	126,767	2,383,700	563,527
-	<i>Gains/losses recognised in accumulated other comprehensive income</i>	881,024	126,767	2,383,700	563,527
3.	Net financial revenue/expenses from insurance contracts	0	0	-563,479	-260,693
4.	Net financial revenue/expenses from reinsurance contracts	0	0	10,277	101,836
5.	Exchange differences	0	0	-3,017	-13,618
B)	<b>Income tax relating to items that may be reclassified to profit or loss in subsequent periods</b>	-24,086	-24,086	-265,962	335,319
C)	<b>Items that will not be reclassified to profit or loss in subsequent periods</b>	0	0	-13,053	18,812
2.	Actuarial gains or losses on defined benefit pension schemes	0	0	-13,053	18,812
III	<b>Comprehensive income for the period (I+II)</b>	<b>4,901,641</b>	<b>3,209,135</b>	<b>9,932,650</b>	<b>7,233,342</b>
	of that attributable to owners of the parent	4,901,641	3,209,135	8,404,808	6,003,463
	of that attributable to non-controlling interests	0	0	1,527,842	1,229,879

All gains and losses included in the statement of other comprehensive income, except actuarial gains, will be transferred to the income statement in the future.

The notes on the following pages are an integral part of the financial statements.

## 12.3 STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND THE GROUP

	Note	Prva Group			The Group		
		31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2023	31 Dec 2022	31 Dec 2021
<b>ASSETS (A+B+D+E+F+G+H+I+J+K+L+M)</b>		<b>25,948,305</b>	<b>23,993,372</b>	<b>24,608,712</b>	<b>533,013,032</b>	<b>474,936,741</b>	<b>483,469,007</b>
A. Property, plant and equipment	15.1.	4,701	4,499	4,538	3,711,529	3,256,251	3,349,865
B. Investment property	15.2.	-	-	-	3,109,000	3,040,000	3,016,062
C. Right-of-use assets	15.14.	-	-	-	579,822	651,148	258,350
D. Intangible assets	15.3.	-	-	-	982,610	826,657	904,940
E. Deferred tax assets	14.11.	22,436	22,435	22,433	365,562	361,236	462,881
F. Investments in group companies and associates	15.4.	20,027,272	15,877,272	16,574,273	0	0	0
<b>G. Financial investments:</b>	<b>15.5.</b>	<b>5,785,696</b>	<b>3,926,770</b>	<b>7,221,969</b>	<b>83,657,560</b>	<b>67,198,378</b>	<b>73,629,849</b>
1. measured at fair value through other comprehensive income		4,259,375	3,528,351	3,401,584	31,225,671	27,833,775	22,753,426
2. measured at amortised cost		1,526,322	398,419	3,728,810	29,014,219	20,899,043	25,950,001
4. measured at fair value through profit or loss		-	-	91,575	23,417,670	18,465,560	24,926,422
<b>H. Assets from financial contracts</b>	<b>15.6.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>432,870,826</b>	<b>386,326,527</b>	<b>396,138,794</b>
1. Investment property		-	-	-	16,789,247	16,116,000	16,623,412
2. Financial investments measured at:		-	-	-	403,941,361	349,308,400	352,357,983
a. Fair value through other comprehensive income		-	-	-	11,514,014	19,717,346	9,026,682
b. Amortised cost		-	-	-	116,331,820	85,254,917	17,220,029
c. Fair value through profit or loss		-	-	-	276,095,527	244,336,137	326,111,272
3. Receivables		-	-	-	699,450	1,389,800	1,066,353
4. Cash and cash equivalents		-	-	-	11,440,768	19,512,327	26,091,046
I. Insurance contracts that are assets	15.11.	-	-	-	240	1,831	661
J. Reinsurance contracts that are assets	15.12.	-	-	-	1,310,907	1,583,943	593,951
M. Other receivables	15.7.	995	386	6,024	1,500,521	3,090,098	1,978,037
N. Cash and cash equivalents	15.8.	106,808	4,161,129	778,686	4,446,287	8,149,091	2,713,777
O. Other assets	15.7.	396	882	789	478,167	451,580	421,841

EQUITY AND LIABILITIES		25,948,305	23,993,372	24,608,712	533,013,032	474,936,741	483,469,008
<b>EQUITY</b>							
A. Share capital	15.9.1.	13,386,247	13,386,247	13,386,247	13,386,247	13,386,247	13,386,247
B. Capital surplus	15.9.2.	6,281,960	6,281,960	6,281,960	6,131,960	6,281,960	6,281,960
C. Own shares	15.9.1.	- 267,558	- 267,558	- 1,110	- 267,558	- 267,558	- 1,110
D. Accumulated other comprehensive income	15.9.2.	1,212,975	356,035	253,355	- 1,040,319	-2,592,233	- 3,345,959
F. Retained profit from previous years	15.9.2.	1,121,922	1,016,181	1,167,928	35,024,745	32,794,999	27,714,763
G. Net profit or loss for the period		4,044,704	3,106,454	2,898,404	6,852,894	5,249,347	8,272,837
H. Minority interest		-	-	-	7,128,432	6,839,677	6,799,250
<b>Total capital</b>		<b>25,780,249</b>	<b>23,879,320</b>	<b>23,986,783</b>	<b>67,216,400</b>	<b>61,692,437</b>	<b>59,107,988</b>
Controlling interest		25,780,249	23,879,320	23,986,783	60,087,968	54,852,761	52,308,738
Non-controlling interest		-	-	-	7,128,432	6,839,677	6,799,250
<b>LIABILITIES</b>							
B. Deferred tax liabilities	14.11.	107,600	83,515	59,429	545,699	1,146,402	1,137,043
C. Insurance contracts that are liabilities	15.11.	-	-	-	28,520,727	23,038,566	24,585,981
D. Reinsurance contracts that are liabilities	15.12.	-	-	-	74,487	92,749	212,271
E. Liabilities from financial contracts	15.13.	-	-	-	432,870,826	386,326,527	396,138,794
E. Provisions	15.16.	-	-	-	304,378	238,987	225,761
F. Liabilities from leases	15.14.	-	-	-	592,784	658,151	263,001
I. Corporate income tax liabilities	14.11.	-	-	-	961,055	-	35,957
J. Other liabilities	15.16.	60,455	30,538	562,501	1,926,676	1,742,922	1,762,212
<b>Total liabilities</b>		<b>168,056</b>	<b>114,052</b>	<b>621,930</b>	<b>465,796,632</b>	<b>413,244,303</b>	<b>424,361,020</b>

The notes on the following pages are an integral part of the financial statement.

## 12.4 CASH FLOW STATEMENT OF THE COMPANY AND THE GROUP

in EUR	Prva Group		The Group	
	2023	2022	2023	2022
<b>Cash flows from operating activities</b>				
Profit or loss before taxes	4,060,303	3,106,452	8,854,843	6,611,655
Adjustments for:	-4,120,484	-3,292,038	3,794,552	-412,036
Profit/loss from investments measured at fair value	0	0	52,795	278,977
Net interest revenue	-14,408	-40,748	-906,019	-682,873
Dividend revenue	-4,107,070	-3,949,684	-489,222	-417,523
Expenses from impairment of investments	0	696,719	-16,167	704,772
Cost elimination (depreciation and other costs)	994	1,675	1,541,253	1,265,910
Revenue and expenses from investments	0	0	3,839,963	-1,262,042
Net foreign exchange differences	0	0	-228,050	-299,258
<b>Profit from operating activities prior to changes in working capital</b>	<b>-60,180</b>	<b>-185,586</b>	<b>12,649,396</b>	<b>6,199,619</b>
Increase in receivables/liabilities	29,793	-39,595	-417,702	-604,012
<b>Cash flows from operating activities</b>	<b>-30,388</b>	<b>-225,181</b>	<b>12,231,694</b>	<b>5,595,607</b>
Interest received	14,408	40,748	879,581	709,282
Interest paid	0	0	-737	-178
Tax paid	-15,600	0	-145,646	-317,456
<b>Net cash from operating activities</b>	<b>-31,579</b>	<b>-184,433</b>	<b>12,964,892</b>	<b>5,987,255</b>
<b>Cash flows from investing activities</b>				
Proceeds/disbursements to acquire property, plant and equipment	-1,196	-1,636	-782,229	-371,066
Proceeds/disbursements to acquire non-current intangible assets	0	0	-334,837	-157,481
Proceeds from disposal of investments	7,081,819	11,148,484	81,048,089	144,442,608
Disbursements to acquire investments	-8,209,722	-7,726,236	-92,855,959	-140,684,804
Proceeds/disbursements for the setting up of new companies, recapitalisation	-4,000,000	0	0	0
Dividends received	4,107,070	3,462,861	489,222	417,523
<b>Net cash from investing activities</b>	<b>-1,022,029</b>	<b>6,883,473</b>	<b>-12,435,713</b>	<b>3,646,779</b>
<b>Cash flows from financing activities</b>				
Payment of preference and ordinary dividends and repayment of capital	-3,000,713	-3,050,150	-3,000,713	-3,050,150
Capital increase for own shares	0	-266,448	0	-266,448
Dividends paid to minority interests	0	0	-1,239,086	-877,581
<b>Net cash from financing activities</b>	<b>-3,000,713</b>	<b>-3,316,598</b>	<b>-4,239,799</b>	<b>-4,194,179</b>
<b>Net cash flows</b>	<b>-4,054,321</b>	<b>3,382,442</b>	<b>-3,710,620</b>	<b>5,439,855</b>
Net foreign exchange differences	0	0	7,816	-4,541
Cash and cash equivalents as at 1 Jan	4,161,130	778,686	8,149,091	2,713,777
<b>Closing balance of cash and cash equivalents as at 31 Dec</b>	<b>106,809</b>	<b>4,161,128</b>	<b>4,446,287</b>	<b>8,149,091</b>

The notes on the following pages are an integral part of the financial statements.

## 12.5 STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

in EUR	Share capital	Capital surplus	Own shares	Revenue reserves - other reserves	Accumulated other comprehensive income	Retained earnings	Total capital
<b>Opening balance as at 1 Jan 2022</b>	13,386,247	6,278,574	-1,110	3,386	253,355	4,066,332	23,986,783
<b>Comprehensive income for the period</b>	0	0	0	0	102,681	3,106,454	3,209,135
a) Net profit or loss	0	0	0	0	0	3,106,454	3,106,454
b.) Other comprehensive income	0	0	0	0	102,681	0	102,681
<b>Transactions with owners</b>	0	0	-266,448	0	0	-3,050,150	-3,316,598
Ordinary share dividends	0	0	0	0	0	-2,649,426	-2,649,426
Preference share dividends	0	0	0	0	0	-400,724	-400,724
Capital increase from own assets	0	0	0	0	0	0	0
Purchase of own shares	0	0	-266,448	0	0	0	-266,448
Decrease in equity	0	0	0	0	0	0	0
<b>Closing balance as at 31 Dec 2022</b>	13,386,247	6,278,574	-267,558	3,386	356,036	4,122,635	23,879,320
<b>Opening balance as at 1 Jan 2023</b>	13,386,247	6,278,574	-267,558	3,386	356,036	4,122,635	23,879,320
<b>Comprehensive income for the period</b>	0	0	0	0	856,938	4,044,704	4,901,642
a) Net profit or loss	0	0	0	0	0	4,044,704	4,044,704
b.) Other comprehensive income	0	0	0	0	856,938	0	856,938
<b>Transactions with owners</b>	0	0	0	0	0	-3,000,713	-3,000,713
Ordinary share dividends	0	0	0	0	0	-2,620,279	-2,620,279
Preference share dividends	0	0	0	0	0	-380,433	-380,433
Capital increase from own assets	0	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	0	0	0
Decrease in equity	0	0	0	0	0	0	0
<b>Closing balance as at 31 Dec 2023</b>	13,386,247	6,278,574	-267,558	3,386	1,212,974	5,166,626	25,780,249

The notes on the following pages are an integral part of the financial statements.

## 12.6 STATEMENT OF CHANGES IN EQUITY OF THE GROUP

in EUR	Share capital	Capital surplus and revenue reserves	Own shares	Revaluation surplus	Net profit or loss and retained earnings	Total equity attributable to equity holders of the parent	Equity attributable to minority shareholders	Total
<b>Opening balance for the period 1 Jan 2022 (IFRS 4)</b>	<b>13,386,247</b>	<b>6,281,960</b>	<b>-1,110</b>	<b>-208,678</b>	<b>28,586,173</b>	<b>48,044,592</b>	<b>6,799,251</b>	<b>54,843,843</b>
Other comprehensive income (IFRS 17)	0	0	0	-3,157,739	0	-3,157,739	0	-3,157,739
Other (transfer to retained earnings under IFRS 17)	0	0	0	20,456	7,401,466	7,421,922	0	7,421,922
<b>Opening balance for the period 1 Jan 2022 (IFRS 17)</b>	<b>13,386,247</b>	<b>6,281,960</b>	<b>-1,110</b>	<b>-3,345,960</b>	<b>35,987,601</b>	<b>52,308,738</b>	<b>6,799,251</b>	<b>59,107,988</b>
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>753,725</b>	<b>5,248,787</b>	<b>6,002,513</b>	<b>1,230,829</b>	<b>7,233,342</b>
a) Net profit or loss	0	0	0	0	5,248,787	5,248,787	1,239,372	6,488,160
b) Other comprehensive income	0	0	0	753,725	0	753,725	-8,543	745,182
Ordinary share dividends - Prva Group	0	0	0	0	-2,649,426	-2,649,426	0	-2,649,426
Preference shares dividends - Prva Group	0	0	0	0	-400,724	-400,724	0	-400,724
Retrospective restatement (transfer to liabilities, IFRS 9)	0	0	0	0	-141,930	-141,930	0	-141,930
Dividends paid to minority interests	0	0	0	0	0	0	-1,190,403	-1,190,403
Repayments of capital Prva Group	0	0	-266,448	0	0	-266,448	0	-266,448
<b>Closing balance for the period 31 Dec 2022</b>	<b>13,386,247</b>	<b>6,281,960</b>	<b>-267,558</b>	<b>-2,592,237</b>	<b>38,044,349</b>	<b>54,852,761</b>	<b>6,839,676</b>	<b>61,692,437</b>
<b>Opening balance for the period 1 Jan 2023</b>	<b>13.386.247</b>	<b>6.281.960</b>	<b>-267.558</b>	<b>-2.592.237</b>	<b>38.044.349</b>	<b>54.852.763</b>	<b>6.839.676</b>	<b>61.692.437</b>
Comprehensive income for the period	0	0	0	1.551.915	6.852.893	8.404.808	1.527.842	9.932.650
a) Net profit or loss	0	0	0	0	6.852.893	6.852.893	1.531.291	8.384.184
b) Other comprehensive income	0	0	0	1.551.915	0	1.551.915	-3.449	1.548.466
Ordinary share dividends - Prva Group	0	0	0	0	-2.620.279	-2.620.279	0	-2.620.279
Preference shares dividends - Prva Group	0	0	0	0	-380.433	-380.433	0	-380.433
Dividends paid to minority interests	0	0	0	0	0	0	-1.239.086	-1.239.086
Other (transfer from capital surplus to capital of Prva osebna zavarovalnica)	0	-150.000	0	0	0	-150.000	0	-150.000
Other (transfer from deferred taxes IFRS 17)	0	0	0	0	-18.888	-18.888	0	-18.888
<b>Closing balance for the period 30 June 2023</b>	<b>13.386.247</b>	<b>6.131.960</b>	<b>-267.558</b>	<b>-1.040.320</b>	<b>41.877.642</b>	<b>60.087.969</b>	<b>7.128.432</b>	<b>67.216.400</b>

The notes on the following pages are an integral part of the financial statements.

## 13 NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

### 13.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the financial statements of the Company and the Group is the responsibility of the Management Board. The financial statements of the Company and the Group for the year ended 31 December 2023, were prepared under the going concern assumption and approved by the Management Board on 10 April 2024. Prva Group is a public limited company, established in the Republic of Slovenia. Preference shares of the Company are listed on the free market of the Ljubljana Stock Exchange.

Prva Group is a mixed financial holding company. In line with its activities, the Company performs holding activities in its subsidiary companies. At the end of 2023, the Company employed 2 persons (2022: 2).

The Company is the legal successor of Prva pokojninska družba, which modified its status in 2007. A new company, Prva osebna zavarovalnica d. d., was established to which all voluntary supplementary pension insurance activities were transferred as of 1 September 2007. Prva Group changed its name (formerly Prva pokojninska družba, d. d.) and its activities, becoming a holding company. In 2021, a new company, Prva pokojninska družba d. d., was established with the separation from Prva osebna zavarovalnica, to which the activity of pension and annuity insurance was transferred.

#### **In addition to Prva Group, the Group includes:**

##### *Prva osebna zavarovalnica d. d.*

The company was established in 2007 when the insurants from voluntary supplementary pension insurance were transferred from Prva pokojninska družba d. d.. Prva Group, insurance holding company, plc. is the 100% owner of Prva osebna zavarovalnica d. d..

In 2021, according to the division plan of 23 June 2021, the Company transferred the pension and annuity insurance business to a new company - Prva pokojninska družba.

In 2009, the insurance company started marketing accident insurance, life insurance from insurance class 19, unit-linked life insurance (insurance class 21), and health insurance. Prva osebna zavarovalnica manages three unit-linked life insurance guarantee funds. As at 31 December 2023, the Company had 69 full-time employees (2022: 70).

##### *Prva pokojninska družba d. d.*

The company was established after the separation from Prva osebna zavarovalnica in accordance with the terms of division of 23 June 2021, and was entered into the court register on 1 October 2021.

Prva pokojninska družba performs the activity of supplementary pension insurance, payment of pension annuities, and supplementary family and disability pensions. The company manages four pension insurance guarantee funds and a pension annuity fund. As at 31 December 2023, the company had 23 full-time employees (2022: 19).

##### *KB Prvo penzisko društvo AD Skopje*

The operations of KB Prvo penzijsko društvo AD Skopje relate to the second and third pillar supplementary pension insurance in North Macedonia. The company was established in 2005.

Prva Group, insurance holding company, plc. is a 51% owner of KB Prvo penzijsko društvo AD Skopje. The remaining 49% stake is owned by the largest Macedonian bank, Komercijalna banka a.d. Skopje. As at 31 December 2023, the Company had 35 full-time employees (2022: 29).

##### *DDOR-GARANT društvo za upravljanje dobrovoljnim penzijskim fondom AD Beograd*

The operations of DDOR-GARANT AD Beograd relate to third pillar supplementary pension insurance in Serbia.

In 2022, Prva Group, insurance holding company, plc. held a 60% interest in the company, which was established in May 2006. As at 31 December 2023, the company had 19 full-time employees (2022: 19).

#### *Fondi Slloveno-Kosovar I Pensioneve Sh.A Pristine Kosovo*

The operations of Fondi Slloveno-Kosovar I Pensioneve Sh.A Pristine Kosovo relate to third pillar supplementary pension insurance in Kosovo.

The company in which Prva Group, insurance holding company, plc. holds a 67.4% interest was established on 4 September 2006. The remaining 32.6% is owned by Dukagjini Sh.p.k.. The company started conducting pension insurance transactions in 2007. As at 31 December 2023, the company has 6 full-time employees (2022: 6).

#### *Prva Život Skopje*

Prva Život Skopje is active in life and investment insurance. Prva Group, insurance holding company, plc. holds a 100% interest in the company, which was established in 2023. As at 31 December 2023, the company has 7 full-time employees (2022: 0).

*Table 5: Investments in subsidiary and associated companies as at 31 December 2023*

in EUR	Ownership	Prva Group	
		31 Dec 2023	31 Dec 2022
Prva osebna zavarovalnica d. d.	100%	7,015,000	6,865,000
KB Prvo penzisko društvo AD Skopje	51%	918,272	918,272
Fondi Slloveno-Kosovar I Pensioneve Sh.A Pristine Kosovo	67%	321,000	321,000
DDOR GARANT Beograd	60%	908,000	908,000
Prva pokojninska družba d. d.	100%	6,865,000	6,865,000
Prva Život Skopje	100%	4,000,000	0
<b>Total</b>		<b>20,027,272</b>	<b>15,877,272</b>

#### Ultimate parent

##### *Prva Finance d.o.o.*

The ultimate parent of Prva Group plc. is Prva Finance d.o.o. with registered office at Devinska 1, Ljubljana. Prva Finance was set up in 2021 after separation from the A-Z Finance Group, which was established in 1998. The majority owner of the company is Alenka Žnidaršič Kranjc. The company holds a 73.93% stake of Prva Group. The consolidated annual report is compiled by Prva Finance d.o.o. and can be obtained at the company's headquarters.

### **13.1.1 Statement of compliance**

The enclosed separate and consolidated financial statements of Prva Group have been compiled in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union and the Companies Act.

In terms of the EU endorsement process, there are no differences at the balance sheet date between the accounting policies of Prva Group and the International Financial Reporting Standards (IFRS) adopted by the EU.

## Bases for preparation

The financial statements of Prva Group plc. and the Group have been compiled on the basis of accounting policies shown below.

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those applied in previous years, except for the newly adopted standards and interpretations effective for periods beginning on or after 1 January 2023 as presented below.

### 13.1.2 Basic policies

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared under historical cost convention, except for the assets measured at fair value through profit or loss, and assets held for sale which are measured at fair value through comprehensive income. The financial statements are presented in euros. All values are rounded to one euro, except when specifically indicated otherwise.

### 13.1.3 Significant accounting assumptions and estimates

The preparation of financial statements requires the management to make certain estimates and assumptions that affect the carrying amounts of assets and liabilities of the Company and the Group, disclosure of potential liabilities at the reporting date, and the amounts of revenue and expenses of the Company and the Group for the period ending at the reporting date.

Future events and their effects cannot be determined with certainty. Accordingly, the accounting estimates made require the exercise of judgement, as accounting estimates change as a result of new events, experience, additional information, and as a result of changes in the operating environment in which the entity operates. Actual results may differ from those estimates.

The most significant assumptions relate to:

- the classification of financial instruments, i.e. the division between financial instruments valued at amortised cost, fair value through comprehensive income, and fair value through profit and loss;
- the classification of contracts: insurance contracts are classified as insurance or financial contracts depending on their characteristics. The assessment of whether the concluded contracts are insurance contracts or financial contracts has a significant effect on the recognition and subsequent measurement of these contracts;
- valuation of insurance contracts: the valuation of insurance contracts involves a judgement as to whether or not the premium allocation approach can be applied. It is also important to consider whether the valuation of contracts should distinguish between the individual components of contracts, and to consider the appropriate aggregation of contracts into portfolios;
- calculation of assets or liabilities arising from insurance/reinsurance contracts: estimates of expected future cash flows and the applied discount rate have a significant impact on the calculation of assets or liabilities arising from insurance/reinsurance contracts. Estimates of expected future cash flows are calculated on the basis of valid insurance contracts and on the basis of development of past loss events and expectations for the future, under the assumptions of mortality tables, cancellations, discount factors, loss ratios, etc.;
- fair value of financial assets and their impairment: fair value of financial assets whose price cannot be determined on an active capital market is assessed in consideration of a number of assumptions. Potential changes in these assumptions are reflected in the amount and potentially also in the impairment of these assets.

#### 13.1.3.1 Non-marketable investments

Fair value of financial assets whose price cannot be determined on an active capital market is assessed in consideration of a number of assumptions. Potential changes in these assumptions are reflected in the amount and potentially also in the impairment of these assets.

If no active market exists for a financial instrument, its fair value is determined using one of the valuation methods. Valuation methods use the most recent transactions between informed and willing parties, if available, a comparison of the current fair value of an instrument with similar characteristics, consideration of discounted cash flows, and option pricing models. If a valuation method exists that is commonly used by market participants to determine prices of financial instruments and the method has been proven reliable in estimating prices achieved in actual market transaction, the Company and the Group apply this particular method.

The discounted cash flow method uses management's estimates of future cash flows and discount rates that reflect interest rates for comparable financial instruments.

#### **13.1.3.2 Technical provisions and liabilities from insurance contracts**

The calculation of technical provisions for the purpose of capital requirements is stipulated by the Insurance Act (the ZZavar-1) and its implementing regulations, while insurance contract liabilities/assets for the purpose of financial reporting are compiled in accordance with IFRS 17. Both the technical provisions for the purpose of capital requirements and insurance contract liabilities/assets are intended to cover future insurance liabilities and to cover potential losses from the risks arising from insurance transactions. Adequacy of the amount of technical provisions is verified at least once a year. The actuarial function holder informs the Company's Supervisory and the Management Board about the findings on the reliability and adequacy of the methods, models and assumptions used in the calculation of technical provisions and insurance contract liabilities/assets, and on whether the formed technical provisions are adequate to cover all liabilities from the acquired insurance.

They are formed for the subsidiaries Prva osebna zavarovalnica d. d. and Prva Život Skopje.

#### **13.1.4 Important information on accounting policies**

##### **13.1.4.1 Foreign currency translation**

The financial statements of the Company and the Group are presented in euro (EUR), which is the functional and reporting currency of the parent company and its subsidiaries in Slovenia. Transactions denominated in a foreign currency are translated into the functional currency at the exchange rate of the European Central Bank on the date of the transaction. The exchange rate of the European Central Bank at the reporting day is used for the statement of financial position, while the average exchange rate for the financial year is used for the income statement. Exchange rate differences arising from the translation of the functional currency into the reporting currency are recognised directly in the statement of comprehensive income until the sale of a subsidiary when the exchange rate differences are transferred to the income statement.

##### **13.1.4.2 Consolidation bases**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023 and comparable data as at 31 December 2022.

The full consolidation method is applied to all subsidiaries from the date the Group controls the subsidiary. Subsidiaries are excluded from the Group when the controlling influence of the parent or group company ceases. The financial statements of group companies are prepared for the same reporting period as those of the parent company using the same accounting policies. All transactions, balances, and unrealised gains and losses arising from intra-group transactions and dividends between associated companies are eliminated in the preparation of the consolidated financial statements.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative exchange rate differences, recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;

- recognises any surplus or deficit in profit or loss;
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

#### 13.1.4.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in the general administrative costs.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages (step acquisitions), the acquisition date fair value of the acquirer's previously held interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, are recognised in accordance with IFRS 9 either in profit or loss or as a change in other comprehensive income. When contingent consideration is recognised in equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### 13.1.4.4 Revenue

Revenue is recognised when it is probable that future economic benefits will flow to the entity and those benefits can be measured reliably. Revenue originates from services offered by the Company to its subsidiaries, namely services relating to investment, internal auditing, and lease of hardware and software. Revenue is recognised in full when it has been earned.

The Group's revenue mainly includes:

- **Insurance revenue**

The calculation of insurance revenue is described in more detail in Section 13.1.4.16.

- **Investment revenue**

- Interest

Interest revenue is calculated and recognised on the basis of the effective interest rate, except for redemptions of receivables, for which interest is recognised at the contractual interest rate.

- Dividends

Dividends are recognised when the Company or the Group obtains the right to issue dividend pay-outs.

- Other investment revenue

Revenue from changes in fair value of financial assets arises on subsequent re-measurement of fair value of financial assets measured at fair value through profit or loss. Gains on disposal arise on derecognition of financial assets other than financial assets measured at fair value through profit or loss. Gains on disposal is the difference between the carrying amount of the financial asset and its selling price.

