

# **Financial Report 2023**



**UNIVERSAL LIFE**

*This document is  
an internal translation into English of  
the Greek audited Consolidated Financial Statements for the year ended 31<sup>st</sup> December 2023  
of Universal Life Insurance Public Company Limited*

# Financial Report 2023

## Table of Contents

Board of Directors and Executive Management	4
Financial Highlights of the Group	5
Management Report	6
Consolidated Financial Statements	11
Consolidated Financial Statements	
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Summary of Significant Accounting Policies	16
Notes to the Consolidated Financial Statements	57

# Board of Directors and Executive Management

## **BOARD OF DIRECTORS**

### ***Chairman***

Pavlos Ph. Photiades

### ***Vice Chairman***

Socrates Solomides

### ***Members***

Evan Gavas

Andreas Georghiou

George A. Georghiou

Constantinos Dekatris

Alexis Ph. Photiades

Stavros Christodoulides

Maria Agrotou Iacovidou

Maria Dionysiadou

Nicos Syrimis

Marios Savvides

## **EXECUTIVE MANAGEMENT**

Evan Gavas

*Chief Executive Officer*

Kypros Miranthis

*General Manager and*

*Deputy Chief Executive Officer*

Savvas Sideras

*General Manager of Insurance Operations*

## **COMPANY SECRETARY**

Eleana Spyris

## **CHIEF FINANCIAL OFFICER**

Pantelis Iacovides

## **APPOINTED ACTUARY**

Rebecca Evangelou

## **LEGAL ADVISORS**

Lellos P. Demetriades Law Office

Tasos Papadopoulos & Associates Law Office

## **INDEPENDENT AUDITORS**

KPMG Ltd

## **REGISTERED OFFICE AND HEAD OFFICE**

Universal Tower

85 Dighenis Akritas Avenue

1070 Nicosia

P.O.Box 21270, 1505 Nicosia

## Financial Highlights of the Group

	<b>2023</b>	2022 Restated	<b>2023/2022 Increase/ (decrease) %</b>
	<b>€000</b>	€000	
<b>Insurance revenue</b>	<b>58 428</b>	56 013	<b>4</b>
<b>Net insurance and investment result</b>	<b>11 691</b>	15 675	<b>(25)</b>
<b>Profit before tax for the year</b>	<b>5 422</b>	12 067	<b>(55)</b>
<b>Profit after tax for the year</b>	<b>4 003</b>	10 486	<b>(62)</b>
<b>Insurance Contracts Liabilities</b>	<b>281 212</b>	267 505	<b>5</b>
<b>Total Assets</b>	<b>398 381</b>	379 826	<b>5</b>
<b>Total Equity</b>	<b>74 282</b>	73 551	<b>1</b>

# Management Report

The Board of Directors submits to the shareholders its report together with the audited Consolidated Financial Statements for the year ended 31 December 2023.

## ACTIVITIES

Universal Life Insurance Public Company Limited (the "Company") is the parent company of the Universal Group of Companies (the "Group"). The principal activities of the Group during the year were life insurance, accident and health insurance and administration of superannuation and managed pension funds in Cyprus. The Group companies are set out in Note 7.

The Company operates through a network of eight branches for its insurance operations in Cyprus.

## CHANGES IN GROUP STRUCTURE

There has not been any change in the Group's structure during 2023. The Group does not intend to make any acquisitions or mergers.

## TRANSITION TO IFRS 17

On 1 January 2023 the Group adopted IFRS 17 "Insurance Contracts" which replaced IFRS 4 "Insurance Contracts". Comparative information for 2022 is presented on an adjusted basis unless otherwise stated.

IFRS 17 is an accounting standard, is applied retrospectively from 1 January 2023 and establishes principles for the recognition measurement presentation and disclosure of insurance contracts investment contracts with optional participation features and reinsurance contracts.

The Group's total equity as restated by the application of IFRS 17 for the year ended 31 December 2022 has increased by €30.3 million. With regard to the consolidated statement of comprehensive income for the year ended the same date as restated by applying IFRS 17 profit after tax (attributable to owners of the Group) has decreased by €4.9m to €4.0m (compared to €8.9 million under IFRS 4). Further information is set out in Summary of Significant Accounting Policies 3.

## FINANCIAL RESULTS

In 2023 the Group reported profits after tax of €4 003 000 compared to restated profits of €10 486 000 in 2022. The profits are mainly due to the positive performance of the Group's primary business sectors, Life and Health insurance, as well as investments.

The financial highlights for 2023 and 2022 are as follows:

	<b>2023</b>	2022
	<b>€000</b>	€000
Insurance revenue	<b>58 428</b>	56 013
Net insurance and investment result	<b>11 691</b>	15 675
Profit before tax for the year	<b>5 422</b>	12 067
Profit after tax for the year	<b>4 003</b>	10 486
Insurance contracts liabilities	<b>281 212</b>	267 505
Total assets	<b>398 381</b>	379 826
Total equity	<b>74 282</b>	73 551

## MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group are described in Notes 2 and 28.

# Management Report

## DIVIDENDS

At the Annual General Meeting held on 17 May 2023 the Board of Directors' proposal for the distribution of dividend of €0,10 per ordinary share from the profits of 2021 was approved.

The dividend was paid to shareholders on 12 June 2023 and amounted to €1 499 380. An amount of €24 521 was deducted at source for special defence contribution, applicable under the Special Contribution for the Defence of the Republic Law and €3 823 for a contribution to the General Healthcare System.

At the Annual General Meeting held on 22 November 2023, the Board of Directors' proposal for the distribution of dividend of €0,10 per ordinary share from the profits of 2021 was approved.

The dividend was paid to shareholders on 11 December 2023 and amounted to €1 499 380. An amount of €24 525 was deducted at source for special defence contribution, applicable under the Special Contribution for the Defence of the Republic Law and €3 823 for a contribution to the General Healthcare System.

## USE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Like all other financial organisations, the Group is exposed to risks, the most significant of which are those arising from obligations to policyholders and risks of financial instruments held. These risks are monitored on a systematic basis and all the necessary measures are taken to prevent undue risk concentrations. Further information on the Group's insurance and financial risks, are presented in Note 28 of the Consolidated Financial Statements.

## FUTURE DEVELOPMENTS

The most significant objectives of the Group are the following:

- Further penetration of the Life Insurance Market.
- Development of human resources.
- Transformation of the Health Business Portfolio.
- Digitisation, automation and reengineering of business processes.
- Optimisation of investment portfolio mix.

The planning and implementation for the achievement of the above objectives has already commenced.

## GROUP OPERATING ENVIRONMENT

The geopolitical situation in Eastern Europe peaked on 24 February 2022 with the beginning of the conflict between Russia and Ukraine. The impact of the war does not only affect entities operating in the region but also economies and financial markets worldwide exacerbating economic challenges.

The United Nations, the European Union, the United States, Switzerland, the United Kingdom and other countries have imposed a series of sanctions on the Russian and Belarusian governments, various companies and certain individuals. The sanctions imposed include the freezing of assets and the prohibition on making funds available to these individuals and entities. In addition, the sanctioned persons are subject to travel restrictions preventing them from entering or transiting in the relevant territories. The Republic of Cyprus has implemented the restrictive measures of the United Nations and the European Union.

In October 2023, the Palestinian political and military movement "Hamas" launched surprise attacks against Israel from the Gaza Strip and Israel responded militarily to these attacks. The conflict remains ongoing, with significant implications for the region and international relations.

# Management Report

The growing uncertainty about global commodity supplies due to the conflict between Russia and Ukraine and between Israel and "Hamas" has disrupted some global trade flows and put upward pressure on commodity prices, energy, input costs and interest rates. It has also increased inflation and caused unprecedented nervousness in stock markets.

The Group has no exposure to Russia, Ukraine, Belarus, Israel or Palestine and therefore does not expect any direct impact on its operations. Developments will continue to be monitored for indirect impacts and any future need for action will be assessed.

The Management, considering the impact to date and its assessments of expected developments regarding events in Ukraine and Gaza as well as the economic challenges in the financial markets, believes that the Group can successfully manage the above risks, despite the uncertainty and that it has sufficient resources to continue its operations in the future. The Management closely monitors the situation and is ready to take further measures depending on the developments.

## SHARE CAPITAL

There was no change in the Group's share capital during the year.

## DEVELOPMENTS OVERVIEW, PERFORMANCE, ACTIVITIES AND GROUP POSITION

During the year ended 31 December 2023 the Group's insurance revenue increased by 4% to €58.4 m compared to €56.0 m in 2022. The net insurance service result decreased by 8% to €11.9 m from €12.9 m in 2022, mainly due to increased finance expenses from reinsurance contracts held.

The net insurance and investment result decreased by 25% despite the significant improvement from investment income. Profit before tax decreased by 55% affected by the decreased insurance and investment result and increased costs, mainly due to the Voluntary Redundancy Scheme.

During the year ended 31 December 2023, the Group invested in equipment valued at €0.1m and software programs valued at €0.2m which were financed with cash generated from operations.

As of 31 December 2023, the Group's total assets were €398.3m (2022 restated: €379.8 m) and its equity was €73.3 m (2022 restated: €73.6m).

The financial situation, development and performance of the Group as presented in the consolidated financial statements are considered satisfactory.

## EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period affecting the understanding of the financial statements are described in Note 34 to these consolidated financial statements.

## BRANCHES

The Group operated through a network of eight branches during the year.

# Management Report

## **DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY**

The directly and indirectly participations of the members of the Board of Directors in the share capital of the Company, their spouses, the minor children and their affiliated companies, at 31 December 2023 and 17 April 2024 is presented below:

	31 December 2023	17 April 2024
	%	%
Andreas Georghiou	0,77	0,77
Pavlos Ph. Photiades	23,96	23,96
Alexis Ph. Photiades	19,31	19,31
George A. Georghiou	5,85	5,85

The other members of the Board of Directors namely, Messrs Constantinos Dekatris, Socrates Solomides, Stavros Christodoulides, Maria Agrotou Iacovidou, Maria Dionysiadou, Nicos Syrimis, Marios Savvides and Evan Gavvas and their related persons and companies, do not hold any voting rights in a general meeting.

## **MAJOR SHAREHOLDERS**

On 31 December 2023 and at the date of this report, the direct and indirect shareholders of the Company who hold direct or indirect participation of more than 5% of the issued share capital of the Company, including their spouses and children and their affiliated companies, were as follows:

	31 December 2023	17 April 2024
	%	%
Photos Photiades Group Ltd	58,38	58,38
Magnum Investments Ltd	6,44	6,44
Hellenic Bank Public Company Ltd	18,58	18,58
Pavlos Ph. Photiades	23,96	23,96
Alexis Ph. Photiades	19,31	19,31
George A. Georghiou	5,85	5,85

# Management Report

## **BOARD OF DIRECTORS**

During 2023 and up to the date of this Report, the Board of Directors is comprised of the following members:

Pavlos Ph. Photiades  
Socrates Solomides  
George A. Georghiou  
Evan Gavas  
Andreas Georghiou  
Constantinos Dekatris  
Alexis Ph. Photiades  
Stavros Christodoulides  
Maria Agrotou Iacovidou  
Maria Dionysiadou  
Nicos Syrimis  
Marios Savvides

In accordance with the Company's Articles of Association, Messrs Socrates Solomides and Stavros Christodoulides retire by rotation and are eligible for re-election.

## **INDEPENDENT AUDITORS**

The Independent Auditors KPMG Limited, have expressed their willingness to continue to provide their services. A resolution authorising the Board of Directors to determine their remuneration will be submitted to the Annual General Meeting.

Socrates Solomides  
*Vice Chairman*  
*17 April 2024*

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 €000	Restated 2022 €000
Insurance revenue	20.1	58 428	56 013
Insurance service expenses	20.2	(43 536)	(41 376)
<b>Insurance service result from insurance contracts issued</b>		<b>14 892</b>	14 637
Allocation of reinsurance premiums	20.3	(26 618)	(26 037)
Amounts recovered from reinsurers	20.3	23 627	24 262
<b>Net expense from reinsurance contracts held</b>	20.3	<b>(2 991)</b>	(1 775)
<b>Insurance service result</b>		<b>11 901</b>	12 862
Investment income	3.1	1 167	691
Net change in fair value of investment property	11	(2 285)	(1 209)
Net profit/(loss) on fair value of financial assets at fair value through profit or loss		11 756	(21 525)
<b>Net income/(expense) from investments</b>		<b>10 638</b>	(22 043)
Finance (expense) /income from insurance contracts issued	3.2	(10 481)	24 706
Finance (expense)/income from reinsurance contracts held	3.2	(367)	150
<b>Net insurance financial result</b>		<b>(10 848)</b>	24 856
<b>Net insurance and investment result</b>		<b>11 691</b>	15 675
Other income		180	800
Administrative expenses	4	(3 940)	(3 949)
Impairment of financial assets		(46)	(65)
Other expenses		(313)	(275)
Cost of VRS scheme	4	(2 096)	-
Net commissions to insurance agents		379	343
Interest expenses		(56)	(85)
Expenses from administration of retirement and pension funds		(377)	(377)
<b>Total expenses</b>		<b>(6 269)</b>	(3 608)
<b>Profit before tax</b>		<b>5 422</b>	12 067
Taxation	6	(1 419)	(1 581)
<b>Net profit for the year</b>		<b>4 003</b>	10 486
<b>Assigned to:</b>			
Owners of the Group		4 076	10 562
Minority rights		(73)	(76)
		<b>4 003</b>	10 486

The notes on pages 16 to 125 form an integral part of the financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 €000	Restated 2022 €000
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Revaluation of property		(65)	447
Deferred tax on revaluation of property		68	47
<b>Net comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</b>		3	494
<b>Other comprehensive income/(loss) for the year after tax</b>		3	494
<b>Total comprehensive income/(loss) for the year after tax</b>		4 006	10 980
<b>Assigned to:</b>			
Owners of the Group		4 079	11 056
Minority rights		(73)	(76)
		4 006	10 980

The notes on pages 16 to 125 form part of the financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	<b>31/12/2023</b>	Restated 31/12/2022	Restated 01/01/2022
		<b>€000</b>	€000	€000
<b>Assets</b>				
Cash and deposits in banks	9	<b>44 876</b>	62 744	38 531
Debtors and prepayments	10	<b>3 601</b>	3 497	1 901
Financial assets at fair value through profit or loss	12	<b>199 493</b>	159 110	189 245
Loans and receivables	13	<b>1 926</b>	2 276	2 286
Reinsurance contract assets	21	<b>7 937</b>	9 762	7 300
Insurance contract assets	21	<b>2 090</b>	2 445	4 475
Tax receivable	6	<b>1 094</b>	1 056	1 053
Property and equipment	16	<b>17 926</b>	17 942	17 312
Investment properties	11	<b>118 066</b>	119 759	121 336
Right of use assets	18	<b>441</b>	48	165
Intangible assets	17	<b>931</b>	1 187	1 109
<b>Total assets</b>		<b>398 381</b>	379 826	384 713
<b>Liabilities</b>				
Bank overdraft	9	<b>2 162</b>	552	205
Creditors and accruals	19	<b>9 155</b>	7 706	6 803
Tax payable	6	<b>733</b>	826	517
Liabilities of superannuation and managed pension funds	14	<b>21 323</b>	19 793	21 431
Insurance contracts liabilities	21	<b>281 212</b>	267 505	279 592
Reinsurance contract liabilities	21	<b>2 661</b>	3 032	4 005
Lease liabilities	18	<b>508</b>	150	298
Deferred tax liabilities	6	<b>6 345</b>	6 710	6 952
<b>Total liabilities</b>		<b>324 099</b>	306 275	319 803
<b>Equity</b>				
Share capital	24	<b>14 994</b>	14 994	14 838
Share premium		<b>7 810</b>	7 810	7 078
Revaluation reserves	25	<b>9 407</b>	9 404	8 910
Minority rights	5	<b>1 456</b>	1 529	1 605
Retained profits	25	<b>40 615</b>	39 814	32 479
<b>Total equity</b>		<b>74 282</b>	73 551	64 910
<b>Total equity and liabilities</b>		<b>398 381</b>	379 826	384 713

Socrates Solomides, *Vice Chairman*

Evan Gavas, *Chief Executive Officer*

Pantelis Iacovides, *Chief Financial Officer*

17 April 2024

The notes on pages 16 to 125 form part of the financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share Capital (Note 24)	Share Premium	Revaluation Reserve (Note 25)	Retained Profits (Note 25)	Minority Rights (Note 5)	Total
	€000	€000	€000	€000	€000	€000
At 1 January 2023 (as initially presented)	14 994	7 810	9 404	39 814	1 529	73 551
Effect of the adoption of IFRS 9 (Note 3 Significant accounting policies)	-	-	-	(276)	-	(276)
At 1 January 2023 (Restated)	14 994	7 810	9 404	39 538	1 529	73 275
<b>Total income</b>						
Profit for the year	-	-	-	4 076	(73)	4 003
<b>Other comprehensive income</b>						
Other total comprehensive income for the year after tax	-	-	3	-	-	3
Total comprehensive income for the year	-	-	3	4 076	(73)	4 006
<b>Transactions with owners</b>						
Dividends (note 8)	-	-	-	(2 999)	-	(2 999)
<b>At 31 December 2023</b>	<b>14 994</b>	<b>7 810</b>	<b>9 407</b>	<b>40 615</b>	<b>1 456</b>	<b>74 282</b>
At 1 January 2022 (as initially presented)	14 838	7 078	8 910	3 784	1 605	36 215
Effect of the adoption of IFRS 17 (Note 3 Significant accounting policies)	-	-	-	28 695	-	28 695
At 1 January 2022 (Restated)	14 838	7 078	8 910	32 479	1 605	64 910
<b>Total income</b>						
Profit for the year (restated) (Note 3 Significant accounting policies)	-	-	-	10 562	(76)	10 486
<b>Other comprehensive income</b>						
Other total comprehensive losses for the year after tax	-	-	494	-	-	494
Total comprehensive income for the year	-	-	494	10 562	(76)	10 980
<b>Transactions with owners</b>						
Issue of shares (Note 24)	156	732	-	-	-	888
Dividends (Note 8)	-	-	-	(2 982)	-	(2 982)
Special contribution for defence in the deemed dividend distribution	-	-	-	(245)	-	(245)
At 31 December 2022	14 994	7 810	9 404	39 814	1 529	73 551

The notes on pages 16 to 125 form a part of the financial statements.

## Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023	2022
		€000	€000
<b>Net cash flow from operating activities</b>	27	<b>11 183</b>	21 925
<b>Cash flow from investing activities</b>			
Purchase of investment properties	11	(592)	(533)
Proceeds from sale of investment properties		-	134
Payments for the purchase of financial assets at fair value through profit or loss		(156 676)	(86 377)
Proceeds from the sale of financial assets at fair value through profit or loss		129 073	92 230
Proceeds from loans to policyholders		350	(1 147)
Decrease/(increase) in bank deposits		14 886	(15 441)
(Increase)/decrease in blocked deposits		-	(162)
Purchase of property and equipment	16	(388)	(339)
Proceeds from the sale of property and equipment		-	50
Payments for the purchase of intangible assets	17	(241)	(253)
Investment income received		1 084	724
<b>Net cash flow for investing activities</b>		<b>(12 504)</b>	(11 114)
<b>Cash flow for financing activities</b>			
Dividend paid		(2 999)	(2 077)
Leases payments		(214)	(203)
Payment of interest expenses		(56)	(269)
<b>Net cash flow for financing activities</b>		<b>(3 269)</b>	(2 549)
Net (decrease) / increase cash and cash equivalents		(4 590)	8 262
Cash and cash equivalents at 1 January	9	9 583	1 321
<b>Cash and cash equivalents at 31 December</b>	9	<b>4 991</b>	9 583

The notes on pages 16 to 125 form part of the financial statements.

## Summary of significant accounting policies

A summary of the accounting policies followed in respect of items that are considered material or significant for the results of the year and the financial position of the Group are stated below:

### 1. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). In addition, the consolidated financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113.

The consolidated financial statements have been prepared on a historical cost basis, except for properties held for own use, investment properties and financial assets at fair value through profit, that have been measured at fair value.

The Group presents its consolidated statement of financial position in order of liquidity. An analysis regarding expected recovery or settlement of financial assets and liabilities within twelve months after the consolidated statement of financial position date and more than twelve months after the consolidated statement of financial position date is presented in note 29.

#### *Group operating environment*

The geopolitical situation in Eastern Europe peaked on 24 February 2022 with the start of the conflict between Russia and Ukraine. The impact of the war does not only affect entities operating in the region, but also economies and financial markets worldwide, exacerbating economic challenges.

The United Nations, the European Union, the United States, Switzerland, the United Kingdom and other countries have imposed a series of sanctions on the Russian and Belarusian governments, various companies and certain individuals. The sanctions imposed include the freezing of assets and the prohibition on making funds available to these individuals and entities. In addition, the sanctioned persons are subject to travel restrictions preventing them from entering or transiting the relevant territories. The Republic of Cyprus has implemented the restrictive measures of the United Nations and the European Union.

In October 2023, the Palestinian political and military movement "Hamas" launched surprise attacks against Israel from the Gaza Strip, and Israel responded militarily to these attacks. The conflict remains ongoing, with significant implications for the region and international relations.

The growing uncertainty about global commodity supplies due to the conflict between Russia and Ukraine and between Israel and "Hamas" has disrupted some global trade flows and put upward pressure on the increase in commodity prices, energy, input costs and interest rates. It has also increased inflation and caused unprecedented anxiety in stock markets.

The Group has no exposure to Russia, Ukraine, Belarus, Israel or Palestine and therefore does not expect any direct impact on its operations. Developments will continue to be monitored for indirect impacts and any future need for action will be assessed.

The Management, considering the impact to date and its assessments of expected developments regarding events in Ukraine and Gaza as well as the economic challenges in the financial markets, believes that the Group can successfully manage the above risks, despite the uncertainty and that it has sufficient resources to continue its operations in the future. The Management closely monitors the situation and is ready to take further measures depending on the developments.

#### *Going concern*

The Group's management has assessed the Group's ability to continue as a going concern considering the current situation as described in the Operating environment. Management believes that the Group can successfully manage its business risks despite the uncertain economic conditions prevailing. It therefore continues to use the going concern basis in the preparation of the annual consolidated financial statements.

## Summary of significant accounting policies

### 2. Functional and presentation currency

The consolidated financial statements are presented in Euro (€) which is the functional and reporting currency of the financial statements of the Group. All amounts are rounded to the nearest thousand except where otherwise indicated.

### 3. Adoption of new and amended standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. This adoption did not have any significant impact on the financial statements except from the adoption of the following new standards:

- IFRS 17 Insurance Contracts
- IFRS 9 Financial Instruments

The impact of these new standards is described below.

New or amendment disclosures for the current period are presented where applicable, and the disclosures for the comparative period are comparable to those made in the previous year.

#### **IFRS 17 Insurance Contracts**

IFRS 17 replaces IFRS 4 "Insurance Contracts" and is effective for annual periods beginning on or after 1 January 2023.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. As a result, it has brought significant changes to the accounting for insurance and reinsurance contracts and has had a material impact on the Group's financial statements during this period of initial application. The Group has restated comparative information for 2022 and presents a third statement of financial position for 1<sup>st</sup> January 2022 applying the transitional provisions of IFRS 17.

The nature of the changes can be summarised as follows.

#### ***Changes in classification and measurement***

The adoption of IFRS 17 did not change the classification of the Group's insurance and investment contracts. In addition, there has not been any impact on the classification of reinsurance contracts held as a result of the application of the provisions of IFRS 17.

However, the adoption of IFRS 17 has resulted in significant changes in the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under IFRS 17, the Group recognizes and measures insurance contracts in groups based on the portfolio, the year of issue of the contract (annual cohort) and the expected profitability level.

Under the general measurement model ("GMM") the Group measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit of the contracts relating to the insurance contract services to be provided. The fulfilment cash flows ("FCF") include the estimate of the present value of future cash flows, plus a risk adjustment for non-financial risk.

For long-term life insurance contracts, under IFRS 17, all profits are recognized in profit or loss over the lifetime of the contracts, and this is primarily driven by the timing of the recognition in the statement of comprehensive income of the CSM as services are provided and the risk adjustment for non-financial risk as the related risk expires. Even though the total profit recognised over the lifetime of the contracts will not change, it will emerge more slowly under IFRS 17. In the case of loss-making contracts, the expected future losses are recognised immediately in the statement of comprehensive income under IFRS 17.

## Summary of significant accounting policies

For short-term group life and accident and health insurance policies, the Group applies the Premium Allocation Approach ("PAA") which is similar to the accounting treatment previously applied in measuring the liability for remaining coverage and therefore has not significantly impacted the Group. For the measurement of the liability for incurred claims, IFRS 17 requires that the fulfilment cash flows include a risk adjustment for non-financial risk that was not explicitly measured under IFRS 4.

### ***Changes in presentation and disclosure***

The statement of comprehensive income has been significantly restated with the application of IFRS 17 compared to the statement of comprehensive income as previously presented under IFRS 4.

Based on the requirements of IFRS 17, the Group disaggregates the amounts recognised in the statement of comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Group separately presents income or expenses from reinsurance contracts held from the income or expenses from insurance contracts issued.

Specifically, the Group was presenting the following information in the statement of comprehensive income:

- Premiums
- Reinsurance premiums
- Net premiums
- Commission from reinsurers and other commissions
- Gross payments to policyholders
- Reinsurers' share of payments to policyholders
- Gross change in insurance contract liabilities
- Reinsurers' share of change in insurance contract liabilities
- Gross change in deferred acquisitions costs
- Reinsurers' share in deferred acquisition costs
- Commission to insurance agents

The Group statement of comprehensive income in accordance with IFRS 17 requires the following to be presented separately:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums paid
- Amounts recovered from reinsurers
- Insurance finance income/expense from insurance contracts issued
- Reinsurance finance income/expense from reinsurance contracts held

For the presentation of the statement of financial position, under IFRS 17, the Group aggregates insurance contracts issued and reinsurance contracts held, respectively, and presents them separately:

- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contract held that are assets
- Portfolios of reinsurance contracts held that are liabilities

To comply with the presentation under IFRS 17, some balances previously presented separately in the statement of financial position such as premiums receivable, deferred acquisition costs, balances with reinsurers etc. are no longer presented separately and are, instead, included in the measurement of insurance and reinsurance contracts.

### ***Transition***

On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable. The Group has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2021 and the fair value approach for the long-term life contracts issued before year 2021. For the short-term contracts (Group Life and Accident and health) issued before year 2021 even though only current and

## Summary of significant accounting policies

prospective information was required to reflect circumstances at the transition date the Group has applied the permitted modification under the modified retrospective approach and has not divided the contracts into groups not issued more than one year apart.

On transition date on 1st of January 2022, the effect from application of IFRS 17 resulted in an increase in the Group Equity of €28 695 thousand after the related tax effect as analysed below.

	1 January 2022 €'000
Total equity under IFRS 4	36 215
Effect on reassessment of assets and liabilities from IFRS 4 to IFRS 17	29 234
Effect on deferred taxation	(539)
Total effect from application of IFRS 17	<u>28 695</u>
Total equity under IFRS 17	<u>64 910</u>

The transition to IFRS 17 had a significant positive net impact on the Group's equity mainly as a result of the following:

- The recognition of future profits (Contractual Service Margin) for contracts accounted under the general measurement model (GMM) and the variable fee method (VFA) as a liability (negative impact).
- The recognition of the risk adjustment for non-financial risk (negative impact).
- The release of prudency margins and the application of best estimate assumptions for the valuation of cash flows (positive impact).

In addition, the effect from application of IFRS 17 in the statement of comprehensive income for the year 2022 resulted in an increase in net profit from €8 948 thousand under IFRS 4 to €10 562 thousand under IFRS 17 after the related tax effect. As a result, the Group Equity as at 31 December 2022 was restated from €41 529 thousand under IFRS 4 to €71 838 thousand under IFRS 17.

