



Translation of the

**Unaudited financial report
of the Sava Insurance Group
and financial statements of Sava Re d.d.
for the nine months to 30 September 2021**

Ljubljana, 9 November 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 Nine Months to 30 September 2021, also available from the Company's website, at www.sava-re.si, as from 19 November 2021.

1.1 Key financials

EUR, except percentages	Sava Insurance Group	
	1–9/2021	1–9/2020
Total of all operating segments		
Operating revenue	548,763,752	493,876,432
Year-on-year change	11.1%	16.4%
Profit or loss before tax	70,581,495	57,019,067
Year-on-year change	23.8%	19.7%
Profit or loss, net of tax	57,233,624	47,589,810
Year-on-year change	20.3%	26.4%
Comprehensive income	46,456,391	53,641,205
Year-on-year change	-13.4%	3.8%
Return on revenue*	10.5%	9.8%
Net expense ratio, including operating revenue*/***	27.8%	29.0%
Annualised return on equity		
	15.9%	14.8%
Earnings or loss per share	3.69	3.06
Return on the investment portfolio**/**	1.9%	1.7%
Reinsurance + non-life		
Gross premiums written	439,580,390	437,340,011
Year-on-year change	0.5%	8.4%
Net incurred loss ratio*	56.9%	60.7%
Net expense ratio	30.4%	30.2%
Net combined ratio*	88.5%	92.1%
Profit or loss before tax	52,321,322	38,227,961
Year-on-year change	36.9%	9.8%
Life insurance		
Gross premiums written	135,370,151	89,775,009
Year-on-year change	50.8%	37.8%
Net expense ratio	19.6%	21.4%
Profit or loss before tax	14,394,521	19,177,480
Year-on-year change	-24.9%	91.9%
Total of all operating segments		
	30 September 2021	31 December 2020
Total assets	2,643,874,167	2,467,251,303
Change on 31 December of prior year	7.2%	30.8%
Shareholders' equity		
	492,947,994	460,214,488
Change on 31 December of prior year	7.1%	19.6%
Net technical provisions		
	1,715,887,430	1,600,307,265
Change on 31 December of prior year	7.2%	43.4%
Book value per share	31.81	29.70
Number of employees (full-time equivalent basis)	2,642.7	2,690.7
Solvency ratio under Solvency II rules****	218% (30 June 2021)	198.0%

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

Operating revenue for the first nine months of 2020 differs from the figures published in the nine-month financial report for 2020 because the nine-month 2021 figures also include reinsurance commission income.

* The effect of exchange differences is excluded.

** Subordinated debt expenses are excluded. Impairment losses on goodwill for the first nine months of 2020 are also excluded.

*** The amortisation charge for the customer list is excluded. Extraordinary income relating to negative goodwill on acquisitions for the first nine months of 2020 is also excluded.

**** The solvency ratio as at 30 June 2021 has not been audited. The calculation does not consider the deduction of eligible own funds by the amount of foreseeable current-year dividends. The inclusion of foreseeable dividends in the amount paid out in 2021 would result in a Group solvency ratio of 214%.

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

EUR million, except percentages	1–9/2021	2021 plan	As % of plan
Sava Insurance Group			
Operating revenue	548.8	> 685	80.1%
Profit or loss, net of tax	57.2	> 53	108.0%
Return on equity (ROE)	15.9%	≥ 11.5%	✓
Net expense ratio	27.8%	32–33%	✓
Investment return**/**	1.9%	1.5%	✓
(Re)insurance part			
Gross premiums written	575.0	> 685	83.9%
Net incurred loss ratio (reins. + non-life)*	56.9%	59–60%	✓
Net combined ratio (reins. + non-life)*	88.5%	< 94%	✓

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

* The effect of exchange differences is excluded.

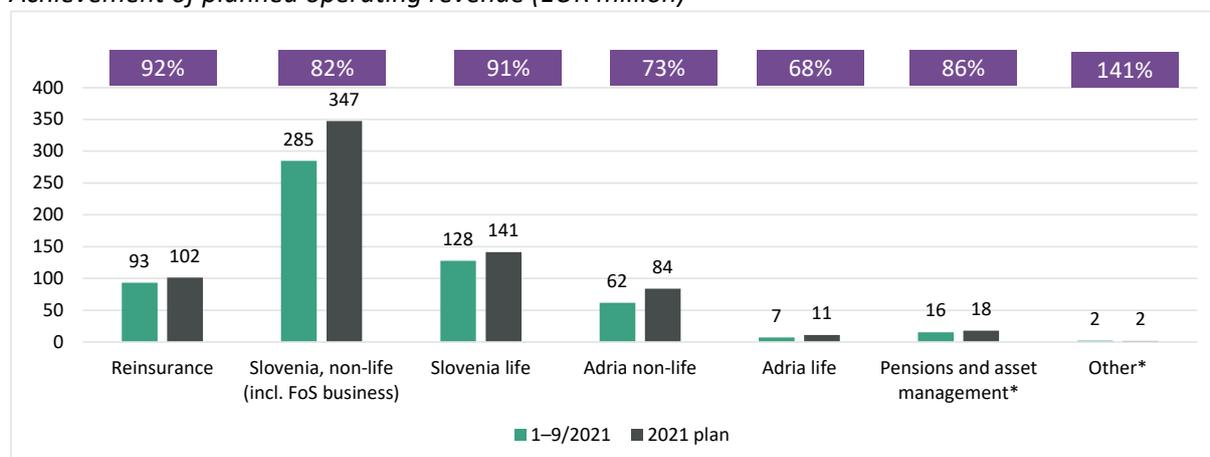
** Subordinated debt expenses are excluded.

In the first nine months of 2021, the Sava Insurance Group wrote EUR 575.0 million in gross premiums in the (re)insurance segments (excluding annuities), up 9.1% year on year. The growth in gross premiums written was mainly the result of the inclusion of Vita in the Group (EUR 49.7 million). If Vita were excluded, gross premiums written would be 0.2% lower. This decline is mainly the result of business written by Zavarovalnica Sava in collaboration with other EU-based companies (FoS business). This business saw a EUR 19.9 million year-on-year decline in the first nine months of 2021. An exclusion of this decline would result in 13.6% growth in gross premiums written. Gross premiums written in the (re)insurance segment reached 83.9% of the 2021 full-year plan.

The net profit for the period was EUR 57.2 million, which is 108.0% of the lower end of the planned range for 2021 and a 20.3% increase year on year. The growth in net profit was driven by better results achieved in most operating segments. There was a moderate decline in the result of reinsurance operations (this year, extraordinary high loss experience) and life business (previous year, EUR 6.1 million in one-off income recognised due to negative goodwill relating to the investment in Vita. If this effect were excluded, the life segment would show a year-on-year improvement, largely as a result of the full-year consolidation of Vita. In its announcement of its half-yearly results, the Company estimated that the Group's 2021 profit would exceed EUR 60 million, which is supported by the nine-month results achieved.

The net expense ratio was better than planned for the first nine months of 2021. 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 non-life segment. The return on the investment portfolio improved modestly year on year as well as compared to the 2021 target.

Achievement of planned operating revenue (EUR million)



As a % of annual plan.

* Operating revenue.

Objectives achieved in the Group's strategic focus areas:

Digital transformation & placing the customer at the centre

In the reporting period, we continued the implementation of multi-channel communication processes at Zavarovalnica Sava, especially in claims and sales processes, and continued the implementation of solutions in other companies of the Sava Insurance Group. We have implemented the first paperless business communication processes in the Group and will continue to integrate additional business communication processes going forward. As regards advanced technologies, we continue to develop and introduce artificial intelligence in the claims process and online sales. The SavaNet self-service portal has been launched, and in the future it will bring together in one place data on the customer's business with any Group company, for the time being in the Slovenian market only. A video presentation of activities carried out to achieve the strategic goals is available on the Company's website, at <https://www.sava-re.si/en-si/investor-relations/strategy/>.

IT transformation

In 2020, IT transformation projects included the replacement of core asset management systems at Zavarovalnica Sava and Sava Re. Replacements are ongoing at other Group companies and will be completed 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 completed the technical consolidation of the data warehouses of Zavarovalnica Sava, facilitating the implementation of upgrades and redesigns to align with regulations, ongoing business needs and our customer-centric orientation. We have completed the implementation of the basic level cyber security 24/7 (SOC) at most Group companies so that periodic upgrades are being installed in line with the annual plan. In the third quarter of 2021, we completed the testing and validation of a technical solution that will improve our early threat detection capability in the fourth quarter, resulting in a significant reduction in a number of security risks. IT infrastructure and solutions are being upgraded to the extent necessary to support strategic projects.

Acquisitions-based growth

In the first nine months of 2021, the Sava Insurance Group pursued the strategic goal of growth through acquisitions. Acquisition activities continued in the private health segment, which the Group is developing through the company DCB, and in the roadside assistance segment, where the Sava Insurance Group has acquired an additional stake in TBS Team 24.

Sustainable development

The Sava Insurance Group adopted a sustainable development strategy for 2020–2022, embarking on 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 several areas: investment management, insurance and reinsurance underwriting, development of insurance services and purchasing.

The Sava Re management board adopted a sustainable investment policy in June 2021, which highlights the problem of greenhouse gas emissions and efforts to reduce their impact on climate change. The policy adopted also introduces an exclusion list of industries that the Group does not want to be part of its future investment portfolio. The exclusion list covers entities or projects with a substantial part of their total revenue from the production or sale of alcohol, tobacco, adult entertainment, gambling products and services, thermal coal production, shale oil, nuclear energy production, military industries or the manufacture of controversial weapons.

We became a signatory to the Principles for Responsible Investment and the United Nations Global Compact.

In accordance with the Regulation on Sustainability-Related Disclosure in the Financial Services Sector (Sustainable Finance Disclosure Regulation, SFDR) ((EU) 2019/2088), the Sava Insurance Group posted

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relevant sustainability-related disclosures pertaining to its investment processes on its website on 30 June 2021.

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
Governing bodies as at the publication date	MANAGEMENT BOARD Marko Jazbec (chairman) Jošt Dolničar Polona Pirš Zupančič Peter Skvarča SUPERVISORY BOARD Davor Ivan Gjivoje Jr (chairman) Keith William Morris (deputy chairman) Klemen Babnik Matej Gomboši 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/; September 2021 A /stable/; October 2021
Contact details for financial and sustainability reports	ir@sava-re.si
The Company has no branches.	

1.3 Bodies of the Company

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

At the session of 7 October 2021, the Sava Re supervisory board reappointed Marko Jazbec, whose five-year term of office is due to expire on 12 May 2022, as the chairman of the management board for a further term. The new five-year term starts on 13 May 2022.

Composition of the management board as at 30 September 2021

Member	Title	Beginning of term	End of term of office
Marko Jazbec	chairman	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.

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.

The composition of the supervisory board changed in the third quarter of 2021.

The terms of office of three members of the Sava Re supervisory board, Mateja Lovšin Herič, Keith William Morris and Andrej Kren, expired on 16 July 2021. In its session of 25 May 2021, the general meeting of shareholders elected Keith William Morris, Matej Gomboši and Klemen Babnik as new supervisory board members for the next four-year term of office, all three starting on 17 July 2021. On 20 July 2021, the members of the supervisory board of Sava Re d.d. elected from among themselves Davor Ivan Gjivoje Jr as the chair of the supervisory board and Keith William Morris as the deputy chair.

Mateja Živec tendered her resignation as a member of the Sava Re supervisory board representing employee interests. Her resignation will be effective as from 1 January 2022.

Composition of the supervisory board as at 30 September 2021

Member	Title	Beginning of term	End of term of office
Davor Ivan Gjivoje Jr	chairman	8 March 2021	8 March 2025
Keith W. Morris	deputy chair	17 July 2021	17 July 2025
Klemen Babnik	member	17 July 2021	17 July 2025
Matej Gomboši	member	17 July 2021	17 July 2025
Andrej Gorazd Kunstek	member (employee representative)	12 June 2019	12 June 2023
Mateja Živec	member (employee representative)	12 June 2019	31 December 2021

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

Davor Ivan Gjivoje Jr:

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- 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.

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.

Mateja Živec:

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

Supervisory board committees

In the third quarter of 2021, the composition of the supervisory board's audit committee changed.

The expiry of the term of office of the Sava Re supervisory board on 16 July 2021 also concluded the terms of office of all its committees. In its first (constitutive) session of 20 July 2021, the supervisory board again set up four committees: (1) an audit committee (composed of: Dr Matej Gomboši (chair), Andrej Gorazd Kunstek, Katarina Sitar Šuštar and Dragan Martinović); (2) a risk committee (composed of: Keith William Morris (chair), Davor Ivan Gjivoje Jr., Dr Slaven Mičković and Dr Janez Komelj); (3) a nominations and remuneration committee (composed of: Klemen Babnik (chair), Keith William Morris, Davor Ivan Gjivoje Jr and Matej Gomboši); and (4) the fit and proper committee (composed of: Keith William Morris (chair), Klemen Babnik, Rok Saje and Klara Hauko). The term of office of each committee member is linked to the term of office of the majority of the supervisory board. On 9 September 2021, the supervisory board appointed Andrej Gorazd Kunstek as a member of the nominations and remuneration committee.

Audit committee

Composition of the supervisory board's audit committee as at 30 September 2021

Member	Title	Beginning of term	End of term of office
Matej Gomboši	chairman	17 July 2021	17 July 2025
Andrej Gorazd Kunstek	member	17 July 2021	12 June 2023
Katarina Sitar Šuštar	external member	17 July 2021	17 July 2025
Dragan Martinović	external member	17 July 2021	17 July 2025

Risk committee

Composition of the supervisory board's risk committee as at 30 September 2021

Member	Title	Beginning of term	End of term of office
Keith W. Morris	chairman	17 July 2021	17 July 2025
Davor Ivan Gjivoje Jr	member	17 July 2021	8 March 2025
Slaven Mičković	external member and deputy chair	17 July 2021	17 July 2025
Janez Komelj	external member	17 July 2021	17 July 2025

Nominations and remuneration committee

Composition of the supervisory board's nominations and remuneration committee as at 30 September 2021

Member	Title	Beginning of term	End of term of office
Klemen Babnik	chairman	17 July 2021	17 July 2025
Keith W. Morris	member	17 July 2021	17 July 2025
Davor Ivan Gjivoje Jr	member	8 March 2021	8 March 2025
Matej Gomboši	member	17 July 2021	17 July 2025
Andrej Gorazd Kunstek	member	9 September 2021	12 June 2023

Fit and proper committee

Composition of the fit & proper committee as at 30 September 2021

Member	Title	Beginning of term	End of term of office
Keith W. Morris	chairman	17 July 2021	17 July 2025
Klemen Babnik	member	17 July 2021	17 July 2025
Rok Saje	external member	17 July 2021	17 July 2025
Klara Hauko	external member	17 July 2021	17 July 2025

Shareholder meetings

The Sava Re general meeting of shareholders was not convened in the third quarter of 2021.

1.4 Significant events in the first nine months of 2021

- On 5 March 2021, Sava Re received a letter from the Insurance Supervision Agency (the 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 insurance undertakings, reinsurance undertakings and pension companies to suspend dividend payments until 30 September 2021. Furthermore, the recommendation of the Agency set certain criteria for companies where, contrary to the recommendation, the management and supervisory boards were 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 and detailing the criteria. 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 was not to exceed the average dividend paid in 2017–2019, which was EUR 0.85 per share. On 9 September 2021, Sava Re received a letter from the Agency announcing that, based on half-yearly data on the performance of (re)insurance companies and pension companies and in view of the economic upturn in Slovenia and the euro area in the first half of 2021, it had decided not to extend the recommendation to suspend dividend payments (which was valid until 30 September 2021). Notwithstanding the above, in this letter the Agency stated that it would continue to monitor the capital and dividend plans of its controlled entities closely and that it expected companies to continue to pursue the principles of prudence when declaring dividends.
- In May 2021, the 37th general meeting of shareholders was held.
- In July 2021, the terms of office of three members of the Sava Re supervisory board, Mateja Lovšin Herič, Keith William Morris and Andrej Kren, expired. Details on changes in the composition of the supervisory board and its committees are set out in section 1.3 "Bodies of the Company".
- In September 2021, the rating agency Standard & Poor's affirmed the "A" ratings of Sava Re and Zavarovalnica Sava. The outlook was stable.
- In October 2021, Mateja Živec tendered her resignation as a member of the Sava Re supervisory board. The resignation will be effective as from 1 January 2022.

1.5 Significant events after the reporting period

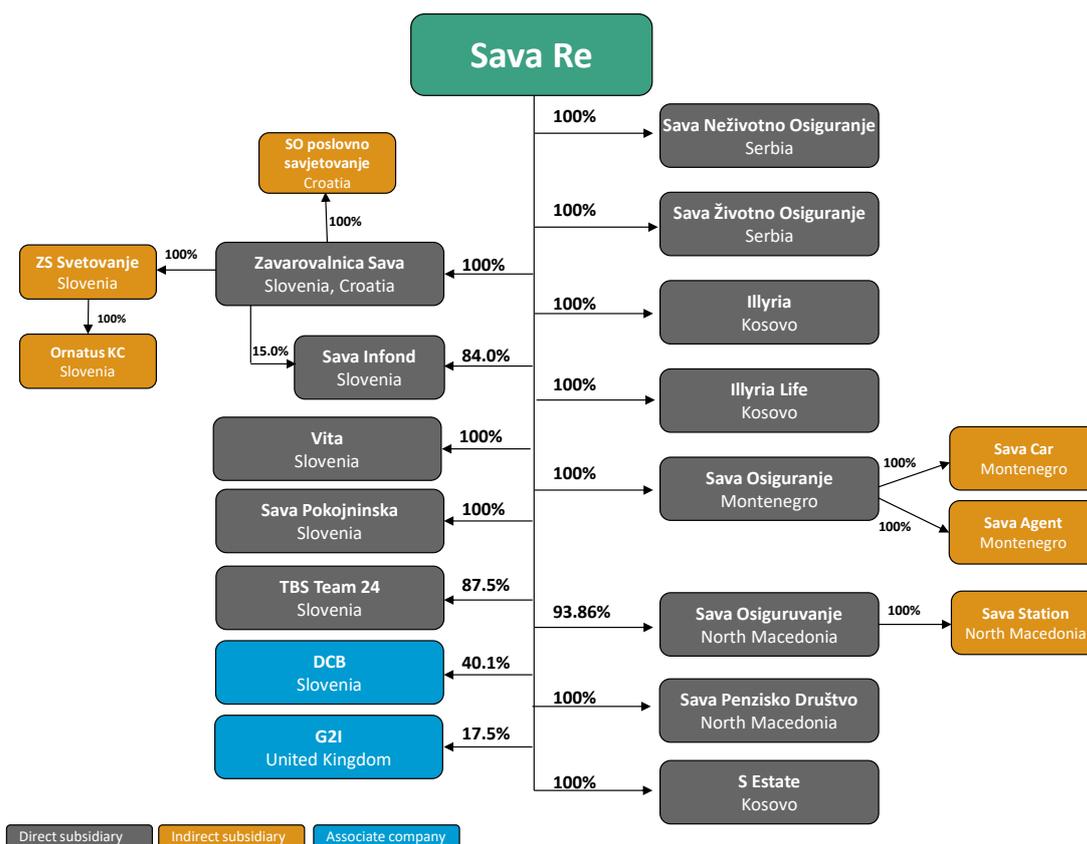
- In October 2021, the Sava Re supervisory board reappointed Marko Jazbec, whose five-year term of office is due to expire on 12 May 2022, as the chairman of the management board for a further term. The new five-year term starts on 13 May 2022.
- In October 2021, the rating agency AM Best affirmed the “A” level credit rating of Sava Re; the outlook was stable.

1.6 Composition of the Sava Insurance Group

Sava Re, the 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 (SRB), Sava Osiguruvanje (MKD), Illyria (RKS) and Sava Osiguranje (MNE); and the life insurers Vita (SVN), Sava Životno Osiguranje (SRB) 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;
- DCB (SVN): an associate company carrying on hospital activities;
- G2I (GBR): an associate company marketing on-line motor polices;
- 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 30 September 2021¹



¹ The percentages in the figure relate to equity stakes. G2i, Sava Infond and DCB also hold own shares, which is why voting rights do not equal equity stakes. The 2020 annual report includes disclosures for all companies, including equity stakes and voting rights.

In July 2021, the company ZTSR was merged into the Diagnostic Centre Bled and struck off the register of companies. This merger had no material impact on the result in the consolidated accounts of the Sava Insurance Group.

Company names of Sava Insurance Group members

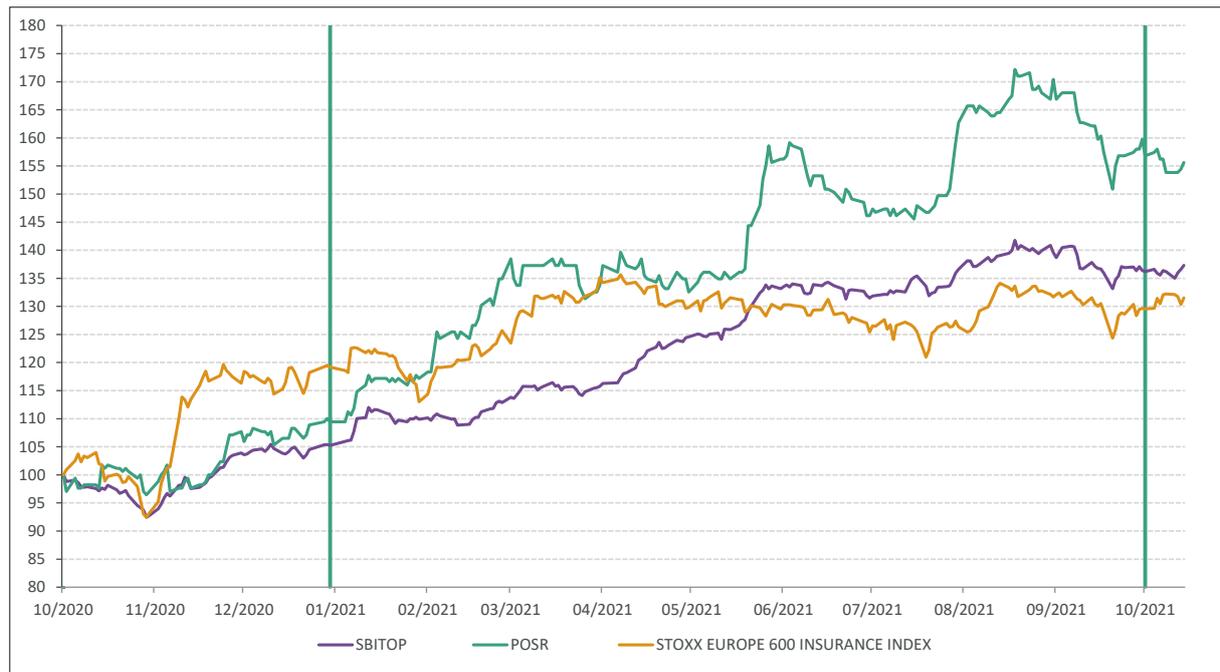
	Official long name	Short name in this document
	Sava Insurance Group	Sava Insurance Group
1	Pozavarovalnica Sava d.d. / Sava Reinsurance Company d.d.	Sava Re
2	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava (SVN)
	SAVA OSIGURANJE, d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian 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 zadolžitelni i dobrovolin penzisko fondovi SAVA PENZISKO DRUŠTVO A.D Skopje	Sava Penzisko Društvo (MKD)
18	Got2Insure Ltd	G2I (GBR)
19	SAVA INFOND, družba za upravljanje, d.o.o.	Sava Infond (SVN)
20	SO poslovno savjetovanje d.o.o.	SO Poslovno Savjetovanje (HRV)
21	Diagnostični center Bled d.o.o.	DCB (SVN)
22	Vita, življenjska zavarovalnica, d.d. Ljubljana	Vita (SVN)

1.7 Shareholders and share trading

The first three quarters of 2021 were successful for Sava Re shares as the share price rose from EUR 18.5 to EUR 27.0 during the period. The share price peaked at EUR 29.1 during the period.

