



AMONG GOOD PEOPLE



STONE BY STONE TO SUCCESS

ANNUAL
REPORT
of the Sava Insurance Group
and Sava Re d.d. for
2021



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We hone
our services
to perfection.

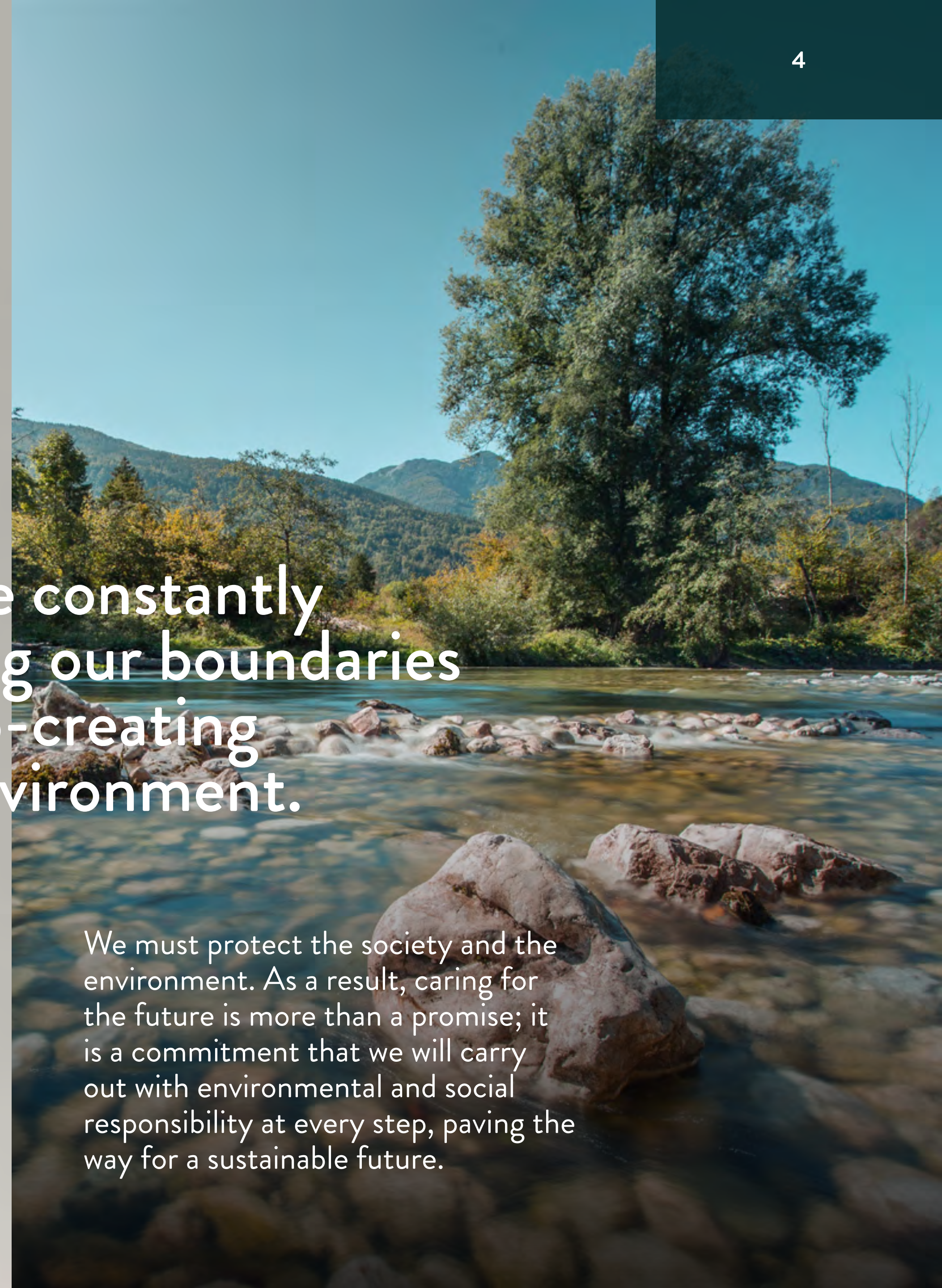
Although an iron will is necessary to achieve goals, flexibility is the key to long-term success. We are proud to continuously improve our services with an eye to the future and many years of experience.





We are constantly
shifting our boundaries
and co-creating
our environment.

We must protect the society and the environment. As a result, caring for the future is more than a promise; it is a commitment that we will carry out with environmental and social responsibility at every step, paving the way for a sustainable future.





Our offer
is a compendium
of effective
solutions.

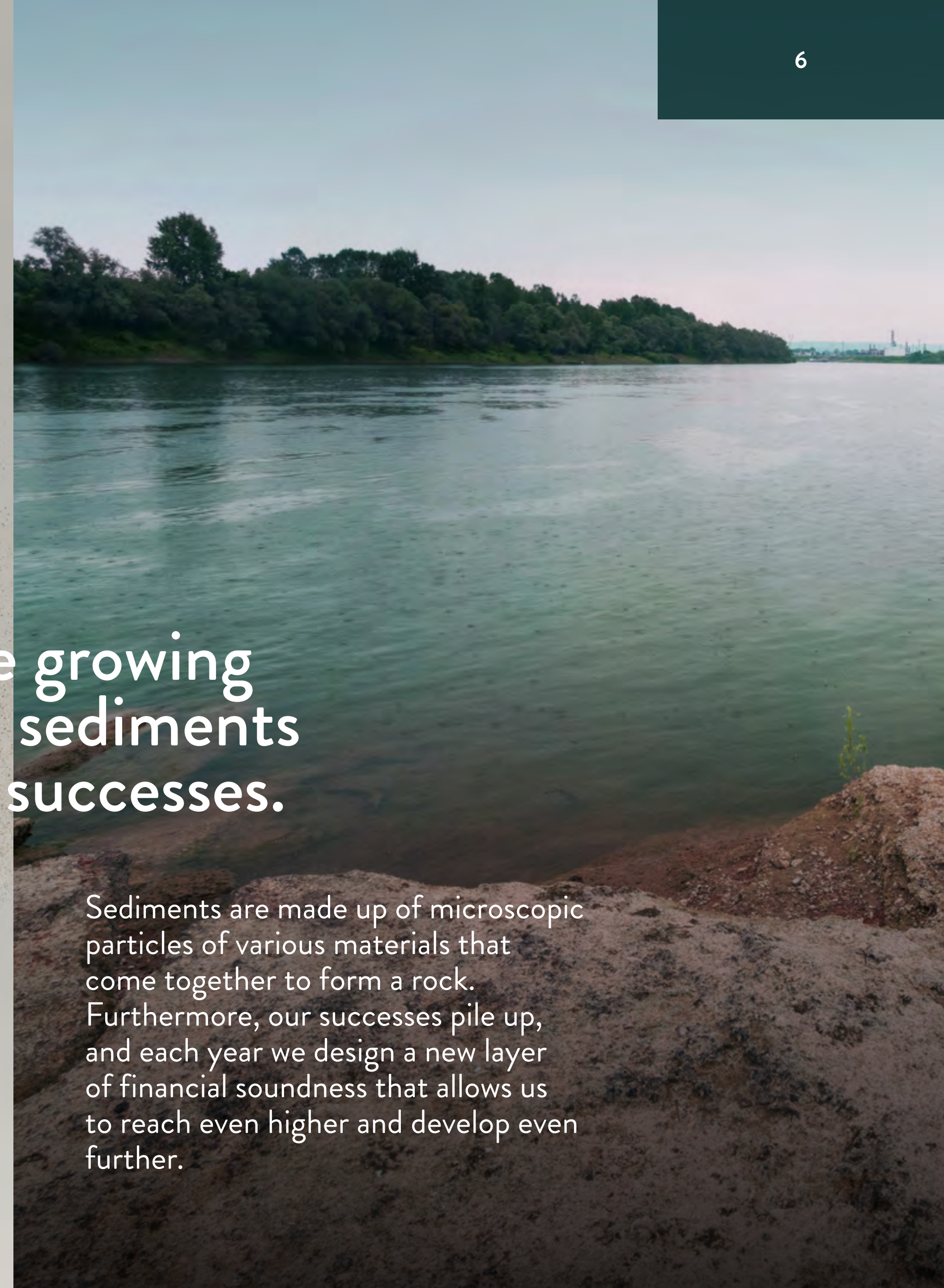
We ensure integrity and thoroughness through a variety of customer-focused services and complementary activities. Because we are aware that we are only as strong as our weakest link, we are constantly perfecting and upgrading our offer.





We are growing
on the sediments
of our successes.

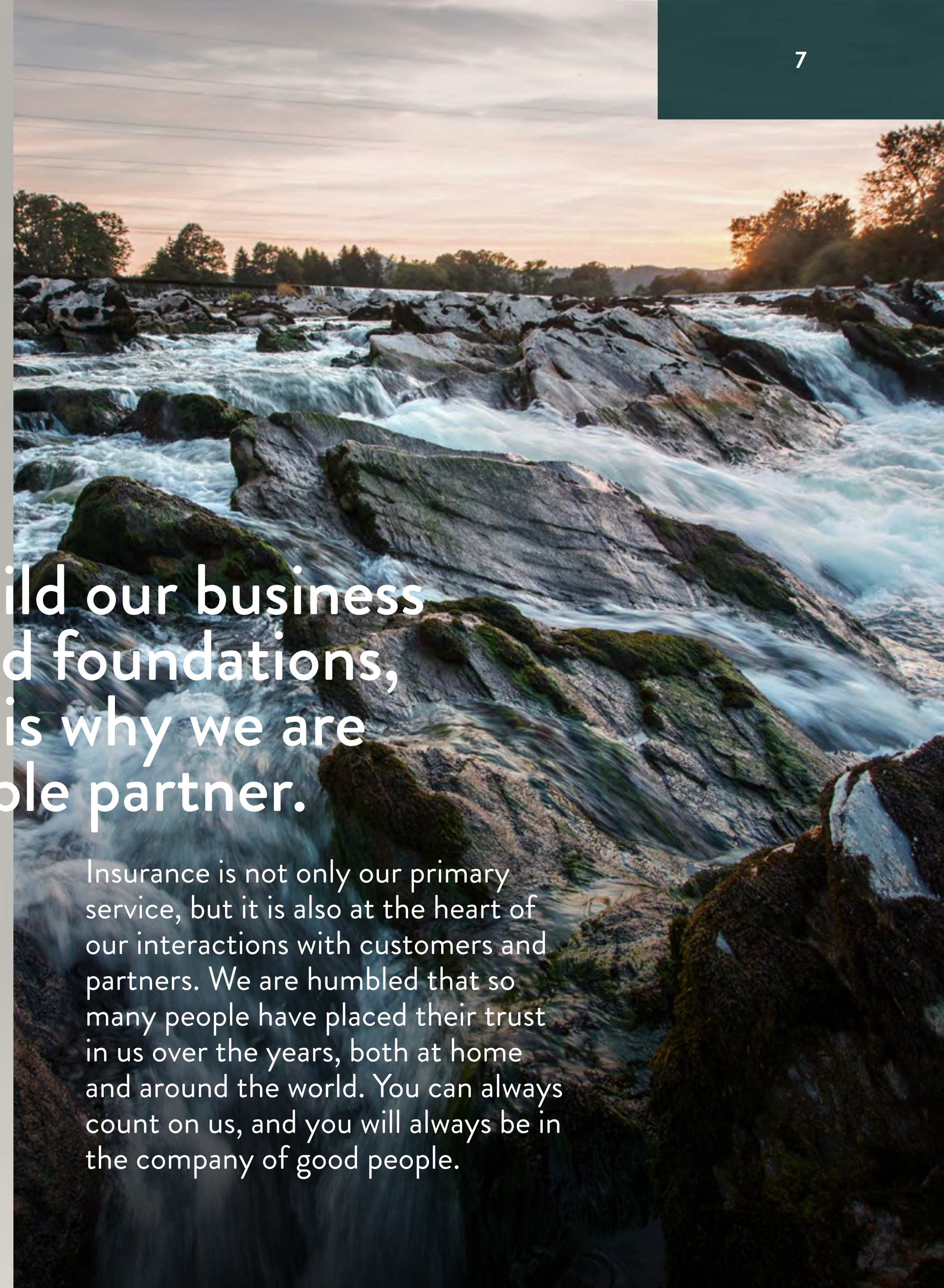
Sediments are made up of microscopic particles of various materials that come together to form a rock. Furthermore, our successes pile up, and each year we design a new layer of financial soundness that allows us to reach even higher and develop even further.





We build our business
on solid foundations,
which is why we are
a reliable partner.

Insurance is not only our primary service, but it is also at the heart of our interactions with customers and partners. We are humbled that so many people have placed their trust in us over the years, both at home and around the world. You can always count on us, and you will always be in the company of good people.



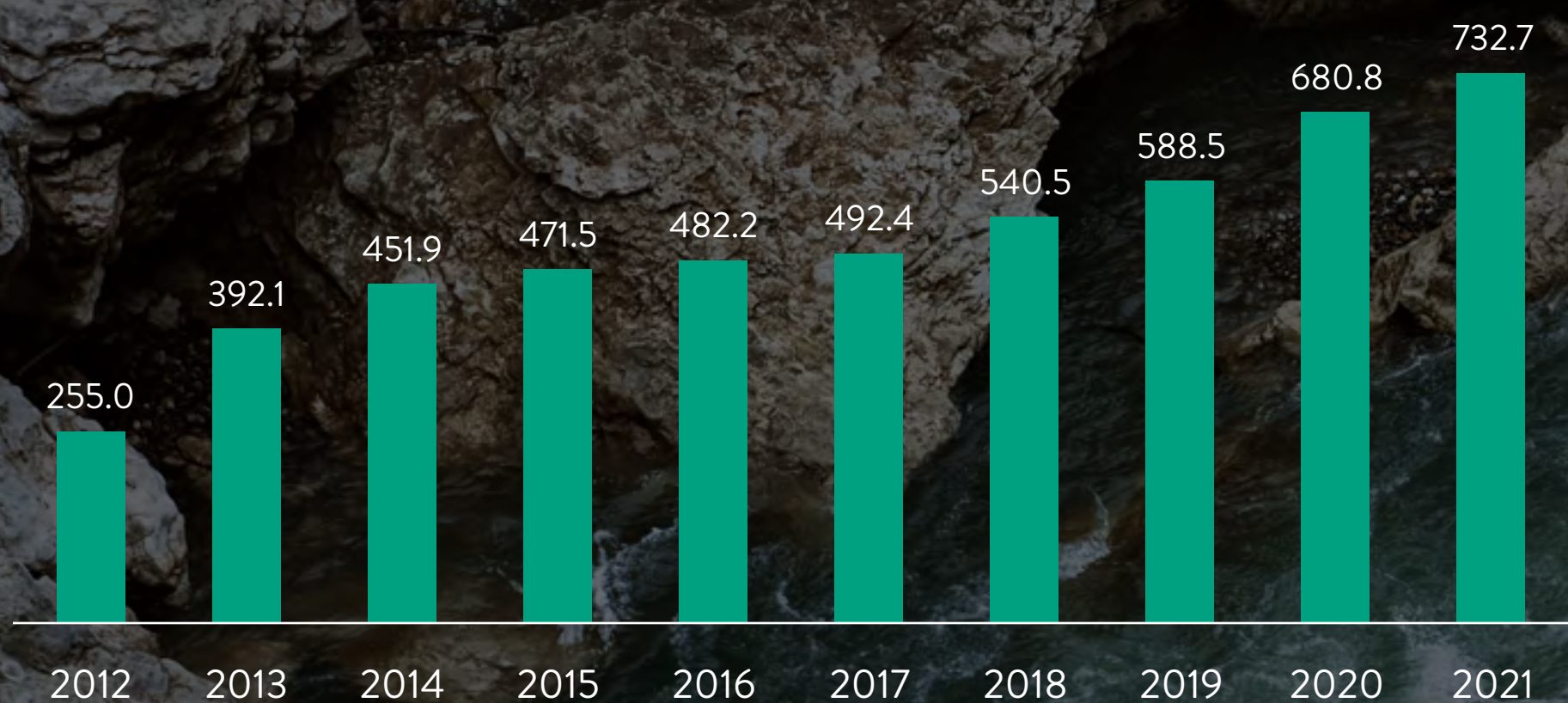
October
2021
AM BEST **A**

September
2021
S&P GLOBAL RATINGS **A**

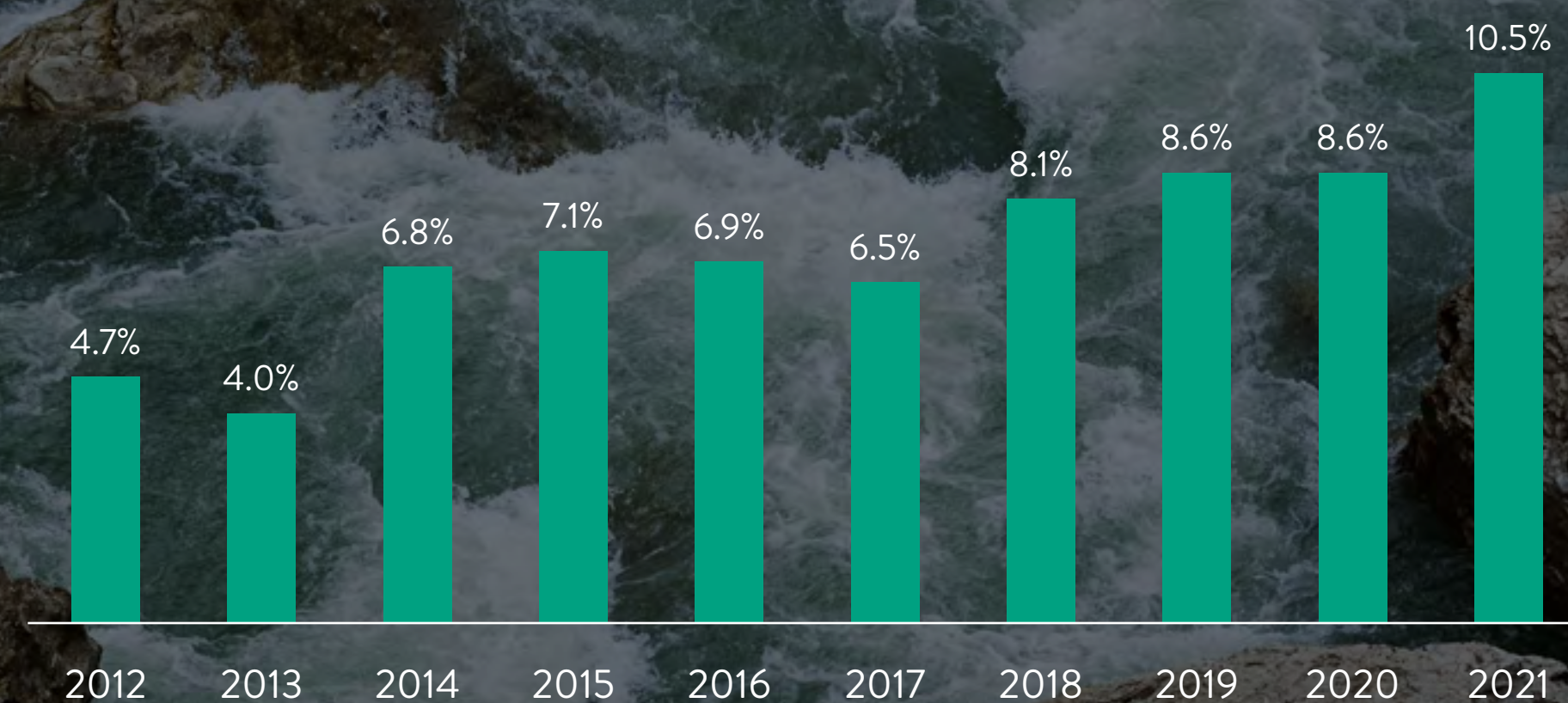
Operating revenue of the Sava Insurance Group

(€m)

CAGR: 11.7%



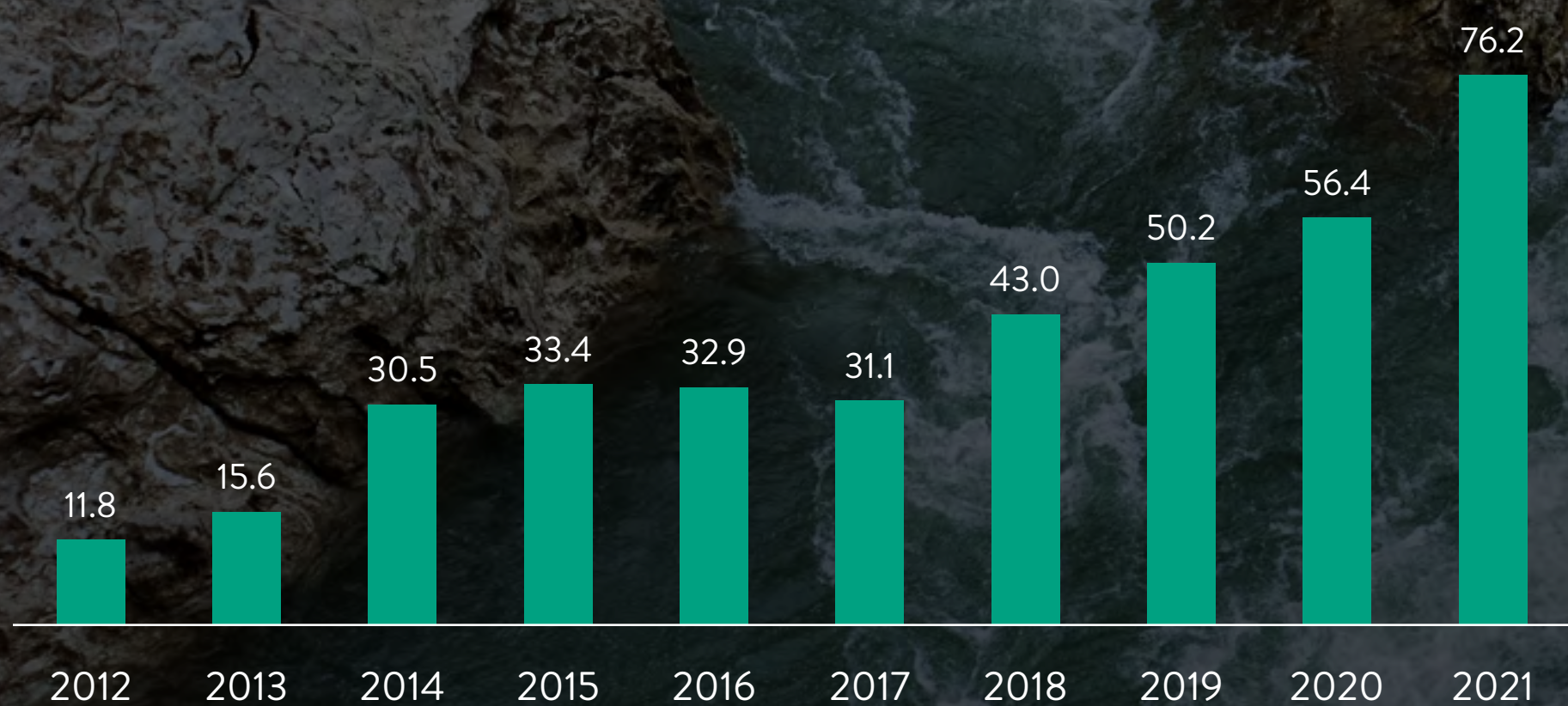
Return on revenue of the Sava Insurance Group



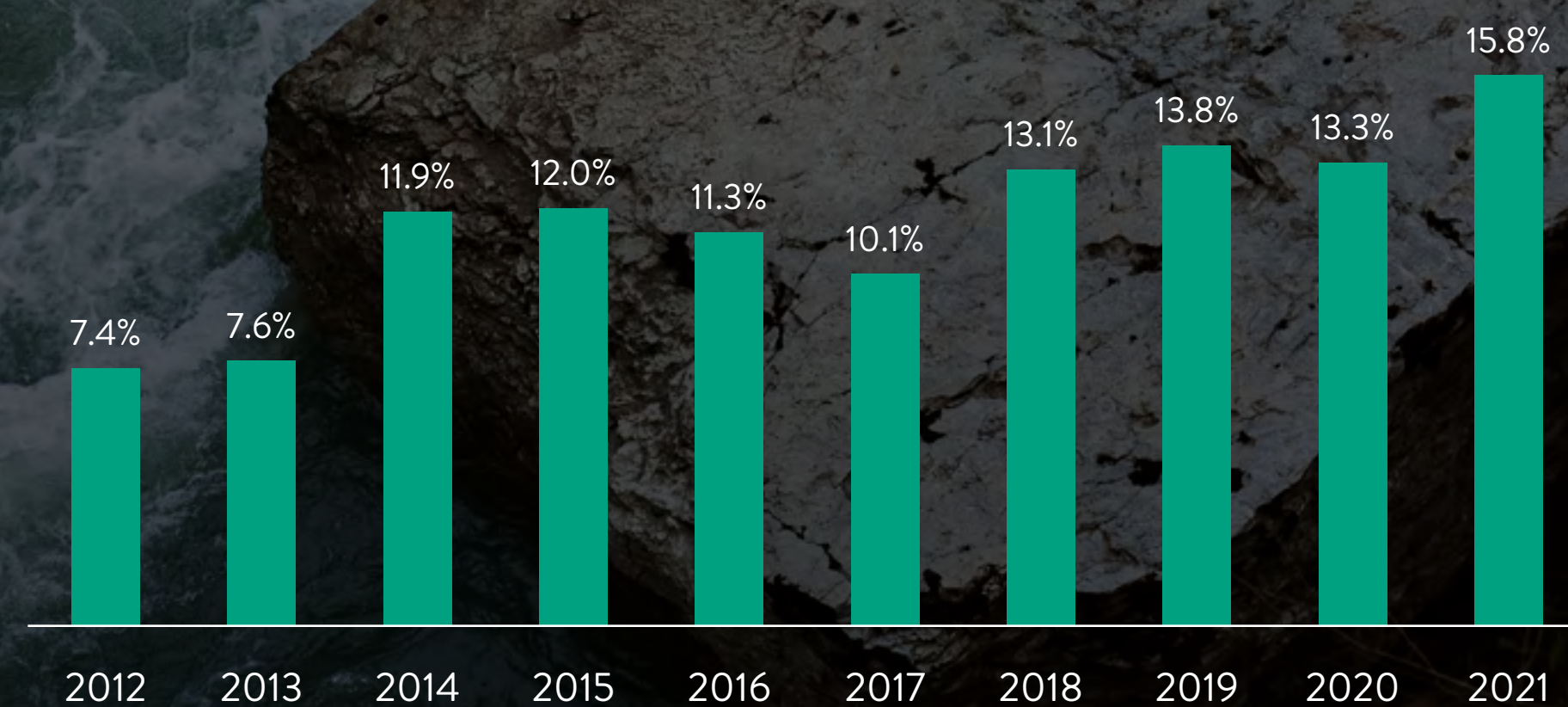
After-tax profit or loss of the Sava Insurance Group

(€m)

CAGR: 34.0%



Return on equity of the Sava Insurance Group



Declaration of the management board

To the best of our knowledge and in accordance with the International Financial Reporting Standards, the consolidated and separate financial statements give a true and fair view of the financial position and profit or loss of the Sava Insurance Group and Sava Re d.d. The business report gives a fair view of the development and performance of the Group and the Company, and their financial position, including a description of the principal risks to which the consolidated companies are exposed.

Ljubljana, 21 April 2022





PETER SKVARČA

Member of the Management Board



MARKO JAZBEC

Chairman of the Management Board



POLONA PIRŠ ZUPANČIČ

Member of the Management Board



JOŠT DOLNIČAR

Member of the Management Board

Key figures

EUR, except percentages	Sava Insurance Group	
	2021	2020
Total of all operating segments		
Operating revenue	732,714,051	680,801,492
Year-on-year change	7.6%	15.5%
Profit or loss before tax	93,535,270	67,746,714
Year-on-year change	38.1%	11.5%
Profit or loss, net of tax	76,167,178	56,386,299
Year-on-year change	35.1%	12.3%
Comprehensive income	57,585,416	75,783,096
Year-on-year change	-24.0%	27.2%
Return on revenue*	10.5%	8.6%
Net expense ratio, including operating revenue*/***	29.0%	29.5%
Return on equity	15.8%	13.3%
Earnings or loss per share	4.91	3.63
Return on the investment portfolio*/**	1.8%	1.6%
Reinsurance + non-life		
Gross premiums written	546,925,838	546,242,406
Year-on-year change	0.1%	7.4%
Net incurred loss ratio*	55.6%	61.6%
Net expense ratio	31.6%	31.1%
Net combined ratio*	88.3%	93.9%
Profit or loss before tax	72,204,759	41,069,220
Year-on-year change	75.8%	1.5%

¹ During the preparation of the audited annual report, the Sava Insurance Group is yet to obtain reviewed capital adequacy data for 2021 from their certified auditors. An auditor-reviewed annual calculation will be published in the Group's solvency and financial condition report for 2021 to be released on 19 May 2022.

EUR, except percentages	Sava Insurance Group	
	2021	2020
Life		
Gross premiums written	178,707,830	130,266,058
Year-on-year change	37.2%	48.6%
Net expense ratio	21.4%	23.0%
Profit or loss before tax	16,761,225	27,284,252
Year-on-year change	-38.6%	64.4%
Total of all operating segments	31 December 2021	31 December 2020
Total assets	2,658,322,359	2,467,251,303
Change on 31 December of prior year	7.7%	30.8%
Shareholders' equity	504,077,018	460,214,488
Change on 31 December of prior year	9.5%	19.6%
Net technical provisions	1,703,916,399	1,600,307,265
Change on 31 December of prior year	6.5%	43.4%
Book value per share	32.53	29.70
Number of employees (full-time equivalent basis)	2,698.9	2,701.0
Solvency ratio under Solvency II rules	198% ¹	198%

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

* Excluding the effect of exchange differences.

** Subordinated debt expenses are excluded. In 2020, impairment losses on goodwill were also excluded.

*** The amortisation charge for a customer list is excluded. Extraordinary income relating to the positive difference between the fair value of net assets acquired and the purchase price of investments on acquisitions for 2020 is also excluded.

Business report of the Sava Insurance Group and Sava Re

1 Letter from the chairman of the management board²

² GRI 102-14.



Dear Shareholders, Business Partners and Employees,

The flexibility and responsiveness to the needs and expectations of our clients that enabled the Sava Insurance Group to adapt its business to the challenging conditions at the onset of the pandemic also bore fruit in 2021.

For yet another year, despite the still-challenging circumstances, we successfully and resolutely followed our mission and vision, pursuing the goals we had set for this strategic period.

Customer satisfaction and customer relations are central in our strategic plan and inform the business decisions we adopt based on it. The Sava Insurance Group companies provide a full range of financial services, from non-life, life, and supplementary pension insurance to asset management, and health and assistance services. Through the slogan “Among good people”, we communicate their increasingly stronger collaboration and, more importantly, our customer-centric orientation as our overarching value and key advantage.

Record profit and a 15.8% return on equity

With operating revenue increasing to EUR 733 million, also owing to the growing contribution of the Group’s non-insurance companies, the improving quality of our portfolio, favourable claims experience, cost containment and exceeding return on investment, the Group generated a record net profit of EUR 76 million in 2021, which is substantially higher than the previous year and far more

than we planned. As a result, we achieved a 15.8% return on equity, which is more than four percentage points above the plan.

Excellent results were achieved across all operating segments, which continue to build our business through customer centricity, digitalisation and the overhaul of our IT systems. In 2021, we continued to develop multi-channel communication, upgraded our portal and mobile solutions, strengthened our cooperation with banks, promoted internet sales, and introduced paperless business communication. We developed new micromobility, assistance and health products, adapted our bancassurance products for our partner banks’ customers, and expanded the services we offer for small- and medium-sized enterprises. With the introduction of advanced technologies in various work processes, we continue to develop and integrate predictive analytics and artificial intelligence. Non-life insurance remains the strongest pillar of our Group, and with the full-year integration of Vita’s business, life insurance further consolidated its position as the second-largest operating segment. Reinsurance activities were aimed at ensuring quality growth while taking into account the situation in individual markets and striving to further diversify the portfolio. Through growth in new premium contributions and favourable trends in financial markets, we generated excellent results in pensions and asset management, which is becoming an increasingly important

operating segment for us. Good results were reflected in all indicators, higher assets under management, revenue and profitability. In terms of investment management, despite the low interest rate environment and without compromising the level of security and the liquidity of assets intended to cover liabilities under insurance contracts, we achieved a good investment return of 1.8%, which is higher than the previous year’s return and above the plan.

Exceptional growth in the share price

2021 was a very good year for Sava Re shares, which started 2021 at EUR 18.50 and ended it at EUR 27.90. In 2021, the share price rose by 51% and was far higher than the rise in the value of the European insurance index (SXIP), which gained 15% in the same period, and higher than the Ljubljana Stock Exchange Index SBITOP, which grew by 39%. We are pleased that the Sava Re share price reflects the ambitious plans of the Group and its excellent performance, and that the gap between the book value of the Sava Re share and its market price is now narrower.



In 2021, the share price rose by 51%.



The Group generated a record net profit of EUR 76 million in 2021.



The Sava Insurance Group continues to grow in its social responsibility and invests considerable effort in providing for a better quality of life.

In 2021, Sava Re paid out a dividend from the 2020 profit in the amount of EUR 0.85 per share, which was consistent with the recommendations of the Insurance Supervision Agency applicable at the time. Given that the Sava Insurance Group was also successful in 2021, the management and supervisory boards will propose that a dividend be also paid out in 2022. The proposed dividend per share of EUR 1.50 represents a 76.5% increase from the previous year's dividend, providing shareholders with a dividend yield of around 6%, in addition to a higher share price.

“A” credit ratings reaffirmed

Sava Re's capital soundness and solvency was reaffirmed last year with the “A” credit ratings by S&P Global Ratings and AM Best. The reaffirmed credit ratings reflect high capitalisation and liquidity, above-average operating performance of the Group over the last several years and effective risk management.

Providing for the community, employees and quality of life

Sustainable operations and social responsibility remain important aspects of the Group's business and will remain at the forefront over the course of the next strategic period as well. Last year, we adopted a sustainable investment policy, which highlights the problem of greenhouse gas emissions and efforts to reduce their impact on cli-

mate change. Thereby we self-imposed restrictions on investing in industries that do not comply with sustainability criteria, increasing the share of sustainable investments in our investment portfolio to 12% last year. We performed a substantive assessment of the insurance and reinsurance portfolio in terms of ESG criteria, developed guidelines for responsible underwriting in non-life insurance, and started integrating sustainability in the development of new products. In the middle of the year, we published disclosures on the Company's website regarding the integration of the sustainability aspect in investment processes, and we signed the United Nations Global Compact agreement and the United Nations Principles for Responsible Investment.

In line with its values and mission, the Sava Insurance Group continues to grow in its social responsibility and invests considerable effort in providing for a better quality of life. We increased the total resources committed to the environment. The Group is also aware of its responsibility to employees and has made it a fundamental goal of its sustainable development strategy to be recognised as a socially responsible and attractive employer in the region. Our customer centricity was thus complemented with our “Never Alone” project, which focuses on our employees, whose satisfaction and commitment constitute the drivers of our development.

I would like to take this opportunity to thank our shareholders, customers, employees and other stakeholders for their support and the trust they have placed in us. We will continue to invest our efforts in improving quality at all levels of our business while ensuring a high degree of financial strength and profitability of the Group. We know that only with the support of all our stakeholders can we realise our mission to ensure security and quality of life through commitment and constant progress, and our vision to build a customer-centric, modern, digital, community-minded and sustainability-oriented insurance group. **Even the most daring story can come true “among good people”.**

Marko Jazbec

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

2 Profile of Sava Re and the Sava Insurance Group

- 2.1 Sava Re company profile
- 2.2 Significant events in 2021
- 2.3 Significant events after the reporting date
- 2.4 Sava Re rating profile
- 2.5 Profile of the Sava Insurance Group
- 2.6 Composition of the Sava Insurance Group
- 2.7 General information on Group companies as at 31 December 2021
- 2.8 Changes to the organisation



2.1 Sava Re company profile³

Company name	Sava Re d.d.
Business address	Dunajska 56, 1000 Ljubljana, Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+386 1 47 50 264
Email	info@sava-re.si
Website	www.sava-re.si
ID number	5063825
Tax identification number	SI17986141
LEI code	549300P6F1BDSFSW5T72
Share capital	EUR 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	MANAGEMENT BOARD Marko Jazbec (chairman) Jošt Dolničar Polona Pirš Zupančič Peter Skvarča SUPERVISORY BOARD Davor Ivan Gjivoje Jr (chairman) Keith William Morris (deputy chairman) Klemen Babnik Dr Matej Gomboši Mateja Živec (employee representative, until 31 December 2021) Andrej Gorazd Kunstek (employee representative) Edita Rituper (employee representative, from 1 January 2022)
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: S&P Global Ratings 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.	

³ GRI 102-01, 102-03, 102-05, 102-53.

2.2 Significant events in 2021

MARCH

- 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 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.

MAY

- In May 2021, the 37th general meeting of shareholders was held.

JULY

- 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 5.3.2 "Supervisory board".

SEPTEMBER

- In September 2021, the rating agency S&P Global Ratings affirmed the "A" ratings of Sava Re and Zavarovalnica Sava. The outlook was stable.
- In September 2021, Mateja Živec tendered her resignation as a member of the Sava Re supervisory board. The resignation is effective as from 1 January 2022. In November 2021, following an internal selection procedure, the Sava Re workers' council appointed Edita Rituper as a new employee representative on the supervisory board. Her term of office runs from 1 January 2022 to 12 June 2023.

OCTOBER

- 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.

DECEMBER

- In December 2021, the supervisory board of Zavarovalnica Sava appointed Jošt Dolničar, currently a member of the Sava Re management board, as the new chairman of the management board of Zavarovalnica Sava. Jošt Dolničar will take office on the next business day after obtaining the Insurance Supervision Agency licence to act as a management board member, but not earlier than 5 May 2022. The resolution on the appointment of Jošt Dolničar is subject to a suspensive condition. The suspensive condition is to obtain a licence for performing the function of a board member to be issued by the Insurance Supervision Agency. Due to his appointment to the management board of Zavarovalnica Sava, Jošt Dolničar tendered his resignation as a member of the management board of Sava Re, effective as of the date of obtaining the Insurance Supervision Agency's licence to act as a member of the management board of Zavarovalnica Sava, but not earlier than 5 May 2022.

2.3 Significant events after the reporting date

- The Sava Insurance Group has examined the impact of the war in Ukraine on its operations, and it estimates that, due to its small volume of business with and low investment exposure to Russia and Ukraine, the changed circumstances will not have a material direct impact on its business results. The Sava Insurance Group (through Sava Re) has written reinsurance contracts with Russian and Ukrainian partners the annual premium volume of which accounts for only 0.5% of the Group’s total planned operating revenue for 2022. All contracts contain so-called sanctions clauses. In the event of sanctions imposed by the European Union or the United Nations, such clauses limit the obligations of Sava Re under relevant contracts if such obligations are contrary to the applicable sanctions.

In addition, the reinsurance contracts written exclude coverage related to war. The Group’s credit and currency exposure to Russia, Ukraine and Belarus as at 31 December 2021 accounted for just 0.24% of the Group’s financial investments. Most of this exposure arises from cash and cash equivalents, and rouble-denominated investments, which are matched to liabilities denominated in the same currency. Only a small part, 0.04%, is invested in securities of Russian issuers, and so the credit risk is also negligible. Indirect impact of the financial markets movements is shown by the sensitivity analyses in the notes to the financial statements 17.6.4.1.1. Interest rates risk and 17.6.4.1.3. Equity risk.

4 The credit rating agency S&P Global Ratings 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).

2.4 Sava Re rating profile

Sava Re is rated by two rating agencies, S&P Global Ratings and AM Best.

Financial strength ratings of Sava Re

Agency	Rating ⁴	Outlook	Latest review
S&P Global Ratings	A	stable	September 2021: existing rating affirmed
AM Best	A	stable	October 2021: existing rating affirmed



credit ratings reaffirmed,
outlook stable

2.5 Profile of the Sava Insurance Group⁵

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 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 policies;
- S Estate (RKS): a company based in Kosovo that owns some real property but is currently dormant.

The Group keeps expanding, diversifying into areas related to its existing business. We strengthen and refine our product range and have evolved into a comprehensive service provider:

- **Reinsurance:** With over 40 years of experience in international reinsurance, Sava Re provides a full range of reinsurance coverages. Building a globally diversified portfolio, we now conduct business with more than 350 clients in over one hundred reinsurance markets worldwide. Our guiding principle is to build long-term relationships with our clients and partners that allow creating stability throughout all economic cycles.
- **Insurance, Slovenia:** In Slovenia, insurance business is conducted by Zavarovalnica Sava and Vita. Zavarovalnica Sava was formed in 2016 by the merger of the Slovenian insurers Zavarovalnica Maribor and Zavarovalnica Tilia, and the Croatian insurers Velebit Osiguranje and Velebit Životno Osiguranje. Vita joined the Sava Insurance Group in 2020, which put the Sava Insurance Group in second place in Slovenia in terms of market share.

- **Insurance, international:** The Sava Insurance Group operates through subsidiaries and branches in the markets of Croatia, Serbia, Montenegro, North Macedonia and Kosovo. Motor third-party liability and motor casco account for a significant part of insurance business written in these markets, and there is a rising trend in property, health and other business. In the Croatian, Serbian and Kosovo markets, we are also present with life insurance companies or a branch.
- **Pensions:** The Sava Insurance Group offers pension insurance in Slovenia and North Macedonia. In the Slovenian market, Sava Pokojninska offers a comprehensive range of supplementary pension insurance: it manages pension fund assets and distributes supplementary pension annuity payments. We have been present in North Macedonia since 2018 when we acquired the second largest pension company NLB Nov Penziski Fond, subsequently rebranded Sava Penzisko Društvo.
- **Asset management:** Sava Infond manages assets in excess of EUR 500 million, serving over 80,000 investors. The company has been successfully putting capital to work for its clients for 28 years.
- **Assistance services:** The TBS Team 24 assistance services supplement our core business in all the markets where we are present. We offer our clients motor, home and medical assistance, also adding other assistance services.

⁵ GRI 102-2, 102-45.

2.6 Composition of the Sava Insurance Group⁶

Composition of the Sava Insurance Group as at 31 December 2021⁷



⁶ GRI 102-04, 102-45.

⁷ 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. Section 2.7 "General information on Group companies as at 31 December 2021" provides disclosures about all Group companies, including equity stakes and voting rights.

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

2.7 General information on Group companies as at 31 December 2021⁸

As at 31 December 2021, the Sava Insurance Group had the following members:

	Sava Re	Zavarovalnica Sava (SVN)	Sava Neživotno Osiguranje (SRB)	Illyria (RKS)
Registered office	Dunajska cesta 56, 1001 Ljubljana, Slovenia	Cankarjeva ulica 3, 2000 Maribor, Slovenia	Bulevar vojvode Mišića 51, 11040 Belgrade, Serbia	Sheshi Nëna Terezë 33, 10000 Prishtina, Kosovo
ID number	5063825000	5063400000	17407813	810483769
Main activity	reinsurance	insurance	non-life insurance	non-life insurance
Share capital (EUR)	71,856,376	68,417,377	6,314,464	7,228,040
Book value of equity interest (EUR)		68,417,377	6,314,464	7,228,040
% equity share / voting rights held by Group members		Sava Re: 100.0%	Sava Re: 100.0%	Sava Re: 100.0%
Governing bodies	management board	management board	management board	managing director
	Marko Jazbec (chair), Jošt Dolničar, Polona Pirš Zupančič, Peter Skvarča	David Kastelic (chair), Primož Močivnik, Rok Moljk, Robert Ciglarič, Miha Pahulje	Bojan Mijailović (chair), Aleksandar Ašanin	Shpend Balija
	supervisory board	supervisory board	supervisory board	board of directors
	Davor Ivan Gjivoje Jr (chair), Keith William Morris, Klemen Babnik, Dr Matej Gomboši, Mateja Živec (until 31 Dec 2021), Edita Rituper (from 1 Jan 2022), Andrej Gorazd Kunstek	Marko Jazbec (chair), Pavel Gojkovič, Polona Pirš Zupančič, Peter Skvarča, Aleš Perko, Branko Beranič	Jošt Dolničar (chair), Nebojša Ščekić, Josif Jusković	Marko Jazbec (chair), Rok Moljk, Andreja Rahne, Milan Viršek, Edita Rituper (until 31 Dec 2021)
Regulatory body	Insurance Supervision Agency, Trg republike 3, 1000 Ljubljana, Slovenia	Insurance Supervision Agency, Trg republike 3, 1000 Ljubljana, Slovenia	National Bank of Serbia, Nemanjina 17, 11000 Beograd, Serbia	Central Bank of Kosovo, Garibaldi str. no. 33, Pristina, Kosovo

⁸ GRI 102-02, 102-05, 102-06, 102-07, 102-18, 102-45.

	Sava Osiguruvanje (MKD)	Sava Osiguranje (MNE)	Illyria Life (RKS)	Sava Životno Osiguranje (SRB)
Registered office	Zagrebska br. 28A, 1000 Skopje, North Macedonia	Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro	Sheshi Nëna Terezë 33, 10000 Prishtina, Kosovo	Bulevar vojvode Mišića 51, 11040 Belgrade, Serbia
ID number	4778529	02303388	810793837	20482443
Main activity	non-life insurance	non-life insurance	life insurance	life insurance
Share capital (EUR)	3,820,077	4,033,303	3,285,893	4,326,664
Book value of equity interest (EUR)	3,585,524	4,033,303	3,285,893	4,326,664
% equity share / voting rights held by Group members	Sava Re: 93.86%	Sava Re: 100.0%	Sava Re: 100.0%	Sava Re: 100.0%
Governing bodies	board of directors	board of directors	managing director	management board
	executive directors: Ilo Ristovski, Melita Gugulovska non-executive directors of the company: Rok Moljk (chair), Peter Skvarča, Milan Viršek, Sašo Tonevski, Nenad Jovanović	executive director: Nebojša Šćekić non-executive directors of the company: Marko Jazbec (chair), Milan Viršek, Zvonko Peković	Albin Podvorica	Miloš Brusin (chair), Zdravko Jojić
			board of directors	supervisory board
			Marko Jazbec (chair), Andreja Rahne, Rok Moljk, Milan Viršek, Edita Rituper (until 31 Dec 2021)	Polona Pirš Zupančič (chair), Pavel Gojkovič, Uroš Čamilović
Regulatory body	Insurance Supervision Agency of North Macedonia, Ulica Vasil Glavinov br. 2, TCC Plaza kat 2, 1000 Skopje, North Macedonia	Insurance Supervision Agency of Montenegro, Ul. Moskovska bb, 81000 Podgorica, Montenegro	Central Bank of Kosovo, Garibaldi str. no. 33, Pristina, Kosovo	National Bank of Serbia, Nemanjina 17, 11000 Beograd, Serbia

	S Estate (RKS)	Sava Car (MNE)	ZS Svetovanje (SVN)	Sava Agent (MNE)
Registered office	Sheshi Nëna Terezë 33, 10000 Prishtina, Kosovo	Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro	Betnavska cesta 2, 2000 Maribor, Slovenia	Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro
ID number	810797912	02806380	2154170000	02699893
Main activity	currently none	technical testing and analysis	insurance agency	insurance agency
Share capital (EUR)	1,800,000	485,000	327,263	10,000
Book value of equity interest (EUR)	1,800,000	485,000	327,263	10,000
% equity share / voting rights held by Group members	Sava Re: 100.0%	Sava Osiguranje (MNE): 100.0%	Zavarovalnica Sava: 100.0%	Sava Osiguranje (MNE): 100.0%
Governing bodies	managing director	executive director	managing director	executive director
	Ilirijana Dželadini	Radenko Damjanović	Aljaž Kos	Snežana Milović
Regulatory body	/	Ministry of Internal Affairs, Bulevar Svetog Petra Cetinjskog 22, 81000 Podgorica, Montenegro	Insurance Supervision Agency, Trg republike 3, 1000 Ljubljana, Slovenia	Insurance Supervision Agency, Ul. Moskovska 17A M/C1, 81000 Podgorica, Montenegro

	Sava Station (MKD)	Sava Pokojninska (SVN)	TBS Team 24 (SVN)	Sava Penzisko Društvo (MKD)	DCB (SVN)
Registered office	Zagrebska br. 28A, 1000 Skopje, North Macedonia	Ulica Vita Kraigherja 5, 2103 Maribor, Slovenia	Ljubljanska ulica 42, 2000 Maribor, Slovenia	Majka Tereza 1, 1000 Skopje, North Macedonia	Pod skalo 4, 4260 Bled, Slovenia
ID number	7005350	1550411000	5946948000	5989434	5690366000
Main activity	technical testing and analysis	pension fund	provision of assistance services	fund management activities	hospital activities
Share capital (EUR)	199,821	6,301,109	8,902	2,110,791	379,123
Book value of equity interest (EUR)	199,821	6,301,109	7,789	2,110,791	189,562
% equity share / voting rights held by Group members	Sava Osiguruvanje (North Macedonia): 100.0%	Sava Re: 100.0%	Sava Re: 87.5%	Sava Re: 100.0%	Sava Re: 50.0%
Governing bodies	managing director	management board	managing director	management board	representative
	Ilija Nikolovski	Andrej Plos (chair), Igor Pšunder	Edvard Hojnik	Mira Shekutkovska (chair), Dr Petar Taleski, Kosta Ivanovski	Zvonko Novina
		supervisory board	holder of procuration	supervisory board	supervisory board
		Jošt Dolničar (chair), Rok Moljk, Pavel Gojkovič, Irena Šela, Tomaž Šalamon, Uroš Krajnc, Uroš Vek (until 31 December 2021)	Aleksandra Tkalčič	Pavel Gojkovič (chair), Mojca Gornjak, Peter Skvarča, Goce Vangelovski	David Benedek (chair), Jošt Dolničar, Milan Marinič, Meta Berk Skok, Polonca Jug Mauko
Regulatory body	Ministry of Internal Affairs of Macedonia, Ul. Dimcho Mirchev 9, 1000 Skopje, North Macedonia	Insurance Supervision Agency, Trg republike 3, 1000 Ljubljana, Slovenia	/	MAPAS, Stiv Naumov 100, 1000 Skopje, North Macedonia	/

	G2I (GBR)	Sava Infond (SVN)	SO Poslovno Savjetovanje (HRV)	Vita (SVN)
Registered office	Bailey House, 4–10 Barttelot Road, Horsham, West Sussex, RH12 1DQ, UK	Ulica Vita Kraigherja 5, 2000 Maribor, Slovenia	R. Frangeša Mihanovica 9, 10000 Zagreb, Croatia	Trg republike 3, 1000 Ljubljana, Slovenia
ID number	10735938	5822416000	02467143	1834665000
Main activity	insurance agency	investment fund asset management	business and other management consultancy activities	life insurance
Share capital (EUR)	152,958	1,460,524	3,884,285	7,043,900
Book value of equity interest (EUR)	26,768	1,460,524	3,884,285	7,043,900
% equity share / voting rights held by Group members	Sava Re: 17.5% / 25.0%	Sava Re: 84.00% / 84.85% Zavarovalnica Sava: 15.00% / 15.15%	Zavarovalnica Sava: 100.0%	Sava Re: 100.0%
Governing bodies	board of directors	management board	managing director	management board
	Graham Moreton Smith (chair and non-executive member), Jošt Dolničar (non-executive member), Robert Paul Marjoram (executive member), Lisa Maire Dunne (executive member), Nicholas Tsimekis (executive member), Justin James Davis (executive member), Robert Anthony Katzaros (executive member)	Jožica Palčič (chair), Samo Stonič	Tibor Kralj	Irena Prelog (chair), Tine Pust
		supervisory board		supervisory board
		Polona Pirš Zupančič (chair), Nada Zidar, Jure Košir, Primož Močivnik, Miha Pahulje		Marko Jazbec (pred.), Pavel Gojkovič, Andreja Rahne, Jure Košir
Regulatory body	Financial Conduct Authority FCA, 12 Endeavour Square, London E20 1JN, UK	Securities Market Agency, Poljanski nasip 6, 1000 Ljubljana, Slovenia	/	Insurance Supervision Agency, Trg republike 3, 1000 Ljubljana, Slovenia

The management of all Sava Insurance Group members is local.⁹

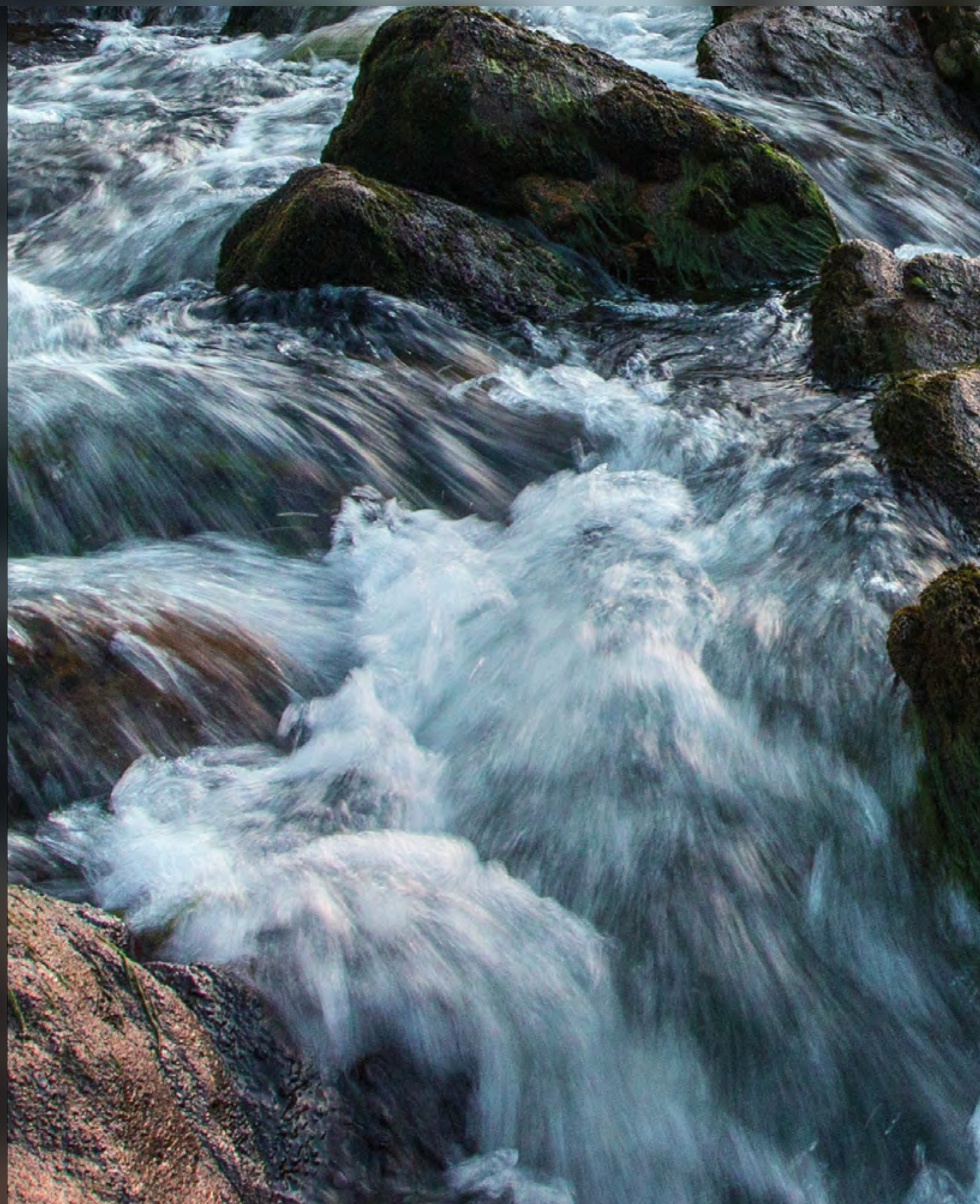
⁹ GRI 202-02.

2.8 Changes to the organisation¹⁰

In 2021, we increased our ownership interest in Sava Osiguruvanje (MKD) and TBS Team 24 (SVN).

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

¹⁰ GRI 102-10.



3 Shareholders and share trading

- 3.1 Capital market developments and impacts on the POSR share price
- 3.2 General information on the share
- 3.3 Responsibility to investors



3.1 Capital market developments and impacts on the POSR share price

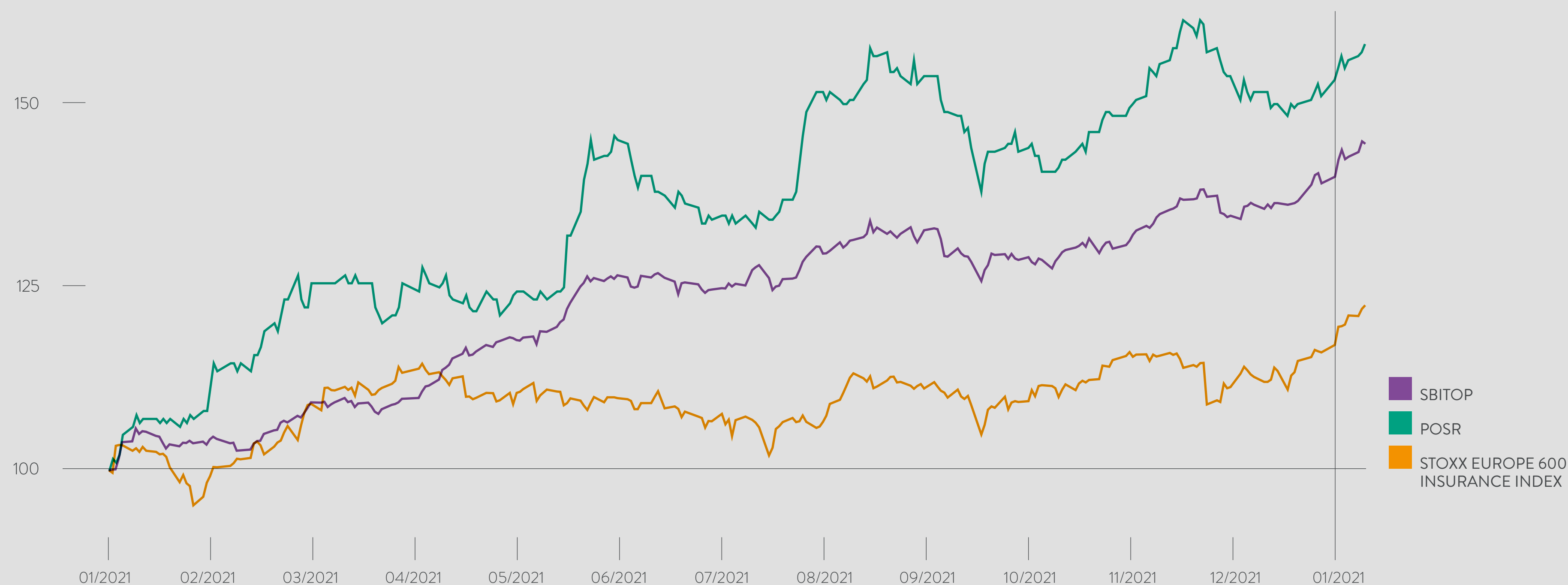
The year 2021 was positive for the Sava Re share price, as it rose from EUR 18.5 at the beginning of 2021 to EUR 27.9 at the end of the year. During the period, the share price peaked at EUR 29.8, and the period low was EUR 18.5.

With a growth rate of 50.8% in 2021, Sava Re shares significantly outperformed the European insurance sector index (SXIP), which gained 15.3% over

the same period. They also outperformed the index of the Ljubljana Stock Exchange (SBITOP), which rose by 38.9%.

In 2021, the turnover in Sava Re shares was EUR 22.9 million, a decline from the 2020 turnover of EUR 28.7 million. The average daily turnover in 2021 was EUR 91,863, compared to EUR 115,787 in 2020.

Movement in the POSR share price in 2021 compared to the SBITOP index and the STOXX Europe 600 insurance index in % (1 January 2021 = 100)



50.8%

rise
in share price

Consolidated
book value per share

€32.53

3.2 General information on the share

Basic details about the POSR share

	31 December 2021	31 December 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	4,274	4,248
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated earnings per share (EUR)	4.91	3.63
Consolidated book value per share (EUR)	32.53	29.70
Share price at end of period (EUR)	27.90	18.50
Market capitalisation (EUR)	432,385,718	286,707,376
	2021	2020
Average share price during reporting period (EUR)	25.13	16.91
Period low (EUR)	18.50	13.40
Period high (EUR)	29.80	20.60
Turnover in reporting period (EUR)	22,873,820	28,715,190
Average daily turnover (EUR)	91,863	115,787

The composition of shareholders in terms of domestic and international shareholders has not changed significantly in 2021. Domestic ownership increased by 0.3 p.p. to 66.4%. There was also a slight rise in the total percentage holdings of the top ten shareholders in 2021, from 76.4% to 76.9%.

Shareholder structure of Sava Re as at 31 December 2021¹¹

Type of investor	Domestic investor	International investor
Insurance and pension companies	18.3%	0.0%
Other financial institutions*	18.0%	15.8%
Republic of Slovenia	13.9%	0.0%
Natural persons	10.7%	0.1%
Investment funds and mutual funds	2.6%	0.1%
Other commercial companies	2.9%	1.0%
Banks	0.0%	16.6%
Total	66.4%	33.6%

* 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 23.6% of all POSR shares.

¹¹ 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 31 December 2021¹²

	Shareholder	Number of shares	Holding (%)	% voting rights
1	Slovenski Državni Holding d.d. (Slovenian Sovereign Holding)	3,043,883	17.7%	19.6%
2	Intercapital Securities Ltd., fiduciary account	2,565,981	14.9%	16.6%
3	Republic of Slovenia	2,392,436	13.9%	15.4%
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%	6.9%
6	Raiffeisen Bank Austria, fiduciary account	800,106	4.6%	5.2%
7	Modra Zavarovalnica d.d.	714,285	4.1%	4.6%
8	Hrvatska Poštanska Banka – fiduciary account	379,665	2.2%	2.4%
9	Guaranteed civil servants' sub-fund	320,346	1.9%	2.1%
10	Kapitalska Družba d.d. – SODPZ	238,109	1.4%	1.5%
	Total	13,248,206	76.9%	74.4%

* 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 (hereinafter: Adris Grupa), 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.

POSR shares held by members of the supervisory and management boards as at 31 December 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%
Total supervisory board	2,900	0.017%
Total management and supervisory boards	22,226	0.129%

As at 31 December 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, chairman of the Sava Re management board, increased his holdings in 2021, from 8,888 shares to 10,365. The holdings of the other members of the management and supervisory boards did not change in 2021. Mateja Živec resigned from her position as an employee representative on the supervisory board at the end of 2021.

¹² Source: Central securities register KDD d.d.

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.

The shares give their holders the following rights:

- the right to participate in the Company’s management, with one share carrying one vote in the general meeting;
- the right to a proportionate part of the Company’s profit (dividend);
- the right to a corresponding part of the remaining assets upon the liquidation or bankruptcy of the Company.

Pursuant to the Sava Re articles of association and the applicable legislation, current Sava Re shareholders also hold pre-emptive rights entitling them to take up shares in proportion to their existing shareholding in any future stock offering; their pre-emptive rights can only be excluded under a resolution to increase share capital adopted

by the general meeting by a majority of at least three quarters of the share capital represented.

Share transfer restrictions

All Sava Re shares are freely transferable.

Holders of securities carrying special control rights

Sava Re has issued no securities carrying special control rights.

Own shares

In the period from 1 January 2021 to 31 December 2021, Sava Re did not repurchase any own shares. The total number of own shares as at 31 December 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 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.

Contingent capital

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

Details on dividends¹³

EUR	For 2013	For 2014	For 2015	For 2016	For 2017	For 2018	For 2019	For 2020
Amount of dividend payment	4,386,985	9,065,978	12,398,157	12,398,157	12,398,157	14,722,811	0	13,173,042
Dividend per share	0.26	0.55	ordinary: 0.65 extraordinary: 0.15	0.80	0.80	0.95	-	0.85
Dividend yield	2.0%	3.8%	5.8%	5.0%	4.8%	5.6%	-	3.4%

¹³ 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.



3.3 Responsibility to investors¹⁴

Our investors, i.e. our shareholders, and analysts are important stakeholders of Sava Re, and the Company maintains transparent, professional and comprehensive relationships with them.

As a Ljubljana Stock Exchange first listing company, we respect the principle of equal treatment and public information. In our communications, we follow recommendations for the uniform informing of all shareholders, and through public announcements we enable the simultaneous and transparent provision of information in accordance with the financial calendar. In so doing, we build trust among our shareholders and other potential investors in the Company and its POSR share. Key information is published in accordance with the financial calendar on the Company's website and via the Ljubljana Stock Exchange SEOnet system. In 2021, there were 64 public notifications both in Slovenian and English.

In addition, Sava Re communicates in compliance with the Slovenian Financial Instruments Market Act (ZTFI-1), the Company's Act (ZGD-1), the mentioned recommendations of the Ljubljana Stock Exchange for listed companies, the Corporate Governance Code for Listed Companies, the rules of procedure of the supervisory board and the Company's internal communication rules.

The objective of the Company is to set up an open communication channel with investors. We want to achieve awareness of the real value the Sava Re and Sava Insurance Group brand and consequently everything that investing in the POSR share entails. In 2021, we continued with our efforts to improve the liquidity of the POSR share. Our responsibility to the investors is reflected in our cooperation and in setting up a two-way relationship using various communication tools. In 2021, we carried out these activities adjusting them to current restrictions and recommended measures:

- In 2021, we attended – in person and on-line – conferences for investors and analysts in Slovenia and abroad, and participated in webcasts organised by the Ljubljana Stock Exchange. We strengthened our brand among international institutional investors through presentations at investment conferences, maintaining a focus on long-term investors.
- We communicated with investors via email and conference calls.
- We extended the agreement on the provision of market-making services for the Sava Re share with the stock exchange member Interkapital Vrijednosni Papiri d.o.o. until 2023.
- Following the announcement of our unaudited results, we broadcast our press conference, at which we presented the Group and the Company's operations in the past year and informed the public about our plans for the future.

- All shareholders, Slovenian and foreign, were sent our annual letter to shareholders via direct mail and were invited to the annual general meeting, where they could exercise their voting rights regarding Company matters.
- Following each publication of business results, all registered investors, shareholders and other representatives of the financial public received an email informing them of the public notification.

Timely and consistent information for investors, shareholders and other representatives of the financial public is provided on our official website at www.sava-re.si, on the Investors sub-page, containing all relevant information regarding fluctuations in the POSR share price, key indicators and dividends, financial reports and analyses, and the financial calendar. The website also features a calendar of past investment conferences as well as the material presented at these events. Also announced are the events we will be attending in the coming year.

We are available to investors, shareholders and analysts at the office of the management board and compliance, at the phone number +386 (0)1 47 50 200 and via email for investor relations at ir@sava-re.si.

¹⁴ GRI 102-42, 102-43.

4 Report of the supervisory board



The supervisory board of Sava Re d.d. (the Company or Sava Re) has prepared the following report in accordance with article 282 of the Slovenian Companies Act.

In 2021, the supervisory board monitored the Company's operations and oversaw its management in a responsible manner. It periodically examined reports on various and select aspects of the business, passed appropriate resolutions and monitored their implementation. Individual issues were addressed in more detail by the relevant supervisory board committees, and on the basis of their findings, the supervisory board adopted appropriate resolutions and recommendations.

The supervisory board operated within the scope of its powers and responsibilities under the law, the Company's articles of association and its rules of procedure.

COMPOSITION OF THE SUPERVISORY BOARD

In 2021, there were changes in the composition of the supervisory board. On 7 March 2021, the term of office of Davor Ivan Gjivoje Jr expired. On 8 March 2021, based on a resolution of the 36th general meeting of 16 June 2020, he started a new term of office. 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, Dr Matej Gomboši and Klemen Babnik as 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 concluded her term of office on 31 December 2021 after resigning as a supervisory board member. In her place, the Sava Re workers' council appointed Edita Rituper for a term of office spanning from 1 January 2022 to 12 June 2023.

In 2021, the supervisory board comprised the following members:

- until 16 July 2021: Mateja Lovšin Herič, chair, Keith William Morris, deputy chair, Davor Ivan Gjivoje Jr, Andrej Kren, Andrej Gorazd Kunstek and Mateja Živec;
- from 17 July 2021: Davor Ivan Gjivoje Jr, chair, Keith William Morris, deputy chair, Klemen Babnik, Dr Matej Gomboši, Andrej Gorazd Kunstek and Mateja Živec.

The size and composition of the supervisory board allow for effective discussion and the adoption of sound resolutions based on the broad range of expertise and experience provided by its members.

OPERATION OF THE SUPERVISORY BOARD

In its operation and decision-making, the supervisory board is guided by the goals of both the Company and the Sava Insurance Group as a whole. During meetings, members express their opinions and positions, seeking to reconcile any differences.

The supervisory board notes that the reports prepared by the management board for the supervisory board's own use and that of its committees were appropriate for use as part

of a rigorous review of issues, and they comply with both the relevant laws and internal regulations. Meeting materials were provided in a timely manner, allowing members sufficient time to prepare themselves for the consideration of agenda items. The Company's professional staff assisted in carrying out meetings and organised other supporting activities.

The supervisory board met 14 times in 2021, in seven sessions during the previous term of office until 16 July 2021 and in seven sessions during the term of office since 17 July 2021. All members attended all meetings convened during the two terms of office.

Discussions were also joined by the management board members and the supervisory board secretary, while other professional staff also assisted in certain agenda items. Most meetings were held as hybrid meetings, with both in-person and online attendance, amongst other reasons to ensure effective operation during times of Covid restrictions. But some meetings were held by electronic means only.

Over the course of the year, the supervisory board discussed relevant aspects of the operations and activities of the Company and the Sava Insurance Group within its powers under the law and the articles of association.

Below we outline the major issues to which the supervisory board members dedicated special attention in 2021:

Business plans of the Company and the Sava Insurance Group

In late 2021, the supervisory board considered and approved the "Business plan of the Sava Insurance Group and Sava Re d.d. for 2022".

Financial reports – annual report

The supervisory board reviewed the unaudited financial statements of the Group and the Company for 2020 and adopted the audited annual report of the Group and the Company for 2020, including the auditor's report and opinion on the 2020 annual report, and the supervisory board's own report on its activities in 2020. The annual report, including the auditor's opinion, was also presented to the general meeting.

Financial reports – interim reports

The supervisory board also periodically reviewed other select financial reports in 2021, e.g. unaudited financial reports of the Sava Insurance Group with the financial statements of Sava Re d.d. for the periods January–March 2021, January–June 2021 and January–September 2021.

Asset management

The supervisory board monitored asset management periodically and as part of reviewing the annual report and interim financial reports of the Company and the Group.

In August 2021, the supervisory board considered the findings of the feasibility analysis on outsourcing part of the asset management function and gave its consent to the management board's proposal to outsource the management of part of the Sava Re investment portfolio to its subsidiary Sava Infond.

Reinsurance operations and claims development

The supervisory board was briefed on the Company's reinsurance programme for the current year. Throughout 2021, the board was regularly updated by the management board on major loss events in the domestic as well as global markets, and on potential claims that could have a material impact on the Company.

Supervision of subsidiaries

In addition to overseeing the operations of Sava Re as the parent company of the Sava Insurance Group, the supervisory board, to the extent permitted by law, actively monitored the performance of the Group's subsidiaries.

Risk management system

Risk management

The supervisory board monitored risk management periodically and as part of reviewing the annual report and interim financial reports of the Company and the Group.

It took note of the risk report for the last quarter of 2020 and the first-, second- and third-quarter risk reports for 2021. In March, it took note of the "Joint Sava Insurance Group own risk and solvency assessment (ORSA) report for 2021." The report covered key information on the own risk and solvency assessment of Zavarovalnica Sava d.d., Zavarovalnica Vita d.d., Sava Re d.d. (the parent) and the Sava Insurance Group.

It was made familiar with the Solvency II capital adequacy calculation as at 31 December 2020 and the solvency and financial condition reports of the Company and of the Group for 2020 (i.e. Company SFCR and Group SFCR).

In May 2021, the supervisory board took note of the risk committee's report on key findings of the review of the capital allocation model and the methodology for calculating economic profit.

Actuarial affairs

In 2021, the supervisory board considered the actuarial function report of Sava Re d.d. for 2020 and took note of the Sava Insurance Group non-life actuarial function report for 2020 and the Sava Insurance Group life actuarial function report for 2020.

Compliance monitoring

In 2021, the supervisory board of Sava Re took note of the compliance function holder's 2020 annual report and the annual work plan for 2021. It also took note of the compliance function holder's half-yearly report for the period from 1 January to 30 June 2021.

Internal audit

In 2021, the supervisory board oversaw the activities of the Company's internal audit department in accordance with its statutory powers. In addition, it considered the internal audit report for the period 31 October – 31 December 2020, and the annual report on internal auditing for 2020, including a quality assurance and improvement programme of the Company's internal audit department, and it drew up an opinion on the annual report, which was presented to the general meeting of shareholders on 25 May 2021. It also considered quarterly internal audit reports for the periods ending on 31 March 2021, 30 June 2021, 30 September 2021. Furthermore, it monitored the quarterly reports of the internal audit department on internal auditing of the Sava Insurance Group (Group Internal Audit). All reports prepared by the Company's internal audit department were presented by the department director.

The supervisory board considers the reports prepared by the internal audit to have been independent and objective, and that the internal auditor's recommendations and findings are taken into account by the management board. It notes that internal audit reviews revealed no material irregularities in the Company's operations. The supervisory board also notes that the internal audit department monitors the development of the internal audit departments of Group subsidiaries on an ongoing basis, providing them with the required professional assistance. In addition, it also monitors the operations of these companies and found no major irregularities.

At year-end 2021, the supervisory board took note of and gave its consent to the annual work plan of the internal audit department for 2022.

Joint statement of key function holders

The supervisory board took note of the joint statement of all key function holders of the Group and the Company for 2020, confirming that all key risk areas were adequately managed.

Calling and holding of general meeting of shareholders

The supervisory board, together with the management board, called the Company's general meeting of shareholders once in 2021, for 25 May 2021.

Preparing the election proposal for the general meeting

The supervisory board considered the proposal of the nominations and remuneration committee for the selection of candidates for membership of the supervisory board of Sava Re and took note of the assessment of the candidates and the assessment of the competence of the supervisory board as a whole, both carried out by the supervisory board's fit and proper committee. Based on the nomination procedure, the supervisory board prepared its proposal for the appointment of the supervisory board members who were to start their new terms of office on 17 July 2021.

Solvency II

In 2021, the supervisory board also took note of the update on the periodic review of Solvency II policies, discussing individual policies and giving its consent to the proposed amendments.

HR affairs

Succession planning

In 2021, the supervisory board took note of the periodic report on succession planning for the members of management bodies at Sava Insurance Group companies.

Nomination processes

In November 2020, the supervisory board – due to the expiry of three members' terms of office – tasked the nominations and remuneration committee to start the procedure for preparing a proposal for the supervisory board for the selection of candidates to be proposed by the supervisory board to the general meeting for election in 2021. The nomination process, which was carried out with the expert support of the relevant committees, concluded with the supervisory board's drafting of an election resolution for the 37th session of the general meeting of shareholders (Election of supervisory board members).

In autumn 2021, the Sava Re supervisory board, supported by the relevant committees, undertook a nomination process for the reappointment of the chairman of the management board of Sava Re, and it unanimously voted to renew the mandate of the chairman of the management board. The new five-year term of the chairman of the management board of Sava Re starts on 13 May 2022.

Appointment of supervisory board committees

In its constitutive session in June 2021, the supervisory board again set up four committees, namely an audit committee, a risk committee, a nominations and remuneration committee, and a fit and proper committee, to support its operation in the new term of office.

Adoption of internal regulations

In September 2021, the supervisory board approved the amendments to the Rules of Procedure of the Risk Committee of the Supervisory Board of Sava Re d.d. and, in November 2021, approved the amendments to the rules of procedure of the audit committee of Sava Re's supervisory board.

Monitoring corporate finance projects

The management board kept the supervisory board informed of developments in corporate finance projects.

Monitoring of other projects

The supervisory board took note of the management board report on the IFRS 17 implementation project and the project of implementing a new IT system for asset management.

Overseeing the operation of supervisory board committees

In March 2021, the supervisory board considered the 2020 risk committee report and the 2020 audit committee report. It also carried out a quality assessment of the risk and audit committees. In each meeting, it monitored committee activities through reports and meeting minutes.

Correspondence with market regulators

As part of periodic risk reports, the supervisory board reviewed reports on correspondence between the Company and the Insurance Supervision Agency, other market regulators and inspection authorities.

Strengthening supervisory board best practices

In accordance with best practices, supervisory board members, upon taking office and then annually, complete questionnaires, including a statement that they have no conflicts of interest. These statements are posted on the Company's website. In 2021, all supervisory board members declared themselves independent.

In accordance with good practice, the supervisory board annually assesses its composition, operation and the work of its individual members and the supervisory board as a whole, including cooperation with the management board. No self-assessment was carried out in 2021 because the supervisory board entered a new term of office in the middle of the year.

Because of the change in the board's composition, however, the Company organised six in-depth induction sessions for the new members of the supervisory board and its committees in the second half of 2021.

OPERATION OF SUPERVISORY BOARD COMMITTEES

AUDIT COMMITTEE

In accordance with statutory regulations, the Company's supervisory board has set up an audit committee for the more in-depth examination of accounting, financial and audit issues.

Terms of reference

The duties and powers of the audit committee of the supervisory board are laid down by the Slovenian Companies Act, its rules of procedure and those of the supervisory board, and other autonomous legal acts (e.g. recommendations for audit committees).

Composition in 2021

The term of office of each audit committee member is limited by the term of office of the supervisory board.

In 2021, the audit committee comprised the following members:

- until 16 July 2021: Andrej Kren (chair), Mateja Lovšin Herič and Ignac Dolenšek (external member);
- from 17 July 2021: Dr Matej Gomboši (chair), Andrej Gorazd Kunstek, Katarina Sitar Šuštar (external member) and Dragan Martinović (external member).

Specifics on the committee constitution in the new term of office

In contrast to past practice, when the audit committee of the Sava Re supervisory board operated in a three-member composition, the supervisory board appointed a four-member audit committee in the new term of office, with two members being independent external experts. This is because the Company and most of the Group are preparing to operate under the new accounting standards, in particular IFRS 17, and since the terms of office of all three previous audit committee members expired, the continuity of the committee's work could not be ensured. After the expiry of the supervisory board's term of office (and those of its committees), the previous external member of the audit committee ended his second consecutive term, which, according to the recommendations for audit committees, prevents him from serving another term as an independent external member.

Operation in 2021

The audit committee met 15 times in 2021, in 11 sessions during the previous term of office until 16 July 2021 and in four sessions during the term of office beginning on 17 July 2021. All members attended all meetings convened during the two terms of office.

The chief tasks carried out by the audit committee in 2021 are set forth below.

Overseeing the integrity of financial information

The audit committee monitored the integrity of financial information. The committee largely focused on overseeing financial reporting processes. In this respect, it gave recommendations and suggestions regarding materials for supervisory board meetings to ensure compliance with relevant professional standards and observing appropriate reporting principles, such as completeness, transparency and consistency of reporting.

Monitoring the efficiency and effectiveness of internal controls and internal auditing

The audit committee monitored the efficiency and effectiveness of internal controls and internal audit activities based on annual and quarterly internal audit reports, and it assessed the adequacy of the annual internal audit work plan. Furthermore, it monitored the quarterly reports of the internal audit department on internal auditing of the Sava Insurance Group (Group Internal Audit). The audit committee also reviewed the quality assurance and improvement programme of the internal audit department and the implementation of self-assessment for 2020. The audit committee carried out a separate meeting with the director of the internal audit department.

Monitoring the statutory audit of separate and consolidated financial statements

In 2021, the audit committee met with the selected external auditor several times, monitored the auditing of the separate and consolidated annual financial statements and, among other things, participated in determining audit focus areas. Based on quarterly management board reports on non-audit services provided by audit firms, the audit committee assessed the independence of the auditor of the Company's annual accounts. It adopted a revised methodology for assessing the quality of external auditors and carried out a procedure of assessing the external auditor of the 2020 annual report. Within the constraints of the Covid-19 pandemic, it followed closely the finalisation of the external audit for 2020.

In autumn 2021, the audit committee started the selection process for an external auditor for the financial years 2022–2024.

Performance of other tasks

In 2021, the audit committee also performed other tasks: for the supervisory board, it prepared the "Report on activities of the audit committee in 2020", including a self-assessment of the efficiency of its work. It took note of the periodic management board updates on the IFRS 17 implementation project and project of implementing a new IT system for asset management. Both projects were presented in supervisory board meetings, and the external members of the audit committee were also invited to attend the relevant agenda point. The audit committee quarterly reviewed management board reports on correspondence with the Insurance Supervision Agency, other market regulators and inspection authorities. It adopted the revised rules of procedure of the audit committee, submitting them to the supervisory board for approval. It discussed a draft policy on the independence of external auditors. It also confirmed its work plan for 2022.

The chair (as per current composition) of the audit committee regularly reported on the work and positions of the committee to the supervisory board, which also reviewed the meeting minutes of the committee.

The supervisory board is of the opinion that the audit committee thoroughly considered relevant issues within its terms of reference and offered the supervisory board professional assistance by providing opinions and preparing proposals.

The supervisory board further believes that the composition of the audit committee is appropriate and that the members have such professional and personal qualities as to maintain high quality and independence of operation.

Furthermore, the supervisory board is of the opinion that the audit committee was provided with appropriate support to carry out its work.

RISK COMMITTEE

The supervisory board believes that identifying and managing risk is an essential part of good governance; therefore, it set up a risk committee to monitor risk developments and offer advice and support to the supervisory board on risk-related issues.

Terms of reference

The risk committee performs tasks in accordance with the resolutions of the supervisory board, the Solvency II Directive, its rules of procedure, the rules of procedure of the supervisory board, the Insurance Act and in line with the Corporate Governance Code for Listed Companies and other applicable risk management regulations.