### **IFRS 9 Financial Instruments**

The standard replaces IAS 39 Financial Instruments: Recognition and Measurement, from its effective date. The standard introduces new provisions for the classification and measurement of financial assets and liabilities, for the impairment methodology and hedge accounting.

#### ***Classification and measurement of financial assets and liabilities***

All recognized financial assets that are currently within the scope of IAS 39 and will fall within the scope of IFRS 9 will be measured either at amortized cost or at fair value upon initial recognition.

Specifically:

- a debt instrument, held within a business model whose objective is to collect contractual cash flows and has cash flows consisting solely of principal and interest payments on principal, must be measured at amortized cost (less any impairment) unless the asset has been determined at fair value through profit or loss, based on the fair value measurement option.
- a debt instrument that is held within a business model whose objective is both to collect contractual cash flows and to sell the assets and has contractual terms that only provide for the payment of principal and interest on the principal on specific dates, must be measured at fair value which will be presented in the statement of Other Comprehensive Income, unless the asset is classified at fair value through profit or loss, based on the fair value measurement election.
- all other debt instruments should be measured at fair value through profit or loss.
- all equity instruments are measured at fair value, and gains or losses are recognized in the income statement, except where with the possibility of an irrevocable option provided by the standard on

## Summary of significant accounting policies

the initial recognition of an instrument that is not held for trading purposes, nor does it involve a contingent price for a business combination under IFRS 3, this can be measured at fair value through Other Comprehensive Income while dividend income will be recognized in the income statement.

With respect to financial liabilities, a significant change is the presentation of changes in the fair value of a financial liability, which has been determined at fair value through profit or loss, and the changes arise from a change in the credit risk of the liability. According to IFRS 9 such changes are presented in the statement of Other Comprehensive Income, unless the presentation of the effect of the change in credit risk in that statement creates or widens an accounting mismatch in the income statement. Changes in the fair value which are due to the change in the credit risk of the financial liability, are not subsequently transferred to the income statement.

### ***Impairment of financial assets***

IFRS 9 introduces a single model for the recognition of impairment losses applicable to securities that are measured at amortized cost and at fair value through other comprehensive income. The impairment model under IFRS 9 reflects expected credit losses as opposed to realized credit losses under IAS 39. This means that it is not necessary for a credit event to occur for credit losses to be recognised. The amount of expected credit losses should be revised at each financial statement date to consider changes in credit risk since initial recognition.

The Group will recognize a loss provision for expected credit losses on:

- financial assets valued at amortized cost
- investments in debt securities valued at fair value through other comprehensive income
- assets from contracts.

The Group will measure the loss allowance for a financial instrument at an amount equal to expected credit losses over the lifetime of the financial instrument, except in the following cases where they are measured at an amount equal to twelve-month expected credit losses:

- debt securities determined to have low credit risk at the reporting date, and
- other debt securities and bank balances for which the credit risk (ie the risk of default arising over the expected life of the financial instrument) has not increased significantly since initial recognition.

The loss allowance for trade receivables and contract assets will always be valued at an amount equal to expected credit losses over the life of the financial instrument.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating expected credit losses, the Group will consider reasonable and supportable information that is relevant and available without excessive cost. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and up-to-date credit assessment, as well as forward-looking information.

The Group assumes that the credit risk of a financial asset has increased significantly if it is overdue for more than 60 days.

### ***Hedge Accounting***

The general hedge accounting requirements of IFRS 9 retain the three basic hedge accounting mechanisms of IAS 39, but also expand the types of financial products that can be used as hedging instruments and the types of hedged items included in non-financial products, which may be subject to hedge accounting. In addition, the effectiveness controls have been revised and replaced by the principle of economic correlation. The requirement to demonstrate retrospective effectiveness no longer exists, however more disclosures have been introduced regarding entities' risk management. The Group does not apply hedge accounting.

### ***Transitional Provisions***

An entity that adopts the classification and measurement requirements of this Standard need not restate prior periods ("modified retrospective approach"). An entity may restate prior periods if and only if it is

## Summary of significant accounting policies

possible without retrospective use and subject to classification overlap explained below. If an entity does not restate prior periods, the entity recognizes any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in retained earnings of the annual reporting period that includes the date of initial application. The Group has chosen to apply the modified retrospective approach without restating comparative data on 1 January 2023.

Based on the analysis of the Group's financial assets as of 31 December 2022 and based on the facts and circumstances existing on that date, the Group's Management has assessed the impact of IFRS 9 on the Group's consolidated financial statements as follows:

### ***Classification***

A summary of the results of the assessment of the classification of financial assets and liabilities is presented in the table below:

<b><i>Assets and liabilities linked to insurance investment plans</i></b>	<b>IAS 39</b>	<b>IFRS 9</b>
<b>Financial assets at fair value through profit or loss</b>	Fair value through profit or loss	Fair value through profit or loss
<b>Cash and bank deposits</b>	Loans and receivables	Fair value through profit or loss
<b>Liabilities of superannuation and managed pension funds</b>	Fair value through profit or loss	Fair value through profit or loss
<b><i>Assets and liabilities non-linked to insurance investment plans</i></b>		
<b>Financial assets at fair value through profit or loss</b>	Fair value through profit or loss	Fair value through profit or loss
<b>Debtors and accrued income (except rent receivables)</b>	Loans and receivables	Amortised cost
<b>Loans and receivables (excluding items within the scope of IFRS 17)</b>	Loans and receivables	Amortised cost
<b>Cash and bank deposits</b>	Loans and receivables	Amortised cost
<b>Premiums receivable and other insurance receivables</b>	Loans and receivables	Amortised cost
<b>Creditors and accruals</b>	Amortised cost	Amortised cost
<b>Bank overdraft</b>	Amortised cost	Amortised cost

The classification impact has only affected bank deposits linked to insurance investment plans of € 52 393 153 on 1st January 2023.

## Summary of significant accounting policies

The impact on the gross book value due to transition is presented below:

<b>Financial Assets</b>	<b>Gross Book Value IAS 39 €000</b>	<b>Gross Book Value IFRS 9 €000</b>
Cash and bank deposits	62 744	62 744
Mortgage loans	4 519	4 519
Debtors and accrued income	3 497	3 497
Financial assets at fair value through profit or loss	159 110	159 110
<b>Total of Financial Assets</b>	<b>229 270</b>	<b>229 270</b>
<b>Financial liabilities</b>	<b>Gross Book Value IAS 39 €000</b>	<b>Gross Book Value IFRS 9 €000</b>
Bank Overdraft	553	553
Creditors and Accruals	7 706	7 706
Liabilities of superannuation and managed pension funds	19 793	19 793
<b>Total of Financial Liabilities</b>	<b>28 052</b>	<b>28 052</b>

### Impairment

The impact of IFRS 9 on the impairment of assets within the scope for impairment is shown below:

	<b>Gross book value €000</b>	<b>IFRS 9 €000</b>	<b>IAS 39 €000</b>	<b>Impact on transition €000</b>
<b>Mortgage loans</b>	4 519	2 478	2 243	235
<b>Debtors and accrued income</b>	1 483	41	-	41
<b>Total</b>	<b>6 002</b>	<b>2 519</b>	<b>2 243</b>	<b>276</b>

The effect of the transition amounting to €276 000 recognized in retained earnings on 1st January 2023, as presented in the Consolidated Statement of Changes in Equity.

### 3.1 New accounting announcements

At the date of approval of these financial statements a number of new standards, interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2023 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- IAS 1 Presentation of Financial Statements (Amendments): Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants (effective for annual periods beginning on or after 1 January 2024)

In 2020, the IASB has amended IAS 1 to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.

On 31 October 2022 the IASB issued further amendments to IAS 1 i.e. Non-current liabilities with covenants. The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. The amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as

## Summary of significant accounting policies

current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt). When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity. Companies may have interpreted the existing IAS 1 requirements differently when classifying convertible debt. Therefore, convertible debt may become current.

The Group is currently assessing the impact of the amendments on its financial statements and as of the date of issue of these financial statements the impact of the amendments is not reasonably estimable

- *IFRS 16 Leases (Amendments): Lease Liability in Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)*

The IASB has issued amendments to IFRS 16 Leases, which add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. A sale and leaseback is a transaction for which a company sells an asset and leases that same asset back for a period of time from the new owner. IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, IFRS 16 had not specified how to measure the transaction when reporting after that date. The amendments issued in September 2022 impact how a seller-lessee accounts for variable lease payments that arise in a sale and leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale and leaseback transactions entered into since 2019.

The amendments confirm the following: (1) On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction. (2) After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

The Group is currently assessing the impact of the amendments on its financial statements and as of the date of issue of these financial statements the impact of the amendments is not reasonably estimable

- *IFRS 10 Consolidated Financial Statements (Amendments) and IAS 28 Investments in Associates and Joint Ventures (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely; early adoption continues to be permitted)*

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Group is currently assessing the impact of the amendments on its financial statements and as of the date of issue of these financial statements the impact of the amendments is not reasonably estimable.

## Summary of significant accounting policies

### 4. Significant accounting policies – Insurance contracts

#### 4.1 Summary of measurement methods

The Group presents disaggregated information about insurance contracts issued by major product line and has identified the below aggregation basis:

- Savings
- Participating
- Non-Participating
- Accident and Health

The following table summarises the characteristics of the Group's insurance contracts that are measured under IFRS 17 and the measurement methods.

IFRS 17 aggregation basis	IFRS 17 portfolios	Contracts issued	Measurement Method (GMM, VFA, PAA)	OCI Option
Savings	Unit Linked	Investment-linked insurance policies, which have life insurance coverage and an investment account balance. The Group has an obligation to pay policyholders an amount equal to the value of specified underlying items, minus a variable fee for service.	Variable Fee Approach	No
Participating	Non linked with profits	Whole life and endowment insurance contracts, which are life insurance contracts that provide life coverage and allow the policyholder to benefit by participating in the performance of the Life Fund of the Group. This category includes investment contracts with discretionary participation features.	General Measurement Model - Modified	No
Non-Participating	Non linked without profits	Term life which are life insurance contracts that provide either level or decreasing sum assured coverage for a limited period of time in exchange for a single or renewable fixed premium. This portfolio also includes whole life insurance contracts without any participation in the Life Fund.	General Measurement Model	No
	Group life	Contracts provided to corporates for the life cover of their employees/ members (term life cover).	Premium Allocation Approach	No
	Annuity	Annuity contracts which provide the annuitant with a guaranteed income payout for life.	General Measurement Model	No
Accident and Health	Individual Accident	Accident and Health are non-life contracts to corporate and individual customers.	Premium Allocation Approach	No

## Summary of significant accounting policies

IFRS 17 aggregation basis	IFRS 17 portfolios	Contracts issued	Measurement Method (GMM, VFA, PAA)	OCI Option
	Individual Health	Contracts are issued to provide coverage for health and personal accidents.	Premium Allocation Approach	No
	Group Accident		Premium Allocation Approach	No
	Group Health		Premium Allocation Approach	No

In addition to issuing insurance contracts, the Group holds reinsurance contracts to mitigate certain risk exposures. These are quota share, surplus, excess of loss and facultative reinsurance contracts.

The Group presents disaggregated information about reinsurance contracts held by major product line and has identified the below aggregation basis:

- Life
- Accident and Health

The following table summarises the characteristics of the Group's reinsurance contracts held and the measurement methods.

IFRS 17 aggregation basis	IFRS 17 portfolios	Reinsurance contracts held (underlying risk covered)	Measurement Method (GMM, PAA)	OCI Option
Life	Life	Life risk reinsurance contracts with underlying Unit Linked, Term, Endowment and Whole life insurance contracts.	General Measurement Model	No
	Group Life	Reinsurance treaties and Facultative reinsurance contracts with underlying term life contracts issued on group basis.	Premium Allocation Approach	No
	Catastrophe Cover	Catastrophe cover reinsurance contract covering the aggregate risk of the underlying contracts arising from catastrophic events.	Premium Allocation Approach	No
Accident and Health	Health - Proportional	Non-life reinsurance contracts covering Accident and Health risks of the respective underlying contracts.	Premium Allocation Approach	No
	Health – Non-Proportional		Premium Allocation Approach	No
	Personal Accident		Premium Allocation Approach	No

### 4.2 Definition and classification of insurance and reinsurance contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects

## Summary of significant accounting policies

the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

The Group uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. The Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. The Group issues contracts under which it accepts significant insurance risk from its policyholders, which are classified as insurance contracts.

The Group holds reinsurance contracts that transfer significant insurance risk since they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts, and they follow financial instruments accounting under IFRS 9. The Group entered into some contracts which have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities and are referred to as investment contracts.

Some investment contracts contain discretionary participation features ("DPF"), whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group issues investment contracts with DPF which have similar economic characteristics as insurance contracts and they are linked to the same pool of assets as insurance contracts. The Group applies insurance contract accounting to these contracts.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features.

An insurance contract with direct participation features is defined as one which, at inception, meets the following criteria:

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

These criteria are assessed at the individual contract level based on the Group's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract takes into account all cash flows within the boundary.

The savings (unit-linked) contracts issued by the Group are classified as direct participating contracts. Such contracts allow policyholders to participate in investment returns with the Group, in addition to compensation for losses from insured risk. These contracts are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders.

Contracts with profit sharing for which the above three criteria are not met are considered indirect participating contracts. Such contracts provide the Group discretion in terms of the profit sharing of the returns of the underlying items. The Group's non-linked with profits contracts consist of indirect participating contracts.

## Summary of significant accounting policies

The classification of contracts as direct participating contracts or contracts without direct participation features results in different requirements in terms of their subsequent valuation.

### 4.3 Separating components from insurance and reinsurance contracts

At inception, the Group separates the following components from an insurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract as a stand-alone instrument; and
- distinct investment components i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

An investment component comprises of the amounts that an insurance contract requires the Group to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for.

After separating any embedded derivatives or distinct investment components, the Group separates any promises to transfer to policyholders' distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

The Group assesses its insurance contracts to determine whether they contain any derivatives or investment components or promises to transfer to policyholders' distinct goods or services other than insurance coverage and investment services which must be accounted for under a different IFRS than IFRS 17. The Group applies, IFRS 17 to all remaining components of the host insurance contract.

The Group issues some contracts which include an embedded derivative (surrender option) and/or investment component (account balance) under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These components have been assessed to meet the definition of a highly related and/or non-distinct component. The surrender option is interrelated with the value of the insurance contract and as such, is not separated. Concerning the account balance, the Group is unable to measure the investment component separately from the contract and the policyholder is unable to benefit from the investment component unless the insurance component is also present and as such they are not separated.

The Group issues certain contracts which include a promise to transfer a good or non-insurance service such as routine health checks. These transfers of a good or non-insurance service are not distinct and therefore not separated from the contracts.

Once the embedded derivatives, investment components and the goods and services components are separated, the Group assesses whether the contract should be separated into several insurance components that, in substance, should be treated as separate contracts.

To determine whether a single legal contract does not reflect the substance of the transaction and its insurance components recognised and measured separately instead, the Group considers whether there is an interdependency between the different risks covered, whether components can lapse independently of each other and whether the components can be priced and sold separately. When the Group enters into one legal contract with different insurance components operating independently of each other, insurance components are recognised and measured separately applying IFRS 17.

## Summary of significant accounting policies

Concerning the contracts with supplementary benefits (riders) the Group has determined that the legal contract reflects the substance of the transaction and as such the insurance components are not separated.

Reinsurance contracts held, may provide cover for underlying contracts that are included in different groups. Notwithstanding, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

### 4.4 Aggregation level

For insurance contracts issued and reinsurance contracts held, the Group shall identify portfolios of contracts. A portfolio comprises contracts subject to similar risks and managed together. The Group has defined portfolios of insurance contracts issued based on its product lines, due to the fact that the products are subject to similar risks and managed together. Reinsurance contracts held have been grouped into portfolios taking into consideration the nature of the risk and the type of reinsurance cover.

The Group shall not include contracts issued more than one year apart in the same group. The Group has divided each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently;
- and any remaining contracts in the annual cohort.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held into groups of:

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; - and remaining contracts in the portfolio, if any.

The Group makes an evaluation of whether a set of contracts can be treated together in making the profitability assessment based on reasonable and supportable information. In the absence of such information the Group assesses each contract individually.

If insurance contracts within a portfolio would fall into different groups only because law or regulation specifically constrains the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics, the Group may include those contracts in the same group.

For contracts applying the Premium Allocation Approach ("PAA") the Group assumes that contracts are not onerous (for reinsurance contracts there is not a net gain) on initial recognition unless there are facts and circumstances indicating otherwise. The Group assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous (for reinsurance contracts there is not a net gain) at initial recognition belong to a group with no significant possibility of becoming onerous (for reinsurance contracts no significant possibility of a net gain) in the future.

The composition of the groups is established at initial recognition and is not subsequently reassessed.

## Summary of significant accounting policies

### 4.5 Initial Recognition

The Group recognises groups of insurance contracts that 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 is due, or when the first payment is received if there is no due date;
- When the Group determines that a group of contracts becomes onerous.

Concerning onerous contracts such contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

The Group recognises a group of reinsurance contracts held:

- If the reinsurance contracts provide proportionate coverage, at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract;
- In all other cases, from the beginning of the coverage period of the first contract in the group.

If the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

The Group adds new contracts to the group when they meet the recognition criteria.

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

### 4.6 Contract Boundaries

#### *Insurance contracts*

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the 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 Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services.

Cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract, including cash flows for which the Group has discretion over the amount or timing.

A substantive obligation to provide services ends when:

- The Group 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:
  - i) The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
  - ii) The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

In determining whether all the risks have been reflected either in the premium or in the level of benefits, the Group considers all risks that policyholders would transfer had it issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Group concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks that it would assess when underwriting equivalent contracts on the renewal date for the remaining service.

## Summary of significant accounting policies

The assessment on the Group's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the Group disregards restrictions that have no commercial substance. The Group also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. Judgement is required to decide whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

The Group issues contracts that include an option to add insurance coverage at a future date so that the Group is obligated to provide additional coverage if the policyholder exercises the option. The Group has no right to compel the policyholder to pay premiums and the option to add insurance coverage at a future date is an insurance component that is not measured separately from the insurance contract.

When the insurance option is not in substance a separate contract and the terms are guaranteed by the Group, the cash flows arising from the option are within the boundary of the contract. If the option is not a separate contract and the terms are not guaranteed by the Group, the cash flows arising from the option might be either within or outside the contract boundary, depending on whether the Group has the practical ability to set a price that fully reflects the reassessed risks of the whole contract. If the Group does not have the practical ability to reprice the whole contract when the policyholder exercises the option to add coverage, the expected cash flows arising from the additional premiums after the option exercise date would be within the original contract boundary.

In estimating expected future cash flows of the group of contracts the Group applies its judgement in assessing future policyholder behaviour surrounding the exercise of options available to them such as surrenders options, and other options falling within the contract boundary.

Cash flows are within the boundaries of investment contracts with discretionary participation features if they result from a substantive obligation of the Group to deliver cash at a present or future date.

The Group assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations.

### *Reinsurance contracts*

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the cedant that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive insurance contract services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transfer to it and can set a price or level of benefits that fully reflects those reassessed risks or
- has a substantive right to terminate the coverage.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract. This includes cash flows from insurance contracts that are expected to be issued by the Group in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

The Group holds life reinsurance agreements which have an unlimited duration but which allow both the reinsurer and the Group to terminate the contract at three months' notice for new business ceded. The Group includes within the contracts boundary only cash flows arising from such three months' notice period because it does not have substantive rights or obligations beyond that point. Therefore, on initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Group expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period. Other life reinsurance agreements have a

## Summary of significant accounting policies

cancellability clause for new business with three months' notice but this being effective at the next annual renewal of the agreement and hence, in this case, on initial recognition the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Group expects to issue and cede under the reinsurance contract within the next year. The Group treats all the above mentioned reinsurance contracts as a series of contracts that form an annual group and cover underlying business issued within a year.

The Group also holds proportional group life and accident and health reinsurance contracts that have an annual term and cover short-term underlying contracts issued within the term on a risk-attaching basis. All cash flows arising from claims incurred and expected to be incurred during the effective period of the reinsurance contract (two years) are included in the measurement.

Finally, the Group's excess of loss reinsurance contracts held have an annual term and provide coverage for claims incurred during an accident year (i.e. loss occurring). Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held.

### **4.7 Insurance acquisition cashflows**

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group and to renewal groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

A systematic and rational method is also used to allocate insurance acquisition cash flows directly attributable to a portfolio but not to groups of contracts to such groups in the portfolio.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

#### *Impairment*

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

- recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss as above.

The Group reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

## Summary of significant accounting policies

### 4.8 Measurement of insurance contracts issued

The liability for remaining coverage ("LRC") represents the Group's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the coverage period), comprising (a) fulfilment cash flows relating to future service and (b) the contractual service margin yet to be earned.

The liability for incurred claims ("LIC") includes the Group's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and includes the liability for claims incurred but not yet reported. It also includes the Group's liability to pay amounts the Group is obliged to pay the policyholder under the contract, including repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

The carrying amount of a group of insurance contracts at each reporting date is the sum of the LRC and the LIC.

#### 4.8.1 Measurement of initial recognition of contracts not measured under the PAA

Under the general measurement model ("GMM") the Group measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

##### *Contractual Service Margin ("CSM")*

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit the Group will recognise as it provides insurance contract services over the coverage period.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, the CSM is measured as the equal and opposite amount of the net inflow, which results in no gain no loss, arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

##### *Fulfilment Cashflows ("FCF")*

FCF comprise unbiased and probability-weighted estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows, plus a risk adjustment for non-financial risk. The Group's objective in estimating future cash flows is to determine the expected value, or the probability weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort, that reflect the timing and uncertainty of those future cash flows. The future cash flows are discounted using current assumptions.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs

## Summary of significant accounting policies

- Claims handling costs
  - Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
  - An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- The cash flow estimates include both market variables, which are consistent with observable market prices, and non-market variables, which are not contradictory with market information and based on internally and externally derived data.

The Group updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Group determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued.

### *Risk Adjustment ("RA")*

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The risk adjustment also reflects the degree of diversification benefit the Group includes when determining the compensation it requires for bearing that risk; and both favourable and unfavourable outcomes, in a way that reflects the Group's degree of risk aversion.

The Group uses the Value at Risk (VaR) method in estimating the risk adjustment. Methods and assumptions used to determine the risk adjustment for non-financial risk are described in note 2.

### *Time value of money and Financial risks*

The Group adjusts the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows, to the extent that the financial risks are not included in the estimates of cash flows. The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and
- exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts.

The Group uses the 'bottom-up approach' to estimate discount rates. Methods and assumptions used to determine the discount rates are described in note 2.

### **4.8.2 Subsequent measurement of contracts not measured under the PAA**

At the end of each reporting period, the Group updates the fulfilment cash flows for both LRC and LIC to reflect current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variables.

Experience adjustments are the difference between:

- The expected cash flow estimate at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows)
- The expected cash flow estimate at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

## Summary of significant accounting policies

Experience adjustments relating to current or past service are recognised in the profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

Experience adjustments relating to future service are included in the LRC by adjusting the CSM. The release of the CSM depends on whether the contract does not participate, participates indirectly or directly participates in the performance of the specified underlying items.

At the end of each reporting period, the Group re-estimates the LRC fulfilment cash flows, updating for changes in assumptions relating to financial and non-financial risks.

### *Insurance contracts without direct participation features*

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in discount rate for each group of insurance contracts is determined as the rate applicable at the beginning of the 12-month period during which the contracts joined the group. Methods and assumptions used to determine the discount rates are described in note 2.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows) and the estimate, at the beginning of the period, of the amounts expected.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM)
- Differences between:
  - any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
  - the actual amount that becomes payable in the year
- Changes in the risk adjustment for non-financial risk that relate to future service

The adjustments to the CSM noted above will be measured at the locked-in discount rates. The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service. An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided. In determining the amount of the CSM to be released in each period, the Group follows three steps:

- determine the total number of coverage units in the group. The amount of coverage units in the group is determined by considering for each contract the quantity of benefits provided under the contract and the expected coverage period.

## Summary of significant accounting policies

- allocate the CSM at the end of the period (before any of it is released to profit or loss to reflect the insurance contract services provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in the future.
- recognise in profit or loss the amount of CSM allocated to the coverage units provided during the period.

The number of coverage units changes as insurance contract services are provided, contracts expire, lapse or surrender and new contracts are added into the group. The total number of coverage units depends on the expected duration of the obligations that the Group has from its contracts, which can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events. In determining a number of coverage units, the Group exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviours to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods and the 'quantity of benefits' provided under a contract.

The Group does not issue insurance contracts generating cash flows in a foreign currency that is different from the functional currency of the Group.

### *Insurance contracts with direct participation features*

Direct participating contracts are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Group adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group then adjusts any CSM for changes in the amount of the Group's share of the fair value of the underlying items which relate to future services.

Hence, the carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
  - increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

### *Indirect participating contracts*

The participating non-linked with profit contracts of the Group have cash flows dependent on underlying items but do not meet the definition of direct participating contracts. This results in the VFA not being

## Summary of significant accounting policies

applicable to these contracts. Instead, the Group applies the GMM. The effects of financial variables do not impact the CSM measurement for a group of indirect participating contracts as changes in financial risk are recognised directly in profit or loss as part of total insurance finance income or expenses except when the change triggers a change in the way the Group applies its discretion. In this instance, the change will adjust the CSM.

The Group specifies at inception what they regard as their commitment under the contract, which enables the Group to calculate the amount recognised in profit or loss (for changes in assumptions related to financial risk on that commitment) and the amount adjusting the CSM (because of the exercise of discretion in relation to the Group's commitment).

The CSM of indirect participating contracts accretes interest at the original locked-in discount rates determined for a group of contracts at initial recognition. Those changes in fulfilment cash flows related to future coverage that adjust the CSM are also measured at the original 'locked-in' discount rates determined on initial recognition.

### *Onerous Contracts*

After the loss component is recognised, the Group allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between 'loss component' and 'LRC excluding the loss component'.

The subsequent changes in the fulfilment cash flows of the LRC to be allocated are:

- insurance finance income or expense,
- changes in risk adjustment for non-financial risk recognised in profit or loss representing release from risk in the period; and
- estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expense in the period.

The Group determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total outflows included in the LRC, excluding any investment component amount. Any subsequent decreases relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustments for non-financial risk are allocated first only to the loss component, until it is exhausted. Once it is exhausted, any further decreases in fulfilment cash flows relating to future service create the group's CSM.

### **4.8.3 Measurement of contracts under the PAA**

On initial recognition the Group applies the PAA:

- When the coverage period of each insurance contract in the group is one year or less.
- For groups of insurance contracts including contracts with a coverage period extending beyond one year the Group reasonably expects that such simplification would produce a measurement of the LRC for the group that would not differ materially from the one that would be produced applying the requirements of the general measurement model.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

The insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of the contracts in a group.

On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

There are no investment components within insurance contracts issued that are measured under the PAA.

## Summary of significant accounting policies

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of (a) the LRC and (b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of the LRC for subsequent measurement purposes is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided (on the basis of passage of time) and any additional insurance acquisition cash flows allocated after initial recognition.

The LIC is measured similarly to the LIC's measurement under the GMM. The liability equals the amount of the fulfilment cash flows relating to incurred claims. For claims that the Group expects to be paid within one year or less from the date of incurring the Group does not adjust future cash flows for the time value of money and the effect of financial risk. However, claims expected to take more than one year to settle are discounted. The Group does not adjust the claim cash flows for the time value of money and the effect of financial risk as the majority of the claims are settled within one year or less from the date they are incurred.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amount of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. The fulfilment cash flows that relate to the onerous group are not discounted as the liability for incurred claims is also not discounted.

### 4.9 Measurement of reinsurance contracts held

#### 4.9.1 Measurement of the asset for remaining coverage ("ARC")

*Reinsurance contracts measured under the general model ("GMM")*

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include, when determined as significant, an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes
- The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer
- The Group recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition as described below
- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts. On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Group recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

## Summary of significant accounting policies

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage, adjusts the CSM and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts.