Just how successful the first three quarters of 2021 were for the POSR share is highlighted by the comparison between the Sava Re share price trend and the European insurance sector (SXIP). The Sava Re share and the European insurance sector index grew by 45.9% and 8.8%, respectively, in the first three quarters of 2021.

Movement in the POSR share price in the period 1 October 2020 to 30 September 2021 compared to the SBITOP index and the STOXX Europe 600 insurance index in % (1 October 2020 = 100)



In the first three quarters of 2021, the turnover in Sava Re shares totalled EUR 16.8 million, which is less than in the same period last year when the turnover totalled EUR 22.5 million. The average daily turnover with shares in the first three quarters of 2021 was EUR 90,289, compared to EUR 121,551 in the same period last year.

Basic details about the POSR share

	30 September 2021	30 September 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	4,237	4,248
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)	3.69	3.06
Consolidated book value per share (EUR)	31.81	28.28
Share price at end of period (EUR)	27.00	16.70
Market capitalisation (EUR)	464,930,874	287,568,355
	1–9/2021	1–9/2020
Average share price in reporting period (EUR)	24.23	16.78
Period low (EUR)	18.50	13.40
Period high (EUR)	29.10	20.60
Turnover in reporting period (EUR)	16,793,714	22,486,977
Average daily turnover (EUR)	90,289	121,551

Shareholders

The ratio of domestic to international holdings remained roughly unchanged in the first three quarters of 2021, with a 0.3 p.p. weighting towards domestic investors, who held 66.5% of all shares. Nor were there any significant changes in the holdings of the top 10 shareholders during the period. These held 76.4%.

Shareholder structure of Sava Re as at 30 September 2021²

Type of investor	Domestic investor	International investor
Insurance and pension companies	18.3%	0.0%
Other financial institutions*	18.0%	15.0%
Republic of Slovenia	13.9%	0.0%
Natural persons	10.4%	0.1%
Investment funds and mutual funds	2.8%	0.1%
Other commercial companies	3.1%	1.1%
Banks	0.0%	17.2%
Total	66.5%	33.5%

* 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 23.1% of all POSR shares.

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

Composition of the Sava Re share capital

Ten largest shareholders and qualifying shareholders under the Slovenian Takeover Act as at 30 September 2021³

	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	2,468,972	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	801,706	4.7%
7	Modra Zavarovalnica d.d.	714,285	4.1%
8	Hrvatska Poštanska Banka – fiduciary account	379,505	2.2%
9	Guaranteed civil servants' sub-fund	320,346	1.9%
10	Kapitalska Družba d.d. – SODPZ	238,109	1.4%
	Total	13,152,637	76.4%

* 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 30 September 2021, the top five largest Sava Re shareholders exceeded the 5% threshold (qualifying holding in accordance with article 77 of the Slovenian Takeover Act, ZPre-1).

Of the management and supervisory board members, only Marko Jazbec increased his holdings in the first three quarters of 2021, from 8,888 to 10,365. The holdings of the other members of the management and supervisory boards did not change in the first three quarters of 2021.

POSR shares held by members of the supervisory and management boards as at 30 September 2021

	Number of shares	Holding (%)
Marko Jazbec	10,365	0.060%
Jošt Dolničar	4,363	0.025%
Polona Pirš Zupančič	3,748	0.022%
Peter Skvarča	850	0.005%
Total management board	19,326	0.112%
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	23,226	0.135%

All Sava Re shares are ordinary registered shares with no par value; all were issued in book-entry form and are of the same class.

Own shares

In the period from 1 January 2021 to 30 September 2021, Sava Re did not repurchase its own shares. The total number of own shares as at 30 September 2021 was 1,721,966, representing 10% less one share of all issued shares.

Dividend

At the 37th general meeting held on 25 May 2021, the shareholders adopted the proposal of the management and supervisory boards to use EUR 13,173,041.60 of the profits for dividends. The

³ Source: KDD d.d. central securities register and own calculations.

Introduction

dividend was EUR 0.85 gross per share and was paid out on 10 June 2021 to the shareholders listed in the shareholders' register on 9 June 2021. The amount of the dividend is in line with the recommendations of the Insurance Supervision Agency and does not put at risk the financial position, i.e. the solvency and liquidity, of the Company or Group.

Details on dividends⁴

EUR, except percentages	For 2013	For 2014	For year 2015	For 2016	For 2017	For 2018	For 2019	For 2020
Amount of dividend payment	4,386,985	9,065,978	12,398,157	12,398,158	12,398,157	14,722,811	0	13,173,042
Dividend/share	0.26	0.55	ordinary: 0.65 extraordinary: 0.15	0.80	0.80	0.95	0.00	0.85
Dividend yield	2.0%	3.8%	5.8%	5.0%	4.8%	5.6%	-	3.8%

Contingent capital

The Company had no conditional equity as at 30 September 2021.

⁴ Current-year dividend distributions from distributable profits of the previous year. The dividend yield was calculated as the ratio of the dividend per share to the rolling average share price in the past 12-month period.

Interim business report

2 Review of operations⁵

The Sava Insurance Group operates in the following segments: reinsurance, non-life (insurance), life (insurance), 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), DCB (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, the 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 three quarters of 2021, Sava Re allocated 67.2% of other operating expenses to segments as monitored by income composition (first three quarters of 2020: 68.4%). 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.
- 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).

⁵ A glossary of selected insurance terms and calculation methods for ratios is appended to this report.

Review of operations

- Other income includes the extraordinary income relating to negative goodwill on acquisitions, which is taken from the reinsurance segment and allocated to the operating segment where it arose (this effect emerged in the first three quarters of 2020 and related to the first consolidation of Vita).

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	1–9/2021	1–9/2020
Net premiums earned	515,547,929	461,830,731
Income from investments in associates	698,164	249,364
Investment income	24,863,291	19,344,130
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	45,993,533	0
Other technical income	13,912,435	9,867,279
Other income	19,303,388	22,178,422
Net claims incurred	-310,526,097	-306,941,553
Change in other technical provisions	16,486,843	24,930,466
Change in technical provisions for policyholders who bear the investment risk	-80,661,034	-182,180
Expenses for bonuses and rebates	-367,253	-105,828
Operating expenses	-157,946,290	-144,387,769
Expenses for investments in associates and impairment losses on goodwill	0	-2,096,868
Expenses for financial assets and liabilities	-4,327,474	-8,588,360
Net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk	0	-2,851,612
Other technical expenses	-11,077,802	-14,779,380
Other expenses	-1,318,138	-1,447,775
Profit or loss before tax	70,581,495	57,019,067

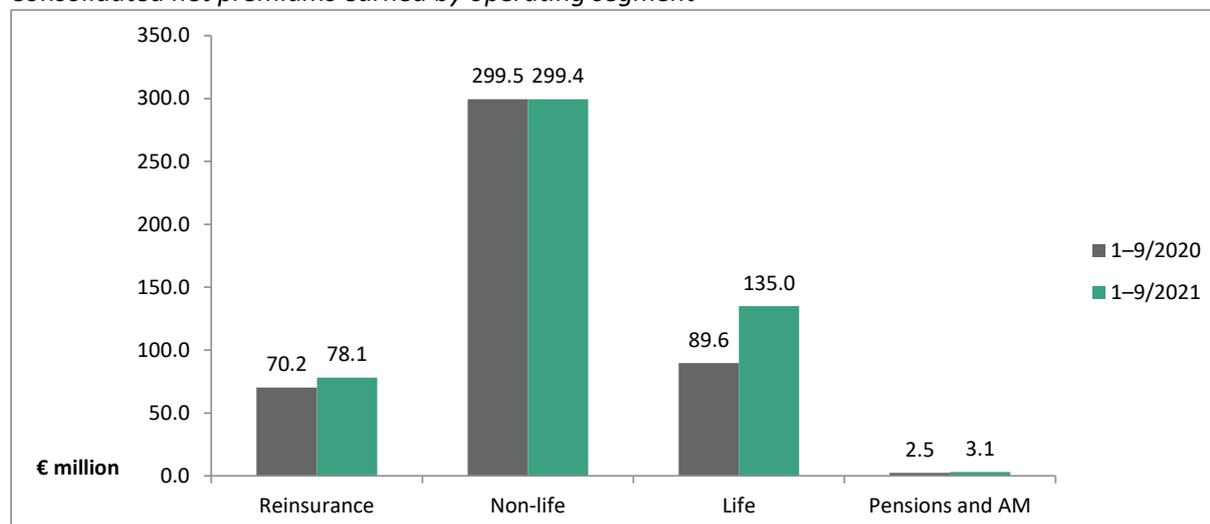
In the first nine months of 2021, operating revenue totalled EUR 548.8 million, up 11.1% year on year. The growth in revenue was primarily driven by the higher revenue of the life segment (consolidation of Vita in all three quarters of 2021). Following is a discussion of the major items of the consolidated income statement.

Consolidated net premiums earned⁶

Consolidated net premiums earned

EUR	1–9/2021	1–9/2020	Index
Gross premiums written	578,065,632	529,632,438	109.1
Net premiums earned	515,547,929	461,830,731	111.6

Consolidated net premiums earned by operating segment



Consolidated net premiums earned by class of business⁷

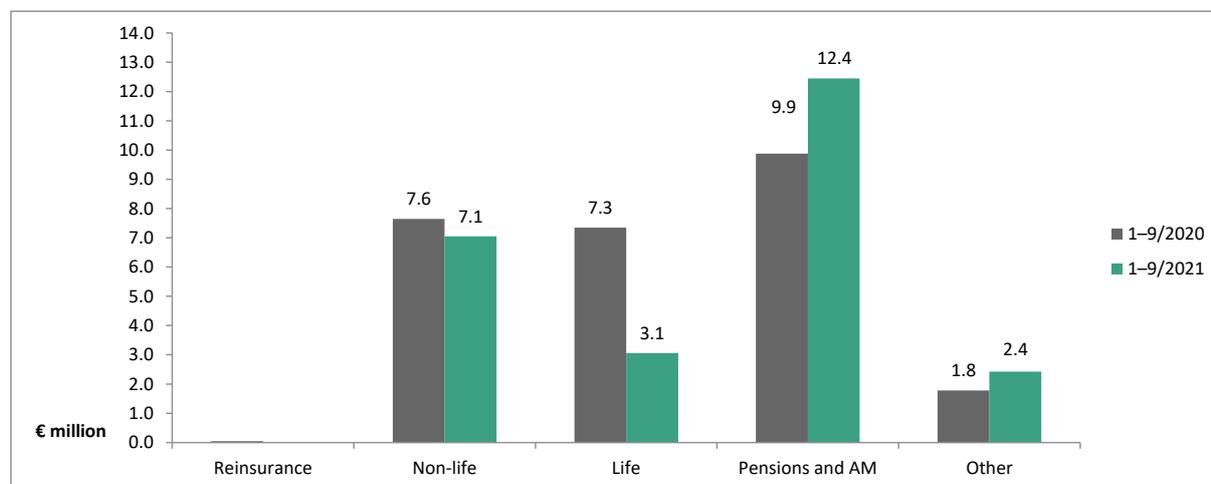
EUR	1–9/2021	1–9/2020	Index
Property	110,158,299	99,364,740	110.9
Land motor vehicles	95,130,148	92,168,126	103.2
Motor vehicle liability	92,862,216	101,867,969	91.2
Unit-linked life	89,264,747	50,937,345	175.2
Traditional life	48,984,321	41,405,674	118.3
Accident, health and assistance	46,763,521	42,893,573	109.0
General liability	19,467,188	19,065,142	102.1
Marine, suretyship and goods in transit	10,587,558	10,648,302	99.4
Other insurance	2,329,931	3,479,860	67.0
Total	515,547,929	461,830,731	111.6

⁶ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

⁷ 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 segment (excluding the effect of exchange differences)⁸



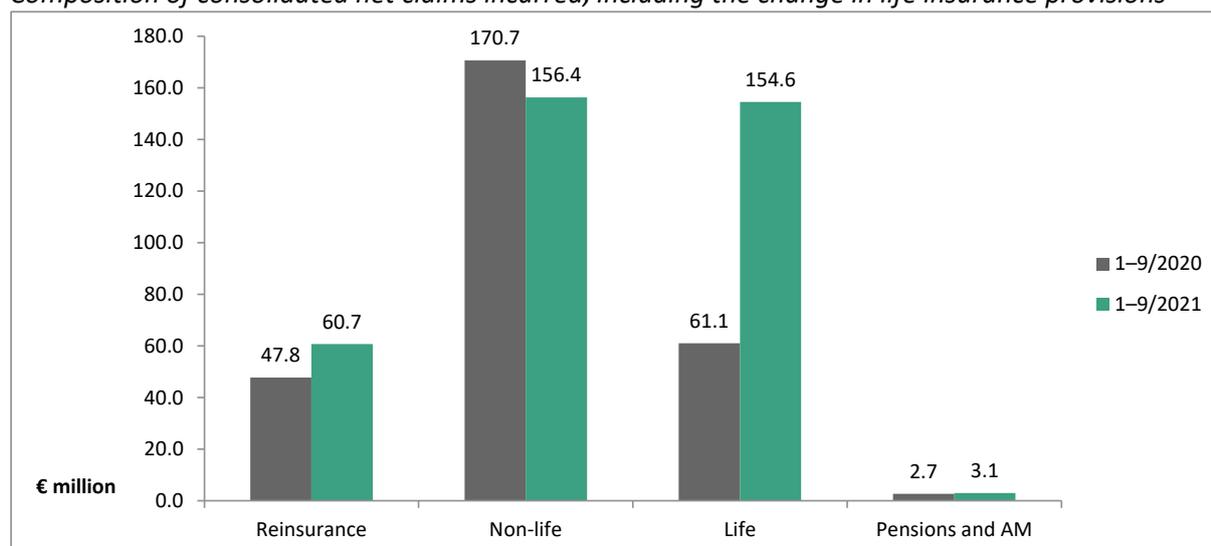
Consolidated net claims incurred⁹

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

EUR	1-9/2021	1-9/2020	Index
Gross claims paid	288,538,835	292,584,118	98.6
Net claims incurred	310,526,097	306,941,553	101.2
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	374,700,288	282,193,267	132.8

* This largely comprises mathematical provisions.

Composition of consolidated net claims incurred, including the change in life insurance provisions¹⁰



⁸ Commission income is not included.

⁹ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

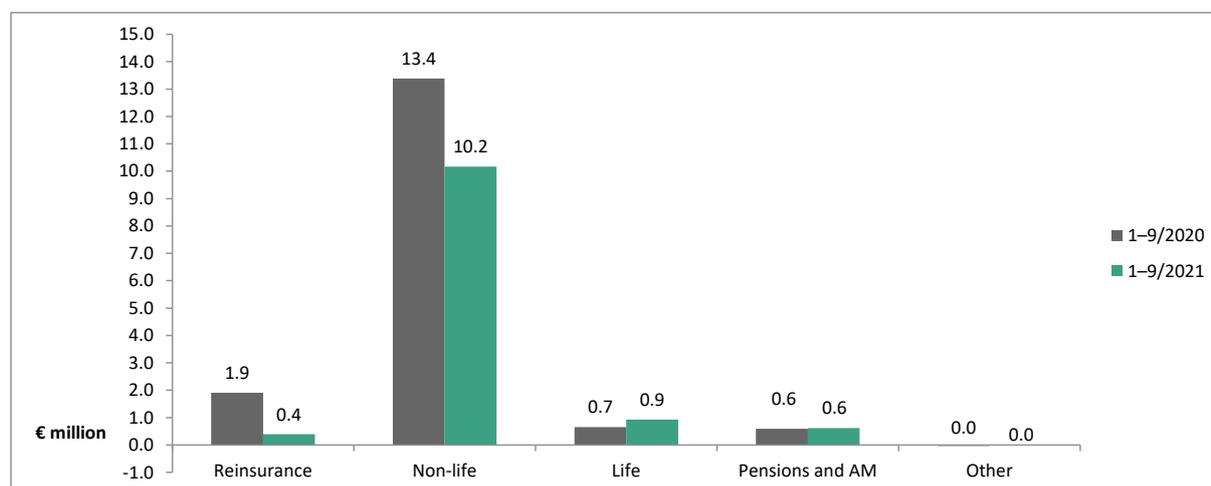
¹⁰ The net claims incurred by operating segment include the change in other technical provisions and the change in technical provisions for policyholders who bear the investment risk.

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

EUR	1–9/2021	1–9/2020	Index
Unit-linked life	126,177,842	36,052,801	350.0
Property	77,166,533	61,265,363	126.0
Land motor vehicles	56,627,274	56,784,825	99.7
Motor vehicle liability	47,948,851	65,633,639	73.1
Traditional life	29,913,875	28,959,306	103.3
Accident, health and assistance	16,581,846	17,607,433	94.2
Marine, suretyship and goods in transit	11,629,135	10,171,864	114.3
General liability	8,780,172	5,905,956	148.7
Other insurance	-125,240	-187,920	66.6
Total	374,700,288	282,193,267	132.8

Consolidated other technical expenses and other expenses

Composition of other technical expenses and other expenses by operating segment (excluding the effect of exchange differences)

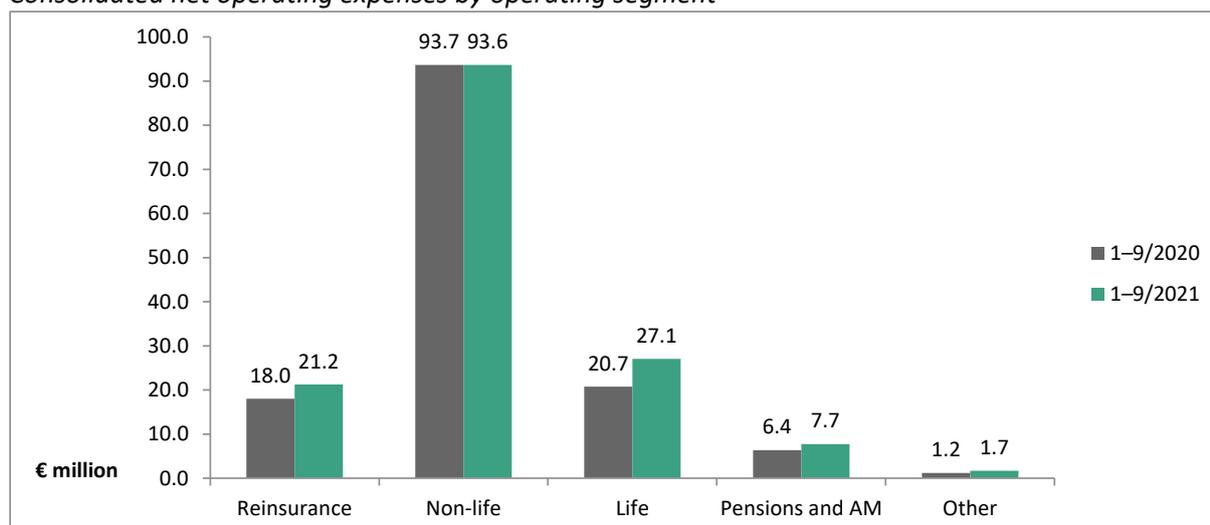


Consolidated operating expenses

Consolidated operating expenses

EUR	1–9/2021	1–9/2020	Index
Acquisition costs	60,283,807	55,406,857	108.8
Change in deferred acquisition costs (+/-)	-548,498	-3,634,449	15.1
Other operating expenses	98,210,981	92,615,361	106.0
Operating expenses	157,946,290	144,387,769	109.4
Reinsurance commission income	-6,622,118	-4,365,918	151.7
Net operating expenses	151,324,172	140,021,851	108.1

Consolidated net operating expenses by operating segment



Consolidated net investment income

Consolidated net investment income relating to investment portfolio

EUR	1-9/2021	1-9/2020	Absolute change
Net investment income relating to investment portfolio	22,257,068	11,232,200	11,024,868
Net investment income relating to investment portfolio, excluding the effect of exchange differences	19,746,208	14,396,075	5,350,133

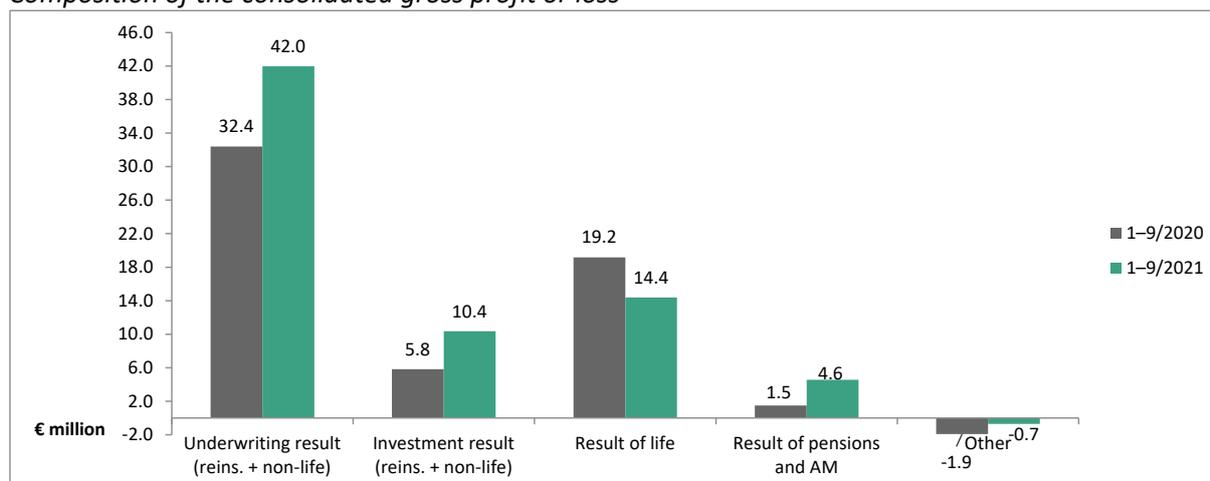
Consolidated income and expenses relating to investment portfolio

EUR	1-9/2021	1-9/2020	Absolute change
Income			
Interest income at effective interest rate	12,634,798	11,552,463	1,082,335
Gains on change in fair value FVTPL	1,147,011	1,994,710	-847,699
Gains on disposal of FVTPL	1,273	0	1,273
Gains on disposal of other IFRS asset categories	5,714,453	3,583,896	2,130,557
Income from associate companies	698,164	249,364	448,800
Income from dividends and shares – other investments	1,679,427	1,028,610	650,817
Exchange gains	2,510,860	0	2,510,860
Other income	1,312,681	1,435,974	-123,293
Other income from alternative funds	1,071,992	732,259	339,733
Income relating to investment portfolio	26,770,659	20,577,276	6,193,383
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	45,993,533	0	45,993,533
Expenses			
Interest expense*	2,236,442	2,214,164	22,278
Losses on change in fair value of FVTPL assets	675,538	2,114,199	-1,438,661
Losses on disposals of FVTPL assets	959	0	959
Losses on disposal of other IFRS asset categories	209,444	464,080	-254,636
Expenses for losses incurred by associate companies	0	567,048	-567,048
Impairment losses on other investments	147,712	429,355	-281,643
Exchange losses	0	3,163,875	-3,163,875
Other	1,243,496	391,870	851,626
Other expenses for alternative funds	0	485	-485
Expenses relating to investment portfolio	4,513,591	9,345,076	-4,831,485
Net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk	0	2,851,612	-2,851,612

* Expenses for financial investments differ from the expenses in the income statement item "interest expenses" because the income statement also includes expenses for right-of-use assets (30 September 2021: EUR 105.0 thousand; 30 September 2020: EUR 133.7 thousand).

