

**Gyvybės draudimo UAB
„SB draudimas“**

**Interim financial statements
30 June 2024**

STATEMENT OF FINANCIAL POSITION

30 JUNE 2024

	30-06-2024	31-12-2023
Assets		
Intangible assets	1.704.013	1.866.866
Property, plant and equipment	41.425	62.633
Right-of-use assets	404.816	720.951
Financial assets	214.954.135	199.022.322
Financial assets at fair value through profit or loss	204.048.662	187.164.810
Financial assets at amortized cost	10.905.473	11.857.512
Reinsurance contracts assets	40.649	14.616
Amounts receivable	850.544	265.722
Deferred tax assets	2.296	2.296
Other assets	113.019	74.576
Cash and cash equivalents	9.506.219	9.522.424
TOTAL ASSETS	227.617.116	211.552.406
EQUITY		
Share capital	26.012.800	26.012.800
Legal reserve	405.758	405.758
Other reserves	76.072	93.031
Retained earnings	6.731.434	3.534.315
TOTAL EQUITY	33.226.064	30.045.904
LIABILITIES		
Insurance contracts liabilities	95.218.883	86.749.399
Liability for remaining coverage	93.567.767	85.181.360
Liability for incurred claims	1.651.116	1.568.039
Investment contracts liabilities	93.834.042	89.779.602
Reinsurance contracts liabilities	-	1.334
Other liabilities	2.048.262	1.497.239
Accrued costs	864.247	936.880
Deferred income	2.425.618	2.542.048
TOTAL LIABILITIES	194.391.052	181.506.502
TOTAL EQUITY AND LIABILITIES	227.617.116	211.552.406

Chief Executive Officer Rasa Kasperavičiūtė

Head of Actuarial Team Birutė Masiulienė

Head of Financial Accounting Jovita Gibavičienė

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

30 JUNE 2024

	30-06-2024	30-06-2023
INSURANCE REVENUE	6.071.667	2.141.949
INSURANCE SERVICE EXPENSES	-4.232.079	-2.066.707
Costs of insurance claims incurred	-1.405.312	-337.258
Losses on onerous contracts	-601.651	-471.364
Acquisition costs	-580.900	-419.737
Other operating expenses	-1.644.216	-838.348
REINSURANCE RESULT	-34.036	-187.362
RESULT OF INSURANCE FINANCIAL ACTIVITIES	-14.055	57.550
Finance income/costs on insurance contracts	-14.799	56.035
Finance income/costs on reinsurance contracts	744	1.515
RESULT OF INVESTING ACTIVITIES	769.676	140.940
Gains/losses on changes in value of financial assets	476.624	-5.355
Interest income/expenses	201.191	174.249
Other income/expenses from investing activities	91.861	-27.954
RESULT OF MANAGING INVESTMENT CONTRACTS	626.694	333.303
OTHER INCOME/EXPENSES	9.292	7.045
Other interest income/expenses	-1.768	-8.068
Other operating income/expenses	11.060	15.113
RESULT FOR THE PERIOD – PROFIT (LOSS) BEFORE INCOME TAX	3.197.159	426.718
INCOME TAX	-40	-
RESULT FOR THE PERIOD – PROFIT (LOSS)	3.197.119	426.718
OTHER COMPREHENSIVE INCOME	-	-
PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD	3.197.119	426.718

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STATEMENT OF CHANGES IN EQUITY

30 JUNE 2024

	Share capital	Legal reserve	Other equity	Retained earnings (restated)	Total (restated)
Balance at 31-12-2022	4.057.576	405.758	67.917	5.775.354	10.306.605
Net profit (loss)	-	-	-	426.718	426.718
Other comprehensive income	-	-	-	-	-
Transactions with owners of the Company	-	-	-	-	-
Formation of other equity	-	-	25.114	-14.527	10.587
Balance at 30-06-2023	4.057.576	405.758	93.031	6.187.545	10.743.910
Increase of share capital	21.955.224	-	-	-	21.955.224
Net profit (loss)	-	-	-	-2.653.230	-2.653.230
Other comprehensive income	-	-	-	-	-
Transactions with owners of the Company	-	-	-	-	-
Formation of other equity	-	-	-	-	-
Balance at 31-12-2023	26.012.800	405.758	93.031	3.534.315	30.045.904
Net profit (loss)	-	-	-	3.197.119	3.197.119
Other comprehensive income	-	-	-	-	-
Transactions with owners of the Company	-	-	-	-	-
Formation of other equity	-	-	-16.959	-	-16.959
Balance at 30-06-2024	26.012.800	405.758	76.072	6.731.434	33.226.064