Composition in 2021

The term of office of the individual risk committee members is limited by the term of office of the supervisory board.

In 2021, the risk committee comprised the following members:

- until 16 July 2021: Keith William Morris (chair), Davor Ivan Gjivoje Jr and Dr Slaven Mičković (external member).
- from 17 July 2021: Keith William Morris (chair), Davor Ivan Gjivoje Jr., Dr Slaven Mičković (external member) and Dr Janez Komelj (external member).

Specifics on the committee constitution in the new term of office

In contrast to past practice, when the risk committee of the Sava Re supervisory board operated in a three-member composition, the supervisory board – in view of the increasing complexity of risk management and to improve the committee's functioning – appointed a four-member risk committee in the new term of office, with two members being independent external experts.

Operation in 2021

The risk committee met eight times in 2021, in five sessions during the previous term of office until 16 July 2021 and in three sessions during the term of office since 17 July 2021. All members attended most of the sessions convened during the terms of office. One member was justifiably absent from one session but properly communicated his voting decisions regarding the proposed resolutions before the session to the chairman of the risk committee.

Major activities of the risk committee in 2021:

Overseeing the operation of the risk management system

The risk committee focused on monitoring the risk management system, chiefly in terms of its reliability, effectiveness and efficiency. It assessed the adequacy of the risk management system in place.

It examined in depth all risk management documents submitted to the committee or that the supervisory board is charged with approving:

- quarterly risk reports for the periods ending on 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021;
- Joint Sava Insurance Group own risk and solvency assessment (ORSA) report for 2021;
- annual reports on the capital adequacy calculations under Solvency II and solvency and financial condition reports of the Company and the Group for 2020 (Company SFCR and Group SFCR);
- Solvency II policies: it discussed in greater detail the amendments to the “Internal control policy of the Sava Insurance Group and Sava Re d.d.”, issuing its positive opinion on the draft amendments.

It considered in depth the comparison of SFCR reports in the insurance industry for 2020.

It considered in depth the information on the development of a model for capital adequacy calculation of non-European natural catastrophe exposures for proportional reinsurance.

It considered in depth the key findings of the review of the model for capital allocation and the methodology for calculating economic profit.

Performance of other tasks

In 2021, the risk committee also performed other tasks: for the supervisory board, it prepared a report on activities of the risk committee in 2020, including a self-assessment of the efficiency of its work. It took note of the periodic management board updates on the IFRS 17 implementation project and project of implementing a new IT system for asset management. Both projects were presented in supervisory board sessions, and the external members of the risk committee were also invited to attend the relevant agenda item. It also took note of the stress test results for insurance groups for 2021 prepared by the Sava Re management on the initiative of EIOPA and the Insurance Supervision Agency. It adopted the revised rules of procedure of the risk committee, submitting them to the supervisory board for approval. It drew up a plan of the activities to be performed in the current term of office, and it approved its work plan based on a timetable of sessions for 2022.

The chair (as per current composition) of the risk committee regularly reported on the work of the committee to the supervisory board, which also reviewed the meeting minutes of the committee.

The supervisory board further believes that the composition of the risk committee is appropriate and that the members have the professional and personal qualities as to ensure quality and independence of operation.

Furthermore, the supervisory board is of the opinion that the risk committee was provided the appropriate support to carry out its work.

NOMINATIONS AND REMUNERATION COMMITTEE

In accordance with the Corporate Governance Code for Listed Companies, the supervisory board appointed a nominations and remuneration committee as its permanent special committee to draft proposals for selection criteria and the selection of candidates to serve on the management and supervisory boards and to provide support to the supervisory board in other areas where conflicts of interest may arise among the members of the supervisory board.

Terms of reference

The nominations and remuneration committee operates in accordance with the resolutions of the supervisory board, the Solvency II Directive, the rules of procedure of the supervisory board, the Insurance Act and in line with the Corporate Governance Code for Listed Companies.

Composition in 2021

The term of office of each committee member is limited by the term of office of the supervisory board.

In 2021, the nominations and remuneration committee comprised the following members:

- until 16 July 2021: Mateja Lovšin Herič (chair), Keith William Morris, Davor Ivan Gjivoje Jr and Andrej Kren;
- from 17 July 2021: Klemen Babnik (chair), Davor Ivan Gjivoje Jr, Keith William Morris, Dr Matej Gomboši and Andrej Gorazd Kunstek (the latter from 9 September 2021).

Temporary composition of the nominations and remuneration committee for the purposes of the nomination process

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

The supervisory board appointed Andrej Gorazd Kunstek, member of the supervisory board, as an interim alternate member of the nominations and remuneration committee, effective as of 4 March 2021. The term of office of Andrej Gorazd Kunstek as an interim alternate member lasted exclusively for the duration of the activities of the nominations and remuneration committee that related to the performance of the candidate selection procedure for membership of the supervisory board. His term of office as an alternate member of the nominations and remuneration committee lasted until the end of the nomination procedure; that is, 16 April 2021 (the date of the convocation of the general meeting). The nominations and remuneration committee carried out the activities relating to the candidate selection procedure for membership of the supervisory board in the following composition: Mateja Lovšin Herič (chair), Davor I. Gjivoje Jr (member) and Andrej Gorazd Kunstek (interim alternate member).

Specifics on the committee constitution in the new term of office

In line with past practice, only supervisory board members were appointed to the supervisory board's nominations and remuneration committee in the new term of office. In

line with good corporate governance practice, in addition to shareholder representatives on the supervisory board, a supervisory board member representing the interests of the employees was appointed to the nominations and remuneration committee in the new term of office. In the new term, the supervisory board again did not appoint an independent external expert to this committee.

Operation in 2021

The nominations and remuneration committee met eight times in 2021, in seven sessions during the previous term of office until 16 July 2021 and in one session during the term of office since 17 July 2021. Committee members attended all meetings regularly, except for agenda items that related to themselves and would have created a conflict of interest.

The nominations and remuneration committee conducted a performance assessment of the management board for 2020, based on which the supervisory board adopted a resolution regarding a bonus linked to the performance of the Sava Insurance Group.

The nominations and remuneration committee considered in depth the management board's report on the succession policy for the executives of Sava Insurance Group companies.

The nominations and remuneration committee conducted a selection procedure, producing a special report for the supervisory board relating to the appointment of new members of the management board (beginning of term of office on 17 July 2021).

At the end of 2021, the nominations and remuneration committee, after close examination, proposed that the supervisory board approve the technically revised methodology for determining the performance-based pay of a management board member and, based thereon, approve the selected per-

formance indicators and personal goals of the chairman and each member of the management board for 2022.

The chair (as per current composition) of the nominations and remuneration committee regularly reported on the work of the committee to the supervisory board, which also reviewed the meeting minutes of the committee.

FIT & PROPER COMMITTEE

In line with the law and the Company's fit and proper policy, the management and supervisory boards appointed a special fit and proper committee for the fit and proper assessment of the management board and the supervisory board, including all its committees, as well as the members of these bodies.

Terms of reference

The fit and proper committee operates in accordance with the resolutions of the supervisory board, the Solvency II Directive, the rules of procedure of the supervisory board, the Insurance Act, the Corporate Governance Code for Listed Companies and the recommendations of the Insurance Supervision Agency.

Composition in 2021

The term of office of each committee member is limited by the term of office of the supervisory board.

In 2021, the fit and proper committee comprised the following members:

- until 16 July 2021: Mateja Živec (chair), Keith William Morris, Rok Saje (external member) and Andrej Kren (alternate member);
- from 17 July 2021: Keith William Morris (chair), Klemen Babnik, Rok Saje (external member) and Klara Hauko (external member).

Temporary composition of the fit and proper committee for the purposes of the nomination process

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

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

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

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

Specifics on the committee constitution in the new term of office

Due to the nature of this committee's work, conflicts of interest often arise in its members. To facilitate the committee's operation, the supervisory board decided to appoint a four-member fit and proper committee, with two members being independent external experts.

Operation in 2021

The fit and proper committee met seven times in 2021, in four sessions during the previous term of office until 16 July 2021 and in three sessions during the term of office since 17 July 2021. Committee members attended all meetings regularly, except for agenda items that related to themselves and except for items that would have created a conflict of interest.

In March and April 2021, the fit and proper committee conducted assessments of the candidates for membership of the supervisory board. Furthermore, it assessed the competence of the supervisory board as a collective body in the foreseen future composition.

In May 2021, it carried out a regular annual fit and proper assessment of all incumbent members of the management board and the supervisory board, including its committees. In addition, it conducted its periodic fit and proper assessment of the above management and supervisory bodies as collective bodies.

In August 2021, after the appointment of new members to the supervisory board committees, the fit and proper committee conducted a fit and proper assessment of all the members of the four supervisory board committees as well as of their collective competence.

After their election in a supervisory board meeting, the committee conducted additional fit and proper assessments of Davor Ivan Gjivoje Jr as the chair of the supervisory board and Keith William Morris as the deputy chair.

Furthermore, the committee carried out a fit and proper assessment of the candidate for reappointment as the chairman of the management board.

At the request of the Company's workers' council, the committee conducted a fit and proper assessment of the candidates for members of the supervisory board representing the employees.

The chair (as per current composition) of the fit and proper committee regularly reported on the work of the committee to the supervisory board, which also reviewed the meeting minutes of the committee.

CONCLUDING FINDINGS

The supervisory board finds that, despite the still difficult and unpredictable epidemiological situation, the Sava Insurance Group generated a record net profit for 2021, which exceeded last year's profit and is better than planned. This assessment of the supervisory board is also based on the report of the independent auditor on the financial statements of Sava Re d.d. and the Sava Insurance Group for 2021, and those of the key function holders of the Company's risk control system.

While risks related to the epidemic seem to be diminishing, geopolitical risks are on the rise. Due to the small volume of business with and low investment exposure to Russia and Ukraine, the changed circumstances likely will not have a material impact on Group's business results; however, an indirect – and likely negative – impact on the Group's investment portfolio is expected in view of the trends in financial markets.

In 2022, the supervisory board will therefore pay special attention to monitoring the management of risks arising from business operations, considering the new and riskier geopolitical landscape. Apart from its day-to-day tasks, the supervisory board's main focus in 2022 will be on monitoring progress against the strategic and annual plans, and overseeing the designing of the strategic plan for the next five-year period.

The supervisory board will, within its means and defined powers, offer the management board its full support.

ANNUAL REPORT 2021

The Company's management board submitted the "Audited annual report of the Sava Insurance Group and Sava Re d.d. for 2021" for approval to the supervisory board. The audit committee of the supervisory board considered the unaudited and the audited annual reports of the Sava Insurance Group and Sava Re d.d. for the year ended 31 December 2021, including the auditor's letter to the management on the pre-audit conducted, the auditor's letter to the management on the audit, and the additional auditor's report to the audit committee on the audit of the financial statements as at 31 December 2021, prepared in accordance with article 11 of Regulation (EU) no. 537/2014, with the committee's opinion thereon. In line with its powers,

the supervisory board examined the audited annual report in its meeting of 25 April 2022.

The supervisory board noted that the annual report for 2021 was clear and transparent, as well as compliant with the content and disclosure requirements under the Companies Act, International Financial Reporting Standards and the Insurance Act, with its related implementing regulations.

The supervisory board was also presented with the opinion of the auditor KPMG Slovenija, Podjetje za Revidiranje d.o.o., who audited the 2021 annual report of the Sava Insurance Group and Sava Re d.d. and carried out audit reviews in most of the Group's subsidiary companies. The supervisory board in its view has nothing to add to the positive opinion of the authorised auditor KPMG Slovenija, Podjetje za Revidiranje d.o.o., who finds that the consolidated and separate financial statements provide, in all material respects, a fair view of the financial position of the Sava Insurance Group and Sava Re d.d. as at 31 December 2021 and the profit or loss, other comprehensive income and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Based on its review of the 2021 annual report, as well as based on the opinion of the external auditor and that of the audit committee, the supervisory board is of the opinion that the annual report provides a true and fair view of the assets and liabilities, financial position, profit and loss, and cash flows of the Sava Insurance Group and Sava Re d.d.

The supervisory board hereby approves the "Audited annual report of the Sava Insurance Group and Sava Re d.d. for 2021" as submitted by the management board.

DETERMINATION OF AND PROPOSAL FOR APPROPRIATION OF DISTRIBUTABLE PROFIT OF SAVA RE

The supervisory board reviewed the management board's proposal for the appropriation of the distributable profit as at 31 December 2021, subject to final approval by the general meeting of shareholders of Sava Re. The supervisory board of Sava Re d.d. gives its consent to the management board's proposal to the general meeting regarding the appropriation of the distributable profit as at 31 December 2021 of EUR 37,053,726.07: EUR 23,246,544.00 to be appropriated for dividends, and the remaining part of distributable profit of EUR 13,807,182.07 to be left unallocated as retained earnings. Thus, the proposed gross dividend per share is set at EUR 1.50.

The supervisory board proposes that the general meeting of shareholders grant discharge to the management board for the financial year 2021.



Davor Ivan Gjivoje Jr
Chairman of the Supervisory Board of Sava Re d.d.

Ljubljana, 25 April 2022

5 Corporate governance statement under article 70 of the Companies Act¹⁵

- 5.1 Corporate governance policy
- 5.2 Statement of compliance with the Corporate Governance Code for Listed Companies
- 5.3 Bodies of Sava Re
- 5.4 Internal control and risk management systems relating to financial reporting
- 5.5 External audit
- 5.6 Disclosures under article 70(6) of the Companies Act
- 5.7 Governance of Sava Insurance Group members

¹⁵ GRI 102-16.



5.1 Corporate governance policy

In December 2020, the Sava Re management board, with the consent of the Company's supervisory board, adopted the revised "Sava Insurance Group governance policy", and the revised "Corporate governance policy of Sava Re d.d." in August 2021. The documents set out the

main subsidiary governance principles for the Sava Insurance Group, governance rules for Sava Re, taking into account the goals, mission, vision and values of the Sava Insurance Group. The policies represent a commitment for future action.

The corporate governance policy of Sava Re is available through the Ljubljana Stock Exchange Seonet information system and from the Company's website.

5.2 Statement of compliance with the Corporate Governance Code for Listed Companies

As a public limited company, Sava Re's reference code in 2021 was the Corporate Governance Code for Listed Companies adopted by the Ljubljana Stock Exchange, the Slovenian Directors' Association and the Managers' Association of Slovenia on 27 October 2016. It is available in Slovenian and English from the website of the Ljubljana Stock Exchange.

The management and the supervisory boards of Sava Re hereby state that Sava Re operates in compliance with the Code, with individual deviations that are disclosed and explained below.

5.2.1 Supervisory board

Recommendation 5.7: External assessment of the adequacy of the corporate governance statement

The Company has yet to ensure an external assessment of the adequacy of the corporate governance statement. The Company intends to carry out an external assessment of the corporate governance statement in the next strategy period.

Recommendation 13.1: Designing a training plan for the supervisory board and its committees, and determining a rough budget for related costs

When preparing the Company's financial plan, an annual training budget for the members of the supervisory board and its committees is set to ensure professional development and to maintain an appropriate level of competence for the roles. The Company does not have a pre-defined training plan for the members of the supervisory board and its committees. In order to maintain the level of knowledge and support the members of the supervisory board and its committees in keeping abreast of new developments, both in terms of general knowledge for the operation of the supervisory board and corporate governance as well as in terms of specialist knowledge required by individual members, the Company regularly monitors advertised external training courses and organises in-house training courses tailored to the needs of the Company's supervisory board and its committees.

Recommendation 18.3: The term of office of an external member of a committee is not tied to the term of office of the supervisory board

In the Company, the terms of office of all committee members are tied to the term of office of the supervisory board. For practical reasons, because of the complexity of fit and proper assessment procedures upon the appointment of new committee members and upon their reappointment, the terms of office of the external committee members are tied to the terms of office of the supervisory board.

5.3 Bodies of Sava Re¹⁶

Management system

Sava Re has a two-tier management system with a management board that conducts the business and a supervisory board that oversees operations. The governing bodies – the general meeting, and the supervisory and management boards – act in compliance with laws, regulations, the articles of association and internal rules. The Company's articles of association, the rules of procedure of both the general meeting and the supervisory board are posted on the Company's website.

The risk management system is a cornerstone of strong governance. The management board ensures the effectiveness of this system. Rules of the risk management systems and own risk and solvency assessment rules are set out in detail in the Company's internal regulations.

The Company has certain functions integrated into the organisational structure and decision-making processes. These are the risk management function, internal audit function, actuarial function and compliance function, defined by applicable law as the key functions of the governance system (hereinafter: key functions). They are integrated in order to strengthen the three lines-of-defence framework in the Company's control system. Rules governing individual key functions are set out in detail in the Company's internal regulations.

5.3.1 General meeting of shareholders

The general meeting of shareholders is the supreme body of the Company through which shareholders exercise their rights in company matters. The terms of reference of the general meeting are governed by its rules of procedure, which are posted on the Company's website.

Convening the general meeting

The general meeting of shareholders, through which the shareholders of Sava Re exercise their rights in the affairs of the Company, is convened at least once a year, and no later than in August. The general meeting may be convened in other cases as provided by law, the Company's articles of association, and whenever this is in the interest of the Company. As a rule, the general meeting is convened by the management board. In the cases stipulated by law, it may be convened by the supervisory board or shareholders.

The Company publishes general meeting notices through the SEOnet system provided by the Ljubljana Stock Exchange, through the AJPES website and on the Company's official website, at www.sava-re.si; in printed form in one daily newspaper as provided for in the articles of association, in Delo or Dnevnik, or in the Official Gazette of the Republic of Slovenia.

Participation in the general meeting

To attend the general meeting and exercise voting rights, shareholders must send the Company a registration form no later than by the end of the fourth day prior to the session of the general meeting and must be registered holders of shares listed in the central register of book-entry securities at the end of the seventh day prior to the session of the general meeting.

The conditions of participation or exercise of voting rights at the general meeting must be set out in detail in the notice of the general meeting.

Adoption of resolutions

General meeting resolutions are adopted by a majority of votes cast (simple majority), unless a larger majority or other requirements are stipulated by law or the articles of association.

Exercise of voting rights

Shareholders may exercise their voting rights in the general meeting according to their share of the Company's share capital. Each no-par-value share with voting rights carries one vote. Voting rights can be exercised by proxy based on a written proxy form, or through financial organisations or shareholder associations.

Own shares carry no voting rights.

¹⁶ GRI 102-18.

The general meeting in 2021

The general meeting of shareholders was convened once in 2021.

In accordance with the Company's 2021 financial calendar, the 37th general meeting of shareholders was held on 25 May 2021. Among other things, the general meeting was presented with the annual report for 2020, including the auditor's opinion and the written report of the supervisory board to the annual report, and the annual report on internal auditing for 2020 with the opinion of the supervisory board thereto. The general meeting took note of the information that the remuneration policy for members of supervisory and management bodies of the Sava Insurance Group presented to the 36th general meeting held on 16 June 2020 had not been amended. The general meeting also took note of the information on the remuneration of members of management and supervisory bodies received for performing their functions in the 2020 financial year. The general meeting took note of the 2020 annual report on internal auditing, including the opinion of the supervisory board thereon, and of the management board's report on own shares. The general meeting resolved that part of the distributable profit in the amount of EUR 13,173,041.60 be appropriated for dividends, whereas the remaining part of the distributable profit of EUR 10,633,662.37 be left unappropriated. The supervisory and management boards were granted discharge for the financial year 2020. The general meeting further noted that the terms of office of three supervisory board members representing shareholder interests were due to expire on 16 July 2021. The general meeting elected Keith William Morris, Dr Matej Gomboši and Klemen Babnik as new members of the

supervisory board to represent shareholder interests. The elected supervisory board members took up their new four-year terms of office on 17 July 2021.

5.3.2 Supervisory board

The supervisory board oversees the Company's conduct of business and appoints the members of the management board.

Pursuant to the Company's articles of association and the applicable legislation, the supervisory board is composed of six members, of which four (shareholder representatives) are elected by the Company's general meeting, and two (employee representatives) are elected by the workers' council, which informs the general meeting of its decisions. Supervisory board members are appointed for a term of up to four years and may be re-elected. The supervisory board members elect a chairperson from among the board's members.

The supervisory board is composed in such a manner as to ensure responsible oversight and decision-making in the best interest of the Company. Its composition takes account of diversity in terms of technical knowledge, experience and skills, and the way candidates complement each other so as to form a homogenous team and ensure a sound and prudent overseeing of the Company's affairs. In 2021, the Company sought to align the composition of the supervisory board with the Company's policy on the diversity of the management and supervisory boards. The Company's policy on diversity of the management and supervisory boards is posted on the Company's website.

The gender balance on the supervisory board in 2021 was 33.3% women and 66.7% men (until 16 July 2021) or 20% women and 80% men (from 17 July 2021). Implementation of the policy on the diversity of the management and supervisory boards in 2021 is detailed below.

Terms of reference and operation of the supervisory board

The supervisory board must comply with applicable regulations, particularly the laws on companies, insurance business, the Company's articles of association and the rules of procedure of the supervisory board. In accordance with the law, the supervisory board must be convened at least on a quarterly basis, generally after the end of each quarter. If necessary, it may meet more frequently. The terms of reference of the supervisory board are governed by the Rules of Procedure of the Supervisory Board of Sava Re d.d., which are posted on the Company's website.

Remunerations, compensation and other benefits

Supervisory board members are entitled to remuneration for performing their function, attendance fees and reimbursement of expenses. The amount of these payments is determined by a resolution of the general meeting. The remuneration must not be directly linked to the Company's performance as demonstrated by the Company's financial statements. In its 36th session held on 16 June 2020, the general meeting took note of the remuneration policy for members of supervisory and management bodies of the Sava Insurance Group.

The remuneration of supervisory board members for 2021 is discussed in detail in section 17.10 "Related party disclosures" in the notes to the financial statements.

Commitment to identify the existence of any conflict of interest

Before taking office and afterwards periodically (annually) and upon each change, each supervisory board member signs and submits to the supervisory board a statement of their independence, thereby taking a position with respect to individual conflicts of interest, in accordance with the criteria set out in the Code. The statements of independence of the members of the Company's supervisory board are posted on the Company's website.

POSR holdings of supervisory board members

Supervisory board members report any acquisition or disposal of Company shares to the Company and relevant organisations, and Sava Re posts this information.

Details on POSR shares held by supervisory board members as at 31 December 2021 are provided in section 3 "Shareholders and share trading".

The supervisory board in 2021

In 2021, the supervisory board comprised the following members:

- until 16 July 2021: Mateja Lovšin Herič, chair, Keith William Morris, deputy chair, Davor Ivan Gjivoje Jr, Andrej Kren, Andrej Gorazd Kunstek and Mateja Živec;
- from 17 July 2021: Davor Ivan Gjivoje Jr, chair, Keith William Morris, deputy chair, Klemen Babnik, Dr Matej Gomboši, Andrej Gorazd Kunstek and Mateja Živec.

Mateja Živec concluded her term of office on 31 December 2021 after resigning as a supervisory board member. In her place, the Sava Re workers' council appointed Edita Rituper for a term of office spanning from 1 January 2022 to 12 June 2023.

5.3.3 Supervisory board committees

Pursuant to legislation, the Code and best practice, the supervisory board appoints one or more committees, tasking them with specific areas, the preparation of draft resolutions of the supervisory board, the implementation of resolutions of the supervisory board, thereby offering it professional support.

The Company has established the following supervisory board committees:

- the audit committee,
- the risk committee,
- the nominations and remuneration committee,
- the fit and proper committee.

Audit committee

The chief tasks of the audit committee are to:

- oversee the integrity of financial information;
- monitor the efficiency and effectiveness of internal controls, the operation of the internal audit department and risk management systems;
- monitor the statutory audit of independent and consolidated financial statements;
- perform other tasks assigned by a valid resolution of the supervisory board, in line with statutory requirements and best practices of comparable companies or insurance groups.

In 2021, the audit committee comprised the following members:

- until 16 July 2021: Andrej Kren (chair), Mateja Lovšin Herič and Ignac Dolenšek (external member);
- from 17 July 2021: Dr Matej Gomboši (chair), Andrej Gorazd Kunstek, Katarina Sitar Šuštar (external member) and Dragan Martinović (external member).

Risk committee

The chief tasks of the risk committee are to:

- assess the impact of various types of risk on economic and regulatory capital;
- assess the Group's overall risk governance framework, including the risk management policy, the risk strategy, and monitoring of operational risk;
- assess the appropriateness and adequacy of risk management documents to be approved by the supervisory board;
- perform other tasks assigned by a resolution of the supervisory board, in line with statutory requirements and best practices of comparable companies or insurance groups.

In 2021, the risk committee comprised the following members:

- until 16 July 2021: Keith William Morris (chair), Davor Ivan Gjivoje Jr and Dr Slaven Mičković (external member);
- from 17 July 2021: Keith William Morris (chair), Davor Ivan Gjivoje Jr., Dr Slaven Mičković (external member) and Dr Janez Komelj (external member).

Nominations and remuneration committee

The chief tasks of the nominations and remuneration committee are to:

- draft proposals for the supervisory board regarding the criteria for membership of the management board, and consider and draft proposals concerning nominations to be decided by the supervisory board;
- preliminarily consider the proposal of the chair of the management board regarding the composition of the management board and the Company's governance, and drawing up proposals for the supervisory board;
- carry out the nomination procedure for candidates for membership of the supervisory board who are shareholder representatives;
- provide support in drawing up and implementing a system for remuneration, reimbursements and other benefits for management board members.

In 2021, the nominations and remuneration committee comprised the following members:

- until 16 July 2021: Mateja Lovšin Herič (chair), Keith William Morris, Davor Ivan Gjivoje Jr and Andrej Kren;
- from 17 July 2021: Klemen Babnik (chair), Davor Ivan Gjivoje Jr, Keith William Morris, Dr Matej Gomboši and Andrej Gorazd Kunstek (the latter from 9 September 2021).

Fit and proper committee

The chief tasks of the fit & proper committee are to:

- carry out procedures for assessing the competence of the supervisory board, supervisory board committees and the management board as collective bodies, and conduct fit and proper assessments of individual members of these bodies;
- upon request from the Company's workers' council, to carry out a fit and proper assessment of any member of the supervisory board elected by the workers' council.

In 2021, the fit and proper committee comprised the following members:

- until 16 July 2021: Mateja Živec (chair), Keith William Morris, Rok Saje (external member) and Andrej Kren (alternate member);
- from 17 July 2021: Keith William Morris (chair), Klemen Babnik, Rok Saje (external member) and Klara Hauko (external member).

Composition of the supervisory board in 2021 (until 16 July 2021)

Full name	Mateja Lovšin Herič	Keith William Morris	Davor Ivan Gjivoje Jr	Andrej Kren	Andrej Gorazd Kunstek	Mateja Živec
Function	chair	deputy chair	member	member	member	member
Employment	Slovenski Državni Holding d.d. (Slovenian Sovereign Holding)	retiree	Networld Inc. / DGG Holdings Ltd.	Delo d.o.o.	Sava Re d.d.	Sava Re d.d.
First appointed	14 July 2009	15 July 2013	7 March 2017	16 July 2017	23 January 2013	1 April 2016
End of term of office	16 July 2021	16 July 2021	7 Mar 2021 / 8 Mar 2025	16 July 2021	12 June 2023	31 December 2021
Representative of shareholders/ employees	of shareholders	of shareholders	of shareholders	of shareholders	of employees	of employees
Attendance at meetings	7/7	7/7	7/7	7/7	7/7	7/7
Gender	F	M	M	M	M	F
Nationality	Slovenian	British	American	Slovenian	Slovenian	Slovenian
Year of birth	1969	1948	1968	1960	1974	1975
Education	university graduated economist	B.Sc. in management sciences, specialised in finance and marketing	B.A. in political science, master of science in economics	university degree in law	university graduated economist, master of science in economics	university graduated economist, master of science in economics
Professional profile	corporate governance, governance, management of equity investments, finance, accounting, audit, insurance business	strategic management, business administration, banking and insurance business, risk management	strategic management, business administration, management of equity investments, risk management, insurance business	strategic management, business administration, management of equity investments, finance, auditing, insurance business	insurance and reinsurance business, actuarial affairs, governance	banking and insurance business, asset management, governance
Independence under the Code	yes	yes	yes	yes	yes	yes
Memberships in committees and functions	<ul style="list-style-type: none">• audit committee, member• nominations and remuneration committee, chair	<ul style="list-style-type: none">• risk committee, chair• nominations and remuneration committee – member (reclusion from candidate selection process for new membership of the supervisory board)• fit and proper committee – member (reclusion from candidate selection process for new membership of the supervisory board)	<ul style="list-style-type: none">• risk committee, member• nominations and remuneration committee, member• fit and proper committee – interim alternate member (the term of office of the alternate member applied exclusively to the activities of the committee relating to the candidate selection process for membership of the supervisory board)	<ul style="list-style-type: none">• audit committee, chair• nominations and remuneration committee – member (reclusion from candidate selection process for new membership of the supervisory board)• fit and proper committee – alternate member (reclusion from candidate selection process for new membership of the supervisory board)	<ul style="list-style-type: none">• nominations and remuneration committee – interim alternate member (the term of office of the alternate member applied exclusively to the activities of the committee relating to the candidate selection process for membership of the supervisory board)• fit and proper committee – interim alternate member (the term of office of the alternate member applied exclusively to the activities of the committee relating to the candidate selection process for membership of the supervisory board)	<ul style="list-style-type: none">• fit and proper committee, chair
Attendance of committee meetings	<ul style="list-style-type: none">• audit committee: 11/11• nominations and remuneration committee: 7/7	<ul style="list-style-type: none">• risk committee: 5/5• nominations and remuneration committee: 3/7*• fit and proper committee: 2/4*	<ul style="list-style-type: none">• risk committee: 5/5• nominations and remuneration committee: 7/7• fit and proper committee: 2/4**	<ul style="list-style-type: none">• audit committee: 11/11• nominations and remuneration committee: 3/7*• fit and proper committee: 2/4*	<ul style="list-style-type: none">• nominations and remuneration committee: 4/7**• fit and proper committee: 2/4**	<ul style="list-style-type: none">• fit and proper committee: 3/4
Notes on memberships of management or supervisory bodies of third parties	/	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, UK – chairman of the board of directors	Networld, Inc./DGG Holdings, Ltd. & Subsidiaries , 89 Headquarters Plaza, North Tower (Suite 1420) Morristown, NJ 07960, USA – managing director	Delo d.o.o. , Dunajska 5, 1000 Ljubljana, Slovenia – chief executive RSG Kapital d.o.o. , Breg 14, 1000 Ljubljana, Slovenia – supervisory board member	/	Pinija d.o.o. , Sončna pot 41, 6320 Portorož, Slovenia – managing director of family business

* Being candidates for membership of the supervisory board and to avoid conflicts of interest as members of the nominations and remuneration committee and the fit and proper committee, both Keith W. Morris and Andrej Kren excluded themselves from all activities of the two committees relating to the candidate selection procedure for new appointments to the Sava Re supervisory board.

** For the purposes of carrying out the nomination procedure relating to the new appointments to the supervisory board, the supervisory board appointed Andrej Gorazd Kunstek, a supervisory board member, as an interim alternate member of the nominations and remuneration committee. For the same reason, the supervisory board appointed Davor I. Gjivoje Jr and Andrej Gorazd Kunstek, both members of the supervisory board, as interim alternate members of the fit and proper committee. The terms of office of Davor I. Gjivoje Jr and Andrej Gorazd Kunstek as interim alternate members of the mentioned committees were effective exclusively for the activities relating to the performance of the candidate selection procedure for new membership of the supervisory board.



Composition of the supervisory board in 2021 (from 17 July 2021)

Full name	Davor Ivan Gjivoje Jr	Keith William Morris	Klemen Babnik	Dr Matej Gomboši	Andrej Gorazd Kunstek	Mateja Živec
Function	chairman	deputy chair	member	member	member	member
Employment	Networld, Inc./DGG Holdings, Ltd. & Subsidiaries, 89 Headquarters Plaza, North Tower (Suite 1420) Morristown, NJ 07960, USA	retiree	Ministry of Infrastructure of the Republic of Slovenia, Langusova ulica 4, 1535, Ljubljana, Slovenia	Financial Administration of the Republic of Slovenia, Šmartinska cesta 55, 1000 Ljubljana, Slovenia	Sava Re, d.d., Dunajska cesta 56, 1000 Ljubljana, Slovenia	Sava Re, d.d., Dunajska cesta 56, 1000 Ljubljana, Slovenia
First appointed	7 March 2017	15 July 2013	17 July 2021	17 July 2021	23 January 2013	1 April 2016
End of term of office	8 March 2025	17 July 2025	17 July 2025	17 July 2025	12 June 2023	31 December 2021
Representative of shareholders/ employees	of shareholders	of shareholders	of shareholders	of shareholders	of employees	of employees
Attendance at meetings	7/7	7/7	7/7	7/7	7/7	7/7
Gender	M	M	M	M	M	F
Nationality	American	British	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1968	1948	1983	1975	1974	1975
Education	B.A. in political science, master of science in economics	B.Sc. in management sciences, specialised in finance and marketing	university degree in law	doctoral degree in computing and informatics	university graduated economist, master of science in economics	university graduated economist, master of science in economics
Professional profile	strategic management, business administration, management of equity investments, risk management, insurance business	strategic management, business administration, banking and insurance business, risk management	business administration, leadership, corporate governance, general legal affairs, compliance monitoring	business administration, governance, information technology, digitalisation, audit	insurance and reinsurance business, actuarial affairs, governance	banking and insurance business, asset management, governance
Independence under the Code	YES	YES	YES	YES	YES	YES
Memberships in committees and functions	<ul style="list-style-type: none">risk committee, membernominations and remuneration committee, member	<ul style="list-style-type: none">risk committee, chairnominations and remuneration committee, memberfit and proper committee, chair	<ul style="list-style-type: none">nominations and remuneration committee, chairfit and proper committee, member	<ul style="list-style-type: none">audit committee, chairnominations and remuneration committee, member	<ul style="list-style-type: none">audit committee, membernominations and remuneration committee, member	/
Attendance of committee meetings	<ul style="list-style-type: none">risk committee: 2/3nominations and remuneration committee: 1/1	<ul style="list-style-type: none">risk committee: 3/3nominations and remuneration committee: 1/1fit and proper committee: 3/3	<ul style="list-style-type: none">nominations and remuneration committee: 1/1fit and proper committee: 3/3	<ul style="list-style-type: none">audit committee: 4/4nominations and remuneration committee: 1/1	<ul style="list-style-type: none">audit committee: 4/4nominations and remuneration committee: 1/1	/
Notes on memberships of management or supervisory bodies of third parties	Networld, Inc./DGG Holdings, Ltd. & Subsidiaries , 89 Headquarters Plaza, North Tower (Suite 1420) Morristown, NJ 07960, USA – managing director Adria Lines Dover , Delaware, USA – chief executive officer	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, UK – chairman of the board of directors	DRI upravljanje investicij d.o.o. , Kotnikova Ulica 40, 1000 Ljubljana, Slovenia – deputy chair of the supervisory board and member of the audit committee	Imark, Matej Gomboši, inštitut za svetovanje in informatiko, s.p. , Panonska ulica 101, Beltinci, 9231 Beltinci, Slovenia – founder	/	Pinija d.o.o. , Sončna pot 41, 6320 Portorož, Slovenia – managing director of family business



External member of supervisory board committees in 2021 (until 16 July 2021)

Full name	Ignac Dolensek	Dr Slaven Mičković	Rok Saje
Supervisory board committee	audit committee	risk committee	fit and proper committee
First appointed	22 July 2013	24 August 2017	1 January 2018
End of term of office	16 July 2021	16 July 2021	16 July 2021
Attendance at meetings	9/9	8/8	4/4
Gender	M	M	M
Nationality	Slovenian	Slovenian	Slovenian
Year of birth	1958	1958	1977
Education	university graduated economist, master of science in economics	master of mathematical sciences, doctor of science in economics	university degree in law
Professional profile	audit, accounting, finance, taxation, banking and insurance, insolvency law, certified auditor	banking, modelling, risk management	insurance operations, general legal affairs, insurance law, compliance
Employment	retiree	Nova KBM d.d., Ulica Vita Kraigherja 4, 2000 Maribor, Slovenia	Sava Re, d.d., Dunajska cesta 56, 1000 Ljubljana, Slovenia
Notes on memberships of management or supervisory bodies of third parties	/	/	/

External member of supervisory board committees in 2021 (from 17 July 2021)

Full name	Katarina Sitar Šuštar	Dragan Martinović	Dr Slaven Mičković	Dr Janez Komelj	Rok Saje	Klara Hauko
Supervisory board committee	audit committee	audit committee	risk committee	risk committee	fit and proper committee	fit and proper committee
First appointed	17 July 2021	17 July 2021	24 August 2017	17 July 2021	1 January 2018	17 July 2021
End of term of office	17 July 2025	17 July 2025	16 July 2021	17 July 2025	17 July 2025	17 July 2025
Attendance at meetings	4/4	4/4	3/3	3/3	3/3	3/3
Gender	F	M	M	M	M	F
Nationality	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1971	1959	1958	1954	1977	1972
Education	university graduated economist, MBA	university graduated economist	master of mathematical sciences, doctor of science in economics	master of economics, master of computer science, doctor of science in economics	university degree in law	university graduated economist, MBA, master of occupational psychology and organisation
Professional profile	audit, accounting, finance, taxation, banking and insurance, corporate governance, certified auditor	audit, accounting, finance, taxation, commercial trade, certified auditor	banking, modelling, risk management	insurance operations, actuarial affairs, risk management	insurance operations, general legal affairs, insurance law, compliance	human resources management and development, work organisation
Employment	University of Ljubljana, Faculty of Economics, Kardeljeva Ploščad 17, 1000 Ljubljana, Slovenia	UHY Revizija in Svetovanje d.o.o., Vurnikova 2, 1000 Ljubljana, Slovenia	Nova KBM d.d., Ulica Vita Kraigherja 4, 2000 Maribor, Slovenia	retiree	Sava Re, d.d., Dunajska cesta 56, 1000 Ljubljana, Slovenia	Sava Re, d.d., Dunajska cesta 56, 1000 Ljubljana, Slovenia
Notes on memberships of management or supervisory bodies of third parties	Vzajemna Zdravstvena Zavarovalnica d.d. , Vošnjakova Ulica 2, 1000 Ljubljana, Slovenia – audit committee member Pošta Slovenije, d.o.o. , Slomškov trg 10, 2500 Maribor – member of the audit committee Flat, Katarina Sitar Šuštar, s.p. , Zaprice 6b, 1241 Kamnik, Slovenia – founder	Modra Zavarovalnica d.d. , Dunajska Cesta 119, 1000 Ljubljana, Slovenia – audit committee member	/	/	/	/

The operation of the supervisory board and its committees in 2021 is detailed in section 4 “Report of the supervisory board”.



5.3.4 Management board

The management board runs the Company and represents it in public and legal matters. It is composed of at least two but no more than five members, of whom one is the chair. The chair and members of the management board are appointed by the supervisory board for a period of five years. Such appointments are renewable without limitations. The chairperson and all members of the management board are in regular employment on a full-time basis. The exact number of management board members and the areas for which they are responsible is laid down by the supervisory board in the “Act on the management board of Sava Re d.d.”

The management board is composed in a manner to ensure responsible oversight and decision-making in the best interest of the Company. The management board’s composition takes account of diversification of technical knowledge, experience and skills, and the way candidates complement each other so as to form a homogenous team and ensure sound and prudent conduct of the Company’s business. In 2021 the Company sought to align the composition of the management board with the Company’s policy on diversity of the management and supervisory boards.

The Company’s policy on diversity of the management and supervisory boards is posted on the Company’s website.

In 2021, the gender balance on the management board was 25% women and 75% men. The implementation of the policy on diversity of the management board in 2021 is detailed below.

Terms of reference and operation of the management board

The management board operates in accordance with the applicable legislation, particularly the Slovenian Companies Act and the Insurance Act, as well as with the articles of association and the act on the management board and its rules of procedure. Terms of reference and operation of the management board are defined in more detail in the Rules of Procedure of the Management Board of Sava Re d.d.

Delimitation of competencies between the management and supervisory bodies is described in greater detail in the Corporate Governance Policy of Sava Re d.d., which is posted on the Company’s website.

Remuneration, compensation and other benefits

Remuneration of the management board members consists of a fixed and a variable component. The variable component of the salary of a management board member is composed of (1) business-performance-based pay, (2) individual-performance-based pay linked to the annual goals of each management board member and (3) board-performance-based pay linked to common goals of the management board. The variable component must not be determined so as to allow the rewarding of behaviour that encourages the exposure of the Company to uncontrolled risk. Remuneration, reimbursements and other benefits of management board members are set out in the employment contract made between the Company and each management board member. The methodology used to establish both the variable pay as well as the amount of the bonus of each management board member is adopted by the supervisory board. In its

36th session held on 16 June 2020, the general meeting took note of the remuneration policy for members of supervisory and management bodies of the Sava Insurance Group.

The remuneration of management board members for 2021 is discussed in detail in section 17.10 “Related party disclosures” in the notes to the financial statements.

Share ownership

Management board members report any acquisition or disposal of Company shares to the Company and competent institutions, and Sava Re posts this information.

Details on POSR shares held by management board members as at 31 December 2021 are provided in section 3 “Shareholders and share trading”.

The management board in 2021

In 2021, the management board comprised the following members: Marko Jazbec (chair), Jošt Dolničar, Polona Pirš Zupančič and Peter Skvarča.

The average age of the members of the management board is 48. All management board members are citizens of the Republic of Slovenia.¹⁷

¹⁷ GRI 202-02.

Composition of the management board in 2021

Full name	Marko Jazbec	Jošt Dolničar	Polona Pirš Zupančič	Peter Skvarča
Function	chairman	member	member	member
Work area at management board level	<ul style="list-style-type: none">• coordination of work of the management board• finance• general, HR, organisational and legal affairs• public relations• compliance• internal audit• management of mutual funds• health business• projects• modelling	<ul style="list-style-type: none">• management of strategic investments in direct insurance subsidiaries carrying on non-life, life and pension business• information technology• innovation	<ul style="list-style-type: none">• corporate finance• controlling• accounting• investor relations• risk management• actuarial affairs	<ul style="list-style-type: none">• development of reinsurance and reinsurance underwriting, Group & non-Group• reinsurance protection• retrocession, Group & non-Group• development of reinsurance processes and technology• reinsurance technical accounting
First appointed	12 May 2017	31 December 2008	14 January 2018	19 June 2020
End of term of office	12 May 2022 / new term of office 13 May 2027	1 June 2023	14 January 2023	19 June 2025
Gender	M	M	F	M
Nationality	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1970	1972	1975	1975
Education	university graduated economist	university degree in law	university graduated economist, master of science in economics	university graduate in political sciences (international relations), master's degree in European integration
Professional profile	banking, insurance business, finance, strategic management, corporate governance, business administration	insurance and reinsurance business, subsidiary governance, IT and process technology, business administration	insurance and reinsurance business, corporate governance, controlling, accounting, risk management, actuarial affairs, business administration	insurance and reinsurance business, business administration
Notes on memberships of management or supervisory bodies of third parties	Slovenian Insurance Association, GIZ , Železna cesta 14, 1000 Ljubljana, Slovenia – member of the association's council	Slovenian Rowing Federation , Župančičeva cesta 9, 4260 Bled, Slovenia – president of the executive board Olympic Committee of Slovenia , member of the executive board	/	/
Notes on memberships of management or supervisory bodies of related parties	Illyria, sh.a. , Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo – chair of the board of directors Illyria Life, sh.a. , Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo – chair of the board of directors Sava Osiguranje a.d. , Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro – chair of the board of directors Zavarovalnica Sava d.d. , Cankarjeva 3, 2000 Maribor, Slovenia – chair of the supervisory board (from 27 October 2021) Vita, Življenska Zavarovalnica, d.d. , Trg republike 3, 1001 Ljubljana, Slovenia – chair of the supervisory board (since 27 October 2021)	Zavarovalnica Sava d.d. , Cankarjeva 3, 2000 Maribor – chair of the supervisory board (until 26 October 2021); Sava Pokojninska Družba d.d. , Ulica Vita Kraigherja 5, 2103 Maribor, Slovenia – chair of the supervisory board Vita, Življenska Zavarovalnica, d.d. , Trg republike 3, 1001 Ljubljana, Slovenia – chair of the supervisory board (until 26 October 2021) Sava Neživotno Osiguranje, a.d. , Bulevar vojvode Mišića 51, 11000 Belgrade, Serbia – chair of the board of directors DCB d.o.o. , Pod Skalo 4, 4260 Bled, Slovenia – deputy chair of the supervisory board Got2Insure Ltd. , Bailey House, 4–10 Barttelot Road, Horsham, West Sussex, RH12 1DQ, UK – non-executive director	Sava Životno Osiguranje a.d.o. , Bulevar vojvode Mišića 51, 11000 Belgrade, Serbia – chair of the supervisory board Sava Infond, Družba za Upravljanje, d.o.o. , Ulica Vita Kraigherja 5, 2000 Maribor, Slovenia – chair of the supervisory board Zavarovalnica Sava d.d. , Cankarjeva 3, 2000 Maribor, Slovenia – deputy chair of the supervisory board ZTSR, Dejavnost Holdingov, d.o.o. , Miklošičeva 19, 1000 Ljubljana, Slovenia – chair of the supervisory board (since 13 July 2021)	Sava Osiguruvanje a.d. , Ulica Zagrebška br. 28 A, 1000 Skopje, North Macedonia – non-executive member of the board of directors Sava Penzisko Društvo a.d. , Ulica Majka Tereza 1, 1000 Skopje, North Macedonia – supervisory board member Zavarovalnica Sava d.d. , Cankarjeva 3, 2000 Maribor, Slovenia – supervisory board member (from 20 May 2021)

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.

Due to his appointment to the management board of the subsidiary Zavarovalnica Sava on 30 December 2021, Jošt Dolničar has tendered his resignation as a member of the management board of Sava Re, effective as of the date of obtaining the licence to act as a member of the management board of Zavarovalnica Sava, but not earlier than 5 May 2022.



5.4 Internal control and risk management systems relating to financial reporting¹⁸

Internal controls comprise a system of guidelines and processes designed and implemented by Sava Re at all levels to manage risks associated, among other things, with financial reporting. These controls work to guarantee the efficiency and effectiveness of operations, the reliability of financial reporting and compliance with applicable regulations and internal acts.

Apart from the Slovenian Companies Act (ZGD), Sava Re is governed by the Slovenian Insurance Act (ZZavar), which provides that insurance companies must put in place and maintain an appropriate internal control and risk management system. Relevant implementing regulations based on the Insurance Act are issued by the Insurance Supervision Agency and strictly complied with by the Company.

Financial controls are tightly connected to information technology controls, which are aimed among other things at restricting and controlling access to the network, information and applications, and controlling the completeness and accuracy of data entry and processing.

Internal controls applying to financial reporting on the consolidated basis are set out in the internal accounting rules and in the Sava Insurance Group Financial Control Rules. Internal controls include department meetings, process reviews, work instructions, regular checks of account balances, the four-eyes principle, controls embedded in systems, mentoring and training, and an internal tax manual. The calculation of technical provisions is based on the four-eyes principle, and it is carried out in

compliance with the “Rules on the valuation of technical provisions”. In addition, for consolidation purposes, there are additional internal controls in place for the review of the consolidation processes for manual data entry and internal controls on items where adjustments are made to the Group, as well as controls on all the procedures carried out for the Group (additional postings, depreciation/amortisation). Members of the Group submit the financial information required for the preparation of the consolidated financial statements in reporting packages, prepared in accordance with International Financial Reporting Standards (IFRS) and the parent’s guidelines, within the time limits set out in the Company’s financial calendar. In addition, Group members submit their separate financial statements, which constitutes an additional control measure. By unifying information systems and applications that support consolidation, planning and reporting, the exchange of financial data among Group companies is becoming ever more efficient. Whether necessary information system controls have been put in place and function adequately is verified, on an annual basis, by relevant experts as part of the regular annual auditing of financial statements.

In addition to the control systems mentioned above, Sava Re has put in place internal control systems for other vital work processes. Effective risk management requires that the Company ensures a functioning and established system of internal controls. The Company’s systematic internal controls ensure the achievement of its objectives in terms of the efficiency and effectiveness of its

operations, the reliability, timeliness and transparency of internal and external reporting, and compliance with applicable laws, regulations and internal acts. All major business processes at Sava Re have been specified, including details on control points together with persons responsible for individual controls. Basic controls are carried out by reviewing documents received or by an automatic or manual control procedure of processed data.

Sava Re complies with all rules and regulations on handling confidential data and inside information, on allocation of investments and prohibition of trading based on inside information. In addition, it regularly controls employee dealings in financial instruments for own account.

Other entities authorised by Sava Re for the provision of individual services must do so in compliance with the law, implementing acts, contracts for services, internal rules and job instructions that are applicable at Sava Re.

The risk management department monitors improvements in the internal control environment and keeps track of internal controls in the internal control register, which is linked to the risk register. In accordance with the Insurance Act, Sava Re has set up an internal audit department that is responsible for assessing the adequacy and effectiveness of internal controls employed, and their reliability in the Company’s pursuit of its goals while managing its risks. The internal audit department reports on its findings to the management board, the audit committee and the Company’s supervisory board.

¹⁸ GRI 103-01, 103-02.

5.5 External audit

The financial statements of the parent company are audited by KPMG Slovenia, Podjetje za Revidiranje, d.o.o., Železna cesta 8A, Ljubljana, who have also audited the 2021 financial statements of Sava Re and the Sava Insurance Group. In 2021, most of the Group's subsidiary

companies were audited by the local auditing staff of the same auditing firm. The 2021 financial statements of three Group members were audited by another audit firm.

A contract for the auditing of the financial statements was signed with KPMG in 2019, covering the period 2019–2021.

Sava Re complies with the provision on auditor rotation under the Insurance Act.

5.6 Disclosures under article 70(6) of the Companies Act¹⁹

Sava Re is subject to the Slovenian Takeover Act (hereinafter: ZPre-1).

The composition of Sava Re share capital, the list of qualifying shareholders under the Slovenian Takeover Act as at 31 December 2021, rights and obligations attached to the shares, restrictions on share transfer, and the absence or existence of shares carrying special control rights are presented in section 3 "Shareholders and share trading".

Employee share schemes

Sava Re has no employee share scheme.

Restrictions of voting rights

Sava Re has adopted no restrictions on voting rights.

Shareholders' agreements restricting transferability of shares and voting rights

Sava Re is not aware of any such agreements between shareholders.

Rules on appointment or removal of members of management or supervisory bodies and on amendments to the articles of association

Company rules on appointment or removal of management board members

Under the Sava Re articles of association, the chair and members of the management board are appointed by the supervisory board for a period of five years. Such

appointments are renewable without limitation. To be appointed as a member of the management board, natural persons must have full legal capacity and meet the requirements set down by law and internal rules. The process and criteria for the selection of candidates for members of the management board as well as the process of periodic fit and proper assessments of individual members as well as the assessment of the competence of the management board as a collective body is clearly set out in the Company's fit and proper policy of relevant personnel.

The management board, as a whole or its individual members, may be recalled by the supervisory board for reasons prescribed by law.

¹⁹ GRI 201-04.

Company rules on appointment and removal of supervisory board members

Under the Sava Re articles of association, the supervisory board is composed of six members, of which four (shareholder representatives) are elected by the Company's general meeting, and two (employee representatives) are elected by the workers' council, which subsequently informs the general meeting of its decision. Shareholder representatives of the supervisory board are elected by the general meeting by a majority of votes present. The term of office of supervisory board members is four years and is renewable. To be appointed as a member of the supervisory board, natural persons must have full legal capacity and meet the requirements set down by law and internal rules. The process and criteria for selecting candidates for membership of the supervisory board and for drafting proposals for general meeting resolutions on the appointment of supervisory board members, including the process of periodic fit and proper assessments of individual members, as well as the assessment of the competence of the supervisory board as a collective body, is clearly set out in the Company's fit and proper policy of relevant personnel.

Supervisory board members who are shareholder representatives may be recalled by the general meeting for reasons as prescribed by law based on a general meeting resolution adopted by a majority of at least three quarters of the share capital represented.

Company rules on amendments to its articles of association

The Sava Re articles of association do not contain special provisions governing their amendment. Under the applicable legislation, they may be amended by resolution of the general meeting by a majority of at least three quarters of the share capital represented.

Powers of the management board (increase in share capital, acquisition of own shares)

The management board has no authorisation to increase the share capital.

The Company's management board has no authorisation to purchase own shares.

With the additional own share repurchases in April 2016, the management board fully exhausted the general meeting authorisation granted in 2014 to purchase own shares up to 10% minus one share of the share capital.

Important agreements that become effective, change or terminate after a public takeover bid results in a control change

Sava Re limits its exposure by reinsuring its own account (retrocession). Retrocession contracts usually contain provisions governing contract termination in cases involving significant changes in ownership or control of the counterparty.

Agreements between an entity and members of its management or supervisory bodies on compensation in case of (i) resignation, (ii) dismissal without cause or (iii) termination of employment relationship due to any bid specified in the law governing takeovers

Management board members are not entitled to severance pay in case of resignation.

A management board member is entitled to severance pay if recalled for other economic or business reasons (major change in shareholder structure, reorganisation, launch of new product, major change in company objects and such like) and the employment relationship with a company of the Sava Insurance Group is terminated.

A management board member is also entitled to severance pay if their function is terminated by mutual consent in conjunction with a termination of their employment relationship with a company of the Sava Insurance Group.

A management board member is also entitled to severance pay upon retirement.

5.7 Governance of Sava Insurance Group members²⁰

The parent company's management and supervisory bodies are the Sava Insurance Group bodies responsible for the proper governance and supervision of the entire Group and for setting up a governance framework appropriate to the structure, business and risks of the Sava Insurance Group as a whole and of its individual members.

The parent fully exercises its governance function by setting business strategy from the top down, taking into account both the Group as a whole as well as its individual members. For optimal capital allocation and resilience against unforeseen events, capital allocation and capital adequacy are managed on the Group level following the top-down principle. As part of its risk strategy, the Group sets the risk appetite both at the Group level as well as at the level of its members.

The Group has set up a systematic approach to risk management, including risk management at the level of individual companies, appropriate monitoring of the risks of individual companies by the parent company as well as risk management at the Group level. The latter takes into account any interaction between the risks of

individual Group companies, in particular risk concentration and other material risks associated with the operation of the Group.

Management or supervisory bodies of Sava Insurance Group subsidiaries individually pursue the same values and corporate governance policies as the parent company, unless otherwise required by law, the local regulator or based on the proportionality principle. Therefore, the management or supervisory bodies of each Sava Insurance Group subsidiary, as part of their responsibility for the governance of their company with regard to the implementation of Group policies, verify the need for any adjustments to local legislation as well as any other necessary adjustments and in accordance with the procedures set out in the Group policies, determine their adjustments to Group policies, making sure that the subsidiary complies with applicable laws and regulations as well as rules of sound and prudent operation.

Governance of the Sava Insurance Group is described in greater detail in the Corporate Governance Policy of Sava Re d.d. posted on the Company's website.

Ljubljana, 21 April 2022
Sava Re Management Board



Marko Jazbec, Chairman



Jošt Dolničar, Member



Polona Pirš Zupančič, Member



Peter Skvarča, Member

Ljubljana, 25 April 2022
Sava Re Supervisory Board



Davor Ivan Gjivoje Jr, Chairman

²⁰ GRI 103-2.

6 Mission, vision, strategic focus and goals

- 6.1 Our purpose
- 6.2 Strategic focus of the Sava Insurance Group
- 6.3 Targets of the Sava Insurance Group for 2022
- 6.4 Goals achieved in 2021

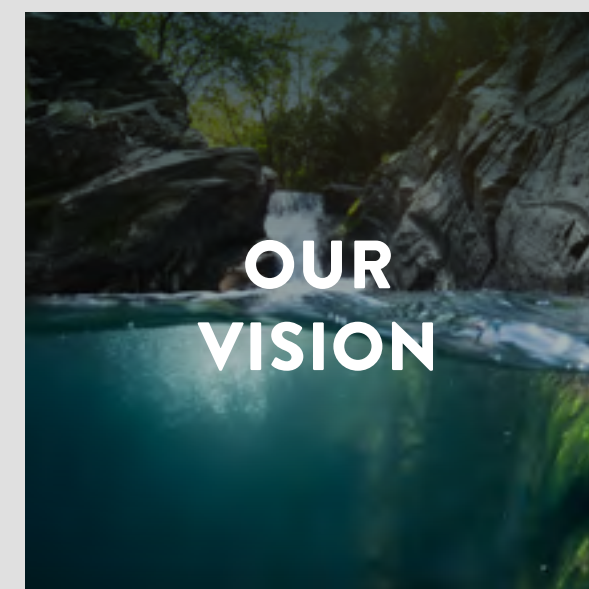


6.1 Our purpose²¹

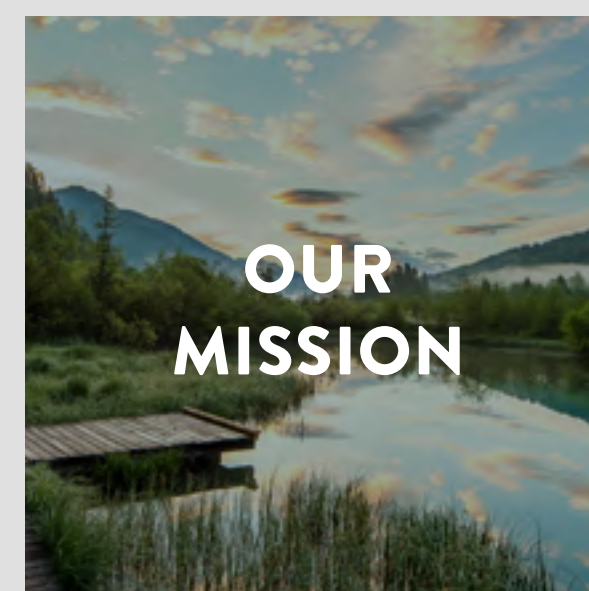
We are working to become a recognised provider of comprehensive insurance and reinsurance services in our target markets, to establish a climate of trust and loyalty among stakeholders, to become recognised as a company that communicates fairly and transparently, to meet the expectations of our shareholders and achieve an adequate return on equity, to raise awareness about the organisation's values and to integrate these into core business policies and the way people conduct themselves.

Through a positive climate, good business culture, continuous training and investments in employees, we contribute to the continuous development of insurance and ancillary products and to more optimal business processes. We are developing a Group-specific corporate culture that will be reflected in the quality of services and in the loyalty of our employees to their company and the Group.

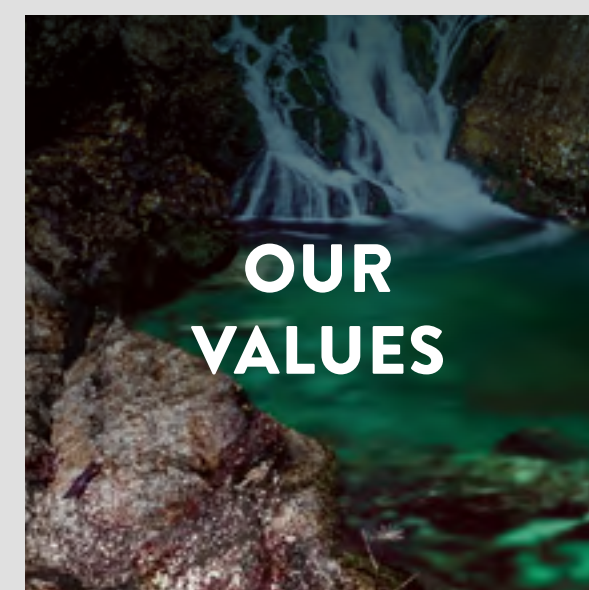
By definition, insurance is the provision of economic security through the spreading of financial risk, which is why the industry is tightly intertwined with the larger overall economy. Within this system, Sava Re has a responsibility to support activities that contribute to improving the social environment. Sustainable development is an area to which the Company is increasingly committed. Special attention is given to the exchange of knowledge, permanent training of employees and external stakeholders and the utilization of synergies among Sava Insurance Group companies. The social responsibility demonstrated by the Company reflects the values on which we intend to focus more in the future.



We are building a customer-centric, modern, digital, socially responsible and sustainability-oriented insurance group.



Through commitment and constant progress, we ensure security and quality of life.



We build relationships with care, integrity and respect.

We exceed client expectations with our ongoing efforts to improve and strengthen relationships.

We are active in relation to our natural and social environment.

²¹ GRI 102-16.

6.2 Strategic focus of the Sava Insurance Group

The strategy of the Sava Insurance Group sets out strategic goals in two ways, based on its three key focus areas in the strategic period 2020–2022 and based on the Group’s key pillars of business operations.

Key Group pillars

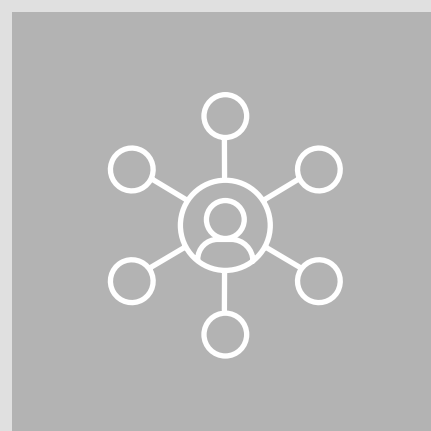
INTEGRAL RISK MANAGEMENT



SUPPORTING ACTIVITIES

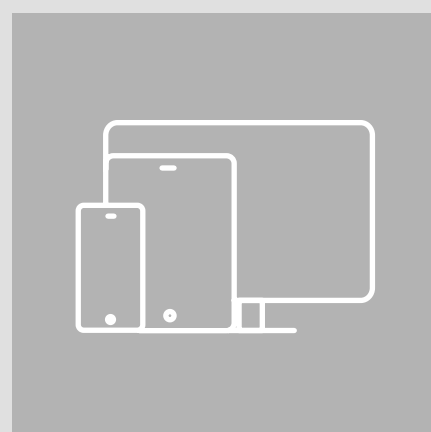
* FoS business. Freedom of Services business. Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.

Key focus areas set out in the strategy



Digital transformation & placing the customer at the centre

We are working to make it easier for policyholders to take out and manage insurance and to file claims, which also includes adapting our services to the needs and wishes of our clients. The new generation of digital customers is accustomed to fast and easy online shopping with as few clicks as possible. The Sava Insurance Group is adapting to this reality; we have therefore placed our core strategic focus on digital transformation and customer centricity.



IT overhaul

By upgrading our core systems, which includes replacing, upgrading and introducing new IT solutions, we will develop a modern and flexible IT system that will give us a competitive edge in the future..



Growth through acquisitions

In addition to effective organic growth during the strategic period, the Sava Insurance Group will continue its acquisition activities in the industries and markets where it is already present, and it will also look for growth opportunities in the insurance industry in other EU countries.

Long-term strategic targets

- The long-term objective is to achieve a return on equity of at least 12% at both the Group level and as a 3-year average. The internal calculation of the weighted average cost of capital (WACC) of the Sava Insurance Group, which includes the subordinated debt, totals 7.6%, with a cost of equity of 8.5%.
- During the period 2020–2022, the solvency ratio at the Sava Insurance Group level will be between 180% and 220% (target capital range).
- Non-life business in Slovenia will operate on a combined ratio that will not exceed 94%, and abroad it will not exceed 97%. The five-year average combined ratio of reinsurance business (total Group and non-Group business) will not exceed 93%.
- With regard to life insurance in Slovenia, profitability (the ratio of the value of new policies to the present value of the expected premiums of such new policies) of the portfolio of new life policies will be at least 9%, and in Croatia and on other markets at least 5% and 7.5%, respectively.
- The return on the Group's investment portfolio will average at least 1.5% over three years.

6.3 Targets of the Sava Insurance Group for 2022

Major targets for 2022

EUR million	2020	2021	2022 plan	Change P2022/21
Operating revenue	680.8	732.7	> 700	95.5
Profit or loss, net of tax	56.4	76.2	> 60	78.8
Return on equity (ROE)	13.3%	15.8%	≥ 11.5%	-4.3 p.p.
Net expense ratio*	29.5%	29.0%	31–32%	+3.0 p.p.
Investment return*/**	1.6%	1.8%	1.4%	-0.4 p.p.
Net combined ratio (reins. + non-life)*	93.9%	88.3%	< 94%	+5.7 p.p.

* Excluding the effect of exchange differences.
** Subordinated debt expenses are excluded. Impairment losses on goodwill for 2020 are also excluded.

Target increase/decrease in consolidated operating revenue by segment²²

	2022 plan
Reinsurance	-16%
Non-life, Slovenia	-2%
Life, Slovenia	2%
Non-life, international	6%
Life, international	17%
Pensions and AM	13%
Other	4%

6.4 Goals achieved in 2021²³

6.4.1 Targets achieved in 2021

The Sava Insurance Group achieved all its financial targets in 2021:

EUR million	2021	2021 plan	As % of plan
Sava Insurance Group			
Operating revenue	732.7	> 685	107.0%
Profit or loss, net of tax	76.2	> 53	143.7%
Return on equity (ROE)	15.8%	≥ 11.5%	✓
Net expense ratio	29.0%	32–33%	✓
Investment return*/**	1.8%	1.5%	✓
(Re)insurance part			
Gross premiums written	725.6	> 685	105.9%
Net incurred loss ratio (reins. + non-life)*	55.6%	59–60%	✓
Net combined ratio (reins. + non-life)*	88.3%	< 94%	✓

ALL
targets
achieved

²² Vita was included as from 31 May 2020.
²³ GRI 103-01, 103-02, 103-03, 201-01.

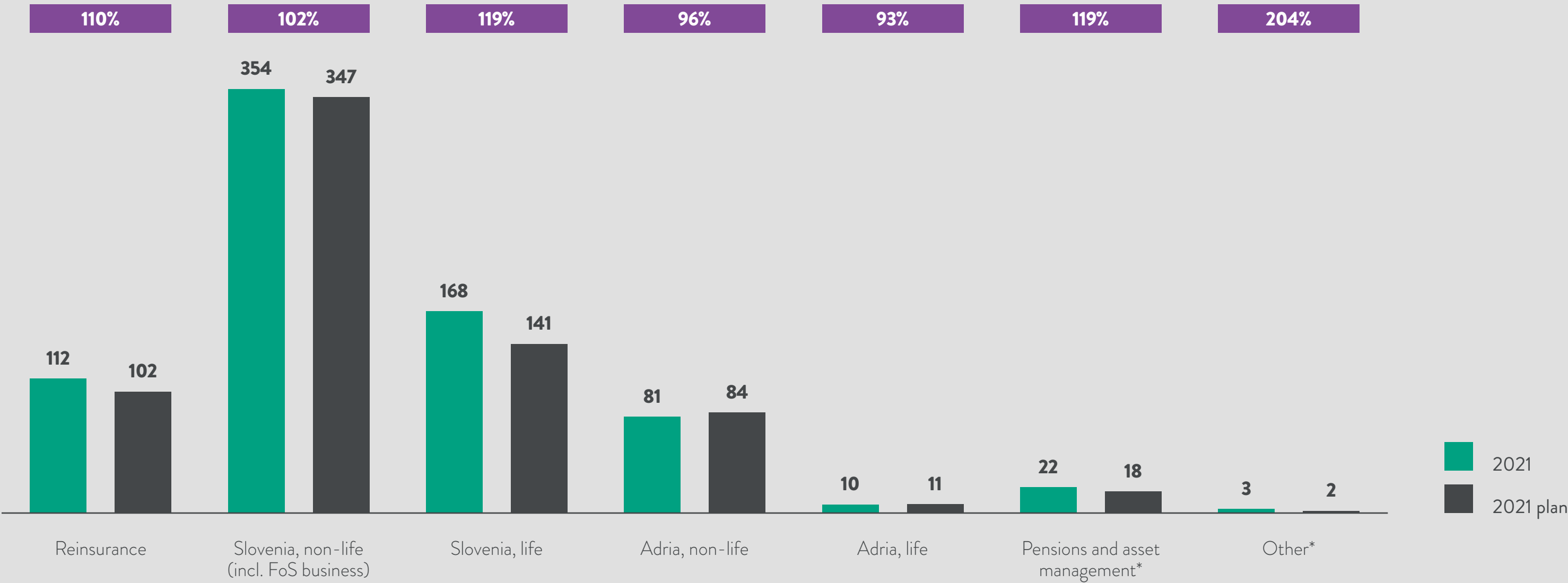
Because exchange differences were not factored into the plan, the table shows ratios excluding the effect of exchange differences.
* Excluding the effect of exchange differences.
** Subordinated debt expenses are excluded.

Operating revenue surpassed expectations across business segments. We were very successful in increasing operating revenue in life insurance, and even more successful in the pensions and asset management segment. We also achieved our targets in the non-life segment.

Net profit substantially exceeded the plan, mainly on account of more favourable claims experience in non-life insurance in Slovenia. Profit was also well above projections in the pensions and asset management, and reinsurance segments. As a result, the Group also exceeded the projected return on equity.

The net expense ratio achieved in 2021 was better than planned, which is attributable mainly to the life segment, and the pensions and asset management segment. The net incurred loss ratio was also better than planned with improvements in the reinsurance and non-life segments. The Group also succeeded in achieving better returns on the investment portfolio than expected in 2021.

Achievement of planned operating revenue (€m)



* Operating revenue.

6.4.2 Achievement of strategic targets

In 2021, the Sava Insurance Group exceeded all key targets set for the entire 2020–2022 strategy period.

	2021	2020–2022 plan	As % of plan
Average growth in operating revenue	7.6%	> 5% annually	✓
Return on equity (ROE)	15.8%	> 12%	✓
Solvency ratio under Solvency II rules	198%	180–220%	✓
Return on the investment portfolio*/**	1.8%	> 1.5%	✓
Net combined ratio (reins. + non-life)*	88.3%	< 95%	✓

* Excluding the effect of exchange differences.

** Subordinated debt expenses are excluded.

Strategic objectives achieved in the Group's strategic focus areas

Digital transformation and placing the customer at the centre

In 2021, due to Covid-19 the Sava Insurance Group continued to upgrade and use remote digital solutions, and optimise user experience, especially on its websites.

Key development activities continued with the introduction of a multichannel solution in several Sava Insurance Group companies, with an emphasis on the management of multi-level processes and additional, integrated communication channels.

We introduced and upgraded the SavaNet portal to integrate the data of Zavarovalnica Sava and Sava Pokojninska; the portal is scheduled to be updated again in 2022 with data for Sava Infond.

The first paperless business communication processes were implemented in the Group and additional business communication processes will be integrated going forward. With the introduction of advanced technologies, we continue to develop and deploy artificial intelligence in various work processes.

By developing the use of additional sources of external databases, we are looking to increase security and accelerate process implementation for our clients.

IT overhaul

As part of our IT overhaul projects for core insurance systems, we:

- completed the replacement of the asset management solution for all target Group companies;
- completed the introduction of a new insurance solution for FoS business;
- continued with the implementation of the core insurance business solution for the Croatian subsidiary of Zavarovalnica Sava;
- launched the operational part of the project for implementing a reinsurance IT solution at Sava Re.

We completed the consolidation of the existing Zavarovalnica Sava data warehouses and started to develop and integrate additional content and solutions at other Group companies.

In terms of infrastructure, we ensured ongoing support to various development projects and upgraded supervisory-management processes while improving the efficiency of infrastructural support.

We also increased IT security by introducing 24/7 operational oversight (Security Operations Centre) in all target Group companies.

Acquisitions-based growth

In 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 road-side assistance segment, where the Sava Insurance Group has acquired an additional stake in TBS Team 24.

Achievement of strategic objectives by key business pillar

Insurance and pensions

As part of the client in the centre programme, companies successfully started implementing projects for multi-channel communication, support to the contact centre processes, and portal and mobile solutions.

In 2021, online non-life insurance sales grew even faster, cooperation with banks was strengthened and new partnerships were formed with mobile operators, digital equipment retailers and other specialised partners. In non-EU companies we established the “request a quotation” functionality, which also allows customers to send an inquiry for products that are not available online. In 2021, we launched two new non-life products, namely micromobility insurance and assistance insurance for lightweight vehicles. Liability, assistance and accidents covers are linked to the driver and no longer to the vehicle. New products with integrated assistance are also being developed for small and medium-sized enterprises.

Investment guarantees in life insurance products in non-EU companies continued to decline, whereas Slovenian companies have stopped offering such life insurance arrangements altogether. Life products were supplemented

with additional health coverage and assistance services (e-consultation with a doctor, home assistance), and a special emphasis was placed on the development of independent health insurance products (specialist services). To accommodate the needs demonstrated by our banking partners, we adapted the existing bancassurance products and successfully established a partnership between our life insurer and NLB bank in Kosovo.

Despite the impact of the coronavirus and the challenges faced by assistance services, the TBS Team 24 Group assistance service provider managed to adapt to the new situation. Due to changed travel patterns in 2021, when most people travelled with private vehicles, the Company strengthened its technical assistance service both within and outside the Sava Insurance Group.

Reinsurance

In 2021, activities were aimed at ensuring quality growth, taking into account the situation in individual markets and striving to further diversify the portfolio, by both geography and market. 2021 was largely shaped by the Covid-19 pandemic and significant adverse claims experience over the summer months (floods, hailstorms, wildfires and similar). In the wake of these developments, we saw the first signs that the market was hardening in the

mid-year renewals, with higher prices and stricter conditions for reinsurance contracts (strict exclusion of communicable diseases, cyber risks and similar). Tighter conditions resulting from numerous loss events in the global markets in past years, when results were relatively poor, became blatantly obvious in the 1 January 2022 renewals. The focus on profitability and low volatility of the portfolio will continue in the forthcoming mid-year renewals.

Management of investments

The Group increased its share of real estate, infrastructure and sustainable investments in the portfolio in 2021. The share of sustainable investments (ESG investments) in the portfolio was 11.9% at the end of the year. The investment portfolio is composed of predominantly highly rated government and corporate bonds. The key goal of the Group's investment policy is to maintain low volatility and a high level of security of assets supporting obligations arising from insurance contracts, as well as to ensure high liquidity and risk diversification.

Asset management

Sava Infond substantially grew its asset management business in 2021 and performed very well. The strong growth in assets under management was partly the result of positive trends in capital markets.

7 Business environment



Sava Re, the parent of the Sava Insurance Group, transacts reinsurance business in over 100 countries worldwide²⁴. The following section contains a description of the international non-life insurance market, as well as the most significant indicators of macro-economic environments and insurance markets where the Sava Insurance Group is present.

Global non-life reinsurance markets²⁵

For the global reinsurance sector, 2021 was another tough year. The industry continued to suffer from higher frequency and -severity natural catastrophe losses fuelled by rapid urbanisation and climate change. In addition, 2021 is likely to be the fifth in a row in which the top 21 global reinsurers rated by S&P Global Ratings (S&P) exhaust their annual natural catastrophe budgets. The Covid-19 pandemic has further worsened industry losses, especially among these top reinsurers. As a result, S&P maintains a negative outlook on the global reinsurance sector. This outlook reflects their expectations of credit trends over the next 12 months, including the distribution of rating outlooks, existing sector-wide risks and emerging risks. As of 25 October 2021, S&P assigned outlooks on the top 21 global reinsurers as follows: 29% negative, 62% stable and 9% positive.

Despite the elevated losses, the industry's capital adequacy has been robust and remains redundant at the 'AA' confidence level, aided by capital raises and financial market recovery. However, the industry still faces secular

challenges and market competition. Once a competitive advantage, capital now is viewed as a relatively cheap commodity because of the influx to the sector from non-traditional sources. The situation is further exacerbated by the low-yield environment in debt financing.

Many reinsurers have adopted a hybrid model, writing both reinsurance and specialty insurance to hedge against the challenges of the reinsurance sector. Indeed, an increasing number of the top 21 global reinsurers are expanding their insurance more than their reinsurance business, taking advantage of better pricing on the primary commercial side while aiming to reduce volatility. S&P believes reinsurance pricing momentum will firmly support premium rate increases, given the sector's recent underperformance, although the pace of rate increases may slow, in part due to ample capacity. Reinsurers also continue to push for higher premium rates wherever they can take them in non-life insurance lines, with terms and conditions remaining in sharp focus, especially for the exclusion of pandemic and silent cyber coverage. Howev-

er, reinsurers are only price-takers in this insurance cycle since this time the primary market is leading pricing dynamics. While the recovery of economic and social activity has generated optimism, reinsurers remain cautious about reserve adequacy in view of liability loss trends for business written during the recent soft cycle, as well as given inflationary pressures, potential Covid-19 loss developments, climate change and the risks of investing in uncertain times. S&P expects reinsurance pricing to strengthen in response to 2021's elevated losses.

Despite these elevated losses, the industry has demonstrated financial resilience: a S&P analysis suggests that 13 of the top 21 global reinsurers would maintain a buffer at their current S&P capital adequacy level, even after a 1-in-100-year natural catastrophe loss.

Reinsurers' strategies, given the improving risk-adjusted pricing, have diverged, with some increasing their property catastrophe risk appetite and others maintaining a defensive stance.

²⁴ GRI 102-06.

²⁵ Summarised based on S&P Global Ratings: Reinsurance Highlights 2021.

2.8 p.p.

larger share
of the Slovenian
life insurance market

Slovenia²⁶

Major economic indicators for Slovenia

	2017	2018	2019	2020	2021
Real change in GDP	4.8%	4.4%	3.3%	-4.2%	6.1%
GDP (EUR million)	43,011	45,864	48,397	46,918	50,364
Registered unemployment rate	9.5%	8.2%	7.7%	8.7%	7.7%
Average inflation	1.4%	1.7%	1.6%	-0.1%	1.4%
Population (million)	2.1	2.1	2.1	2.1	2.1
GDP per capita (EUR)	20,481	21,840	23,046	22,342	23,983
Insurance premiums (EUR million)	2,176.8	2,319.7	2,492.8	2,542.2	2,599.4
- Growth/decline in insurance premiums	7.7%	6.6%	7.5%	2.0%	2.3%
Insurance premiums – non-life (EUR million)	1,529.3	1,609.8	1,745.5	1,797.0	1,854.8
- Growth/decline in non-life insurance premiums	5.5%	5.3%	8.4%	2.9%	3.2%
Insurance premiums – life (EUR million)	647.5	709.9	747.3	745.2	744.6
- Growth/decline in life insurance premiums	13.5%	9.6%	5.3%	-0.3%	-0.1%
Insurance premiums per capita (EUR)	1,036.6	1,104.6	1,187.0	1,210.6	1,237.8
Non-life insurance premiums per capita (EUR)	728.2	766.6	831.2	855.7	883.2
Life insurance premiums per capita (EUR)	308.3	338.0	355.9	354.9	354.6
Premiums/GDP	5.1%	5.1%	5.2%	5.4%	5.2%
Non-life premiums/GDP	3.6%	3.5%	3.6%	3.8%	3.7%
Life premiums/GDP	1.5%	1.5%	1.5%	1.6%	1.5%
Average monthly take-home pay (EUR)	1,062	1,092	1,133	1,209	1,264

Premiums for the years 2017–2021 are shown without the premiums of the branches of Adriatic Slovenica and Zavarovalnica Sava in Croatia..



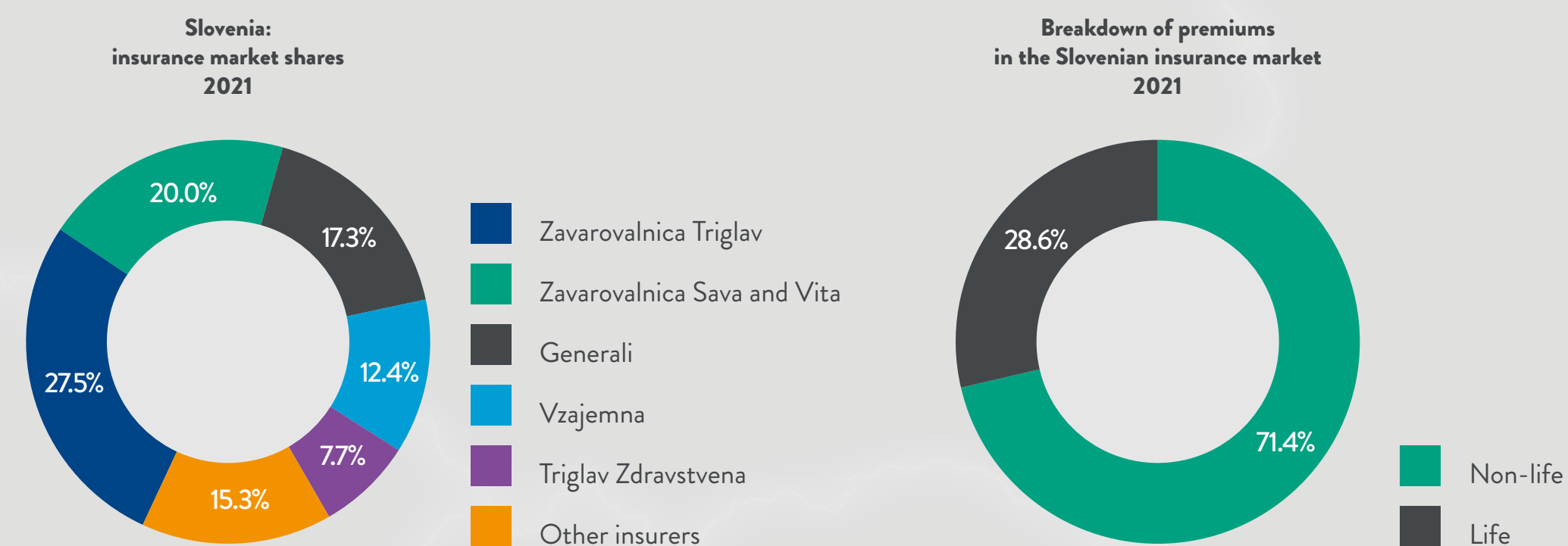
- In Slovenia, most economic indicators suggest that the relatively favourable trends in the export-oriented part of the industry and in domestic consumption continued in the last quarter of last year; the worsening of the epidemic situation has had an impact especially on the confidence indicators of services. Manufacturing production increased significantly in November after stagnating in October. Trade in goods also picked up in October and November, after several months of pronounced monthly volatility. Trade and tourism-related activities also continued a relatively favourable trend in October, with sales slightly higher than in the same periods of 2019 and 2020, according to fiscal invoice validation data. Due to the low base in 2020, activity in most sectors was significantly higher year-on-year at the beginning of the last quarter and was above pre-epidemic levels. However, in particular tourism-related activities and construction still lag well behind these levels. After a downturn in October, sentiment in the export-oriented part of the economy improved by the end of the year but was on average lower than in the previous quarter.
- Labour market conditions remained favourable in the fourth quarter of last year. Employment, at its historic peak since measurement began, rose further in October. The highest year-on-year growth rates were recorded in the hospitality and construction sectors, largely driven by the employment of foreign workers, against a backdrop of low unemployment and a shortage of adequately skilled workers. The number of registered unemployed at the end of last year was notice-

²⁶ Source: UMAR, Economic Mirror, no. 1, 2022; Tax Office of the Republic of Slovenia; Slovenian Insurance Association.

