



**Unaudited financial report
of the Sava Insurance Group
and financial statements of Sava Re d.d.
for the period January–March 2021**

Ljubljana, 11 May 2021

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Introduction

1 Introduction

In accordance with the Financial Instruments Market Act and the rules of the Ljubljana Stock Exchange, Sava Re d.d., with registered office at Dunajska 56, Ljubljana, hereby publishes the “Unaudited financial report of the Sava Insurance Group and financial statements of Sava Re d.d. for the period January–March 2021”, also available from the Company’s website, at www.sava-re.si, as from 20 May 2021.

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

To the best of our knowledge, the summary financial statements of the Sava Insurance Group with notes have been prepared to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim financial statements for the Sava Insurance Group and the separate financial statements of Sava Re d.d., which are both condensed, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed by the European Union and should be read together with the annual financial statements for the financial year ended 31 December 2020. The interim financial statements have not been audited.

The business report gives a fair view of the development and performance of the Group and the Company, and their financial position, including a description of the principal risks that the consolidated companies are exposed to.



Marko Jazbec, Chairman of the Management Board



Jošt Dolničar, Member of the Management Board



Polona Pirš Zupančič, Member of the Management Board



Peter Skvarča, Member of the Management Board

Ljubljana, 11 May 2021

1.1 Key financials

EUR, except percentages	Sava Insurance Group	
	1–3/2021	1–3/2020
Total of all operating segments		
Operating revenue	177,870,283	150,467,053
Year-on-year change	18.2%	17.4%
Profit or loss before tax	29,126,889	13,143,659
Year-on-year change	121.6%	-5.3%
Profit or loss, net of tax	23,473,148	10,301,851
Year-on-year change	127.9%	-5.6%
Comprehensive income	17,081,516	-7,292,944
Return on revenue*	13.5%	6.9%
Net expense ratio, including operating revenue*/***	27.4%	30.4%
Return on equity	18.9%	10.6%
Earnings or loss per share	1.52	0.66
Return on the investment portfolio*/**	1.4%	1.4%
Reinsurance + non-life		
Gross premiums written	167,677,546	174,555,347
Year-on-year change	-3.9%	17.3%
Net incurred loss ratio*	51.0%	61.2%
Net expense ratio	30.8%	30.5%
Net combined ratio*	83.3%	93.3%
Profit or loss before tax	23,693,411	11,342,240
Year-on-year change	108.9%	6.7%
Life insurance		
Gross premiums written	46,526,134	21,981,676
Year-on-year change	111.7%	-0.1%
Net expense ratio	18.6%	28.9%
Profit or loss before tax	4,434,189	2,359,312
Year-on-year change	87.9%	-4.6%
Total of all operating segments		
	31 March 2021	31 December 2020
Total assets	2,568,670,417	2,467,251,303
Change on 31 December of prior year	4.1%	30.8%
Shareholders' equity	476,876,004	460,214,488
Change on 31 December of prior year	3.6%	19.6%
Net technical provisions	1,657,106,023	1,600,307,265
Change on 31 December of prior year	3.5%	43.4%
Book value per share	30.77	29.70
Number of employees (full-time equivalent basis)	2,669.8	2,690.7
Solvency ratio under Solvency II rules	-	198%

For definitions of items and ratios, refer to the appended glossary.

The operating revenue figure for the first quarter of 2020 differs from those published in the first quarter 2020 financial report because it includes reinsurance commission income.

* Effect of exchange differences excluded.

** Subordinated debt expenses excluded.

*** Amortisation of customer list excluded.

The table below compares actual figures against the 2021 full year plan:

EUR million	1–3/2021	2021 plan	As % of plan
Sava Insurance Group			
Operating revenue	177.9	> 685	26.0%
Profit or loss, net of tax	23.5	> 53	44.3%
Return on equity (ROE)	18.9%	> 11.5%	✓
Net expense ratio	27.4%	32–33%	✓
Investment return*/**	1.4%	1.5%	✗
(Re)insurance part			
Gross premiums written	214.2	> 685	31.3%
Net incurred loss ratio (reins. + non-life)*	51.0%	59–60%	✓
Net combined ratio (reins. + non-life)*	83.3%	< 94%	✓

Because exchange differences were not factored into the plan, the table shows ratios excluding the effect of exchange differences.

* Excluding the effect of exchange differences.

** Subordinated debt expenses excluded.

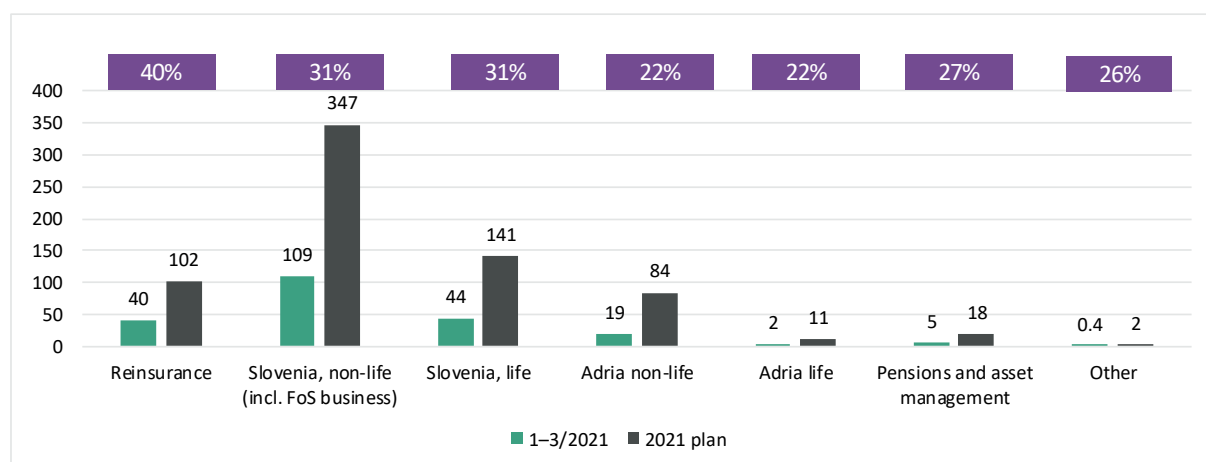
The operating revenue of the Sava Insurance Group accounts for 26.0% of the full-year 2021 target figure.

In the first quarter of 2021, the Sava Insurance Group wrote EUR 214.2 million in gross premiums in the (re)insurance segments (excluding annuities), up 9.0% year on year. The growth in gross premiums written was influenced by the inclusion of Vita in the Group (EUR 26.9 million). If Vita were excluded, gross premiums written would be 4.7% lower. The business that Zavarovalnica Sava writes in collaboration with other EU-based companies (FoS business) shrank in the first quarter of 2021. If this business were excluded, the growth in gross premiums written would have been 12.4% (FoS premiums fell by EUR 5.6 million). Gross premiums written in the (re)insurance segment reached 31.3% of the 2021 full-year plan.

The net profit for the period was EUR 23.5 million, which is 44.3% of the lower end of the planned range for 2021 and a 127.9% increase year on year. The growth in net profit was driven by improvements in all operating segments.

The net expense ratio for the first quarter of 2021 was better than planned. The improvement in the expense ratio was chiefly due to the life and asset management segments. The net incurred loss ratio was also better than planned, with improvements in the reinsurance and non-life segments. The return on the investment portfolio remained flat year on year but lower than planned for 2021.

Achievement of planned operating revenue



Operating revenue as a % of annual plan.

Objectives achieved in the Group's main strategic focus areas:

Digital transformation & placing the customer at the centre

Regarding its major strategic focus areas, the Group companies have continued developing customer-centric solutions based on both perceived needs in the Group and global innovation trends. In response to the changed operating circumstances due to Covid-19, many activities focused on remote solutions to offer customers a number of different communication channels. Besides improving access to services, the companies put much effort into customising services and improving user experience. Key areas of development include omni-channel communication, online solutions, business intelligence, self-care solutions, and enhanced personal consulting and customer relationships.

IT transformation

IT transformation projects involved the replacement of the central investment management system at Zavarovalnica Sava and Sava Re, which is scheduled to be completed for the remaining Group companies in 2021. Regarding core business systems, the replacement of two systems for the portfolio of former Ergo in Croatia was completed in 2020. In 2021, the replacement of the core business solution at the Croatian branch of Zavarovalnica Sava is planned, with preparatory activities also underway at Zavarovalnica Sava and Sava Re. Regarding business reporting, we are working on upgrades and redesigns to align with regulations, current business needs and our customer-centric orientation. At the beginning of the second quarter of 2021, setting up cyber security systems 24/7 (SOC) was completed in most Group companies. The core companies were equipped in the final quarter of 2020. IT infrastructure and solutions are being upgraded to the extent necessary to support strategic projects.

Acquisitions-based growth

In addition to producing effective organic growth, the Sava Insurance Group continued to grow through acquisitions in 2020. The acquisition of the life insurance company Vita was completed in May 2020; as a result, the Sava Insurance Group improved its market position in Slovenia. This acquisition is also an important step for the Group towards strengthening partnerships with banks and developing the bancassurance sales channel for marketing insurance products, which constitutes one of the Group's main strategic focus area. Our acquisition activities also continued in the private healthcare sector, which the Group has been developing within the company ZTSR. In the first quarter of 2021, Sava Re acquired an additional share in TBS Team 24, which carries on assistance services in connection with motor, health and home owners insurance.

Sustainable development

The Sava Insurance Group adopted a sustainable development strategy for 2020–2022, stepping onto the path of introducing ESG criteria into business and decision-making processes. Accordingly, during the strategic period, the focus will be on implementing these criteria in a number of areas: investment management, insurance and reinsurance underwriting, development of insurance services and purchasing.

As regards investment management, on 10 March 2021, the Group posted on its website a sustainability-related disclosure on its policy of integration of sustainability risks in investment decision-making, the integration of sustainability risks into remuneration policies and a principal adverse impact statement, in accordance with "Regulation (EU) 2019/2088 on sustainability-related disclosure in the financial services sector". In line with its adopted strategy, the Group is active in social responsibility projects, with particular emphasis on corporate volunteerism.

In line with its adopted strategy, the Group is active in social responsibility projects, with particular emphasis on corporate volunteerism.

The Group reported on the implementation of its strategy in its 2020 sustainability report posted on its website on 8 April 2021.

1.2 Sava Re company profile

Company name	Sava Re d.d.
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+386 1 47 50 264
Email	info@sava-re.si
Website	www.sava-re.si
ID number	5063825
Tax identification number	SI17986141
LEI code	549300P6F1BDSFSW5T72
Share capital	EUR 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	MANAGEMENT BOARD Marko Jazbec (chairman) Jošt Dolničar Polona Pirš Zupančič Peter Skvarča SUPERVISORY BOARD Mateja Lovšin Herič (chair), Keith William Morris (deputy chair) Andrej Kren Davor Ivan Gjivoje Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10 December 1990, Ljubljana District Court
Certified auditor	KPMG Slovenija d.o.o. Železna cesta 8A 1000 Ljubljana Slovenia
Largest shareholder and holding	Slovenian Sovereign Holding 17.7% (no-par-value shares: 3,043,883)
Credit ratings: Standard & Poor's AM Best	A /stable/; August 2020 A /stable/; October 2020
Contact details for financial and sustainability reports	ir@sava-re.si
The Company has no branches.	

1.3 Bodies of the Company

The management board

In accordance with its articles of association, Sava Re is managed and represented by a two- to five-member management board. In order to transact business, the Company must be represented jointly by at least two members.

In the first quarter of 2021, there were no changes in the composition of the management board.

Composition of the management board as at 31 March 2021

Member	Title	Beginning of term	End of term of office
Marko Jazbec	chair	12 May 2017	12 May 2022
Jošt Dolničar	member	1 June 2018	1 June 2023
Polona Pirš Zupančič	member	14 January 2018	14 January 2023
Peter Skvarča	member	19 June 2020	19 June 2025

Notes on memberships of management or supervisory bodies of third parties:

Jošt Dolničar:

- Slovenian Rowing Federation, Župančičeva cesta 9, 4260 Bled, Slovenia – president.
- Olympic Committee of Slovenia – member of the executive board.

The supervisory board

The shareholder representatives on the supervisory board are elected by the Company's general meeting, whereas the two employee representatives are elected by the Company's workers' council.

In the first quarter of 2021, there were no changes in the composition of the supervisory board. On 7 March 2021, the term of office of Davor I. Gjivoje Jr expired. On 8 March 2021, he started his new term of office based on the 36th general meeting resolution dated 16 June 2020.

Composition of the supervisory board as at 31 March 2021

Member	Title	Beginning of term	End of term of office
Mateja Lovšin Herič	chair	16 July 2017	16 July 2021
Keith W. Morris	deputy chair	16 July 2017	16 July 2021
Andrej Kren	member	16 July 2017	16 July 2021
Davor Ivan Gjivoje	member	8 March 2021	8 March 2025
Andrej Gorazd Kunstek	member (employee representative)	12 June 2019	12 June 2023
Mateja Živec	member (employee representative)	12 June 2019	12 June 2023

Notes on memberships of management or supervisory bodies of third parties:

Keith W. Morris:

- European Reliance S.A., Kifisias Aven. 274, 152 32, Chalandri, Greece – non-executive member of the board of directors.
- HMS Victory Preservation Endowment Fund Ltd, HM Naval Base (PP66) Portsmouth Hampshire PO1 3NH, United Kingdom – chairman of the board of directors.

Davor Ivan Gjivoje Jr:

- Holdings Ltd. & Subsidiaries, 89 Headquarters Plaza, North Tower (Suite 1420) Morristown, NJ 07960, USA – chief executive officer.
- Adria Lines Dover, Delaware, USA – chief executive officer.

Andrej Kren:

- Delo d.o.o., Dunajska 5, 1000 Ljubljana, Slovenia – managing director.
- RSG Kapital d.o.o., Breg 14, 1000 Ljubljana, Slovenia – supervisory board member.

Mateja Živec:

- Pinijs d.o.o., Sončna pot 41, 6320 Portorož, Slovenia – managing director of family business.

Supervisory board committees

Audit committee

There were no changes in the composition of the supervisory board's audit committee from 1 January to 31 March 2021.

Composition of the supervisory board's audit committee as at 31 March 2021

Member	Title	Beginning of term	End of term of office
Andrej Kren	chair	16 August 2017	16 July 2021
Mateja Lovšin Herič	member and deputy chair	16 August 2017	16 July 2021
Ignac Dolenšek	external member	16 August 2017	16 July 2021

Risk committee

There were no changes in the composition of the supervisory board's risk committee from 1 January to 31 March 2021.

Composition of the supervisory board's risk committee as at 31 March 2021

Member	Title	Beginning of term	End of term of office
Keith W. Morris	chair	24 August 2017	16 July 2021
Davor Ivan Gjivoje	member	8 March 2021	16 July 2021
Slaven Mičković	external member and deputy chair	24 August 2017	16 July 2021

Nominations and remuneration committee

There were no changes in the composition of the supervisory board's nominations and remuneration committee from 1 January to 31 March 2021.

Composition of the supervisory board's nominations and remuneration committee as at 31 March 2021

Member	Title	Beginning of term	End of term of office
Mateja Lovšin Herič	chair	24 August 2017	16 July 2021
Keith W. Morris	member	24 August 2017	16 July 2021
Andrej Kren	member	24 August 2017	16 July 2021
Davor Ivan Gjivoje	member	8 March 2021	16 July 2021

Regarding the nominations procedure for membership of the supervisory board of Sava Re, on 4 March 2021, the supervisory board took note of the statements of Andrej Kren and Keith W. Morris by which

they, in order to avoid any conflicts of interest as members of the nominations and remuneration committee, excluded themselves from all activities of the above committee that related to the candidate selection procedure for membership of the Sava Re supervisory board.

The supervisory board appointed Andrej Gorazd Kunstek, member of the supervisory board, as an alternate member of the nominations and remuneration committee, effective as of 4 March 2021. The term of office of Andrej Gorazd Kunstek as an alternate member lasted exclusively for the duration of the activities of the nominations and remuneration committee relating to the conduct of the candidate selection procedure for membership of the supervisory board. His term of office as an alternate member of the nominations and remuneration committee lasted until the end of the nomination procedure, i.e. 16 April 2021 (i.e. the date of the convocation of the general meeting).

The nominations and remuneration committee carried out the activities relating to the candidate selection procedure for membership of the supervisory board in the composition: Mateja Lovšin Herič (chair), Davor I. Gjivoje Jr (member) and Andrej Gorazd Kunstek (alternate member).

Fit and proper committee

There were no changes in the composition of the supervisory board's fit and proper committee from 1 January to 31 March 2021.

Composition of the fit & proper committee as at 31 March 2021

Member	Title	Beginning of term	End of term of office
Mateja Živec	chair	12 June 2019	16 July 2021
Keith W. Morris	member	24 August 2017	16 July 2021
Rok Saje	external member	8 March 2018	16 July 2021
Andrej Kren	alternate member	24 August 2017	16 July 2021

Regarding the nominations procedure for membership of the supervisory board of Sava Re, on 4 March 2021, the supervisory board took note of the statements of Keith W. Morris and Andrej Kren by which they, in order to avoid any conflicts of interest as (alternate) members of the fit and proper committee, excluded themselves from all activities of the above committee that related to the candidate selection procedure for membership of the Sava Re supervisory board.

The supervisory board appointed Davor I. Gjivoje Jr and Andrej Gorazd Kunstek, both members of the supervisory board, as alternate members of the fit and proper committee, effective as of 4 March 2021.

The terms of office of Davor I. Gjivoje Jr and Andrej Gorazd Kunstek as alternate members lasted exclusively for the duration of the activities of the fit and proper committee relating to the performance of the candidate selection procedure for membership of the supervisory board. Their terms of office as alternate members of the fit and proper committee lasted until the end of the nomination procedure, i.e. 16 April 2021 (i.e. the date of the convocation of the general meeting).

The fit and proper committee carried out activities relating to the candidate selection procedure for membership of the supervisory board in the composition: Mateja Živec (chair), Davor I. Gjivoje (alternate member), Andrej Gorazd Kunstek (alternate member) and Rok Saje (external member).

General meeting of shareholders

The Sava Re general meeting of shareholders was not convened in the period from 1 January to 31 March 2021.

In accordance with the 2021 financial calendar, the notice of general meeting was published on 16 April 2021, with the meeting scheduled for 25 May 2021.

1.4 Significant events in the first quarter of 2021

- On 5 March 2021, Sava Re received a letter from the Insurance Supervision Agency (Agency) stating that due to the uncertain situation regarding the spread of the Covid-19 pandemic and the associated uncertain consequences for the economy and the insurance sector, the Agency expected that, until 30 September 2021, insurance undertakings, reinsurance undertakings and pension companies suspend dividend payments. Furthermore, the recommendation of the Agency set certain criteria for companies where, contrary to the recommendation, the management and supervisory boards decide to propose the appropriation of the distributable profit prior to the above date, and required such companies to demonstrate compliance with the principle of prudence in their decisions. On 2 April 2021, Sava Re received another letter from the Agency amending the recommendation of 5 March 2021 regarding the payment of dividends. To prove its ability to pay dividends in 2021, Sava Re compiled documents for the Agency to demonstrate its financial stability, solvency, liquidity and resilience to stress scenarios (including Covid-19 impacts). Based on the Agency's strictest criterion, the dividend must not exceed the average dividend paid in the period 2017–2019, which is EUR 0.85 per share.
- In April 2021, Sava Re issued the "Solvency and financial condition report of Sava Re d.d. 2020". This demonstrates the Company's capital adequacy as at 31 December 2020, with a high solvency ratio of 272%. Information on the solvency and financial condition of the Sava Insurance Group is scheduled to be released on 20 May 2021.

1.5 Significant events after the reporting period

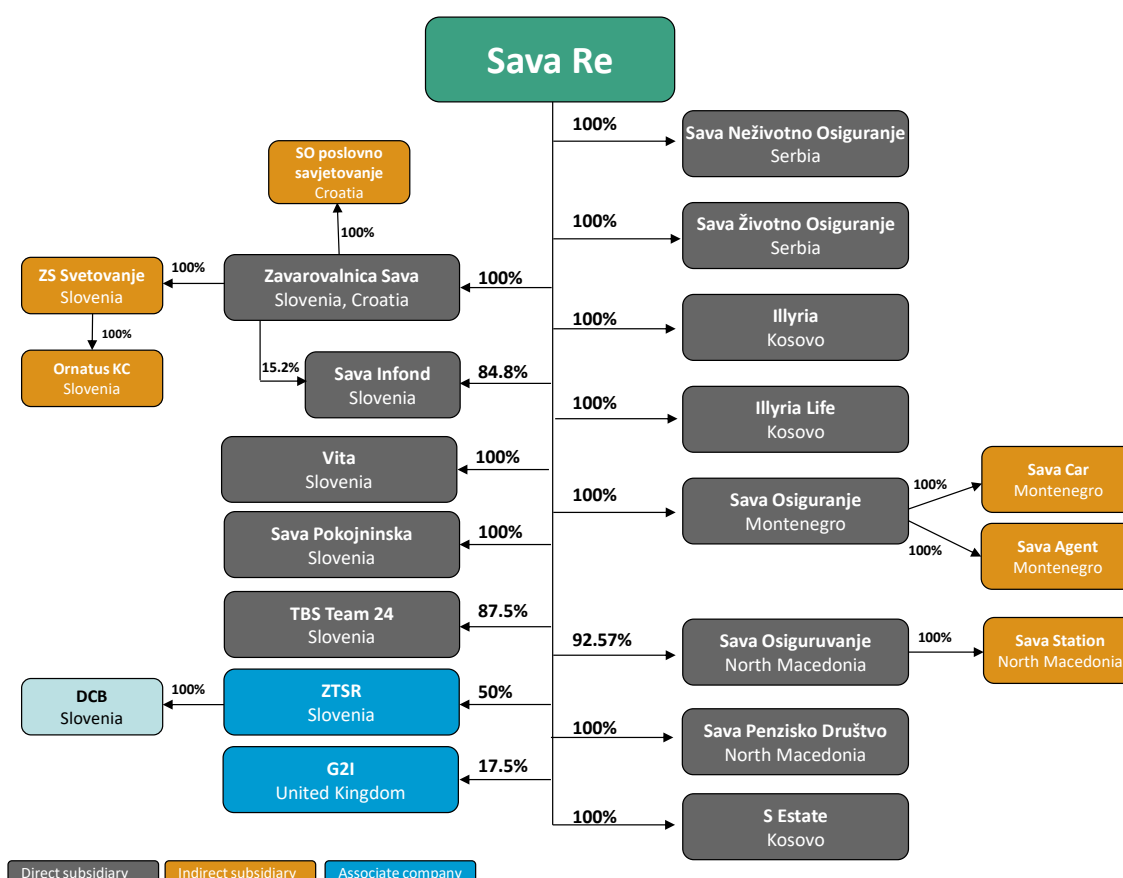
- In April, the notice of the 37th general meeting of shareholders to be held on 25 May 2021 was published.

1.6 Composition of the Sava Insurance Group

Sava Re, the ultimate parent company of the Sava Insurance Group, transacts reinsurance business. The insurance part of the Group is composed of eight insurers based in Slovenia and in the countries of the Adriatic region: the composite insurer Zavarovalnica Sava (SVN); the non-life insurers Sava Neživotno Osiguranje (SRB), Sava Životno Osiguranje (MKD), Illyria (RKS) and Sava Osiguranje (MNE); and the life insurers Vita (SVN), Sava Pokojninska (SVN) and Illyria Life (RKS). In addition to these (re)insurers, the Group consists of:

- Sava Pokojninska (SVN): a Slovenian pension company;
- Sava Penzisko Društvo (MKD): a pension fund manager based in North Macedonia managing second- and third-pillar pension funds;
- Sava Infond (SVN): a subsidiary managing investment funds;
- TBS Team 24 (SVN): a company providing assistance services relating to motor, health and homeowners insurance;
- ZTSR (SVN): a Sava Re associate company, a holding company and owner of the Diagnostic Centre Bled;
- G2I (GBR): an associate company marketing on-line motor policies;
- S Estate (RKS): a company based in Kosovo that owns some real property but is currently dormant.

Composition of the Sava Insurance Group as at 31 March 2021



After 31 December 2020, the ownership interest in the company TBS Team 24 changed from 75% to 87.5%.

Company names of Sava Insurance Group members

	Official long name	Short name in this document
	Sava Insurance Group	Sava Insurance Group
1	Pozavarovalnica Sava, d.d. / Sava Reinsurance Company d.d.	Sava Re
2	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava (SVN)
	SAVA OSIGURANJE, d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian part (in tables)
		Zavarovalnica Sava, Croatian part (in tables)
3	SAVA NEŽIVOTNO OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava Neživotno Osiguranje (SRB)
4	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Illyria (RKS)
5	SAVA osiguruvanje a.d. Skopje	Sava Osiguruvanje (MKD)
6	AKCIONARSKO DRUŠTVO SAVA OSIGURANJE PODGORICA	Sava Osiguranje (MNE)
7	Kompania për Sigurimin e Jetës " Illyria – Life " SH.A.	Illyria Life (RKS)
8	"SAVA ŽIVOTNO OSIGURANJE" akcionarsko društvo za osiguranje, Beograd	Sava Životno Osiguranje (SRB)
9	S Estate L.L.C.	S Estate (RKS)
10	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Sava Car (MNE)
11	ZS Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	ZS Svetovanje (SVN)
12	ORNATUS KLICNI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	Ornatus KC (SVN)
13	DRUŠTVO ZA ZASTUPANJE U OSIGURANJU "SAVA AGENT" D.O.O. - Podgorica	Sava Agent (MNE)
14	Društvo za tehničko ispitivanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje	Sava Station (MKD)
15	Sava pokojninska družba, d.d.	Sava Pokojninska (SVN)
16	TBS TEAM 24 podjetje za storitvene dejavnosti in trgovino d.o.o.	TBS Team 24 (SVN)
17	Društvo za upravljanje so zadolžiteln i dobrovolin penzisko fondovi SAVA PENZISKO DRUŠTVO A.D Skopje	Sava Penzisko Društvo (MKD)
18	ZTSR, dejavnost holdingov, d.o.o.	ZTSR (SVN)
19	Got2Insure Ltd	G2I (GBR)
20	SAVA INFOND, družba za upravljanje, d.o.o.	Sava Infond (SVN)
21	SO poslovno savjetovanje d.o.o.	SO Poslovno Savjetovanje (HRV)
22	Diagnostični center Bled d.o.o.	DCB (SVN)
23	Življenjska zavarovalnica Vita d.d. Ljubljana	Vita (SVN)

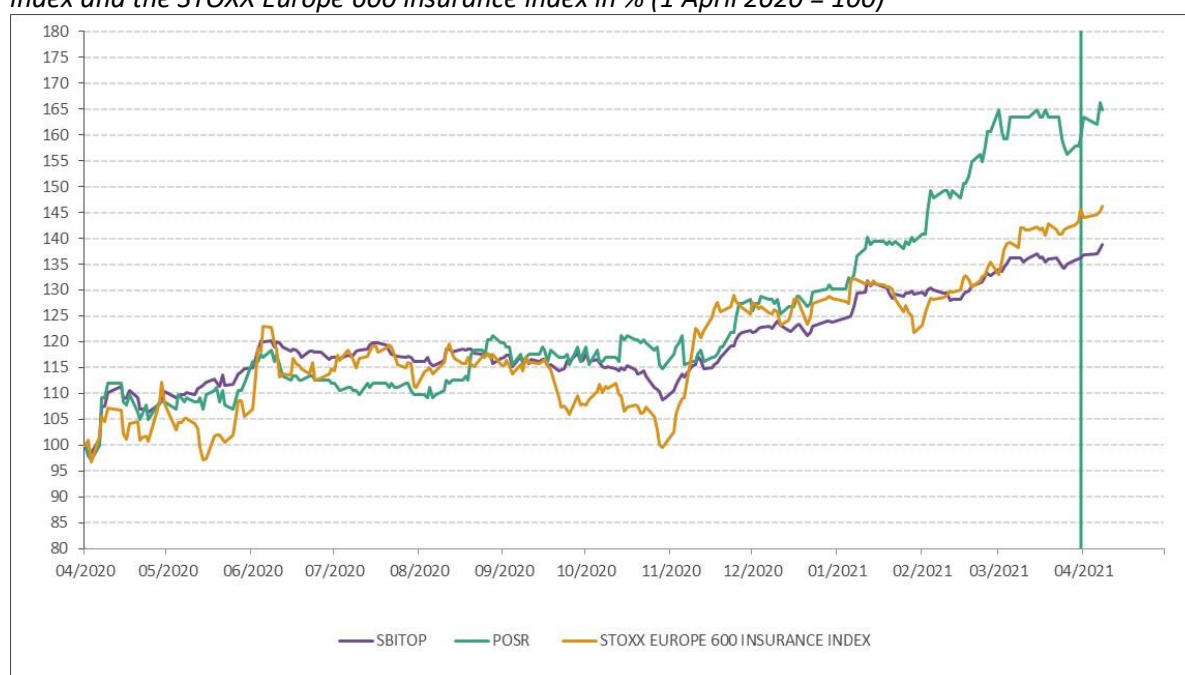
1.7 Shareholders and share trading

After an exceptionally volatile 2020, the first quarter of 2021 was very successful for the POSR share as it reached its high at EUR 23.4.