■ **Other revenue**

- Entry fee

The Group, in performing its activity in accordance with the pension schemes and general terms and conditions, charges an entry fee, which means that the collected assets transferred into an individual guarantee fund are decreased by the amount of the entry fees and the fund is managed with assets which represent net premiums. The entire amount of revenue from entry fees is recognised when statements of account are made.

- Management fee

The Group manages twelve guarantee funds, for which it charges a management fee, which means that the monthly value of assets in individual guarantee funds is decreased by the amount of the management fee.

- Exit fee

The Group is entitled to an exit fee in accordance with the pension schemes and the general terms and conditions, which means that the redemption value is decreased by the exit fee and this net value is then received by the individual terminating the insurance.

#### 13.1.4.5 Costs and expenses

■ **Insurance service expenses**

The calculation of insurance service expenses is described in more detail in Section 16.1.5.13. Non-attributable costs are not included in the calculation of liabilities/assets from insurance contracts and are charged directly to the income statement.

■ **Investment expenses**

Expenses from financial assets comprise expenses arising as a result of fair value changes, loss on disposal of financial assets, impairment losses, and other financial expenses.

Expenses resulting from changes in fair value of financial assets arise on subsequent re-measurement of fair value of financial assets measured at fair value through profit or loss.

Losses on disposal relate to the derecognition of financial assets other than financial assets measured at fair value through profit or loss. The loss is the difference between the carrying amount of the financial asset and its selling price.

■ **Non-attributable expenses**

In accordance with IFRS 17, the Company classifies pre-selected costs as non-attributable expenses. Non-attributable expenses vary materially by subsidiary.

Prva osebna zavarovalnica d. d. and Prva Život Skopje:

- entertainment
- non-tax exempt expenses
- non-income related costs - other taxes and contributions
- non-attributable IT expenses
- non-attributable costs of wages and salaries
- donations
- membership fees for the chamber, associations

The Company equally determines all expense associated with investment transactions as non-attributable.

Prva pokojninska družba d. d.:

Non-attributable costs are costs that do not relate to the Supplementary Family and Disability Pensions product. This item covers the costs of insurance acquisition, depreciation of operating assets, labour costs, costs of services provided by natural persons not engaged in the activity, and other operating costs.

Companies that do not have insurance contracts in their portfolios and only have pension insurance (KB Prvo, DDor, Fondi) treat all costs as non-attributable.

#### 13.1.4.6 Taxes

##### ■ *Corporate income tax*

The current tax liability or receivable is recognised in accordance with the calculated corporate income tax in accordance with the applicable tax rate.

##### ■ *Deferred taxes*

Deferred corporate income tax assets and liabilities are calculated according to the balance sheet liability method. Only deferred tax assets and liabilities arising from temporary differences are recognised.

Deferred tax assets are reviewed at the reporting date and are impaired for that portion of the assets for which it is no longer probable that a sufficient taxable profit will be available against which the unused tax losses could be utilised.

Deferred tax liabilities or assets are measured at the tax rates expected to apply when the asset is realised or the liability is settled. The tax rates (and tax regulations) valid at or substantially valid at the reporting date are used.

Deferred tax is recognised directly in the statement of comprehensive income if it refers to items recognised directly in the statement of comprehensive income.

Deferred tax assets and liabilities are offset when the Company:

- has a legal right to offset assessed tax assets and assessed tax liabilities; and
- deferred tax assets and deferred tax liabilities relate to the same tax authority in relation to:
  - the same taxable unit; or
  - different taxable units who intend to either settle the assessed tax liabilities and assessed tax assets with the difference, or simultaneously recover tax assets and settle tax liabilities in each of the future financial periods in which significant amounts of deferred tax assets or liabilities are expected to be either recovered or settled.

Deferred taxes are not netted on the Group level.

#### 13.1.4.7 Intangible assets

Intangible assets acquired individually are recognised at cost plus direct costs, while intangible assets acquired on the basis of a business combination are recognised at fair value at the acquisition date. The Company records deferred insurance acquisition costs, computer software, and insurance product development costs as intangible assets.

After initial recognition, the cost model is used. The useful life of an intangible asset is limited. Amortisation of an item of intangible assets is recognised through profit or loss.

Intangible assets are amortised according to the straight-line depreciation method over their estimated useful lives using annual amortisation rates ranging from 20.0% to 33.3% and have not

changed in the past two years. The appropriateness of the amortisation period and the method of amortising intangible assets with finite useful lives is assessed at least at the end of each reporting period and adjusted if necessary. The useful life cannot be longer, but may be shorter, than the period over which the asset is used. Changes in the expected useful life or expected pattern of consumption of future economic benefits arising from an asset are treated as changes in the amortisation period or method and are considered as a change in accounting estimates.

Intangible assets are tested on an annual basis for impairment individually or as a part of the cash-generating unit. A basis for assessing impairment of intangible fixed assets arises when the carrying amount of the asset is greater than its recoverable amount. If indicators of impairment exist, the assets are impaired and the loss is recognised in the income statement.

Further investments that increase future economic benefits increase the value of an item of property, plant and equipment.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the income statement.

#### 13.1.4.8 Property, plant and equipment

Items of property, plant and equipment are recognised at cost plus direct costs of acquisition less accumulated depreciation and impairment losses. Items of property, plant and equipment include land, buildings, and other equipment. The Group uses the straight-line depreciation method over the estimated useful life of the assets. The depreciation rates have not changed and are the same in 2023 as in 2022. Property, plant and equipment are depreciated on a straight-line basis. Assets are depreciated when they are available for use (first day of the following month). The residual values, useful lives, and depreciation methods of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively if necessary. Changes are treated as changes in estimates.

Assets under construction are not depreciated until they are available for use. Depreciation of an asset ceases as at the date that the asset is derecognised.

Table 6: Depreciation rate for items of property, plant and equipment

Asset	Depreciation rate in %
Land and buildings	3%
Equipment	10-33.33%

#### Impairment test

The basis for the impairment test is IAS 36, which defines the recoverable amount of an asset or a cash-generating unit as the higher of:

- fair value less costs of disposal or
- value in use

Impairment tests are carried out by certified external and internal appraisers using valuation models following the guidelines of the International Valuation Standards.

The valuation procedure includes at a minimum:

- general environment analysis of a company (macroeconomic and institutional);
- specific environment analysis (insurance market and other relevant markets);
- business model and business operations analysis;
- analysis of a company's competitive position in the insurance market;
- analysis of plan attainment in terms of planning adequacy and realisation potential;
- choice of suitable valuation methodology and methods in consideration of standards, purpose (accounting purposes), and scope of valuation (including insurance class);
- derivation and assessment of assumptions in accordance with the analysis;

- derivation of cost of capital based on market parameters;
- valuation;
- assumption sensitivity analysis of a valuation and relevance analysis of the resulting range of valuations.

The real estate used by a company to operate its own business is an integral part of the whole (the cash-generating unit that generates cash inflows by carrying on the basic activity). The Group defines all types of insurance as cash-generating units. The carrying amount of real estate does not exceed the recoverable amount of the real estate. The fair value measurement level of real estate is Level 3 inputs.

Impairment tests of carrying amounts of items of property, plant and equipment are performed when events and changes in the circumstances show that the carrying amount exceeds the recoverable amount. Group companies assess the value of fixed assets of high values, particularly buildings, by checking the assumptions applied in value appraisals and the market value less costs to sell such assets. If events occur that show that the carrying amount of an asset exceeds its estimated recoverable value, the asset is impaired to its recoverable value. The recoverable value of an asset is the net sales value or value in use, namely the higher of the two. The value in use is determined by discounting expected future cash flows to the net current value using pre-tax discount rates, which reflect the current market estimate of the time value of money and potential risks associated with each individual asset. For assets whose future cash flows are also dependent on the remaining assets in individual cash-generating units, the value in use is calculated on the basis of future cash flows of this cash-generating unit. Impairment losses are recognised as an item of operating expenses from revaluation.

Derecognition of an item of property, plant and equipment is carried out when the asset is sold or when economic benefits are no longer expected from the continued use of the individual asset. Gains and losses on derecognition of an asset are included in the income statement in the year in which the asset is derecognised.

Further investments that increase future economic benefits increase the value of an item of property, plant and equipment.

#### **13.1.4.9 Leases of assets**

Group companies assess whether a contract is a lease at the inception of the contract and, if it is a lease, recognise the right-of-use asset and the associated lease liability. Exceptions are short-term leases with a lease term of less than one year and small leases where the net asset value does not exceed EUR 10,000.

A right-of-use asset is measured at cost and includes the amount of initial measurement of the relevant lease liability. Lease assets are depreciated on a straight-line basis over the lease term. An entity reassesses lease liabilities and adjusts the right-of-use asset if lease duration or lease amount change and if the lease contract changes and such change is not accounted for as a separate lease. The amount of the reassessed lease liability is recognised as an adjustment to the right-of-use asset, except if the carrying amount of the right-of-use asset equals zero and there is a further reduction in the assessment of the lease liability; in such a case, any remaining amount of the reassessed is recognised in profit or loss.

Lease liability is measured at the present value of lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the incremental borrowing rate is used. This is the borrowing rate that a lessee should pay for a similar duration with similar security or in order to ensure financing necessary to acquire an asset with a value similar to right-of-use value in a similar economic setting.

#### **13.1.4.10 Investments into subsidiaries in the separate financial statements of Prva Group**

In the separate financial statements of Prva Group, investments into subsidiaries are recognised at cost less impairment losses. Subsidiaries are those companies over which the parent maintains a controlling interest.

The Company assesses signs of impairment of investments into subsidiaries by reviewing the previously realised results, dividend paid, future business plans of subsidiaries, and the proportion of the company's capital based on the stake. In case operations and dividend payments show negative deviation in excess of 10%, the Company considers potentially impairing an investment using the present value of expected cash flows method. Suitability of the discount rate and the growth rate are taken into account in the assessment of the impairment criteria.

#### **13.1.4.11 Investment property**

Investment property (land and buildings) are carried separately from all other items of property, plant and equipment. The following qualifying criteria apply for classification of real estate in the group of investment property:

- investment property generates economic benefits. It is held for the purpose of lease to bring rental income or increase its cost,
- it is not designated for sales in the immediate future during ordinary course of business; and
- the cost can be measured reliably.

Upon acquisition, an item of investment property is measured at cost comprising transaction costs; after initial recognition, it is measured at fair value. Fair value of investment property is measured at market prices at the balance sheet date, determined using established methods of estimating the market value of real estate (discounted cash flows, comparable market prices, last transaction price). Revaluation of investment property is made at least at the end of the financial year if the new value recorded is materially different from the carrying amount. The Company determines the amount of materiality from the perspective of the financial statements as a whole in the amount of 1% of the net asset value. In the event of major market changes, revaluations may be carried out several times within a financial year.

#### **13.1.4.12 Investments, assets of unit-linked policyholders, and assets from financial contracts**

The Company and the Group break down own investments and investments of assets under management (assets of pension funds, annuity fund, and unit-linked funds) into the following categories:

- measured at amortised cost;
- measured at fair value through other comprehensive income;
- measured at fair value through profit or loss.

Part of the funds from financial contracts is also allocated to investment property, explained in Section 14.1.4.11.

The allocation depends on the business model.

#### **Financial assets measured at amortised cost**

Financial assets are measured at amortised cost if both of the following conditions are met:

- the financial asset is held according to the business model for the purpose of receiving contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments, which are recognised as held-to-maturity investments, are measured at amortised cost using the effective interest rate method, with the exception of redemptions of receivables and loans, which are measured at the contractual interest rate. Amortised cost is calculated by allocation of the premium or the discount on acquisition over the period until the maturity of the investment. Gains and losses on investments measured at amortised cost are recognised in the profit or loss (disposal, impairment or effects of the discount/premium amortisation). Impairments are based on expected credit losses in accordance with the IFRS 9 and recognised in profit or loss.

Other assets are classified as receivables and cash and cash equivalents and are measured at amortised cost.

### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if:

- the financial asset is held according to the business model for the purpose of receiving contractual cash flows and sale of financial assets; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains or losses on investments are recognised in the statement of comprehensive income as net unrealised capital gains and losses on available-for-sale investments until the investment is sold or otherwise divested.

Acquisitions and sales of individual investments are recognised on the trade day, i.e. the day that the Company or the Group commit to purchase or sell an individual asset.

Impairments for debt instruments are performed based on expected credit losses in accordance with IFRS 9. The impairments are recognised in profit or loss and in the revaluation surplus.

### Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss if:

- they are debt instruments and are not classified in one of the categories below;
- they are equity instruments and are not classified in the category of measurement at fair value through other comprehensive income;
- the classification eliminates or significantly decreases the accounting mismatch, which could arise from different recognition and/or measurement of associated assets/liabilities;
- they are derivative financial instruments.

Financial assets at fair value through profit or loss are measured at fair value. Realised gains and losses on investments classified at fair value through profit or loss are recognised directly in profit or loss.

The fair value of investments that are actively traded on organised markets is their quoted price at the close of trading at the balance sheet date. For investments whose price is not listed in financial markets, the fair value is determined on the basis of a similar instrument or, the fair value may be determined as the net current value of future cash flows which the Company or the Group can expect from the investment.

Acquisitions and sales of individual investments classified at fair value through profit or loss are recognised on the trade day, i.e. is the day that the Company or the Group commit to purchase or sell an individual asset.

### Business models in IFRS 9

#### Investments, assets of unit-linked policyholders, and assets from financial contracts

Financial assets under IFRS 9 are classified in the combination of business model for the “purpose of receiving contractual cash flows” and “other”. The frequency of purchases and sales is high, which is in line with the key goal - higher yields. Deposits and similar money market products are classified at amortised cost. The chosen combination of models also allows the option to value bonds at amortised cost; however, no such case was recorded as at 31 December 2023.

#### Investments of the Group

Financial assets under IFRS 9 are classified in the combination of business model for the “purpose of collecting contractual cash flows”, “purpose of collecting contractual cash flows and sale” and “other”. Based on its analyses, the Group has decided to recognise debt instruments (bonds) using two valuation methods - fair value through other comprehensive income and fair value through profit

or loss. The criteria is the modified duration of the instrument on the day of purchase. Bonds with a modified duration of more than 2 years are shown in the fair value through other comprehensive income category, the others are shown in the fair value through profit or loss category. Also, in line with the requirements of the standard, the Group will present all equity securities in the fair value through profit or loss category, except for investments defined as strategic investments. These equity investments will be shown in the fair value through the comprehensive income category, with the effects of revaluation never being shown in profit or loss. The frequency of purchases and sales of the instrument is high, which is in line with the key objective of higher returns. Deposits and similar money market products are classified at amortised cost.

### Impairment model in IFRS 9

The standard affects all debt investments that are not carried at fair value through profit or loss. In investments valued to maturity, the effects are shown as a decrease in the investment and a negative result in profit or loss. In investments measured at fair value through comprehensive income, the effects are shown as a decrease in profit or loss and, on the other hand, as an increase in the revaluation surplus (no impact on assets).

The amount of impairments is based on the following inputs:

- Moody's transitional matrix for probability of default (PD) and loss given default (LGD);
- credit ratings from rating agencies and internal ratings;
- weighted average purchase yields (DF);
- level of investment protection;
- significant increase in credit risk.

In accordance with the guidelines, the Company and the Group review for significant increases in the credit risk of debtors for all investments rated below investment grade (BBB). For these purposes, the Company has defined certain indicators that may indicate a significant increase in the credit risk of the debtor and, as a consequence, imply a change from Stage 1 to Stage 2, or a change from impairment accounting for one year to impairment accounting for the entire life of the instrument.

These indicators include:

a three-notch change in the external credit rating since the initial recognition of the investment;

- increase in the required yield to maturity (YTM) by 4 percentage point compared to the previous quarter;
- the yield is higher than 5% for government bonds and 7% for corporate bonds;
- failure to fulfil contractual obligations: if the default is up to 90 days, the debtor remains in Stage 1; a default of more than 90 days automatically means a move to Stage 2 and the calculation of credit losses for the entire duration of the instrument.

The Company carries out an audit of the securities after the end of each quarter. If the verification of one of the above criteria is negative, the investment findings are forwarded to the Asset Management Department, which individually assesses whether there are indications of a change in the impairment stage. If the review shows an improvement in the investment's indicators, the impairment adjustment also includes a change of the stage to a higher stage.

The Company measures the allowance for impairment losses on a financial instrument on a day-to-day basis as an amount that is (IFRS 9.5.5.5 and 5.5.7):

- equal to the 12-month expected credit losses if the credit risk on that financial instrument has not increased significantly since initial recognition (Stage 1);
- equal to the expected credit losses over the life of the asset if the credit risk on that financial instrument has increased significantly since initial recognition (Stage 2);
- equal to the expected credit losses over the life of the asset if the credit risk on that financial instrument has increased significantly since initial recognition and the instrument is of impaired credit quality at the reporting date (Stage 3).

To assess a significant increase in credit risk, IFRS 9 requires the use of appropriate and demonstrable information, including forward-looking information. For this assessment, the Company uses the change in the risk that default will occur over the expected life of the financial instrument, rather than the change in the amount of expected credit losses.

In making that assessment, the Company compares the risk that a financial instrument will default at the reporting date with the risk that the financial instrument will default at the date of initial recognition and considers appropriate and demonstrable information that can be obtained without undue cost or effort and that indicates a significant increase in credit risk since initial recognition (IFRS 9.5.5.9).

Default on contractual obligations is also taken into account for the criterion of a significant increase in credit risk. If the default is up to 90 days, the debtor remains in Stage 1; a default of more than 90 days automatically means a move to Stage 2 and the calculation of credit losses for the entire duration of the instrument.

If there is objective evidence of impairment, the Company, in accordance with the requirements of the standard, reclassifies the instrument to Stage 3, where the additional change from Stage 2 is the recording of interest income on a net basis.

One of the possible qualitative or quantitative criteria that the Company sets for the identification and monitoring of changes in credit risk since the initial recognition of the investment is the change in the external credit rating by 3 notches, unless the credit rating falls within the “investment grade”.

### Calculation of expected credit losses (ECL)

According to the standard, the ECL calculation formula is:

$$\frac{\% \text{ PD} \times \% \text{ LGD} \times \text{Exposure}}{(1+\text{DF})^T}$$

#### %PD

The Company may use several databases for PD. If the direct debtor PD is available without undue cost and effort, the Company primarily uses this PD. In case of unavailability, it uses the transition matrices of one of the big rating houses, which are based on ratings. The PDs will be updated at least once a year or depending on the availability of data and the % change itself.

#### %LGD

For LGDs, the Company may also use several databases. For exposures where the state is the final owner, a generalised LGD of 45% is applied in line with the guidelines of the Bank of Slovenia.

If the direct debtor LGD is available without undue cost and effort, the Company primarily uses this LGD. In case of unavailability, it uses the transition matrices of one of the big rating houses, which are based on ratings. The LGDs are updated at least once a year or depending on the availability of data and the % change itself.

#### Exposure

Exposure represents the value of the investment, measured at amortised cost. In case of unavailability, the Company can use the purchase value plus accrued interest as exposure for calculating ECL. Exposure is adjusted for each reporting period.

#### DF

The discount factor is calculated as the weighted average of all purchases and sales of a particular investment. DFs are updated based on the situation (according to purchases and sales).

### Adjustments and exceptions

1. Receivables mainly relate to the Company’s receivables from pension funds for entry fees, the management fee, and other costs and receivables from reinsurance. The Company has analysed the

credit risk of these receivables and concluded that based on past experiences there is no need for additional impairments.

2. Cash and demand deposits are not impaired in accordance with the AZN/ATVP guidelines for IFRS 9.

3. Factoring is not impaired due to short maturities and regular fulfilment of obligations by the debtors.

### Principles of fair value measurement

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of fair value of an asset or a liability considers the asset's or liability's characteristics assuming exchange of an asset or a liability in an ordinary transaction in current market conditions, on the principal market or the most advantageous market for the asset or liability.

In the fair value measurement of non-financial assets, the ability of market participants to generate economic benefits from the highest and best use of the asset or from the asset's sale to another market participant who would use the asset to its highest and best use, is considered.

The fair value of financial instruments traded on organised financial markets is measured on the basis of their prices quoted as at the reporting date. In the event no quoted price is available, the price offered by stock brokers is used as the reference price. If no active market exists for a financial instrument, the Company/Group determines its fair value based on one of the valuation methods. Valuation methods use the most recent transactions between informed and willing parties, if available, a comparison of the current fair value of an instrument with similar characteristics, consideration of discounted cash flows, and option pricing models. If a valuation method exists that is commonly used by market participants to determine prices of financial instruments and the method has been proven reliable in estimating prices achieved in actual market transaction, the Company/Group applies this particular method.

An active market is a market where transactions are executed between market participants frequently enough and in a volume large enough to enable obtaining regular information about prices. The Company assesses the market activity for equity instruments and a market is considered to be active if the average turnover of an individual investment on the stock exchange in the last 180 days from the date of fair value measurement was greater than EUR 0.5 million, taking into account the number of trading days.

If the stock market is active, the last known stock market price not more than 15 days old shall be used for the purpose of measuring fair value. In other cases, the fair value of the investment is determined using a valuation method.

The discounted cash flow method uses management's estimates of future cash flows and discount rates that reflect interest rates for comparable financial instruments. A financial asset is derecognised when the risks and benefits and the control over the contractual rights associated with the financial instrument are transferred. A financial liability is derecognised when it has been paid-off, cancelled or barred by limitation.

If fair value cannot be measured, financial instruments are measured at cost (amount paid or received) plus any transaction costs incurred, and the Company tests all such investments for impairment annually.

The following fair value hierarchy is used to disclose fair value measurement of financial assets:

- Level 1: valuation on the basis of quoted prices in active markets for identical assets (quoted prices);
- Level 2: valuation using comparable market inputs (other than quoted inputs of identical assets) obtained directly or indirectly for identical or similar assets;
- Level 3: the use of valuation models using mostly unobservable market inputs.

If BVAL is used, the Company classifies each investment into the appropriate level according to the so-called BVAL score. The Company checks the grounds for the BVAL score and the consequent classification of prices in the fair value hierarchy. It then further verifies and classifies it according

to the criteria below. The Company reviews the classification of investments in each valuation level at least once a year, subject to the following conditions.

Level 1 includes the prices:

- of investments with the BVAL score between 8 and 10;
- prepared exclusively based on directly observable data, which relate to a security, and without applying the indirectly observable data;
- whose minimum share of binding quotations is 90%.

Level 2 includes the prices:

- of investments with the BVAL score between 6 and 10;
- which are mostly prepared based on directly observable data or where the percentage of the indirectly observable data does not exceed 10%;
- which are prepared using market inputs obtained for directly or indirectly identical or similar assets (e.g. the basis for valuation is the yield curve for comparable financial assets with similar maturity and credit risk).

Level 3 includes the prices:

- which do not meet the conditions for categorisation in Level 1 or 2.

*Table 7: Own valuation techniques for Level 3 investments*

Investment type	Valuation method	Significant assumption
Equity securities	Comparable entities	- market ratios: P/B and P/E of comparable entities and selected categories of the assessed entity
	Cash flow discounting	- infinite cash flow growth rate - risk premium - illiquidity premium
Debt securities	Cash flow discounting	- comparable maturity state bond yield - average credit risk of comparable corporate bonds - illiquidity premium
Investment property	Method of capitalisation of returns	- rental profit - capitalisation measure
	(certified external appraisers every 5 years and in-house experts every year)	- risk premium - premium for worse liquidity

#### **13.1.4.13 Operating and other receivables**

Operating receivables are recognised in the amount of the issued invoices reduced by any value adjustments. The assessed bad debt allowances are based on the reasonable expectation of the Company that payment is no longer probable either in full or in a certain amount.

#### **13.1.4.14 Cash and cash equivalents**

Cash and cash equivalents include cash at bank, cash in hand, and demand deposits.

In the cash flow statement, the Company discloses cash and cash equivalents as assets in bank accounts and free cash with the investment manager of the guarantee fund. The cash flow statement is compiled using the indirect cash flow method. Cash and cash equivalents comprise cash at bank and cash in hand as well as deposits with maturity of up to three months.

#### 13.1.4.15 Equity

The Company's share capital consists of ordinary and preference shares.

Direct additional costs of issuing new shares less tax effects are recognised in equity. In the event that any of the Group companies purchase shares of the parent, the payment including the direct transaction costs less tax effects is recognised in equity as own shares until these shares are reissued, sold or withdrawn. In the event of a subsequent sale or reissue of these shares, all effects of the sale or issue are included in the equity.

##### *Ordinary shares*

An ordinary share entitles its owner to a voting right and, based on the decision of the General Meeting, to dividends.

##### *Preference shares*

Preference shares are cumulative shares without voting rights which entitle their owners to a fixed 6% dividend per year. The General Meeting adopts decisions on the payment of dividends at its meeting upon the proposal of the Management Board. Preference shares are considered part of equity, since holders of ordinary shares decide at the General Meeting whether dividends will be paid out to preference shareholders or not.

Capital surplus and revenue reserves represent payments above the nominal value of shares, statutory and legal reserves, reserves for own shares, and other revenue reserves.

#### 13.1.4.16 Liabilities from insurance contracts

##### **Classification of insurance contracts**

The classification of insurance contracts is based on:

- International Financial Reporting Standard 17 (IFRS 17)

An insurance contract is a contract under which one party (the insurer) accepts an insurance risk by agreeing with another party (the policyholder) to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. An insured event is uncertain because it is not clear at the time the contract is signed whether it will occur, when it will occur or how much the insurer will need to pay if the specified future event occurs.

The Company recognises a contract as an insurance contract if it bears insurance risk and the insurance risk assumed is significant, depending on the type of insurance. Life insurance (together with critical illness cover, supplementary accident insurance, etc.), stand-alone accident insurance, and health insurance clearly carry a significant insurance risk, as the payout of the sum insured in the event of an insured event significantly exceeds the amount of the insurance premium. Investment insurance also carries a significant insurance risk, as the sum insured for death exceeds either the single premium or the theoretical annual premium. Pension annuity contracts, which have a funeral expenses payment and supplementary accident insurance attached to the annuity, also carry a significant insurance risk. Insurance contracts also include the reinsurance contracts held. Insurance contracts are accounted for in accordance with IFRS 17.

On the other hand, pension annuity contracts, where the duration of the benefits depends on when the last balance of the funds will be paid out, do not carry significant insurance risk. Similarly, with the exception of a negligible number of contracts, pension annuities with a longer guaranteed benefit period and with profit-sharing do not carry significant insurance risk, as the present value of the benefits after the guaranteed period is estimated not to be material. Pension savings insurance also clearly does not bear any insurance risk. All such contracts are classified as financial contracts and are accounted for in accordance with IFRS 9.

##### **Liabilities/assets from insurance contracts**

As the Company measures liabilities from insurance contracts in accordance with IFRS 17, liabilities/assets from insurance contract are recognised on the basis of actuarial assumptions at the reporting date and the income statement is required to reflect the "insurance services rendered" in

the reporting period.

In the statement of financial position, the Company separately presents the carrying amount of the portfolios of insurance contracts issued, which are assets, and insurance contracts issued, which are liabilities. IFRS 17 additionally requires insurance contracts to be grouped into units of account based on the following criteria: the portfolio of insurance contracts, the profitability level (yes/no), and the year of inception of the contract (annual cohort).