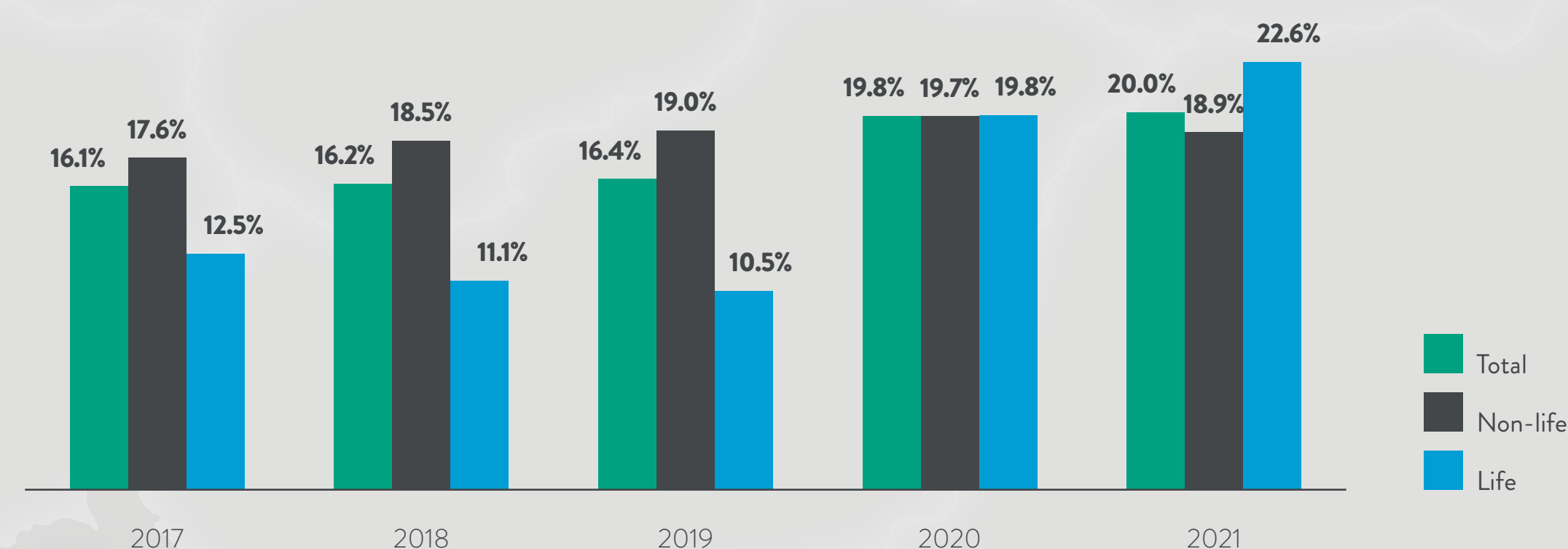
ably lower than in the same periods of 2020 and 2019 and the lowest since November 2008. Given the high labour demand reflected in high vacancy rates, the number of long-term unemployed also fell last year, but is still slightly higher than before the epidemic.

- Inflation rose further in December to 4.9% (average inflation in 2021: 1.4%). The main drivers of inflation were higher prices of energy, durable and semi-durable non-energy manufactured goods and food. The price increases are related to high commodity and energy prices in international markets and restraints in supply chains, which increasingly spill over into domestic consumer prices through import prices and prices of Slovenian manufacturers.
- The general government deficit in the first 11 months of 2021 was lower than in the same period of 2020; preliminary data point to an increase in December 2021. The government budget deficit was EUR 2.2 billion in the first 11 months of last year, EUR 0.3 billion lower year on year, reflecting strong revenue growth and lower growth in expenditure. Revenue growth was driven by a recovery in economic activity, especially domestic consumption, and more favourable labour market conditions. This mainly resulted in stronger revenue from tax and social security contributions, but also from some non-tax revenue associated with extraordinary revenue, and EU funds. In the second half of last year, expenditure declined as a number of measures to mitigate the financial impacts of Covid-19 were being phased out.

The Slovenian insurance market²⁷



Market shares of Zavarovalnica Sava and Vita in the Slovenian insurance market²⁸



Market shares of Zavarovalnica Sava for 2017–2019, and of Zavarovalnica Sava and Vita for 2020 and 2021.

Premiums and market shares in the Slovenian reinsurance market²⁹

EUR	2021		2020	
	Gross premiums written	Market share	Gross premiums written	Market share
Sava Re	190,051,724	48.4%	191,683,253	51.4%
Triglav Re	202,282,034	51.6%	180,967,469	48.6%
Total	392,333,758	100.0%	372,650,722	100.0%

²⁷ Source: Slovenian Insurance Association. Market shares are calculated excluding the premiums of the branches of Adriatic Slovenica and Zavarovalnica Sava in Croatia.

²⁸ Source: Slovenian Insurance Association.

²⁹ Source: internal data of Sava Re and Triglav Re.

Croatia³⁰

Major economic indicators for Croatia

	2017	2018	2019	2020	2021
Real change in GDP	3.4%	2.9%	3.5%	-8.1%	10.7%
GDP (EUR million)	49,889	52,689	55,571	50,190	57,266
Registered unemployment rate	11.6%	9.2%	7.6%	8.9%	7.4%
Average inflation	1.1%	1.5%	0.8%	0.1%	2.6%
Population (million)	4.1	4.1	4.1	4.0	3.9
GDP per capita (EUR)	12,094	12,885	13,664	12,547	14,684
Insurance premiums (EUR million)	1,231.0	1,350.0	1,446.1	1,416.4	1,572.4
- Growth/decline in insurance premiums	5.4%	9.7%	7.1%	-2.1%	11.0%
Insurance premiums – non-life (EUR million)	831.1	920.7	1,026.1	1,059.4	1,185.3
- Growth/decline in non-life insurance premiums	6.9%	10.8%	11.4%	3.2%	11.9%
Insurance premiums – life (EUR million)	400.0	429.3	420.0	357.0	387.0
- Growth/decline in life insurance premiums	2.4%	7.3%	-2.2%	-15.0%	8.4%
Insurance premiums per capita (EUR)	298.4	330.2	355.6	354.1	403.2
Non-life insurance premiums per capita (EUR)	201.5	225.2	252.3	264.8	303.9
Life insurance premiums per capita (EUR)	97.0	105.0	103.3	89.3	99.2
Premiums/GDP	2.5%	2.6%	2.6%	2.8%	2.7%
Non-life premiums/GDP	1.7%	1.7%	1.8%	2.1%	2.1%
Life premiums/GDP	0.8%	0.8%	0.8%	0.7%	0.7%
Average monthly take-home pay (EUR)	802	841	870	897	941
Exchange rate (HRK/EUR)	7.464	7.418	7.418	7.538	7.534

Croatia also saw GDP grow by 15.8% in the third quarter last year. The biggest contributors to the high growth rate were tourism and service exports, which were 71.6% higher year on year. Significant recovery was observed in all categories of consumption, except for government spending, which in 2020 largely consisted in maintaining economic activity. Consumer spending increased by 16.0% in real terms, net investments in fixed capital by 7.6%, and exports of goods by 13.1%. Such development of total demand also led to a simultaneous increase in the value of imports of goods and services, the value of which was 13.9% higher in

real terms than in the third quarter of 2020. Overall, GDP was 10.7% higher in real terms in the first three quarters of last year than in 2020, which was also affected by a 52.0% increase in the value of exports of services, followed by a 10.9% increase in the value of personal consumption. The value of all categories of demand was higher than in 2019, except for export of services, which was still 14.6% lower. According to the estimates of the European Commission, such positive trends should continue this year and next.

In October and November last year, industrial output maintained stable and relatively high growth rates and grew by 6.7% in the first eleven months. Power generation, the manufacture of finished metal products, and production of food products had a significant impact on growth in industrial output, which also represented a significant share of 38% in the production structure. On the other hand, the production of chemicals and chemical products, the extraction of crude oil and natural gas fell, as did the manufacture of apparel. The annual decline in these activities was about 10%. Industrial production was 2.6% higher than in the first eleven months of 2019. This means that growth recorded in aggregate demand also resulted in a slightly higher level of industrial output.

Most of last year was marked by high growth rates in retail. The cumulative growth rate for the first eleven months was 15.3% in nominal terms. Such developments in retail were most affected by the sale of motor fuels and lubricants, which were significantly affected by the increase in crude oil prices. Given the significant decline in retail in 2020, a partial economic lockdown, the restriction of consumption, and significantly worse tourism results, it is important to note

³⁰ Source: Croatian Chamber of Commerce and Industry, EMIS database, Croatian Insurance Supervision Agency.

that retail sales in the first eleven months of 2021 were 5.7% higher in real terms in line with calendar-adjusted indices than in the same period in 2019.

The construction sector also grew; the annual increase in the volume of construction work in October 2021 amounted to 6.1% according to calendar-adjusted indices, which is slightly lower than the annual rates of previous months. In the first ten months, year-on-year growth was 10.3%, which was significantly higher than in 2020 (3.8%). The first ten months of 2021 saw construction activity surge by 14.4% compared to the same period in 2019.

Compared to 2020, tourism also achieved high growth. A total of 69.6 million overnight stays were recorded in the first eleven months, of which foreign tourists contributed 62.5 million (89.8% of all overnight stays). Compared to the same period in the previous year, the number of over-

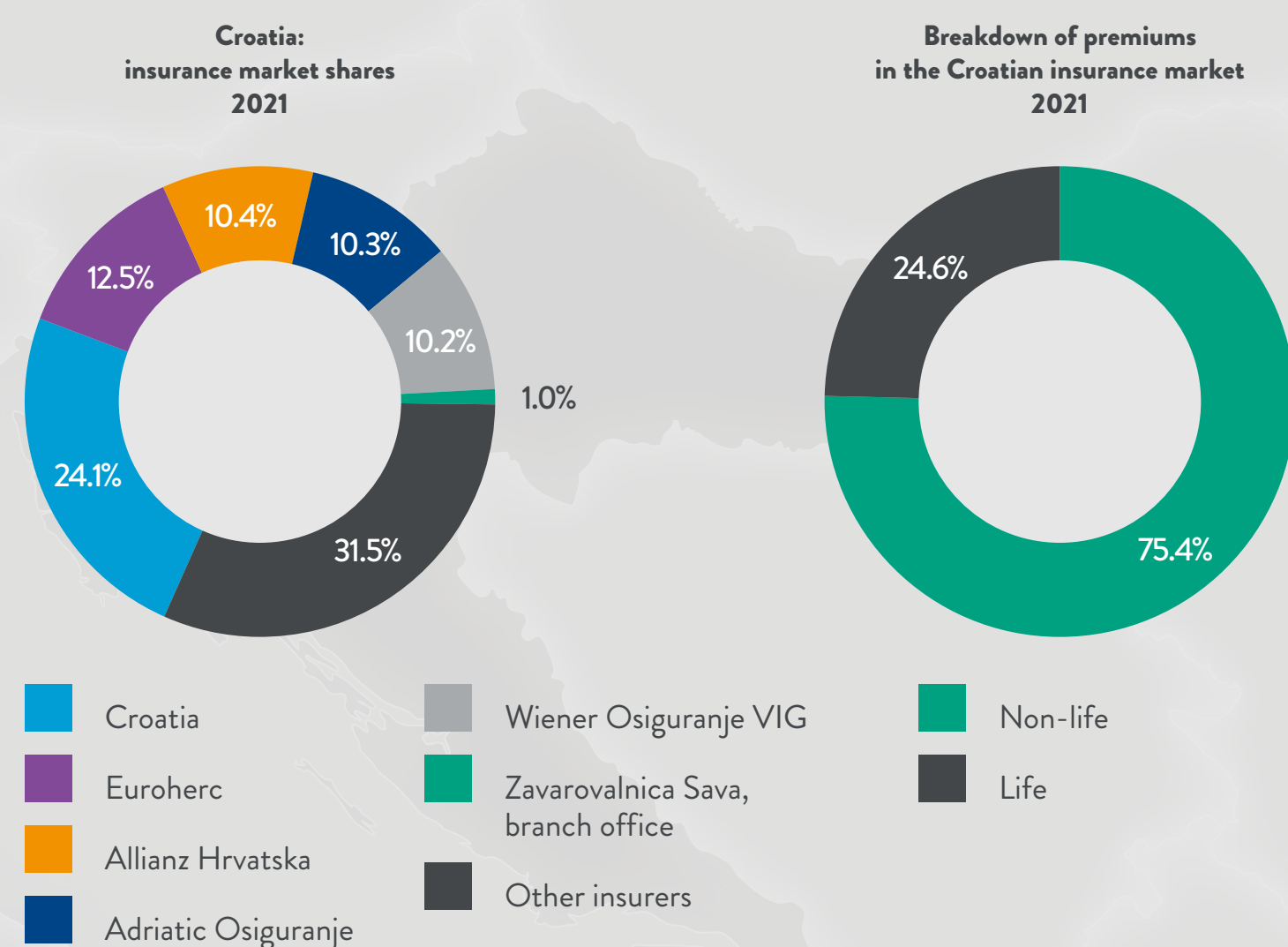
night stays increased by 71.5%, whereas the growth in foreign tourist overnight stays (77.1%) was higher than that of domestic tourists (34.2%). However, the number of overnight stays in the first eleven months did not reach 2019 levels but remained 23% below the figure for that year.

2021 ended with the highest inflation rate (5.5%) since October 2008, and above the euro area average (5.0%). As in previous months, the annual rate of commodity price inflation (6.7%) was significantly higher than service price inflation (1.7%) in December, indicating that the rise in inflation relates to the supply side (difficulties in rebuilding global supply chains and production given as the result of the Covid-19 pandemic), and was most evident in higher prices for energy and food. Prices for 11 of the 12 basic groups of products/services in the consumer basket (excluding health) increased year on year, but only three

(food, alcoholic beverages and tobacco, and transport) exceeded the overall inflation rate of 5.5%, meaning that the high base of inflation growth is still limited to 2.9%, excluding energy and food. Average annual inflation in 2021 stood at 2.6% and was the highest since 2012 (3.4%).

The number of unemployed persons decreased on an annual basis from April onwards and was 30,800 (-19.7%) lower in November than a year ago. The number of unemployed persons was 2.7 thousand (-2.1%) than in November 2019, making November the first month of the year in which fewer unemployed people were registered than in 2019, before the Covid-19 crisis. According to the Seasonal Unemployment Survey (ILO methodology) published by Eurostat, the unemployment rate stood at 7.1% in November 2021, i.e. 0.2 p.p. lower than in the previous month and 1.4 p.p. lower than a year ago.

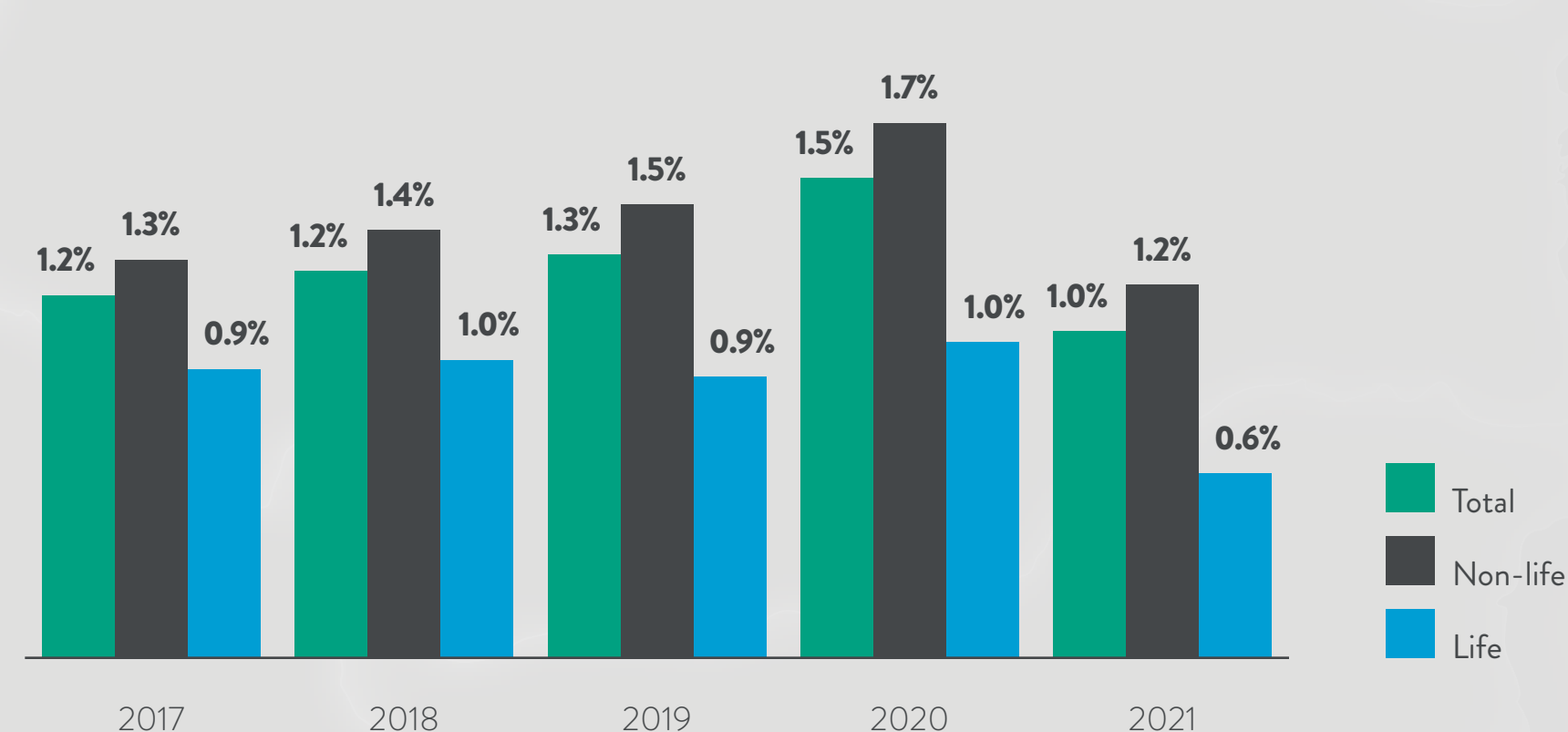
Croatian insurance market³¹



³¹ Source: Croatian Insurance Bureau.

³² Source: Croatian Insurance Bureau.

Market shares of Zavarovalnica Sava in the Croatian insurance market³²



Serbia³³

Major economic indicators for Serbia

	2017	2018	2019	2020	2021
Real change in GDP	1.8%	4.0%	4.2%	-1.1%	6.5%
GDP (RSD million)	4,321,128	4,753,005	5,410,794	5,476,537	5,986,000
GDP (EUR million)	35,600	40,164	45,889	46,526	50,932
Registered unemployment rate	13.5%	16.0%	10.9%	13.4%	10.5%
Average inflation	3.1%	2.6%	1.9%	1.5%	3.0%
Population (million)	7.0	7.0	7.0	6.9	6.9
GDP per capita (EUR)	5,086	5,746	6,593	6,707	7,412
Insurance premiums (EUR million)	767.0	844.3	911.3	933.8	1,024.2
- Growth/decline in insurance premiums	5.7%	10.1%	7.9%	2.5%	9.7%
Insurance premiums – non-life (EUR million)	579.5	643.2	698.7	711.5	786.8
- Growth/decline in non-life insurance premiums	7.9%	11.0%	8.6%	1.8%	10.6%
Insurance premiums – life (EUR million)	187.5	201.0	212.6	222.3	237.4
- Growth/decline in life insurance premiums	-0.4%	7.2%	5.7%	4.6%	6.8%
Insurance premiums per capita (EUR)	109.6	120.8	130.9	134.6	149.0
Non-life insurance premiums per capita (EUR)	82.8	92.0	100.4	102.6	114.5
Life insurance premiums per capita (EUR)	26.8	28.8	30.5	32.0	34.5
Premiums/GDP	2.2%	2.1%	2.0%	2.0%	2.0%
Non-life premiums/GDP	1.6%	1.6%	1.5%	1.5%	1.5%
Life premiums/GDP	0.5%	0.5%	0.5%	0.5%	0.5%
Average monthly take-home pay (RSD)	47,888	47,336	55,418	60,926	64,645
Average monthly take-home pay (EUR)	395	400	470	518	550
Exchange rate (RSD/EUR)	121.4	118.3	117.9	117.7	117.5

The 2021 insurance premiums are estimates because figures for the whole year 2021 have not yet been published.

In the third quarter of 2021, the Republic of Serbia's GDP continued to grow (7.7%), and a similar growth rate (7.1%) is expected by the National Bank of Serbia in the fourth quarter of 2021, mainly driven by the service sector and growth in industry and the construction business. Projected GDP growth for the coming years remains unchanged (ranging from 4% to 5%). According to the Statistical Office of the Republic of Serbia, real GDP growth in Serbia reached 7.5% in 2021.

Net inflows of foreign direct investment in 2021 amounted to EUR 3.9 billion. Foreign direct investments come mainly from the EU, with an increasing share of investment from Asian countries (especially China), and the United States, as well as non-EU European countries (Russia, Turkey, Switzerland).

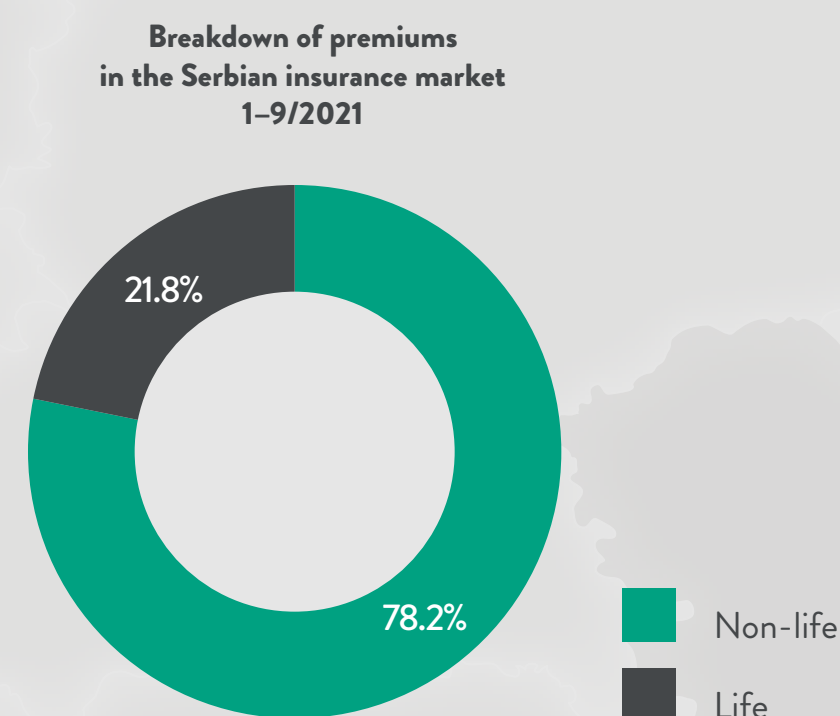
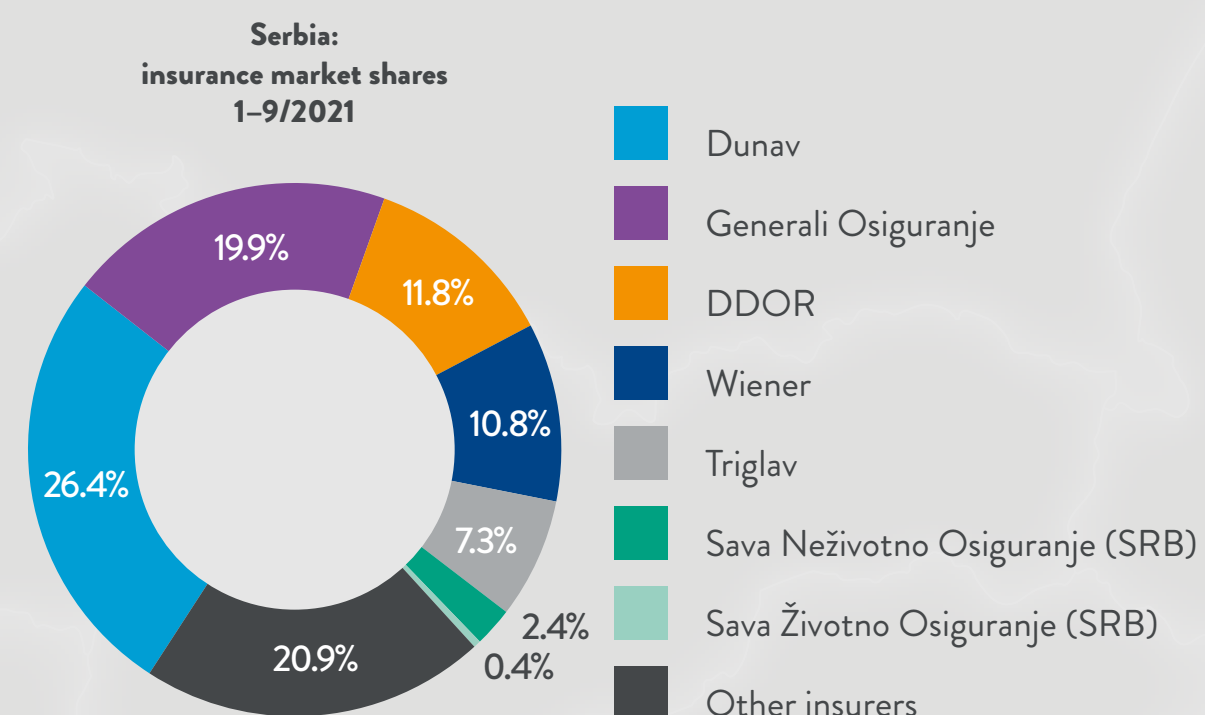
The inflation rate in December 2021 was 7.9%, but expectations at the National Bank of Serbia and the International Monetary Fund show that rising inflation is due to the influence of temporary factors. Average inflation in 2021 was estimated at 3.0%.

The average net salary in January–October amounted to RSD 64,465 and was 8.9% higher year on year, which is attributable to rapid growth in salaries in the private sector.

According to the latest available figures, the debt ratio in November was 56.4% of GDP, and the National Bank of Serbia estimates that it will remain below 60% of GDP (Maastricht criteria) until the end of 2021.

³³ Source: www.imf.org, Serbian National Bank, Statistical Bureau of Serbia.

The Serbian insurance market ³⁴

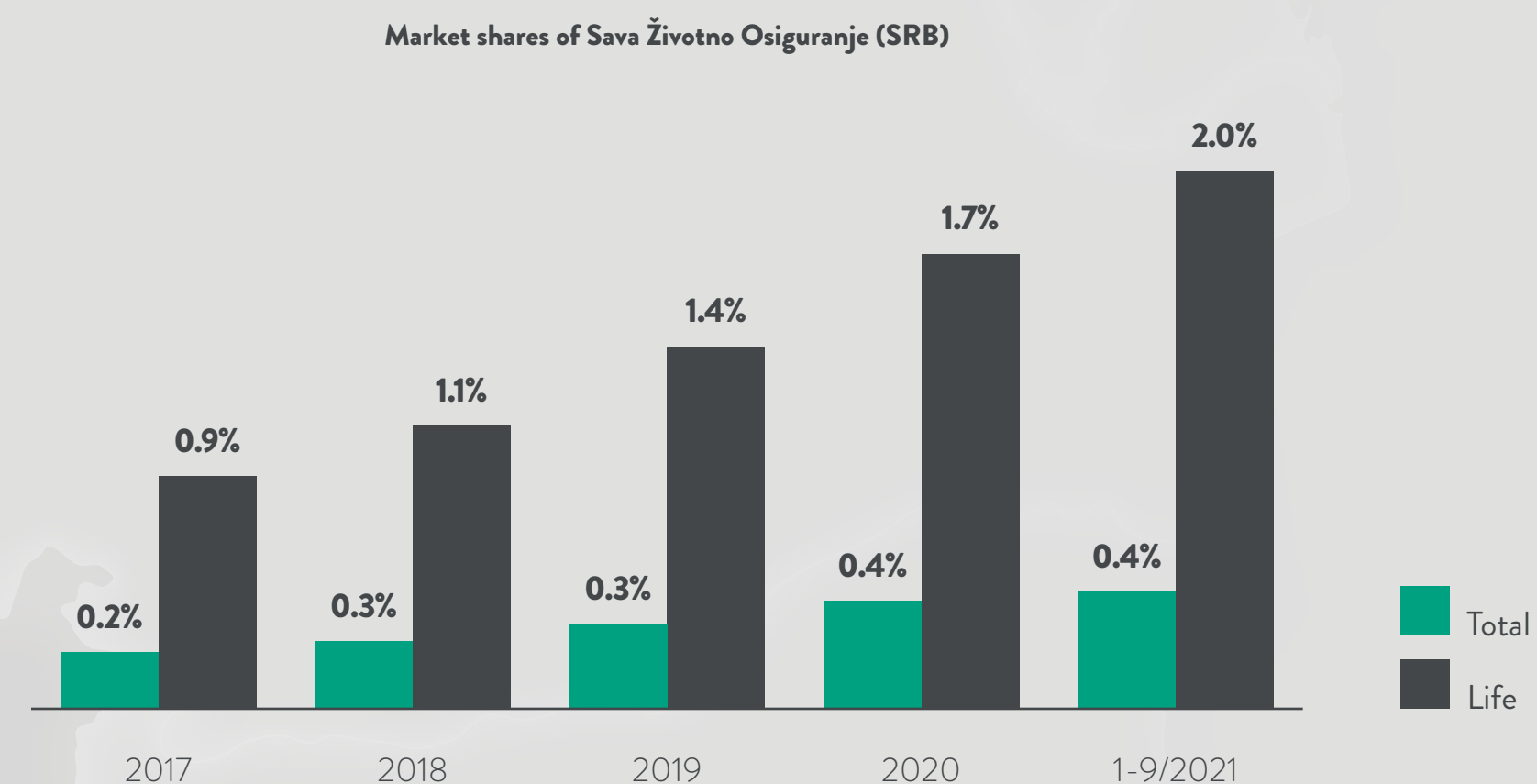
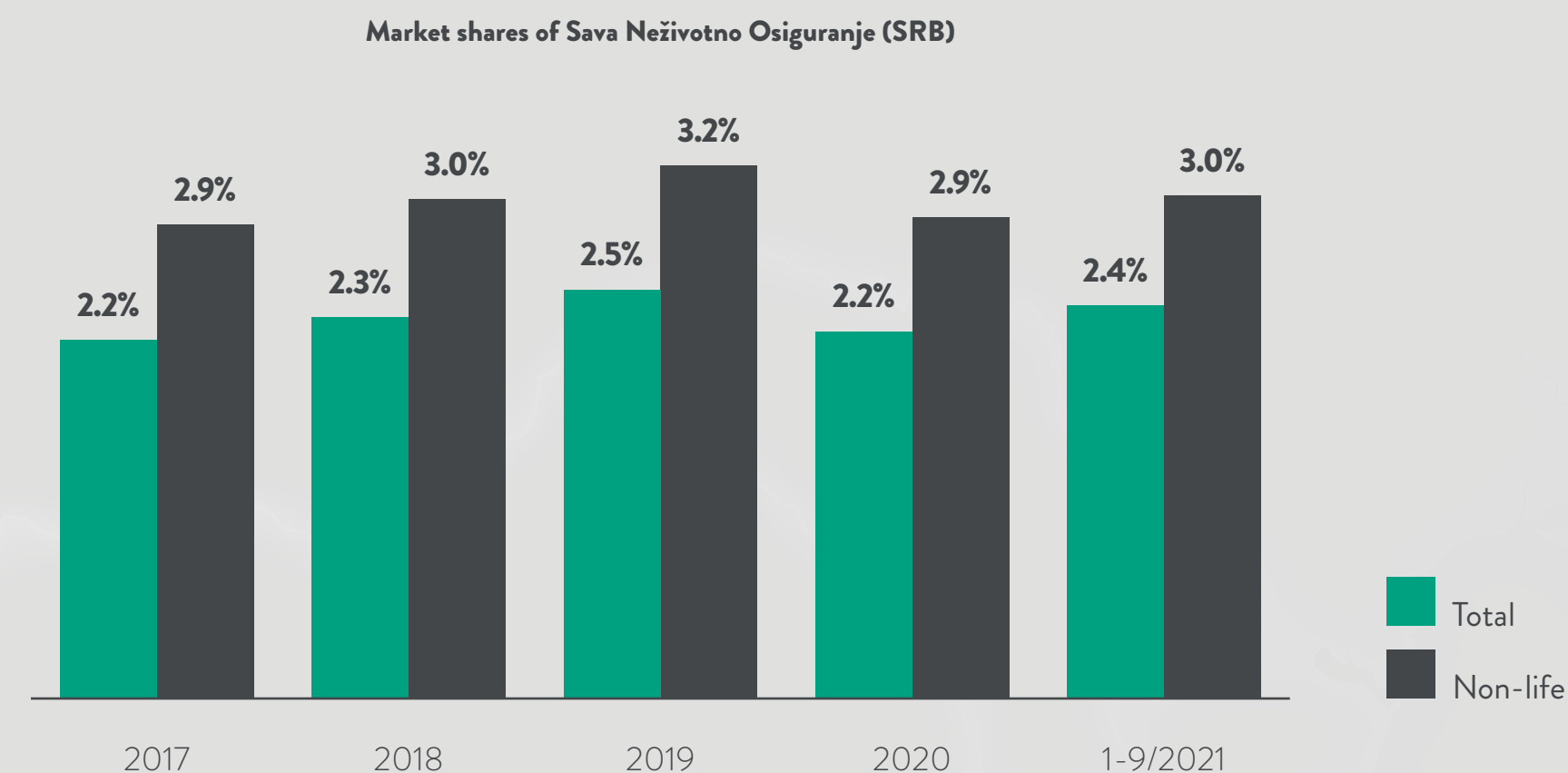


³⁴ Source: Serbian National Bank.

³⁵ Source: Serbian National Bank.

The 2021 data refers to the period 1-9/2021, as figures for the full year 2021 have not yet been published.

Market shares of Sava Neživotno Osiguranje (Serbia) and Sava Životno Osiguranje (Serbia) in the Serbian insurance market ³⁵



North Macedonia³⁶

Major economic indicators for North Macedonia

	2017	2018	2019	2020	2021
Real change in GDP	0.0%	3.1%	3.6%	-5.4%	4.1%
GDP (MKD million)	633,846	663,250	697,545	673,076	706,646
GDP (EUR million)	10,313	10,764	11,330	10,913	11,458
Registered unemployment rate	22.4%	21.6%	17.1%	16.6%	15.7%
Average inflation	1.4%	1.7%	2.0%	1.9%	3.2%
Population (million)	2.1	2.1	2.1	2.1	2.1
GDP per capita (EUR)	4,911	5,126	5,396	5,249	5,511
Insurance premiums (EUR million)	146.3	161.5	172.1	163.2	188.8
- Growth/decline in insurance premiums	3.4%	10.4%	6.6%	-5.2%	15.7%
Insurance premiums – non-life (EUR million)	122.8	134.3	142.3	135.0	156.3
- Growth/decline in non-life insurance premiums	1.8%	9.4%	6.0%	-5.1%	15.8%
Insurance premiums – life (EUR million)	23.5	27.2	29.8	28.2	32.5
- Growth/decline in life insurance premiums	12.2%	15.6%	9.6%	-5.3%	15.1%
Insurance premiums per capita (EUR)	69.7	76.9	82.0	78.5	90.8
Non-life insurance premiums per capita (EUR)	58.5	64.0	67.8	64.9	75.2
Life insurance premiums per capita (EUR)	11.2	13.0	14.2	13.6	15.6
Premiums/GDP	1.4%	1.5%	1.5%	1.5%	1.6%
Non-life premiums/GDP	1.2%	1.2%	1.3%	1.2%	1.4%
Life premiums/GDP	0.2%	0.3%	0.3%	0.3%	0.3%
Average monthly take-home pay (EUR)	388	394	419	447	473
Exchange rate (MKD/EUR)	61.458	61.618	61.566	61.674	61.610

Real GDP in the third quarter of 2021 grew by 3% year on year. These results show that the domestic economy continued to recover regardless of the population's continued exposure to the Coronavirus, without any major negative effects of the fourth wave of Covid-19 during this period. According to the latest estimates for 2021, GDP growth in 2021 is expected to stand at 4.1%.

In November 2021 industrial output increased by 4.7% relative to the same month of the previous year. In November 2021, output grew in 18 of 27 industrial sectors, representing 61.7% of total industry. Industrial production grew by 2.1% in the first eleven months of 2021 due to higher output in all sectors.

In the period January–November 2021, a total of 180,192 new employment relationships were recorded by the national employment agency. Compared to the same period in 2020, the total number of newly employed persons increased by 14.7%. This strong growth was partly the result of, among other things, the lower base effect from 2020, when the employment rate slowed due to negative effects of the pandemic. 41.6% of all newly employed persons have permanent employment contracts, while the others are on fixed-term contracts or are seasonal workers. In November 2021, the total number of unemployed fell by 22.6% relative to November 2020.

The average inflation rate for 2021 was 3.2%, helped by domestic prices linked to commodity price developments on global exchanges as well as some factors specific to the pandemic and the easing of restrictive measures.

³⁶ Source: North Macedonia, Ministry of Finance: Indicators and projections (January 2021); National Insurance Bureau of the Republic of North Macedonia.

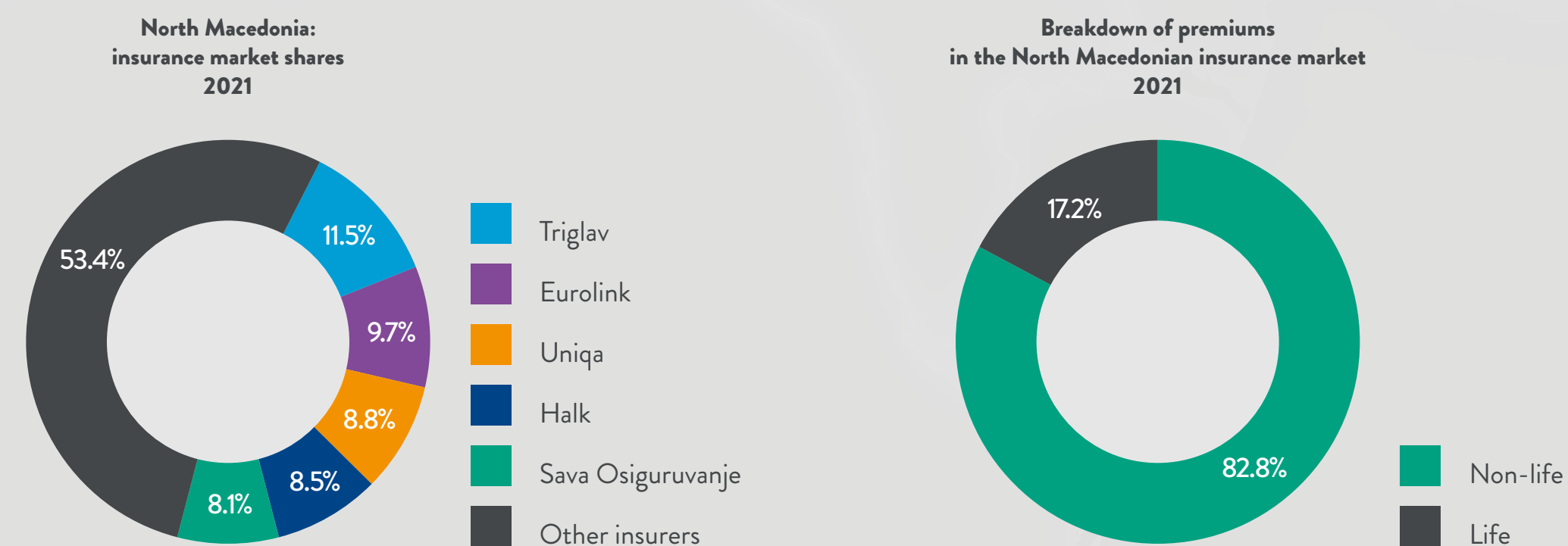
In the period from January to November 2021, the budget of the Republic of Northern Macedonia recorded a deficit of MKD 30,026 million. This budget deficit is primarily financed through government borrowing on foreign markets, and to a lesser extent by borrowing on the domestic market and withdrawing government funds from the deposit account with the National Bank. The realised deficit for January–November 2021 represents 65.9% of the deficit resulting from the 2021 budget revision.

The foreign exchange market fully recovered in 2021. The achievements of the foreign exchange market are an important indicator of the movement of private transfers; consequently, they have a major impact on the size and direction of the current account balance. Given that this category constitutes one of the major channels exerting both foreign and domestic shocks to the domestic economy, the shock caused by the Covid-19 pandemic in 2020 had a significant negative impact on this category. The effect is due to the reduced supply of foreign exchange in the context of strict measures to contain the spread of Covid-19, which was particularly pronounced in the second and third quarters of 2020 and which was observable through reduced cash remittances. Net purchases in the foreign exchange market increased by 57.5% in 2021 due to growth in the supply of foreign exchange, which brought about the return of total net purchases close to 2019 levels, indicating a significant recovery in private transfers. This was a result of recovering global economic activity during the year and the increased exposure of the population to the virus, which in turn supported the almost complete lifting of all restrictions on movement.

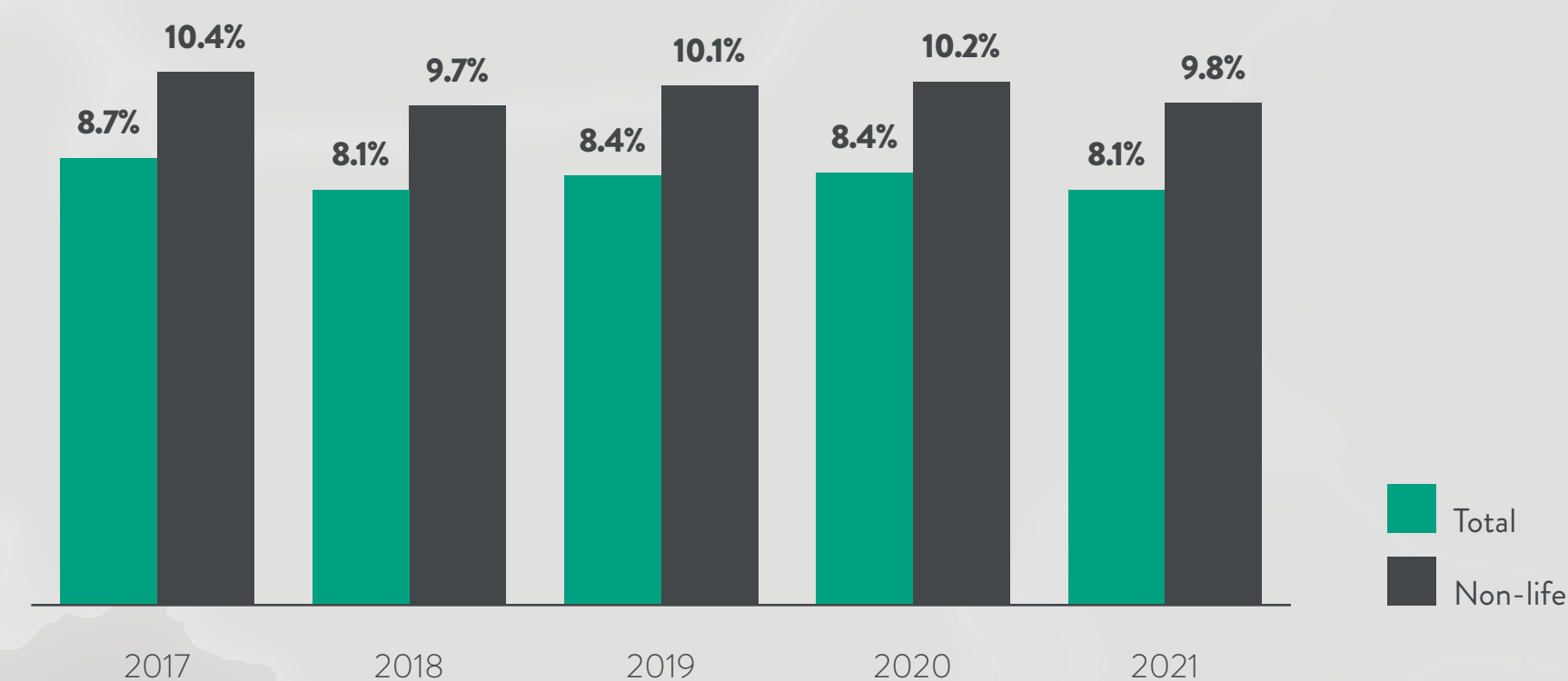
³⁷ Source: National Insurance Bureau of the Republic of North Macedonia.

³⁸ Source: National Insurance Bureau of the Republic of North Macedonia.

The North Macedonian insurance market³⁷



Market shares of Sava Osiguruvanje (North Macedonia) in the North Macedonian insurance market³⁸



Montenegro³⁹

Major economic indicators for Montenegro

	2017	2018	2019	2020	2021
Real change in GDP	4.7%	5.1%	4.1%	-15.3%	13.4%
GDP (EUR million)	4,299	4,663	4,951	4,186	4,881
Registered unemployment rate	16.1%	15.2%	15.1%	19.0%	17.1%
Average inflation	2.4%	2.6%	0.4%	-0.3%	2.1%
Population (million)	0.6	0.6	0.6	0.6	0.6
GDP per capita (EUR)	6,907	7,494	7,960	6,727	8,717
Insurance premiums (EUR million)	81.8	86.8	94.8	93.7	98.8
- Growth/decline in insurance premiums	2.1%	6.1%	9.1%	-1.1%	5.5%
Insurance premiums – non-life (EUR million)	67.6	71.6	77.6	74.0	78.8
- Growth/decline in non-life insurance premiums	1.7%	5.9%	8.4%	-4.7%	6.6%
Insurance premiums – life (EUR million)	14.2	15.2	17.1	19.7	20.0
- Growth/decline in life insurance premiums	3.8%	7.3%	12.5%	15.1%	1.5%
Insurance premiums per capita (EUR)	131.4	139.6	152.4	150.6	176.5
Non-life insurance premiums per capita (EUR)	108.6	115.1	124.8	118.9	140.7
Life insurance premiums per capita (EUR)	22.8	24.5	27.5	31.7	35.7
Premiums/GDP	1.9%	1.9%	1.9%	2.2%	2.0%
Non-life premiums/GDP	1.6%	1.5%	1.6%	1.8%	1.6%
Life premiums/GDP	0.3%	0.3%	0.3%	0.5%	0.4%
Average monthly take-home pay (EUR)	510	511	515	523	529

³⁹ Source: Statistical Office of Montenegro (data published for 2017–2020 and Q1–Q3 2021) and the Fiscal Strategy of Montenegro for 2021–2024, Ministry of Finance of Montenegro, November 2021. GDP figures, unemployment rate and average wage in 2021 relate to the situation as at 30 June 2021 since no more recent data has been published.

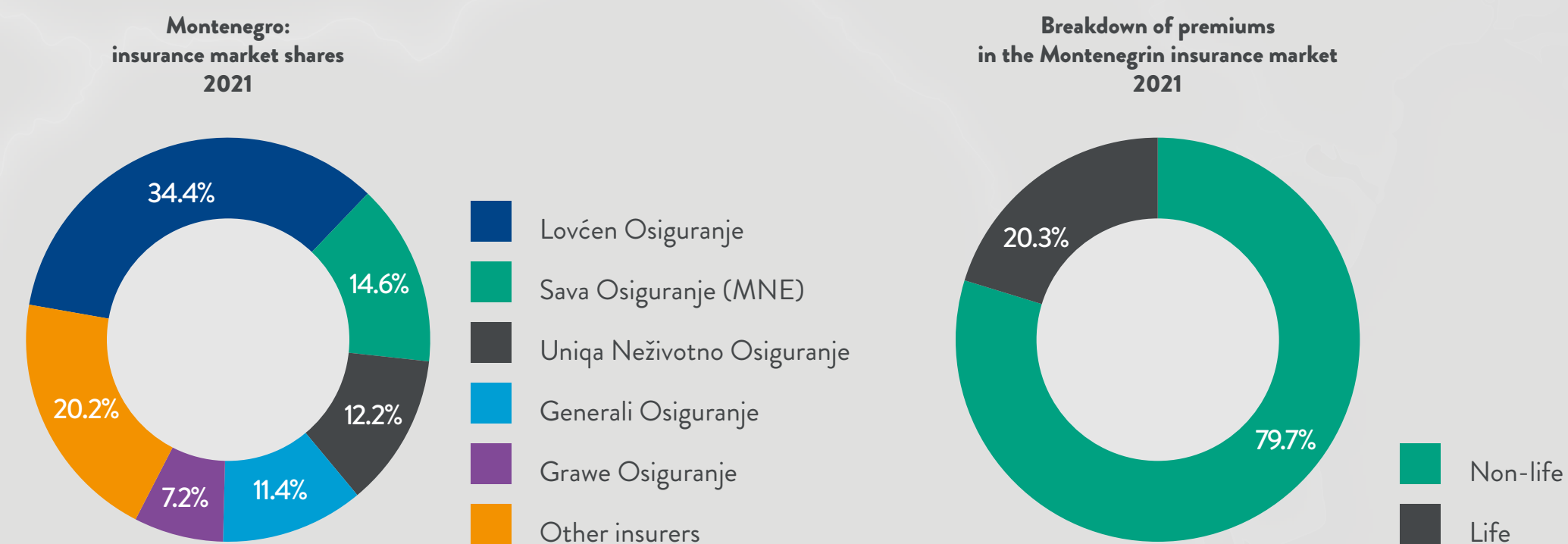
The Montenegrin Ministry of Finance projected economic growth for 2021. Growth for 2021 is estimated at 13.4%.

Following the end of the global recession (2012), the Montenegrin economy enjoyed a trend of steady growth that lasted until the outbreak of the Covid-19 pandemic (2020), when the country saw the greatest downturn in economic activity in recent history.

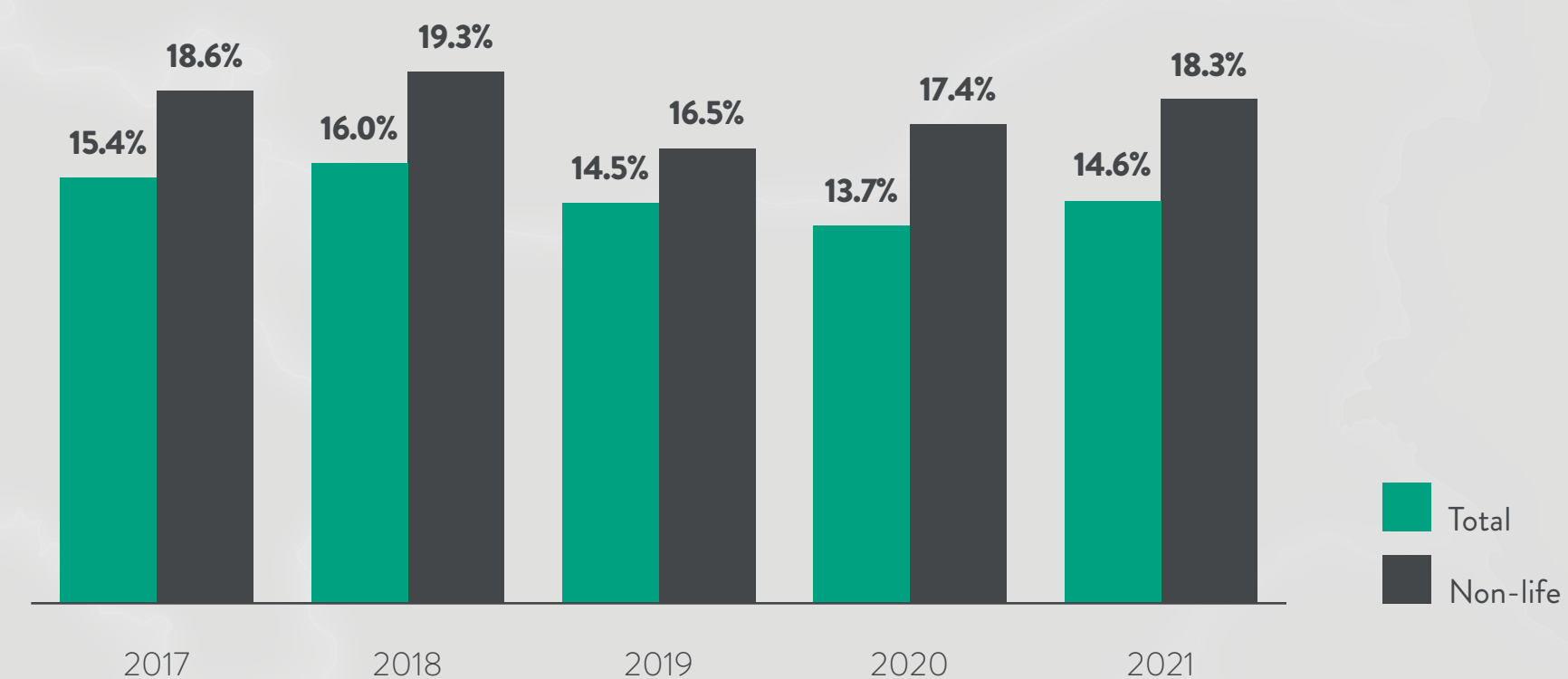
The domestic economy was hit by the Covid-19 pandemic, which resulted in a major decline in economic activity (the largest in Europe). The significant reduction in economic activity also led to negative developments in the labour market, in the form of cuts in the workforce. The large contraction in the economy and the consequent lower budget revenue on the one hand, and the need to help the economy and citizens weather the negative effects of the pandemic on the other, exacerbated budget deficits, driving them up to more than 10% and public debt to more than 100% of GDP by the end of 2020. The high deficit and level of public debt further narrowed the fiscal space for investment in mainly capital projects that drive economic growth. This suggests that the pandemic greatly exacerbated the previously identified vulnerabilities of the Montenegrin economy, specifically an inadequate economic structure with a dominant service sector and an economic development model based largely on foreign investment. In addition, the economic environment is characterised by a strong dependence on foreign debt. New infrastructure should be put in place, and existing infrastructure should be improved as the most important precondition for long-term sustainable economic growth and the country's overall development.

The Government of Montenegro adopted a fiscal strategy for the period 2021–2024 aimed at stabilising the macroeconomic environment and its public finances in 2021 to create conditions for economic growth in 2022–2024. Measures are planned in line with the adopted strategy to ensure further growth in budget revenue on the one hand and capital expenditure on the other. The structure of budgetary spending will therefore change in a way that supports the achievement of a larger share of the capital budget in total spending.

Montenegrin insurance market⁴⁰



Market shares of Sava Osiguranje (MNE) on the Montenegrin insurance market⁴¹



⁴⁰ Source: Insurance Supervision Agency of Montenegro.

⁴¹ Source: Insurance Supervision Agency of Montenegro.

Kosovo⁴²

Major economic indicators for Kosovo

	2017	2018	2019	2020	2021
Real change in GDP	4.1%	4.6%	4.0%	-6.0%	6.0%
GDP (EUR million)	6,327	6,674	7,058	6,771	7,177
Registered unemployment rate	30.5%	29.6%	25.7%	25.9%	25.8%
Average inflation	1.4%	1.1%	2.7%	0.2%	3.4%
Population (million)	1.8	1.8	1.8	1.8	1.8
GDP per capita (EUR)	3,515	3,708	3,921	3,747	3,992
Insurance premiums (EUR million)	87.4	93.5	101.9	101.7	117.4
- growth/decline in insurance premiums	4.4%	6.9%	9.0%	-0.2%	15.4%
Insurance premiums – non-life (EUR million)	84.9	90.5	98.0	98.1	112.5
- growth/decline in non-life insurance premiums	4.6%	6.6%	8.3%	0.1%	14.7%
Insurance premiums – life (EUR million)	2.5	3.0	3.5	3.6	4.8
- growth/decline in life insurance premiums	-2.2%	16.7%	17.1%	3.5%	35.6%
Insurance premiums per capita (EUR)	48.6	51.9	56.6	56.3	65.3
Premiums/GDP	1.4%	1.4%	1.4%	1.5%	1.6%
Average monthly take-home pay (EUR)	390	409	430	416	n/a



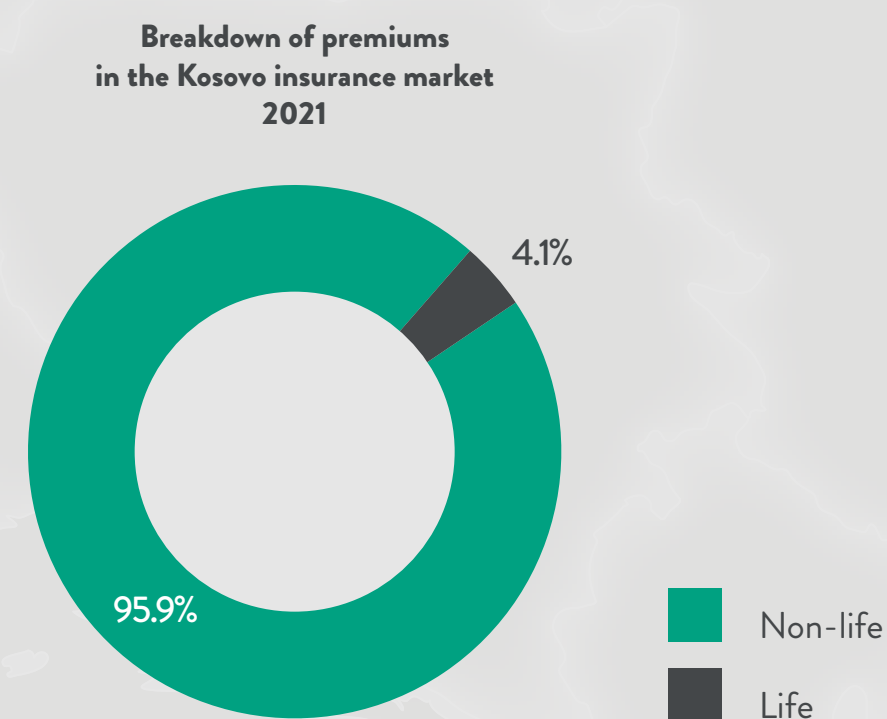
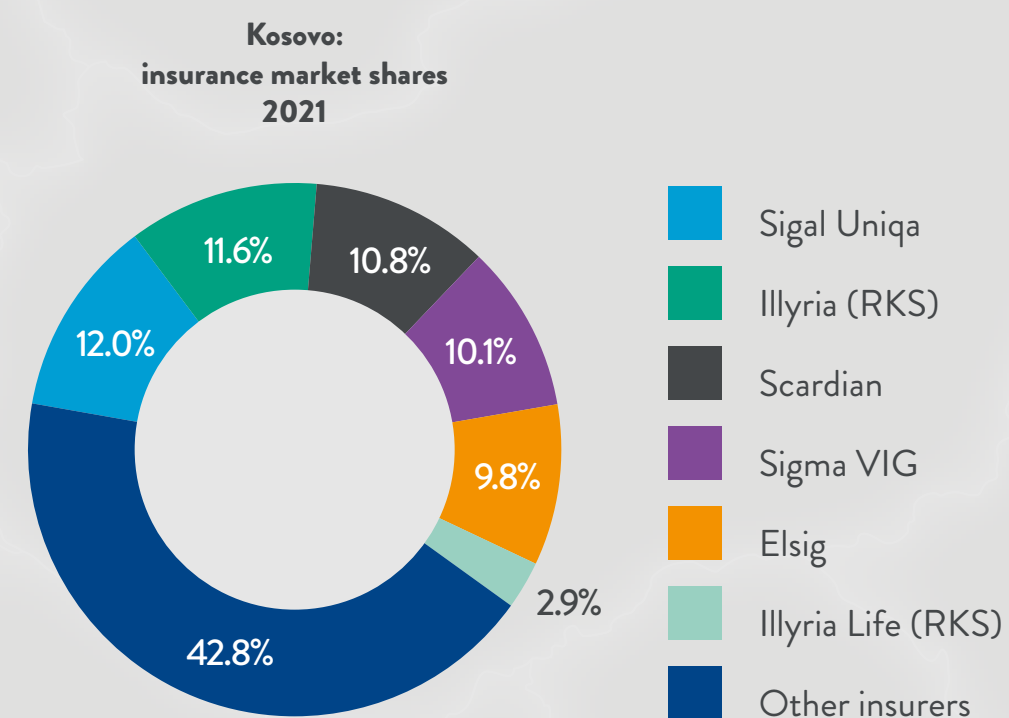
Kosovo's economy is estimated to have recovered in 2021 due to the easing of restrictive measures related to the pandemic. According to estimates of the Kosovo Agency of Statistics, real GDP increased by 12.1% by September 2021. Growth in economic activity is estimated to have continued in the fourth quarter of 2021, supported by growth in the export of both goods and services, an increase in the value of remittances, and an increase in foreign direct investment.

Consumer prices rose by 4.3% in the third quarter of 2021, driven mainly by temporary internal and external factors attributable to the effects of post-pandemic recovery. The increased economic activity during the reporting period was accompanied by increased budget revenue. Budget revenue increased by 38.2% in the third quarter of 2021, while budget expenditure decreased by 8.3%, leaving Kosovo's budget with a primary surplus of EUR 132.5 million. Public debt continued its double-digit annual growth of 23.4%, rising to EUR 1.66 billion, whereas in the third quarter of 2021 it reached 23.0% of GDP.

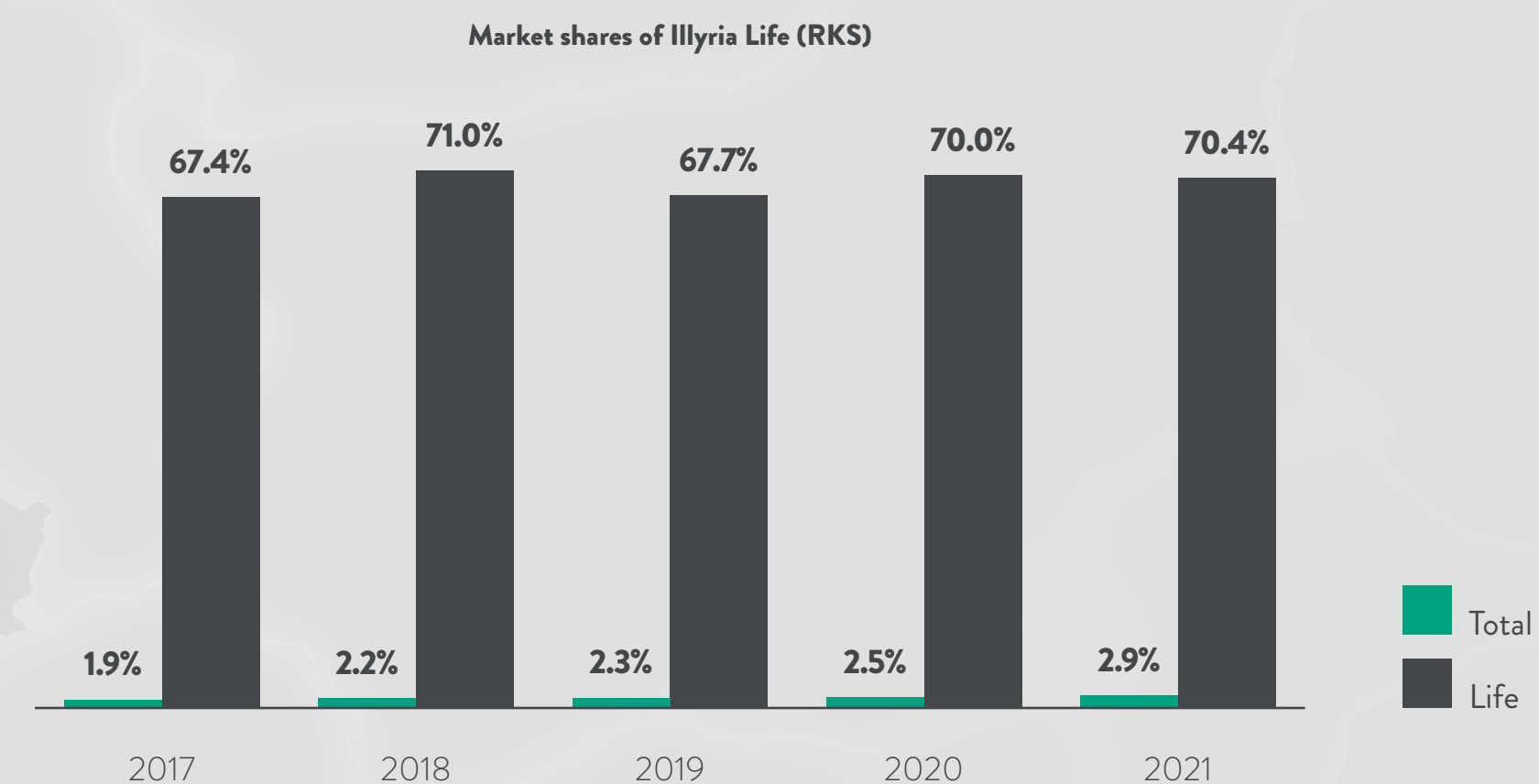
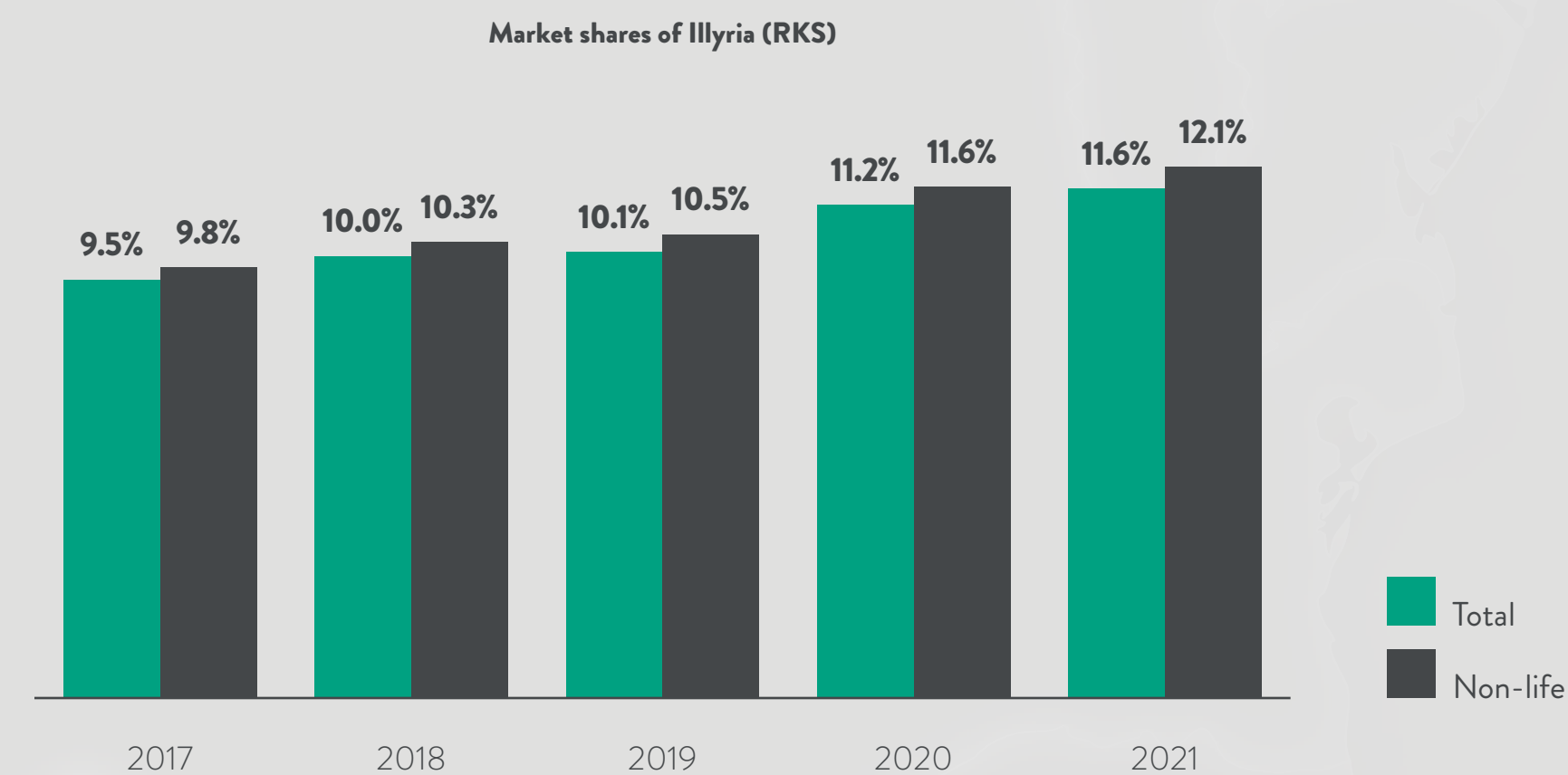
The financial system expanded rapidly during this period as the result of the positive functioning of the banking and pension sectors. However, the positive contribution of other sectors to this growth was limited by their low weight in the total assets of the financial system. Activity in the banking sector supported growth in loans and deposits, while the growth recorded in the pension sector was attributed to a significant positive return on investment and contributions received from payers.

⁴² Source: Central bank of the Republic of Kosovo, www.imf.org.

Kosovo insurance market⁴³



Market shares of Illyria (RKS) and Illyria Life (RKS) in the Kosovo insurance market⁴⁴



⁴³ Source: Central Bank of the Republic of Kosovo.

⁴⁴ Source: Central Bank of the Republic of Kosovo.

8 Review of operations of the Sava Insurance Group and Sava Re⁴⁵

8.1 Sava Insurance Group

8.2 Sava Re

⁴⁵ A glossary of selected insurance terms and calculation methods for ratios is appended to this annual report.



8.1 Sava Insurance Group

The operations of the Sava Insurance Group are organised by these segments: reinsurance, non-life (insurance), life (insurance), pensions and asset management, and the “other” segment. The non-life and life segments are further broken down by geography into Slovenia and international.

The operating segments include the following companies⁴⁶:

- reinsurance: Sava Re (non-Group business);
- non-life, Slovenia: Zavarovalnica Sava (the Slovenian part of non-life insurance business, including FOS business), Vita (non-life insurance business);
- non-life, international: Zavarovalnica Sava (the Croatian part of non-life insurance business), 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 (the Slovenian part of life insurance business), Vita (life insurance business), ZS Svetovanje (SVN), Ornatus KC (SVN);
- life, international: Zavarovalnica Sava (the Croatian part of life insurance business), 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. This segment also includes expenses on subordinate debt.

The following reallocations were made in the consolidated income statement:

- The effects of reinsurance (retrocession) relating to business with subsidiaries are reallocated to the other segments (Sava Re as the parent company handles the reinsurance of most business of its subsidiaries): in the segment reporting information, reinsurance premiums accepted by the reinsurer from its subsidiaries are reallocated to the segments from where they have arisen. The same applies, by analogy, to reinsurance claims, commission income, the change in unearned premiums, claims provisions and deferred acquisition costs due to reinsurance.
- Operating expenses of 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 revenue. Operating expenses associated with reinsurance business within the Group are also reallocated to other segments. In this way, 66.7% of operating expenses were allocated to the segments in 2021 (2020: 68.4%). In addition, there were reallocations of operating expenses of the company TBS Team 24 associated with the companies conducting business in the Slovenian or international non-life segments from the “other” segment to these two segments.

- 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).
- In 2020, other income included the extraordinary income relating to positive difference between the fair value of net assets acquired and the purchase price of the investment on the acquisition of Vita, which was taken from the reinsurance segment and allocated to the Slovenian life and non-life segments (EUR 9.9 million).

The following reclassifications were made in the consolidated statement of financial position:

- Goodwill was attributed to the segment where it arose.
- 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 expenses are reallocated to other segments in the same way as described in indent one of reallocations of 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.

⁴⁶ From the first quarter of 2021 onwards, the Group presents Sava Infond in the pensions and asset management segment. In the 2020 annual report, Sava Infond was part of the “other” segment.

Summary of the consolidated income statement

EUR	2021	2020	Index
Net premiums earned	686,574,317	635,361,568	108.1
Income from investments in subsidiaries and associates	772,886	142,088	543.9
Investment income	34,057,270	26,449,203	128.8
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	68,719,103	23,043,525	298.2
Other technical income	19,101,970	14,544,056	131.3
Other income	27,037,764	30,895,868	87.5
Net claims incurred	-408,814,273	-426,695,412	95.8
Change in other technical provisions	23,872,769	40,613,572	58.8
Change in technical provisions for policyholders who bear the investment risk	-115,064,830	-35,479,642	324.3
Expenses for bonuses and rebates	-276,004	-103,253	267.3
Operating expenses	-219,931,765	-203,216,146	108.2
Expenses for investments in subsidiaries and associates and impairment losses on goodwill	0	-2,096,868	-
Expenses for financial assets and liabilities	-5,710,086	-13,122,281	43.5
Other technical expenses	-14,337,516	-19,324,402	74.2
Other expenses	-2,466,335	-3,265,161	75.5
Profit or loss before tax	93,535,270	67,746,715	138.1

Effect of exchange differences on the consolidated income statement

EUR	2021			2020		
	Basic statement	Adjusted statement	Effect of exchange differences	Basic statement	Adjusted statement	Effect of exchange differences
Net premiums earned	686,574,317	686,786,173	-211,856	635,361,568	634,906,031	455,537
Commission income	8,640,223	8,651,903	-11,680	5,899,388	5,855,379	44,009
Net claims incurred	408,814,273	404,337,874	-4,476,399	426,695,412	433,597,971	6,902,559
Change in deferred acquisition costs	1,926,381	1,967,868	41,487	-1,561,215	-1,664,874	-103,659
Investment result	29,120,070	25,413,605	3,706,465	11,372,142	16,003,872	-4,631,730
Net other technical income/expenses	-3,875,769	-4,057,525	181,756	-10,679,734	-6,560,995	-4,118,739
			-770,227			-1,452,023

According to the prescribed income statement scheme, exchange rate differences are shown within individual business categories and not only under net exchange rate differences, as is the practice in other industries. Although the Group follows a policy of asset and liability currency matching, certain impacts on individual business categories do not reflect their trends and results appropriately. The table below therefore offers an overview of the effect of exchange differences on these categories; these categories are then presented, excluding the effect of exchange rate differences.

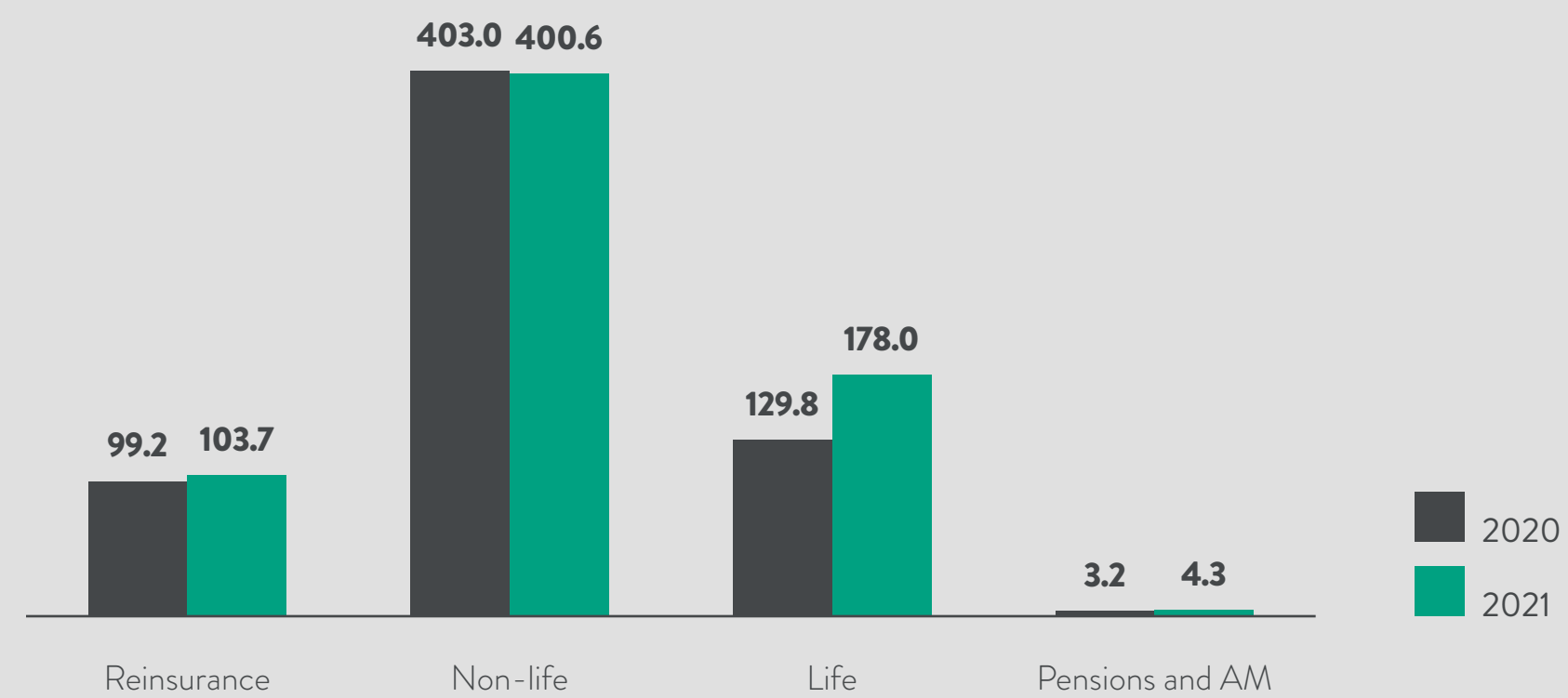
Most of the net exchange differences of EUR 0.4 million relate to the reinsurance segment (2020: EUR 0.3 million).

Net premiums earned⁴⁷

Net premiums earned

EUR	2021	2020	Index
Gross premiums written	729,898,408	679,749,305	107.4
Net premiums earned	686,574,317	635,361,568	108.1

Net premiums earned by operating segment (€m)



Net premiums earned by class of business

EUR	2021	2020	Index
Property	147,320,253	139,177,737	105.9
Land motor vehicles	128,913,705	123,767,411	104.2
Motor vehicle liability	123,475,030	135,518,450	91.1
Unit-linked life	117,255,228	75,972,838	154.3
Traditional life	65,171,980	57,332,429	113.7
Accident, health and assistance	62,387,121	58,144,415	107.3
General liability	24,899,714	25,789,787	96.5
Marine, suretyship and goods in transit	14,133,958	15,447,706	91.5
Other insurance	3,017,328	4,210,795	71.7
Total	686,574,317	635,361,568	108.1

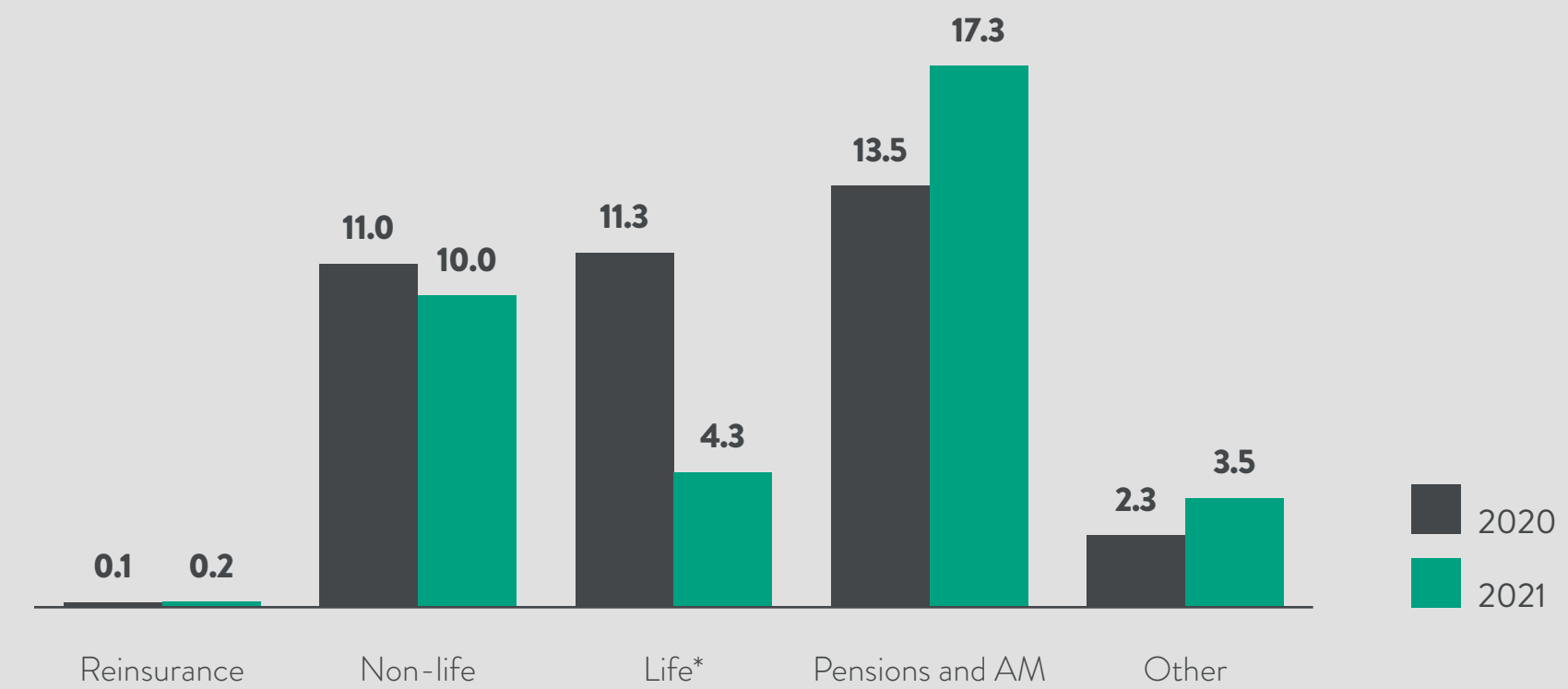
⁴⁷ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

⁴⁸ Other technical income does not include income from reinsurance commissions.