A comparison with the Slovenian SBITOP stock index (the Slovenian blue-chip index) shows that the Sava Re share performed significantly better than the Slovenian average share in the first quarter of 2021. The Slovenian SBITOP stock index rose by 9.98% in the first three months of 2021, whereas the Sava Re share price gained 22.2%.

A comparison among European insurance companies (see following graph) illustrates how successful the first quarter 2021 was for the Sava Re share, as it performed significantly above the average of the European insurance sector. The European insurance sector grew by 12.81% in 2021, which is almost 10 p.p. slower than Sava Re.

Movement in the POSR share price in the period 1 April 2020 to 31 March 2021 compared to the SBITOP index and the STOXX Europe 600 insurance index in % (1 April 2020 = 100)



In the first quarter, the turnover for the POSR share was EUR 6.7 million. The average daily turnover for the share in this period was EUR 108.6 thousand. The year 2020 was characterised by a strong rise in turnover in response to the Covid-19 pandemic, the turn in global stock markets and low interest rates.

Basic details about the POSR share

	31 March 2021	31 March 2020
Share capital	71,856,376	71,856,376
Number of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
Number of shareholders	4,229	4,104
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated net earnings per share (EUR)	1.52	0.66
Consolidated book value per share (EUR)	30.77	24.36
Share price at end of period (EUR)	22.60	14.40
Market capitalisation (EUR)	389,164,361	247,963,133
	1–3/2021	1–3/2020
Average share price in reporting period (EUR)	17.62	17.41
Period low (EUR)	13.80	13.40
Period high (EUR)	23.40	20.60
Turnover in reporting period (EUR)	6,733,486	11,889,841
Average daily turnover (EUR)	108,605	188,728

Shareholder structure of Sava Re as at 31 March 2021¹

Type of investor	Domestic	International
Insurance and pension companies	18.3%	0.0%
Other financial institutions*	18.0%	15.1%
Republic of Slovenia	13.9%	0.0%
Natural persons	10.3%	0.2%
Investment funds and mutual funds	2.9%	0.3%
Other commercial companies	2.7%	1.0%
Banks	0.1%	17.2%
Total	66.2%	33.8%

* The other financial institutions item includes Slovenian Sovereign Holding with a stake of 17.7%.

Fiduciary accounts with banks, attorneys and other financial institutions altogether account for 23.0% of all POSR shares.

¹ Source: KDD d.d. central securities register and own calculations.

Composition of the Sava Re Group share capital

Ten largest shareholders and qualifying shareholders under the Slovenian Takeover Act as at 31 March 2021²

Shareholder	Number of shares	Holding (%)
1 Slovenski Državni Holding d.d. (Slovenian Sovereign Holding)	3,043,883	17.7%
2 Intercapital securities Ltd., fiduciary account	2,468,883	14.3%
3 Republic of Slovenia	2,392,436	13.9%
4 Sava Re d.d., own shares*	1,721,966	10.0%
5 European Bank for Reconstruction and Development (EBRD)	1,071,429	6.2%
6 Raiffeisen Bank Austria, fiduciary account	803,206	4.7%
7 Modra Zavarovalnica d.d.	714,285	4.1%
8 Hrvatska Poštanska Banka – fiduciary account	372,505	2.2%
9 Guaranteed civil servants' sub-fund	320,346	1.9%
10 Kapitalska Družba d.d. – SODPZ	238,109	1.4%
Total	13,147,048	76.3%

* Own shares carry no voting rights.

On 2 June 2016, Sava Re received a notice from Adris Grupa d.d., Vladimira Nazora 1, 52210 Rovinj, Croatia, advising Sava Re of a change in major holdings in Sava Re. On 2 June 2016, Adris Grupa, including its subsidiaries with fiduciary accounts, held 3,278,049 POSR shares, representing 19.04% and 21.15% of issued and outstanding shares, respectively. The Company has received no subsequent notice of any change in holding from Adris Grupa d.d.

As at 31 March 2021, the first five of the largest Sava Re shareholders reached the 5% threshold (qualifying holding in accordance with article 77 of the Slovenian Takeover Act, ZPre-1).

POSR shares held by members of the supervisory and management boards as at 31 March 2021

	Number of shares	Holding (%)
Marko Jazbec	8,888	0.052%
Jošt Dolničar	4,363	0.025%
Polona Pirš Zupančič	3,748	0.022%
Peter Skvarča	850	0.005%
Total management board	17,849	0.104%
Andrej Gorazd Kunstek	2,900	0.017%
Mateja Živec	1,000	0.006%
Total supervisory board	3,900	0.023%
Total management and supervisory boards	21,749	0.126%

Own shares

In the period from 1 January 2021 to 31 March 2021, Sava Re did not repurchase its own shares. The total number of own shares as at 31 March 2021 was 1,721,966, representing 10% less one share of all issued shares.

Dividend

The Company did not distribute any dividends in the first quarter of 2021. On 5 March 2021, Sava Re received a letter from the Insurance Supervision Agency (Agency) stating that due to the uncertain situation regarding the spread of the Covid-19 pandemic and the associated uncertain consequences for the economy and the insurance sector, the Agency expected that, until 30 September 2021, insurance undertakings, reinsurance undertakings and pension companies suspend dividend payments. Furthermore, the recommendation of the Agency set certain criteria for companies where,

² Source: KDD d.d. central securities register and own calculations.

contrary to the recommendation, the management and supervisory boards decide to propose the appropriation of the distributable profit prior to the above date, and required such companies to demonstrate compliance with the principle of prudence in their decisions. On 2 April 2021, Sava Re received another letter from the Agency amending the recommendation of 5 March 2021 regarding the payment of dividends. To prove its ability to pay dividends in 2021, Sava Re compiled documents for the Agency to demonstrate its financial stability, solvency, liquidity and resilience to stress scenarios (including Covid-19 impacts). Based on the Agency's strictest criterion, the dividend must not exceed the average dividend paid in the period 2017–2019, which is EUR 0.85 per share. Furthermore, the Agency set a condition that, in order to pay dividends, companies must have made a profit in both the financial years 2019 and 2020, with the parent companies taking into consideration the financial position of both the parent as well as the group of companies they control when deciding on the payment of dividends. The Sava Insurance Group generated a net profit of EUR 50.2 million and EUR 56.4 million in 2019 and 2020, respectively. While Sava Re made a loss in 2020, this is due to a recommendation (issued in 2020) to insurance companies, including Sava Re's subsidiaries, to use a very cautious approach regarding the payment of dividends. If Sava Re had been paid dividends by its subsidiary insurance companies in 2020, it would not have posted an operating loss.

The supervisory and management boards have prepared a draft resolution for the general meeting to the effect that shareholders be paid a dividend of EUR 0.85 gross per share, in total EUR 13,173,041.60, or 23.4% of the Group's 2020 net profit. The general meeting to decide on this proposal is scheduled for 25 May 2021.

Details on dividends³

EUR	For 2013	For 2014	For 2015	For 2016	For 2017	For 2018	For 2019
Amount of dividend payment	4,386,985	9,065,978	12,398,157	12,398,158	12,398,157	14,722,811	0
Dividend/share	0.26	0.55	ordinary: 0.65 extraordinary: 0.15	0.80	0.80	0.95	-
Dividend yield	2.0%	3.8%	5.8%	5.0%	4.8%	5.6%	-

Contingent capital

The Company had no conditional equity as at 31 March 2021.

³ Current year dividend distributions from distributable profits of the previous year.

Interim business report

2 Review of operations⁴

The Sava Insurance Group operates in the following segments: reinsurance, non-life, life, pensions, asset management and the “other” segment. The non-life and life segments are further broken down by geography (Slovenia and international).

The operating segments include the following companies:

- reinsurance: Sava Re (non-Group business);
- non-life, Slovenia: Zavarovalnica Sava (Slovenian part, business that is in substance non-life business; including FoS business, Vita (business that is in substance non-life business));
- non-life, international: Zavarovalnica Sava (Croatian part), Sava Neživotno Osiguranje (SRB), Illyria (RKS), Sava Osiguranje (MNE), Sava Osiguruvanje (MKD), Sava Car (MNE), Sava Agent (MNE), Sava Station (MKD);
- life, Slovenia: Zavarovalnica Sava (Slovenian part; business that is in substance life business), Vita (business that is in substance life business), ZS Svetovanje (SVN), Ornatus KC (SVN);
- life, international: Zavarovalnica Sava (Croatian part), Sava Životno Osiguranje (SRB), Illyria Life (RKS);
- pensions and asset management: Sava Pokojninska (SVN), Sava Penzisko Društvo (MKD), Sava Infond (SVN);
- other: TBS Team 24 (SVN), S Estate (RKS), ZTSR (SVN) and G2I (GBR) using the equity method. The “other” segment also includes expenses on subordinate debt.

For the purpose of segment reporting, we have also made the following reallocations of income statement items:

- Reallocations are made from the reinsurance segment to the other segments (Sava Re as the parent company handles the reinsurance of most risks of the subsidiaries within the Sava Insurance Group): in the segment reporting information, reinsurance premiums received by the reinsurer from the subsidiaries are reallocated to the segments from where they have arisen. The same applies, by analogy, to reinsurance-related claims, commission income, change in unearned premiums, claims provisions and deferred acquisition costs due to reinsurance. In the consolidation, the portion of business retroceded by Sava Re to foreign reinsurers is not allocated to the segments. Retrocession-related expenses usually exceed income (except in the event of catastrophic claims). In order to provide a more appropriate presentation of profitability by segment, the result of retroceded business was also allocated to the segment where it had arisen. All these items were adjusted only in the part relating to the risks of subsidiaries retroceded by Sava Re to reinsurers abroad.
- Other operating expenses relating to the reinsurance segment are reduced by the portion of expenses attributable to the administration of the Sava Insurance Group. Sava Re operates as a virtual holding company; hence, a part of its expenses relates to the administration of the Group. Such expenses relating to the reinsurance segment are allocated to other segments based on each subsidiary's gross premiums written. Such reallocation was also made for other operating expenses relating to intra-Group reinsurance transactions. In the first quarter of 2021, Sava Re allocated 67.5% of other operating expenses to operating segments as monitored by revenue composition (2020: 66.7%). Furthermore, operating expenses of TBS Team 24 incurred in its activities on behalf of other Group companies were reallocated from the “other” segment to the Slovenian and international non-life segments. Revenue associated with the operation of other Group companies is already eliminated in consolidation.

⁴ A glossary of selected insurance terms and calculation methods for ratios is appended to this report.

- Investment income and expenses are reallocated from the reinsurance segment to the non-life insurance and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).
- Other significant reallocations between segments:

	1–3/2021	1–3/2020
Income and expenses relating to investments in subsidiaries and associates	profits of associates ZTSR and G2I; EUR 0.3 million; allocated to the “other” segment	losses of associates ZTSR and G2I; EUR 21,089; allocated to the “other” segment

In the statement of financial position, the following adjustments are made in addition to the eliminations made in the consolidation process:

- Intangible assets – goodwill is allocated to the segment from which it arose (depending on the acquisition of which subsidiary it relates to).
- The balance of financial investments associated with the Group’s reinsurance share of technical provisions is reallocated from the reinsurance segment to the non-life and life segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).
- The reinsurers’ share of technical provisions (reinsurers’ share of unearned premiums, claims provisions and other provisions) and deferred acquisition costs – in the same way as described in indent one of adjustments to income statement items.
- Subordinated liabilities are shown in the “other” segment.

Vita (SVN) has been included in the consolidated financial statements since 31 May 2020.

The following provides some brief commentary on the results of each operating segment.

Summary consolidated income statement

EUR	1–3/2021	1–3/2020	Index
Net premiums earned	166,932,975	142,278,497	117.3
Income from investments in subsidiaries and associates	268,505	0	-
Investment income	8,713,555	5,395,636	161.5
Net unrealised and realised gains on investments of life insurance policyholders who bear the investment risk	25,481,555	0	-
Other technical income	5,295,802	3,138,169	168.8
Other income	5,641,506	5,050,387	111.7
Net claims incurred	-101,068,522	-108,705,561	93.0
Change in other technical provisions	10,521,536	11,852,445	88.8
Change in technical provisions for policyholders who bear the investment risk	-35,876,621	29,847,961	-120.2
Expenses for bonuses and rebates	-56,799	33,678	-168.7
Operating expenses	-50,961,236	-46,778,608	108.9
Expenses for investments in associates and impairment losses on goodwill	0	-21,089	0.0
Expenses for financial assets and liabilities	-1,681,067	-3,499,714	48.0
Net unrealised and realised losses on investments of life insurance policyholders who bear the investment risk	0	-20,378,767	-
Other technical expenses	-3,699,577	-4,201,769	88.0
Other expenses	-384,723	-867,606	44.3
Profit or loss before tax	29,126,889	13,143,659	221.6

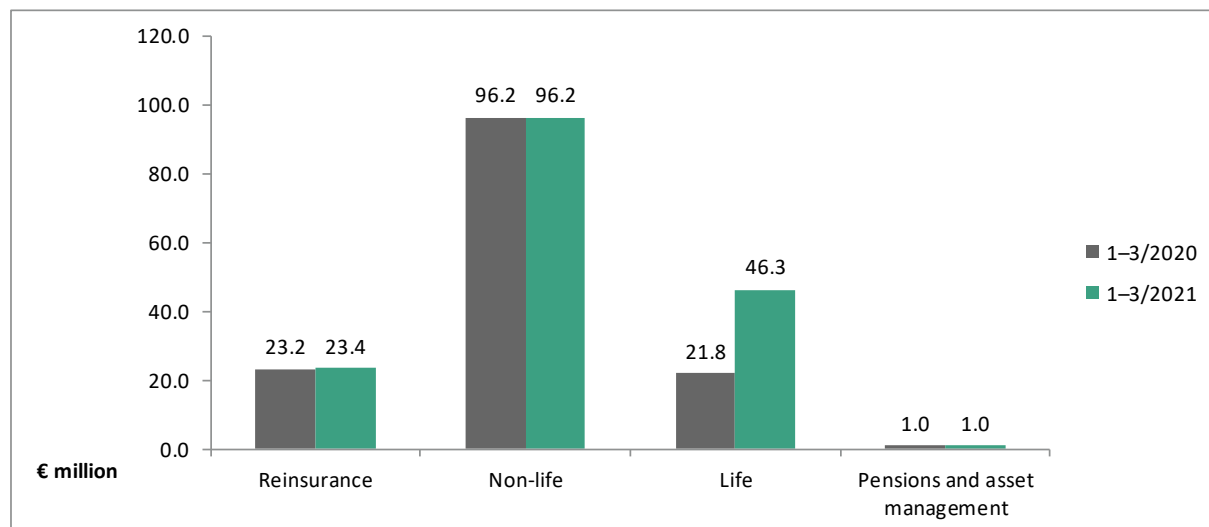
In the first quarter of 2021, operating revenue totalled EUR 177.9 million, up 18.2% year on year. Revenue growth was primarily driven by the life segment (inclusion of Vita in the Group). Following is a discussion of the major items of the consolidated income statement.

Consolidated net premiums earned⁵

Consolidated net premiums earned

EUR	1–3/2021	1–3/2020	Index
Gross premiums written	215,209,967	197,504,302	109.0
Net premiums earned	166,932,975	142,278,497	117.3

Consolidated net premiums earned by operating segment



Consolidated net premiums earned by class of business⁶

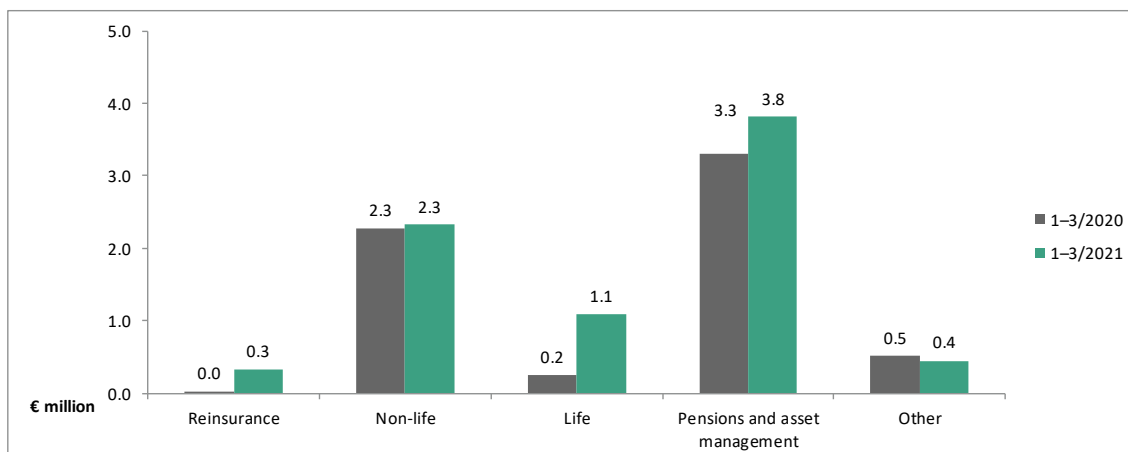
EUR	1–3/2021	1–3/2020	Index
Property	33,754,337	32,434,468	104.1
Unit-linked life	31,141,908	11,042,938	282.0
Motor vehicle liability	30,432,260	33,446,546	91.0
Land motor vehicles	30,165,293	29,335,593	102.8
Traditional life	16,282,150	11,837,584	137.5
Accident, health and assistance	14,951,594	13,848,204	108.0
General liability	6,351,624	5,793,153	109.6
Marine, suretyship and goods in transit	3,227,144	3,723,023	86.7
Other insurance	626,665	816,988	76.7
Total	166,932,975	142,278,497	117.3

⁵ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

⁶ Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

Consolidated other technical income and other income

Composition of other technical income and other income by operating segment⁷



Net exchange differences excluded in the first quarter of 2021.

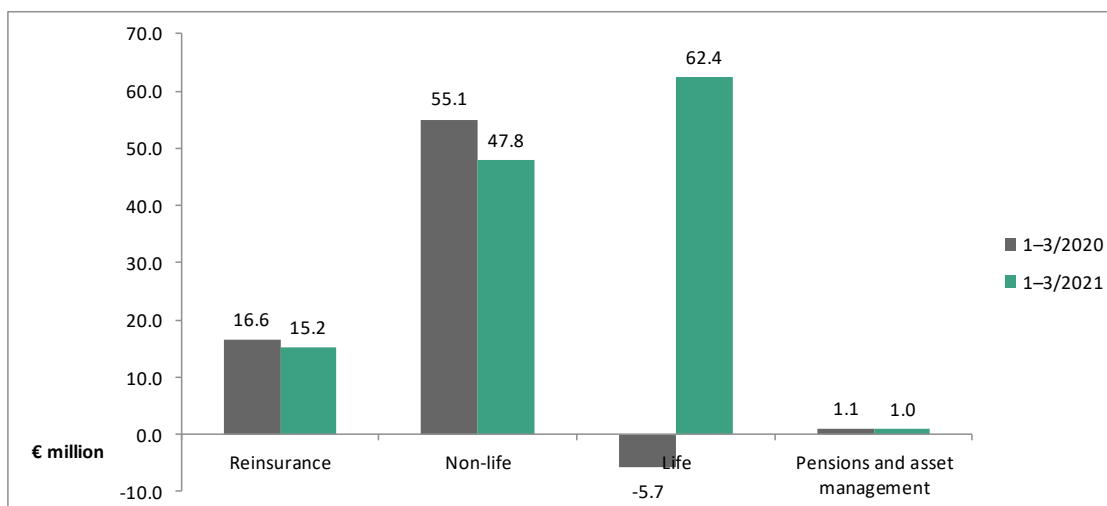
Consolidated net claims incurred⁸

Consolidated net claims incurred, including the change in provisions related to life business

EUR	1-3/2021	1-3/2020	Index
Gross claims paid	101,977,267	112,807,946	90.4
Net claims incurred	101,068,522	108,705,561	93.0
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	126,423,607	67,005,155	188.7

* This largely comprises mathematical provisions.

Composition of consolidated net claims incurred, including the change in life insurance provisions⁹



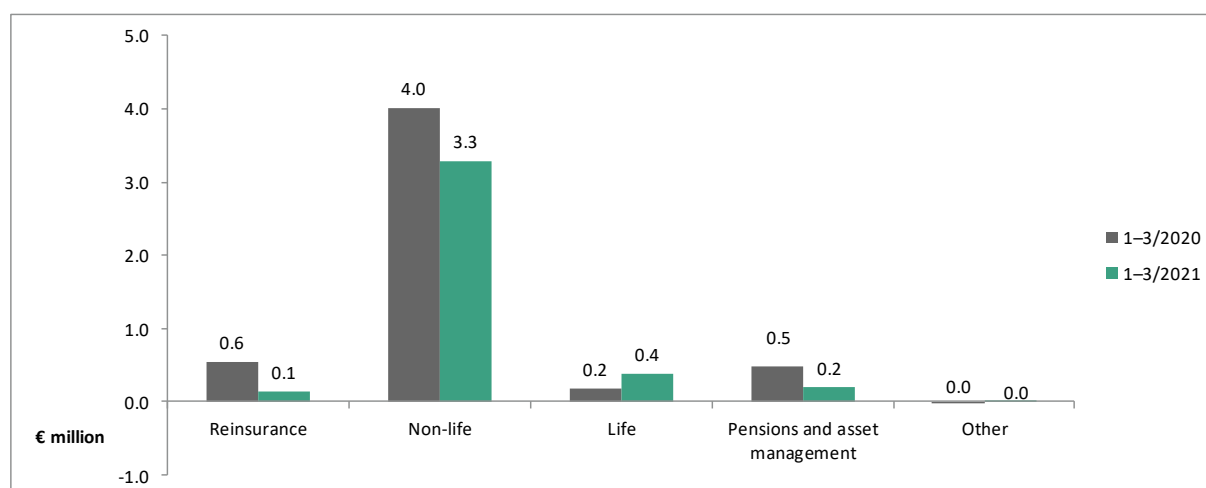
⁷ Commission income is not included.

⁸ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

⁹ The net claims incurred by operating segment include the change in other technical provisions and the change in technical provisions for policyholders who bear the investment risk.

Consolidated net claims incurred by class of business¹⁰

EUR	1–3/2021	1–3/2020	Index
Unit-linked life	18,733,695	17,151,308	109.2
Traditional life	18,578,213	20,557,937	90.4
Motor vehicle liability	17,589,481	21,375,640	82.3
Property	17,311,452	24,548,211	70.5
Land motor vehicles	16,757,292	17,254,424	97.1
Marine, suretyship and goods in transit	5,383,041	3,513,070	153.2
General liability	4,098,364	374,347	1,094.8
Accident, health and assistance	2,581,102	3,911,005	66.0
Other insurance	35,882	19,619	182.9
Total	101,068,522	108,705,561	93.0

*Consolidated other technical expenses and other expenses**Composition of other technical expenses and other expenses by operating segment*

Net exchange differences excluded in the first quarter of 2020.

¹⁰ These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

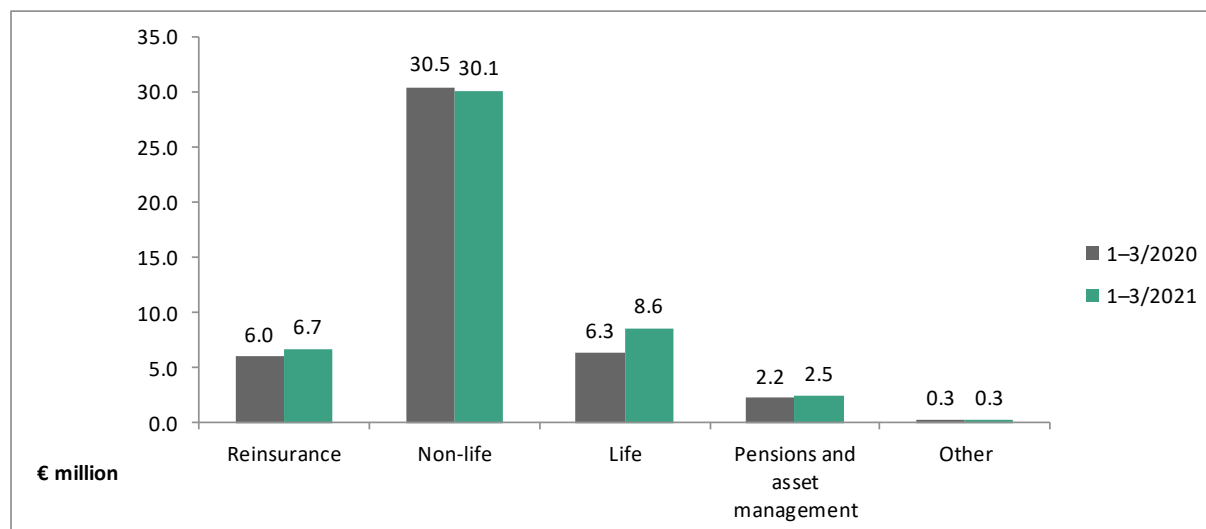
Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

Consolidated operating expenses

Consolidated operating expenses

EUR	1-3/2021	1-3/2020	Index
Acquisition costs	22,226,121	19,711,180	112.8
Change in deferred acquisition costs (+/-)	-3,185,770	-3,630,348	87.8
Other operating expenses	31,920,885	30,697,776	104.0
Operating expenses	50,961,236	46,778,608	108.9
Reinsurance commission income	-2,811,127	-1,480,814	189.8
Net operating expenses	48,150,109	45,297,794	106.3

Consolidated net operating expenses by operating segment



Consolidated net investment income*Consolidated net investment income of the investment portfolio*

EUR	1–3/2021	1–3/2020	Absolute change
Net investment income of the investment portfolio	7,642,458	2,162,960	5,479,498
Net investment income relating to the investment portfolio, excluding the effect of exchange differences	4,738,850	3,151,394	1,587,456

Consolidated income and expenses relating to the investment portfolio

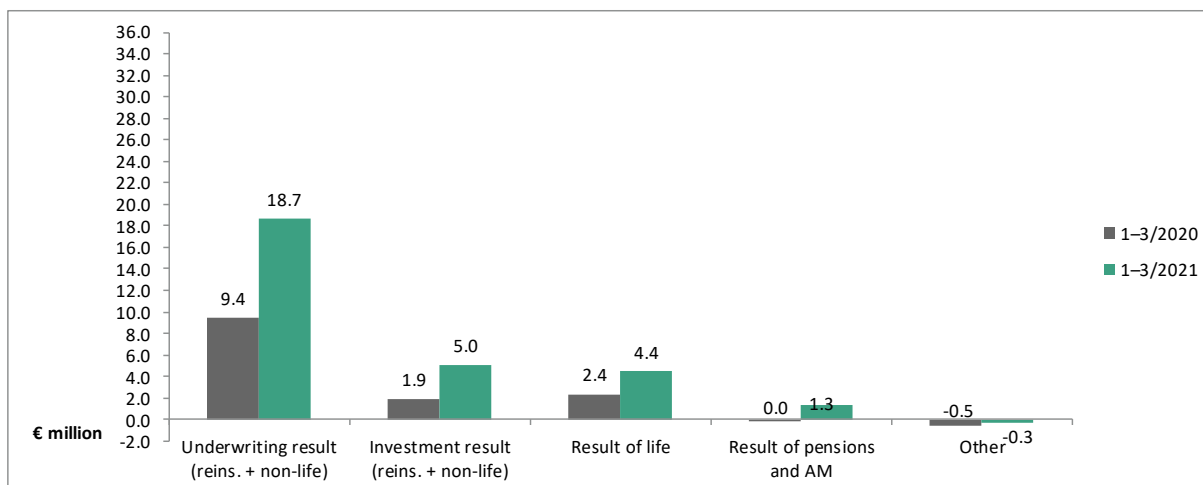
EUR	1–3/2021	1–3/2020	Absolute change
Income			
Interest income at effective interest rate	4,254,906	3,052,820	1,202,086
Gains on change in fair value of FVTPL assets	537,636	369,101	168,535
Gains on disposal of FVTPL assets	282	0	282
Gains on disposal of other IFRS asset categories	713,535	1,260,363	-546,828
Income from associate companies	268,505	0	268,505
Income from dividends and shares – other investments	103,372	38,006	65,366
Exchange gains	2,903,608	0	2,903,608
Other income	458,965	833,021	-374,056
Other income from alternative funds	138,827	180,583	-41,756
Income relating to the investment portfolio	9,379,636	5,733,894	3,645,742
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	25,481,555	0	25,481,555
Expenses			
Interest expenses	721,340	733,162	-11,822
Losses on change in fair value of FVTPL assets	377,042	1,717,864	-1,340,822
Losses on disposals of FVTPL assets	346	0	346
Losses on disposal of other IFRS asset categories	136,279	1,604	134,675
Losses arising out of investments in equity-accounted associates	0	21,089	-21,089
Impairment losses on other investments	75,447		75,447
Exchange losses	0	988,434	-988,434
Other	426,724	108,319	318,405
Other expenses for alternative funds	0	462	-462
Expenses relating to the investment portfolio	1,737,178	3,570,934	-1,833,756
Net unrealised losses on investments of life insurance policyholders who bear the investment risk		0 20,378,767	-20,378,767

* Expenses for financial investments differ from the expenses in the income statement item “interest expenses” because they also include expenses for right-of-use assets (31 March 2021: EUR 36 thousand; 31 March 2020: EUR 43 thousand).