### Valuation models

The Company uses the following models prescribed under IFRS 17 for the measurement of insurance contract liabilities:

- General measurement model(GMM)
- Variable fee approach (VFA) for insurance contracts with direct participation
- Premium allocation approach (PAA) for insurance contracts with a contract boundary of no more than one year

Reinsurance portfolios are valued using the modified general measurement model (GMM).

Table 8: Valuation models

Valuation model	Insurance type	Insurance group
General measurement model (GMM)	Life insurance	Life insurance risk
General measurement model (GMM)	Life insurance	Life annuities
General measurement model (GMM)	Non-life insurance	Accident insurance
Premium allocation approach (PAA)	Non-life insurance	Health insurance
Premium allocation approach (PAA)	Life insurance	Collective life insurance
Variable fee approach (VFA)	Life insurance	Unit-linked life insurance

### Aggregation of insurance contracts

A portfolio comprises insurance contracts subject to similar risks and managed together. The portfolio of issued insurance contracts must be divided at least into:

- a group of contracts that are non-profitable (onerous) at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming non-profitable subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.

The Company has divided the portfolio of insurance contracts issued into a group of contracts that are onerous at initial recognition and a group of remaining contracts. Contracts issued more than one year apart cannot be included in the same group. Contracts concluded in the same year (annual cohort) are thus grouped together within the portfolio.

### Recognition of cash flows

The cash flows associated with a group of insurance contracts include premium payments, claims and benefit payments, cash flows in insurance acquisition (commissions to agents, salaries to the own network), and other (administrative) costs incurred in the performance of the contracts. Cash flows, both expected and actual, are estimated at the level of the individual insurance contract, with the exception of actual costs (which are allocated on the basis of keys) and portfolios which are measured through the PAA model.

### Boundaries of insurance contracts

The measurement of a group of insurance contracts includes all future cash flows that are within the boundary of each contract in that group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which the Company has a

substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- both of the following criteria are satisfied:
  - the Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

### Recognition of insurance contracts

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The Company 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.

A group of insurance contracts is recognised at the beginning of the period. When the date on which the first premium payment is due is before the commencement date of the coverage period, the Company also recognises a group of insurance contracts at the commencement date of the coverage period. Preparing the information for recognition at the due date of the first premium payment would lead to unnecessary costs and efforts, and on the other hand, the potential one-month delay in recognition is not material in relation to the overall duration of the (mostly long-term) policies.

### Measurement of insurance contracts using the general measurement model on initial recognition

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On initial recognition, the Company measures a group of insurance contracts at the total of:

- the fulfilment flows, which comprise:
  - estimates of future cash flows;
  - an adjustment to reflect the time value of money and the financial risks (discounting);
  - a risk adjustment for non-financial risk (RA)
- the contractual service margin (CSM).

### Discounting

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Discount curves are used to adjust future cash flows to reflect the time value of money relative to the liquidity of insurance contracts and financial risks to the extent that these are not already included in estimates of future cash flows. The discount rates used must reflect current market conditions if there are financial instruments with characteristics similar to those of insurance contracts (timing of cash flows, maturity, currency, liquidity, etc.) and must not include market factors that, despite market changes, do not affect the future cash flows of insurance contracts.

The Company uses discounting to estimate the present value of future cash flows (current discount rate), to interest CSM, to estimate changes in CSM (locked-in discount rate); and, in the case of an OCI option, when changes in financial risk assumptions do not have a significant effect on the payout to the policyholder, and the effect can be recognised in other comprehensive income.

For groups of contracts that do not depend on the returns of related assets, the risk-free yield curve as published by EIOPA for the purposes of Article 77e(1) of Directive 2009/138/EC, without adjustments or shocks for the euro currency is used as basis. The adjustments to the base curve are as follows:

- liquidity premium (covered by the EIOPA curve adjustment);
- credit risk premium - no adjustments needed.

### Other comprehensive income (OCI)

Under the option provided by IFRS 17, the insurance company separates the effects of changes in discount rates between profit or loss and other comprehensive income (OCI) as follows:

- The effect of the change in cash flows due to the difference between the current discount rate and the locked-in discount rate is shown within OCI.
- The effect of the change in cash flows due to the difference between the locked-in discount rate of the current period and the locked-in discount rate of the previous period is shown within profit or loss.

### Risk adjustment for non-financial risk

The insurance company uses the Value at Risk (Var) approach to calculate the risk adjustment for non-financial risks (RA) and calculates it for each individual portfolio.

Table 9: Average confidence level per portfolio

Portfolio	Average confidence level
Unit-linked insurance	60%-70%
Accident insurance	65%-95%
Annuity insurance	60%-70%
Health insurance	65%-75%
Life insurance	85%-95%

### Contractual service margin (CSM) on initial recognition

On initial recognition, the contractual service margin represents the excess of future premiums over claims and other expenses expected to be paid over the life of the insurance contracts within the group. It therefore represents unearned profits that the Company will recognise in the future. The CSM is amortised according to the release pattern of coverage units (which may be the sum of sums insured in the case of a group of life insurance contracts, the sum of mathematical reserves in the case of annuities, etc.).

### Accounting of onerous insurance contracts

The loss component is the negative net cash flow from a group of unprofitable (onerous) contracts. The loss component may be determined on initial recognition or at any time during subsequent measurement. As soon as the loss component is established, the loss is recognised in full in the income statement. A loss component may also be established at subsequent measurement if changes in future cash flows deplete the CSM. In this case, the loss is recognised for the amount of the change in future cash flows that the formed CSM cannot cover. If the future subsequent measurement increases the loss component due to additional change in future cash flows, the loss is increased by that amount. If the change in future cash flows reduces the components of the loss, that amount is recognised as revenue. If the change in future cash flows is large enough to eliminate the entire loss component, the CSM is formed anew.

### Subsequent measurement of insurance contracts using the general (and the VFA) model

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 (LRC) comprising:
  - the fulfilment cash flows related to future service (discounted and adjusted to non-financial risk),
  - the contractual service margin (CSM) of the group

- the liability for incurred claims (LIC), comprising the fulfilment cash flows related to past service (discounted and adjusted to non-financial risk).

The following items are recognised in the current reporting period:

- income and expenses from the changes in the carrying amount of the LRC:
  - insurance revenue from the reduction in the liability for remaining coverage due to services provided during the period (which means that CSM and RA are released);
  - insurance service expenses for losses on groups of onerous contracts, and reversals of such losses;
  - insurance finance income or expenses from discounting;
- income and expenses from the changes in the carrying amount of the LIC:
  - insurance service expenses for the increase in the liability due to claims and expenses incurred in the period, including an increase in actual claims and costs;
  - insurance service expenses for any subsequent changes in fulfilment cash flows relating to incurred claims and incurred expenses;
  - insurance finance income or expenses from discounting.

#### **Contractual service margin (CSM) on subsequent measurement**

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The contractual service margin at the end of the reporting period represents the profit that the insurance company will recognise in the future. In the reporting period, the change in the CSM is due to:

- the effect of recognition of new insurance contracts added;
- changes in estimates of fulfilment cash flows;
- the release of the CSM into insurance revenue during the reporting period;
- interest accreted on the carrying amount of the contractual service margin during the reporting period;;
- differences between estimated and actual acquisition costs and premium.

#### **Measurement of insurance contracts using the PAA model**

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For a group of insurance contracts with a contract boundary of no more than one year, the PAA model, which is a simplification of the general model, can be used in the measurement. At initial recognition, the carrying amount of the liability for remaining coverage (LRC) is zero. The carrying amount of a group of insurance contracts at the end of the reporting period is the sum of:

- the liability for remaining coverage (LRC);
- the liability for incurred claims (LIC), comprising the cash flows related to past service.

In the reporting period, LRC is:

- increased by the premiums paid during the period;
- decreased by the acquisition cash flows;
- increased by the amortisation of the acquisition cash flows (the assumption is that this and the previous item are reversed and have no impact on the income statement);
- decreased by the expected premium earned for the period, less the expected effect of cancellations.

As insurance contracts measured through the PAA model are at most one-year contracts, the carrying amount of the LRC is not adjusted for the time value of money and the effect of financial risk.

The loss component represents the negative net cash flow from a cohort of insurance contracts; the net cash flow is the difference between the expected written premium of the period and the sum of the acquisition costs and the expected claims and expenses calculated using the combined ratios. The loss component may be determined at initial recognition or at any time during subsequent measurement. As soon as the loss component is established, the loss is recognised in full in the income statement.

The following items are recognised in the reporting period:

- insurance revenue arises from the reduction in the liability for remaining coverage due to services provided in the period; concretely, the premium earned for the period, less the expected effect of cancellations;
- insurance service expenses arise from the change in the carrying amount of the LIC and are:
  - insurance service expenses for the increase in the liability due to claims and expenses incurred in the period, including an increase in actual claims and costs in the reporting period;
  - insurance service expenses for any subsequent changes in fulfilment cash flows relating to incurred claims and incurred expenses.

## Reinsurance

With reinsurance, the insurance company, in exchange for a reinsurance premium, cedes a portion of the insurance risk that exceeds a level acceptable to the company to the reinsurer.

Under IFRS, reinsurance contracts held are insurance contracts and are therefore valued under IFRS 17 through the modified general measurement model (GMM). The measurement model for reinsurance contracts allows for the creation of a negative CSM - reinsurance is expected to be a cost - which means that reinsurance generally reduces the CSM of the direct business. On the other hand, reinsurance losses generally reduce the loss component of the direct business, as they are part of the claims covered by the reinsurance company.

The actual reinsurance cash flows required for the calculation of the balance sheet and the financial statements comprise reinsurance premiums, reinsurance claims, and profit sharing. The source of actual reinsurance cash flows are the reinsurance accounts, with the corresponding receivables/liabilities being established in the same amounts, as the expected payments for the actually provided reinsurance services occur at a later date.

The expected reinsurance cash flows required for the calculation of the balance sheet and financial statement include expected reinsurance premiums, expected reinsurance losses, expected profit sharing, and the expected default risk of a reinsurer. The calculation of expected cash flows uses actuarial assumptions from the direct business, plus some additional assumptions (e.g. rating score of reinsurers, expected reinsurance ratio by cover, risk premium).

### 13.1.4.17 Other provisions

Other provisions include provisions for employee benefits.

Employee benefits include salaries and other allowances in accordance with the collective agreement. Contributions to the pension fund at the national level, social security, health insurance, and unemployment insurance are recognised by the Company as expenses of the period. The Company also recognises any potential future costs arising from the collective agreement in connection to employees in accordance with IAS 19. These costs are calculated in accordance with the actuarial method and are recognised over the entire employment period for individual employees to whom the collective agreement applies.

Upon payment, costs of severance payment upon retirement and long-service bonuses are recognised as operating costs (labour costs) in the income statement. Changes of such provisions resulting from payments or new formations are recognised the same way. The revaluation of the provisions set aside due to an increase or decrease of the present value of liabilities arising from a change in actuarial items and experience adjustment is recognised as actuarial gains or losses in other comprehensive income, but only for the provisions for severance payment upon retirement.

### 13.1.4.18 Assets and liabilities from financial contracts

This item represent the assets of pension funds and annuities, which guarantee the fulfilment of liabilities to policyholders. Prva manages four pension funds in accordance with the Pension and Disability Insurance Act (the ZPIZ-2) and one annuity fund.

The assets comprise investments and cash. Investments in funds are categorised into:

- investments measured at fair value through profit of loss

- Investments at amortised cost
- investment property

Annuity fund investments are also divided into investments measured at fair value through other comprehensive income.

Revenue and expenses in respect of investments are recognised directly to policyholders in the balance sheet under the 'Liabilities from financial contracts' item. Payments of premiums and realised and unrealised capital gains or losses are also included under this item rather than in the income statement of the Company.

Entry, exit and management fees are included in the profit or loss of the Company as other insurance income.

Liabilities in respect of voluntary supplementary pension insurance (during the saving period) consist of two parts, i.e. the guaranteed liability and the liability above the guaranteed liability in the case of guaranteed funds, and the liability linked to investment fund units or guarantee fund units in the case of Prva and Prva+ Dinamični and Prva and Prva+ Uravnoveženi. Both pension schemes contain both types of liabilities. The guaranteed yield in the guaranteed funds ranges from 40% to 60% of the guaranteed yield in line with the ZPIZ-2. The Company guarantees for the guaranteed liabilities and yield with its own assets, therefore it classifies such contracts as assets and liabilities from financial contracts.

Provisions for these contracts are determined based on the value of assets on savings accounts of individual policyholders (pension scheme members). The amount of provision arises from the calculation of an individual's net premium, which is the paid-in gross premium less entry fees. The amount of a provision for an individual policyholder equals the product of the number of units of an individual fund of an individual policyholder and the unit value on valuation date.

For pension insurance products with investments in the guaranteed fund, additional provisions are calculated for the event the guaranteed return on assets is not achieved.

Liabilities from financial contracts that represent liabilities for pension annuities are measured at fair value through profit or loss. The Company calculates fair value as the best estimate of the present value of future cash flows discounted by the risk-free interest rate curve published by EIOPA, adjusted by a liquidity premium.

## 13.2 AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The following are new standards and interpretations and amendments to existing standards that are not yet mandatory for annual periods beginning on or after 1 January 2024 and have not been applied in the preparation of these financial statements. The Company will adopt these provisions once they are in force.

### **New standards and amendments effective for annual periods beginning on or after 1 January 2023**

#### **IFRS 17: Insurance contracts**

The Standard is effective for annual periods beginning on or after 1 January 2021, with early application permitted provided that the entity also reports under IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. In March 2020, the International Accounting Standards Board decided to defer the effective date of the standard until 2023. IFRS 17 Insurance Contracts therefore provides guidance on the recognition, measurement, presentation, and disclosure of insurance contracts issued. At the same time, the standard requires the application of similar principles to reinsurance contracts and investment contracts with discretionary participation features. The objective of the standard is to ensure that entities include relevant information in presentations in a way that faithfully reflects those contracts. Users of financial statements use that

information to assess the effect of contracts within the scope of IFRS 17 on an entity's financial position, financial performance, and cash flows.

The Group's subsidiaries, Prva osebna zavarovalnica d. d. and Prva pokojninska družba, started applying the standard as of 31 December 2021. The standard has had a significant impact on the financial statements, with the largest effect being reflected in the Company's statement of financial position in the increase in total equity as at 31 December 2021 by EUR 4,264,145. The category with the largest impact was retained earnings, as this reflects the effect of the transition to the new financial reporting standard. The profit and loss account decreased by EUR 1.3 million for the comparative year 2022 due to the different accounting treatment of revenue from insurance and reinsurance contracts. The biggest change due to the change in the financial reporting standard is evident in Prva osebna zavarovalnica.

At the date of transition, Prva osebna zavarovalnica d. d. recognised its entire portfolio using the retrospective approach. The exception is the collective accident insurance product, where the insurance company had to use a modified retrospective approach to ensure data quality. The table below shows the level of the contractual service margin at switchover for the collective accident insurance product.

The standard required comparative year reporting, which consequently implies a change in the financial statements and disclosures also for 2022, from the officially published annual report for the previous reporting period.

In 2023, the newly established Prva Život is equally obliged to apply IFRS 17 at the consolidation level due to the content of its portfolio, even though it is not yet obliged to do so locally.

Table 10: Transition of the Group from IFRS 4 to IFRS 17

Group 31 Dec 2021	IFRS 4	Derecognised categories	Recognised categories	31 Dec 2021
<b>ASSETS</b> (A+B+D+D+E+F+G+H+I+J+K+L+M)	484,183,676	-38,090,065	37,375,397	483,469,007
A. Property, plant and equipment	3,349,865	-	-	3,349,865
B. Investment property	3,016,062	-	-	3,016,062
C. Right-of-use assets	258,350	-	-	258,350
D. Intangible assets	1,372,720	-467,781	-	904,940
D. Deferred tax assets	77,803	-	385,077	462,881
<b>G. Financial investments:</b>	<b>84,084,292</b>	<b>-22,272,755</b>	<b>11,818,312</b>	<b>73,629,849</b>
Assets of unit-linked policy holders	13,035,608	-13,035,608	-	-
<b>H. Assets from financial contracts</b>	<b>372,568,101</b>	<b>-</b>	<b>23,570,693</b>	<b>396,138,794</b>
I. Insurance contracts that are assets	0	-	661	661
J. Reinsurance contracts that are assets	0	-	593,951	593,951
M. Other receivables	2,662,310	-1,004,145	319,872	1,978,037
N. Cash and cash equivalents	3,333,980	-1,307,034	686,831	2,713,777
O. Other assets	424,584	-2,743	-	421,841
<b>EQUITY AND LIABILITIES</b>	<b>484,183,676</b>	<b>-54,434,740</b>	<b>53,720,073</b>	<b>483,469,008</b>
<b>EQUITY</b>				
A. Share capital	13,386,247	-	-	13,386,247
B. Capital surplus	6,281,960	-	-	6,281,960
C. Own shares	-1,110	-	-	-1,110
D. Accumulated other comprehensive income	-208,677	-47,640	-3,089,642	-3,345,959
F. Retained profit from previous years	20,313,335	-	7,401,428	27,714,763
G. Net profit or loss for the period	8,272,837	-	-	8,272,837
H. Minority interest	6,799,250	-	-	6,799,250
<b>Total capital</b>	<b>54,843,842</b>	<b>-47,640</b>	<b>4,311,786</b>	<b>59,107,988</b>
Controlling interest	48,044,592	-47,640	4,311,786	52,308,738
Non-controlling interest	6,799,250	-	-	6,799,250
<b>LIABILITIES</b>				
Technical provisions	38,911,331	-38,911,331	-	-
Gross provisions for unit-linked life insurance contracts	12,101,163	-12,101,163	-	-
B. Deferred tax liabilities	97,701	-	1,039,342	1,137,043
C. Insurance contracts that are liabilities	0	-	24,585,981	24,585,981
D. Reinsurance contracts that are liabilities	0	-	212,271	212,271
D. Liabilities from financial contracts	372,568,101	-	23,570,693	396,138,794
E. Provisions	225,761	-	-	225,761
F. Liabilities from leases	263,001	-	-	263,001
I. Corporate income tax liabilities	35,957	-	-	35,957
J. Other liabilities	5,136,818	-3,374,605	-	1,762,212
<b>Total liabilities</b>	<b>429,339,834</b>	<b>-54,387,100</b>	<b>49,408,287</b>	<b>424,361,020</b>

### **IFRS 17: Insurance Contracts (amendments), IFRS 4: Insurance Contracts (amendments)**

The amendments to IFRS 17 are effective, retrospectively, for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The amendments aim to ease implementation of IFRS 17. In particular, the amendments simplify some of the requirements of the standard and reduce the associated costs for an entity, make it easier to explain its financial performance, and ease the transition to the new standard by deferring the effective date of the new standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. The amendments to IFRS 4 change the specified expiry date of the temporary relief in IFRS 4 Insurance Contracts from the application of IFRS 9 Financial Instruments. As a result, entities will be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

The subsidiary Prva pokojninska družba started to apply the new accounting standard IFRS 17 in 2023. As a result of the transition to IFRS 17, the Company also performed a full retrospective contract classification test. This took into account the risk-free interest rate curves published by EIOPA in force at the end of the previous years, life expectancy data, the guaranteed payout period of 15 years, the level of the single premium, the level, dynamics and duration of the annuity payments, and the age of the policyholders at the time of conclusion of the contract. The classification test for the contracts at the transition date of 1 January 2022 showed that the entire portfolio of pension annuities, with the exception of an insignificant number of contracts, is classified as financial contracts. The pension annuity liabilities are therefore measured under IFRS 9 Financial Instruments at fair value through profit or loss.

The standard required comparative year reporting, which consequently implies a change in the financial statements and disclosures also for 2022, from the officially published annual report for the previous reporting period.

The change in the classification of pension annuities did not have a direct impact on the total assets of the Renta guarantee fund. The change is reflected in the Company's financial statements as the fund's balance sheet items previously presented a share in the Company's balance sheet items. However, with IFRS 9, the annuities are shown as part of the statement of financial position under assets/liabilities of financial contracts, where the fund is shown alongside the pension funds.

### **IAS 12: Income Tax: deferred tax related to assets and liabilities arising from a single transaction (amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 1 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments to the standard did not have a material effect on the financial statements of the Company.

### **IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates (amendments)**

The amendments become effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

The amendments to the standard did not have a material effect on the financial statements of the Company.

## **IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose “material” accounting policies with the requirement to disclose “important” information about accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

The amendments to the standard did not have a material effect on the financial statements of the Company.

### **Standards and amendments effective for annual periods beginning on or after 1 January 2024**

#### **Amendment to IFRS 16 - Sale and Leaseback**

These amendments include requirements for sale and leaseback in IFRS 16 to clarify how an entity accounts for sales and leaseback after the transaction date. It is most likely to affect sale and leaseback where some or all of the payments (part or full lease) are variable lease payments that do not depend on an index or interest rate.

The Company does not expect the interpretation to have a material impact on its financial statements.

#### **Amendments to IAS 1 - Non-current Liabilities with Covenants**

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are also intended to improve the information provided by the company in relation to its obligations under these conditions.

The Company does not expect the interpretation to have a material impact on its financial statements.

#### **Amendment to IAS 7 and IFRS 7 - Supplier Finance Arrangements**

These amendments require disclosures to increase transparency on supplier finance arrangements and their effects on liabilities, cash flows, and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investor concerns that some companies’ financial arrangements with suppliers are not sufficiently transparent, hindering investor analysis.

The Company does not expect the interpretation to have a material impact on its financial statements.

#### **Amendments to IAS 21 - Lack of Exchangeability**

The amendments concern an entity when it has a transaction or operation in a foreign currency that is not exchangeable into another currency at the measurement date for a specific purpose. Under the amendments, a currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

The Company does not expect the interpretation to have a material impact on its financial statements.

**New IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024**

**IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information**

This Standard includes a fundamental framework for disclosing material information about sustainability-related risks and opportunities in an entity's value chain.

**IFRS S2: Climate-related Disclosures**

This is the first thematic standard that sets out the requirements for entities to disclose information related to climate risks and opportunities.

### 13.3 ADDITIONAL DISCLOSURES TO THE STATEMENT OF FINANCIAL POSITION AND THE INCOME STATEMENT

Disclosures which the Company is obliged to include in its annual report in compliance with the Companies Act and International Financial Reporting Standards are presented under separate headings and under the items to which they correspond.

### 13.4 SEGMENT REPORTING

The Group operates in two main geographic areas. The Group's main geographic area of operations is Slovenia. The Group is present in other Southeast European countries (non-member countries), i.e. North Macedonia, Serbia, and Kosovo.

The Group has divided business segments on the basis of its main activities, namely non-life insurance, life insurance, and other operations, which includes the business of Prva Group. The Group included pension insurance in life insurance.

Table 11: Income statement by segments for 2023

in EUR	Non-life		Life		Other	Total	Total	Cons. eliminations	Total
	Slovenia	Slovenia	Abroad	Slovenia	Slovenia	Slovenia	Life		
<b>A. Result from insurance operations</b>	544,312	865,850	-	169,107	-	1,410,162	696,743	-	1,241,055
1. Insurance revenue	2,426,523	10,096,566	118	-	-	12,523,089	10,096,684	-	12,523,207
2. Insurance expenses	- 1,865,733	- 8,669,568	- 174,947	-	-	- 10,535,302	- 8,844,516	-	- 10,710,249
3. Net result from reinsurance contracts	- 16,478	- 561,148	5,722	-	-	577,626	555,426	-	571,904
<b>B. Result from investment activities</b>	115,241	3,505,924	402,321	4,121,569	7,742,734	3,908,245	- 3,744,034	-	4,401,020
1. Interest revenue calculated using the effective interest method	21,330	402,686	403,955	-	-	424,016	806,641	-	827,971
2. Dividend revenue	-	126,187	-	4,107,070	4,233,257	126,187	- 3,744,034	-	489,222
3. Gains and losses from the derecognition of financial assets:	0	32,436	0	-	32,436	32,436	-	-	32,436
5. Net impairments/reversal of impairments of financial assets	- 13,660	95,893	4,481	-	82,234	91,412	-	-	77,753
7. Other revenue/expenses from investing activities	107,570	2,848,721	2,847	14,500	2,970,791	2,851,568	-	-	2,973,638
<b>C. Result from insurance contracts</b>	- 8,473	- 2,080,819	- 0	-	- 2,089,292	- 2,080,819	-	-	- 2,089,292
1. Net financial revenue/expenses from insurance contracts	- 12,087	- 2,115,844	- 0	-	- 2,127,931	- 2,115,844	-	-	- 2,127,931
2. Net financial revenue/expenses from reinsurance contracts	3,614	35,025	0	-	38,639	35,025	-	-	38,639
<b>D. Other revenue and expenses</b>	- 33,208	2,520,258	2,938,887	- 61,266	2,425,783	5,459,144	- 62,610	-	5,302,060
2. Revenue from asset management	-	3,793,174	4,795,819	-	3,793,174	8,588,993	-	-	8,588,993
2. Other net operating revenue/expenses	62,020	1,207,492	2,178,476	-	1,269,512	3,385,968	-	-	3,447,988
4. Non-attributable expenses	- 57,790	- 2,421,459	- 4,043,727	- 347,803	- 2,827,052	- 6,465,186	214,047	-	- 6,656,732
5. Net impairments/reversal of impairments of non-financial assets	- 38,680	- 53,352	-	-	92,032	53,352	-	-	92,032
7. Other net revenue/expenses	1,242	5,598	8,318	286,537	282,181	2,721	- 276,657	-	13,842
<b>E. Profit or loss before tax</b>	617,871	4,811,212	3,172,100	4,060,303	9,489,387	7,983,312	- 3,806,644	-	8,854,843
Corporate income tax	- 514,367	- 363,965	- 224,078	- 15,600	- 893,932	- 588,043	-	-	- 1,118,010
Change in deferred taxes	347,351	300,000	0	-	647,351	300,000	-	-	647,351
<b>Net profit or loss for the period</b>	450,855	4,747,247	2,912,827	4,044,704	9,242,805	7,660,074	- 3,806,644	-	8,384,184