The loss-recovery component is adjusted for changes in FCFs of the group of reinsurance contracts relating to future services that result from changes in FCFs of the onerous underlying contracts. If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

### *Reinsurance contracts measured under the Premium Allocation Approach ("PAA")*

The Group applies the PAA to measure a group of reinsurance contracts using the same accounting policies to the insurance contracts, as adapted where necessary to reflect the features of reinsurance contracts.

The Group applies the PAA to reinsurance contracts that it holds, as follows:

- To excess of loss reinsurance contracts that provide coverage on the insurance contracts originated for claims incurred during an accident year.
- To proportional reinsurance contracts on risk attaching basis that provide coverage for short-term underlying insurance contracts and have an effective period of two years the Group elects to apply the PAA since at inception it expects it will provide an asset for remaining coverage that would not differ materially from the general model.

Under the PAA, the initial measurement of the asset equals the reinsurance premium paid. The Group measures the amount relating to remaining service by allocating the amount of expected reinsurance premium payments over the coverage period of receiving services for the group. For all reinsurance contracts held the allocation is based on the passage of time.

On initial recognition of each group of reinsurance contracts held, the Group expects that the time between receiving each part of the services and the related reinsurance premium due date is no more than a year.

## Summary of significant accounting policies

Accordingly, the Group has chosen not to adjust the asset for remaining coverage to reflect the time value of money and the effect of financial risk. Despite, for certain reinsurance arrangements that provide for interest payment on the delayed settlement of reinsurance premiums due the respective expense is recorded in reinsurance finance expense.

Where the reinsurance contracts held cover a group of onerous underlying insurance contracts, the Group adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on additional loss from an already onerous group of underlying insurance contracts. The recognition of this gain results in the accounting for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held. The loss-recovery component is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

### 4.9.2 Measurement of the asset for incurred claims ("AIC")

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and the estimates of the present value of future cash flows for the group(s) of underlying insurance contracts. The Group includes in the estimates of the present value of the future cash flows for the group of reinsurance contracts held the effect of any risk of non-performance by the issuer of the reinsurance contract, including the effects of collateral and losses from disputes, when this is determined as significant.

The risk adjustment for non-financial risk for reinsurance contracts held represents the amount of risk being transferred by the Group to the reinsurer. Methods and assumptions used to determine the risk adjustment for non-financial risk are described in note 2.

### 4.10 Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in:
  - the contract being outside the scope of IFRS 17;
  - a different insurance contract due to separating components from the host contract;
  - a substantially different contract boundary;
  - the contract being included in a different group of contracts.

If any of the modification criteria described above are met, the Group will derecognise the initial contract and recognise the modified contract as a new contract.

On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Group received the premium that it would have charged less any additional premium charged for the modification.

## Summary of significant accounting policies

If the contract modification does not meet the above conditions the Group treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying the PAA the Group adjusts insurance revenue prospectively from the time of the contract modification.

### 4.11 Presentation

The Group has presented separately in the statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, portfolios of reinsurance contracts held that are assets and those that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related groups of insurance contracts issued. The Group disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Group disaggregates the change in risk adjustment for non-financial risk between a financial portion recognised in insurance finance income or expenses and a non-financial portion recognised in insurance service result. The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

#### 4.11.1 Insurance Service Revenue

The Group's insurance revenue depicts the provision of coverage and other services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Group adjusted for financing effect (the time value of money) and excluding any investment components).

The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The risk adjustment for non-financial risk related to current service, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release measured based on coverage units provided
- Other amounts, including experience adjustments for premium receipts for current or past services.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, as insurance service revenue and an equal amount as insurance service expenses.

#### *CSM Release*

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, some

## Summary of significant accounting policies

contracts may also provide investment services for generating an investment return for the policyholder, but only if:

- an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);
- the investment component or withdrawal amount is expected to include an investment return; and
- the Group expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

### *Contracts measured under the PAA*

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group recognises such insurance revenue based on the passage of time by allocating premium receipts including premium experience adjustments to each period of service.

### **4.11.2 Loss Component**

The Group has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Group uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

## Summary of significant accounting policies

### 4.11.3 Insurance Service Expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on detection of critical illness.
- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

### 4.11.4 Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

For contracts measured under the GMM insurance finance income or expenses reflect interest accreted on the future cash flows and the CSM and the effect of changes in interest rates and other financial assumptions.

For contracts measured under the VFA insurance finance income or expenses comprise changes in the measurement of the groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

The Group disaggregates the changes in the risk adjustment for non-financial risk between insurance service result and insurance financial income or expenses.

The Group has an accounting policy choice to either present all of the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). The accounting policy choice is applied on a portfolio-by-portfolio basis. The Group does not disaggregate insurance finance income or expenses between the profit or loss and the OCI for any of its portfolios.

### 4.11.5 Net income or expense from reinsurance contracts held

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group presents separately on the face of the statement of profit or loss and other comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

## Summary of significant accounting policies

### 4.12 Transition

On transition date, 1 January 2022, the Group:

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

On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable. The Group has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2021.

For the long-term contracts (Savings, Participating, Non-Participating) issued before year 2021 the Group has applied the fair value approach.

Under the fair value approach, on transition the Group grouped contracts from multiple cohorts and groups into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Group has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. In determining fair value, the Group has applied the requirements of IFRS 13 Fair Value Measurement, except for the demand deposit floor requirement.

The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition.

For the application of the fair value approach, the Group will not use the permitted modification to use reasonable and supportable information available at the transition date and will instead use information available at the date of inception or initial recognition in order to:

- Determine whether any contracts are direct participating insurance contracts
- Identify any discretionary cash flows for insurance contracts without direct participation features

Despite, the Group will use the permitted modification to use reasonable and supportable information available at the transition date to identify groups of insurance contracts. The discount rate for the group of contracts applying the fair value approach was determined at the transition date and used for the measurement of fulfilment cash flows as of that date. The discount rate used for accretion of interest on the CSM was determined using the bottom-up approach at the transition date.

The Group did not elect to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income.

The Group used the income approach to fair value the insurance contracts at the transition date.

For the short-term contracts (Group Life and Accident and health) issued before year 2021 even though only current and prospective information was required to reflect circumstances at the transition date the Group has applied the permitted modification under the modified retrospective approach and has not divided the contracts into groups not issued more than one year apart.

## Summary of significant accounting policies

### 5. Basis of consolidation

The consolidated financial statements include the accounts of Universal Life Insurance Public Company Ltd (the "Company") and all its subsidiaries companies (Note 7) that together with the Company are referred to as the "Group". All are fully owned both in 2023 and 2022 except for Universal Golf Enterprises PLC, where in 2023 the Company held 94.14% (2022: 94.14%) of its share capital and Universal Golf Enterprises PLC's subsidiary - Universal Green Energies Limited, in which the Company indirectly held 94.14% in 2022. Transactions and balances arising between subsidiaries of the Group are eliminated on consolidation. The subsidiaries are consolidated from the date on which the Group acquired control and cease to be consolidated when control is transferred outside the Group.

Subsidiaries are all companies (including structured companies) in which the Group has control. The Group controls an entity (company) when it is exposed, or has the rights, to the variable returns from its involvement with the company and has the ability to influence returns through its control over the company.

The Group recognises any minority rights in the acquired company either at fair value or to the share of the net assets of the acquired company and corresponds to the minority interest, for each acquisition separately.

The financial statements of the subsidiary companies of the Group are prepared for the same financial reporting period as the holding company, using the same accounting policies.

#### *Transactions with minority shareholders (non-controlling interest)*

The Group treats transactions with minority shareholders as transactions with shareholders of the Group. For purchases by minority shareholders, the difference between the acquisition cost and the participation at the book value of the recognisable net asset of the acquired subsidiary, is recognised in equity. Profits or losses of the Group from sales in minority interest are also included in equity.

### 6. Foreign currency transaction

The consolidated financial statements are presented in Euro (€), which is the functional and presentation currency of the Company and its subsidiaries in Cyprus. Transactions in foreign currencies are recorded using the functional currency rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date of the consolidated financial position. Non-monetary assets and liabilities measured at fair value in foreign currency are translated using the exchange rate at the date that the fair value was determined.

Exchange differences arising from current transactions in relation to insurance business, the translation of the investments relating to unit-linked investment plans and of other assets and liabilities denominated in foreign currencies, are dealt with in the income statement of the respective business.

### 7. Investment income

Investment income includes interest income, dividends and rents from investment property and is shown after the deduction of investment management fees.

Interest income is recognized using the effective interest rate. Dividend income is recognised when the Group's right to receive payment is established.

Rental income from investment properties is accounted for on a systematic basis over the lease period.

## Summary of significant accounting policies

### 8. Provision of retirement benefits

The Group operates several defined contributions plans for providing retirement benefits to permanent employees and insurance agents.

Contributions are made in separate defined contribution schemes calculated as fixed percentages of the emoluments of staff and of the commissions of insurance agents. The relevant cost is recognised in the consolidated statement of comprehensive income.

### 9. Interest Expenses

Interest expenses are recognised in the year in which they are incurred.

### 10. Investment property

Property that is held by the Group for rental and / or for capital appreciation is classified as investment property. In the case that property held by the Group is used partly in the Group's operations and partly for rental or is kept for capital appreciation, the classification is dependent on whether the constituent parts can be sold separately. If this is not the case, the property is classified as property used in the Group's operations unless the part used by the Group is insignificant. The classification of properties is examined on a systematic basis and is revised whenever there are significant changes in their use.

Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition investment properties are measured at fair value as at the reporting date. Valuations are carried out by independent valuers. Depending on the nature of the property and the existing market information the determination of fair value may require the use of estimates such as future cash flows from property and the appropriate discount rate for the flows. Properties held for unit-linked investment plans are subject to intermediate valuations performed by the Group's Management.

Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement of the period in which they arise.

Transfers to or from investment properties are made when there is a change in use evidenced by the end of private use, the beginning of an operating lease to another person or the completion of construction or development. For a transfer from investment property to owner-occupied property, the deemed cost of property for subsequent recognition is the fair value at the date of change in use. If an owner-occupied property is transferred to investment property, the Group recognises this property in accordance with the policy followed for owner-occupied properties until the date of the change in use.

### 11. Financial Instruments

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than those at fair value through profit or loss) on initial recognition are added to or deducted from their fair value as appropriate. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial Assets

All contracts for the normal delivery of financial assets are recognised and derecognised on the trade date. Regular way delivery contracts refer to purchases and sales of financial assets that require delivery of the assets within the time frame established by regulatory authorities or prevailing market principles.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

## Summary of significant accounting policies

### *Classification of financial assets*

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

All other financial instruments not measured at amortised cost or fair value through Other Comprehensive Income are subsequently measured at fair value through profit or loss.

However during the initial recognition of a financial instrument the Group may make the following irrevocable choices:

- The group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below)
- The group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below)

#### (i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

For debt securities subsequently measured at amortised cost or fair value through Other Comprehensive Income interest income is recognised using the effective interest method. For financial assets other than purchased or originated impaired financial assets interest income is calculated by applying the effective interest rate to the amortised carrying amount of the financial asset except for financial assets that subsequently become impaired financial assets. (See below).

For financial assets that subsequently became credit-impaired interest income is recognised by applying the

## Summary of significant accounting policies

effective interest method to the amortised cost of the financial asset. If in subsequent financial periods the credit risk of credit-impaired financial instruments improves so that the financial asset is no longer credit-impaired interest income is recognised by applying the effective interest method to their book value.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to a gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

### (ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the group are classified as FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

### (iii) Equity instruments designated as at FVTOCI

Upon initial recognition the Group may irrevocably choose for some equity investments to present subsequent changes in fair value in Other Comprehensive Income. Fair value measurement through Other Comprehensive Income is not permitted if the investment in equity instruments is held for trading or is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments' revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income - Other' line item (note 9) in profit or loss.

### (iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above)

## Summary of significant accounting policies

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The group has not designated any debt instruments as at FVTPL.

Financial assets measured at fair value through profit or loss are measured at the end of the financial period and gains or losses are recognised in profit or loss to the extent that they are not part of a designated hedging relationship. Net gains or losses that have been recognised in profit or loss include any dividends or accrued interest income.

Financial assets at fair value through profit or loss are measured at their estimated fair value based on current market prices for listed securities. Investments in unlisted securities are carried at estimated fair value calculated using recognised valuation models and indicators which include inputs based on unobservable inputs and adjusted for the specific circumstances of the issuer or based on a consideration of the financial results current condition and prospects of the issuer compared with those of similar listed companies for which current market prices are available. Changes in the fair value of investments classified at fair value through profit or loss are recognised in the consolidated statement of comprehensive income.

### *Impairment of financial assets*

The group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### *(i) Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

## Summary of significant accounting policies

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- An actual or expected significant deterioration in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

The group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts

For financial guarantee contracts, the date that the group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the group considers the changes in the risk that the specified debtor will default on the contract.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

### *(ii) Definition of default*

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group)

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## Summary of significant accounting policies

### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

1. Significant financial difficulty of the issuer or the borrower
  2. A breach of contract, such as a default or past due event (see (ii) above)
  3. The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
  4. It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
  5. The disappearance of an active market for that financial asset because of financial difficulties (iv)
- Write-off policy The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### (iv) Write-off policy

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

### (v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as the group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the group expects to receive from the holder, the debtor or any other party.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised

## Summary of significant accounting policies

in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

### *Derecognition of financial assets*

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

When a financial asset is modified the Group assesses whether the modification resulted in derecognition of the financial asset. According to the Group's policy an amendment results in derecognition when the amendment results in substantially different terms. To determine whether the terms are substantially different the Group takes into account qualitative and quantitative factors.

When the modification results in derecognition the Group recalculates the asset's carrying amount before depreciation and recognises a gain or loss on modification in profit or loss. With regard to the effects of the amendments on the measurement of expected credit losses the Group applies the provisions of IFRS 9.

### *Financial liabilities*

All financial liabilities are subsequently measured either at amortised cost using the effective interest rate method or at fair value through profit or loss.

However financial liabilities arising from transfers of financial assets that do not qualify for derecognition or where the Group's continuing involvement in transferred assets or liabilities relating to financial guarantee contracts issued by the Group applies are measured in accordance with the specific financial policies which are set out below.

### *Financial liabilities are classified as at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if either:

- It has been acquired principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's

## Summary of significant accounting policies

- documented risk management or investment strategy, and information about the grouping is provided internally on that basis
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (note 10) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the group that are designated by the group as at FVTPL are recognised in profit or loss.

### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

### *Derecognition of financial liabilities*

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

### *Offsetting of financial instruments*

A financial asset and a financial liability are offset and the net amount is reflected in the consolidated statement of financial position when the Group currently has a legally strong right to offset the amounts recognized and intends to either settle the net balance or collect the amount of the claim at the same time by paying off the obligation.

## Summary of significant accounting policies

### 12. Property, equipment and computer software

Freehold land and buildings occupied by the Group for use in the supply of services or for administrative purposes are classified as properties used for the operations of the Group and are initially measured at cost. Periodically, these properties are revalued to their estimated fair value, based on valuations by independent qualified valuers, less accumulated depreciation.

Increases in book value resulting from revaluation are credited to other comprehensive income and then to the revaluation reserve in equity. Decreases that offset previous increases in the same asset are charged against this reserve. All other deductions are charged to results.

Depreciation is calculated on the revalued amount less the estimated residual value on a straight-line basis over the useful economic life, which has been estimated to be between 25 and 50 years. Land is not depreciated.

On disposal of freehold property, the relevant reserve balance is transferred to retained earnings / accumulated losses. The cost of adapting / improving leasehold property is amortised over 10 years or during the period of the lease if it does not exceed 10 years.

Equipment and computer software is measured at cost less accumulated depreciation and any impairment. Depreciation is calculated on a straight-line basis over their expected useful life using the following rates per annum:

Office, furniture and equipment	10% - 25%
Motor vehicles	12% - 20%
Computer software	20% - 33 1/3%

The book value of equipment and computer software is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If there is such an indication and the book value is greater than the expected recoverable amount the assets or the cash flow creating units are impaired to the recoverable amount. The recoverable amount for equipment and computer software is the greater of the net sale proceeds and the value in use. For the calculation of the value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current estimates of the market for the time value of money and the specific risks associated with the asset. For assets that do not generate cash flows from their continuous use, that are independent of the cash flows of other assets, the recoverable amount is determined for the unit that generates the cash flows to which the asset belongs.

Expenditure on repairs and maintenance of property, plant and equipment are charged to the consolidated statement of comprehensive income in the year in which they are incurred. Major renovation and other subsequent costs are included in the asset's book value or recognised as a separate asset only when it is probable that future financial benefits will accrue to the Group in respect of the asset, and its cost can be reliably calculated.

Profits and losses on disposal of property, plant and equipment are determined by comparing collections to book value and are recognised in the consolidated statement of comprehensive income. In the event of disposal of revalued assets, the amounts included in the other reserves are transferred to the retained earnings.

### 13. Income Tax

Provision is made for income tax in accordance with the fiscal regulations and rates which apply in the countries where the Group operates and is recognised as an expense in the period in which the income arises. The Group operates, and is therefore subject to income tax, in Cyprus and Romania. The determination of the income tax provision requires estimates at the date of preparation of the financial statements, since the final determination of taxation is uncertain. Where the final taxation differs from the amounts initially recognized in the results, the differences will affect the tax expense, tax liabilities and

## Summary of significant accounting policies

deferred tax assets or liabilities of the period in which the final settlement with the relevant tax authorities is made.

Deferred tax liabilities are recognised for all taxable temporary differences between the tax basis of assets and liabilities and their carrying amounts at the reporting date which will give rise to taxable amounts in future periods.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unutilised tax losses can be utilised. The Group's policy is not to recognise deferred tax on balances related to IFRS 16 (assets and liabilities).

The book value of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to utilise all or part of the deductible temporary differences or tax losses.

Deferred tax assets and liabilities are measured at the amounts that are expected to be recovered from or paid to the tax authorities, taking into account the legislation and tax rates in force or materially enacted, up to the reporting date.

Current and deferred tax assets and liabilities are offset when they arise from the same tax reporting entity and relate to the same tax authority and when the legal right to offset exists.

### 14. Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash deposits and other highly liquid investments that are readily convertible into cash or are repayable within three months of the date of acquisition, less any bank overdrafts. In the financial statement position, bank overdraft including liabilities and are considered short-term.

### 15. Provisions for legal disputes

Provisions for legal disputes are recorded when: (a) The Group has a current obligation (legal or constructive) arising from past events, (b) it is possible that a cash outflow of economic benefits would be required for settlement of the obligations and (c) a reliable estimate of the amount of the obligation can be made.

### 16. Share capital and share premium

Ordinary shares are classified as equity. The difference between the fair value that is received by the Group upon the issue of shares and the nominal value of the issued share capital is transferred to the share premium account. This difference can be recovered in limited ways, which do not include the distribution of dividends and is subject to the provisions of the Companies Law on the reduction of share capital.

Shareholders are entitled to a dividend as announced and have the right to one vote at the Group's general meetings.

### 17. Leases

The Group assesses at the conclusion of the contract whether a contract is or contains a lease. This is the case if the contract transfers the right to control the use of a specified asset for a period of time for consideration.

#### *The Group as a lessee*

The Group applies a uniform initial recognition and measurement approach for all leases except short-term leases and leases of low value assets. The Group recognises lease liabilities for lease payments and right-to-use assets for these assets.

## Summary of significant accounting policies

### A) Assets with the right of use

The Group recognises assets with a right to use on the date of commencement of the lease (i.e. the date that such asset is available for use). Right-to-use assets shall be valued at cost less accumulated depreciation and impairment losses, also adjusting them for any adjustment of lease liabilities. The cost of right-to-use assets includes the amount of recognised lease liabilities, initial direct costs as well as lease payments made on the start date or before the start date, less the rental incentives received. The right of use assets are depreciated using the fixed depreciation method during the shortest period of lease and the estimated useful life of the assets, as follows:

- Properties – 4 to 6 years
- Vehicles – 6 years

If ownership of the leased asset is transferred to the Group at the end of the lease or the cost reflects the exercise of a right to purchase, the depreciation is calculated on the basis of the estimated useful life of the asset. Assets with the right of use are also subject to impairment.

### B) Lease liabilities

At the date of commencement of the lease, the Group recognizes lease liabilities that are measured at the present value of the payments to be made during the lease term. Liabilities payments include fixed payments (including fixed payments within the agreement) minus any receivables incurred, variable leases (depending on a ratio or percentage) and amounts expected to be paid with residual value guarantees. Lease payments also include the cost of exercising a purchase right that is reasonably certain to be exercised by the Group and payments to terminate the lease if the term of the lease indicates that the Group is expected to exercise the right to terminate. Variable rental payments that do not depend on an indicator or a percentage are recognised as expenses during the period in which the event or situation that triggers the payment occurs.

When calculating the present value of lease payments, the Group uses its incremental interest rate on the date of commencement of the lease, as the interest rate on the lease is not immediately identifiable. After the start date, the amount of rental liabilities increases to reflect the increase in interest and decreases for lease payments. In addition, the book value of lease liabilities is revalued if there is a modification, change in lease term, change in lease payments (i.e. changes in future payments resulting from a change in the index or rate used to determine these payments) or change in the valuation of the right to purchase the asset.

### C) Short-term leases and leases of low value assets

The Group applies the recognition of short-term leases exemption to short-term leases (i.e. those leases that have a lease term of 12 months or less from the start date and do not include the right to purchase). The Group applies the recognition of low-value assets exemption in leases that are considered low-value. Lease payments for short-term leases and leases of low-value assets are recognised as costs by the fixed method during the lease.

The Group's policy is not to recognise differed tax on balances related to IFRS 16 (assets and liabilities).

### *The Group as the lessor*

#### A) Operating leases

When the Group is the lessor in a lease that substantially transfers all the risks and rewards associated with the lessee's ownership (i.e. operating lease), the rental income is recognised as "other income" using the straight-line method over the term of the lease. The initial direct costs incurred in obtaining an operating lease are added to the book value of the underlying asset and are recognised as an expense over the lease term on the same basis as the rental income. The corresponding leased assets are included in the statement of financial position based on their nature.

## Summary of significant accounting policies

The modification of operating leases is accounted by the Group as a new lease as of the date of the modification, with any prepaid or accrued leases relating to the initial lease being considered part of the lease payments for the new lease.

### **18. Creditors and accruals**

Creditors and accruals are liabilities for payment of goods or services acquired from suppliers during the normal course of the Group's operations. Creditors and accruals are initially recognised at fair value and subsequently presented at amortised cost using the effective interest rate. Creditors and accruals are considered as current liabilities if the payment is due within a year or less (or at the Group's normal turnover if higher). Otherwise, they are considered as non-current liabilities.

### **19. Prepayments**

Prepayments are valued at cost less provisions for impairment. An advance payment is considered long-term when the goods or services related to the prepayment are expected to be acquired after one year or when the prepayment relates to an asset that will be classified as long-term upon initial recognition. Prepayments for the acquisition of assets are transferred to the book value of the asset as soon as the Group acquires control of the asset and it is probable that future financial benefits related to the asset will flow to the Group. Other prepayments are amortised on the results when the prepaid goods or services are obtained.

If there is an indication that the prepaid assets, goods or services will not be received, the book value of the prepayment is recorded accordingly and a corresponding impairment loss is recognised in the consolidated income statement.

### **20. Dividends distribution**

The distribution of dividends to the shareholders of the Group is recognised as a liability in the consolidated financial statements of the Group in the year in which the dividends are approved and are no longer subject to the jurisdiction of the Group. In particular, interim dividends are recognised as a liability in the year approved by the Board of Directors of the Group and in the case of final dividends, they are recognised in the year approved by the shareholders.

### **21. Comparative information**

Where necessary, comparative amounts are adjusted to be consistent with current year changes.

# Notes to the Consolidated Financial Statements

## 1. CORPORATE INFORMATION

The consolidated financial statements of the Universal Group for the year ended 31 December 2023, were authorised for issue by the Board of Directors on 17 April 2024.

Universal Life Insurance Public Company Ltd (the «Company») was incorporated in Cyprus and is a public company in accordance with the provisions of the Cyprus Companies and Income Tax Laws. The Company is the parent company of the Universal Group.

The Company's registered office is located at 85 Dighenis Akritas Avenue, 1070 Nicosia. The principal activities of the Company, its subsidiary and associated companies during the year continued to be life business, accident and health insurance business, the administration of superannuation and managed pension funds and the provision of other financial services and investment in property.

## 2. SIGNIFIGANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with IFRS requires that the Group's Management makes assumptions and judgments that affect the book value of assets and liabilities, the disclosures of contingent liabilities and commitments at the date of preparation of the financial statements as well as the income and expenses for the period under review.

Consequently, the actual results may differ from these estimates. These estimates are periodically reviewed and when adjustments are required these are accounted for in the period in which they occur. The main assumptions and estimates with respect to the future that are made the consolidated statement of financial position date and incorporate significant risk of material adjustments to the carrying values of assets and liabilities within the next financial year are presented below.

### *Insurance contracts - definition and classification*

The Company has applied judgment to determine whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, what measurement model is applicable, as explained below.

- The Company issues certain contracts that do not transfer significant insurance risk and classifies such contracts as investment contracts with DPF. In assessing whether these are within the scope of IFRS 17, the Company assessed if the discretionary amount is a significant amount of the total benefits.
- Contracts determined to be within the scope of IFRS 17 are assessed on whether they meet the definition of an insurance contract with direct participation features (subject to IFRS 17 criteria). For non-linked with profits contract, the Company applied judgement and concluded that these contracts do not meet the definition of an insurance contract with direct participation features.
- For (a) certain group accident and health insurance contracts that have a coverage period extending beyond one year and (b) proportional group life and accident and health reinsurance contracts on a risk-attaching basis the Company elects to apply the PAA if at the inception of the group the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the general model. The Company applies its judgement in determining whether the PAA eligibility criteria are met at initial recognition.

### *Insurance contracts aggregation level*

The Company is required to aggregate insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Concerning the life long-term contracts, the Company has applied its judgment on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts by assessing the likelihood of adverse changes in assumptions that might result in contracts becoming onerous.

## Notes to the Consolidated Financial Statements

For short-term accident and health contracts measured under the PAA, management judgement is required to assess whether facts and circumstances indicate that a group of contracts is onerous at initial recognition or has become onerous subsequently and whether any loss component measurement is required. The Group has identified facts and circumstances indicating that a group of group life insurance policies measured under the Premium Allocation Approach is onerous and has recognised the expected losses in the liability for residual coverage.

### *Measurement of future cash flows*

The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and also from applicable law and regulation. Cash flows are considered to be outside of the contract boundary if the Company has the practical ability to reprice existing contracts to reflect their reassessed risks and if the contract's pricing for coverage up to the date of reassessment considers only the risks till that next reassessment date.

The following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates  
Mortality and morbidity risks are inherent in most life insurance contracts. The Company performs an investigation, at least on an annual basis, to ensure the validity of the mortality assumptions, and when deemed necessary the assumptions are adjusted accordingly. The assumptions are set based on the internal experience of the Company when there are sufficient volumes of data to support a credible investigation. When internal experience is not sufficient, the assumptions are set with reference to industry experience and commonly used mortality tables.
- Longevity (immediate annuity business)  
The annuity business is exposed to the risk that the policyholders live longer than anticipated, resulting in annuity payments for longer than expected. The Company sets the mortality assumptions for the annuity business by considering potential mortality improvements.
- Expenses  
*Assessment of directly attributable cash flows*  
The Company applies judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to either the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. The Company also considers as attributable cash flows fixed and variable overheads directly attributable to the fulfilment of insurance contracts.  
*Expense basis for cashflow projections*  
The Company performs a detailed expense investigation, at least on an annual basis, to determine the expense assumptions used in the cashflow projections. The expense basis is set in accordance with the budgeted attributable expenses and the projected volumes of business. The Company also determines an assumption for the future expense inflation.
- Lapse and surrender rates  
Lapse and surrenders assumptions relate to the rate by which policyholders cancel/surrender their policies. The assumptions are set in line with recent Company experience, by adjusting for expected improvements/deteriorations where necessary. The rates vary by product and duration in force.