Chief Executive Officer

Rasa Kasperavičiūtė

Head of Actuarial Team

Birutė Masiulienė

Head of Financial Accounting

Jovita Gibavičienė

STATEMENT OF CASH FLOWS

30 JUNE 2024

	30-06-2024	30-06-2023
Cash flows from insurance contracts	6.480.890	3.100.770
Premiums (including investment component) and other amounts received	12.557.308	5.212.733
Claims (including investment component) and other amounts paid	-6.076.418	-2.111.963
Cash flows from investment contracts	-2.239.518	546.080
Investment contracts management amounts received	3.281.602	653.732
Investment component and other amounts paid	-5.521.120	-107.652
Cash flows from reinsurance contracts	-11.699	54.129
Premiums and other amounts paid	-34.271	-69.292
Claims and other amounts received	22.572	123.421
Paid operating expenses	-4.961.825	-2.724.167
Cash flows from investing activities	759.636	-991.799
Amounts received from investing activities	1.102.847	220.819
Amounts received on maturity or sales of investments	36.242.914	771.177
Amounts paid on acquisition of investments	-36.473.968	-1.955.363
Taxes paid on investing activities	-36.575	-27.779
Amounts received from other investing activities	11.062	18
Amounts paid in connection with other investing activities	-86.644	-671
Cash flows from financing activities	-43.189	-67.248
Amounts received from other financing activities	48.759	-
Amounts paid in connection with other financing activities	-91.948	-67.248
Effect of changes in exchange rates on the balance of cash and cash equivalents	-498	-
Cash and cash equivalents at the beginning of the period	9.522.422	1.329.189
Cash and cash equivalents at the end of the period	9.506.219	1.246.954

Chief Executive Officer Rasa Kasperavičiūtė

Head of Actuarial Team Birutė Masiulienė

Head of Financial Accounting Jovita Gibavičienė

NOTES TO THE INTERIM REPORT

30 JUNE 2024

1. GENERAL INFORMATION

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

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

As of 30 June 2024 and 31 December 2023, all the shares of the Company were held by AB Šiaulių bankas, whose shares are listed on the NASDAQ Baltic Main List. The Company’s ultimate parent company is located in Šiauliai, Lithuania.

The Company has branches in Estonia and Latvia.

As of 30 June 2024, the Company had 66 employees (49 in Lithuanian unit, 11 in Estonian branch and 6 in Latvian branch) and 43 employees as at 30 June 2023.

2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

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

In preparation of these interim financial statements, the same accounting principles and calculation methods have been used as described in the Company’s Annual financial statements for the year ended 31 December 2023. These interim financial statements should be read together with the Company’s Annual financial statements.

All amounts in the financial statements are presented in the euro (EUR). Amounts of transactions made in foreign currency are recalculated to euros by currency exchange rate applied in accounting as set in Law on Accounting of the Republic of Lithuania.

Should be noted that on 1 December 2023 AB Šiaulių bankas and AB „Invalda INVL“ completed the merger of their retail business in accordance with the agreement signed on 22 November 2022. During the merger life insurance contracts portfolio of UADB „INVL Life“ was transferred to the Company. For this reason, the Company’s activities significantly increased and therefore the Company’s performance indicators of 1st half-year 2024 and 1st half-year 2023 are significantly different.