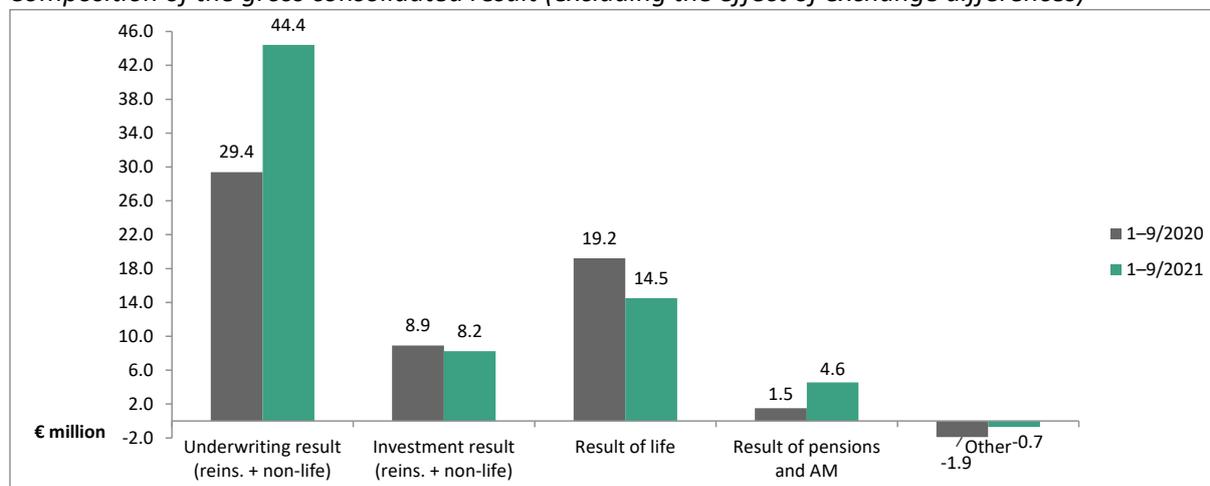
Consolidated gross profit or loss

Composition of the consolidated gross profit or loss

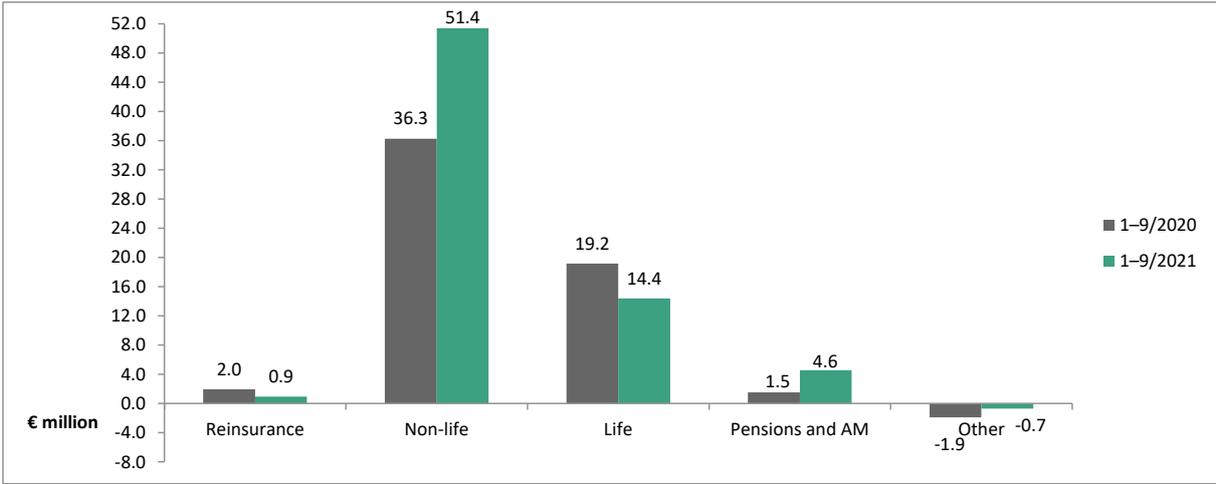


In the first three quarters of 2021, exchange differences had a significant impact on the composition of the underwriting and investment results, which is why the results below are presented on a constant exchange rate basis. The impact of exchange differences on the result by operating segment was as follows: negative effect on the underwriting result of EUR 2.4 million (first three quarters of 2020: EUR 3.0 million positive effect); positive effect on the investment result of EUR 2.1 million (first three quarters of 2020: EUR 3.1 million negative effect). The total negative effect of exchange differences on the three-quarter-2021 result was EUR 0.3 million (first three quarters of 2020: EUR 0.1 million exchange losses).

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



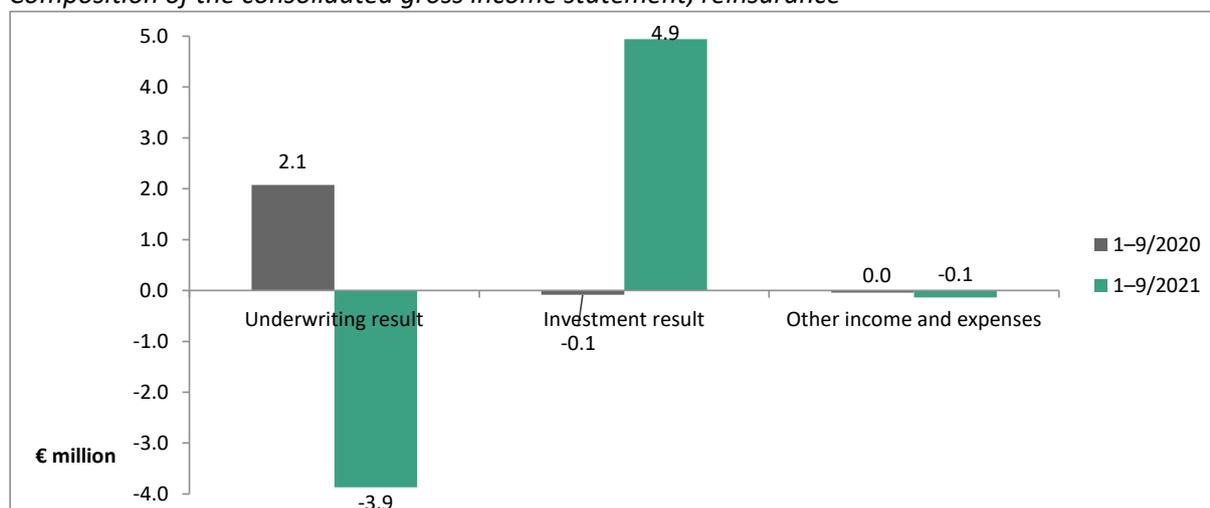
Composition of the consolidated gross profit or loss by operating segment



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.

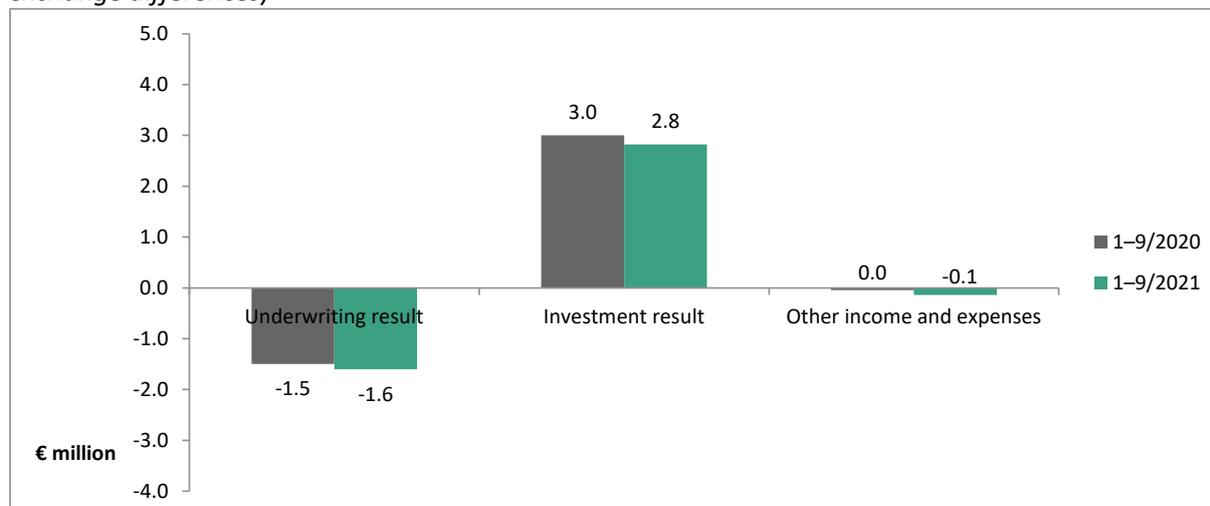
Composition of the consolidated gross income statement; reinsurance



The performance of this operating segment is impacted by exchange differences, which is why the underwriting and investment results of the two periods are not directly comparable. The impact of exchange differences on the result was as follows: negative effect on the underwriting result of EUR 2.3 million (first three quarters of 2020: EUR 3.6 million positive effect); positive effect on the investment result of EUR 2.1 million (first three quarters of 2020: EUR 3.1 million negative effect). The total negative effect of exchange differences on the three-quarter-2021 result was EUR 0.2 million (first three quarters of 2020: a positive effect of EUR 0.5 million).

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)



In the first three quarters of 2021, the underwriting result (excluding the effect of exchange differences) remained approximately at the same level year on year. Both in 2020 and 2021, this

portfolio was hit by major international losses (detailed later in this report). The investment result (excluding the effect of exchange differences) for the first three quarters of 2021 was lower year on year because of lower interest income, lower gains on the disposal of investments and lower dividends on financial investments. In the same period last year, net investment income benefitted on account of reversed impairment losses relating to a fund in the amount of EUR 0.4 million.

Net premiums earned

Net premiums earned; reinsurance

EUR	1-9/2021	1-9/2020	Index
Gross premiums written	93,163,162	84,943,518	109.7
Net premiums earned	78,079,728	70,180,430	111.3

Gross premiums written in this segment in the first nine months of 2021 grew by 9.7% year on year. Proportional reinsurance business saw 16.1% growth in gross premiums written, and non-proportional business grew by 7.6%. Underwriting year 2021 premiums decreased by 1.0% compared to 2020, or EUR 0.8 million; prior underwriting year premiums grew by EUR 10.4 million, primarily driven by proportional business. After the outbreak of the Covid-19 pandemic in 2020, we estimated that, due to the expected decline in the GDPs of the countries where we have clients, the premium volume for the financial year would be 10% below the target figure set when underwriting the business based on cedant figures. In 2021, we revised this assumption based on the current economic situation so that the expected decline is only 2.5%. We have seen similar responses from other reinsurers in international markets. The growth in premiums earned was in line with gross premium growth.

Net claims incurred

Net claims incurred; reinsurance

EUR	1-9/2021	1-9/2020	Index
Gross claims paid	36,894,170	43,143,677	85.5
Net claims incurred	61,104,893	47,186,888	129.5

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

EUR	1-9/2021	1-9/2020	Index
Gross claims paid	36,894,170	43,143,677	85.5
Net claims incurred	58,807,183	52,606,490	111.8

In the first three quarters of 2021, exchange differences reduced net claims incurred by EUR 2.3 million (in the first three quarters of 2020, a EUR 5.4 million increase in net claims incurred). Net claims incurred, excluding the effect of exchange differences, rose by 11.8% because there were even more large losses this year than last year. In the third quarter of 2021, major storm and flood losses were reported in western Europe (mainly Germany, Belgium and Austria) and China as well as a fire loss in Suriname. On the other hand, premium income was higher, and the incurred loss ratio benefited from reinsurance protection. The net incurred loss ratio relating to the reinsurance segment (excluding the effect of exchange differences) thus improved by 1.0 p.p. year on year to 74.8% (first three quarters of 2020: 75.8%).

Operating expenses

Consolidated operating expenses; reinsurance

EUR	1-9/2021	1-9/2020	Index
Acquisition costs	19,907,199	16,697,203	119.2
Change in deferred acquisition costs (+/-)	-1,042,765	-994,822	104.8
Other operating expenses	3,031,463	2,820,268	107.5
Operating expenses	21,895,897	18,522,649	118.2
Reinsurance commission income	-664,889	-503,057	132.2
Net operating expenses	21,231,009	18,019,593	117.8

In the first three quarters of 2021, acquisition costs rose by 19.2%, against 9.7% growth in gross premiums written because of faster growth in proportional business compared to non-proportional. Proportional business has higher commission rates. Consequently, acquisition costs as a percentage of gross premiums written rose by 1.7 p.p. to 21.4% compared to the first three quarters of 2020. The average value of the ratio was around 21% over the recent quarters.

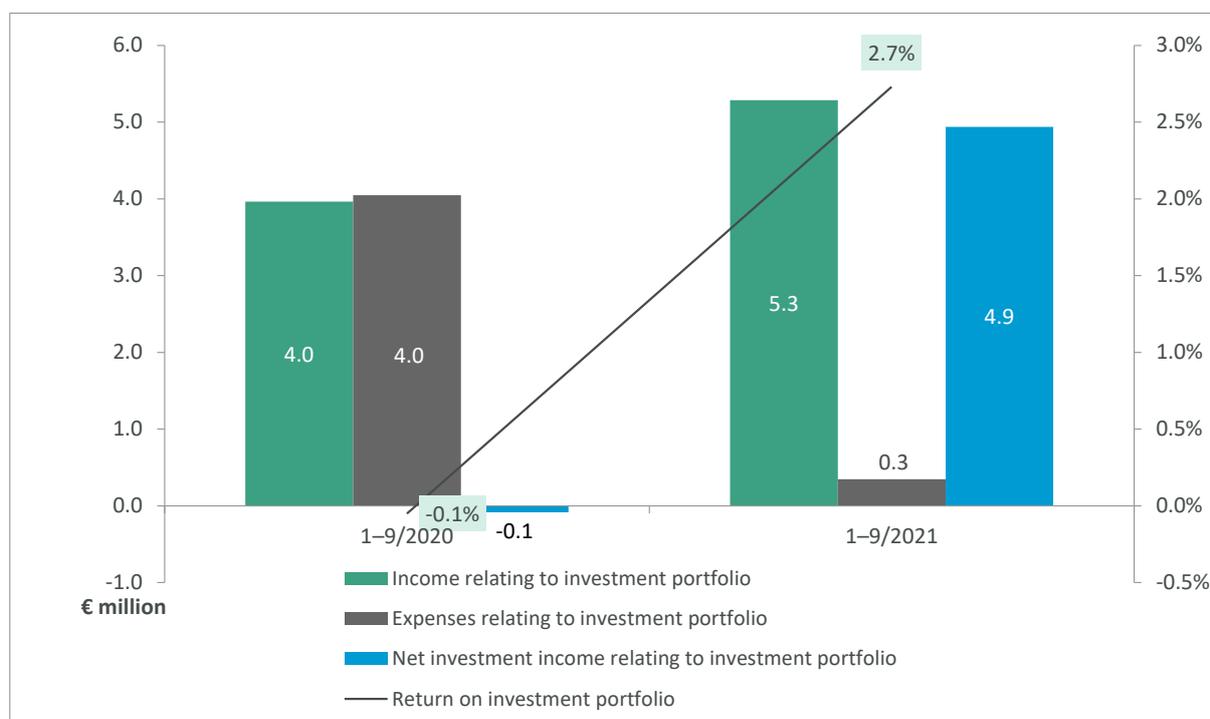
The change in deferred acquisition costs was slightly higher than in the first nine months of 2020 and moved in line with unearned premiums.

Other operating expenses rose by 7.5%, mainly driven by higher service costs related to the Group’s corporate governance, the implementation of International Financial Reporting Standard 17 and services related to the Disclosure Regulation (SFDR), the purpose of which is to increase transparency regarding sustainability features and investments for end consumers.

The net expense ratio thus increased by 1.5 p.p. in the first nine months of 2021 because acquisition costs grew faster than premiums earned. In the first nine months of 2021, acquisition costs, including the change in deferred acquisition costs, were up by 20.1% year on year.

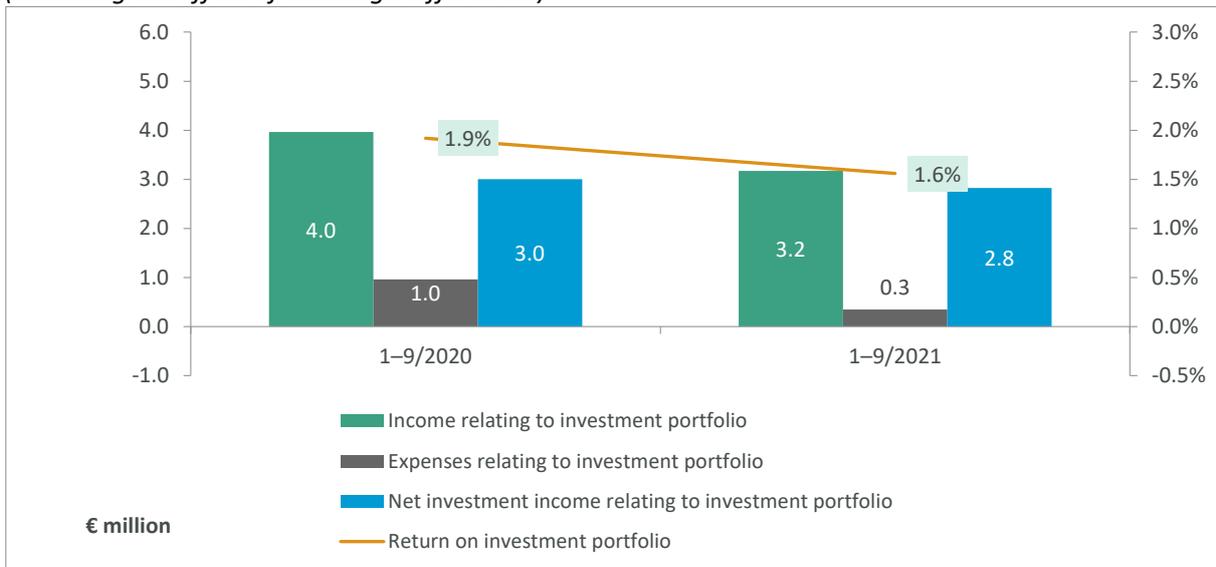
Net investment income

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 the business result, the graph above shows net investment income relating to the investment portfolio, excluding the effect of exchange differences.

In the nine months of 2021, net investment income relating to the investment portfolio totalled EUR 2.8 million, down EUR 0.2 million year on year. This was primarily due to lower interest income and lower gains on the disposal of financial investments. In the same period last year, net investment income benefitted on account of reversed impairment losses relating to a fund in the amount of EUR 0.4 million. The investment return for the period was 1.6%.

2.2 Non-life

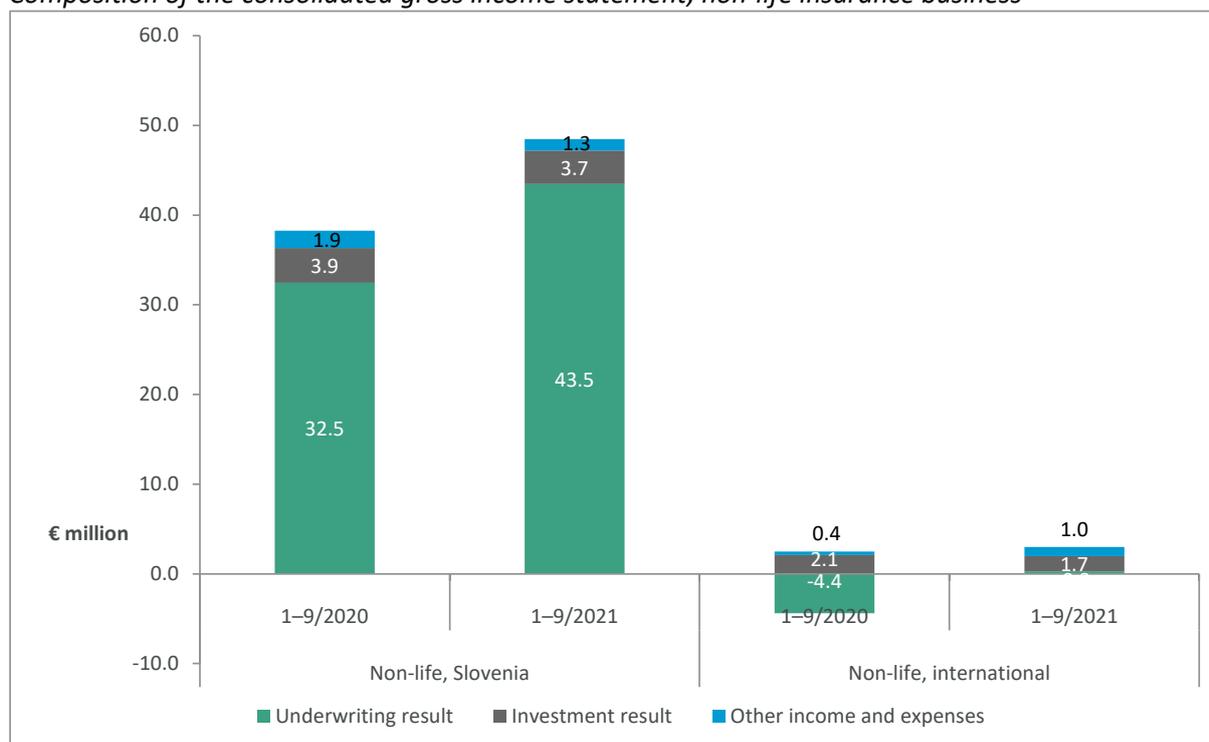
The non-life operating segment comprises the operations of the following companies:

- 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 (MKD)
- 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 15.1 million improvement in the consolidated pre-tax result in the first three quarters of 2021 compared to the same period last year. Most of the improvement, specifically EUR 10.2 million, relates to the Slovenian part; the non-Slovenian part of the non-life segment rose by EUR 4.9 million.