More information on the main assumptions used is set out in Note 22.

## Notes to the Consolidated Financial Statements

### *Discount rates*

Life insurance contract liabilities are calculated by discounting expected future cash flows. The Company uses the bottom-up approach in determining the discount rates and hence uses a risk-free rate, plus an illiquidity premium. Risk free rates are determined by reference to the European Insurance and Occupational Pensions Authority (EIOPA) yields and the illiquidity premium is determined by the volatility adjustment as published by EIOPA.

The discount rates that were used to discount the estimates of future cash flows of the life insurance contracts issued and reinsurance contracts held are as follows:

1 year		3 years		5 years		10 years		20 years	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
3.56%	3.37%	2.64%	3.39%	2.52%	3.32%	2.59%	3.28%	2.61%	2.96%

### *Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows arising from insurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Company-specific price for bearing that risk and reflects the degree of the Company's risk aversion. The Company determines the risk adjustment for non-financial risk at the entity level and then allocates it to all the groups of insurance contracts.

The Company estimates the risk adjustment with the Value at Risk method calibrated using the Solvency II standard formula. After arriving at an estimation of the 99.5% confidence level, and under the assumption that the liabilities of the Company follow a normal distribution (log-normal for Health NSTL risks) with mean equal to the present value of future cashflows, a confidence interval is created, indicating the required risk adjustment for a given range of confidence.

The risk adjustment is determined subject to a confidence level of 80% over a one-year period.

### *CSM amortization*

The CSM is a component of the measurement of the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future
- Recognising in profit or loss the amount allocated to coverage units provided in the period

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period.

For direct participating contracts (Savings) coverage units are determined based on the quantity of benefits provided by the fixed death benefit amounts and the policyholders' account values (to reflect insurance as well as investment service). For non-direct participating life contracts the quantity of benefits reflects both the sum insured and the account value to account for the level of investment-return service of such contracts. For Non-Participating contracts the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The coverage units for annuity type of contracts are determined by the constant annuity amount.

## Notes to the Consolidated Financial Statements

The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation reflects the level of service received and depends on the number of underlying contracts in-force.

### *Accident and health liability for incurred claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques such as Chain Ladder. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years, but can also be further analysed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

### *IFRS 17 Transition*

The Company assessed all information available and determined that it would be impracticable to apply the full retrospective approach to insurance contracts issued prior to 2021. As such, for all long-term contracts issued before that date, the Company has applied the fair value approach to determine the CSM at the transition date.

Applying the fair value approach, the Company determined the CSM to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13 'Fair Value Measurement' (IFRS 13), and its FCFs at the transition date. The Company did not apply the deposit floor when measuring insurance contracts when using the fair value approach on transition.

Under IFRS 13 the fair value of an insurance liability is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date. In the absence of recent market transactions for similar contracts, a present value technique was used to value groups of contracts.

In estimating the fair value of groups of insurance contracts, the following considerations were applied:

- 1) only future cash flows within the boundaries of the insurance contracts were included in the fair value estimation, excluding future renewals and new business that would be outside the contract boundary of the contracts under IFRS 17;
- 2) assumptions about expected future cash flows and risk allowances were adjusted for the market participant's view, as required by IFRS 13; and
- 3) profit margins were included to reflect what a market participant would require for accepting obligations under insurance contracts, beyond the risk adjustment for non-financial risk.

## Notes to the Consolidated Financial Statements

The Company used significant judgement to determine adjustments required to reflect the market participant's view.

### *Fair value of properties for own use and investment properties*

The Group's accounting policy in relation to both the Group's property for own use and the property held for investment requires that it be measured at fair value. In the case of real estate held for own use, the valuation is performed at regular intervals so that the book value does not differ materially from the fair value, while in the case of investment properties, the fair value is determined at each reporting date. Estimates are made by qualified valuers by applying valuation models as recommended by the Royal Institution of Chartered Surveyors and the International Valuation Standards Committee. Valuers have used their knowledge of the market and professional judgment and have not been based solely on historical trading data, given that the degree of uncertainty is higher due to lack of an active market for determining the market value of a property. Depending on the nature of the property in question and the existing market information, the use of estimates such as future cash flows from the property and the appropriate discounted rate of such flows may be required to determine the fair value of the property, as well as additional adjustments to comparables where deemed necessary by the valuers. All these estimates are based on prevailing local market conditions at the reporting date. The relevant valuations, include assumptions of increased subjectivity due to the lack of sufficient available observable data for comparable properties.

Assumptions and resulting estimates are subject to market conditions and may change substantially over time. To assess any impact on the financial position and performance of the Group, the Management prepares a sensitivity analysis for some important assumptions. The significant valuation uncertainties that result from the pandemic and the suspension/withdrawal of the Cyprus Investment Program as well as the significant unobservable data are presented in Notes 11 and 16. For sensitivity analysis of the results to changes in significant assumptions, refer to Note 32.

### *Impairment of financial assets*

The definition of criteria as to whether the credit risk of a financial element has increased significantly since its initial recognition, as well as the determination of the methodology for incorporating future information into the measurement of expected credit losses, and the choice of models for measuring expected credit losses require the use of estimates (Notes 11 (financial notes) and note 28).

## 3. INVESTMENT INCOME AND NET INSURANCE FINANCIAL RESULT

### 3.1 Investment Income

	<b>2023</b>	2022
	<b>€000</b>	€000
<b>Life insurance and annuity business</b>		
Interest income	<b>961</b>	443
Dividends from equities	<b>51</b>	121
Rental income from investment property	<b>155</b>	127
	<b>1 167</b>	691

Maturity analysis - contractual undiscounted cash flows for investment property leases:

	<b>2023</b>	2022
	<b>€000</b>	€000
Less than one year	<b>153</b>	58
Between one and two years	<b>3</b>	8
31 December	<b>156</b>	66

## Notes to the Consolidated Financial Statements

### 3.2 Net insurance financial result

	<b>2023</b>	2022
	<b>€000</b>	€000
<b>Finance (expenses) / income from policies issued for the life and annuity business</b>		
Accrued interest and effect from changes in interest rates and other financial assumptions	<b>(1 903)</b>	6 791
Changes in fair value of underlying contract items measured using the variable fee method	<b>(8 578)</b>	17 915
	<b>(10 481)</b>	24 706
<b>Finance income/(expense) from reinsurance contracts held</b>	<b>2023</b>	2022
	<b>€000</b>	€000
Accrued interest and effect from changes in interest rates and other financial assumptions	<b>(194)</b>	309
Accrued interest and impact of changes in interest rates and other financial assumptions for the accident and health business	<b>(173)</b>	(159)
	<b>(367)</b>	150

### 4. EXPENSES ANALYSIS

	<b>2023</b>	2022
	<b>€000</b>	€000
Salaries and employer's contributions	<b>7 892</b>	7 286
Retirement benefit costs	<b>661</b>	637
Directors' emoluments:		
- Fees	<b>177</b>	214
- Emoluments in executive capacity	<b>320</b>	243
- Employer's contributions	<b>36</b>	34
Commissions to insurance agents	<b>10 341</b>	9 788
Legal and other professional expenses	<b>854</b>	1 086
Depreciation of property and equipment	<b>337</b>	356
Depreciation of assets with rights of use	<b>170</b>	165
Amortisation of intangible assets	<b>253</b>	175
Losses/ (profits) on disposal and write-off of property and equipment and intangible asset	<b>29</b>	48
Operating lease rentals for buildings	<b>31</b>	9
Advertising and promotion expenses	<b>388</b>	372
Repair and maintenance expenses	<b>594</b>	526
Telecommunications and postages	<b>130</b>	149

## Notes to the Consolidated Financial Statements

	<b>2023</b>	2022
	<b>€000</b>	€000
Administrative expenses and related commissions	<b>366</b>	366
Printing and stationery	<b>151</b>	135
Other operating expenses	<b>1 714</b>	1 571
	<b>24 444</b>	23 161
Amounts related to acquisition costs during the year	<b>(12 860)</b>	(11 849)
Amortisation of acquisition cash flows	<b>7 871</b>	6 823
Total	<b>19 455</b>	18 135
They are analysed in:		
Amortisation of acquisition cash flows	<b>7 871</b>	6 821
Expenses for insurance services	<b>7 644</b>	7 365
Other management expenses	<b>3 940</b>	3 949
Total	<b>19 455</b>	18 135

Other operating expenses include the fees (including taxes) of the Company's independent auditors for the years 2023 and 2022, for audit and other professional services rendered as follows:

	<b>2023</b>	2022
	<b>€000</b>	€000
Parent Company:		
- Fees for statutory audit of financial statements	<b>140</b>	122
- Fees for other verification services	<b>30</b>	30
- Fees for tax consultancy services	<b>4</b>	4
- Fees for other services	<b>57</b>	57
Subsidiaries:		
- Fees for the audit of financial statements	<b>30</b>	27
- Fees for tax services	<b>5</b>	4
	<b>266</b>	244

During the year, in the context of efforts to rationalize the Group's administrative expenses, the Board of Directors of the Company approved a proposal by the Management, which was also consulted with the Cyprus Bank Employees Association (ETYK), for the offer of a Voluntary Redundancy Scheme (VRS) to the staff. All permanent staff of the Company and its subsidiaries, who had completed at least 16 years of service, were eligible to participate in the VRS. The Group's total cost from the VRS for 2023 amounted to €2 096 000 and was recognised in the consolidated statement of total income for the year.

### 5. MINORITY RIGHTS

As at 31 December 2023 and 2022 the Company held 94,14% of the share capital of Universal Golf Enterprises PLC (see Note 7) resulting in the creation of minority rights. The voting rights do not differ from the percentage held by minority shareholders.

The financial information of Universal Golf Enterprises Plc, a company registered in Cyprus, at 31 December 2023 and 2022 are presented below:

	<b>2023</b>	2022
	<b>€000</b>	€000
Investment properties	<b>38 479</b>	38 479
Cash and cash equivalent	<b>7</b>	2
Total assets	<b>38 610</b>	38 587
Total liabilities	<b>13 226</b>	11 958
Net change in fair value of investment properties	<b>(538)</b>	(644)
Losses after tax	<b>(1 245)</b>	(1 302)

## Notes to the Consolidated Financial Statements

### 6. TAX

	<b>2023</b>	2022
	<b>€000</b>	€000
<b>Consolidated Statement of Comprehensive Income</b>		
Corporation tax	<b>1 714</b>	1 975
Reversal of provisional tax	-	(201)
Special deference contribution	<b>3</b>	3
Deferred tax	<b>(298)</b>	(196)
<b>Total tax</b>	<b>1 419</b>	1 581

### Analysis of tax charge

	<b>2023</b>	2022
	<b>€000</b>	€000
Tax at 1,5% on gross premiums of life insurance business in Cyprus	<b>984</b>	951
Tax at 12,5% of the taxable income of the accident and health insurance business	<b>724</b>	1 024
Tax at 12,5% of subsidiaries	<b>6</b>	-
Special contribution for defence	<b>3</b>	3
Reversal of provisional tax	-	(201)
Deferred tax	<b>(298)</b>	(196)
<b>Total tax</b>	<b>1 419</b>	1 581

The reconciliation between the income tax expense and the profit before tax using the current income tax rates is presented below:

	<b>2023</b>	2022
	<b>€000</b>	€000
Profit before tax	<b>5 422</b>	12 067
Tax at standard rates in Cyprus	<b>1 615</b>	1 924
Deferred tax	<b>(298)</b>	(196)
Reversal of provisional tax	-	(201)
Tax impact:		
- expenses not deductible	<b>119</b>	108
- non-taxable income	<b>(20)</b>	(57)
Special contribution for defence	<b>3</b>	3
	<b>1 419</b>	1 581

### Cyprus Income Tax

Income tax consists of the tax on insurance operations and other gains. The tax of insurance business is subject to special tax provisions. The income tax payable in Cyprus in relation to life insurance business is the greater amount of:

- (a) the tax which is calculated at the rate of 12,5% (2022: 12,5%) on the taxable profits attributable to the shareholders, which consists of the net income/expense in the consolidated income statement of life insurance and annuity business and
- (b) the tax which is calculated at the rate of 1,5% on gross premium income (minimum tax). The tax charge for life insurance business in Cyprus for the years 2023 and 2022 represents the minimum tax.

Income tax in respect of accident and health insurance business and of other financial services in Cyprus is

## Notes to the Consolidated Financial Statements

calculated at the rate of 12,5% (2022: 12,5%) on the taxable income of the year. According to current legislation, tax losses can be carried forward and offset against taxable income of the next five years from the reporting date. Tax losses for the year ended 31 December 2023, can be offset against future taxable profits by the year 2028 (2022: by 2027).

Deferred tax is not recognised for the above losses since it is not expected to be utilised before they expire.

### Special defence contribution

The special contribution for the defence tax is calculated at the rate of 3% on rental income.

### Romania

#### Income tax

Income tax for the Group's subsidiaries (Priority Properties Srl and Unilife Properties Srl) in Romania is calculated at 3% on its income (2022: 3%). There are no tax losses to be carried forward and therefore no deferred tax asset is recognized.

### Consolidated Statement of Financial Position

	<b>2023</b>	2022
	<b>€000</b>	€000
Tax receivable	<b>1 094</b>	1 056
Tax payable	<b>733</b>	826

### Deferred tax

The balance of deferred tax arises from:

	<b>2023</b>	2022
	<b>€000</b>	€000
<b>Company</b>		
Difference between wear and tear allowances and depreciation	<b>(809)</b>	(829)
Impact of the adoption of IFRS 17	-	(377)
Revaluation on investment properties	<b>(3 949)</b>	(4 015)
	<b>(4 858)</b>	(5 201)
<b>Subsidiaries</b>		
Revaluation on investment properties	<b>(1 487)</b>	(1 509)
	<b>(6 345)</b>	(6 710)

### Deferred tax

The movement of deferred tax is as follows:

	<b>Difference between depreciation and amortisation €000</b>	<b>Revaluation of land and Properties €000</b>	<b>Impact of the adoption of IFRS 17 €000</b>	<b>Total €000</b>
<b>At 1 January 2022</b>	<b>(829)</b>	<b>(5 583)</b>	<b>(539)</b>	<b>(6 951)</b>
Profit for the year	20	12	162	32
Other total income	-	47	-	47
<b>At 31 December 2022 / 1 January</b>	<b>(809)</b>	<b>(5 524)</b>	<b>(377)</b>	<b>(6 710)</b>
Profit for the year	(100)	20	377	297
Other total expenses	-	68	-	68
<b>At 31 December 2023</b>	<b>(909)</b>	<b>(5 436)</b>	<b>-</b>	<b>(6 345)</b>

## Notes to the Consolidated Financial Statements

The deferred tax liability for the year ended 31 December 2022 relates to temporary tax differences arising from the adoption of IFRS 17. These differences are eliminated in 2023 when the tax basis of insurance and reinsurance contracts become the same as their respective current value as measured under IFRS 17.

### Gross premiums

The amount of gross premiums of the life sector for 2023 was €65 570 000 and of the accident and health sector was €40 513 000.

## 7. GROUP COMPANIES

Universal Insurance Agency Ltd	Provision of general insurance services as an agent
Universal Properties Ltd	Owner of land
Priority Properties Srl	Owner of land
Unilife Properties Srl	Owner of land
Universal Golf Enterprises PLC	Development of the Limassol Hills Golf Project
Universal Green Energies Ltd	Dormant

All the above companies were incorporated and operate in Cyprus, apart from Priority Properties Srl and Unilife Properties Srl which are incorporated in Romania and hold property. The parent Company provides financial support to the subsidiaries when needed. All of them were wholly owned subsidiaries both in 2023 and in 2022 except for Universal Golf Enterprises PLC, in which at 31 December 2023 the Company held 94,14% (2022: 94,14%) of its share.

Universal Green Energies Limited was established in 2022 and in that year and 2023 it was a wholly subsidiary of Universal Golf Enterprises PLC. On 18 January 2024 the authorized share capital of Universal Green Energies Ltd increased from €2,000 divided into 2,000 shares of €1 each, to €4,000 divided into 4,000 shares of €1 each. On the same date the issued share capital increased by 2,334 shares of €1 each. These shares were allocated to a strategic investor. As a result, from 18 January 2024, Universal Green Energies Ltd ceased to be a subsidiary of Universal Golf Enterprises PLC and the Group.

## 8. DIVIDENDS

### 2023

At the Annual General Meeting held on 17 May 2023, the Board of Directors' proposal for the distribution of dividend of €0,10 per ordinary share from profit of 2021 was approved.

The dividend was paid to the shareholders on 12 June 2023 and amounted to €1 499 380. An amount of €24 521 was deducted at source for special defence contribution, applicable under the Special Contribution for the Defence of the Republic Law and €3 823 for a contribution to the General Healthcare System.

At the Annual General Meeting held on 22 November 2023, the Board of Directors' proposal for the distribution of dividend of €0,10 per ordinary share from profit of 2021 was approved.

The dividend was paid to shareholders on 11 December 2023 and amounted to €1 499 380. An amount of €24 525 was deducted at source for special defence contribution, applicable under the Special Contribution for the Defence of the Republic Law and €3 823 for a contribution to the General Healthcare System.

### 2022

At the Annual General Meeting held on 17 July 2022, the Board of Directors' proposal for the distribution of dividend of €0,07 per ordinary share from profit of 2020 was approved.

## Notes to the Consolidated Financial Statements

The dividend was paid to the shareholders on 12 August 2022 and amounted to €1 038 466149. An amount of €16 746 was deducted at source for special defence contribution, applicable under the Special Contribution for the Defence of the Republic Law and €2 610 for a contribution to the General Healthcare System.

The Board of Directors at its meeting held on 6 December 2022 decided the distribution of dividend from 2020 profits of €0,061 per ordinary share by issuing Company's shares. The issue price was €5,70 per share based on the Company's calculated Embedded Value as of 31 December 2021.

The dividend was paid to the shareholders on 31 December 2022 and amounted to €905 119. An amount of €14 785 was deducted at source for special defence contribution, applicable under the Special Contribution for the Defence of the Republic Law and €2 305 for a contribution to the General Healthcare System.

At the same Board of Directors' meeting, it was decided the distribution of cash dividend from 2020 profit of €0.07 per ordinary share.

The dividend was paid to shareholders on 31 December 2022 and amounted to €1 038 661. An amount of €16 967 was deducted at source for special defence contribution, applicable under the Special Contribution for the Defence of the Republic Law and €2 645 for a contribution to the General Healthcare System.

### 9. CASH AND DEPOSITS AT BANKS

	<b>2023</b>	2022
	<b>€000</b>	€000
Cash and deposits at banks	<b>7 368</b>	10 351
Deposits held as investments of the insurance business, retirement and pension funds and other deposits relating to insurance activities	<b>37 508</b>	52 393
	<b>44 876</b>	62 744

For cash flows statement purposes cash and deposits at banks and bank overdrafts include:

	<b>2023</b>	2022
	<b>€000</b>	€000
Cash and deposits at banks	<b>7 368</b>	10 351
Bank overdraft	<b>(2 162)</b>	(553)
Cash collateral	<b>(215)</b>	(215)
	<b>4 991</b>	9 583

The breakdown per currency of cash and deposits at banks is as follows:

	<b>2023</b>	2022
	<b>€000</b>	€000
Euro	<b>44 760</b>	62 592
Other	<b>116</b>	152
	<b>44 876</b>	62 744

Cash and deposits at banks bear interest from 0% - 4,06% annually (2022: 0% annually) and relate to deposits maturing within one year.

An amount of €215 000 (2022: €215 000) is pledged as collateral to provide bank guarantees required for the Company's operations.

## Notes to the Consolidated Financial Statements

The bank overdraft is payable on demand and is secured by a real estate mortgage of €2 500 000.

Cash and deposits are measured using the amortized cost method except for deposits that are investments of insurance operations, retirement and pension funds and other deposits related to insurance activities which are measured at fair value through profit or loss.

Information regarding the impairment of financial assets and the Group's exposure to credit risk is presented in note 28.

### 10. DEBTORS AND PREPAYMENTS

	<b>2023</b>	2022
	<b>€000</b>	€000
Debtors	<b>3 601</b>	3 497

The above debtors arise in the normal course of business, are receivable on demand and do not bear interest. The amount includes €800 000 receivable from a related party (note 36). Due to their short-term nature, their book value is considered to be the same as fair value. None of the above balances are overdue or impaired.

### 11. INVESTMENT PROPERTIES

	<b>2023</b>	2022
	<b>€000</b>	€000
1 January	<b>119 759</b>	121 336
Purchases	<b>592</b>	533
Disposals	-	(127)
Properties transferred from Investment properties to fixed assets	-	(774)
Revaluation	<b>(2 285)</b>	(1 209)
<b>31 December</b>	<b>118 066</b>	119 759
Investment properties relating to unit-linked funds	<b>47 621</b>	48 704
Other investment properties	<b>70 445</b>	71 055
	<b>118 066</b>	119 759

Changes in fair value of investment properties are recognised in the consolidated statement of Comprehensive income.

The amount labelled as 'Other investment properties' includes the value of investment properties of the subsidiary Universal Golf Enterprises PLC, amounting to €38 479 thousand of which a part is attributed to unit linked funds through the shares they hold in the subsidiary company Universal Golf Enterprises PLC. Refer to Note 15 for more information on investments for unit-linked policies.

Rental income from investment properties (note 3.1) amounting to €155 000 (2022: €127 000) includes an amount of €45 000 (2022: €56 000) of rentals from investments of unit linked funds. Expenses for maintenance and repair of properties for which rental income is recognised amount to €16 000 (2022 €5 000). The change in the estimated fair value of investment properties during the year is recognised in the consolidated statement of comprehensive income.

Investment properties consist of offices and other commercial properties in Cyprus, building and agricultural plots in Cyprus and Romania and residential properties in Cyprus. As at 31 December 2023 and 2022, the fair value of the investment properties is based on valuations made by independent qualified surveyors who have experience in the areas and categories of properties under consideration. Fair value measurements of real estate are classified in the 3rd level of the fair value hierarchy.

## Notes to the Consolidated Financial Statements

### (a) Investment properties except Golf development plots

#### Description of valuation techniques and data used in measuring the fair value of properties

31 December 2023

Category	Valuation 2023 €000	Technical valuation	Significant non-observable data	Variation of values 2023
Offices and other commercial properties measured using the comparative market method	5 060	Comparative market method	Annual estimated fair value per sq.m.  Area in sq.m.  Highest and best use	€1 648 - €1 800  2 887  Existing
Offices and other commercial properties measured using the comparative market method and the method of income capitalisation	2 069	Comparative market method and Method of income capitalisation	Annual rent valuation per sq.m.  Rental yield Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€62 - €74  5,00% - 6,00% €1 270 - €1 610 1 352 Existing
Agriculture plots – Pano Pyrgos Tillyrias	9 385	Comparative market method	Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€4 - €7 1 278 893 Existing
Agriculture plots – Kalo Chorio, Gourri, Klirou, Fikardou of the subsidiary Universal Properties Ltd	13 034	Comparative market method	Annual estimated fair value per sq.m.  Area in sq.m. Highest and best use	€5 - €16 1 404 419 Existing
Agriculture and other plots	40 531	Comparative market method	Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€11 - €85 3 224 035 Existing
Residential	2 344	Comparative market method	Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€424 - €1 237 2 284 Existing
Plots in Romania	7 164	Comparative market method	Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€3 - €45 969 517 Existing
<b>Total</b>	<b>79 587</b>			

## Notes to the Consolidated Financial Statements

### 31 December 2022

Category	Valuation 2022 €000	Technical valuation	Significant non-observable data	Variation of values 2022
Offices and other commercial properties measured using the comparative market method	5 060	Comparative market method	Annual estimated fair value per sq.m.  Area in sq.m.  Highest and best use	€1 648 - €1 800  2 887  Existing
Offices and other commercial properties measured using the comparative market method and the method of income capitalisation	1 923	Comparative market method and Method of income capitalisation	Annual rent valuation per sq.m.  Rental yield Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€62 - €72  5,00% - 6,00% €1 275 - €1 493 1 352 Existing
Agriculture plots – Pano Pyrgos Tillyrias	10 603	Comparative market method	Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€5 - €8 1 278 893 Existing
Agriculture plots – Kalo Chorio, Gourri, Klirou, Fikardou of the subsidiary Universal Properties Ltd	13 034	Comparative market method	Annual estimated fair value per sq.m.  Area in sq.m. Highest and best use	€5 - €16  1 404 419 Existing
Agriculture and other plots	41 221	Comparative market method	Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€11 - €93 3 223 498 Existing
Residential	2 275	Comparative market method	Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€424 - €1 222 2 284 Existing
Plots in Romania	7 224	Comparative market method	Annual estimated fair value per sq.m. Area in sq.m. Highest and best use	€3 - €46 969 517 Existing
<b>Total</b>	<b>81 280</b>			

## Notes to the Consolidated Financial Statements

The comparative market method is based on the comparison to properties with similar physical and legal characteristics of both the area under review and in other areas. These comparative data, collected from the archives of the Land Registry Department, have been evaluated taking into account factors such as the specific characteristics of the property, location, urban data, and any restrictions on use and features of the immediate and wider area.

The capitalisation of income method determines the value of the property by capitalizing the annual rental income at the rate of annual rental yield and is applicable on a case-by-case basis based on the knowledge of the market, the most widely acceptable levels of return of income by type of property and attractiveness of the area and its special features. The methodology does not assume any direct or ongoing renting of the property and the yield used for the capitalisation of rental income takes into account the risk to remain empty until a new tenant is found.

The limited information (lack of sufficient comparable sales) and low levels of liquidity and market activity have affected the degree of certainty in conducting valuations. For sensitivity analysis of the fair value measurement to changes in unobservable inputs, reference is made in Note 32.

### (b) Investment properties relating to Golf development plots

The discounted cash flow valuation (DCF) model was applied by the Group for properties located within the master plan of the project, while the comparative market method, adapted to specific market and ownership conditions, was applied to the assessment of properties outside the project master plan.

### Description of valuation techniques and data used in measuring the fair value of Golf development plots

Category	Valuation 31/12/2023 €000	Technical valuation	Significant non-observable data	Variation of values	
				2023 Total	2022 Total
Plots (outside the general plan)	879 (2022: 879)	Comparative market method	Area in sq.m. Annual estimated fair value sq.m Highest and best use	<b>110 013</b> <b>€8</b> <b>Existing</b>	11 013 €8 Existing
Plots for Golf development (within the general plan)	37 600 (2022: 37 600)	Discounted cash flow valuation method (DCF)	Area in sq.m. Annual estimated fair value sq.m. Percentage of cash flow time adjustment Sales duration Residential sales prices Direct construction costs Professional expenses Highest and best use	<b>1 969 594</b> <b>€19</b> <b>15,13%</b> <b>25 years</b> <b>€3 553/sq.m.</b> <b>€1 350 - 1 700/ sq.m.</b> <b>5,00%</b> <b>Golf development</b>	1 969 594 €19 15,2% 25 years €3 553/sq.m €1 350- €1 700/sq.m 5,00% Golf development
<b>Total</b>	<b>38 479</b> (2022: 38 479)				

For the sensitivity analysis of the fair value hierarchy refer to Note 32.

## Notes to the Consolidated Financial Statements

### 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>2023</b>	2022
	<b>€000</b>	€000
Debt securities (Note 12.1)	<b>99 562</b>	71 496
Equity shares (Note 12.2)	<b>60 340</b>	19 945
Multi asset funds (Note 12.3)	-	67 669
Money market fund (Note 12.4)	<b>22 799</b>	-
Government bonds (Note 12.5)	<b>16 792</b>	-
	<b>199 493</b>	159 110
Investments relating to unit-linked funds	<b>142 261</b>	114 476
Investments relating to superannuation and pension funds	<b>14 220</b>	8 944
Other investments	<b>43 012</b>	35 690
	<b>199 9431</b>	159 110

All the above investments are held for trading.