Other technical income and other income

Other technical income and other income by segment (excluding the effect of exchange differences)⁴⁸

(€m)



* The 2020 figure included extraordinary income relating to positive difference between the fair value of net assets acquired and the purchase price of the investment on the acquisition of Vita (EUR 9.0 million).

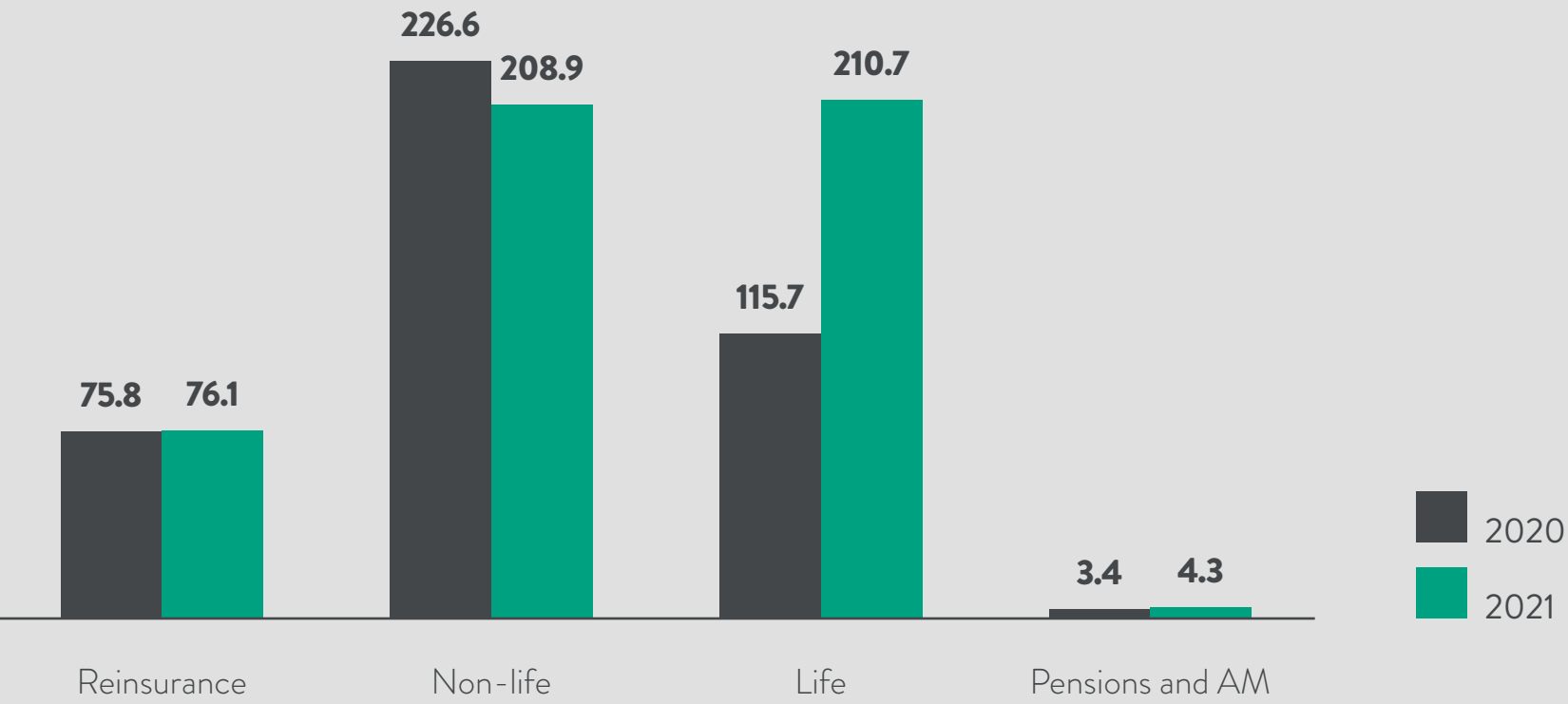
Net claims incurred⁴⁹

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

EUR	2021	2020	Index
Gross claims paid	406,908,665	399,532,382	101.8
Net claims incurred	408,814,273	426,695,412	95.8
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	500,006,334	421,561,482	118.6

* This largely comprises mathematical provisions.

Composition of net claims incurred, including the change in life insurance provisions⁵⁰ (€m)



⁴⁹ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

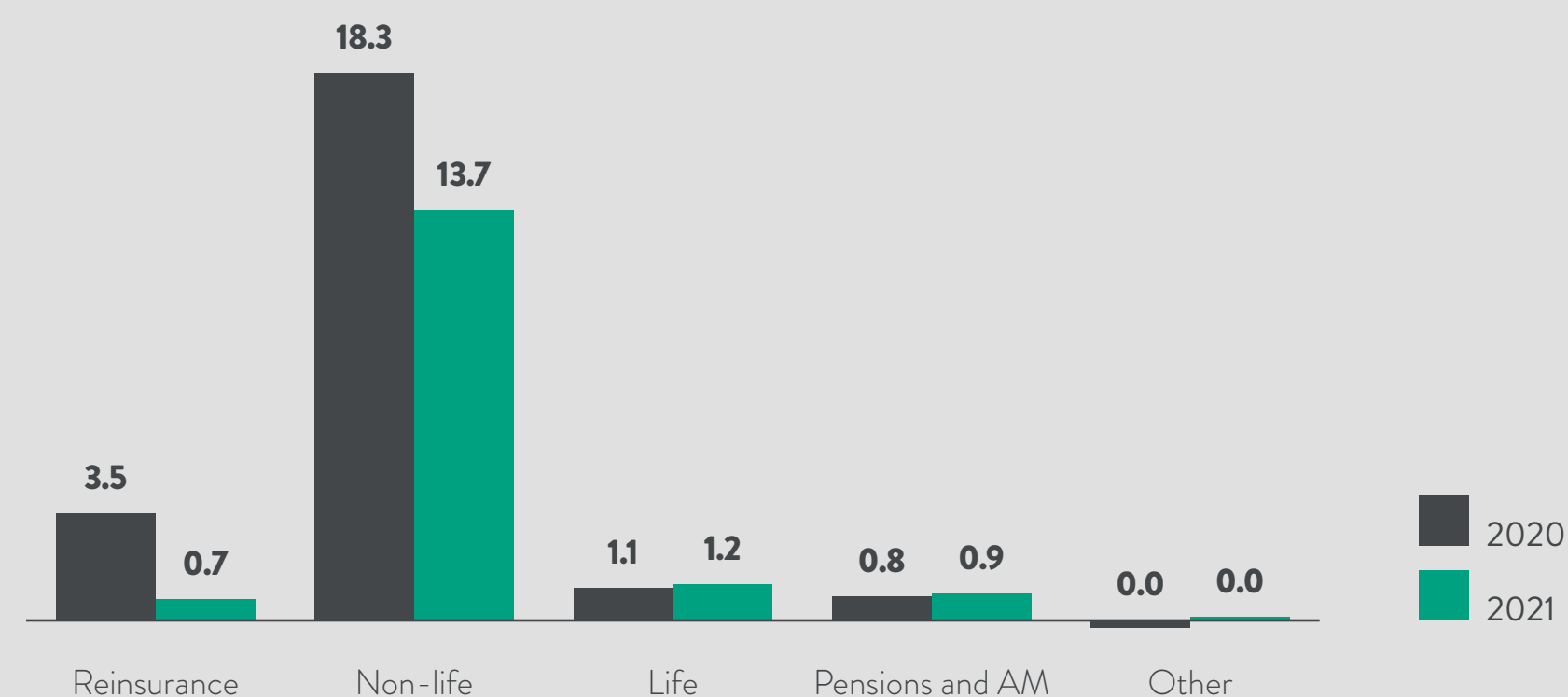
⁵⁰ The net claims incurred by operating segment include the change in other technical provisions and the change in technical provisions for policyholders who bear the investment risk.

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

EUR	2021	2020	Index
Unit-linked life	177,111,476	83,170,182	213.0
Property	95,963,434	109,352,787	87.8
Land motor vehicles	76,600,918	72,360,216	105.9
Motor vehicle liability	60,539,139	83,728,019	72.3
Traditional life	36,716,601	33,745,772	108.8
Accident, health and assistance	23,153,641	20,201,288	114.6
Marine, suretyship and goods in transit	13,764,801	12,347,228	111.5
General liability	16,552,288	7,223,986	229.1
Other insurance	-395,964	-567,996	69.7
Total	500,006,334	421,561,482	118.6

Other technical expenses and other expenses

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

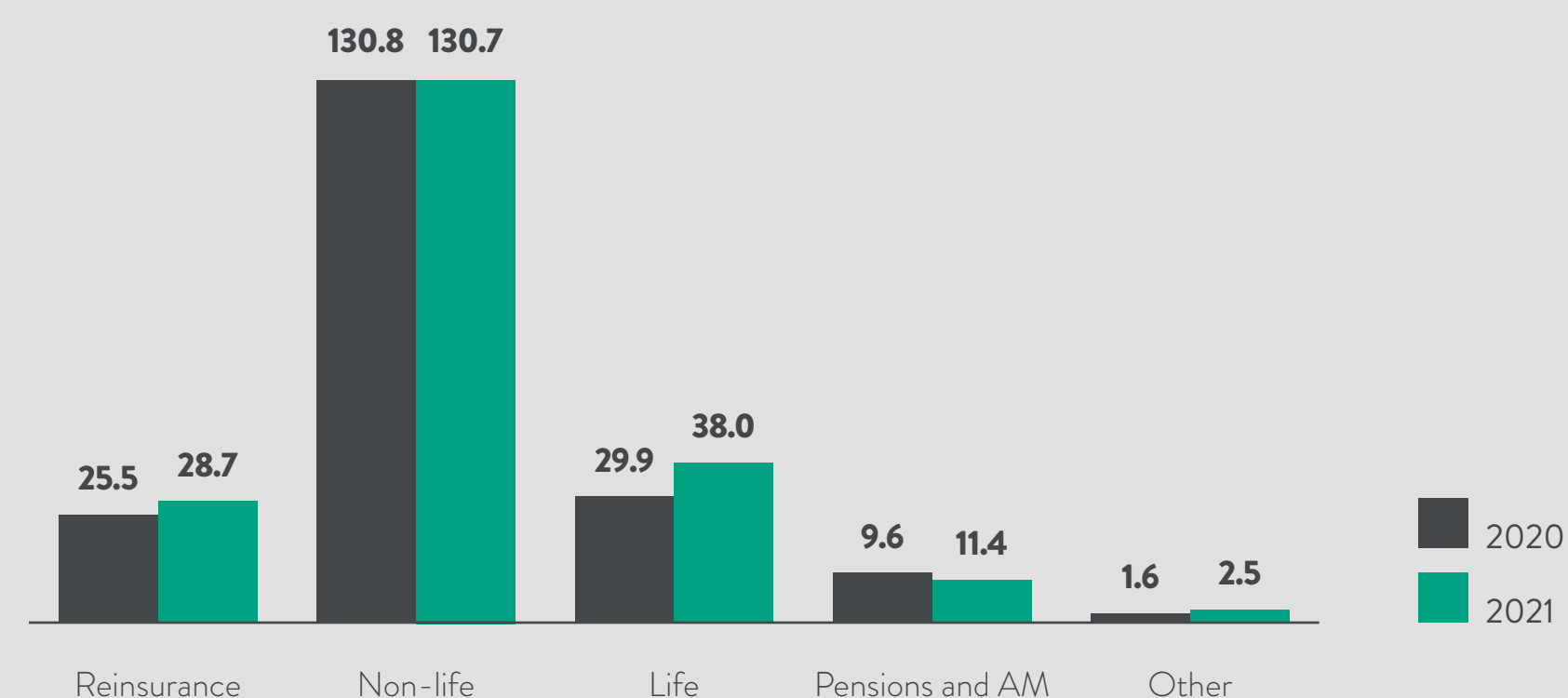


Operating expenses

Operating expenses

EUR	2021	2020	Index
Acquisition costs	77,684,219	74,410,866	104.4
Change in deferred acquisition costs (+/-)	1,926,381	-1,561,215	-123.4
Other operating expenses	140,321,165	130,366,495	107.6
Operating expenses	219,931,765	203,216,146	108.2
Reinsurance commission income	-8,640,223	-5,899,388	146.5
Net operating expenses	211,291,542	197,316,758	107.1

Net operating expenses by segment (€m)



Net investment income

Net investment income of the investment portfolio also includes the income and expenses relating to investment property. In the income statement these are part of the “other income/expenses” item.

Net investment income relating to investment portfolio, excluding the effect of exchange differences

EUR	2021	2020	Absolute change
Net investment income relating to investment portfolio, excluding the effect of exchange differences	25,985,446	18,683,872	7,301,574

Income and expenses relating to investment portfolio⁵¹

EUR	2021	2020	Absolute change
Income			
Interest income at effective interest rate	16,842,749	16,151,438	691,311
Gains on change in fair value FVTPL	1,302,423	2,538,803	-1,236,380
Gains on disposal of FVTPL assets	2,486	0	2,486
Gains on disposal of other IFRS asset categories	7,783,807	4,906,973	2,876,834
Income from associate companies	772,886	142,088	630,798
Income from dividends and profit distributions – other investments	1,847,602	1,173,588	674,014
Other income	1,647,566	1,970,213	-322,647
Other income from alternative funds	1,756,597	1,013,972	742,625
Income relating to investment portfolio	31,956,116	27,897,075	4,059,041
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	68,719,103	23,043,525	45,675,578
Expenses			
Interest expenses	2,989,466	2,977,680	11,786
Losses on change in fair value of FVTPL assets	913,879	2,300,188	-1,386,309
Losses on disposals of FVTPL assets	4,401	0	4,401
Losses on disposal of other IFRS asset categories	326,305	1,439,986	-1,113,681
Impairment losses on subsidiaries and associates	0	567,048	-567,048
Impairment losses on other investments	161,960	1,099,794	-937,834
Other	1,574,659	828,022	746,637
Other expenses for alternative funds	0	485	-485
Expenses relating to investment portfolio	5,970,670	9,213,203	-3,242,533

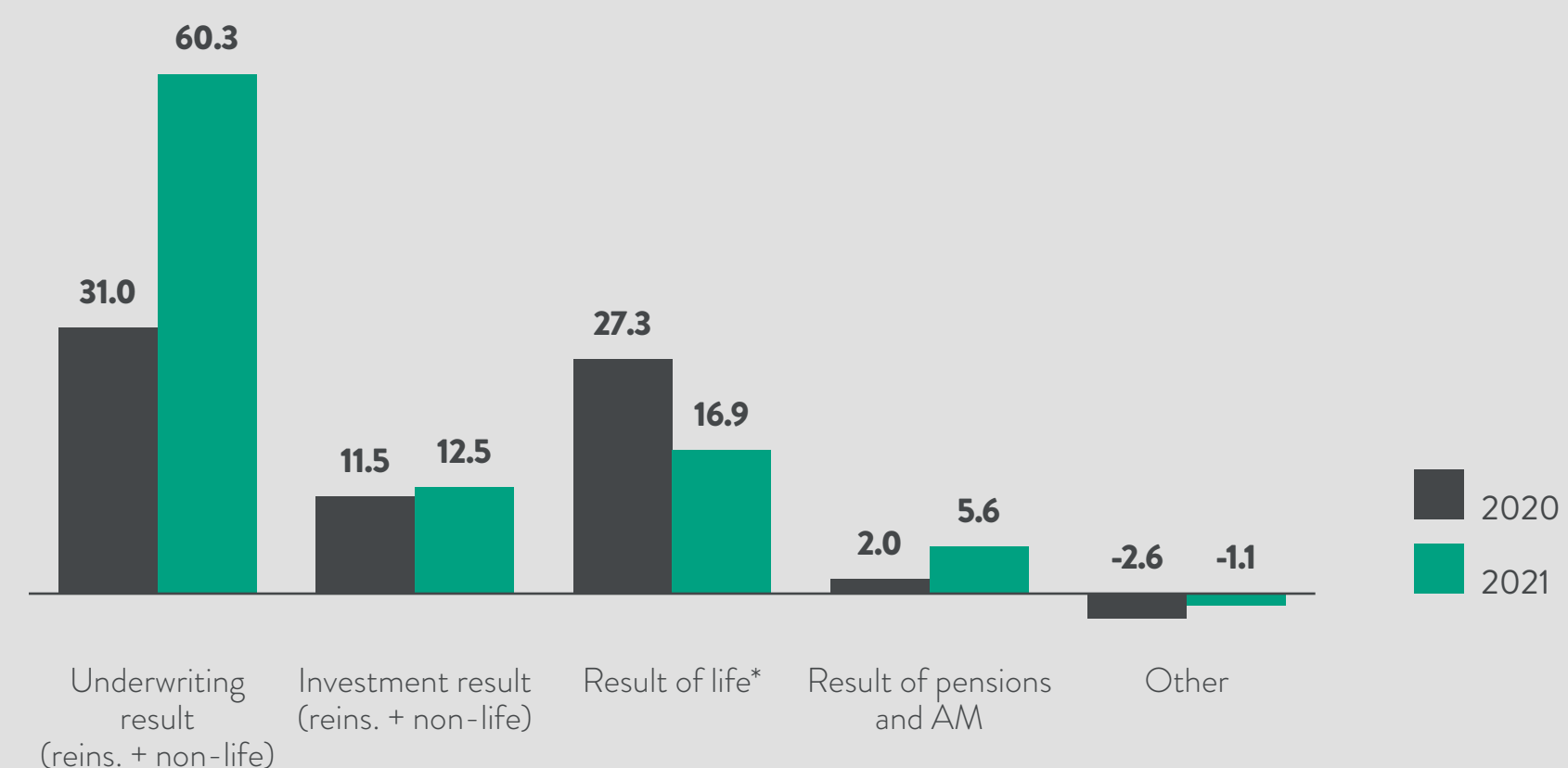
* Investment portfolio expenses do not include impairment losses on goodwill of Sava Pokojninska recognised in the second quarter of 2020 in the amount of EUR 1.5 million.

** Expenses for financial investments differ from the expenses in the income statement item “interest expenses” because they also include expenses for right-of-use assets (31 December 2021: EUR 139.5 thousand; 31 December 2020: EUR 174.9 thousand).

⁵¹ The net effect of exchange differences is presented.

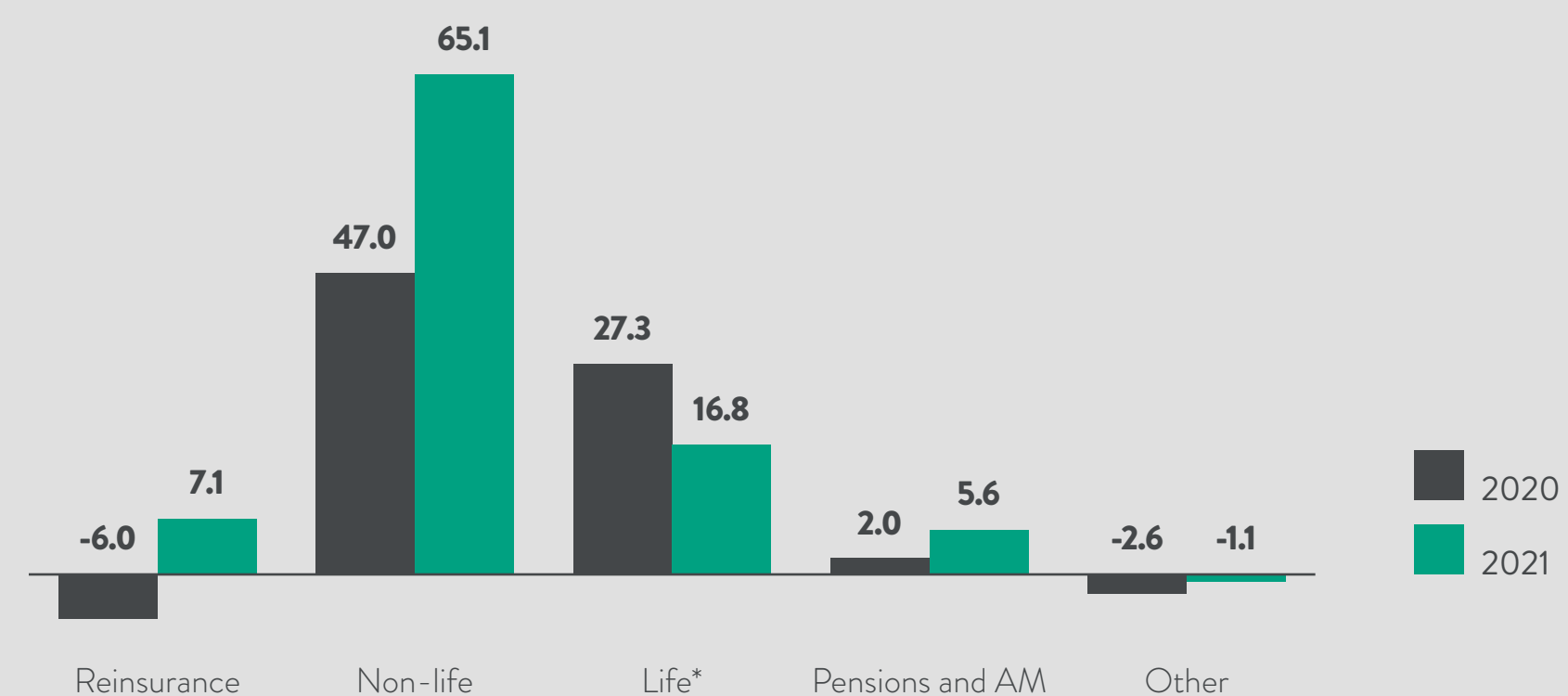
Gross profit/loss for the period

Composition of the gross result (excluding the effect of exchange differences) (€m)



* The 2020 figure included extraordinary income relating to the positive difference between the fair value of net assets acquired and the purchase price of the investment on the acquisition of Vita (EUR 9.0 million).

Gross profit or loss by segment (€m)



* The 2020 figure included extraordinary income relating to the positive difference between the fair value of net assets acquired and the purchase price of the investment on the acquisition of Vita (EUR 9.0 million).

€13.1m

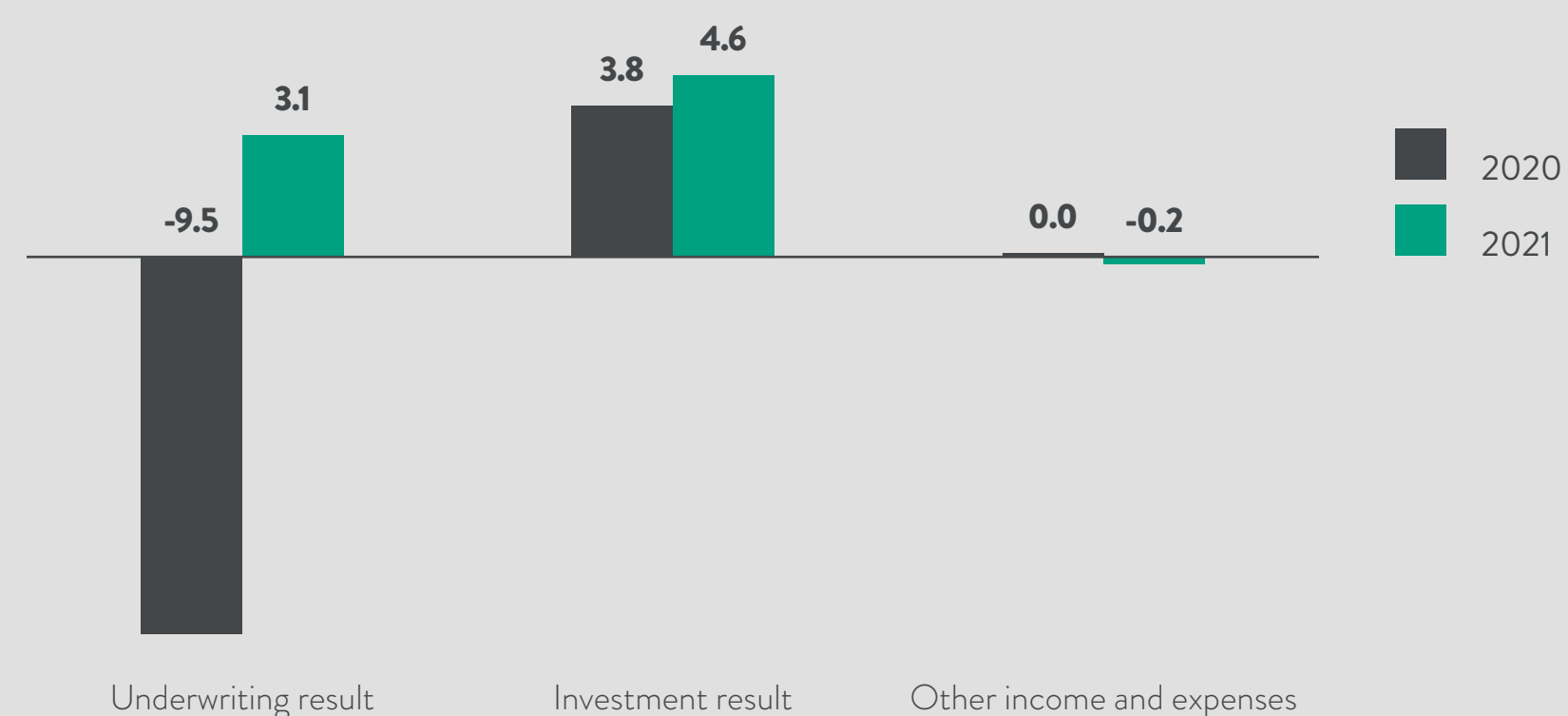
better
pre-tax profit

8.1.1 Reinsurance

Income statement and statement of financial position by operating segment are presented in the notes to the financial statements, section 17.4.37 “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 gross income statement; reinsurance business (excluding the effect of exchange differences)

(€m)



The underwriting result, excluding the effect of exchange differences, was better than in 2020, mainly on account of lower claims incurred. The investment result in 2021 improved, mainly due to higher gains on the sale of and dividend income from financial investments.

Net premiums earned

Net premiums earned, reinsurance

EUR	2021	2020	Index
Gross premiums written	112,091,269	106,792,968	105.0
Net premiums earned	103,729,231	99,243,228	104.5

Gross premiums written grew by 5.0%. Proportional reinsurance achieved growth of 11.2%, whereas non-proportional reinsurance business grew 1.5%. Premiums for past underwriting years were EUR 7.3 million higher in 2021, mainly for proportional reinsurance, whereas premiums for the current underwriting year were slightly lower (by 2.1% and EUR 2.0 million, respectively). 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 abandoned this assumption based on the economic situation and treated the premiums for the 2020 underwriting year the same way as for other underwriting years. We have seen similar responses from other reinsurers in international markets. The growth in premiums earned was in line with gross premium growth.

Unconsolidated premiums earned are presented in more detail in section 8.2 “Sava Re”.

Net claims incurred⁵²

Net claims incurred, excluding the effect of exchange differences; reinsurance

EUR	2021	2020	Index
Gross claims paid	58,451,182	56,510,782	103.4
Net claims incurred	72,431,519	82,871,811	87.4

Gross claims paid rose by 3.4%, whereas net claims incurred fell by 12.6% (premiums earned increased by 4.5%). In 2021, higher gross claims paid were the result of storms and floods in western Europe (notably in Germany, Belgium and Austria) and China, as well as a fire loss in Suriname. Despite the high gross claims paid related to the floods in western Europe, their impact on net claims incurred was relatively low owing to reinsurance protection. Developments in past underwriting years had a positive effect on the movement of net claims incurred in 2021. The drop in relation to 2020 was also the result of the detrimental effect of Covid-19 in 2020.

The net incurred loss ratio relating to the reinsurance segment thus improved by 14.6 p.p. year on year to 69.0% (2020: 83.6%).

Unconsolidated claims incurred are presented in more detail in section 8.2 “Sava Re”.

Operating expenses

Operating expenses, reinsurance

EUR	2021	2020	Index
Acquisition costs	24,777,943	22,148,662	111.9
Change in deferred acquisition costs (+/-)	-162,604	-238,147	68.3
Other operating expenses	4,927,409	4,180,146	117.9
Operating expenses	29,542,748	26,090,661	113.2
Reinsurance commission income	-798,567	-638,027	125.2
Net operating expenses	28,744,181	25,452,634	112.9

Acquisition costs (commissions) increased due to higher growth in proportional than in non-proportionate reinsurance characterised by considerably lower commission rates. The share of acquisition costs as a percentage of gross premiums written was 22.1% in 2021 (2020: 20.7%). The average value of the ratio was around 21% in the recent quarters.

Other operating expenses increased due to costs of services related to Group corporate governance, the introduction of international financial reporting standards IFRS 17 and IFRS 9, and the upgrade and introduction of new IT solutions and services associated with the Sustainable Finance Disclosure Regulation (SFDR).

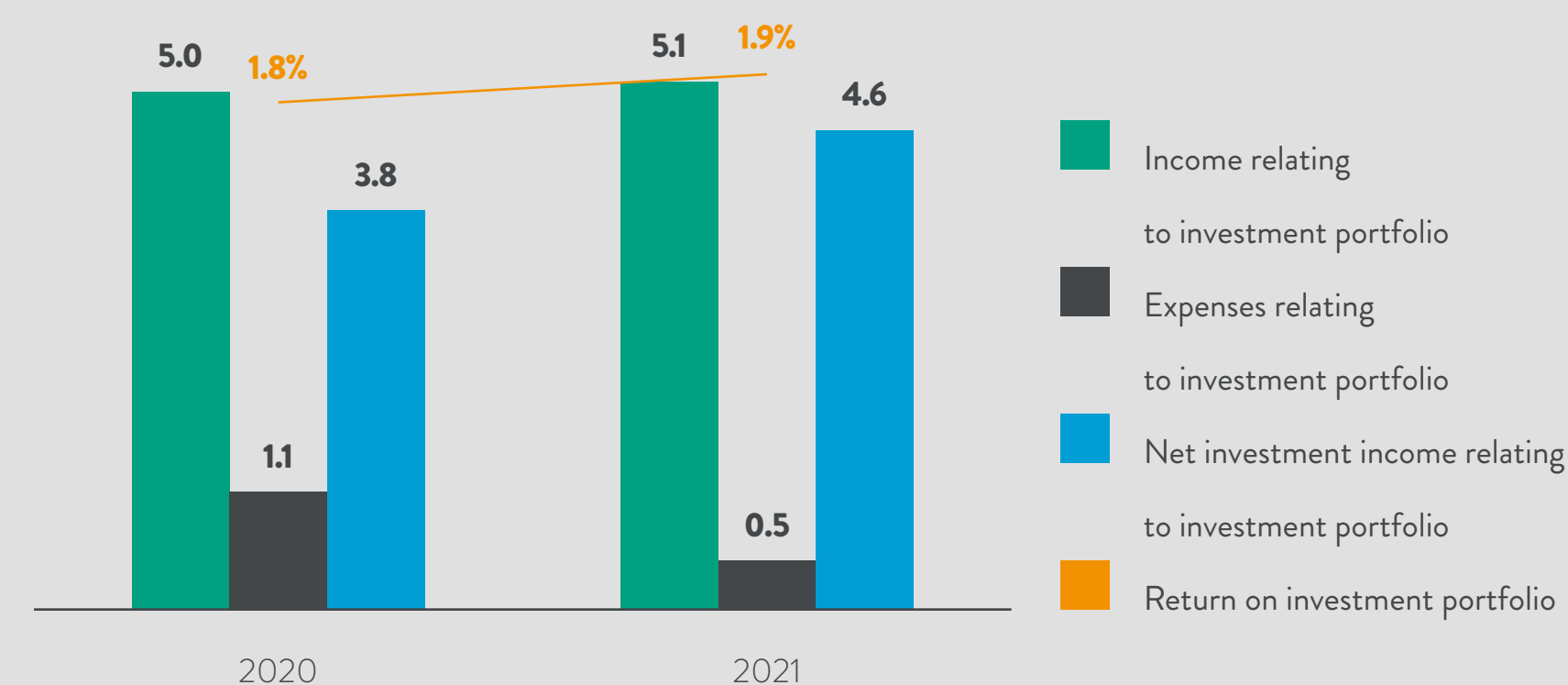
Consequently, the net expense ratio was 2.1 p.p. higher than in the previous year.

Unconsolidated operating expenses are presented in more detail in section 8.2 “Sava Re”.

Net investment income

Income, expenses and net investment income of the investment portfolio, excluding the effect of exchange differences; reinsurance

(€m)



Compared to the previous year, the Group generated a EUR 0.8 million higher net investment income in the reinsurance segment, mainly due to higher gains on sales and dividends on financial investments. Thus, the return on investment in 2021 amounted to 1.9%.

4.1 p.p.

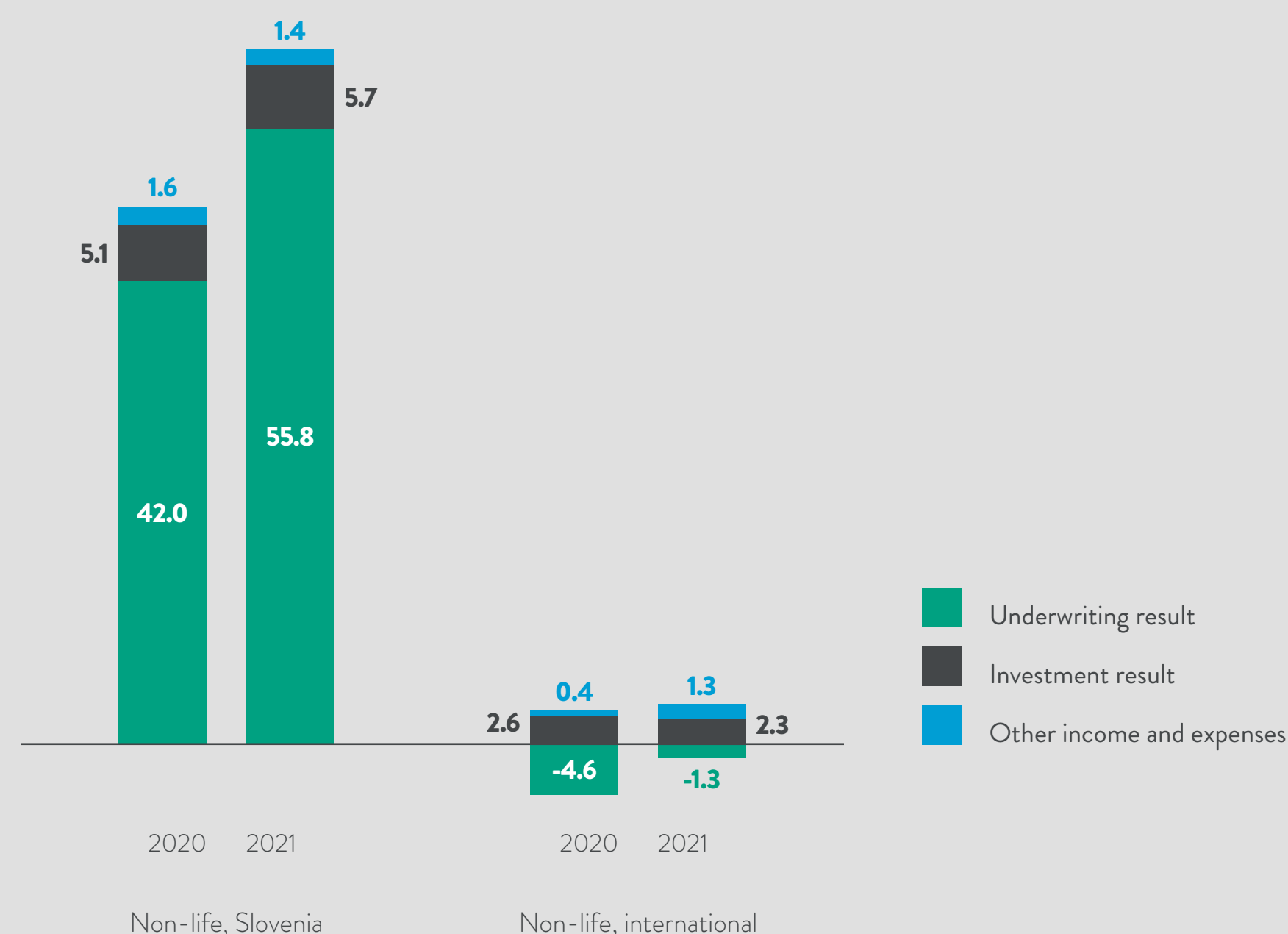
better net incurred loss ratio

8.1.2 Non-life

Income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 17.4.37.

Composition of gross profit or loss, non-life insurance business

(€m)



Profit or loss before tax for the non-life operating segment improved in 2021 by EUR 18.1 million relative to the previous year. The largest part of the improvement in the amount of EUR 14.2 million arose from the operations of the Slovenian part of the segment, while the rest of the improvement in the amount of EUR 3.9 million derived from the international non-life segment.

The underwriting result of Slovenian non-life business improved by EUR 13.8 million, largely due to lower net claims incurred from FoS business. The improvement in the non-Slovenian underwriting result of non-life insurers of EUR 3.3 million is chiefly attributable to the better results of the Croatian branch of Zavarovalnica Sava.

Net investment income from Slovenian non-life business grew by EUR 0.6 million in 2021, mainly due to higher income from alternative funds. Net investment income from non-Slovenian non-life insurers was EUR 0.3 million lower as the result of higher gains on the disposal of investments and interest income in 2020 compared to 2021.

The result of other income and expenses of the Slovenian non-life insurers declined by EUR 0.6 million because the result in the same period last year also included extraordinary income of EUR 0.9 million recognised due to the positive difference between the fair value of net assets acquired and the purchase price of the investment in Vita. The result of other income and expenses of foreign non-life insurers rose by EUR 0.9 million, reflecting higher “other income” and lower “other expenses” of the Serbian non-life insurer.

Net premiums earned

Net premiums earned, non-life insurance business

EUR	2021	2020	Index
Gross premiums written	434,834,569	439,449,438	98.9
Net premiums earned	400,601,653	403,034,775	99.4

Net premiums earned, non-life insurance business

EUR	Slovenia			International		
	2021	2020	Index	2021	2020	Index
Gross premiums written	354,307,808	362,663,027	97.7	80,526,761	76,786,411	104.9
Net premiums earned	332,570,848	329,789,367	100.8	68,030,805	73,245,407	92.9

Unconsolidated gross non-life premiums of Sava Insurance Group members

EUR	2021	2020	Index
Zavarovalnica Sava, Slovenian part (non-life)	350,060,589	360,542,946	97.1
Zavarovalnica Sava, Croatian part (non-life)	14,173,280	18,160,216	78.0
Sava Neživotno Osiguranje (SRB)	23,121,941	20,674,714	111.8
Illyria (RKS)	13,567,221	11,372,461	119.3
Sava Osiguruvanje (MKD)	15,280,678	13,760,537	111.0
Sava Osiguranje (MNE)	14,406,332	12,837,141	112.2
Vita (SVN)	4,497,864	2,299,559	195.6
Total	435,107,905	439,647,573	99.0

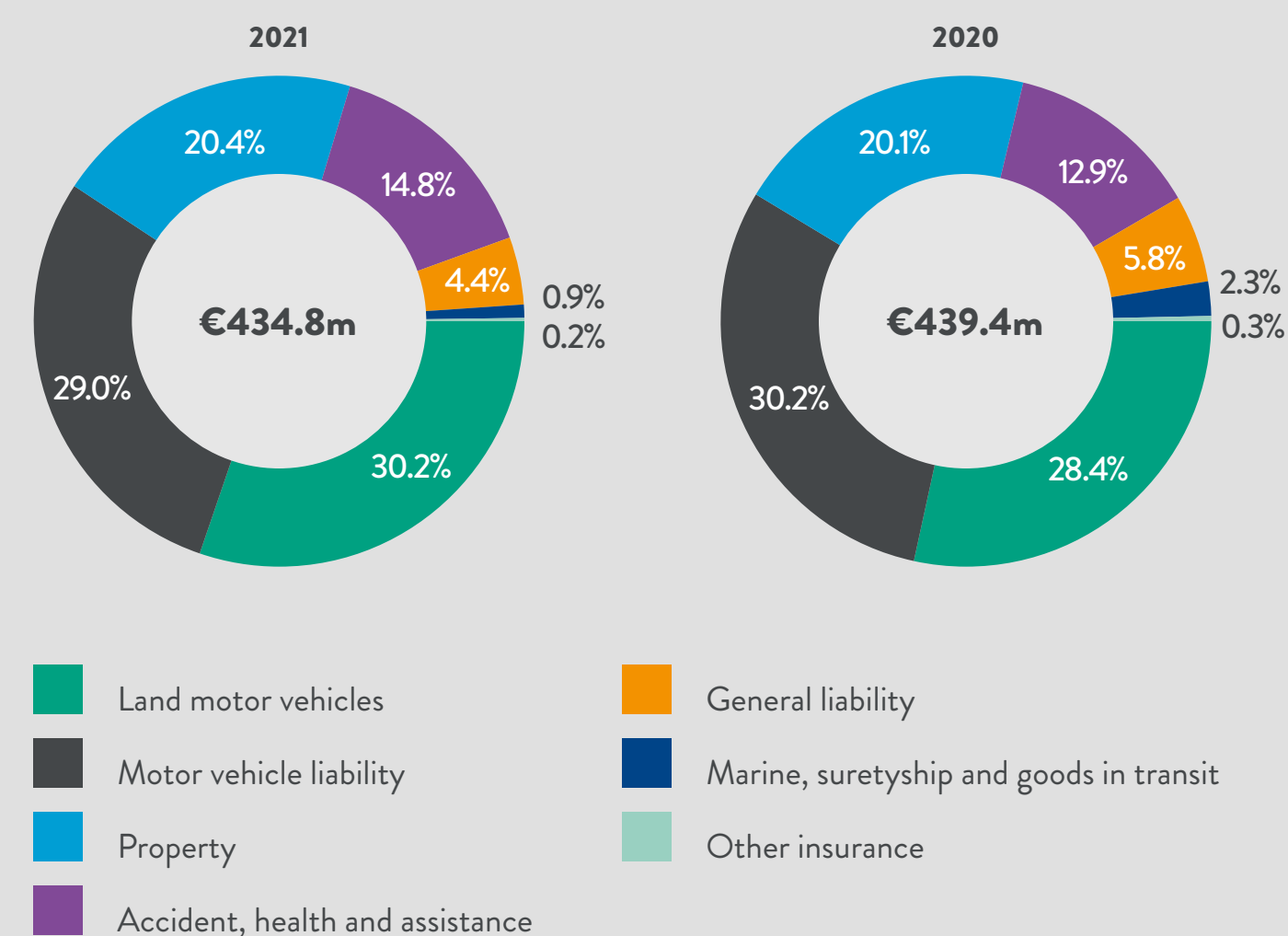
Gross non-life insurance premiums decreased slightly in 2021 due to the cancellation of FoS business, while net premiums earned remained at the previous year's level.

In 2021, gross motor insurance premiums written within non-life insurance business remained at the previous year's level. The EUR 8.2 million drop in gross premiums written in FoS business was offset by higher gross motor insurance premiums written in Slovenia, especially in personal lines due to an increase in the number of insurance policies sold. Gross motor insurance premiums outside Slovenia increased in all foreign markets, except in Croatia, where the drop in gross premiums written was due to portfolio cleaning.

The EUR 6.7 million drop in gross premiums written in ship insurance and the EUR 6.0 million drop in general liability business mainly relates to FoS business.

In 2021, gross premiums written in the property insurance segment increased by only EUR 0.3 million due to lower premiums from FoS business. Excluding FoS business, property insurance premiums written in Slovenia increased by EUR 4.2 million on account of both personal property business, where the number of insurance policies sold increased, as well as of commercial property, mainly due to the increase in premiums paid by major clients.

Gross non-life insurance premiums by class of business



The composition of gross premiums written according to class of business did not change significantly in 2021.

Net claims incurred

Net claims incurred, non-life insurance business

EUR	2021	2020	Index
Gross claims paid	224,433,036	217,100,863	103.4
Net claims incurred	209,570,019	228,653,533	91.7

Net claims incurred, non-life insurance business

EUR	Slovenia			International		
	2021	2020	Index	2021	2020	Index
Gross claims paid	183,096,666	179,754,178	101.9	41,336,370	37,346,685	110.7
Net claims incurred	175,224,523	187,440,684	93.5	34,345,496	41,212,849	83.3

Net claims incurred declined mainly due to a smaller increase in claims provisions compared to last year, due mainly to the run-off and smaller inwards portfolio with most partners transacting FoS business with the insurance company.

In the international non-life segment, net claims incurred decreased mainly because the Croatian branch of Zavarovalnica Sava had to set up additional claims provisions for the payment of non-pecuniary damages in 2020 due to regulatory requirements, and in 2021 claims provisions

decreased due to the smaller volume of the portfolio. In addition, the Kosovo insurer reduced its claims provisions in 2021 due to the successful settlement of older insurance claims.

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

EUR	2021	2020	Index
Zavarovalnica Sava, Slovenian part (non-life)	185,208,122	183,260,143	101.1
Zavarovalnica Sava, Croatian part (non-life)	11,102,532	12,115,435	91.6
Sava Neživotno Osiguranje (SRB)	8,906,619	9,481,072	93.9
Illyria (RKS)	7,500,271	4,921,317	152.4
Sava Osiguruvanje (MKD)	7,381,844	5,890,171	125.3
Sava Osiguranje (MNE)	6,553,001	5,038,314	130.1
Vita (SVN)	846,278	597,062	141.7
Total	227,498,668	221,303,514	102.8

In 2021, gross non-life claims grew as a result of the growth in gross non-life claims, i.e. by 1.9% in Slovenian non-life insurers and by 10.7% in non-Slovenian non-life insurers.

Gross claims paid from FoS business increased by EUR 6.2 million, whereas gross claims of Slovenian insurers decreased by EUR 4.2 million, mainly in motor insurance, due to a lower number of claims.

Gross claims paid by non-domestic insurers rose by EUR 4.0 million. The largest rise in claims was posted in property business, as some non-domestic insurers suffered major claims in this area.

Operating expenses

Operating expenses, non-life segment

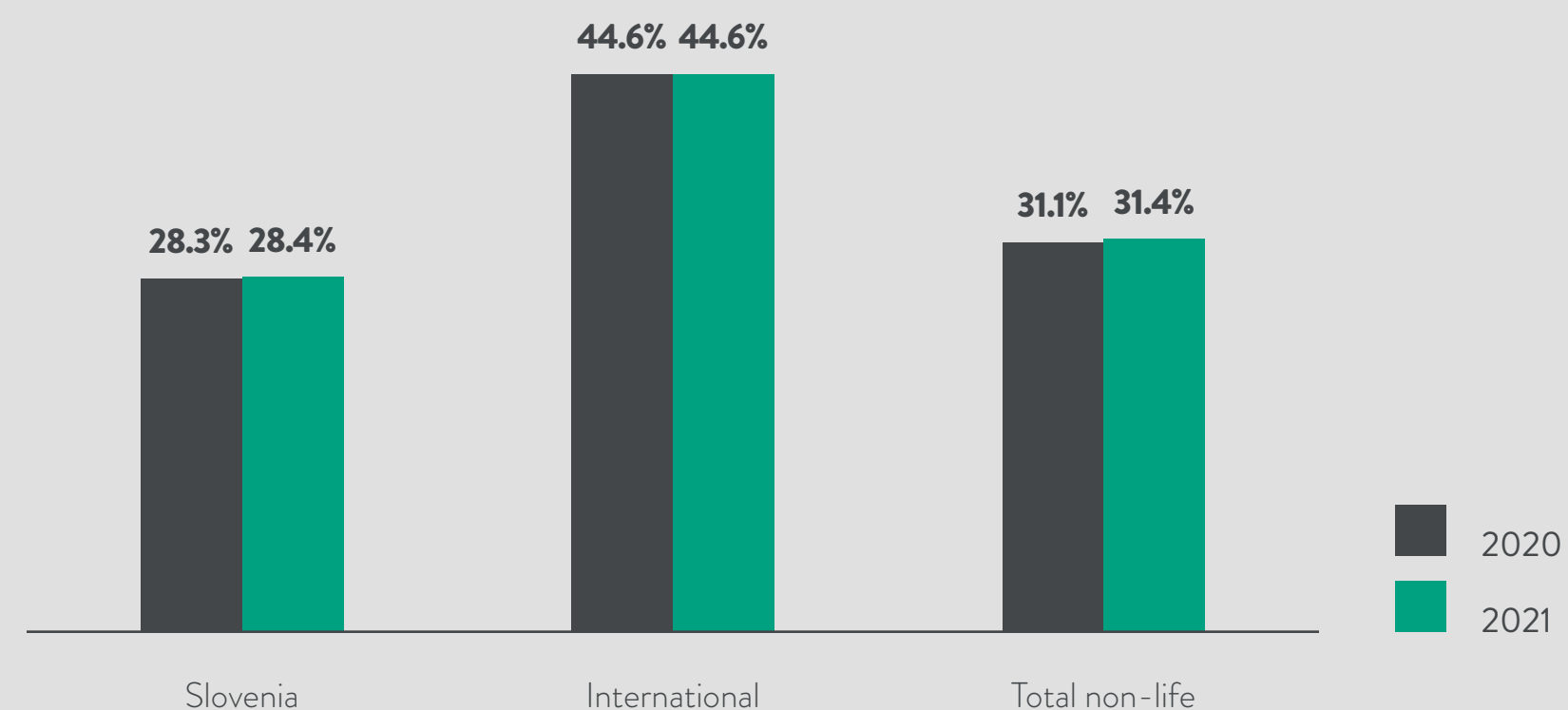
EUR	2021	2020	Index
Acquisition costs	40,079,961	43,476,553	92.2
Change in deferred acquisition costs (+/-)	1,876,856	-779,852	-240.7
Other operating expenses	96,396,661	93,332,965	103.3
Operating expenses	138,353,478	136,029,666	101.7
Reinsurance commission income	-7,682,695	-5,192,462	148.0
Net operating expenses	130,670,783	130,837,204	99.9

Gross operating expenses, non-life segment

EUR	2021	2020	Index
Non-life, Slovenia	100,554,013	102,549,440	98.1
Non-life, international	35,922,609	34,260,077	104.9

Policy acquisition costs declined due to lower gross premiums written in FoS business. Other operating expenses increased by 3.3%, which was affected by the higher labour costs incurred by the Slovenian part of Zavarovalnica Sava and the full-year consolidation of Vita.

Gross expense ratio, non-life segment

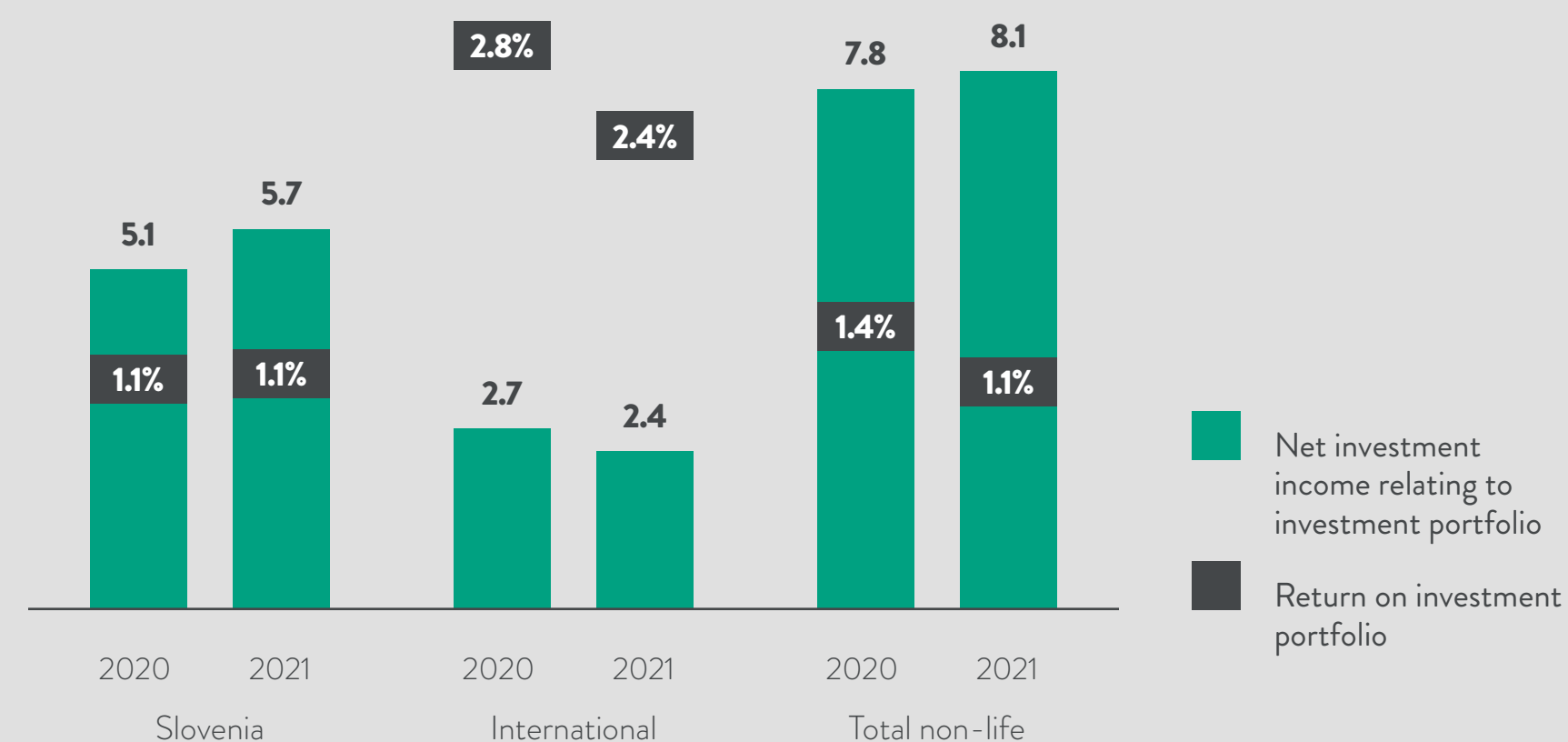


The gross expense ratio of the non-life segment rose by 0.3 p.p., as the relative decrease in gross premiums written exceeded the relative decrease in the gross operating expenses. The gross expense ratio of the Slovenian non-life insurers increased slightly. This increase stems from FoS business, whereas the gross expense ratio of the non-life segment in Slovenia, excluding FoS business, decreased. The gross expense ratio of the non-Slovenian non-life insurers remained at the level of the previous year.

Net investment income

Net investment income and investment return relating to the investment portfolio, non-life insurance business

(€m)



Net investment income of the investment portfolio of non-life insurance business totalled EUR 8.1 million in 2021, down by EUR 0.3 million from 2020, which is largely due to higher income from alternative investments. The investment return for the period was 1.1% (the higher average volume of the investment portfolio resulted in a lower return than in 2020).

37.2%

higher
gross premiums written

8.1.3 Life

On 31 May 2020, Vita was included in the Slovenian life segment, with life insurance representing the majority of its portfolio.

Income statement and statement of financial position by operating segment are presented in the notes to the financial statements, section 17.4.37 "Segment reporting". As evident from the income statement, the 2021 gross result of the Slovenian life segment declined by EUR 9.7 million year on year, which is chiefly the result of one-off income of EUR 9.0 million in 2020 recognised due to the positive difference between the fair value of net assets acquired and the purchase price of the investment in Vita.

Net premiums earned

Net premiums earned, life insurance business

EUR	2021	2020	Index
Gross premiums written	178,707,830	130,266,058	137.2
Net premiums earned	177,978,693	129,842,724	137.1

Net premiums earned, life insurance business

EUR	Slovenia			International		
	2021	2020	Index	2021	2020	Index
Gross premiums written	168,474,253	120,314,520	140.0	10,233,577	9,951,538	102.8
Net premiums earned	167,917,411	119,935,665	140.0	10,061,282	9,907,058	101.6

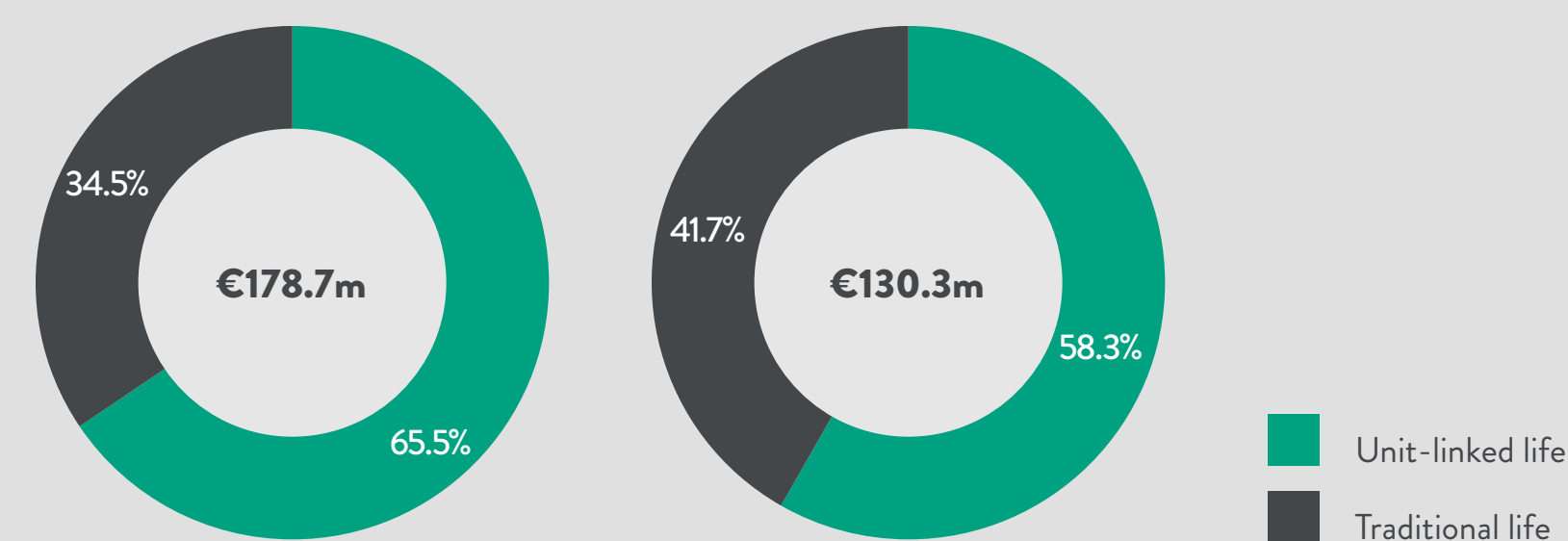
Unconsolidated gross life premiums of Sava Insurance Group companies

EUR	2021	2020	Index
Zavarovalnica Sava, Slovenian part (life)	71,863,249	74,196,468	96.9
Zavarovalnica Sava, Croatian part (life)	2,212,715	3,610,582	61.3
Illyria Life (RKS)	3,416,263	2,502,635	136.5
Sava Životno Osiguranje (SRB)	4,604,599	3,845,773	119.7
Vita (SVN)	96,611,004	46,118,052	209.5
Total	178,707,830	130,273,510	137.2

As a result of the acquisition of Vita, gross premiums written of Slovenian life insurers increased by 40.0% compared to the previous year. In 2021, gross premiums written by the life insurance part of Zavarovalnica Sava in Slovenia dropped by 3.1% year on year. Despite favourable sales of new policies, the companies did not manage to write sufficient new business to fully offset premiums lost due to policy maturities, surrenders and deaths.

Non-Slovenian life insurers managed to increase gross premiums written by 2.8%. The Kosovo and Serbian insurers increased gross premiums written through their own sales network and enhanced cooperation with external sales channels, posting large growth in gross premiums written (Kosovo by 36.5%, Serbia by 19.7%). Lower overall growth was the result of lower gross premiums written at the Croatian branch of Zavarovalnica Sava due to lower sales through bank sales channels and the optimisation of the portfolio with the aim of improving operating profitability.

Gross life insurance premiums by class of business, including riders



The composition of gross life premiums written changed upon the acquisition of Vita, as it has a larger share of unit-linked policies in its portfolio, while the proportion of traditional insurance at Zavarovalnica Sava has been decreasing.

Net claims incurred

Net claims incurred, life insurance business

EUR	2021	2020	Index
Gross claims paid	122,750,241	124,952,168	98.2
Net claims incurred	121,119,510	121,061,560	100.0
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	210,699,192	115,697,826	182.1

* This largely comprises mathematical provisions.

Net claims incurred, life insurance business

EUR	Slovenia			International		
	2021	2020	Index	2021	2020	Index
Gross claims paid	118,261,277	120,316,271	98.3	4,488,964	4,635,897	96.8
Net claims incurred	116,910,249	116,246,007	100.6	4,209,261	4,815,553	87.4
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	204,131,384	110,202,692	185.2	6,567,808	5,495,134	119.5

* This largely comprises mathematical provisions.

Unconsolidated gross life claims paid by Sava Insurance Group companies

EUR	2021	2020	Index
Zavarovalnica Sava, Slovenian part (life)	79,756,136	103,279,107	77.2
Zavarovalnica Sava, Croatian part (life)	1,908,286	2,883,719	66.2
Illyria Life (RKS)	712,346	602,967	118.1
Sava Životno Osiguranje (SRB)	1,868,332	1,149,211	162.6
Vita (SVN)	38,505,141	17,037,164	226.0
Total	122,750,241	124,952,168	98.2

Gross claims paid in Slovenia declined year on year, even though Vita was part of the Group portfolio for a longer time, because maturity payments decreased by EUR 21.1 million in the Slovenian part of Zavarovalnica Sava. Maturity payments declined in traditional life insurance (EUR 32.4 million in 2021), down EUR 22.3 million year on year. Unit-linked life business, where policyholders bear the investment risk, paid out EUR 15.8 million in maturity benefits, up EUR 1.2 million from the previous year.

The reasons for the difference between net claims incurred, including the change in net other provisions, and unit-linked provisions of Slovenian com-

panies are the full-year inclusion of Vita and the movement in unit prices of unit-linked life funds. Fund unit prices move in line with developments in the financial markets, which were more favourable in 2021 than in the previous year (downturn in equity markets in April 2020). While this does not affect the result of unit-linked life insurance, it is reflected in the movement of provisions.

Gross claims paid by non-Slovenian insurers were lower than in the previous year, as the Croatian branch office made fewer maturity payments on life insurance policies.

Net claims incurred, including the change in other provisions and the change in the provision for unit-linked business in 2021, rose mainly reflecting the events of the previous year – the Croatian part of Zavarovalnica Sava saw more of credit life policy expire in 2020, and the volume of surrenders increased as well, which reduced mathematical provisions and consequently reduced net claims incurred, including the change in other provisions and the change in the provision for unit-linked business.

Operating expenses

Operating expenses, life segment

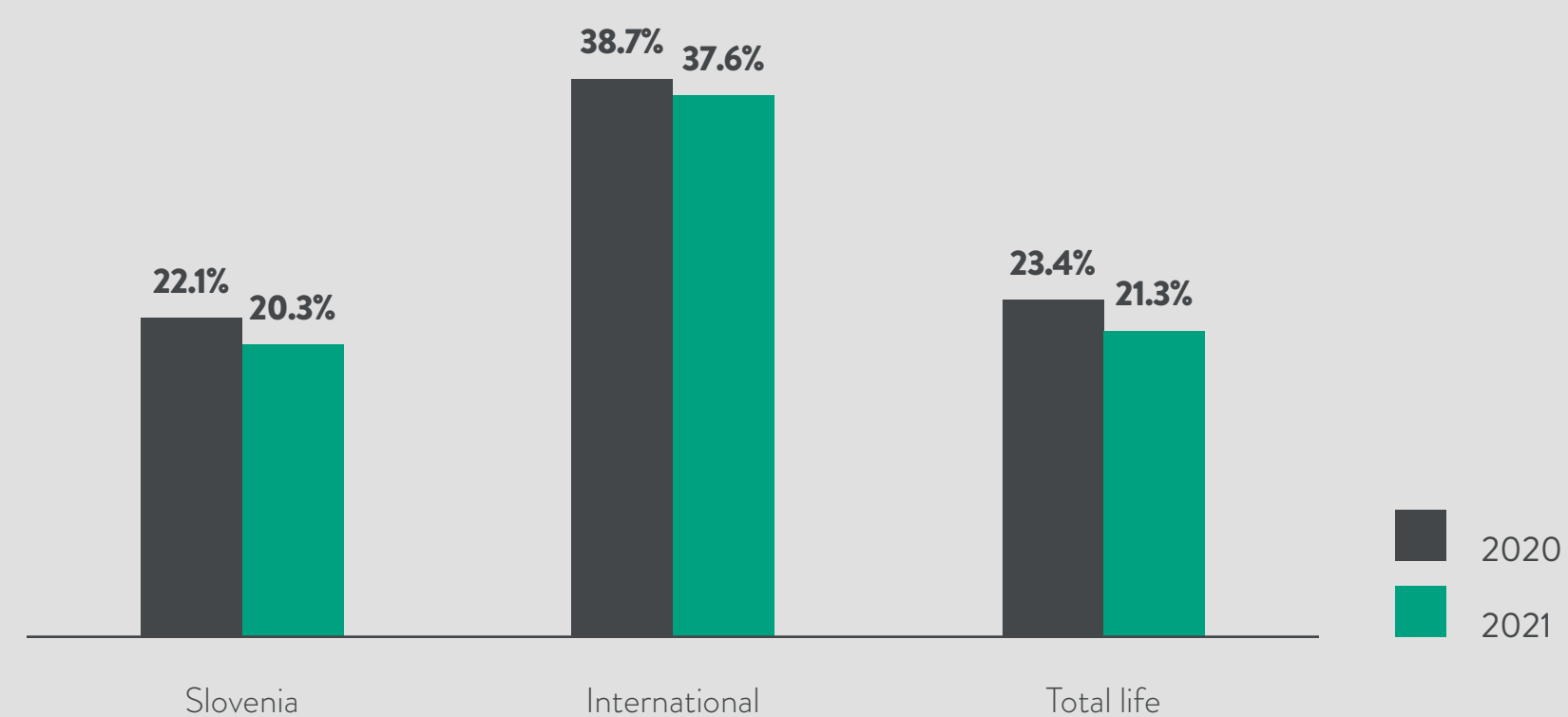
EUR	2021	2020	Index
Acquisition costs	12,787,016	8,766,579	145.9
Change in deferred acquisition costs (+/-)	212,129	-543,216	-39.1
Other operating expenses	25,199,764	21,700,767	116.1
Operating expenses	38,198,909	29,924,130	127.7
Reinsurance commission income	-158,961	-68,899	230.7
Net operating expenses	38,039,948	29,855,231	127.4

Gross operating expenses, life segment

EUR	2021	2020	Index
Life, Slovenia	34,140,052	26,613,942	128.3
Life, international	3,846,728	3,853,404	99.8

Acquisition costs and other operating expenses were higher than in the previous year, mainly due to Vita's consolidation period.

Gross expense ratio, life segment

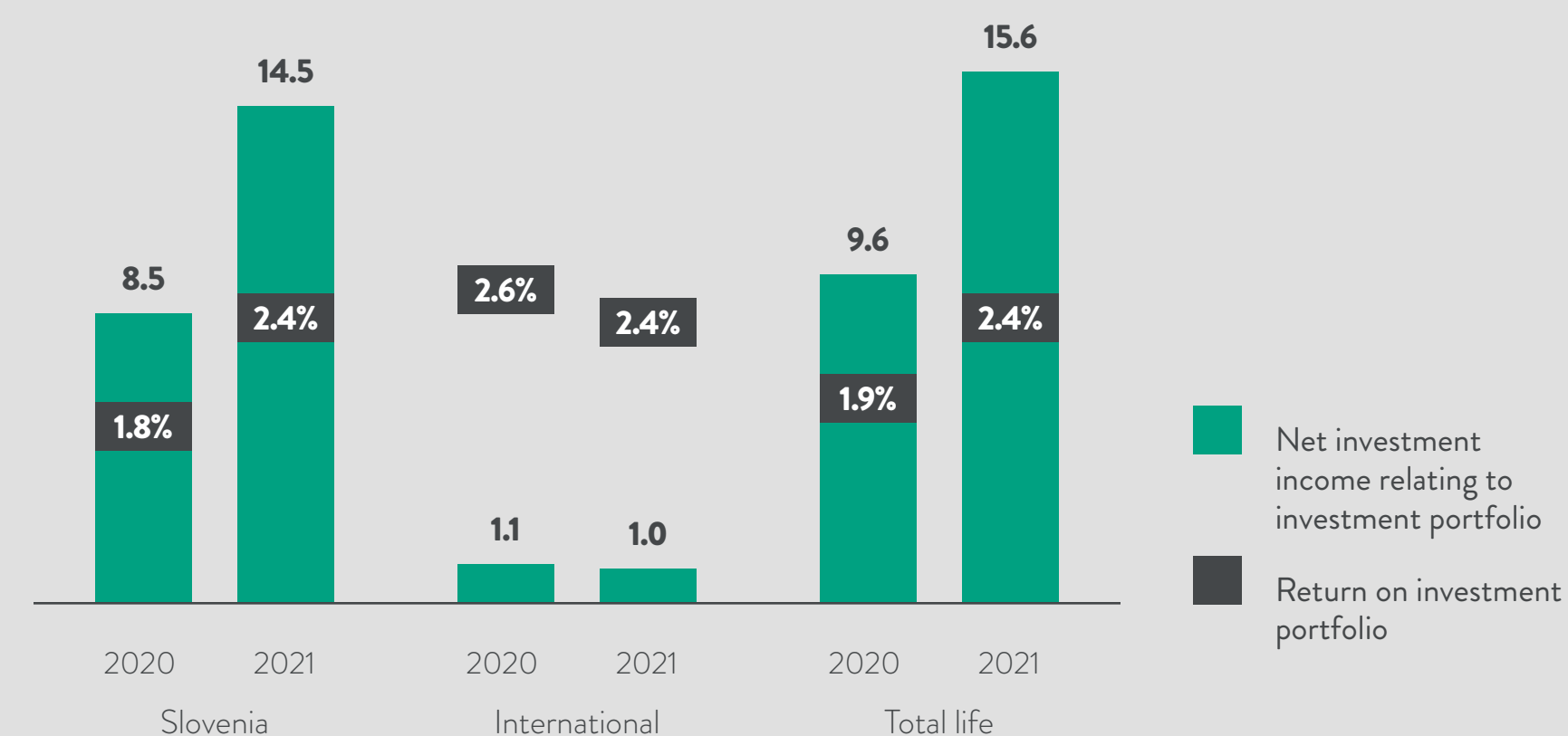


The gross expense ratio dropped by 2.1 p.p. year on year as the result of the inclusion of Vita, which, thanks to its specific sales model, operates on a lower gross expense ratio. Life insurance companies outside Slovenia saw a decline in the gross expense ratio of 1.1 p.p. as premiums in Serbia and Kosovo grew faster than expenses.

Net investment income

Net investment income and investment return relating to the investment portfolio, life insurance business

(€m)



Net investment income of the life insurance investment portfolio declined by EUR 5.9 million compared to 2021, as Zavarovalnica Sava generated higher gains on the disposal of financial investments and higher interest income due to the full consolidation of Vita. As a result, net investment income also improved by 0.5 p.p.

8.1.4 Pensions and asset management

Income statement and statement of financial position by operating segment are presented in the notes to the financial statements, section 17.4.37 “Segment reporting”.

Annuity part

EUR	2021	2020	Index
Gross premiums written	4,264,740	3,240,841	131.6
Gross claims paid	-1,274,206	-968,569	131.6
Change in other net technical provisions (+/-)	-2,994,194	-2,453,481	122.0

The annuity part of this segment comprises the operations of Sava Pokojninska. This company’s policyholders were the main contributors to gross premiums written, which were higher than those of the previous year. Some premiums were also contributed by 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).

The increase in assets in annuity funds due to policyholders reaching retirement age is also reflected in annuity payouts, which is recorded under gross claims paid.

The change in other net technical provisions is the result of premiums paid in and claims paid out.

Accumulation part

Other technical income and other income (accumulation part, pensions and asset management segment)

EUR	2021	2020	Index
Other technical income and other income	17,309,584	13,480,150	128.4

Other technical income and other income include:

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

- income of the North Macedonian pension company relating to client entry charges 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.

Other technical income and other income increased in all companies in this segment, with the largest increase at Sava Infond, which demonstrates their strong performance in 2021, when the value of assets under management increased significantly.

Performance of funds under management (accumulation part, pensions and asset management segment)

EUR	2021	2020	Index
Opening balance of fund assets (31 December)	1,241,028,424	1,119,667,192	110.8
Fund inflows	204,484,308	140,345,215	145.7
Fund outflows	-42,472,037	-54,407,350	78.1
Asset transfers	-10,015,759	-3,442,487	290.9
Net investment income of fund	150,668,253	42,220,138	356.9
Entry and exit charges	-2,504,467	-2,037,891	122.9
Exchange differences and fair value reserve	481,853	-1,316,394	-
Closing balance of fund assets (31 December)	1,541,670,574	1,241,028,424	124.2

* The difference in the balance of fund assets and the balance sheet item assets of financial investments are the receivables from financial investments.

Inflows into the group of life cycle funds of the Slovenian pension company were up 6.0% due to the increased average value of inflows in 2021, and inflows into the mandatory and voluntary funds of the North Macedonian pension company increased by 3.3%. Inflows into the mutual funds of the Slovenian investment management company achieved growth of 111%.

16.7%

increase in pension
company savings funds

39.4%

more mutual fund
assets under
management

The liability funds of the Slovenian pension company generated a 3.4% return in 2021 (2020: -0.3%), and the mandatory and voluntary pension funds managed by the North Macedonian pension company achieved a return of 9.1% (2020: 3.3%); the Slovenian company for managing mutual funds achieved a high return of 15.9% on mutual funds (2020: 5.6%). The relatively poor net investment income generated in 2020 mostly reflected unfavourable developments in financial markets, whereas financial market trends in 2021 were very favourable.

Funds under management at period end (accumulation part, pensions and asset management segment)

EUR	31 December 2021	31 December 2020	Index
Sava Pokojninska	167,095,042	155,439,532	107.5
Sava Penzisko Društvo	804,026,425	676,400,347	118.9
Sava Infond	570,549,108	409,188,545	139.4
Total	1,541,670,574	1,241,028,424	124.2

Since the Slovenian mutual fund manager and the North Macedonian pension company manage client assets separately 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	2021	2020	Index
Operating expenses	11,362,609	9,595,326	118.4

Operating expenses rose reflecting growth in business volumes and increase in assets under management, with the rise in operating expenses lagging well behind growth in revenue, which boosted profitability in this operating segment.

Profit or loss for the period

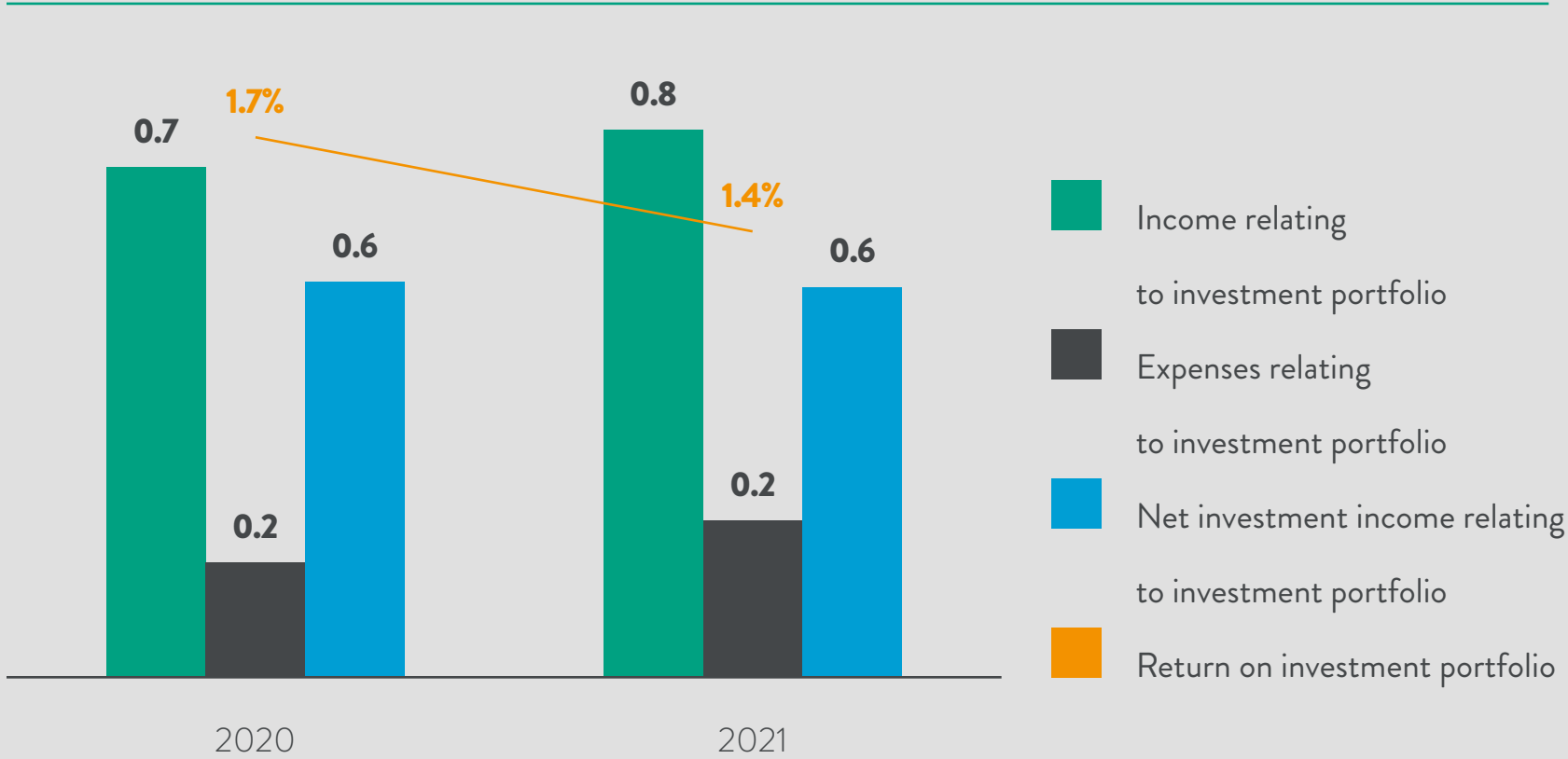
Profit or loss before tax, pensions and asset management segment

EUR	2021	2020	Index
Profit or loss before tax	5,644,703	1,961,393	287.8

The pensions and asset management segment improved its pre-tax profit by EUR 3.7 million in 2021 year on year. This pre-tax profit stems from growth in assets under management due to increasing inflows and positive developments in capital markets, as well as from improved cost efficiency of operations. All companies in this segment improved their results.

Net investment income

Income, expenses and net investment income relating to the investment portfolio (pensions and asset management segment)⁵³



Net investment income of the investment portfolio of pension companies remained at the same level as in 2020. The investment return for the period was 1.4% (the higher average volume of the investment portfolio resulted in a lower return than in 2020).

8.1.5 Other

TBS Team 24 contributed EUR 1.1 million to the consolidated result of the segment in 2021 (2020: EUR 0.8 million), and the companies DCB and G2I contributed EUR 0.8 million (2020: EUR -0.4 million).

Interest expense on subordinated debt totalled EUR 2.9 million in 2021 (2020: EUR 2.9 million).

52.2%

growth in operating revenue

⁵³ 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 stated in its statement of financial position) and Sava Infond (excluding net investment income generated by funds because fund assets managed by Sava Infond are not stated in the company's statement of financial position).