The consolidated underwriting result for Slovenian non-life business improved by EUR 11.0 million, chiefly due to a lower loss frequency during the Covid-19 pandemic. The EUR 4.7 million increase in the underwriting result of non-Slovenian non-life insurers chiefly reflects better performance of the Croatian branch office of Zavarovalnica Sava, whereas the poor result in 2020 was mainly due to a change in Croatian legal practice regarding non-pecuniary damages.

In the first nine months of 2021, the investment result of the Slovenian non-life segment dropped by EUR 0.1 million year on year due to slightly lower interest income and net gains on the disposal of

investments. The investment result of the non-Slovenian non-life insurers deteriorated by EUR 0.4 million due to lower gains on disposals and lower interest income.

The result of other income and expenses of the Slovenian non-life insurers deteriorated by EUR 0.6 million, but the result in the same period last year also included extraordinary income of EUR 0.9 million recognised due to negative goodwill relating to the investment in Vita. The remaining difference of EUR 0.3 million relates to gains on the sale of fixed assets and investment property realised in the first nine months of 2021. The result of other income and expenses of the non-Slovenian non-life insurance companies rose by EUR 0.6 million, reflecting higher “other income” and lower “other expenses” of the Serbian non-life insurance company.

Net premiums earned

Net premiums earned; non-life insurance business

EUR	1–9/2021	1–9/2020	Index
Gross premiums written	346,417,228	352,396,493	98.3
Net premiums earned	299,370,604	299,494,621	100.0

Net premiums earned by region; non-life insurance business

EUR	Slovenia			International		
	1–9/2021	1–9/2020	Index	1–9/2021	1–9/2020	Index
Gross premiums written	284,757,285	292,950,781	97.2	61,659,943	59,445,712	103.7
Net premiums earned	248,324,691	244,325,467	101.6	51,045,914	55,169,155	92.5

Unconsolidated gross non-life premiums of Sava Insurance Group members

EUR	1–9/2021	1–9/2020	Index
Zavarovalnica Sava, Slovenian part (non-life)	281,602,059	291,706,635	96.5
Zavarovalnica Sava, Croatian part (non-life)	11,191,907	14,733,596	76.0
Sava Neživotno Osiguranje (SRB)	17,862,464	16,519,251	108.1
Illyria (RKS)	9,919,000	8,436,068	117.6
Sava Osiguruvanje (MKD)	11,609,708	10,165,642	114.2
Sava Osiguranje (MNE)	11,093,873	9,615,250	115.4
Vita (SVN)	3,358,310	1,379,315	243.5
Total	346,637,321	352,555,756	98.3

Gross non-life insurance premiums decreased by 1.7% in the first nine months of 2021 as a result of a drop in gross non-life premiums written in the Slovenian part of 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 nine months of 2021, whereas gross unearned premiums relating to this business in the first nine months of 2020 rose, reflecting premium growth.

In the first nine months of 2021, gross motor premiums declined by EUR 3.9 million, or 1.9%. This decline reflects the drop in FoS business, where gross premiums written declined by EUR 8.4 million, as most motor business was cancelled due to market changes (unfavourable conditions) and greater selectivity of the company. Gross motor premiums written in Slovenia (excluding FoS business) grew by EUR 5.1 million, especially in the private motor segment as a result of more policies sold. Gross motor insurance premiums written abroad dropped by EUR 0.6 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, and in the latter because of increasing policy acquisition costs in the market in general.

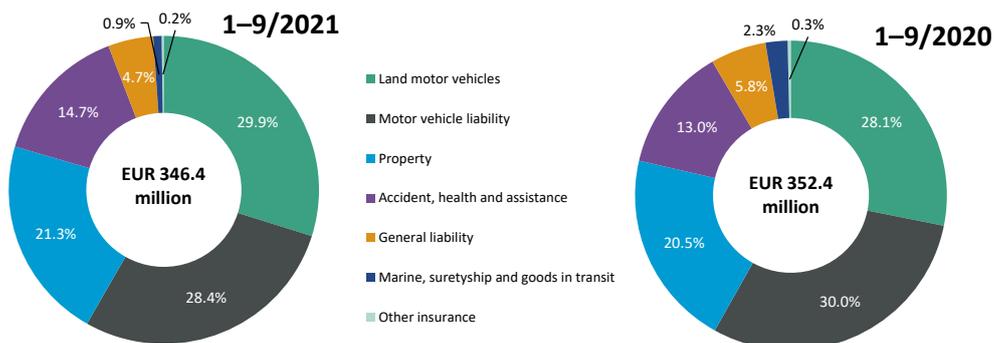
The EUR 5.7 million drop in gross premiums written in ship insurance and the EUR 4.1 million drop in general liability business mainly relates to FoS business.

Review of operations

In the first nine months of 2021, gross property premiums grew by EUR 1.4 million. This increase relates to growth in gross property premiums written in the Slovenian market. The growth chiefly relates to key customers and personal insurance (mainly home insurance).

The growth in gross premiums written of EUR 2.4 million in accident insurance and of EUR 1.9 million in health insurance mostly relates to premiums written by Vita, which joined the Sava Insurance Group on 31 May 2020. The growth in premiums written in health insurance was also supported by the Serbian and Kosovo insurance markets.

Unconsolidated gross non-life insurance premiums by class of business¹¹



Net claims incurred

Net claims incurred; non-life insurance business

EUR	1-9/2021	1-9/2020	Index
Gross claims paid	159,014,201	158,737,524	100.2
Net claims incurred	157,740,457	170,013,546	92.8

Consolidated gross non-life claims for the first nine months of 2021 remained roughly at the year-on-year level, up only by 0.2%. Net claims incurred are down by 7.2%.

Net claims incurred by region; non-life insurance business

EUR	Slovenia			International		
	1-9/2021	1-9/2020	Index	1-9/2021	1-9/2020	Index
Gross claims paid	130,171,783	132,355,259	98.4	28,842,418	26,382,265	109.3
Net claims incurred	132,647,899	138,524,941	95.8	25,092,559	31,488,605	79.7

The decline in net claims incurred of EUR 5.9 million relates to the Slovenian non-life segment, and the EUR 6.4 million decline relates to the international non-life segment.

The Slovenian non-life segment excluding FoS business saw a drop in net claims incurred of EUR 7.0 million. This decline is mostly a result of lower claims frequency during the Covid-19 pandemic related to lower mobility, reduced road traffic and consequently fewer traffic accidents. In 2020, commerce and public life were in lockdown from mid-March to mid-May, whereas the effects of the epidemic are being felt throughout 2021. Net claims incurred relating to FoS business rose by EUR 1.1 million

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.

because claims are still being reported on this portfolio although the writing of most FoS business has been discontinued.

In the international non-life segment, the decline in net claims incurred of EUR 6.4 million mainly related to the reduction in gross claims provisions of the Croatian branch of Zavarovalnica Sava set aside in 2020 because of the change in legal practice regarding non-pecuniary damages.

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

EUR	1–9/2021	1–9/2020	Index
Zavarovalnica Sava, Slovenian part (non-life)	132,425,926	135,410,836	97.8
Zavarovalnica Sava, Croatian part (non-life)	8,039,535	8,840,676	90.9
Sava Neživotno Osiguranje (SRB)	6,028,683	6,622,139	91.0
Illyria (RKS)	5,636,539	3,347,885	168.4
Sava Osiguruvanje (MKD)	5,101,332	4,315,482	118.2
Sava Osiguranje (MNE)	4,063,196	3,315,103	122.6
Vita (SVN)	603,646	201,307	299.9
Total	161,898,857	162,053,428	99.9

Operating expenses

Consolidated operating expenses; non-life segment

EUR	1–9/2021	1–9/2020	Index
Acquisition costs	31,236,391	32,868,188	95.0
Change in deferred acquisition costs (+/-)	185,866	-2,461,337	-7.6
Other operating expenses	68,169,728	67,134,833	101.5
Operating expenses	99,591,985	97,541,684	102.1
Reinsurance commission income	-5,951,583	-3,861,372	154.1
Net operating expenses	93,640,401	93,680,312	100.0

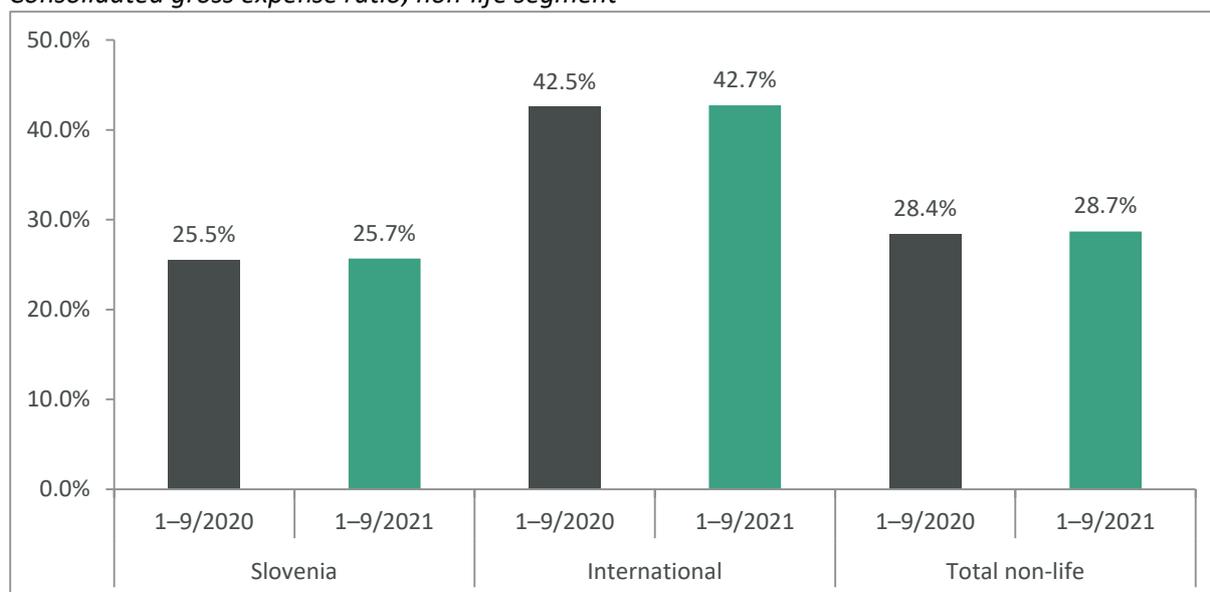
Consolidated gross operating expenses of the non-life segment

EUR	1–9/2021	1–9/2020	Index
Non-life, Slovenia	73,070,766	74,732,522	97.8
Non-life, international	26,335,353	25,270,500	104.2

Consolidated acquisition costs dropped by 5.0%, reflecting lower gross premiums from FoS business. In the first nine months of 2021, the change in deferred acquisition costs declined by EUR 2.6 million year on year (a lower increase compared to the previous year-end balance), which is also related to the cancelled business with certain FoS partners.

In the first nine months of 2021, consolidated other operating expenses rose by 1.5%, chiefly as a result of the full-year consolidation of the insurer Vita.

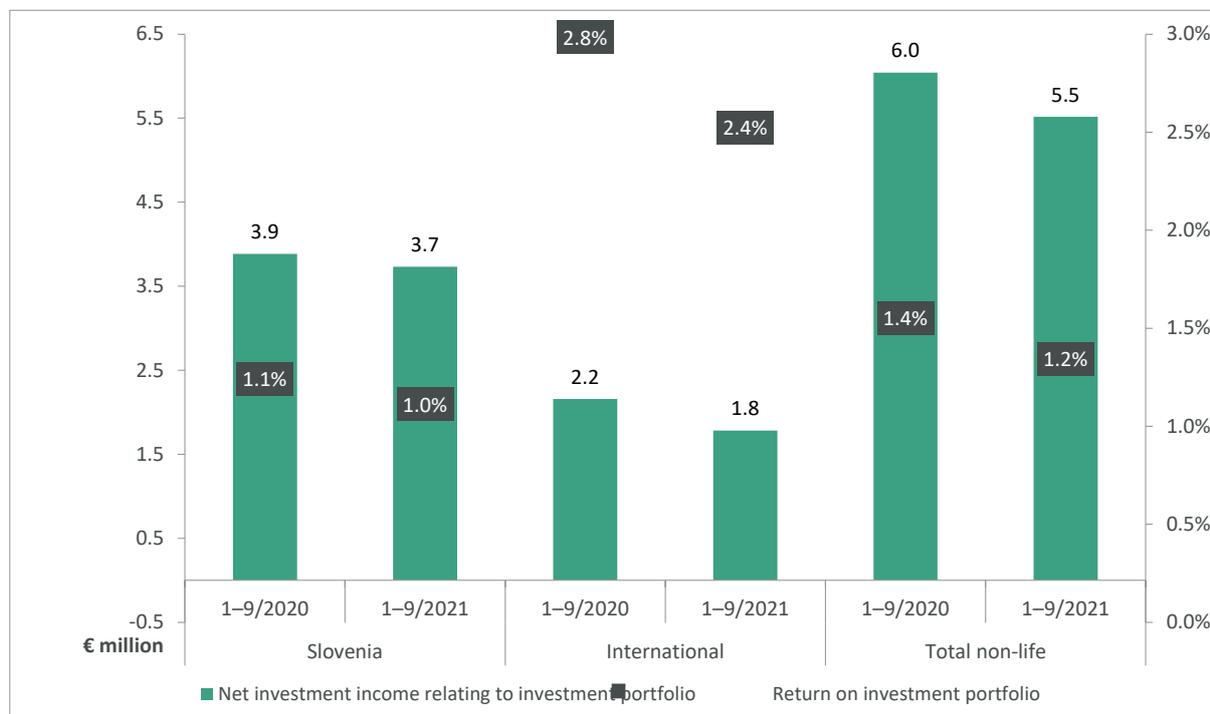
Consolidated gross expense ratio; non-life segment



The consolidated gross expense ratio of the non-life segment rose by 0.3 p.p. The gross expense ratio of Slovenian non-life insurers increased by 0.2 p.p. as a result of the decline in gross premiums. The gross expense ratio of international non-life insurers also rose by 0.2 p.p. due to the rise in acquisition costs.

Net investment income

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



In the first nine months of 2021, net investment income of non-life companies totalled EUR 5.5 million, up EUR 0.5 million year on year. This was primarily due to lower interest income and lower gains on the disposal of investments. The return on investment for the period was 1.2%.

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". As evident from the income statement, the gross result of the Slovenian life segment declined by EUR 3.9 million year on year; however, this is the result of one-off income of EUR 6.2 million in the first nine months of 2020 recognised due to negative goodwill relating to the investment in Vita. If this one-off effect were eliminated, the gross result in the first nine months of 2021 would be higher by EUR 2.2 million year on year.

Net premiums earned

Net premiums earned; life insurance business

EUR	1–9/2021	1–9/2020	Index
Gross premiums written	135,370,151	89,775,009	150.8
Net premiums earned	134,982,505	89,638,262	150.6

Net premiums earned by region; life insurance business

EUR	Slovenia			International		
	1–9/2021	1–9/2020	Index	1–9/2021	1–9/2020	Index
Gross premiums written	127,961,122	82,343,320	155.4	7,409,029	7,431,689	99.7
Net premiums earned	127,673,408	82,198,479	155.3	7,309,098	7,439,783	98.2

Unconsolidated gross life premiums of Sava Insurance Group companies

EUR	1–9/2021	1–9/2020	Index
Zavarovalnica Sava, Slovenian part (life)	53,700,740	55,757,672	96.3
Zavarovalnica Sava, Croatian part (life)	1,651,983	2,789,533	59.2
Illyria Life (RKS)	2,393,152	1,864,109	128.4
Sava Životno Osiguranje (SRB)	3,363,894	2,812,512	119.6
Vita (SVN)	74,260,382	26,585,648	279.3
Total	135,370,152	89,809,473	150.7

In the first nine months of 2021, gross premiums written by the Slovenian life insurers rose by 55.4% year on year. This is because Vita was part of the Group over the entire reporting period whereas last year it was part only from 31 May. In the first nine months of 2021, gross premiums written by the life insurance part of Zavarovalnica Sava in Slovenia dropped by 3.7% 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 nine months of 2021, gross premiums written by the Group's non-Slovenian life insurers dropped by 0.3% 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 nine months of 2021 wrote 40.8% less in gross

premiums after it reduced its volume through the banking channel and streamlined its portfolio to improve profitability. The other two foreign-based insurers grew their premiums – despite the challenges of writing new business during the Covid-19 pandemic – through their own sales network and through external sales channels.

Unconsolidated gross life insurance premiums written by class of business



Net claims incurred

Net claims incurred; life insurance business

EUR	1-9/2021	1-9/2020	Index
Gross claims paid	91,707,091	90,000,558	101.9
Net claims incurred	90,756,782	89,038,288	101.9
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	154,585,702	61,058,994	253.2

Net claims incurred by region; life insurance business

EUR	Slovenia			International		
	1-9/2021	1-9/2020	Index	1-9/2021	1-9/2020	Index
Gross claims paid	88,667,735	86,480,318	102.5	3,039,356	3,520,240	86.3
Net claims incurred	87,856,199	85,368,799	102.9	2,900,583	3,669,489	79.0
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	149,901,483	56,901,761	263.4	4,684,219	4,157,233	112.7

Unconsolidated gross life claims paid by Sava Insurance Group companies

EUR	1-9/2021	1-9/2020	Index
Zavarovalnica Sava, Slovenian part (life)	61,823,434	76,933,218	80.4
Zavarovalnica Sava, Croatian part (life)	1,194,435	2,313,928	51.6
Illyria Life (RKS)	525,606	456,044	115.3
Sava Životno Osiguranje (SRB)	1,319,315	750,934	175.7
Vita (SVN)	26,844,301	9,547,100	281.2
Total	91,707,091	90,001,224	101.9

In the first nine months of 2021, gross claims paid in Slovenia rose by 2.5% year on year. This increase reflects the inclusion of the life insurer Vita in the Group. This year Vita was part of the Group the entire reporting period, whereas last year it was part only from 31 May. The life insurance part of Zavarovalnica Sava in Slovenia recorded fewer maturities year on year. The figure for traditional life policies stood at EUR 25.7 million, a year-on-year decline of EUR 13.6 million. Unit-linked life business, where policyholders bear the investment risk, paid out EUR 12.5 million in survival benefits, up EUR 0.1 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 rise in gains is mainly attributable to the inclusion of Vita for the full reporting period, whereas, in the comparative period last year, it was included for only four months. Another factor is financial markets: gains were recognised this year as financial markets prospered, whereas last year trends were negative following the outbreak of the Covid-19 crisis. While this does not affect the result of unit-linked life insurance, it is reflected in the movement of provisions.

The gross claims paid by the non-Slovenian insurers dropped in the first nine months of 2021 year on year, by 13.7%. This is because of lower claims of the Croatian part of Zavarovalnica Sava in the first nine months of 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 75.7% due to increased mortality related to Covid-19.

The increase in net claims incurred including the change in other provisions and the provision for unit-linked policies is mainly due to the expiry of credit life policies and higher amounts paid for surrenders at the Croatian part of Zavarovalnica Sava in 2020, which resulted in a decrease in mathematical provisions in the first nine months of 2020 and, consequently, lower net claims incurred, including the change in other provisions and the provision for unit-linked policies.

Operating expenses

Consolidated operating expenses; life segment

EUR	1-9/2021	1-9/2020	Index
Acquisition costs	9,116,638	5,827,985	156.4
Change in deferred acquisition costs (+/-)	308,401	-178,290	-173.0
Other operating expenses	17,637,676	15,078,749	117.0
Operating expenses	27,062,715	20,728,444	130.6
Reinsurance commission income	-5,646	-1,489	379.2
Net operating expenses	27,057,069	20,726,955	130.5

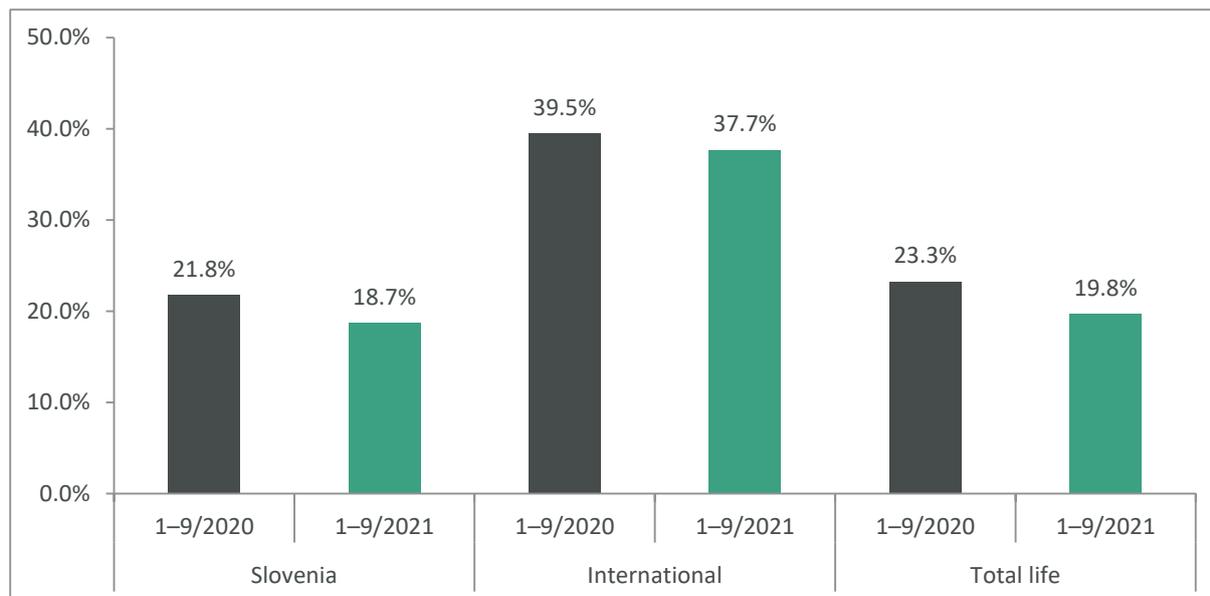
Consolidated gross operating expenses of the life segment

EUR	1-9/2021	1-9/2020	Index
Life, Slovenia	23,960,546	17,970,225	133.3
Life, international	2,793,768	2,936,509	95.1

In the first nine months of 2021, policy acquisition expenses rose by 56.4% year on year, chiefly because of the period for which the figures of Vita are included in the consolidated accounts. The difference in the change in deferred acquisition costs between the two years relates to Slovenian life business.

In the first nine months of 2021, other operating expenses rose by 17.0% year on year because of the longer consolidation period of Vita, while most other companies lowered these expenses.