#### 12.1 Debt securities

	<b>2023</b>	2022
	<b>€000</b>	€000
Foreign companies	<b>99 562</b>	71 496
<i>Repayable:</i>		
After five years	<b>99 562</b>	71 496
Units in collective investment debt securities funds – unlisted	<b>99 562</b>	71 496

Investments in debt securities are held for trading. Debt securities amounting to €64 304 000 (2022: €39 480 000) relate to unit linked funds. Debt securities investments relating to superannuation and pension funds amount to €5 514 000 (2022: €3 982 000).

#### 12.2 Equity shares

	<b>2023</b>	2022
	<b>€000</b>	€000
Listed on the Cyprus Stock Exchange	<b>1 354</b>	1 343
Units in collective equity investment funds – listed on foreign stock exchanges	<b>58 844</b>	15 784
Units in collective equity investment funds - unlisted	<b>142</b>	2 818
	<b>60 340</b>	19 945

Investments in equity shares are held for trading. Investments in equity shares include unit linked equity shares amounting to €54 831 000 (2022: €11 329 000). Investments in equity shares relating to superannuation and pension funds amount to €4 013 000 (2022: €960 000).

The investments in shares measured at fair value hierarchy level 3, for 2023 amounted to €1 496 000 compared to €1 483 000 in 2022. The difference is due to the decrease in their market value as measured at year-end.

## Notes to the Consolidated Financial Statements

### 12.3 Multi asset funds

	<b>2023</b>	2022
	<b>€000</b>	€000
Unlisted	-	67 669
	<u>-</u>	<u>67 669</u>

Investments in multi assets funds are held for trading. Investments in multi asset funds include unit linked multi assets funds amounting to zero (2022: €63 667 000). Investments in multi asset funds relating to superannuation and pension funds amount to zero (2022: €4 002 000).

### 12.4 Money market funds

	<b>2023</b>	2022
	<b>€000</b>	€000
Unlisted	<b>22 799</b>	-
	<u><b>22 799</b></u>	<u>-</u>

Investments in money market funds are held for trading. Investments in money market fund include unit linked money market fund amounting to €15 199 000 (2022: zero). Investments in money market funds relating to superannuation and pension funds amounting to €2 695 000 (2022: zero).

### 12.5 Government Bonds

	<b>2023</b>	2022
	<b>€000</b>	€000
Foreign governments	<b>16 792</b>	-
<i>Repayable:</i>		
Within one year	<b>16 792</b>	-
	<u><b>16 792</b></u>	<u>-</u>

Investments in Government Bonds are held for trading. Investments in Government Bonds include unit linked money market fund amounting to €7 927 000 (2022: zero). Investments in Government Bonds relating to superannuation and pension funds amounting to €1 998 000 (2022: zero).

## 13. LOANS AND RECEIVABLES

	<b>2023</b>	2022
	<b>€000</b>	€000
Mortgage loans to policyholders	<b>1 926</b>	2 276
	<u><b>1 926</b></u>	<u>2 276</u>

Mortgage loans to policyholders bear interest at 5,5% - 7% annually (2022: 5,5% - 7% annually) and are secured by first mortgage on the property of a total fair value of € 5 688 000.

	<b>2023</b>	2022
	<b>€000</b>	€000
Mortgage loans to policyholders	<b>4 450</b>	4 519
Provision for impairment	<b>(2 524)</b>	(2 243)
	<u><b>1 926</b></u>	<u>2 276</u>

Loans and receivables are measured using the amortised cost method. Information on the impairment of financial assets and the Group's exposure to credit risk is presented in note 28.

## Notes to the Consolidated Financial Statements

### 14. INVESTMENTS AND LIABILITIES OF SUPERANNUATION AND MANAGED PENSION FUNDS

#### 14.1 Investments of superannuation and managed pension funds

The assets of the superannuation and managed pension funds are presented below:

	<b>2023</b>	2022
	<b>€000</b>	€000
Debt securities	<b>5 514</b>	3 982
Government bonds	<b>1 998</b>	-
Money market fund	<b>2 695</b>	-
Equity shares	<b>4 013</b>	960
Multi asset funds	-	4 002
	<b>14 220</b>	8 944
Bank deposits	<b>7 103</b>	10 849
	<b>21 323</b>	19 793

#### 14.2 Liabilities of superannuation and managed pension funds

The movement of the liabilities of superannuation and managed pension funds is presented below:

	<b>2023</b>	2022
	<b>€000</b>	€000
1 January	<b>19 793</b>	21 431
Employer's and members contribution	<b>4 238</b>	17 454
Investment income	<b>152</b>	7
Payments to retired members	<b>(3 117)</b>	(16 648)
Administrative expenses	<b>(491)</b>	(540)
Net profit/(loss) from the change in fair value of investments and from sale of investments	<b>748</b>	(1 911)
31 December	<b>21 323</b>	19 793

Retirement fund liabilities are measured at fair value (designated) because they relate to investments that are measured in the same way.

### 15. UNIT LINKED ASSETS

For contracts with characteristics of direct participation (Life Savings), the underlying items and their fair value are presented in the table below:

	<b>2023</b>	2022
	<b>€000</b>	€000
<b>Assets</b>		
Debt securities	<b>64 304</b>	39 480
Government bonds	<b>7 927</b>	-
Equity shares	<b>65 024</b>	21 968
Multi asset funds	-	63 667
Money market funds	<b>15 199</b>	-
	<b>152 454</b>	125 115
Investment properties	<b>47 621</b>	48 704
Cash and deposits at banks	<b>32 935</b>	44 404
Loans and other receivables relating to unit-linked funds	<b>221</b>	200
	<b>233 231</b>	218 423

In 2023 and 2022, the shares at the above table, in addition to the equity shares presented in note 12.2, also include the shares held by the insurance funds in Universal Golf Enterprises Plc, a subsidiary company of the Group, at their fair value. For the purposes of the consolidated financial statements this investment has been eliminated and the assets and liabilities of Universal Golf Enterprises Plc are presented in the appropriate lines in the consolidated statement of financial position.

## Notes to the Consolidated Financial Statements

### 16. PROPERTY AND EQUIPMENT

	<b>Properties</b>	<b>Equipment</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>2023</b>			
<b>Cost or fair value</b>			
1 January	17 162	7 294	<b>24 456</b>
Additions	286	102	<b>388</b>
Disposals and write-offs	-	(5 854)	<b>(5 854)</b>
Revaluation (note 25)	(170)	-	<b>(170)</b>
31 December	<u>17 278</u>	<u>1 542</u>	<b><u>18 820</u></b>
<b>Depreciation</b>			
1 January	-	6 514	<b>6 514</b>
Charge for the year	105	232	<b>337</b>
Disposals and write-offs	-	(5 852)	<b>(5 852)</b>
Reversal of depreciation due to revaluation (note 25)	(105)	-	<b>(105)</b>
31 December	<u>-</u>	<u>894</u>	<b><u>894</u></b>
<b>Net book value</b>			
31 December	<u>17 278</u>	<u>648</u>	<b><u>17 926</u></b>
	<b>Properties</b>	<b>Equipment</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>2022</b>			
<b>Cost or fair value</b>			
1 January	16 602	7 005	<b>23 607</b>
Additions	14	325	<b>339</b>
Transfer of property from investment property to fixed	774	-	<b>774</b>
Disposals and write-offs	(590)	(36)	<b>(626)</b>
Revaluation (note 25)	362	-	<b>362</b>
31 December	<u>17 162</u>	<u>7 294</u>	<b><u>24 456</u></b>
<b>Depreciation</b>			
1 January	-	6 295	<b>6 295</b>
Charge for the year	104	252	<b>356</b>
Disposals and write-offs	4	(33)	<b>(29)</b>
Reversal of depreciation due to revaluation	(108)	-	<b>(108)</b>
31 December	<u>-</u>	<u>6 514</u>	<b><u>6 514</u></b>
<b>Net book value</b>			
31 December	<u>17 162</u>	<u>780</u>	<b><u>17 942</u></b>

All properties are owned and used for the Group's operations. The properties were revalued to fair value by independent valuers in the last quarter of 2023.

During 2023 and 2022, there was a limited number of similar sales in the local market and the valuation techniques used were based on unobservable data. Therefore, the fair value of the properties was classified

## Notes to the Consolidated Financial Statements

at Level 3. The analysis of the sensitivity of the results to unobservable inputs is reported in Note 32. The accumulated appreciation as at 31 December 2023 from the revaluation is included in the revaluation reserves of the Group (Note 25) and amounts to €9 407 000 (2022: 9 404 000).

The carrying value of properties of the Group based on the cost less accumulated depreciation, would have been €6 667 000 (2022: €6 616 000). Properties include land amounting to €9 761 000 (2022: €9 761 000) for which no depreciation is recognised.

Depreciation of properties and equipment for the year is included in operating expenses of insurance operations (note 4) in the consolidated statement of comprehensive income.

Changes in the fair value of properties are recognised in the consolidated statement of comprehensive income.

### Description of valuation techniques and inputs used in measuring the fair value of properties

#### 31 December 2023

Category	Valuation	Technical valuation	Significant non-observable inputs	Variation of values
	2023 €000			2023
Offices that are measured with the comparative market method	2 086	Comparative market method	Annual estimated fair value per sq.m.	€1 266 - €1 702
			Area in sq.m. Highest and best use	1 437 Existing
Offices that are measured with the comparative market method and Method of income capitalisation	15 192	Comparative market method and Method of income capitalisation	Annual rent valuation per sq.m.	€62 - €186
			Annual rental yield Annual estimated fair value per sq.m.	5,00% - 6,00% €1 078 - €3 743
			Area in sq.m. Highest and best use	5 259 Existing
<b>Total</b>	<b>17 278</b>			

## Notes to the Consolidated Financial Statements

### 31 December 2022

Category	Valuation	Technical valuation	Significant non-observable inputs	Variation of values
	2022 €000			2022
Offices that are measured with the comparative market method	2 088	Comparative market method	Annual estimated fair value per sq.m.	€1 266 - €1 702
			Area in sq.m.	1 437
			Highest and best use	Existing
Offices that are measured with the comparative market method and Method of income capitalisation	15 074	Comparative market method and Method of income capitalisation	Annual rent valuation per sq.m.	€62 - €186
			Annual rental yield	5,00% - 6,00%
			Annual estimated fair value per sq.m.	€1 056 - €3 743
			Area in sq.m.	5 259
			Highest and best use	Existing
<b>Total</b>	<b>17 162</b>			

### 17. INTANGIBLE ASSETS

	Software	
	2023 €000	2022 €000
<b>Cost</b>		
1 January	7 634	7 381
Additions	241	253
Disposals and write-offs	(6 516)	-
31 December	<b>1 359</b>	7 634
<b>Amortisation</b>		
1 January	6 447	6 272
Charge for the year	253	175
Disposals and write-offs	(6 272)	-
31 December	<b>428</b>	6 447
<b>Net book value</b>		
31 December	<b>931</b>	1 187

## Notes to the Consolidated Financial Statements

### 18. RIGHT OF USE ASSETS

#### The Group as a lessee

The Group maintains lease agreements for office buildings which, at the start date, have a lease duration of five to six years and do not include the right to buy. The Group also maintains contracts for vehicles for six years. The application of IFRS 16 has led to the recognition of the right of use assets and liabilities of leases.

	<b>Properties €000</b>	<b>Vehicles €000</b>	<b>Total €000</b>
<b>2023</b>			
<b>Cost</b>			
1 January	975	123	<b>1 098</b>
Additions	563	-	<b>563</b>
Disposals and write-offs	-	-	-
31 December	<u>1 538</u>	<u>123</u>	<b>1 661</b>
<b>Depreciation</b>			
1 January	950	100	<b>1 050</b>
Depreciation	147	23	<b>170</b>
Disposals and write-offs	-	-	-
31 December	<u>1 097</u>	<u>123</u>	<b>1 220</b>
<b>Net book value</b>			
31 December	<u>441</u>	<u>-</u>	<b>441</b>
	<b>Properties €000</b>	<b>Vehicles €000</b>	<b>Total €000</b>
<b>2022</b>			
<b>Cost</b>			
1 January	927	123	<b>1 050</b>
Additions	48	-	<b>48</b>
31 December	<u>975</u>	<u>123</u>	<b>1 098</b>
<b>Depreciation</b>			
1 January	808	77	<b>885</b>
Depreciation	142	23	<b>165</b>
31 December	<u>950</u>	<u>100</u>	<b>1 050</b>
<b>Net book value</b>			
31 December	<u>25</u>	<u>23</u>	<b>48</b>

The movement in the balance of lease liabilities is as follows:

	<b>2023 €000</b>	2022 €000
1 January	<b>150</b>	299
Additions	<b>563</b>	48
Disposals and write-offs	-	-
Increasing debit interest rate	<b>8</b>	6
Payments against leases	<b>(213)</b>	(203)
31 December	<u><b>508</b></u>	<u>150</u>

## Notes to the Consolidated Financial Statements

In the consolidated statement of comprehensive income the following are recognised in terms of leases.

	<b>2023</b>	2022
	<b>€000</b>	€000
Interest expense on lease liabilities	<b>8</b>	6
Depreciation	<b>170</b>	165
	<b>178</b>	171

Maturity analysis - contractual undiscounted cash flows:

	<b>2023</b>	2022
	<b>€000</b>	€000
Less than one year	<b>258</b>	121
Between one and five years	<b>438</b>	27
31 December	<b>696</b>	148

### 19. CREDITORS AND ACCRUALS

	<b>2023</b>	2022
	<b>€000</b>	€000
Creditors	<b>5 513</b>	4 932
Accruals	<b>2 698</b>	2 389
Provisions for expenses	<b>944</b>	385
	<b>9 155</b>	7 706

The creditors represent amounts payable within 12 months in the normal course of business of the Group and bear no interest. The fair value of creditors and due expenses that have expired within one year is approximately the same as the book value at the date of the consolidated statement of financial position. Creditors and expenses due are measured using the amortised cost method.

### 20. INSURANCE SERVICE RESULT FROM INSURANCE CONTRACTS ISSUED

#### 20.1 Insurance revenue

The analysis of recognised insurance revenues for the period is presented below.

	<b>Savings</b>	<b>Participatin</b>	<b>Non -</b>	<b>Accident &amp;</b>	<b>Total</b>
	<b>€000</b>	<b>g participating</b>	<b>g participating</b>	<b>Health</b>	<b>€000</b>
<b>2023</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Contracts not measured under the Allocation Approach</b>					
Amounts related to changes in liabilities for outstanding coverage	-	-	-	-	-
- Expected losses and other insurance service charges	7 771	181	1 799	-	9 751
- Change in risk adjustment for non-financial risk expired	325	84	18	-	427
- Contractual margin recognised for services provided	3 091	135	686	-	3 912
Recovery of acquisition cash flows	835	106	126	-	1 067
	<b>12 022</b>	<b>506</b>	<b>2 629</b>	<b>-</b>	<b>15 157</b>
<b>Policies measured using the Premium Allocation Approach</b>					
	-	-	2 845	40 426	43 271
<b>Total insurance revenue</b>	<b>12 022</b>	<b>506</b>	<b>5 474</b>	<b>40 426</b>	<b>58 428</b>

## Notes to the Consolidated Financial Statements

	Savings	Participating	Non-participating	Accident & Health	Total
2022	€000	€000	€000	€000	€000
<b>Contracts not measured under the Allocation Approach</b>					
Amounts related to changes in liabilities for outstanding coverage	-	-	-	-	-
- Expected losses and other insurance service charges	6 793	176	1 680	-	8 649
- Change in risk adjustment for non-financial risk expired	353	60	19	-	432
- Contractual margin recognised for services provided	2 944	187	538	-	3 669
Recovery of acquisition cash flows	537	70	86	-	693
	10 627	493	2 323	-	13 443
<b>Policies measured using the Premium Allocation Approach</b>					
	-	-	3 171	39 399	42 570
<b>Total insurance revenue</b>	<b>10 627</b>	<b>493</b>	<b>5 494</b>	<b>39 399</b>	<b>56 013</b>

The analysis of the expected recognition of the contractual service margin in the consolidated statement of comprehensive income in the years 2023 and 2022 is presented below:

	Within one year €000	1-2 yrs €000	2-3 yrs €000	3-4 yrs €000	4-5 yrs €000	5-10 yrs €000	More than 10 yrs €000	Total €000
<b>2023</b>								
<b>Insurance Contracts</b>								
Savings	2 816	2 679	2 465	2 263	2 078	8 101	12 343	<b>32 745</b>
Participating	121	131	116	108	104	341	531	<b>1 452</b>
Non-participating	618	651	591	530	475	1 803	2 179	<b>6 847</b>
<b>Total contractual service margin for insurance contracts</b>	<b>3 555</b>	<b>3 461</b>	<b>3 172</b>	<b>2 901</b>	<b>2 657</b>	<b>10 245</b>	<b>15 053</b>	<b>41 044</b>
Life reinsurance contracts	(329)	(333)	(296)	(259)	(227)	(799)	(794)	<b>(3 037)</b>
<b>Total contractual service margin for reinsurance contracts held</b>	<b>(329)</b>	<b>(333)</b>	<b>(296)</b>	<b>(259)</b>	<b>(227)</b>	<b>(799)</b>	<b>(794)</b>	<b>(3 037)</b>

## Notes to the Consolidated Financial Statements

	Within one year €000	1-2 yrs €000	2-3 yrs €000	3-4 yrs €000	4-5 yrs €000	5-10 yrs €000	More than 10 yrs €000	Total €000
<b>2022</b>								
<b>Insurance Contracts</b>								
Savings	2 647	2 540	2 335	2 134	1 944	7 448	10 205	<b>29 253</b>
Participating	164	134	112	91	80	327	440	<b>1 348</b>
Non-participating	484	512	462	415	371	1 384	1 610	<b>5 238</b>
<b>Total contractual service margin for insurance contracts</b>	<b>3 295</b>	<b>3 186</b>	<b>2 909</b>	<b>2 640</b>	<b>2 395</b>	<b>9 159</b>	<b>12 255</b>	<b>35 839</b>
Life reinsurance contracts	(261)	(259)	(229)	(201)	(175)	(608)	(548)	<b>(2 281)</b>
<b>Total contractual service margin for reinsurance contracts held</b>	<b>(261)</b>	<b>(259)</b>	<b>(229)</b>	<b>(201)</b>	<b>(175)</b>	<b>(608)</b>	<b>(548)</b>	<b>(2 281)</b>

### 20.2 Insurance service expenses

Analysis of insurance service expenses recognised in the period is presented below:

<b>2023</b>	<b>Savings €000</b>	<b>Participating €000</b>	<b>Non- participating €000</b>	<b>Accident &amp; Health €000</b>	<b>Total €000</b>
Incurred claims and other insurance service expenses	6 301	160	2 192	26 388	35 041
Changes that relate to future service: losses on onerous contracts and reversals of those losses	311	205	140	-	656
Changes that relate to past service: changes to liabilities for incurred claims	701	3	(162)	(576)	(34)
Amortisation of insurance acquisition cash flows	835	106	1 319	5 613	7 873
<b>Total insurance service expenses</b>	<b>8 148</b>	<b>474</b>	<b>3 489</b>	<b>31 425</b>	<b>43 536</b>
<b>2022</b>					
Incurred claims and other insurance service expenses	6 548	155	3 250	25 433	35 386
Changes that relate to future service: losses on onerous contracts and reversals of those losses	(51)	537	352	-	838
Changes that relate to past service: changes to liabilities for incurred claims	373	1	(1 129)	(916)	(1 671)
Amortisation of insurance acquisition cash flows	537	70	821	5 395	6 823
<b>Total insurance service expenses</b>	<b>7 407</b>	<b>763</b>	<b>3 294</b>	<b>29 912</b>	<b>41 76</b>

## Notes to the Consolidated Financial Statements

### 20.3 Net expense from reinsurance contracts held

Allocation of reinsurance premiums paid and amounts recovered from reinsurers are presented below:

	Life		Accident and Health		Total	
	2023 €000	2022 €000	2023 €000	2022 €000	2023 €000	2022 €000
Amounts related to liabilities for remaining coverage	-	-	-	-	-	-
- Recoveries for expected incurred claims and other expenses	<b>(1 233)</b>	(1 202)	-	-	<b>(1 233)</b>	(1 202)
- Risk adjustment for the risk expired	<b>(37)</b>	(38)	-	-	<b>(37)</b>	(38)
- CSM for the service received	<b>(356)</b>	(294)	-	-	<b>(356)</b>	(294)
Contracts not measured under the PAA	<b>(1 626)</b>	(1 534)	-	-	<b>(1 626)</b>	(1 534)
Contracts measured under the PAA	<b>(1 171)</b>	(1 183)	<b>(23 821)</b>	(23 320)	<b>(24 992)</b>	(24 503)
<b>Allocation of reinsurance premiums</b>	<b>(2 797)</b>	( 2 717)	<b>(23 821)</b>	(23 320)	<b>(26 618)</b>	(26 037)
Recoveries for incurred claims and other expenses	<b>1 407</b>	2 183	<b>22 093</b>	23 356	<b>23 500</b>	25 539
Changes that relate to future service: recoveries for losses on onerous contracts and reversals of those losses	<b>109</b>	21	-	-	<b>109</b>	21
Changes that relate to past service: changes to recoveries of liabilities for incurred claims	<b>114</b>	(895)	<b>(96)</b>	(403)	<b>18</b>	(1 298)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
	<b>1 630</b>	1 309	<b>21 997</b>	22 953	<b>23 627</b>	24 262
<b>Net income or expenses from reinsurance contracts held</b>	<b>(1 167)</b>	(1 408)	<b>(1 824)</b>	(367)	<b>(2 991)</b>	(1 775)

## Notes to the Consolidated Financial Statements

### 21. ASSETS AND LIABILITIES OF INSURANCE CONTRACTS AND REINSURANCE CONTRACTS

#### 21.1 Insurance and Reinsurance contracts

The table below analyses the current value of the groups of insurance and reinsurance contracts presented as assets and liabilities at the end of the reporting period.

	Assets		Liabilities		Net	
	2023 €000	2022 €000	2023 €000	2022 €000	2023 €000	2022 €000
Insurance contracts issued						
Savings	-	-	(222 306)	(207 378)	(222 306)	(207 378)
Participating	-	-	(33 541)	(34 631)	(33 541)	(34 631)
Non-participating	2 090	2 445	(12 107)	(12 556)	(10 017)	(10 111)
Accident and Health	-	-	(13 259)	(12 940)	(13 259)	(12 940)
<b>Total insurance contracts issued</b>	<b>2 090</b>	<b>2 445</b>	<b>(281 213)</b>	<b>(267 505)</b>	<b>(279 123)</b>	<b>(265 060)</b>
<b>Reinsurance contracts held</b>						
Life	646	1 191	(2 661)	(3 032)	(2 015)	(1 841)
Accident and Health	7 291	8 572	-	-	7 291	8 572
<b>Total reinsurance contracts held</b>	<b>7 937</b>	<b>9 763</b>	<b>(2 661)</b>	<b>(3 032)</b>	<b>5 276</b>	<b>6 731</b>

The tables below show the reconciliation of policy changes between the remaining coverage and the claims that have occurred for the insurance policies issued.

Savings	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
2023	€000	€000	€000	€000
Opening assets	-	-	-	-
Opening liabilities	(202 872)	(179)	(4 327)	(207 378)
<b>Net opening balance</b>	<b>(202 872)</b>	<b>(179)</b>	<b>(4 327)</b>	<b>(207 378)</b>
Changes in the statement of comprehensive income				
<b>Insurance revenue</b>	<b>12 022</b>	-	-	<b>12 022</b>
Contracts under fair value approach	9 748	-	-	9 748
Other contracts	2 274	-	-	2 274
<b>Insurance service expenses</b>	<b>(835)</b>	<b>(308)</b>	<b>(7 006)</b>	<b>(8 149)</b>
Incurred claims and other insurance service expenses	-	3	(6 305)	(6 302)
Acquisition expenses	(835)	-	-	(835)
Losses and reversal of losses on onerous contracts	-	(311)	-	(311)
Adjustments to liabilities for incurred claims	-	-	(701)	(701)
<b>Investment components</b>	<b>27 989</b>	-	<b>(27 989)</b>	<b>000</b>
<b>Insurance service result</b>	<b>39 176</b>	<b>(308)</b>	<b>(34 995)</b>	<b>3 873</b>
<b>Insurance finance income / expense</b>	<b>(8 577)</b>	-	<b>1</b>	<b>(8 576)</b>
<b>Total changes in the statement of comprehensive income</b>	<b>30 599</b>	<b>(308)</b>	<b>(34 994)</b>	<b>(4 703)</b>
Cash flows				
Premium received	(51 015)	-	-	(51 015)
Claims and other insurance service expenses paid, including investment components	-	-	35 616	35 616
Insurance acquisition cash flows	5 174	-	-	5 174

## Notes to the Consolidated Financial Statements

<b>Total cash flows</b>	<b>(45 841)</b>	<b>000</b>	<b>35 616</b>	<b>(10 225)</b>
<b>Net closing balance</b>	<b>(218 114)</b>	<b>(487)</b>	<b>(3 705)</b>	<b>(222 306)</b>
Closing assets	-	-	-	-
Closing liabilities	(218 114)	(487)	(3 705)	(222 306)
<b>Net closing balance</b>	<b>(218 114)</b>	<b>(487)</b>	<b>(3 705)</b>	<b>(222 306)</b>

<b>Savings</b>	<b>Liabilities for remaining coverage</b>		<b>Liabilities for incurred claims</b>	<b>Total</b>
	<b>Excluding loss component</b>	<b>Loss component</b>		
<b>2022</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
Opening assets	-	-	-	-
Opening liabilities	(210 813)	(233)	(3 165)	(214 211)
<b>Net opening balance</b>	<b>(210 813)</b>	<b>(233)</b>	<b>(3 165)</b>	<b>(214 211)</b>
Changes in the statement of comprehensive income				
<b>Insurance revenue</b>	<b>10 627</b>	-	-	<b>10 627</b>
Contracts under fair value approach	9 204	-	-	9 204
Other contracts	1 423	-	-	1 423
<b>Insurance service expenses</b>	<b>(537)</b>	<b>54</b>	<b>(6 924)</b>	<b>(7 407)</b>
Incurred claims and other insurance service expenses	-	3	(6 551)	(6 548)
Acquisition expenses	(537)	-	-	(537)
Losses and reversal of losses on onerous contracts	-	51	-	51
Adjustments to liabilities for incurred claims	-	-	(373)	(373)
<b>Investment components</b>	<b>24 458</b>	-	<b>(24 458)</b>	-
<b>Insurance service result</b>	<b>34 548</b>	<b>54</b>	<b>(31 382)</b>	<b>3 220</b>
<b>Insurance finance income / expense</b>	<b>17 915</b>	-	<b>16</b>	<b>17 931</b>
<b>Total changes in the statement of comprehensive income</b>	<b>52 463</b>	<b>54</b>	<b>(31 366)</b>	<b>21 151</b>
Cash flows				
Premium received	(49 356)	-	-	(49 356)
Claims and other insurance service expenses paid, including investment components	-	-	30 204	30 204
Insurance acquisition cash flows	4 834	-	-	4 834
<b>Total cash flows</b>	<b>(44 522)</b>	-	<b>30 204</b>	<b>(14 318)</b>
<b>Net closing balance</b>	<b>(202 872)</b>	<b>(179)</b>	<b>(4 327)</b>	<b>(207 378)</b>
Closing assets	-	-	-	-
Closing liabilities	(202 872)	(179)	(4 327)	(207 378)
<b>Net closing balance</b>	<b>(202 872)</b>	<b>(179)</b>	<b>(4 327)</b>	<b>(207 378)</b>