Table 12: Income statement by segments for 2022

in EUR	Non-life Slovenia	Life Slovenia	Abroad	Other Slovenia	Total Slovenia	Total Life	Cons. eliminations	Total
<b>A. Result from insurance operations</b>	206,945	1,396,902	0	-	1,603,847	1,396,902	-	1,603,847
1. Insurance revenue	1,731,120	9,465,351	0	-	11,196,471	9,465,351	-	11,196,471
2. Insurance expenses	- 1,507,933	- 7,891,259	-	-	- 9,399,192	- 7,891,259	-	- 9,399,192
3. Net result from reinsurance contracts	- 16,242	- 177,190	0	-	- 193,432	- 177,190	-	- 193,432
<b>B. Result from investment activities</b>	- 196,028	- 1,378,252	15,539	3,289,814	1,715,534	- 1,362,713	- 3,011,272	- 1,280,200
1. Interest revenue calculated using the effective interest method	3,371	319,597	319,291	-	322,968	638,888	-	642,259
2. Dividend revenue	37,813	138,299	-	3,949,684	4,125,796	138,299	- 3,708,272	417,523
3. Gains and losses from the derecognition of financial assets:	- 13,036	- 25,322	-	-	- 38,358	- 25,322	-	- 38,358
5. Net impairments/reversal of impairments of financial assets	5	- 711,954	- 53,352	- 702,233	- 1,414,182	- 765,306	697,000	- 770,534
7. Other revenue/expenses from investing activities	- 224,181	- 1,098,872	- 250,400	42,362	- 1,280,691	- 1,349,272	-	- 1,531,091
<b>C. Result from insurance contracts</b>	- 12,215	1,283,362	0	-	1,271,147	1,283,362	-	1,271,147
1. Net financial revenue/expenses from insurance contracts	- 15,750	1,252,827	0	-	1,237,077	1,252,827	-	1,237,077
2. Net financial revenue/expenses from reinsurance contracts	3,535	30,534	0	-	34,070	30,534	-	34,070
<b>D. Other revenue and expenses</b>	- 6,817	2,456,236	2,816,780	- 183,362	2,266,057	5,273,016	- 65,976	5,016,861
2. Revenue from asset management	-	3,534,863	4,414,446	-	3,534,863	7,949,309	-	7,949,309
2. Other net operating revenue/expenses	47,205	1,133,624	1,981,065	-	1,180,828	3,114,689	-	3,161,893
4. Non-attributable expenses	- 31,203	- 2,141,534	- 3,566,926	- 192,369	- 2,365,107	- 5,708,460	151,964	- 5,780,068
5. Net impairments/reversal of impairments of non-financial assets	- 25,855	- 64,204	-	-	- 90,059	- 64,204	-	- 90,059
7. Other net revenue/expenses	3,036	- 6,512	- 11,805	9,008	5,532	- 18,317	- 217,940	- 224,213
<b>E. Profit or loss before tax</b>	- 8,115	3,758,248	2,832,319	3,106,452	6,856,585	6,590,567	- 3,077,248	6,611,655
Corporate income tax	-	- 164,595	- 287,489	2	- 164,593	- 452,084	-	- 452,083
Change in deferred taxes	-	328,587	-	-	328,587	328,587	-	328,587
<b>Net profit or loss for the period</b>	- 8,115	3,922,240	2,544,829	3,106,454	7,020,579	6,467,069	- 3,077,248	6,488,160

Table 13: Statement of financial position by segments for 2023

	Non-life Slovenia	Life Slovenia	Abroad	Other Slovenia	Total Slovenia	Total Life	Cons. eliminations	Total
<b>ASSETS (A+B+D+E+F+G+H+I+J+K+L+M)</b>	<b>6,823,043</b>	<b>500,783,606</b>	<b>19,539,973</b>	<b>25,948,305</b>	<b>533,554,955</b>	<b>520,323,579</b>	<b>- 20,081,895</b>	<b>533,013,032</b>
A. Property, plant and equipment	624,069	1,837,786	1,244,973	4,701	2,466,555	3,082,759	-	3,711,529
B. Investment property	-	3,109,000	-	-	3,109,000	3,109,000	-	3,109,000
C. Right-of-use assets	-	416,855	162,967	-	416,855	579,822	-	579,822
D. Intangible assets	125,123	423,565	433,922	-	548,688	857,487	-	982,610
D. Deferred tax assets	212,315	147,541	5,687	22,436	382,293	153,228	- 22,418	365,562
F. Investments in group companies and associates	-	-	-	20,027,272	20,027,272	-	- 20,027,273	0
<b>G. Financial investments:</b>	<b>5,748,039</b>	<b>57,767,882</b>	<b>14,355,942</b>	<b>5,785,696</b>	<b>69,301,618</b>	<b>72,123,824</b>	<b>-</b>	<b>83,657,560</b>
1. measured at fair value through other comprehensive income	4,055,703	22,147,288	763,306	4,259,375	30,462,366	22,910,594	-	31,225,671
2. measured at amortised cost	1,490,698	14,032,588	11,964,611	1,526,322	17,049,608	25,997,199	-	29,014,219
4. measured at fair value through profit or loss	201,639	21,588,006	1,628,026	-	21,789,644	23,216,031	-	23,417,670
<b>H. Assets from financial contracts</b>	<b>-</b>	<b>432,870,826</b>	<b>-</b>	<b>-</b>	<b>432,870,826</b>	<b>432,870,826</b>	<b>-</b>	<b>432,870,826</b>
1. Investment property	-	16,789,247	-	-	16,789,247	16,789,247	-	16,789,247
2. Financial investments measured at:	-	403,941,361	-	-	403,941,361	403,941,361	-	403,941,361
a. Fair value through other comprehensive income	-	11,514,014	-	-	11,514,014	11,514,014	-	11,514,014
b. Amortised cost	-	116,331,820	-	-	116,331,820	116,331,820	-	116,331,820
c. Fair value through profit or loss	-	276,095,527	-	-	276,095,527	276,095,527	-	276,095,527
3. Receivables	-	699,450	-	-	699,450	699,450	-	699,450
4. Cash and cash equivalents	-	11,440,768	-	-	11,440,768	11,440,768	-	11,440,768
I. Insurance contracts that are assets	-	240	-	-	240	240	-	240
J. Reinsurance contracts that are assets	77,407	1,310,907	77,407	-	1,388,314	1,233,500	-	1,310,907
M. Other receivables	- 0	1,196,532	335,200	995	1,197,526	1,531,732	- 32,204	1,500,523
N. Cash and cash equivalents	35,069	1,624,896	2,679,514	106,808	1,766,773	4,304,410	-	4,446,287
O. Other assets	1,021	77,576	399,175	396	78,993	476,750	-	478,167

<b>EQUITY AND LIABILITIES</b>	<b>6.823.043</b>	<b>500.466.672</b>	<b>19.856.906</b>	<b>25.948.305</b>	<b>533.238.020</b>	<b>520.323.578</b>	<b>- 20.081.893</b>	<b>533.013.032</b>
<b>EQUITY</b>			-	-	-	-		-
A. Share capital	2,700,000	10,550,000	8,061,189	13,386,247	26,636,247	18,611,189	- 21,311,189	13,386,247
B. Capital surplus	30,000	450,000	-	6,281,960	6,761,960	450,000	- 630,000	6,131,960
C. Own shares	-	-	0	- 267,558	- 267,558	0	-	- 267,558
C. Revenue reserves	270,000	7,178,492	10,456	-	7,448,492	7,188,948	- 7,458,948	0
D. Accumulated other comprehensive income	- 163,267	- 1,579,393	26,017	1,212,975	- 529,686	- 1,553,377	- 536,649	- 1,040,319
F. Retained profit from previous years	407,033	17,709,044	7,688,936	1,121,922	19,238,000	25,397,980	8,097,809	35,024,745
G. Net profit or loss for the period	450,855	4,747,247	2,948,023	4,044,704	9,242,805	7,695,270	- 5,337,935	6,852,894
H. Minority interest	-	-	-	-	-	-	7,128,432	7,128,432
<b>Total capital</b>	<b>3,694,621</b>	<b>39,055,390</b>	<b>18,734,621</b>	<b>25,780,249</b>	<b>68,530,260</b>	<b>57,790,011</b>	<b>- 20,048,480</b>	<b>67,216,400</b>
Controlling interest	3,694,621	39,055,390	11,606,189	25,780,249	68,530,260	30,613,097	- 20,048,480	60,087,968
Non-controlling interest	-	-	7,128,432	-	-	7,128,432	-	7,128,432
<b>LIABILITIES</b>								
B. Deferred tax liabilities	247,629	172,081	18,388	107,600	527,311	190,469	-	545,699
C. Insurance contracts that are liabilities	2,429,880	26,020,753	70,094	-	28,450,633	26,090,847	-	28,520,727
D. Reinsurance contracts that are liabilities	-	74,487	-	-	74,487	74,487	-	74,487
D. Liabilities from financial contracts	-	432,870,826	-	-	432,870,826	432,870,826	-	432,870,826
E. Provisions	-	219,313	85,066	-	219,313	304,378	-	304,378
F. Liabilities from leases	-	425,342	167,442	-	425,342	592,784	-	592,784
I. Corporate income tax liabilities	481,014	246,300	233,741	-	727,314	480,041	-	961,055
J. Other liabilities	- 30,101	1,382,180	547,554	60,455	1,412,534	1,929,734	- 33,413	1,926,676
<b>Total liabilities</b>	<b>3,128,422</b>	<b>461,411,282</b>	<b>1,122,285</b>	<b>168,056</b>	<b>464,707,760</b>	<b>462,533,567</b>	<b>- 33,413</b>	<b>465,796,632</b>

Table 14: Statement of financial position by segments for 2022

	Non-life Slovenia	Life Slovenia	Abroad	Other Slovenia	Total Slovenia	Total Life	Cons. eliminations	Total
<b>ASSETS</b> (A+B+D+D+E+F+G+H+I+J+K+L+M)	5,802,477	446,068,384	15,004,833	23,993,372	475,864,232	461,073,217	- 15,932,325	474,936,741
A. Property, plant and equipment	653,718	1,894,654	703,380	4,499	2,552,871	2,598,034		3,256,251
B. Investment property	-	3,040,000	-	-	3,040,000	3,040,000		3,040,000
C. Right-of-use assets	-	449,550	201,598	-	449,550	651,148		651,148
D. Intangible assets	- 22,463	642,223	206,897	-	619,760	849,120		826,657
D. Deferred tax assets	81,661	273,385	6,174	22,435	377,480	279,559	- 22,418	361,236
F. Investments in group companies and associates	-	-	-	15,877,272	15,877,272	-	- 15,877,273	- 0
<b>G. Financial investments:</b>	<b>3,766,681</b>	<b>47,624,142</b>	<b>11,880,786</b>	<b>3,926,770</b>	<b>55,317,593</b>	<b>59,504,928</b>	<b>-</b>	<b>67,198,378</b>
1. measured at fair value through other comprehensive income	3,565,459	20,195,415	544,550	3,528,351	27,289,225	20,739,965	-	27,833,775
2. measured at amortised cost	-	10,607,279	9,893,345	398,419	11,005,698	20,500,624	-	20,899,043
4. measured at fair value through profit or loss	201,222	16,821,448	1,442,890	-	17,022,670	18,264,338	-	18,465,560
<b>H. Assets from financial contracts</b>	<b>-</b>	<b>386,326,527</b>	<b>-</b>	<b>-</b>	<b>386,326,527</b>	<b>386,326,527</b>	<b>-</b>	<b>386,326,527</b>
1. Investment property	-	16,116,000	-	-	16,116,000	16,116,000	-	16,116,000
2. Financial investments measured at:	-	349,308,400	-	-	349,308,400	349,308,400	-	349,308,400
a. Fair value through other comprehensive income	-	19,717,346	-	-	19,717,346	19,717,346	-	19,717,346
b. Amortised cost	-	85,254,917	-	-	85,254,917	85,254,917	-	85,254,917
c. Fair value through profit or loss	-	244,336,137	-	-	244,336,137	244,336,137	-	244,336,137
3. Receivables	-	1,389,800	-	-	1,389,800	1,389,800	-	1,389,800
4. Cash and cash equivalents	-	19,512,327	-	-	19,512,327	19,512,327	-	19,512,327
I. Insurance contracts that are assets	1,492	348	- 9	-	1,840	339	-	1,831
J. Reinsurance contracts that are assets	974,253	609,690	-	-	1,583,943	609,690	-	1,583,943
M. Other receivables	4,826	2,933,930	183,593	384	2,939,139	3,117,522	- 32,634	3,090,098
N. Cash and cash equivalents	342,310	2,184,654	1,460,998	4,161,129	6,688,093	3,645,652	-	8,149,091
O. Other assets	-	89,282	361,416	882	90,164	450,698	-	451,580

<b>EQUITY AND LIABILITIES</b>	<b>5,802,478</b>	<b>446,122,084</b>	<b>14,951,130</b>	<b>23,993,371</b>	<b>475,917,932</b>	<b>461,073,214</b>	<b>- 15,932,323</b>	<b>474,936,741</b>
<b>EQUITY</b>								<b>-</b>
A. Share capital	2,700,000	10,400,000	4,063,094	13,386,247	26,486,247	14,463,094	- 17,163,094	13,386,247
B. Capital surplus	30,000	600,000	-	6,281,960	6,911,960	600,000	- 630,000	6,281,960
C. Own shares	-	-	0	- 267,558	- 267,558	0	-	- 267,558
C. Revenue reserves	270,000	7,178,492	28,742	-	7,448,492	7,207,234	- 7,477,234	0
D. Accumulated other comprehensive income	- 298,539	- 2,114,150	1,500	356,035	- 2,056,653	- 2,112,650	- 537,081	- 2,592,233
F. Retained profit from previous years	2,434,692	14,286,231	7,673,790	1,016,181	17,737,104	21,960,021	7,384,104	32,794,999
G. Net profit or loss for the period	- 8,115	3,922,240	2,544,829	3,106,454	7,020,579	6,467,069	- 4,316,061	5,249,347
H. Minority interest	-	-	-	-	-	-	6,839,677	6,839,677
<b>Total capital</b>	<b>5,128,039</b>	<b>34,272,813</b>	<b>14,311,954</b>	<b>23,879,319</b>	<b>63,280,171</b>	<b>48,584,768</b>	<b>- 15,899,689</b>	<b>61,692,437</b>
Controlling interest	5,128,039	34,272,813	7,472,278	23,879,319	63,280,171	41,745,091	- 15,899,689	54,852,761
Non-controlling interest	-	-	6,839,677	-	-	6,839,677	-	6,839,677
<b>LIABILITIES</b>								<b>-</b>
B. Deferred tax liabilities	244,318	817,933	637	83,515	1,145,765	818,570	-	1,146,402
C. Insurance contracts that are liabilities	107,224	22,931,340	1	-	23,038,564	22,931,341	-	23,038,566
D. Reinsurance contracts that are liabilities	-	92,749	-	-	92,749	92,749	-	92,749
E. Liabilities from financial contracts	-	386,326,526	1	-	386,326,526	386,326,527	-	386,326,527
E. Provisions	-	210,187	28,800	-	210,187	238,987	-	238,987
F. Liabilities from leases	-	454,095	204,056	-	454,095	658,151	-	658,151
I. Corporate income tax liabilities	-	-	-	-	-	-	-	-
J. Other liabilities	322,897	1,016,441	405,680	30,538	1,369,876	1,422,122	- 32,634	1,742,922
<b>Total liabilities</b>	<b>674,439</b>	<b>411,849,271</b>	<b>639,176</b>	<b>114,052</b>	<b>412,637,762</b>	<b>412,488,447</b>	<b>- 32,634</b>	<b>413,244,303</b>

## 14 NOTES TO THE INCOME STATEMENT

### 14.1 INSURANCE REVENUE

Table 15: Net insurance revenue 2023

2023 (in EUR)	Total
<b>Insurance contracts not measured under the premium allocation approach (PAA)</b>	<b>10,403,072</b>
Amounts relating to changes in liabilities for remaining coverage	6,842,118
Amount of expected claims and other insurance expenses	5,224,428
Changes in the risk adjustment for non-financial risk	881,982
Contractual service margin recognised in profit or loss to reflect the transfer of services	735,708
Experience adjustments	0
Amortisation of insurance acquisition cash flows	3,560,954
<b>Insurance contracts measured under the premium allocation approach (PAA)</b>	<b>2,120,136</b>
<b>Insurance revenue - total</b>	<b>12,523,207</b>

Table 16: Net insurance revenue 2022

2022 (in EUR)	Total
<b>Insurance contracts not measured under the premium allocation approach (PAA)</b>	<b>9,797,028</b>
Amounts relating to changes in liabilities for remaining coverage	6,362,318
Amount of expected claims and other insurance expenses	4,897,082
Changes in the risk adjustment for non-financial risk	831,585
Contractual service margin recognised in profit or loss to reflect the transfer of services	633,650
Experience adjustments	0
Amortisation of insurance acquisition cash flows	3,434,710
<b>Insurance contracts measured under the premium allocation approach (PAA)</b>	<b>1,399,445</b>
<b>Insurance revenue - total</b>	<b>11,196,473</b>

### 14.2 INSURANCE EXPENSES

They are disclosed in more detail in Section 15.11, shown in the table Changes in Liabilities for Remaining Coverage (LRC) and Liabilities for Incurred Claims (LIC).

## 14.3 NET RESULT FROM REINSURANCE CONTRACTS

### 14.3.1 Reinsurance revenue

Table 17: Reinsurance revenue from insurance contracts issued for 2023

2023 (in EUR)	Total
<b>Reinsurance contracts not measured under the premium allocation approach (PAA)</b>	<b>-633,257</b>
Amount of expected recoveries of losses on incurred claims during the financial period	-244,194
Changes in the risk adjustment for non-financial risk	-139,001
Contractual service margin recognised in profit or loss to reflect the transfer of services	-250,062
Experience adjustments	0
<b>Reinsurance contracts measured under the premium allocation approach (PAA)</b>	<b>0</b>
<b>Reinsurance revenue - total</b>	<b>-633,257</b>

Table 18: Reinsurance revenue from insurance contracts issued for 2022

2022 (in EUR)	Total
<b>Reinsurance contracts not measured under the premium allocation approach (PAA)</b>	<b>-686,718</b>
Amount of expected recoveries of losses on incurred claims during the financial period	-211,675
Changes in the risk adjustment for non-financial risk	-132,958
Contractual service margin recognised in profit or loss to reflect the transfer of services	-342,085
Experience adjustments	0
<b>Reinsurance contracts measured under the premium allocation approach (PAA)</b>	<b>0</b>
<b>Reinsurance revenue - total</b>	<b>-686,718</b>

### 14.3.2 Reinsurance expenses

They are disclosed in more detail in Section 15.11, shown in the table Changes in Liabilities for Remaining Coverage (LRC) and Liabilities for Incurred Claims (LIC).

## 14.4 RESULT FROM INVESTING ACTIVITIES

Interest earned from deposits and interest from investments in 2023 is included under the interest revenue item. The table below also shows interest valued at fair value through other comprehensive income, as well as at fair value, which are otherwise included in the Other investment income/expenses table.

Table 19: Interest revenue

in EUR	Prva Group		The Group	
	2023	2022	2023	2022
From investments	14,408	40,748	1,875,427	1,311,400
1. Measured at amortised cost	0	0	827,970	642,257
2. Measured at fair value through other comprehensive income	14,408	40,748	734,229	421,569
3. Measured at fair value through profit or loss	0	0	313,229	247,573
Other	0	0	1,539	1,398
<b>Total interest revenue</b>	<b>14,408</b>	<b>40,748</b>	<b>1,876,967</b>	<b>1,536,699</b>

Table 20: Dividend revenue

v EUR	Prva Group		Skupina	
	2023	2022	2023	2022
Dividend revenue from subsidiaries	3,744,034	3,708,272	0	0
Dividend revenue from investments measured at fair value through comprehensive income	0	0	0	0
Dividend revenue from investments measured at fair value through profit or loss	363,035	241,412	489,222	417,523
<b>Skupaj</b>	<b>4,107,070</b>	<b>3,949,684</b>	<b>489,222</b>	<b>417,523</b>

Table 21: Other investment income/expenses

in EUR	Prva Group		The Group	
	2023	2022	2023	2022
Interest revenue	14,408	40,748	1,047,458	669,143
Measured at fair value through other comprehensive income	14,408	40,748	734,229	421,569
Measured at fair value through profit of loss	0	0	313,229	247,573
Net foreign exchange differences	0	0	-169,417	169,146
Net effect of revaluation	0	0	1,922,513	-2,617,406
Other financial revenue and expenses	91	1,615	173,085	248,027
<b>Total</b>	<b>14,500</b>	<b>42,362</b>	<b>2,973,638</b>	<b>-1,531,091</b>

## 14.5 RESULT FROM INSURANCE CONTRACTS

Result from insurance contracts in 2023 amounts to EUR -2,089,292 (2022: 1,271,147 EUR). A large part of the result is represented by the financial expenses of the internal investment funds of Prva osebna zavarovalnica d. d., i.e. EUR -1,799,072 (2022: EUR 1,563,766) and the remainder is split between the financial result from insurance and reinsurance contracts.

Table 22: Result from insurance contracts

in EUR	Prva Group		The Group			
	2023	2022	2023	2022		
			Life	Non-life	Life	Non-life
Net financial income/expenses from insurance contracts	0	0	-2,115,844	-12,087	1,252,827	-15,750
Net financial income/expenses from reinsurance contracts	0	0	35,025	3,614	30,534	3,535
<b>Total</b>	<b>0</b>	<b>0</b>	<b>-2,080,819</b>	<b>-8,473</b>	<b>1,283,362</b>	<b>-12,215</b>

## 14.6 REVENUE FROM ASSET MANAGEMENT

In 2023, revenue from asset management amounted to EUR 8,588,993 (2022: 7,949,278 EUR).

The Group charges an annual management fee of 1.0% for the administration and management of all pension funds (2022: 1%).

## 14.7 OTHER NET OPERATING REVENUE AND EXPENSES

Table 23: Other net operating revenue and expenses

in EUR	Prva Group		The Group	
	2023	2022	2023	2022
Entry fee	0	0	2,622,653	2,418,225
Exit fee	0	0	79,691	65,016
Revenue from services to associated companies	0	0	193,245	164,122
Revaluation operating revenue (fixed assets)	0	0	22,544	55,436
Other	0	0	529,855	459,126
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>3,447,988</b>	<b>3,161,924</b>

The main part of operating revenue are entry and management fees from supplementary pension insurance.

The Group is entitled to the reimbursement of entry fees from paid-in premiums, not exceeding 3% in 2023 (2022: 3%).

Upon the termination of the supplementary pension insurance, the pension scheme provider/Group is entitled to the reimbursement of the exit fee in the amount of 1% of the redemption value upon termination of the insurance contract (2022: 1%).

Other revenue mainly relates to income from administrative costs and revaluation of fixed assets.

## 14.8 OPERATING COSTS - ATTRIBUTABLE AND NON-ATTRIBUTABLE

In line with the new standard of financial reporting, operating costs are divided into attributable costs, which can be attributed to an individual policy, and non-attributable costs, which are shown directly in profit and loss. Non-attributable costs are predetermined and represent the total costs for most Group companies. Companies that do not have insurance contracts in their portfolios and only have pension insurance (KB Prvo, DDor, Fondi) treat all costs as non-attributable.

In 2023, these costs amounted to EUR 6,738,423 (2022: EUR 5,780,069).

Table 24: Non-attributable/attribution operating costs of insurance contracts

in EUR	Prva Group		The Group			
	2023	2022	2023	2022	2022	2022
	Non-attributable costs	Non-attributable costs	Non-attributable costs	Attributable expenses	Non-attributable costs	Attributable expenses
<b>Labour costs</b>	<b>34.974</b>	<b>32.521</b>	<b>2.787.495</b>	<b>3.521.788</b>	<b>2.345.464</b>	<b>3.036.446</b>
Employee salaries	29.713	27.069	1.997.627	2.681.577	1.669.829	2.269.574
Holiday allowance	-	-	54.336	106.100	50.957	125.763
Reimbursements for meals and transportation to work	-	-	48.610	168.250	40.675	149.277
Employer's contributions on salaries paid	4.842	4.502	501.038	444.993	422.547	379.063
Payments to employees for supplementary pension insurance	-	-	96.008	120.838	77.263	112.731
Costs of services provided by natural persons not engaged in the activity and other labour costs	418	950	89.877	30	84.193	38
<b>Acquisition costs</b>	<b>-</b>	<b>-</b>	<b>659.731</b>	<b>2.651.032</b>	<b>572.835</b>	<b>2.288.974</b>
<b>Amortisation/Depreciation</b>	<b>994</b>	<b>1.675</b>	<b>264.630</b>	<b>363.405</b>	<b>248.776</b>	<b>409.024</b>
<b>Operating expenses</b>	<b>311.835</b>	<b>158.174</b>	<b>2.944.876</b>	<b>1.245.164</b>	<b>2.612.993</b>	<b>937.474</b>
Operating material costs	8.886	2.504	23.221	116.024	19.856	116.648
Reimbursement of work-related costs	1.958	969	28.154	32.764	24.563	89.561
Costs of intellectual and personal services	209.029	68.594	577.303	251.571	361.992	112.312
Costs of rent	11.816	9.655	146.292	69.293	117.286	65.118
Costs of banking services	2.725	8.925	43.993	2.656	59.997	3.309
Costs of supervisory bodies			59.855	21.791	67.522	22.224
Costs of postal services			34.978	132.347	28.258	124.196
Maintenance			160.623	133.425	186.985	159.837
Costs of other services	67.116	63.429	395.667	144.581	424.382	101.999
Other costs	10.305	4.098	1.474.790	340.712	1.322.152	142.271
<b>Total</b>	<b>347.803</b>	<b>192.370</b>	<b>6.656.732</b>	<b>7.781.389</b>	<b>5.780.069</b>	<b>6.671.918</b>

### Acquisition costs

Commissions to agents and marketing costs directly connected to the acquisition of insurance contracts are included under acquisition costs. Commissions to agents refer to fees which are paid to outside contractors as an incentive for the successful acquisition of insurance contracts.

### Labour costs

Labour costs for 2023 include salaries, holiday allowance, reimbursements for meals and transportation to work, employer contributions and taxes for remitted salaries, and payments of supplementary pension insurance. In 2023, labour costs amounted to EUR 6,309,283 (2022: EUR 5,381,911).

Prva Group had 2 employees at the end of 2023 (2022: 2), while there were 159 persons employed in the Group at the end of 2023 (2022: 147). The number of employees varies depending on the requirements in a specific period. Some were employed full-time and some part-time.

Table 25: The number of employees in the Company according to the level of education

Level of education	2023	2022
VIII.	0.1	0.1
VII.	0.1	0.1
<b>Total</b>	<b>0.2</b>	<b>0.2</b>

Table 26: The number of employees in the Group according to the level of education

Level of education	2023	2022
VIII.	3	3
VII.	56.5	46.2
VI.	64.8	64
V.	27.5	27
IV.	7	7
II.	0	0
<b>Total</b>	<b>158.8</b>	<b>147.2</b>

### Operating costs

In 2023, costs of other services at Company level amounted to EUR 311,835 (2022: EUR 158,174 EUR) and at Group level to EUR 4,190,040 (2022: EUR 3,550,467). These are primarily costs of custodian banks, intellectual services and costs of other services. Rental costs relate to the rent of low value assets and short-term leases. None of the subsidiaries have defaulted in the payment of their liabilities in 2023 and 2022.

Table 27: Audit fees

in EUR	Prva Group		The Group	
	2023	2022	2023	2022
Audit of the Annual Report	9,492	7,808	86,840	87,277
Other auditing services	4,338	7,239	14,722	15,935
<b>Total</b>	<b>13,829</b>	<b>15,047</b>	<b>101,562</b>	<b>103,212</b>

## 14.9 NET IMPAIRMENTS, REVERSAL OF IMPAIRMENTS OF NON-FINANCIAL ASSETS

Net impairment reversal of impairment losses of non-financial assets relates entirely to the revaluation or write-off of receivables from policyholders. In 2023, these amounted to EUR 92,032 (2022: EUR 90,059).