8.2 Sava Re

Net premiums earned

Gross premiums written

EUR	2021	2020	Index
Non-Group	112,059,053	106,768,149	105.0
Group	77,992,670	84,915,103	91.8
Total	190,051,724	191,683,253	99.1

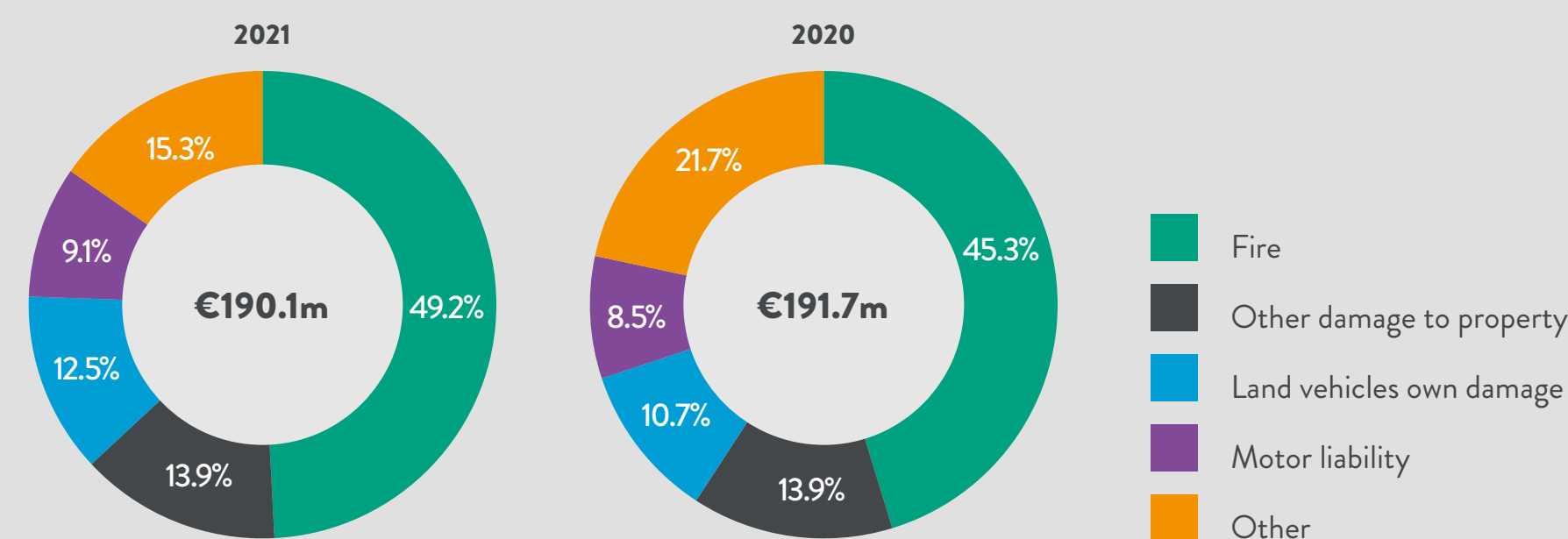
Net premiums earned

EUR	2021	2020	Index
Gross premiums written	190,051,724	191,683,253	99.1
Net premiums earned	162,736,587	157,398,793	103.4

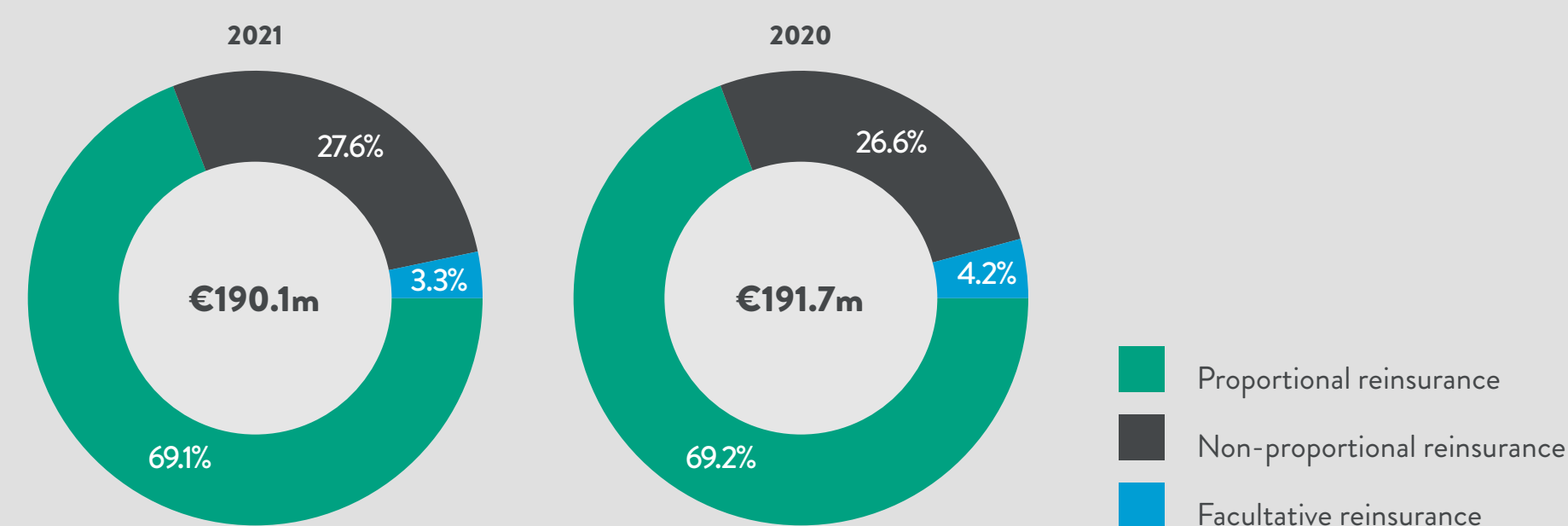
Gross premiums written sourced outside the Group grew by EUR 5.3 million. Premiums for past underwriting years grew by EUR 7.3 million in 2021, mainly for proportional reinsurance, while premiums for the current underwriting year were slightly lower (by 2.1% and EUR 2.0 million, respectively). After 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 abandoned this assumption in view of the economic situation and treated premiums for the 2020 underwriting year the same as the premiums of other underwriting years. We have seen similar responses from other reinsurers in international markets.

Group gross premiums written decreased by EUR 6.9 million in 2021 as a result of the cancellation of FoS business due to deteriorating market conditions and stricter Company criteria.

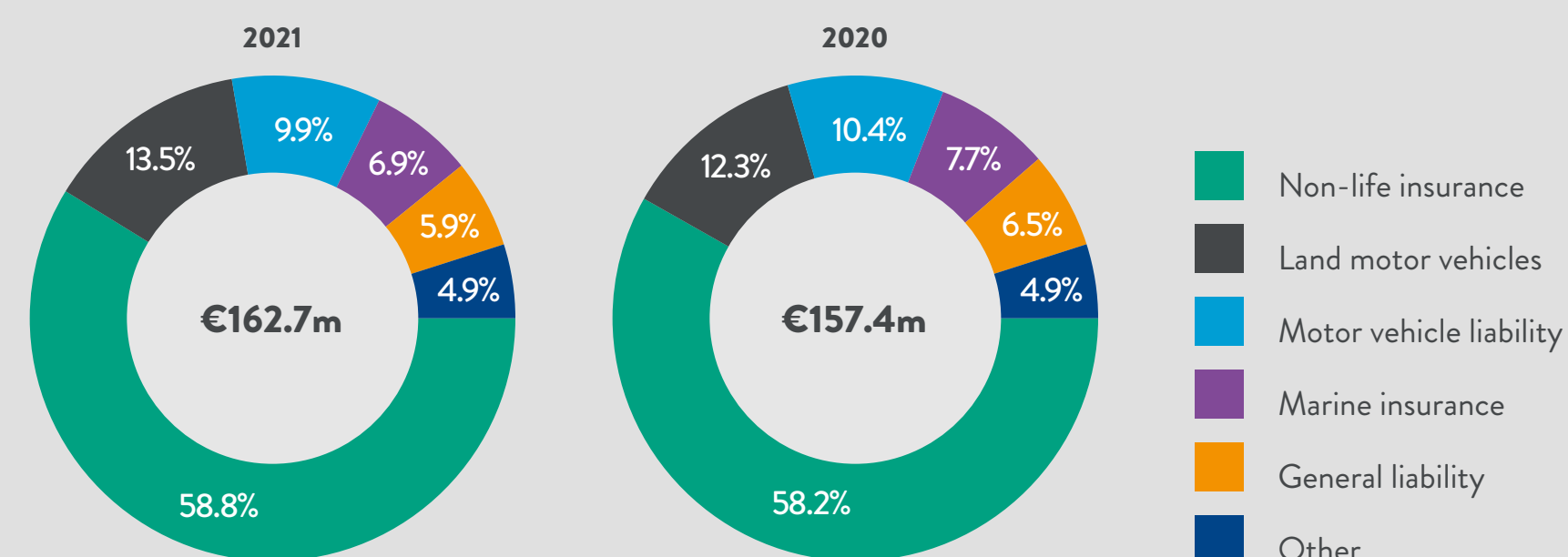
Gross premiums written by class of insurance



Gross premiums written by form of reinsurance



Net premiums earned by class of business



Net claims incurred⁵⁴

Gross claims paid

EUR	2021	2020	Index
Non-Group	58,451,181	56,510,782	103.4
Group	40,791,635	33,792,224	120.7
Total	99,242,817	90,303,006	109.9

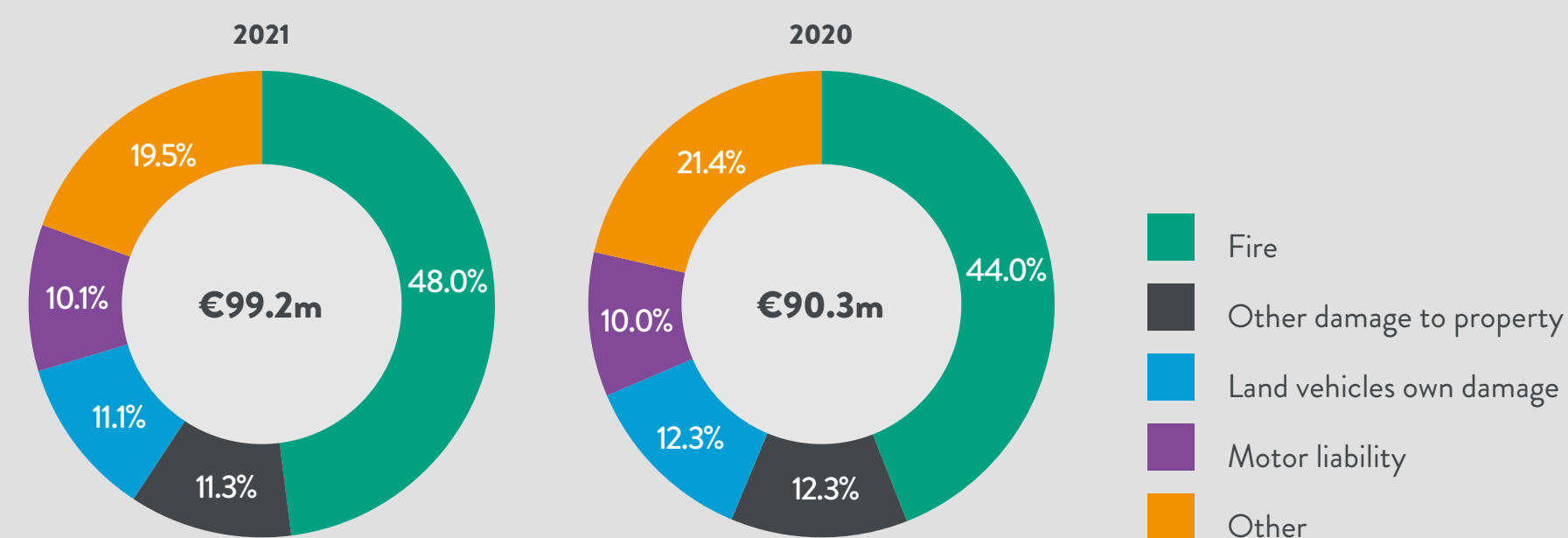
Net claims incurred, excluding the effect of exchange differences

EUR	2021	2020	Index
Gross claims paid	99,242,817	90,303,006	109.9
Net claims incurred	107,116,357	122,640,541	87.3

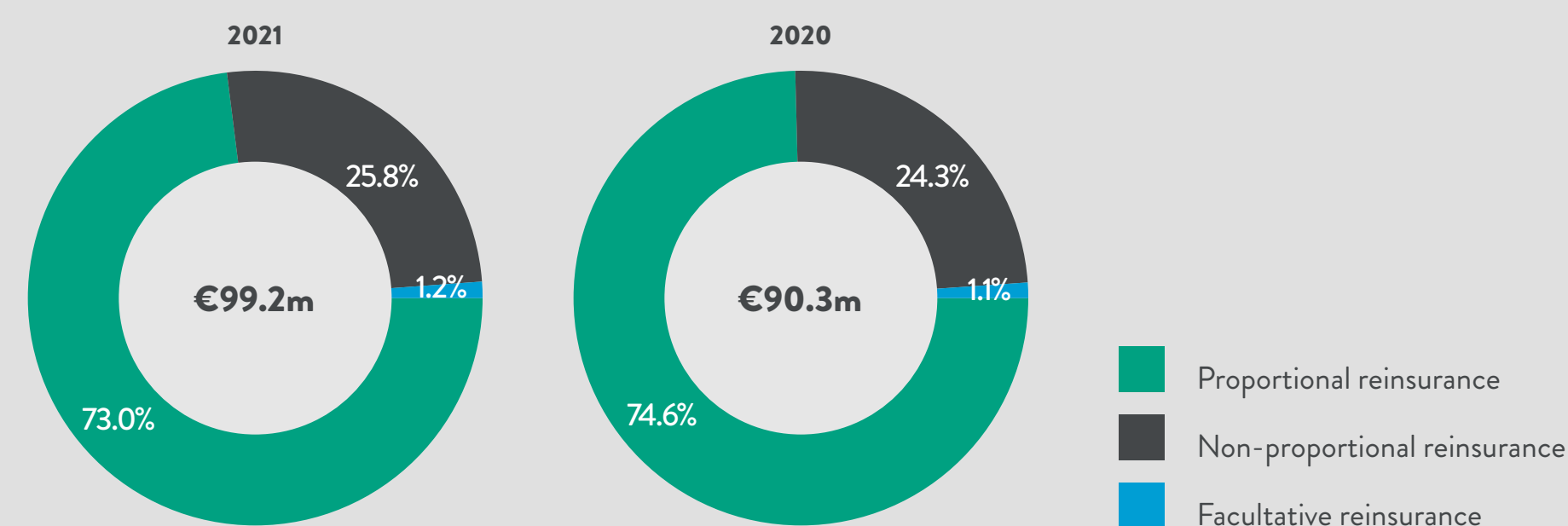
Net claims incurred decreased by 12.7% compared to 2020. Gross claims paid increased in 2021 because of storm and flood events in western Europe (mainly in Germany, Belgium and Austria) and China as well as a fire loss in Suriname. Despite the high gross claims paid related to the floods in western Europe, their impact on net claims incurred was relatively low owing to reinsurance protection. Developments of past underwriting years also had a positive effect on the movement of claims incurred in 2021. The decrease compared with 2020 was also the result of the detrimental effects of Covid-19 and FoS business in 2020.

Sava Re's net incurred loss ratio was 65.3% in 2021, an improvement of 12.7 p.p. compared to the previous year.

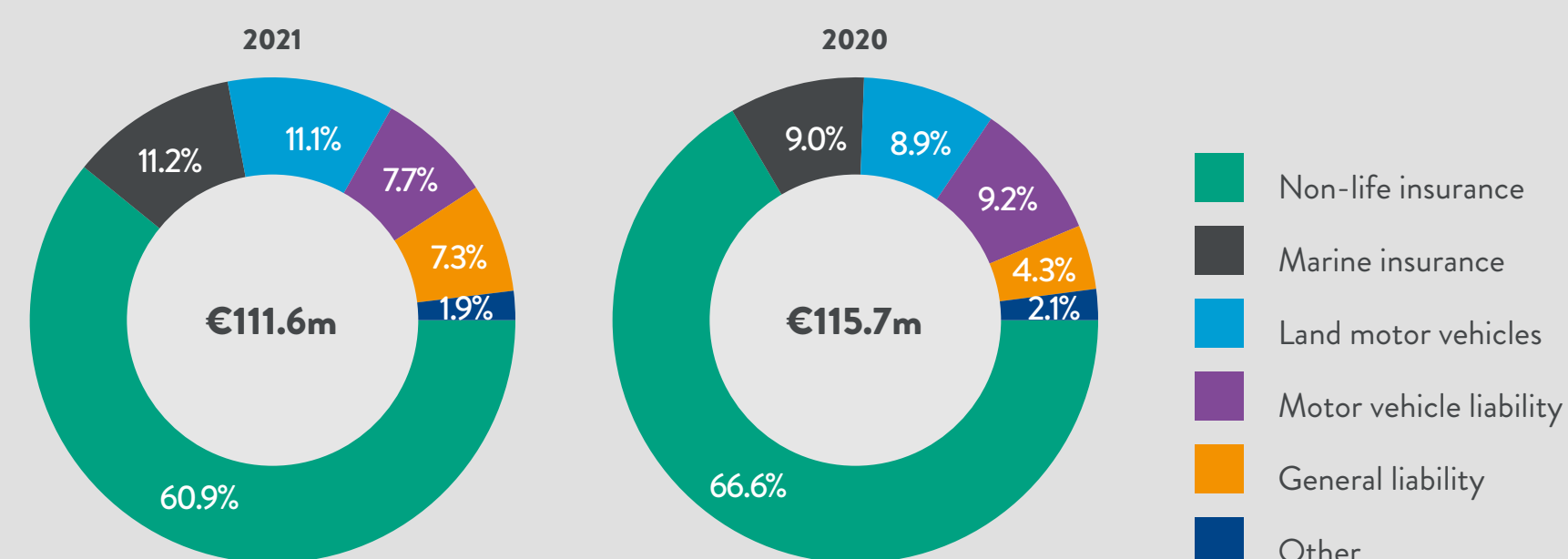
Gross claims paid by class of insurance



Gross claims paid by form of reinsurance



Net claims incurred by class of business



⁵⁴ GRI 201-02.

Operating expenses

In 2021, policy acquisition expenses (commissions) rose by 11.7%, reflecting higher commissions for the Slovenian part of the portfolio, which are higher when business performs better. We see favourable developments in old underwriting years and have high expectations for the results of more recent years. Consequently, the share of

Operating expenses

EUR	2021	2020	Index
Acquisition costs	45,244,305	40,497,640	111.7
Change in deferred acquisition costs (+/-)	968,321	717,122	135.0
Other operating expenses	15,055,471	13,422,527	112.2
Operating expenses	61,268,097	54,637,288	112.1
Reinsurance commission income	-4,870,965	-4,140,292	117.6
Net operating expenses	56,397,131	50,496,996	111.7

acquisition costs as a percentage of gross premiums written increased by 2.7 p.p. year on year to 23.8%.

Other operating expenses of Sava Re comprise expenses relating to reinsurance business (51%) and expenses associated with the administration of the Group (49%). Only the former expenses are included in the calculations of the combined ratios of reinsurance business. Compared

to 2020, total other operating expenses rose by 12.2% due to higher costs of labour and services related to the Group's administration, the introduction of international financial reporting standards IFRS 17 and IFRS 9, the upgrade and introduction of new IT solutions and services linked to the Sustainable Finance Disclosure Regulation (SFDR), which aims to increase transparency related to sustainability features and investments for end consumers. Expenses by nature are shown in note 36 of the notes to the financial statements.

Reinsurance commission income grew primarily because of higher commission income that Sava Re received from its retrocessionaires participating in the reinsurance programmes of the Slovenian cedants.

Sava Re's net investment income from the investment portfolio, excluding the effect of exchange differences

EUR	2021	2020	Absolute change	Index
Income from financial investments	6,980,109	6,847,259	132,850	101.9
Expenses for financial investments	572,939	1,517,552	-944,613	37.8
Net investment income relating to financial investments, including investment property	6,407,170	5,329,707	1,077,463	120.2
Net investment income of financial investments in subsidiaries and associates	50,417,783	19,903	50,397,879	253,316.6
Net investment income relating to the investment portfolio	56,824,952	5,349,610	51,475,342	1,062.2
Expenses relating to financial liabilities	2,871,050	2,871,406	-356	100.0
Net inv. income of the investment portfolio, excluding exchange differences but including subordinated debt expenses	53,953,902	2,478,204	51,475,699	2,177.1
Net inv. income of the investment portfolio, excluding exchange differences and subordinated debt expenses	56,824,952	5,349,610	51,475,342	1,062.2

Income/expenses include income/expenses relating to investment property.

Net investment income

Due to the prescribed income statement scheme, net investment income and return on investment also include exchange differences. The effect of exchange differences does not impact profit or loss, since the Company strives for maximum currency matching of investments and liabilities. For this reason, net investment income and return on investment are shown below, excluding foreign exchange differences. The total impact of exchange differences on the result is set out in the notes to the financial statement of the annual report, section 17.6.4.1.4 "Currency risk".

Sava Re income, expenses and net investment income of the investment portfolio, excluding the effect of exchange differences⁵⁵

EUR	2021	2020	Absolute change
Income			
Interest income at effective interest rate	2,569,728	3,047,007	-477,280
Gains on change in fair value of FVTPL assets	480,579	1,029,035	-548,456
Gains on disposal of FVTPL assets	2,200	0	2,200
Gains on disposal of other IFRS asset categories	1,927,703	1,053,834	873,869
Income from dividends and profit distributions of subsidiary and associate companies	50,417,783	2,589,986	47,827,796
Income from dividends and profit distributions – other investments	518,598	233,582	285,017
Other income	874,008	1,173,261	-299,253
Other income from alternative funds	607,293	310,540	296,753
Total income from the investment portfolio	57,397,891	9,437,246	47,960,646
Expenses			
Interest expenses	2,898,611	2,895,813	2,798
Losses on change in fair value of FVTPL assets	307,819	772,645	-464,826
Losses on disposals of FVTPL assets	3,423	0	3,423
Losses on disposal of other IFRS asset categories	28,537	7,044	21,492
Expenses relating to investments in subsidiary and associate companies	0	2,570,083	-2,570,083
Impairment losses on investments	0	429,356	-429,356
Other	205,599	283,615	-78,017
Other expenses for alternative funds	0	485	-485
Total expenses for the investment portfolio	3,443,989	6,959,042	-3,515,053
Net investment income relating to investment portfolio, excluding the effect of exchange differences	53,953,902	2,478,204	51,475,699
Return on the investment portfolio, excluding the effect of exchange differences	8.2%	0.4%	7.8

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

Net investment income of the investment portfolio is significantly higher because the Group companies did not pay any dividends in 2020 owing to the Covid-19 situation. This is also why income from investments in subsidiary companies were lower than in the previous year.

Compared to 2020, investment portfolio expenses, excluding exchange differences, dropped by EUR 3.5 million. Compared to 2020, the Company did not realise the expenses of subsidiary and associate companies (2020: EUR 2.6 million) or impairments of financial investments EUR 0.4 million).

⁵⁵ The net effect of exchange differences is presented.

9 Financial position of the Sava Insurance Group and Sava Re

9.1 Sava Insurance Group

9.2 Sava Re



9.1 Sava Insurance Group

Total assets of the Sava Insurance Group increased by 7.7% as a result of organic growth of business and stood at EUR 2,658.3 million as at 31 December 2021. Below we provide explanations

to asset and liability items in excess of 5% of total assets at the end of the year or when items in the reporting period changed by more than 2% of equity.

7.7%

growth in total assets

9.1.1 Assets

Total assets by type

EUR		As % of total		As % of total	
	31 December 2021	31 December 2021	31 December 2020	31 December 2020	
ASSETS		100.0%		100.0%	
1	Intangible assets	2.5%		2.6%	
2	Property, plant and equipment	2.1%		2.0%	
3	Right-of-use assets	0.3%		0.4%	
4	Deferred tax assets	0.2%		0.2%	
5	Investment property	0.5%		0.7%	
6	Financial investments in associates	0.8%		0.6%	
7	Financial investments	55.4%		58.0%	
8	Assets held for the benefit of policyholders who bear the investment risk	19.5%		16.7%	
9	Reinsurers' share of technical provisions	2.2%		1.7%	
10	Investment contract assets	6.5%		6.4%	
11	Receivables	5.6%		6.2%	
12	Deferred acquisition costs	0.8%		1.0%	
13	Other assets	0.2%		0.2%	
14	Cash and cash equivalents	3.3%		3.4%	
15	Non-current assets held for sale	0.0%		0.1%	

9.1.1.1 Investment portfolio

The investment portfolio of the Sava Insurance Group is made up of financial investments (7), investment property (5), financial investments in associates (6), and cash and cash equivalents (14).

Sava Insurance Group investment portfolio

EUR	31 December 2021	31 December 2020	Absolute change	Index
Deposits	18,561,697	22,415,444	-3,853,747	82.8
Government bonds	718,499,980	660,779,506	57,720,474	108.7
Corporate bonds	592,136,103	618,881,506	-26,745,403	95.7
Shares	35,965,685	38,602,296	-2,636,611	93.2
Mutual funds	35,861,078	38,313,074	-2,451,996	93.6
Infrastructure funds	44,532,966	27,436,469	17,096,497	162.3
Real estate funds	15,846,059	14,340,307	1,505,752	110.5
Loans granted and other investments	1,674,538	2,119,569	-445,031	79.0
Deposits with cedants	9,610,337	7,261,165	2,349,172	132.4
Total financial investments	1,472,688,443	1,430,149,336	42,539,107	103.0
Financial investments in associates	20,479,729	15,056,143	5,423,586	136.0
Investment property	14,281,192	16,121,079	-1,839,887	88.6
Cash and cash equivalents	73,977,512	73,956,821	20,691	100.0
Total investment portfolio	1,581,426,876	1,535,283,379	46,143,497	103.0
Assets held for the benefit of policyholders who bear the investment risk	532,109,758	420,726,585	111,383,173	126.5
- Financial investments	517,439,592	411,224,812	106,214,780	125.8
- Cash and cash equivalents	14,670,166	9,501,773	5,168,393	154.4
Investment contract assets	172,836,349	158,765,028	14,071,321	108.9

* Cash and cash equivalents of policyholders who bear the investment risk (2021: EUR 14.7 million; 2020: EUR 9.5 million) are excluded from the investment portfolio.

The investment portfolio grew driven by cash flow generated by the core (re)insurance business. Financial investments in associates grew as the result of investments in the Group's healthcare business. Investments in infrastructure funds increased in nominal

terms and as a percentage of the entire investment portfolio in accordance with the risk strategy of the Sava Insurance Group or the Company.

Composition of the investment portfolio

	31 December 2021	31 December 2020	Structure change, p.p.
Fixed-rate financial investments	88.7%	89.6%	-0.9
Infrastructure funds	2.8%	1.8%	1.0
Shares	2.3%	2.5%	-0.2
Mutual funds	2.3%	2.5%	-0.2
Real estate funds	1.0%	0.9%	0.1
Property	0.9%	1.1%	-0.1
Other*	2.0%	1.6%	0.4
Total	100.0%	100.0%	

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

Composition of fixed-rate investments

EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020	Structure change, p.p.
Government bonds	660,649,307	41.8%	608,936,869	39.7%	2.1
Regular corporate bonds	502,924,829	31.8%	504,024,657	32.8%	-1.0
Cash and cash equivalents	41,333,802	4.7%	64,985,112	4.8%	-0.1
Government-guaranteed bonds	57,850,673	3.7%	51,842,637	3.4%	0.3
Subordinated bonds	47,877,472	3.0%	49,871,737	3.2%	-0.2
Covered bonds	73,977,512	2.6%	73,956,821	4.2%	-1.6
Deposits	18,561,697	1.2%	22,415,444	1.5%	-0.3
Total	1,403,175,292	88.7%	1,376,033,277	89.6%	-0.9

The share of fixed-rate investments declined slightly compared to the previous year, mainly due to investments in infrastructure funds.

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

Life policies where the investment risk is born by policyholders are marketed by Zavarovalnica Sava and Vita. Most funds of these policyholders, i.e. EUR 517.4 million, were invested in financial investments, whereas EUR 14.7 million was held in cash. The EUR 111.4 million increase in assets compared to the previous year was due to inflows from life insurance policies and the appreciation of these investments thanks to favourable conditions in the capital markets.

9.1.1.3 Reinsurers' share of technical provisions

The reinsurers' share of technical provisions (9) increased by EUR 15.2 million or 35.6% compared to the previous year, which is wholly related to the reinsurance segment and is a result of the storm losses in western Europe reinsured against catastrophic events.

9.1.1.4 Investment contract assets

Investment contract assets (10) comprise liability fund assets relating to the group of life cycle funds managed by the Sava Pokojninska pension company for the benefit of policyholders and assets of the annuity fund the policies of which do not qualify as insurance contracts. As at 31 December 2021, investment contract assets totalled EUR 172.8 million, up 8.9% compared to 31 December 2020.

This increase in investment contract assets was mainly due to net flows of EUR 6.4 million (in 2021 inflows totalled EUR 15.2 million and outflows including entry and exit charges were EUR 8.8 million), net investment income of EUR 5.5 million generated in 2021 and EUR 2.1 million relating to appreciation of assets backing annuity policies.

Assets under the management of Sava Penzisko Društvo are not included in the Group's statement of financial position; these amounts are disclosed in section 8.1.4 "Pensions and asset management".

9.1.1.5 Receivables

Total receivables (11) were down 2.6%, or EUR 3.9 million, year on year. Receivables arising out of primary insurance operations decreased by EUR 6.7 million, owing mainly to the non-life segment and the withdrawal from FoS business. Receivables arising out of primary insurance operations over 90 days decreased (by EUR 7.2 million), whereas not-past-due receivables arising out of primary insurance operations increased.

Receivables arising out of reinsurance and co-insurance business increased by EUR 3.0 million, mainly not-past-due claims receivables. Receivables arising out of reinsurance and co-insurance business saw the largest increase (EUR 1.9 million) in Slovenian non-life business; receivables relating to the reinsurance segment grew by EUR 0.7 million, and in the international non-life segment by EUR 0.5 million.

9.1.2 Equity and liabilities

Composition of equity and liability items by type

EUR		31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020
EQUITY AND LIABILITIES		2,658,322,359	100.0%	2,467,251,303	100.0%
1	Shareholders' equity	504,077,018	19.0%	460,214,488	18.7%
	Share capital	71,856,376	2.7%	71,856,376	2.9%
	Capital reserves	42,702,320	1.6%	43,035,948	1.7%
	Profit reserves	229,008,079	8.6%	202,285,580	8.2%
	Own shares	-24,938,709	-0.9%	-24,938,709	-1.0%
	Fair value reserve	21,246,888	0.8%	40,173,090	1.6%
	Reserve due to fair value revaluation	1,300,871	0.0%	964,485	0.0%
	Retained earnings	116,166,406	4.4%	73,413,529	3.0%
	Net profit or loss for the period	49,623,843	1.9%	56,197,540	2.3%
	Translation reserve	-3,256,354	-0.1%	-3,266,013	-0.1%
	Equity attributable to owners of the controlling company	503,709,720	18.9%	459,721,826	18.6%
	Non-controlling interests in equity	367,298	0.0%	492,662	0.0%
2	Subordinated liabilities	74,863,524	2.8%	74,804,974	3.0%
3	Technical provisions	1,237,500,117	46.6%	1,233,312,054	50.0%
4	Technical provisions for the benefit of life insurance policyholders who bear the investment risk	524,183,338	19.7%	409,604,428	16.6%
5	Other provisions	9,018,106	0.3%	9,287,735	0.4%
6	Deferred tax liabilities	11,387,395	0.4%	14,901,575	0.6%
7	Investment contract liabilities	172,660,266	6.5%	158,596,453	6.4%
8	Other financial liabilities	584,924	0.0%	470,937	0.0%
9	Liabilities from operating activities	54,783,379	2.1%	58,412,273	2.4%
10	Lease liability	7,224,138	0.3%	8,255,225	0.3%
11	Other liabilities	62,040,154	2.3%	39,391,161	1.6%

9.1.2.1 Shareholders' equity

Shareholders' equity (1) increased by EUR 43.9 million due to the net profit for the year, which more than offset the decrease in the fair value reserve and the dividend payout.

9.1.2.2 Technical provisions

Gross technical provisions (3)

EUR	31 December 2021	31 December 2020	Index
Gross unearned premiums	207,022,452	210,614,842	98.3
Gross mathematical provisions	443,577,279	465,641,679	95.3
Gross provision for outstanding claims	578,713,597	547,764,679	105.7
Gross provision for bonuses, rebates and cancellations	1,530,854	1,300,797	117.7
Other gross technical provisions	6,655,935	7,990,057	83.3
Gross technical provisions	1,237,500,117	1,233,312,054	100.3

Gross provisions for the reinsurance segment rose by EUR 35 million due to adverse claims development (described in more detail in section 8.1.1 “Reinsurance: Net claims incurred”). Unearned premiums were EUR 0.2 million lower, mainly on account of the dynamics of reinsurance underwriting (2020: increase of EUR 2.2 million).

Gross provisions for the non-life segment contracted by EUR 7.8 million. Of which the growth in unearned premiums was EUR 3.5 million (2020: increase of EUR 0.3 million).

Gross mathematical provisions contracted by EUR 22.1 million, largely as a result of policy maturities and a shift to unit-linked insurance.

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

Other gross technical provisions include gross provisions for unexpired risks. These dropped by EUR 1.3 million from year-end 2020, which mainly relates to the Slovenian non-life segment (discontinuation of FoS business) and, to a minor extent, to the reinsurance segment (a smaller volume of marine reinsurance business with results poorer than expected).

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

Gross technical provisions for unit-linked life insurance (4) increased by EUR 114.6 million, which is due to portfolio growth, including single premium policies, movement in fund unit prices and the additional effect of the diversion of assets from guaranteed traditional life (policies with expired guaranteed periods) to unit-linked life business of Vita.

9.1.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska rose by EUR 14.1 million in line with investment contract assets, driven largely by new premium contributions, payouts, and changes in the unit prices of funds.

9.1.2.5 Other liabilities

Other liabilities (11) rose by EUR 22.6 million due to other accrued costs (expenses) and deferred revenue in Slovenian non-life business (a high-value insurance policy was taken out in 2021, effective in 2022).

9.1.3 Financing sources and their maturity

As at 31 December 2021, the Sava Insurance Group held EUR 504.1 million in equity and EUR 74.9 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 31 December 2021, the market price of the bond was 103.532% and the market value EUR 78,065,096 (31 December 2020: the market price 100.353%, the market value EUR 75,680,846).

9.1.4 Cash flow

In 2021, the Sava Insurance Group generated an operating cash flow of EUR 121.0 million (2020: EUR 62.5 million). Net cash from operating activities was positively impacted by the inclusion of Vita in the consolidated financial statements and fewer policy maturities at Zavarovalnica Sava.

In the same period, the Sava Insurance Group recorded negative net investment cash flow of EUR 97.0 million (2020: EUR 79.7 million) due to the purchase of securities as the result of higher cash flow and the purchase of property and equipment assets (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 54.5 million.

The Group posted net cash used in financing activities in the amount of EUR 18.8 million (2020: EUR 6.0 million). In June 2021, Sava Re paid out dividends in the amount of EUR 13.2 million (2020: EUR 0 million) and paid interest on subordinated debt in the amount of EUR 2.9 million (2020: EUR 2.9 million).

The closing balance of cash and cash equivalents increased by EUR 5.2 million. The net cash flow for 2021 was EUR 28.4 million above the year-on-year figure.

9.2 Sava Re

As at 31 December 2021, total assets of Sava Re stood at EUR 832.1 million, an increase of 10.0% over year-end 2020. Below, we set out items of assets and liabilities in excess of 5%

of total assets as at 31 December 2021, and items that changed by more than 2% of equity.

9.2.1 Assets

Total assets by type

EUR		As % of total		As % of total	
		31 December 2021	31 December 2021	31 December 2020	31 December 2020
ASSETS		832,078,756	100.0%	756,640,585	100.0%
1	Intangible assets	3,194,031	0.4%	1,947,056	0.3%
2	Property, plant and equipment	2,464,213	0.3%	2,356,848	0.3%
3	Right-of-use assets	204,879	0.0%	89,258	0.0%
4	Deferred tax assets	3,688,957	0.4%	3,487,337	0.5%
5	Investment property	7,899,693	0.9%	8,031,875	1.1%
6	Financial investments in subsidiaries and associates	324,129,991	39.0%	319,097,412	42.2%
7	Financial investments	327,784,595	39.4%	269,537,788	35.6%
9	Reinsurers' share of technical provisions	48,486,444	5.8%	31,935,116	4.2%
11	Receivables	79,803,172	9.6%	86,753,033	11.5%
12	Deferred acquisition costs	4,869,156	0.6%	5,837,477	0.8%
13	Other assets	746,808	0.1%	487,239	0.1%
14	Cash and cash equivalents	28,806,817	3.5%	27,080,146	3.6%

9.2.1.1 Investment portfolio

The investment portfolio is made up of financial investments (7), investments in subsidiaries and associates (6), investment property (5), and cash and cash equivalents (14).

The Sava Re investment portfolio totalled EUR 688.6 million as at 31 December 2021 (31 December 2020: EUR 623.7 million).

Sava Re investment portfolio by asset class

EUR	31 December 2021	31 December 2020	Absolute change	Index
Government bonds	179,718,397	132,857,699	46,860,698	135.3
Corporate bonds	104,042,314	98,807,709	5,234,605	105.3
Shares	6,850,703	9,256,913	-2,406,210	74.0
Mutual funds	6,011,306	3,216,524	2,794,781	186.9
Infrastructure funds	14,554,843	9,200,979	5,353,864	158.2
Real estate funds	4,423,724	3,969,161	454,563	111.5
Loans granted	2,572,971	4,967,639	-2,394,666	51.8
Deposits with cedants	9,610,337	7,261,165	2,349,172	132.4
Total financial investments	327,784,595	269,537,788	58,246,807	121.6
Financial investments in subsidiaries and associates	324,129,991	319,097,412	5,032,579	101.6
Investment property	7,899,693	8,031,875	-132,181	98.4
Cash and cash equivalents	28,806,817	27,080,146	1,726,671	106.4
Total investment portfolio	688,621,097	623,747,221	64,873,876	110.4

Compared to the previous year, the investment portfolio grew by EUR 64.9 million. The increase was largely due to dividend income from subsidiaries (EUR 50.4 million). Other growth drivers were positive cash flow from the core reinsurance business (EUR 17.8 million) and net exchange gains (EUR 3.7 million). The negative effects include the payment of interest on Sava Re's subordinated bond issued (EUR 2.9 million) and the negative fair value reserve (EUR 2.4 million).

The largest share of the investment portfolio as at 31 December 2021 were financial investments in subsidiary and associate companies, which accounted for 47.1% (31 December 2020: 51.2%). Their share in the composition of the investment portfolio decreased by 4.1 p.p. Fixed-rate financial investments accounted for 45.4% and increased by 3.9% compared to the previous year end, mainly due to dividends from subsidiaries. There was an increase in alternative investments, specifically infrastructure

and real-estate funds, which totalled EUR 19.0 million, accounting for 2.8% of the investment portfolio as at 31 December 2021. Owing to the time lag between the commitment and the actual investing, the uncalled commitment relating to infrastructure and real-estate funds is disclosed off the balance sheet (amounting to EUR 8.5 million as at 31 December 2021). The lower balance of loans granted is linked to the maturity of loans granted to subsidiaries.

Composition of the investment portfolio

	31 December 2021	31 December 2020	Change in composition in p.p.
Fixed-rate financial investments	45.4%	41.5%	3.9
Financial investments in subsidiaries and associates	47.1%	51.2%	-4.1
Infrastructure funds	2.1%	1.5%	0.6
Shares and mutual funds	1.9%	2.0%	-0.1
Property	1.1%	1.3%	-0.1
Real estate funds	0.6%	0.6%	0.0
Other*	1.8%	2.0%	-0.2
Total	100.0%	100.0%	

* The “other” item comprises loans granted and deposits with cedants.

Composition of fixed-rate investments as part of the investment portfolio

EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020	Change in composition in p.p.
Government bonds	163,554,849	23.8%	120,267,937	19.3%	4.5
Regular corporate bonds	89,467,085	13.0%	78,818,544	12.6%	0.4
Government-guaranteed bonds	16,163,547	2.3%	12,589,762	2.0%	0.3
Cash and cash equivalents	28,806,817	4.2%	27,080,146	4.3%	-0.2
Covered bonds	7,145,039	1.0%	12,245,853	2.0%	-0.9
Subordinated bonds	7,430,189	1.1%	7,743,312	1.2%	-0.2
Total	312,567,526	45.4%	258,745,554	41.5%	3.9

The proportion of corporate bonds in the composition of fixed-rate investments saw the greatest increase, whereas the proportion of covered bonds decreased. The proportion of other fixed-rate investments remained similar to that at year-end 2020.

9.2.1.2 Reinsurers’ share of technical provisions

The reinsurers’ share of technical provisions (9) increased by 51.8%, or EUR 16.6 million, compared to year-end

2020 due to higher claims provisions (by EUR 17.0 million) resulting from claims related to the storms in western Europe and reinsured against catastrophic events.

9.2.1.3 Receivables

Receivables (11) at year-end 2021 showed a decrease of 8.0%, or EUR 6.9 million. Receivables arising out of primary insurance business decreased by EUR 5.3 million. In the ageing analysis, the largest decrease (of EUR 4.6

million) was in past due receivables over 90 days. Receivables arising out of reinsurance and co-insurance business increased by EUR 0.7 million (an increase in receivables for reinsurers’ shares in claims); there were no current tax assets (31 December 2020: EUR 0.3 million), whereas other receivables decreased by EUR 2.0 million (receivables from investments).

9.2.2 Equity and liabilities

Composition of equity and liability items by type

EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020
EQUITY AND LIABILITIES	832,078,756	100.0%	756,640,585	100.0%
1 Shareholders' equity	371,166,000	44.6%	333,869,060	44.1%
Share capital	71,856,376	8.6%	71,856,376	9.5%
Capital reserves	54,239,757	6.5%	54,239,757	7.2%
Profit reserves	229,238,622	27.6%	202,818,558	26.8%
Own shares	-24,938,709	-3.0%	-24,938,709	-3.3%
Fair value reserve	3,619,684	0.4%	6,039,787	0.8%
Reserve due to fair value revaluation	96,544	0.0%	46,586	0.0%
Retained earnings	10,633,662	1.3%	34,797,321	4.6%
Net profit or loss for the period	26,420,064	3.2%	-10,990,617	-1.5%
2 Subordinated liabilities	74,863,524	9.0%	74,804,974	9.9%
3 Technical provisions	331,812,724	39.9%	297,882,871	39.4%
5 Other provisions	421,865	0.1%	424,345	0.1%
6 Deferred tax liabilities	76,227	0.0%	76,227	0.0%
9 Liabilities from operating activities	46,543,595	5.6%	45,389,434	6.0%
10 Lease liability	203,730	0.0%	87,834	0.0%
11 Other liabilities	6,991,091	0.8%	4,105,840	0.5%

9.2.2.1 Shareholders' equity

Shareholders' equity (1) increased by 11.2%, or EUR 37.3 million, compared to year-end 2020, due to higher net profit, which more than offset the decrease in the fair value reserve and the dividend payout.

9.2.2.2 Subordinated liabilities

In 2019, Sava Re issued subordinated bonds with a scheduled maturity in 2039 and with an early recall option for 7 November 2029. The subordinated bond is discussed in greater detail in section 9.2.4 "Financing source and their maturity".

9.2.2.3 Technical provisions

Movement in gross technical provisions

EUR	31 December 2021	31 December 2020	Index
Gross unearned premiums	52,775,034	57,411,109	91.9
Gross provision for outstanding claims	278,281,619	238,990,653	116.4
Gross provision for bonuses, rebates and cancellations	272,725	274,368	99.4
Other gross technical provisions	483,346	1,206,740	40.1
Gross technical provisions	331,812,724	297,882,870	111.4

Technical provisions (3), the second-largest item on the liabilities side, increased by 11.4%, or EUR 33.9 million, compared to 31 December 2020. This is largely due to the growth in the gross claims provision (16.4% or EUR 39.3 million), which increased in the non-Group business portfolio by EUR 35.9 million due to portfolio growth and major loss events over the recent years. The claims provision in the Group's portfolio increased by EUR 3.4 million, chiefly on account of claims from FoS business. The movement in technical provisions is discussed in detail in note 24 of the notes to the financial statements.

9.2.2.4 Liabilities from operating activities

Liabilities from operating activities (9) as at year-end 2021 decreased by 2.5%, or EUR 1.2 million, from 31 December 2020. Liabilities from insurance business decreased by EUR 1.0 million due to lower commission liabilities. Liabilities from reinsurance and co-insurance business increased by EUR 1.8 million as a result of higher liabilities for premiums. Tax liabilities increased by EUR 0.4 million (loss in 2020, profit in 2021).

9.2.3 Other investments of Sava Re in the insurance industry

As at 31 December 2021 Sava Re held, in addition to its investments in subsidiaries, investments in other companies in the insurance industry.

9.2.4 Financing sources and their maturity

As at 31 December 2021, Sava Re held EUR 371.2 million in equity capital and EUR 74.9 million in subordinated liabilities. In October 2019, it issued subordinated bonds with a scheduled maturity date of 2039 and with an early recall option for 7 November 2029. The bond is admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at 31 December 2021, the market price of the bond was 103.532% and the market value EUR 78,065,096 (31 December 2020: the market price 100.353%, the market value EUR 75,680,846).

9.2.5 Cash flow

In 2021, the Company had a positive cash flow from operating activities in the amount of EUR 26.5 million (2020: EUR 33.3 million). Net cash from financing activities declined, reflecting lower net premiums and higher net claims.

In the same period, Sava Re recorded negative net investment cash flow of EUR 8.7 million (2020: EUR 56.2 million). Net cash used decreased because of dividends received from subsidiaries in 2021. 2020 was impacted by the acquisition of Vita.

In June 2021, Sava Re paid out dividends in the amount of EUR 13.2 million (2020: EUR 0 million) and paid interest on subordinated debt in the amount of EUR 2.9 million (2020: EUR 2.9 million), which resulted in net cash used in financing activities.

The closing balance of cash and cash equivalents at year-end 2021 showed an increase of EUR 1.7 million. The net cash flow for the first half of 2021 was EUR 27.6 million above the year-on-year figure.

Other investments of Sava Re in the insurance industry

	Holding (%) as at 31 December 2021
Slovenia	
Skupina Prva, zavarovalniški holding, d.d.	4.04%
Zavarovalnica Triglav d.d.	0.29%
EU and other international	
Bosna Reosiguranje d.d., Sarajevo, Bosnia and Herzegovina	0.51%
Dunav Re a.d.o., Belgrade, Serbia	1.12%

10 Human resources management⁵⁶

- 10.1 Strategic guidelines for human resources management
- 10.2 Key activities in human resources management
- 10.3 Recruitment and staffing levels
- 10.4 Employee training and development
- 10.5 Management and motivation

⁵⁶ GRI 102-08.





10.1 Strategic guidelines for human resources management⁵⁷

We have set three human resources priorities for the strategic period 2020–2022:

- Ensure competencies for the future by attracting and retaining the best talent, and by their development and training.
- Support the commitment of each individual by ensuring effective leadership and motivation.
- Develop collective agility through the development of new agile work patterns by promoting a modern organisational culture and ensure a safe, diverse and sustainable work environment.

In order to achieve our priorities in human resources management, we are pursuing ten strategic objectives:

1. The Sava Insurance Group is recognised as an attractive and reputable employer in the region.
2. We improve the organisational climate and strengthen employee commitment.
3. We recognise individual talents, run analyses of their needs and potential, and further their development.
4. We develop and promote modern on-the-job training forms (e.g. coaching, rotation, internal trainers and programmes).
5. We are developing a system of goal-oriented leadership that ensures that expectations are communicated clearly, and regular feedback is provided, ensuring that each employee receives performance assessments and rewards.
6. We have in place systematic succession planning, and we analyse and develop future leaders and other key employees.
7. We promote open, honest and trusting relations and communication with employees and external stakeholders.
8. We develop a culture of continuous improvement and innovation.
9. We develop a flexible organisation, work forms and conditions, providing flexible employment models.
10. We promote and ensure a healthy and high-quality lifestyle for our employees.

⁵⁷ GRI 103-01, 103-02, 103-03.

⁵⁸ GRI 103-01, 103-02, 103-03.

10.2 Key activities in human resources management⁵⁸

In 2021, human resources management focused on the following activities:

- establishing the employer brand in all Slovenian companies, introducing the internal communication project Never Alone, and increasing focus on employees,
- evaluating the organisational climate, employee satisfaction and commitment in Group companies in the Adria region,
- recognising employees’ needs and providing for a safe and healthy working environment during the Covid-19 pandemic (with the option of occasional homeworking),
- optimisation and digitisation of HR processes.



10.3 Recruitment and staffing levels

The Sava Insurance Group recognises needs, develops a recruitment plan, and actively pursues it after its adoption.

We recruit professionally qualified and motivated staff, ensuring an effective induction and training programme that allows them to integrate into their workplace successfully and quickly. We develop and train our employees in line with the needs of the Company and the Group, and we aspire to create a productive and motivating work environment.

Full-time equivalent as at year end

	2021	2020	Change
Zavarovalnica Sava	1,222.6	1,304.9	-82.3
Sava Neživotno Osiguranje (SRB)	341.0	317.0	24.0
Sava Osiguruvanje (MKD)	229.2	223.8	5.5
Illyria (RKS)	211.3	201.5	9.8
Sava Osiguranje (MNE)	133.0	130.3	2.8
Sava Re	126.6	119.4	7.2
Sava Životno Osiguranje (SRB)	105.9	79.9	26.0
Illyria Life (RKS)	59.0	65.0	-6.0
Vita (SVN)	48.0	46.2	1.8
Sava Car (MNE)	43.3	48.3	-5.0
Sava Penzisko Društvo (MKD)	37.0	34.0	3.0
Sava Infond (SVN)	33.5	29.6	3.8
TBS Team 24 (SVN)	30.3	28.0	2.3
ZS Svetovanje (SVN)	26.0	24.0	2.0
Sava Agent (MNE)	16.8	17.0	-0.3
Sava Pokojninska (SVN)	13.0	13.0	0.0
Ornatus KC (SVN)	12.0	9.0	3.0
Sava Station (MKD)	10.8	10.3	0.5
Total	2,698.9	2,701.0	-2.0

The tables below give details on employees (under employment contracts) by various criteria.

10.3.1 Number of employees as at year end⁵⁹

The number of employees in the Sava Insurance Group in 2021 remained about the same as the previous year. A notable reduction was recorded in the number of employees in sales, i.e. sales agents.

A total of 22 people joined Sava Re in 2021. The number of employees increased in risk management and asset-liabilities management, human resources management, sales, re-insurance, internal audit, the Group modelling centre, and information technology. New staff was recruited primarily due to increased workload, redeployment within the Company or the Group, departures and maternity leave.

In 2021, 10 employees left Sava Re. The most common grounds for termination of employment were termination by mutual agreement and redeployment to the Group's subsidiaries.

Number of employees as at year end

	2021	2020	Change
Zavarovalnica Sava	1,297	1,388	-91
Sava Neživotno Osiguranje (SRB)	352	336	16
Sava Osiguruvanje (MKD)	240	232	8
Illyria (RKS)	217	204	13
Sava Re	142	130	12
Sava Osiguranje (MNE)	139	137	2
Sava Životno Osiguranje (SRB)	138	99	39
Illyria Life (RKS)	60	66	-6
Sava Car (MNE)	51	62	-11
Vita (SVN)	51	50	1
Sava Agent (MNE)	44	40	4
Sava Penzisko Društvo (MKD)	39	37	2
Sava Infond (SVN)	34	32	2
TBS Team 24 (SVN)	31	29	2
ZS Svetovanje (SVN)	27	28	-1
Sava Station (MKD)	16	14	2
Sava Pokojninska (SVN)	13	13	0
Ornatus KC (SVN)	12	9	3
Total	2,903	2,906	-3

⁵⁹ GRI 102-07.

Number of employees by type of employment (part-time, full-time) as at year end⁶⁰

	Sava Insurance Group				Sava Re			
	2021		2020		2021		2020	
Type of employment	Number	Share	Number	Share	Number	Share	Number	Share
Part-time	287	9.9%	227	7.8%	28	19.7%	15	11.5%
Full-time	2,616	90.1%	2,679	92.2%	114	80.3%	115	88.5%
Total	2,903	100.0%	2,906	100.0%	142	100.0%	130	100.0%

As at year-end 2021, the Sava Insurance Group had 2,616 full-time employees (2021: 90.1%) and 287 part-time employees (2021: 9.9%). Part-time employees were those who had disabled status, those who exercised the right to child-care leave, agents in first employment, and employees in split employment in the Group.

As at year-end 2021, Sava Re employed 114 full-time employees (2021: 80.3%) and 28 part-time employees (2021: 19.7%). Most employees work on a full-time employment contract. Altogether 26 employees are in part-time employment, and the difference between this and full-time employment is covered by employment in the subsidiary, Zavarovalnica Sava. Additionally, part-time employment is offered to employees with statutory childcare rights.

Number of employees by type of contract as at year end⁶¹

	Sava Insurance Group				Sava Re			
	2021		2020		2021		2020	
Type of employment	Number	Share	Number	Share	Number	Share	Number	Share
Fixed-term contract	481	16.6%	479	16.5%	7	4.9%	3	2.3%
Contract of indefinite duration	2,422	83.4%	2,427	83.5%	135	95.1%	127	97.7%
Total	2,903	100.0%	2,906	100.0%	142	100.0%	130	100.0%

As at year-end 2021, the Sava Insurance Group employed 2,422 staff under contracts of indefinite duration (2021: 83.4%) and 481 under fixed-term contracts (2021: 16.6%).

As at year-end 2021, Sava Re employed 135 staff under contracts of indefinite duration (2021: 95.1%). Seven fixed-term contracts were concluded to arrange substitutions for absent employees and handle a temporary increase in workload (2021: 4.9%).

⁶⁰ GRI 102-08.

⁶¹ GRI 102-08.

⁶² GRI 102-41.

⁶³ GRI 102-41.

⁶⁴ GRI 102-08.

Employees covered by collective bargaining agreements as at year end⁶²

	Sava Insurance Group				Sava Re			
	2021		2020		2021		2020	
Employees covered by the collective bargaining system	Number	Share	Number	Share	Number	Share	Number	Share
Employees covered by the collective bargaining agreement	2,675	92.1%	2,771	95.4%	120	84.5%	106	81.5%
Employees not covered by the collective bargaining agreement	228	7.9%	135	4.6%	22	15.5%	24	18.5%
Total	2,903	100.0%	2,906	100.0%	142	100.0%	130	100.0%

As at year-end 2021, the Sava Insurance Group had 2,675 staff (2021: 92.1%) covered by the collective bargaining agreement and 228 (2021: 7.9%) not covered by system⁶³.

As at year-end 2021, Sava Re had 120 staff covered by the collective bargaining agreement (2021: 84.5%), and 22 were outside the system (2021: 15.5%).

Employees by level of education as at year end⁶⁴

	Sava Insurance Group				Sava Re			
	2021		2020		2021		2020	
Level of formal education	Number	Share	Number	Share	Number	Share	Number	Share
Primary and lower secondary education	7	0.2%	55	1.9%	0	0.0%	0	0.0%
Secondary education	1,181	40.7%	1,184	40.7%	15	10.6%	13	10.0%
Higher education	288	9.9%	306	10.5%	3	2.1%	4	3.1%
University education	1,274	43.9%	1,210	41.6%	96	67.6%	88	67.7%
Master's degree or doctorate	153	5.3%	151	5.2%	28	19.7%	25	19.2%
Total	2,903	100.0%	2,906	100.0%	142	100.0%	130	100.0%

The structure of Sava Insurance Group employees by level of education in 2021 did not change significantly compared to previous years. The percentage of employees with primary school education remains low (2021: 0.2%), whereas the percentage of employees with secondary school education is very high (2021: 40.7%) and relates mainly to insurance sales. Most employees, 43.9%, have a university degree.

All Sava Re employees have attained at least secondary-level education. The majority (2021: 96) have a university degree, and the percentage of employees with a master’s or doctoral degree is also high (2021: 19.7%). The Company’s activity requires and relies on highly qualified staff, who are encouraged to take part in further training and participate in various formal education programmes.

Employees by age group as at year end⁶⁵

	Sava Insurance Group				Sava Re			
	2021		2020		2021		2020	
Age group	Number	Share	Number	Share	Number	Share	Number	Share
From 20 to 25	118	4.1%	110	3.8%	1	0.7%	0	0.0%
From 26 to 30	223	7.7%	246	8.5%	14	9.9%	12	9.2%
From 31 to 35	378	13.0%	367	12.6%	14	9.9%	11	8.5%
From 36 to 40	452	15.6%	486	16.7%	24	16.9%	28	21.5%
From 41 to 45	529	18.2%	507	17.4%	28	19.7%	22	16.9%
From 46 to 50	459	15.8%	475	16.3%	28	19.7%	29	22.3%
From 51 to 55	373	12.8%	356	12.3%	17	12.0%	18	13.8%
Over 56	371	12.8%	359	12.4%	16	11.3%	10	7.7%
Total	2,903	100.0%	2,906	100.0%	142	100.0%	130	100.0%

The composition of Sava Insurance Group employees by age group in 2021 was similar to previous years.

The average employee age at Sava Re slightly increased in 2021 and was 44 years. The higher share of employees aged 35 and under is higher due to the high number of young recruits. The average age of members of the Company’s management bodies in 2021 was 48 years⁶⁶.

Employees by gender as at year end⁶⁷

	Sava Insurance Group				Sava Re			
	2021		2020		2021		2020	
Gender	Number	Share	Number	Share	Number	Share	Number	Share
Women	1,565	53.9%	1,626	56.0%	92	64.8%	84	64.6%
Men	1,338	46.1%	1,280	44.0%	50	35.2%	46	35.4%
Total	2,903	100.0%	2,906	1.0%	142	100.0%	130	100.0%

⁶⁵ GRI 102-08.
⁶⁶ The authorised representative of the management board was excluded from the calculation.
⁶⁷ GRI 102-08, 405-01.
⁶⁸ GRI 405-02.
⁶⁹ Years of service in the Company/ Group.

The Sava Insurance Group’s employee structure by gender is still balanced, with a growing percentage of women in recent years (2021: 53.9%) compared to the percentage of men. Women as well as men are represented in all business areas and at all levels of management.

The gender ratio at Sava Re in 2021 remained about the same as the previous year. The majority of employees are women (2021: 64.8%), who are represented at all levels of management and in all professional areas. The percentage of men (2021: 35.2%) was slightly below the previous year’s figure, when it was 0.2 p.p. higher.

The basic salary of women is the same as the basic salary of men in all employee categories⁶⁸.

Employees by years of service as at year end⁶⁹

	Sava Insurance Group				Sava Re			
	2021		2020		2021		2020	
Years of service	Number	Share	Number	Share	Number	Share	Number	Share
From 0 to 5 years	738	25.4%	680	23.4%	80	56.3%	62	47.7%
6–10 years	439	15.1%	450	15.5%	23	16.2%	25	19.2%
11–15 years	483	16.6%	490	16.9%	20	14.1%	23	17.7%
16–20 years	344	11.8%	349	12.0%	6	4.2%	6	4.6%
21–30 years	539	18.6%	583	20.1%	11	7.7%	12	9.2%
Over 30 years	360	12.4%	354	12.2%	2	1.4%	2	1.5%
Total	2,903	100,0%	2,906	100,0%	142	100,0%	130	100,0%

The largest employee group in the Sava Insurance Group in terms of years of service is the first group – employees with up to five years of service (2021: 25.4%). The percentage of employees with 20 to 30 years of service remains relatively high (2021: 18.6%).

Most Sava Re employees are in the first and second group, which is largely attributed to increased recruitment in the past decade. As many as 56.3% of all employees of the Company have five years of service or less.



Management board members by gender

	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Number of men on the management board	33	82.5%	4	80.0%
Number of women on the management board	7	17.5%	1	20.0%
Total	40	100.0%	5	100.0%

The Sava Insurance Group has 40 management board members. The majority, 82.5%, are men. The percentage of women at the management board level is lower.

Sava Re has a five-member management board that consists of: the chair, three board members and the authorised representative of the management board, who does not have a managerial function.

Employees at management levels 1 and 2 by gender

	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Number of men at management levels 1 and 2	138	57.0%	14	52.0%
Number of women at management levels 1 and 2	104	43.0%	13	48.0%
Total	242	100.0%	27	100.0%

Absenteeism rate⁷⁰

Absenteeism is calculated as the number of lost workdays due to absences divided by the product of the average number of employees multiplied by the average number of workdays during the year. The following table shows the absenteeism rate by individual companies in 2021 relative to 2020. A significantly higher absenteeism rate was recorded in Ornatus KC, Sava Osiguranje, Sava Car and TBS Team 24, and a significantly lower absenteeism rate was recorded in Sava Infond, Sava Životno, Illyria Life and Sava Re. The absenteeism rate in other companies remained largely the same as the previous year.

⁷⁰ GRI 403-02.

⁷¹ GRI 403-02.

⁷² GRI 401-02.

Absenteeism rate⁷¹

	2021	2020
Zavarovalnica Sava	4.63%	4.15%
Sava Neživotno Osiguranje (SRB)	4.95%	4.51%
Sava Osiguruvanje (MKD)	0.33%	0.49%
Illyria (RKS)	0.36%	0.70%
Sava Osiguranje (MNE)	4.67%	1.91%
Sava Re	0.31%	2.58%
Illyria Life (RKS)	0.65%	3.54%
Sava Životno Osiguranje (SRB)	2.45%	1.81%
Sava Pokojninska (SVN)	1.39%	0.75%
Sava Car (MNE)	3.28%	1.98%
Sava Agent (MNE)	1.15%	1.83%
Sava Station (MKD)	0.74%	0.28%
ZS Svetovanje (SVN)	5.46%	6.18%
Ornatus KC (SVN)	7.31%	2.15%
TBS Team 24 (SVN)	5.52%	4.23%
Sava Penzisko Društvo (MKD)	1.21%	1.87%
Sava Infond (SVN)	2.37%	5.37%
Vita (SVN)	5.76%	4.66%

The 2021 the Sava Re employee absenteeism rate decreased by 2.27 p.p. to 0.31% year on year. The improved absence rate could be attributed to the efforts invested in strengthening and promoting employee health, and to the possibility of working from home.

Work-related injuries⁷²

	Sava Insurance Group			Sava Re		
	2021	2020	Index	2021	2020	Index
Number of injuries	7	5	140.0	0	0	-
Number of working days lost	149	95	156.8	0	0	-
Number of working hours lost	1,142	760	150.3	0	0	-

Employee turnover rate⁷³

The employee turnover rate is measured by the ratio of the number of employees who left to the total number of employees as at the year end. The Group's employee turnover rate increased by 1.26 p.p. (2021: 16.64%, 2020: 15.38%).

Employee turnover rate

	Sava Insurance Group			Sava Re		
	2021	2020	Difference	2021	2020	Difference
Number of employees who left	483	447	36.0	10	13	-3.0
Number of employees as at year end	2,903	2,906	-3.0	142	130	12.0
Employee turnover rate	16.64%	15.38%	1.26%	7.04%	10.00%	-2.96%

The Sava Re employee turnover rate decreased by 2.96 p.p. to 7.04% year on year.

Overview of employee arrivals and departures by gender in current year

	Sava Insurance Group				Sava Re			
	Arrivals		Departures		Arrivals		Departures	
Gender	Number	Structure	Number	Structure	Number	Structure	Number	Structure
Women	290	60.4%	274	56.7%	14	63.6%	6	60.0%
Men	190	39.6%	209	43.3%	8	36.4%	4	40.0%
Total	480	100.0%	483	100.0%	22	100.0%	10	100.0%

The employee turnover rate shows that the number of departures in the Sava Insurance Group in 2021 was higher than the number of arrivals. New arrivals consist of 60.4% women and 39.6% men. The gender ratio for employees who left remains similar.

In 2021, Sava Re recruited 22 employees, 14 of which were women (2021: 63.6%) and eight men (2021: 36.4%). The centralisation of the finance function at the beginning of 2021 at Sava Re required engaging nine people from Zavarovalnica Sava on a part-time basis. Ten employees, six women and four men, left the company.

Overview of employee arrivals and departures by age in current year

	Sava Insurance Group				Sava Re			
	Arrivals		Departures		Arrivals		Departures	
Age group	Number	Share	Number	Share	Number	Share	Number	Share
From 20 to 25	72	15.0%	49	10.1%	1	4.5%	0	0.0%
From 26 to 30	102	21.3%	72	14.9%	6	27.3%	1	10.0%
From 31 to 35	68	14.2%	55	11.4%	1	4.5%	0	0.0%
From 36 to 40	71	14.8%	65	13.5%	7	31.8%	2	20.0%
From 41 to 45	57	11.9%	40	8.3%	1	4.5%	2	20.0%
From 46 to 50	46	9.6%	62	12.8%	3	13.6%	1	10.0%
From 51 to 55	27	5.6%	48	9.9%	2	9.1%	3	30.0%
Over 56	37	7.7%	92	19.0%	1	4.5%	1	10.0%
Total	480	100.0%	483	100.0%	22	100.0%	10	100.0%

The Group recorded arrivals and departures of employees in all age groups. Most new employees of the Sava Insurance Group in 2021 were in the 26–30 age group (2021: 21.3%).

Most new employees at Sava Re fall into the 26–30 age group (2021: 27.3%) and 36–40 age group (2021: 31.8%). Other arrivals are largely balanced within all age groups. Most employees who left the company were in the 46–50 age group (2021: 30.0%).

Parental leave⁷⁴

Employees on parental leave

	Sava Insurance Group				Sava Re			
	2021		2020		2021		2020	
Gender	Number	Share	Number	Share	Number	Share	Number	Share
Women	89	5.7%	88	5.4%	6	6.5%	10	11.9%
Men	6	0.4%	23	1.8%	3	6.0%	4	8.7%
Total	95	3.3%	111	3.8%	9	6.3%	14	10.8%

At the Sava Insurance Group level, 95 employees took parental leave in the previous year. Of these, 89 were women and 6 men. Employees on parental leave in 2021 accounted for 3.3% of all employees.

At the Sava Re, 9 employees took parental leave in 2021, 6 women and 3 men. Employees on parental leave in 2021 accounted for 6.3% of all employees.

Employees who returned from parental leave

	Sava Insurance Group				Sava Re			
	2021		2020		2021		2020	
Gender	Number	Share	Number	Share	Number	Share	Number	Share
Women	39	2.5%	43	2.6%	4	4.3%	5	6.0%
Men	6	0.4%	22	1.7%	3	6.0%	4	8.7%
Total	45	1.6%	65	2.2%	7	4.9%	9	6.9%

At the Sava Insurance Group level, 45 employees – 39 women and 6 men – returned to work from parental leave in 2021. Employees who returned from parental leave accounted for 1.6% of the total.

At Sava Re, 7 employees returned to work from parental leave in 2021, 4 women and 3 men. Employees who returned from parental leave in the previous year accounted for 4.9%. All employees returning from parental leave assumed their former posts.

74 GRI 401-03.



10.4 Employee training and development⁷⁵

10.4.1 Types and scope of training

We are aware that professional development of each employee is a prerequisite for the development and attainment of goals at the individual level as well as at the level of each company and the entire Sava Insurance Group. We offer our employees interesting work in culturally diverse international environments. We are creating a working environment that supports their professional and personal development.

In the Sava Insurance Group we build employee's knowledge and competences through numerous external and in-house training programmes. We encourage them to pursue additional training and education in their respective areas of expertise. Our employees took part in group and individual training programmes in leadership skills, communication, efficient sales, innovation, teamwork, change acceptance and management, and time management.

We encourage employees in all companies to reintegrate into formal education. Companies enable and encourage employees to obtain and retain licenses required for sales personnel and other professional staff.

At Sava Re we recognise the importance of professional training and involve our employees in the process based on the requirements of individual positions. We encourage all employees to participate, taking into account their personal and career development needs.

We are aware of the importance of intergenerational cooperation and the added value of the work environment that fosters cooperation between young talents and experienced employees. New employees take part in a tailored induction programme, which allows them to promptly and effectively integrate into the work process. They are assigned a mentor and a leader who offer them professional support in preparing for more complex and responsible work. Performance is regularly reviewed at the end of the induction period.

We developed leadership competencies of future leaders and those who recently took up a managerial position using the DNLA test, and thus obtained structured feedback. A group of leaders and high-potential staff took part in a leadership development programme that lasted several days. Leaders also received peer-to-peer coaching in various leadership skills required in leading and managing individuals and teams.

We are aware that our employees have a great deal of expertise, and it is therefore important that we continue to promote knowledge sharing and transfer of good practices through internal seminars, despite the ongoing epidemic. Most in-house seminars in 2021 were delivered in a customised format of short videoconferences. In addition to professional content, we prepared online training sessions on change management for all participants of internal seminars.

We organised two international strategic conferences, getting together employees from the entire Sava Insurance Group to exchange experiences, analyse current challenges, share best practices and prepare improvements that contribute to more efficient operations. Both conferences were held in hybrid form, live and via video conference. Cybersecurity was in focus at the spring conference, whereas the autumn conference addressed digital transformation in human resources management, leadership and customer centricity.

The number of training attendees in the Sava Insurance Group was roughly the same in 2021 as the previous year, but the number of training hours was substantially higher. It rose by 21.6% in 2021, which could be attributed to the training programmes being adapted to the epidemic situation.

Key data on employee training⁷⁶

	Sava Insurance Group			Sava Re		
	2021	2020	Index	2021	2020	Index
Hours of training	53,015	43,594	121.6	2,393	2,017	118.6
Number of training attendees	2,264	2,213	102.3	125	106	117.9

⁷⁵ GRI 103-01, 103-02, 103-03.

⁷⁶ GRI 404-01.

In 2021, training events were attended by 125 Sava Re employees, which is 17.9% more than the previous year. This amounted to a total of 2,393 training hours.

In addition to diverse expert topics, the Sava Insurance Group employees attended various workshops and lectures on soft skills, language courses and in-house hands-on workshops, through which they developed various functional skills and competencies.

Number of training hours by type of training⁷⁷

	Sava Insurance Group			Sava Re		
	2021	2020	Index	2021	2020	Index
Number of internal education/training hours	40,711	34,100	119.4	116	64	181.3
Number of external education/training hours	12,305	9,495	129.6	2,277	1,953	116.6
Total education/training hours	53,015	43,594	121.6	2,393	2,017	118.6

In 2021, the number of internal and external training hours in the Sava Insurance Group increased compared to the previous year. The number of internal training hours was even higher than it was before the outbreak of the Covid-19 epidemic, which indicates that we have successfully adapted our training pro-

grammes to location-independent online delivery.

Sava Re has recorded a substantial increase in the number of internal training hours, which was 81.3% higher than the previous year.

Average hours of employee training by gender⁷⁸

Year 2021	Sava Insurance Group			Sava Re		
	Number	Hours of training	Average	Number	Hours of training	Average
Women	1.301	28.095	21,6	81	1.450	17,9
Men	963	24.920	25,9	44	943	21,4
Total	2.264	53.015	23,4	125	2.393	19,1

On average, the percentage of training hours in both the Sava Insurance Group and Sava Re was higher for men than for women.

⁷⁷ GRI 404-01.

⁷⁸ GRI 404-01.

10.4.2 Succession planning

Group companies adopted a procedure for succession planning for members of management bodies. The supervisory boards of Group companies monitor the situation regarding each member of the management body. Annual performance appraisal interviews with these members also cover the issue of succession planning.

We encourage all companies to include all key executives in their processes for determining the foreseen successors and potential successors.

At Sava Re, we have set up a process designed to identify potential substitutes and successors for members of the management board and for directors directly reporting to the management board.

In annual interviews, all management board members and all directors directly reporting to the management board identify potential substitutes in case of unforeseen lengthy absence and identify potential successors in case of the termination of the employee's position.

All management board members and directors directly reporting to the management board have designated their foreseen substitutes for key areas of their responsibility for cases of unforeseen longer absences. Most of them also identified a potential successor within the company or Group. We believe that in the case of an unforeseen departure of an individual member of the management board or of a director the position could, at least temporarily, be filled by identified potential replacements or successors. In the short term, a single director could run two related organisational units.

We are aware how important our key professional and promising employees are, and through training we prepare them for more demanding tasks and posts associated with greater responsibilities. The scope of the training programmes that we organise and conduct demonstrates how committed we are to nurturing professional development and progress of all our employees.

The process of identifying and developing potential successors will be further encouraged and developed.

10.5 Management and motivation⁷⁹

At the Sava Insurance Group, we foster an environment in which our employees develop and realise their potential. We recognise and reward good performance. We invest in the development of leadership and cooperation competencies. We encourage employee motivation and commitment to achieving common goals. We revamp and adapt our processes in order to provide for effective work organisation and engagement of employees in various projects.

10.5.1 Leader development

In each company, leaders are the key employees who have a significant impact in building a positive work climate, employee commitment, satisfaction and loyalty. It is therefore of utmost importance that we educate them and build their leadership competencies in order to develop a modern organisational culture.

At Sava Re, we have established a process of the analysis and development of leadership competencies for existing leaders, new leaders, and other key and potential members of senior management. We evaluated the competencies of a team of new leaders and potential successors at managerial positions, and prepared personal development plans based on obtained results and feedback. They built their leadership and cooperation skills at tailored, hands-on workshops, in which they tested leadership theory through teamwork and role play.

We also organised another peer-to-peer coaching and a final, live group workshop in 2021, at which the leaders discussed topics such as: employee commitment, workplace health activities for leaders, challenges and opportunities in the post-Covid period, and coaching on leadership skills.

10.5.2 Measuring organisational climate

In 2021, we measured the organisational climate, and employee satisfaction and commitment in non-Slovenian companies using the SiOK methodology. The participating companies were: Sava Neživotno Osiguranje (Serbia), Sava Životno Osiguranje (Serbia) Sava Osiguruvanje (North Macedonia), Sava Penzisko Društvo (North Macedonia), Sava Osiguranje (Montenegro), and Illyria Life (Kosovo).

Altogether 617 employees responded, which is 70% of those invited to participate. Top-rated categories of the organisational climate were attitude to quality, innovation and initiative, and loyalty to the organisation. Rewarding, career development, professional qualification and learning were rated the lowest by employees. Employees were most satisfied with their supervisors, working hours and leadership, and least satisfied with opportunities for promotion and salaries.

The commitment analysis identified 52.8% of committed employees at companies outside the EU, 35.6% of non-committed employees, and 11.7% of actively non-committed employees.

Each company received an analysis of results, based on which we defined further steps and activities that will additionally contribute to an even better organisational climate and strengthen employee commitment.

10.5.3 Never Alone project

The employment market is very competitive, and every company aspires to attract staff with relevant skills and competencies that will help shape the company's future. In the Sava Insurance Group, we are aware of how important an attractive brand is for the employer, as it allows us to communicate with prospective employees and maintain good relations with existing ones, thus increasing their loyalty and satisfaction. With this in mind, we continued in 2021 to perform many of the activities designed for the Never Alone project. The project involves an analysis of the current situation, for which we measured the climate, and employee satisfaction and commitment in non-Slovenian companies, and provided an in-depth analysis of the human resources function across companies. We developed the visual identity of the employer brand for the Sava Insurance Group and an individual Group company and started to use it in practice. We also embarked on the overhaul or establishment of a new communication infrastructure for our employees, which encompasses a new intranet site for the Sava Insurance Group, Sava Re and Zavarovalnica Sava.

⁷⁹ GRI 103-01, 103-02, 103-03.

10.5.4 Employee benefits

In the Sava Insurance Group, we provide for employee satisfaction also through various financial (e.g. supplementary pension insurance and personal accident insurance) and non-financial incentives (e.g. flexible working hours, the possibility of homeworking, recreation, lease of holiday facilities, fruit in the office), which individual companies offer to their employees. In 2021, we organised many social events and meetings for our employees on various occasions.

Sava Re offers employees supplementary pension insurance, personal accident insurance, accident insurance for family members and business travel insurance. We organised numerous events aimed at bringing people together and events that aim to contribute to a better world and the environment in which we live (e.g. an online New Year's party, Heart for the World activities, online show for children and gift giving, a small gift for new parents, a summer picnic, health day activities, Women's Day, Online Coffee). Most of these events were held online.

10.5.5 Annual performance appraisal interviews⁸⁰

In the Sava Insurance Group, we are aware of the importance of monitoring our employees' progress and providing them with feedback through regular annual performance appraisal interviews. Group companies that recognise the added value of employee satisfaction and commitment use them as an important leadership tool. Most companies conduct annual performance appraisal interviews at least for employees up to the upper-management level.

We encourage our employees to pursue the goals that relate to the Company's strategy, which in effect implies that each employee contributes to the attainment of common goals. We regularly review employee progress, which allows us to promptly evaluate performance and coordinate our efforts in the process towards achieving our goals.

In 2021, Sava Re focused on setting quality goals and conducted hands-on workshops in which we examined examples of good practices. In addition to management by objectives, the emphasis was on monitoring satisfaction factors based on which we are going to introduce improvements and various activities aimed at fostering a positive workplace climate. As part of annual performance appraisal interviews, employees and supervisors also discuss past and required education programmes, training and other plans.

In 2021, the Sava Insurance Group conducted interviews with 1,464 employees, which accounts for half of its total workforce. All Sava Re employees took part in annual performance appraisal interviews.

Employees involved in annual performance appraisal interviews

	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Employees involved in annual performance appraisal interviews				
Women	837	53.0%	92	100.0%
Men	627	47.0%	50	100.0%
Total	1,464	50.0%	142	100.0%

10.5.6 Health and safety at work⁸¹

Across the Sava Insurance Group, companies take all necessary occupational safety and health, and fire safety measures, as required by law and internal acts. Our companies promptly refer their employees to pre-recruitment and periodical work-related medical examinations as well as to new and periodic training in occupational safety and health, and fire safety.

Our goal is to ensure that our people feel safe in and outside their workplace, and concern for occupational safety and health is therefore one of the priorities of the Sava Insurance Group, which involves all employees, the management, the human resources department, the accredited occupational health provider and the relevant external professional service. Every year, Group companies carry out various health promotion measures in line with their organisational capacities. We encourage them to organise various health-related activities, from lectures to physical recreation.

⁸⁰ GRI 404-03.

⁸¹ GRI 103-01, 103-02, 103-03.

In 2021, we carried out all statutory occupational health and safety, and fire protection measures. Additional attention was paid to new and improved health promotion measures and to ongoing preventative measures and workplace adjustments aimed at protecting employees from infection with the Covid-19 virus.

Sava Re also prepared an accomplished and upgraded health promotion programme in 2021. Once again, we organised a health day for our employees, offering them a choice between five health-related activities that we adapted to the current epidemic situation. They were offered an extra day off for health promotion purposes, which they could use for one of three organised events or one of two days dedicated to a sports activity of their choice. The events were very popular with employees this year as well. Health day was attended by 109, or 76.8% of all employees.

When the epidemiological situation was worsening and most employees were working from home, we organised various stress relief activities for them. Employees met at talk meetings, took part in BURST walking workouts and relaxed through PMR – progressive muscle relaxation. We also continued with yoga practice for our employees, which took place both online and in person. In the summer months we resumed weekly fruit supply to the company headquarters, providing healthy snacks for our employees.

10.5.6.1 Prevention of bullying, harassment, and violence in the workplace

Sava Insurance Group companies take measures to prevent bullying and harassment in the workplace in accordance with local legislation.

Sava Re has adopted the “Rules on prevention and elimination of workplace violence”, which provide a detailed description of procedures and mechanisms aimed at preventing and dealing with violence. The rules are available to all employees and serve to help them if they feel threatened by such conduct. Employees can also turn to trusted persons within the company, who are there to offer support and advice.

As in the previous year, there were no reports of harassment, bullying or other form of violence in the workplace in 2021. We promote a culture of open and respectful relationships on which we build a positive organisational climate. We promote employee interaction and organise various formal and informal meetings to this end, while encouraging them to communicate with each other.

10.5.6.2 Protection of health and safety at work during the Covid-19 epidemic

For yet another year, we were forced to work in novel health-related conditions brought about by the Covid-19 epidemic. In the Sava Insurance Group, we therefore continued to pay special attention and concern to the wellbeing, health and safety of our employees in order to ensure business continuity. Previously established crisis management teams that operate in our companies continued to meet and adopt necessary safety measures while ensuring adequate and timely communication with employees.

In different periods, our staff continued to work, mainly or partly, from home, which enabled us to ensure a safe workplace for all employees and business continuity for all Group companies. Our employees soon adapted to working from home and encountered no major problems as they moved their work equipment and communication to online platforms.

At Sava Re we recognised the potential of new work models and allowed our employees to occasionally work from home also after the crisis period. We continued to pursue the approved crisis management plan and entrusted the crisis management team with taking the necessary actions. The team met on a weekly basis and kept employees informed of any changes in the working conditions, public life and adopted internal measures.

At Sava Re we provided our employees with self-test kits, offered them the option of antibody testing at the competent laboratory, and provided quality disposable face masks and disinfectants. Before scheduled meetings with more than ten persons, we referred our employees to quick antigen testing to reduce the risk of transmission. We ensured that our premises were regularly ventilated, and limited visits and live meetings.

10.5.7 Other⁸²

Employees at the Sava Insurance Group can join representative labour bodies in their respective companies. Any major changes are promptly communicated to employee representatives, as prescribed by law.

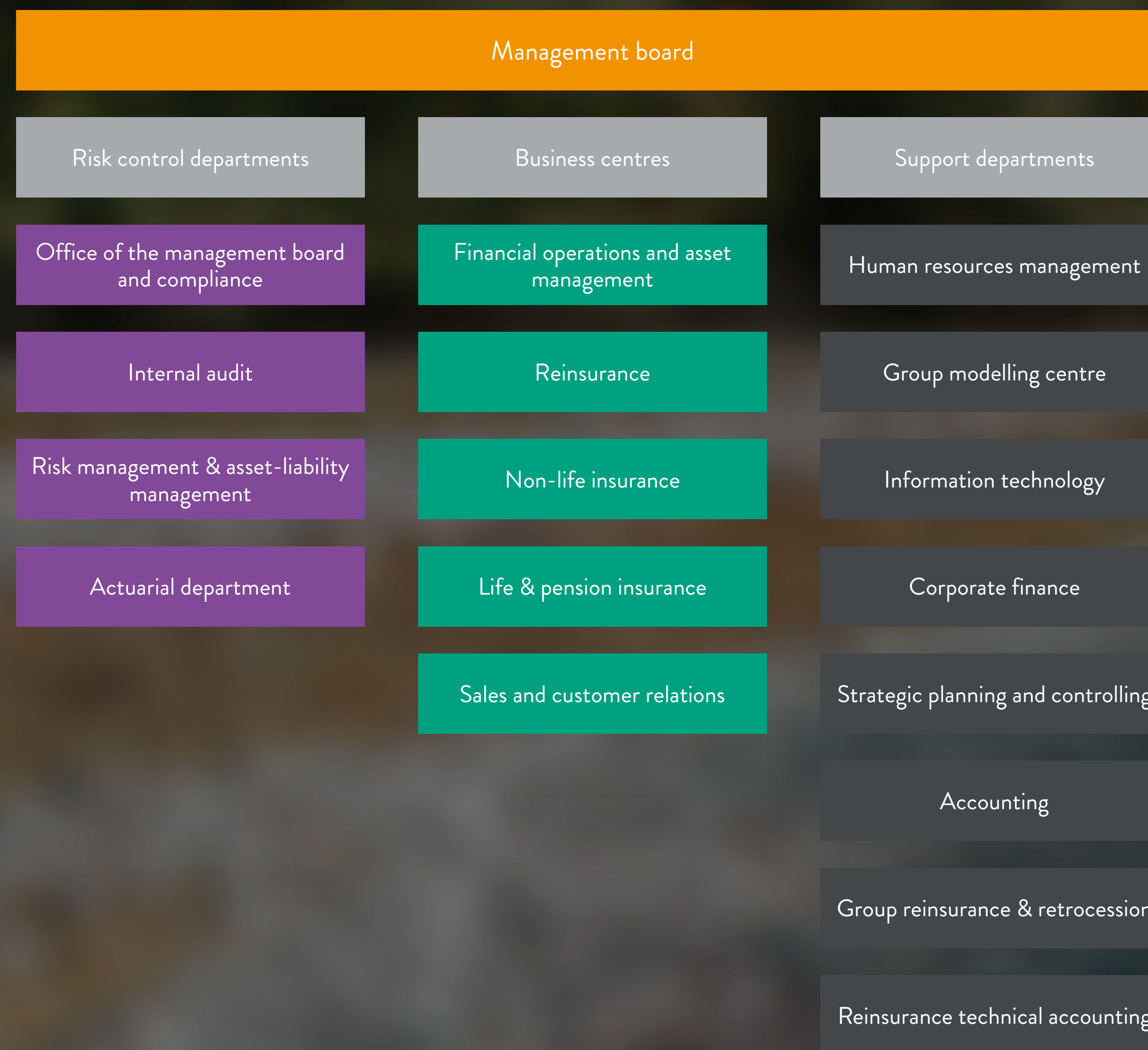
Employees are regularly informed of developments in Group companies through the Sava Insurance Group intranet portal.