## Notes to the Consolidated Financial Statements

Participating 2023	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
	€000	€000	€000	€000
Opening assets	-	-	-	-
Opening liabilities	(31 731)	(1 368)	(1 532)	(34 631)
<b>Net opening balance</b>	<b>(31 731)</b>	<b>(1 368)</b>	<b>(1 532)</b>	<b>(34 631)</b>
Changes in the statement of comprehensive income				
<b>Insurance revenue</b>	<b>506</b>	-	-	<b>506</b>
Contracts under fair value approach	336	-	-	336
Other contracts	170	-	-	170
Insurance service expenses	<b>(106)</b>	<b>(199)</b>	<b>(169)</b>	<b>(474)</b>
Incurred claims and other insurance service expenses	-	6	(166)	(160)
Acquisition expenses	(106)	-	-	(106)
Losses and reversal of losses on onerous contracts	-	(205)	-	(205)
Adjustments to liabilities for incurred claims	-	-	(3)	(3)
<b>Investment components</b>	<b>8 855</b>	-	<b>(8 855)</b>	-
<b>Insurance service result</b>	<b>9 255</b>	<b>(199)</b>	<b>(9 024)</b>	<b>32</b>
<b>Insurance finance income / expense</b>	<b>(1 883)</b>	<b>5</b>	-	<b>(1 878)</b>
<b>Total changes in the statement of comprehensive income</b>	<b>7 372</b>	<b>(194)</b>	<b>(9 024)</b>	<b>(1 846)</b>
Cash flows				
Premium received	(6 639)	-	-	(6 639)
Claims and other insurance service expenses paid, including investment components	-	-	9 295	9 295
Insurance acquisition cash flows	308	-	-	308
Policy loan cash flows	(28)	-	-	(28)
<b>Total cash flows</b>	<b>(6 359)</b>	-	<b>9 295</b>	<b>2 935</b>
<b>Net closing balance</b>	<b>(30 718)</b>	<b>(1 562)</b>	<b>(1 261)</b>	<b>(33 541)</b>
Closing assets	-	-	-	-
Closing liabilities	(30 718)	(1 562)	(1 261)	(33 541)
<b>Net closing balance</b>	<b>(30 718)</b>	<b>(1 562)</b>	<b>(1 261)</b>	<b>(33 541)</b>

## Notes to the Consolidated Financial Statements

Participating 2022	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component €000	Loss component €000	for incurred claims €000	€000
Opening assets	-	-	-	-
Opening liabilities	(37 329)	(839)	(1 812)	(39 980)
<b>Net opening balance</b>	<b>(37 329)</b>	<b>(839)</b>	<b>(1 812)</b>	<b>(39 980)</b>
Changes in the statement of comprehensive income				
<b>Insurance revenue</b>	<b>493</b>	-	-	<b>493</b>
Contracts under fair value approach	403	-	-	403
Other contracts	90	-	-	90
Insurance service expenses	<b>(70)</b>	<b>(534)</b>	<b>(159)</b>	<b>(763)</b>
Incurred claims and other insurance service expenses	-	3	(158)	(155)
Acquisition expenses	(70)	-	-	(70)
Losses and reversal of losses on onerous contracts	-	(537)	-	(537)
Adjustments to liabilities for incurred claims	-	-	(1)	(1)
<b>Investment components</b>	<b>5 455</b>	-	<b>(5 455)</b>	-
<b>Insurance service result</b>	<b>5 878</b>	<b>(534)</b>	<b>(5 614)</b>	<b>(270)</b>
<b>Insurance finance income / expense</b>	<b>6 119</b>	<b>5</b>	-	<b>6 124</b>
<b>Total changes in the statement of comprehensive income</b>	<b>11 997</b>	<b>(529)</b>	<b>(5 614)</b>	<b>5 854</b>
Cash flows				
Premium received	(6 516)	-	-	(6 516)
Claims and other insurance service expenses paid, including investment components	-	-	5 894	5 894
Insurance acquisition cash flows	316	-	-	316
Policy loan cash flows	(199)	-	-	(199)
<b>Total cash flows</b>	<b>(6 399)</b>	-	<b>5 894</b>	<b>(505)</b>
<b>Net closing balance</b>	<b>(31 731)</b>	<b>(1 368)</b>	<b>(1 532)</b>	<b>(34 631)</b>
Closing assets	-	-	-	-
Closing liabilities	(31 731)	(1 368)	(1 532)	(34 631)
<b>Net closing balance</b>	<b>(31 731)</b>	<b>(1 368)</b>	<b>(1 532)</b>	<b>(34 631)</b>

## Notes to the Consolidated Financial Statements

### Non-Participating

2023

	Liabilities for remaining coverage		Contracts not under PAA	Liabilities for incurred claims		Total
	Excluding loss component	Loss component		Contracts under PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	€000	€000	€000	€000	€000	€000
Opening assets	2 911	(10)	(456)	-	-	2 445
Opening liabilities	(4 168)	(1 268)	(8)	(7 081)	(31)	(12 556)
<b>Net opening balance</b>	<b>(1 257)</b>	<b>(1 278)</b>	<b>(464)</b>	<b>(7 081)</b>	<b>(31)</b>	<b>(10 111)</b>
Changes in the statement of comprehensive income	-	-	-	-	-	-
<b>Insurance revenue</b>	<b>5 474</b>	-	-	-	-	<b>5 474</b>
Contracts under fair value approach	1 504	-	-	-	-	1 504
Other contracts	3 970	-	-	-	-	3 970
Insurance service expenses	<b>(1 319)</b>	<b>(78)</b>	<b>(1 154)</b>	<b>(947)</b>	<b>9</b>	<b>(3 489)</b>
Incurred claims and other insurance service expenses	-	62	(1 008)	(1 226)	(20)	(2 192)
Acquisition expenses	(1 319)	-	-	-	-	(1 319)
Losses and reversal of losses on onerous contracts	-	(140)	-	-	-	(140)
Adjustments to liabilities for incurred claims	-	-	(146)	279	29	162
<b>Investment components</b>	<b>87</b>	-	<b>(87)</b>	-	-	-
<b>Insurance service result</b>	<b>4 242</b>	<b>(78)</b>	<b>(1 241)</b>	<b>(947)</b>	<b>9</b>	<b>(1 985)</b>
<b>Insurance finance income / expense</b>	<b>(28)</b>	<b>2</b>	-	-	-	<b>(26)</b>
<b>Total changes in the statement of comprehensive income</b>	<b>4 214</b>	<b>(76)</b>	<b>(1 241)</b>	<b>(947)</b>	<b>9</b>	<b>(1 959)</b>
Cash flows	-	-	-	-	-	-
Premium received	(7 727)	-	-	-	-	(7 727)
Claims and other insurance service expenses paid, including investment components	-	-	1 089	3 031	-	4 120
Insurance acquisition cash flows	1 742	-	-	-	-	1 742
<b>Total cash flows</b>	<b>(5 985)</b>	-	<b>1 089</b>	<b>3 031</b>	-	<b>(1 865)</b>
<b>Net closing balance</b>	<b>(3 028)</b>	<b>(1 354)</b>	<b>(616)</b>	<b>(4 997)</b>	<b>(22)</b>	<b>(10 017)</b>
Closing assets	2 691	(14)	587	-	-	2 090
Closing liabilities	(5 719)	(1 340)	(29)	(4 997)	(22)	(12 107)
<b>Net closing balance</b>	<b>(3 028)</b>	<b>(1 354)</b>	<b>(616)</b>	<b>(4 997)</b>	<b>(22)</b>	<b>(10 017)</b>

## Notes to the Consolidated Financial Statements

Non-Participating 2022	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	€000	€000	€000	€000	€000	€000
Opening assets	4 832	(16)	(341)	-	-	4 475
Opening liabilities	(6 148)	(966)	(29)	(8 449)	(55)	(15 647)
<b>Net opening balance</b>	<b>(1 316)</b>	<b>(982)</b>	<b>(370)</b>	<b>(8 449)</b>	<b>(55)</b>	<b>(11 172)</b>
Changes in the statement of comprehensive income	-	-	-	-	-	-
<b>Insurance revenue</b>	<b>5 494</b>	-	-	-	-	<b>5 494</b>
Contracts under fair value approach	1 600	-	-	-	-	1 600
Other contracts	3 894	-	-	-	-	3 894
Insurance service expenses	<b>(821)</b>	<b>(302)</b>	<b>(1 103)</b>	<b>(1 092)</b>	<b>24</b>	<b>(3 294)</b>
Incurred claims and other insurance service expenses	-	50	(1 095)	(2 182)	(23)	(3 250)
Acquisition expenses	(821)	-	-	-	-	(821)
Losses and reversal of losses on onerous contracts	-	(352)	-	-	-	(352)
Adjustments to liabilities for incurred claims	-	-	(8)	1 090	47	1 129
<b>Investment components</b>	<b>152</b>	-	<b>(152)</b>	-	-	-
<b>Insurance service result</b>	<b>4 825</b>	<b>(302)</b>	<b>(1 255)</b>	<b>(1 092)</b>	<b>24</b>	<b>2 200</b>
<b>Insurance finance income / expense</b>	<b>644</b>	<b>6</b>	<b>1</b>	-	-	<b>651</b>
<b>Total changes in the statement of comprehensive income</b>	<b>5 469</b>	<b>(296)</b>	<b>(1 254)</b>	<b>(1 092)</b>	<b>24</b>	<b>2 851</b>
Cash flows	-	-	-	-	-	-
Premium received	(6 667)	-	-	-	-	(6 667)
Claims and other insurance service expenses paid, including investment components	-	-	1 160	2 460	-	3 620
Insurance acquisition cash flows	1 257	-	-	-	-	1 257
<b>Total cash flows</b>	<b>(5 410)</b>	-	<b>1 160</b>	<b>2 460</b>	-	<b>(1 790)</b>
<b>Net closing balance</b>	<b>(1 257)</b>	<b>(1 278)</b>	<b>(464)</b>	<b>(7 081)</b>	<b>(031)</b>	<b>(10 111)</b>
Closing assets	2 911	(10)	(456)	-	-	2 445
Closing liabilities	(4 168)	(1 268)	(8)	(7 081)	(31)	(12 556)
<b>Net closing balance</b>	<b>(1 257)</b>	<b>(1 278)</b>	<b>(464)</b>	<b>(7 081)</b>	<b>(31)</b>	<b>(10 111)</b>

## Notes to the Consolidated Financial Statements

### Accident and Health

2023

	Liabilities for remaining coverage			Liabilities for incurred claims		Total
	Pre-coverage liability	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	€000	€000	€000	€000	€000	€000
Opening assets	-	-	-	-	-	-
Opening liabilities	(12)	(3 629)	-	(8 924)	(375)	(12 940)
<b>Net opening balance</b>	<b>(12)</b>	<b>(3 629)</b>	-	<b>(8 924)</b>	<b>(375)</b>	<b>(12 940)</b>
Changes in the statement of comprehensive income	-	-	-	-	-	-
<b>Insurance revenue</b>	-	<b>40 426</b>	-	-	-	<b>40 426</b>
<b>Insurance service expenses</b>	-	<b>(5 613)</b>	-	<b>(25 790)</b>	<b>(22)</b>	<b>(31 425)</b>
Incurred claims and other insurance service expenses	-	-	-	(26 094)	(294)	(26 388)
Acquisition expenses	-	(5 613)	-	-	-	(5 613)
Losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	-	304	272	576
<b>Insurance service result</b>	-	<b>34 813</b>	-	<b>(25 790)</b>	<b>(22)</b>	<b>9 001</b>
<b>Insurance finance income / expense</b>	-	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	-	<b>34 813</b>	-	<b>(25 790)</b>	<b>(22)</b>	<b>9 001</b>
Cash flows	-	-	-	-	-	-
Premium received	(9)	(40 382)	-	-	-	(40 391)
Claims and other insurance service expenses paid	-	-	-	25 435	-	25 435
Insurance acquisition cash flows	1	5 635	-	-	-	5 636
<b>Total cash flows</b>	<b>(8)</b>	<b>(34 747)</b>	-	<b>25 435</b>	-	<b>(9 320)</b>
<b>Other non-cash transfers</b>	<b>12</b>	<b>(12)</b>	-	-	-	-
<b>Net closing balance</b>	<b>(8)</b>	<b>(3 575)</b>	-	<b>(9 279)</b>	<b>(397)</b>	<b>(13 259)</b>
Closing assets	-	-	-	-	-	-
Closing liabilities	(8)	(3 575)	-	(9 279)	(397)	(13 259)
<b>Net closing balance</b>	<b>(8)</b>	<b>(3 575)</b>	-	<b>(9 279)</b>	<b>(397)</b>	<b>(13 259)</b>

## Notes to the Consolidated Financial Statements

### Accident and Health

2022

	Liabilities for remaining coverage			Liabilities for incurred claims		Total
	Pre-coverage liability	Excluding loss component Liabilities for remaining coverage	Loss component Liabilities for incurred claims	Estimates of present value of future cash flows Total	Risk adjustment for non-financial risk	
	€000	€000	€000	€000	€000	€000
Opening assets	-	-	-	-	-	-
Opening liabilities	(12)	(2 997)	-	(6 485)	(260)	(9 754)
<b>Net opening balance</b>	<b>(12)</b>	<b>(2 997)</b>	<b>-</b>	<b>(6 485)</b>	<b>(260)</b>	<b>(9 754)</b>
Changes in the statement of comprehensive income	-	-	-	-	-	-
<b>Insurance revenue</b>	<b>-</b>	<b>39 399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39 399</b>
<b>Insurance service expenses</b>	<b>-</b>	<b>(5 395)</b>	<b>-</b>	<b>(24 402)</b>	<b>(115)</b>	<b>(29 912)</b>
Incurred claims and other insurance service expenses	-	-	-	(25 137)	(296)	(25 433)
Acquisition expenses	-	(5 395)	-	-	-	(5 395)
Losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	-	735	181	916
<b>Insurance service result</b>	<b>-</b>	<b>34 004</b>	<b>-</b>	<b>(24 402)</b>	<b>(115)</b>	<b>9 487</b>
<b>Insurance finance income / expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total changes in the statement of comprehensive income</b>	<b>-</b>	<b>34 004</b>	<b>-</b>	<b>(24 402)</b>	<b>(115)</b>	<b>9 487</b>
Cash flows	-	-	-	-	-	-
Premium received	(13)	(40 063)	-	-	-	(40 076)
Claims and other insurance service expenses paid	-	-	-	21 963	-	21 963
Insurance acquisition cash flows	1	5 439	-	-	-	5 440
<b>Total cash flows</b>	<b>(12)</b>	<b>(34 624)</b>	<b>-</b>	<b>21 963</b>	<b>-</b>	<b>(12 673)</b>
<b>Other non-cash transfers</b>	<b>12</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net closing balance</b>	<b>(12)</b>	<b>(3 629)</b>	<b>-</b>	<b>(8 924)</b>	<b>(375)</b>	<b>(12 940)</b>
Closing assets	-	-	-	-	-	-
Closing liabilities	(12)	(3 629)	-	(8 924)	(375)	(12 940)
<b>Net closing balance</b>	<b>(12)</b>	<b>(3 629)</b>	<b>-</b>	<b>(8 924)</b>	<b>(375)</b>	<b>(12 940)</b>

## Notes to the Consolidated Financial Statements

The tables below show the reconciliation of policy changes by measurement part:

### Savings

2023	CSM				
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value approach	Other contracts	Total
	€000	€000	€000	€000	€000
Opening assets	-	-	-	-	-
Opening liabilities	(172 893)	(5 232)	(24 163)	(5 090)	(207 378)
<b>Net opening balance</b>	<b>(172 893)</b>	<b>(5 232)</b>	<b>(24 163)</b>	<b>(5 090)</b>	<b>(207 378)</b>
Changes in the statement of comprehensive income	-	-	-	-	-
Changes that relate to current services	1 564	280	2 716	326	4 886
CSM recognised for services provided	-	-	2 716	326	3 042
Risk adjustment recognised for the risk expired	-	325	-	-	325
Experience adjustments	1 564	(45)	-	-	1 519
Change that relate to future services	6 938	(715)	(5 169)	(1 365)	(311)
Contracts initially recognised in the period	3 387	(508)	-	(3 049)	(170)
Changes in estimates that adjust the CSM	3 731	(246)	(5 169)	1 684	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(180)	039	-	-	(141)
Changes that relate to past services	(701)	-	-	-	(701)
Adjustments to liabilities for incurred claims	(701)	-	-	-	(701)
Insurance service result	7 801	(435)	(2 453)	(1 039)	3 874
Insurance finance income / expense	(8 577)	-	-	-	(8 577)
<b>Total changes in the statement of comprehensive income</b>	<b>(776)</b>	<b>(435)</b>	<b>(2 453)</b>	<b>(1 039)</b>	<b>(4 703)</b>
<b>Cash flows</b>	<b>(10 225)</b>	-	-	-	<b>(10 225)</b>
<b>Net closing balance</b>	<b>(183 894)</b>	<b>(5 667)</b>	<b>(26 616)</b>	<b>(6 129)</b>	<b>(222 306)</b>
Closing assets	-	-	-	-	-
Closing liabilities	(183 894)	(5 667)	(26 616)	(6 129)	(222 306)
<b>Net closing balance</b>	<b>(183 894)</b>	<b>(5 667)</b>	<b>(26 616)</b>	<b>(6 129)</b>	<b>(222 306)</b>

### Savings

2022

2022	CSM				
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value approach	Other contracts	Total
	€000	€000	€000	€000	€000
Opening assets	-	-	-	-	-
Opening liabilities	(177 856)	(6 102)	(26 855)	(3 398)	(214 211)
<b>Net opening balance</b>	<b>(177 856)</b>	<b>(6 102)</b>	<b>(26 855)</b>	<b>(3 398)</b>	<b>(214 211)</b>
Changes in the statement of comprehensive income	-	-	-	-	-
Changes that relate to current services	245	353	2 616	306	3 520
CSM recognised for services provided	-	-	2 616	306	2 922
Risk adjustment recognised for the risk expired	-	353	-	-	353

## Notes to the Consolidated Financial Statements

### Savings 2022

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
	€000	€000	€000	€000	€000
Experience adjustments	245	-	-	-	245
Change that relate to future services	1 478	517	76	(1 998)	73
Contracts initially recognised in the period	4 335	(614)	-	(3 926)	(205)
Changes in estimates that adjust the CSM	(3 113)	1 120	76	1 928	011
Changes in estimates that result in losses and reversal of losses on onerous contracts	256	11	-	-	267
Changes that relate to past services	(373)	-	-	-	(373)
Adjustments to liabilities for incurred claims	(373)	-	-	-	(373)
Insurance service result	1 350	870	2 692	(1 692)	3 220
Insurance finance income / expense	17 931	-	-	-	17 931
<b>Total changes in the statement of comprehensive income</b>	<b>19 281</b>	<b>870</b>	<b>2 692</b>	<b>(1 692)</b>	<b>21 151</b>
<b>Cash flows</b>	<b>(14 318)</b>	-	-	-	<b>(14 318)</b>
<b>Net closing balance</b>	<b>(172 893)</b>	<b>(5 232)</b>	<b>(24 163)</b>	<b>(5 090)</b>	<b>(207 378)</b>
Closing assets	-	-	-	-	-
Closing liabilities	(172 893)	(5 232)	(24 163)	(5 090)	(207 378)
<b>Net closing balance</b>	<b>(172 893)</b>	<b>(5 232)</b>	<b>(24 163)</b>	<b>(5 090)</b>	<b>(207 378)</b>

### Participating

#### 2023

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
	€000	€000	€000	€000	€000
Opening assets	-	-	-	-	-
Opening liabilities	(32 850)	(433)	(1 348)	-	(34 631)
<b>Net opening balance</b>	<b>(32 850)</b>	<b>(433)</b>	<b>(1 348)</b>	-	<b>(34 631)</b>
Changes in the statement of comprehensive income	-	-	-	-	-
Changes that relate to current services	12	91	107	29	239
CSM recognised for services provided	-	-	107	29	136
Risk adjustment recognised for the risk expired	-	84	-	-	84
Experience adjustments	12	7	-	-	19
Change that relate to future services	67	(51)	281	(501)	(204)
Contracts initially recognised in the period	711	(63)	-	(648)	-
Changes in estimates that adjust the CSM	(441)	14	281	147	1
Changes in estimates that result in losses and reversal of losses on onerous contracts	(203)	(2)	-	-	(205)
Changes that relate to past services	(3)	-	-	-	(3)
Adjustments to liabilities for incurred claims	(3)	-	-	-	(3)

## Notes to the Consolidated Financial Statements

### Participating

2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
	€000	€000	€000	€000	€000
Insurance service result	76	40	388	(472)	32
Insurance finance income / expense	(1 826)	(32)	2	(22)	(1 878)
<b>Total changes in the statement of comprehensive income</b>	<b>(1 750)</b>	<b>8</b>	<b>390</b>	<b>(494)</b>	<b>(1 846)</b>
<b>Cash flows</b>	<b>2 936</b>	-	-	-	<b>2 936</b>
<b>Net closing balance</b>	<b>(31 664)</b>	<b>(425)</b>	<b>(958)</b>	<b>(494)</b>	<b>(33 541)</b>
Closing assets	-	-	-	-	-
Closing liabilities	(31 664)	(425)	(958)	(494)	(33 541)
<b>Net closing balance</b>	<b>(31 664)</b>	<b>(425)</b>	<b>(958)</b>	<b>(494)</b>	<b>(33 541)</b>

### Participating

2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
	€000	€000	€000	€000	€000
Opening assets	-	-	-	-	-
Opening liabilities	(37 777)	(519)	(1 684)	-	(39 980)
<b>Net opening balance</b>	<b>(37 777)</b>	<b>(519)</b>	<b>(1 684)</b>	-	<b>(39 980)</b>
Changes in the statement of comprehensive income	-	-	-	-	-
Changes that relate to current services	20	60	187	-	267
CSM recognised for services provided	-	-	187	-	187
Risk adjustment recognised for the risk expired	-	60	-	-	60
Experience adjustments	20	-	-	-	20
Change that relate to future services	(614)	(61)	140	(1)	(536)
Contracts initially recognised in the period	(129)	(79)	-	(123)	(331)
Changes in estimates that adjust the CSM	(272)	10	140	122	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(213)	8	-	-	(205)
Changes that relate to past services	(1)	-	-	-	(1)
Adjustments to liabilities for incurred claims	(1)	-	-	-	(1)
Insurance service result	(595)	(1)	327	(1)	(270)
Insurance finance income / expense	6 027	87	9	1	6 124
<b>Total changes in the statement of comprehensive income</b>	<b>5 432</b>	<b>86</b>	<b>336</b>	-	<b>5 854</b>
<b>Cash flows</b>	<b>(505)</b>	-	-	-	<b>(505)</b>
<b>Net closing balance</b>	<b>(32 850)</b>	<b>(433)</b>	<b>(1 348)</b>	-	<b>(34 631)</b>
Closing assets	-	-	-	-	-
Closing liabilities	(32 850)	(433)	(1 348)	-	(34 631)
<b>Net closing balance</b>	<b>(32 850)</b>	<b>(433)</b>	<b>(1 348)</b>	-	<b>(34 631)</b>

## Notes to the Consolidated Financial Statements

### Non-Participating

2023	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
	€000	€000	€000	€000	€000
Opening assets	7 650	(106)	(1 067)	(4 031)	2 446
Opening liabilities	(5 965)	(60)	(140)	-	<b>(6 165)</b>
<b>Net opening balance</b>	<b>1 685</b>	<b>(166)</b>	<b>(1 207)</b>	<b>(4 031)</b>	<b>(3 719)</b>
Changes in the statement of comprehensive income	-	-	-	-	-
Changes that relate to current services	860	11	149	537	1 557
CSM recognised for services provided	-	-	149	537	686
Risk adjustment recognised for the risk expired	-	19	-	-	19
Experience adjustments	860	(8)	-	-	852
Change that relate to future services	2 123	(37)	(26)	(2 216)	(156)
Contracts initially recognised in the period	1 973	(29)	-	(2 076)	(132)
Changes in estimates that adjust the CSM	181	(16)	(26)	(140)	(1)
Changes in estimates that result in losses and reversal of losses on onerous contracts	(31)	8	-	-	(23)
Changes that relate to past services	(146)	-	-	-	(146)
Adjustments to liabilities for incurred claims	(146)	-	-	-	(146)
Insurance service result	2 837	(26)	123	(1 679)	1 255
Insurance finance income / expense	038	(11)	2	(55)	<b>(26)</b>
<b>Total changes in the statement of comprehensive income</b>	<b>2 875</b>	<b>(37)</b>	<b>125</b>	<b>(1 734)</b>	<b>1 229</b>
<b>Cash flows</b>	<b>(2 462)</b>	-	-	-	<b>(2 462)</b>
<b>Net closing balance</b>	<b>2 098</b>	<b>(203)</b>	<b>(1 082)</b>	<b>(5 765)</b>	<b>(4 952)</b>
Closing assets	8 888	(136)	(898)	(5 765)	2 089
Closing liabilities	(6 790)	(67)	(184)	-	(7 041)
<b>Net closing balance</b>	<b>2 098</b>	<b>(203)</b>	<b>(1 082)</b>	<b>(5 765)</b>	<b>(4 952)</b>

### Non-Participating

2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
	€000	€000	€000	€000	€000
Opening assets	8 148	(134)	(1 111)	(2 429)	4 474
Opening liabilities	(7 104)	(76)	(259)	-	<b>(7 439)</b>
<b>Net opening balance</b>	<b>1 044</b>	<b>(210)</b>	<b>(1 370)</b>	<b>(2 429)</b>	<b>(2 965)</b>
Changes in the statement of comprehensive income	-	-	-	-	-
Changes that relate to current services	635	19	167	371	1 192
CSM recognised for services provided	-	-	167	371	538
Risk adjustment recognised for the risk expired	-	19	-	-	19
Experience adjustments	635	-	-	-	635
Change that relate to future services	1 670	(17)	(12)	(1 997)	(356)

## Notes to the Consolidated Financial Statements

### Non-Participating

2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
	€000	€000	€000	€000	€000
Contracts initially recognised in the period	1 589	(31)	-	(1 918)	(360)
Changes in estimates that adjust the CSM	79	12	(12)	(79)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	2	2	-	-	4
Changes that relate to past services	(8)	-	-	-	(8)
Adjustments to liabilities for incurred claims	(8)	-	-	-	(8)
Insurance service result	2 297	2	155	(1 626)	828
Insurance finance income / expense	578	42	8	24	<b>652</b>
<b>Total changes in the statement of comprehensive income</b>	<b>2 875</b>	<b>44</b>	<b>163</b>	<b>(1 602)</b>	<b>1 480</b>
<b>Cash flows</b>	<b>(2 234)</b>	-	-	-	(2 234)
<b>Net closing balance</b>	<b>1 685</b>	<b>(166)</b>	<b>(1 207)</b>	<b>(4 031)</b>	<b>(3 719)</b>
Closing assets	7 650	(106)	(1 067)	(4 031)	2 446
Closing liabilities	(5 965)	(60)	(140)	-	(6 165)
<b>Net closing balance</b>	<b>1 685</b>	<b>(166)</b>	<b>(1 207)</b>	<b>(4 031)</b>	<b>(3 719)</b>

The tables below show the reconciliation of changes in reinsurance treaties held between outstanding cover and claims incurred:

### Accident and Health

2023	Remaining coverage		Estimates of present value of future cash flows	Incurred claims Risk adjustment for non-financial risk	Total
	Excluding loss recovery component	Loss recovery component			
	€000	€000	€000	€000	€000
Opening assets	(8 305)	-	16 635	242	8 572
Opening liabilities	-	-	-	-	-
<b>Net opening balance</b>	<b>(8 305)</b>	-	<b>16 635</b>	<b>242</b>	<b>8 572</b>
Changes in the statement of profit or loss	-	-	-	-	-
Net expenses from reinsurance contracts	(23 821)	-	21 979	018	(1 824)
Finance income/expense from reinsurance contracts held	(173)	-	-	-	(173)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(23 994)</b>	-	<b>21 979</b>	<b>18</b>	<b>(1 997)</b>
Cash flows	-	-	-	-	-
Premiums paid	23 722	-	-	-	23 722
Amounts received	-	-	(23 006)	-	(23 006)
<b>Total cash flows</b>	<b>23 722</b>	-	<b>(23 006)</b>	-	<b>716</b>