** In the first quarter of 2021, an amount of EUR 0.3 million was recognised on the first consolidation as profit of the equity-accounted associate company.

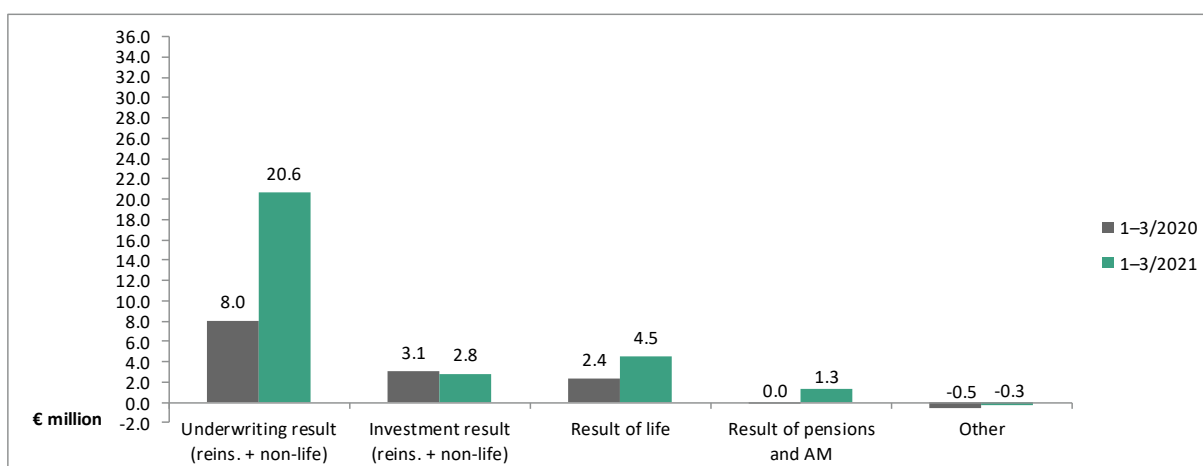
Consolidated gross profit or loss

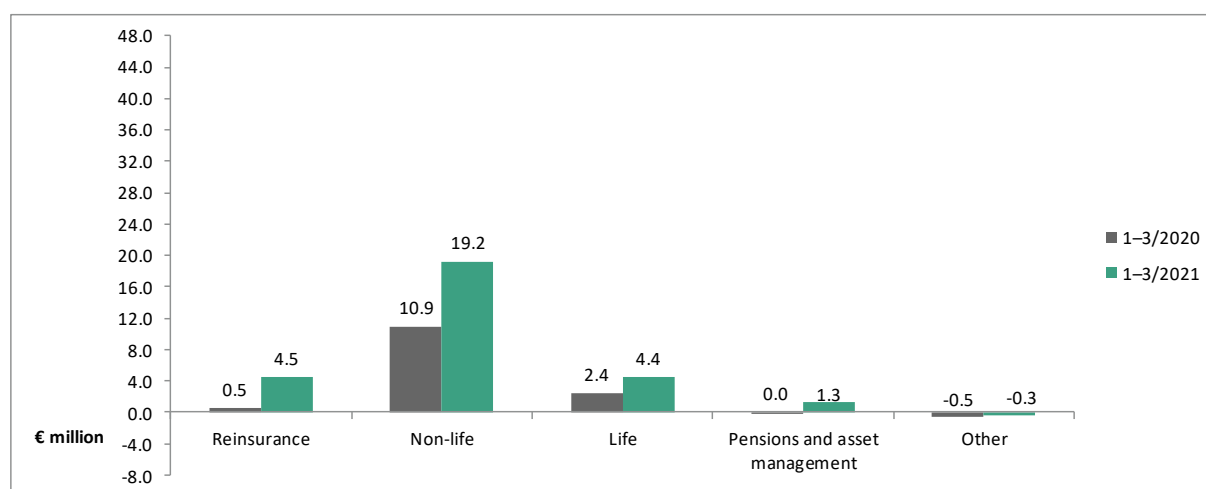
Composition of the consolidated gross income statement



In the first quarter of 2021, exchange differences had a significant impact on the composition of the underwriting and investment results, which is why the results below are presented excluding the effect of exchange differences. The impact of exchange differences on the result by operating segment was as follows: negative effect on the underwriting result of EUR 1.9 million (first quarter of 2020: EUR 1.4 million positive effect); positive effect on the investment result of EUR 2.2 million (first quarter of 2020: EUR 1.1 million negative effect). The total positive effect of exchange differences on the first quarter of 2021 result was thus EUR 0.3 million (first quarter of 2020: a positive effect of EUR 0.1 million).

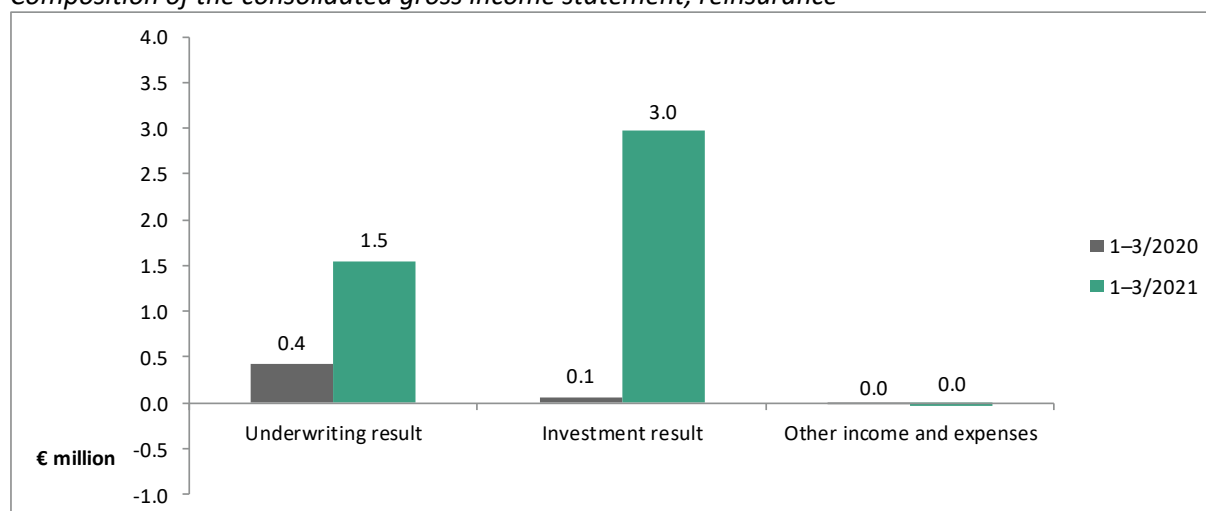
Composition of the gross consolidated result (excluding the effect of exchange differences)



Composition of the consolidated gross profit or loss by operating segment

2.1 Reinsurance

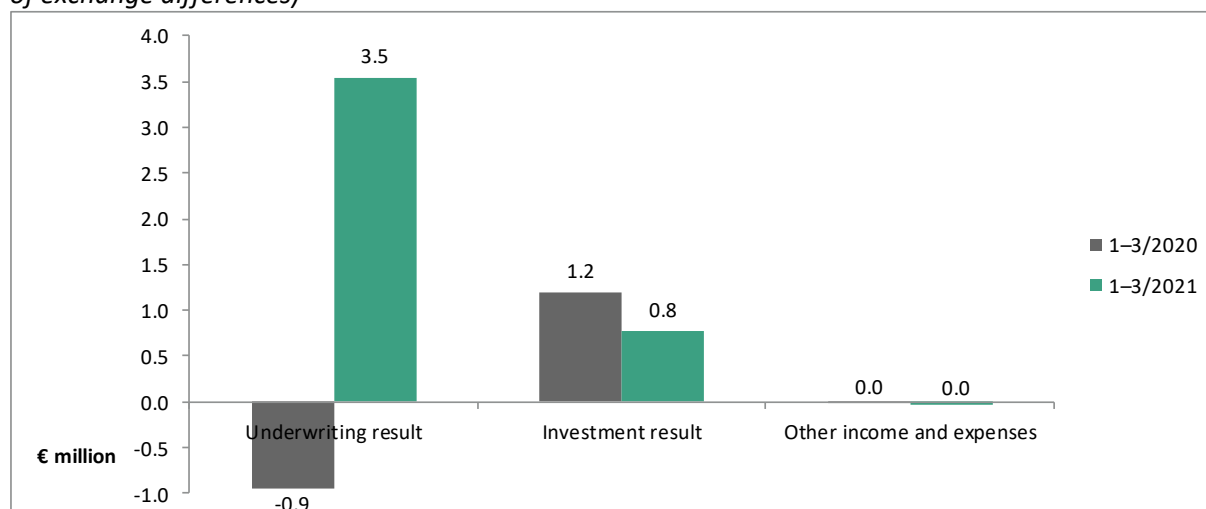
The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 7.7 “Segment reporting”. The reinsurance segment primarily reflects the developments in the portfolio that Sava Re writes outside Slovenia with non-Group companies.

Composition of the consolidated gross income statement; reinsurance

The performance of this operating segment is impacted by exchange differences, which is why the underwriting and investment results are not directly comparable. The impact of exchange differences is set out in section 2 under the heading “Consolidated gross profit or loss” and refers to the reinsurance segment shown here.

The following graph shows profit or loss, excluding the effect of exchange differences.

Composition of the consolidated gross income statement; reinsurance business (excluding the effect of exchange differences)



The underwriting result, excluding the impact of exchange differences, improved in the first quarter of 2021 compared to the same period in 2020, mainly as the result of lower claims incurred (as explained later in this section). The investment result, excluding the effect of exchange differences, for the first quarter of 2021 was lower year on year because of more modest interest income and lower gains on the disposal of investments.

Net premiums earned

Net premiums earned; reinsurance

EUR	1-3/2021	1-3/2020	Index
Gross premiums written	40,170,140	40,176,655	100.0
Net premiums earned	23,391,399	23,238,933	100.7

Gross premiums written in this segment in the first quarter of 2021 were roughly the same year on year. The slight decline in gross premiums written was due to the lower premium volume with coverage from 1 January 2021. Non-proportional reinsurance business saw 2.3% growth in gross premiums written, whereas non-proportional business dropped by 0.5%. Underwriting year 2021 premiums decreased by 5.9% compared to 2020, or EUR 2.0 million; prior underwriting year premiums increased by EUR 2.4 million, primarily driven by non-proportional business. The growth in premiums earned was in line with gross premium growth.

Net claims incurred

Net claims incurred; reinsurance

EUR	1-3/2021	1-3/2020	Index
Gross claims paid	11,938,176	16,158,692	73.9
Net claims incurred	15,248,909	16,697,026	91.3

Net claims incurred; reinsurance business (excluding the effect of exchange differences)

EUR	1-3/2021	1-3/2020	Index
Gross claims paid	11,938,176	16,158,692	73.9
Net claims incurred	13,292,138	17,970,310	74.0

In the first quarter of 2021, exchange differences had an upward impact on net claims incurred in the amount of EUR 2.0 million (first quarter of 2020: downward impact of EUR 1.3 million). Net claims incurred, excluding the effect of exchange differences, fell by 26.0%, primarily because of a favourable development of previous underwriting years and reinsurance protection, which had a more favourable

effect in 2021 than in the first quarter of 2020. The net incurred loss ratio relating to the reinsurance segment (excluding the effect of exchange differences) improved by 20.1 p.p. year on year, to 56.6% (first quarter of 2020: 76.8%).

Operating expenses

Consolidated operating expenses; reinsurance

EUR	1-3/2021	1-3/2020	Index
Acquisition costs	8,237,998	7,335,598	112.3
Change in deferred acquisition costs (+/-)	-2,336,711	-2,213,353	105.6
Other operating expenses	957,842	1,044,449	91.7
Operating expenses	6,859,129	6,166,694	111.2
Reinsurance commission income	-194,936	-199,104	97.9
Net operating expenses	6,664,193	5,967,590	111.7

In the first quarter of 2021, acquisition costs rose by 12.3% (at roughly unchanged gross premiums written). Consequently, acquisition costs as a percentage of gross premiums written rose by 2.2 p.p. to 20.5% compared to the first quarter of 2020. The average value of the ratio was around 20% over the recent quarters.

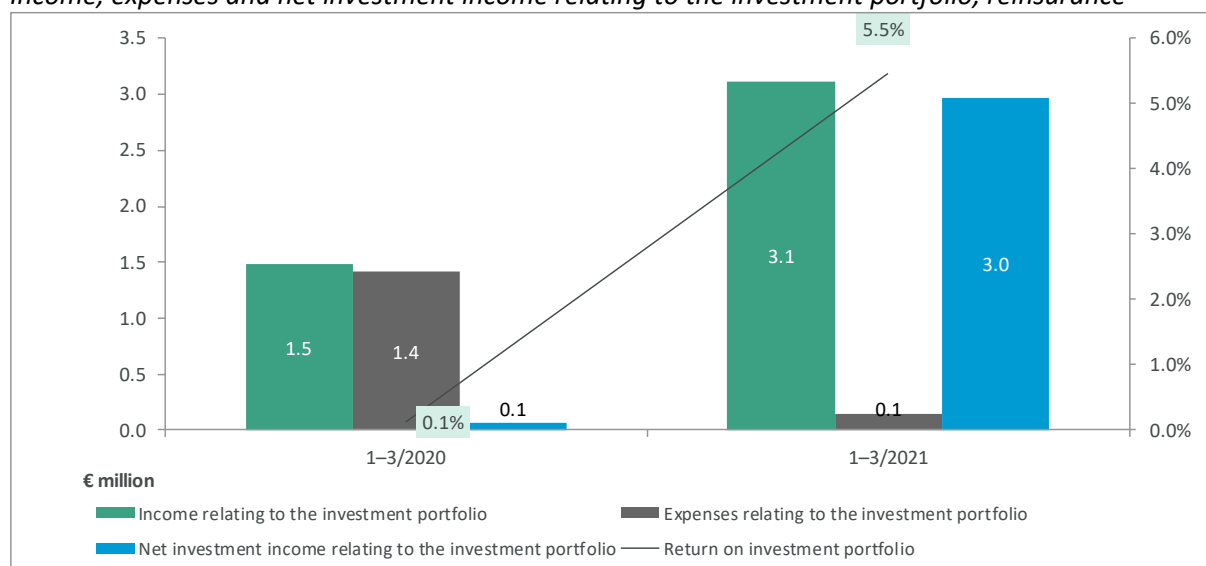
The change in deferred acquisition costs was approximately the same as in the first quarter of 2020 and moved in line with unearned premiums.

Other operating expenses decreased by 8.3% reflecting lower personnel costs.

The net expense ratio increased by 2.8 p.p. in the first quarter of 2021 even though other operating expenses declined, because acquisition costs grew faster than premiums earned. In the first quarter of 2021, acquisition costs, including the change in deferred acquisition costs, were up by 15.2% year on year.

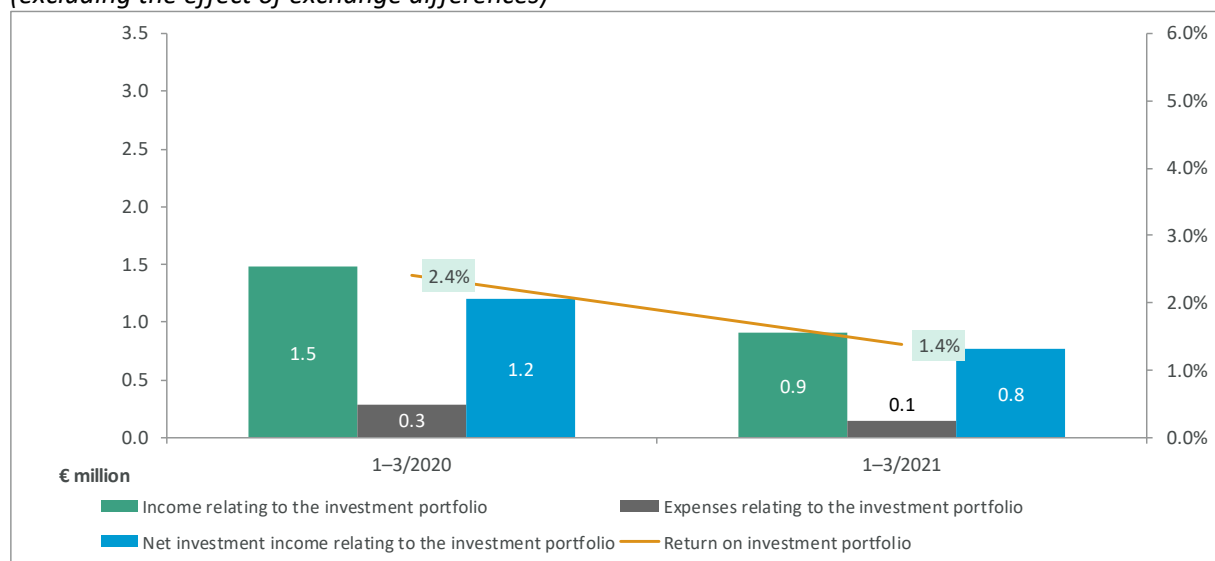
Net investment income

Income, expenses and net investment income relating to the investment portfolio; reinsurance



Income/expenses include income/expenses relating to investment property. In the income statement these are part of the “other income/expenses” item.

Income, expenses and net investment income relating to the investment portfolio; reinsurance business (excluding the effect of exchange differences)



Given that the exchange differences mainly relate to Sava Re and the fact that their impact does not fully affect profit or loss, the graph above shows net investment income of the investment portfolio, excluding exchange differences.

In the first quarter of 2021, net investment income relating to the investment portfolio totalled EUR 0.8 million, down EUR 0.4 million year on year. This was primarily due to lower interest income and lower gains on the disposal of investments. In the same period last year, net investment income benefitted on account of the reversal of previous impairment losses made in the amount of EUR 0.4 million. The investment return for the period was 1.4%.

2.2 Non-life

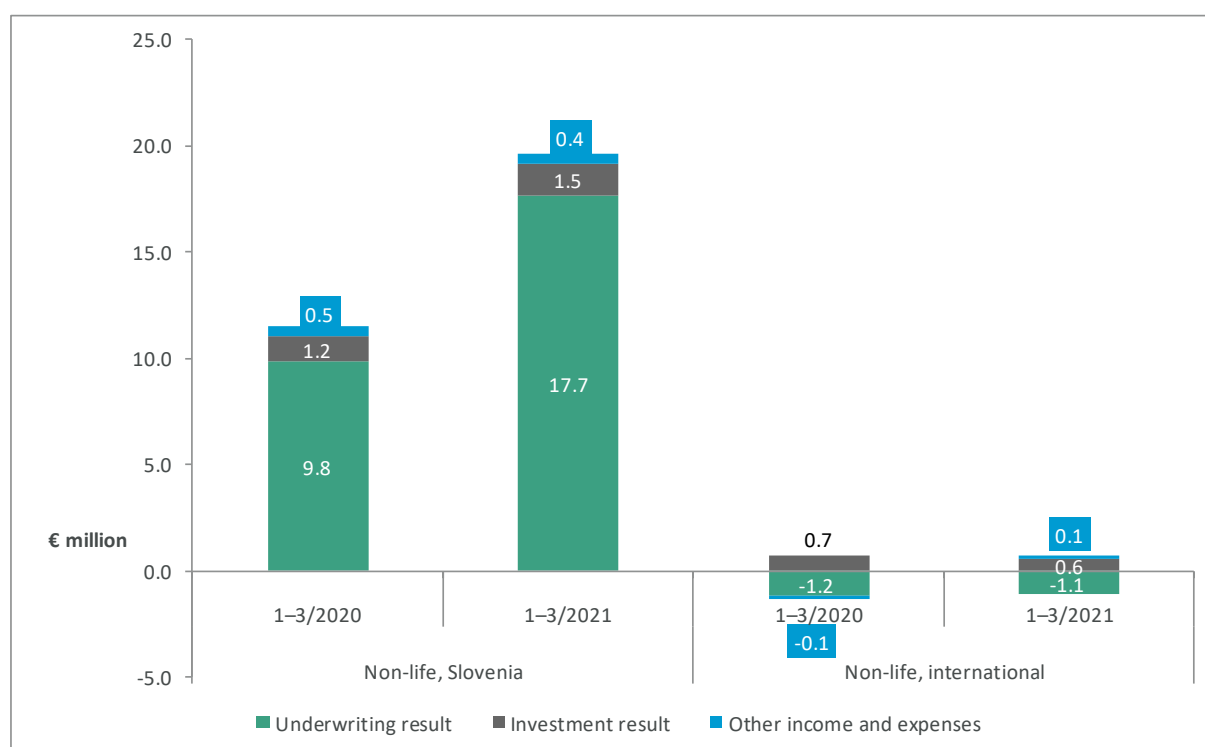
The non-life segment comprises the operations of the following companies:

- Zavarovalnica Sava: non-life insurance business
- Vita (SVN): business that is in substance non-life business
- Sava Osiguranje (MNE)
- Sava Neživotno Osiguranje (SRB)
- Sava Osiguruvanje (North Macedonia)
- Illyria (RKS)
- Sava Car (MNE)
- Sava Agent (MNE)
- Sava Station (MKD)

The Slovenian part of Zavarovalnica Sava is discussed under Slovenian non-life insurance, and the Croatian part of the company is discussed under international non-life insurance. FoS business is shown in the Slovenian non-life insurance segment.

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 7.7 “Segment reporting”.

Composition of the consolidated gross income statement; non-life insurance business



The non-life segment recorded a EUR 8.4 million improvement in the consolidated pre-tax result in 1–3/2021 compared to the same period last year. The lion’s share of the improvement, EUR 8.1 million, was achieved in Slovenian business.

The consolidated technical result for Slovenian non-life business improved by EUR 7.8 million, chiefly as the result of a lower loss frequency during the Covid-19 pandemic. The EUR 0.1 million increase in the non-Slovenian underwriting result of non-life insurers is also the result of a more favourable claims experience due to the Covid-19 pandemic, whereas net premiums earned declined year on year.

The investment result of the Slovenian non-life segment improved by EUR 0.3 million year on year. While revenue remains at the year-on-year level, the deterioration in the financial markets in the first quarter of 2020 resulted in an increase in negative exchange differences and lower bond valuations, which translates into higher expenses for fair value changes of bonds classified as FVTPL assets. The investment result of non-Slovenian non-life insurers dropped by EUR 0.1 million because of lower interest income.

The result of other income and expenses of Slovenian non-life insurers improved by EUR 0.1 million reflecting higher financial income from the disposal of investment property and gains on the disposal of property, plant and equipment assets. The result of other income and expenses of the non-Slovenian non-life insurance companies rose by EUR 0.2 million reflecting lower "other expenses" of the Serbian non-life insurance company.

Net premiums earned

Net premiums earned; non-life insurance business

EUR	1–3/2021	1–3/2020	Index
Gross premiums written	127,507,406	134,378,692	94.9
Net premiums earned	96,209,553	96,237,193	100.0

Net premiums earned by region; non-life insurance business

EUR	Slovenia			International		
	1–3/2021	1–3/2020	Index	1–3/2021	1–3/2020	Index
Gross premiums written	108,646,697	113,385,405	95.8	18,860,709	20,993,287	89.8
Net premiums earned	80,251,255	77,628,429	103.4	15,958,298	18,608,765	85.8

Unconsolidated gross non-life premiums of Sava Insurance Group members

EUR	1–3/2021	1–3/2020	Index
Zavarovalnica Sava, Slovenian part (non-life)	107,722,411	113,472,439	94.9
Zavarovalnica Sava, Croatian part (non-life)	3,875,292	5,137,293	75.4
Sava Neživotno Osiguranje (SRB)	5,096,259	6,257,407	81.4
Illyria (RKS)	3,026,432	2,912,604	103.9
Sava Osiguruvanje (North Macedonia)	3,529,706	3,369,314	104.8
Sava Osiguranje (MNE)	3,337,546	3,320,986	100.5
Vita (SVN)	1,040,227	0	-
Total	127,627,873	134,470,044	94.9

Gross non-life insurance premiums decreased by 5.1% in 1–3/2021 as the result of a drop in gross non-life premiums written by all non-life companies in the Group. Net premiums earned remained at the year-on-year level, chiefly because of the decline in gross unearned premiums relating to FoS business in the first quarter of 2021, whereas, in the first quarter of 2020, FoS business grew reflecting premium growth.

In the first quarter of 2021, gross motor premiums grew by EUR 1.7 million, or 2.6%. The increase in gross motor premiums of EUR 4.7 million relates to gross non-life premiums of the Slovenian part of Zavarovalnica Sava without FoS business. Growth was recorded mainly in commercial lines because of changed payment schedules and in personal lines as the result of more policies sold and higher average premiums. In the first quarter of 2021, gross motor premiums arising from FoS business dropped by EUR 2.0 million, as most motor business was cancelled due to market changes (unfavourable conditions) and greater selectivity of the company. Gross motor premiums also dropped abroad, by EUR 0.9 million. The largest drop in premiums was in motor liability in the Croatian and Serbian markets. In the former case because of greater selectivity in underwriting risks, in the latter because of increasing policy acquisition costs in the market in general.

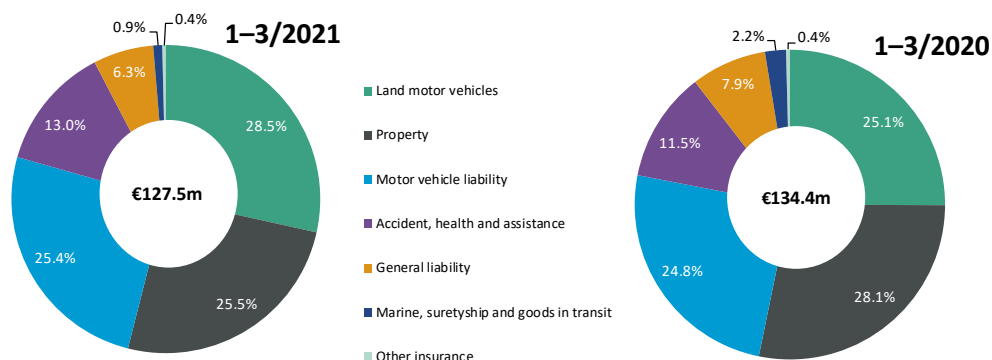
In the first quarter of 2021, gross property premiums dropped by EUR 5.3 million. The decline is almost entirely due to the decrease in gross premiums written in Slovenian property business, excluding FoS business. The decline was due to a change in the timing of accounting for the premiums of a major client.