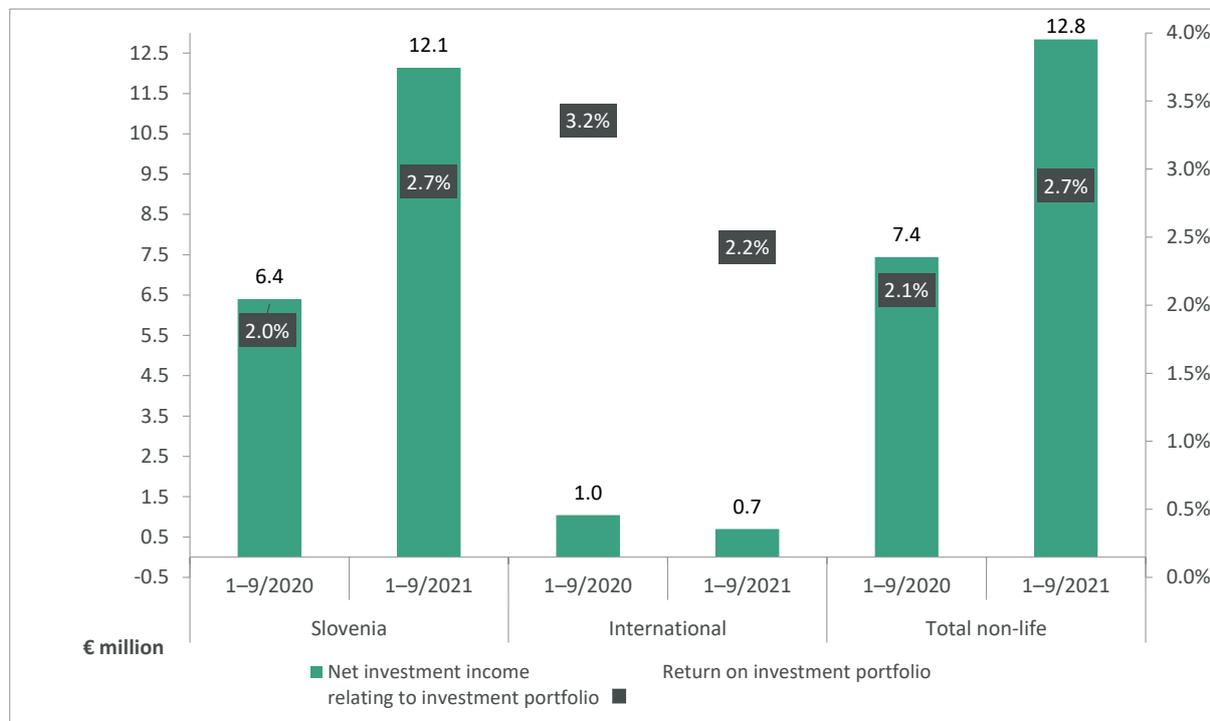
Consolidated gross expense ratio; life segment



The consolidated gross expense ratio dropped by 3.5 p.p. year on year as a 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 the gross expense ratio of 1.8 p.p. (premiums in Serbia and Kosovo grew faster than expenses).

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 nine months of 2021, net investment income relating to life business totalled EUR 12.8 million, up EUR 5.4 million year on year. This was due to higher interest income and higher gains on the disposal of investments. The return on the life insurance investment portfolio was 2.7% 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	1–9/2021	1–9/2020	Index
Gross premiums written	3,115,091	2,517,418	123.7
Gross claims paid	-923,373	-702,359	131.5
Change in other net technical provisions (+/-)	-2,133,116	-1,992,128	107.1

The pension part comprises the operations of Sava Pokojninska. The gross premiums written relate to an annuity fund and decreased by 23.7% in the first nine months of 2021 year on year. Pension premiums are mainly sourced from Sava Pokojninska, and this year a significant part of the pension premiums came from policyholders who were members of other pension insurance providers and who, at retirement, chose to have their pension paid out by Sava Pokojninska (transfer of assets).

Gross claims paid include supplementary pension annuity payouts, which increased by 31.5% in the first nine months of 2021 year on year. As annuity fund assets increased over the last two years (when policyholders achieved retirement age), pension payouts to policyholders also increased, which is recorded under gross claims paid.

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	1–9/2021	1–9/2020	Index
Other technical income and other income	12,446,684	9,880,326	126.0

Other technical income and other income include:

- income of the Slovenian pension company relating to entry charges paid by customers, exit charges, management fees earned for managing a group of liability funds and overheads charged to customers on transferring assets from the accumulation part to the payout part;
- 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 for managing mutual funds.

All companies belonging to this segment achieved growth in the “other technical income and other income” item in the first nine months 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	1–9/2021	1–9/2020	Index
Opening balance of fund assets (31 December)	1,241,028,424	1,119,667,192	110.8
Fund inflows	139,115,229	99,544,618	139.8
Fund outflows	-31,279,304	-41,143,732	76.0
Asset transfers	-6,481,479	-2,600,391	249.3
Net investment income of fund	97,825,266	-4,798,522	-
Entry and exit charges	-1,757,506	-1,499,245	117.2
Fair value reserve and exchange differences	-331,851	-3,311,353	10.0
Closing balance of fund assets (30 September)	1,438,118,779	1,165,858,567	123.4

Fund inflows into the group of funds of the Slovenian pension company increased by 6.1% in the first nine months of 2021 year on year. This was driven primarily by the increase in the average contribution. Inflows into the compulsory and voluntary funds of the North Macedonian pension company increased by 1.0% in the first nine months of 2021 year on year. Mutual fund inflows of the Slovenian mutual fund manager in the first nine months of 2021 grew by 103.7% year on year.

The liability funds of the Slovenian pension company achieved a 2.4% return in the first nine months of 2021 (first nine months of 2020: -2.1%), the mandatory and voluntary pension funds managed by the North Macedonian pension company achieved a return of 6.2% (first nine months of 2020: 0.3%), and the Slovenian mutual fund manager achieved a high return of 10.7% on mutual funds (first nine months of 2020: -1.0%). The negative returns in the first nine months of 2020 mostly reflected unfavourable developments in financial markets related to the Covid-19 pandemic, whereas financial market trends this year were very favourable.

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

EUR	30 September 2021	31 December 2020	Index
Sava Pokojninska	163,088,817	155,439,532	104.9
Sava Penzisko Društvo	764,629,316	676,400,347	113.0
Sava Infond	510,400,646	409,188,545	124.7
Total	1,438,118,779	1,241,028,424	115.9

Since the Slovenian mutual fund manager and the North Macedonian pension company manage client assets separate from company assets and have no insurance function, assets under management are not shown in the statement of financial position.

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

EUR	1–9/2021	1–9/2020	Index
Operating expenses	7,733,628	6,373,705	121.3

In the first nine months of 2021, operating expenses rose by 21.3% year on year because of a larger business volume, more assets under management and the amortisation of contractual relationships with Sava Infond clients (not amortised in the year-on-year period).

Profit or loss for the period

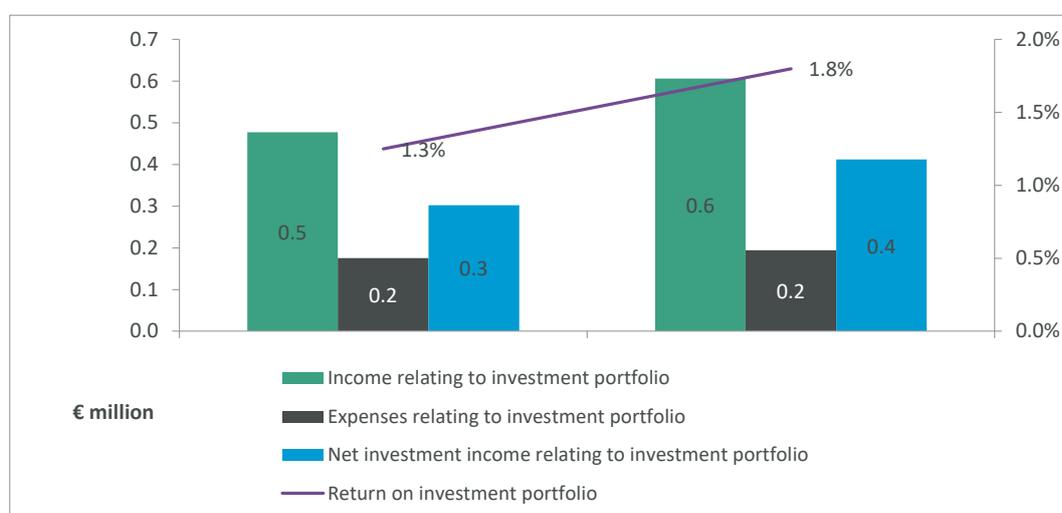
Consolidated profit or loss before tax; pensions and asset management segment

EUR	1–9/2021	1–9/2020	Index
Profit or loss before tax	4,559,789	1,511,086	301.8

The pensions and asset management segment recorded a EUR 3.0 million improvement in the consolidated pre-tax profit for the first nine months of 2021 compared to the same period last year. The result reflects positive developments in capital markets and growth in assets under management. All companies making up this segment improved their results in the first nine months of 2021 year on year.

Net investment income

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



In the first nine months of 2021, net investment income relating to the portfolio of the pension companies totalled EUR 0.4 million, up EUR 0.1 million year on year, chiefly on account of appreciation of FVTPL assets (first nine months of 2021: EUR 0.2 million; first nine months of 2020: EUR 0). The investment return for the period was 1.8%.

2.5 Other

This “other” segment comprises the subsidiaries TBS Team 24 and S Estate, the two equity-accounted associates DCB and G2I, and interest expenses on subordinated debt.

TBS Team 24 contributed EUR 0.8 million to the consolidated result of the segment in the first nine months of 2021 (first nine months of 2020: EUR 0.6 million).

The company DCB contributed EUR 0.7 million to the consolidated result of the segment in the first nine months of 2021 (first nine months of 2020: EUR 0.2 million), whereas G2I contributed EUR -0.1 million (first nine months of 2020: EUR 0.1 million).

¹² The figure 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 30 September 2021, total assets of the Sava Insurance Group stood at EUR 2,643.9 million, an increase of 7.2% over year-end 2020. Below we set out items of assets and liabilities in excess of 5% of total assets as at 30 September 2021 and items that changed by more than 2% of equity. For the sake of providing 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	30 September 2021	As % of total 30 September 2021	31 December 2020	As % of total 31 December 2020
ASSETS	2,643,874,167	100.0%	2,467,251,303	100.0%
1 Intangible assets	65,197,791	2.5%	64,278,611	2.6%
2 Property, plant and equipment	54,125,209	2.0%	48,336,491	2.0%
3 Right-of-use assets	7,549,209	0.3%	8,648,594	0.4%
4 Deferred tax assets	5,166,518	0.2%	4,924,819	0.2%
5 Investment property	14,549,042	0.6%	16,121,079	0.7%
6 Financial investments in associates	20,398,732	0.8%	15,056,143	0.6%
7 Financial investments	1,462,782,240	55.3%	1,430,149,336	58.0%
8 Assets held for the benefit of policyholders who bear the investment risk	485,449,592	18.4%	411,224,812	16.7%
9 Reinsurers' share of technical provisions	59,362,422	2.2%	42,609,217	1.7%
10 Investment contract assets	168,481,994	6.4%	158,765,028	6.4%
11 Receivables	170,520,732	6.4%	153,871,498	6.2%
12 Deferred acquisition costs	25,159,591	1.0%	24,278,003	1.0%
13 Other assets	4,628,473	0.2%	4,240,414	0.2%
14 Cash and cash equivalents	99,646,639	3.8%	83,458,594	3.4%
15 Non-current assets held for sale	855,983	0.0%	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	30 September 2021	31 December 2020	Absolute change	Index
Deposits	19,596,373	22,415,444	-2,819,071	87.4
Government bonds	699,136,018	660,779,506	38,356,512	105.8
Corporate bonds	603,835,805	618,881,506	-15,045,701	97.6
Shares	39,198,420	38,602,296	596,124	101.5
Mutual funds	39,518,317	38,313,074	1,205,243	103.1
Infrastructure funds	36,621,400	27,436,469	9,184,931	133.5
Real estate funds	15,465,129	14,340,307	1,124,822	107.8
Loans granted	1,845,133	2,119,569	-274,436	87.1
Deposits with cedants	7,565,645	7,261,165	304,480	104.2
Total financial investments	1,462,782,240	1,430,149,336	32,632,904	102.3
Financial investments in associates	20,398,732	15,056,143	5,342,589	135.5
Investment property	14,549,042	16,121,079	-1,572,037	90.2
Cash and cash equivalents	89,202,633	73,956,821	15,245,812	120.6
Total investment portfolio	1,586,932,647	1,535,283,379	51,649,268	103.4
Assets held for the benefit of policyholders who bear the investment risk	495,893,598	420,726,585	75,167,013	117.9
- Financial investments	485,449,592	411,224,812	74,224,780	
- Cash and cash equivalents	10,444,006	9,501,773	942,233	
Investment contract assets	168,481,994	158,765,028	9,716,966	106.1

As at 30 September 2021, the investment portfolio of the Sava Insurance Group totalled EUR 1,586.9 million, an increase of EUR 51.6 million from year-end 2020. The growth in the investment portfolio was mainly affected by the positive cash flow from core (re)insurance business. The composition of the investment portfolio changed slightly compared to year-end 2020, with more investments in government bonds and a lower allocation to lower-rated corporate bonds. This segment was also negatively impacted by the change in the fair value of bonds compared to year-end 2020. In the period under review, there was also a significant increase in the call-up of commitments made in previous years (and consequently the realisation of investments) in the segments of so-called alternative investments (infrastructure and real-estate funds). It follows from the above that the Group continues to maintain a conservative asset allocation.

Financial investments in associates increased by EUR 4.6 million, reflecting recapitalisations of DCB to prepare the company for an expansion into the healthcare sector. The increase was also supported by EUR 0.7 million from the attribution of profit under the equity method. The increase in cash and cash equivalents as at 30 September 2021 is of a short-term nature as all proceeds from investments that matured or were sold had not yet been reinvested in longer-term asset classes.

Composition of the investment portfolio

EUR	30 September 2021	31 December 2020	Change in structure, p.p., 30 September 2021 - 31 December 2020
Fixed-rate financial investments	89.0%	89.6%	-0.7
Shares	2.5%	2.5%	0.0
Mutual funds	2.5%	2.5%	0.0
Infrastructure funds	2.3%	1.8%	0.5
Property	0.9%	1.1%	-0.1
Real estate funds	1.0%	0.9%	0.0
Other*	1.9%	1.6%	0.3
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	30 September 2021	31 December 2020	Change in structure, p.p., 30 September 2021 - 31 December 2020
Government bonds	40.4%	39.7%	0.8
Regular corporate bonds	32.1%	32.8%	-0.7
Cash and cash equivalents	5.6%	4.8%	0.8
Covered bonds	2.8%	4.2%	-1.4
Government-guaranteed bonds	3.6%	3.4%	0.3
Subordinated bonds	3.1%	3.2%	-0.2
Deposits	1.2%	1.5%	-0.2
Total	89.0%	89.6%	-0.7

As at 30 September 2021, fixed-rate investments accounted for 89.0% 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 assets of these policyholders are recorded as financial investments (mainly in mutual funds selected by policyholders) and cash. As at 30 September 2021, financial investments totalled EUR 485.4 million, and cash and cash equivalents stood at EUR 10.4 million. Compared to 31 December 2020, assets increased by EUR 75.2 million, which was mainly the result of an increase in the market value of investments and of positive cash flow from core business.

3.1.3 Reinsurers' share of technical provisions

The reinsurers' share of technical provisions (9) increased by 39.3%, or EUR 16.8 million, compared to year-end 2020. The largest increase was in the claims provision of the reinsurance segment (up EUR 11.9 million) due to the claims arising from western European storm losses reinsured under the catastrophe coverage of this portfolio.

3.1.4 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 30 September 2021, investment contract assets totalled EUR 168.5 million, up 6.1% compared to 31 December 2020.

This increase was mainly due to net investment income of EUR 3.9 million, net inflows of EUR 3.8 million (third quarter of 2021: EUR 10.7 million of inflows and EUR 6.9 million of outflows including entry charges) and a EUR 2.1 million increase in assets backing annuity policies.

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

3.1.5 Receivables

Receivables (11) increased by 10.8%, or EUR 16.6 million, compared to year-end 2020 (30 September 2020: increase of 6.0%, or EUR 9.6 million, compared to year-end 2019). The largest increase was with

receivables arising from primary insurance business, up EUR 12.8 million, or 9.5%, compared to 31 December 2020, with a EUR 13.9 million increase in not-past-due receivables. Receivables past due more than 1 year decreased by EUR 3.1 million, and receivables past due from 181 days to 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 13.2 million; 30 September 2020: a decrease of EUR 2.2 million compared to year-end 2019), in the non-life segment (an increase of EUR 2.1 million; 30 September 2020: an increase of EUR 2.4 million from year-end 2019). In the reinsurance segment, this year's increase is due to the dynamics of making estimates for the reinsurance business, whereas in the non-life segment it is due to the normal dynamics of movements in receivables in the first three quarters owing to the dynamics of business flow.

Receivables arising from reinsurance and co-insurance business rose by EUR 0.6 million, or 9.2%, from 31 December 2020. They increased by EUR 1.5 million in the Slovenian non-life segment, whereas in the reinsurance segment they decreased by EUR 1.3 million.

Other receivables increased by EUR 3.5 million compared to year-end 2020 – an increase in the Slovenian life insurance segment of EUR 2.1 million (relating to outstanding amounts on mutual fund unit transactions for unit-linked products of Vita), an increase in the Slovenian non-life segment of EUR 1.8 million (renewal of most annual policies at the beginning of the year) and a decrease in the reinsurance segment of EUR 2.1 million (settlement of investment receivables).

3.2 Equity and liabilities

Consolidated total equity and liabilities by type

EUR	30 September 2021	As % of total 30 September 2021	31 December 2020	As % of total 31 December 2020
EQUITY AND LIABILITIES	2,643,874,167	100.0%	2,467,251,303	100.0%
1 Shareholders' equity	492,947,994	18.6%	460,214,488	18.7%
<i>Share capital</i>	71,856,376	2.7%	71,856,376	2.9%
<i>Capital reserves</i>	42,702,320	1.6%	43,035,948	1.7%
<i>Profit reserves</i>	202,574,902	7.7%	202,285,580	8.2%
<i>Own shares</i>	-24,938,709	-0.9%	-24,938,709	-1.0%
<i>Fair value reserve</i>	29,248,606	1.1%	40,173,090	1.6%
<i>Reserve due to fair value revaluation</i>	1,171,837	0.0%	964,485	0.0%
<i>Retained earnings</i>	116,148,705	4.4%	73,413,529	3.0%
<i>Net profit or loss for the period</i>	57,168,303	2.2%	56,197,540	2.3%
<i>Translation reserve</i>	-3,325,014	-0.1%	-3,266,013	-0.1%
<i>Equity attributable to owners of the controlling company</i>	492,607,326	18.6%	459,721,826	18.6%
<i>Non-controlling interests in equity</i>	340,668	0.0%	492,662	0.0%
2 Subordinated liabilities	76,953,839	2.9%	74,804,974	3.0%
3 Technical provisions	1,285,154,564	48.6%	1,233,312,054	50.0%
4 Technical provisions for the benefit of life insurance policyholders who bear the investment risk	490,095,288	18.5%	409,604,428	16.6%
5 Other provisions	9,346,462	0.4%	9,287,735	0.4%
6 Deferred tax liabilities	12,350,609	0.5%	14,901,575	0.6%
7 Investment contract liabilities	168,327,261	6.4%	158,596,453	6.4%
8 Other financial liabilities	568,819	0.0%	470,937	0.0%
9 Liabilities from operating activities	60,784,301	2.3%	58,412,273	2.4%
10 Lease liability	7,306,773	0.3%	8,255,225	0.3%
11 Other liabilities	40,038,257	1.5%	39,391,161	1.6%

3.2.1 Shareholders' equity

Shareholders' equity (1) increased by 7.1%, or EUR 32.7 million, compared to year-end 2020. The net profit for the year had a positive impact on the change in shareholders' equity, of EUR 57.2 million. The fair value reserve had a EUR 10.8 million negative effect due to the depreciation of available-for-sale bonds. Another negative effect was the payment of dividends in the amount of EUR 13.2 million.

3.2.2 Technical provisions

Gross technical provisions (3) are the largest item on the liabilities side. The balance as at 30 September 2021 was an increase of 4.2%, or EUR 51.8 million, over year-end 2020. Claims provisions rose by EUR 40.7 million and unearned premiums by EUR 27.0 million, whereas mathematical provisions shrank by EUR 14.5 million.

Consolidated gross TP

EUR	30 September 2021	31 December 2020	Index
Gross unearned premiums	237,656,712	210,614,842	112.8
Gross mathematical provisions	451,128,627	465,641,679	96.9
Gross provision for outstanding claims	588,500,445	547,764,679	107.4
Gross provision for bonuses, rebates and cancellations	1,616,820	1,300,797	124.3
Other gross technical provisions	6,251,960	7,990,057	78.2
Gross technical provisions	1,285,154,564	1,233,312,054	104.2

Gross technical provisions attributable to the reinsurance segment grew by 23.4%, or EUR 44.7 million, compared to year-end 2020. This growth is chiefly the result of an increase in claims provisions of EUR 36.7 million due to adverse claims development (for more details, see section 2.1 "Reinsurance: Net claims incurred"). Unearned premiums rose by EUR 8.3 million as a result of reinsurance underwriting dynamics (first nine months of 2020: an increase of EUR 10.7 million).

Gross technical provisions attributable to the non-life segment grew by 4.0%, or EUR 22.3 million, compared to year-end 2020, of which the growth in unearned premiums was EUR 18.7 million (first nine months of 2020: increase of EUR 25.5 million).

Gross mathematical provisions declined by 3.1%, or EUR 14.5 million, mainly reflecting lower balances at Zavarovalnica Sava and Vita due to maturities. The provisions of the other insurance companies increased.

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

Other gross technical provisions include gross provisions for unexpired risks. These dropped by EUR 1.7 million from year-end 2020, which mainly relates to the decline in the Slovenian non-life segment (discontinuation of FoS business) and to a minor degree in the reinsurance segment (a smaller volume of marine reinsurance business with results poorer than expected).

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

As at 30 September 2021, gross technical provisions for unit-linked life insurance (4) totalled EUR 490.1 million, up 19.7%, or EUR 80.5 million, mainly due to portfolio growth, movement in fund unit prices and an additional effect of the transfer of assets from guaranteed traditional life (policies with expired guaranteed periods) to unit-linked life business of Vita.

3.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska totalled EUR 168.3 million as at 30 September 2021, up 6.1%, or EUR 9.7 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.

3.3 Financing sources and their maturity

As at 30 September 2021, the Sava Insurance Group held EUR 492.9 million in equity and EUR 77.0 million in subordinated liabilities. In October 2019, the parent company issued subordinated bonds with a scheduled maturity in 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 30 September 2021, the market price of the bond was 103.749% and the market value EUR 80,331,442 (31 December 2020: market price 100.353%, market value EUR 75,680,846).

3.4 Cash flow

In the first nine months of 2021, the Sava Insurance Group's net cash from operating activities was positive, at EUR 102.6 million, (first nine months of 2020: EUR 52.5 million). Positive effects on net cash came from (i) the increase in net profit for the period due to higher premium revenue, (ii) the full-year consolidation of Vita and (iii) higher net investment income reflecting growth of the investment portfolio. The increase in the change in mathematical provisions for policyholders who bear the investment risk needs to be viewed 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 72.2 million (first nine months of 2020: EUR 22.0 million) due to disbursements regarding the acquisition of securities and the purchase of property and equipment (office building of a subsidiary). Excluding the receipts and disbursements relating to the investments of life insurance policyholders who bear the investment risk, the negative net cash flow would have totalled EUR 16.0 million.