## Notes to the Consolidated Financial Statements

### Accident and Health

2023	Remaining coverage		Estimates of present value of future cash flows	Incurred claims Risk adjustment for non-financial risk	Total
	Excluding loss recovery component	Loss recovery component			
	€000	€000	€000	€000	€000
<b>Net closing balance</b>	<b>(8 577)</b>	-	<b>15 608</b>	<b>260</b>	<b>7 291</b>
Closing assets	(8 577)	-	15 608	260	7 291
Closing liabilities	-	-	-	-	-
<b>Net closing balance</b>	<b>(8 577)</b>	-	<b>15 608</b>	<b>260</b>	<b>7 291</b>

### Accident and Health

2022	Remaining coverage		Estimates of present value of future cash flows	Incurred claims Risk adjustment for non-financial risk	Total
	Excluding loss recovery component	Loss recovery component			
	€000	€000	€000	€000	€000
Opening assets	(8 557)	-	14 269	170	5 882
Opening liabilities	-	-	-	-	-
<b>Net opening balance</b>	<b>(8 557)</b>	-	<b>14 269</b>	<b>170</b>	<b>5 882</b>
Changes in the statement of profit or loss	-	-	-	-	-
Net expenses from reinsurance contracts	(23 320)	-	22 881	72	(367)
Finance income/expense from reinsurance contracts held	(159)	-	-	-	(159)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(23 479)</b>	-	<b>22 881</b>	<b>72</b>	<b>(526)</b>
Cash flows	-	-	-	-	-
Premiums paid	23 731	-	-	-	23 731
Amounts received	-	-	(20 515)	-	(20 515)
<b>Total cash flows</b>	<b>23 731</b>	-	<b>(20 515)</b>	-	<b>3 216</b>
<b>Net closing balance</b>	<b>(8 305)</b>	-	<b>16 635</b>	<b>242</b>	<b>8 572</b>
Closing assets	(8 305)	-	16 635	242	8 572
Closing liabilities	-	-	-	-	-
<b>Net closing balance</b>	<b>(8 305)</b>	-	<b>16 635</b>	<b>242</b>	<b>8 572</b>

## Notes to the Consolidated Financial Statements

### Life

2023	Remaining coverage		Contracts not under PAA	Incurred claims Contract under PAA		Total
	Excluding loss component	Loss recovery component		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	€000	€000	€000	€000	€000	€000
Opening assets	(288)	1	-	1 459	19	1 191
Opening liabilities	(3 132)	47	53	-	-	(3 032)
<b>Net opening balance</b>	<b>(3 420)</b>	<b>48</b>	<b>53</b>	<b>1 459</b>	<b>19</b>	<b>(1 841)</b>
Changes in the statement of profit or loss	-	-	-	-	-	-
Net expenses from reinsurance contracts Finance	(2 798)	109	901	626	(5)	(1.167)
income/expense from reinsurance contracts held	(195)	1	-	-	-	(194)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(2 993)</b>	<b>110</b>	<b>901</b>	<b>626</b>	<b>(5)</b>	<b>(1 361)</b>
Cash flows	-	-	-	-	-	-
Premiums paid	3 415	-	-	-	-	3 415
Amounts received	-	-	(751)	(1 477)	-	(2 228)
<b>Net closing balance</b>	<b>3 415</b>	<b>-</b>	<b>(751)</b>	<b>(1 477)</b>	<b>-</b>	<b>1 187</b>
Closing assets	<b>(2 998)</b>	<b>158</b>	<b>203</b>	<b>608</b>	<b>14</b>	<b>(2 015)</b>
Closing liabilities	(32)	56	-	608	14	646
<b>Net closing balance</b>	<b>(2 966)</b>	<b>102</b>	<b>203</b>	<b>-</b>	<b>-</b>	<b>(2 661)</b>
<b>Net closing balance</b>	<b>(2 998)</b>	<b>158</b>	<b>203</b>	<b>608</b>	<b>14</b>	<b>(2 015)</b>

## Notes to the Consolidated Financial Statements

### Life

2022	Remaining coverage		Contracts not under PAA	Incurred claims		Total
	Excluding loss component	Loss recovery component		Contracts not under PAA	Risk adjustment for non-financial risk	
	€000	€000	€000	Estimates of present value of future cash flows €000	€000	€000
Opening assets	(132)	6	81	1 422	41	1 418
Opening liabilities	(4 264)	21	238	-	-	(4 005)
<b>Net opening balance</b>	<b>(4 396)</b>	<b>27</b>	<b>319</b>	<b>1.422</b>	<b>41</b>	<b>(2 587)</b>
Opening assets						
Changes in the statement of profit or loss	-	-	-	-	-	-
Net expenses from reinsurance contracts	(2.717)	021	697	613	(022)	(1.408)
Finance income/expense from reinsurance contracts held	309	-	-	-	-	309
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
<b>Total changes in the statement of comprehensive income</b>	<b>(2.408)</b>	<b>021</b>	<b>697</b>	<b>613</b>	<b>(022)</b>	<b>(1.099)</b>
Cash flows	-	-	-	-	-	-
Premiums paid	3 384	-	-	-	-	3.384
Amounts received	-	-	(963)	(576)	-	(1.539)
<b>Total cash flows</b>	<b>3 384</b>	<b>-</b>	<b>(963)</b>	<b>(576)</b>	<b>-</b>	<b>1 845</b>
<b>Net closing balance</b>	<b>(3 420)</b>	<b>48</b>	<b>53</b>	<b>1 459</b>	<b>019</b>	<b>(1 841)</b>
Closing assets	(288)	001	-	1.459	019	1.191
Closing liabilities	(3 132)	047	053	-	-	(3 032)
<b>Net closing balance</b>	<b>(3 420)</b>	<b>048</b>	<b>053</b>	<b>1.459</b>	<b>019</b>	<b>(1 841)</b>

The tables below show the Reconciliation of measurement components of reinsurance contracts held not measured under the PA

### Life

2023	Estimates of present value of future cash flows		CSM		Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value approach	Other contracts	
	€000	€000	€000	€000	€000
Opening assets	(20)	4	14	4	2
Opening liabilities	(5 614)	319	1 128	1 135	(3 032)
<b>Net opening balance</b>	<b>(5 634)</b>	<b>323</b>	<b>1 142</b>	<b>1 139</b>	<b>(3 030)</b>
Changes in the statement of comprehensive income	-	-	-	-	-
Changes that relate to current services	(685)	(37)	(168)	(188)	(1 078)

## Notes to the Consolidated Financial Statements

Life	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
2023	€000	€000	€000	€000	€000
CSM recognised for services received	-	-	(168)	(188)	(356)
Change in risk adjustment for non-financial risk expired	-	(37)	-	-	(37)
Experience adjustments	(685)	-	-	-	(685)
Change that relate to future services	(1 080)	92	128	969	109
Contracts initially recognised in the period	(633)	34	-	599	-
Changes in estimates that adjust the CSM	(447)	58	125	264	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	30	30
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	3	76	79
Changes that relate to past services	353	-	-	-	353
Adjustments to assets for incurred claims	353	-	-	-	353
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Net expense from reinsurance contracts	(1 412)	55	(40)	781	(616)
Finance income/expense from reinsurance contracts held	(224)	15	(2)	17	(194)
<b>Total changes in the statement of comprehensive income</b>	<b>(1 636)</b>	<b>70</b>	<b>(42)</b>	<b>798</b>	<b>(810)</b>
<b>Cash flows</b>	<b>1 214</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 214</b>
<b>Net closing balance</b>	<b>(6 056)</b>	<b>393</b>	<b>1 100</b>	<b>1 937</b>	<b>1 214</b>
Closing assets	(171)	9	51	147	36
Closing liabilities	(5 885)	384	1 049	1 790	(2 662)
<b>Net closing balance</b>	<b>(6 056)</b>	<b>393</b>	<b>1 100</b>	<b>1 937</b>	<b>(2 626)</b>

Life	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
2022	€000	€000	€000	€000	€000
Opening assets	(8)	21	67	10	90
Opening liabilities	(5 956)	367	1 086	499	(4 004)
<b>Net opening balance</b>	<b>(5 964)</b>	<b>388</b>	<b>1 153</b>	<b>509</b>	<b>(3 914)</b>
Changes in the statement of comprehensive income	-	-	-	-	-
Changes that relate to current services	(561)	(38)	(178)	(116)	(893)
CSM recognised for services received	-	-	(178)	(116)	(294)
Change in risk adjustment for non-financial risk expired	-	(38)	-	-	(38)
Experience adjustments	(561)	-	-	-	(561)
Change that relate to future services	(954)	51	173	751	21

## Notes to the Consolidated Financial Statements

Life 2022	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under fair value approach	Other contracts	
	€000	€000	€000	€000	€000
Contracts initially recognised in the period	(486)	38	-	448	-
Changes in estimates that adjust the CSM	(468)	13	168	287	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	29	29
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	5	(13)	(8)
Changes that relate to past services	56	-	-	-	56
Adjustments to assets for incurred claims	56	-	-	-	56
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-
Net expense from reinsurance contracts	(1 459)	13	(5)	635	(816)
Finance income/expense from reinsurance contracts held	399	(78)	(6)	(5)	310
<b>Total changes in the statement of comprehensive income</b>	<b>(1 060)</b>	<b>(65)</b>	<b>(11)</b>	<b>630</b>	<b>(506)</b>
<b>Cash flows</b>	<b>1 390</b>	-	-	-	<b>1 390</b>
<b>Net closing balance</b>	<b>(5 634)</b>	<b>323</b>	<b>1 142</b>	<b>1 139</b>	<b>1 390</b>
Closing assets	(20)	4	14	4	2
Closing liabilities	(5 614)	319	1 128	1 135	(3 032)
<b>Net closing balance</b>	<b>(5 634)</b>	<b>323</b>	<b>1 142</b>	<b>1 139</b>	<b>(3 030)</b>

### 20.2 Effect of contracts recognised initially in the period

Insurance contracts issued 2023	Savings	Savings	Participating	Participating	Non- participating	Non- participating
	Profitable contracts €000	Onerous contracts €000	Profitable contracts €000	Onerous contracts €000	Profitable contracts €000	Onerous contracts €000
Estimates of PV of future cash inflows	54 266	4 488	7 321	10	4 620	869
Estimates of PV of future cash outflows						
- Insurance acquisition cash flows	(4 096)	(456)	(264)	-	(512)	(57)
- Claims payable and other expenses	(46 655)	(4 160)	(6 346)	(10)	(2 012)	(935)
Risk adjustment	(466)	(42)	(63)	-	(20)	(9)
CSM	(3 049)	-	(648)	-	(2 076)	-
Losses recognised on initial recognition	-	(170)	-	-	-	(170)

## Notes to the Consolidated Financial Statements

Insurance contracts issued 2022	Savings	Savings	Participating	Participating	Non-participating	Non-participating
	Profitable contracts €000	Onerous contracts €000	Profitable contracts €000	Onerous contracts €000	Profitable contracts €000	Onerous contracts €000
Estimates of PV of future cash inflows	60 715	4 971	2 165	5 343	4 225	705
Estimates of PV of future cash outflows						
- Insurance acquisition cash flows	(4 029)	(426)	(142)	(150)	(445)	(28)
- Claims payable and other expenses	(52 197)	(4 699)	(1 880)	(5 465)	(1 842)	(1 026)
Risk adjustment	(563)	(51)	(20)	(59)	(20)	(11)
CSM	(3 926)	-	(123)	-	(1 918)	-
Losses recognised on initial recognition	-	(205)	-	(331)	-	(360)

### 2023

Reinsurance contracts held	Life Contracts initiated without loss-recovery	Life Contracts initiated with loss-recovery
	€000	€000
Estimates of PV of future cash inflows	(1)	(2 236)
Estimates of PV of future cash outflows	1	2 869
Προσαρμογή μη χρηματοοικονομικού κινδύνου Risk adjustment	-	(34)
Income recognised on initial recognition	-	30
<b>CSM</b>	<b>-</b>	<b>629</b>

### 2022

Reinsurance contracts held	Life Contracts initiated without loss-recovery	Life Contracts initiated with loss-recovery
	€000	€000
Estimates of PV of future cash inflows	(28)	(2 299)
Estimates of PV of future cash outflows	31	2 782
Προσαρμογή μη χρηματοοικονομικού κινδύνου Risk adjustment	(1)	(37)
Income recognised on initial recognition	-	29
<b>CSM</b>	<b>2</b>	<b>475</b>

## Notes to the Consolidated Financial Statements

### 22. INSURANCE CONTRACTS LIABILITIES AND REINSURANCE-TERMS, CONDITIONS, ASSUMPTIONS AND SENSITIVITIES

The assumptions that have the greatest effect on the consolidated statement of financial position and the consolidated statement of comprehensive income are listed below:

Life business assumptions	Mortality rates		Administration expenses	
	2023	2022	2023	2022
Policies with fixed and guaranteed benefits	<b>30% A67/70</b>	30% A67/70	<b>€83</b>	€76,50
Policies with DPF	<b>30% A67/70</b>	30% A67/70	<b>€83</b>	€76,50
Policies without DPF	<b>30% A67/70</b>	30% A67/70	<b>€83</b>	€76,50

#### Sensitivity of results

##### Life Sector

The table below analyzes how the contractual service margin, profit or loss and equity would have increased (decreased) if changes in the underlying assumptions that were reasonably possible at the reporting date had occurred. This analysis presents sensitivities on a gross basis and on a reinsurance basis and is based on a change in the key assumption with all other assumptions held constant. Sensitivity analysis assumes that changes in assumptions can be made independently, which is very unlikely to happen in practice.

#### 2023

	Change in assumption	Impact on CSM	Impact on profit before tax	Impact on equity
	%	€000	€000	€000
<b>Insurance contract liabilities</b>				
Mortality				
- Increase	10	<b>(3 401)</b>	<b>(113)</b>	<b>(99)</b>
- Decrease	10	<b>3 807</b>	<b>127</b>	<b>111</b>
Administration expenses				
- Increase	+10	<b>(2 883)</b>	<b>(299)</b>	<b>(262)</b>
- Decrease	-10	<b>3 100</b>	<b>491</b>	<b>430</b>
Lapse rates				
- Increase	+10	<b>(3 106)</b>	<b>(208)</b>	<b>(182)</b>
- Decrease	-10	<b>3 683</b>	<b>476</b>	<b>417</b>
<b>Reinsurance contract assets</b>				
- Increase	+10	<b>(1 093)</b>	<b>16</b>	<b>14</b>
- Decrease	-10	<b>1 078</b>	<b>(16)</b>	<b>(14)</b>
Lapse rates				
- Increase	+10	<b>(90)</b>	<b>1</b>	<b>1</b>
- Decrease	-10	<b>96</b>	<b>-</b>	<b>-</b>

## Notes to the Consolidated Financial Statements

2022

	Change in assumption	Impact on CSM	Impact on profit before tax	Impact on equity
	%	€000	€000	€000
<b>Insurance contract liabilities</b>				
Mortality				
- Increase	+10	(3 031)	(107) 81	(94) 71
- Decrease	-10	3 264		
Administration expenses				
- Increase	+10	(2 564)	(186)	(163)
- Decrease	-10	2 605	342	299
Lapse rates				
- Increase	+10	(3 166)	(204)	(179)
- Decrease	-10	3 568	436	382
<b>Reinsurance contract assets</b>				
- Increase	+10	(1 013)	74	65
- Decrease	-10	909	(76)	(67)
Lapse rates				
- Increase	+10	(117)	6	5
- Decrease	-10	31	(10)	(9)

For the accident and health business the table below presents the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant.

**2023**

Key assumption	Change in assumption	Impact on CSM	Impact on profit before tax	Impact on equity	Change in assumption
		€000	€000	€000	€000
IBNR expected losses	+10%	-296	-75	-259	-66
IBNR expected losses	-10%	296	75	333	84

**2022**

Key assumption	Change in assumption	Impact on CSM	Impact on profit before tax	Impact on equity	Change in assumption
		€000	€000	€000	€000
IBNR expected losses	+10%	-322	-82	-282	-72
IBNR expected losses	-10%	322	82	362	92

## Notes to the Consolidated Financial Statements

### 23. CONTINGENT LIABILITIES

A number of clients have filed lawsuits against the Group in relation to their insurance contracts. The total of contingent liabilities from pending lawsuits amounts to €713 372 (2021: €644 017).

According to currently available information on the above lawsuits, the Group assessed the probability of a negative judgement of less than 50%, so no provision was made in the consolidated financial statements.

### 24. SHARE CAPITAL

	<b>2023</b>	2022
	<b>€000</b>	€000
<b>Authorised</b>		
16 000 000 shares of €1 each	<b>16 000</b>	16 000
<b>Issued and fully paid</b>		
14 993 803 shares of €1 each	<b>14 994</b>	14 838
Reinvestment of dividend	-	156
	<b>14 994</b>	14 994

2022

At the Board of Directors meeting on 6 December 2022 it was decided the distribution of dividend from profits of 2020 of €0,061 per ordinary share for the total amount of €905 119 by issuing Company's shares, based on the Company's calculated Embedded Value as of 31 December 2021.

In cases when calculating the number of shares granted to each shareholder, as referred above, resulted in a fractional number, then if this fractional number was less than 1/2, it was ignored, while in the cases it was equal to or greater than 1/2, then a whole additional share was given.

The beneficiaries of the dividend were those who held shares as at 19 December 2022. The dividend, in the form of shares as above, was paid to the Shareholders on 31 December 2022.

As a result of dividend reinvestment 155 789 shares were issued, after tax, and the issued and fully paid up share capital of the Company increased by €155 789. From the difference between the nominal value and the issued price of the new shares a share premium was recognized amounting to €732 240.

### 25. REVALUATION RESERVES AND RETAINED PROFITS

The revaluation reserves are the difference between fair value and cost for the properties used for the Group's operations and the deferred tax arising from the revaluation.

#### Revaluation reserves

	<b>2023</b>	2022
	<b>€000</b>	€000
1 January	<b>9 404</b>	8 910
Revaluation of fixed assets	<b>(65)</b>	426
Transfer of property from investment property to fixed assets	-	23
Deferred tax	<b>68</b>	45
31 December	<b>9 407</b>	9 404

#### Retained profits

The retained profits are the only reserve that is distributable as dividend.

## Notes to the Consolidated Financial Statements

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. As of 1 March 2019, deemed dividend distribution is subject to a contribution of 1,70% to the General Health Insurance System, which has been increased to 2,65% from 1 March 2020, except for April 2020 until June 2020 where the rate of 1,70% applies. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Group on behalf of the shareholders.

As at 31 December 2023 and 2022 the Company held 94,14% of the share capital of Universal Golf Enterprises PLC (Note 7) and as a result minority rights were calculated.

### 26. CAPITAL EXPENDITURE AGREEMENTS

The liabilities arising from agreements for capital expenditure of the Group amount to €807 800 (2022: €897 600).

### 27. NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	2023	2022
		€000	€000
Profit for the year before tax		<b>5 422</b>	12 067
<i>Adjustments for:</i>			
Investment income and other expenses	3	<b>(1 347)</b>	(1 579)
Amortisation of intangible assets	17	<b>253</b>	175
Depreciation of property and equipment	16	<b>337</b>	356
Depreciation of assets with rights of use	18	<b>170</b>	165
Interest expenses		<b>56</b>	269
Profit on disposal of investment property		-	(7)
Provision for impairment of amounts due		<b>46</b>	65
Loss on disposal and write-off of property and equipment and intangible asset		<b>311</b>	48
Decrease/(increase) in the fair value of financial assets through profit or loss		<b>(12 780)</b>	24 282
Decrease in the fair value of investment property	11	<b>2 285</b>	1 209
Impact of transition IFRS 17 / IFRS 9		<b>(276)</b>	(21 529)
		<b>(5 523)</b>	15 521
<i>Change in:</i>			
Increase in reinsurance contract assets		<b>1 825</b>	(2 462)
Increase in insurance contract liabilities and superannuation managed pension funds	14, 21	<b>15 237</b>	-
Decrease in insurance contracts assets	21	<b>355</b>	-
Decrease in reinsurance contract liabilities	21	<b>(371)</b>	(973)
Increase in creditors and accruals	19	<b>1 450</b>	1 590
Increase in premiums and other insurance receivables		-	(12 873)
Increase in debtors and prepayments		<b>(104)</b>	743
Decrease in insurance contract liabilities	21	-	20 064
<b>Cash flow from operating activities</b>		<b>12 869</b>	23 640
Income tax paid		<b>(1 695)</b>	(1 715)
<b>Net cash flow from for operating activities</b>		<b>11 183</b>	21 925

# Notes to the Consolidated Financial Statements

## 28. MANAGEMENT OF RISK FROM INSURANCE OPERATIONS AND FINANCIAL INSTRUMENTS

As part of its normal operations, the Group is exposed to a variety of risks, namely, from insurance operations and financial instruments held. These risks are monitored on a systematic basis and all the necessary measures are undertaken to prevent undue risk concentrations.

### **Risk arising from insurance operations**

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. For risks from insurance operations such estimates are created to meet adequately the obligations under the Group's insurance policies, following advice of the actuaries.

The main risk faced by the Group, are the actual claims and benefits to exceed the amount of liabilities recognised in the consolidated financial statements. This risk is influenced by the frequency and severity of claims and by the risk that actual benefits paid will be greater than originally estimated.

The risk exposure is limited by dispersion on a large portfolio of insurance contracts and by the careful selection and implementation of underwriting strategies and guidelines and is also limited using reinsurance arrangements.

Although the Group has entered reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. For this reason, the Group monitors regularly the credit rating of the reinsurance companies with which it cooperates through their financial results and their credit rating by well known agencies and takes all necessary steps so that this risk is minimised.

### *Life insurance contracts*

The main factors affecting the frequency of claims are epidemics, widespread changes in lifestyle and natural disasters.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved by medical screening in order to ensure that pricing takes account of current health conditions and medical history, regular review of actual claims experience and product pricing. The Group has the right to refuse renewal of individual policies, to impose deductibles or to reject the payment of fraudulent claims.

### *Accident and health insurance contracts*

The most important factors affecting accident and health contracts result from changes in lifestyle, climate and environmental changes. The risks are reduced by following a strict underwriting policy and by investigating possible fraudulent claims.

## Notes to the Consolidated Financial Statements

### *Risk concentration of insurance and reinsurance contracts by class of business activity*

The Group monitors insurance risk by line of business. An analysis of the degree of risk concentration of insurance and reinsurance contracts by line of business is presented in the table below.

	<b>2023</b>	<b>2022</b>
	<b>€000</b>	€000
<b>Insurance contracts</b>		
Savings	<b>222 306</b>	207 378
Participating	<b>33 541</b>	34 631
Non-Participating	<b>10 017</b>	10 111
Accident and health	<b>13 259</b>	12 940
	<b>279 123</b>	265 060
<b>Reinsurance contracts</b>		
Life	<b>2 015</b>	1 841
Accident and health	<b>(7 291)</b>	(8 572)
	<b>(5 276)</b>	(6 731)

### **Credit risk**

Credit risk arises when the inability of counterparties to repay their obligations could reduce the amount of future cash inflows from financial assets at the reporting date.

### *Maximum exposure to credit risk*

The table below shows the maximum exposure to credit risk in respect of financial instruments:

	<b>2023</b>			2022		
	<b>Directly linked to insurance funds €000</b>	<b>Other €000</b>	<b>Total €000</b>	Directly linked to insurance funds €000	Other €000	Total €000
Bonds (Note 12.1 και 15)	64 304	35 258	<b>99 562</b>	39 480	32 016	71 496
Government bonds (Note 12.5 και 15)	7 927	8 865	<b>16 792</b>	-	-	-
Cash and bank deposits (Note 9 και 15)	32 935	11 941	<b>44 876</b>	44 385	18 359	62 744
Mortgage loans to policyholders (Note 13)	-	1 926	<b>1 926</b>	-	2 276	2 276
Debtors and prepayments (Note 10)	-	3 601	<b>3 601</b>	-	3 497	3 497
	<b>105 166</b>	<b>61 591</b>	<b>166 757</b>	83 865	56 148	140 013

*Mortgage loans to policyholders are secured by mortgages on real estate (Note 13).*

The credit risk associated with future premium inflows is mitigated by the Group's ability to terminate insurance policies when policyholders fail to meet their premium repayment obligations contributing to negligible credit risk for the Group. At 31 December 2023 the maximum exposure to credit risk on insurance policies was €5 617 thousand (2022: €5 305 thousand) primarily related to premiums receivable for services provided by the Group. The current value of insurance policies also includes the amount of loans on insurance policies secured by the value of the insurance policies. The value of loans on insurance policies at 31 December 2023 (including accrued interest) was €1 263 thousand (2022: €1 203 thousand).

The Group has significant credit risk arising from the reinsurance contracts held. The maximum exposure to credit risk from these contracts is €7 166 thousand (2022: €7 479 thousand).

## Notes to the Consolidated Financial Statements

### *Credit rating analysis of financial assets*

The table below shows the exposure to credit risk categorised by the credit quality of financial and reinsurance assets and contracts:

<b>2023</b>	<b>Aaa -Aa3</b> €000	<b>A1-A3</b> €000	<b>B1-B3</b> €000	<b>Ba1- Ba3</b> €000	<b>No rating</b> €000	<b>Total</b> <b>€000</b>
Bonds	-	-	-	-	35 258	<b>35 258</b>
Government bonds	8 865	-	-	-	-	<b>8 865</b>
Cash and bank deposits	11 550	26 107	-	5 589	1 629	<b>44 876</b>
Mortgage loans to policyholders	-	-	-	-	1 926	<b>1 926</b>
Debtors and prepayments	-	-	-	-	3 601	<b>3 601</b>
Reinsurance contract assets	401	7 536	-	-	-	<b>7 937</b>
	<u>20 816</u>	<u>33 643</u>	<u>-</u>	<u>5 589</u>	<u>42 414</u>	<b><u>102 462</u></b>
<b>2022</b>	<b>Aaa -Aa3</b>	<b>A1-A3</b>	<b>B1-B3</b>	<b>Ba1- Ba3</b>	<b>No rating</b>	<b>Total</b>
Bonds	-	-	-	-	32 016	32 016
Cash and bank deposits	21 300	30 568	-	9 076	1 468	62 412
Mortgage loans to policyholders	-	-	-	-	2 276	2 276
Debtors and prepayments	-	-	-	-	3 497	3 497
Reinsurers' share of policy liabilities	9 763	-	-	-	-	9 763
	<u>31 063</u>	<u>30 568</u>	<u>-</u>	<u>9 076</u>	<u>39 257</u>	<u>109 964</u>

Unrated deposits represent balances in banking institutions subject to the supervision of the designated supervisory authorities and are assessed by the Management as being of satisfactory financial soundness and solvency.

Unrated bonds represent units in collective investment bond funds (unlisted) and are assessed by management as being of satisfactory financial strength and solvency.

The Group has not presented the credit risk analysis for financial assets linked to insurance investment funds. This is because for these funds the liabilities in respect of insurance policies are directly linked to the performance and value of the assets supporting these liabilities and shareholders have no direct exposure to credit risk in respect of these assets.

The following table presents an analysis of the credit quality of debt securities measured at amortised cost. It shows whether for assets measured at amortised cost expected credit losses for 12 months or over their lifetime were calculated and in the latter case whether they were impaired. The amounts shown in the table below represent the gross book value of the Group's financial assets.

## Notes to the Consolidated Financial Statements

<b>2023</b>	12-month credit losses	Whole life credit losses - unimpaired	Whole life credit losses - impaired
	€000	€000	€000
Cash and bank deposits		-	-
A1	146	-	-
Ba1 – Baa3	5 589	-	-
No rated	1 629	-	-
Mortgage loans to policyholders			
No rated	128	-	4 322
Debtors and prepayments			
No rated	3 601	-	41
	<u>11 093</u>	<u>-</u>	<u>4 363</u>

The impairment loss on cash and cash equivalents has been measured based on the twelve-month expected impairment loss and reflects the short maturities of the exposures. The Group considers cash and cash equivalents to have low credit risk based on external credit ratings of counterparties. Their impairment provision at 31 December 2023 was insignificant.