Insurance and investment contracts liabilities

	Best estimate of liabilities	Risk adjustment	Contractual service margin	Financial liabilities of unit-linked investment contracts	Total
1 January 2023	23.024.928	2.571.026	4.360.201	6.229.264	36.185.419
Change during period	700.768	-104.739	560.499	1.267.827	2.424.355
30 June 2023	23.725.696	2.466.287	4.920.700	7.497.091	38.609.774
Change during period	15.996.677	14.547.654	25.092.385	82.282.511	137.919.227
31 December 2023	39.722.373	17.013.941	30.013.085	89.779.602	176.529.001
Change during period	8.211.219	698.159	-439.894	4.054.440	12.523.924
30 June 2024	47.933.592	17.712.100	29.573.191	93.834.042	189.052.925

Insurance revenue

	30-06-2024	30-06-2023
Expected claims under insurance contracts	1.691.504	666.428
Expected insurance contracts expenses	1.725.932	688.070
Change in risk adjustment	766.638	-1.706
Recognition of contractual service margin for services rendered	1.306.693	369.420
Reversal of insurance contracts acquisition costs	580.900	419.737
Total	6.071.667	2.141.949

Net financial income on insurance contracts

	30-06-2024	30-06-2023
Interest accreted to insurance contracts	-1.237.200	-433.900
Change in financial assumptions	-6.701.783	-2.009.309
Effect of unlocking CSM at locked-in rates and FCF at current rates	2.127	15.605
Change of value of underlying items	7.954.318	2.485.154
Expenses of managing underlying items	-31.517	-
Total	-14.055	57.550

3. RISK MANAGEMENT

The Company's risk management policy sets out the risk management framework, risk management principles, objectives, types of risks and the organizational structure of risk management.

Risks management objectives – to continuously identify, assess, control, and disclose all types of risks in the Company's activities and reaching of strategic goals, to ensure a perspective evaluation of the Company's risk. The Company aims to keep a reasonable level of risks in order not to harm the Company's activities and not to disrupt confidence in the Company in case of unexpected changes in economical environment, fluctuation of market variables, unexpected incidents in the Company's internal processes and systems.

The Company's risk management is ensured by effective and properly functioning risk management framework which comprises a set of processes fixed in the Company's internal documents and implemented in the Company's activities and is necessary to identify, assess, monitor and manage arising or possibly arising risks for the Company – single or overall, as well as processes which ensure proper informing on risks. The risk management framework uses Three Lines Model which ensures the independence of functions.

The Company's risk management framework includes the next key elements: internal environment; setting of objectives and strategy; risk management process which includes risk identification, prioritization, assessment, management, monitoring and informing.

The Company's risk management framework is assessed and improved considering newest internal and external changes and arising new risks which must be included into the Company's risk management framework due to their significance. This assessment is performed by procedure set by the Company's Board at least once a year.

Effective managing of identified risks in the Company is ensured by managing procedures and tools, system of informing, limits set in the Company's internal documents. The Company on regular basis reviews the risk management organizational scheme which includes risk management framework, risk managing, assessment and control processes, defines the areas of responsibility of the Company's employees and internal audit procedures.

The Company assesses risks not only internally, but also in accordance with the risk assessment methods set out in Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) which took effect on 1 January 2016. The Company implements and carries out the processes and procedures required under the Solvency II Directive. The Company's decision-making process also considers changes in the capital requirements for individual risks and the Company's overall Solvency Capital Requirement, Solvency Ratio.

4. TRANSACTIONS WITH RELATED PARTIES

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

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

As of 30 June 2024 and 2023 and for periods January-June 2024 and 2023, transactions with related parties were (in EUR):

2024

	Assets	Liabilities	Income	Expenses
Shareholder				
Amounts payable		99.674		
Investment management fees				20.729
Other income			1.319	
Other expenses				562.329
Shareholder, total	-	99.674	1.319	583.057
Other related parties				
Amounts receivable	5.831			
Amounts payable		7.521		
Other income			10.901	
Other expenses				33.875
Other related parties, total	5.831	7.521	10.901	33.875
Total	5.831	107.195	12.220	616.932

2023

	Assets	Liabilities	Income	Expenses
Shareholder				
Term deposits	500.000		4.750	
Prepayments	21.000			
Other assets	127.011			
Amounts payable		138.315		
Investment management fees				25.822
Other expenses				55.073
Shareholder, total	648.011	138.315	4.750	80.895
Other related parties				
Amounts payable		6.608		
Other expenses				47.081
Other related parties, total	-	6.608	-	47.081
Total	648.011	144.923	4.750	127.976