### 14.10 OTHER NET REVENUE AND EXPENSES

Other revenue and expenses mainly relate to items incurred by the Company and its subsidiaries, Prva osebna zavarovalnica d. d. and Prva pokojninska družba d. d., and cover the costs charged to the Company that cannot be included under any other profit or loss item. In 2023, these amounted to EUR 13,842 (2022: EUR -224,213). The Group includes settlements of lawsuits and company car claims, commission expense, revaluation of receivables and assets, interest expense on leases, and other minor events not related to the core business of the Company in this category.

## 14.11 DEFERRED TAX AND INCOME TAX

Table 28: Deferred tax of the Prva Group

in EUR	Balance Sheet		Recognised in comprehensive income	Recognised in profit or loss
	31 Dec 2023	31 Dec 2022	2023	2023
<b>Receivable for deferred income tax</b>	<b>22,436</b>	<b>22,435</b>	<b>0</b>	<b>1</b>
Impairment of investments and receivables	22,436	22,435	0	1
From unused tax losses	0	0	0	0
<b>Deferred income tax - liabilities</b>	<b>107,600</b>	<b>83,515</b>	<b>24,085</b>	<b>0</b>
Revaluation of investments measured at fair value through comprehensive income	107,600	83,515	24,085	0
<b>Total Receivables (+) / Liabilities (-) from deferred income tax</b>	<b>-85,164</b>	<b>-61,080</b>	<b>-24,085</b>	<b>1</b>

Table 29: Deferred tax of the Group

in EUR	Balance Sheet		Recognised in comprehensive income	Recognised in profit or loss
	31 Dec 2023	31 Dec 2022	2023	2023
<b>Receivable for deferred income tax</b>	<b>365,562</b>	<b>361,236</b>	<b>6,877</b>	<b>-3,793</b>
Fixed asset depreciation	0	0	0	0
Impairment of investments and receivables	378,976	353,249	6,877	-4,809
Provisions for employees and other provisions	9,004	7,987	0	1,016
From unused tax losses	0	0	0	0
<b>Deferred income tax - liabilities</b>	<b>545,699</b>	<b>93,493</b>	<b>1,063,915</b>	<b>-642,540</b>
Revaluation of investments measured at fair value through comprehensive income	545,699	93,493	1,063,915	-642,540
<b>Total Receivables (+) / Liabilities (-) from deferred income tax</b>	<b>-180,137</b>	<b>267,744</b>	<b>-1,057,038</b>	<b>638,747</b>

At the date of the statement of financial position, deferred tax taxes are recalculated at the tax rate at which the Group expects to be able to realise the assets, i.e. 19% (2022: 19%).

Table 30: Reconciliation of tax and accounting profit multiplied by the tax rate in Slovenia

in EUR	Prva Group		The Group	
	2023	2022	2023	2022
Profit or loss before tax for the period	4,060,303	3,106,452	8,854,843	8,279,574
Adjustment for profit or loss with a 0 tax rate	0	0	-4,187,330	-
Profit or loss subject to income tax	4,060,303	3,106,452	4,667,513	3,725,580
Income tax using the statutory tax rate	771,458	590,226	886,827	707,860
Adjustment to the actual statutory tax rate	0	0	-302,416	-254,947
Tax effect of deductible income	-780,343	-750,440	0	0
Tax effect of non-deductible expenses	2,096	134,718	26,127	8,110
Tax effect of imputed income	39,017	37,522	681,650	28,970
Tax effect of imputed costs	-17	-12,026	-4,341	-9,385
Tax effect of tax relief	-503	0	-169,838	-28,325
Tax effect of using tax losses	-16,105	0	0	0
<b>Corporate income tax</b>	<b>15,601</b>	<b>0</b>	<b>1,118,010</b>	<b>452,284</b>
<b>Change in deferred taxes</b>	<b>0</b>		<b>647,351</b>	<b>328,587</b>
<b>Total tax</b>	<b>15,601</b>	<b>0</b>	<b>1,765,361</b>	<b>780,871</b>
Effective tax rate	0,38%	0,00%	19,94%	9,43%

In the financial year under review, the Group accounted for the amount of current income tax payable using the applicable tax rate of 19% in Slovenia (2022: 19%).

## 14.12 NET EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the net profit for the financial period attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares in the financial period. The weighted average number of outstanding ordinary shares is calculated using data on the number of outstanding ordinary shares while taking into consideration eventual purchases and sales within the period and the period in which the shares participated in the generating of profit. The adjusted earnings per share also take into account all potential ordinary shares. The Company does not have any potential ordinary shares, therefore the net earnings per share equal to the adjusted earnings per share.

Table 31: Net earnings per share

	The Group	
	2023	2022
Net profit for the year attributable to the Company/Group	6,852,893	5,248,787
Less dividends paid out to owners of preference shares	-380,433	-400,724
Net profit attributable to ordinary equity holders of the parent (EUR)	6,472,460	4,848,063
Weighted average number of ordinary shares for basic earnings per share	291,484	291,484
<b>Earnings per share (in EUR)</b>	<b>22.21</b>	<b>16.63</b>

## 15 NOTES TO THE STATEMENT OF FINANCIAL POSITION

### 15.1 PROPERTY, PLANT AND EQUIPMENT

Table 32: Changes in property, plant and equipment in 2023

in EUR	Prva Group		The Group	
	Equipment	TOTAL	Buildings and equipment	TOTAL
<b>COST</b>				
Balance as at 31 Dec 2022	17,048	17,048	5,249,833	5,249,833
Increases	1,196	1,196	843,825	843,825
Disposals	0	0	-139,625	-139,625
Exchange differences	0	0	-140	-140
<b>Balance as at 31 Dec 2023</b>	<b>18,244</b>	<b>18,244</b>	<b>5,953,893</b>	<b>5,953,893</b>
<b>REVALUATION</b>				
Balance as at 31 Dec 2022	12,548	12,548	1,993,582	1,993,582
Depreciation in 2023	994	994	319,680	319,680
Impairments	0	0	0	0
Disposals	0	0	-70,897	-70,897
Exchange differences	0	0	0	0
<b>Balance as at 31 Dec 2023</b>	<b>13,543</b>	<b>13,543</b>	<b>2,242,365</b>	<b>2,242,365</b>
<b>CARRYING AMOUNT</b>				
Balance as at 31 Dec 2022	4,499	4,499	3,256,251	3,256,251
<b>Balance as at 31 Dec 2023</b>	<b>4,701</b>	<b>4,701</b>	<b>3,711,529</b>	<b>3,711,529</b>

Table 33: Changes in property, plant and equipment in 2022

in EUR	Prva Group		The Group	
	Equipment	TOTAL	Buildings and equipment	TOTAL
<b>COST</b>				
Balance as at 31 Dec 2021	15,411	15,411	5,220,233	5,220,233
Increases	1,636	1,636	241,027	241,027
Disposals	0	0	-210,286	-210,286
Exchange differences	0	0	-1,142	-1,142
Balance as at 31 Dec 2022	17,048	17,048	5,249,833	5,249,833
<b>REVALUATION</b>				
Balance as at 31 Dec 2021	10,874	10,874	1,870,367	1,870,367
Depreciation in 2022	1,675	1,675	371,663	371,663
Impairments	0	0	-50,786	-50,786
Disposals	0	0	-197,302	-197,302
Exchange differences	0	0	-360	-360
Balance as at 31 Dec 2022	12,548	12,548	1,993,582	1,993,582
<b>CARRYING AMOUNT</b>				
Balance as at 31 Dec 2021	4,537	4,537	3,349,866	3,349,866
<b>Balance as at 31 Dec 2022</b>	<b>4,499</b>	<b>4,499</b>	<b>3,256,251</b>	<b>3,256,251</b>

The fair value of real estate used by the Group to perform its core business is EUR 2,627,404 (2022: EUR 2,716,336).

Table 34: Changes in property, plant and equipment under the right-of-use asset in 2023

in EUR	Prva Group		The Group	
	Other	Buildings / business premises	Equipment	Total
<b>COST</b>				
Balance as at 31 Dec 2022	0	756,970	0	756,970
Increases	0	19,250	0	19,250
Disposals	0	0	0	0
Exchange differences	0	-206	0	0
<b>Balance as at 31 Dec 2023</b>	<b>0</b>	<b>776,014</b>	<b>0</b>	<b>776,014</b>
<b>REVALUATION</b>				
Balance as at 31 Dec 2022	0	105,822	0	105,822
Depreciation in 2021	0	90,370	0	90,370
Disposals	0	0	0	0
Exchange differences	0	0	0	0
<b>Balance as at 31 Dec 2023</b>	<b>0</b>	<b>196,191</b>	<b>0</b>	<b>196,191</b>
<b>CARRYING AMOUNT</b>				
Balance as at 31 Dec 2022	0	651,149	0	651,149
<b>Balance as at 31 Dec 2023</b>	<b>0</b>	<b>579,822</b>	<b>0</b>	<b>579,822</b>

The Group has no property, plant and equipment pledged as debt collateral.

Table 35: Changes in property, plant and equipment under the right-of-use asset in 2022

in EUR	Prva Group		The Group	
	Total	Buildings / business premises	Equipment	Total
<b>COST</b>				
Balance as at 31 Dec 2021	0	274,981	0	274,981
Increases	0	482,245	0	482,245
Disposals	0	0	0	0
Exchange differences	0	-255	0	0
<b>Balance as at 31 Dec 2022</b>	<b>0</b>	<b>756,970</b>	<b>0</b>	<b>756,970</b>
<b>REVALUATION</b>				
Balance as at 31 Dec 2021	0	16,632	0	16,632
Depreciation in 2021	0	89,190	0	89,190
Disposals	0	0	0	0
Exchange differences	0	0	0	0
<b>Balance as at 31 Dec 2022</b>	<b>0</b>	<b>105,822</b>	<b>0</b>	<b>105,822</b>
<b>CARRYING AMOUNT</b>				
Balance as at 31 Dec 2021	0	258,349	0	258,349
<b>Balance as at 31 Dec 2022</b>	<b>0</b>	<b>651,149</b>	<b>0</b>	<b>651,149</b>

## 15.2 INVESTMENT PROPERTY

Table 36: Investment property

in EUR	Prva Group	The Group
<b>Balance as at 1 Jan 2022</b>	<b>0</b>	<b>3,016,062</b>
Increases	0	-
Disposals	0	-
Profit/loss from revaluation to market value	0	23,938
<b>Balance as at 31 Dec 2022</b>	<b>0</b>	<b>3,040,000</b>
<b>Balance as at 1 Jan 2023</b>	<b>0</b>	<b>3,040,000</b>
Increases	0	-
Disposals	0	-
Profit/loss from revaluation to market value	0	69,000
<b>Balance as at 31 Dec 2023</b>	<b>0</b>	<b>3,109,000</b>

The investment property is located on Fajfarjeva ulica in Ljubljana. A part of the property is used for own needs (disclosed in fixed assets) and a part is rented out.

In 2023, the Company had the value of investment property reviewed by an authorised real estate appraiser.

The market value of commercial property largely depends on the future price of market leases. This means that the estimated value of commercial property is affected by the returns buyers will be able to achieve based on purchase prices. Commercial property is primarily assessed based on future returns. The value of our commercial property was assessed by reviewing the macroeconomic movements and the validity of unobserved data assumptions, such as:

- the anticipated volume of rental income
- lease possibility
- vacancy deduction consideration and inability to collect rental claims, and
- capitalisation rate growth

The following assumptions were used in the appraisal of the real estate at Fajfarjeva ulica:

- capitalisation rate: 7.79%
- non-occupancy and non-recoverability deduction: 5%

The Group generated EUR 201,200 of revenue from rent in 2023 (2022: EUR 212,537). There were no costs relating to the investment property in 2023 (2022: EUR 0). The expected rents in the coming years are the same as the rents from 2023, as the company does not expect any changes to the rental contracts.

Investment property is not pledged as security for debts.

## 15.3 NON-CURRENT INTANGIBLE ASSETS

Table 37: Changes in non-current intangible assets in 2023

in EUR	Prva Group				The Group			
	Software	Investments in progress	Non-current deferred acquisition costs	TOTAL	Software	Investments in progress	Non-current deferred acquisition costs	TOTAL
<b>COST</b>								
Balance as at 31 Dec 2022	0	0	0	0	2,657,947	250,859	239,115	3,147,921
Increases	0	0	0	0	237,632	151,235	0	388,867
Transfers	0	0	0	0	315,287	-315,287	0	0
Disposals	0	0	0	0	74,501	-86,796	0	-12,295
Exchange differences	0	0	0	0	-13	-11	-117	-141
Balance as at 31 Dec 2023	0	0	0	0	3,285,355	0	238,998	3,524,352
<b>REVALUATION</b>								
Balance as at 31 Dec 2022	0	0	0	0	2,191,604	0	129,662	2,321,266
Depreciation in 2023	0	0	0	0	218,436	0	2,041	220,477
Decreases	0	0	0	0	0	0	0	0
Exchange differences	0	0	0	0	0	0	0	0
Balance as at 31 Dec 2023	0	0	0	0	2,410,040	0	131,703	2,541,742
<b>CARRYING AMOUNT</b>								
Balance as at 31 Dec 2022	0	0	0	0	466,343	250,859	109,453	826,655
Balance as at 31 Dec 2023	0	0	0	0	875,315	0	107,295	982,610

Table 38: Changes in non-current intangible assets in 2022

in EUR	Prva Group				The Group			
	Software	Investments in progress	Non-current deferred acquisition costs	TOTAL	Software	Investments in progress	Non-current deferred acquisition costs	TOTAL
<b>COST</b>								
Balance as at 31 Dec 2021	0	0	0	0	2,592,595	178,525	253,806	3,024,925
Increases	0	0	0	0	10,848	128,328	7,229	146,405
Transfers	0	0	0	0	54,816	-54,816	-17,441	-17,441
Disposals	0	0	0	0	0	-1,178	4,341	3,163
Exchange differences	0	0	0	0	-312	0	-138	-450
Balance as at 31 Dec 2022	0	0	0	0	2,657,947	250,859	239,115	3,147,921
<b>REVALUATION</b>								
Balance as at 31 Dec 2021	0	0	0	0	1,999,795	0	120,190	2,119,985
Depreciation in 2022	0	0	0	0	192,071	0	9,472	201,543
Decreases	0	0	0	0	0	0	0	0
Exchange differences	0	0	0	0	-263	0	0	-263
Balance as at 31 Dec 2022	0	0	0	0	2,191,604	0	129,662	2,321,266
<b>CARRYING AMOUNT</b>								
Balance as at 31 Dec 2021	0	0	0	0	592,799	178,525	133,616	904,940
Balance as at 31 Dec 2022	0	0	0	0	466,344	250,859	109,453	826,657

## 15.4 INVESTMENTS IN SUBSIDIARIES

Stakes in subsidiaries represent investments of Prva Group in the following companies: Prva pokojninska družba d. d., Prva osebna zavarovalnica d. d., KB Prvo penzisko društvo AD, Skopje, Prva Život, Skopje, Fondi Slloveno-Kosovar I Pensioneve sh.A Pristine Kosovo, and DDOR GARANT Belgrade. These companies and the parent company Prva Group plc. form the Group.

Table 39: Investments in subsidiaries

in EUR	Ownership	Prva Group	
		31 Dec 2023	31 Dec 2022
Prva osebna zavarovalnica d. d.	100%	7,015,000	6,865,000
KB Prvo penzisko društvo AD Skopje	51%	918,272	918,272
Fondi Slloveno-Kosovar I Pensioneve Sh.A Pristine Kosovo	67%	321,000	321,000
DDOR GARANT Beograd	60%	908,000	908,000
Prva pokojninska družba d. d.	100%	6,865,000	6,865,000
Prva Život	100%	4,000,000	0
<b>Total</b>		<b>20,027,272</b>	<b>15,877,272</b>

Table 40: Investments in subsidiaries

in EUR	Ownership	Book value of investment	Total equity of subsidiary	Profit/loss
<b>Subsidiaries</b>				
Prva osebna zavarovalnica d.d. <i>Fajfarjeva ulica 33, 1000 Ljubljana</i>	100%	7,015,000	17,154,064	1,557,702
KB Prvo penzisko društvo AD Skopje <i>Blv.Illinden 1, 1000 Skopje</i>	51%	918,272	6,741,196	3,068,616
Fondi Slloveno- Kosovar I Pensioneve Sh.A Pristine Kosovo <i>Rr.UCK, nr.50/2, 10000 Prishtine</i>	67,40%	321,000	278,425	-9,119
DDOR GARANT Beograd <i>Maršala Birjuzova 3-5,11000 Beograd</i>	60%	908,000	756,614	76,604
Prva pokojninska družba d.d. <i>Fajfarjeva ulica 33, 1000 Ljubljana</i>	100%	6,865,000	25,595,946	3,640,399
Prva Život	100%	4,000,000	3,842,474	-188,078
<b>Total</b>		<b>20,027,272</b>	<b>54,368,719</b>	<b>8,146,124</b>

Voting rights in subsidiaries are equal to the ownership share. The Company assesses signs of impairment of investments into subsidiaries by reviewing the previously realised results, dividends paid, and future business plans of subsidiaries.

As at 31 December 2023, the Company conducted an internal appraisal of the investments in Fondi Slloveno- Kosovar I Pensioneve Sh.A Pristine Kosovo and DDOR GARANT Beograd using the present value of discounted free cash flows method. The following assumptions were used in the appraisals:

- discount rate for Fondi Slloveno- Kosovar I Pensioneve Sh.A Pristine Kosovo: 16.4%
- discount rate for DDOR GARANT Beograd: 14.6%
- long-term growth rate: 2.5%

Table 41: Sensitivity analysis for the value of the investment in DDOR Garant Beograd

	Long-term growth rate		
	2.00%	2.50%	3.00%
Optimistic	7.42%	9.69%	12.16%
Pessimistic	-12.32%	-10.67%	-8.88%

Table 42: Sensitivity analysis for the value of the investment in Fondi Sllloveno- Kosovar I Pensioneve Sh,A Pristhine

	Long-term growth rate		
	2.00%	2.50%	3.00%
Optimistic	6.54%	7.48%	8.41%
Pessimistic	-9.03%	-8.41%	-8.10%

## 15.5 FINANCIAL INVESTMENTS

Table 43: Investments in securities

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
1. Measured at amortised cost	1,526,322	398,419	29,014,219	20,899,043
2. Measured at fair value through other comprehensive income	4,259,375	3,528,351	31,225,671	27,833,775
3. Measured at fair value through profit or loss	0	0	23,417,670	18,465,560
<b>Total</b>	<b>5,785,696</b>	<b>3,926,770</b>	<b>83,657,560</b>	<b>67,198,378</b>

Investments in securities represent investments in shares, bonds, and securities.

Table 44: Structure of securities based on type of interest rate

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>1. Measured at amortised cost</b>	1,526,322	398,419	29,014,218	20,899,043
- debt securities at a fixed interest rate	1,526,322	398,419	29,014,218	20,899,043
- debt securities at a variable interest rate	0	0	0	0
<b>2. Measured at fair value through other comprehensive income</b>	4,259,375	3,528,351	31,225,672	27,833,776
- debt securities at a fixed interest rate	0	0	26,965,719	24,305,061
- debt securities at a variable interest rate	0	0	578	364
- equity securities	4,259,375	3,528,351	4,259,375	3,528,351
<b>3. Measured at fair value through profit or loss</b>	0	0	23,417,669	18,465,559
- debt securities at a fixed interest rate	0	0	3,991,324	4,433,701
- debt securities at a variable interest rate	0	0	0	0
- equity securities	0	0	19,426,345	14,031,859
<b>Total</b>	<b>5,785,696</b>	<b>3,926,770</b>	<b>83,657,560</b>	<b>67,198,378</b>

The effective interest rate for debt securities ranges from -3.32% to 35.07% (2022: from -0.3% to 36.1%).

*Table 45: The Company's (and the Group's) investments in equity securities, measured at fair value through other comprehensive income*

		Fair value as at 31 Dec	Dividends from portfolio investments as at 31 Dec	Transfers within capital
2,023	DBS d. d.	4,259,375	0	0
2,022	DBS d. d.	3,528,351	0	0

As at 31 Dec 2023, the Company conducted an external appraisal of investments in DBS shares based on the capitalisation method of normalised free cash flow and the method of market comparisons.

The following assumptions were used in the appraisals:

- discount rate 11.1%
- growth rate 2.2%
- discount for lack of marketability 10.4%

*Table 46: Investments of the Group measured at amortised cost by stages and credit ratings 2023*

Credit rating	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
AAA-AA	-	-	-	-
A	1,940,277	-	-	1,940,277
BBB-BB	19,594,070	-	-	19,594,070
B	-	-	-	-
CCC-CC	-	-	-	-
C	-	-	-	-
D	-	-	-	-
Not rated	7,479,871	-	-	7,479,871
<b>Balance as at 31 Dec 2023</b>	<b>29,014,218</b>	<b>-</b>	<b>-</b>	<b>29,014,218</b>

Table 47: Investments of the Group measured at amortised cost by stages and credit ratings 2022

Credit rating	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
AAA-AA	-	-	-	-
A	-	-	-	-
BBB-BB	14,572,893	-	-	14,572,893
B	-	-	-	-
CCC-CC	-	-	-	-
C	-	-	-	-
D	-	-	-	-
Not rated	6,326,150	-	-	6,326,150
<b>Balance as at 31 Dec 2022</b>	<b>20,899,043</b>	<b>-</b>	<b>-</b>	<b>20,899,043</b>

As at 31 December 2023, the Group has deposits, commercial papers and bonds among its investments measured at amortised cost with credit risk rating grade BBB-BB. Investments without credit risk rating grade are fully purchases of receivables.

Table 48: Investments of the Group measured at fair value through comprehensive income by stages and credit ratings 2023

Credit rating	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
AAA-AA	6,663,797	-	-	6,663,797
A	4,202,048	-	-	4,202,048
BBB-BB	19,428,689	-	-	19,428,689
B	639,187	-	-	639,187
CCC-CC	-	-	-	-
C	-	-	-	-
D	-	-	-	-
Not rated	291,950	-	-	291,950
<b>Balance as at 31 Dec 2023</b>	<b>31,225,672</b>	<b>-</b>	<b>-</b>	<b>31,225,672</b>

Table 49: Investments of the Group measured at fair value through comprehensive income by stages and credit ratings 2022

Credit rating	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
AAA-AA	5,385,656	-	-	5,385,656
A	3,222,221	-	-	3,222,221
BBB-BB	15,952,940	-	-	15,952,940
B	503,763	-	-	503,763
CCC-CC	-	-	-	-
C	-	-	-	-
D	-	-	-	-
Not rated	2,769,195	-	-	2,769,195
<b>Balance as at 31 Dec 2022</b>	<b>27,833,776</b>	<b>-</b>	<b>-</b>	<b>27,833,776</b>

Table 50: Changes in the investments of the Group measured at amortised cost in 2023

in EUR	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 Jan 2023	162,641	0	0	162,641
Transfers	16,283	0	0	16,283
From Stage 1 to Stage 2	0	0	0	0
Other net changes (purchases, sales, rating changes)	-16.592	0	0	-16.592
<i>Total change recognised in profit or loss</i>	<i>-16.592</i>	<i>0</i>	<i>0</i>	<i>-16.592</i>
<b>Balance as at 31 Dec 2023</b>	<b>162.332</b>	<b>0</b>	<b>0</b>	<b>162.332</b>

Table 51: Changes in the investments of the Group measured at amortised cost in 2022

in EUR	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance as at 1 Jan 2022	27,902	0	0	27,902
Transfers	6,507	0	0	6,507
From Stage 1 to Stage 2	0	0	0	0
Other net changes (purchases, sales, rating changes)	121,270	0	0	121,270
<i>Total change recognised in profit or loss</i>	<i>121,270</i>	<i>0</i>	<i>0</i>	<i>121,270</i>
<b>Balance as at 31 Dec 2022</b>	<b>155,679</b>	<b>0</b>	<b>0</b>	<b>155,679</b>

Table 52: Changes in the investments of the Group measured at fair value through comprehensive income in 2023

in EUR	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance as at 1 Jan 2023	28,688	0	0	28,688
Transfers	0	0	0	0
From Stage 1 to Stage 2	0	0	0	0
Other net changes (purchases, sales, rating changes)	52,219	0	0	52,219
<i>Total change recognised in profit or loss</i>	52,219	0	0	52,219
Balance as at 31 Dec 2023	80,907	0	0	80,907

Table 53: Changes in the investments of the Group measured at fair value through comprehensive income in 2022

in EUR	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Loss allowance as at 1 Jan 2022	13,381	0	0	13,381
Transfers	0	1	2	3
From Stage 1 to Stage 2	0	0	0	0
Other net changes (purchases, sales, rating changes)	20,785	0	0	20,785
<i>Total change recognised in profit or loss</i>	20,785	0	0	20,785
Balance as at 31 Dec 2022	34,166	0	0	34,166

Table 54: Changes in investments

in EUR	Prva Group		The Group	
	2023	2022	2023	2022
Opening balance as at 1 Jan	3,926,770	7,221,969	67,198,378	73,629,849
Purchases	-7,081,819	7,726,236	81,048,089	144,442,608
Sell/maturity	8,209,722	-11,148,484	-93,345,182	-141,102,327
Revaluation	731,024	127,048	28,756,274	-9,771,751
Closing balance as at 31 Dec	5,785,696	3,926,770	83,657,560	67,198,378

Table 55: Naložbe v vrednostne papirje

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Investments traded on the organised market	0	398,419	67,222,156	53,774,875
Investments not traded on the organised market	5,785,696	3,528,351	16,435,404	13,423,503
<b>Total</b>	<b>5,785,696</b>	<b>3,926,770</b>	<b>83,657,560</b>	<b>67,198,378</b>

### 15.5.1 Fair value of investments

Table 56: Overview of the financial instruments of the Company - carrying amount and fair value

in EUR	Carrying amount		Fair value	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Investments into securities	5,785,696	3,926,770	5,785,696	3,926,770
1. Measured at amortised cost	1,526,322	398,419	1,526,322	398,419
2. Measured at fair value through other comprehensive income	4,259,375	3,528,351	4,259,375	3,528,351
3. Measured at fair value through profit or loss	0	0	0	0

The Company assumes that the carrying amounts of trade receivables, other receivables, and cash are the best approximation of fair values, so they are not included in the table above.