In June 2021, Sava Re paid out dividends, which is why it recorded a negative net financing cash flow, at EUR 14.1 million (first nine months of 2020: EUR 3.4 million).

The closing balance of cash and cash equivalents declined by EUR 34.1 million. The net cash flow for the first nine months of 2021 was EUR 10.9 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. The reports of both agencies are available online, at <https://www.sava-re.si/en-si/investor-relations/reports-results/>.

Financial strength ratings of Sava Re

Agency	Rating ¹³	Outlook	Latest review
Standard & Poor's	A	stable	September 2021: affirmed existing rating
AM Best	A	stable	October 2021: 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

	30 September 2021	31 December 2020	Change
Zavarovalnica Sava	1,218.9	1,294.6	-75.7
Sava Neživotno Osiguranje (SRB)	316.5	317.0	-0.5
Sava Osiguruvanje (MKD)	230.2	223.8	6.5
Illyria (RKS)	188.3	201.5	-13.3
Sava Osiguranje (MNE)	130.5	130.3	0.3
Sava Re	122.2	119.4	2.8
Sava Životno Osiguranje (SRB)	104.0	79.9	24.1
Illyria Life (RKS)	57.0	65.0	-8.0
Vita (SVN)	49.0	46.2	2.8
Sava Car (MNE)	48.0	48.3	-0.3
Sava Penzisko Društvo (MKD)	39.0	34.0	5.0
Sava Infond (SVN)	32.7	29.6	3.1
TBS Team 24 (SVN)	30.3	28.0	2.3
ZS Svetovanje (SVN)	27.0	24.0	3.0
Sava Agent (MNE)	17.5	17.0	0.5
Sava Pokojninska (SVN)	13.0	13.0	0.0
Sava Station (MKD)	9.8	10.3	-0.5
Ornatus KC (SVN)	9.0	9.0	0.0
Total	2,642.7	2,690.7	-48.0

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. The growth in the headcount of Sava Životno Osiguranje (SRB) reflects its expanded own sales network. The decline in the work force of the Sava Insurance Group is the result of a reduced headcount at its 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 a year and a half, we have obtained a better understanding of the risk compared to 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. There were no major Covid-19-related losses in the first nine months of 2021.

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 for 2020" available on the Sava Re website.

The Group's eligible own funds as at 30 June 2021 increased somewhat compared to 31 December 2020, while the risk profile remained roughly the same compared to year-end 2020, remaining in line with the Group's risk strategy. Eligible own funds mainly increased due to the Group's strong performance in the first six months and the related higher value of investments as at 30 June 2021. The Group's unaudited solvency ratio as at 30 June 2021 stood at 218% (calculated using the Group SCR as at 31 December 2020 and eligible own funds as at 30 June 2021)¹⁴. Even under Covid-19 conditions the Group maintains a high solvency ratio with a low risk of insolvency.

Sava Re also uses the Solvency II standard formula for the solvency calculation. The calculation of the Company's solvency position as at 31 December 2020 shows that the Company is well capitalised and has a solvency ratio of 272%. The Company's Solvency Capital Requirement (hereinafter: Company SCR) totalled EUR 219.4 million as at 31 December 2020, and eligible own funds to meet the SCR were EUR 596.0 million. Details on the valuation, the calculation of eligible own funds and the SCR as at 31 December 2020 are set out in the Solvency and Financial Condition Report of Sava Re d.d. for 2020 and are available on the Company's website.

Sava Re's eligible own funds as at 30 June 2021 were higher than at 31 December 2020, while the Company's risk profile remained roughly the same compared to year-end 2020, remaining in line with the Group's risk strategy. Eligible own funds increased mainly as a result of the combined effect of the higher value of participations on account of the strong performance of the Group companies in the first six months of 2021 and the growth in the investment portfolio as at 30 June 2021, mainly due to dividend payments received. The Company's unaudited solvency ratio as at 30 June 2021 stood at 299% (calculated using the Company SCR as at 31 December 2020 and eligible own funds as at 30 June

¹⁴ The actual eligible own funds of the Group are slightly lower than those stated in this report because foreseeable dividends for 2021 have not been deducted.

2021)¹⁵. Even under Covid-19 conditions, the Company maintains a high solvency ratio with a low risk of insolvency.

Taking into account the assessed potential impacts of Covid-19, the Group assesses that it will also maintain a high solvency ratio until the end of 2021, 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 1 p.p. rise/drop in the net combined ratio relating to non-life (re)insurance business in the first three quarters of 2021 would result in a decrease/increase in the Group's profit before tax of EUR 3.9 million in the period (first nine months of 2020: EUR 3.8 million).

The Group's exposure to underwriting risk did not change significantly in the first nine months of 2021 compared to year-end 2020. The risk of major Covid-19-related business interruption claims is elevated for accepted reinsurance business written in English-speaking markets and for FoS insurance business written in the Republic of Ireland. 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 30 September 2021 of EUR 1,651.2 million grew by EUR 35.7 million from 31 December 2020.

¹⁵ The Company's actual eligible own funds are slightly lower than those stated in this report because foreseeable dividends for 2021 have not been deducted.

Interest rate risk

The total value of investments included in the calculation as at 30 September 2021 was EUR 1,428.0 million (31 December 2020: EUR 1,425.9 million). Of this, EUR 735.4 million (31 December 2020: EUR 689.9 million) relates to non-life (re)insurance assets, and EUR 693.0 million (31 December 2020: EUR 735.9 million) to assets of life insurers.

The average maturity of non-life insurance and reinsurance assets was 4.33 years as at 30 September 2021 (31 December 2020: 4.03 years), and the expected maturity of non-life and reinsurance obligations was 2.05 years (31 December 2020: 2.08 years).

The average maturity of life insurance assets was 5.68 years as at 30 September 2021 (31 December 2020: 5.60 years), with the average maturity of life liabilities at 5.93 years (31 December 2020: 6.44 years).

Interest rate risk increased slightly in the third quarter of 2021 year on year, reflecting a slightly higher mismatch and, above all, uncertainty related to inflation developments in the coming quarters.

Equity risk

The value of investments that the Company included in the equity risk calculation totalled EUR 88.5 million as at 30 September 2021 (31 December 2020: EUR 74.5 million). A 10% drop in equity prices would result in a decline of EUR 8.8 million (31 December 2020: EUR 7.4 million).

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

Currency risk

The Company monitors the currency matching of assets and liabilities by the ALM aspect (accounting currencies are matched directly, i.e. they are matched with currencies with a high degree of correlation). Accordingly, the position was 98.9% matched as at 30 September 2021 (31 December 2020: 98.4%). However, based strictly on the accounting aspect (i.e. excluding correlations), the position was 96.2% matched as at 30 September 2021 (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 30 September 2021, the value of the Group's investments exposed to property risk stood at EUR 30.0 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 this 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 4.5 million (31 December 2020: EUR 4.6 million).

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

5.3.2 Risk of failure to realise guaranteed returns

Investment contracts

The Group classifies as investment contracts the 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 168.5 million as at 30 September 2021, up EUR 9.7 million from 31 December 2020.

The risk of failure to achieve guaranteed returns relates to assets of the Moj Zajamčeni fund (My Guaranteed Fund) (30 September 2021: EUR 141.6 million), which remained at roughly the same level as at year-end 2020.

Traditional and unit-linked life insurance contracts with guaranteed return

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 guaranteed return. The realised return on financial investments exceeded the guaranteed return on the liabilities side. The surplus for the first nine months of 2021 was EUR 3.9 million (first nine months of 2020: surplus of EUR 189.7 thousand).

5.3.3 Credit risk

Fixed-rate investments accounted for 92.8% of the total investment portfolio. Investment grade fixed-rate investments accounted for 83.4% of the total fixed-rate portfolio as at 30 September 2021 (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 30 September 2021, the exposure to the ten largest issuers was EUR 459.8 million, representing 27.8% 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 (30 September 2021: EUR 123.3 million; 7.5%; 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 third 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 liquidity risk remained unchanged and low in the period under review in 2021.

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 third quarter of 2021 compared to year-end 2020.

According to our estimates, the exposure to Covid-19-related operational risks remains higher than before the pandemic; however, these risks are 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.

The Group's exposure to strategic risks has increased since the emergence of Covid-19; in the third quarter of 2021, it is at roughly the same level as at year-end 2020.

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 a 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 third quarter of 2021, the wave of Covid-19 infections continued, and the situation worsened. Although part of the population has been vaccinated against Covid-19, the number of cases continues to increase.

In the past quarter, the macroeconomic situation remains uncertain due to Covid-19, the energy crisis and consumer prices that have increased significantly over a short period, which is why we will continue to monitor the situation closely. By the end of 2021, we expect the exposure to strategic and operational risks to be slightly elevated due to the situation, which is why we will monitor the situation, adjusting operations as necessary.

Financial statements with notes

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

The management board of Sava Re d.d. hereby approves the financial statements of the Sava Insurance Group and Sava Re for the six months to 30 September 2021, and the accompanying appendices to the financial statements, accounting policies and notes to the financial statements. The management board confirms that the financial statements, including the notes, have been prepared on a going concern basis regarding the operations of the Company and the Group and that they comply with Slovenian law and the International Financial Reporting Standards as adopted by the EU. The financial statements are presented in a condensed format 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 financial statements have been prepared using relevant judgements, estimates and assumptions, including actuarial judgements, which apply the methods most suited to the Company and the Group under given circumstances, based on which we can give the below assurances.

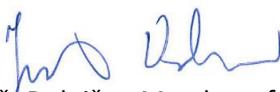
The management board members ensure that to the best of their knowledge:

- the financial statements and the accompanying notes have been drawn up in accordance with the reporting principles adopted by the Company and the Group and give a true and fair view of the assets and liabilities, financial position, profit and loss of the Company and the Group;
- the business report includes a fair presentation of the development and results of operations of the Company and the Group, and the financial position, including a description of the significant risks and opportunities that Sava Re and the Sava Insurance Group are exposed to.

Furthermore, the management board is responsible for keeping appropriate records that at all times present, in understandable detail, the financial position of the Company and the Group, for adopting appropriate measures to protect property, and for preventing and detecting fraud and other irregularities.



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, 9 November 2021

6 Unaudited condensed financial statements

6.1 Unaudited statement of financial position

EUR	Sava Insurance Group		Sava Re	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
ASSETS	2,643,874,167	2,467,251,303	836,460,855	756,640,585
Intangible assets	65,197,791	64,278,611	2,144,689	1,947,056
Property, plant and equipment	54,125,209	48,336,491	2,528,249	2,356,848
Right-of-use assets	7,549,209	8,648,594	224,300	89,258
Deferred tax assets	5,166,518	4,924,819	3,506,658	3,487,337
Investment property	14,549,042	16,121,079	7,937,145	8,031,875
Financial investments in subsidiaries and associates	20,398,732	15,056,143	324,129,991	319,097,412
Financial investments:	1,462,782,240	1,430,149,336	313,455,026	269,537,788
- Loans and deposits	29,007,151	31,796,178	11,080,537	12,228,804
- Held to maturity	39,800,862	43,679,425	2,780,064	2,816,598
- Available for sale	1,359,632,947	1,327,264,062	289,984,146	246,840,118
- At fair value through profit or loss	34,341,280	27,409,671	9,610,279	7,652,268
Assets held for the benefit of policyholders who bear the investment risk	485,449,592	411,224,812	0	0
Reinsurers' share of technical provisions	59,362,422	42,609,217	47,785,434	31,935,116
Investment contract assets	168,481,994	158,765,028	0	0
Receivables	170,520,732	153,871,498	91,779,537	86,753,033
Receivables arising out of primary insurance business	148,115,970	135,285,588	88,385,030	79,662,908
Receivables arising out of reinsurance and co-insurance business	6,613,756	6,054,576	3,120,665	4,461,167
Current tax assets	328,533	529,831	0	325,472
Other receivables	15,462,473	12,001,503	273,842	2,303,486
Deferred acquisition costs	25,159,591	24,278,003	8,044,028	5,837,477
Other assets	4,628,473	4,240,414	518,868	487,239
Cash and cash equivalents	99,646,639	83,458,594	34,406,928	27,080,146
Non-current assets held for sale	855,983	1,288,664	0	0
EQUITY AND LIABILITIES	2,643,874,167	2,467,251,303	836,460,855	756,640,585
Shareholders' equity	492,947,994	460,214,488	357,234,849	333,869,060
Share capital	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	42,702,320	43,035,948	54,239,757	54,239,757
Profit reserves	202,574,902	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	29,248,606	40,173,090	5,928,800	6,039,787
Reserve due to fair value revaluation	1,171,837	964,485	86,831	46,586
Retained earnings	116,148,705	73,413,529	10,633,662	34,797,321
Net profit or loss for the period	57,168,303	56,197,540	36,609,573	-10,990,617
Translation reserve	-3,325,014	-3,266,013	0	0
Equity attributable to owners of the controlling company	492,607,326	459,721,826	357,234,849	333,869,060
Non-controlling interests in equity	340,668	492,662	0	0
Subordinated liabilities	76,953,839	74,804,974	76,953,838	74,804,974
Technical provisions	1,285,154,564	1,233,312,054	347,856,552	297,882,871
Unearned premiums	237,656,712	210,614,842	68,837,693	57,411,109
Technical provisions for life insurance business	451,128,627	465,641,679	0	0
Provision for outstanding claims	588,500,445	547,764,679	277,892,505	238,990,653
Other technical provisions	7,868,780	9,290,854	1,126,354	1,481,109
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	490,095,288	409,604,428	0	0
Other provisions	9,346,462	9,287,735	427,383	424,345
Deferred tax liabilities	12,350,609	14,901,575	76,227	76,227
Investment contract liabilities	168,327,261	158,596,453	0	0
Other financial liabilities	568,819	470,937	0	0
Liabilities from operating activities	60,784,301	58,412,273	47,262,026	45,389,434
Liabilities from primary insurance business	45,088,902	46,269,833	39,560,636	40,565,890
Liabilities from reinsurance and co-insurance business	11,566,490	6,837,159	7,432,572	4,823,544
Current income tax liabilities	4,128,909	5,305,281	268,818	0
Lease liability	7,306,773	8,255,225	222,862	87,834
Other liabilities	40,038,257	39,391,161	6,427,119	4,105,840

6.2 Unaudited income statement

EUR	Sava Insurance Group		Sava Re	
	1–9/2021	1–9/2020	1–9/2021	1–9/2020
Net premiums earned	515,547,929	461,830,731	122,695,113	112,907,658
Gross premiums written	578,065,632	529,632,438	158,715,860	156,158,568
Written premiums ceded to reinsurers and co-insurers	-40,465,249	-37,533,765	-28,495,544	-27,895,420
Change in gross unearned premiums	-27,241,824	-35,833,265	-11,426,584	-19,421,943
Change in unearned premiums, reinsurers' and co-insurers' shares	5,189,370	5,565,323	3,901,382	4,066,454
Income from investments in subsidiaries and associates	698,164	249,364	36,611,564	1,371,786
Profit from investments in equity-accounted associate companies	698,164	249,364	0	0
Other income from investments in subsidiaries and associates	0	0	36,611,564	1,371,786
Investment income	24,863,291	19,344,130	5,769,494	4,878,054
Interest income	12,634,798	11,552,463	1,888,481	2,367,668
Other investment income	12,228,493	7,791,667	3,881,013	2,510,386
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	45,993,533	0	0	0
Other technical income	13,912,435	9,867,279	4,329,587	3,340,903
Commission income	6,622,118	4,365,918	3,812,529	3,035,640
Other technical income	7,290,317	5,501,361	517,059	305,263
Other income	19,303,388	22,178,422	609,735	602,972
Net claims incurred	-310,526,097	-306,941,553	-86,256,230	-71,448,150
Gross claims payments, net of income from recourse receivables	-288,538,835	-292,584,118	-65,331,736	-67,795,926
Reinsurers' and co-insurers' shares	6,770,302	3,699,762	6,028,420	4,414,929
Change in the gross provision for outstanding claims	-40,486,494	-21,506,022	-38,901,851	-9,939,817
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	11,728,930	3,448,825	11,948,936	1,872,664
Change in other technical provisions	16,486,843	24,930,466	401,285	-581,745
Change in technical provisions for policyholders who bear the investment risk	-80,661,034	-182,180	0	0
Expenses for bonuses and rebates	-367,253	-105,828	-46,530	25,589
Operating expenses	-157,946,290	-144,387,769	-44,425,012	-38,682,701
Acquisition costs	-60,283,807	-55,406,857	-37,209,971	-31,136,940
Change in deferred acquisition costs	548,498	3,634,449	2,206,551	1,517,094
Other operating expenses	-98,210,981	-92,615,361	-9,421,593	-9,062,854
Expenses for investments in associates and impairment losses on goodwill	0	-2,096,868	0	-2,239,187
Impairment loss on goodwill	0	-2,096,868	0	-2,239,187
Expenses for financial assets and liabilities	-4,327,474	-8,588,360	-2,414,478	-6,371,285
Impairment losses on financial assets not at fair value through profit or loss	-147,712	-429,355	0	-429,356
Interest expense	-2,341,484	-2,347,831	-2,165,571	-2,167,960
Other investment expenses	-1,838,278	-5,811,174	-248,907	-3,773,969
Net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk	0	-2,851,612	0	0
Other technical expenses	-11,077,802	-14,779,380	-230,372	-2,343,311
Other expenses	-1,318,138	-1,447,775	-172,975	-179,867
Profit or loss before tax	70,581,495	57,019,067	36,871,181	1,280,717
Income tax expense	-13,347,871	-9,429,257	-261,607	-362,949
Net profit or loss for the period	57,233,624	47,589,810	36,609,573	917,768
Net profit or loss attributable to owners of the controlling company	57,168,303	47,472,124	-	-
Net profit or loss attributable to non-controlling interests	65,320	117,686	-	-
Earnings per share (basic and diluted)	3.69	3.06	-	-

The change in the weighted average number of shares outstanding is shown in section 7.8.11 "Earnings or loss per share".

6.3 Unaudited statement of other comprehensive income

EUR	Sava Insurance Group		Sava Re	
	1–9/2021	1–9/2020	1–9/2021	1–9/2020
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	57,233,624	47,589,810	36,609,573	917,768
OTHER COMPREHENSIVE INCOME, NET OF TAX	-10,777,232	6,051,395	-70,744	-220,170
a) Items that will not be reclassified subsequently to profit or loss	207,473	-108,480	40,244	-17,880
Net gains/losses relating to investments in equity-accounted associate companies	0	97,528	0	0
Other items that will not be reclassified subsequently to profit or loss	207,694	-206,008	40,244	-17,880
Tax on items that will not be reclassified subsequently to profit or loss	-221	97,528	0	0
b) Items that may be reclassified subsequently to profit or loss	-10,984,705	6,159,875	-110,988*	-202,290
Net gains/losses on remeasuring available-for-sale financial assets	-13,453,055	8,104,933	-110,988	-249,742
Net change recognised in the fair value reserve	-8,918,477	10,190,945	-110,988	-249,742
Net change transferred from fair value reserve to profit or loss	-4,528,016	-2,086,012	0	0
Other reclassifications	-6,562	0	0	0
Tax on items that may be reclassified subsequently to profit or loss	2,527,583	-1,653,554	0	47,452
Net gains or losses from translation of financial statements of non-domestic companies	-59,233	-291,504	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	46,456,392	53,641,205	36,538,830	697,599
Attributable to owners of the controlling company	46,392,170	53,524,591	-	-
Attributable to non-controlling interests	64,221	116,614	-	-

6.4 Unaudited statement of cash flows

EUR	Sava Insurance Group		Sava Re		
	1–9/2021	1–9/2020	1–9/2021	1–9/2020	
A. Cash flows from operating activities					
a)	Items of the income statement				
	Net profit or loss for the period	10,810,824	54,835,699	-1,747,239	5,120,824
	Adjustments for:	57,233,624	47,589,810	36,609,573	917,768
		-46,422,800	7,245,889	-38,356,812	4,203,056
2	Realised gains or losses on the disposal of property, plant and equipment assets	-264,250	-124,327	3,273	-22,352
3	Gains or losses of equity-accounted associate	-698,164	-249,364	0	0
4	Impairment loss on intangible assets and goodwill	0	2,096,868	0	0
5	Other financial expenses/income	-63,795,358	-17,429,333	-36,760,347	-1,915,032
6	Depreciation/amortisation	7,504,730	7,115,349	429,418	539,295
7	Income tax expense	13,347,871	9,429,257	261,607	362,949
8	Net exchange differences	-2,517,629	6,407,439	-2,290,764	5,238,196
b.)	Changes in net operating assets (premium receivables, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position				
		91,760,033	-2,354,316	30,628,635	19,527,396
1.	Change in receivables from primary insurance	-12,830,382	-11,448,005	-8,722,122	1,409,935
2.	Change in receivables from reinsurance	-559,180	-788,799	1,340,502	451,669
3.	Change in other receivables from (re)insurance business	-508,076	149,005	0	0
4.	Change in other receivables and other assets	-4,027,325	-3,585,149	97,614	1,282,988
6.	Change in inventories	3,041	-26,880	0	0
7.	Change in liabilities arising out of primary insurance	-1,180,931	-4,615,599	-1,005,253	-4,340,258
8.	Change in liabilities arising out of reinsurance business	4,729,331	746,290	2,609,027	-1,052,492
9.	Change in other operating liabilities	6,175,218	2,117,239	3,074,376	77,575
10.	Change in other liabilities (except unearned premiums)	-5,430,240	719,745	-618,068	-1,280,329
11.	Change in technical provisions	114,984,209	19,747,715	34,123,363	24,004,388
	- change in unearned premiums	22,052,454	30,267,942	7,525,203	15,355,489
	- change in provision for outstanding claims	28,757,564	18,057,197	26,952,915	8,067,154
	- change in other technical provisions	-1,787,845	-1,914,569	-354,755	581,745
	- change in mathematical provision	-14,698,998	-26,845,035	0	0
	- change in mathematical provision for policyholders who bear the investment risk	80,661,034	182,180	0	0
12	Tax expense	-9,796,930	-5,369,878	-270,803	-1,026,080
c)	Net cash from/used in operating activities (a + b)	102,570,857	52,481,383	28,881,396	24,648,220
B. Cash flows from investing activities					
a)	Cash receipts from investing activities				
		512,504,966	334,882,579	105,530,359	50,842,986
1.	Interest received from investing activities	19,054,799	11,552,463	2,725,053	2,367,668
2.	Cash receipts from dividends and participation in the profit of others	1,766,973	1,028,610	37,129,729	1,602,196
3.	Proceeds from sale of intangible assets	970,995	184,198	0	0
4.	Proceeds from sale of property, plant and equipment assets	838,480	513,685	3,273	35,264
5.	Proceeds from disposal of financial investments	489,873,718	321,603,623	65,672,304	46,837,858
b)	Cash disbursements in investing activities				
		584,742,616	356,893,541	113,857,939	-666,311
1.	Purchase of intangible assets	-3,625,999	-3,861,644	-782,658	-566,317
2.	Purchase of property, plant and equipment	-8,044,300	-3,950,933	-110,479	-99,994
3.	Purchase of long-term financial investments	-	-	-	0
3.1	Purchase of subsidiary companies	-3,782,579	-82,089,797	-5,032,579	0
3.2	Other disbursements to acquire financial investments	-	-	-	0
		569,289,738	266,991,167	107,932,223	0
c)	Net cash from/used in investing activities (a + b)	-72,237,650	-22,010,962	-8,327,579	50,176,675
C. Cash flows from financing activities					
a)	Cash receipts from financing activities				
		99,289	0	0	0
b)	Cash disbursements in financing activities				
		-14,244,450	-3,395,985	-13,227,034	-2,231,328
1.	Interest paid	-55,692	-2,347,831	-15,291	-2,167,960
3.	Repayment of long-term financial liabilities	-948,452	-874,279	-38,702	-63,367
5.	Dividends and other profit participations paid	-13,240,306	-173,875	-13,173,042	0
c)	Net cash from/used in financing activities (a + b)	-14,145,161	-3,395,985	-13,227,034	-2,231,328
C2	Closing balance of cash and cash equivalents	99,646,639	133,777,858	34,406,929	125,524,790
x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	16,188,045	27,074,436	7,326,783	72,593,567
y)	Opening balance of cash and cash equivalents	83,458,594	93,804,031	27,080,146	52,931,222
	Opening balance of cash and cash equivalents – acquisition	0	12,899,391	0	0