A EUR 2.5 million drop in gross premiums written was also recorded in general liability insurance. The decline of EUR 1.6 million relates to FoS business, and the decline of EUR 0.9 million to general liability insurance excluding FoS business. The reason for the latter is changed timing of accounting for key clients and also the loss of some.

Gross premiums written relating to the insurance of ships dropped by EUR 2.0 million. This decline is entirely related to the reduction in FoS business.

The growth in gross accident insurance premiums in the amount of EUR 1.1 million relates to gross accident insurance premiums of Vita, which joined the Sava Insurance Group on 1 June 2020.

Unconsolidated gross non-life insurance premiums by class of business¹¹



Net claims incurred

Net claims incurred; non-life insurance business

EUR	1-3/2021	1-3/2020	Index
Gross claims paid	52,435,712	58,494,801	89.6
Net claims incurred	48,666,651	54,307,543	89.6

Net claims incurred by region; non-life insurance business

EUR	Slovenia			International		
	1-3/2021	1-3/2020	Index	1-3/2021	1-3/2020	Index
Gross claims paid	42,755,106	48,273,223	88.6	9,680,605	10,221,578	94.7
Net claims incurred	39,976,970	44,268,340	90.3	8,689,681	10,039,203	86.6

¹¹ Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

Unconsolidated gross non-life claims paid by Sava Insurance Group companies

EUR	1–3/2021	1–3/2020	Index
Zavarovalnica Sava, Slovenian part (non-life)	44,106,918	48,648,441	90.7
Zavarovalnica Sava, Croatian part (non-life)	3,378,504	3,381,702	99.9
Sava Neživotno Osiguranje (SRB)	1,772,037	2,596,628	68.2
Illyria (RKS)	1,651,024	1,271,371	129.9
Sava Osiguruvanje (North Macedonia)	1,782,073	1,682,415	105.9
Sava Osiguranje (MNE)	1,101,677	1,306,565	84.3
Vita (SVN)	161,191	0	-
Total	53,953,425	58,887,122	91.6

In the first quarter of 2021, consolidated gross non-life claims paid dropped by 10.4%, or EUR 6.1 million, year on year. The decline in gross non-life claims paid was pronounced in the Slovenian part of the portfolio; the non-Slovenian insurers only recorded a moderate drop.

In the first quarter of 2021, consolidated gross claims paid on Slovenian non-life business dropped by 11.4%, or EUR 5.5 million, year on year. Gross claims relating to FoS business rose by EUR 3.6 million, with the largest increase in ships and fire business. Gross claims relating to business written in Slovenia dropped, especially in motor insurance, as the result of lower claims frequency due to the Covid-19 pandemic. In 2020, a lockdown affecting industry and public life started in mid-March 2020, and lasted an entire quarter in 2021. As the result of the lockdown, there were fewer vehicles on the roads and consequently fewer traffic accidents occurred.

Consolidated gross claims paid relating to non-Slovenian business dropped by 5.3%. Declines were recorded especially in motor liability business as the Group recorded a major claim in this line of business in the same period last year. In addition, lower claims are the result of the Covid-19 pandemic. There was also a decline in gross assistance claims reflecting a lower number of claims reported due to the Covid-19 pandemic.

*Operating expenses**Consolidated operating expenses; non-life segment*

EUR	1–3/2021	1–3/2020	Index
Acquisition costs	11,152,267	10,849,015	102.8
Change in deferred acquisition costs (+/-)	-879,463	-1,569,808	56.0
Other operating expenses	22,456,149	22,464,575	100.0
Operating expenses	32,728,953	31,743,782	103.1
Reinsurance commission income	-2,614,163	-1,280,221	204.2
Net operating expenses	30,114,789	30,463,561	98.9

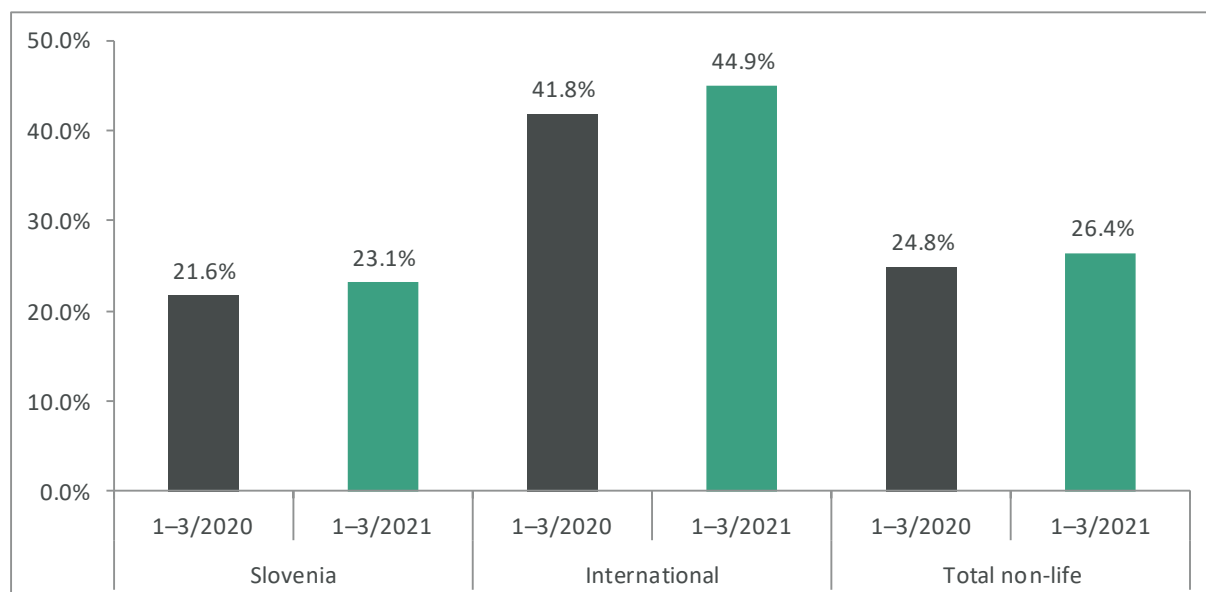
Consolidated gross operating expenses of the non-life segment

EUR	1–3/2021	1–3/2020	Index
Non-life, Slovenia	25,132,444	24,540,739	102.4
Non-life, international	8,475,971	8,772,851	96.6

Consolidated acquisition costs were up by 2.8%. Acquisition costs rose for Slovenian non-life business other than FoS business, whereas for FoS business they decreased. The acquisition costs of the non-Slovenian non-life insurers remained roughly at the level of last year. In the reporting period, the change in deferred acquisition costs declined by EUR 0.7 million year on year (but slightly increased compared to the previous year-end). In the first quarter of 2021, the change in deferred acquisition costs relating to FoS business declined by EUR 1.0 million year on year, whereas the change in deferred acquisition costs relating to other Slovenian non-life business rose by EUR 0.2 million and non-Slovenian non-life business by EUR 0.1 million.

In the first quarter of 2021, consolidated other operating expenses remained flat year on year. The Slovenian part of the Group experienced a rise because of Vita's joining the Sava Insurance Group, whereas the non-Slovenian part recorded a drop in other operating expenses. A significant drop was recorded by the Croatian branch following the streamlining of its operations.

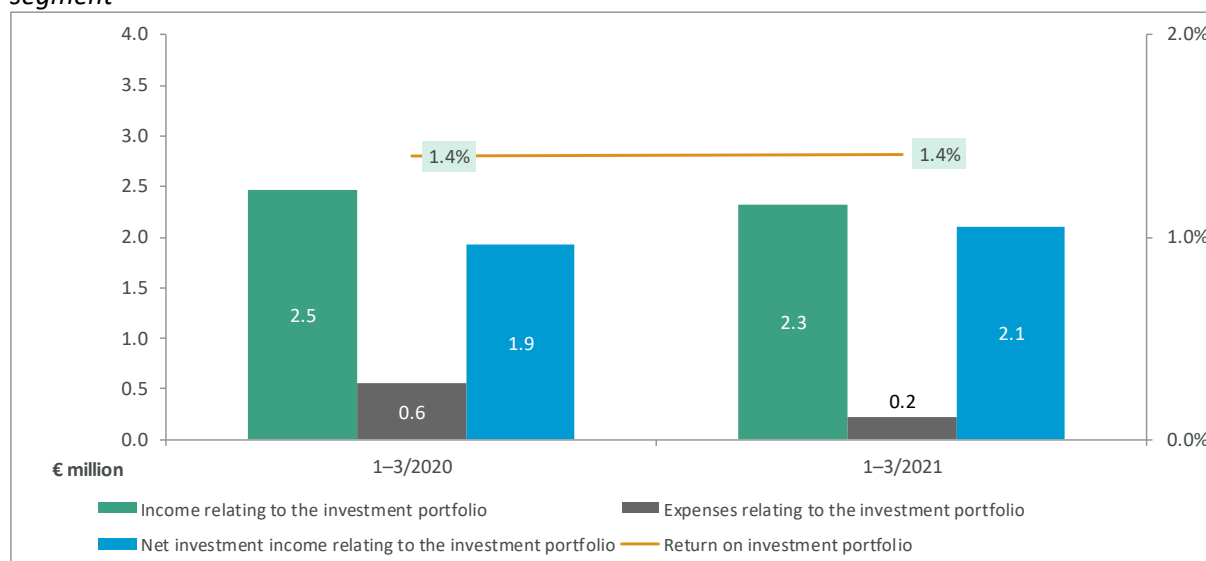
Consolidated gross expense ratio; non-life segment



The consolidated gross expense ratio of the non-life segment rose by 1.6 p.p. The gross expense ratio of the Slovenian non-life insurers rose by 1.5 p.p., whereas the gross expense ratio of the non-Slovenian non-life insurers rose by 3.1 p.p. The rise in the gross expense ratio is primarily the result of smaller premium volume.

Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); non-life segment



In the first quarter of 2021, net investment income relating to non-life insurers totalled EUR 2.1 million and remained flat year on year. The return on investment for the period was 1.4%.

2.3 Life

The life segment comprises the operations of the following companies:

- Zavarovalnica Sava: life insurance business
- Vita (SVN): business that is in substance life business
- Sava Životno Osiguranje (SRB)
- Illyria Life (RKS)
- ZS Svetovanje (SVN): insurance agency
- Ornatus KC (SVN): call centre

Since Vita's inclusion in the Group on 31 May 2020, Vita's business that is in substance life business has been included in the Slovenian life segment. The Slovenian part of Zavarovalnica Sava is discussed as Slovenian life insurance, and the Croatian part of the company is discussed as international life insurance.

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 7.7 "Segment reporting".

Net premiums earned

Net premiums earned; life insurance business

EUR	1–3/2021	1–3/2020	Index
Gross premiums written	46,526,134	21,981,676	211.7
Net premiums earned	46,325,735	21,835,092	212.2

Net premiums earned by region; life insurance business

EUR	Slovenia			International		
	1–3/2021	1–3/2020	Index	1–3/2021	1–3/2020	Index
Gross premiums written	44,144,915	19,318,673	228.5	2,381,219	2,663,003	89.4
Net premiums earned	44,006,620	19,202,894	229.2	2,319,116	2,632,198	88.1

Unconsolidated gross life premiums of Sava Insurance Group companies

EUR	1–3/2021	1–3/2020	Index
Zavarovalnica Sava, Slovenian part (life)	18,245,892	19,318,673	94.4
Zavarovalnica Sava, Croatian part (life)	613,675	1,135,253	54.1
Illyria Life (RKS)	673,175	627,785	107.2
Sava Životno Osiguranje (SRB)	1,094,369	899,965	121.6
Vita (SVN)	25,899,024	0	-
Total	46,526,136	21,981,676	211.7

In the first quarter of 2021, gross premiums written by the Slovenian life insurers rose by 128.5% year on year as the result of including Vita in the consolidated accounts. In the first quarter of 2021, gross premiums written by the life insurance part of Zavarovalnica Sava in Slovenia dropped by 5.6% year on year. The company did not manage to write sufficient new business to fully offset premiums lost due to policy maturities, surrenders and deaths.

In the first quarter of 2021, gross premiums written by the Group's non-Slovenian life insurers dropped by 11.9% year on year, which is the result of a decline in the gross premiums of the Croatian branch of Zavarovalnica Sava, which in the first quarter 2021 wrote 45.9% less in gross premiums after it reduced its volume through the banking channel and streamlined its portfolio to improve profitability.

Unconsolidated gross life insurance premiums written by class of business



Net claims incurred

Net claims incurred; life insurance business

EUR	1-3/2021	1-3/2020	Index
Gross claims paid	37,316,725	37,935,373	98.4
Net claims incurred	36,866,151	37,481,631	98.4
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	62,361,744	-5,698,458	-1094.4

Net claims incurred by region; life insurance business

EUR	Slovenia			International		
	1-3/2021	1-3/2020	Index	1-3/2021	1-3/2020	Index
Gross claims paid	36,202,742	36,796,081	98.4	1,113,983	1,139,292	97.8
Net claims incurred	35,756,856	36,279,178	98.6	1,109,294	1,202,453	92.3
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	60,616,865	-7,516,492	-806.5	1,744,878	1,818,034	96.0

Unconsolidated gross life claims paid by Sava Insurance Group companies

EUR	1-3/2021	1-3/2020	Index
Zavarovalnica Sava, Slovenian part (life)	26,965,218	36,796,081	73.3
Zavarovalnica Sava, Croatian part (life)	487,474	774,127	63.0
Illyria Life (RKS)	157,491	118,517	132.9
Sava Životno Osiguranje (SRB)	469,018	246,648	190.2
Vita (SVN)	9,237,436	0	-
Total	37,316,637	37,935,374	98.4

In the first quarter of 2021, gross claims paid in Slovenia dropped by 1.6% year on year despite the inclusion of Vita in the Group. The life insurance part of Zavarovalnica Sava in Slovenia recorded fewer maturities year on year, especially in traditional life policies, specifically EUR 11.0 million, a decline of EUR 6.1 million year on year. Unit-linked life business, where policyholders bear the investment risk, paid out EUR 7.6 million in survival benefits, down EUR 1.2 million year on year.

The reason for the large difference between net claims incurred, including the change in net other provisions, and unit-linked provisions of Slovenian companies is the movement in unit prices of unit-linked life funds.

The gross claims paid of non-Slovenian insurers also dropped in the first quarter of 2021 year on year, by 2.2%. This is because of lower claims of the Croatian part of Zavarovalnica Sava in the first quarter 2021, which paid out fewer survival benefits year on year. The other two non-Slovenian Group insurers

recorded higher claims, especially Sava Životno Osiguranje (SRB), up 90.2% due to increased mortality related to Covid-19.

Operating expenses

Consolidated operating expenses; life segment

EUR	1–3/2021	1–3/2020	Index
Acquisition costs	2,830,800	1,522,644	185.9
Change in deferred acquisition costs (+/-)	30,404	152,813	19.9
Other operating expenses	5,741,181	4,641,047	123.7
Operating expenses	8,602,385	6,316,504	136.2
Reinsurance commission income	-2,028	-1,489	136.2
Net operating expenses	8,600,357	6,315,015	136.2

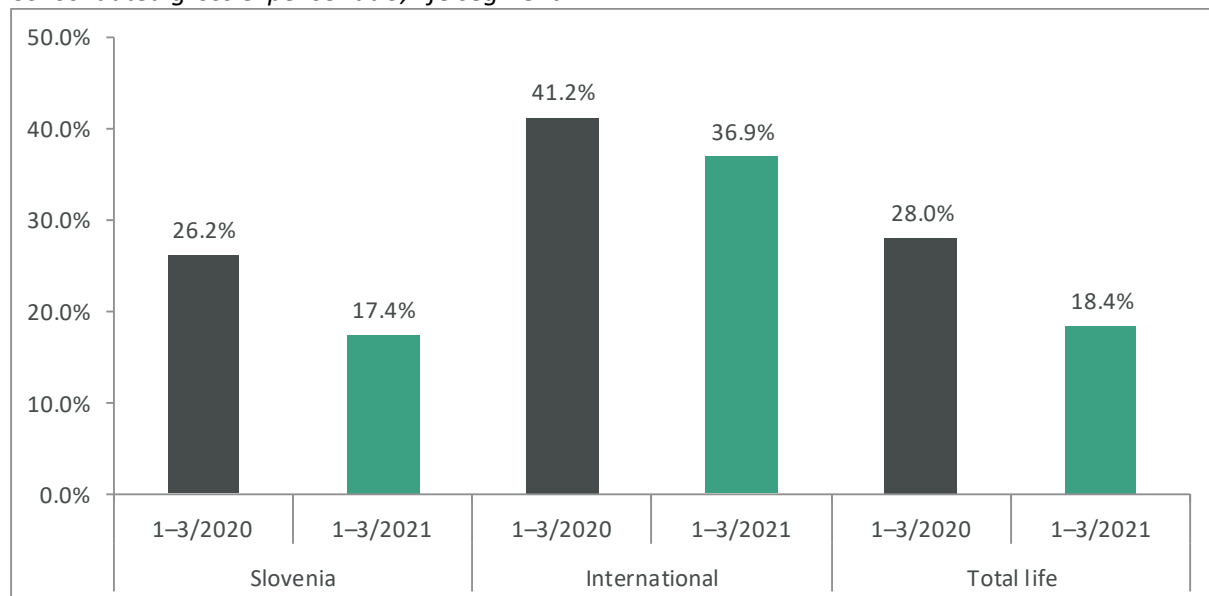
Consolidated gross operating expenses of the life segment

EUR	1–3/2021	1–3/2020	Index
Life, Slovenia	7,694,207	5,066,503	151.9
Life, international	877,774	1,097,188	80.0

In the first quarter of 2021, policy acquisition expenses rose by 85.9% year on year because of the inclusion of Vita in the consolidated accounts. The difference in the change in deferred acquisition costs between the years chiefly relates to Slovenian life business.

In the first three months of 2021, other operating expenses rose by 23.7% year on year, mainly due to the integration of Vita into the Group, while most other companies reduced their operating expenses.

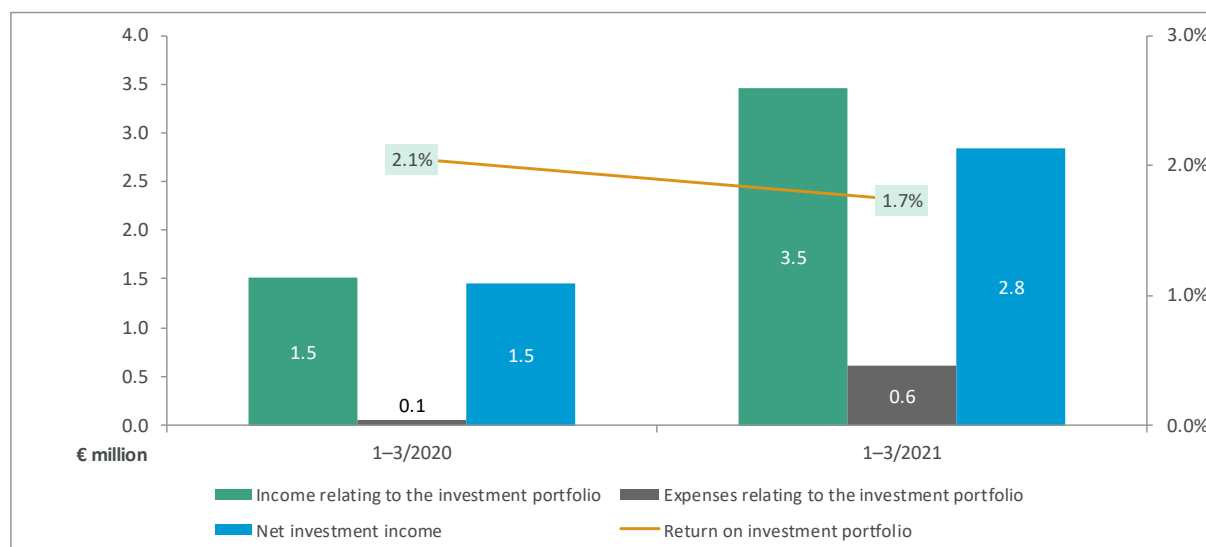
Consolidated gross expense ratio; life segment



The consolidated gross expense ratio dropped by 9.6 p.p. year on year, as the result of the inclusion of Vita, which, thanks to its specific sales model, operates on a lower gross expense ratio. Life insurance companies outside Slovenia saw a decline in their gross expense ratio of 4.1 p.p. (gross operating expenses declined faster than gross premiums written).

Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); life business (excluding life business of policyholders who bear the investment risk)



In the first quarter of 2021, net investment income relating to life business totalled EUR 2.8 million, up EUR 1.3 million year on year. The increase in net investment income is partly due to the inclusion of the Vita portfolio as of 31 May 2020. The return on the life insurance investment portfolio was 1.7% in the reporting period.

2.4 Pensions and asset management

The pensions and asset management segment comprises the operations of the following companies:

- Sava Pokojninska (SVN)
- Sava Penzisko Društvo (MKD)
- Sava Infond (SVN)

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 7.7 “Segment reporting”.

Annuity part

EUR	1-3/2021	1-3/2020	Index
Gross premiums written	1,006,287	967,279	104.0
Gross claims paid	-286,655	-219,080	130.8
Change in other net technical provisions (+/-)	-726,572	-834,895	87.0

The annuity part comprises the operations of Sava Pokojninska. The gross premiums written relate to the annuity fund and increased by 4.0% in the first quarter of 2021 year on year.

Gross claims paid include supplementary pension annuity payouts, which increased by 30.8% in the first quarter of 2021 compared to the previous year. After insured persons meet pension eligibility requirements, their assets are transferred from savings accounts to annuity accounts, which creates growth for annuity funds.

The third section of the table comprises changes in the technical provision relating to the annuity funds. The change in other net technical provisions is the result of premiums paid in and claims paid out.

Accumulation phase

Other technical income and other income (accumulation phase; pensions and asset management segment)

EUR	1–3/2021	1–3/2020	Index
Other technical income and other income	3,813,187	3,307,856	115.3

Other technical income and other income include:

- income of the Slovenian pension company relating to entry charges paid by customers, exit charges, management fees that belong to the company in the management of a group of liability funds, and overheads charged to customers when transferring assets from the accumulation phase to the payout phase;
- income of the North Macedonian pension company relating to entry charges paid by customers and management fees to which the company is entitled for the management of mandatory and voluntary pension funds; and
- income of the Slovenian asset management company mainly relating to entry and exit charges, and management fees charged by the company for fund management.

All companies belonging to this segment achieved growth in the “other technical income and other income” item in the first quarter of 2021 year on year, with Sava Infond achieving the largest growth.

Performance of funds under management (accumulation phase; pensions and asset management segment)

EUR	1–3/2021	1–3/2020	Index
Opening balance of fund assets (31 December)	1,241,028,424	1,119,667,192	110.8
Fund inflows	43,532,613	35,658,134	122.1
Fund outflows	-12,279,923	-22,178,586	55.4
Asset transfers	-998,236	-1,366,622	73.0
Net investment income of fund	45,532,576	-92,576,129	-
Entry and exit charges	-546,556	-507,952	107.6
Fair value reserve and exchange differences	-515,838	-2,934,434	17.6
Closing balance of fund assets (31 March)	1,315,753,061	1,035,761,604	127.0

Fund inflows into the group of funds of the Slovenian pension company increased by 4.6% in the first quarter 2021 year on year. This was driven primarily by the increase in the average contribution. In the first quarter of 2021, inflows into the mandatory and voluntary funds of the North Macedonian pension company dropped by 1.3% year on year, with lower inflows into the voluntary fund due to the Covid-19 crisis, and roughly flat inflows into the mandatory fund year on year. Net inflows into the mutual funds of the Slovenian asset management company totalled EUR 14.5 million in the first quarter of 2021 (first quarter of 2020: EUR -4.2 million).

The liability funds of the Slovenian pension company achieved a 1.1% return in the first quarter of 2021 (first quarter of 2020: -6.0%); the mandatory and voluntary pension funds managed by the North Macedonian pension company achieved a return of 2.8% (first quarter of 2020: -4.9%); the Slovenian company for managing mutual funds achieved a return of 5.7% on mutual funds (first quarter of 2020: -15.9%). The negative returns generated in the first quarter of last year were due to significantly unfavourable developments in the financial markets related to the pandemic.

Funds under management at period end (accumulation phase; pensions and asset management segment)

EUR	31 March 2021	31 December 2020	Index
Sava Pokojninska	157,749,977	155,439,532	101.5
Sava Penzisko Društvo	710,063,726	676,400,347	105.0
Sava Infond	447,939,358	409,188,545	109.5
Total	1,315,753,061	1,241,028,424	106.0

Since the North Macedonian pension company and the Slovenian company that manages mutual funds merely manage assets, the value of assets under management is not included in the statement of financial position.

*Operating expenses**Operating expenses; pensions and asset management segment*

EUR	1–3/2021	1–3/2020	Index
Operating expenses	2,466,070	2,225,466	110.8

In the first quarter of 2021, operating expenses rose by 10.8% year on year. Operating expenses also include amortisation of a client list of the North Macedonian pension company (first quarter of 2021: EUR 0.10 million, first quarter of 2020: EUR 0.10 million) and the amortisation of contractual relationships with Sava Infond clients (first quarter of 2021: EUR 0.16 million, first quarter of 2020: EUR 0.00 million). If this amortisation is excluded, operating expenses of the pensions and asset management segment show a year-on-year increase of 3.8% in the first quarter of 2021.

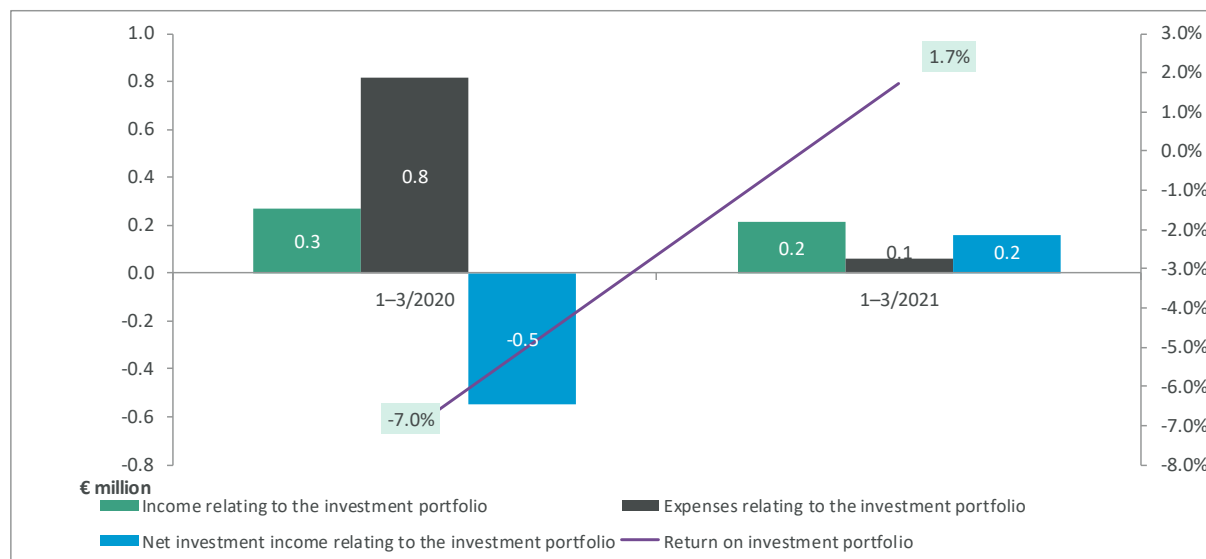
*Profit or loss for the period**Consolidated profit or loss before tax; pensions and asset management segment*

EUR	1–3/2021	1–3/2020	Index
Profit or loss before tax	1,298,831	-34,382	-

The pensions and asset management segment recorded a EUR 1.3 million improvement in the consolidated pre-tax profit for the first quarter of 2021 compared to the same period last year. This was chiefly contributed by Sava Pokojninska, which made a loss of EUR 0.8 million in the first quarter of last year because of markedly unfavourable movements in financial markets due to Covid-19 and the setting of a provision for failure to achieve guaranteed returns. All companies making up this segment improved their results in the first quarter of 2021 year on year.

Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); pensions segment¹²



In the first quarter of 2021, net investment income relating to the portfolio of the pension companies totalled EUR 0.2 million, up EUR 0.7 million year on year, chiefly on account of lower expenses for the change in fair value of FVTPL assets (first quarter of 2021: EUR 0.01 million; first quarter of 2020: EUR 0.8 million). The investment return for the period was 1.7%.

2.5 Other

The “other” segment comprises the subsidiaries TBS Team 24 and S Estate, and the two equity-accounted associates ZTSR and G2I.

TBS Team 24 contributed EUR 0.21 million to the consolidated result of the segment in the first quarter of 2021 (first quarter of 2020: EUR 0.14 million). The company ZTSR contributed EUR 0.30 million to the consolidated result of the segment in the first three months of 2021 (first quarter of 2020: EUR -0.02 million), whereas G2I contributed EUR -28,460 (first quarter 2020: EUR -4,326).

¹² The table includes the portfolios of Sava Pokojninska (excluding investment contracts), Sava Penzisko Društvo (excluding the return on the funds because the assets managed by Sava Penzisko Društvo are not disclosed in its statement of financial position) and Sava Infond.

3 Financial position

As at 31 March 2021, total assets of the Sava Insurance Group stood at EUR 2,568.7 million, an increase of 4.1% over year-end 2020. Below we set out items of assets and liabilities in excess of 5% of total assets as at 31 March 2021 and items that changed by more than 2% of equity. For the sake of presenting a full overview, the investment portfolio is presented as made up of financial investments, investment property, financial investments in associates, and cash and cash equivalents (although certain categories do not achieve the threshold mentioned above).

3.1 Assets

Consolidated total assets by type

EUR		31 March 2021	As % of total 31 March 2021	31 December 2020	As % of total 31 December 2020
ASSETS		2,568,670,417	100.0%	2,467,251,303	100.0%
1	Intangible assets	64,200,043	2.5%	64,278,611	2.6%
2	Property, plant and equipment	49,693,924	1.9%	48,336,491	2.0%
3	Right-of-use assets	8,995,515	0.4%	8,648,594	0.4%
4	Deferred tax assets	5,235,982	0.2%	4,924,819	0.2%
5	Investment property	15,968,316	0.6%	16,121,079	0.7%
6	Financial investments in associates	18,689,130	0.7%	15,056,143	0.6%
7	Financial investments	1,432,286,466	55.8%	1,430,149,336	58.0%
8	Assets held for the benefit of policyholders who bear the investment risk	446,688,414	17.4%	411,224,812	16.7%
9	Reinsurers' share of technical provisions	48,280,990	1.9%	42,609,217	1.7%
10	Investment contract assets	162,150,120	6.3%	158,765,028	6.4%
11	Receivables	178,711,787	7.0%	153,871,498	6.2%
12	Deferred acquisition costs	27,521,203	1.1%	24,278,003	1.0%
13	Other assets	6,040,932	0.2%	4,240,414	0.2%
14	Cash and cash equivalents	102,919,255	4.0%	83,458,594	3.4%
15	Non-current assets held for sale	1,288,340	0.1%	1,288,664	0.1%

3.1.1 Investment portfolio

The investment portfolio consists of the following statement of financial position items: financial investments (7), investment property (5), financial investments in associates (6), and cash and cash equivalents (14).

Sava Insurance Group investment portfolio

EUR	31 March 2021	31 December 2020	Absolute change	Index
Deposits	21,263,479	22,415,444	-1,151,965	94.9
Government bonds	674,657,985	660,779,506	13,878,479	102.1
Corporate bonds	604,050,017	618,881,506	-14,831,489	97.6
Shares	41,105,643	38,602,296	2,503,347	106.5
Quoted shares	39,277,256	36,773,902	2,503,354	106.8
Unquoted shares	1,828,387	1,828,394	-7	100.0
Mutual funds	35,529,777	38,313,074	-2,783,297	92.7
Bond and money market funds	26,070,049	29,875,603	-3,805,554	87.3
Equity and mixed mutual funds	9,459,728	8,437,471	1,022,257	112.1
Infrastructure funds	31,651,408	27,436,469	4,214,939	115.4
Real estate funds	14,494,121	14,340,307	153,814	101.1
Loans granted	2,013,472	2,119,569	-106,097	95.0
Loans granted to third parties	500,765	563,667	-62,902	88.8
Infrastructure loans granted	1,512,707	1,555,902	-43,195	97.2
Deposits with cedants	7,520,564	7,261,165	259,399	103.6
Total financial investments	1,432,286,466	1,430,149,336	2,137,130	100.1
Financial investments in associates	18,689,130	15,056,143	3,632,987	124.1
Investment property	15,968,316	16,121,079	-152,763	99.1
Cash and cash equivalents	90,428,030	73,956,821	16,471,209	122.3
Total investment portfolio	1,557,371,942	1,535,283,379	22,088,563	101.4
Assets held for the benefit of policyholders who bear the investment risk	459,179,639	420,726,585	38,453,054	109.1
- Financial investments	446,688,414	411,224,812	35,463,602	108.6
- Cash and cash equivalents	12,491,225	9,501,773	2,989,452	131.5
Investment contract assets	162,150,120	158,765,028	3,385,092	102.1

As at 31 March 2021, the investment portfolio of the Sava Insurance Group totalled EUR 1,557.4 million, an increase of EUR 22.1 million from year-end 2020. The growth in the investment portfolio was mainly affected by the cash flow from core (re)insurance business. Financial investments in associates increased by EUR 3.3 million reflecting the recapitalisation of ZTSR to prepare the company for an expansion into the healthcare sector. The increase in cash and cash equivalents is of a short-term nature, as not all proceeds from investments that matured or were sold were reinvested in longer-term asset classes.

Composition of the investment portfolio

EUR	31 March 2021	31 December 2020	Change in structure, p.p., 31 March 2021 - 31 December 2020
Fixed-rate financial investments	89.3%	89.6%	-0.3
Shares	2.6%	2.5%	0.1
Mutual funds	2.3%	2.5%	-0.2
Infrastructure funds	2.0%	1.8%	0.2
Property	1.0%	1.1%	0.0
Real estate funds	0.9%	0.9%	0.0
Other*	1.8%	1.6%	0.2
Total	100.0%	100.0%	0.0

* The "other" item comprises deposits with cedants, loans granted and financial investments in associates.

Composition of fixed-rate investments

EUR	31 March 2021	31 December 2020	Change in structure, p.p., 31 March 2021 - 31 December 2020
Government bonds	39.8%	39.7%	0.1
Regular corporate bonds	32.0%	32.8%	-0.8
Cash and cash equivalents	5.8%	4.8%	1.0
Covered bonds	3.6%	4.2%	-0.6
Government-guaranteed bonds	3.5%	3.4%	0.1
Subordinated bonds	3.2%	3.2%	-0.1
Deposits	1.4%	1.5%	-0.1
Total	89.3%	89.6%	-0.3

As at 31 March 2021, fixed-rate investments accounted for 89.3% of the portfolio, largely unchanged compared to the year-end. There were no significant changes in the asset allocation of fixed-rate investments.

3.1.2 Assets held for the benefit of policyholders who bear the investment risk

Assets held for the benefit of policyholders who bear the investment risk are a major asset item (8). Unit-linked products in the Sava Insurance Group are marketed by Zavarovalnica Sava and Vita.

The funds of these policyholders are recorded as financial investments (mainly in mutual funds selected by policyholders) and cash. As at 31 March 2021, financial investments totalled EUR 446.7 million, and cash and cash equivalents stood at EUR 12.5 million. Compared to 31 December 2020, assets increased by EUR 38.5 million, which was mainly the result of an increase in the market value of investments.

3.1.3 Investment contract assets

The investment contract assets item (10) includes liability fund assets relating to the group of life cycle funds that have been managed by the Sava Pokojninska pension company for the benefit of policyholders since 1 January 2016 and part of the assets of the annuity fund, the policies of which do not qualify as insurance contracts. As at 31 March 2021, investment contract assets totalled EUR 162.2 million, up 2.1% compared to 31 December 2020.

This increase was mainly due to net investment income of EUR 1.7 million, net inflows of EUR 0.6 million (in the first quarter of 2021: EUR 3.9 million of inflows and EUR 3.3 million of outflows including entry charges) and a EUR 0.7 million increase in assets backing annuity policies, which are not classified as insurance but investment contracts due to low underwriting risk. As at 31 March 2021, investments relating to investment contracts accounted for 92.9% of total investment contract assets; the rest were receivables, investment property, and cash and cash equivalents arising from investment contracts.

Assets under the management of Sava Penzisko Društvo are not shown in the Group's statement of financial position; these amounts are shown in section 2.4 "Pensions and asset management".

3.1.4 Receivables

Receivables (11) increased by 16.1%, or EUR 24.8 million, compared to year-end 2020 (31 March 2020: an increase of 22.8%, or EUR 36.3 million). The largest increase was with receivables arising from primary insurance business, up EUR 23.9 million, or 17.6%, compared to 31 December 2020, with a EUR 28.4 million increase in not-past-due receivables. Receivables past due more than 1 year decreased by EUR 3.0 million, and receivables past due less than 1 year by EUR 1.5 million. In absolute terms, the largest increase in receivables arising from primary insurance business was in the

reinsurance segment in Slovenia (an increase of EUR 13.0 million; 31 March 2020: EUR 16.3 million) and in the Slovenian non-life segment (an increase of EUR 10.0 million; 31 March 2020: EUR 17.1 million). The reason for the increase in the non-life segment is the annual renewal of insurance contracts with legal entities; in the reinsurance segment, the increase is due to the renewal of reinsurance contracts with cedants and the timing of making estimates for reinsurance business. This is followed by the increase in receivables arising from reinsurance and co-insurance business, up EUR 2.1 million or 34.5% from 31 December 2020. Compared to year-end 2020, other assets shrank by EUR 0.9 million, with a decline of EUR 1.3 million in the reinsurance segment because of a drop in other short-term receivables from financial investments (a decline of EUR 2.1 million).

3.2 Equity and liabilities

Consolidated total equity and liabilities by type

EUR		31 March 2021	As % of total 31 March 2021	31 December 2020	As % of total 31 December 2020
EQUITY AND LIABILITIES		2,568,670,417	100.0%	2,467,251,303	100.0%
1	Shareholders' equity	476,876,004	18.6%	460,214,488	18.7%
	Share capital	71,856,376	2.8%	71,856,376	2.9%
	Capital reserves	42,696,093	1.7%	43,035,948	1.7%
	Profit reserves	202,405,552	7.9%	202,285,580	8.2%
	Own shares	-24,938,709	-1.0%	-24,938,709	-1.0%
	Fair value reserve	33,726,030	1.3%	40,173,090	1.6%
	Reserve due to fair value revaluation	1,039,164	0.0%	964,485	0.0%
	Retained earnings	129,491,097	5.0%	73,413,529	3.0%
	Net profit or loss for the period	23,492,252	0.9%	56,197,540	2.3%
	Translation reserve	-3,285,346	-0.1%	-3,266,013	-0.1%
	Equity attributable to owners of the controlling company	476,482,509	18.5%	459,721,826	18.6%
	Non-controlling interests in equity	393,495	0.0%	492,662	0.0%
2	Subordinated liabilities	75,506,663	2.9%	74,804,974	3.0%
3	Technical provisions	1,260,416,012	49.1%	1,233,312,054	50.0%
4	Technical provisions for the benefit of life insurance policyholders who bear the investment risk	444,971,001	17.3%	409,604,428	16.6%
5	Other provisions	9,391,426	0.4%	9,287,735	0.4%
6	Deferred tax liabilities	13,539,327	0.5%	14,901,575	0.6%
7	Investment contract liabilities	161,976,190	6.3%	158,596,453	6.4%
8	Other financial liabilities	1,330,872	0.1%	470,937	0.0%
9	Liabilities from operating activities	69,538,823	2.7%	58,412,273	2.4%
10	Lease liability	8,660,865	0.3%	8,255,225	0.3%
11	Other liabilities	46,463,234	1.8%	39,391,161	1.6%

3.2.1 Shareholders' equity

Shareholders' equity (1) increased by 3.6%, or EUR 16.7 million, compared to year-end 2020. The net profit for the year had a positive impact on the change in shareholders' equity, of EUR 23.5 million. The fair value reserve contributed EUR 6.4 million to the decline.

Retained earnings increased year on year by EUR 56.1 million because of the allocation of the full profit for the year 2019 to this item (with no upward effect on shareholders' equity as at 31 March 2021).

3.2.2 Technical provisions

Gross technical provisions (3) are the largest item on the liabilities side. The balance as at 31 March 2021 was an increase of 2.2%, or EUR 27.1 million, over year-end 2020. The largest increase was in unearned premiums (up EUR 37.4 million), whereas mathematical provisions shrank by EUR 9.6 million.

Development of consolidated gross technical provisions

EUR	31 March 2021	31 December 2020	Index
Gross unearned premiums	247,996,493	210,614,842	117.7
Gross mathematical provisions	456,017,835	465,641,679	97.9
Gross provision for outstanding claims	547,926,121	547,764,679	100.0
Gross provision for bonuses, rebates and cancellations	1,339,851	1,300,797	103.0
Other gross technical provisions	7,135,712	7,990,057	89.3
Gross technical provisions	1,260,416,012	1,233,312,054	102.2

Gross technical provisions attributable to the reinsurance segment grew by 10.0%, or EUR 19.1 million, compared to year-end 2020. The increase is due to the rise in unearned premiums as the result of the annual dynamics of underwriting reinsurance business (increase of EUR 15.3 million; first quarter of 2020: EUR 15.5 million).

Gross technical provisions attributable to the non-life segment grew by 3.2%, or EUR 17.7 million, compared to year-end 2020, of which the growth in unearned premiums was EUR 22.1 million (first quarter of 2020: increase of EUR 29.5 million).

Gross mathematical provisions declined by 2.1% (or EUR 9.6 million), mainly reflecting the lower balances at Zavarovalnica Sava and Vita. The other insurance companies saw a rise in provisions, and this partly offset the decline in EU-based insurers, which is a result of life policy maturities.

The provision for bonuses, rebates and cancellations account for only a small proportion and remained flat compared to 2020.

Other gross technical provisions include gross provisions for unexpired risks. These dropped by EUR 0.8 million from year-end 2020, which entirely relates to the decline in the Slovenian non-life segment.

3.2.3 Technical provisions for the benefit of life insurance policyholders who bear the investment risk

As at 31 March 2021, gross technical provisions for unit-linked life insurance (4) totalled EUR 445.0 million, up 8.6%, or EUR 35.4 million, mainly due to portfolio growth, transfer of assets from guaranteed traditional life to unit-linked life business and movement in the funds of Vita.

3.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska totalled EUR 162.0 million as at 31 March 2021, up 2.1%, or EUR 3.4 million, from year-end 2020. Their movement is in line with investment contract assets, driven largely by new premium contributions, payouts and changes in fund unit prices.

3.2.5 Liabilities from operating activities

Liabilities from operating activities (9) totalled EUR 69.5 million as at 31 March 2021, up 19.0%, or EUR 11.1 million, compared to year-end 2020 (31 March 2020: increase of EUR 13.6 million), reflecting

renewals of annual reinsurance contracts, increased liabilities for reinsurance and co-insurance business, which rose by EUR 7.6 million, and EUR 2.9 million higher current tax liabilities.

3.3 Sources of funding and their maturity

As at 31 March 2021, the Sava Insurance Group held EUR 476.9 million in equity and EUR 75.5 million in subordinated liabilities. In October 2019, the parent company issued subordinated bonds with a scheduled maturity of 2039 and an early recall option for 7 November 2029. The bond is admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at 31 March 2021, the market price of the bond was 103.4% and the market value EUR 78,631,839.

3.4 Cash flow

In the first quarter of 2021, the Sava Insurance Group's net cash from operating activities was positive, at EUR 44.5 million (first quarter of 2020: negative net cash of EUR 13.2 million). Positive effects on net cash came from (i) the increase in net profit for the period due to lower net claims incurred, (ii) the inclusion of Vita in the Group and (iii) increased net investment income reflecting growth of the investment portfolio. Furthermore, net cash from operating activities grew because of a slower growth in receivables year on year as the result of a slower premium growth. The increase in the change in mathematical provisions for policyholders who bear the investment risk needs to be seen in conjunction with adjustments to other financial income and expenses, including realised and unrealised gains and losses on investments of life insurance policyholders who bear the investment risk, and the increase in life insurance premiums; therefore, it has no material impact on the difference in net cash from operating activities.

In the same period, the Sava Insurance Group recorded negative net investment cash flow of EUR 23.9 million (first quarter of 2020: positive net cash flow of EUR 34.0 million). The negative net cash flow was due to lower proceeds from the sale of financial investments of EUR 167.7 million (first quarter of 2020: EUR 272.1 million) and lower expenses for the purchase of financial investments of EUR 193.1 million (first quarter of 2020: EUR 239.5 million). In the first quarter of 2021, net investment cash flow was negative of EUR 25.4 million (first quarter of 2020: positive cash flow of EUR 32.6 million), as the result of more intensive investment activity in the reporting period.

The Sava Insurance Group did not pay any dividends in the first quarters of 2021 or 2020. In this period, it recorded negative net financing cash flow (first quarter of 2021: EUR 1.2 million, first quarter of 2020: EUR 0.9 million) owing to long-term lease liabilities.

The closing balance of cash and cash equivalents declined by EUR 10.8 million. The net cash flow for the first quarter of 2021 was EUR 0.4 million below the year-on-year figure.

3.5 Sava Re rating profile

Sava Re is rated by two rating agencies, Standard & Poor's and AM Best.

Financial strength ratings of Sava Re

Agency	Rating ¹³	Outlook	Latest review
Standard & Poor's	A	stable	August 2020: affirmed existing rating
AM Best	A	stable	October 2020: affirmed existing rating

¹³ The credit rating agency Standard & Poor's uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (-) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.

AM Best uses the following categories to assess financial strength: A++, A+ (superior), A, A- (excellent), B++, B+ (Good), B, B- (fair), C++, C+ (marginal), C, C- (weak), D (poor), E (under regulatory supervision), F (in liquidation), S (suspended).

4 Personnel

Number of employees by Sava Insurance Group member

	31 March 2021	31 December 2020	Change
Zavarovalnica Sava	1,261.7	1,294.6	-33.0
Sava Neživotno Osiguranje (SRB)	336.0	317.0	19.0
Sava Osiguruvanje (North Macedonia)	217.8	223.8	-6.0
Illyria (RKS)	189.3	201.5	-12.3
Sava Osiguranje (MNE)	129.5	130.3	-0.8
Sava Re	117.7	119.4	-1.7
Sava Životno Osiguranje (SRB)	87.0	79.9	7.1
Illyria Life (RKS)	63.0	65.0	-2.0
Sava Car (MNE)	48.5	48.3	0.3
Vita (SVN)	46.0	46.2	-0.2
Sava Penzisko Društvo (MKD)	35.0	34.0	1.0
Sava Infond (SVN)	30.7	29.6	1.1
TBS Team 24 (SVN)	29.0	28.0	1.0
ZS Svetovanje (SVN)	28.0	24.0	4.0
Sava Agent (MNE)	17.5	17.0	0.5
Sava Pokojninska (SVN)	13.0	13.0	0.0
Sava Station (MKD)	11.3	10.3	1.0
Ornatus KC (SVN)	9.0	9.0	0.0
Total	2,669.8	2,690.7	-20.9

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees of insurance companies is subject to change, mainly due to fluctuations in the agency network. Vita brought along about 46 employees when joining the Group, whereas the rise in the number of employees at Sava Neživotno Osiguranje (SRB) reflects the expansion in its own sales network. The decline in the work force of the Sava Insurance Group is the result of a reduced headcount at the Croatian branch.

5 Risk management

In their operation, the Group companies are exposed to various categories of risk: insolvency risk, underwriting risk, risk of failing to achieve guaranteed returns, market risk, credit risk, liquidity risk, operational risk and strategic risk. The Group companies identify, measure, manage, monitor and report on these risks in line with prescribed risk management processes. In addition, these risk management processes are set up at the Group level. The processes and methods of measuring and managing risk, and the exposure of the Group to the various categories of risk are detailed in the 2020 Sava Insurance Group annual report and are therefore not repeated in this report.

Certain risks are elevated because of the Covid-19 crisis but now that we have operated in exceptional circumstances for over a year, we have obtained a better understanding of the risk than at the onset of the pandemic. Group companies identify, monitor, analyse and manage risk on an ongoing basis at both the company and Group levels. These risks are periodically reported so that timely measures for their management can be taken. We believe that these risks are well managed by the Group. In the first quarter of 2021, Covid-19 did not have a negative impact on the underwriting or investment results of the Group.

5.1 Capital adequacy and capital management

The Sava Insurance Group calculates its solvency position using the Solvency II standard formula. The calculation of the Group's solvency position as at 31 December 2020 shows that the Group is well capitalised and has a solvency ratio of 198%. The Group's Solvency Capital Requirement (hereinafter: Group SCR) totalled EUR 287.4 million as at 31 December 2020, and eligible own funds to meet the Group SCR were EUR 567.8 million. Details on the valuation, the calculation of eligible own funds and the Group's SCR as at 31 December 2020 are set out in the "Solvency and financial condition report of the Sava Insurance Group 2020" available on the Sava Re website.

The Group has a strong solvency ratio and its insolvency risk is small. Taking into account the assessed potential impacts of Covid-19, the Group assesses that, even at the end of 2021, it will maintain a high solvency ratio, and its solvency will not be compromised. Capital adequacy projections in the own risk and solvency assessment (ORSA) for 2021–2023 also indicate a high solvency ratio in line with both statutory and internal criteria. The robustness of capital adequacy has also been demonstrated by stress tests and scenarios carried out.

5.2 Underwriting risks

The Group's insurance companies assume risk from policyholders and mostly transfer excess risk to Sava Re. Sava Re also assumes risk from other cedants; any excess is retroceded to other reinsurers.

The Group is exposed to the following non-life underwriting risks: premium risk, reserving risk and catastrophe risk. Its life operations are exposed to lapse risk, life expense risk and mortality risk.

An increase in realised underwriting risk would essentially result in an increase in net claims. Because the Group has an adequate retrocession programme in place, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic loss events. A more likely scenario that the Group is exposed to is the deterioration of the net combined ratio as a result of an increase in claims or expenses along with a decrease in premiums. A rise/drop in the Group's net combined ratio relating to non-life (re)insurance business of one percentage point in the first quarter of 2021, would decrease/increase its profit before tax by EUR 1.3 million in the period (first quarter of 2020: EUR 1.2 million).

The Group's exposure to underwriting risk did not change significantly in the first quarter of 2021 compared to year-end 2020. The risk of major Covid-19-related business interruption claims is elevated in accepted reinsurance business written in Anglo-Saxon markets and in FoS insurance business written in the Republic of Ireland. At year-end 2020, provisions were also set aside for potential legal defence costs that could be incurred based on the current circumstances. These remained at the same level in the first quarter compared to the year end. To date, we have perceived no increase in risk in other portfolios or with regard to trip cancellation, event cancellation or other potential Covid-19-related claims.

5.3 Financial risks

In their financial operations, individual Group companies are exposed to financial risks comprising market, liquidity and credit risk as well as the risk of failure to realise guaranteed returns on life business.

5.3.1 Market risk

As part of market risk, the Group makes assessments of interest rate risk, equity risk, property risk and currency risk.

The investment portfolio sensitive to market risk as at 31 March 2021 of EUR 1,630.9 million grew by EUR 15.3 million since 31 December 2020.

Interest rate risk

The total value of investments included in the calculation as at 31 March 2021 was EUR 1,413.3 million (31 December 2020: EUR 1,425.9 million). Of this, EUR 709.1 million (31 December 2020: EUR 689.9 million) relates to non-life (re)insurance assets, and EUR 704.1 million (31 December 2020: EUR 735.9 million) to assets of life insurers.

The average maturity of non-life insurance and reinsurance assets was 4.35 years as at 31 March 2021, whereas the expected maturity of non-life and reinsurance obligations was 2.04 years.

The average maturity of life insurance assets was 6.17 years as at 31 March 2021, and the average duration of life insurance obligations was 6.11 years.

In the first quarter of 2021, interest rate risk remained at approximately the same level as at year-end 2020.

Equity risk

The value of investments that the Company included in the equity risk calculation totalled EUR 82.7 million as at 31 March 2021 (31 December 2020: EUR 74.5 million). A 10% drop in equity prices would result in a decline of EUR 8.2 million (31 December 2020: EUR 7.4 million).

We assess that the risk increased slightly in the first quarter of 2021 as the result of rising stock prices and a somewhat larger exposure.

Currency risk

The Company monitors the matching of assets and liabilities by both the ALM aspect (by accounting currency) and the accounting aspect (by transaction currency). As at 31 March 2021, the position was 98.7% matched according to the ALM aspect (31 December 2020: 98.4%) and 96.5% matched as at 31 March 2021 according to the accounting aspect (31 December 2020: 96.2%).

Matching risk remained at about the same level in the period compared to year-end 2020.

Property risk

As at 31 March 2021, the value of the Group's investments exposed to property risk stood at EUR 30.5 million (31 December 2020: EUR 30.5 million) and did not substantially change compared to the previous period.

In addition to investment property, real estate funds shown as alternative investments under financial investments are also exposed to the risk.

The risk of alternative investments was determined based on stressed values. We assumed a 15% decrease in the value of investment property and real estate funds. The selected shock would reduce the value of the Group's investments sensitive to investment property risk by EUR 4.6 million (31 December 2020: EUR 4.6 million).

Property risk relating to investment property remained at approximately the same level as at year-end of 2020.

5.3.2 Risk of failure to realise guaranteed returns

Investment contracts

The Group classifies as investment contracts its voluntary supplementary pension insurance (VSPI) business of the Sava Pokojninska pension company during the accumulation phase, which is part of the company's group of liability funds (MY-Life-Cycle Funds).

The value of investments covering investment contract liabilities totalled EUR 162.2 million as at 31 March 2021, up EUR 3.4 million from 31 December 2020.

The risk of failing to achieve guaranteed returns remained on the same level as at year-end 2020.

Traditional and unit-linked life insurance contracts

The Group is exposed to the risk of failure to realise the guaranteed NAVPS (net asset value per share) on its traditional life business and unit-linked life business with a guaranteed return. The return on financial investments realised fell short of the guaranteed return on the liabilities side. The shortfall for the first quarter of 2021 was EUR 65.0 thousand (first quarter of 2020: shortfall of EUR 133.8 thousand).

5.3.3 Credit risk

As at 31 March 2021, investment grade fixed-rate investments accounted for 85.3% of the total fixed-rate portfolio (31 December 2020: 82.9%). In the current 2021 reporting period, the weighting in these investments rose moderately compared to the year-end.

As at 31 March 2021, the exposure to the ten largest issuers was EUR 456.2 million, representing 28.0% of financial investments (31 December 2020: EUR 451.7 million; 35.6%). The largest single issuer of securities to which the Group is exposed is the Republic of Slovenia (31 March 2021: EUR 124.5 million; 7.6%; 31 December 2020: EUR 139.2 million; 8.6%), and the maximum single exposure to any commercial issuer was 2.1% of the Group's financial investments.

Based on the above, we estimate that, particularly through reducing their exposure to Slovenia and increased diversification by issuer, region and industry, the Sava Insurance Group companies managed their exposure to credit risk well in the first quarter of 2021.

We estimate that credit risk remained at the same level as at year-end 2020.

5.3.4 Liquidity risk

In the reporting period, the Group companies did not change their monitoring or management of liquidity risk. The Group's liquidity position remains good, as liquidity is well-controlled and managed, and the companies hold an adequate level of highly liquid assets. We estimate that, in the first quarter of 2021, liquidity risk remained unchanged and low.

5.4 Operational risks

The Group periodically measures operational risks in terms of qualitative assessment of the probability of loss and financial severity of risks listed in the risk register.

Operational risks are not among the Group's most significant risks. The Group's exposure to operational risk did not change significantly in the reporting period compared to year-end 2020. According to our estimates, the exposure to Covid-19-related operational risks increased somewhat but is well-managed in the Group.