Two representative labour bodies in Sava Re act as links between employees and the Company's management. These are the trade union and the workers' council. Their representatives represent all organisational units and participate in the drafting of internal acts of the Company and their amendments. In the past year, they took part in drafting the amendments to the "Rules on organisation of work and job systemisation" and the "Rules on working time".

Employees are informed of the Company's activities at staff meetings, which as a rule take place on a quarterly basis. The management board presents business results, goals and plans for the current period and the development strategy of the Company and the Group.

At Sava Re we keep our employees informed also through our intranet portal Savan, the Never Alone communication project, and other internal media and tools.

Organisational chart of Sava Re as at 31 December 2021⁸³



⁸² GRI 103-01, 103-02, 103-03.

⁸³ GRI 102-18.

11 Risk management⁸⁴

- 11.1 Risk management system
- 11.2 Capital management
- 11.3 Material risks of the Sava Insurance Group

⁸⁴ GRI 102-11.



Below we describe the risk and capital management systems and the significant risks to which the Sava Insurance Group is exposed. These areas will be presented in more detail also in the solvency and financial condition report of Sava Re as at 31 December 2021 with auditor assurance, which will be posted on the Company's website on 26 April 2022, and in the solvency and financial condition report of the Sava Insurance Group as at 31 December 2021 with auditor assurance, which will be published on the Sava Re website on 19 May 2022.

11.1 Risk management system

The Sava Insurance Group management is aware that risk management is key to achieving operational and strategic objectives and to ensuring the long-term solvency of the Group. Therefore, the Group is continuously upgrading its risk management system at both the Group company and Group levels.

In recent years, the Sava Insurance Group has expanded its services with the integration of non-insurance companies. The risk management system is therefore based on Solvency II requirements, but additionally takes into account the legal specifics of non-insurance companies. The risk management system in these companies is adapted according to the business activities of each of them and the scope of these activities and risks to which a company is exposed.

The Group companies' risk culture and awareness of the risks to which they are exposed is essential to the security and financial soundness of the companies and the Group as a whole. To establish good risk management practices, the Group promotes a risk management culture with appropriately defined remuneration for employees, employee training, and relevant internal information flow at the individual company and Group levels.

The Sava Insurance Group has implemented a risk strategy that defines the Group's risk appetite and policies that cover the entire framework of risk management, own risk and solvency assessments, and risk management for each risk category. Based on the Group's risk strategy and policies, individual Group companies set up their own risk strategies and policies, taking into account their specificities and local legislation. The adequacy of policies underpinning the risk management system is examined annually. The risk strategy is prepared in line and simultaneously with the strategic plan.

The risk management system at the individual company and Group levels is subject to continuous improvement. Particular attention is paid to:

- clearly-expressed risk appetite in the framework of the risk strategy and on this basis also operational limits;
- development of own risk assessment models and upgrading of the own risk and solvency assessment (hereinafter: ORSA),
- integration of the ORSA and risk strategy in the framework of business planning and shaping of the business strategy,
- integration of risk management processes into business processes,
- systematic upgrading of the internal control environment, adjustment of processes to new activities, monitoring of the occurrence of untoward events,
- establishment of adequate risk management standards in all Group companies depending on the scope, nature and complexity of business transactions and related risks.

11.1.1 Risk management organisation

Systematic risk management includes an appropriate organisational structure and a clear delineation of responsibilities.

The efficient functioning of the risk management system is primarily the responsibility of the Sava Re management board and the management board of each individual subsidiary. To ensure efficient risk management, the Group uses a three lines of defence model, which clearly segregates responsibilities and tasks among the lines:

- The first line of defence constitutes all organisational units with operational responsibilities (development, sales, marketing and insurance management, provision of insurance services, financial operations, accounting, controlling, human resources and others).
- The second line of defence consists of three key functions (the risk management function, actuarial function, compliance function) and the risk management committee, if set up in the company.
- The third line of defence consists of the internal audit function.

The Group's risk management system has been set up based on the top down principle, taking into account the specificities of each individual company.

The management board of each company plays a key role and bears ultimate responsibility for the effectiveness of established risk management processes and their alignment with the Group's standards and the applicable legislation. In this regard, the management board is primarily responsible for:

- setting the risk strategy and approval of risk tolerance limits and operational limits,
- adopting policies relating to the risk management system,
- implementing effective risk management processes in the Company,
- monitoring operations in terms of risk and providing input for risk-based decision making.

The supervisory board of each individual company approves the risk strategy, risk management policies and the appointment of key function holders in the risk management system. In addition, the supervisory board analyses periodic reports relating to risk management. A risk committee has been set up within the supervisory board of the parent company to provide relevant expertise and support in the risk management process in the Company and in the Group.

The first line of defence of each individual Group company involves all company employees responsible for ensuring that operational tasks are performed in a manner that reduces or eliminates risks. Additionally, risk owners are responsible for individual risks listed in the risk register. Line managers are responsible for ensuring that the operational performance of the processes for which they are responsible are conducted in a manner that reduces or eliminates risks, and that the frameworks laid down in the risk strategy are observed. The first line of defence is also responsible for monitoring and measuring risks, the preparation of data for regular reporting on individual areas of risk, and the identification of new risks.

Each Group company has set up the following three key functions as part of the second line of defence: the actuarial function, risk management function, and compliance function. In addition, the Group's large members have in place a risk management committee. The members of the risk management committee and key function holders are appointed by the management board; key function holder appointments additionally require the consent of the supervisory board. Each individual company ensures the independence of the key functions, which are organised as management support services and report directly to the management board. Their roles and responsibilities are defined in the policy of each key function or in the risk management policy that defines the risk management function.

The risk management function of each individual company is mainly responsible for setting up effective risk management processes and for the coordination of risk management processes already in place at the company or Group level. It is involved in all stages of the processes of identification, assessment, monitoring, management and reporting of risks. It is also involved in the preparation of the risk strategy and the setting of risk tolerance limits. The risk management function regularly reports to the risk management committee (if set up), the management and the supervisory boards, the risk committee (Sava Re) and the Group's risk management function holder, and works in cooperation with the risk management function on an ongoing basis. Furthermore, it offers support to the management board in decision-making (including in relation to the strategic decisions such as corporate business strategy, mergers and acquisitions, and major projects and investments).

The main tasks of the actuarial function in the risk management system comprise expressing an opinion on the underwriting policy, expressing an opinion on the adequacy of reinsurance arrangements, and independent verification and challenging of technical provision calculations, including assumptions, methods and expert judgment areas. The actuarial function of each individual company works in cooperation with the Group's actuarial function.

The main duties of the compliance function relating to the risk management system are: identification, management and reporting of any instances of non-compliance with regulations, including monitoring of the legal environment, analysis of existing processes regarding their compliance with internal and external rules, and any changes in regulations.

Apart from the key functions, the second line of defence at Sava Re also consists of a risk management committee that addresses risks at the Company and Sava Insurance Group levels. Such a committee also operates in some (larger) subsidiaries. The committee includes the key representatives of the first line of defence and the management board with regard to the company's risk profile. The holders of other key functions of the risk management system are also invited to attend meetings of the committee. The committee is primarily responsible for monitoring the risk profiles of the Group and individual companies, analysing risk reports and issuing recommendations to the management board.

The third line of defence consists of the internal audit function. Employees of the Sava Re internal audit department also perform the internal audit function for other Slovenian subsidiaries under outsourcing arrangements, while other subsidiaries have their own internal audit departments. The internal audit function operates at the individual company and Group levels and is completely independent from the business operations and other functions. In 2021, Group Internal Auditing was introduced in the entire Sava Insurance Group, including in non-EU based Group companies. In the context of the risk management system, the internal audit function holders are responsible for the independent analysis, verification, and assessment of the performance and effectiveness of internal control and risk management systems.

Good practices from Sava Re's risk management model and the organisation of risk management are also transferred to other Group companies.

11.1.2 Components of the risk management system

Risk management is integrated into all stages of business management and is composed of the following key elements:

- risk strategy,
- risk management processes within the first and second lines of defence, and
- the ORSA process.

The Group's risk management system is presented in the diagram below.



11.1.2.1 Risk strategy

The Group seeks to operate in compliance with its business strategy and meet the key strategic objectives while maintaining an adequate capital level. With this in mind the management board, with the consent of the Sava Re supervisory board, approved the Sava Insurance Group risk strategy for 2020–2022 in 2020, taking into account its risk-bearing capacity. Each individual Group company drafts its own risk strategy by taking into account the Group's risk strategy. The Group document sets:

- the company's risk appetite,
- key indicators, and
- risk tolerance limits.

The key areas on which risk appetite is based are:

- the solvency ratio,
- the profitability of operating segments,
- the volatility of operating results by operating segment, and
- liquidity indicators.

Each individual Group company sets its own risk strategy, risk tolerance limits and operational limits based on the Group's risk appetite. Risk tolerance limits are limits set for individual risk categories included in individual companies' risk profiles, determining approved deviations from planned values. These limits are set based on the results of the sensitivity analysis, stress tests and scenarios, and professional judgment.

Individual Group companies set operational limits, such as (re)insurance underwriting limits and investment limits, in order to ensure that the activities of the first line of defence are carried out in accordance with the set risk appetite. In addition, each Group company ensures that it has in place well-defined and established escalation paths and management actions in the case of any breach of operational limits.

For periodic monitoring of compliance with the risk strategy, individual Group companies define a minimum set of risk measures for each risk category to allow for monitoring of the Group's and each Group company's current risk profile and capital position. These risk measures are regularly monitored at the Group and individual company levels.

11.1.2.2 Risk management processes

Risk management processes are inherently connected with and incorporated into the basic processes conducted at the individual company and Group levels. All organisational units are involved in risk management processes.

The chief risk management processes are:

- risk identification,
- risk assessment (measuring),
- risk monitoring,
- determining appropriate risk control measures (risk management), and
- risk reporting.

Risk identification

Risk management processes are incorporated into all three lines of defence of the risk management process. The roles of individual lines of defence are defined in the risk management policy. Risk management processes are also integrated into the decision-making system. All important and strategic business decisions are also evaluated in terms of risk.

In the process of risk identification, each individual Group company identifies the risks to which it is exposed. The key risks compiled in each company's risk register, constituting the company's risk profile, are reviewed on a regular basis and new risks are added if so required. Risk identification at the Group level is conducted in the same way.

Risk identification in individual Group companies and at Group level is both a top-down and a bottom-up process. The top-down risk identification process is conducted by the risk management function, the risk management committee and the management board of each Group company. Such identification of new and emerging risks is based on monitoring of the legal and business environment, market developments and trends, and expert knowledge. This approach is mainly used with strategic risks, such as reputational risk and regulatory risk.

Bottom-up risk identification takes place in individual organisational units and with risk owners (first line of defence). A Group company's risk thus identified is categorised and incorporated into the relevant monitoring, measuring, managing and reporting processes.

Risk identification is performed on an ongoing basis, especially as part of business planning and any major projects and business initiatives such as launching of a new product, investment in a new class of assets, acquisitions and other.

Risk assessment (measurement)

The Group has in place regular risk assessment (measurement) processes for all the risks to which individual companies or the Group are exposed. Both qualitative and quantitative methods are used to measure risk. A modelling department has been set up on the Sava Insurance Group level, which develops quantitative models for Group-wide risk assessment.

Risks are thus measured:

- using the Solvency II standard formula,
- by calculating the overall solvency needs within the own risk and solvency assessment (ORSA),
- by conducting and analysing stress tests and scenarios,
- through qualitative risk assessment in the risk register,
- using various risk measures allowing simplified measurement and monitoring of the current risk profile.

Risk monitoring

Risk monitoring is conducted at several levels: at the level of individual organisational units and risk owners, risk management departments, the risk management committee, the management board, the supervisory board's risk committee (Sava Re) and at the supervisory board level of each Group company. In addition, each Group company's risk profile is monitored at the Group level in terms of impact on the Group's risk profile. A standard set of risk measures is defined for risk monitoring, and Group companies follow it on a regular basis. Both risks and risk management measures are subject to monitoring and control. Adverse events and appropriate corrective measures to prevent the recurrence of an individual event are also monitored.

Risk management

The management board of each Group company is responsible for risk management and the use of various risk management techniques and actions. In its decisions, the management board takes into account the cost benefit aspect of actions as well as recommendations, if any, issued by the risk management committee and key functions.

Whenever the need arises to adopt a new risk control measure, the relevant company conducts an analysis of the measure in terms of economic and financial viability. Elimination or mitigation of individual risks must be more cost effective than mitigation of the potential impact should the risk materialise, taking into full account the probability of such an event and all its implications.

In practice, it is already in the business planning process that a Group company examines the impact of the business strategy on its capital position, both with regard to the regulator as well as with regard to the own risk and solvency assessment. If during the financial year, decisions are taken that have a significant impact on the risk profile but have not been assessed in terms of risk during the business planning process, the relevant company assesses the impact of such decisions on its risk profile and capital adequacy, and verifies compliance with the risk appetite. If a business decision could have a significant impact also on the Group's risk profile, such impact on the Group's risk profile and capital adequacy is also assessed. If any business decision fails to comply with the risk appetite or any risk tolerance limit is exceeded, the company is required to document such deviation and take relevant action to resolve the situation.

Risk reporting

Periodic risk reporting has been set up at the large Group companies and at the Group level. Risk owners report on each risk category to the risk management function, including a predetermined set of significant risk measures and qualitative information. Based on this, the risk management function in cooperation with risk managers prepares a risk report covering each individual company's entire risk profile. The report is first discussed by the company's risk management committee (if the company has one), followed by the management board, risk committee (Sava Re) and the company's supervisory board. Finally, a company's risk management function submits the report to the Group's risk management function.

11.1.2.3 Own risk and solvency assessment

In addition to these risk management processes, EU-based Group (re)insurance companies and the Group also perform an ORSA, which is defined in the own risk and solvency assessment policy. ORSA is a process that includes the identification of the differences between a company's or the Group's risk profile and the assumptions of the standard formula, the own assessment of solvency needs, capital adequacy projections, stress tests and scenarios, and the establishment of the link between the risk profile and capital management. In ORSA, all material risks, whether quantifiable or not, are assessed that may have an impact on the operations of the Group or a Group company from either an economic or a regulatory perspective. The 2022 ORSA also includes climate change risk considered and assessed qualitatively, and two climate scenarios.

As a rule, the ORSA process is conducted annually; an ad hoc ORSA is performed in the event of a significant change in the risk profile. EU-based Group insurers and the Group report to the regulator on the ORSA (at least) on an annual basis. Every year, ORSA is more closely integrated with other processes, in particular with risk and capital management and business planning. The Group's risk management committee and company management boards are actively involved in the ORSA throughout the process. Employees from different departments take part in the process, as we wish to obtain as complete and updated a picture of a company's risk profile as possible.

The primary objective of the ORSA is to better understand own risk profile and the standard formula, and to analyse the impact of the changes in the risk profile on capital adequacy over the next three years. ORSA is an integral part of the decision-making process conducted to ensure that the key decisions and the business strategy are adopted with consideration of risks and associated capital requirements. Based on ORSA results we also check the compliance of the business strategy with the risk strategy. This establishes the link between the business strategy, the risks taken in the short, medium and longer term, and the capital requirements arising from those risks and capital management.

11.2 Capital management

The capital management policy lays down objectives and key activities related to capital management. Capital management is inseparable from the risk strategy, which defines the risk appetite.

The Group's capital management objectives are:

- solvency, in the range of the optimal long-term capitalisation as defined in its risk strategy;
- adequate degree of financing flexibility;
- ability to achieve adequate profitability for operating segments that tie up capital;
- ability to achieve an adequate return on equity or adequate dividend yields for shareholders.

The Group manages its capital to ensure that each Group company has available, on an ongoing basis, sufficient funds to meet its obligations and regulatory capital requirements. The composition of own funds held to ensure capital adequacy must comply with regulatory requirements and ensure an optimal balance between debt and equity capital. The amount of own funds of each Group company and the Group must be sufficient, at all times, to meet the statutory solvency capital requirement, as well as to satisfy the requirements of its target credit rating and other objectives of any Group member or the Group.

An important input element of capital management and business planning is the Group's risk strategy, including the risk appetite set out therein. The Group's risk strategy defines levels of capital adequacy. These levels serve as the basis for determining the capital adequacy of each Group company.

The Group risk strategy in conjunction with capital adequacy is defined so as to meet regulatory requirements and the requirements of rating agencies, and to ensure that the parent company has sufficient excess capital to cover any potential capital needs of subsidiaries in the event of a major stress scenario materialising in any of them. To this end, excess of eligible own funds is determined over the statutorily required.

As provided by the risk strategy, all Group subsidiaries must have, on an ongoing basis, a sufficient amount of capital available to meet solvency requirements. In addition, Group subsidiaries subject to the Solvency II regime must have sufficient capital to absorb small to medium fluctuations in the SCR and own funds, which may result from the standard formula methodology and the possibility of small and medium stresses and stress scenarios materialising.

11.3 Material risks of the Sava Insurance Group

The Sava Insurance Group and Group members are exposed to the following risks:

- Underwriting risks arising from (re)insurance contracts. These are associated with the risks covered under (re)insurance contracts and with directly related activities.
- Market risk related to volatile prices of financial instruments, market prices of other assets and participations in other companies.
- Credit risk arising from non-performance and changes in the credit rating of securities issuers related to the investment portfolio of Group companies, and of reinsurers, intermediaries and other business partners who have outstanding liabilities to the Group companies.
- Operational risk associated with inadequate or inefficient internal processes, people and computer systems, or from external events.
- Liquidity risks related to loss resulting from insufficient liquid assets when liabilities become due or increased costs of realisation of less liquid assets.
- Strategic risk associated with achieving the Company's strategic plans, and reputational risk, including any implications.

Individual risks are described in detail in the notes to the financial statements of the Sava Insurance Group and Sava Re (section 17.6 "Risk management").

12 Internal auditing in the Sava Insurance Group



The aim of internal auditing is to provide assurance and advice to the management board in order to add value as well as improve the effectiveness and efficiency of operations. Internal auditing supports the Company in achieving its goals through systematic and methodical assessment of the effectiveness and efficiency of governance, risk management and internal control systems, and by providing recommendations for their improvement.

Internal auditing in the Company is carried out by an independent organisational unit, the internal audit department (IAD), which reports to the management board and is functionally and organisationally separate from other units of the Company. This ensures the autonomy and independence of its operation.

In accordance with the Slovenian Insurance Act and under an outsourcing contract, Sava Re d.d. conducts the key function of internal auditing for the companies Zavarovalnica Sava d.d., Sava Pokojninska Družba d.d. and Sava Infond, Družba za Upravljanje, d.o.o. for an indefinite period. In January 2021, in compliance with the Slovenian Insurance Act, Sava Re concluded an outsourcing agreement with Vita, Živiljenjska Zavarovalnica, d.d. on 22 January 2021, under which the latter transferred the performance of the key function of internal auditing to Sava Re for an indefinite period.

In 2021, Sava Re's internal audit conducted audits and performed other tasks in accordance with its annual plan. A total of 37 internal audit engagements were performed; 34 of these had been planned.

Based on all the tests carried out and methods employed in individual audit areas, the IAD considers that the internal controls at Sava Re are adequate and that their reliability is good. Moreover, it believes that the governance of Sava Re has proved appropriate and is being improved on an ongoing basis to achieve major business goals, and that risks are well managed with the efficiency and economy of operations in mind. However, there remains room for improving the operation of the system. The audit engagements revealed individual irregularities and weaknesses, to which the IAD drew attention, recommending these be remedied to improve control procedures, corporate governance and risk management. This is to increase the efficiency of internal controls and regularity of operations.

Periodic IAD reviews were also focused on establishing the probability of fraud as well as any exposure and vulnerability to IT risks. Control systems have been set up in audited areas and are operating to prevent fraud.

The IAD reports quarterly to the management board, the audit committee and the supervisory board on completed auditing engagements, the effectiveness and efficiency of control systems, corporate governance, risk management, identified breaches and irregularities, and the status of recommendations. In addition, it prepared an annual report on its activities in 2021, which is part of the materials for the general meeting of shareholders.

The external quality assessment of the internal audit at Sava Re d.d. (carried out once every five years) was conducted by Deloitte Revizija d.o.o. in 2019. The assessment of the IAD's operations confirmed compliance of the internal audit with the International Standards for the Professional Practice of Internal Auditing, Code of Ethics of Internal Auditors and the Code of Internal Auditing Principles.

While strengthening the IAD in 2021, we further intensified the implementation of the new software to support the comprehensive internal auditing process, also at the Sava Insurance Group internal audit level. In 2021, Group Internal Auditing was introduced in the entire Sava Insurance Group, including in non-EU based Group companies. The IAD regularly monitors the development and quality of the internal audit departments in subsidiaries, providing them the necessary professional assistance, and in 2022 this will be further refined through the development of the Group Internal Audit.

13 Development of information support



In 2020, we started implementing our IT strategy for 2020–2022. As part of this, we improved the management of IT development requests, IT architecture, internal controls and risks, and improved the controlling of IT costs and capital investments. We continued the practice of conducting IT self-audits, the findings of which direct us to those areas requiring upgrades and improvements.

Despite the rise in the operational risk related to IT staffing perceived in the broader business environment, the Sava Insurance Group has a low staff turnover rate and fully manages replacing departures with new employees. In 2021, we completed a large set of IT training for our staff and started to focus on more specialised knowledge related to the introduction of new technologies and approaches to IT support for the delivery of strategic goals.

The development of business applications was combined with the maintenance of existing solutions in accordance with the business and regulatory requirements of the companies. We further upgraded IT processes for the managing of changes in software and IT project development. We completed the implementation of the new core IT solution for asset management in all target companies of the Sava Insurance Group, and we continued working on the project to replace the core IT solution for insurance business and started a similar project for reinsurance business. In several companies, we are expanding our customer-relations solutions to include more channels (e.g. call centres and customer portals).

Regarding business intelligence, we provided ongoing support to operations, upgraded existing solutions, and continued to develop data and reporting solutions for the IFRS 17 project. After careful consideration of the different technology options, we launched a new specialised technology platform to support data analytics over the next 5-year period and carried out a technical consolidation of existing data warehouses.

The infrastructure staff provided support to business operations. System software and hardware infrastructure was upgraded in accordance with the business plan, the amortisation cycle, requirements to support day-to-day business, and planned IT development projects. We upgraded our network software, increased the security of endpoint workstations and equipment, and improved monitoring of critical IT services.

To strengthen information security, we increased the number of indicators, sensors and controls in the 24/7 security operations centre. A major upgrade includes the purchase of an endpoint threat detection and response system to enhance endpoint security, which we built into the basic process and gradually began to use.

Regarding business continuity, we carried out the planned preventive and control tasks. As part of managing the Covid-19 situation, operational tasks were carried out routinely, with IT security upgrades taking into account the increased homeworking.

14 Sustainability report of the Sava Insurance Group

- 14.1 Sustainable development strategy of the Sava Insurance Group
- 14.2 Relations with stakeholders
- 14.3 Economic aspect
- 14.4 Social aspect
- 14.5 Responsibility to the community
- 14.6 Environmental aspect
- 14.7 Reporting under Regulation (EU) 2020/852 in conjunction with Delegated Regulation (EU) 2021/2178
- 14.8 Key sustainable development guidelines and objectives for 2022



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About the report⁸⁵

In accordance with the GRI Standards, the 2021 sustainability report of the Sava Insurance Group analyses economic, social and environmental aspects.

Key topics of Sava Insurance Group sustainability reporting⁸⁶

Economic aspects (GRI 200)	Economic performance Market presence Indirect economic impacts Procurement practices Prevention of corruption Tax
Social aspects (GRI 400)	Recruitment and staffing levels Employee training and development Management and motivation Health and safety at work Customer relations / responsibility to consumers Relations with suppliers Local community Marketing and labelling
Environmental aspects (GRI 300)	Waste disposal policy Energy Supplier assessment Emissions

The consolidated annual report refers to a single financial and calendar year and is prepared in accordance with the International Accounting Standards, the Companies Act, the Solvency II Directive and international sustainability reporting standards Global Reporting Initiative (GRI). The annual report has been prepared by Sava Re specialist services and all subsidiaries. The consolidated annual report incorporates all legal entities constituting the Sava Insurance Group⁸⁷.

⁸⁵ GRI 102-46.
⁸⁶ GRI 102-47.
⁸⁷ GRI 102-45, 102-50, 102-52.



New slogan of the Sava Insurance Group. Campaign, December 2021; read more in section 14.4.2.1.

Sustainability reporting is integrated in individual sections of the annual report. Disclosures are specially indicated with interactive references. The section “Sustainability report of the Sava Insurance Group” provides disclosures and business impacts not covered by other sections of the annual report. In addition to general disclosures, it provides, in accordance with prescribed principles, disclosures on the economic, social and environmental aspects that are of vital importance for the Group and relate directly to the Group’s strategy.

The data on sustainable operation of the Group has been prepared by a mixed working group brought together explicitly for this purpose, with the assistance of specialist services of each subsidiary. Data is collected and the report drafted by specialist services of the parent company, which is also responsible for reporting. Disclosures in accordance with the GRI standard refer to all Group companies, where possible; where it is not possible, to the parent company and EU-based subsidiaries. The GRI content index⁸⁸ appended to the annual report offers a comprehensive overview of the type and scope of disclosures.

No statements or information from the previous report have changed on account of new findings, and the report therefore contains no corrections⁸⁹.

Sava Re did not seek external assurance of the sustainability report in 2021⁹⁰.

Non-financial statement

By providing non-financial information in accordance with the GRI standards, the annual report of the Sava Insurance Group and Sava Re d.d. for 2021 complies with (i) Directive 2014/95/EU of the European Parliament and of the Council on disclosure of non-financial and diversity information by certain large undertakings and groups, (ii) Regulation (EU) 2020/852 of the European Parliament and of the Council establishing a framework to promote sustainable investments and amending Regulation (EU) 2019/2088 in conjunction with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of the information to be disclosed under Article 19a or 29a of Directive 2013/34/EU on environmentally sustainable economic activities, (iii) the methodology for complying with this disclosure obligation, and (iv) the Companies Act.

⁸⁸ GRI 102-55.

⁸⁹ GRI 102-48, 102-49.

⁹⁰ GRI 102-56.



Sponsorship cooperation with the Aquatica Yachting sailing club, Ohrid, North Macedonia.

14.1 Sustainable development strategy of the Sava Insurance Group

In its strategic plan for the period 2017–2019, the Sava Insurance Group already incorporated sustainable development as one of its key pursuits and made a commitment to make it an integral part of its business operations. As sustainable development remains one of our priorities in the next strategic period 2020–2022, we have prepared and adopted a sustainable development strategy in cooperation with all Group subsidiaries.

14.1.1 Sustainable development strategy 2020–2022

The Sava Insurance Group's objectives and its sustainable development strategy are rooted in its values, mission and vision. The Group's goal for the strategy period is for its stakeholders to recognise it as:

- a socially responsible insurance and reinsurance company, and a socially responsible and trustworthy partner,
- a socially responsible asset and equity manager,
- a socially responsible and attractive employer,
- an organisation that is socially responsible to the wider community.

Highlights of the strategy period:

- **Focus on the United Nations sustainable development goals of “good health and well-being”** and embedding them into our insurance products and services, to ensure healthy lives and promote well-being for all at all ages;
- **Interests and expectations of the relevant interested parties and stakeholders**, as communicated to us through ongoing dialogue with individual stakeholder groups. The sustainable development strategy is thus based on building quality long-term relationships with all stakeholders, with customers and their satisfaction at the centre;
- **ESG criteria⁹¹**, which we are gradually and systematically integrating into the decision-making processes in the Group;
- **Adoption of key performance indicators** and systematic measurement of progress towards sustainable development goals;
- **Corporate actions** and further promotion of corporate social and environmental responsibility.

All business lines and subsidiaries appointed their sustainable development owners responsible for the implementation of the sustainable development strategy and coordination of the tasks agreed, and appointed working groups and project teams to monitor, align and implement legislation. We also carried out the Sustainable Finance Disclosure Regulation (SFDR) implementation project.

14.1.2 Strategy implementation in 2021

The Group's business in 2021 was still very much affected by the Covid-19 epidemic, and this had an impact also on the implementation of our sustainable development strategy, which focused primarily on the health and safety of all employees, ongoing communication with our customers, and unhindered dialogue with all other stakeholders of the Group.

In implementing the sustainability strategy and integrating the ESG criteria into our business processes, we paid special attention to:

- customer relationship management, which is at the centre of our processes, and business digitisation, which is the foundation on which we build a quality relationship with all stakeholders (responsibility to consumers);
- product development and underwriting;
- investment process;
- cyber security; and
- sourcing process.

One of the most important activities in 2021 was the introduction of the adopted and monitoring of the evolving legislation aimed at pushing the European Union towards its goal of becoming carbon-neutral by 2050.



⁹¹ ESG criteria: ESG (Environmental, Social, Governance) criteria are a set of standards for corporate social responsibility covering three areas of criteria: environmental and social criteria, and responsible corporate governance.

In 2021, the Sava Insurance Group could therefore highlight in particular the following:

1. In line with Regulation (EU) 2019/2088 (SFDR – Sustainable Finance Disclosure Regulation) we integrated the ESG criteria into the investment process and the development of financial products; we published the relevant disclosures on our websites and took regulatory requirements into account also in pre-contractual disclosures for financial products.
2. On 30 June 2021, we posted the “Sustainability investment policy of the Sava Insurance Group” on our website.
3. We joined the UN Global Compact and UN PRI.
4. We performed a substantive assessment of the portfolio in terms of the ESG criteria and developed the guidelines for responsible insurance and reinsurance underwriting, which were adopted in January 2022.
5. We launched the “Never Alone” project aimed at developing the employer brand.
6. Stakeholder involvement, identification of interests and expectations of all interested parties, and an ongoing dialogue in new circumstances: since December 2021, we have been communicating the increasingly stronger collaboration among Group companies with a new campaign under the slogan “Among good people”, emphasising the customer-centric orientation as our overarching value and key advantage.
7. We carried out the “Heart for the World” project, a corporate volunteer campaign, the aim of which is to evolve from a series of one-off events into a year-round activity.

The activities performed are described in more detail below.

14.1.2.1 Customer in the centre and digitisation of operations⁹²

In 2021, the Covid-19 situation continued and further accelerated the introduction of new communication channels that support remote operations and the uninterrupted provision of services to our customers. The introduction of video identification, remote signing and remote property damage surveying enabled customers to take out insurance policies, report claims, and communicate seamlessly with companies.

Operational performance indicators are integrated in the processes, which allows us to optimise operations, accelerate the use of digital channels, and deliver high quality services.

In 2021, we continued to introduce new solutions to facilitate our services for our customers:

- The introduction of a remote signing provided customers with uninterrupted insurance cover during the Covid-19 pandemic when our sales points were closed, and made insurance services available during the lockdown period. This solution implements the client in the centre guideline, making the services we offer to our customers fast, accessible and easy. All GDPR requirements were included in the process.
- Introduction of video-based customer identification in support of processes that require appropriate and reliable identification in accordance with the law, especially in life insurance and in investment services transactions.

- Introduction of remote property damage surveying ensures better accessibility, speed, and ease of reporting claims in situations of restricted mobility. Customers document claims digitally, which makes it faster to process – it reduces the time that appraisers need to reach the place of the loss; the introduction of a multi-channel platform allows us to consolidate all interactions with the customer. The aim is to provide an integrated approach to customer service and ensure central information on customers’ activities with the Company. The solution includes a new chat room that also serves to record interactions with the customer.



Eng. “Insurance products so you are never alone”.

“Among good people” and with a wide range of insurance, asset management and savings products, we tackle every challenge together, making sure everything ends well.

Campaign, December 2021; read more in section 14.4.2.1.

⁹² GRI 103-01, 103-02, 103-03.

14.1.2.2 Product development and underwriting⁹³

Environmental (increasing burden on the environment related to population growth, pollution from waste and other ecological problems), climate (greenhouse gas emissions) and social changes (introduction of new technologies, changes in legislation, demographic trends, population migration) are shaping a new landscape for the development of new products and underwriting. This gives rise to:

- new opportunities in the development of innovative products and services and
- new, unknown risks and consequently the creation of new underwriting criteria (such as climate change and weather-related natural disasters).

With this in mind and in accordance with the strategy, we focus on:

- **Development of non-life and accident insurance products:** with the development of new products a system is gradually being established in which sustainable development is also assessed according to predetermined criteria. This is formally supported by corresponding questionnaires and rules. The questionnaire aims to determine whether our offer has a direct or indirect impact on our customers' attitude towards the environment or more responsible social behaviour.

- **In 2021, our largest subsidiary Zavarovalnica Sava launched several new insurance products:**
 - "MicroMOBILITY insurance" was developed for users of micromobility vehicles as a comprehensive insurance for all journeys with micromobility vehicles in Europe; it was presented to the public and offered customers the option to buy insurance online.
 - Easing of epidemic-related travel restrictions brought a new tourist insurance product with assistance abroad, which was supplemented with Covid-19 coverage.
 - We also developed a slightly different, new insurance product "Our paws", which aims to promote responsible conduct of dog and cat owners and can be bought online.
 - As a result of our innovative partnership with Telekom Slovenije, we presented to the public our new tourist insurance "Carefree". The pay-as-you-roam service is available to Telekom Slovenija mobile service subscribers.
- **Development of financial products:** the adoption of the taxonomy (Regulation (EU) 2020/852) and SFDR (Regulation (EU) 2019/2088) regulations aligned the criteria for the entire European market and clearly defined the sustainability of financial products so as to prevent greenwashing. The competent departments within the insurance group keep track of regulations and promptly implement them (relevant disclosures, adoption of relevant policies, and similar).

- **Insurance and reinsurance underwriting:** a system of the ESG criteria is being established in underwriting (insurance and reinsurance, especially facultative) by introducing an exclusion and conditional exclusion list. Related activities performed in 2021:
 - In the framework of reinsurance underwriting guidelines, we prepared baseline rules for the reinsurance business, especially facultative, for the identification and recording of exposed ESG transactions in non-Group reinsurance activities.
 - In treaty reinsurance we focused on seeking sustainability opportunities and on market developments concerning sustainable reinsurance programmes being developed.
 - We prepared the "Sava Insurance Group guidelines for responsible underwriting of environmental, social, and governance risks in non-life insurance", and continue to upgrade the measurement methodology and establishment of key performance indicators (KPIs).

Given the increasingly complex decision-making process in respect of ESG criteria, an ESG data collection system is being set up along with relevant information support for monitoring the effects of introducing ESG criteria and reporting in accordance with regulations.

⁹³ GRI 103-01, 103-02, 103-03, 305-01, 305-02, 305-03, 302-01.

14.1.2.3 Investment process⁹⁴

The 2020–2022 strategic period is marked by the implementation of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 laying down harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse impacts of sustainability in their processes and the provision of sustainability-related information with respect to financial products. The regulation imposes additional disclosure requirements on financial market participants regarding investment policy or the integration of the sustainability aspect into their investment decisions, as well as disclosure regarding the consideration of sustainability in individual financial products.

The management board of Sava Re adopted the “Sustainability investment policy of the Sava Insurance Group”, which was published on its website on 30 June 2021. Its purpose is to regulate the Group’s approach by taking into account the environmental, social, and governance factors, and to ensure compliance with applicable laws and regulations governing investments. The policy defines how environmental, social, and governance aspects are integrated into investment decision-making, excluding derivatives and existing illiquid investments. Integration of these aspects into the Group’s investment decision-making is based on the monitoring and assessment of the main adverse impacts, monitoring, and evaluation of the intensity of greenhouse gas emissions, and exclusions.

The process is presented in more detail in section 14.3.2 “ESG guidelines”.

14.1.2.4 Sourcing process⁹⁵

Group companies coordinated purchasing policy and made it more uniform, which involves strategic guidelines and principles governing a transparent procurement process. The inclusion of an anti-corruption clause in all purchase contracts has been agreed. Sustainability goals of the purchasing process are:

- the establishment and maintenance of partnerships with suppliers (which are our existing or potential policyholders); therefore, we prefer to locate suppliers from the local environment,
- the definition of additional criteria for the selection of suppliers that take into account environmental and social aspects, and the definition of criteria to be met by local suppliers.

The purchasing process is described in more detail in section 14.3.4 “Relations with suppliers and the purchasing policy”.

14.1.2.5 Cyber security⁹⁶

The Covid-19 pandemic continued to shape the way we organise work in 2021 as well (hybrid work arrangements, combining working from home with office work). To meet these requirements, we made additional adjustments to certain technical measures aimed at enhancing the security of information systems, which have become more exposed with new work arrangements. We achieved this by introducing additional methods for the detection of anomalies and suspicious patterns in the SIEM system, and by tightening certain policies and technical controls in this system. We continuously upgrade the technical and organisational capacities for the protection of final stations, which are exposed in the remote work regime.

In 2021 we organised additional programmes to train our employees in how to respond in case of a cyberattack, and we continued to raise awareness of the threats associated with social engineering techniques.

At the operational level, the capacities were upgraded with a 24/7 Security Operations Centre (SOC), which continuously monitors the Company’s cyberspace, including the activities of employees working from home. In addition, several measures were taken to strengthen the existing IT infrastructure; additional control points were integrated, and additional security systems were installed.

Security capacity upgrades for the 2022 and 2023 were also outlined.

In parallel with homeworking, the Microsoft Teams tool for team collaboration also became increasingly used by our employees and external providers, which reduced the need for physical meetings. As many of our projects involve foreign partners, this measure substantially reduced our environmental impact from transport.

⁹⁴ GRI 103-01, 103-02, 103-03, 201-01.

⁹⁵ GRI 103-09, 103-01, 103-02, 103-03, 204-01, 308-01.

⁹⁶ GRI 102-11.

14.2 Relations with stakeholders⁹⁷

The needs and interests of stakeholders are met and monitored via a web of mutual relations at strategic and operational levels. Trust and mutual understanding with individual groups is thus strengthened on the basis of fair and balanced communications and inclusion.

The Sava Insurance Group thus strives to establish various forms of cooperation with stakeholders, and the year of the Covid-19 pandemic also brought new challenges in this area, since traditional forms of communication were no longer workable in these changed circumstances. New technologies and digitisation of operations thus took advantage of this renewed momentum, and accelerated new solutions, remote communication, and implementation of all processes.

In those circumstances, it was particularly important to identify the needs of stakeholders for information or content. To this end, we conducted, already in 2020, an online survey in all countries where we are present but Montenegro, where the epidemiological situation was extremely difficult and it was feared that the survey could have a disturbing or negative impact on stakeholders.

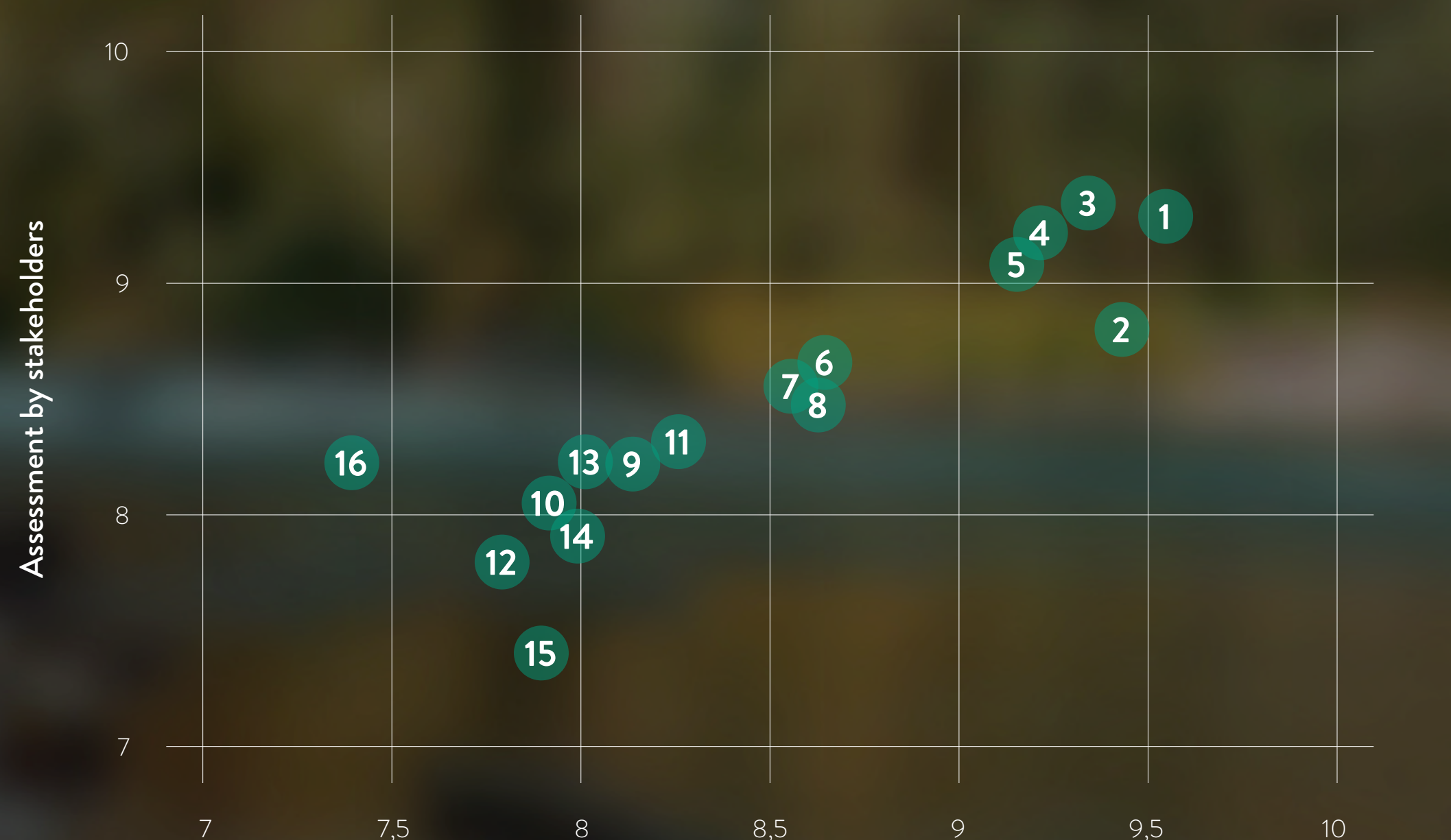
The survey demonstrated that our stakeholders recognise the following business aspects or topics as the most important:

- Sales network
- Customer satisfaction
- Compliance
- Products that are transparent and easy to understand
- Motivated, innovative and happy employees

Below, we list those stakeholders believed to have a significant impact on each legal entity in the Group and vice versa; what is more, these stakeholders also actively contribute in adding value to our business operations.

⁹⁷ GRI 102-40, 102-42, 102-43, 102-44, 102-46.

Topics and aspects in terms of their importance for stakeholders and the Sava Insurance Group



Assessment by employees of Sava Insurance Group

- | | |
|--|--|
| 1 customer satisfaction | 9 development of sustainable products |
| 2 committed and motivated employees | 10 responsible investment policy and underwriting (EGS criteria) |
| 3 sales network | 11 concern for the natural environment |
| 4 compliance | 12 credit rating |
| 5 products that are transparent and easy to understand | 13 quality suppliers |
| 6 comprehensive risk management | 14 local community |
| 7 cyber security | 15 demographic change |
| 8 digitalisation of operations | 16 climate change |

14.2.1 Types of stakeholder involvement

We cultivate responsible and sincere relations with all our stakeholders. In doing so we follow the recommendations

and rules of public reporting, the code of ethics and internal rules. New information technologies facilitated ongoing communication with all stakeholders, replacing the traditional forms of engagement, physical contact, and social

meetings during the pandemic. 2020 and 2021 were special years, not only in our communication with all stakeholders, but the Covid-19 pandemic also dominated the news sent to stakeholders, especially employees and customers.

Types and objectives of stakeholder involvement

Stakeholders	Type of involvement	Objectives	Most important activities in 2021
Sava Insurance Group employees	<ul style="list-style-type: none"> Employee participation (workers' council and unions) Internal formal events (strategic conferences, professional and educational events) Internal informal events Internal training/consultations Management by objectives (annual appraisal interviews) Internal web and print media Thinking out of the box Electronic mail Personal contact Opinion polls/questionnaires Sports societies 	<ul style="list-style-type: none"> Information, awareness Stimulating ideas to improve the work environment and business processes Two-way communication Culture building, improving relations, fostering a good organisational climate 	<ul style="list-style-type: none"> Introduction of the employer brand "Never Alone", development and implementation of the new visual identity in internal communication Two strategic conferences annually with representatives of all subsidiaries Ongoing dialogue with employee and trade union representatives Events, conferences, lectures Regular provision of information to employees on coronavirus-related measures by e-mail, regular departmental meetings via MS Teams Covid-19 Info Point – intranet portal Addresses by the chairman of the management board of Sava Re to all employees of the Group by e-mail
Customers include: <ul style="list-style-type: none"> the insured policyholders injured parties cedants investors in mutual and pension funds 	<ul style="list-style-type: none"> One-to-one counselling Meetings Compliments and complaints Websites, blogs Contact centre Market communication through different channels Expert meetings/conferences Events Social networks 	<ul style="list-style-type: none"> Service quality Customer focus Information Quick problem solving Customer-friendly attitude Identifying actual market needs Modern sales channels 	<ul style="list-style-type: none"> Year-round communication across the sales network Interactive chats – on web pages Electronic monthly publications (Sava Infond sent to over 21,000 addresses) Direct mail Twice yearly presentation brochure for cedants Regular client communication regarding the Covid-19 pandemic
External sales network consisting of: <ul style="list-style-type: none"> insurance agencies insurance intermediaries banks business partners, e.g. roadworthiness testing centres, tourist agencies 	<ul style="list-style-type: none"> Regular contacts Professional training Meetings/events 	<ul style="list-style-type: none"> Product and offer expertise Keeping up to date with developments in business processes Keeping up to date with developments in laws and regulations governing the business Building genuine partnerships 	<ul style="list-style-type: none"> Ongoing communication Communication regarding measures and health protection during the Covid-19 pandemic

Stakeholders	Type of involvement	Objectives	Most important activities in 2021
Suppliers (services and materials)	<ul style="list-style-type: none"> • Tenders • Invitations to participation • Questionnaires • Meetings • Presentations 	<ul style="list-style-type: none"> • Selection of the most appropriate supplier in accordance with the criteria • Environmentally friendly materials • Paperless operation • Digitisation of operations • Payment reliability • Honouring agreements • Delivery of waste disposal certificates • Supporting local economy 	<ul style="list-style-type: none"> • Standing invitations to tender and supplier selections
Shareholders and prospective investors in POSR shares	<ul style="list-style-type: none"> • At least once a year at the general meeting of shareholders • Regularly through public notifications (SEOnet of the Ljubljana Stock Exchange) • Regularly on the website (www.sava-re.si) • At least once a year in the letter to shareholders • Regularly via email (ir@sava-re.si) • Regularly in individual meetings and through conference calls • Regularly at investment conferences at home and abroad 	<ul style="list-style-type: none"> • Equal access to information • Clear dividend policy and yields • In-depth information on business operations, annual plan and strategic policy • Sustainable operations 	<ul style="list-style-type: none"> • Regular and transparent communication with shareholders and investors, participation in 6 events in 2021 • In 2021, there were 32 public notifications on the SEOnet system.
Regulators	<ul style="list-style-type: none"> • Regular and extraordinary reporting to the Insurance Supervision Agency (ISA) and Securities Market Agency (SMA) • Regular and extraordinary reporting to the Slovenian Competition Protection Agency (CPA) 	<ul style="list-style-type: none"> • Compliance with legislation • Business transparency • Security of policyholders • Compliance 	<ul style="list-style-type: none"> • Consistent tracking of changes in legislations, regulatory measures and recommendations
Credit rating agencies	<ul style="list-style-type: none"> • Regular annual review of the financial position, operations and business results 	<ul style="list-style-type: none"> • Improved credit rating 	<ul style="list-style-type: none"> • AM Best confirmed the credit rating “A” (stable) • S&P confirmed the credit rating “A” (stable)
Media	<ul style="list-style-type: none"> • Regularly through press releases • At least once a year at the press conference • Periodically through interviews • Regularly through answers to journalists’ questions 	<ul style="list-style-type: none"> • Providing information to the general public • Regular and transparent information on business operations • Strengthening the positive realistic image of the Company/Group • Maintaining regular and positive relationships 	<ul style="list-style-type: none"> • Responsive and timely communication with the media • Sava Re had 1490 mentions in the media in 2021 (1520 mentions in 2020) • December campaign under a new Group slogan “Among good people”, more in section 13.4.2.1.
Communities	<ul style="list-style-type: none"> • Direct contact with local decision makers • Support to non-profit organisations through sponsorships and donations • Support for preventive actions • Employee assistance 	<ul style="list-style-type: none"> • Involving the company/employees in local communities and society at large • Co-financing of projects important for the local community • Enhancing security through preventive actions • Infrastructure investments • Awareness raising among the population 	<ul style="list-style-type: none"> • Section “Sponsorship, donations and preventive actions” • Section “Responsibility to the community”

14.3 Economic aspect⁹⁸

Economic performance defined by the strategic goals in all areas and reported more extensively in the financial part of the report is the key performance indicator for the operations of the Sava Insurance Group. This is achieved through timely risk identification and management. We believe that both financial and non-financial risks have an impact on the economic performance of the company.

As evident from the table, the distributed economic value of the Sava Insurance Group in 2021 totalled EUR 679.9 million. It consists of net claims incurred and other insurance expenses, expenses for financial assets, other expenses, operating expenses, dividend payouts, tax expenses, community investments in the form of prevention, donations and sponsorships, payments, benefits and bonuses to employees.

Distributed economic value of the Sava Insurance Group

EUR million	Sava Insurance Group						Index
	2021	2020	2019	2018	2017	2016	2021/2020
Other economic impacts							
Economic value generated*	766.8	707.3	620.5	567.3	519.8	516.0	108.4
Economic value distributed	679.9	678.5	647.0	560.9	508.8	475.0	100.2
Net claims incurred and other technical expenses	423.2	446.0	421.5	344.1	313.6	285.7	94.9
Expenses for financial assets	5.7	13.1	6.1	9.6	11.9	8.6	43.5
Other expenses	2.5	3.3	4.6	2.9	2.8	2.5	75.5
Operating expenses**	128.4	119.9	111.0	102.8	87.7	90.7	107.1
Dividend payouts	13.2	0.0	14.7	12.4	12.5	12.4	-
Income tax expense	17.4	11.4	10.5	12.2	8.8	7.8	152.9
Investments in the social community (prevention, donations, sponsorships)	4.0	3.9	4.2	3.8	3.2	3.0	103.3
Employee payments, allowances and benefits	85.6	81.0	74.5	73.1	68.4	64.4	105.7
Economic value retained	86.8	28.7	-26.6	6.3	11.0	41.0	302.5

* Economic value generated = net premiums earned + other technical income + investment income + other income

** Operating expenses include commissions and other operating costs excluding personnel costs, sponsorships, prevention and donations

14.3.1 Sponsorship, donations and preventive actions⁹⁹

We provide sponsorships and donations for promotion of a healthy lifestyle and general well-being. We invest in sports and raise awareness of the importance of sports and recreation for healthy life. We also contribute to general well-being by supporting culture and education programmes, professional associations, underprivileged groups and charities.

By investing in prevention programmes, we reduce risks that have a significant economic and social impact on the insurance industry.

Despite the uncertainty that came with the global crisis triggered by the pandemic, the Group increased its total environmental expenditure by 3%.

Sponsorships, donations and prevention activities are described in more detail in section 14.4 “Social aspect”.

Sponsorships, donations and preventive activities

EUR	2021	2020	Index
Sponsorships	2,638,778	2,164,519	121.9
Donations	857,291	1,016,860	84.3
Prevention	516,050	701,016	73.6
Total giving back to the community	4,012,119	3,882,395	103.3

⁹⁸ GRI 103-01, 104-02, 103.03, 201-01.

⁹⁹ GRI 201-01, 203-02.

14.3.2 ESG investment guidelines¹⁰⁰

Two significant events are worth pointing out in 2021, namely the entering into force of the SFDR Regulation and the adoption of said “Sustainability investment policy of the Sava Insurance Group”, with which we undertook to integrate the principles of the UN Global Compact and UN PRI in investment decision-making processes.

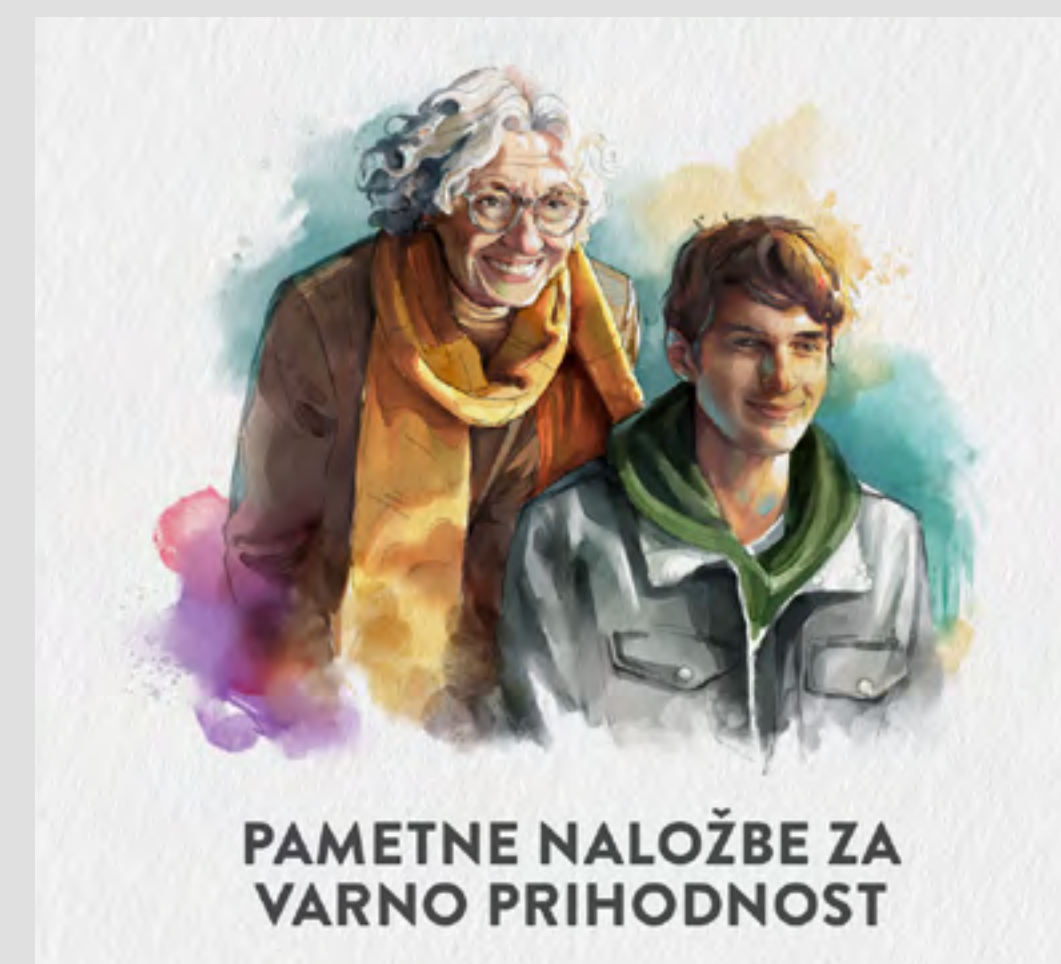
The Sava Insurance Group makes investments in compliance with ESG principles (ESG – environmental, social, governance) through negative screening. When choosing investments, we favour those that comply with the ESG principles, the principles of sustainable developments, responsible investment and similar. Return on investment is an important but not sole criterion, as risk analysis also takes account of the sustainability criterion, which is important in investment decisions, in line with the mentioned sustainability investment policy. In building our investment portfolio we avoid investing in securities that might have harmful effects of any kind either on people or the environment, or that in any way deviate from the ESG principles. Part of our funds are invested in debt securities issued by international organisations such as the EBRD, the World Bank and the European Investment Bank, as we believe that these organisations invest in environment-friendly projects and promote development in accordance with their environmental and social policies. We also invest in securities issued to fund green, environmental projects (so-called green bonds) and sustainable bonds (sustainability bonds), which are intended to finance green and social sustainability objectives of issuers and are issued primarily by governments and local authorities.

From year-end 2020, investments in green and sustainability bonds of EUR 82.4 million increased by EUR 39.2 million to EUR 121.6 million at year-end 2021. In the years 2020 and 2021, the outbreak of the pandemic significantly accelerated the issuance of sustainability bonds and their supply, which had a favourable effect on the range of ESG bonds available for investment. Common to all the investments shown in the table below is the fact that the funds collected are used to finance projects and investments meeting certain criteria, such as the ESG Standards.

We do not make investments in nuclear energy, net fishing, production or trade in illegal products or services, or in products and services that may (potentially) be harmful to people or the environment. In addition, we no longer invest in military industries, the tobacco industry, adult entertainment or gambling.

The companies that became part of the Sava Insurance Group in 2020 have adopted the guidelines set out above and will take them into account in investment management in the future; however, they are subject to a transitional period, during which they must adjust their processes and investment portfolios.

Compliance with sustainability criteria is particularly emphasised in infrastructure investments, real estate funds, and other alternative investments, since non-compliance with the ESG guidelines constitutes (as a rule) an exclusion criterion when deciding on investments in funds and direct projects. Currently, all alternative investments in the portfolios of the Sava Insurance Group in the form of alternative funds comply with at least one industry sustainability standard (UN PRI – United Nations Principles of Responsible Investments, GRESB – Global ESG Benchmark for Real Estate, TCFD – Task Force on Climate-related Fi-



Eng. “Smart investment for a future without worry”.

First we listen to you, and then we propose insurance, asset management and savings products from the comprehensive range of products of our companies so you can take care of yourself and your loved ones. Campaign, December 2021; read more in section 14.4.2.1.

nancial Disclosures) and are report on in accordance with these standards. Rarely, where this is not the case, we have agreed on exclusion of investments that do not meet our internal ESG criteria. In many cases, these are funds with a favourable impact on the environment and society, as they are focused specifically, e.g. on renewable energy projects, the construction of infrastructure that supports the transition to renewable energy sources, and investments in energy savings. As regards energy savings and the so-called energy entrepreneurship, we have been active in the domestic environment for several years now through the financing of direct projects.

¹⁰⁰GRI 103-01, 103-02, 103-03, 203-01.

Real estate investments in our portfolios integrate ambitious environmental, social, and governance commitments. The most important goals are a drastic reduction in the consumption of energy and water, a decrease of greenhouse gas emissions, and efficient processing of waste. The managers of these funds have various certificates, including LEED, BREEAM, WELL and HQE. As part of the social goals, the funds also strive to strengthen local communities and cities, and the construction of residential real estate takes account of the fact that these buildings are surrounded by green areas for social gatherings and promote healthy living, that real estate users have guaranteed access to social and educational institutions and actively participate in sustainable mobility projects.

Group's ESG integrated investments

EUR (31 December 2021)	Uncalled commitment	Called up already	Total	Total investments called up or already made as a % of the Group's total investment portfolio
Infrastructure funds	13,276,945	40,567,680	53,844,625	2.6%
Real estate funds	125,508	14,500,000	14,625,508	0.9%
Direct infrastructure projects		502,374	502,374	0.0%
Private debt funds	2,707,947	2,292,053	5,000,000	0.1%
ESG (green & sustainable) bonds		121,577,654	121,577,654	7.7%
Bond mutual funds		3,504,283	3,504,283	0.2%
ETFs		5,853,809	5,853,809	0.4%
Total	16,110,400	188,797,853	204,908,253	11.9%

¹⁰¹ GRI 103-01, 103-02, 103-03, 201-02.

¹⁰² (European Commission – guidelines on reporting climate-related information: https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guide-lines_en.pdf).

Over the next years, we plan to continue investing in renewable energy sources, energy efficiency projects and sustainable real property. Moreover, we intend to include ESG bonds in the portfolio as much as possible. Under the new legislation entering into force in 2021, we will also comply with the uniform rules regarding the transparency of the integration of sustainability risks into processes and take due account of impacts harmful to sustainability when making investment decisions.

14.3.3 Risks and opportunities arising from climate change¹⁰¹

Climate change is a serious threat to society, the economy and in particular to the business of insurance and re-insurance companies. Global temperatures are now about 1° C above pre-industrial levels, and without appropriate mitigation strategies put in place, global warming could reach 3° C or more by the end of this century.

The Group started monitoring climate risk, including physical and transition risks. Physical risks are risks¹⁰² resulting from the physical effects of climate change and include acute physical risks (weather events with negative impact on the company's business) and chronic physical risks, which arise from long-term effects of climate change. Transition risks are those that arise from the transition to a low-carbon and climate-resilient economy. Such risks involve risk of new rules, requirements, and policies (e.g. as a result of new legislation), legal risks (litigation due to inadequate adjustment of operations and failure in preventing environmental impact), technology risk (upon transition to the new technology that facilitates more climate-neutral business operations), market risks (e.g. changes in consumers' preferences for more sustainable products) and reputation risk (the company's reputation may be impaired due to bad practices and environmental impact). Qualitative assessments of climate risk were first integrated in 2021 in the Group's own risk and solvency assessment (hereinafter: ORSA) and were accompanied by a qualitative analysis of climate change scenarios.

Given its activity, physical risks are extremely important for the Sava Insurance Group, and the harmful effects of global warming on natural and human systems are already visible today. Without further international climate action the average global temperature will continue to rise, and with it also the unpredictability of damage associated with the risk of natural disasters. This will result in higher underwriting risk and the need to change business strategies.

In 2021 the international reinsurance markets saw a spate of world-wide natural disaster events. The most important ones were floods in western Europe (Bernd), storms in Austria (Volker), storms in the Czech Republic, hurricane Ida in the USA, floods in China (Henan), and wildfires in Greece and Turkey. Sava Re's share in three of these events exceeded EUR 1 million, and the Bernd flood, at EUR 20.7 million represents the largest gross loss in the history of Sava Re operations.

Zavarovalnica Sava recorded 2 natural catastrophe loss events in excess of EUR 1 million. The number of such loss events was higher than in 2020.

Other subsidiaries did not record major differences in loss events due to extreme weather in 2021.

Group companies are exposed to transition risk associated with the shift to more sustainable business operations, and the Group manages this risk through regular monitoring of sustainability-related legislative changes and promptly adapts its business also by offering more sustainable products and by actively learning about its customers' new needs.

The Group made a commitment to adopt a greenhouse gas emissions reduction policy in 2022.

Investing in sustainable development and prevention (renewable resources, awareness raising) are the factors that have an important impact on the scope and scale of losses due to natural disasters, whereas our main efforts remain focused on limiting exposure to the industries and sectors that play a big part in adding to environmental burdens.

14.3.4 Relations with suppliers and the purchasing policy¹⁰³

The Sava Insurance Group companies coordinated and unified the purchasing policy, which provides strategic guidelines and principles governing a transparent procurement process. Internal acts prescribe the inclusion of an anti-corruption clause in all purchase contracts.¹⁰⁴ When ordering, taking over and paying for goods, the principle of four eyes is applied, which ensures a high degree of individual control over the business purchasing process. Sava Re assesses the risk inherent in purchasing on a quarterly basis.¹⁰⁵ The procurement procedure rules have an appended questionnaire on the sustainability of the company¹⁰⁶, which is intended for suppliers whose bids are collected through tenders (the value of goods exceeds EUR 50,000). A completed questionnaire is an important factor in the selection of a supplier and the first step towards promoting sustainability in partnerships as part of the procurement process. The general purchasing conditions, which as a rule constitute an integral part of every purchase, also emphasise the concern for the sustainable development of the Company. The internal acts governing the business purchasing process in all Group companies are updated with mechanisms monitoring suppliers' sustainability.

Group companies' suppliers are mainly providers of consulting services, IT maintenance, office supplies, small tools, computer hardware and software, and company cars.

All Group companies are required to partner with local suppliers by the very nature of the business and the need to establish long-term partnerships in their own communities. The local market of any Group member is the entire territory of the country in which it is registered¹⁰⁷.

Although some of the purchases are made outside their home country, they are limited (mainly to the goods and services that cannot be sourced in their home country or are offered at non-competitive prices), and in case of producers or service providers from other countries business relationships are established through local agents or representatives. Frequently, looking for suppliers in foreign markets is not reasonable, because companies can make purchases under better conditions and with less risk with domestic suppliers. Domestic supply in Zavarovalnica Sava, as the largest subsidiary in the Group, makes up 97% of its purchases.

One of the objectives of the Group's purchasing policy is the collaboration of companies in joint purchasing. This most often involves companies registered in the same country. All or a major part of Group companies take part in the purchasing or development of information solutions. The objective of joint purchasing is: optimisation of the purchasing process, cost savings, and reduced risk in purchased goods. Collaborative purchasing also facilitates the sharing of expertise, experience, and good practice between Group companies.

¹⁰³ GRI 102-9, 103-1, 103-2, 103-3, 204-1, 308-1.

¹⁰⁴ GRI 205-1.

¹⁰⁵ GRI 205-1.

¹⁰⁶ GRI 414-1.

¹⁰⁷ GRI 204-01.

The Sava Insurance Group ensures competitiveness and transparency of the selection procedure in relationships with its suppliers by sending requests for proposals to several providers and increasing competencies and responsibilities for decision making regarding the selection of suppliers, depending on the level of the estimated value of the goods. Special attention is paid to the development of quality criteria, mutual cooperation, creation of synergy, and price competitiveness (rebate scales and similar), all of which are considered an appropriate basis on which to assess suppliers.

In terms of procurement, the Company/Group also takes into account a number of other internal acts defining procedures and other instructions. These include: the Group fleet management policy; the rules on procurement, use and maintenance of company vehicles; the rules on the use of information technology assets. In 2021, the Rules on the Purchasing Process of Sava Re d.d. were revised, and the Sava Insurance Group Purchasing Policy was revised in early 2022.

Sava Re and all Group companies settle their procurement-related liabilities within agreed deadlines.

14.3.5 Financial assistance received from government¹⁰⁸

The Group has examined Covid-19-related impacts on government assistance received. State aid totalling EUR 93,213 went to four companies and included exemption from contribution payments, quarantine and isolation subsidies, crisis allowance, and sick leave due to force majeure (five companies in 2020 received a total of EUR 234,468 in state aid).

14.3.5.1 Definition of other government incentives

In 2021, Sava Re was again granted a partial 30% exemption from the payment of employer's contributions for employees who reached the age of 60, and the exemption from the payment of the employer's share of social security contributions on employment contracts concluded for an indefinite period. These refunds totalled EUR 12,600 (2020: EUR 11,126).

Sava Re also set up a collective voluntary supplementary pension insurance scheme funded by the employer and has a contract in place on the accession to the pension company's pension scheme, registered in the pension scheme register at the Financial Administration of the Republic of Slovenia. Based on these contracts, the Company pays a voluntary supplementary pension insurance premium for those employees who have joined the pension scheme and is thus entitled to a reduced income tax base for the amount of the voluntary supplementary pension insurance premium paid in the tax year for its employees to the pension scheme provider. The total value of this tax relief amounted to EUR 193,899 (2020: EUR 182,754).

Subsidiaries exercise incentives or reliefs in accordance with local legislation (employment of the disabled, inclusion of employees in the pension schemes, etc.).

14.3.6 Tax¹⁰⁹

In line with its sustainable development strategy the Sava Insurance Group invests its efforts in being recognised by its stakeholders as a socially responsible and community-minded organisation. This extends to its tax philosophy. Taxes provide for public and health services, and education. They provide for security as well as construction and maintenance of public infrastructure. Taxes are a tool for progress and development, and forge relations between the wider community and enterprises.

As a socially responsible organisation the Sava Insurance Group:

- operates fairly and transparently,
- calculates and pays all incurred tax liabilities in accordance with international tax standards and national legislation in the countries in which it operates,
- regulates transfer pricing in accordance with international standards (including OECD guidelines) and national legislations,
- cooperates with tax authorities in an open and transparent manner.

Taxation will be integrated into the sustainable development strategy in 2022, when we will also prepare the Group's policy for this area.

¹⁰⁸GRI 201-04.

¹⁰⁹GRI 207-1.

14.4 Social aspect



14.4.1 Responsibility to employees¹¹⁰

The Sava Insurance Group is aware of its responsibility to employees and has made it a fundamental goal of its sustainable development strategy for the Group to be recognised by its stakeholders as a socially responsible and attractive employer in the region.

In 2021, we launched a Group-level employee-centred project, the employer brand called “Never Alone”. It shows our commitment to being both an employee- and customer-centric organisation. We wish to gain deeper insight into the needs of our employees, which will guide us in preparing activities for increasing staff satisfaction and commitment. The project stresses the importance of continuous internal communication, positive workplace climate, loyalty, and team spirit among employees. Special attention is also paid to managing and building good relationships between employees and their managers. To this end, we developed a single visual identity that was introduced in all Group companies.

The Group attaches significant importance to the health of employees and an honest and respectful attitude towards them. We invest many efforts in creating a positive and creative atmosphere in our daily routine, which stems from our strategic policies.

In 2021, we paid special attention to the health and safety of our employees. We work and communicate with them using a four-stage plan, which is activated in the

event of a state of emergency declared at the government or company level. We keep them informed of the measures currently in force in the company and announce the current stage of the plan on a weekly basis. We adhere to this plan in all Group companies, thus taking care to ensure the Company’s smooth operation and, most importantly, employees are informed in advance of these rules, measures, and instructions in force at the currently announced stage and can take appropriate action in any situation.

With the epidemic still ongoing and prompting ever new measures imposed by the competent institutions, we pay special attention to ongoing communication with our employees via email, intranet and regular virtual meetings of organisational units. Our employee satisfaction survey showed that our employees want to be kept up to date; they appreciate ongoing communication and useful information.

The provision of information was supported with a new internal website Covid-19 Info Point, where all the information that employees need – daily notices, instructions for handling various situations, instructions for safe work from home, frequently asked questions and answers, prescribed forms, telephone numbers of leaders, lists of participants in the crisis headquarters and similar – was collected in one place. The Covid-19 Info Point also serves as an archive of internal communication and public notifications published in advertising campaigns, on the blog, in social media, on our websites, etc.

We are aware that we can achieve our goals only with competent, qualified, experienced and motivated employees. In the Sava Insurance Group, we promote development and transfer of knowledge and skills. We create synergies by sharing knowledge and good practices between professional services and companies in the Group. In order to achieve this, we organise expert meetings for representatives of all companies at events or professional conferences, which serve as an opportunity to exchange knowledge and skills and allows us to inform each other about results and plans. In 2021, we held organised virtual meetings with which we additionally connected and improved mutual relations.

In the Sava Insurance Group, we build and promote the culture of innovation. Companies have established formal and informal systems for collecting innovative proposals.

Zavarovalnica Sava introduced a new method of collecting innovative proposals or initiatives for improvement called “ImproveSava”, and organised innovation days, which also welcomed employees from other Group companies. All employees can submit, by completing an online form, proposals for improvements or innovations, express their approval or report an inconsistency, deficiency or error. Proposals or reports may relate to business processes, insurance products, compliance of business operations, risks and internal controls, as well as employees and internal relationships.

¹¹⁰ GRI 103-01, 103-02, 103-03.

14.4.1.1 Employee benefits¹¹¹

The Sava Insurance Group offers numerous benefits to our employees. All companies offer additional benefits to their employees, within their means, including preventive healthcare, teambuilding, and a motivating and positive working atmosphere, good work-life balance, and general wellbeing in the workplace. We provide a flexible working environment and working hours, as well as financial assistance in the event of personal distress of our employees.

In 2021, Sava Re organised numerous virtual meetings, such as virtual training courses, virtual coffee, virtual relaxation using the progressive muscle relaxation technique and Burst walking workouts, which allowed each employee to walk alone while enjoying the company of their co-workers via the MS Teams web app. In the summer, we organised a teambuilding event and a live picnic, taking into account all necessary safety and health-related measures. We had a new year's party as well, and although the circumstances pushed it online we enjoyed the delicacies delivered to our home addresses. We organised a show for our employees' children in December and sent them presents by post.

Every year Sava Re organises at least four events dedicated to health and recreation, with sports activities or workshops and lectures. In 2021, we organised a stress management and relaxation workshop, a cooking class with chef Štefelin, breathing exercises with Manca Izmajlova, and two health days to be spent as they wished. Employees had the option to go hiking, running, cycling or skiing.

Other Group companies offer similar activities as well as other benefits, within their means.

All Slovenia-based companies pay voluntary supplementary pension insurance premiums for their employees: The North Macedonian insurers Sava Osiguruvanje and Sava Penzisko Društvo also pay into the voluntary pension scheme on behalf of their employees.

Companies offer additional discounts to their employees for health and other insurance as well as a collective accident insurance scheme.

The Sava Insurance Group is aware how important the work-life balance is for its employees. To this end we introduced a procedure that allows them to work from home in ordinary and extraordinary circumstances.

Zavarovalnica Sava is the recipient of the full Family-Friendly Company certificate and offers its employees paid leave for easing children into kindergarten, or taking them to school on the first school day (first to third grade of elementary school) and similar benefits. Sava Re does not hold the certificate, but it provides paid leave to employees introducing their children to kindergarten or accompanying them to school on the first day of school.



Closing event of the Committed to Steps project sponsored by Zavarovalnica Sava.

¹¹¹ GRI 103-01, 103-02, 201-03.

14.4.2 Responsibility to consumers¹¹²

In 2020 we started and in 2021 continued to set up a catalogue of key performance indicators at the Group level, which will enable continuous monitoring of customer satisfaction.

Due to the pandemic in 2021, a great deal of effort was invested in accelerating achievement of the already set strategic goals:

- ensuring the continuity of services for our customers using new technological solutions (see section 14.1.2.1 “Customer in the Centre of all Processes and the digitisation of operations”),
- while ensuring maximum security (see section 14.1.2.3 “Cyber security”).

To manage the process of providing services all companies have in place rules, protocols or instructions that have a pivotal role in ensuring quality and in turn customer satisfaction: for underwriting, claims settlement, instigation of recourse proceedings and complaints resolution, describing the procedures for providing information about insurance products or services where the local legislation so requires.

Companies offer their customers excellent products and services, and this is reflected in the awards and commendations, among which we would like to point out:

- **Sava Infond:** For the fourth consecutive year, Sava Infond received the title “best fund management company for three-year performance” (Moje Finance magazine). Aleš Grbić received the title of best asset manager in Slovenia for the second year in a row. Five Infond funds received the best fund award in their category and seven funds received five stars for excellence in management.

- **Sava Penzisko Društvo (MKD):** At the IPE Awards ceremony 2021 the company was shortlisted in the “best pension fund in Central and Eastern Europe” category, which means that it was recognised as one of the four best pension funds in the wider CEE region.
- **Sava Pokojninska Družba:** In 2021, Sava Pokojninska Družba received all five stars for five-year performance (2016–2020) in Moje Finance magazine’s competition for the best performing guaranteed supplementary pension fund.



Sava Re Health Day, dedicated to hiking.

¹¹² GRI 103-01, 103-02, 103-03.

14.4.2.1 The Sava Insurance Group with a new slogan “Among good people”

Customer satisfaction and customer relations are at the centre of every business decision in the Sava Insurance Group. Our activities are therefore directed at offering the best user experience, and these efforts are also the main focus of our strategic plan. Group growth and an expanded range of insurance products and services required new positioning. Today, the companies under the wing of the Sava Insurance Group offer comprehensive insurance coverage (non-life, life and supplementary health insurance, and other insurance services), supplementary pension insurance, asset management, and assistance services. The promise we made to our clients in 2016 under the slogan “Never Alone” thus grew another dimension.

In December 2021, the Sava Insurance Group made its first public appearance with its new comprehensive campaign. With a number of companies under our wing and under the “Among good people”, slogan we communicate

their increasingly stronger collaboration, and in the first place our customer-centric orientation as our overarching value and key advantage:

- The Group that works from the people and for the people.
- This interaction with people, from the people and for the people, is the key message of the campaign with which we position ourselves in the insurance industry. Our story emphasises what distinguishes the Sava Insurance Group from its counterparts – its closeness to the people. This is expressed already in the Group’s umbrella slogan “Among good people”.
- Good people make good stories.
- The slogan also communicates that with cooperation of employees from each of its companies the Sava Insurance Group tackles every challenge, every test and every situation together, while forging truly authentic relationships. Relationships that are based on what we all need – the awareness that we are heard, understood, and treated not only as clients, but as people

with their own stories. In television, radio, printed and digital media we emphasise that when people come together, listen to each other and help each other we can overcome any challenge or obstacle that stands in the way of realising our full potential. This touching story of small good deeds by good people was underlined with a unique creative touch – watercolours inspired by the course of the river that lent its name to the Group, the Sava.

- The story of the Sava Insurance Group is the story of us all.
- While successfully overcoming the challenges thrown at us and connecting its companies, the Sava Insurance Group also successfully pursued its mission. With its commitment and continuous progress it ensures security while building a modern, digital, customer-centric, community-minded and sustainability-oriented insurance group, demonstrating that any, even the most daring story, can come true in the company of good people.

**AMONG
GOOD PEOPLE**



SAVA
INSURANCE
GROUP



14.4.3 Client communication and information¹¹³

Important milestones in communicating information to clients consisted in Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) and Regulation (EU) 2020/852 known as Taxonomy Regulation, which regulates the sustainability assessment of investments using a science-based approach to preventing greenwashing. To ensure the transition to a carbon-neutral economy by 2050 and the implementation of sustainable investment measures, we need to earn the trust of companies and investors by defining straightforward tools and guidelines adopted based on science-based evidence and experience in the market.

The SFDR regulation stipulates that financial market participants and financial advisers who have financial products in their offer must publish written policies on the integration of sustainability risks and ensure the transparency of such integration. In accordance with the regulation, the providers of financial services in the Sava Insurance Group (Zavarovalnica Sava and Vita, Življenska Zavarovalnica, Sava Pokojninska Družba) provide information on the adverse impacts of their investment decisions on sustainability in pre-contractual disclosures for their financial products. In 2021, the Group thus adopted the already mentioned “Sustainability investment policy of the Sava Insurance Group”.

In line with adopted regulations the sustainability factors of an insurance product should be presented in a transparent manner to enable insurance distributors to provide the relevant information to their customers or potential customers. The impact assessment underpinning subsequent legislative initiatives demonstrated the need to clarify that sustainability factors should be taken into account by insurance intermediaries and insurance undertakings distributing insurance-based investment products as part of their duties toward their customers and potential customers.

The product approval process must identify for each insurance product the target market and the group of compatible customers. The target market must be identified at a sufficiently granular level, taking into account the characteristics, risk profile, complexity and nature of the insurance product, as well as its sustainability factors.

The Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on the distribution of insurance products (hereinafter: the IDD directive), which was implemented with the amendment to the ZZavar-1a in early 2019, was thus supplemented with the Commission Delegated Regulation 2021/1257 of 21 April 2021, which regulates the integration of sustainability factors, risks, and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on the conduct of business and investment advice for insurance-based investment products.

In addition to the already established communication channels, Sava Insurance Group members are successfully adapting to paperless operations through the introduction of renewed self-service points (customer portals), and apart from the collection of data on the distribution of insurance products also the processes of collecting statements and consents based on electronic business are being introduced to enable the customer to easily and transparently monitor and independently archive the received business communication with the companies.

All subsidiaries post information on their products on their websites.

When advertising, customers are properly informed of the products. Product information is always available on official websites together with statutory notifications and related news. In the event of mass losses, Zavarovalnica Sava publishes a notice and provides instructions for policyholders, setting forth the right course of action.

The Covid-19 pandemic also notably affected customer information activities, as it required certain adjustments to the new circumstances: minimum physical contact and contents adapted to the health protection requirements.

Dialogue with customers and relevant activities are described in more detail in section 14.2 “Stakeholder engagement”.

14.4.4 Compliance¹¹⁴

The Sava Insurance Group is obligated to comply with extensive legal and regulatory requirements as well as voluntary obligations. More than 2,500 employees working in Group companies are obliged to abide by these rules. The compliance function ensures that this commitment is implemented in practice by creating rules, raising awareness, monitoring compliance with the rules, and by upholding integrity.

14.4.4.1 Organisation of the compliance function

Like the Sava Insurance Group, the compliance function is also decentralised. Each company has its key compliance function holder, and these are overseen by the Sava Insurance Group compliance function holder. Roles, responsibilities and minimum standards are defined by the “Sava Insurance Group compliance policy”. Function holders in each company are responsible for: monitoring the legal situation, providing recommendations for the adoption of relevant measures, identifying and assessing compliance risk, adopting measures to prevent violation of the rules, providing advice to employees, and monitoring existing processes and potential compliance incidents. The Group level function holder provides recommendations to function holders in subsidiaries, and assists and monitors them in fulfilling their obligations.