Table 57: Presentation of the financial instruments of the Group - carrying amount and fair value

in EUR	Carrying amount		Fair value	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2023
<b>Total financial assets</b>	<b>519,637,386</b>	<b>456,564,906</b>	<b>519,995,254</b>	<b>456,846,001</b>
Investments into securities	83,657,560	67,198,379	83,819,892	67,354,059
1. Measured at amortised cost	29,014,219	20,899,043	29,176,551	21,054,722
2. Measured at fair value through other comprehensive income	31,225,671	27,833,776	31,225,671	27,833,776
3. Measured at fair value through profit or loss	23,417,670	18,465,560	23,417,670	18,465,560
Investment property	3,109,000	3,040,000	3,109,000	3,040,000
Assets from pension and annuity policyholders	432,870,826	386,326,527	433,066,362	386,451,942

## 15.5.2 Assets and liabilities in terms of fair value hierarchy

Table 58: Assets and liabilities in terms of fair value measurement for Prva Group in 2023

in EUR	Stage 1	Stage 2	Stage 3	Total	
<b>ASSETS at fair value</b>					
<b>Investments</b>	0	0	4,259,375	4,259,375	
Investments into securities	0	0	4,259,375	4,259,375	
<i>Measured at fair value through other comprehensive income</i>	0	0	4,259,375	4,259,375	
<i>Measured at fair value through profit of loss</i>	0	0	0	0	
<b>ASSETS whose fair value is disclosed</b>					
Receivables	0	0	1,391	1,391	
<i>At amortised cost</i>	0	0	1,526,322	1,526,322	
Cash	106,808	0	0	106,808	
<b>LIABILITIES whose fair value is disclosed</b>					
Other liabilities		0	0	60,456	60,456

Table 59: Assets and liabilities in terms of fair value measurement for Prva Group in 2022

in EUR	Stage 1	Stage 2	Stage 3	Total
<b>ASSETS at fair value</b>				
<b>Investments</b>	0	0	3,528,351	3,528,351
Investments into securities	0	0	3,528,351	3,528,351
<i>Measured at fair value through other comprehensive income</i>	0	0	3,528,351	3,528,351
<i>Measured at fair value through profit of loss</i>	0	0	0	0
<b>ASSETS whose fair value is disclosed</b>				
Receivables	0	0	1,268	1,268
<i>At amortised cost</i>	0	0	398,419	398,419
Cash and cash equivalents	4,161,129	0	0	4,161,129
<b>LIABILITIES whose fair value is disclosed</b>				
Other liabilities	0	0	30,538	30,538

The Group estimates that the carrying amounts of trade receivables and other receivables are the best approximation of fair values, so they are not included in the table above.

The Company discloses an investment in DBS d. d. of EUR 4,259,375 at Stage 3. There were no transfers between stages in 2023 and 2022.

Table 60: Changes in financial investments in Stage 3 for Prva Group 2023

	1 Jan 2023	Loss/gain recognised in other comprehensive income	Purchases	Sales	Maturity	31 Dec 2023
Investments measured at fair value through profit or loss	0	0	0	0	0	0
Measured at fair value through other comprehensive income	3,528,351	731,024	0	0	0	4,259,375
<b>Total</b>	<b>3,528,351</b>	<b>731,024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,259,375</b>

Table 61: Changes in financial investments in Stage 3 for Prva Group 2022

	1 Jan 2022	Loss/gain recognised in other comprehensive income	Purchases	Sales	Maturity	31 Dec 2022
Investments measured at fair value through profit or loss	91,575	855	0	0	92,430	0
Measured at fair value through other comprehensive income	3,401,584	126,767	0	0	0	3,528,351
<b>Total</b>	<b>3,493,159</b>	<b>127,622</b>	<b>0</b>	<b>0</b>	<b>92,430</b>	<b>3,528,351</b>

Table 62: Assets and liabilities of the Group in terms of fair value hierarchy for the Group in 2023

in EUR	Stage 1	Stage 2	Stage 3	Total
<b>ASSETS at fair value</b>				
<b>Investments</b>	36,650,668	4,989,607	13,003,067	54,643,342
Investments into securities	36,650,668	4,989,607	13,003,067	54,643,342
<i>Measured at fair value through profit of loss</i>	18,660,021	0	4,757,649	23,417,670
<i>Measured at fair value through other comprehensive income</i>	17,990,647	4,989,607	8,245,418	31,225,672
Assets on the accounts of pension policyholders	197,233,589	17,399,094	89,766,106	304,398,788
<i>Investments into securities</i>	197,233,589	17,399,094	72,976,858	287,609,541
<i>Measured at fair value through profit of loss</i>	188,454,632	15,897,033	71,743,862	276,095,527
<i>Measured at fair value through other comprehensive income</i>	8,778,957	1,502,061	1,232,996	11,514,014
<i>Investment property</i>	0	0	16,789,247	16,789,247
<b>ASSETS whose fair value is disclosed</b>				
Receivables and other assets	0	0	1,978,690	1,978,690
Investments into securities	2,557,885	656,654	25,799,679	29,014,217
<i>Held-to-maturity</i>	2,557,885	656,654	25,799,679	29,014,217
Assets from financial contracts	11,539,024	85,452,871	31,480,143	128,472,037
<i>At amortised cost</i>	98,256	85,452,871	30,780,693	116,331,820
<i>Other receivables (assets)</i>	0	0	699,450	699,450
<i>Cash and cash equivalents</i>	11,440,768	0	0	11,440,768
Insurance contracts that are assets	0	0	240	240
Reinsurance contracts that are assets	0	0	1,310,907	1,310,907
Cash and cash equivalents	4,446,287	0	0	4,446,287
<b>LIABILITIES whose fair value is disclosed</b>				
Insurance contracts that are liabilities	0	0	28,520,727	28,520,727
Reinsurance contracts that are liabilities	0	0	74,487	74,487
Other liabilities	0	0	1,961,872	1,961,872
Liabilities from financial contracts	0	0	432,870,826	432,870,826

Table 63: Assets and liabilities of the Group in terms of fair value hierarchy for the Group in 2022

in EUR	Stage 1	Stage 2	Stage 3	Total
<b>ASSETS at fair value</b>				
<b>Investments</b>	17,170,975	17,673,508	11,454,852	46,299,336
Investments into securities	17,170,975	17,673,508	11,454,852	46,299,336
<i>Measured at fair value through profit of loss</i>	12,766,024	1,603,411	4,096,124	18,465,560
<i>Measured at fair value through other comprehensive income</i>	4,404,951	16,070,097	7,358,728	27,833,776
Assets from financial contracts	100,327,379	87,287,746	92,554,357	280,169,482
<i>Investments into securities</i>	100,327,379	87,287,746	76,438,357	264,053,482
<i>Measured at fair value through profit of loss</i>	94,657,231	74,719,237	74,959,668	244,336,136
<i>Measured at fair value through other comprehensive income</i>	5,670,148	12,568,509	1,478,689	19,717,346
<i>Investment property</i>	0	0	16,116,000	16,116,000
<b>ASSETS whose fair value is disclosed</b>				
Receivables and other assets	0	0	3,541,678	3,541,678
Investments into securities	228,736	657,440	20,012,867	20,899,043
<i>Held-to-maturity</i>	228,736	657,440	20,012,867	20,899,043
Assets from financial contracts	19,512,326	0	86,644,717	106,157,043
<i>At amortised cost</i>	0	0	85,254,917	85,254,917
<i>Other receivables (assets)</i>	0	0	1,389,799	1,389,799
<i>Cash and cash equivalents</i>	19,512,326	0	0	19,512,326
Insurance contracts that are assets	0	0	1,831	1,831
Reinsurance contracts that are assets	0	0	1,583,943	1,583,943
Cash and cash equivalents	8,149,091	0	0	8,149,091
<b>LIABILITIES whose fair value is disclosed</b>				
Insurance contracts that are liabilities	0	0	23,038,566	23,038,566
Reinsurance contracts that are liabilities	0	0	92,749	92,749
Other liabilities	0	0	1,742,922	1,742,922
Liabilities from financial contracts	0	0	386,326,527	386,326,527

Table 64: Changes in Stage 3 financial investments of the Group in 2023

	1 Jan 2023	Gains or losses recognised in profit or loss/CI	Purchases	Sales	Maturity	31 Dec 2023
Investments measured at fair value through profit or loss	4,096,124	-179,484	921,375	0	80,367	4,757,649
Investments measured at fair value through other comprehensive income	7,358,728	1,087,726	0	201,036	0	8,245,418
<b>Total</b>	<b>11,454,851</b>	<b>908,243</b>	<b>921,375</b>	<b>201,036</b>	<b>80,367</b>	<b>13,003,067</b>

Table 65: Changes in Stage 3 financial investments of the Group in 2022

	1 Jan 2022	Gains or losses recognised in profit or loss/CI	Purchases	Sales	Maturity	31 Dec 2022
Investments measured at fair value through profit or loss	7,970,978	-4,912,052	1,223,036	0	185,839	4,096,124
Investments measured at fair value through other comprehensive income	9,072,952	-1,908,977	400,000	205,247	0	7,358,728
<b>Total</b>	<b>10,941,001</b>	<b>771,504</b>	<b>9,019,024</b>	<b>3,847,198</b>	<b>2,621,698</b>	<b>14,262,633</b>

Table 66: Changes in Stage 3 assets from financial contracts of the Group in 2023

	1 Jan 2023	Gains or losses recognised in profit or loss	Purchases	Sales	Maturity	31 Dec 2023
Investments measured at fair value through profit or loss	74,959,668	-6,631,463	5,942,309	2,526,653	0	71,743,862
Investments measured at fair value through other comprehensive income	1,478,689	-245,693	0	0	0	1,232,996
Real estate measured at fair value through profit or loss	16,116,000	673,247	0	0	0	16,789,247
<b>Total</b>	<b>92,554,357</b>	<b>-6,203,909</b>	<b>5,942,309</b>	<b>2,526,653</b>	<b>0</b>	<b>89,766,106</b>

Table 67: Changes in Stage 3 assets from financial contracts of the Group in 2022

	1 Jan 2022	Gains or losses recognised in profit or loss	Purchases	Sales	Maturity	31 Dec 2022
Investments measured at fair value through profit or loss	71,866,687	-2,549,179	11,273,266	5,631,105	0	74,959,668
Investments measured at fair value through other comprehensive income	1,512,513	-28,577	200,000	205,247	0	1,478,689
Real estate measured at fair value through profit or loss	16,623,412	-507,412	0	0	0	16,116,000
<b>Total</b>	<b>90,002,612</b>	<b>-3,085,168</b>	<b>11,473,266</b>	<b>5,836,352</b>	<b>0</b>	<b>92,554,357</b>

### 15.5.3 Assets of unit-linked policyholders

Among the financial investments in the amount of EUR 83,657,560 (2022: EUR 67,198,378), which are explained in more detail in point 15.5.1, the Group also shows assets of unit-linked policyholders, which are explained below.

Table 68: Assets of unit-linked policyholders

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Investments measured at amortised cost	0	0	748,185	324,767
Investments measured at fair value through profit or loss	0	0	15,884,947	12,072,618
Other assets	0	0	2,050,898	1,586,610
<b>Total</b>	<b>0</b>	<b>0</b>	<b>18,684,030</b>	<b>13,983,995</b>

Table 69: Investments of unit-linked policy holders

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Securities of unit-linked policyholders measured at fair value through profit or loss	0	0	15,884,947	12,072,618
· equity securities and ETF shares	0	0	15,106,681	11,362,727
· debt securities	0	0	778,266	709,891
Securities of unit-linked policyholders measured at amortised cost	0	0	784,185	324,767
Other investments measured at amortised cost (deposits)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>16,669,132</b>	<b>12,397,385</b>

## 15.6 ASSETS FROM FINANCIAL CONTRACTS

Assets from financial contracts relate to pension funds and the annuity fund of Prva pokojninska družba d. d.

Table 70: Assets from financial contracts at carrying amount and fair value for pension and annuity policyholders

in EUR	Carrying amount		Fair value	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Investments into securities	403,941,361	349,308,400	404,136,896	349,433,817
1. Measured at amortised cost	116,331,820	85,254,917	116,527,355	85,380,334
2. Measured at fair value through other comprehensive income	11,514,014	19,717,346	11,514,014	19,717,346
2. Measured at fair value through profit or loss	276,095,527	244,336,136	276,095,527	244,336,136
Investment property	16,789,247	16,116,000	16,789,247	16,116,000
Trade receivables (from policyholders)	0	0	0	0
Other receivables (assets)	699,450	1,389,799	699,450	1,389,799
Cash and cash equivalents	11,440,768	19,512,326	11,440,768	19,512,326
<b>Total assets</b>	<b>432,870,826</b>	<b>386,326,526</b>	<b>433,066,362</b>	<b>386,451,942</b>
Liabilities from direct insurance operations	426,625,567	380,696,393	426,625,567	380,696,393
Other liabilities	6,245,259	5,630,133	6,245,259	5,352,275
<b>Total liabilities</b>	<b>432,870,826</b>	<b>386,326,526</b>	<b>432,870,826</b>	<b>386,048,668</b>

**15.6.1 Assets from financial contracts of the annuity fund**

Table 71: Assets from financial contracts of the annuity fund

in EUR	Carrying amount		Fair value	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Investments into securities	31,120,482	24,584,551	31,140,792	24,586,849
1. Measured at amortised cost	17,607,196	2,073,832	17,627,506	2,076,130
2. Measured at fair value through other comprehensive income	11,514,014	19,717,346	11,514,014	19,717,346
2. Measured at fair value through profit or loss	1,999,272	2,793,373	1,999,272	2,793,373
Other receivables (assets)	20,443	302,033	20,443	302,033
Cash and cash equivalents	1,565,817	2,925,174	1,565,817	2,925,174
<b>Total assets</b>	<b>32,706,742</b>	<b>27,811,758</b>	<b>32,727,052</b>	<b>27,814,056</b>

The Group assumes that the carrying amounts of trade receivables, other receivables, and cash are the best approximation of fair values, so they are not included in the table above.

Table 72: Changes in financial investments of the annuity fund

in EUR	At amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit of loss
1 Jan 2023	2,073,832	19,717,346	2,793,373
Increase	8,007,065	24,879,283	92,735,565
Revaluation	-9,326,537	8,092,166	-43,759
Maturity/sales	1,800,238	24,990,449	93,573,424
<b>Balance as at 31 Dec 2023</b>	<b>17,607,196</b>	<b>11,514,014</b>	<b>1,999,272</b>

Table 73: The structure of papers according to the form of interest rate - annuity insurance

in EUR	31 Dec 2023	31 Dec 2022
Debt securities	30,024,786	23,108,976
• fixed interest rate	30,024,786	23,108,976
• variable interest rate	0	0
Equity securities and ETFs	1,095,696	1,475,575
<b>Total</b>	<b>31,120,482</b>	<b>24,584,551</b>

## 15.6.2 Assets from financial contracts of pension funds

Table 74: Financial investments of pension funds

in EUR	Carrying amount		Fair value	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Investments into securities	372,820,879	324,723,849	372,996,104	324,846,967
1. Measured at amortised cost	98,724,624	83,181,085	98,899,849	83,304,204
2. Measured at fair value through profit or loss	274,096,255	241,542,764	274,096,255	241,542,764
Investment property	16,789,247	16,116,000	16,789,247	16,116,000
Trade receivables (from policyholders)	0	0	0	0
Other receivables (assets)	679,007	1,087,766	679,007	1,087,766
Cash and cash equivalents	9,874,951	16,587,153	9,874,951	16,587,153
<b>Total assets</b>	<b>400,164,084</b>	<b>358,514,768</b>	<b>400,339,309</b>	<b>358,637,886</b>

The Group assumes that the carrying amounts of trade receivables, other receivables, and cash are the best approximation of fair values, so they are not included in the table above.

Table 75: Investments on accounts of pension policyholders by fund

		31 Dec 2023	31 Dec 2022
Prva and Prva+ Dinamični	Investments into securities held-to-maturity	2,323,602	1,653,999
	Investments into securities measured at fair value through profit or loss	87,740,320	70,498,887
	Real estate	0	0
	Cash and cash equivalents	462,334	2,406,609
Prva and Prva+ Uravnoveženi	Investments into securities held-to-maturity	5,427,161	4,066,128
	Investments into securities measured at fair value through profit or loss	84,730,366	64,307,211
	Real estate	0	0
	Cash and cash equivalents	1,367,565	2,265,648
Pension fund Prva Zajamčeni	Investments into securities held-to-maturity	10,363,819	8,530,773
	Investments into securities measured at fair value through profit or loss	11,981,270	13,308,254
	Real estate	1,432,560	1,361,982
	Cash and cash equivalents	525,299	683,070
Pension fund Prva+ Zajamčeni	Investments into securities held-to-maturity	80,610,042	68,930,185
	Investments into securities measured at fair value through profit or loss	89,644,299	93,428,411
	Real estate	15,356,688	14,754,018
	Cash and cash equivalents	3,760,489	7,599,998

Investments of pension funds in deposits with banks and savings banks represent long-term and short-term deposits and commercial records, denominated in euros. The interest rates on deposits range from 4.5% to 6.0% annually (2022: from -0.5% to 6.0%).

Investments in securities valued at maturity represent deposits, bills, bonds, and commercial papers

of Slovenian issuers.

Investments in securities measured at fair value through profit or loss represent shares and investment fund units traded on the securities market as well as shares not traded on the securities market, treasury bills, and corporate bonds from the organised markets of the Republic of Slovenia and EC and OECD countries, as well as other countries.

Investment property is measured at fair value. In 2023, the value increased by EUR 673,247. Rent revenue of pension funds amounted to EUR 1,215,987, while the costs of property maintenance amounted to EUR 52,457.

*Table 76: Changes in investments in securities on accounts of pension policyholders*

in EUR	31 Dec 2023	31 Dec 2022
Balance as at 1 Jan	324,723,849	330,085,229
Increase	90,300,853	152,623,379
Revaluation	20,218,866	-30,620,803
Decrease	-62,422,689	-127,363,956
Balance as at 31 Dec	372,820,879	324,723,849

*Table 77: Structure of securities based on type of interest rate on accounts of pension policyholders*

in EUR	31 Dec 2023	31 Dec 2022
Debt securities	190,547,600	179,895,286
- Fixed interest rate	190,543,156	179,892,488
- Variable interest rate	4,444	2,798
Equity securities	182,273,278	144,828,563
<b>Total</b>	<b>372,820,879</b>	<b>324,723,849</b>

The effective interest rate on securities of pension funds ranges from 0.14% to 35.07% (2022: from 1.3% to 36.2%).

The Company has no investments valued at cost in the pension funds in the portfolio of investments.

As at 31 December 2023, the Company conducted an internal appraisal of pension funds' investment property based on the direct capitalisation of profits method and the discounted cash flow method.

The following assumptions were used in the appraisals:

- Ameriška ulica 8:
  - capitalisation rate: 7.33%
  - non-occupancy and non-recoverability deduction: 3%
- Ameriška ulica 4:
  - capitalisation rate: 7.75%
  - non-occupancy and non-recoverability deduction: 3%
- sheltered housing units:
  - discount rate: 4.17%

As at 30 November 2023, the Company also conducted an internal appraisal of shares of Prva Group owned by pension funds based on the summation method, where each investment was assessed separately. Within the assessment of these investments, several different methods were used. The following assumptions were used in the appraisals:

- discount rate for minority interest: 25%
- discount for lack of marketability: 15%
- control premium: 0%

As at 30 June 2023, the Company also conducted an external appraisal of investments in DBS shares owned by pension funds based on the capitalisation method of normalised free cash flow and the method of market comparisons.

The following assumptions were used in the appraisals:

- discount rate: 11.1%
- growth rate: 2.2%
- control mark-up 2.2%
- discount for lack of marketability 10.4%

## 15.7 OTHER RECEIVABLES AND OTHER ASSETS

Table 78: Receivables and other assets

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Direct insurance receivables	0	0	82,312	77,379
Current trade receivables	439	300	72,865	127,580
Current advances granted	0	0	52,016	77,842
Receivables from corporate income tax	0	0	4,443	191,957
Receivables from the state and other institutions	555	8	23,870	31,622
Assets from financial contracts	0	0	0	68,207
Other receivables and assets	0	77	1,265,016	2,515,509
<b>Total</b>	<b>995</b>	<b>384</b>	<b>1,500,522</b>	<b>3,090,097</b>

Table 79: Other assets

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Deffered expenses	396	882	130,977	124,997
Accrued income	0	0	347,190	326,583
<b>Total</b>	<b>396</b>	<b>882</b>	<b>478,167</b>	<b>451,580</b>

## 15.8 CASH AND CASH EQUIVALENTS

Table 80: Cash and cash equivalents

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Cash on hand	0	0	513	137
Cash on current accounts (local currency)	106,808	4,161,129	3,828,591	7,412,889
Cash on current accounts (foreign currency)	0	0	107,256	18,947
Deposits with up to 3-month maturity at banks	0	0	509,926	717,118
<b>Total</b>	<b>106,808</b>	<b>4,161,129</b>	<b>4,446,287</b>	<b>8,149,091</b>

Deposits with up to three month maturity are disclosed together with the interest accrued in accordance with contractual provisions.

## 15.9 EQUITY

### 15.9.1 Share capital

As at 31 December 2023, the share capital of the Company amounted to EUR 13,386,247, of which EUR 6,704,638 relates to ordinary shares, with the difference in the amount of EUR 6,681,609 relating to preference shares.

The ultimate parent of Prva Group is Prva Finance d.o.o. with registered office at Devinska 1, Ljubljana. Prva Finance was set up in 2021 after separation from the A-Z Finance Group, which was established in 1998. The majority owner of the company is Alenka Žnidaršič Kranjc. The company holds a 73.93% stake of Prva Group. The consolidated annual report is compiled by Prva Finance d.o.o. and can be obtained at the company's headquarters. The capital of the Group represents the capital of Prva Group and the capital of a non-controlling interest.

Table 81: Share capital

in EUR	31 Dec 2023	31 Dec 2022
Approved share capital (ordinary shares with a face value of EUR 23.00)	6,704,638	6,704,638
Approved share capital (preference shares with a face value of EUR 33.00)	6,681,609	6,681,609
Share capital (ordinary shares with a face value of EUR 23.00)	6,704,638	6,704,638
Share capital (preference shares with a face value of EUR 33.00)	6,681,609	6,681,609
<b>Total share capital (issued and paid-in shares)</b>	<b>13,386,247</b>	<b>13,386,247</b>

Table 82: Number of issued and paid-in shares

in EUR	Ordinary shares		Preference shares	
	2023	2022	2023	2022
As at 1 Jan	291,484	291,484	202,437	202,437
Issued	0	0	0	0
<b>As at 31 Dec</b>	<b>291,484</b>	<b>291,484</b>	<b>202,437</b>	<b>202,437</b>

As at 31 December 2023, the Company owns 18 ordinary and 10,299 preference shares (in 2022: 18 ordinary and 10,299 preference shares).

### 15.9.2 Capital surplus

Capital surplus comprises the surplus of capital paid (payments above the minimum emission values of shares or stakes) in the amount of EUR 6,278,574 (2022: EUR 6,278,574) and cannot be distributed. Other revenue reserves amount to EUR 3,388 (2022: EUR 3,388).

The Company separately discloses reserves for own shares in the amount of EUR -267,588 (2022: EUR -1,110) as a negative component of capital. Changes in capital surplus can be seen in the Statement of changes in equity.

Exchange rate differences arising from the translation of the functional currencies into the reporting currency are recognised directly in the statement of comprehensive income until the sale of a subsidiary when the exchange rate differences are transferred to profit or loss. These differences cannot be divided.

Undistributed profits are not earmarked and can be used for the payment of dividends in ensuing years.

## 15.10 PROPOSED AND PAID-OUT DIVIDENDS

As at 31 December 2023, the distributable profit of Prva Group amounts to EUR 5,166,626 (2022: EUR 4,122,635) and is comprised of retained earnings of EUR 1,121,922 EUR (2022: EUR 1,016,181) and of the current year's profit of EUR 4,044,704 (2022: EUR 3,106,454).

The Company has also paid dividends in previous years. In 2023, EUR 380,433 of dividends were paid to preference shareholders. Ordinary shareholders received EUR 2,620,279 of dividends.

The Company intends to pay dividends to ordinary and preference shareholders for the 2023 financial year. A proposal to pay dividends totalling EUR 4 million will be submitted for approval by the General Meeting to be held in May 2024. Dividends, which are announced after the reporting period, are not included in the liabilities item in the balance sheet.