5.5 Strategic risks

Strategic risks are by nature very diverse, difficult to quantify and heavily dependent on various (including external) factors. The Group and its subsidiaries are exposed to a diverse range of internal and external strategic risks.

Strategic risks are assessed qualitatively in the risk register by assessing the probability of loss and the potential financial severity of each event. In addition, we seek to quantify key strategic risks by analysing diverse scenarios.

In the first quarter of 2021, the Group's exposure to strategic risk remained at a similar level as at year-end 2020, but is elevated because of potential Covid-19-related effects.

Since the onset of the Covid-19 crisis, the Group has been monitoring and analysing the situation, introducing relevant mitigating measures. This has continued in 2021: intensified monitoring of developments and risks in the Group companies, conducting activities to mitigate negative impacts on operations, continuous monitoring of sales and business performance, analysing potential impacts of Covid-19. We assess that the Group's strategic risk was also managed adequately during the emergency situation.

5.6 Risk exposure up until year-end 2021

The main risks that the Group is exposed to remain underwriting risk, followed by market risk. The realisation of underwriting risk is fortuitous. Underwriting risk could be realised to a larger extent as the result of a larger number of catastrophic events (in Slovenia and abroad) or Covid-19 in connection with business interruption coverage in some business segments. In the first quarter of 2021, a large part of the world was faced with a new wave of Covid-19. However, vaccination against Covid-19 started in early 2021. This has led to a slight improvement in the situation in both financial markets and in the economy. Expectations regarding trends in financial markets in 2021 are positive, mainly due to the increasing percentage of the population vaccinated, the resulting faster opening of the economy and associated favourable economic developments. Nevertheless, uncertainty about the situation in financial markets remains high, which is why we will continue to monitor the situation closely. We expect the exposure to strategic and operational risk to decline towards the end of 2021 thanks to an increasing vaccination coverage of the population. Since the situation remains unpredictable, we will remain vigilant.

Summary of financial statements with notes

6 Unaudited condensed financial statements

6.1 Unaudited statement of financial position

EUR	Sava Insurance Group		Sava Re	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
ASSETS	2,568,670,417	2,467,251,303	798,682,743	756,640,585
Intangible assets	64,200,043	64,278,611	1,964,470	1,947,056
Property, plant and equipment	49,693,924	48,336,491	2,361,470	2,356,848
Right-of-use assets	8,995,515	8,648,594	259,418	89,258
Deferred tax assets	5,235,982	4,924,819	3,666,943	3,487,337
Investment property	15,968,316	16,121,079	7,995,208	8,031,875
Financial investments in subsidiaries and associates	18,689,130	15,056,143	322,817,412	319,097,412
Financial investments:	1,432,286,466	1,430,149,336	279,146,127	269,537,788
- Loans and deposits	30,797,515	31,796,178	12,124,890	12,228,804
- Held to maturity	39,522,931	43,679,425	2,708,074	2,816,598
- Available for sale	1,332,599,320	1,327,264,062	256,531,758	246,840,118
- At fair value through profit or loss	29,366,700	27,409,671	7,781,405	7,652,268
Assets held for the benefit of policyholders who bear the investment risk	446,688,414	411,224,812	0	0
Reinsurers' share of technical provisions	48,280,990	42,609,217	36,153,485	31,935,116
Investment contract assets	162,150,120	158,765,028	0	0
Receivables	178,711,787	153,871,498	112,436,575	86,753,033
Receivables arising out of primary insurance business	159,147,506	135,285,588	106,065,236	79,662,908
Receivables arising out of reinsurance and co-insurance business	8,142,049	6,054,576	5,353,658	4,461,167
Current tax assets	277,165	529,831	0	325,472
Other receivables	11,145,067	12,001,503	1,017,681	2,303,486
Deferred acquisition costs	27,521,203	24,278,003	8,268,648	5,837,477
Other assets	6,040,932	4,240,414	758,657	487,239
Cash and cash equivalents	102,919,255	83,458,594	22,854,329	27,080,146
Non-current assets held for sale	1,288,340	1,288,664	0	0
EQUITY AND LIABILITIES	2,568,670,417	2,467,251,303	798,682,743	756,640,585
Shareholders' equity	476,876,004	460,214,488	338,748,930	333,869,060
Share capital	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	42,696,093	43,035,948	54,239,757	54,239,757
Profit reserves	202,405,552	202,285,580	202,818,558	202,818,558
Own shares	-24,938,709	-24,938,709	-24,938,709	-24,938,709
Fair value reserve	33,726,030	40,173,090	5,295,998	6,039,787
Reserve due to fair value revaluation	1,039,164	964,485	70,020	46,586
Retained earnings	129,491,097	73,413,529	23,806,704	34,797,321
Net profit or loss for the period	23,492,252	56,197,540	5,600,225	-10,990,617
Translation reserve	-3,285,346	-3,266,013	0	0
Equity attributable to owners of the controlling company	476,482,509	459,721,826	338,748,930	333,869,060
Non-controlling interests in equity	393,495	492,662	0	0
Subordinated liabilities	75,506,663	74,804,974	75,506,663	74,804,974
Technical provisions	1,260,416,012	1,233,312,054	325,885,265	297,882,871
Unearned premiums	247,996,493	210,614,842	81,763,626	57,411,109
Technical provisions for life insurance business	456,017,835	465,641,679	0	0
Provision for outstanding claims	547,926,121	547,764,679	242,744,028	238,990,653
Other technical provisions	8,475,563	9,290,854	1,377,611	1,481,109
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	444,971,001	409,604,428	0	0
Other provisions	9,391,426	9,287,735	422,488	424,345
Deferred tax liabilities	13,539,327	14,901,575	76,227	76,227
Investment contract liabilities	161,976,190	158,596,453	0	0
Other financial liabilities	1,330,872	470,937	0	0
Liabilities from operating activities	69,538,823	58,412,273	53,327,872	45,389,434
Liabilities from primary insurance business	46,966,195	46,269,833	43,329,637	40,565,890
Liabilities from reinsurance and co-insurance business	14,416,664	6,837,159	9,238,615	4,823,544
Current income tax liabilities	8,155,964	5,305,281	759,620	0
Lease liability	8,660,865	8,255,225	257,580	87,834
Other liabilities	46,463,234	39,391,161	4,457,718	4,105,840

6.2 Unaudited income statement

EUR	Sava Insurance Group		Sava Re	
	1–3/2021	1–3/2020	1–3/2021	1–3/2020
Net premiums earned	166,932,975	142,278,497	38,891,805	37,966,581
Gross premiums written	215,209,967	197,504,302	70,509,667	75,564,147
Written premiums ceded to reinsurers and co-insurers	-17,779,002	-20,761,015	-11,667,402	-14,992,058
Change in gross unearned premiums	-37,562,323	-45,893,263	-24,352,517	-30,845,643
Change in unearned premiums, reinsurers' and co-insurers' shares	7,064,333	11,428,473	4,402,057	8,240,135
Income from investments in subsidiaries and associates	268,505	0	854,194	0
Profit from investments in equity-accounted associate companies	268,505	0	0	0
Other income from investments in subsidiaries and associates	0	0	854,194	0
Investment income	8,713,555	5,395,636	3,215,138	1,824,744
Interest income	4,254,906	3,052,820	639,001	802,895
Other investment income	4,458,649	2,342,816	2,576,136	1,021,849
Net unrealised and realised gains on investments of life insurance policyholders who bear the investment risk	25,481,555	0	0	0
Other technical income	5,295,802	3,138,169	1,863,018	1,110,749
Commission income	2,811,127	1,480,814	1,661,887	995,568
Other technical income	2,484,675	1,657,355	201,131	115,181
Other income	5,641,506	5,050,387	204,918	199,429
Net claims incurred	-101,068,522	-108,705,561	-23,000,697	-25,074,003
Gross claims payments, net of income from recourse receivables	-101,977,267	-112,807,946	-21,766,428	-24,367,884
Reinsurers' and co-insurers' shares	2,357,464	1,543,316	2,702,793	867,763
Change in the gross provision for outstanding claims	-204,472	289,345	-3,753,375	-3,050,305
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-1,244,247	2,269,724	-183,687	1,476,423
Change in other technical provisions	10,521,536	11,852,445	49,429	133,990
Change in technical provisions for policyholders who bear the investment risk	-35,876,621	29,847,961	0	0
Expenses for bonuses and rebates	-56,799	33,678	54,068	47,189
Operating expenses	-50,961,236	-46,778,608	-14,367,438	-11,977,847
Acquisition costs	-22,226,121	-19,711,180	-13,820,284	-13,187,038
Change in deferred acquisition costs	3,185,770	3,630,348	2,431,172	4,378,594
Other operating expenses	-31,920,885	-30,697,776	-2,978,326	-3,169,403
Expenses for investments in associates and impairment losses on goodwill	0	-21,089	0	0
Loss arising out of investments in equity-accounted associate	0	-21,089	0	0
Expenses for financial assets and liabilities	-1,681,067	-3,499,714	-838,349	-2,163,481
Impairment losses on financial assets not at fair value through profit or loss	-75,447	0	0	0
Interest expense	-757,768	-776,403	-704,720	-719,023
Other investment expenses	-847,852	-2,723,311	-133,629	-1,444,458
Net unrealised and realised losses on investments of life insurance policyholders who bear the investment risk	0	-20,378,767	0	0
Other technical expenses	-3,699,577	-4,201,769	-91,395	-306,001
Other expenses	-384,723	-867,606	-44,034	-61,630
Profit or loss before tax	29,126,889	13,143,659	6,790,658	1,699,719
Income tax expense	-5,653,741	-2,841,808	-1,190,433	-471,961
Net profit or loss for the period	23,473,148	10,301,851	5,600,225	1,227,759
Net profit or loss attributable to owners of the controlling company	23,492,252	10,245,058	-	-
Net profit or loss attributable to non-controlling interests	-19,104	56,793	-	-
Earnings per share (basic and diluted)	1.52	0.66	-	-

The change in the weighted average number of shares outstanding is shown in section 7.8.9 “Earnings or loss per share”.

6.3 Unaudited statement of other comprehensive income

EUR	Sava Insurance Group		Sava Re	
	1–3/2021	1–3/2020	1–3/2021	1–3/2020
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	23,473,148	10,301,851	5,600,225	1,227,759
OTHER COMPREHENSIVE INCOME, NET OF TAX	-6,391,632	-17,594,795	-720,356	-3,080,737
a) Items that will not be reclassified subsequently to profit or loss	74,679	-13,333	23,434	-5,105
Net gains/losses relating to investments in equity-accounted associate companies	0	20,063	0	0
Other items that will not be reclassified subsequently to profit or loss	74,725	-33,396	23,434	-5,105
Tax on items that will not be reclassified subsequently to profit or loss	-46	20,063	0	0
b) Items that may be reclassified subsequently to profit or loss	-6,466,311	-17,581,462	-743,790	-3,075,633
Net gains/losses on remeasuring available-for-sale financial assets	-7,896,697	-21,114,093	-918,258	-3,797,079
Net change recognised in the fair value reserve	-7,762,019	-20,275,011	-918,258	-3,797,079
Net change transferred from fair value reserve to profit or loss	-134,678	-839,082	0	0
Tax on items that may be reclassified subsequently to profit or loss	1,449,998	3,851,718	174,469	721,446
Net gains or losses from translation of financial statements of non-domestic companies	-19,612	-319,087	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	17,081,516	-7,292,944	4,879,869	-1,852,979
Attributable to owners of the controlling company	17,100,538	-7,346,626	-	-
Attributable to non-controlling interests	-19,022	53,681	-	-

6.4 Unaudited statement of cash flows

EUR	Sava Insurance Group		Sava Re	
	1–3/2021	1–3/2020	1–3/2021	1–3/2020
A. Cash flows from operating activities				
a) Items of the income statement	-1,436,101	36,118,613	4,233,720	2,924,868
Net profit or loss for the period	23,473,148	10,301,851	5,600,225	1,227,759
Adjustments for:	-24,909,249	25,816,762	-1,366,504	1,697,109
2. Realised gains or losses on the disposal of property, plant and equipment assets	-43,706	-34,217	-47	16,895
3. Gains or losses of equity-accounted subsidiary	-268,505	21,089	0	0
5. Other financial expenses/income	-29,744,404	19,142,781	-216,412	-332,127
6. Depreciation/amortisation	2,554,920	2,359,781	-35,440	172,267
7. Income tax expense	5,653,741	2,841,808	1,190,433	471,961
8. Net exchange differences	-3,061,295	1,485,520	-2,305,039	1,368,114
Changes in net operating assets (receivables for premiums, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position	45,964,931	-49,305,584	5,577,527	-3,397,661
1. Change in receivables from primary insurance	-23,861,918	-35,119,027	-26,402,328	-31,566,433
2. Change in receivables from reinsurance	-2,087,473	-1,474,321	-892,491	-358,803
3. Change in other receivables from (re)insurance business	-390,824	-2,030,805	0	0
4. Change in other receivables and other assets	-3,550,006	-5,758,506	-1,270,919	-5,938,621
6. Change in inventories	3,107	-48,186	0	0
7. Change in liabilities arising out of primary insurance	696,362	3,139,258	2,763,747	4,832,520
8. Change in liabilities arising out of reinsurance business	7,579,505	9,868,778	4,415,071	6,121,620
9. Change in other operating liabilities	9,338,573	6,192,312	1,377,505	28,682
10. Change in other liabilities (except unearned premiums)	-1,406,565	-12,350,166	1,802,917	366,584
11. Change in technical provisions	57,301,794	-4,676,547	23,784,025	23,998,212
- change in unearned premiums	30,497,990	34,464,790	19,950,460	22,605,508
- change in provision for outstanding claims	1,448,719	2,559,069	3,937,062	1,573,883
- change in other technical provisions	-867,080	644,788	-103,498	-181,179
- change in mathematical provision	-9,654,456	-12,497,233	0	0
- change in mathematical provision for policyholders who bear the investment risk	35,876,621	-29,847,961	0	0
12. Tax expense	2,089,710	-4,119,069	0	-881,422
c) Net cash from/used in operating activities (a + b)	44,528,830	-13,186,971	9,811,248	-472,793
B. Cash flows from investing activities				
a) Cash receipts from investing activities	172,613,784	275,235,582	17,360,627	34,550,076
1. Interest received from investing activities	4,254,906	3,052,820	809,795	802,895
2. Cash receipts from dividends and participation in the profit of others	103,372	38,006	370	8,704
3. Proceeds from sale of intangible assets	294,130	0	0	0
4. Proceeds from sale of property, plant and equipment assets	260,050	59,746	47	0
5. Proceeds from disposal of financial investments	167,701,326	272,085,010	16,550,415	33,738,477
b) Cash disbursements in investing activities	196,518,545	241,236,918	31,373,632	41,289,484
1. Purchase of intangible assets	-1,004,778	-550,333	-164,599	-115,797
2. Purchase of property, plant and equipment	-2,415,160	-1,220,571	-62,414	-7,249
3. Purchase of long-term financial investments	-193,098,607	-239,466,014	-31,146,619	-41,166,438
3.1 Purchase of subsidiary companies	-3,720,000	-15,300,000	-3,720,000	-15,300,000
3.2 Other disbursements to acquire financial investments	-189,378,607	-224,166,014	-27,426,619	-25,866,438
c) Net cash from/used in investing activities (a + b)	-23,904,761	33,998,664	14,013,005	-6,739,408
C. Cash flows from financing activities				
a) Cash receipts from financing activities	0	0	0	0
b) Cash disbursements in financing activities	-1,163,408	-909,064	-24,058	-734,799
1. Interest paid	-757,768	-776,403	-3,033	-719,023
3. Repayment of long-term financial liabilities	-405,640	-132,661	-21,025	-15,776
c) Net cash from/used in financing activities (a + b)	-1,163,408	-909,064	-24,058	-734,799
C2. Closing balance of cash and cash equivalents	102,919,255	113,706,660	22,854,330	44,984,221
x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	19,460,661	19,902,629	-4,225,816	-7,947,001
y) Opening balance of cash and cash equivalents	83,458,594	93,804,031	27,080,146	52,931,221

6.5 Unaudited statement of changes in equity

Unaudited statement of changes in equity for the period 1 January – 31 March 2021

Sava Insurance Group																
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)	
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other										
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	
Closing balance in previous financial year	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,541	-24,938,709	-3,266,013	459,721,827	492,661	460,214,488	
Opening balance in the financial period	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,541	-24,938,709	-3,266,013	459,721,827	492,661	460,214,488	
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-6,447,060	74,679	0	23,492,252	0	-19,333	17,100,538	-19,022	17,081,516	
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	23,492,252	0	0	23,492,252	-19,104	23,473,148	
b) Other comprehensive income	0	0	0	0	0	0	-6,447,060	74,679	0	0	0	-19,333	-6,391,714	82	-6,391,632	
Transactions with owners – payouts	0	0	0	0	0	119,972	0	0	-119,972	0	0	0	0	0	0	
Allocation of net profit to profit reserve	0	0	0	0	0	119,972	0	0	-119,972	0	0	0	0	0	0	
Movements within equity	0	-339,855	0	0	0	0	0	0	56,197,541	-56,197,541	0	0	-339,855	-80,145	-420,000	
Transfer of profit	0	0	0	0	0	0	0	0	56,197,541	-56,197,541	0	0	0	0	0	
Acquisition of non-controlling interests	0	-339,855	0	0	0	0	0	0	0	0	0	0	-339,855	-80,145	-420,000	
Closing balance in the financial period	71,856,376	42,696,093	11,950,493	24,938,709	11,225,068	154,291,282	33,726,030	1,039,164	129,491,097	23,492,252	-24,938,709	-3,285,346	476,482,509	393,495	476,876,004	

Sava Re												
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	Total
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,787	46,586	34,797,320	-10,990,617	-24,938,709	333,869,060
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,787	46,586	34,797,320	-10,990,617	-24,938,709	333,869,060
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-743,790	23,434	0	5,600,225	0	4,879,869
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	5,600,225	0	5,600,225
b) Other comprehensive income	0	0	0	0	0	0	-743,790	23,434	0	0	0	-720,356
Movements within equity	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0	0
Transfer of profit	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,295,998	70,020	23,806,704	5,600,225	-24,938,709	338,748,930

Unaudited statement of changes in equity for the period 1 January – 31 March 2020

Sava Insurance Group																
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)	
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other										
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	
Closing balance in previous financial year	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847	
Opening balance in the financial period	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847	
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-17,260,871	-13,333	0	10,245,058	0	-317,479	-7,346,625	53,681	-7,292,944	
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	10,245,058	0	0	10,245,058	56,793	10,301,851	
b) Other comprehensive income	0	0	0	0	0	0	-17,260,871	-13,333	0	0	0	-317,479	-17,591,683	-3,112	-17,594,795	
Movements within equity	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0	
Transfer of profit	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0	
Additions due to acquisition of subsidiary	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-420,000	
Closing balance in the financial period	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	3,457,737	910,707	73,675,199	10,245,057	-24,938,709	-3,485,889	376,926,926	556,977	377,483,903	

Sava Re												
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	Total
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,525	21,376	14,517,789	20,188,017	-24,938,709	343,920,690
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,525	21,376	14,517,789	20,188,017	-24,938,709	343,920,690
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-3,075,633	-5,105	0	1,227,759	0	-1,852,979
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	1,227,759	0	1,227,759
b) Other comprehensive income	0	0	0	0	0	0	-3,075,633	-5,105	0	0	0	-3,080,737
Movements within equity	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0	0
Transfer of profit	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	2,141,892	16,272	34,705,806	1,227,760	-24,938,709	342,067,711

7 Notes to the consolidated financial statements

The selected notes to the interim financial statements are significant to an understanding of the changes in the financial position of the Group at the end of March 2021 compared to year-end 2020 and the performance of the Group in the first three months of 2021 compared to the first three months of 2020.

7.1 Overview of major accounting policies

The financial statements with notes have been prepared in compliance with IAS 34 “Interim Financial Reporting”.

In accordance with IAS 34, explanatory notes are provided for events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial report prepared for 2020.

The financial statements with notes as at and for the three months to 31 March 2021 have not been audited.

The interim financial statements as at 31 March 2021 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2020.

7.2 Seasonality and cyclicity of interim operations

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

7.3 Nature and amount of extraordinary items

There were no extraordinary events in terms of their nature, size or incidence that would affect assets, liabilities, equity, net profit or cash flows in the first quarter 2021. The impact of the Covid-19 pandemic on business is presented in section 5 “Risk management”.

7.4 Materiality

Equity was used as a basis in determining a materiality threshold for the consolidated financial statements, specifically 2% thereof, which is EUR 9.5 million as at 31 March 2021. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been disaggregated in the interim financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are provided in this report although they may not exceed the materiality threshold.

7.5 Issuance, repurchase, and repayment of debt and equity securities

The Group issued no new debt or equity securities.

7.6 Key accounting estimates and judgements

The Group has prepared this interim report using the same principles concerning estimates as those applied for its annual report.

7.7 Segment reporting

Operating segments as disclosed and monitored were determined based on the different activities carried out in the Group. Segments were formed based on similar services provided by companies (features of insurance products, market networks and the environment in which companies operate).

Business is shown by operating segments: reinsurance, non-life, life, pensions and asset management, and the “other” segment. Performance of these segments is monitored based on different indicators, with net profit calculated in accordance with IFRSs a common performance indicator for all segments. The management board monitors performance by segment to the level of underwriting results, net investment income and other aggregated performance indicators, as well as the level of assets and technical provisions on a quarterly basis.

Statement of financial position items by operating segment – assets as at 31 March 2021

Sava Insurance Group 31 March 2021	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
ASSETS	331,416,887	698,637,103	155,367,337	854,004,440	1,080,890,570	45,204,901	1,126,095,471	234,487,933	22,665,686	2,568,670,417
Intangible assets	1,964,471	10,757,970	8,796,703	19,554,673	7,587,715	37,864	7,625,579	32,264,272	2,791,048	64,200,043
Property, plant and equipment	2,361,470	29,759,728	13,348,504	43,108,232	1,880,335	1,868,730	3,749,065	392,574	82,583	49,693,924
Right-of-use assets	216,060	3,170,895	5,012,883	8,183,778	597,068	41,693	638,761	-53,097	10,013	8,995,515
Deferred tax assets	3,666,944	935,282	19,908	955,190	582,544	8,487	591,031	22,817	0	5,235,982
Investment property	7,995,208	3,203,695	4,327,926	7,531,621	36,589	0	36,589	404,898	0	15,968,316
Financial investments in associates	0	0	0	0	0	0	0	0	18,689,130	18,689,130
Financial investments:	198,073,309	489,374,722	87,077,637	576,452,359	588,667,382	38,430,324	627,097,706	30,663,093	0	1,432,286,466
- Loans and deposits	6,485,454	2,608,450	15,814,340	18,422,791	9,219	1,594,049	1,603,267	4,286,003	0	30,797,515
- Held to maturity	1,944,267	1,777,536	2,983,568	4,761,104	25,556,532	1,235,281	26,791,813	6,025,747	0	39,522,931
- Available for sale	184,177,464	476,448,244	67,673,969	544,122,214	557,219,210	34,846,115	592,065,325	12,234,319	0	1,332,599,320
- At fair value through profit or loss	5,466,125	8,540,491	605,759	9,146,250	5,882,422	754,879	6,637,301	8,117,024	0	29,366,700
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	446,198,535	489,879	446,688,414	0	0	446,688,414
Reinsurers' share of technical provisions	6,814,927	33,931,926	6,940,890	40,872,815	572,110	21,138	593,248	0	0	48,280,990
Investment contract assets	0	0	0	0	0	0	0	162,150,120	0	162,150,120
Receivables	79,722,553	79,573,342	15,756,592	95,329,934	1,611,736	716,675	2,328,411	903,826	427,063	178,711,787
Receivables arising out of primary insurance business	73,411,226	73,858,967	10,185,639	84,044,606	1,067,806	623,609	1,691,415	259	0	159,147,506
Receivables arising out of reinsurance and co-insurance business	5,336,158	2,196,600	554,639	2,751,239	51,875	2,777	54,652	0	0	8,142,049
Current tax assets	0	0	275,482	275,482	0	1,683	1,683	0	0	277,165
Other receivables	975,169	3,517,775	4,740,832	8,258,607	492,055	88,606	580,661	903,567	427,063	11,145,067
Deferred acquisition costs	6,988,960	16,194,215	4,043,376	20,237,590	229,528	65,125	294,653	0	0	27,521,203
Other assets	758,657	3,279,266	1,077,639	4,356,905	312,633	79,313	391,946	417,917	115,507	6,040,932
Cash and cash equivalents	22,854,329	27,713,108	8,419,895	36,133,003	32,614,394	3,445,674	36,060,068	7,321,513	550,342	102,919,255
Non-current assets held for sale	0	742,955	545,385	1,288,340	0	0	0	0	0	1,288,340

Statement of financial position items by operating segment – equity and liabilities as at 31 March 2021

Sava Insurance Group 31 March 2021	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	392,711,179	626,545,658	156,421,958	782,967,616	1,032,601,172	44,479,874	1,077,081,045	209,589,941	106,320,636	2,568,670,417
Subordinated liabilities	0	0	0	0	0	0	0	0	75,506,663	75,506,663
Technical provisions	210,103,707	474,495,094	100,926,799	575,421,893	433,823,159	29,288,321	463,111,480	11,778,932	0	1,260,416,012
Unearned premiums	42,590,002	168,317,402	35,893,116	204,210,518	857,805	338,168	1,195,973	0	0	247,996,493
Mathematical provisions	0	0	0	0	416,341,271	27,898,471	444,239,742	11,778,093	0	456,017,835
Provision for outstanding claims	166,356,394	301,363,679	62,529,444	363,893,123	16,624,083	1,051,682	17,675,765	839	0	547,926,121
Other technical provisions	1,157,311	4,814,013	2,504,239	7,318,252	0	0	0	0	0	8,475,563
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	443,905,675	1,065,326	444,971,001	0	0	444,971,001
Other provisions	422,488	5,734,136	1,344,465	7,078,601	1,462,982	10,624	1,473,606	359,298	57,433	9,391,426
Deferred tax liabilities	76,227	3,102,988	73,043	3,176,031	9,264,667	117,880	9,382,547	904,522	0	13,539,327
Investment contract liabilities	0	0	0	0	0	0	0	161,976,190	0	161,976,190
Other financial liabilities	3	1	432,008	432,009	0	438	438	898,422	0	1,330,872
Liabilities from operating activities	36,341,815	17,205,810	4,216,285	21,422,095	11,205,903	440,863	11,646,766	100,579	27,568	69,538,823
Liabilities from primary insurance business	26,343,580	7,936,446	2,469,180	10,405,626	9,804,874	412,115	10,216,989	0	0	46,966,195
Liabilities from reinsurance and co-insurance business	9,238,615	3,654,985	1,430,779	5,085,764	81,079	11,206	92,285	0	0	14,416,664
Current income tax liabilities	759,620	5,614,379	316,326	5,930,705	1,319,950	17,542	1,337,492	100,579	27,568	8,155,964
Lease liability	214,857	3,256,628	5,200,009	8,456,637	0	42,193	42,193	-45,293	-7,529	8,660,865
Other liabilities	4,427,034	24,086,010	5,903,617	29,989,627	8,061,065	648,607	8,709,672	2,348,814	988,086	46,463,234
Shareholders' equity										476,876,004
Equity attributable to owners of the controlling company										476,482,509
Non-controlling interests in equity										393,495

Statement of financial position items by operating segment – assets as at 31 December 2020