6.5 Unaudited statement of changes in equity

Unaudited statement of changes in equity

EUR 1 January – 30 September 2021	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	-10,924,484	207,352	0	57,168,303	0	-59,001	46,392,170	64,221	46,456,392
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	57,168,303	0	0	57,168,303	65,320	57,233,624
b) Other comprehensive income	0	0	0	0	0	0	-10,924,484	207,352	0	0	0	-59,001	-10,776,133	-1,099	-10,777,232
Transactions with owners – payouts	0	0	169,325	0	0	119,997	0	0	-13,462,363	0	0	0	-13,173,042	-67,265	-13,240,306
Allocation of net profit to profit reserve	0	0	169,325	0	0	119,997	0	0	-289,322	0	0	0	0	0	0
Movements within equity	0	-333,628	0	0	0	0	0	0	56,197,541	-56,197,541	0	0	-333,628	-148,952	-482,580
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	-333,628	0	0	0	0	0	0	0	0	0	0	-333,628	-148,952	-482,580
Closing balance in the financial period	71,856,376	42,702,320	12,119,818	24,938,709	11,225,068	154,291,307	29,248,606	1,171,837	116,148,706	57,168,303	-24,938,709	-3,325,014	492,607,327	340,668	492,947,994

Sava Re													
EUR 1 January – 30 September 2021	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	-110,988	40,244	0	36,609,573	0	36,538,830	
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	36,609,573	0	36,609,573	
b) Other comprehensive income	0	0	0	0	0	0	-110,988	40,244	0	0	0	-70,744	
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-13,173,042	0	0	-13,173,042	
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	5,928,799	86,831	10,633,662	36,609,573	-24,938,709	357,234,849	

Unaudited statement of changes in equity

Sava Insurance Group																
EUR 1 January – 30 September 2020	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	6,450,759	-108,480	0	47,472,124	0	-289,812	53,524,591	116,614	53,641,205	
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	47,472,124	0	0	47,472,124	117,686	47,589,810	
b) Other comprehensive income	0	0	0	0	0	0	6,450,759	-108,480	0	0	0	-289,812	6,052,467	-1,072	6,051,395	
Transactions with owners – payouts	0	0	62,108	0	0	27,714	0	0	-89,822	0	0	0	0	-173,875	-173,875	
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	0	0	0	0	0	-173,875	-173,875	
Allocation of net profit to profit reserve	0	0	62,108	0	0	27,714	0	0	-89,822	0	0	0	0	0	0	
Movements within equity	0	0	0	0	0	0	0	0	31,618,235	-31,546,718	0	0	71,517	0	71,517	
Transfer of profit	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0	
Other	0	0	0	0	0	0	0	0	71,517	0	0	0	71,517	0	71,517	
Closing balance in the financial period	71,856,376	43,035,948	11,925,319	24,938,709	11,225,068	154,171,227	27,169,369	815,558	73,656,896	47,472,124	-24,938,709	-3,458,226	437,869,659	446,035	438,315,694	

Sava Re													
EUR 1 January – 30 September 2020	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	-202,290	-17,880	0	917,768	0	697,599	
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	917,768	0	917,768	
b) Other comprehensive income	0	0	0	0	0	0	-202,290	-17,880	0	0	0	-220,170	
Movements within equity	0	0	0	0	0	0	0	0	20,259,531	-20,188,017	0	71,515	
Transfer of profit	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0	0	
Other	0	0	0	0	0	0	0	0	71,515	0	0	71,515	
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,015,234	3,496	34,777,320	917,768	-24,938,709	344,689,802	

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 September 2021 compared to year-end 2020 and the performance of the Group in the first nine months of 2021 compared to the first nine 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 nine months to 30 September 2021 have not been audited.

The interim financial statements as at 30 September 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 the costs (expenses and income) that, by their nature, may or must be deferred at the year end.

7.3 Nature and amount of unusual items

There were no unusual events that, by their nature, scope or manner of occurrence, would affect the assets, liabilities, equity, net profit or cash flows in the first nine months of 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 for determining the materiality threshold for the consolidated financial statements, specifically 2% thereof, which was EUR 9.9 million as at 30 September 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 segment: 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 and the performance of companies on a monthly basis.

Statement of financial position items by operating segment

Sava Insurance Group 30 September 2021	Reinsurance	Non-life			Life			Pensions and AM	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
		ASSETS	376,697,939	692,407,429	158,127,591	850,535,019	1,102,406,541			
Intangible assets	2,144,691	12,232,293	8,961,798	21,194,091	7,407,141	44,272	7,451,413	31,617,763	2,789,833	65,197,791
Property, plant and equipment	2,528,249	33,521,279	13,975,831	47,497,110	1,840,441	1,841,463	3,681,904	353,811	64,135	54,125,209
Right-of-use assets	209,540	2,911,617	3,639,981	6,551,598	486,111	33,560	519,671	228,214	40,186	7,549,209
Deferred tax assets	3,506,657	993,710	20,032	1,013,742	615,686	7,615	623,301	22,818	0	5,166,518
Investment property	7,937,144	2,904,231	3,270,919	6,175,150	35,918	0	35,918	400,830	0	14,549,042
Financial investments in associates	0	0	0	0	0	0	0	0	20,398,732	20,398,732
Financial investments:	222,593,270	499,619,844	87,413,622	587,033,466	577,919,474	41,344,304	619,263,778	33,891,725	0	1,462,782,240
- Loans and deposits	6,353,257	2,601,714	13,546,499	16,148,214	11,632	1,840,636	1,852,268	4,653,412	0	29,007,151
- Held to maturity	1,989,291	1,834,696	3,032,687	4,867,383	24,941,734	1,232,660	26,174,394	6,769,794	0	39,800,862
- Available for sale	207,499,886	484,590,502	70,603,930	555,194,433	547,012,542	37,506,493	584,519,034	12,419,594	0	1,359,632,947
- At fair value through profit or loss	6,750,836	10,592,932	230,505	10,823,437	5,953,567	764,515	6,718,082	10,048,925	0	34,341,280
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	484,941,530	508,062	485,449,592	0	0	485,449,592
Reinsurers' share of technical provisions	20,267,330	30,996,451	7,549,598	38,546,049	527,150	21,893	549,043	0	0	59,362,422
Investment contract assets	0	0	0	0	0	0	0	168,481,994	0	168,481,994
Receivables	76,886,365	69,117,271	17,891,553	87,008,824	3,751,359	711,627	4,462,986	1,022,732	1,139,825	170,520,732
Receivables arising out of primary insurance business	73,574,103	61,486,433	11,376,770	72,863,203	1,061,977	613,912	1,675,889	2,775	0	148,115,970
Receivables arising out of reinsurance and co-insurance business	3,120,665	2,661,115	810,482	3,471,597	19,321	2,173	21,494	0	0	6,613,756
Current tax assets	0	0	153,526	153,526	173,324	1,683	175,007	0	0	328,533
Other receivables	191,597	4,969,723	5,550,775	10,520,498	2,496,737	93,859	2,590,596	1,019,957	1,139,825	15,462,473
Deferred acquisition costs	5,698,897	14,627,811	4,547,588	19,175,399	208,229	77,066	285,295	0	0	25,159,591
Other assets	518,868	2,101,225	1,063,119	3,164,344	227,856	65,408	293,264	427,295	224,702	4,628,473
Cash and cash equivalents	34,406,928	23,070,728	9,248,536	32,319,264	24,445,645	2,075,126	26,520,771	6,042,878	356,799	99,646,639
Non-current assets held for sale	0	310,969	545,014	855,983	0	0	0	0	0	855,983

Statement of financial position items by operating segment

Sava Insurance Group 30 September 2021	Reinsurance	Non-life			Life			Pensions and AM	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	403,241,994	654,803,569	161,149,804	815,953,373	1,050,675,816	46,353,680	1,097,029,496	219,151,089	108,498,209	2,643,874,167
Subordinated liabilities	0	0	0	0	0	0	0	0	76,953,839	76,953,839
Technical provisions	235,657,225	476,186,307	103,811,222	579,997,529	425,583,612	30,730,286	456,313,898	13,185,912	0	1,285,154,564
Unearned premiums	35,664,235	162,148,583	38,700,759	200,849,342	788,435	354,700	1,143,135	0	0	237,656,712
Mathematical provisions	0	0	0	0	408,553,986	29,390,003	437,943,989	13,184,638	0	451,128,627
Provision for outstanding claims	199,187,534	309,471,703	62,613,160	372,084,863	16,241,191	985,583	17,226,774	1,274	0	588,500,445
Other technical provisions	805,456	4,566,021	2,497,303	7,063,324	0	0	0	0	0	7,868,780
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	489,053,910	1,041,378	490,095,288	0	0	490,095,288
Other provisions	427,383	5,684,785	1,348,467	7,033,252	1,469,178	8,561	1,477,739	351,804	56,284	9,346,462
Deferred tax liabilities	76,227	3,206,756	76,103	3,282,859	8,016,227	108,665	8,124,892	866,631	0	12,350,609
Investment contract liabilities	0	0	0	0	0	0	0	168,327,261	0	168,327,261
Other financial liabilities	0	0	567,953	567,953	0	866	866	0	0	568,819
Liabilities from operating activities	34,387,388	12,667,449	4,617,748	17,285,197	8,209,936	468,330	8,678,266	285,712	147,738	60,784,301
Liabilities from primary insurance business	26,685,999	7,039,171	2,850,767	9,889,938	8,086,921	424,732	8,511,653	1,312	0	45,088,902
Liabilities from reinsurance and co-insurance business	7,432,571	2,501,249	1,545,142	4,046,391	77,583	9,945	87,528	0	0	11,566,490
Current income tax liabilities	268,818	3,127,029	221,839	3,348,868	45,432	33,653	79,085	284,400	147,738	4,128,909
Lease liability	206,558	3,004,334	3,787,061	6,791,395	0	31,915	31,915	236,639	40,266	7,306,773
Other liabilities	6,516,850	18,524,773	5,776,229	24,301,002	4,630,736	641,773	5,272,509	1,811,860	2,136,036	40,038,257
Shareholders' equity										492,947,994
Equity attributable to owners of the controlling company										492,607,326
Non-controlling interests in equity										340,668

Statement of financial position items by operating segment

Sava Insurance Group EUR 31 December 2020	Reinsurance	Non-life			Life			Pensions and AM	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

Sava Insurance Group EUR 31 December 2020	Reinsurance	Non-life			Life			Pensions and AM	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			
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 by operating segment

Sava Insurance Group EUR 1–9/2021	Reinsurance	Non-life			Life			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	78,079,728	248,324,691	51,045,914	299,370,604	127,673,408	7,309,098	134,982,505	3,115,091	0	515,547,929
Gross premiums written	93,163,162	284,757,285	61,659,943	346,417,228	127,961,122	7,409,029	135,370,151	3,115,091	0	578,065,632
Written premiums ceded to reinsurers and co-insurers	-7,735,501	-24,569,749	-7,807,742	-32,377,491	-321,714	-30,543	-352,257	0	0	-40,465,249
Change in gross unearned premiums	-8,335,850	-15,860,072	-3,065,661	-18,925,733	77,664	-57,905	19,759	0	0	-27,241,824
Change in unearned premiums, reinsurers' and co-insurers' shares	987,917	3,997,227	259,373	4,256,600	-43,664	-11,483	-55,148	0	0	5,189,370
Income from investments in associates	0	0	0	0	0	0	0	0	698,164	698,164
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	698,164	698,164
Investment income	4,700,876	3,820,015	1,574,080	5,394,095	13,437,870	724,792	14,162,662	605,658	0	24,863,291
Interest income	1,322,067	1,729,878	1,427,804	3,157,681	6,990,573	757,271	7,747,845	407,205	0	12,634,798
Other investment income	3,378,809	2,090,138	146,276	2,236,414	6,447,296	-32,479	6,414,817	198,453	0	12,228,493
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	45,945,099	48,434	45,993,533	0	0	45,993,533
Other technical income	882,882	6,117,220	3,908,305	10,025,525	2,905,036	-53,932	2,851,104	152,927	0	13,912,435
Commission income	664,889	3,471,453	2,480,130	5,951,583	0	5,646	5,646	0	0	6,622,118
Other technical income	217,993	2,645,767	1,428,175	4,073,942	2,905,036	-59,578	2,845,458	152,927	0	7,290,317
Other income	608,838	2,182,440	1,495,761	3,678,201	263,484	38,832	302,316	12,293,757	2,420,276	19,303,388
Net claims incurred	-61,104,893	-132,647,899	-25,092,559	-157,740,459	-87,856,198	-2,900,583	-90,756,781	-923,965	0	-310,526,097
Gross claims payments, net of income from recourse receivables	-36,894,170	-130,171,783	-28,842,419	-159,014,202	-88,667,735	-3,039,356	-91,707,091	-923,373	0	-288,538,835
Reinsurers' and co-insurers' shares	679,907	3,559,717	2,456,279	6,015,996	73,085	1,314	74,399	0	0	6,770,302
Change in the gross provision for outstanding claims	-36,742,739	-5,183,734	709,240	-4,474,494	564,592	166,739	731,331	-592	0	-40,486,494
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	11,852,109	-852,099	584,340	-267,759	173,860	-29,280	144,579	0	0	11,728,930
Change in other technical provisions	401,285	1,248,533	138,027	1,386,560	18,561,319	-1,729,205	16,832,114	-2,133,116	0	16,486,843
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-80,606,603	-54,431	-80,661,034	0	0	-80,661,034
Expenses for bonuses and rebates	0	-292,957	-74,296	-367,253	0	0	0	0	0	-367,253
Operating expenses	-21,895,897	-73,712,461	-25,879,524	-99,591,985	-24,285,813	-2,776,902	-27,062,715	-7,733,628	-1,662,065	-157,946,290
Acquisition costs	-19,907,199	-26,580,817	-4,655,574	-31,236,391	-8,728,071	-388,567	-9,116,638	-23,579	0	-60,283,807
Change in deferred acquisition costs	1,042,765	-641,695	455,829	-185,866	-325,267	16,866	-308,401	0	0	548,498
Other operating expenses	-3,031,463	-46,489,949	-21,679,779	-68,169,728	-15,232,475	-2,405,201	-17,637,676	-7,710,049	-1,662,065	-98,210,981
Expenses for financial assets and liabilities	-194,814	-331,364	-135,200	-466,564	-1,296,196	-24,102	-1,320,298	-195,745	-2,150,054	-4,327,474
Impairment losses on financial assets not at fair value through profit or loss	0	-13,246	0	-13,246	-134,466	0	-134,466	0	0	-147,712
Interest expense	-16,707	-51,417	-117,028	-168,445	-4,169	-568	-4,737	-1,541	-2,150,054	-2,341,484
Other investment expenses	-178,107	-266,701	-18,172	-284,873	-1,157,561	-23,534	-1,181,095	-194,204	0	-1,838,278
Other technical expenses	-230,372	-5,565,233	-3,793,814	-9,359,047	-819,756	-102,738	-922,494	-565,890	0	-11,077,802
Other expenses	-313,388	-668,370	-274,233	-942,603	-3,746	-2,644	-6,390	-55,300	-458	-1,318,138
Profit or loss before tax	934,245	48,474,616	2,912,461	51,387,077	13,917,902	476,619	14,394,521	4,559,789	-694,137	70,581,495
Income tax expense	-261,607	-8,938,706	-291,762	-9,230,468	-3,113,903	-60,732	-3,174,635	-524,109	-157,052	-13,347,871
Net profit or loss for the period										57,233,624
Net profit or loss attributable to owners of the controlling company										57,168,303
Net profit or loss attributable to non-controlling interests										65,320

Income statement by operating segment

Sava Insurance Group (EUR) 1–9/2020	Reinsurance	Non-life			Life			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	70,180,430	244,325,467	55,169,155	299,494,621	82,198,479	7,439,783	89,638,262	2,517,418	0	461,830,731
Gross premiums written	84,943,518	292,950,781	59,445,712	352,396,493	82,343,320	7,431,689	89,775,009	2,517,418	0	529,632,438
Written premiums ceded to reinsurers and co-insurers	-5,119,989	-26,785,556	-5,383,163	-32,168,719	-233,841	-11,216	-245,057	0	0	-37,533,765
Change in gross unearned premiums	-10,747,056	-25,722,413	515,086	-25,207,327	100,270	20,848	121,118	0	0	-35,833,265
Change in unearned premiums, reinsurers' and co-insurers' shares	1,103,957	3,882,654	591,520	4,474,174	-11,270	-1,538	-12,808	0	0	5,565,323
Income from investments in associates	0	0	0	0	0	0	0	0	249,364	249,364
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	249,364	249,364
Investment income	3,375,391	5,114,043	2,079,426	7,193,468	7,466,860	831,351	8,298,211	477,060	0	19,344,130
Interest income	1,615,245	2,359,888	1,543,912	3,903,800	4,849,443	805,754	5,655,197	378,221	0	11,552,463
Other investment income	1,760,146	2,754,155	535,514	3,289,668	2,617,416	25,597	2,643,013	98,839	0	7,791,667
Other technical income	532,109	5,664,087	2,569,790	8,233,877	1,020,829	4,108	1,024,937	76,356	0	9,867,279
Commission income	503,057	2,934,384	926,988	3,861,372	1,062	427	1,489	0	0	4,365,918
Other technical income	29,052	2,729,703	1,642,802	4,372,505	1,019,767	3,681	1,023,448	76,356	0	5,501,361
Other income	602,974	2,648,867	1,016,871	3,665,738	6,276,812	48,175	6,324,987	9,803,970	1,780,753	22,178,422
Net claims incurred	-47,186,888	-138,524,941	-31,488,606	-170,013,547	-85,368,798	-3,669,489	-89,038,288	-702,831	0	-306,941,553
Gross claims payments, net of income from recourse receivables	-43,143,677	-132,355,259	-26,382,265	-158,737,524	-86,480,318	-3,520,240	-90,000,558	-702,359	0	-292,584,118
Reinsurers' and co-insurers' shares	600,182	1,621,996	1,425,088	3,047,084	52,428	67	52,495	0	0	3,699,762
Change in the gross provision for outstanding claims	-3,374,689	-12,121,500	-7,061,534	-19,183,034	1,192,842	-140,669	1,052,173	-472	0	-21,506,022
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-1,268,704	4,329,822	530,106	4,859,927	-133,751	-8,647	-142,398	0	0	3,448,825
Change in other technical provisions	-581,745	11,639	-668,774	-657,135	29,038,633	-877,159	28,161,474	-1,992,128	0	24,930,466
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-571,595	389,415	-182,180	0	0	-182,180
Expenses for bonuses and rebates	0	-91,942	-13,886	-105,828	0	0	0	0	0	-105,828
Operating expenses	-18,522,649	-71,694,964	-25,846,721	-97,541,685	-17,805,877	-2,922,567	-20,728,444	-6,373,705	-1,221,287	-144,387,769
Acquisition costs	-16,697,203	-29,021,431	-3,846,757	-32,868,188	-5,350,780	-477,205	-5,827,985	-13,481	0	-55,406,857
Change in deferred acquisition costs	994,822	3,037,558	-576,221	2,461,337	164,348	13,942	178,290	0	0	3,634,449
Other operating expenses	-2,820,268	-45,711,091	-21,423,743	-67,134,834	-12,619,445	-2,459,304	-15,078,749	-6,360,224	-1,221,287	-92,615,361
Expenses relating to investments in associates	0	0	0	0	0	0	0	-1,529,820	-567,048	-2,096,868
Loss arising out of investments in equity-accounted associate companies	0	0	0	0	0	0	0	-1,529,820	-567,048	-2,096,868
Expenses for financial assets and liabilities	-3,885,928	-1,326,809	-190,152	-1,516,961	-1,066,177	212,293	-853,884	-176,803	-2,154,784	-8,588,360
Interest expense	-16,438	-49,696	-108,769	-158,465	-14,629	-1,914	-16,543	-1,601	-2,154,784	-2,347,831
Other investment expenses	-3,568,449	-1,159,049	-71,539	-1,230,587	-1,051,186	214,251	-836,935	-175,203	0	-5,811,174
Other technical expenses	-2,343,310	-7,224,688	-4,106,905	-11,331,593	-457,166	-149,623	-606,789	-513,556	15,868	-14,779,380
Other expenses	-219,203	-651,381	-492,796	-1,144,177	-6,766	-2,428	-9,194	-74,875	-326	-1,447,775
Profit or loss before tax	1,951,181	38,249,376	-1,972,598	36,276,779	17,859,328	1,318,152	19,177,480	1,511,086	-1,897,460	57,019,067
Income tax expense	-362,949	-5,577,865	-300,792	-5,878,657	-2,678,414	-59,070	-2,737,484	-346,191	-103,976	-9,429,257
Net profit or loss for the period										47,589,810
Net profit or loss attributable to owners of the controlling company										47,472,124
Net profit or loss attributable to non-controlling interests										117,686

Inter-segment business

EUR	Reinsurance		Non-life		Life		Pensions		Other	
	1-9/2021	1-9/2020	1-9/2021	1-9/2020	1-9/2021	1-9/2020	1-9/2021	1-9/2020	1-9/2021	1-9/2020
Gross premiums written	158,715,860	156,158,567	346,637,320	352,547,308	135,370,151	89,782,460	3,115,091	2,517,418	0	0
Net premiums written	93,163,162	84,943,518	346,417,228	352,396,493	135,370,151	89,775,009	3,115,091	2,517,418	0	0
Net claims incurred	-28,437,565	-24,652,249	-5,039,620	-4,688,268	0	0	0	0	0	0
Operating expenses	-16,318,314	-14,054,453	-1,289,990	-1,130,123	-597,032	-579,700	-88,893	-92,239	-707,391	-606,557
Investment income	40,873	63,943	0	0	0	0	5,543	1,676	0	0
Other technical income	299,065	276,211	217,100	232,892	520,828	464,422	0	0	957,574	879,740
Other income	598	0	22,425	15,817	0	0	0	0	6,591,156	6,096,414

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	854	392,987	233,866	7,416,592	8,044,299
Reclassification	0	972,712	15,233	0	0	987,945
Transfer to use	0	84,998	1,616,834	0	-1,701,832	0
Disposals	0	0	-838,480	0	0	-838,480
Exchange differences	3,270	5,648	1,000	-127	0	9,791
30 September 2021	5,580,080	55,855,692	25,149,801	434,904	7,149,455	94,169,933
Accumulated depreciation and impairment losses						
1 January 2021	0	20,950,868	16,679,787	-769	0	37,629,886
Additions	0	800,241	2,217,772	31,186	0	3,049,199
Reclassification	0	61,899	13,022	0	0	74,921
Disposals	0	0	-710,156	0	0	-710,156
Exchange differences	0	-129	1,003	0	0	874
30 September 2021	0	21,812,879	18,201,428	30,417	0	40,044,724
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 30 September 2021	5,580,080	34,042,813	6,948,373	404,489	7,149,455	54,125,209

7.8.2 Financial investments

As at 30 September 2021, financial investments totalled EUR 1,462.8 million, up by EUR 32.6 million from year-end 2020. Compared to the end of the previous year, held-to-maturity assets decreased, and available-for-sale and FVTPL assets increased.