14.4.4.2 Exchange of information within the Sava Insurance Group

To ensure compliance across the Group and continuous improvement of the compliance system, all compliance function holders meet once a year.

External experts are also invited as speakers, and together they discuss topics such as: comprehensive overview of the compliance management system; international standards and good practices with an emphasis on the role of compliance function holders and providers; characteristic compliance risk areas; how to perform compliance reviews and meet other duties of the compliance function holder; EU whistleblower protection directive and its effects on the Company’s business, other relevant EU and local regulations, and similar.

In the reporting period, a system was set up for reporting on legislative changes in countries where Sava Insurance Group companies have their registered office. Each month, compliance function holders in all subsidiaries outside Slovenia report to the Group-level function holder on new or amended regulations that affect the business operations of the relevant company. The List contains: the name of the regulation; a brief description of essential changes that affect the company’s business; a list of processes affected by these changes; the time limit for the implementation of changes; the persons responsible for the implementation and estimated costs, where relevant.

The established reporting system at the Group level facilitates the respective business function holders in managing risks associated with changes to business processes that were introduced due to amended legal regulations.

In 2022, the compliance function will continue to provide guidance and oversight in the implementation of EU sustainability regulations, including: regulation on sustainability-related disclosures in the financial services sector (SFRD); directive on non-financial reporting (NFRD) and the EU taxonomy regulation.

14.4.4.3 Outsourced transactions

The Sava Insurance Group companies may outsource a function or activity that is critical or important for the company’s business, in order for this function or activity to be performed better and/or more efficiently. This entails certain risks, such as dependence on external service providers and similar. Group companies are therefore very careful when outsourcing, taking into account all legal requirements as well as recommendations by local regulators. The outsourcing policy of the Sava Insurance Group sets out the minimum outsourcing standards for contracts concluded within and outside the Group.

¹¹⁴ GRI 419.



14.4.5 Complaint resolution

When handling complaints submitted by policyholders (and other beneficiaries of insurance contracts), individual companies that are insurance or pension companies follow the rules and procedures for resolving complaints that comply with local laws and guidelines of the European Insurance and Occupational Pensions Authority (EIOPA), and the asset management company complies with the guidelines of the European Securities and Markets Authority (ESMA) in addition to the applicable laws and regulations in this field.

In accordance with the Sava Insurance Group governance rules, complaints addressed at Sava Re but relating to subsidiaries' operations are recorded at Sava Re. After complaints have been examined, they are submitted to subsidiaries for resolution. The office of the management board and compliance at Sava Re maintains an internal online register of such complaints. A total of 6 complaints were recorded in 2021.

All subsidiaries also have in place internal rules, prescribed procedures, and instructions for monitoring and handling complaints in accordance with applicable laws.

14.4.6 Fair business practices¹¹⁵

The values and principles of ethical conduct are defined in the "Code of ethics of the Sava Insurance Group" (hereinafter: the "Code of Ethics"), which was adopted also by the Group's subsidiaries. The general principles of the Code of Ethics represent the basic values of the Sava Insurance Group, which are binding on all our employees and include: fairness and compliance of business operations, transparency, managing conflicts of interest, prevention of money-laundering and financing of terrorism, and prevention of restriction of competition. Employees who are aware of violations of the Code or other binding rules must report them to the compliance function holder. No violations of the Code of Ethics were observed in 2021.

In the conduct of their business the Group's insurance companies comply with the provisions of the adopted Insurance Code to ensure business development, a professional underwriting process and business conduct. The (re)insurance companies' operations are grounded in compliance with market principles, market competition based on loyalty and integrity, and insurance economics and business ethics, with the aim of providing customers high-quality (re)insurance protection.

Sava Re has also signed the Slovenian Corporate Integrity Guidelines, committing the Group to creating a work environment grounded in a culture of corporate integrity, zero tolerance for illegal and unethical conduct of its employees, compliance with legislation, rules and values as well as in the highest ethical standards.



Sava Re Health Day, when we take care of ourselves and our well-being.

¹¹⁵ GRI 102-16, 103-1, 103-2, 205-1, 205-3, 419-01.

Sava Re uses as its reference code the 2016 Slovenian Corporate Governance Code for Listed Companies, which was updated in 2021 and came into effect on 1 January 2022.

At the end of 2017, Sava Re also adopted a policy on the diversity of the management and supervisory boards of Sava Re, which governs and preserves, inter alia, the gender- and age-balance of all board members.¹¹⁶ Sava Re has integrated respect for human rights in its operations in accordance with the applicable legislation and follows the proposal for the national action plan on business and human rights of the Republic of Slovenia. The Company has adopted the rules on prevention and elimination of violence, bullying, harassment and other forms of psychosocial risks in the workplace, including a protocol for recognising and resolving such risks.¹¹⁷ In 2021, the Company recorded no such cases.

Sava Re follows the principles and guidelines of the rules on the management of conflicts of interest. The rules aim to mitigate the effects of conflicts of interest and manage conflicts of interest that may arise in the performance of the duties and tasks of individuals in the Company, by establishing and implementing procedures and measures to be applied when a conflict of interest arises.¹¹⁸

Fraud prevention and detection systems are in place in all Group companies.

In this regard, the Sava Insurance Group continuously updates its system and procedures, in particular by raising awareness, building knowledge, and standards of ethical conduct.

14.4.7 Anti-corruption¹¹⁹

In accordance with the provisions of the Slovenian Corporate Integrity Guidelines, the Sava Insurance Group purchasing policy and internal rules of the Slovenia-based Group members, all contracts establishing legal relations must include an anti-corruption clause, general terms and conditions of business cooperation as well as provisions regarding confidential data and protection of personal data.

The Sava Re “Rules on the management of conflicts of interest” prescribe the procedures and rules relating to receiving gifts, entertainment and hospitality. A detailed and transparent gift policy reduces the risk of unfounded allegations and the spread of distrust regarding employee integrity in the discharge of their duties.

The Sava Insurance Group did not record any corruption cases in 2021.¹²⁰

14.4.8 Protection of personal data¹²¹

The Sava Insurance Group is aware of the growing importance of ensuring the protection of privacy and personal data for customer and employee satisfaction, as well as the wider social implications of irresponsible management of personal data. In line with its commitments to high ethical standards, it will continue to focus its attention on this field in close connection with the provision of cyber security.

In 2021, Sava Re established a support function for privacy and personal data protection to facilitate the harmonisation and standardisation of privacy protection across the

Group. It adopted an umbrella “Privacy and personal data protection policy”, which first and foremost gives more weight to authorised data protection officers and integrates privacy as an important concern into all relevant business and support processes. It launched the optimisation and digitisation of personal data management, revised and updated certain internal acts, and strengthened cooperation between relevant stakeholders.

In 2022, Sava Re will continue with activities aimed at the sustainable management of the privacy of employees, customers and the Group’s business partners, with an emphasis on the trends in the development of artificial intelligence and modern technologies. Due to the expected adoption of new legislation in the Republic of Slovenia in 2022 the personal data protection activities will probably also focus on adjusting to these changes.

The Sava Insurance Group companies have in place internal acts that prescribe the procedures and measures for the protection of personal data. The data is adequately protected through technical and organisational measures designed to ensure their confidentiality, integrity and availability. The companies subject to these measures also appointed data protection officers (DPOs) responsible for providing advice regarding and supervision over personal data protection. The companies strive to ensure open, transparent and straightforward communication with individuals whose data they process.

14.4.9 Contributions to political parties¹²²

In line with the adopted “Code of ethics” and the rules on sponsorship and donations, Sava Re does not finance political parties, nor does any of its subsidiaries.

¹¹⁶ GRI 405-1.

¹¹⁷ GRI 412-03.

¹¹⁸ GRI 102-16.

¹¹⁹ GRI 103-01, 103-02, 103-03, 205-01.

¹²⁰ GRI 205-03.

¹²¹ GRI 103-01, 103-02, 103-03, 205-01, 418-01.

¹²² GRI 415-01.

14.5 Responsibility to the community

The Sava Insurance Group has committed to social responsibility in its mission statement and values. The Group promotes quality of life and building relationships with care, integrity and respect. We are active in relation to our natural and social environment.

The Sava Insurance Group members forge strong ties with the community they serve, seeking to establish long-term partnerships. They support their communities through projects with which they help institutions financially or with volunteer work and are actively involved in social activities and actions.

Having already developed an extensive business network, Group companies can more easily recognise the needs and potentials of local communities.

Based on the scope of giving back to the community, including donations, sponsorships and preventive means, Slovenia-based insurance companies (including the Croatian branch office) account for approximately 92% of all Group funds.

Certain members of our Group are the co-founders of the Network for Social Responsibility of Slovenia, members of the Institute for the Development of Social Responsibility and members of the Partnership for National Strategy and Social Responsibility.¹²³

14.5.1 Sponsorships and donations by substance¹²⁴

The Sava Insurance Group promotes social responsibility and strengthens its visibility as a sustainability partner; it operates ethically and gives back to the community, primarily with financial and other assistance in the pro-

motion of healthy life and well-being for all at all ages by supporting sports activities, investing in educational, development and training programmes, humanitarian projects, ecology and health, paying special attention to underprivileged groups. We also support the efforts that drive the growth and development of the economy, especially startups that develop innovative solutions.

Giving back to the community through sponsorship and donations is governed by rules. Sava Re's rules are published on its website. The value of sponsorships and donations in 2021 was up 10%, with the bulk of funds allocated to sports (81%).



The very successful Montenegrin water polo team, sponsored by the Montenegrin insurer Sava Osiguranje.

¹²³ GRI 102-13.

¹²⁴ GRI 103-01, 103-02, 103-03, 203-02.

Sponsorships and donations by substance

Purpose (EUR)	2021	2020	Index
Humanitarian	53,829	40,241	133.8
Cultural	86,546	77,777	111.3
Sports	2,837,656	2,493,677	113.8
Education, training	71,711	70,769	101.3
Scientific	500	-	-
Social security	8,375	4,983	168.1
Disability	3,183	2,600	122.4
Health	19,615	110,806	17.7
Other*	414,653	380,526	109.0
Total	3,496,068	3,181,379	109.9

* Sponsorship of other non-sport activities, donations for disaster protection and donations for other general-benefit purposes.

Zavarovalnica Sava as the Group’s foremost sponsor promotes a healthy lifestyle, mainly by supporting sports at all levels – from recreation to professional sports. The most notable contributions in 2021 went to:

- sports: main sponsor of Maribor Football Club, Croatian football club Rijeka and Football Club Rudeš, and main sponsor of Zlata Lisica (Golden Fox) World Cup ski race;
- culture: main sponsor of the biggest Slovenian festival, Ljubljana Festival, and sponsor of Festival Lent.

Other notable Group sponsorships:

- Water Polo and Swimming Federation of Montenegro
- Nova KBM Branik Volleyball Club
- Sava Infond Open junior tennis tournament
- Football Federation of North Macedonia
- Vardar Handball Club
- Athletics Federation of Serbia



Supporting top-class sport in Kosovo.



Supporting the Athletics Federation of Serbia.

14.5.2 Preventive action projects¹²⁵

Preventive projects have a significant impact on the insurance industry as they reduce the likelihood of loss events and raise awareness with the general public of the importance of protecting property and health. To this end the insurance companies create special funds for such projects in line with the local legislation.

Such funds are available at Zavarovalnica Sava in Slovenia, Sava Neživotno Osiguranje in the Republic of Serbia, and Sava Osiguranje in Montenegro.

Zavarovalnica Sava invests in prevention, mainly in order to prevent fire hazards and increase road safety. At the local and national level, Zavarovalnica Sava supports fire-fighting activities, while its long-standing cooperation with the national automobile association AMZS is crucial for better road safety. Two key projects resulting from this collaboration are the Best Driver project aimed at young drivers, raising awareness of the importance of road safety and the acquisition of practical experience, and the 365 Days to Go! project that reminds motorists in the vicinity of schools and kindergartens that school-children are on the road all year round, not just at the start of the school year when this issue is most often discussed.

Resources allocated to prevention

EUR	2021	2020	Index
Sava Neživotno Osiguranje (SRB)	100,246	80,703	124.0
Sava Osiguranje (MNE)	109,103	106,763	102.0
Zavarovalnica Sava	306,700	513,550	60.0

The bulk of prevention funds in Serbia are allocated to fire protection.

Montenegrin companies also allocate most of these funds to road safety, and Sava Osiguranje (MNE), the owner of the subsidiary Sava Car, has set up a network of ten vehicle inspection centres.

Similarly, the subsidiary Sava Station in North Macedonia also has two vehicle inspection centres.

A comprehensive offer of vehicle inspection and registration compliant with strict technical standards, including sale of motor policies after vehicle inspection provided through our subsidiaries, contributes to better road safety.

Since 2019 Zavarovalnica Sava has been developing its Loneliness initiative, which tackles the problem of emotional distress and suicide, and raises awareness of the importance of mental health and problems that arise when mental health is disturbed. With the initiative they communicate their belief that companies with call centres have the power and responsibility to help people in distress, and invite such companies to join them.

The initiative has won several prestigious awards:

- Netko, a symbol of online excellence award (Slovenian Chamber of Commerce and register.si) for the best social responsibility website and best project in 2020 in Slovenia,
- Prizma Award (Public Relations Society of Slovenia) – special award for excellence in communication,
- second place in the socially responsible projects category at WEBSSI competition Web Champions,
- silver prize in the social good category and silver prize in the digital communications category at the Slovenian Advertising Festival (SOF) (Slovenian Advertising Chamber).



Zavarovalnica Sava's special visitors delight the elderly in nursing homes.

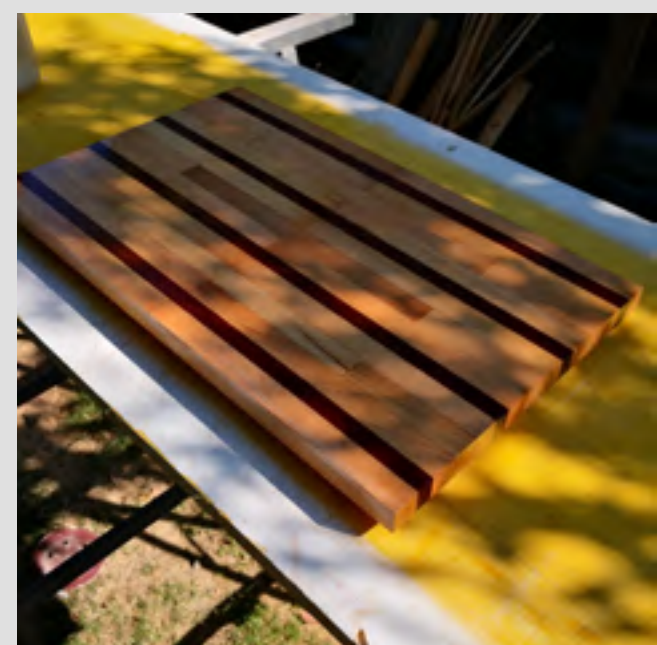
¹²⁵ GRI 203-02, 413-01.

14.5.3 Corporate volunteerism – Heart for the World¹²⁶ initiative

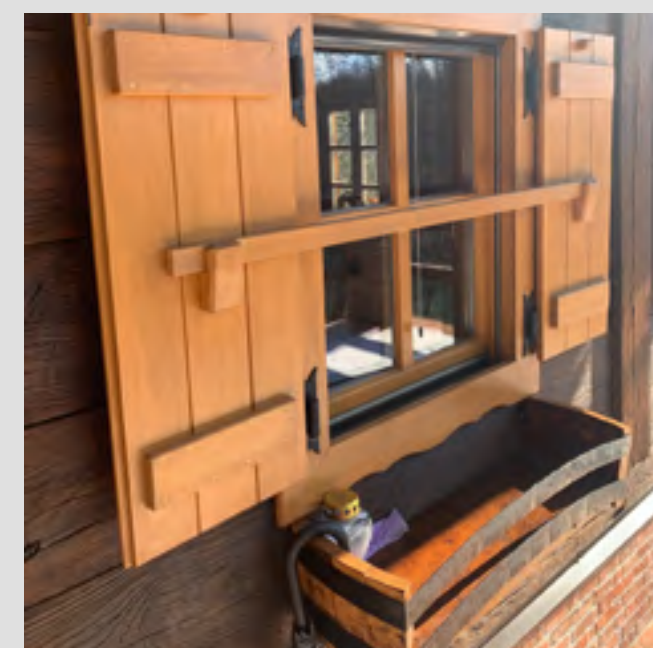
The Sava Insurance Group supports corporate volunteerism. Its major volunteer project in past was the Sava Insurance Group Day, when employees went outdoors for clean-up actions or helped the elderly and with local community projects while enjoying each other's company. The event was scheduled to be implemented for the tenth time in 2020 but was cancelled on the recommendation of the medical experts due to the outbreak of the Covid-19 pandemic, so we redesigned it in 2021 to adapt to the new circumstances.

As Covid-19 restrictions prohibited socialising in larger groups, we asked the Sava Insurance Group employees to tackle environmental and social challenges at home or with their families. Our employees documented their activities with photographs and wrote down their thoughts, poems and similar. Their contributions were presented in a digital exhibition and the best ideas were rewarded. At the same time, we organised lectures on pressing sustainability issues such as waste management and greenhouse gas emissions.

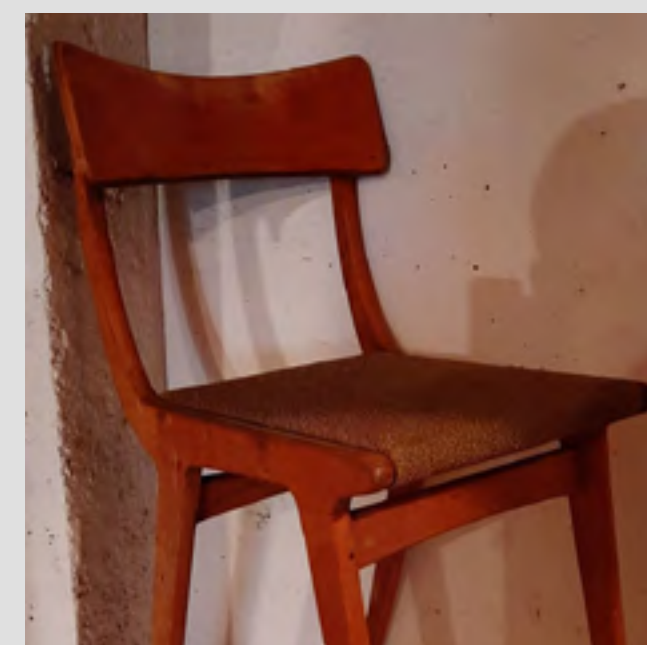
At Christmas, Save Re employees in cooperation with Slovenian Philanthropy invited the elderly residents of two nursery homes for a Christmas coffee. As we could not do it in person, we asked our employees to send them good wishes, which we delivered with an enormous Christmas card.



The challenges of the Heart for the World initiative: recycling old parquet flooring (Dean Hrvatin, Zavarovalnica Sava).



The challenges of the Heart for the World initiative: recycling old barrels (Krešimir Vrbić, Sava Osiguranje, Croatia).



The challenges of the Heart for the World initiative: stories of three generations to be remembered by the fourth. Renovation of 55-year-old chairs (Nika Matjan, Sava Re).

¹²⁶ GRI 103-1, 103-2, 103-3, 413-1.



Conforming to the epidemiological circumstances and recommended preventative measures our companies organised other activities as well, including the traditional blood drives, and park and riverbank clean-ups.

Volunteerism thus became a months-long activity that we aspire to turn into an ongoing, year-round effort by all employees, a proposition for all employees to always act responsibly, both with people and the environment. With this in mind, we gave the Sava Insurance Group Day a new name in 2021 and called it the Heart for the World initiative.

14.5.4 Commitments to external initiatives¹²⁷

In the Sava Insurance Group, we participate in initiatives promoting ethical conduct and environmentally, socially and economically sustainable business practice. We comply with the fundamental standard of professional business conduct as laid down by the Insurance Code of the Slovenian Insurance Association. We follow the recommendations of the Ljubljana Stock Exchange for listed companies on disclosure of information and have signed the Slovenian Corporate Integrity Guidelines.

All Sava Insurance Group companies take part in the activities of the Heart for the World initiative. Among other things, we delighted the elderly with potted plants, explored recycling options, cleaned up our surroundings, planted trees, donated blood and held lectures on ecological topics for our staff.

Sava Re's code of reference is the Slovenian Corporate Governance Code for Listed Companies.

14.5.5 Membership in associations¹²⁸

Sava Re is active in several professional associations: Slovenian Insurance Association, Slovenian Directors' Association, British-Slovenian Chamber of Commerce, Chamber of Commerce of Dolenjska and Bela Krajina, Maritime Law Association of Slovenia, Sors – meeting of insurance and reinsurance companies, Slovenian Institute of Auditors, Slovenian Association of Actuaries, CFA Institute, European Institute of Compliance and Ethics (EISEP).

In 2021 the Sava Insurance Group joined the international pledges UN Global Compact and PRI (Principles for Responsible Investments).

All subsidiaries are members of relevant associations and proactively contribute to the development of the industry and other social actions.

¹²⁷ GRI 102-12.

¹²⁸ GRI 102-13.

14.6 Environmental aspect¹²⁹

Concern for the natural environment, environmental issues, climate change and related weather phenomena have a profound impact on the global insurance industry. Environmental problems bring new and unexpected risks in the insurance sector. The Group is aware this requires urgent action in daily operations, both in practice and in strategic terms.

14.6.1 Waste disposal policy¹³⁰

Sava Re has a waste separation system in place which is undergoing ongoing improvements. The Company also strives to reduce waste. We cannot yet measure the volume of waste by type, as waste is collected for the entire building, which accommodates a number of other legal entities. As 2021 was still marked by Covid-19 and hybrid working arrangements, the amount of waste generated and paper used could not be compared to the previous years.

Zavarovalnica Sava separates municipal waste by categories defined by regulations as waste collected by public waste collection services. Such waste is collected by the public service provider in a manner defined by state regulations and relevant municipal regulations for each branch office. The entities required to collect and report on municipal waste are therefore public utility companies.

Other waste generated by Zavarovalnica Sava through its activity is collected by registered waste treatment operators or collectors. The Sava Insurance Group generated the following waste in 2021.

Waste generated by Zavarovalnica Sava in 2021

Category or type of waste	Quantity (kg)
15 01 01 Paper and cardboard packaging	400
20 01 01 Paper and cardboard	26,760
20 01 39 Plastics	80
20 03 07 Bulky waste	640
17 05 04 Soil and stones other than those mentioned in 17 05 03*	7,035,000
08 03 18 Waste toners other than those mentioned under 08 03 17	277
Waste generated in 2021	7,063,157

* This figure relates to the construction of a new building in Maribor, not directly to operations.

The table provides information on waste other than municipal waste, which is collected by public waste collection services, as previously noted.

The table provides comparable paper and cardboard data for previous years, showing a considerable reduction in the volume of waste:

Type of waste	2021	2020	2019
20 01 01 Paper and cardboard	26,760	54,325	84,445

In the future, the Company expects that the digitalisation of processes or the transition to paperless operation will lead to even bigger savings or a reduction in the volume of waste paper.

Slovenia-based companies separate waste according to instructions of local utility companies and relevant regulations.

Non-EU based companies have an electronic waste disposal service provider, whereas waste separation and removal are provided by public utility companies.

¹²⁹ GRI 103-01, 103-02, 103-03.

¹³⁰ GRI 103-01, 103-02, 103-03, 306-02.

14.6.2 Energy consumption¹³¹

Energy consumption and energy efficiency is both an environmental and economic concern.

In 2020, the energy audit was performed in Sava Re and a report was drafted with proposals for improving its energy efficiency. On the basis of the findings of the energy audit and the calculation of its carbon footprint, an action plan to improve the Company's carbon footprint was adopted consisting of the following measures: home-working, the performance of manual energy accounting, training of employees on efficient energy use, measures relating to the fleet and business travel.

Sava Re is gradually updating its fleet with plug-in hybrids and is preparing to build a charging point infrastructure that will service hybrid and electric company vehicles.

The action plan served as the basis for the adoption of the rules governing homeworking and the establishment of regular monitoring of energy consumption.

The Sava Insurance Group remains committed to sustainability also in investing and maintenance of investments. The rationale behind maintaining or replacing investments is always assessed also in terms of energy efficiency.

A more significant investment in reducing energy consumption was the arrangement of new business premises for the Kosovo subsidiary Illyria in Pristina, which integrated modern, energy-efficient solutions in the final design. The renovation of Illyria Life business premises will also contribute to energy savings for our other subsidiary in Kosovo, Illyria Life, with new lighting fixtures and a cooling and ventilation system.

Several measures are being implemented also in property and fleet management.

Zavarovalnica Sava adopted several property management resolutions in the process of revamping larger business premises for its activity, which was to improve their energy-efficiency with building automation and systems for their efficient technical management (CNS, energy management). Our property management is thus gradually being upgraded with a central control system that is integrated in renovations and newly acquired larger locations. The central control system is the basis of energy management, as it provides insight into consumption patterns and therefore facilitates reduced consumption and improved energy efficiency.

As part of fleet management, Zavarovalnica Sava considers carbon dioxide emission values when purchasing

new vehicles and takes care to regularly and adequately service its vehicles with tried and tested suppliers. In addition, it has established internal reporting that provides oversight of the use of company vehicles. In the event of any discrepancies, measures are taken to normalise fuel consumption (notification of users).

Fleet management has in place an app/IT tool for central control over fuel consumption in company vehicles and the subsequent adoption of relevant measures.

Zavarovalnica Sava also works with electric car-sharing service providers who offer such arrangements to employees, thus limiting their negative environmental impact.



Sava Re employees invite nursing home residents to a virtual Christmas coffee, sending them good thoughts and wishes.

13 CLIMATE ACTION



14.6.3 Emissions – carbon footprint of the Sava Insurance Group for 2021¹³²

The calculation of the carbon footprint for 2021 includes 16 companies of the Sava Insurance Group:

1. Sava Re
2. Zavarovalnica Sava (SVN) – 10 sites
3. Sava Osiguranje, Croatian part
4. Sava Infond (SVN)
5. Vita (SVN)
6. Sava Pokojninska (SVN)
7. TBS Team 24 (SVN)
8. Sava Neživotno Osiguranje (SRB)
9. Sava Životno Osiguranje (SRB)
10. Illyria (RKS)
11. Illyria Life (RKS)
12. Sava Osiguranje (MNE)
13. Sava Car (MNE)
14. Sava Agent (MNE)
15. Sava Osiguruvanje (MKD)
16. Sava Penzisko Društvo (MKD)

Calculation of the carbon footprint took into account direct emissions from fossil fuels used for the heating of offices and fuel combustion in company-owned vehicles, and indirect emissions from power consumption, district heat production and business travel using vehicles not owned by companies. Calculation of the carbon footprint for 2021 included a larger number of companies that collected energy consumption and transportation data for

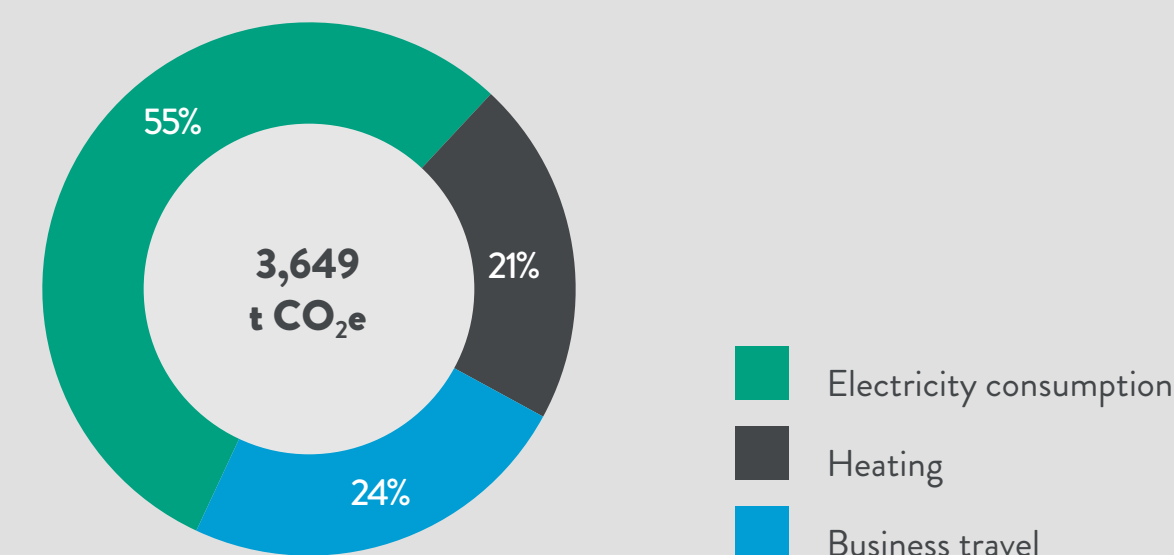
the first time. The Group-level pilot carbon footprint calculation below is therefore an assessment of its environmental impact, and the accuracy of the calculation will be systematically improved in the coming years.

The estimated carbon footprint of the Group in 2021 is 3,649 tonnes of CO₂ equivalent (t CO₂e). This means 1.51 t of CO₂ equivalent per employee or 78 kg CO₂ equivalent per square metre of office space.

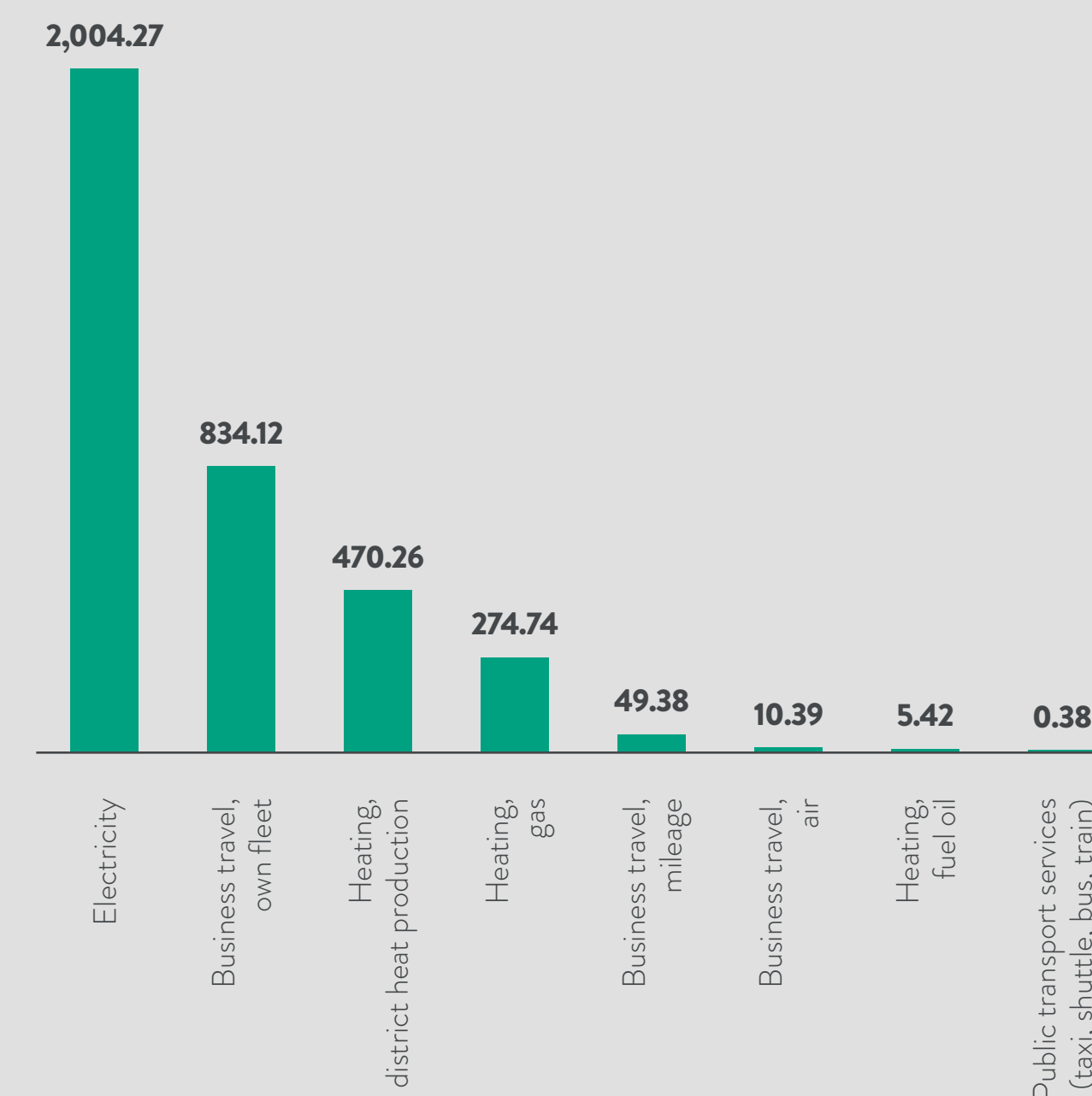
The largest source of greenhouse gas emissions in 2021 was electricity consumption (55%), followed by business travel (24%) and heating (21%); it should be noted, however, that two companies use electricity for heating.

Sava Re and Sava Pokojninska calculated their carbon footprint already in 2019 and were joined in 2020 by Zavarovalnica Sava, Sava Infond and Sava Penzisko Društvo. Their total carbon footprint in 2021 was 7% higher than the previous year, when travel restrictions were in place and many employees worked from home. Average emissions from electricity consumption per employee in these companies increased by 5%, as well as average emissions per square metre from heating of business premises. The biggest contribution to the higher carbon footprint in 2021 was the 15% increase in emissions from business travel.

Estimated percentage of emissions from electricity consumption, heating, and business travel – Sava Insurance Group



Estimated percentage of emissions from electricity consumption, heating, and business travel – Sava Insurance Group (t CO₂e)



¹³² GRI 103-01, 103-02, 103-03, 305-01, 305-02, 305-03.

14.7 Reporting under Regulation (EU) 2020/852 in conjunction with Delegated Regulation (EU) 2021/2178

14.7.1 Non-life insurance

The Sava Insurance Group offers the following insurance coverages:

Consolidated gross premiums written and consolidated net premiums earned by class of business*

EUR	Gross premiums written			Net premiums earned		
	2021	2020	Index	2021	2020	Index
Medical expense insurance	10,894,787	8,618,154	126.4	8,875,579	8,007,906	110.8
Income protection insurance	2,628,428	4,067,973	64.6	2,197,660	2,890,279	76.0
Workers' compensation insurance**	23,382,419	20,482,577	114.2	22,818,609	20,435,810	111.7
Motor vehicle liability insurance	127,700,580	133,985,565	95.3	123,475,030	135,518,450	91.1
Other motor vehicle insurance	135,424,687	127,039,777	106.6	128,913,705	123,767,411	104.2
Marine, aviation and transport insurance	14,942,917	21,188,419	70.5	14,312,756	15,418,427	92.8
Fire and other damage to property	174,039,022	167,349,148	104.0	144,998,489	136,147,404	106.5
Assistance	19,449,450	16,732,851	116.2	18,328,700	16,797,810	109.1
Total (1-8)	508,462,290	499,464,464	101.8	463,920,528	458,983,497	101.1
Other non-life	38,188,872	46,473,705	82.2	27,862,348	30,169,915	92.4
Total non-life	546,651,162	545,938,169	100.1	491,782,876	489,153,412	100.5
Life insurance	183,247,246	133,811,136	136.9	182,427,208	133,305,267	136.8
Total	729,898,408	679,749,305	107.4	674,210,084	622,458,679	108.3

* Included are gross premiums written or net premiums earned of Group insurers, and those of the reinsurer relating to non-Group business.

** Rating.

Consolidated gross premiums written and net premiums earned by class of business*

EUR	Gross premiums written		Net premiums earned	
	2021	As % of total	2021	As % of total
Medical expense insurance	10,894,787	1.99%	8,875,579	1.80%
Income protection insurance	2,628,428	0.48%	2,197,660	0.45%
Workers' compensation insurance**	23,382,419	4.28%	22,818,609	4.64%
Motor vehicle liability insurance	127,700,580	23.36%	123,475,030	25.11%
Other motor vehicle insurance	135,424,687	24.77%	128,913,705	26.21%
Marine, aviation and transport insurance	14,942,917	2.73%	14,312,756	2.91%
Fire and other damage to property	174,039,022	31.84%	144,998,489	29.48%
Assistance	19,449,450	3.56%	18,328,700	3.73%
Total (1–8)	508,462,290	93.01%	463,920,528	94.33%
Other non-life	38,188,872	6.99%	27,862,348	5.67%
Total non-life	546,651,162	100.00%	491,782,876	100.00%
Life insurance	183,247,246	100.00%	182,427,208	100.00%
Total	729,898,408		686,574,317	

* Included are gross premiums written or net premiums earned of Group insurers, and those of the reinsurer relating to non-Group business.

** Rating.

14.7.1.1 Sava Insurance Group's activities for responsible underwriting of environmental, social and governance risks

Aware of the impact of environmental risks, the Sava Insurance Group has focused also on adopting acts that will contribute to responsible underwriting of environmental, social and governance risks in (non-life) insurance business – hereinafter “ESG-risks”.

To achieve this goal the Group adopted the guidelines (“Sava Insurance Group's guidelines for responsible underwriting of environmental, social and governance risks in non-life insurance business” – hereinafter: the Guide-

lines), designed to ensure that the Group companies act responsibly and in accordance with environmental, social and governance values when underwriting.

Grounded in established international experience the Guidelines define several key potential risk categories (e.g. risks related to mining, coal-fired power stations, extraction of oil and natural gas, construction of large hydroelectric power plants and dams, certain negative impacts of nuclear energy, tobacco production, fishing and animal husbandry, and healthcare), which guide insurance companies in assessing which ESG risks in particular to take into account when underwriting policyholders.

They are classified by their level of risk (not applicable, potential risk, potentially increased risk, etc.) and activity, e.g. mining, which allows an insurance company to assess whether underwriting represents a higher or lower level of risk. In other words, in case of increased risk, an insurance company is alerted to give it special consideration when underwriting a policy.

Along with the system of authorisations, which are to be introduced by an insurance company into its own underwriting processes based on the Guidelines (underwriting and ESG risk assessment), we will gradually develop a system of reporting on the relevant underwriting activities as well as on the measures that an insurance company has adopted or plans to adopt, with regard to the adoption of additional policies, rules, questionnaires and similar. These measures will facilitate both the policyholders and an insurance company in raising underwriting standards for these risks.

In addition to the Sava Insurance Group insurance companies, which will use the Guidelines in primary insurance business, the Guidelines also apply to Sava Re, which will ensure compliance with the Guidelines as well as observe them in individual reinsurance arrangements.

14.7.2 Investment

2020 saw the adoption of Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment. The Regulation establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable. Two Commission delegated regulations were adopted in 2021, namely Commission Delegated Regulation (EU) 2021/2139 and (EU) 2021/2178, supplementing Regulation (EU) 2020/852 with detailed regulatory technical standards.

The Sava Insurance Group carefully monitors the development and implementation of sustainability-related regulations and policies, and sustainability policy will play an important part in investment decision making. With this in mind, the “Sustainability investment policy of the Sava Insurance Group” was adopted in 2021, and the tables below show the estimated data on compliance of the Group’s investments with taxonomy, and exposure of the Group’s portfolio to investments on the list of excluded sectors, which are specified in the sustainability investment policy.

14.7.2.1 Data methodology and assessment of compliance of investments with taxonomy

Investments of national and supranational issuers and central banks are excluded from the data shown, and types of investments cover all bonds and equities. Mutual, infrastructure and real estate funds are excluded. A large

majority of the Sava Insurance Group alternative funds comply with the sustainability policy criteria. Also excluded from the data shown are companies with 500 employees or fewer, because they are not subject to sustainability reporting.

The Sava Insurance Group does not use derivative financial instruments.

Exposure to national and supranational issuers and central banks totals EUR 759,704,436.

The estimated data on compliance of investments with taxonomy are provided by Bloomberg services, and data coverage is ensured for 65.6% of the bond and equity investment portfolio of the Sava Insurance Group. This part of the portfolio is 37.4% taxonomy-aligned, and the total bond and equity investment portfolio is 24.5% taxonomy-aligned. At 21.4% the percentage of taxonomy-aligned investments is the highest in life, and the lowest in guaranteed funds. The data represent the assessed taxonomy compliance.

Availability of assessed taxonomy compliance data

	Compliance with the taxonomy	No data available	Total
Non-life	157,195,093	115,464,935	272,660,028
Life	250,444,467	98,232,763	348,677,230
Unit-linked, guaranteed**	19,670,136	10,134,090	29,804,227
Investment portfolio*	427,309,696	223,831,789	651,141,485
As % of portfolio	65.6%	34.4%	100.0%

* Bond and equity investments.

** Guaranteed unit-linked investments include investments covering investment life insurance liabilities for which insurance companies cover the guaranteed unit value.

Assessed compliance with taxonomy

	Compliance with the taxonomy	Compliance with the taxonomy as % of portfolio with available data
Non-life	9.4%	14.3%
Life	14.0%	21.4%
Unit-linked, guaranteed**	1.1%	1.7%
Investment portfolio*	24.5%	37.4%

Source: Bloomberg data

* Bond and equity investments.

** Guaranteed unit-linked investments include investments covering investment life insurance liabilities for which insurance companies cover the guaranteed unit value.

14.7.2.2 Compliance of bond and equity investments with the “Sustainability investment policy of the Sava Insurance Group”

In 2021, the Sava Insurance Group adopted the sustainability investment policy with a list of exclusions identifying the industries in which the Sava Insurance Group would no longer invest, and reduced its existing exposure to such investments. The sustainability investment policy defines in more detail the sectors and thresholds (as a percentage of revenue). Exposure to such investments is presented using the data provided by Moody’s ESG Solutions (Vigeo Eiris) and criteria defined in the sustainability investment policy.

Value of investments aligned with the sustainability policy

31 December 2021	Value of investments aligned with the sustainability policy	Value of investments not aligned with the sustainability policy	Value of investments with insufficient data	Total
Non-life	232,879,577	12,203,997	27,576,454	272,660,028
Life	300,884,765	36,361,035	11,431,431	348,677,230
Unit-linked, guaranteed**	26,385,867	2,278,178	1,140,182	29,804,227
Investment portfolio*	560,150,208	50,843,210	40,148,067	651,141,485
As % of portfolio	86.0%	7.8%	6.2%	100.0%

* Bond and equity investments.

** Guaranteed unit-linked investments include investments covering investment life insurance liabilities for which insurance companies covers the guaranteed unit value.

Number of investments aligned with the sustainability policy

31 December 2021	Number of investments aligned with the sustainability policy	Number of investments not aligned with the sustainability policy	Number of investments with insufficient data	Total
Non-life	229	14	24	267
Life	351	35	19	405
Unit-linked, guaranteed**	45	5	3	53
Investment portfolio*	625	54	46	725

Source: Moody’s ESG Solutions (Vigeo Eiris) and own calculations.

* Bond and equity investments.

** Guaranteed unit-linked investments include investments covering investment life insurance liabilities for which insurance companies covers the guaranteed unit value.

For more information on sustainable investments and the sustainability investment policy, see section 14.3.2 “ESG investment guidelines”.

14.8 Key sustainable development guidelines and objectives for 2022

The first strategic period since the adoption of the first sustainable development strategy of the Sava Insurance Group expires in 2022.

Lessons learned from the outbreak of the 2020 pandemic and new experience will need to be evaluated and used as guidance and the basis for strategic decisions on sustainable development. We have also seen major shifts in regulations governing this area, and these will have a strong impact on our future development. There will be increased disclosure requirements and information will be harmonised for all market entities.

Our key guidelines and objectives for 2022 will be:

1. Integration of adopted regulations into our business operations and the establishment of an adequate reporting system
This refers mainly to SFDR, CSRD, and taxonomy regulation with the relevant technical standards, which will require obtaining and compiling relevant reporting data.
2. Two regulations will come into force in August 2022:
the Commission Delegated Regulation (EU) 2021/1257 amending Delegated Regulations (EU)

2017/2358 and (EU) 2017/2359 as regards the integration of sustainability factors, risks, and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for insurance-based investment products;

The Commission Delegated Regulation (EU) 2021/1256 amending Delegated Regulation (EU) 2015/35 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings.

3. Ensuring adequate and timely reporting in accordance with the principles of adopted international pledges UN Global Compact and PRI
4. Developing a sustainable development strategy for the next strategic period and relevant policies
5. Further integration of the ESG criteria into decision-making processes and consequently the design and improvement of a system of key performance indicators for individual business areas
6. Promotion of corporate volunteerism under the Heart for the World initiative and responsibility to the community



A clean-up campaign as part of the Heart for the World initiative in North Macedonia.

Select Sava Insurance Group sustainability performance indicators

Sava Insurance Group	2021	2020	Index 2021/2020
Environmental aspect			
CO ₂ e emissions per employee (in tonnes)*	1.51	n/a	-
Number of products that promote environmental responsibility	4	2	200
Number of claims reported online (paperless operations)	50,094	29,862	168
Social aspect			
Employees involved in annual performance appraisal interviews	50%	12%	417
Women as % of all employees	54%	56%	96
Employee turnover rate	17%	15%	113
Average hours of employee training	23	20	115
Number of occupational accidents	7	5	140
Number of insurance products that can be purchased online	8	3	267
Number of insurance products that promote preventative action	2	1	200
Investments in the social community – prevention, donations, sponsorships (EUR million)	4,012	3,882	103
Governance aspect			
Proportion of women on companies' management boards	18%	n/a	-
Economic value generated (EUR million)	767	707	108
Economic value distributed (EUR million)	680	679	100
Economic value retained (EUR million)	87	29	300

* Based on the data collected, we carried out our first assessment of CO₂e emissions in all Group companies in 2021.

Select Sava Re sustainability performance indicators

Sava Re	2021	2020	Index 2021/2020
Environmental aspect			
CO ₂ emissions per employee (in tonnes)	1.36	1.60	85
Annual electricity consumption per employee (kwh/employee)	1,371	1,570	87
Social aspect			
Employees involved in annual performance appraisal interviews	100%	93%	108
Women as % of all employees	65%	65%	100
Employee turnover rate	7%	10%	70
Average hours of employee training	19	19	101
Number of occupational accidents	-	-	-
Investments in the community (sponsorships, donations, prevention)	35,558	92,205	39
Governance aspect			
Proportion of women on the management board	25%	25%	100
Proportion of women on the supervisory board	17%	17%	100
Number of independent members on the Sava Re supervisory board	100%	100%	100

Financial statements of the Sava Insurance Group and Sava Re with notes

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management board of Sava Re d.d. hereby approves the financial statements of the Sava Insurance Group and Sava Re for the year ended 31 December 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 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 their 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.

The tax authorities may, at any time within five years of the end of the year in which the tax was assessed, review the operations of the Company, which could result in additional tax obligations, default interest or penalties related to corporate income tax or other taxes or levies. The Company's management board is not aware of any circumstances that may give rise to any such significant liability.



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, 21 April 2022

15 Auditor's report





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Independent Auditors' Report

To the owners of Pozavarovalnica Sava, d.d.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate financial statements of Pozavarovalnica Sava, d.d. (the "Company") and the consolidated financial statements of the Company and its subsidiaries (collectively, the "Group"), which comprise:

- the separate and consolidated statements of financial position as at 31 December 2021;

and, for the period from 1 January to 31 December 2021:

- the separate and consolidated statements of profit or loss;
- the separate and consolidated statements of other comprehensive income;
- the separate and consolidated statements of cash flows;
- the separate and consolidated statements of changes in equity;

and

- notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the unconsolidated and consolidated financial position, respectively, of the Company and the Group as at 31 December 2021, and of their respective unconsolidated and consolidated financial performance and unconsolidated and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS EU").

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TRR: SI56 2900 0000 1851 102

vpis v sodni register: Okrožno sodišče v Ljubljani
šl. reg. vl.: 06112062100
osnovni kapital: 54.892,00 EUR
ID za DDV: SI20437145
matična št.: 5648556



Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (OJ L 158, 27.5.2014, p. 77-112 - Regulation EU No 537/2014). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Company and the Group in accordance with

International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Slovenia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do

not provide a separate opinion on these matters.

We have determined the following key audit matters:

Valuation of mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk (consolidated financial statements) and incurred but not reported claim provisions for non-life insurance (separate and consolidated financial statements)

In the consolidated financial statements, mathematical provisions for life insurance: EUR 443,577,279 and technical provisions for the benefit of life insurance policyholders who bear the investment risk: EUR 524,183,338, total: EUR 967,760,617, as at 31 December 2021 (as at 31 December 2020, mathematical provisions for life insurance: EUR 465,641,679, and technical provisions for the benefit of life insurance policyholders who bear the investment risk: EUR 409,604,428, total: EUR 875,246,107).

In the separate and consolidated financial statements, respectively, incurred but not reported claim provisions for non-life insurance as at 31 December 2021: EUR 62,131,812 (31 December 2020: EUR 79,366,006) and EUR 228,769,676 (31 December 2020: EUR 265,196,111).

We refer to the separate and consolidated financial statements: Notes. 17.4.25., 17.4.26. in 17.4.27. (Accounting policies) and Note 17.7.24 (Financial disclosures).

Key audit matter	Our response
In the consolidated financial statements, mathematical provision for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk, and in both separate and consolidated financial statements, incurred but not reported claim provisions for non-life insurance (IBNR provisions), represent a significant share of the Company's and the Group's respective total liabilities.	<p>Our procedures, performed with the support from our own actuarial specialists, included, among others:</p> <ul style="list-style-type: none">• Testing design and implementation of selected controls within the insurance provision measurement process, including those over determination and validation of actuarial assumptions and model outcomes;



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

Determination of the adequacy of mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk is associated with significant estimation uncertainty as it involves complex models and actuarial analysis. In case inappropriate models, input data or assumptions are used in the underlying calculations, or in case such models, data or assumptions are inappropriately applied, there is a risk that insufficiency in the recognized amounts of the provisions is not identified.

At each reporting date, the Group is required to perform a liability adequacy test (hereinafter, "LAT") with an aim to determine whether the recognized technical provisions (mainly mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk) are sufficient. The test is based on the comparison of the Management Board's current estimate of the present value of future cash flows arising from the in-force insurance contracts with the stated amounts of the related provisions. In case the LAT shows that the amounts of technical provisions are insufficient in light of the estimated future cash flows, the entire deficiency is recognized in the profit or loss.

The Group's key assumptions used in the cash flow model include those in respect of expected expenses, mortality, morbidity and lapse rates and also the pattern of the policyholders' option exercise, investment yields and discount rates. Relatively insignificant changes in these assumptions can have a significant effect on the amounts of the related estimates due to the long-term nature of the obligations.

- Evaluating the methods and models used in measuring mathematical provision for life insurance, technical provisions for the benefit of life insurance policyholders who bear the investment risk and IBNR provisions against relevant regulatory and financial reporting requirements;

For mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk

- Challenging the Group's current estimates of future cash flows used for LAT purposes by means of:
 - assessing whether key data used in developing LAT assumptions is appropriate (such as historical discount and inflation rates, investment portfolio per reporting date, historical changes in policy status, data on expenses and incurred additional accident riders claims) by tracing them to the underlying Group evidence as well as, where applicable, external market data sources;
 - challenging the key assumptions used in the LAT. Specifically, among other things, we assessed whether the assumptions of mortality, morbidity, lapse rates and expenses as well as the pattern of the policyholders' option exercise were properly set based on the Group's experience studies and, where relevant, expected future changes, and whether the investment yields and discount rates used were in line with observable market rates;
- assessing reasonableness of the movements in mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk for the year, starting from the opening value and developing our independent expectation for the closing balance considering the items which should result in an increase in the provisions (such as premiums, technical interest rate, profit sharing, yield rate) and those which result in its decrease (claims, expense loadings, risk premium);



IBNR provisions for non-life insurance

Significant complexity is also associated with estimating IBNR provisions. Several actuarial methods are available for calculating IBNR provisions, which need to be tailored to specific circumstances, based on the Management Board's judgment, in particular in respect of whether and to what extent past loss patterns can be applied in predicting claims reported in the future.

In view of the above-mentioned factors, measurement of the above-mentioned insurance contract liabilities represents an area of significant audit risk which required our increased attention. As such we considered it to be our key audit matter.

For IBNR provisions for non-life insurance

- Assessing whether key data used in developing assumptions for IBNR provisions is appropriate (such as claim occurrence date, claim reporting date, claim payment date and amount of paid claim) by tracing them to the underlying Company's and the Group's evidence;
- Challenging the key assumptions used in the IBNR provisions calculation. Specifically, among other things, we assessed whether development factors used by the Company and the Group based on our analysis of development factors in the past are appropriate;
- Assessing the quality of the IBNR provision estimates based on the comparison of the provision amounts recognized in the past with actual paid claims (run off test);

For all above mentioned provisions

Assessing the Company's and the Group's disclosures in respect of above-mentioned provisions against the requirements of the relevant financial reporting standards.



Impairment of financial investments in subsidiaries (separate financial statements)

Financial investments in subsidiaries as at 31 December 2021: EUR 304,554,991 (31 December 2020: EUR 304,072,412), related impairment loss recognized in 2021: nil (2020: EUR 2,003,035).
We refer to the separate financial statements: Note 17.4.13 (accounting policies), Note 17.7.6 (financial disclosures).

Key audit matter	Our response
<p>The Company has thirteen subsidiaries that provide services in the fields of insurance, asset management and supporting businesses. In the separate financial statements, these investments are carried at cost less impairment losses, if any. As at each reporting date, Management Board assesses whether indications exist that their carrying amounts might not be recoverable. Indications of impairment may include, among other things, significant operating losses, negative shareholders' equity or financial performance otherwise below the planned levels.</p> <p>Once impairment indicators are identified for an investment, the Management Board estimates its recoverable amount, being the higher of its fair value less costs to sell or the value-in-use, using internal model.</p> <p>The determination of the recoverable amounts, performed primarily on the basis of discounted cash flow models, involves significant Management Board judgment and estimates in respect of the model assumptions such as growth rates, discount rates and forecasted net operating profit.</p> <p>Based on the above-mentioned circumstances, satisfying ourselves in respect of the impairment of investments in subsidiaries required our increased attention in the audit and was considered by us to be a key audit matter.</p>	<p>Our procedures, performed with the support from our own valuation specialists, included, among others:</p> <ul style="list-style-type: none"> • Testing design and implementation of selected controls within the process of testing investments in subsidiaries for impairment, such as those over projections and all inputs used in valuation model. • Challenging the Company's identification of impairment indicators and consequently the requirement to perform related impairment tests, based on our understanding of the current market conditions and by independently assessing the investees' financial performance, based, among other things, on the analysis of their financial performance against past forecasts; • For the investments with impairment indicators, evaluating assumptions and judgements applied by the Company to determine their recoverable amounts. <p>Our assessment covered, among others:</p> <ul style="list-style-type: none"> - challenging the discount rate used in the model, which we estimated independently by reference to publicly available external sources; - evaluating the reasonableness of the Management Board's impairment model assumptions, such as, growth rate and forecasted net operating profit. This included, but was not limited to, inspecting the subsidiaries' financial statements, approved budgets, making corroborating inquiries of the Company's directors regarding the subsidiaries' financial performance, analysing their actual performance against past forecasts, as well as inspecting external evidence in support of the GDP growth and other macroeconomic variables;



- Evaluating the accuracy and completeness of the Company's disclosures regarding the key assumptions and judgements applied while assessing the recoverable amounts of the investments in subsidiaries.

Other Information

Management is responsible for the other information. The other information comprises the "Business Report of the Sava Insurance Group and Sava Re" and "Appendices" included in the Annual Report but does not include the separate and consolidated financial statements and our auditor's report thereon. Other information was obtained prior to the date of this auditors' report, except for the Report of the Supervisory Board, which will be available after that date.

Our opinion on the separate and consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Business Report, we considered whether it includes the disclosures

required by the Company's Act dated 4 May 2006 (official gazette of Republic of Slovenia No. 42/2006 with amendments - hereafter referred to as "the applicable legal requirements"). Based solely on the work required to be undertaken in the course of the audit of the separate and consolidated financial statements and the procedures above, in our opinion, in all material respects:

- the information given in the Business Report for the financial year for which the separate and consolidated financial statements are prepared, is consistent with the separate and consolidated financial statements; and
- the Business Report has been prepared in accordance with the applicable legal requirements.

In addition, in light of the knowledge and understanding of the entity and its environment in which it operates, obtained in the course of our audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditors' report. We have nothing to report in this respect.



Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of separate and consolidated financial statements that give a true and fair view in accordance with the IFRS EU, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is

responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Regulation (EU) No 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs and Regulation (EU) No 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the Company's and the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial



statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our

independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders of the Company on the shareholders meeting dated 21 May 2019 to audit the Company's and the Group's respective separate and consolidated financial statements for the year ended 31 December 2021. Our total uninterrupted period of engagement is three years.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 20 April 2022;

- we have not provided any prohibited non-audit services (NASs) referred in Article 5 of Regulation (EU) No 537/2014. We also remained independent of the Company and the Group in conducting the audit.

For the period to which our statutory audit relates, in addition to the audit and services, which are disclosed in the Management Report or in the separate and consolidated financial statements, we have not provided any other services to the Company or the Group.

Independent auditor's report on the compliance of the electronic financial statements with the delegated regulation 2019/815 on a single electronic reporting format

We have conducted an engagement to provide reasonable assurance as to whether the audited consolidated financial statements of the Group, for the financial year ended 31 December 2021 ('Audited Consolidated Financial Statements') have been prepared in accordance with requirements of the Commission Delegated Regulation (EU)

2019/815 of 17 December 2018 on supplementing the Directive 2004/109/EC of the European Parliament and the Council with regard to regulatory technical standards for establishing a single electronic reporting format applicable for the year 2021 ("Delegated Regulation").



Responsibility of the Management and those charged with Governance

Management is responsible for the preparation and fair presentation of the electronic Audited Consolidated Financial Statements in accordance with the Delegated Regulation, and for such internal control as management determines is necessary to enable the preparation of the electronic Audited Consolidated Financial Statements that are

Auditor's Responsibility

Our responsibility is to express an opinion on whether the audited financial statements are prepared in accordance with requirements of the Delegated Regulation. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance on whether the opinion is appropriate. We have acted in accordance with the independence and ethical requirements of the EU Regulation 537/2014

Summary of Work Performed

Within the scope of our work, we performed the following audit procedures:

- identified and assessed the risks of material non-compliance of the Audited Consolidated Financial Statements with the requirements of the Delegated Regulation, whether due to error or fraud;
- obtained an understanding of internal control relevant to the engagement in order to provide reasonable assurance for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- assessed whether the Audited Separate and Consolidated Financial Statements hereof comply with the requirements of the

free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the preparation of the electronic Audited Consolidated Financial Statements in compliance with requirements of the Delegated Regulation.

and the International Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accounting Professionals. The Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct. Our company operates in accordance with the International Standards on Quality Control (ISQC 1) and maintains a comprehensive quality management system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Delegated Regulation applicable as of the reporting date;

- obtained reasonable assurance that the Audited Consolidated Financial Statements of the issuer are presented in a correct XHTML electronic format.
- obtained reasonable assurance that the values and disclosures in the Audited Consolidated Financial Statements in XHTML format are correctly marked and in Inline XBRL (iXBRL) technology and that their machine reading provides complete and accurate information contained in the Audited Consolidated Financial Statements.

We believe that the evidence obtained provides a sufficient and appropriate basis for our opinion.



Opinion

Based on the procedures performed and the evidence obtained, the Audited Consolidated Financial Statements of the Group for the financial year ended 31 December 2021 are in

our opinion prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

On behalf of audit firm

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Nevenka Kržan
Certified Auditor
Director

Ljubljana, 21 April 2022

KPMG Slovenija, d.o.o.
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16 Financial statements

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16.1 Statement of financial position

EUR	Note	Sava Insurance Group		Sava Re	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
ASSETS		2,658,322,359	2,467,251,303	832,078,756	756,640,585
Intangible assets	1	67,306,775	64,278,611	3,194,031	1,947,056
Property, plant and equipment	2	56,337,174	48,336,491	2,464,213	2,356,848
Right-of-use assets	3	7,386,426	8,648,594	204,879	89,258
Deferred tax assets	4	5,487,403	4,924,819	3,688,957	3,487,337
Investment property	5	14,281,192	16,121,079	7,899,693	8,031,875
Financial investments in subsidiaries and associates	6	20,479,729	15,056,143	324,129,991	319,097,412
Financial investments:	7	1,472,688,443	1,430,149,336	327,784,595	269,537,788
- Loans and deposits		29,846,572	31,796,178	12,183,310	12,228,804
- Held to maturity		40,023,124	43,679,425	2,816,979	2,816,598
- Available for sale		1,368,432,673	1,327,264,062	303,501,261	246,840,118
- At fair value through profit or loss		34,386,074	27,409,671	9,283,045	7,652,268
Assets held for the benefit of policyholders who bear the investment risk	8	517,439,592	411,224,812	0	0
Reinsurers' share of technical provisions	9	57,767,056	42,609,217	48,486,444	31,935,116
Investment contract assets	10	172,836,349	158,765,028	0	0
Receivables	11	149,940,870	153,871,498	79,803,172	86,753,033
Receivables arising out of primary insurance business		128,544,723	135,285,588	74,410,185	79,662,908
Receivables arising out of reinsurance and co-insurance business		9,077,165	6,054,576	5,125,596	4,461,167
Current tax assets		330,518	529,831	0	325,472
Other receivables		11,988,464	12,001,503	267,390	2,303,486
Deferred acquisition costs	12	22,572,741	24,278,003	4,869,156	5,837,477
Other assets	13	4,380,387	4,240,414	746,808	487,239
Cash and cash equivalents	14	88,647,678	83,458,594	28,806,817	27,080,146
Non-current assets held for sale	15	770,544	1,288,664	0	0

EUR	Note	Sava Insurance Group		Sava Re	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
EQUITY AND LIABILITIES		2,658,322,359	2,467,251,303	832,078,756	756,640,585
Shareholders' equity		504,077,018	460,214,488	371,166,000	333,869,060
Share capital	16	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	17	42,702,320	43,035,948	54,239,757	54,239,757
Profit reserves	18	229,008,079	202,285,580	229,238,622	202,818,558
Own shares	19	-24,938,709	-24,938,709	-24,938,709	-24,938,709
Fair value reserve	20	21,246,888	40,173,090	3,619,684	6,039,787
Reserve due to fair value revaluation		1,300,871	964,485	96,544	46,586
Retained earnings	21	116,166,406	73,413,529	10,633,662	34,797,321
Net profit or loss for the period	21	49,623,843	56,197,540	26,420,064	-10,990,617
Translation reserve		-3,256,354	-3,266,013	0	0
Equity attributable to owners of the controlling company		503,709,720	459,721,826	371,166,000	333,869,060
Non-controlling interests in equity	22	367,298	492,662	0	0
Subordinated liabilities	23	74,863,524	74,804,974	74,863,524	74,804,974
Technical provisions	24	1,237,500,117	1,233,312,054	331,812,724	297,882,871
Unearned premiums		207,022,452	210,614,842	52,775,034	57,411,109
Technical provisions for life insurance business		443,577,279	465,641,679	0	0
Provision for outstanding claims		578,713,597	547,764,679	278,281,619	238,990,653
Other technical provisions		8,186,789	9,290,854	756,071	1,481,109
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	24	524,183,338	409,604,428	0	0
Other provisions	25	9,018,106	9,287,735	421,865	424,345
Deferred tax liabilities	4	11,387,395	14,901,575	76,227	76,227
Investment contract liabilities	10	172,660,266	158,596,453	0	0
Other financial liabilities		584,924	470,937	0	0
Liabilities from operating activities	26	54,783,379	58,412,273	46,543,595	45,389,434
Liabilities from primary insurance business		41,669,619	46,269,833	39,556,034	40,565,890
Liabilities from reinsurance and co-insurance business		10,109,076	6,837,159	6,592,809	4,823,544
Current income tax liabilities		3,004,684	5,305,281	394,752	0
Lease liability	27	7,224,138	8,255,225	203,730	87,834
Other liabilities	28	62,040,154	39,391,161	6,991,091	4,105,840

The notes to the financial statements in sections from 17.4 to 17.10 form an integral part of these financial statements.

16.2 Income statement¹³³

EUR	Note	Sava Insurance Group		Sava Re	
		2021	2020	2021	2020
Net premiums earned	30	686,574,317	635,361,568	162,736,587	157,398,793
Gross premiums written		729,898,408	679,749,305	190,051,724	191,683,253
Written premiums ceded to reinsurers and co-insurers		-46,115,953	-41,050,900	-31,488,119	-29,817,808
Change in gross unearned premiums		3,425,874	-2,216,711	4,636,075	-2,823,052
Change in unearned premiums, reinsurers' and co-insurers' shares		-634,012	-1,120,126	-463,093	-1,643,599
Income from investments in subsidiaries and associates	31	772,886	142,088	50,417,783	2,589,986
Profit from investments in equity-accounted associate companies		772,886	142,088	0	0
Income from investments in subsidiary companies		0	0	50,417,783	2,589,986
Investment income	32	34,057,270	26,449,203	9,902,249	6,064,021
Interest income		16,842,749	16,151,438	2,569,728	3,047,007
Other investment income		17,214,521	10,297,765	7,332,521	3,017,014
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	32	68,719,103	23,043,525	0	0
Other technical income	33	19,101,970	14,544,056	5,824,719	4,554,918
Commission income		8,640,223	5,899,388	4,870,965	4,140,292
Other technical income		10,461,747	8,644,668	953,754	414,625
Other income	33	27,037,764	30,895,868	834,088	860,650
Net claims incurred	34	-408,814,273	-426,695,412	-111,592,756	-115,737,981
Gross claims payments, net of income from recourse receivables		-406,908,665	-399,532,382	-99,242,817	-90,303,006
Reinsurers' and co-insurers' shares		12,632,236	5,199,171	9,926,605	6,071,633
Change in the gross provision for outstanding claims		-30,461,435	-36,154,019	-39,290,966	-33,926,015
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares		15,923,591	3,791,818	17,014,422	2,419,407
Change in other technical provisions	35	23,872,769	40,613,572	723,394	209,214
Change in technical provisions for policyholders who bear the investment risk	35	-115,064,830	-35,479,642	0	0
Expenses for bonuses and rebates		-276,004	-103,253	1,643	-4,427
Operating expenses	36	-219,931,765	-203,216,146	-61,268,096	-54,637,288
Acquisition costs		-77,684,219	-74,410,866	-45,244,305	-40,497,640
Change in deferred acquisition costs		-1,926,381	1,561,215	-968,321	-717,122
Other operating expenses		-140,321,165	-130,366,495	-15,055,471	-13,422,527

¹³³ GRI 102-07.

EUR	Note	Sava Insurance Group		Sava Re	
		2021	2020	2021	2020
Expenses for investments in subsidiaries and associates and impairment losses on goodwill	31	0	-2,096,868	0	-2,570,083
Impairment loss on goodwill		0	-2,096,868	0	-2,570,083
Expenses for financial assets and liabilities	32	-5,710,086	-13,122,281	-3,239,801	-8,801,803
Impairment losses on financial assets not at fair value through profit or loss		-161,960	-1,099,794	0	-429,356
Interest expense		-3,128,936	-3,152,597	-2,898,715	-2,895,938
Other investment expenses		-2,419,190	-8,869,890	-341,086	-5,476,509
Other technical expenses	33	-14,337,516	-19,324,402	-464,594	-3,213,645
Other expenses	33	-2,466,335	-3,265,162	-269,002	-242,087
Profit or loss before tax		93,535,270	67,746,714	53,606,214	-13,529,732
Income tax expense	37	-17,368,092	-11,360,415	-766,086	2,539,116
Net profit or loss for the period		76,167,178	56,386,299	52,840,127	-10,990,617
Net profit or loss attributable to owners of the controlling company		76,074,720	56,222,528	-	-
Net profit or loss attributable to non-controlling interests		92,457	163,771	-	-
Earnings per share (basic and diluted)	21	4.91	3.63	-	-

The notes to the financial statements in sections from 17.4 to 17.10 form an integral part of these financial statements.

16.3 Statement of other comprehensive income

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	76,167,178	56,386,299	52,840,127	-10,990,617
OTHER COMPREHENSIVE INCOME, NET OF TAX	-18,581,762	19,396,797	-2,370,146	847,474
a) Items that will not be reclassified subsequently to profit or loss	336,546	40,447	49,958	25,210
Other items that will not be reclassified subsequently to profit or loss	335,805	-66,465	49,958	25,210
Tax on items that will not be reclassified subsequently to profit or loss	741	106,912	0	0
b) Items that may be reclassified subsequently to profit or loss	-18,918,308	19,356,350	-2,420,104	822,263
Net gains/losses on remeasuring available-for-sale financial assets	-23,140,493	24,016,152	-2,987,782	1,015,139
Net change recognised in the fair value reserve	-18,094,415	26,263,079	-2,987,782	1,015,139
Net change transferred from fair value reserve to profit or loss	-5,105,275	-2,246,927	0	0
Other reclassifications	59,197	0	0	0
Tax on items that may be reclassified subsequently to profit or loss	4,212,448	-4,561,530	567,678	-192,875
Net gains or losses from translation of financial statements of non-domestic companies	9,737	-98,272	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	57,585,416	75,783,096	50,469,981	-10,143,143
Attributable to owners of the controlling company	57,494,563	75,619,856	-	-
Attributable to non-controlling interests	90,852	163,240	-	-

The notes to the financial statements in sections from 17.4 to 17.10 form an integral part of these financial statements.

16.4 Cash flow statement

EUR		Note	Sava Insurance Group		Sava Re	
			2021	2020	2021	2020
A. Cash flows from operating activities						
a)	Items of the income statement		6,272,151	38,982,263	-2,484,939	-6,678,632
	Net profit or loss for the period		76,167,178	56,386,299	52,840,127	-10,990,617
	Adjustments for:		-69,895,027	-17,404,036	-55,325,066	4,311,984
2	Realised gains or losses on the disposal of property, plant and equipment assets		-325,160	-113,648	-16,416	-42,933
3	Gains or losses of equity-accounted subsidiary	32	-772,886	-142,088	0	0
4	Impairment loss on intangible assets and goodwill		0	1,529,820	0	0
5	Other financial expenses/income		-91,962,689	-49,139,873	-52,639,007	-1,278,377
6	Depreciation/amortisation		10,394,920	10,188,394	709,820	727,645
7	Income tax expense		17,368,092	11,360,415	766,086	-2,539,116
8	Net exchange differences		-4,597,304	8,912,944	-4,145,549	7,444,766
b.)	Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position		114,721,511	23,534,827	28,985,547	39,939,759
1	Change in receivables from primary insurance	11	6,740,865	4,668,768	5,252,723	9,874,852
2	Change in receivables from reinsurance	11	-3,022,589	679,988	-664,429	-246,337
3	Change in other receivables from (re)insurance business		-476,290	-292,456	0	0
4	Change in other receivables and other assets		2,251,177	-4,521,630	2,868,700	939,519
5	Change in other tax assets	4	-562,584	0	0	0
6	Change in inventories	13	1,377	-24,663	0	0
7	Change in liabilities arising out of primary insurance	26	-4,600,214	-4,087,165	-1,009,856	-3,808,048
8	Change in liabilities arising out of reinsurance business	26	3,271,917	-2,463,278	1,769,265	-1,889,121
9	Change in other liabilities from operating activities		12,040,513	3,672,167	2,711,773	0
10	Change in other liabilities (except unearned premiums)		10,721,974	4,740,270	684,123	434,995
11	Change in technical provisions		102,938,043	30,565,108	17,378,525	35,768,472
	- Change in unearned premiums		-2,791,862	3,336,837	-4,172,982	4,466,651
	- Change in provision for outstanding claims		14,537,844	32,362,201	22,276,544	31,506,608
	- Change in other technical provisions		-1,381,815	-2,223,677	-725,038	-204,787
	- Change in mathematical provision		-22,490,954	-38,389,895	0	0
	- Change in mathematical provision for policyholders who bear the investment risk		115,064,830	35,479,642	0	0
12	Corporate income tax paid		-14,582,678	-9,402,282	-5,276	-1,134,573
c)	Net cash from/used in operating activities (a + b)		120,993,662	62,517,090	26,500,608	33,261,127

EUR			Note	Sava Insurance Group		Sava Re		
				2021	2020	2021	2020	
B. Cash flows from investing activities								
a)	Cash receipts from investing activities				681,772,670	445,230,153	152,457,625	136,350,835
1	Interest received from investing activities			32	22,902,040	16,151,438	3,649,817	3,572,404
2	Cash receipts from dividends and participation in the profit of others			32	1,847,602	1,173,588	50,936,381	2,823,567
3	Proceeds from sale of intangible assets				1,310,598	155,228	0	0
4	Proceeds from sale of property, plant and equipment assets				1,548,925	328,102	16,416	42,933
5	Proceeds from disposal of financial investments				654,163,505	427,421,797	97,855,010	129,911,930
b)	Cash disbursements in investing activities				-778,792,089	-524,976,502	-161,168,166	-192,507,029
1	Purchase of intangible assets				-6,728,193	-6,899,448	-2,048,184	-894,747
2	Purchase of property, plant and equipment				-11,220,649	-5,858,451	-137,395	-169,566
3	Purchase of long-term financial investments				-760,843,247	-512,218,603	-158,982,587	-191,442,716
3.1	Purchase of subsidiary companies				-5,032,579	-83,489,797	-153,950,008	-83,489,797
3.2	Other disbursements to acquire financial investments				-755,810,668	-428,728,806	-5,032,579	-107,952,919
c)	Net cash from/used in investing activities (a + b)				-97,019,419	-79,746,349	-8,710,542	-56,156,194
C. Cash flows from financing activities								
a)	Cash receipts from financing activities				1,866,213	0	0	0
b)	Cash disbursements in financing activities				-20,651,372	-6,015,569	-16,063,395	-2,956,007
1	Interest paid			32	-2,893,735	-3,152,597	-2,838,770	-2,889,555
3	Repayment of long-term financial liabilities				-4,517,330	-2,689,097	-51,584	-66,452
5	Dividends and other profit participations paid				-13,240,307	-173,875	-13,173,042	0
c)	Net cash from/used in financing activities (a + b)				-18,785,159	-6,015,569	-16,063,395	-2,956,007
C2. Closing balance of cash and cash equivalents					88,647,678	83,458,594	28,806,817	27,080,146
x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)				5,189,084	-23,244,828	1,726,671	-25,851,075
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

The notes to the financial statements in sections from 17.4 to 17.10 form an integral part of these financial statements.

16.5 Statement of changes in equity for 2021

Sava Insurance Group			III. Profit reserves										IX. Equity attributable to owners of the controlling company		X. Non-controlling interests in equity		Total (15 + 16)
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	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					
	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	56,197,540	-24,938,709	-3,266,013	459,721,826	492,662	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	56,197,540	-24,938,709	-3,266,013	459,721,826	492,662	460,214,488		
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-18,926,202	336,386	0	76,074,721	0	9,659	57,494,564	90,852	57,585,416		
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	76,074,721	0	0	76,074,721	92,457	76,167,178		
b) Other comprehensive income	0	0	0	0	0	0	-18,926,202	336,386	0	0	0	9,659	-18,580,157	-1,605	-18,581,762		
Transactions with owners – payouts	0	0	200,304	0	0	26,522,195	0	0	-13,444,663	-26,450,878	0	0	-13,173,042	-67,265	-13,240,307		
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-13,173,042	0	0	0	-13,173,042	-67,265	-13,240,307		
Allocation of net profit to profit reserve	0	0	200,304	0	0	26,522,195	0	0	-271,621	-26,450,878	0	0	0	0	0		
Movements within equity	0	-333,628	0	0	0	0	0	0	56,197,540	-56,197,540	0	0	-333,628	-148,953	-482,581		
Transfer of profit	0	0	0	0	0	0	0	0	56,197,540	-56,197,540	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	-148,953	-482,581		
Closing balance in the financial period	71,856,376	42,702,320	12,150,797	24,938,709	11,225,068	180,693,505	21,246,888	1,300,871	116,166,406	49,623,843	-24,938,709	-3,256,354	503,709,720	367,298	504,077,018		

Sava Re			III. Profit reserves										IX. Equity attributable to owners of the controlling company		X. Non-controlling interests in equity		Total (15 + 16)
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	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					
	1	2	4	5	7	8	9	10	11	12	13	14	15	16	17		
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	-2,420,104	49,958	0	52,840,127	0		50,469,981				
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	52,840,127	0		52,840,127	0			
b) Other comprehensive income	0	0	0	0	0	0	-2,420,104	49,958	0	0	0		-2,370,146				
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-13,173,042	0	0		-13,173,042				
Allocation of net profit to profit reserves	0	0	0	0	0	26,420,064	0	0	0	-26,420,064	0		0				
Transfer of profit	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0		0				
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	179,313,389	3,619,683	96,544	10,633,662	26,420,064	-24,938,709		371,166,000				

The notes to the financial statements in sections from 17.4 to 17.10 form an integral part of these financial statements.

16.6 Statement of changes in equity for 2020

Sava Insurance Group			III. Profit reserves										IX. Equity attributable to owners of the controlling company		X. Non-controlling interests in equity		Total (15 + 16)
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	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					
	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	19,454,480	40,447	0	56,222,528	0	-97,599	75,619,856	163,240	75,783,096		
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	56,222,528	0	0	56,222,528	163,771	56,386,299		
b) Other comprehensive income	0	0	0	0	0	0	19,454,480	40,447	0	0	0	-97,599	19,397,328	-531	19,396,797		
Transactions with owners	0	0	87,282	0	0	27,797	0	0	-90,092	-24,987	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	87,282	0	0	27,797	0	0	-90,092	-24,987	0	0	0	0	0		
Movements within equity	0	0	0	0	0	0	0	0	31,375,138	-31,546,718	0	0	-171,580	0	-171,580		
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	-171,580	0	0	0	-171,580	0	-171,580		
Closing 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	56,197,540	-24,938,709	-3,266,013	459,721,826	492,662	460,214,488		

Sava Re			III. Profit reserves										IX. Equity attributable to owners of the controlling company		X. Non-controlling interests in equity		Total (15 + 16)
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	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					
	1	2	4	5	7	8	9	10	11	12	13	14	15	16	17		
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,524	21,376	14,517,789	20,188,017	-24,938,709		343,920,689				
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,524	21,376	14,517,789	20,188,017	-24,938,709		343,920,689				
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	822,263	25,210	0	-10,990,617	0	-10,143,143				
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	-10,990,617	0		-10,990,617				
b) Other comprehensive income	0	0	0	0	0	0	0	822,263	25,210	0	0		847,474				
Movements within equity	0	0	0	0	0	0	0	0	20,279,531	-20,188,017	0		91,515				
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	91,515	0	0		91,515				
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,788	46,586	34,797,320	-10,990,617	-24,938,709		333,869,060				

The notes to the financial statements in sections from 17.4 to 17.10 form an integral part of these financial statements.

17 Notes to the financial statements

- 17.1 Basic details
- 17.2 Business combinations and overview of Group companies
- 17.3 Consolidation principles
- 17.4 Significant accounting policies
- 17.5 Standards and interpretations issued but not yet effective, and new standards and interpretations
- 17.6 Risk management
- 17.7 Notes to the financial statements – statement of financial position
- 17.8 Notes to the financial statements – income statement
- 17.9 Contingent receivables and liabilities
- 17.10 Related party disclosures



17.1 Basic details

Reporting company

Sava Re d.d. (hereinafter also the Company) is the parent of the Sava Insurance Group (hereinafter also the Group). The Company was established under the Foundations of the Life and Non-Life Insurance System Act, and it was entered in the company register kept by the Ljubljana Basic Court, Ljubljana Unit (now Ljubljana District Court), on 10 December 1990. Its legal predecessor, Pozavarovalna Skupnost Sava, was established in 1977.

The Group transacts reinsurance business (14% of operating revenue), non-life insurance business (57% of operating revenue), life insurance business (25% of operating revenue), pension business and asset management (3% of operating revenue) and other non-insurance business (1% of operating revenue)¹³⁴.

In 2021, the Group employed on average 2,700 people (2020: 2,712 employees) on a full-time equivalent basis. As at 31 December 2021, the total number of employees on a full-time equivalent basis was 2,699 (31 December 2020: 2,701 employees). Statistics on employees in regular employment by various criteria are given in section 10 “Human resources management”.

In the 2021 financial year, the Company employed on average 123 people (2020: 117 employees) on a full-time equivalent basis. As at 31 December 2021, the total number of employees on a full-time equivalent basis was 127 (31 December 2020: 119 employees). Statistics on employees in regular employment by various criteria are given in section 10 “Human resources management”.

Business address of the controlling company	Dunajska cesta 56, Ljubljana, Slovenia
Name of reporting entity	Pozavarovalnica Sava, d.d. (Sava Reinsurance Company d.d., Sava Re d.d.)
Legal form of entity	delniška družba (public limited company)
Domicile of entity	Slovenia
Address of entity’s registered office	Dunajska cesta 56, Ljubljana, Slovenia
Country of incorporation	Slovenia
Principal place of business	Dunajska cesta 56, Ljubljana, Slovenia
Description of nature of entity’s operations and principal activities	reinsurance
Name of parent entity	Pozavarovalnica Sava, d.d. (Sava Reinsurance Company d.d., Sava Re d.d.)
Name of ultimate parent of group	Pozavarovalnica Sava, d.d. (Sava Reinsurance Company d.d., Sava Re d.d.)
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	no changes in 2021
Description of nature of financial statements	IFRS, as adopted by the European Union
Date of end of reporting period	31 December 2021
Period covered by financial statements	1 January 2021 – 31 December 2021
Description of presentation currency	euro
Level of rounding used in financial statements	rounded to the nearest whole number

¹³⁴ Data for 2021.



Educational profile of employees

	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Primary and lower secondary education	5	7	0	0
Secondary education	1,088	1,131	15	13
Higher education	269	288	3	4
University education	1,195	1,135	85	79
Master's degree and doctorate	141	139	24	23
Total	2,699	2,701	127	119

The bodies of the Company are the general meeting, the supervisory board and the management board.