Sava Insurance Group 31 December 2020	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
ASSETS	310,173,528	654,513,690	155,257,572	809,771,261	1,054,086,240	44,893,868	1,098,980,108	229,059,804	19,266,604	2,467,251,303
Intangible assets	1,947,056	10,358,364	8,745,822	19,104,186	7,644,297	38,203	7,682,500	32,753,213	2,791,656	64,278,611
Property, plant and equipment	2,356,848	28,243,943	13,429,584	41,673,527	1,912,628	1,888,097	3,800,725	413,828	91,563	48,336,491
Right-of-use assets	66,195	3,372,251	4,454,591	7,826,842	664,867	12,238	677,105	60,929	17,523	8,648,594
Deferred tax assets	3,487,337	829,759	258	830,017	582,379	2,265	584,644	22,821	0	4,924,819
Investment property	8,031,874	3,294,530	4,350,852	7,645,382	36,925	0	36,925	406,898	0	16,121,079
Financial investments in associates	0	0	0	0	0	0	0	0	15,056,143	15,056,143
Financial investments:	186,826,022	474,526,385	88,172,501	562,698,886	613,086,540	38,632,943	651,719,483	28,904,946	0	1,430,149,337
- Loans and deposits	6,193,636	2,732,127	16,441,565	19,173,692	7,665	1,596,647	1,604,311	4,824,539	0	31,796,178
- Held to maturity	1,978,547	1,888,476	3,204,533	5,093,009	30,188,403	1,249,135	31,437,538	5,170,332	0	43,679,426
- Available for sale	173,395,273	461,876,060	67,905,976	529,782,036	577,580,718	35,052,158	612,632,875	11,453,879	0	1,327,264,062
- At fair value through profit or loss	5,258,567	8,029,722	620,427	8,650,149	5,309,754	735,004	6,044,758	7,456,196	0	27,409,671
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	410,768,551	456,261	411,224,812	0	0	411,224,812
Reinsurers' share of technical provisions	7,421,722	28,062,968	6,672,664	34,735,632	396,956	54,907	451,863	0	0	42,609,217
Investment contract assets	0	0	0	0	0	0	0	158,765,028	0	158,765,028
Receivables	67,448,412	68,145,529	14,886,389	83,031,918	1,394,740	781,739	2,176,479	764,083	450,606	153,871,498
Receivables arising out of primary insurance business	60,405,297	63,844,148	9,303,689	73,147,837	1,007,483	697,333	1,704,816	27,638	0	135,285,588
Receivables arising out of reinsurance and co-insurance business	4,461,167	1,141,721	440,023	1,581,744	484	11,181	11,665	0	0	6,054,576
Current tax assets	325,472	0	204,359	204,359	0	0	0	0	0	529,831
Other receivables	2,256,476	3,159,660	4,938,318	8,097,978	386,773	73,225	459,998	736,445	450,606	12,001,503
Deferred acquisition costs	5,020,676	14,908,469	4,086,684	18,995,154	201,887	60,286	262,173	0	0	24,278,003
Other assets	487,239	1,645,235	869,622	2,514,857	375,148	88,316	463,464	316,483	458,371	4,240,414
Cash and cash equivalents	27,080,146	20,383,301	9,042,896	29,426,197	17,021,322	2,878,612	19,899,934	6,651,575	400,742	83,458,594
Non-current assets held for sale	0	742,955	545,709	1,288,664	0	0	0	0	0	1,288,664

Statement of financial position items by operating segment – equity and liabilities as at 31 December 2020

Sava Insurance Group 31 December 2020	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	363,097,197	590,990,338	149,996,649	740,986,988	1,011,232,998	45,219,532	1,056,452,530	203,005,131	103,709,454	2,467,251,303
Subordinated liabilities	0	0	0	0	0	0	0	0	74,804,974	74,804,974
Technical provisions	190,974,341	456,309,723	101,390,848	557,700,571	444,867,509	28,717,430	473,584,939	11,052,203	0	1,233,312,054
Unearned premiums	27,322,807	146,495,865	35,644,071	182,139,936	855,782	296,317	1,152,099	0	0	210,614,842
Mathematical provisions	0	0	0	0	427,251,899	27,338,259	454,590,158	11,051,521	0	465,641,679
Provision for outstanding claims	162,444,795	304,295,082	63,181,438	367,476,520	16,759,828	1,082,854	17,842,682	682	0	547,764,679
Other technical provisions	1,206,739	5,518,776	2,565,339	8,084,115	0	0	0	0	0	9,290,854
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	408,564,749	1,039,679	409,604,428	0	0	409,604,428
Other provisions	424,345	5,710,437	1,314,860	7,025,297	1,409,324	10,351	1,419,675	360,985	57,433	9,287,735
Deferred tax liabilities	76,227	3,265,586	89,630	3,355,216	10,389,965	131,891	10,521,856	948,276	0	14,901,575
Investment contract liabilities	0	0	0	0	0	0	0	158,596,453	0	158,596,453
Other financial liabilities	-19	0	469,653	469,653	0	1,303	1,303	0	0	470,937
Liabilities from operating activities	31,478,898	11,728,673	3,997,581	15,726,254	10,578,811	528,117	11,106,928	140,160	-39,967	58,412,273
Liabilities from primary insurance business	26,655,354	7,538,149	2,318,996	9,857,145	9,307,748	449,586	9,757,334	0	0	46,269,833
Liabilities from reinsurance and co-insurance business	4,823,544	688,410	1,201,889	1,890,299	85,841	37,475	123,316	0	0	6,837,159
Current income tax liabilities	0	3,502,114	476,696	3,978,810	1,185,222	41,056	1,226,278	140,160	-39,967	5,305,281
Lease liability	65,480	3,450,925	4,639,955	8,090,880	0	12,695	12,695	68,520	17,650	8,255,225
Other liabilities	4,086,578	21,673,770	5,639,476	27,313,246	4,194,539	632,968	4,827,507	1,846,960	1,316,870	39,391,161
Shareholders' equity										460,214,488
Equity attributable to owners of the controlling company										459,721,826
Non-controlling interests in equity										492,662

Income statement items by operating segment for the first quarter of 2021

Sava Insurance Group EUR 1–3/2021	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	23,391,399	80,251,255	15,958,298	96,209,553	44,006,620	2,319,116	46,325,735	1,006,287	0	166,932,975
Gross premiums written	40,170,140	108,646,697	18,860,709	127,507,406	44,144,915	2,381,219	46,526,134	1,006,287	0	215,209,967
Written premiums ceded to reinsurers and co-insurers	-522,572	-13,926,748	-3,214,131	-17,140,879	-106,330	-9,221	-115,551	0	0	-17,779,002
Change in gross unearned premiums	-15,265,068	-21,951,190	-302,861	-22,254,051	-1,072	-42,132	-43,204	0	0	-37,562,323
Change in unearned premiums, reinsurers' and co-insurers' shares	-991,101	7,482,496	614,581	8,097,077	-30,893	-10,750	-41,643	0	0	7,064,333
Income from investments in subsidiaries and associated companies	0	0	0	0	0	0	0	0	268,505	268,505
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	268,505	268,505
Investment income	2,920,233	1,571,449	550,809	2,122,258	3,136,812	320,412	3,457,224	213,841	0	8,713,555
Interest income	448,159	573,486	479,886	1,053,373	2,372,149	241,227	2,613,376	139,999	0	4,254,906
Other investment income	2,472,074	997,962	70,923	1,068,885	764,663	79,185	843,848	73,842	0	4,458,649
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	25,446,527	35,028	25,481,555	0	0	25,481,555
Other technical income	299,354	2,560,227	1,477,458	4,037,684	909,705	-843	908,862	49,902	0	5,295,802
Commission income	194,936	1,536,657	1,077,507	2,614,163	0	2,028	2,028	0	0	2,811,127
Other technical income	104,418	1,023,570	399,951	1,423,521	909,705	-2,871	906,834	49,902	0	2,484,675
Other income	204,619	656,626	358,748	1,015,374	212,194	7,262	219,456	3,763,285	438,772	5,641,506
Net claims incurred	-15,248,909	-39,976,970	-8,689,681	-48,666,652	-35,756,855	-1,109,294	-36,866,150	-286,812	0	-101,068,522
Gross claims payments, net of income from recourse receivables	-11,938,176	-42,755,106	-9,680,606	-52,435,712	-36,202,742	-1,113,983	-37,316,725	-286,655	0	-101,977,267
Reinsurers' and co-insurers' shares	218,686	1,337,437	760,926	2,098,362	39,665	750	40,415	0	0	2,357,464
Change in the gross provision for outstanding claims	-3,911,599	2,925,662	556,548	3,482,210	196,182	28,892	225,074	-157	0	-204,472
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	382,179	-1,484,962	-326,550	-1,811,512	210,039	-24,953	185,086	0	0	-1,244,247
Change in other technical provisions	49,429	732,231	85,420	817,651	10,987,235	-606,207	10,381,028	-726,572	0	10,521,536
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-35,847,244	-29,377	-35,876,621	0	0	-35,876,621
Expenses for bonuses and rebates	0	-24,647	-32,152	-56,799	0	0	0	0	0	-56,799
Operating expenses	-6,859,129	-24,222,479	-8,506,473	-32,728,953	-7,729,485	-872,900	-8,602,385	-2,466,070	-304,699	-50,961,236
Acquisition costs	-8,237,998	-9,701,325	-1,450,942	-11,152,267	-2,721,613	-109,187	-2,830,800	-5,056	0	-22,226,121
Change in deferred acquisition costs	2,336,711	909,965	-30,502	879,463	-35,278	4,874	-30,404	0	0	3,185,770
Other operating expenses	-957,842	-15,431,119	-7,025,029	-22,456,149	-4,972,594	-768,587	-5,741,181	-2,461,014	-304,699	-31,920,885
Expenses for financial assets and liabilities	-98,969	-159,944	-46,693	-206,637	-605,533	-9,324	-614,858	-58,494	-702,109	-1,681,067
Impairment losses on financial assets not at fair value through profit or loss	0	0	0	0	-75,448	0	-75,448	1	0	-75,447
Interest expense	-3,031	-15,494	-36,042	-51,536	-582	-217	-799	-293	-702,109	-757,768
Other investment expenses	-95,938	-144,450	-10,651	-155,101	-529,503	-9,107	-538,611	-58,202	0	-847,852
Other technical expenses	-91,394	-1,640,667	-1,412,144	-3,052,811	-342,988	-34,156	-377,144	-178,228	0	-3,699,577
Other expenses	-88,260	-109,804	-165,828	-275,632	-1,315	-1,197	-2,512	-18,308	-11	-384,723
Profit or loss before tax	4,478,372	19,637,276	-422,238	19,215,038	4,415,670	18,519	4,434,189	1,298,831	-299,542	29,126,889
Income tax expense										-5,653,741
Net profit or loss for the period										23,473,148
Net profit or loss attributable to owners of the controlling company										23,492,252
Net profit or loss attributable to non-controlling interests										-19,104

Income statement items by operating segment for the first quarter of 2020

Sava Insurance Group (EUR) 1–3/2020	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	23,238,933	77,628,429	18,608,765	96,237,193	19,202,894	2,632,198	21,835,092	967,279	0	142,278,497
Gross premiums written	40,176,655	113,385,405	20,993,287	134,378,692	19,318,673	2,663,003	21,981,676	967,279	0	197,504,302
Written premiums ceded to reinsurers and co-insurers	-695,710	-17,135,698	-2,882,382	-20,018,080	-41,802	-5,423	-47,225	0	0	-20,761,015
Change in gross unearned premiums	-15,471,421	-29,747,874	-584,950	-30,332,824	-64,298	-24,720	-89,018	0	0	-45,893,263
Change in unearned premiums, reinsurers' and co-insurers' shares	-770,591	11,126,596	1,082,810	12,209,405	-9,679	-662	-10,341	0	0	11,428,473
Investment income	1,282,860	1,718,894	611,434	2,330,329	1,228,266	285,231	1,513,497	268,951	0	5,395,636
Interest income	554,672	749,606	558,551	1,308,157	783,982	268,215	1,052,197	137,794	0	3,052,820
Other investment income	728,187	969,289	52,883	1,022,172	444,284	17,016	461,300	131,157	0	2,342,816
Other technical income	222,131	1,962,893	777,923	2,740,816	149,256	478	149,734	25,488	0	3,138,169
Commission income	199,104	875,175	405,046	1,280,221	1,062	427	1,489	0	0	1,480,814
Other technical income	23,027	1,087,718	372,877	1,460,595	148,194	51	148,245	25,488	0	1,657,355
Other income	199,429	601,526	351,480	953,006	69,210	29,444	98,654	3,282,368	516,930	5,050,387
Net claims incurred	-16,697,026	-44,268,340	-10,039,204	-54,307,544	-36,279,177	-1,202,453	-37,481,631	-219,361	0	-108,705,561
Gross claims payments, net of income from recourse receivables	-16,158,692	-48,273,223	-10,221,578	-58,494,801	-36,796,081	-1,139,292	-37,935,373	-219,080	0	-112,807,946
Reinsurers' and co-insurers' shares	246,447	592,507	695,783	1,288,289	8,522	58	8,580	0	0	1,543,316
Change in the gross provision for outstanding claims	164,322	107,347	-460,376	-353,029	532,943	-54,610	478,333	-281	0	289,345
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-949,102	3,305,029	-53,032	3,251,997	-24,561	-8,609	-33,171	0	0	2,269,724
Change in other technical provisions	133,990	-153,698	-625,080	-778,778	13,977,170	-645,042	13,332,128	-834,895	0	11,852,445
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	29,818,500	29,461	29,847,961	0	0	29,847,961
Expenses for bonuses and rebates	0	12,249	21,429	33,678	0	0	0	0	0	33,678
Operating expenses	-6,166,694	-22,836,048	-8,907,734	-31,743,782	-5,224,111	-1,092,393	-6,316,504	-2,225,466	-326,163	-46,778,608
Acquisition costs	-7,335,598	-9,415,950	-1,433,065	-10,849,015	-1,320,147	-202,497	-1,522,644	-3,923	0	-19,711,180
Change in deferred acquisition costs	2,213,353	1,704,691	-134,883	1,569,808	-157,608	4,795	-152,813	0	0	3,630,348
Other operating expenses	-1,044,449	-15,124,789	-7,339,786	-22,464,575	-3,746,356	-894,691	-4,641,047	-2,221,543	-326,163	-30,697,776
Expenses for investments in subsidiary and associate companies	0	0	0	0	0	0	0	0	-21,089	-21,089
Loss arising out of investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	-21,089	-21,089
Expenses for financial assets and liabilities	-1,366,080	-552,850	2,692	-550,159	-263,842	204,560	-59,282	-815,147	-709,046	-3,499,714
Interest expense	-11,233	-16,804	-33,052	-49,856	-5,268	-150	-5,418	-850	-709,046	-776,403
Other investment expenses	-1,354,847	-536,047	35,744	-500,303	-258,574	204,710	-53,864	-814,297	0	-2,723,311
Other technical expenses	-306,001	-2,499,911	-1,077,915	-3,577,826	-108,435	-69,546	-177,981	-155,829	15,868	-4,201,769
Other expenses	-61,678	-112,023	-362,536	-474,559	-791	-2,797	-3,588	-327,770	-11	-867,606
Profit or loss before tax	479,864	11,501,121	-638,746	10,862,375	2,231,400	127,912	2,359,312	-34,382	-523,511	13,143,659
Income tax expense										-2,841,808
Net profit or loss for the period										10,301,851
Net profit or loss attributable to owners of the controlling company										10,245,058
Net profit or loss attributable to non-controlling interests										56,793

Inter-segment business

EUR	Reinsurance		Non-life		Life		Pensions and asset management		Other	
	1-3/2021	1-3/2020	1-3/2021	1-3/2020	1-3/2021	1-3/2020	1-3/2021	1-3/2020	1-3/2021	1-3/2020
Gross premiums written	70,509,667	75,564,148	127,627,872	134,470,044	46,526,134	21,981,676	1,006,287	967,279	0	0
Net premiums written	40,170,140	40,176,655	127,507,406	134,378,692	46,526,134	21,981,676	1,006,287	967,279	0	0
Net claims incurred	-9,828,252	-8,209,192	-1,379,806	-1,650,730	0	0	0	0	0	0
Operating expenses	-5,518,948	-3,717,285	-378,673	-365,810	-223,432	-169,635	-26,768	-70,505	-218,874	-204,331
Investment income	14,783	24,535	0	0	0	0	1,585	0	0	0
Other technical income	96,713	92,154	53,072	3,759,500	166,019	157,700	0	0	339,834	298,286
Other income	598	0	8,195	5,479	0	0	0	0	1,818,039	2,095,244

7.8 Notes to significant changes in the statement of financial position

7.8.1 Property, plant and equipment

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

EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	Property, plant and equipment in progress	Total
Cost						
1 January 2021	5,576,810	54,791,480	23,962,227	201,165	1,434,695	85,966,378
Additions	0	0	155,757	3,097	2,255,742	2,414,596
Transfer to use	0	0	1,056,395	0	-1,056,395	0
Disposals	0	0	-260,050	0	0	-260,050
Exchange differences	-1,590	-13,441	-2,539	-59	-1	-17,629
31 March 2021	5,575,220	54,778,039	24,911,790	204,203	2,634,041	88,103,295
Accumulated depreciation and impairment losses						
1 January 2021	0	20,950,868	16,679,787	-769	0	37,629,886
Additions	0	270,858	733,933	12,653	0	1,017,444
Disposals	0	0	-231,223	0	0	-231,223
Exchange differences	0	-4,515	-2,222	-1	0	-6,738
31 March 2021	0	21,217,211	17,180,275	11,883	0	38,409,369
Carrying amount as at 1 January 2021	5,576,810	33,840,612	7,282,440	201,934	1,434,695	48,336,491
Carrying amount as at 31 March 2021	5,575,220	33,560,828	7,731,515	192,320	2,634,041	49,693,924

7.8.2 Financial investments

At the end of the first quarter of 2021, financial investments totalled EUR 1,432.3 million, up EUR 2.1 million from year-end 2020. Compared to the end of last year, the asset allocation has not changed significantly.

EUR	Held-to-maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
31 March 2021					
Debt instruments	39,522,931	26,043,486	1,213,141,585	23,276,951	1,301,984,953
Deposits and CDs	0	0	0	21,263,479	21,263,479
Government bonds	28,628,143	1,777,241	644,252,601	0	674,657,985
Corporate bonds	10,894,788	24,266,245	568,888,984	0	604,050,017
Loans granted	0	0	0	2,013,472	2,013,472
Equity instruments	0	3,323,214	73,312,206	0	76,635,420
Shares	0	809,371	40,296,272	0	41,105,643
Mutual funds	0	2,513,843	33,015,934	0	35,529,777
Investments in infrastructure funds	0	0	31,651,408	0	31,651,408
Investments in property funds	0	0	14,494,121	0	14,494,121
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	7,520,564	7,520,564
Total	39,522,931	29,366,700	1,332,599,320	30,797,515	1,432,286,466

EUR	Held-to-maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
31 December 2020					
Debt instruments	43,679,425	24,406,439	1,211,575,148	24,535,013	1,304,196,025
Deposits and CDs	0	0	0	22,415,444	22,415,444
Government bonds	32,233,757	1,042,385	627,503,364	0	660,779,506
Corporate bonds	11,445,668	23,364,054	584,071,784	0	618,881,506
Loans granted	0	0	0	2,119,569	2,119,569
Equity instruments	0	3,003,232	73,912,138	0	76,915,370
Shares	0	780,173	37,822,123	0	38,602,296
Mutual funds	0	2,223,059	36,090,015	0	38,313,074
Investments in infrastructure funds	0	0	27,436,469	0	27,436,469
Investments in property funds	0	0	14,340,307	0	14,340,307
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	7,261,165	7,261,165
Total	43,679,425	27,409,671	1,327,264,062	31,796,178	1,430,149,336

7.8.3 Assets held for the benefit of policyholders who bear the investment risk

Assets held for the benefit of policyholders who bear the investment risk as at 31 March 2021

EUR	Held to maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
31 March 2021					
Debt instruments	4,055,310	1,340,058	68,332,977	2,005,532	75,733,876
Deposits and CDs	0	0	0	2,005,532	2,005,532
Government bonds	506,942	0	40,307,985	0	40,814,927
Corporate bonds	3,548,368	1,340,058	28,024,992	0	32,913,418
Equity instruments	0	366,987,826	3,966,711	0	370,954,537
Mutual funds	0	366,987,826	3,966,711	0	370,954,537
Total	4,055,310	368,327,884	72,299,688	2,005,532	446,688,414

Assets held for the benefit of policyholders who bear the investment risk as at 31 December 2020

EUR	Held to maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
31 December 2020					
Debt instruments	5,195,090	1,121,374	71,523,636	4,009,072	81,849,172
Deposits and CDs	0	0	0	4,009,072	4,009,072
Government bonds	976,595	0	41,699,713	0	42,676,308
Corporate bonds	4,218,494	1,121,374	29,823,923	0	35,163,791
Equity instruments	0	325,416,550	3,959,090	0	329,375,640
Mutual funds	0	325,416,550	3,959,090	0	329,375,640
Total	5,195,090	326,537,924	75,482,726	4,009,072	411,224,812

7.8.4 Receivables

Gross receivables rose by EUR 24.7 million from year-end 2020, chiefly because of a EUR 23.3 million increase in receivables due from policyholders, the renewal of most annual non-life (re)insurance contracts with major clients (companies and cedants) and because of assessment schedules for reinsurance business.

Receivables by type

EUR	31 March 2021			31 December 2020		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	177,802,147	-21,860,964	155,941,183	154,469,019	-21,560,418	132,908,601
Receivables due from insurance intermediaries	3,359,836	-814,033	2,545,803	2,608,578	-837,647	1,770,931
Other receivables arising out of primary insurance business	811,380	-150,860	660,520	762,484	-156,428	606,056
Receivables arising out of primary insurance business	181,973,363	-22,825,857	159,147,506	157,840,081	-22,554,493	135,285,588
Receivables for shares in claims	6,127,422	-177,658	5,949,764	5,344,797	-177,659	5,167,138
Other receivables arising out of co-insurance and reinsurance business	2,192,285	0	2,192,285	887,438	0	887,438
Receivables arising out of reinsurance and co-insurance business	8,319,707	-177,658	8,142,049	6,232,235	-177,659	6,054,576
Current tax assets	277,165	0	277,165	529,831	0	529,831
Other short-term receivables arising out of insurance business	18,036,401	-14,886,562	3,149,839	18,048,243	-15,289,228	2,759,015
Receivables arising out of investments	4,018,819	-1,222,299	2,796,520	2,877,916	-1,223,923	1,653,993
Other receivables	6,371,678	-1,172,970	5,198,708	8,770,856	-1,182,361	7,588,495
Other receivables	28,426,898	-17,281,831	11,145,067	29,697,015	-17,695,512	12,001,503
Total	218,997,133	-40,285,346	178,711,787	194,299,162	-40,427,664	153,871,498

Movements in allowance for receivables

EUR	1 January 2021	Additions	Collection	Write-offs	Exchange differences	31 March 2021
31 March 2021						
Receivables due from policyholders	-21,560,418	-570,636	36,331	234,829	-1,070	-21,860,964
Receivables due from insurance intermediaries	-837,647	20,637	2,628	0	349	-814,033
Other receivables arising out of primary insurance business	-156,428	3,450	2,003	0	115	-150,860
Receivables arising out of primary insurance business	-22,554,493	-546,549	40,962	234,829	-606	-22,825,857
Receivables for premiums arising out of reinsurance and co-insurance	0	0	0	0	0	0
Receivables for shares in claims	-177,659	0	0	0	1	-177,658
Other receivables arising out of co-insurance and reinsurance business	0	0	0	0	0	0
Receivables arising out of reinsurance and co-insurance business	-177,659	0	0	0	1	-177,658
Current tax assets	0	0	0	0	0	0
Other short-term receivables arising out of insurance business	-15,289,228	-26,374	105,602	322,590	848	-14,886,562
Receivables arising out of investments	-1,223,923	0	928	0	696	-1,222,299
Other short-term receivables	-1,182,361	-1,267	10,487	0	171	-1,172,970
Other receivables	-17,695,512	-27,641	117,017	322,590	1,715	-17,281,831
Total	-40,427,664	-574,190	157,979	557,419	1,110	-40,285,346

Receivables ageing analysis

EUR					
31 March 2021	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	126,486,407	23,217,195	3,042,985	3,194,596	155,941,183
Receivables due from insurance intermediaries	709,990	1,816,230	2,812	16,771	2,545,803
Other receivables arising out of primary insurance business	391,070	110,765	3,408	155,277	660,520
Receivables arising out of primary insurance business	127,587,467	25,144,190	3,049,205	3,366,644	159,147,506
Receivables for reinsurers' shares in claims	4,862,550	519,632	53,750	513,832	5,949,764
Other receivables arising out of co-insurance and reinsurance business	2,123,940	67,193	643	509	2,192,285
Receivables arising out of reinsurance and co-insurance business	6,986,490	586,825	54,393	514,341	8,142,049
Current tax assets	275,482	1,683	0	0	277,165
Other short-term receivables arising out of insurance business	1,211,752	689,907	416,346	831,834	3,149,839
Short-term receivables arising out of financing	2,772,439	4,620	0	19,461	2,796,520
Other short-term receivables	4,965,320	165,709	27,379	40,300	5,198,708
Other receivables	8,949,511	860,236	443,725	891,595	11,145,067
Total	143,798,950	26,592,934	3,547,323	4,772,580	178,711,787

EUR					
31 December 2020	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	98,216,113	23,982,952	4,374,660	6,334,876	132,908,601
Receivables due from insurance intermediaries	862,083	887,100	4,058	17,690	1,770,931
Other receivables arising out of primary insurance business	141,125	306,720	108,093	50,118	606,056
Receivables arising out of primary insurance business	99,219,321	25,176,772	4,486,811	6,402,684	135,285,588
Receivables for reinsurers' shares in claims	3,231,556	1,330,112	134,992	470,478	5,167,138
Other receivables arising out of co-insurance and reinsurance business	731,241	147,010	297	8,890	887,438
Receivables arising out of reinsurance and co-insurance business	3,962,797	1,477,122	135,289	479,368	6,054,576
Current tax assets	529,831	0	0	0	529,831
Other short-term receivables arising out of insurance business	963,217	734,708	372,579	688,511	2,759,015
Short-term receivables arising out of financing	1,630,216	1,664	2,639	19,474	1,653,993
Other short-term receivables	7,085,770	431,858	33,854	37,013	7,588,495
Other receivables	9,679,203	1,168,230	409,072	744,998	12,001,503
Total	113,391,152	27,822,124	5,031,172	7,627,050	153,871,498

Not-past-due receivables increased by EUR 30.4 million. The largest increase was in not-past-due receivables due from policyholders, up EUR 28.3 million, owing to the renewal of annual policies and the EUR 2.1 million drop in not-past-due receivables arising out of investments because of the settlement of receivables relating to financial investments.

7.8.5 Cash and cash equivalents

EUR	31 March 2021	31 December 2020
Cash in hand	19,171	17,313
Cash in bank accounts	56,725,086	56,463,387
Cash equivalents	46,174,998	26,977,894
Total	102,919,255	83,458,594

Compared to year-end 2020, the balance of cash and cash equivalents increased by EUR 19.5 million. The balance of cash and cash equivalents at the end of the year was higher because of the lack of

favourable reinvestment opportunities in financial markets. Consequently, proceeds from maturities and disposals were not fully reinvested but held in transaction accounts or demand deposits.

7.8.6 Shareholders' equity

Shareholders' equity increased by 3.6%, or EUR 16.7 million, compared to year-end 2020. The net profit for the year had a positive impact on the change in shareholders' equity, of EUR 23.5 million. A decrease also came from the fair value reserve (EUR 6.4 million).

7.8.7 Retained earnings

Retained earnings increased by EUR 56.1 million compared to year-end 2020 because of the reallocation of the full profit for 2019 to this item (with no effect on the increase in shareholders' equity as at 31 March 2021) because the distributable profit until 31 March 2021 remained unallocated.

7.8.8 Net profit or loss for the period

The net profit for the period grew by EUR 16.3 million compared to the same period in 2020 (first quarter of 2020: EUR 10.3 million).

7.8.9 Earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 31 March 2021, the parent company held 1,721,966 own shares, which are subtracted when calculating the weighted average number of shares.

Earnings or loss per share

EUR	1-3/2021	1-3/2020
Net profit or loss for the period	23,473,148	10,301,851
Net profit or loss for the period attributable to owners of the controlling company	23,492,252	10,245,058
Weighted average number of shares	15,497,696	15,497,696
Earnings or loss per share	1.52	0.66

Comprehensive income per share

EUR	1-3/2021	1-3/2020
Comprehensive income for the period	17,081,516	-7,292,944
Comprehensive income for the period attributable to owners of the controlling company	17,100,538	-7,346,626
Weighted average number of shares	15,497,696	15,497,696
Comprehensive income per share	1.10	-0.47

7.8.10 Technical provisions and technical provisions for the benefit of life insurance policyholders who bear the investment risk

Technical provisions increased by EUR 27.1 million, or 8.7%, compared to 31 December 2020. The largest increase was in unearned premiums, up EUR 37.4 million, whereas life technical provisions (mathematical provisions for traditional life business) shrank by EUR 9.6 million. The increase in gross unearned premiums (EUR 37.4 million) was mainly driven by growth in non-life (re)insurance premiums. Gross provisions for outstanding claims grew by EUR 0.2 million.