EUR	Held-to-maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
30 September 2021					
Debt instruments	39,800,862	29,020,528	1,234,150,433	21,441,506	1,324,413,329
Deposits and CDs	0	0	0	19,596,373	19,596,373
Government bonds	28,140,980	1,378,384	669,616,654	0	699,136,018
Corporate bonds	11,659,882	27,642,144	564,533,779	0	603,835,805
Loans granted	0	0	0	1,845,133	1,845,133
Equity instruments	0	5,320,752	73,395,985	0	78,716,737
Shares	0	795,833	38,402,587	0	39,198,420
Mutual funds	0	4,524,919	34,993,398	0	39,518,317
Investments in infrastructure funds	0	0	36,621,400	0	36,621,400
Investments in real-estate funds	0	0	15,465,129	0	15,465,129
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	7,565,645	7,565,645
Total	39,800,862	34,341,280	1,359,632,947	29,007,151	1,462,782,240

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 real-estate 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

EUR	Held to maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
30 September 2021					
Debt instruments	4,086,072	1,366,149	64,795,039	2,007,573	72,254,832
Deposits and CDs	0	0	0	2,007,573	2,007,573
Government bonds	509,484	0	35,744,530	0	36,254,014
Corporate bonds	3,576,588	1,366,149	29,050,508	0	33,993,245
Equity instruments	0	411,216,623	1,978,136	0	413,194,759
Mutual funds	0	411,216,623	1,978,136	0	413,194,759
Total	4,086,072	412,582,772	66,773,175	2,007,573	485,449,592

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

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 Reinsurers' share of technical provisions

EUR	30 September 2021	31 December 2020
From unearned premiums	14,580,278	9,582,146
From provisions for claims outstanding	44,754,244	33,002,650
From other technical provisions	27,900	24,421
Total	59,362,422	42,609,217

The reinsurers' and co-insurers' share of technical provisions increased by EUR 16.8 million or 10.8%. Due to the dynamics of business flow, unearned premiums grew by EUR 5.0 million. Claims provisions rose by EUR 11.8 million due to the claims arising from western European storms reinsured under the catastrophe coverage of this portfolio.

7.8.5 Receivables

Receivables rose by EUR 16.6 million from year-end 2020, chiefly because of a EUR 12.1 million increase in receivables due from policyholders, the renewal of most annual non-life (re)insurance contracts with major clients (companies and cedants) and the timing of making estimates relating to reinsurance business.

Receivables by type

EUR	30 September 2021			31 December 2020		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	166,266,867	-21,261,202	145,005,665	154,469,019	-21,560,418	132,908,601
Receivables due from insurance intermediaries	3,378,398	-876,881	2,501,517	2,608,578	-837,647	1,770,931
Other receivables arising out of primary insurance business	759,657	-150,869	608,788	762,484	-156,428	606,056
Receivables arising out of primary insurance business	170,404,922	-22,288,952	148,115,970	157,840,081	-22,554,493	135,285,588
Receivables for shares in claims	5,470,750	-177,657	5,293,093	5,344,797	-177,659	5,167,138
Other receivables arising out of co-insurance and reinsurance business	1,320,663	0	1,320,663	887,438	0	887,438
Receivables arising out of reinsurance and co-insurance business	6,791,413	-177,657	6,613,756	6,232,235	-177,659	6,054,576
Current tax assets	328,533	0	328,533	529,831	0	529,831
Other short-term receivables arising out of insurance business	17,377,871	-14,110,780	3,267,091	18,048,243	-15,289,228	2,759,015
Receivables arising out of investments	445,860	-166,961	278,899	2,877,916	-1,223,923	1,653,993
Other receivables	14,055,793	-2,139,310	11,916,483	8,770,856	-1,182,361	7,588,495
Other receivables	31,879,524	-16,417,051	15,462,473	29,697,015	-17,695,512	12,001,503
Total	209,404,392	-38,883,660	170,520,732	194,299,162	-40,427,664	153,871,498

Movements in allowance for receivables

Sava Insurance Group						
EUR	1 January 2021	Additions	Collection	Write-offs	Exchange differences	30 September 2021
30 September 2021						
Receivables due from policyholders	-21,560,418	-1,648,574	628,666	1,317,807	1,317	-21,261,202
Receivables due from insurance intermediaries	-837,647	-120,435	80,494	0	707	-876,881
Other receivables arising out of primary insurance business	-156,428	-110	5,558	0	111	-150,869
Receivables arising out of primary insurance business	-22,554,493	-1,769,119	714,718	1,317,807	2,135	-22,288,952
Receivables for shares in claims	-177,659	0	0	0	2	-177,657
Receivables arising out of reinsurance and co-insurance business	-177,659	0	0	0	2	-177,657
Other short-term receivables arising out of insurance business	-15,289,228	-98,229	445,962	829,565	1,150	-14,110,780
Receivables arising out of investments	-1,223,923		1,056,779	88	95	-166,961
Other short-term receivables	-1,182,361	-1,080,206	112,225	9,475	1,557	-2,139,310
Other receivables	-17,695,512	-1,178,435	1,614,966	839,128	2,802	-16,417,051
Total	-40,427,664	-2,947,554	2,329,684	2,156,935	4,939	-38,883,660

Receivables ageing analysis

EUR	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
30 September 2021					
Receivables due from policyholders	112,119,254	26,680,242	2,987,842	3,218,327	145,005,665
Receivables due from insurance intermediaries	983,436	1,513,848	4,233	0	2,501,517
Other receivables arising out of primary insurance business	47,652	515,546	50	45,540	608,788
Receivables arising out of primary insurance business	113,150,342	28,709,636	2,992,125	3,263,867	148,115,970
Receivables for reinsurers' shares in claims	4,580,323	150,911	115,619	446,240	5,293,093
Other receivables arising out of co-insurance and reinsurance business	1,303,108	2,282	15,914	-641	1,320,663
Receivables arising out of reinsurance and co-insurance business	5,883,431	153,193	131,533	445,599	6,613,756
Current tax assets	328,533	0	0	0	328,533
Other short-term receivables arising out of insurance business	1,324,545	594,775	360,428	987,343	3,267,091
Short-term receivables arising out of financing	252,567	5,751	38	20,543	278,899
Other short-term receivables	11,446,279	385,822	27,636	56,746	11,916,483
Other receivables	13,023,391	986,348	388,102	1,064,632	15,462,473
Total	132,385,697	29,849,177	3,511,760	4,774,098	170,520,732

EUR	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
31 December 2020					
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 19.0 million. The largest increase was in not-past-due receivables due from policyholders, up EUR 12.1 million, owing to the renewal of annual policies.

7.8.6 Cash and cash equivalents

EUR	30 September 2021	31 December 2020
Cash in hand	17,888	17,313
Cash in bank accounts	57,202,227	56,463,387
Cash equivalents	42,426,524	26,977,894
Total	99,646,639	83,458,594

Compared to year-end 2020, the balance of cash and cash equivalents increased by EUR 16.2 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.

7.8.7 Shareholders' equity

Shareholders' equity increased by 7.1%, or EUR 32.7 million, compared to year-end 2020. The change in equity was affected by the net profit for the period, the fair value reserve and the payment of dividends.

7.8.8 Fair value reserve

EUR	2021	2020
As at 1 January	40,173,090	20,718,610
Change in fair value	-8,924,051	26,262,937
Transfer from fair value reserve to the IS due to disposal	-4,528,016	-2,246,927
Deferred tax	2,527,583	-4,561,530
Total fair value reserve	29,248,606	40,173,090

7.8.9 Retained earnings

Retained earnings increased by EUR 42.7 million compared to year-end 2020, chiefly because of the allocation of the net profit for the year 2020 to this item. The Company paid out dividends in the amount of EUR 13.2 million.

7.8.10 Net profit or loss for the period

The net profit for the period grew by EUR 9.7 million compared to the same period in 2020.

7.8.11 Earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 30 September 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	1–9/2021	1–9/2020
Net profit or loss for the period	57,233,624	47,589,810
Net profit or loss for the period attributable to owners of the controlling company	57,168,303	47,472,124
Weighted average number of shares	15,497,696	15,497,696
Earnings or loss per share	3.69	3.06

Comprehensive income per share

EUR	1–9/2021	1–9/2020
Comprehensive income for the period	46,456,392	53,641,205
Comprehensive income for the period attributable to owners of the controlling company	46,392,170	53,524,591
Weighted average number of shares	15,497,696	15,497,696
Comprehensive income per share	2.99	3.45

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

Technical provisions increased by EUR 51.8 million, or 4.2%, compared to 31 December 2020. The largest increase was in claims provisions, up EUR 40.7 million or 12.8%, and these are followed by unearned premiums, up EUR 27.0 million, whereas life technical provisions (mathematical provisions for traditional life business) shrank by EUR 14.5 million. The rise in claims provisions is mainly due to adverse claims development on accepted international reinsurance business (storms and floods in Germany, Belgium, Austria and China, and a major fire loss in Suriname). The increase in gross unearned premiums is partly due to the dynamics of business flow and partly follows the growth in non-life (re)insurance premiums. The decline in the mathematical provision of traditional life business is the result of maturity benefits paid on the Slovenian part of the portfolio and of the transfer of assets from matured policies with interest guarantee from traditional life to unit-linked life business of Vita. Gross technical provisions for unit-linked insurance increased by EUR 80.5 million, largely due to portfolio growth, movement in fund unit prices and an additional effect of the transfer of assets from guaranteed traditional life (policies with expired guaranteed periods) to unit-linked life business of Vita.

Movements in gross technical provisions

EUR	1 January 2021	Additions	Uses	Reversals	Exchange differences	30 September 2021
Gross unearned premiums	210,614,842	275,702,348	-240,956,032	-7,854,214	149,768	237,656,712
Technical provisions for life insurance business	465,641,679	38,762,699	-53,114,826	-238,577	77,652	451,128,627
Gross provision for outstanding claims	547,764,679	226,684,965	-117,229,334	-72,058,176	3,338,311	588,500,445
Gross provision for bonuses, rebates and cancellations	1,300,797	1,363,380	-976,180	-71,129	-48	1,616,820
Other gross technical provisions	7,990,057	5,136,352	-5,162,587	-1,711,108	-754	6,251,960
Total	1,233,312,054	547,649,744	-417,438,959	-81,933,204	3,564,929	1,285,154,564
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	120,465,773	-39,134,956	-847,033	7,076	490,095,288

7.8.13 Investment contract liabilities

Investment contract liabilities relate to Sava Pokojninska and totalled EUR 168.3 million as at 30 September 2021, up by 6.1%, or EUR 9.7 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.

7.8.14 Fair values of assets and liabilities

Financial assets measured at fair value by level of the fair value hierarchy

EUR 30 September 2021	Carrying amount	Fair value				Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3			
Investments measured at fair value	1,393,974,227	1,193,235,909	139,449,323	61,288,995	1,393,974,227	0	
FVTPL	34,341,280	17,415,472	15,476,153	1,449,655	34,341,280	0	
Designated to this category	34,341,280	17,415,472	15,476,153	1,449,655	34,341,280	0	
Debt instruments	29,020,528	12,106,268	15,476,153	1,438,107	29,020,528	0	
Equity instruments	5,320,752	5,309,204	0	11,548	5,320,752	0	
Available-for-sale	1,359,632,947	1,175,820,437	123,973,170	59,839,340	1,359,632,947	0	
Debt instruments	1,234,150,433	1,105,121,832	123,254,779	5,773,822	1,234,150,433	0	
Equity instruments	73,395,985	70,698,605	718,391	1,978,989	73,395,985	0	
Investments in infrastructure funds	36,621,400	0	0	36,621,400	36,621,400	0	
Investments in real-estate funds	15,465,129	0	0	15,465,129	15,465,129	0	
Investments for the benefit of life policyholders who bear the investment risk	479,355,947	477,254,464	2,101,483	0	479,355,947	0	
Investments not measured at fair value	68,808,013	35,424,914	3,139,735	32,162,161	70,726,810	1,918,797	
Held-to-maturity assets	39,800,862	35,424,914	3,139,735	3,155,010	41,719,659	1,918,797	
Debt instruments	39,800,862	35,424,914	3,139,735	3,155,010	41,719,659	1,918,797	
Loans and receivables	29,007,151	0	0	29,007,151	29,007,151	0	
Deposits	19,596,373	0	0	19,596,373	19,596,373	0	
Loans granted	1,845,133	0	0	1,845,133	1,845,133	0	
Deposits with cedants	7,565,645	0	0	7,565,645	7,565,645	0	
Investments for the benefit of life policyholders who bear the investment risk	6,093,645	4,313,191	0	2,007,573	6,320,764	227,119	
Total investments	1,462,782,240	1,228,660,823	142,589,058	93,451,156	1,464,701,037	1,918,797	
Total investments for the benefit of life policyholders who bear the investment risk	485,449,592	481,567,655	2,101,483	2,007,573	485,676,711	227,119	

Financial assets measured at fair value by level of the fair value hierarchy

EUR 31 December 2020	Carrying amount	Fair value				Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3			
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 real-estate 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
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 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
Exchange differences	0	0	0	0	0	-123	0
Additions	0	83,008	0	0	8,047,225	8,405,844	0
Impairment	0	-108,756	0	-320,600	0	0	0
Disposals	0	0	0	0	-793,381	-376,861	0
Maturities	-350,396	-95,000	0	0	0	0	0
Revaluation to fair value	-51,520	-7,968,588	79,475	-21,440	1,931,087	-751,413	1,124,816
Reclassification into other levels	1,791,686	-9,050,645	0	0	0	0	0
Closing balance	7,211,929	1,773,017	1,990,545	1,911,070	36,621,400	27,436,469	15,465,129

Reclassification of assets and financial liabilities between levels

EUR	Level 1	Level 2	Level 3
30 September 2021			
FVTPL	952,132	-952,132	0
Debt securities designated to this category reclassified from level 1 into level 2	0	0	0
Debt securities designated to this category reclassified from level 2 into level 1	167,847	-167,847	0
Equity securities designated to this category reclassified from level 2 into level 1	784,285	-784,285	0
Available-for-sale	24,154,882	-25,946,568	1,791,686
Debt instruments	11,384,030	-13,175,717	1,791,686
Reclassification from level 1 into level 2	-1,507,479	1,507,479	0
Reclassification from level 2 into level 1	12,891,509	-12,891,509	0
Reclassification from level 2 into level 3	0	-1,791,686	1,791,686
Equity instruments	12,770,852	-12,770,852	0
Reclassification from level 2 into level 1	12,770,852	-12,770,852	0
Total	25,107,013	-26,898,700	1,791,686

An updated method of classifying financial assets into levels based on criteria for pricing in the principal market became applicable as of 30 June 2021. If no CBBT price is available for a debt security in the OTC market, the BVAL price is used. An additional criterion to be applied is the BVAL score and the number of direct observations. The BVAL score is the basis for assessing the quality of the BVAL price, with a higher score indicating a better price quality in the market.

7.9 Related-party transactions

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 nine months of 2021 totalled EUR 554,100 (first nine months of 2020: EUR 526,297), and variable remuneration was EUR 207,158 (first nine months of 2020: 235,667). Benefits in kind were EUR 25,390 (first nine months of 2020: EUR 25,393).

Remuneration of management board members:

EUR 1–9/2021	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	149,550	59,400	385	3,178	212,513
Jošt Dolničar	134,850	53,460	4,160	2,850	195,320
Polona Pirš Zupančič	134,850	53,460	4,134	2,071	194,515
Peter Skvarča	134,850	40,838	4,129	4,483	184,300
Total	554,100	207,158	12,808	12,582	786,648

Liabilities to management board members based on gross remuneration

EUR	30 September 2021	31 December 2020
Marko Jazbec	16,350	16,500
Jošt Dolničar	14,850	14,850
Polona Pirš Zupančič	14,850	14,850
Peter Skvarča	14,850	14,850
Total	60,900	61,050

As at 30 September 2021, the Company disclosed liabilities for potential payment of the variable part of pay of management board members in respect of 2018, 2019 and 2020 subject to certain conditions in the amount of EUR 210,532.

As at 30 September 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 the members of its committees

EUR 1–9/2021		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Davor Ivan Gjivoje	chairman	2,970	11,095	15,485	29,550
Keith William Morris	deputy chair	2,970	10,725	295	13,990
Klemen Babnik	member of the SB	825	2,167	0	2,992
Matej Gomboši	member of the SB	825	2,167	577	3,569
Gorazd Andrej Kunstek	member of the SB	2,695	8,667	0	11,362
Mateja Živec	member of the SB	2,695	8,667	0	11,362
Mateja Lovšin Herič	SB chair until 16 July 2021	1,870	9,750	0	11,620
Andrej Kren	SB member until 16 July 2021	1,870	6,500	0	8,370
Total supervisory board members		16,720	59,738	16,357	92,815
Audit committee members					
Matej Gomboši	chairman	220	813	192	1,225
Gorazd Andrej Kunstek	member	220	542	0	762
Katarina Sitar Šuštar	external member	0	1,500	22	1,522
Dragan Martinović	external member	0	1,200	0	1,200
Andrej Kren	chair until 16 July 2021	2,420	2,438	0	4,858
Mateja Lovšin Herič	member until 16 July 2021	2,420	1,625	0	4,045
Ignac Dolenšek	external member until 16 July 2021	0	9,038	0	9,038
Total audit committee members		5,280	17,156	214	22,650
Members of the nominations and remuneration committee					
Klemen Babnik	chairman	0	813	0	813
Davor Ivan Gjivoje	member	1,540	2,437	10,037	14,014
Keith William Morris	member	660	2,437	82	3,179
Matej Gomboši	member	0	542	0	542
Gorazd Andrej Kunstek	member	880	740	0	1,620
Mateja Lovšin Herič	chair until 16 July 2021	1,540	2,438	0	3,978
Andrej Kren	member until 16 July 2021	660	1,625	0	2,285
Total nominations committee members		5,280	11,032	10,119	26,431
Members of the risk committee					
Keith William Morris	chairman	1,100	2,437	137	3,674
Davor Ivan Gjivoje	member	1,100	3,656	7,169	11,925
Slaven Mičković	external member	0	10,025	0	10,025
Janez Komelj	external member	0	750	0	750
Total risk committee members		2,200	16,868	7,306	26,374
Members of the fit & proper committee					
Keith William Morris	chairman	440	2,774	55	3,269
Klemen Babnik	member	220	542	0	762
Rok Saje	external member	1,056	2,167	0	3,223
Klara Hauko	external member	220	542	0	762
Mateja Živec	chair until 16 July 2021	660	2,438	0	3,098
Andrej Kren	alternate member until 16 July 2021	396	1,625	0	2,021
Gorazd Andrej Kunstek	alternate member	440	542	0	982
Davor Ivan Gjivoje	alternate member	440	542	2,868	3,850
Total members of the fit & proper committee		3,872	11,172	2,923	17,967

Liabilities to members of the supervisory board and its committee based on gross remuneration

EUR	30 September 2021	31 December 2020
Davor Ivan Gjivoje	16,344	0
Keith William Morris	3,045	0
Klemen Babnik	2,310	0
Matej Gomboši	2,506	0
Gorazd Andrej Kunstek	2,103	0
Mateja Živec	1,633	0
Janez Komelj	750	0
Rok Saje	271	0
Klara Hauko	271	0
Slaven Mičković	1,313	0
Total	30,546	0

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

EUR	30 September 2021	31 December 2020
Loans granted to Group companies	2,201,768	3,411,737
Receivables for premiums arising out of reinsurance assumed	14,893,172	18,988,445
Short-term receivables arising out of financing	0	2,645
Other short-term receivables	82,245	44,367
Short-term deferred acquisition costs	1,150,220	14,145
Total	18,327,405	22,461,338

Liabilities to Group companies

EUR	30 September 2021	31 December 2020
Technical provisions	112,199,328	106,908,528
- Unearned premiums	33,173,458	30,088,302
- Provision for outstanding claims	78,704,971	76,545,858
- Other technical provisions	320,899	274,368
Liabilities for shares in reinsurance claims due to Group companies	9,695,901	9,030,400
Other liabilities from co-insurance and reinsurance	3,178,735	4,880,137
Other short-term liabilities	4,698	19,264
Total	125,078,662	120,838,329

Income and expenses relating to Group companies

EUR	1–9/2021	1–9/2020
Gross premiums written	65,552,698	71,215,048
Change in gross unearned premiums	-3,090,735	-8,674,887
Gross claims payments	-29,209,188	-25,392,898
Change in the gross provision for outstanding claims	-2,159,112	-6,565,128
Income from gross recourse receivables	771,623	740,649
Other operating expenses	-171,023	-119,390
Dividend income	36,611,564	1,371,786
Interest income	40,874	63,943
Acquisition costs	-17,302,771	-14,439,739
Change in deferred acquisition costs	1,163,786	522,272
Other technical income	299,821	276,211
Total	52,507,536	18,997,869

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	30 September 2021	31 December 2020
Interests in companies	7,843,670	7,237,288
Debt securities and loans	82,221,236	90,780,931
Receivables due from policyholders	1,063,912	97,641
Total	91,128,818	98,115,860

Liabilities to the state and majority state-owned companies

EUR	30 September 2021	31 December 2020
Liabilities for shares in claims	862	3,504
Total	862	3,504

Income and expenses relating to majority state-owned companies

EUR	1–9/2021	1–9/2020
Gross premiums written	12,264,181	11,391,487
Gross claims payments	1,671,083	-1,671,847
Dividend income	61,493	131,689
Interest income	1,256,358	1,741,330
Other investment income	504,357	739,699
Total	15,757,471	12,332,359

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)	650,000	ordinary	15 January 2022	0.90%	
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 2022	0.75%	
Total	2,192,000				

**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 12-month 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 relating to the investment portfolio does not include net realised and unrealised 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. All one-off effects on operations are excluded.
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.