The impairment loss on financial assets recognised in the consolidated statement of comprehensive income is analysed as follows:

	<b>2023</b>	2022
	<b>€000</b>	€000
Charge for impairment of mortgage loans (Previous accounting policy)	-	65
Charge for impairment of mortgage loans measured at amortized cost	<b>46</b>	-
31 December	<b>46</b>	65

In respect of mortgages to policyholders under the previous accounting policy the Group considered whether there were reasonable indications that it would not collect all amounts due. The indications included repayment history the financial condition of the debtor and the realisable value of any collateral. If such indications existed the recoverable amount of the receivable was calculated and a provision for impairment was created. The amount of the provision was recognised in the consolidated statement of comprehensive income. The methodology and assumptions for calculating the provision for impairment were regularly reviewed to limit the differences between calculated and actual losses from bad debts.

The table below shows the movement in the impairment provision for financial assets at amortised cost:

	Lifetime damage - impaired €000
Opening balance at 1 January 2023 (after application of IFRS 9)	2 478
Net measurement of impairment losses	202
Derecognition of financial assets	<u>(156)</u>
Balance at 31 December	<u>2 524</u>

The decrease in the impairment provision in 2023 relates to the derecognition of a loan receivable with a gross carrying amount of €194 000.

## Notes to the Consolidated Financial Statements

### Liquidity risk

Liquidity risk is the risk that the Group is unable to fully or promptly meet payment obligations as and when they fall due. This risk includes the possibility that the Group may have to raise funding at high cost or sell assets at a discount to fully and promptly satisfy its obligations.

The Group's business requires a steady flow of cash to meet payment obligations to policyholders and associates.

The basic sources of liquidity for the Group are premiums received, disposals and income from investments, cash and cash equivalents and the bank overdraft.

To provide the necessary cash inflow to cover future payment obligations the Group invests in assets with the same maturity profile as the maturity of insurance contracts liabilities.

The table below shows the maturity profile of financial liabilities portfolios of insurance contracts and reinsurance contracts held that are liabilities based on the remaining contractual undiscounted net cash flows expected to be paid in the periods presented. Liabilities for remaining policy coverage measured using the Premium Allocation Approach are not included in this analysis.

	Within one year €000	1-2 yrs €000	2-3 yrs €000	3-4 yrs €000	4-5 yrs €000	More than 5 yrs €000	Total €000
<b>2023</b>							
<b>Insurance contracts:</b>							
Savings	(13 861)	(9 589)	(5 966)	(2 373)	1 507	351 522	<b>321 240</b>
Participating	4 771	4 460	7 731	5 289	5 375	12 001	<b>39 627</b>
Non-participating	5 586	543	524	505	485	6 153	<b>13 796</b>
Accident and Health	9 279	-	-	-	-	-	<b>9 279</b>
Reinsurance contracts	3 259	560	455	377	315	1 380	<b>6 346</b>
Bank overdraft	2 162	-	-	-	-	-	<b>2 162</b>
Creditors and accruals	8 211	-	-	-	-	-	<b>8 211</b>
Lease obligations	-	507	-	-	-	-	<b>507</b>
Liabilities of superannuation and managed pension funds	21 323	-	-	-	-	-	<b>21 323</b>
	<b>41 180</b>	<b>(3 519)</b>	<b>2 744</b>	<b>3 798</b>	<b>7 682</b>	<b>371 056</b>	<b>422 941</b>
<b>2022</b>							
<b>Insurance contracts:</b>							
Savings	(23 356)	(14 738)	(5 015)	(2 004)	2 347	572 663	<b>529 987</b>
Participating	16 561	7 862	9 544	16 189	10 579	19 896	<b>80 631</b>
Non-participating	8 106	987	955	922	887	11 328	<b>23 185</b>
Accident and Health	8 924	-	-	-	-	-	<b>8 924</b>
Reinsurance contracts	3 900	1 025	840	691	571	1 905	<b>8 932</b>
Bank overdraft	553	-	-	-	-	-	<b>553</b>
Creditors and accruals	7 321	-	-	-	-	-	<b>7 321</b>
Leases liabilities	-	150	-	-	-	-	<b>150</b>
Liabilities of superannuation and managed pension funds	19 793	-	-	-	-	-	<b>19 793</b>
	<b>41 802</b>	<b>(4 714)</b>	<b>6 324</b>	<b>15 798</b>	<b>14 384</b>	<b>605 792</b>	<b>679 386</b>

## Notes to the Consolidated Financial Statements

The amounts of insurance policy liabilities that are immediately payable on demand are shown below:

<b>2023</b>	<b>Amount payable on demand</b>	<b>Carrying amount</b>
<b>Insurance contracts</b>	<b>€000</b>	<b>€000</b>
Savings	<b>213 545</b>	222 306
Participating	<b>26 046</b>	33 541
Non-Participating	<b>687</b>	10 017
	<b>240 278</b>	265 864

<b>2022</b>	<b>Amount payable on demand</b>	<b>Carrying amount</b>
<b>Insurance contracts</b>	<b>€000</b>	<b>€000</b>
Savings	200 698	207 378
Participating	28 422	34 631
Non-Participating	759	10 111
	229 879	252 120

### Market risk

Market risk is the risk of adverse movements in the rates of exchange between currencies, in the level of interest rates and the current prices of investments. The Group's profitability is not affected to the extent that such variations relate to investments held for unit-linked investment plans. For the remaining investments relating to the insurance business this risk is kept at low levels through diversification, both geographically and through diversification in different sectors of the economy.

### Equity shares price and debt securities risk

The risk of loss from changes in the price of equity shares and debt securities arises when there is an unfavorable change in the price of equity shares and debt securities held by the Group. Investments in equity shares and debt securities as at 31 December 2023 and 2022 are shown in Note 13. Moreover, risk reduction is achieved through diversification in various sectors.

## Notes to the Consolidated Financial Statements

### a) Equity securities

	Change in index	Effect on profit before tax €000	Effect on profit after tax €000
<b>2023</b>			
Cyprus Stock Exchange	+5%	68	61
	-5%	68	61
Units in collective equity investment funds – listed in foreign stock exchanges	+5%	2 942	2 648
	-5%	2 942	2 648
Units in collective equity investment funds – unlisted	+5%	7	6
	-5%	7	6
	Change in index	Effect on profit before tax €000	Effect on profit after tax €000
<b>2022</b>			
Cyprus Stock Exchange	+5%	67	60
	-5%	67	60
Units in collective equity investment funds – listed in foreign stock exchanges	+5%	614	553
	-5%	614	553
Units in collective equity investment funds – unlisted	+5%	316	284
	-5%	316	284

### b) Multi asset funds and money market fund

	Change in index	Effect on profit before tax €000	Effect on profit after tax €000
<b>2023</b>			
Multi asset funds	+5%	895	805
	-5%	895	805
Money market fund	+5%	-	-
	-5%	-	-
	Change in index	Effect on profit before tax €000	Effect on profit after tax €000
<b>2022</b>			
Multi asset funds	+5%	200	180
	-5%	200	180
Money market fund	+5%	-	-
	-5%	-	-

Unlisted investments include direct and indirect investments in foreign multi asset funds.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

This risk is concentrated in the Group's investment portfolio. Changes in interest rates do not affect the Group's profitability to the extent that they relate to investments linked to unit-linked investment plans.

On 31 December 2023 if interest rates on all interest bearing financial instruments and obligations in any currency increased / decreased by 0,5%, all other variables remaining constant, the Group profit after tax for the year, and consequently its equity, would show an increase / decrease of €235 thousands (2022: €331 thousands).

## Notes to the Consolidated Financial Statements

The Group's exposure to insurance and reinsurance contracts that are susceptible to interest rate fluctuations is as follows:

	<b>2023</b>	2022
	<b>€000</b>	€000
Insurance contracts	213 272	202 082
Reinsurance contracts	3 348	2 871

Group life accident and health insurance policies are not susceptible to interest rate fluctuations as they are measured using the Premium Allocation Approach and the Group has elected not to discount liabilities for claims incurred. For savings contracts measured under the Variable Fee Method any change in interest rates does not directly affect the Group's profitability as the effect is recorded in the contractual service margin which is calculated based on current market rates.

For insurance contracts measured under the General Measurement Model (Life with profit participation and Life without profit participation excluding group life insurance contracts) financial income or expenses of insurance are recognised in the statement of comprehensive income as a result of discounting future cash flows at the revised interest rates. Similarly for reinsurance contracts measured using the General Measurement Model financial income or expense for reinsurance is recognised in the statement of comprehensive income as a result of discounting future reinsurance cash flows using revised interest rates. For these contracts the analysis below shows the reasonably possible fluctuations in interest rates with all other assumptions held constant showing the effect on profit before tax and equity.

The analysis below shows the reasonably possible variations in the key assumptions with all other assumptions held constant showing the effect on profit before tax and equity.

	<b>Change in interest rate</b>	<b>Impact on profit before tax</b>	<b>Impact on profit after tax</b>
<b>2023</b>		<b>€000</b>	<b>€000</b>
Insurance contracts	+1%	<b>2 087</b>	<b>1 826</b>
	-1%	<b>(2 457)</b>	<b>(2 150)</b>
Reinsurance contracts	+1%	<b>73</b>	<b>64</b>
	-1%	<b>(171)</b>	<b>(150)</b>
<b>2022</b>		<b>€000</b>	<b>€000</b>
Insurance contracts	+1%	2 007	1 757
	-1%	(2 383)	(2 085)
Reinsurance contracts	+1%	76	67
	-1%	(78)	(68)

### Exchange rate risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign exchange risk is not significant.

## Notes to the Consolidated Financial Statements

### 29. ANALYSIS OF ASSETS AND LIABILITIES BY EXPECTED MATURITY DATE

The table below presents an analysis of assets and liabilities based on expected maturity or redemption date:

<b>2023</b>	<b>Within one year €000</b>	<b>Over one year €000</b>	<b>Total €000</b>
<b>Assets</b>			
Cash and cash equivalents	44 876	-	<b>44 876</b>
Debtors and prepayments	3 601	-	<b>3 601</b>
<i>Financial assets at fair value through profit or loss</i>			
Equity shares	-	60 340	<b>60 340</b>
Debt securities	-	99 562	<b>99 562</b>
Government Bonds	-	16 792	<b>16 792</b>
Money market fund	-	22 799	<b>22 799</b>
Loans and receivables	96	1 830	<b>1 926</b>
Reinsurance contract assets	7 877	60	<b>7 937</b>
Insurance contract assets	280	1 810	<b>2 090</b>
Investment properties	-	118 066	<b>118 066</b>
Property and equipment	-	17 926	<b>17 926</b>
Intangible assets	-	931	<b>931</b>
Assets with right of use	-	441	<b>441</b>
Tax receivable	1 094	-	<b>1 094</b>
	<b>57 824</b>	<b>340 557</b>	<b>398 381</b>
<b>Liabilities</b>			
Bank overdraft	2 162	-	<b>2 162</b>
Creditors and accruals	9 155	-	<b>9 155</b>
Tax payable	733	-	<b>733</b>
Liabilities of superannuation and managed pension funds	21 323	-	<b>21 323</b>
Insurance contract liabilities	17 469	263 743	<b>281 212</b>
Reinsurance contract liabilities	2 824	(163)	<b>2 661</b>
Lease obligations	-	508	<b>508</b>
Deferred tax	-	6 345	<b>6 345</b>
	<b>53 666</b>	<b>270 759</b>	<b>324 099</b>

## Notes to the Consolidated Financial Statements

2022	Within one year €000	Over one year €000	Total €000
<b>Assets</b>			
Cash and cash equivalents	62 744	-	<b>62 744</b>
Debtors and prepayments	3 497	-	<b>3 497</b>
<i>Financial assets at fair value through profit or loss</i>			
Equity shares	-	19 945	<b>19 945</b>
Debt securities	-	71 496	<b>71 496</b>
Multi asset fund	-	67 669	<b>67 669</b>
Loans and receivables	114	2 162	<b>2 276</b>
Reinsurance contract assets	9 755	7	<b>9 762</b>
Insurance contract assets	511	1 934	<b>2 445</b>
Investment properties		119 759	<b>119 759</b>
Property and equipment	-	17 942	<b>17 942</b>
Intangible assets	-	1 187	<b>1 187</b>
Assets with right of use	-	48	<b>48</b>
Assets with right of use	1 056	-	<b>1 056</b>
Tax receivable	<b>77 677</b>	<b>302 149</b>	<b>379 826</b>
<b>Liabilities</b>			
Bank overdraft	205	-	<b>205</b>
Creditors and accruals	5 700	-	<b>5 700</b>
Tax payable	-	298	<b>298</b>
Liabilities of superannuation and managed pension funds	14 615	7 265	<b>21 880</b>
Insurance contract liabilities	775	-	<b>775</b>
Reinsurance contract liabilities	517	-	<b>517</b>
Deferred tax	-	6 412	<b>6 412</b>
Unallocated surplus life insurance business	-	-	-
	17 997	283 863	<b>301 860</b>
	21 431	-	<b>21 431</b>
	<b>61 240</b>	<b>297 838</b>	<b>359 078</b>

The determination of the expected maturity date of the insurance policy obligations and reinsurers' share in the insurance contract liabilities is determined based on the expected expiration/termination date of the contracts in force.

Investments and other assets that are directly related to insurance/investment funds are separately presented along with the respective liabilities of insurance policies, provided that their maturity profile corresponds to the estimated timing of outflows that will arise for the settlement of liabilities.

### 30. CAPITAL MANAGEMENT

The Directive 2009/138/EC of the European Parliament and the Council and the relevant Regulations concerning the acquisition and pursuit of Insurance and Reinsurance businesses (Solvency II) came into force on 1 January 2016. The new Directive requires significantly enhanced information both in quantitative and qualitative terms and is divided into three pillars:

- Pillar I: Quantitative requirements - includes calculation of solvency capital requirements, technical provisions and principles for measurement of assets and liabilities.
- Pillar II: Qualitative requirements - includes the corporate governance requirements that guarantee the correct and prudent management of the insurance business, including the risk management function, compliance, internal audit and actuarial function.
- Pillar III: Disclosure requirements - includes the requirements to disclose quantitative and qualitative information necessary for supervisory authorities to better inform members - consumers.

## Notes to the Consolidated Financial Statements

With the implementation of the Directive, the Company manages its capital base by evaluating on a quarterly basis the adequate coverage of the Solvency Capital Requirement of the company with high quality own equity. In this context, a number of actions were taken to optimize asset management and own funds, including adjusting its dividend policy, in order to be able to cover the increased quantitative capital requirements.

Additionally, the Company assesses annually the ongoing compliance with regulatory capital requirements of the Directive throughout the period of future business planning. This assessment considers possible future changes in the risk profile, quantity and quality of own funds, and their composition by class and how this can change during the period of future business planning. The results of the own risk assessment were considered for capital management, business planning and development and design of the Company's products.

On 31 December 2023, the Company's equity consists of the following:

### Equity

	<b>2023</b>	2022
	<b>€000</b>	€000
Share capital	<b>14 994</b>	14 994
Share premium	<b>7 810</b>	7 810
Revaluation reserves	<b>10 024</b>	10 021
Retained profits	<b>39 794</b>	39 013
<b>Total equity</b>	<b><u>72 622</u></b>	<u>71 838</u>

The adjustments to meet the Company's capital requirements under the Solvency II Directive are set out below:

	<b>2023</b>
	<b>€000</b>
Difference in technical provisions without reinsurance	<b>8 088</b>
Value of intangible assets	<b>(924)</b>
Deferred acquisition costs	<b>(10)</b>
Deferred tax liabilities	<b><u>(1 010)</u></b>
Total adjustments	<b><u>6 144</u></b>
Equity for Solvency II purposes	<b><u><u>78 766</u></u></b>

Equity for Solvency II purposes for 2022 has not been adjusted and was as follows:

	2022
	€000
Insurance liabilities	38 069
Value of intangible assets	(1 187)
Deferred acquisition costs	83
Deferred tax liabilities	<u>(4 769)</u>
Total adjustments	<u>32 169</u>
Equity for Solvency II purposes	<u><u>73 725</u></u>

## Notes to the Consolidated Financial Statements

### 31. ADDITIONAL INFORMATION ON INSURANCE OPERATIONS

Additional information is shown below based on the Accounting Directives issued according to paragraph 2 of article 87 of the Laws on Insurance Services and Other Related Issues:

#### A) Analysis of premiums and reinsurance premiums

<b>Life insurance and annuity business</b>	<b>2023</b>	2022
	<b>€000</b>	€000
Individual life premiums	<b>62 744</b>	60 227
Group life premiums	<b>2 826</b>	3 179
	<b>65 570</b>	63 406
Regular premiums	<b>57 538</b>	55 552
Single premiums	<b>8 032</b>	7 854
	<b>65 570</b>	63 406
Non-linked life premiums:		
- Without participation in profits	<b>6 287</b>	6 419
- With participation in profits	<b>1 127</b>	1 094
	<b>7 414</b>	7 513
Premiums of unit-linked life policies for which the investment risk is borne by policyholders	<b>58 156</b>	55 893
	<b>65 570</b>	63 406
<b>Accident and health insurance business</b>	<b>2023</b>	2022
	<b>€000</b>	€000
Gross premiums of individual and group contracts	<b>40 513</b>	39 588
Unearned premiums of individual and group contracts	<b>(136)</b>	(181)
	<b>40 377</b>	39 407
<b>Total premiums</b>	<b>105 947</b>	102 813
<b>Life insurance and annuity business</b>		
Reinsurance premiums of non-linked life business	<b>3 014</b>	2 814
Reinsurance premiums of unit-linked life business	<b>1 140</b>	1 149
	<b>4 154</b>	3 963
<b>Accident and health insurance business</b>	<b>2023</b>	2022
	<b>€000</b>	€000
Gross reinsurance premiums of individual and group contracts	<b>29 767</b>	29 160
Unearned reinsurance premiums of individual and group contracts	<b>(47)</b>	(52)
	<b>29 720</b>	29 108
<b>Total reinsurance premiums</b>	<b>34 041</b>	33 262
<b>Net premiums</b>	<b>71 906</b>	69 551

## Notes to the Consolidated Financial Statements

### B) Analysis of gross payments to policyholders and reinsurers' share

<b>Life insurance and annuity business</b>	<b>2023</b>	2022
	<b>€000</b>	€000
Gross payments with unchanged and guaranteed benefits	<b>3 098</b>	3 148
Gross payments with participation in profits	<b>8 968</b>	5 618
Gross payments without participation in profits	<b>29 694</b>	26 452
	<b>41 760</b>	35 218

<b>Accident and health insurance business</b>	<b>2023</b>	2022
	<b>€000</b>	€000
Gross payments on individual contracts	<b>16 454</b>	13 276
Gross payments on group contracts	<b>6 076</b>	5 872
	<b>22 530</b>	19 148

<b>Gross payments to policyholders</b>	<b>64 290</b>	54 366
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<b>Life insurance and annuity business</b>	<b>2023</b>	2022
Reinsurers' shares of payments to policyholders:		
- With unchanged and guaranteed benefits	<b>1 203</b>	1 687
- Without participation in profits	<b>180</b>	49
	<b>1 383</b>	1 736

<b>Accident and health insurance business</b>	<b>2023</b>	2022
Reinsurers' shares of payments to policyholders:		
- Individual contracts	<b>12 333</b>	9 996
- Group contracts	<b>4 506</b>	4 376
	<b>16 839</b>	14 372
<b>Reinsurers' shares of payments to policyholders</b>	<b>18 222</b>	16 108

### C) Analysis of commissions from reinsurers and other commissions

	<b>2023</b>	2022
	<b>€000</b>	€000
Commissions from life reinsurers	<b>1 401</b>	1 235
Commissions from accident and health reinsurers	<b>10 688</b>	12 509
Commissions as general agent	<b>618</b>	516
	<b>12 687</b>	14 260

## Notes to the Consolidated Financial Statements

### 32. FAIR VALUE OF FINANCIAL INSTRUMENTS AND PROPERTIES

The Group uses the following hierarchy for determining and disclosing the fair value:

Level 1: investments measured at fair value based on quoted prices in active markets.

Level 2: investments measured at fair value based on valuation models in which all factors affecting the fair value are based on observable market data.

Level 3: investments measured at fair value based on valuation models in which the data significantly affect the fair value are not based on observable market data. This category includes unlisted investments.

The method used for determining the fair value of financial instruments presented at fair value using valuation models is described in accounting policy number 11 for investments at fair value through profit or loss. These models include estimates of the Group regarding the assumptions that an investor would use in measuring fair value. The method used for determining the fair value of property is described in notes 10 and 12.

The analysis of financial instruments and properties measured at fair value by level is shown below:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
<b>Financial assets and properties</b>				
<b>2023</b>				
Equity shares	38 897	19 947	1 496	60 340
Debt securities	47 021	52 5241	-	99 562
Corporate bonds	16 746	-	-	16 746
Multi asset funds	17 675	5 124	-	22 799
Investment properties	-	-	118 066	118 066
Freehold properties	-	-	17 278	17 278
	<b>120 339</b>	<b>77 612</b>	<b>136 840</b>	<b>334 791</b>
	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
<b>Financial assets and properties</b>				
<b>2022</b>				
Equity shares	18 461	-	1 483	19 944
Debt securities	71 496	-	-	71 496
Multi asset funds	67 669	-	-	67 669
Investment properties	-	-	119 759	119 759
Freehold properties	-	-	17 161	17 161
	<b>157 626</b>	<b>-</b>	<b>138 403</b>	<b>296 029</b>

On 31 December 2023, bonds worth €52,541,000, shares worth €19,947,000 and a cash management fund worth €5,124,000 were transferred from level 1 to level 2 due to their purchase not being considered active for that time.

## Notes to the Consolidated Financial Statements

### Sensitivity of fair value measurement to changes in unobservable inputs – 31 December 2023

Given the uncertainties in the market, any changes in unobservable inputs may lead to measurement with significantly higher or lower fair value.

A variation of the annual estimated fair value per sq.m. would affect the fair value of privately owned properties per sq.m. as follows:

	Change in assumption	Impact on fair value of owned properties
	%	2023 €000
Annual estimated fair value per sq.m.		
- Increase	10	1 728
- Decrease	10	(1 728)

A variation in the annual yield would affect the fair value of properties as follows

	Change in assumption	Impact on fair value of owned properties
	%	2023 €000
Annual yield		
- Increase	0,5	(1 495)
- Decrease	0,5	1 791

Sensitivity of fair value measurement to changes in unobservable investment property data - other than properties related to Golf development plots:

	Change in assumption	Impact on fair value of investment properties
	%	2023 €000
Percentage of hope value		
- Increase	10	8 959
- Decrease	10	(8 959)
Rental yield		
- Increase	0,5	(204)
- Decrease	0,5	232

## Notes to the Consolidated Financial Statements

Sensitivity of fair value measurement to changes in unobservable investment property data relating to Golf development plots:

	<b>Impact on fair value of investment properties</b>
	<b>2023</b>
	<b>€000</b>
Discounting rate: 16,13%	<b>(4 700)</b>
Sales duration: 30 years (+5 years)	<b>(11 000)</b>
Sale prices of houses: -10% (€3.197 / sq.m.)	<b>(13 200)</b>
Direct construction costs: +€100 / sq.m.	<b>(4 100)</b>
Direct construction costs: -€100 / sq.m.	<b>4 100</b>
Professional expenses: +2% (7%)	<b>(1 800)</b>

### **Sensitivity of fair value measurement to changes in unobservable inputs – 31 December 2022**

Given the uncertainties in the market, any changes in unobservable inputs may lead to measurement with significantly higher or lower fair value. A variation of the rental yield rate of return would affect the fair value of investment property and own property as follows:

	<b>Change in assumption</b>	<b>Impact on fair value of owned properties</b>
		<b>2022</b>
	<b>%</b>	<b>€000</b>
Annual estimated fair value per sq.m.		
- Increase	10	1 716
- Decrease	10	(1 716)

A variation in the annual yield would affect the fair value of properties as follows:

	<b>Change in assumption</b>	<b>Impact on fair value of owned properties</b>
		<b>2022</b>
	<b>%</b>	<b>€000</b>
Annual yield		
- Increase	0,5	(1 314)
- Decrease	0,5	1 554

## Notes to the Consolidated Financial Statements

Sensitivity of fair value measurement to changes in unobservable investment property data - other than properties related to Golf development plots:

	<b>Change in assumption</b>	<b>Impact on fair value of investment properties</b>
	<b>%</b>	<b>2022 €000</b>
Annual estimated fair value per sq.m.		
- Increase	10	8 128
- Decrease	10	(8 128)
Rental yield		
- Increase	0,5	(184)
- Decrease	0,5	230

Sensitivity of fair value measurement to changes in unobservable investment property data relating to Golf development plots:

	<b>Impact on fair value of investment properties</b>
	<b>2021 €000</b>
Discounting rate: 16,2%	(4 700)
Sales duration: 30 years (+5 years)	(10 400)
Sale prices of houses: -10% (€3 197 / sq.m.)	(13 000)
Direct construction costs: +€100 / sq.m.	(4 000)
Direct construction costs: -€100 / sq.m.	3 300
Professional expenses: +2% (7%)	(1 800)

### 33. OTHER TRANSACTIONS WITH RELATED PARTIES

The Group is controlled by Photos Photiades Group Ltd, which is registered in Cyprus and holds 58,38% of the Company's shares. The remaining percentage of the shares is widely dispersed and there is no final individual person to control the Company.

The ultimate parent company, which prepares the consolidated financial statements of the largest group of companies to which the Company belongs as a subsidiary, is Photos Photiades Group Ltd, registered in Cyprus, with registered office at 8 Stasinou Street, P.O. Box 1060, Nicosia.

Transactions with related parties of the Group include associates, the senior management, members of the Board of Directors and their affiliates.

## Notes to the Consolidated Financial Statements

### **Balances from transactions with related parties**

	<b>2023</b>	2022
	<b>€000</b>	€000
<i>Management team (including close family members)</i>		
Loans	<b>29</b>	30

The loans are financial and consist of salary and mortgage loans. Salary loans carry an interest rate of 2.5%, are unsecured and have a maximum repayment period of 18 months. The mortgages carry an interest rate of 3.75%, are secured and have a repayment period of 26 years.

### **Emoluments of members of the Board of Directors**

	<b>2023</b>	2022
	<b>€000</b>	€000
Fees	<b>178</b>	214
Retirement benefits in the form of a pension payable as annuities	<b>157</b>	147
Benefits in kind	<b>12</b>	8

### **Emoluments of Senior Management**

	<b>2023</b>	2022
	<b>€000</b>	€000
Emoluments including other short-term benefits and employer's contributions	<b>1 466</b>	1 199
Contributions in medical fund	<b>21</b>	20
Contributions in the retirement and pension fund	<b>98</b>	83
Benefits in kind	<b>44</b>	39
Total emoluments	<b>1 629</b>	1 341

### **Other transactions with related parties**

#### *Members of the Board of Directors (including close family members)*

	<b>2023</b>	2022
	<b>€000</b>	€000
Premiums	<b>66</b>	64
Claims	<b>30</b>	13
Other income from related party	<b>-</b>	800
Amount receivable from related party	<b>800</b>	800

This amount concerns taxes on the fees of a related person paid in the past, on his behalf, to the Tax Department. In 2022, this amount was recognized as receivable with a parallel credit to the other income account and is fully secured.

#### *Management Team (including close family members)*

	<b>2023</b>	2022
	<b>€000</b>	€000
Premiums	<b>251</b>	216
Claims	<b>29</b>	37
Interests from loans	<b>1</b>	1

#### *Entities under joint control*

	<b>2023</b>	2022
	<b>€000</b>	€000
Premiums	<b>894</b>	795
Claims	<b>735</b>	691

# Notes to the Consolidated Financial Statements

## **34. EVENTS AFTER THE REPORTING PERIOD**

At the date of approval of the financial statements the conflict between Russia and Ukraine as well as Hamas and Israel, are ongoing with military operations continuing and additional sanctions being imposed. The Group will continue to monitor the situation.

Except as noted above, there were no other significant events after the reporting date that are relevant to an understanding of the financial statements.

There were no other material events after the reporting date, which have a bearing on the understanding of the financial statements.