The gross provision relating to unit-linked business grew by EUR 35.4 million, primarily because of increased provisions at Vita as the result of portfolio growth, the transfer of assets from the guaranteed part in the amount of matured traditional life business, and increase in fund unit prices.

Movements in gross technical provisions

EUR	1 January 2021	Additions	Uses	Reversals	Exchange differences	31 March 2021
Gross unearned premiums	210,614,842	147,928,120	-110,488,086	-14,643	-43,741	247,996,493
Technical provisions for life insurance business	465,641,679	12,088,904	-21,516,405	-192,536	-3,807	456,017,835
Gross provision for outstanding claims	547,764,679	80,566,343	-54,015,562	-26,378,788	-10,551	547,926,121
Gross provision for bonuses, rebates and cancellations	1,300,797	559,274	-521,441	1,278	-57	1,339,851
Other gross technical provisions	7,990,057	3,230,963	-4,084,937	0	-371	7,135,712
Total	1,233,312,054	244,373,604	-190,626,430	-26,584,689	-58,527	1,260,416,012
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	53,791,662	-18,102,966	-322,123	0	444,971,001

7.8.11 Liabilities from operating activities

Liabilities from operating activities rose by EUR 11.1 million from year-end 2020, primarily as the result of the renewal of annual reinsurance contracts and consequently higher liabilities from reinsurance and co-insurance business, up EUR 7.6 million, and EUR 2.9 million higher current tax liabilities.

EUR	31 March 2021	31 December 2020
Liabilities to policyholders	15,685,081	16,784,079
Liabilities to insurance intermediaries	5,280,441	6,013,927
Other liabilities from primary insurance business	26,000,673	23,471,827
Liabilities from primary insurance business	46,966,195	46,269,833
Liabilities for reinsurance and co-insurance premiums	14,361,914	6,741,079
Liabilities for shares in reinsurance claims	50,091	91,847
Other liabilities from reinsurance and co-insurance business	4,659	4,233
Liabilities from reinsurance and co-insurance business	14,416,664	6,837,159
Current income tax liabilities	8,155,964	5,305,281
Total	69,538,823	58,412,273

EUR 31 March 2021	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	1,578,656	14,106,425	15,685,081
Liabilities to insurance intermediaries	0	5,280,441	5,280,441
Other liabilities from primary insurance business	648,471	25,352,202	26,000,673
Liabilities from primary insurance business	2,227,127	44,739,068	46,966,195
Liabilities for reinsurance and co-insurance premiums	5,747	14,356,167	14,361,914
Liabilities for shares in reinsurance claims	0	50,091	50,091
Other liabilities from reinsurance and co-insurance business	0	4,659	4,659
Liabilities from reinsurance and co-insurance business	5,747	14,410,917	14,416,664
Current income tax liabilities	0	8,155,964	8,155,964
Total	2,232,874	67,305,949	69,538,823

EUR 31 December 2020	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	4,260,521	12,523,558	16,784,079
Liabilities to insurance intermediaries	3,278	6,010,649	6,013,927
Other liabilities from primary insurance business	1,484,459	21,987,368	23,471,827
Liabilities from primary insurance business	5,748,258	40,521,575	46,269,833
Liabilities for reinsurance and co-insurance premiums	7,875	6,733,204	6,741,079
Liabilities for shares in reinsurance claims	0	91,847	91,847
Other liabilities from reinsurance and co-insurance business	0	4,233	4,233
Liabilities from reinsurance and co-insurance business	7,875	6,829,284	6,837,159
Current income tax liabilities	0	5,305,281	5,305,281
Total	5,756,133	52,656,140	58,412,273

7.8.12 Fair values of assets and liabilities

Financial assets measured at fair value by level of the fair value hierarchy as at 31 March 2021

EUR 31 December 2021	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	1,361,966,020	1,135,337,211	176,770,117	49,858,692	1,361,966,020	0
<i>FVTPL</i>	<i>29,366,700</i>	<i>9,532,992</i>	<i>18,026,801</i>	<i>1,806,907</i>	<i>29,366,700</i>	<i>0</i>
<i>Designated to this category</i>	<i>29,366,700</i>	<i>9,532,992</i>	<i>18,026,801</i>	<i>1,806,907</i>	<i>29,366,700</i>	<i>0</i>
Debt instruments	26,043,486	7,019,149	17,228,986	1,795,351	26,043,486	0
Equity instruments	3,323,214	2,513,843	797,815	11,556	3,323,214	0
Available-for-sale	1,332,599,320	1,125,804,219	158,743,316	48,051,785	1,332,599,320	0
Debt instruments	1,213,141,585	1,070,653,193	142,488,392	0	1,213,141,585	0
Equity instruments	73,312,206	55,151,026	16,254,924	1,906,256	73,312,206	0
Investments in infrastructure funds	31,651,408	0	0	31,651,408	31,651,408	0
Investments in property funds	14,494,121	0	0	14,494,121	14,494,121	0
Investments for the benefit of life policyholders who bear the investment risk	440,627,572	437,359,826	3,267,746	0	440,627,572	0
Investments not measured at fair value	70,320,447	35,443,794	5,581,276	31,609,087	72,634,157	2,313,712
Held-to-maturity assets	39,522,931	35,443,794	5,581,276	811,573	41,836,643	2,313,712
Debt instruments	39,522,931	35,443,794	5,581,276	811,573	41,836,643	2,313,712
Loans and receivables	30,797,516	0	0	30,797,514	30,797,514	0
Deposits	21,263,479	0	0	21,263,478	21,263,478	0
Loans granted	2,013,472	0	0	2,013,472	2,013,472	0
Deposits with cedants	7,520,564	0	0	7,520,564	7,520,564	0
Investments for the benefit of life policyholders who bear the investment risk	6,060,842	4,343,008	0	2,005,532	6,348,540	287,698
Total investments	1,432,286,466	1,170,781,005	182,351,393	81,467,779	1,434,600,177	2,313,712
Total investments for the benefit of life policyholders who bear the investment risk	446,688,414	441,702,834	3,267,746	2,005,532	446,976,112	287,698

Financial assets measured at fair value by level of the fair value hierarchy as at 31 December 2020

EUR 31 December 2020	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	1,354,673,733	1,024,515,549	284,697,323	45,460,863	1,354,673,733	0
FVTPL	27,409,671	9,093,388	16,531,703	1,784,580	27,409,671	0
Designated to this category	27,409,671	9,093,388	16,531,703	1,784,580	27,409,671	0
Debt instruments	24,406,439	6,870,329	15,763,093	1,773,017	24,406,439	0
Equity instruments	3,003,232	2,223,059	768,610	11,563	3,003,232	0
Available-for-sale	1,327,264,062	1,015,422,161	268,165,620	43,676,283	1,327,264,062	0
Debt instruments	1,211,575,148	958,904,416	252,670,734	0	1,211,575,148	0
Equity instruments	73,912,138	56,517,745	15,494,886	1,899,507	73,912,138	0
Investments in infrastructure funds	27,436,469	0	0	27,436,469	27,436,469	0
Investments in property funds	14,340,307	0	0	14,340,307	14,340,307	0
Investments for the benefit of policyholders who bear the investment risk	402,020,651	399,954,555	2,066,096	0	402,020,651	0
Investments not measured at fair value	75,475,603	22,965,332	22,603,563	32,644,231	78,213,126	2,737,523
Held-to-maturity assets	43,679,425	22,965,332	22,603,563	848,053	46,416,948	2,737,523
Debt instruments	43,679,425	22,965,332	22,603,563	848,053	46,416,948	2,737,523
Loans and receivables	31,796,178	0	0	31,796,178	31,796,178	0
Deposits	22,415,444	0	0	22,415,444	22,415,444	0
Loans granted	2,119,569	0	0	2,119,569	2,119,569	0
Deposits with cedants	7,261,165	0	0	7,261,165	7,261,165	0
Investments for the benefit of policyholders who bear the investment risk	9,204,161	5,518,905	0	4,009,072	9,527,977	323,816
Total investments	1,430,149,337	1,047,480,881	307,300,886	78,105,094	1,432,886,859	2,737,523
Total investments for the benefit of life policyholders who bear the investment risk	411,224,812	405,473,460	2,066,096	4,009,072	411,548,628	323,816

Movements in level 3 FVTPL financial assets

EUR	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in property funds	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Opening balance	1,773,017	18,912,998	1,911,070	2,253,110	27,436,469	20,159,022	14,340,307	4,000,000
Exchange differences	0	0	0	0	-1	-123	0	0
Additions	0	83,008	0	0	3,665,137	8,405,844	0	10,506,818
Impairment	0	-108,756	0	-320,600	0	0	0	0
Disposals	0	0	0	0	-93,740	-376,861	0	0
Maturities	0	-95,000	0	0	0	0	0	0
Revaluation to fair value	22,334	-7,968,588	6,742	-21,440	643,543	-751,413	153,814	-166,511
Reclassification into other levels	0	-9,050,645	0	0	0	0	0	0
Closing balance	1,795,351	1,773,017	1,917,812	1,911,070	31,651,408	27,436,469	14,494,121	14,340,307

Reclassification of assets and financial liabilities between levels in the first quarter of 2021

EUR		
	Level 1	Level 2
31 March 2021		
FVTPL assets	-73,899	73,899
Debt securities designated to this category reclassified from level 2 into level 1	-73,899	73,899
Available-for-sale	-1,249,570	1,249,570
Debt instruments	-1,249,570	1,249,570
Reclassification from level 1 into level 2	-2,548,279	2,548,279
Reclassification from level 2 into level 1	1,298,709	-1,298,709
Total	-1,323,469	1,323,469

The Group primarily measures its OTC debt assets based on BID CBBT prices, which are unadjusted quoted prices, thus meeting the criteria for classification into level 1. Level 1 also includes mutual fund assets and listed securities that satisfy the active market requirement. The classification of assets by level has not changed from 2020.

7.9 Related-party disclosures

The Group makes separate disclosures for the following groups of related parties:

- owners and related enterprises;
- key management personnel: the management board and the supervisory board, including its committees;
- subsidiary companies;
- associates.

Owners and related enterprises

The Group's largest shareholder is Slovenian Sovereign Holding with a 17.7% stake.

Management board and supervisory board, including its committees

Fixed remuneration of management board members for performing their function in the first three months of 2021 totalled EUR 187,950 (first quarter of 2020: EUR 177,280), performance-based pay was not paid out in the first three months (first quarter 2020: EUR 205,476). Benefits in kind were EUR 8,294 (first quarter of 2020: EUR 8,442).

Remuneration of management board members in first quarter of 2021

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	50,700	0	51	1,128	51,879
Jošt Dolničar	45,750	0	1,311	974	48,035
Polona Pirš Zupančič	45,750	0	1,305	733	47,788
Peter Skvarča	45,750	0	1,299	1,494	48,543
Total	187,950	0	3,966	4,329	196,245

Liabilities to management board members based on gross remuneration

EUR	31 March 2021	31 March 2020
Marko Jazbec	16,500	13,350
Jošt Dolničar	14,850	11,880
Srečko Čebren	-	12,681
Polona Pirš Zupančič	14,850	11,880
Peter Skvarča	14,850	-
Total	61,050	49,791

In March and April 2020, some employees (management board, employees under individual employment contracts) voluntarily agreed to pay cuts of between 15.0% and 20.0% due to the uncertainties related to Covid-19.

As at 31 March 2021, the Company disclosed liabilities for potential payment of the variable part of pay of management board members in respect of 2018 and 2019 subject to certain conditions in the amount of EUR 108,619.

As at 31 March 2021, the Company had no receivables due from the management board members. Management board members are not remunerated for their functions in subsidiary companies. They have other entitlements under employment contracts, i.e. an allowance for annual leave of EUR 1,200, severance pay upon retirement and contributions to voluntary supplementary pension insurance. Management board members are not entitled to jubilee benefits for 10, 20 or 30 years of service.

Remuneration of supervisory board members and members of its committees in first quarter of 2021

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Mateja Lovšin Herič	chair	1,045	4,875	0	5,920
Keith William Morris	deputy chair	1,045	3,575	114	4,734
Gorazd Andrej Kunstek	member of the SB	1,045	3,250	0	4,295
Mateja Živec	member of the SB	1,045	3,250	0	4,295
Davor Ivan Gjivoje	member of the SB	1,045	3,250	0	4,295
Andrej Kren	member of the SB	1,045	3,250	0	4,295
Total supervisory board members		6,270	21,450	114	27,834
Audit committee members					
Andrej Kren	chair	880	1,219	0	2,099
Mateja Lovšin Herič	member	880	812	0	1,692
Ignac Dolenšek	external member	0	4,050	0	4,050
Total audit committee members		1,760	6,081	0	7,841
Members of the nominations and remuneration committee					
Mateja Lovšin Herič	chair	1,100	1,219	0	2,319
Keith William Morris	member	440	812	227	1,479
Davor Ivan Gjivoje	member	1,100	812	0	1,912
Andrej Kren	member	440	812	0	1,252
Gorazd Andrej Kunstek	alternate member	660	271	0	931
Total nominations committee members		3,740	3,926	227	7,893
Members of the risk committee					
Keith William Morris	chair	440	1,219	227	1,886
Davor Ivan Gjivoje	member	440	812	0	1,252
Slaven Mičković	external member	0	5,514	0	5,514
Total risk committee members		880	7,545	227	8,652
Members of the fit & proper committee					
Mateja Živec	chair	220	1,219	0	1,439
Keith William Morris	member	0	812	0	812
Rok Saje	external member	220	812	0	1,032
Andrej Kren	alternate member	0	812	0	812
Gorazd Andrej Kunstek	alternate member	220	271	0	491
Davor Ivan Gjivoje	alternate member	220	271	0	491
Total members of the fit & proper committee		880	4,197	0	5,077

As at 31 March 2021, the Company had no liabilities due to any members of the supervisory board or its committees.

Transactions with subsidiaries*Investments in and amounts due from Group companies*

EUR	31 March 2021	31 December 2020
Loans granted to Group companies	3,091,620	3,637,532
Receivables for premiums arising out of reinsurance assumed	32,714,025	21,227,908
Short-term receivables arising out of financing	2,588	2,939
Other short-term receivables	39,925	50,336
Short-term deferred acquisition costs	80,894	941,701
Total	35,929,051	25,860,416

Liabilities to Group companies

EUR	31 March 2021	31 December 2020
Technical provisions	115,781,558	106,908,528
- Unearned premiums	39,173,625	30,088,302
- Provision for outstanding claims	76,387,634	76,545,858
- Other technical provisions	220,300	274,368
Liabilities for shares in reinsurance claims due to Group companies	10,159,232	9,030,400
Other liabilities from co-insurance and reinsurance	6,826,825	4,880,137
Other short-term liabilities	95,169	19,264
Total	132,862,784	120,838,329

Income and expenses relating to Group companies

EUR	1-3/2021	1-3/2020
Gross premiums written	30,339,527	35,387,493
Change in gross unearned premiums	-9,087,450	-15,374,221
Gross claims payments	-10,079,942	-8,463,744
Change in the gross provision for outstanding claims	158,224	-3,167,438
Income from gross recourse receivables	251,690	254,552
Other operating expenses	-28,355	-31,086
Dividend income	854,194	0
Interest income	14,783	24,535
Acquisition costs	-5,582,286	-5,851,441
Change in deferred acquisition costs	94,461	2,165,241
Other technical income	97,141	92,154
Total	7,031,988	5,036,045

Transactions with the state and majority state-owned entities*Investments in and receivables due from the state and companies that are majority state-owned*

EUR	31 March 2021	31 December 2020
Interests in companies	7,640,767	7,237,288
Debt securities and loans	84,909,878	90,780,931
Receivables due from policyholders	1,037,549	97,641
Total	93,588,194	98,115,860

Liabilities to the state and majority state-owned companies

EUR	31 March 2021	31 December 2020
Liabilities for shares in claims	3,281	3,504
Total	3,281	3,504

Income and expenses relating to majority state-owned companies

EUR	1–3/2021	1–3/2020
Gross premiums written	4,310,857	10,430,553
Gross claims payments	-535,311	-772,623
Interest income	431,187	498,602
Other investment income	41,100	264,979
Total	4,247,832	10,421,510

Related-party transactions were conducted on an arms-length basis.

Characteristics of loans granted to subsidiaries

Sava Re				
Borrower	Principal	Type of loan	Maturity	Interest rate
Sava Životno Osiguranje (SRB)	1,020,000	ordinary	15 January 2022	0.90%
Sava Neživotno Osiguranje (SRB)	500,000	ordinary	15 July 2021	2.30%
Illyria (RKS)	500,000	subordinated	27 June 2029	3.00%
Illyria (RKS)	642,000	ordinary	15 July 2022	3.00%
Illyria (RKS)	400,000	ordinary	15 July 2021	0.90%
Total	3,062,000			

Appendix – Glossary of selected terms and calculation methodologies for indicators

Appendix – Glossary of selected terms and calculation methodologies for indicators

Accounting currency. A local currency used in the accounting documentation. Reinsurance contracts may be accounted for in various accounting currencies. Generally, this is the currency of liabilities and receivables due from cedants, and hence also the reinsurer.
Administrative expense ratio. Operating expenses, net of acquisition costs and the change in deferred acquisition costs, as a percentage of gross premiums written.
Associate entity. An entity over which the investor has significant influence (the power to participate in the financial and operating policy decisions) and that is neither a subsidiary nor an interest in a joint venture.
Book value per share. Ratio of total equity to weighted average number of shares outstanding.
Business continuity plan. Document that includes procedures for ensuring the continuous operation of key business processes and systems. The contingency plan is an integral part of the business continuity plan and sets out technical and organisational measures to restore operations and mitigate the consequences of severe business disruptions.
BVAL price (Bloomberg valuation). Price obtained from the Bloomberg information system.
Capital fund. Assets representing the capital of the Company.
CBBT price (Composite Bloomberg Bond Trader). Closing price published by the Bloomberg system based on binding bids.
Cedant, cede, cession. A cedant is the client of a reinsurance company. To cede is to transfer part of any risk an insurer has underwritten to a reinsurer. The part thus transferred to any reinsurer is called a cession.
CODM (chief operating decision maker) may refer to a person responsible for monitoring an operating segment or to a group of persons responsible for allocating resources, and monitoring and assessing performance.
Composite insurance company. Insurer that writes both life and non-life business.
Comprehensive income. Comprehensive income is made up of two parts. The first part is net profit for the period net of tax as in the income statement; the second part is other comprehensive income for the period, net of tax, comprising the effects of other gains and losses not recognised in the income statement that affect equity, mainly through the fair value reserve.
Consolidated book value per share. Ratio of consolidated total equity to weighted average number of shares outstanding.
Consolidated earnings or loss per share. Ratio of net profit/loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding.
Credit risk. The risk of loss of or adverse change in the financial situation of the insurer, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance undertakings are exposed, in the form of counterparty default risk, spread risk or market risk concentrations.
Currency risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.
Dividend yield. Ratio of dividend per share to the rolling average price per share in the period.
EIOPA (European Insurance and Occupational Pensions Authority). European Insurance and Occupational Pensions Authority
Eligible own funds. Own funds eligible to cover the solvency capital requirement.
Equity risk. Risk that the value of investments will decrease due to fluctuations in equity markets.
Equity risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of market prices of shares and infrastructure funds.
Excess of loss reinsurance. A type of reinsurance in which the insurer agrees to pay a specified portion of a claim and the reinsurer agrees to pay all or a part of the claim above the specified currency amount or “retention”.
Facultative reinsurance. A type of reinsurance under which the ceding company has the option to cede and the reinsurer has the option to accept or decline individual risks of the underlying policy. Typically used to reinsure large individual risks or for amounts in excess of limits on risks already reinsured elsewhere.
FATCA (Foreign Account Tax Compliance Act).
Financial investments. Financial investments do not include financial investments in associates, investment property, or cash and cash equivalents.
Financial risk. It comprises the risk of failure to achieve the guaranteed return, market risk (interest rate risk, equity risk, currency risk and property risk), credit risk and liquidity risk.
FoS (freedom of service). Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.
FVTPL (fair value through profit or loss). Financial instruments measured at fair value through profit or loss.
Gross claims paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables. Gross claims paid are claims before deduction of reinsurance.
Gross claims payments. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses. Gross/net: before or after deduction of reinsurance. Gross claim payments less realised income from recourse receivables (short: gross claims paid) Net claim payments, net of realised income from recourse receivables (short: net claims paid).
Gross expense ratio. The ratio of operating expenses as a percentage of gross premiums written. The Group’s ratio is calculated for the reinsurance, non-life insurance and life insurance operating segments.

Gross incurred loss ratio. Gross claims paid, including the change in the gross provision for outstanding claims, as a percentage of gross premiums written, including the change in gross unearned premiums. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments.
Gross insurance premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross/net: before or after deduction of reinsurance. Gross premiums written (short: gross premiums). Net premiums written (short: net premiums).
Gross operating expenses. Operating expenses, net of the change in deferred acquisition costs (policy acquisition costs and other operating expenses).
Gross premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross premiums written are premiums before deduction of reinsurance.
Gross/net. In insurance terminology, the terms gross and net usually denote figures before or after deduction of reinsurance.
IBNER (incurred but not enough reported). Provision for claims that are incurred but not enough reported.
IBNR (incurred but not reported). Provision for claims incurred but no reported.
Insurance density. Gross premiums written as a percentage of the number of inhabitants.
Insurance penetration. Gross premiums written as a percentage of gross domestic product.
Interest rate risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.
Investment portfolio. The investment portfolio includes financial investments in associates, investment property, and cash and cash equivalents.
IRLF (investment risk liability fund). Liability fund for unit-linked life insurance business.
IS Income statement.
Life insurance register of assets. Register of assets used to cover mathematical provisions.
Liquidity risk. Liquidity risk is the risk that the company will not have sufficient liquid assets to meet its obligations as they fall due, and will have to sell its less liquid assets at a discount or raise new loans.
Market risk. It includes interest rate risk, equity risk, currency risk and property risk.
Minimum capital requirement. The minimum capital requirement is equal to the amount of eligible basic own funds below which policyholders, insured persons and other beneficiaries of insurance contracts would be exposed to an unacceptable level of risk if the insurer was allowed to continue operating.
Net (insurance) premiums earned. Net premiums written for a given period, including the change in net unearned premiums.
Net claims incurred. Net claims payments, net of income from recourse receivables (short: net claims paid) in the period, including the change in the net provision for outstanding claims.
Net claims paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables and reinsurers' and co-insurers' share of claims paid.
Net combined ratio. Ratio of total expenses (other than investment) to total income (other than investment). The Group's ratio is calculated for the reinsurance and non-life insurance operating segments.
Net earnings or loss per share. Net profit or loss as a percentage of the weighted average number of shares outstanding.
Net expense ratio. For (re)insurance operating segments, the ratio is calculated as operating expenses, net of commission income, as a percentage of net earned premiums. For the Group, the ratio is calculated as the ratio of operating expenses, net of commission income, to the sum of net premiums earned, other technical income and other income. Not included are one-off impacts on operations and amortisation of client lists or contractual customer relationships.
Net incurred loss ratio. Net claims incurred gross of the change in other technical provisions as a percentage of net premiums earned. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments.
Net investment income from the investment portfolio. Calculated from income statements items: income from investments in subsidiaries and associates plus investment income plus income from investment property minus expenses for investments in associates and impairment losses on goodwill less expenses for financial assets and liabilities less expenses for investment property. Income from and expenses for investment property are included in the other income / other expenses item. Net investment income of the investment portfolio does not include net unrealised or realised gains or losses on investments of life insurance policyholders who bear the investment risk as these do not affect the income statement. These items move in line with the mathematical provision of policyholders who bear the investment risk.
Net operating expenses. Operating expenses net of commission income.
Net premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Net premiums written are premiums after deduction of reinsurance.
Net/gross. In insurance terminology, the terms gross and net usually denote figures before or after deduction of reinsurance.
Non-life insurance register of assets. Register of assets used to cover non-life technical provisions.
Non-proportional reinsurance (excess reinsurance). A reinsurance arrangement whereby the reinsurer indemnifies a ceding company above a specified level (usually a monetary amount) of losses that the ceding company has underwritten. A deductible amount (priority) is set; any loss exceeding that amount is paid by the reinsurer.
Operating revenue. Total income less investment income.

Operational limit. Operational limits for particular areas are determined on the basis of expressed risk tolerance limits. In absolute terms, this is the maximum amount acceptable for a particular risk so that the Company remains within its risk appetite framework.
Operational risk. Risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.
ORSA (own risk and solvency assessment). Own assessment of the risks associated with a company's or the Group's business and strategic plan and assessment of the adequacy of own funds to cover them.
OTC market. (Engl. over-the-counter). A transaction in the OTC market is one between two parties in securities or other financial instruments outside a regulated market.
Paid loss ratio. Gross claims paid as a percentage of gross premiums written.
Primary (direct) insurance company. Insurance company that has a direct contractual relationship with the holder of the insurance policy (private individual, firm or organisation).
Property risk. The risk that the value of property will decrease due to fluctuations in real estate markets.
Proportional reinsurance. A reinsurance arrangement whereby the reinsurer indemnifies a ceding company for a pre-agreed proportion of premiums and losses of each policy that the ceding company has underwritten. It can be subdivided into two main types: quota-share reinsurance and surplus reinsurance.
RBNS (reported but not settled). Provision for claims that are reported but not settled.
Realised recourse receivables (short: recourse receivables) Amount of recourse claims recognised in the period as recourse receivables based on (i) any agreement with recourse debtors, (ii) court decisions, or (iii) for credit business – settlement of an insurance claim.
Reserving risk. Risk that technical provisions are not sufficient to cover the commitments of the (re)insurance business assumed.
Retention ratio. Net premiums written as a percentage of gross premiums written.
Retention. The amount or portion of risk (claim) that a ceding company retains for its own account, and does not reinsure. The claim and loss adjustment expenses in excess of the retention level are then paid by the reinsurer to the ceding company up to the limit of indemnity, if any, set out in the reinsurance contract. In proportional reinsurance, the retention may be a percentage of the original policy's limit. In non-proportional insurance, the retention is usually a monetary amount of the claim, a percentage of the claim or a claim-to-premium ratio.
Retrocession. The reinsurance bought by reinsurers; a transaction by which a reinsurer cedes risks to another reinsurer.
Return on equity. The ratio of net profit for the period as a percentage of average equity in the period.
Return on revenue. Ratio of net profit for the year to operating revenues.
Return on the investment portfolio. The ratio of net investment income relating to the investment portfolio to average invested assets. It includes the following statement of financial position items: investment property, financial investments in subsidiaries and associates, financial investments, and cash and cash equivalents. The average amount is calculated based on figures as at the reporting date and as at the end of the prior year.
Risk appetite. Risk level that a company is willing to take in order to meet its strategic goals.
Risk register. List of all major identified risks periodically maintained, monitored, assessed and reported on by a company.
SFP. Statement of financial position.
Solvency Capital Requirement (SCR). An amount based on the regulatory calculation of risk, including non-life underwriting risk, life underwriting risk, health underwriting risk, market risk, counterparty default risk and operational risk.
Solvency ratio. The ratio of eligible own funds as a percentage of the SCR. A solvency ratio in excess of 100% indicates that the firm has sufficient resources to meet the SCR.
Standard formula. Set of calculations prescribed by Solvency II regulations used for generating the solvency capital requirement.
Strategic risk. The risk of an unexpected decrease in a company's value due to the adverse effects of management decisions, changes in business and legal environment and market developments.
Subsidiary entity. An entity that is controlled by another entity.
TP. Technical provisions.
Transaction currency. The currency in which reinsurance contract transactions are processed.
Underwriting result. Profit or loss realised from insurance operations as opposed to that realised from investments or other items.
Underwriting risk. Risk of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions. Underwriting risk comprises non-life, life and health underwriting risk.
Unearned premiums. That part of premiums written relating to the unexpired portion of the policy period and is attributable to and recognised as income in future years.