## 15.11 INSURANCE CONTRACTS THAT ARE ASSETS OR LIABILITIES

Table 83: Carrying amount from insurance contracts as at 31 Dec 2023

Balance as at 31 Dec 2023 (in EUR)	Insurance contracts that are assets	Insurance contracts that are liabilities	Total
<b>Non-life insurance</b>	<b>0</b>	<b>550,302</b>	<b>550,302</b>
General measurement model (GMM)	0	435,900	435,900
Premium allocation approach (PAA)	0	39,197	39,197
Variable fee approach (VFA)	0	0	0
Unallocated liabilities/receivables	0	75,205	75,205
<b>Life insurance</b>	<b>-240</b>	<b>27,970,427</b>	<b>27,970,187</b>
General measurement model (GMM)	-240	11,397,251	11,397,011
Premium allocation approach (PAA)	0	1,407	1,407
Variable fee approach (VFA)	0	16,205,257	16,205,257
Unallocated liabilities/receivables	0	366,512	366,512
<b>Total</b>	<b>-240</b>	<b>28,520,729</b>	<b>28,520,489</b>

Table 84: Carrying amount from insurance contracts as at 31 Dec 2022

Balance as at 31 Dec 2022 (in EUR)	Insurance contracts that are assets	Insurance contracts that are liabilities	Total
<b>Non-life insurance</b>	<b>-1,492</b>	<b>513,454</b>	<b>511,962</b>
General measurement model (GMM)	0	462,298	462,298
Premium allocation approach (PAA)	-1,492	28,878	27,386
Variable fee approach (VFA)	0	0	0
Unallocated liabilities/receivables	0	22,278	22,278
<b>Life insurance</b>	<b>-339</b>	<b>22,525,112</b>	<b>22,524,773</b>
General measurement model (GMM)	-339	10,017,922	10,017,583
Premium allocation approach (PAA)	0	0	0
Variable fee approach (VFA)	0	12,362,602	12,362,602
Unallocated liabilities/receivables	0	144,588	144,588
<b>Total</b>	<b>-1,831</b>	<b>23,038,566</b>	<b>23,036,735</b>

Table 85: Distribution of unallocated liabilities

in EUR	2023	2022
Accrued brokerage commission costs	208,780	26,137
Revaluation operating receivables	139,534	109,669
Liabilities to policyholders	78,650	19,385
Tax liabilities for insurance transactions	14,753	11,675
<b>Total</b>	<b>441,717</b>	<b>166,866</b>

Table 86: Movements in liabilities for remaining coverage (LRC) and liabilities for incurred claims (LIC) in 2023

in EUR	Liabilities for remaining coverage		Liabilities for incurred claims Contracts under PAA			Total
	Excluding loss component	Loss component	Contracts not under PAA	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
<b>2023</b>						
<b>Net opening balance</b>	20,028,640	1,381,753	1,484,963	530	14	22,895,900
Assets	-6,518	4,464	0	217	6	-1,831
Liabilities	20,035,157	1,377,289	1,484,963	313	9	22,897,731
Changes in the statement of profit or loss and other comprehensive income						
<b>Insurance contract revenue</b>	12,523,207	0	0	0	0	12,523,207
Measured under the modified retrospective transition approach	-74,747	0	0	0	0	-74,747
Measured under the fair value transition approach	0	0	0	0	0	0
Other contracts	12,448,460	0	0	0	0	12,448,460
<b>Insurance service expenses</b>	4,173,276	-337,740	5,682,221	1,192,432	-1	10,710,188
Incurring claims and other insurance service expenses	0	-104,202	5,682,221	1,192,432	-1	6,770,451
Claims and other insurance service expenses incurred in the period	0	-104,202	5,600,384	1,192,955	13	6,689,151
Changes for claims and other insurance service expenses incurred in the past	0	0	81,837	-523	-14	81,299
Amortisation of insurance acquisition cash flows	4,173,276	0	0	0	0	4,173,276
Losses and reversals of losses on onerous contracts	0	-233,538	0	0	0	-233,538
<b>Investment components</b>	-1,338,677	0	1,338,677	0	0	0
<b>Insurance service result</b>	-9,688,609	-337,740	7,020,898	1,192,432	-1	-1,813,019
<b>Net finance expenses from insurance contracts without effect of FX movements</b>	2,480,513	30,859	74,082	1	0	2,585,454
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	-7,208,096	-306,881	7,094,980	1,192,433	-1	772,435
<b>Cash flows</b>	11,915,111	0	-6,312,208	-1,192,466	0	4,410,437
Premiums received	16,320,420	0	0	0	0	16,320,420
Insurance service expenses paid, including investment components	0	0	-6,312,208	-1,192,466	0	-7,504,674
Insurance acquisition cash flows	-4,405,309	0	0	0	0	-4,405,309
<b>Net closing balance</b>	24,735,655	1,074,872	2,267,735	497	14	28,078,773
Assets	-3,893	3,653	0	0	0	-240
Liabilities	24,739,548	1,071,219	2,267,735	497	14	28,079,013

Table 87: Movements in liabilities for remaining coverage (LRC) and liabilities for incurred claims (LIC) in 2022

in EUR	Liabilities for remaining coverage		Liabilities for incurred claims Contracts under PAA			Total
	Excluding loss component	Loss component	Contracts not under PAA	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
<b>2022</b>						
<b>Net opening balance</b>	21,574,206	1,250,417	1,577,198	0	0	24,401,821
Assets	-5,741	5,080	0	0	0	-661
Liabilities	21,579,947	1,245,337	1,577,198	0	0	24,402,482
Changes in the statement of profit or loss and other comprehensive income						
<b>Insurance contract revenue</b>	-	0	0	0	0	-
Measured under the modified retrospective transition approach	11,196,473	0	0	0	0	11,196,473
Measured under the fair value transition approach	-87,161	0	0	0	0	-87,161
Other contracts	0	0	0	0	0	0
	11,109,313	0	0	0	0	11,109,313
<b>Insurance service expenses</b>	4,001,508	110,756	4,449,004	837,894	14	9,399,177
Incurring claims and other insurance service expenses	0	-157,159	4,449,004	837,894	14	5,129,754
Claims and other insurance service expenses incurred in the period	0	-157,159	4,581,155	837,894	14	5,261,904
Changes for claims and other insurance service expenses incurred in the past	0	0	-132,150	0	0	-132,150
Amortisation of insurance acquisition cash flows	4,001,508	0	0	0	0	4,001,508
Losses and reversals of losses on onerous contracts	0	267,915	0	0	0	267,915
<b>Investment components</b>	-1,108,613	0	1,108,613	0	0	0
<b>Insurance service result</b>	-8,303,578	110,756	5,557,617	837,894	14	-1,797,296
<b>Net finance expenses from insurance contracts without effect of FX movements</b>	-3,902,804	20,581	-188,407	-3	0	-4,070,632
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	-	131,337	5,369,211	837,891	14	-5,867,929
<b>Cash flows</b>	10,660,815	0	-5,461,445	-837,361	0	4,362,008
Premiums received	14,783,421	0	0	0	0	14,783,421
Insurance service expenses paid, including investment components	0	0	-5,461,445	-837,361	0	-6,298,806
Insurance acquisition cash flows	-4,122,606	0	0	0	0	-4,122,606
<b>Net closing balance</b>	20,028,640	1,381,753	1,484,963	530	14	22,895,900
Assets	-6,518	4,464	0	217	6	-1,831
Liabilities	20,035,157	1,377,289	1,484,963	313	9	22,897,731

## 15.12 REINSURANCE CONTRACTS THAT ARE ASSETS OR LIABILITIES

Table 88: Carrying amount of assets and liabilities under reinsurance contracts as at 31 December 2023

Balance as at 31 Dec 2023 (in EUR)	Reinsurance contracts that are assets	Reinsurance contracts that are liabilities	Total
<b>Non-life insurance</b>	<b>-77,407</b>	<b>0</b>	<b>-77,407</b>
General measurement model (GMM)	-48,672	0	-48,672
Premium allocation approach (PAA)	0	0	0
Variable fee approach (VFA)	0	0	0
Unallocated liabilities/receivables	-28,735	0	-28,735
<b>Life insurance</b>	<b>-1,233,500</b>	<b>74,487</b>	<b>-985,873</b>
General measurement model (GMM)	-1,060,360	74,487	-985,873
Premium allocation approach (PAA)	0	0	0
Variable fee approach (VFA)	0	0	0
Unallocated liabilities/receivables	-173,140	0	-173,140
<b>Total</b>	<b>-1,310,907</b>	<b>74,487</b>	<b>-1,236,419</b>

Table 89: Carrying amount of assets and liabilities under reinsurance contracts as at 31 December 2022

Balance as at 31 Dec 2022 (in EUR)	Reinsurance contracts that are assets	Reinsurance contracts that are liabilities	Total
<b>Non-life insurance</b>	<b>-109,758</b>	<b>0</b>	<b>-78,002</b>
General measurement model (GMM)	-49,267	0	-49,267
Premium allocation approach (PAA)	0	0	0
Variable fee approach (VFA)	0	0	0
Unallocated liabilities/receivables	-60,491	0	-28,735
<b>Life insurance</b>	<b>-1,474,183</b>	<b>92,749</b>	<b>-1,381,434</b>
General measurement model (GMM)	-1,262,076	92,749	-1,169,327
Premium allocation approach (PAA)	0	0	0
Variable fee approach (VFA)	0	0	0
Unallocated liabilities/receivables	-212,107	0	-212,107
<b>Total</b>	<b>-1,583,942</b>	<b>92,749</b>	<b>-1,459,436</b>

Table 90: Unallocated liabilities and receivables

EUR	2023	2022
Receivables from reinsurance companies	517,508	567,086
Liabilities to reinsurance companies	315,634	294,487
<b>Total</b>	<b>201,875</b>	<b>272,599</b>

Table 91: Movements of liabilities for remaining coverage (LRC) and liabilities for incurred claims (LIC) in reinsurance in 2023

in EUR	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss recovery component	Loss recovery component	Contracts not under PAA	Contracts under PAA	Estimates of the present value of the future cash flows	
<b>2023</b>						
<b>Net opening balance</b>	-883,969	-334,625	0	0	0	-1,218,594
Assets	-1,045,107	-266,236	0	0	0	-1,311,344
Liabilities	161,138	-68,388	0	0	0	92,749
Changes in the statement of profit or loss and other comprehensive income						
<b>Allocation of reinsurance premiums</b>	633,257	0	0	0	0	633,310
<b>Amounts recoverable from reinsurers</b>	0	255,648	-316,998	0	0	-55,682
Recoveries of incurred claims and other expenses incurred in the period	0	4,597	-316,998	0	0	-306,732
Changes for recoveries of incurred claims and other expenses incurred in the past	0	0	0	0	0	0
Recoveries and reversals of recoveries of losses which relate to onerous underlying contracts	0	251,051	0	0	0	251,051
<b>Reinsurance investment components</b>	453,288	0	-453,288	0	0	0
<b>Net expenses from reinsurance contracts held</b>	1,086,545	255,648	-770,286	0	0	577,629
<b>Effect of changes in non-performance risk of reinsurers</b>	-3	0	0	0	0	-3
<b>Net finance income from reinsurance contracts without effect of FX movements</b>	84,456	-10,098	0	0	0	74,396
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	1,171,051	245,550	-770,286	0	0	652,022
<b>Cash flows</b>	-1,232,499	0	770,286	0	0	-462,187
Premiums paid	-1,232,499	0	0	0	0	-1,232,473
Claims recovered and expenses paid	0	0	770,286	0	0	770,286
<b>Net closing balance</b>	-945,470	-89,075	0	0	0	-1,028,759
Assets	-1,073,670	-35,362	0	0	0	-1,103,246
Liabilities	128,200	-53,712	0	0	0	74,487

Table 92: Movements of liabilities for remaining coverage (LRC) and liabilities for incurred claims (LIC) in reinsurance in 2022

in EUR	Liabilities for remaining coverage		Liabilities for incurred claims Contracts under PAA			Total
	Excluding loss recovery component	Loss recovery component	Contracts not under PAA	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
<b>2022</b>						
<b>Net opening balance</b>	-299,943	-81,794	0	0	0	-381,737
Assets	-572,718	-21,289	0	0	0	-594,007
Liabilities	272,775	-60,505	0	0	0	212,271
Changes in the statement of profit or loss and other comprehensive income						
<b>Allocation of reinsurance premiums</b>	703,139	0	0	0	0	703,139
<b>Amounts recoverable from reinsurers</b>	0	-248,575	-261,091	0	0	-509,667
Recoveries of incurred claims and other expenses incurred in the period	0	32,259	-261,091	0	0	-228,832
Changes for recoveries of incurred claims and other expenses incurred in the past	0	0	0	0	0	0
Recoveries and reversals of recoveries of losses which relate to onerous underlying contracts	0	-280,835	0	0	0	-280,835
<b>Reinsurance investment components</b>	496,450	0	-496,450	0	0	0
<b>Net expenses from reinsurance contracts held</b>	1,199,590	-248,575	-757,542	0	0	193,473
<b>Effect of changes in non-performance risk of reinsurers</b>	-41	0	0	0	0	-41
<b>Net finance income from reinsurance contracts without effect of FX movements</b>	-630,388	-4,256	0	0	0	-634,644
<b>Total changes in the statement of profit or loss and other comprehensive income</b>	569,161	-252,831	-757,542	0	0	-441,212
<b>Cash flows</b>	-1,153,187	0	757,542	0	0	-395,646
Premiums paid	-1,153,187	0	0	0	0	-1,153,187
Claims recovered and expenses paid	0	0	757,542	0	0	757,542
<b>Net closing balance</b>	-883,969	-334,625	0	0	0	-1,218,594
Assets	-1,045,107	-266,236	0	0	0	-1,311,344
Liabilities	161,138	-68,388	0	0	0	92,749

## 15.13 LIABILITIES FROM FINANCIAL CONTRACTS

While Prva Group does not have any liabilities from financial contracts, its subsidiary, Prva pokojninska družba d. d., does, and recognises them in its balance sheet in accordance with IFRS.

Table 93: Liabilities from financial contracts

in EUR	31 Dec 2023	31 Dec 2022
Other liabilities from pension insurance	600,448	693,160
Other liabilities from annuity insurance	5,644,811	4,936,973
Net liabilities from annuity insurance	27,061,931	22,596,928
Net liabilities to pension policyholders	399,563,636	358,099,465
<b>Total</b>	<b>432,870,826</b>	<b>386,326,526</b>

The Group guarantees the guaranteed liabilities and return with its own funds and therefore classifies such contracts as financial contracts.

Table 94: Other liabilities from voluntary supplementary pension insurance

in EUR	31 Dec 2023	31 Dec 2022
Liabilities from insurance transactions	405,117	357,411
Other liabilities	195,332	335,749
<b>Total</b>	<b>600,448</b>	<b>693,160</b>

Table 95: Other liabilities from annuities

in EUR	31 Dec 2023	31 Dec 2022
Liabilities from insurance operations	5,808,013	6,257,774
Other liabilities	-163,202	-1,320,801
<b>Total</b>	<b>5,644,811</b>	<b>4,936,973</b>

Liabilities from insurance operations are liabilities for fees and commission and liabilities to policyholders of Prva pokojninska družba d. d..

Table 96: Net liabilities to pension policyholders

in EUR	31 Dec 2023	31 Dec 2022
Mathematical reserves for paid net premiums	166,465,546	171,590,345
Mathematical reserves for investment return of the fund	48,215,647	38,559,391
<i>Guaranteed return</i>	23,857,290	24,511,706
<i>Return exceeding the guaranteed return</i>	24,358,356	14,047,684
Mathematical reserves for insurance, where the property of the fund is divided into units (VEP)	184,882,443	147,949,730
<b>Total</b>	<b>399,563,636</b>	<b>358,099,465</b>

Net liabilities to pension policyholders represent mathematical reserves which are managed separately for each individual guarantee fund.

Mathematical reserves must comply with the Decision on Detailed Rules and Minimum Standards to be applied in the Calculation of Technical Provisions and at any time equal at least the amount of the surrender value of the insurance.

Thus, (mathematical) provisions are formed for each individual pension fund with guaranteed return and comprise the guaranteed funds on the personal account of policyholders and provisions for returns

exceeding the guaranteed return. The guaranteed value of the fund consists of the payment of the net premium and prescribed guaranteed return.

Table 97: Changes in liabilities to pension policyholders

in EUR		2022
<b>Balance as at 1 Jan 2022</b>		<b>372,154,848</b>
Payments		27,308,164
Redemption and net transfers		-13,794,581
Net result from investments		-23,432,119
Fees		-4,136,848
<b>Balance as at 31 Dec 2022</b>		<b>358,099,465</b>
in EUR		2023
<b>Balance as at 1 Jan 2023</b>		<b>358,099,465</b>
Payments		28,698,487
Redemption and net transfers		-14,405,992
Net result from investments		31,533,957
Fees		-4,362,281
<b>Balance as at 31 Dec 2023</b>		<b>399,563,635</b>

Table 98: Changes in liabilities from annuity insurance

in EUR		2022
<b>Balance as at 1 Jan 2022</b>		<b>22,577,466</b>
Payments		7,856,976
Revaluation		-7,842,162
<b>Balance as at 31 Dec 2022</b>		<b>22,592,280</b>
in EUR		2023
<b>Balance as at 1 Jan 2023</b>		<b>22,592,280</b>
Payments		6,997,886
Revaluation		-2,535,622
<b>Balance as at 31 Dec 2023</b>		<b>27,054,544</b>

## 15.14 LIABILITIES FROM LEASES

Other financial liabilities include liabilities from long-term leases in the amount of EUR 577,609 (2022: EUR 656,690).

Table 99: Maturity of liabilities from leases

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Up to one year	0	0	80,737	80,217
From one to five years	0	0	231,606	273,888
More than 5 years	0	0	280,442	304,045
<b>Total</b>	<b>0</b>	<b>0</b>	<b>592,784</b>	<b>658,150</b>

## 15.15 OTHER FINANCIAL LIABILITIES

Prva Group and the Group do not have any financial liabilities from borrowings.

## 15.16 OTHER LIABILITIES AND PROVISIONS

Table 100: Other liabilities

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Other liabilities	45,171	19,523	1,337,629	1,124,530
Current accrued costs and deferred revenue	15,286	11,015	918,750	618,394
<b>Total</b>	<b>60,456</b>	<b>30,538</b>	<b>2,256,378</b>	<b>1,742,924</b>

Group companies pay their liabilities upon maturity. Other liabilities are mostly related to Prva osebna zavarovalnica d. d. and Prva pokojninska družba and relate to liabilities to suppliers, employees, rent liabilities, and other liabilities.

Table 101: Other provisions

in EUR	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Other provisions	0	0	304,378	238,987
<b>Total</b>	<b>0</b>	<b>0</b>	<b>304,378</b>	<b>238,987</b>

Other provisions in the amount of EUR 304,378 (2022: EUR 238,987) are provisions for pensions, long-service bonuses, and severance pay upon retirement.

## 15.17 OFF-BALANCESHEET LIABILITIES OF THE GROUP

The Group's off-balance sheet liabilities refer to liabilities arising from the pension funds of subsidiaries abroad.

Table 102: Assets of guarantee funds of subsidiaries abroad recognised in the off-balance sheet items (Group disclosure)

in EUR	31 Dec 2023	31 Dec 2022
Fondi Kosovo	8,742,623	8,058,525
KB Prvo Makedonija	1,113,507,381	956,968,687
DDOR Garant Srbija	66,502,661	62,230,742
<b>Total</b>	<b>1,188,752,665</b>	<b>1,027,257,954</b>

Foreign subsidiaries do not guarantee a return on such assets with their own assets and, as result, they do not assume such risk. Hence, the Group does not disclose them as financial contracts.

## 16 OTHER DISCLOSURES TO THE FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

### 16.1 REMUNERATIONS OF MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD, AND TRANSACTIONS WITH AFFILIATED PERSONS

In accordance with the provisions of the Companies Act (the ZGD-1), Prva Group has a Remuneration Policy in place, which was adopted by the Management Board in 2021 and approved by the General Meeting on 27 June 2022. On the same date, the Remuneration Policy was published on the Prva Group's website, together with the Remuneration Report and the Auditor's Report on the review of the Remuneration Report for the 2021 financial year.

In 2023, a total of EUR 40,937 was paid to Management and Supervisory Board members of Prva Group (2022: EUR 46,935).

*Table 103: Costs of the Management and Supervisory Boards (including attendance fees of subsidiaries) for Prva Group*

	2023	2022
Management Board	24,000	24,964
Supervisory Board	14,914	21,971
<b>Total payouts</b>	<b>40,937</b>	<b>48,957</b>

In 2023, Prva Group did not provide members of its Management or Subsidiary Boards with any prepayments or loans, nor did it assume any liabilities on their behalf. The annual income of the employees employed under a managerial contract in 2023 was EUR 30,238. Remunerations made in 2022 are presented below.

*Table 104: Remunerations to members of the Management and Supervisory Boards of Prva Group in 2023*

	Salary	Pension insurance	Benefits	Holiday allowance	Attendance fee	Bonus	Total
Janez Kranjc	24,000	0	0	0	0	0	24,000
<b>Total</b>	<b>24,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,000</b>

Members	Function	Attendance fee	Total gross	Personal income tax	Net	Contr. for pension and disability ins. 8.85%+0.53% flat contr.
MATEJ AKRAPOVIĆ	2,500	716	3,216	672	2,339	302
MIHA KRANJC	2,500	716	3,216	672	2,339	302
HELENA PETRIN	2,500	716	3,216	672	2,339	302
LINDSAY STUART	3,750	716	4,466	934	3,248	419
SARA ČUČNIK		800	800	167	582	75
<b>Total</b>	<b>11,250</b>	<b>3,664</b>	<b>14,914</b>	<b>3,119</b>	<b>10,847</b>	<b>1,399</b>

The following other entities are considered affiliated to Prva Group and the Group:

- Prva Finance d.o.o.
- AZ Nekretnine d.o.o.
- Dej d.o.o.
- MN, d.o.o.
- Deos, d.o.o.

Table 105: Remunerations to members of the Management and Supervisory Boards of Prva Group in 2022

	Salary	Pension insurance	Benefits	Holiday allowance	Attendance fee	Bonus	Total
Janez Kranjc - from 14 Nov 2022	295	0	0	0	0	0	295
Boštjan Škufca Zaveršek - until 13 Nov 2022	22,818	0	0	0		1,850	24,668
<b>Total</b>	<b>23,114</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,850</b>	<b>24,964</b>

Members	Function	Attendance fee	Total gross	Personal income tax	Net	Contr. for pension and disability ins. 8.85%+0.53% flat contr.
MATEJ AKRAPOVIĆ	3,750	1,074	4,824	1,009	3,509	452
MIHA KRANJC	3,750	1,074	4,824	1,009	3,509	452
HELENA PETRIN	3,750	1,074	4,824	1,009	3,509	452
LINDSAY STUART	5,625	1,074	6,699	1,401	4,872	628
SARA ČUČNIK		800	800	167	581	75
<b>Total</b>	<b>16,875</b>	<b>5,096</b>	<b>21,971</b>	<b>4,594</b>	<b>15,980</b>	<b>2,060</b>

Table 106: Transactions of Prva Group with subsidiaries in 2023

PG - affiliated persons	Costs - purchases from affiliated persons	Revenue - sales to affiliated persons	Receivables due from affiliated persons	Liabilities to affiliated persons
Prva osebna zavarovalnica d. d.	5,854	0	0	4,310
DDOR Garant penzijsko društvo a.d	0	3,600	300	0
Fondi Slloveno-Kosovar I pensioneve Sh.a.	0	5,574	139	0
<b>Total</b>	<b>5,854</b>	<b>9,174</b>	<b>439</b>	<b>4,310</b>

PG - affiliated persons	Dividend revenue	Interest revenue	Interest expenses
Prva osebna zavarovalnica d. d.	700,064	0	0
Prva pokojninska družba d. d.	1,799,940	0	0
KB Prvo	1,189,552	0	0
DDOR Garant penzijsko društvo a.d	54,478	0	0
Fondi Slloveno-Kosovar I pensioneve Sh.a.	0	0	0
<b>Total</b>	<b>3,744,034</b>	<b>0</b>	<b>0</b>

Table 107: Transactions of Prva Group with subsidiaries in 2022

PG - affiliated persons	Costs - purchases from affiliated persons	Revenue - sales to affiliated persons	Receivables due from affiliated persons	Liabilities to affiliated persons
Prva osebna zavarovalnica d. d.	1,551	0	0	0
DDOR Garant penzijsko društvo a.d	0	3,600	300	0
Fondi Slloveno-Kosovar I pensioneve Sh.a.	0	5,400	0	0
<b>Total</b>	<b>1,551</b>	<b>9,000</b>	<b>300</b>	<b>0</b>

PG - affiliated persons	Dividend revenue	Interest revenue	Interest expenses
Prva osebna zavarovalnica d. d.	0	0	0
Prva pokojninska družba d. d.	2,500,004	0	0
KB Prvo	1,110,419	0	0
DDOR Garant penzijsko društvo a.d	97,849	0	0
Fondi Slloveno-Kosovar I pensioneve Sh.a.	0	0	0
<b>Total</b>	<b>3,708,272</b>	<b>0</b>	<b>0</b>

The Company and individual subsidiaries had no other significant affiliated party transactions in 2023.

The Company charged Group companies for services mainly in the areas of investment, internal audit, and the rental of hardware and software.

In addition to the above-mentioned transactions between affiliated persons, the Life Cycle Funds generated rental income from Deos in the amount of EUR 73,419 in 2023 (2022: EUR 73,419). The balance of receivables from Deos amounts to EUR 6,118 (2022: EUR 6,118). As at 31 December 2023, life-cycle funds own 13,775 PPDM shares and 73,266 PPDT shares of Prva Group (31 Dec 2022: 13,775 PPDM shares and 73,266 PPDT shares).

All transactions with affiliated persons have been carried out under market conditions and the Company/Group was not deprived.

## 17 RISK MANAGEMENT

### 17.1 RISK MANAGEMENT SYSTEM IN THE LAST YEAR

After somewhat more challenging previous years, 2023 went by with positive returns, although global financial markets were subject to various geopolitical situations that could have resulted in higher price volatility. In the last two years, there have been no other specific changes that would have a significant negative impact on the Group's operations.

The Group monitors the global geopolitical situation on an ongoing basis examining the impact it may have on its business (war in Ukraine, inflationary pressures, US elections). The subsidiaries and the funds they manage do not have direct exposure to Russia and Ukraine through investments, but do have indirect exposure through investments in index funds; however, this exposure is negligible.

We further assess that the achievement of guaranteed returns is not at risk. We do not consider that the going concern assumption is compromised as a result of the situation and we do not expect any deterioration in the provision of adequate cash flows. The Group meets all its obligations within the legal, contractual and strategic frameworks and in line with the adopted business plan. The adopted measures ensure the smooth management of the funds and the fulfilment of obligations towards its users and supervisory institutions. The Group has not received any assistance or aid from the governments of the countries in which it operates.

The Group regularly reviews its adequacy and maintains an appropriate level of capital adequacy also for future periods. It has put mechanisms in place to ensure that it can continue to operate smoothly and meet all its obligations even in crisis situations.

## 17.2 INSURANCE RISK MANAGEMENT

Every insurance contract is exposed to uncertainties whether an insured event will occur, when it will occur, and how much the claim payment will be. By nature, the insurance risks that arise from insurance contracts are coincidental and thus unpredictable.

Insurance risks relate to the uncertainty of insurance events. The most important components of insurance risk are:

- risk of inadequate amount of premium charged (premium risk);
- risk of inadequate amount of technical provisions calculated (reserve risk);
- risk of inadequately calculated embedded costs (cost risk); and
- risk of contract termination (lapse risk).

Premium risk and cost risk are the risks that the claims incurred or the actual costs will be higher than the written premium or embedded costs, respectively. This can occur when the claim frequency or severity is higher than expected or if a product is too expensive or sold unsuccessfully, which results in a product being cost-ineffective. Risk of contract termination is a risk that there will be more contract terminations than expected, which also affects the profitability of the..

Experience shows that portfolio size and diversification decrease insurance risks. The companies have implemented an underwriting process that differentiates among different types of policyholders and aims to achieve appropriate portfolio sizes in order to decrease variability of expected claims.

The underwriting depends on the amount or the sum insured and the type of risk. Furthermore, the companies manage these risks through appropriate product development, pricing and reinsurance. The portfolios are regularly analysed and checked for gender, age, and geographical structure to prevent the occurrence of excessive exposure. Termination risk is managed through the return of the unearned commission and long-term customer management. To this end, the companies also use a CRM system.

Reserve risk is managed by the liability adequacy test.

As Prva osebna zavarovalnica d. d. and Prva Život market only personal insurance, the impact of inflation on the valuation of technical provisions is reflected through changes in the parameters on the expected level of fixed and variable (operating) costs.

### 17.2.1 Liability adequacy test - Prva osebna zavarovalnica d. d.

The insurance company has carried out the insurance liability adequacy test based on the portfolio situation as at 31 December 2023, both for the technical provisions for capital adequacy purposes (best estimate of liabilities - BEL) and for liabilities/assets from insurance contracts for financial reporting purposes.

#### Adequacy of technical provisions for capital adequacy purposes

When calculating the best estimate of liabilities (BEL), the insurance company used the present value of the best estimate of all future expected contractual cash flows, including:

- gross premium;
- costs, including the expected inflation;
- commission;
- commission refunds;
- claims;
- options and guarantees;
- reinsurance premium and reinsurance claims.

## Parameters

The projection of future cash flows is made using economic and biometric parameters based on the available information obtained from financial institutions or own portfolio analyses. The parameters used represent the current best estimate without risk adjustments. The most important parameters are presented below.

- Interest rate curve: the December risk-free interest rate curve for 2023 (excluding volatility adjustment) is used on the basis of data on risk-free interest rate curves for 2023, prescribed and published monthly by EIOPA.
- Costs: the basis for determining costs within insurance types is the accounting categorisation of the insurance company's costs by insurance types. These costs are analysed and broken down to underwriting costs, which do not affect the future operations of the insurance company and are not used in the determination of future costs included in provisions, and other costs. The cost analysis was carried out on the basis of the situation as at 31 December 2023. The cost projection model also considered the (annual) inflation target of 2.0% per year. This parameter is derived from the forecast of the European Central Bank.
- Mortality and morbidity: the tables used as a basis for determining expected mortality and morbidity rates are either standard or used in the pricing of insurance. The tables are weighted according to the perceived loss result of insurance by individual insurance coverage. In case of an insufficient number of insurance contracts or claims in individual coverage, the data of similar coverage is reasonably used.
- Lapses, surrenders, and paid-ups: the expected rates are obtained based on portfolio analysis over the past few years.

## Sensitivity analysis on change in parameters

The insurance company conducted a sensitivity analysis on the change in the key parameters, which were used for carrying out the BEL calculation.

Table 108: Sensitivity analysis - Prva osebna zavarovalnica d. d.

Sensitivity to change in mortality and morbidity tables					
	Starting point	10%	deviation	-10%	deviation
Death insurance	-7,152,437	-5,620,191	-21.42%	-8,596,487	20.19%
Health insurance	-915,171	-832,082	-9.08%	-944,190	3.17%
Unit-linked insurance	-6,088,766	-6,072,826	-0.26%	-6,104,793	0.26%
Pension annuities	3,220,174	3,196,360	-0.74%	3,246,622	0.82%
Sensitivity to changes in cancellations and paid-ups					
	Starting point	10%	deviation	-10%	deviation
Death insurance	-7,152,437	-7,001,666	-2.11%	-7,308,482	2.18%
Health insurance	-915,171	-923,252	0.88%	-906,505	-0.95%
Unit-linked insurance	-6,088,766	-5,761,488	-5.38%	-6,443,433	5.82%
Sensitivity to changes in costs					
	Starting point	10%	deviation	-10%	deviation
Death insurance	-7,152,437	-5,789,692	-19.05%	-8,515,182	19.05%
Health insurance	-915,171	-779,069	-14.87%	-1,051,272	14.87%
Unit-linked insurance	-6,088,766	-5,733,438	-5.84%	-6,444,093	5.84%
Pension annuities	3,220,174	3,255,588	1.10%	3,184,760	-1.10%

Sensitivity to changes in the interest rate curve					
	Starting point	+1 percentage point	deviation	-1 percentage point	deviation
Death insurance	-7,152,437	-7,107,439	-0.63%	-7,147,113	-0.07%
Health insurance	-915,171	-887,766	-2.99%	-945,708	3.34%
Unit-linked insurance	-6,088,766	-5,889,166	-3.28%	-6,308,741	3.61%
Pension annuities	3,220,174	2,921,595	-9.27%	3,579,640	11.16%
Sensitivity to changes in the price growth index					
	Starting point	+0.5 percentage point	deviation	-0.5 percentage point	deviation
Death insurance	-7,152,437	-6,558,521	-8.30%	-7,707,798	7.76%
Health insurance	-915,171	-871,005	-4.83%	-956,218	4.49%
Unit-linked insurance	-6,088,766	-5,910,123	-2.93%	-6,257,105	2.76%
Pension annuities	3,220,174	3,238,426	0.57%	3,203,342	-0.52%

### Adequacy of liabilities/assets from insurance contracts for financial reporting purposes.

In calculating the present value of future cash flows, the insurance company considers the best estimate of all future expected contractual cash flows. The projection of future cash flows is made using economic and biometric parameters based on the available information obtained from financial institutions or own portfolio analyses. The parameters used represent the best estimate without risk adjustments.

The calculation as at 31 December 2023 uses the same parameters as for the quarterly calculation of technical provisions for capital adequacy purposes as at 31 December 2023, with the following exceptions:

- discount curve, where a liquidity premium is added to the risk-free interest rate curve;
- expected costs, which do not include a forecast for the non-attributable part of the costs;
- additional parameters for accident insurance.

### Adequacy of liabilities for remaining coverage

Analyses of the comparisons of expected and actual cash flows for 2023 showed that most of the cash flows were forecasted reliably. The only exception were cash flows that are inherently highly volatile, such as claims from insurance and reinsurance contracts and the sharing of the technical result from reinsurance, and attributable costs that exceeded expectations in 2023.

### Adequacy of liabilities for incurred claims

The analyses of the adequacy of the IBNR and the RBNS for 2023 showed that the IBNR and the RBNS adequately cover the claims incurred in 2023. As a consequence, the liabilities for incurred claims (LIC) are also adequately formed.

### 17.2.2 Liability adequacy test - Prva pokojninska družba d. d.

Contracts from voluntary supplementary pension insurance do not appear to carry any insurance risk during the savings period and are therefore treated by the Company as financial contracts. The amount of the liabilities under these contracts is equal to the balance of the policyholders' personal accounts, which fluctuate in line with market conditions and carry a certain portion of the guarantee (minimum guaranteed return on guaranteed funds). In terms of verifying the adequacy of the liabilities, this means verifying the correctness of balances on personal accounts on the basis of actual cash flows (premium payments, surrenders, transfers, etc.) under the influence of the AUV. The conducted tests have shown that the conversions in 2023 were carried out correctly.

The portfolio that contains insurance risk, even if insignificant, is the portfolio of pension annuities under the Pension and Disability Insurance Act (the ZPIZ-2). The number of total annuities that are actually insurance contracts is negligible. The Company therefore treats all of these contracts as financial contracts.

The Company measures the amount of the liability from pension annuity contracts as fair value through profit or loss (specifically, best estimate).

As at 31 December 2023, the Company has verified that the mathematical provisions of the pension annuity portfolio for the purposes of capital adequacy are greater than or equal to the posted liabilities.

The only portfolio of insurance contracts is family and disability pension insurance. There are about 200 active policies and only about EUR 1,000 of claims paid out every year. The portfolio is marginal and over-provisioned.

### **Annuity liability testing**

In calculating fair value through profit or loss, the Company considered its best estimate of the present value of all expected future contractual cash flows, including

- gross premium;
- costs, including the expected inflation;
- payment of annuities;
- options and guarantees

at the level of an individual insurance contract.

### **Parameters**

The projection of future cash flows is made using economic and biometric parameters obtained from financial institutions and own portfolio analyses. The parameters used represent the best estimate without risk adjustments. The most important parameters are:

- interest rate curve: the present value of cash flows was calculated using the risk-free interest rate curve for December 2023 as stipulated and published by EIOPA, with an adjustment for the liquidity premium;
- costs: the basis for determining costs was the accounting categorisation of the Company's costs by insurance types. The underwriting costs have been excluded, as agents' commissions are modelled as a separate cash flow in the BEL calculation. The cost analysis was based on data from December 2022 to November 2023, separating costs into fixed and variable and reflecting the impact of inflation. The model for the projection of expected costs also took into account the (annual) inflation target of 2.0% per year;
- mortality: the basis for the determination of expected mortality rates were mortality tables calibrated to the SIA65 Slovenian mortality tables, which were prescribed as the minimum standard for the calculation of technical provisions for newly concluded annuity insurance policies. The estimate for the weight is derived from mortality analyses on the own portfolio.

### **Results of the liability adequacy test**

The liability adequacy test did not reveal any shortfall in the mathematical provisions for capital adequacy purposes.

### **Sensitivity analysis**

The Company conducted a sensitivity analysis on the change in the key parameters, which were used for carrying out the liability adequacy test. The best estimate of the liability is most sensitive to the shift in the interest rate curve used, with products with a higher embedded interest rate being more sensitive and contributing more to the deficit than newer products.

Table 109: Sensitivity analysis - Prva pokojninska družba d. d.

	BEL	Sensitivity to change in mortality tables			
	Starting point	10%	difference	-10%	difference
Pension annuities	27,054,544	26,906,488	-0.55%	27,218,483	0.61%
		Sensitivity to changes in costs			
	Starting point	10%	difference	-10%	difference
Pension annuities	27,054,544	27,168,005	0.42%	26,941,082	-0.42%
		Sensitivity to changes in the interest rate curve			
	Starting point	+1 percentage point	difference	-1 percentage point	difference
Pension annuities	27,054,544	25,579,944	-5.45%	28,786,952	6.40%
		Sensitivity to changes in the price growth index			
	Starting point	+0.5 percentage point	difference	-0.5 percentage point	difference
Pension annuities	27,054,544	27,104,180	0.18%	27,008,740	-0.17%

## 17.3 FINANCIAL RISK MANAGEMENT

The basic financial instruments of the Company and the Group are investments in securities, cash deposits, and cash at bank. The main purpose of these financial instruments is to achieve long-term returns. The Company and the Group also have other financial instruments, such as trade receivables and trade payables.

The policies are summarised below.

### 17.3.1 Capital management

Prva Group manages its capital with the aim of ensuring both smooth and continued operations of the Company and maximum profitability for its shareholders, through optimal balance between borrowings and capital.

The Group monitors capital balances of its subsidiaries to ensure an adequate amount of capital. All of the subsidiaries fully comply with the relevant capital adequacy requirements.

### 17.3.2 Credit risk

The Company and Group only do business with renowned and trustworthy customers. They are exposed to credit risk in terms of investments in securities, issued loans and deposits, cash, and other receivables. The main exposure presents the risk of counterparty default due to insolvency; the maximum exposure equals the carrying amount of the financial instruments.

The credit rating structure of bond investments did not change significantly in the year under review, nor did the Company significantly change the duration of the bond investment portfolio.

Securities presented in the table below have been classified to different groups according to their credit rating. In determining an individual investment's credit rating, the credit ratings issued by Moody's, S&P, and Fitch are taken into account. If the credit rating has been issued by more than one agency, the second best credit rating is applied.

Table 110: Credit quality of the financial assets of Prva Group

Prva Group plc.	31 Dec 2023	31 Dec 2022 in %	31 Dec 2022	%
1. Rating - AAA	0	0.00%	0	0.00%
2. Rating - AA	0	0.00%	0	0.00%
3. Rating - A	0	0.00%	0	0.00%
4. Rating - BBB	4,259,375	73.62%	3,926,770	100.00%
5. Below BBB	0	0.00%	0	0.00%
6. No rating	1,526,322	26.38%	0	0.00%
<b>Total</b>	<b>5,785,696</b>	<b>100.00%</b>	<b>3,926,770</b>	<b>100.00%</b>

In 2022, the group with rating BBB represented shares (100%). The structure has changed compared to 2022, as at the end of the year the portfolio also included repurchases of receivables that do not have a specific credit rating.

Table 111: Credit quality of the financial assets of the Group

The Group	31 Dec 2023	31 Dec 2022 in %	31 Dec 2022	%
1. Rating - AAA	1,879,892	2.25%	1,850,196	2.75%
2. Rating - AA	5,376,837	6.43%	4,075,194	6.06%
3. Rating - A	6,268,707	7.49%	3,315,389	4.93%
4. Rating - BBB	27,031,162	32.31%	19,949,581	29.69%
5. Below BBB	15,332,409	18.33%	15,090,922	22.46%
6. No rating	27,768,553	33.19%	22,917,096	34.10%
<b>Total</b>	<b>83,657,560</b>	<b>100.00%</b>	<b>67,198,378</b>	<b>100.00%</b>

Investments are highly diversified and therefore the Company and the Group do not have significant exposure to any single issuer. Investments are not pledged. The Group classifies government bonds (83%), corporate bonds (10%), and deposits in banks (6%) in the rating group lower than BBB. In 2023, the Group classifies deposits and redemptions of receivables (27%), bonds (3%), and holdings in investment funds (70%) in the non-rated category. Compared to 2022, the structure has changed mainly due to increase of the category of shares, as the number of such investments in the portfolios of companies as at 31 December 2023 is significantly higher.

Table 112: Credit quality of the financial investments of pension funds and the annuity fund

in EUR	31 Dec 2023	%	31 Dec 2022	%
1. Rating - AAA	10,010,921	2.31%	9,846,955	2.55%
2. Rating - AA	11,796,865	2.73%	7,315,961	1.89%
3. Rating - A	59,108,314	13.65%	49,238,889	12.75%
4. Rating - BBB	73,356,428	16.95%	69,221,799	17.92%
5. Below BBB	21,266,191	4.91%	24,725,078	6.40%
6. No rating	257,332,107	59.45%	225,977,843	58.49%
<b>Total</b>	<b>432,870,826</b>	<b>100.00%</b>	<b>386,326,525</b>	<b>100.00%</b>

Table 113: Share of financial investments of pension funds and the annuity fund with a credit rating below BBB and without rating

Investments - credit rating below BBB	31 Dec 2023 in %	31 Dec 2022 in %
Deposits	17.7%	19.9%
Government bonds	30.3%	36.4%
Corporate bonds	52.0%	43.7%
Investments - without credit rating	31 Dec 2023 in %	31 Dec 2022 in %
Domestic and foreign investment funds	63.2%	53.0%
Domestic and foreign shares	20.8%	19.9%
Real estate	7.8%	7.9%
Corporate bonds	1.9%	6.0%
Government bonds	1.0%	3.5%
Money	5.3%	9.6%

Pension fund investments are diversified in accordance with the ZZavar-1, which means that the Company is not significantly exposed to any single issuer. The Company and pension funds have no outstanding receivables. None of the investments are pledged as collateral. The Company and the Group regularly assess credit risk arising from deposits at banks and by following a conservative investments policy invest any surplus assets in deposits of local banks for which the Company and the Group believe there is no risk of default on repayment, i.e. no significant credit risk.

Table 114: Maturity structure of receivables

Gross value of the receivables (in EUR)	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Receivables not yet due	995	384	1,229,766	3,035,119
Up to 90 days overdue	0	0	267,210	85,613
More than 90 days overdue	0	0	55,048	10,212
<b>Total</b>	<b>995</b>	<b>384</b>	<b>1,552,025</b>	<b>3,130,944</b>

Revaluation of receivables (in EUR)	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Receivables not yet due	0	0	0	0
Up to 90 days overdue	0	0	8,169	8,212
More than 90 days overdue	0	0	11,130	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>19,299</b>	<b>8,212</b>

Carrying amount of receivables (in EUR)	Prva Group		The Group	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Receivables not yet due	995	384	1,229,766	3,035,119
Up to 90 days overdue	0	0	259,042	77,401
More than 90 days overdue	0	0	43,919	10,212
<b>Total</b>	<b>995</b>	<b>384</b>	<b>1,532,727</b>	<b>3,122,732</b>

### 17.3.3 Liquidity risk

The Company and the Group manage liquidity risk through cash flow forecasting. The Company uses this tool to take into account the maturity of investments including planned outflows which relate to the Company's operations.

The Company's and Group's investments are financed with the Company's capital. The Group does not operate in the field of supply chain financing and consequently is not exposed to liquidity risk for this reason. At the end of the year, the Company and the Group report only current costs with maturity of up to 3 months. The following tables represent the structure of assets and liabilities according to maturity.

Table 115: Overview of the contractual maturity of the financial assets and liabilities of Prva Group

in EUR	31 Dec 2023			31 Dec 2022		
	TOTAL	Up to 12 months overdue	More than 12 months overdue	TOTAL	Up to 12 months overdue	More than 12 months overdue
<b>ASSETS</b>						
Investments	25,812,968	1,526,322	24,286,647	19,804,042	398,419	19,405,623
Shares in subsidiaries	20,027,272	0	20,027,272	15,877,272	0	15,877,272
Shares in associated companies	0	0	0	0	0	0
Investments into securities	5,785,696	1,526,322	4,259,375	3,926,770	398,419	3,528,351
1. Measured at amortised cost	1,526,322	1,526,322	0	398,419	398,419	0
2. Measured at fair value through other comprehensive income	4,259,375	0	4,259,375	3,528,351	0	3,528,351
3. Measured at fair value through profit or loss	0	0	0	0	0	0
Cash and cash equivalents	106,808	106,808	0	4,161,129	4,161,129	0
Other receivables and assets	1,391	1,391	0	1,266	1,266	0
<b>TOTAL ASSETS</b>	<b>25,921,168</b>	<b>1,634,521</b>	<b>24,286,647</b>	<b>23,966,438</b>	<b>4,560,815</b>	<b>19,405,623</b>
<b>LIABILITIES</b>						
Other liabilities	60,456	60,456	0	30,538	30,538	0
<b>TOTAL LIABILITIES</b>	<b>60,456</b>	<b>60,456</b>	<b>0</b>	<b>30,538</b>	<b>30,538</b>	<b>0</b>

Table 116: Overview of the contractual maturity of the financial assets and liabilities of the Group

in EUR	31 Dec 2023			31 Dec 2022		
	TOTAL	Up to 12 months overdue	More than 12 months overdue	TOTAL	Up to 12 months overdue	More than 12 months overdue
<b>ASSETS</b>						
<b>Investments</b>	83,657,559	20,438,433	63,219,126	67,198,378	10,885,774	56,312,604
Shares in associated companies	0	0	0	0	0	0
Investments into securities	83,657,559	20,438,433	63,219,126	67,198,378	10,885,774	56,312,604
<i>1. Measured at amortised cost</i>	29,014,218	14,405,581	14,608,638	20,899,043	7,607,032	13,292,010
<i>2. Measured at fair value through other comprehensive income</i>	31,225,672	3,148,524	28,077,147	27,833,776	235,872	27,597,904
<i>3. Measured at fair value through profit or loss</i>	23,417,669	2,884,328	20,533,341	18,465,559	3,042,870	15,422,690
Cash and cash equivalents	4,446,287	4,446,287	0	8,149,091	8,149,091	0
Other receivables and assets	1,978,690	1,978,690	0	3,541,678	3,541,678	0
Assets from financial contracts	432,870,826	250,840,697	182,030,129	386,326,527	14,877,814	371,448,712
<b>TOTAL ASSETS</b>	<b>522,953,361</b>	<b>277,704,106</b>	<b>245,249,255</b>	<b>465,215,674</b>	<b>37,454,357</b>	<b>427,761,316</b>
<b>LIABILITIES</b>						
Other liabilities	1,926,676	1,908,298	18,378	1,742,924	1,713,241	29,683
Liabilities from financial contracts	432,870,826	26,684,234	406,186,592	386,326,526	14,877,814	371,448,712
<b>TOTAL LIABILITIES</b>	<b>434,797,501</b>	<b>28,592,531</b>	<b>406,204,970</b>	<b>388,069,450</b>	<b>16,591,055</b>	<b>371,478,395</b>

Table 117: Overview of the structure of assets and liabilities of Prva Group according to the expected non-discounted cash flows in 2023

in EUR	31 Dec 2023			Assets and liabilities without maturity	Total	Carrying amount
	Up to 1 year overdue	1-5 years overdue	More than 5 years overdue			
<b>ASSETS</b>						
Deferred tax assets	0	22,436	0	0	22,436	22,436
<b>Investments into securities</b>	<b>1,526,322</b>	<b>0</b>	<b>4,259,375</b>	<b>0</b>	<b>5,785,696</b>	<b>5,785,696</b>
<i>1. Measured at amortised cost</i>	1,526,322	0	0	0	1,526,322	1,526,322
<i>2. Measured at fair value through other comprehensive income</i>	0	0	4,259,375	0	4,259,375	4,259,375
<i>3. Measured at fair value through profit or loss</i>	0	0	0	0	0	0
Assets from financial contracts	0	0	0	0	0	0
Other receivables and assets	1,391	0	0	0	1,391	1,391
Cash and cash equivalents	106,808	0	0	0	106,808	106,808
<b>TOTAL ASSETS</b>	<b>1,634,521</b>	<b>22,436</b>	<b>4,259,375</b>	<b>0</b>	<b>5,916,332</b>	<b>5,916,332</b>
<b>LIABILITIES</b>						
Other liabilities	60,456	0	0	0	60,456	60,456
<b>TOTAL LIABILITIES</b>	<b>60,456</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,456</b>	<b>60,456</b>

Table 118: Overview of the structure of assets and liabilities of Prva Group according to the expected non-discounted cash flows in 2022

in EUR	31 Dec 2022					Total	Carrying amount
	Up to 1 year overdue	1-5 years overdue	More than 5 years overdue	Assets and liabilities without maturity			
<b>ASSETS</b>							
Deferred tax assets	0	22,435	0	0	0	22,435	22,435
<b>Investments into securities</b>	398,419	0	3,528,351	0	0	3,926,770	3,926,770
1. Measured at amortised cost	398,419	0	0	0	0	398,419	398,419
2. Measured at fair value through other comprehensive income	0	0	3,528,351	0	0	3,528,351	3,528,351
3. Measured at fair value through profit or loss	0	0	0	0	0	0	0
Short-term deferred costs and accrued revenues	882	0	0	0	0	882	882
Assets from financial contracts	0	0	0	0	0	0	0
Other receivables	384	0	0	0	0	384	384
Cash and cash equivalents	0	0	0	4,161,129	0	4,161,129	4,161,129
<b>TOTAL ASSETS</b>	<b>399,685</b>	<b>22,435</b>	<b>3,528,351</b>	<b>4,161,129</b>	<b>0</b>	<b>8,111,600</b>	<b>8,111,600</b>
<b>LIABILITIES</b>							
Other liabilities and accrued costs and deferred revenue	30,538	0	0	0	0	30,538	30,538
<b>TOTAL LIABILITIES</b>	<b>30,538</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,538</b>	<b>30,538</b>

Table 119: Overview of the structure of assets and liabilities of the Group in accordance with the expected non-discounted cash flows in 2023

in EUR	31 Dec 2023					Total	Carrying amount
	Up to 1 year overdue	1-5 years overdue	More than 5 years overdue	Assets and liabilities without maturity			
<b>ASSETS</b>							
<b>Investments into securities</b>	20,438,429	20,030,993	23,715,644	19,472,494	0	83,657,560	83,657,560
1. Measured at amortised cost	14,405,581	4,658,605	9,937,331	12,702	0	29,014,218	29,014,219
2. Measured at fair value through other comprehensive income	3,148,524	14,544,419	13,532,729	0	0	31,225,672	31,225,671
3. Measured at fair value through profit or loss	2,884,324	827,969	245,584	19,459,791	0	23,417,669	23,417,670
Assets from financial contracts	250,840,697	97,231,544	84,798,584	0	0	432,870,826	432,870,826
Other receivables and assets	1,978,690	0	0	0	0	1,978,690	1,978,690
Cash and cash equivalents	4,446,287	0	0	0	0	4,446,287	4,446,287
<b>TOTAL ASSETS</b>	<b>277,704,103</b>	<b>117,262,538</b>	<b>108,514,228</b>	<b>19,472,494</b>	<b>0</b>	<b>522,953,362</b>	<b>522,953,363</b>
<b>LIABILITIES</b>							
Other liabilities	1,908,298	18,378	0	0	0	2,255,704	2,255,704
Liabilities from financial contracts	26,684,234	95,030,020	311,156,572	0	0	432,870,826	432,870,826
<b>TOTAL LIABILITIES</b>	<b>28,592,531</b>	<b>95,048,398</b>	<b>311,156,572</b>	<b>0</b>	<b>0</b>	<b>435,126,529</b>	<b>435,126,530</b>

Table 120: Overview of the structure of assets and liabilities of the Group in accordance with the expected non-discounted cash flows in 2022

The Group in EUR	31 Dec 2022				Total	Carrying amount
	Up to 1 year overdue	1-5 years overdue	More than 5 years overdue	Assets and liabilities without maturity		
<b>ASSETS</b>						
Investments into securities	10,885,774	18,865,441	23,415,304	14,031,859	67,198,378	67,198,378
1. Measured at amortised cost	7,607,032	4,223,216	9,068,795	0	20,899,043	20,899,043
2. Measured at fair value through other comprehensive income	235,872	13,492,433	14,105,471	0	27,833,776	27,833,775
3. Measured at fair value through profit or loss	3,042,870	1,149,793	241,038	14,031,859	18,465,559	18,465,560
Assets from financial contracts	205,783,211	88,903,778	91,639,537	0	386,326,526	386,326,527
Other receivables	3,541,678	0	0	0	3,541,678	3,541,678
Cash and cash equivalents	8,149,091	0	0	0	8,149,091	8,149,091
<b>TOTAL ASSETS</b>	<b>228,359,754</b>	<b>107,769,219</b>	<b>115,054,841</b>	<b>14,031,859</b>	<b>465,215,673</b>	<b>465,215,675</b>
<b>LIABILITIES</b>						
Other liabilities	1,713,241	29,683	0	0	1,742,924	1,742,924
Liabilities from financial contracts	14,877,814	73,694,547	297,754,165	0	386,326,526	386,326,527
<b>TOTAL LIABILITIES</b>	<b>16,591,055</b>	<b>73,724,230</b>	<b>297,754,165</b>	<b>0</b>	<b>388,069,450</b>	<b>388,069,450</b>

### 17.3.4 Interest rate risk

The Company's and the Group's exposure to changes in market interest rates is low, as the exposure to such papers as at 31 December 2023 is EUR 578 (EUR 364 as at 31 December 2022).

The Company and the Group adopt decisions for reducing interest risk on the basis of active monitoring of the development of events on the international capital markets. At the same time, interest rate risk of funds managed by Prva pokojninska družba relates to rge guaranteed return which a fund must ensure to policyholders in line with the pension schemes. The Group mitigates interest rate risk through active management of investments.

Table 121: Interest rate risk - financial contracts

Change in market interest rate	2023	2022
	Impact on technical provisions (in EUR)	Impact on technical provisions (in EUR)
+/-10 bt	0	0

### 17.3.5 Currency risk

As at 31 December 2023, the Group's liabilities and receivables are converted according to the reference exchange rate of the European Central Bank. Due to regulating exposure by currency at the individual level of Group companies, the Group is not exposed to major currency risks. Foreign currency translation reserves arising due to exchange rates are recognised through comprehensive income.

The table below shows the sensitivity to changes in the most important currencies to which the Group is exposed, given that all other parameters remain the same.

The MKD currency represents the volatility in the assets of the subsidiaries in North Macedonia. The same applies to bonds denominated in RSD which are included in the portfolio of the Belgrade subsidiary.

Table 122: Currency risk in the Group

Currency	2023		2022	
	Change in exchange rate	Effect on profit before tax	Change in exchange rate	Effect on profit before tax
MKD	5%	121,838	5%	101,235
	-5%	-121,838	-5%	-101,235
RSD	5%	0	5%	4,300
	-5%	0	-5%	-4,300

Table 123: Foreign currency balances in the Group

in EUR	31 Dec 2023	31 Dec 2022
MKD	1,951,068	1,415,616
RSD	66,901	5,154

### 17.3.6 The risk of changes to the market prices of securities

The Company is exposed to the risk of changes to the market prices of securities in the case of equity securities quoted on financial markets. As at 31 December 2023, the Company does not disclose such investments (2022: EUR 0).

Table 124: The effect of changes to the market prices of securities of the Company

	Index change in %	2023	2022
		Effect on capital (in EUR)	Effect on capital (in EUR)
Other	+/-10	0	0

The Group is exposed to the risk of changes to the market prices of securities in relation to equity securities quoted on financial markets. As at 31 December 2023, the Group does not disclose such investments (2022: EUR 0).

Table 125: The effect of changes to the market prices of securities of the Group

	Index change in %	2023	2022
		Effect on capital (in EUR)	Effect on capital (in EUR)
Other	+/-10	0	0

The Company and the Group are also exposed to the risk of changes of market prices of securities due to their exposure to fixed income securities. If the market interest rate was to grow by 100 bp, the market value of the Company's portfolio would not decrease, and the capital of the Group would decrease by EUR 1,880,579 as shown in the following table.

Table 126: The effect of changes of market prices of securities of the Company sensitive to market interest rates

Change in market interest rate	2023 Effect on capital (in EUR)	2022 Effect on capital (in EUR)
+/-100 bp	0	0

Table 127: The effect of changes of market prices of securities of the Group sensitive to market interest rates

Change in market interest rate	2023 Effect on capital (in EUR)	2022 Effect on capital (in EUR)
+/-100 bp	1,880,579	1,807,853

Neither of the illustrations above include securities of the unit-linked fund, which, due to the way they are managed, do not expose the Group to market risk.

## 17.4 OTHER FACTS

Prva Group has not issued any participation rights instruments, convertible bonds or similar securities or issued rights.

## 17.5 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

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