The largest shareholder of the Company is Slovenian Sovereign Holding, with a 17.7% stake. The ultimate beneficial owner of Slovenian Sovereign Holding is the Republic of Slovenia. The second-largest shareholder is Intercapital securities Ltd. (custodial account) with a 14.9% stake, and the third-largest the Republic of Slovenia, with a 13.9% stake. The table "Ten largest shareholders and the list of holders of qualified holdings pursuant to the Takeovers Act as at 31 December 2021" (section 3.2 "General information on the share") is followed by an additional note on the share of voting rights in Sava Re (section 3.2 "General information on the share").

It is the responsibility of the Company's management board to prepare the annual report and authorise it for issue to the supervisory board. The audited annual report is then approved by the Company's supervisory board. If the annual report is not approved by the supervisory board, or if the management and supervisory boards leave the decision about its approval (authorisation for issue) to the general meeting of shareholders, the general meeting also decides on the approval (authorisation for issue) of the annual report.

The general meeting has the power to amend the annual report after it has been approved by the Company's management board; however, it must be re-audited by the external auditor within two weeks after its approval by the general meeting.

17.2 Business combinations and overview of Group companies¹³⁵

The Company did not take over or acquire any company in 2021.

The tables below show individual items of the statement

of financial position and the income statement based on the separate financial statements of subsidiaries and associates prepared in accordance with IFRSs, together with the parent company's share of voting rights.

Subsidiaries as at 31 December 2021

EUR	Activity	Country of incorporation	Assets	Liabilities	Equity as at 31 December 2021	Profit or loss for 2021	Total income	Share of voting rights (%)
Zavarovalnica Sava	insurance	Slovenia	1,163,953,793	938,955,403	224,998,390	58,087,630	425,791,464	100.00%
Sava Neživotno Osiguranje (SRB)	insurance	Serbia	39,319,494	27,093,402	12,226,092	558,440	19,470,508	100.00%
Illyria	insurance	Kosovo	21,641,407	16,892,677	4,748,730	815,729	11,876,123	100.00%
Sava Osiguruvanje (MKD)	insurance	North Macedonia	23,962,472	17,603,467	6,359,005	-266,161	14,726,479	93.86%
Sava Osiguranje (MNE)	insurance	Montenegro	29,118,285	20,416,941	8,701,344	1,741,085	13,400,639	100.00%
Illyria Life	insurance	Kosovo	14,922,563	9,954,829	4,967,734	354,074	3,680,081	100.00%
Sava Životno Osiguranje (SRB)	insurance	Serbia	13,157,644	8,597,904	4,559,740	27,312	5,096,806	100.00%
S Estate	currently none	Kosovo	5,868	0	5,868	-68	0	100.00%
Sava Car	technical research and analysis	Montenegro	1,750,895	955,224	795,671	55,165	889,070	100.00%
ZM Svetovanje	consulting and marketing of insurances of the person	Slovenia	244,515	99,927	144,588	14,404	999,529	100.00%
Ornatus KC	ZS call centre	Slovenia	53,510	33,580	19,930	2,606	296,349	100.00%
Sava Agent	insurance agency	Montenegro	2,279,925	1,902,690	377,235	159,510	827,677	100.00%
Sava Station	technical research and analysis	North Macedonia	223,914	45,877	178,037	10,524	248,971	93.89%
Sava Pokojninska	pension fund	Slovenia	196,479,232	187,600,754	8,878,478	616,287	6,826,261	100.00%
TBS Team 24	organisation of assistance services and customer service	Slovenia	3,633,574	2,735,648	897,926	883,684	12,339,040	87.50%
Sava Penzisko Društvo	pension fund management	North Macedonia	11,563,934	414,787	11,149,147	1,776,572	4,622,981	100.00%
SO Poslovno Savjetovanje d.o.o.	business consulting	Croatia	4,936,864	9,824	4,927,040	-28,213	566	100.00%
Sava Infond	investment fund asset management	Slovenia	9,905,198	1,465,502	8,439,696	2,957,166	11,004,539	100.00%
Vita	insurance	Slovenia	703,046,860	615,484,838	87,562,022	7,728,173	112,735,058	100.00%

¹³⁵ GRI 102-7, 102-45.

Subsidiaries as at 31 December 2020

EUR	Activity	Country of incorporation	Assets	Liabilities	Equity as at 31 December 2020	Profit or loss for 2020	Total income	Share of voting rights (%)
Zavarovalnica Sava	insurance	Slovenia	1,168,961,531	953,866,901	215,094,630	48,896,888	411,105,687	100.00%
Sava Neživotno Osiguranje (SRB)	insurance	Serbia	36,061,002	23,936,704	12,124,298	1,437,546	20,887,677	100.00%
Illyria (RKS)	insurance	Kosovo	20,903,204	16,888,896	4,014,308	601,381	10,317,800	100.00%
Sava Osiguruvanje (MKD)	insurance	North Macedonia	23,939,241	17,289,728	6,649,513	540,674	13,359,917	92.57%
Sava Osiguranje (MNE)	insurance	Montenegro	28,401,936	19,170,286	9,231,650	1,759,863	12,586,721	100.00%
Illyria Life (RKS)	insurance	Kosovo	13,331,228	8,308,964	5,022,264	222,061	2,810,737	100.00%
Sava Životno Osiguranje (SRB)	insurance	Serbia	12,401,450	8,087,629	4,313,821	58,374	4,258,165	100.00%
S Estate (RKS)	currently none	Kosovo	5,936	1	5,935	-180	0	100.00%
Sava Car (MNE)	technical research and analysis	Montenegro	1,889,492	1,127,872	761,620	131,164	937,501	100.00%
ZS Svetovanje (SVN)	consulting and marketing of insurances of the person	Slovenia	208,622	78,438	130,184	33,388	984,656	100.00%
Ornatus KC (SVN)	ZS call centre	Slovenia	38,788	21,464	17,324	-8,218	245,644	100.00%
Sava Agent (MNE)	insurance agency	Montenegro	2,329,781	2,106,432	223,349	13,694	692,736	100.00%
Sava Station (MKD)	technical research and analysis	North Macedonia	213,839	45,565	168,274	-124,876	145,051	92.57%
Sava Pokojninska (SVN)	pension fund	Slovenia	178,693,978	170,235,570	8,458,408	499,727	5,497,393	100.00%
TBS Team 24 (SVN)	organisation of assistance services and customer service	Slovenia	1,930,012	1,361,300	568,712	518,743	9,330,446	75.00%
Sava Penzisko Društvo (MKD)	pension fund management	North Macedonia	11,197,072	941,405	10,255,667	1,580,100	4,183,466	100.00%
SO Poslovno Savjetovanje	business consulting	Croatia	4,950,507	11,568	4,938,939	278,801	419,484	100.00%
Sava Infond (SVN)	investment fund asset management	Slovenia	7,726,945	952,520	6,774,425	1,522,399	7,821,419	100.00%
Vita (SVN)	insurance	Slovenia	602,675,399	509,798,885	92,876,515	8,671,328	102,077,036	100.00%

In 2020, the Company acquired the insurance company Vita. It was first included in the consolidated accounts on 30 May 2020. In 2020, the company SŽO Poslovno Savjetovanje stopped operating. A summary liquidation

procedure was carried out, and the company was struck off the register of companies on 19 December 2020. As from the strike off, the company has not been included in the consolidated financial statements.

Overview of companies with non-controlling interests

EUR	Sava Osiguruvanje		Sava Station		TBS Team 24	
	2021	2020	2021	2020	2021	2020
Non-controlling interest as % of equity	6.14%	7.43%	6.14%	7.43%	12.50%	25.00%
Proportion of non-controlling interest voting rights, in %	6.14%	7.43%	6.14%	7.43%	12.50%	25.00%
Statement of profit or loss and other comprehensive income						
Income	14,726,479	13,359,917	248,971	145,051	12,339,040	9,330,446
Net profit for the year	-266,161	540,674	10,524	-124,876	883,684	518,743
- Of non-controlling interest	-16,334	40,172	646	-9,278	110,461	129,686
Other comprehensive income	-24,060	-12,297	-947	-424	-6	37
- Of non-controlling interest	-1,477	-914	-58	-32	-1	9
Total comprehensive income	-290,221	528,377	9,577	-125,300	883,678	518,780
- Of non-controlling interest	-17,810	39,258	588	-9,310	110,460	129,695
Dividends paid to non-controlling interests	0	0	0	0	67,365	173,875
Statement of financial position						
Assets	23,962,472	23,939,241	223,914	213,839	3,633,574	1,930,012
Liabilities	17,603,467	17,289,728	45,877	45,565	2,735,648	1,361,300
Shareholders' equity	6,359,005	6,649,513	178,037	168,274	897,926	568,712

17.3 Consolidation principles

The parent company prepared both separate and consolidated financial statements as at 31 December 2021.

The consolidated financial statements include Sava Re as the parent and all its subsidiaries, i.e. companies in which Sava Re holds, directly or indirectly, more than half of the voting rights and has the power to control their financial and operating policies so as to obtain benefits from their activities.

The consolidated financial statements of the Sava Insurance Group include all companies directly or indirectly controlled by Sava Re, which controls a company if and only if it has all the following elements:

- power over the company (directs the relevant activities that significantly affect the company's returns),
- exposure, or rights, to variable returns from its involvement with the company, and
- the ability to use its power over the company to affect the amount of its returns.

The Group's consolidated financial statements also include associate companies in which the members of the Sava Insurance Group (parent and subsidiaries) hold, directly or indirectly, between 20% and 50% of all voting rights. If they hold less than 20%, they can still have significant influence, provided such influence can be demonstrated.

All subsidiaries in the Sava Insurance Group are fully consolidated. Interests in associates and joint ventures are accounted for in the consolidated financial statements using the equity method.

The financial year of the Group is the same as the calendar year.

Subsidiaries are fully consolidated as of the date of obtaining control and are deconsolidated as of the date that such control is lost.

Subsidiaries that manage pension funds and management companies that manage the funds' assets are consolidated without the funds as under law such fund assets are separate from the assets of the company that manages them. Accordingly, these funds are not included in the consolidated financial statements.

At the time of an entity's first consolidation, its assets and liabilities are measured at fair value. Goodwill is measured as the excess of the fair value of the consideration effectively transferred over the net amount of the acquirer's (controlling company's) interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill is measured at cost less any impairment losses.

When acquiring a non-controlling interest in a subsidiary (when the Group already holds a controlling interest), the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The Group recognises any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid directly in equity, and attributes it to the owners of the parent. The difference between cost and the carrying amount of the non-controlling interest is accounted for in equity under capital reserves.

Profits earned and losses made by subsidiaries are included in the Group's income statement. Intra-Group transactions (receivables and liabilities, expenses and income between the consolidated companies) have been eliminated.

All companies within the Group apply uniform accounting policies. If the accounting policies of a subsidiary differ from the accounting policies applied by the Group, appropriate adjustments are made to the financial statements of such subsidiary prior to the compilation of the consolidated financial statements to ensure compliance with the accounting policies of the Group.

17.4 Significant accounting policies

Significant accounting policies applied in the preparation of the consolidated and separate financial statements are set out below. In 2021, the Group applied the same accounting policies as in 2020. As for the implementation of IFRS 9, the Group applied the temporary exemption until the adoption of IFRS 17 “Insurance contracts”. For more information, see section 17.5 “Standards and interpretations issued but not yet effective, and new standards and interpretations”.

17.4.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and interpretations of the International Financial Reporting Interpretations Committee’s (IFRIC), as adopted by the European Union. They have also been prepared in accordance with applicable Slovenian legislation (the Companies Act, ZGD-1). The “Sava Insurance Group financial control rules” lay down accounting policies that must be followed by subsidiaries when reporting for consolidation purposes. The “Rules on accounting and accounting policies of Sava Re d.d.” set down in detail the accounting policies of the Company.

Interested parties can obtain information on the financial condition and results of operations of the Sava Insurance Group by consulting the annual report. Annual reports are available on Sava Re’s website and at its registered office.

In selecting and applying accounting policies, as well as in preparing the financial statements, the management board of the parent company aims at providing understandable, relevant, reliable and comparable accounting information.

The financial statements have been prepared based on the going-concern assumption.

The Company’s management board approved the audited financial statements on 21 April 2022.

17.4.2 Measurement bases

The financial statements have been prepared on the historic cost basis, except for financial assets measured at fair value through profit or loss, and available-for-sale financial assets, which are measured at fair value. Assets of policyholders who bear the investment risk are also measured at fair value.

17.4.3 Presentation currency, translation of transactions and items

The financial statements are presented in euros (EUR) without cents. The euro is the functional and presentation currency of the Group companies. Due to rounding, figures in tables may not add up to the totals.

Assets and liabilities as at 31 December 2021 denominated in foreign currencies have been translated into euros using the mid-rates of the European Central Bank (hereinafter: “ECB”) as at 31 December 2021. Amounts in the income statements have been translated using the average exchange rate. As at 31 December 2020 and 31 December 2021, they were translated using the then applicable mid-rates of the ECB. Foreign exchange differences arising on settlement of transactions and on translation of monetary assets and liabilities are recognised in the income statement. Exchange rate differences associated with non-monetary items, such as equity securities carried at fair value through profit or loss, are also recognised in the income statement, while exchange rate differences associated with equity securities classified as available for sale are recognised in the fair value reserve. Since equity items in the statement of financial position as at 31 December 2021 are translated using the exchange rates of the ECB on that day and since interim movements are translated using the average exchange rates of the ECB, any differences arising therefrom are disclosed in the equity item translation reserve.

17.4.4 Use of major accounting estimates, sources of uncertainty

Assumptions and other sources of uncertainty relate to estimates that require management to make complex, subjective and comprehensive judgements. Areas that involve significant management judgement are presented below.

- The need for impairment of goodwill is assessed using the accounting policy under section 17.4.7 “Goodwill” and note 1.
- Criteria for impairment of investments in subsidiaries and associates are determined using the accounting policy under section 17.4.13 “Financial investments in subsidiaries and associates” and under note 6.
- Deferred tax assets are recognised if Group entities plan to realise a profit in their medium-term projections. For details, see section 17.4.11 “Deferred tax assets and liabilities” and note 4.
- Receivables are impaired based on the accounting policy set out in section 17.4.17 “Receivables”. Any recognised impairment loss is shown in note 11.
- Financial investments: Classification, recognition, measurement and derecognition, investment impairment and fair value measurement, are made based on the accounting policy set out in section 17.4.14 “Financial investments and assets held for the benefit of policyholders who bear the investment risk”. Movement in investments and their classification are shown in note 7, whereas the associated income and expenses, and impairment losses are shown in note 32.
- Technical provisions – calculation and liability adequacy tests pertaining to insurance contracts are shown in sections 17.4.24–26. Movements in these provisions are shown in note 24.

- Estimates are used for recognising technical items because reinsurance accounts relating to accepted reinsurance business are not received in time. Estimates relate to amounts in reinsurance contracts, which, according to contractual due dates, have already accrued, although the Company has yet to receive reinsurance accounts. These items include: premiums, claims, commissions, unearned premiums, claims provisions and deferred acquisition costs.

17.4.5 Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash flow statement has been prepared as the sum of all cash flows of all Group companies less any inter-Group cash flows. Cash flows from operating activities have been prepared based on data from the 2021 statement of financial position and income statement, with appropriate adjustments for items that do not constitute cash flows. Cash flows from financing activities are shown based on actual disbursements. Items relating to changes in net operating assets are shown in net amounts.

17.4.6 Intangible assets

Intangible assets, except goodwill, are stated at cost, including any expenses directly attributable to preparing them for their intended use, less accumulated amortisation and any impairment losses. Amortisation is calculated for each item separately, on a straight-line basis, except for goodwill, which is not amortised. Intangible assets are first amortised upon their availability for use.

Intangible assets include computer software, licences pertaining to computer software (with useful life assumed to be five years). In case of recognition of a specific intangible asset with a longer useful life (customer list or contractual customer relationships), the useful life is defined in a separate valuation report.

For material intangible assets (e.g. customer lists), the Company and the Group assess the need for impairment at least annually. If any indication of impairment exists, the recoverable amount is examined. The recoverable amount is the net value in use estimated using future cash flows. The value in use is generally determined in a separate valuation report.

If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

17.4.7 Goodwill

Goodwill arises on the acquisition of subsidiaries. In acquisitions, goodwill relates to the excess of the cost of the business combination over the acquirer’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. If the excess is negative (badwill), it is recognised directly in the income statement. The recoverable amount of the cash-generating unit so calculated is compared against its carrying amount, including goodwill belonging to such unit. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and value in use.

Method of calculating value in use

Value in use for each cash-generating unit is calculated using the discounted cash flow method (DCF method). The budget projections of the CGUs and their estimate of the long-term results achievable are used as a starting point. Value in use is determined by reference to free cash flows discounted at an appropriate discount rate.

The discount rate is determined as the cost of equity (COE), using the capital asset pricing model (CAPM). It is based on the interest rate on risk-free securities, equity premium, and insurance business prospects applying the beta factor. Added is a country risk premium and a size premium.

The elements of the discount rate have been taken from the following sources:

- The risk-free rate of return is based on the yield to maturity of 30-year German government bonds (source: Bloomberg).
- The equity risk premium has been taken from the publication of KPMG Netherlands “Equity market risk premium,” Research Summary, November 2020.
- Tax rates included in the discount rate calculation are the applicable tax rates in individual countries where companies operate.
- Beta for individual industries has been calculated with reference to comparable companies of the same industry of MSCI Small Cap Europe (source: Bloomberg).

- The country risk premiums have been calculated as the difference between the yield to maturity of German long-term government bonds and a comparable local bond issued (source: Bloomberg).
- Size premium: CRSP Deciles Study, Duff & Phelps, December 2019.

The bases for the testing of value in use are prepared in several phases: In phase one, the Company prepares three- or five-year projections of performance results for each company as part of the regular planning process unified Group-wide. These strategic plans are approved by the parent company and confirmed by the relevant governance body. For insurance and pension companies, it is additionally assessed whether the capital required for an insurance company to operate under local regulations would be fully engaged.

Premium growth and profitability was planned for foreign insurance companies in three- and five-year projections in view of the low insurance penetration rates. Insurance penetration is expected to increase markedly due to the expected convergence of their countries’ macroeconomic indicators towards levels common in western European countries. Western Balkan markets, which have a relatively low penetration rate, are expected to see a faster growth in gross premiums than in expected GDP.

The profitability of pension companies is expected to grow, driven by increased contributions to pension funds as the result of demographic trends and at relatively fixed operating costs.

To estimate the residual value used in the calculation of the estimated value of equity, the calculation considers normalised cash flow in the last year of the forecast made using the Gordon growth model. Subsidiaries have been valued using a long-term growth rate (g) ranging from 0–2% to calculate the residual value. For Slovenia-based companies, other than the pension company, this growth rate is based on the average risk-free rate of return totalising 0%; for other markets, including the Slovenian pension company, it totals 2% and is based on the expected long-term industry growth rate.

A cash-generating unit consists of an individual company. Movement in goodwill is discussed in detail in note 1 of section 17.7 “Notes to the financial statements – statement of financial position”.

Goodwill of associate companies is included in their respective carrying amount. Any impairment losses on their goodwill are treated as impairment losses on investments in associate companies.

Section 17.7 “Notes to the financial statements – statement of financial position”, note 1, sets out the main assumptions for cash flow projections with a calculation of value in use.

17.4.8 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost, including cost directly attributable to the acquisition of the asset. Subsequently, the cost model is applied: assets are carried at cost, less accumulated depreciation and any impairment losses.

Items of property, plant and equipment are first depreciated upon their availability for use. Amortisation is calculated for each item separately, on a straight-line basis. Depreciation rates are determined so as to allow the cost of property, plant and equipment assets to be allocated over their estimated useful lives.

Depreciation rates of property, plant and equipment assets

Depreciation group	Rate
Land	0.0%
Buildings	1.3–2.0%
Transportation means	15.5–20.0%
Computer equipment	33.33%
Office and other furniture	10.0–12.5%
Other equipment	6.7–20.0%

An assessment is made annually to determine whether there is any indication of impairment. If any such indication exists, an estimate of the recoverable amount of the asset is made. The recoverable amount is the higher of the value in use and fair value less costs to sell. If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired. Value in use is assessed in terms of a cash-generating unit, with a company as a whole constituting a cash-generating unit.

Gains and losses on the disposal of items of property, plant and equipment, calculated as the difference between sales proceeds and carrying amounts, are included in profit or loss. The costs of property, plant and equipment maintenance and repairs are recognised in profit or loss as incurred. Investments in property, plant and equipment assets that increase future economic benefits are recognised in their carrying amount.

17.4.9 Right-of-use assets

Right-of-use assets are recorded when a contract contains a lease that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are recognised at the present value of future lease payments, in accordance with IFRS 16, and lease liabilities are recognised. Right-of-use assets are amortised through value adjustments in the amount equalling depreciation calculated based on the lease term. Lease liability is increased by interest expense calculated on the lease liability and decreased by lease payments made. Right-of-use assets and lease liability are recognised in net amount, excluding taxes. Group companies recognise payments for short-term and low-value leases as an expense.

As of 1 January 2019, the Group companies recognise right-of-use assets relating to long-term leases (more than one year) and not relating to low-value assets (acquisition cost below EUR 5,000), and lease liabilities. The value of the right-of-use asset comprises the amount of the initial measurement of the lease liability, initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. All lease contracts have been reviewed, examining the right to control the use of an identified asset for a definite period. The lease term is either set in the contract or estimated, if the lease contract is entered into for an indefinite period or has an extension option. The right-of-use assets are calculated as discounted future cash flows of the lease payments over the lease term. Lease liability is also recognised. The applied discount rate consists of the incremental borrowing rate and takes into account the company's credit rating and lease term, and country risk for Group companies outside Slovenia. Upon the occurrence of a significant event that has an impact on the lease, the lease term and the value of the asset are reassessed.

The cost model is applied, where the right-of-use asset is measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liability using a revised discount rate. Upon the initial application of the standard the Group companies used the modified approach.

17.4.10 Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, its sale must be highly probable, and it must be available for immediate sale in its present condition. There must be a commitment to sell the asset and the sale should be completed within one year. Such assets are measured at the lower of the assets' carrying amount or fair value less costs to sell and are not depreciated.

17.4.11 Deferred tax assets and liabilities

Deferred tax assets and liabilities are amounts of income taxes expected to be recoverable or payable, respectively, in future periods depending on taxable temporary differences. Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax assets and liabilities are established for temporary non-deductible impairments of portfolio investments. Deferred tax assets are additionally established for impairment losses on receivables, unused tax losses and for provisions for employees.

Deferred tax liabilities arise from catastrophe equalisation reserves transferred from technical provisions to profit reserves (as at 1 January 2007), which were tax-deduct-

ible when set aside (prior to 1 January 2007), and from fair value adjustments and newly recognised intangible assets (customer lists or contractual customer relationships) on acquisition of a new company.

Deferred tax assets and liabilities are established also for the part of value adjustments recorded under fair value reserve. Deferred tax assets and liabilities are also accounted for actuarial gains or losses arising on the calculation of provisions for severance pay upon retirement. This is because actuarial gains and losses, and the related deferred tax assets or liabilities, affect comprehensive income.

A Group company sets off deferred tax assets and liabilities, provided that the criteria have been satisfied. The Group does not set off deferred tax assets and liabilities in its consolidated financial statements.

A deferred tax asset is recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. In 2020, such deferred tax assets were recognised.

In 2020, deferred tax assets and liabilities were accounted for using tax rates that the management believes will be used to tax the differences. The tax rate applicable for most Group companies (Slovenia) is 19% (2019: 19%), and 9–18% for other companies (Croatia 18%, Serbia 15%, Kosovo and North Macedonia 10%, Montenegro 9%).

17.4.12 Investment property

Investment property comprises assets not used directly for carrying out business activities but held to earn rent or to realise capital gains at disposal. Investment property is accounted for using the cost model and straight-line depreciation. Investment property is depreciated at the rate of 1.3–2.0%. The basis for calculating the depreciation rate is the estimated useful life. All leases where the Group companies act as lessors are cancellable operating leases. Lease payments (rentals) received are recognised as income on a straight-line basis over the lease term. A cash-generating unit consists of an individual property. An assessment is made annually as to whether there is an indication of impairment of investment property. If any such indication exists, an estimate of the recoverable amount of the asset is made. The recoverable amount is the higher of the value in use and the net selling price less costs to sell. If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired.

The Group companies measure the fair value of investment property using fair value models.

17.4.13 Financial investments in subsidiaries and associates

Investments in subsidiaries are measured at cost, less any impairment losses. Subsidiaries are entities in which the Company holds more than 50% of voting rights and which the Company controls, i.e. has the power to control their financial and operating policies so as to obtain benefits from their activities. Subsidiaries are included in the consolidated financial statements using the full consolidation method.

Associates are entities in which the Company holds between 20% and 50% of voting rights or over which the Company has significant influence. Associates are accounted for using the equity method.

Impairment

Impairment testing in Group companies and associates is carried out at least on an annual basis. Pursuant to IAS 36, the controlling company, when reviewing whether there are indications that an asset may be impaired, considers external (changes in market or legal environment, interest rates, elements of the discount rate, capitalisation) as well as internal sources of information (business volume, manner of use of asset, actual versus budgeted performance results, decline in expected cash flows and such like).

If impairment is necessary, an impairment test is carried out for each individual investment by calculating the recoverable amount of the cash-generating unit based on the value in use. Cash flow projections used in these cal-

culations are based on the business plans approved by the management for the period until and including 2025. The discount rate used is based on market rates adjusted to reflect company-specific risks. The recoverable amount of each cash-generating unit so calculated was compared to its carrying amount.

Main assumptions for cash flow projections with calculations of value in use

Discounted cash flow projections are based on the Group companies' business plans covering a 5-year period (strategic business plans for individual companies for the period 2021–2025).

Growth in premiums earned by insurance companies reflects the growth expected in their insurance markets, as well as the characteristics of their portfolios (a small proportion of non-motor business). In all their markets, insurance penetration is relatively low. However, insurance penetration is expected to increase due to the expected convergence of their countries' macroeconomic indicators towards EU levels. Social inflation is also expected to rise, i.e. claims made against insurance companies are expected to become more frequent and higher. Costs are expected to lag slightly behind premiums owing to expected business process optimisation in subsidiaries. Business process optimisation will thus contribute to the growth in net profits.

Growth in pension companies' revenue is due to increased contributions to pension funds as a result of demographic trends, at relatively fixed operating costs, which may lead to greater profitability.

The discount rate is determined as the cost of equity (COE), using the capital asset pricing model (CAPM). It is based on the risk-free interest rate and equity premium, as well as prospects for the relevant business. Added is a country risk premium and a size premium.

Assessments as to whether there is any indication of impairment of investments in subsidiaries are made using the same model as for goodwill. For more information on the assumptions, see section 17.4.7 "Goodwill" of the financial statements with notes.

17.4.14 Financial investments and assets held for the benefit of policyholders who bear the investment risk

17.4.14.1 Classification

Financial assets are classified into the following categories:

Financial assets at fair value through profit or loss

Financial assets held for trading comprise instruments that have been acquired exclusively for the purpose of trading, i.e. realising gains in the short term. Financial assets designated as at fair value through profit or loss comprise subordinated financial assets, primarily because they provide the issuer with the option of early redemption, and assets held for the benefit of policyholders who bear the investment risk.

Held-to-maturity financial assets

Held-to-maturity financial assets are assets with fixed or determinable payments and fixed maturities that the Group companies have the intention and ability to hold to maturity. These are non-derivative financial assets not quoted in an active market.

Loans and receivables (deposits)

This category includes loans and bank deposits with fixed or determinable payments that are not traded in any active market, and deposits with cedants. Under some re-insurance contracts, part of the reinsurance premiums is retained by cedants as guarantee for payment of future claims, and generally released after one year. These deposits bear contractually agreed interest.

Available-for-sale financial assets

Available-for-sale financial assets are assets that are intended to be held for an indefinite period and are not classified as financial assets at fair value through profit or loss or as held to maturity financial assets.

17.4.14.2 Recognition, measurement and derecognition

Available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables are initially measured at fair value plus any transaction costs. Financial assets at fair value through profit or loss are initially measured at fair value, with any transaction costs recognised as investment expenses.

Acquisitions and disposals of securities, loans and deposits are recognised on the trade date.

Gains and losses arising from fair value revaluation of financial assets available for sale are recognised in the statement of other comprehensive income, and transferred to the income statement upon disposal or impairment. Gains and losses arising from fair value revaluation of financial assets at fair value through profit or loss are recognised directly in the income statement.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the assets are transferred and the transfer qualifies for derecognition in accordance with IAS 39.

Loans and receivables (deposits) and held-to-maturity financial assets are measured at amortised cost.

17.4.14.3 Determination of fair values

All financial instruments are measured at fair value, except for deposits, shares not quoted in any regulated market that constitute the non-material portion of the investment portfolio, loans (assuming that their carrying amount is a reasonable approximation of fair value) and financial instruments held to maturity, which are measured at amortised cost. The fair value of investment property, and land and buildings used in business operations and the fair value of financial instruments measured at amortised cost are set out in note 29. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either (i) in the principal market for the asset or liability, or (ii) in the absence of a principal market, in

the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Valuation techniques are used that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

On the valuation date, the fair value of a financial investment is established by determining the price in the principal market based on:

- for stock exchanges: the quoted closing price on the stock exchange on the measurement date or on the last day of operation of the exchange on which the investment is quoted;
- for the OTC market: the quoted CBBT closing bid price or, if unavailable, the Bloomberg BVAL bid price, where the price must not be older than 15 days.
- the price is calculated based on an internal valuation model or yield curve valuation.

For the valuation the Company uses the closing price on the stock exchange or the published CBBT bid price for debt investments (according to the defined Bloomberg methodology) as the unadjusted quoted price, while the BVAL bid price calculated on the basis of the internal valuation model or the yield curve valuation do not represent unadjusted quoted prices.

The BVAL bid price (based on the defined Bloomberg methodology) represents a price that is not quoted but calculated based on directly and indirectly observable market inputs. When calculating the price using a valuation model, the company shall first use the directly and indirectly observable market inputs. If these are not available, the company shall determine the price of a financial investment using a model with unobservable inputs, as defined from IFRS 13.86 to IFRS 13.90.

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.

Assets and liabilities measured or disclosed at fair value in the financial statements are measured and presented in accordance with the IFRS 13 fair-value hierarchy that categorises the inputs of valuation techniques used to measure fair value into three levels.

Assets and liabilities are classified in accordance with IFRS 13 based primarily on the availability of market information, which is determined by the relative levels of trading identical or similar instruments in the market, with a focus on information that represents actual market activity or binding quotations of brokers or dealers.

Investments measured or disclosed at fair value are presented in accordance with the levels of fair value under IFRS 13, which categorises the inputs used to measure fair value into the following three levels of the fair value hierarchy:

- Level 1: financial investments for which fair value is determined based on quoted prices (unadjusted) in active markets for identical financial assets that the Company can access at the measurement date. This level includes the prices of debt assets with CBBT prices and those BVAL prices that have a calculated BVAL score of 8 or higher, with 10 or more direct observations.
- Level 2: financial investments whose fair value is determined using inputs that are directly or indirectly observable, other than the quoted prices included within Level 1. Unobservable market inputs have no significant impact on the valuation. Pursuant to IFRS 13.82, level 2 inputs may include:
 - quoted prices for similar financial investments in markets that are not active,
 - quoted prices for identical or similar financial investments in markets that are not active,
 - inputs other than quoted prices that are observable for financial investments,
 - market-corroborated inputs.
 This level thus includes BVAL prices of debt investments with a calculated BVAL score of 8 or higher but with 9 or fewer direct observations and BVAL prices with a calculated BVAL score of 7 or lower.
- Level 3: financial investments for which observable market inputs are not available. Fair value is thus determined based on valuation techniques using inputs that are not directly or indirectly observable in the market.

This level includes BVAL prices of debt investments with a BVAL score of 5 or lower. Unobservable market inputs may have a significant impact on the valuation.

The company classifies as level-3 investments its investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds, private equity funds and similar. There are no market prices available for such investments; therefore, valuation based on available market data is not possible.

In accordance with IFRS 13.97, the Company also classifies within the fair value hierarchy all financial investments that are not measured at fair value in the statement of financial position but for which the Company discloses fair value (loans granted, deposits, deposits with cedants) and for which the Company assumes that their carrying amount is a reasonable approximation of fair value (in accordance with IFRS 7.29).

The policy of determining when transfers between levels of the fair value hierarchy are deemed to have occurred is disclosed and fully complied with. Policy on the timing of recognising transfers is the same for transfers into the levels as that for transfers out of the levels. Examples of policies include: (a) the date of the event or change in circumstances that caused the transfer; (b) the beginning of the reporting period; (c) the end of the reporting period. The Company reviews quarterly the categorisation of investments into the three levels of the fair value hierarchy. To this end, it applies the rules for determining the fair value set out under note 29. If the categorisation conditions change, financial investments are reclassified into the relevant level.

17.4.14.4 Impairment losses on investments

A financial asset other than at fair value through profit or loss is impaired and an impairment loss incurred only if there is objective evidence of impairment as a result of events that occurred after the initial recognition of the asset and if such events have an impact on future cash flows that can be reliably estimated. An assessment is made quarterly as to whether there is any objective evidence that a financial asset is impaired (when preparing interim and annual reports).

17.4.14.4.1 Debt securities

Investments in debt securities (other than investments in debt securities at fair value through profit or loss) are impaired when any of the following conditions are met:

- the issuer fails to make a coupon or principal payment, and/or it is likely that such liabilities will not be settled in full in accordance with the assessment of circumstances on the reporting date;
- the issuer is subject to a bankruptcy, liquidation or compulsory settlement procedure.

If the first condition above is met, an impairment loss is recognised in the income statement in the amount of the difference between market value and cost of the debt security and the cost of such debt security.

If the second condition above is met, an impairment loss is recognised in profit or loss as the difference between the potential payment out of the bankruptcy or liquidation estate and the cost of the investment. The potential payment out of the bankruptcy or liquidation estate is estimated based on information concerning the bankruptcy, liquidation or compulsory settlement proceedings, or, if such information is not available, based on experience or estimates made by a credit rating or other financial institution.

In respect of debt securities, only impairment losses recognised pursuant to indent one above (first condition) may be reversed. An impairment loss is reversed when the issuer's liability is settled. Impairment losses are reversed through profit or loss.

17.4.14.4.2 Equity securities**Quoted shares and mutual fund investments**

Equity investments (other than equity investments at fair value through profit or loss) are impaired when any of the following conditions is met:

- their market price is more than 40% below cost;
- the market price of any share is below its cost continuously for 1 year or continuously 3 years in the case of mutual funds;
- the model based on which the Group assesses the need for impairment of unquoted securities indicates that the asset needs to be impaired.

Unquoted shares

Unquoted portfolio shares include shares not quoted in any regulated securities market and shares for which the Group can demonstrate that they do not have an active market and that the company carries at cost with regular impairment testing.

The cost model is used if an investment is considered non-material, either in relation to the issuer (share of equity) or in relation to the portfolio of the holder (share of the investment portfolio).

At the reporting date, it must be determined whether the purchase price paid for a share still represents its fair value (unless the relevant investment is considered non-material). If the established fair value of an unquoted security is less than its cost, an impairment loss is recognised. A company may use a valuation made by a business appraiser in order to verify the model and test for impairment.

An impairment loss is recognised in the amount of the difference between market price and cost of financial assets.

17.4.14.4.3 Investments in unlisted alternative funds

Alternative funds during the investment phase typically experience a J-curve effect. During this phase the fund incurs high management expenses and expenses related to the acquisition of investments, which may result in the fund value falling below the value of contributions. By adding investments, the size of the fund increases, while the proportion of expenses relative to the fund's total value decreases. The value of the fund gradually rises towards the value of contributions and then moves depending on the profitability of investments. As long as the alternative fund is in the investment phase and shows a drop in its fair value due to the described J curve effect, the fund is valued through the fair value reserve. As soon as the alternative fund is past the investment phase, the need for impairment is assessed as indicated in the following paragraph.

Investments in alternative funds beyond the investment phase are impaired when, as at the statement of financial position date:

- the value of the investment in an alternative fund is more than 40% below cost or if
- the market value of the investment in an individual alternative fund is below cost continuously for 5 years.

An impairment loss, being the difference between the fund value quoted by the manager of the alternative fund and the cost of the investment in the alternative fund, is recognised in profit or loss.

17.4.15 Reinsurers' share of technical provisions

The amount of the reinsurers' share of technical provisions represents the proportion of gross technical provisions and unearned premiums for transactions that the Group cedes to reinsurers and co-insurers outside the Sava Insurance Group. The amount is determined at the close of each accounting period in accordance with the provisions of co-insurance and reinsurance (retrocession) contracts and in line with movements in the portfolio, based on gross technical provisions for the business that is the subject of these contracts.

Assets are tested for impairment on the reporting date. Assets ceded to individual partners are tested individually. The impact of the reinsurance programme on risk is described in section 17.6.3.1 "Non-life underwriting risk".

17.4.16 Investment contract assets and liabilities

Contracts of homogeneous groups are classified as investment contracts if they bear significant financial risk and are accounted for in accordance with IAS 39. Investment contract assets and liabilities only include the investment contract assets and liabilities of the company Sava Pokojninska, which manages pension funds. Investment contract assets comprise the assets supporting the liability funds "Moji Skladi Življenjskega Cikla" for the transaction of voluntary supplementary pension business that are measured in accordance with IFRS 9. On initial recognition, investment contract assets are classified

as either assets at fair value through profit or loss or as held-to-maturity assets. For consolidation purposes, the amounts of assets and liabilities arising from investment contracts are adjusted in accordance with the guidance for financial investments set out in section 17.4.14 "Financial investments and assets held for the benefit of policyholders who bear the investment risk". Classification and valuation of assets is presented in detail in note 10. Investment contract liabilities are liabilities arising out of pension insurance business under group and individual plans for voluntary supplementary pension insurance, for which the administrator maintains personal accounts for pension plan members. To support these liabilities, Sava Pokojninska sets aside long-term business provisions comprising liabilities for assets on policyholders' personal accounts (net contributions and return) and additional liabilities to cover the difference between the actual and guaranteed rate of return. Investment contract liabilities are presented in note 10.

Sava Pokojninska initially recognises investment property assets in respect of pension fund business under investment contract assets using the cost model, plus any transaction costs. The following measurements are made using the fair value model due to regulatory requirements and the fact that these are pension fund assets. Appraisals are carried out at least once every three years by certified real estate appraisers licensed by the Slovenian Institute of Auditors. The amounts of investment property in investment contract assets are not adjusted for consolidation purposes.

17.4.17 Receivables

Receivables consist mainly of premium receivables due from policyholders or insurers as well as receivables for claims and commissions due from reinsurers.

17.4.17.1 Recognition of receivables

Receivables are initially recognised based on policies issued, invoices or other authentic documents (e.g. confirmed reinsurance or co-insurance accounts). In financial statements, receivables are reported in net amounts, i.e. net of any allowances made.

Receivables arising out of reinsurance business are recognised when inwards premiums or claims and commissions relating to retrocession business are invoiced to cedants or reinsurers, respectively. For existing reinsurance contracts for which no confirmed invoices have been received from cedants or reinsurers, receivables are recognised in line with policies outlined in sections 17.4.31 “Net premiums earned” and 17.4.32 “Net claims incurred”. Receivables of the parent company arising out of reinsurance contracts have not been specifically secured.

Recourse receivables are recognised as assets provided that, on the basis of a recourse claim, an appropriate legal basis exists (a final order of attachment, a written agreement with or payments by the policyholder or debtor, or subrogation for credit risk insurance). In case of subrogation, recourse receivables are recognised only after the debtor’s existence has been verified and the debtor is contactable. Recognition of principal amounts to which recourse receivables relate decreases claims paid. Group companies recognise impairment losses on recourse re-

ceivables based on past experience. Recourse receivables are tested for impairment on a case-by-case basis.

The Group companies have pledged no receivables as security.

17.4.17.2 Impairment of receivables

Receivables are classified into groups with similar credit risk in order to be assessed in terms of recoverability or impairment. All material items of receivables are subject to this assessment.

An allowance is created for receivables expected not to be collectible in full or in part. Such receivables are recognised as doubtful. If the Company recognises receivables from and liabilities to the same entity, receivables are subject to impairment even if older than one year.

In case of litigation, such receivables are recognised as disputable; allowances are established for such receivables and charged against operating expenses from revaluation.

In addition to age, the method of accounting for allowances takes into account the phase of the collection procedure, historical data on the percentage of write-offs made and the ratio of recoverability. Assumptions are reviewed at least annually.

17.4.17.3 Receivables write-offs

Write-offs of receivables require appropriate supporting documents, such as a court decision, bankruptcy order or other document evidencing that the company has lost its legal title, or in cases where it is evident that collection is not meaningful due to excessive costs of the proceedings.

17.4.18 Deferred acquisition costs

Acquisition costs that are deferred include that part of operating expenses directly associated with policy underwriting.

Deferred acquisition costs consist primarily of deferred commissions. These are invoiced commissions relating to the next financial year and are recognised based on (re)insurance accounts and estimated amounts obtained based on estimated commissions taking into account straight-line amortisation.

17.4.19 Other assets

Other assets consist of capitalised short-term accruals and deferrals, namely short-term deferred costs.

17.4.20 Cash and cash equivalents

The statement of financial position and cash flow item “cash and cash equivalents” comprises:

- cash, including cash in hand, cash in bank accounts of commercial banks and other financial institutions, and overnight deposits, and
- cash equivalents, including demand deposits and deposits with an original maturity of up to three months.

17.4.21 Fair values of assets

Determination of fair values

Asset class / principal market		Level 1	Level 2	Level 3
Debt securities				
OTC market	Debt securities measured based on CBBT prices in an active market.	Debt securities measured based on CBBT prices in an inactive market.	Debt securities measured using an internal model that does not consider level 2 inputs. The internal model applies the expected present value method, where bond prices are calculated based on the expected bond yield.	
		Debt securities measured at the BVAL price if the CBBT price is unavailable.		
		Debt securities are measured using an internal model based on level 2 inputs.		
Stock Exchange	Debt securities measured based on stock exchange prices in an active market.	Debt securities measured based on stock exchange prices in an inactive market.	Debt securities measured using an internal model that does not consider level 2 inputs.	
		Debt securities measured at the BVAL price when the stock exchange price is unavailable.		
		Debt securities are measured using an internal model based on level 2 inputs.		
Shares				
Stock Exchange	Shares measured based on stock exchange prices in an active market.	Shares measured based on stock exchange prices in an inactive market.	Shares are measured using an internal model that does not consider level 2 inputs.	
		Shares without available stock exchange prices and that are measured using an internal model based on level 2 inputs.		
Unquoted shares and participating interests				
			Unquoted shares the fair value of which cannot be determined, valued at cost less impairment losses or measured at fair value using an internal model using Level 3 inputs.	
Mutual funds				
	Mutual funds measured at the quoted unit value on the measurement date.			
Alternative funds				
			The fair value is determined based on the valuation of individual projects for which discounted cash flow methods are used.	
Deposits and loans				
- with maturity			Measured at amortised cost.	

17.4.22 Shareholders' equity

Composition:

- share capital comprises the par value of paid-up ordinary shares, expressed in euros;
- capital reserves comprise amounts paid up in excess of the par value of shares;
- profit reserves comprise reserves provided for by the articles of association, legal reserves, reserves for own shares, catastrophe equalisation reserves and other profit reserves;
- own shares;
- fair value reserve;
- retained earnings;
- net profit or loss for the year;
- translation reserve;
- non-controlling interest.

Own shares were acquired in line with a share repurchase programme posted on the Company's website Sava Re shares (sava-re.si.).

Reserves provided for by the articles of association are used:

- to cover the net loss that cannot be covered (in full) out of retained earnings and other profit reserves, or if these two sources of funds are insufficient to cover the net loss in full (an instrument of additional protection of tied-up capital);
- to increase share capital;
- to regulate the dividend policy.

Profit reserves also include catastrophe equalisation reserves set aside pursuant to the rules on technical provisions and capital reserves as approved by appointed ac-

tuaries. These are tied-up reserves and their distribution cannot be decided in the general meeting.

Pursuant to the Companies Act, the Company's management board has the power to allocate up to half of the net profit to other reserves.

17.4.23 Subordinated liabilities

Subordinated liabilities represent a long-term liability of the Group in the form of a subordinated bond to be used for general corporate purposes of the Sava Insurance Group and for the optimisation of its capital structure valued at amortised cost. For more details see disclosure 23.

17.4.24 Classification of insurance contracts

The Group transacts traditional and unit-linked life business, non-life business and reinsurance business, the basic purpose of which is the transfer of underwriting risk. Underwriting risk is considered significant, if an insured event results in payments for the Group of at least 5% of the claim payment. Accordingly, the Group classified all such contracts concluded as insurance contracts. Proportional reinsurance contracts represent a risk that is identical to the underlying insurance policies, which are insurance contracts. Since non-proportional reinsurance contracts provide for the payment of significant additional pay-outs in case of loss events, they also qualify as insurance contracts.

17.4.25 Technical provisions

In the statement of financial position technical provisions are shown in gross amounts under liabilities. The share of technical provisions for the business ceded to non-Group reinsurers is shown in the statement of financial position under the asset item reinsurers' share of technical provisions. Technical provisions must be set at an amount that provides reasonable assurance that liabilities from assumed (re)insurance contracts can be met. The main principles used in calculations are described below.

Unearned premiums are the portions of premiums written pertaining to periods after the accounting period. Unearned premiums are calculated on a pro rata temporis basis at insurance policy level, except for decreasing term contracts (credit life). Since there is generally insufficient data available for accepted reinsurance business at the individual policy level, the fractional value method is used for calculating unearned premiums at the level of individual reinsurance accounts for periods for which premiums are written.

Mathematical provisions for life insurance contracts represent the actuarial value of obligations arising from policyholders' guaranteed entitlements. In most cases, they are calculated using the net Zillmer method with the same parameters as those used for premium calculation, except for the discount rate applied, which was a technical interest rate of at least 1.25%. Other parameters are the same as those used in the premium calculation. Any calculated negative liabilities arising out of mathematical provisions are set to nil. The Zillmer method was used for amortising acquisition costs. The calculation of mathematical provisions is based on the assumption that the full agent commission was paid upon the conclusion of the contract, while agents actually receive the commission within two to five years, depending on the policy term. The mathematical provision includes all deferred commissions. Deferred policy acquisition expenses are shown under assets, in the event of commission prepayments, or show the difference between the positive Zillmerised mathematical provision and the Zillmerised mathematical provision.

Provisions for outstanding claims (claims provision) are established in the amount of expected liabilities for incurred but not settled claims, including loss adjustment expenses. These comprise provisions both for reported claims, which are calculated based on case estimates, and claims incurred but not reported (IBNR), which are calculated using actuarial methods. Future liabilities are generally not discounted, with the exception of the part relating to annuities under certain liability insurance contracts. In such cases, the related provisions are established based on the expected net present value of future liabilities.

Provisions for incurred but not reported claims are calculated for the major part of the portfolios of primary insurers using methods based on paid claims triangles; the result is the total claims provision, and the IBNR provision is calculated as the difference between the result of the triangle method and the provision based on case reserves. In classes where the volume of business is not large enough for reliable results from the triangle methods, the calculation is made based on either (i) the product of the expected number of subsequently reported claims and the average amount of subsequently reported claims or (ii) methods based on expected loss ratios. The consolidated IBNR provision also includes the IBNR provision for the proportion of business written outside the Group. For this part of the portfolio, technical categories based on reinsurance accounts are not readily available; therefore, it is necessary to estimate items that are received untimely, including claims provisions, taking into account expected premiums and expected combined ratios for each underwriting year, class of business and form of reinsurance as well as development triangles for underwriting years by accounting quarters; the IBNR provision is then established at the amount of the claims provision thus estimated.

The provision for outstanding claims is thus established based on statistical data and using actuarial methods; therefore, its calculation also constitutes a liability adequacy test.

The provision for bonuses, rebates and cancellations is intended for agreed and expected pay-outs due to good results of insurance contracts and expected payment due to cancellations in excess of unearned premiums.

Other technical provisions include the provision for unexpired risks derived from a liability adequacy test for unearned premiums, as described below.

Unearned premiums are deferred premiums based on coverage periods. If based on such a calculation the premium is deemed to be inadequate, the unearned premium is also inadequate. Group companies carry out liability adequacy tests for unearned premiums at the level of homogeneous groups appropriate to portfolios. The calculation of the expected combined ratio in any homogeneous group is based on premiums earned, claims incurred, commission expenses and other operating expenses. Where the expected combined ratio exceeds 100%, thus revealing a deficiency in unearned premiums, a corresponding provision for unexpired risks is set aside within other technical provisions.

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

These are provisions for unit-linked life business. They comprise mathematical provisions, unearned premiums and provisions for outstanding claims. The bulk comprises mathematical provisions. Their value is the aggregate value of all units of funds under all policies, including all premiums not yet converted into units, plus the discretionary bonuses of guaranteed funds managed by us. The value of funds is based on market value as at the statement of financial position date.

17.4.27 Liability adequacy test (LAT)

Adequacy testing of provisions set aside based on insurance contracts is conducted as at the financial statement date, separately for non-life and life business. The liability adequacy test for non-life business is described in section 17.4.25 “Technical provisions”.

Liability adequacy testing for life business

The liability adequacy test for life policies is carried out as a minimum at each reporting date against a calculation of future cash flows using explicit and consistent assumptions of all factors – future premiums, mortality, morbidity, investment returns, lapses, surrenders, guarantees, policyholder bonuses and expenses. For this purpose, the present value of future cash flows is used.

Discounting is based on the yield curve for euro area sovereign bonds at the statement of financial position date; but for EU Member States either the risk-free yield curve of government bonds at the statement of financial position date is used, including a loading for the investment mix, or a yield curve based on the investment mix and in case of reinvestments the Solvency II risk-free rate is used. Where reliable market data is available, assumptions (such as the discount rate and investment return) are derived from observable market prices. Assumptions that cannot be reliably derived from market values are based on current estimates calculated by reference to the Group’s own internal models (lapse rates, actual mortality and morbidity) and publicly available resources (demographic information published by the local statistical bureau). For mortality, higher rates are anticipated than are realised due to uncertainty.

Input assumptions are updated annually based on recent experience. Correlations between risk factors are not taken into account. The principal assumptions used are described below.

The liability adequacy test is performed on the policy and/or product level. If the test is performed at the policy level, the results are shown at the product-level, with products grouped by class of business. A company generally evaluates the test results separately for traditional policies other than annuities, unit-linked policies and annuities. If insurance liabilities, including related assets, cannot be evaluated separately as part of traditional or unit-linked policies, the company may evaluate the test results together. The adequacy of liabilities is checked separately for each group of insurance products. In determining any additional liabilities to be established the liability inadequacies of individual groups are not offset against surpluses arising on other groups. The net present value of future cash flows calculated using the assumptions described below is compared with the insurance liabilities, for each group separately. If this comparison shows that the carrying amount of the insurance liabilities is inadequate in the light of the estimated cash flows, the entire deficiency is recognised in profit or loss by establishing an additional provision.

Mortality is usually based on data supplied by the local statistical bureau or on the mortality of the portfolio and is amended by the Group based on a statistical investigation of its mortality experience. Assumptions for mortality and morbidity are adjusted by a margin for risk and are higher than actual.

Future contractual premiums are included and for most business also premium indexation is taken into consideration. Estimates for lapses and surrenders are made based on experience. Actual persistency rates by product type and duration are regularly investigated, and assumptions updated accordingly. The actual persistency rates are adjusted by a margin for risk and uncertainty.

Estimates for future maintenance expenses included in the liability adequacy test are derived from experience. For future periods, cash flows for expenses have been increased by a factor equal to the estimated annual inflation.

Yield and the discount rate are based on the same yield curve; a loading for market development is added when discounting.

The liability adequacy test takes into account expected future discretionary bonuses. Expected future discretionary bonuses are aligned with the bonus methodology. The share of discretionary bonuses complies with internal rules and is treated as a discounted liability.

For most life policies estimates are made of the impact of changes in key variables that may have a material effect on the results of liability adequacy tests at the end of the year. Sensitivity analyses are prepared separately for traditional life business and investment-linked life business.

EUR	31 December 2021		31 December 2020	
	LAT test for traditional life policies	LAT test for unit-linked life policies	LAT test for traditional life policies	LAT test for unit-linked life policies
Base run	370,901,785	487,677,285	398,789,646	361,855,319
Investment return + 100 p.p.	353,462,458	480,550,191	382,303,277	352,807,585
Investment return - 100 p.p.	391,268,128	496,337,863	419,316,231	372,221,448
Mortality + 10%	376,278,112	488,945,012	402,706,961	363,582,039
Lapses + 10%	372,904,989	489,419,664	402,310,967	363,249,945
Operating expenses on policy + 10%	377,707,799	493,641,149	405,328,094	367,627,622

The base run is calculated using the same assumptions as for liability adequacy testing. Changes in variables represent reasonable possible changes which, had they occurred, would have led to significant changes in insurance liabilities at the statement of financial position date. The reasonable possible changes represent neither expected changes in variables nor worst-case scenarios. A change in key variables would affect the corresponding component of the result in the same proportion.

The analysis is prepared for the change in variables, with all other assumptions remaining unchanged, and ignores changes in the values of related assets. Sensitivity was calculated for an unfavourable direction of movement. The income statement and insurance liabilities (as shown in the LAT test) are mostly impacted by changes in the net investment income and operating expenses.

17.4.28 Other provisions

Employee benefits include severance pay upon retirement and jubilee benefits. Provisions for employee benefits are the net present value of the Group's future liabilities proportionate to the years of service in the Group (the projected unit credit method). Pursuant to IAS 19 "Employee benefits" actuarial gains and losses arising on re-measurement of net liabilities for severance pay upon retirement are recognised in other comprehensive income.

These provisions are calculated based on personal data of employees: date of birth, date of commencement of employment in the Group, anticipated retirement, and salary. For each Group company, the amounts of severance pay upon retirement and jubilee benefits are in accordance with local legislations, employment contracts and other applicable regulations. Expected pay-outs also include tax liabilities where payments exceed statutory non-taxable amounts.

The probability of an employee staying with the Group includes both the probability of death and the probability of termination of employment relationship. Assumptions relating to future increases in salaries, severance pay upon retirement and jubilee benefits, as well as those relating to employee turnover depend on developments in individual markets and individual Group companies. The same term structure of risk-free interest rates is used for discounting as that in the capital adequacy calculation under Solvency II.

17.4.29 Other financial liabilities

Other financial liabilities mainly include dividend payment obligations relating to previous years.

17.4.30 Liabilities from operating activities, lease liabilities and other liabilities

Liabilities are initially recognised at amounts recorded in the relevant documents. Subsequently, they are increased or decreased in line with documents, and reduced through payments. Liabilities from operating activities comprise liabilities for claims, for premiums from ceded retrocession business, for claims from accepted reinsurance business and for liabilities relating to retained deposits.

Since 1 January 2019 Group companies have been reporting lease liabilities as a separate item. Lease liability is initially recognised at the present value of lease payments that have not been paid on the date of recognition. The applied discount rate consists of the incremental borrowing rate and takes into account the company's credit rating and lease term, and country risk for the Group. Lease liability is measured at the commencement date by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. If the lease changes after the initial measurement, the carrying amount is remeasured to reflect any modifications or reassessments using a revised discount rate.

Other liabilities include amounts due to employees, amounts due to clients, deferred reinsurance commissions, current income tax liabilities and other short-term liabilities (accrued expenses).

17.4.31 Net premiums earned

Group companies use the accrual basis method of accounting for insurance premiums earned. The following are disclosed separately: gross (re)insurance premiums, co-insurance and retrocession premiums, and unearned premiums. These items are used to calculate net premiums written in the income statement. Premiums earned are recognised based on confirmed (re)insurance accounts or (re)insurance contracts.

Estimates are made on the basis of amounts in reinsurance contracts, which, according to contractual due dates, have already accrued, although the Group has yet to receive reinsurance accounts. Net premiums earned are calculated based on invoiced gross reinsurance premiums less invoiced premiums retroceded, both adjusted for the movement in gross unearned premiums and the change in reinsurers' share of unearned premiums. Premiums earned are estimated based on individual reinsurance contracts.

The companies monitor premiums earned by insurance group and insurance class.

17.4.32 Net claims incurred

Claims and benefits incurred are accounted for on an accrual basis. Net claims incurred comprise gross claims payments, net of recourse receivables and reinsured claims, i.e. amounts invoiced to retrocessionaires. The amount of gross claims paid includes the change in the claims provision, taking into account estimated claims and provisions for outstanding claims. Estimates are made on the basis of amounts in reinsurance contracts, which, according to contractual due dates, have already accrued, although corresponding reinsurance accounts have not been received. Claims incurred are estimated based on estimated premiums and combined ratios for individual reinsurance contracts. These items are used to calculate net claims incurred in the income statement.

17.4.33 Investment income and expenses

Investment income and expenses are recorded separately by source of funds, i.e. in three separate registers: the non-life insurance investment register, the life insurance investment register and own funds investment register. Own fund investments support the Group's shareholders' funds, non-life insurance investments support technical provisions, and life insurance investments support mathematical provisions.

Investment income includes:

- dividend income (income from shares);
- interest income;
- net exchange gains;
- income from changes in fair value and gains on disposal of investments designated at fair value through profit or loss;
- gains on disposal of investments of other investment categories, and
- other income.

Investment expenses include:

- interest expense;
- net exchange losses;
- expenses due to changes in fair value and losses on disposal of investments designated at fair value through profit or loss;
- losses on disposal of investments of other investment categories, and
- other expenses.

These income and expenses are disclosed depending on whether the underlying investments are classified as investments held to maturity, at fair value through profit or loss, available for sale, loans and receivables, or deposits.

Interest income and expenses for investments classified as held to maturity or available for sale are recognised in the income statement using the effective interest rate method. Interest income and expenses for investments at fair value through profit or loss are recognised in the income statement using the coupon interest rate. Dividend income is recognised in the income statement when payout is authorised. Gains and losses on the disposal of investments represent the difference between the carrying amount of a financial asset and its sale price, or between its cost less impairment, if any, and the sale price in the case of investments available for sale.

17.4.34 Operating expenses

Operating expenses include:

- acquisition costs in the period;
- change in deferred policy acquisition expenses;
- other operating expenses classified by nature, as follows:
 - a. depreciation/amortisation of operating assets;
 - b. personnel costs including employee salaries, social and pension insurance costs and other personnel costs;
 - c. remuneration of the supervisory board and its committees; and payments under contracts for services;
 - d. other operating expenses relating to services and materials.

17.4.35 Other technical income and expenses and other income/revenue and expenses

Other technical income of the Group comprises income from commissions (reinsurance commissions less the change in deferred acquisition costs relating to reinsurers) and is recognised based on confirmed reinsurance accounts and estimated commission income taking into account straight-line amortisation. These include other technical income such as income on the realisation of impaired receivables, revenue from other insurance business (green card sales, claims handling as accommodation business), exchange gains and revenue from other services. This income is recognised in the income statement when services are completed or invoices issued.

Other technical expenses of the Group comprise expenses for loss prevention activities and fire brigade charges, the contribution for covering claims of uninsured and unidentified vehicles and vessels, regulator fees, foreign exchange losses, operating expenses from revaluation and other expenses.

Other income comprises income from investment property, income arising from property, plant and equipment assets, other income not directly attributable to insurance business, and revenue from sales for non-insurance companies (including asset management revenue, such as revenue from entry and exit charges, and management fees) relating to revenue from contracts with customers recognised when control of the goods or services is transferred to the customer in an amount that reflects the consideration that is estimated to be an adequate for the sold goods or services. Revenue from contracts with customers is recognised at the fair value of the consideration received or receivable, less any returns, bonuses, rebates and volume discounts. Revenue is recognised when the customer has taken control of the goods or has received the benefits from the services rendered. For sale of goods and services, revenue is recognised when goods are delivered to the customer, or the services are rendered and collectability of the related receivables is reasonably certain. Sales revenue does not include any charges paid upon purchase or sale, in line with IFRS 15. This revenue is included in the income statement under “other income” and is presented in the pensions or “other” segments. This revenue is not multi-year in nature, is recognised on an accrual basis in the financial year and presented under note 33.

Other expenses, which are made up of non-technical items, consist of allowances for other receivables, direct operating expenses arising from investment property, impairment losses on intangible fixed assets and other extraordinary expenses. Other expenses are recognised in the income statement when the service is rendered.

17.4.36 Income tax expense

Income tax expense for the year comprises current and deferred tax. Current income tax is presented in the income statement, except for the portion relating to the items presented in shareholders’ equity; deferred tax is also presented in shareholders’ equity. Current tax is payable on the taxable profit for the year using the tax rates enacted by the date of the statement of financial position, as well as on any adjustments to tax liabilities of prior periods. Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred tax amount is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using the tax rates effective on the date of the statement of financial position. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group income tax expense has been determined in accordance with the requirements of each member’s local legislation.

17.4.37 Information on operating segments

Operating segments as disclosed and monitored were determined based on the different activities carried out in the Group. Segments were formed through the aggregation of operations of companies that generate revenue and expenses, including revenue and expenses arising from intra-group transactions, based on similar services provided by companies (features of insurance products, market networks, and the circumstance in which companies operate).

The operating segments are reinsurance (reinsurance business), non-life (non-life insurance business), life (life insurance business, broken down into Slovenia and international), pensions and asset management (pension insurance business in Slovenia and North Macedonia, and fund management) and the “other” segment (assistance services associated with motor, home owners and health insurance business). Section 8.1 explains in more detail how the companies are included in operating segments.

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 amounts of assets, equity and technical provisions on a quarterly basis.

Asset items by operating segment as at 31 December 2021

Sava Insurance Group EUR 31 December 2021	Non-life				Life			Pensions and		
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total	AM	Other	Total
ASSETS	370,861,211	694,187,221	153,666,435	847,853,656	1,118,810,072	46,822,190	1,165,632,261	248,579,384	25,395,845	2,658,322,359
Intangible assets	3,194,031	13,861,616	8,916,376	22,777,992	7,608,332	46,759	7,655,091	30,871,429	2,808,232	67,306,775
Property, plant and equipment	2,464,212	35,377,174	14,216,375	49,593,549	1,849,234	1,896,304	3,745,538	489,457	44,418	56,337,174
Right-of-use assets	192,886	2,730,815	3,762,553	6,493,368	430,632	29,558	460,190	207,331	32,651	7,386,426
Deferred tax assets	3,688,957	1,115,818	24,199	1,140,017	626,942	9,933	636,875	21,554	0	5,487,403
Investment property	7,899,693	2,771,050	3,192,081	5,963,131	35,583	0	35,583	382,785	0	14,281,192
Financial investments in associates	0	0	0	0	0	0	0	0	20,479,729	20,479,729
Financial investments:	228,470,510	512,785,009	86,829,981	599,614,990	568,792,382	41,504,468	610,296,850	34,306,093	0	1,472,688,443
- Loans and deposits	7,574,664	3,202,386	12,961,392	16,163,778	15,772	1,622,720	1,638,492	4,469,639	0	29,846,572
- Held to maturity	1,971,444	1,900,803	2,975,617	4,876,421	24,909,197	1,248,300	26,157,497	7,017,762	0	40,023,124
- Available for sale	212,403,436	496,888,334	70,670,982	567,559,316	538,001,848	37,883,084	575,884,932	12,584,989	0	1,368,432,673
- At fair value through profit or loss	6,520,966	10,793,486	221,989	11,015,475	5,865,565	750,364	6,615,929	10,233,703	0	34,386,074
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	516,900,819	538,773	517,439,592	0	0	517,439,592
Reinsurers' share of technical provisions	24,217,574	26,777,147	6,233,981	33,011,128	497,659	40,695	538,354	0	0	57,767,056
Investment contract assets	0	0	0	0	0	0	0	172,836,349	0	172,836,349
Receivables	65,891,719	64,687,883	15,081,699	79,769,582	1,399,676	857,186	2,256,862	1,179,991	842,716	149,940,870
Receivables arising out of primary insurance business	60,539,206	57,802,959	8,590,216	66,393,175	897,128	677,557	1,574,685	37,657	0	128,544,723
Receivables arising out of reinsurance and co-insurance business	5,125,596	3,002,694	944,338	3,947,032	1,006	3,531	4,537	0	0	9,077,165
Current tax assets	0	18,581	220,043	238,624	88,879	1,683	90,562	1,332	0	330,518
Other receivables	226,917	3,863,649	5,327,102	9,190,751	412,663	174,415	587,078	1,141,002	842,716	11,988,464
Deferred acquisition costs	5,288,004	12,460,262	4,556,330	17,016,592	182,641	85,504	268,145	0	0	22,572,741
Other assets	746,808	1,462,435	898,809	2,361,244	379,729	100,254	479,983	468,238	324,114	4,380,387
Cash and cash equivalents	28,806,817	19,847,044	9,494,476	29,341,520	20,106,442	1,712,756	21,819,198	7,816,157	863,986	88,647,678
Non-current assets held for sale	0	310,969	459,575	770,544	0	0	0	0	0	770,544

Asset items by operating segment as at 31 December 2020

Sava Insurance Group EUR 31 December 2020	Non-life				Life				Pensions and AM	Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total				
ASSETS	310,173,528	654,513,690	155,257,572	809,771,260	1,054,086,240	44,893,868	1,098,980,107	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	1,430,149,336	
- 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	

Equity and liabilities items by operating segment as at 31 December 2021

Sava Insurance Group EUR 31 December 2021	Non-life				Life			Pensions and AM		Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total	AM			
EQUITY AND LIABILITIES	393,961,667	664,179,708	156,379,206	820,558,914	1,065,381,650	46,781,050	1,112,162,699	225,318,988	106,320,085		2,658,322,359
Subordinated liabilities	0	0	0	0	0	0	0	0	74,863,524		74,863,524
Technical provisions	226,015,867	449,275,943	100,615,847	549,891,790	416,324,878	31,220,556	447,545,434	14,047,026	0		1,237,500,117
Unearned premiums	27,169,894	140,791,194	37,832,354	178,623,548	823,015	405,995	1,229,010	0	0		207,022,452
Mathematical provisions	0	0	0	0	399,577,869	29,953,695	429,531,564	14,045,715	0		443,577,279
Provision for outstanding claims	198,362,627	303,333,536	60,231,263	363,564,799	15,923,994	860,866	16,784,860	1,311	0		578,713,597
Other technical provisions	483,346	5,151,213	2,552,230	7,703,443	0	0	0	0	0		8,186,789
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	523,134,539	1,048,799	524,183,338	0	0		524,183,338
Other provisions	421,865	5,678,863	1,021,274	6,700,137	1,370,287	9,949	1,380,236	449,402	66,466		9,018,106
Deferred tax liabilities	76,227	3,119,986	133,758	3,253,744	7,206,457	91,047	7,297,504	759,920	0		11,387,395
Investment contract liabilities	0	0	0	0	0	0	0	172,660,266	0		172,660,266
Other financial liabilities	0	0	584,172	584,172	0	259	259	493	0		584,924
Liabilities from operating activities	30,836,632	11,100,202	4,157,629	15,257,831	7,730,272	498,458	8,228,730	362,392	97,794		54,783,379
Liabilities from primary insurance business	23,849,071	7,148,115	2,575,844	9,723,959	7,654,233	442,356	8,096,589	0	0		41,669,619
Liabilities from reinsurance and co-insurance business	6,592,809	2,046,399	1,375,017	3,421,416	76,039	18,812	94,851	0	0		10,109,076
Current income tax liabilities	394,752	1,905,688	206,768	2,112,456	0	37,290	37,290	362,392	97,794		3,004,684
Lease liability	191,824	2,826,494	3,925,946	6,752,440	0	30,900	30,900	216,243	32,731		7,224,138
Other liabilities	7,072,154	39,446,744	6,117,494	45,564,238	4,298,488	725,932	5,024,420	1,841,264	2,538,078		62,040,154
Shareholders' equity											504,077,018
Equity attributable to owners of the controlling company											503,709,720
Non-controlling interests in equity											367,298

Equity and liabilities items by operating segment as at 31 December 2020

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

Income statement items by operating segment 2021

Sava Insurance Group EUR 2021	Non-life				Life			Pensions and AM		Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total				
Net premiums earned	103,729,231	332,570,848	68,030,805	400,601,653	167,917,411	10,061,282	177,978,693	4,264,740		0	686,574,317
Gross premiums written	112,091,269	354,307,808	80,526,761	434,834,569	168,474,253	10,233,577	178,707,830	4,264,740		0	729,898,408
Written premiums ceded to reinsurers and co-insurers	-8,738,892	-26,528,426	-10,136,059	-36,664,485	-648,912	-63,664	-712,576	0		0	-46,115,953
Change in gross unearned premiums	158,677	5,523,056	-2,191,364	3,331,692	44,932	-109,427	-64,495	0		0	3,425,874
Change in unearned premiums, reinsurers' and co-insurers' shares	218,177	-731,590	-168,533	-900,123	47,138	796	47,934	0		0	-634,012
Income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0		772,886	772,886
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0		772,886	772,886
Investment income	8,008,178	5,891,920	2,123,339	8,015,259	16,209,231	1,038,915	17,248,146	785,687		0	34,057,270
Interest income	1,764,040	2,336,467	1,927,954	4,264,422	9,239,837	1,025,272	10,265,109	549,178		0	16,842,749
Other investment income	6,244,138	3,555,453	195,385	3,750,837	6,969,394	13,643	6,983,037	236,509		0	17,214,521
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	68,641,409	77,694	68,719,103	0		0	68,719,103
Other technical income	1,355,079	8,148,158	5,193,927	13,342,085	4,178,448	24,625	4,203,073	201,918		-183	19,101,970
Commission income	798,567	4,490,122	3,192,573	7,682,695	148,332	10,629	158,961	0		0	8,640,223
Other technical income	556,512	3,658,036	2,001,354	5,659,390	4,030,116	13,996	4,044,112	201,918		-183	10,461,747
Other income	832,892	3,085,348	2,129,221	5,214,569	324,289	58,651	382,940	17,107,666		3,499,697	27,037,764
Net claims incurred	-76,849,909	-175,224,523	-34,345,496	-209,570,020	-116,910,247	-4,209,261	-121,119,509	-1,274,835		0	-408,814,273
Gross claims payments, net of income from recourse receivables	-58,451,182	-183,096,666	-41,336,370	-224,433,037	-118,261,277	-4,488,964	-122,750,241	-1,274,206		0	-406,908,665
Reinsurers' and co-insurers' shares	947,191	7,286,035	4,253,971	11,540,006	141,315	3,723	145,039	0		0	12,632,236
Change in the gross provision for outstanding claims	-35,917,831	957,746	3,042,221	3,999,967	1,156,146	300,912	1,457,058	-629		0	-30,461,435
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	16,571,912	-371,638	-305,318	-676,956	53,567	-24,932	28,635	0		0	15,923,591
Change in other technical provisions	723,394	588,148	70,273	658,421	27,762,661	-2,277,513	25,485,148	-2,994,194		0	23,872,769
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-114,983,796	-81,034	-115,064,830	0		0	-115,064,830
Expenses for bonuses and rebates	0	-217,764	-58,240	-276,004	0	0	0	0		0	-276,004
Operating expenses	-29,542,748	-102,900,724	-35,452,754	-138,353,478	-34,377,320	-3,821,589	-38,198,909	-11,362,609		-2,474,021	-219,931,765
Acquisition costs	-24,777,943	-33,960,746	-6,119,215	-40,079,961	-12,230,512	-556,504	-12,787,016	-39,299		0	-77,684,219
Change in deferred acquisition costs	162,604	-2,346,711	469,855	-1,876,856	-237,268	25,139	-212,129	0		0	-1,926,381
Other operating expenses	-4,927,409	-66,593,267	-29,803,394	-96,396,661	-21,909,540	-3,290,224	-25,199,764	-11,323,310		-2,474,021	-140,321,165
Expenses for financial assets and liabilities	-266,373	-486,480	-175,364	-661,844	-1,664,744	-32,296	-1,697,040	-211,722		-2,873,108	-5,710,086
Impairment losses on financial assets not at fair value through profit or loss	0	-13,246	0	-13,246	-148,714	0	-148,714	0		0	-161,960
Interest expense	-27,665	-66,355	-152,285	-218,640	-6,287	-707	-6,994	-2,529		-2,873,108	-3,128,936
Other investment expenses	-238,708	-406,879	-23,079	-429,958	-1,509,743	-31,589	-1,541,332	-209,193		0	-2,419,190
Other technical expenses	-464,593	-7,199,095	-4,725,309	-11,924,404	-1,037,402	-129,552	-1,166,954	-781,567		0	-14,337,516
Other expenses	-410,292	-1,391,452	-564,886	-1,956,338	-5,982	-2,654	-8,636	-90,381		-688	-2,466,335
Profit or loss before tax	7,114,859	62,864,385	2,225,515	65,089,900	16,053,955	707,269	16,761,225	5,644,703		-1,075,417	93,535,270
Income tax expense											-17,368,092
Net profit or loss for the period											76,167,178
Net profit or loss attributable to owners of the controlling company											76,074,721
Net profit or loss attributable to non-controlling interests											92,457

Income statement items by operating segment 2020

Sava Insurance Group EUR 2020	Non-life				Life			Pensions and AM	Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	99,243,228	329,789,367	73,245,407	403,034,775	119,935,665	9,907,058	129,842,724	3,240,841	0	635,361,568
Gross premiums written	106,792,968	362,663,027	76,786,411	439,449,438	120,314,520	9,951,538	130,266,058	3,240,841	0	679,749,305
Written premiums ceded to reinsurers and co-insurers	-5,645,082	-28,183,838	-6,675,900	-34,859,738	-500,918	-45,162	-546,080	0	0	-41,050,900
Change in gross unearned premiums	-2,227,841	-2,687,004	2,618,081	-68,923	89,309	-9,256	80,053	0	0	-2,216,711
Change in unearned premiums, reinsurers' and co-insurers' shares	323,183	-2,002,818	516,816	-1,486,002	32,755	9,938	42,693	0	0	-1,120,126
Income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	142,088	142,088
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	142,088	142,088
Investment income	4,198,409	6,441,925	2,665,491	9,107,416	11,379,135	1,031,278	12,410,412	732,965	0	26,449,203
Interest income	2,079,078	3,003,759	2,054,419	5,058,178	7,456,627	996,002	8,452,629	561,553	0	16,151,438
Other investment income	2,119,331	3,438,166	611,072	4,049,238	3,922,508	35,276	3,957,783	171,412	0	10,297,765
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	23,008,939	34,586	23,043,525	0	0	23,043,525
Other technical income	684,412	8,387,648	3,182,674	11,570,322	2,153,238	19,440	2,172,678	116,644	0	14,544,056
Commission income	638,027	3,986,224	1,206,238	5,192,462	58,231	10,668	68,899	0	0	5,899,388
Other technical income	46,385	4,401,424	1,976,436	6,377,860	2,095,007	8,772	2,103,779	116,644	0	8,644,668
Other income	860,052	3,120,293	2,013,992	5,134,285	9,185,133	53,863	9,238,996	13,363,506	2,299,029	30,895,868
Net claims incurred	-76,011,122	-187,440,684	-41,212,850	-228,653,534	-116,246,005	-4,815,553	-121,061,559	-969,198	0	-426,695,412
Gross claims payments, net of income from recourse receivables	-56,510,782	-179,754,178	-37,346,685	-217,100,863	-120,316,271	-4,635,897	-124,952,168	-968,569	0	-399,532,382
Reinsurers' and co-insurers' shares	960,040	2,288,127	1,847,753	4,135,880	88,544	14,707	103,251	0	0	5,199,171
Change in the gross provision for outstanding claims	-18,881,000	-15,154,520	-6,292,584	-21,447,104	4,385,395	-210,681	4,174,714	-629	0	-36,154,019
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-1,579,379	5,179,887	578,667	5,758,554	-403,674	16,318	-387,357	0	0	3,791,818
Change in other technical provisions	209,214	1,923,931	90,532	2,014,463	41,904,082	-1,060,706	40,843,376	-2,453,481	0	40,613,572
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-35,860,767	381,125	-35,479,642	0	0	-35,479,642
Expenses for bonuses and rebates	0	-90,566	-12,687	-103,253	0	0	0	0	0	-103,253
Operating expenses	-26,090,661	-100,892,872	-35,136,793	-136,029,666	-26,091,855	-3,832,275	-29,924,130	-9,595,326	-1,576,363	-203,216,146
Acquisition costs	-22,148,662	-38,427,623	-5,048,930	-43,476,553	-8,164,129	-602,450	-8,766,579	-19,072	0	-74,410,866
Change in deferred acquisition costs	238,147	1,656,568	-876,716	779,852	522,087	21,129	543,216	0	0	1,561,215
Other operating expenses	-4,180,146	-64,121,817	-29,211,147	-93,332,965	-18,449,813	-3,250,954	-21,700,767	-9,576,254	-1,576,363	-130,366,495
Expenses for investments in subsidiaries and associates and impairment losses on goodwill	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	-5,551,244	-1,471,690	-266,038	-1,737,728	-2,902,827	104,609	-2,798,218	-159,206	-2,875,885	-13,122,281
Impairment losses on financial assets not at fair value through profit or loss	-301,606	-191,287	-9,992	-201,279	-595,823	-1,087	-596,910	1	0	-1,099,794
Interest expense	-24,485	-66,137	-164,775	-230,912	-18,394	-500	-18,894	-2,421	-2,875,885	-3,152,597
Other investment expenses	-5,225,153	-1,214,267	-91,271	-1,305,537	-2,288,609	106,196	-2,182,414	-156,786	0	-8,869,890
Other technical expenses	-3,213,645	-9,711,177	-4,756,022	-14,467,199	-714,898	-241,976	-956,874	-699,619	12,935	-19,324,402
Other expenses	-283,829	-1,395,574	-1,449,903	-2,845,477	-41,860	-5,176	-47,036	-85,913	-2,907	-3,265,162
Profit or loss before tax	-5,955,185	48,660,600	-1,636,196	47,024,404	25,707,979	1,576,273	27,284,252	1,961,393	-2,568,151	67,746,714
Income tax expense										-11,360,415
Net profit or loss for the period										56,386,299
Net profit or loss attributable to owners of the controlling company										56,222,528
Net profit or loss attributable to non-controlling interests										163,771

Inter-segment business – inter-segment consolidation eliminations

EUR	Reinsurance		Non-life		Life		Pensions and AM		Other	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Gross premiums written	77,960,454	84,890,285	273,336	198,136	0	7,452	0	0	0	0
Net premiums earned	82,436,267	84,280,252	-81,531,081	-83,589,828	-717,213	-565,894	0	0	0	0
Gross claims paid	-40,791,635	-40,791,635	-6,981,982	-6,981,982	0	0	0	0	0	0
Net claims incurred	-44,164,769	-48,837,239	36,044,151	42,599,700	441,676	163,069	0	0	0	0
Operating expenses	-21,855,737	-19,498,461	-1,775,305	-1,399,348	-808,964	-1,015,078	-121,751	-85,371	-955,269	-859,223
Investment income	49,106	87,295	0	0	0	2,485,826	8,024	3,384	0	0
Other technical income	397,241	368,240	287,282	277,813	741,172	722,217	0	0	1,387,623	1,246,185
Other income	1,196	9,884,561	41,484	44,093	145	0	0	0	9,866,317	7,976,117

Cost of intangible and property, plant and equipment assets by operating segment

EUR	Reinsurance		Non-life		Life		Pensions and AM		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Investments in intangible assets	1,556,253	915,531	4,578,980	4,757,869	414,800	1,117,576	143,862	104,172	34,299	4,300	6,728,194	6,899,448
Investments in property, plant and equipment	359,691	170,565	10,460,614	5,455,876	173,053	73,737	217,191	115,350	10,100	42,923	11,220,649	5,858,451

From the first quarter of 2021 onwards, the Group presents Sava Infond in the pensions and asset management segment. In the 2020 annual report, Sava Infond was part of the “other” segment.

The Group’s insurance operations are focused on Slovenia and the Adriatic region (Serbia, Croatia, Montenegro, North Macedonia and Kosovo), while its reinsurance operations take place in global reinsurance markets.

17.5 Standards and interpretations issued but not yet effective, and new standards and interpretations

The accounting policies adopted by the Group companies in preparing their financial statements are consistent with those of the previous financial year, except for the following new or amended IFRSs adopted for annual periods beginning on or after 1 January 2021.

Standards issued by the International Accounting Standards Board (IASB) but not yet effective

The following new standards and amendments to standards are effective for annual periods beginning on 1 January 2021 or later, and earlier application is permitted. The Group and the Company have not early adopted any of the new or amended standards and do not expect them to have a material impact on the consolidated financial statements of the Group and the separate financial statements of the Company when they become effective:

- Classification of Liabilities as Current or Non-current (amendments to IAS 1);
- Property, Plant and Equipment: Proceeds before Intended Use (amendments to IAS 16);
- reference to the conceptual framework (Amendments to IFRS 3);
- Onerous contracts: Cost of fulfilling a contract (amendments to IAS 37);
- Disclosure of Accounting Policies (amendments to IAS 1);

- Definition of Accounting Estimates (amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12);
- Covid-19-Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16);
- Annual improvements 2018–2020.

Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current

The amendments are effective for accounting periods beginning on or after 1 January 2023. Early application is permitted.

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the entity's right to defer settlement at the end of the reporting period. The company's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

The Group and the Company expect that the amendments, on the date when initially applied, will have no material impact on their financial statements.

Amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments are effective for accounting periods beginning on or after 1 January 2022. Early application is permitted.

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

The amendments must be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented (if necessary).

The Group and the Company expect that the amendments, on the date when initially applied, will have no material impact on their financial statements because they have no such assets.

Amendment to IAS 37 Onerous Contracts – costs of disputing a contract

The amendments specify which costs are to be included in determining the cost of fulfilling a contract for the purposes of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. To the best of the Group's and the Company's knowledge, no such contracts were in force at 31 December 2021.

IAS 1 Presentation of Financial Statements – Definition of Materiality

In October 2018, the IASB amended its definition of materiality, and it is consistent in all IFRS standards and the core framework. The IASB recently issued amendments to IAS 1 Presentation of Financial Statements and amendments to IFRS Guidance, which will become effective on 1 January 2023. In practice, it is a judgement of materiality that would assist the Company in providing useful disclosures about accounting policies. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Group and the Company expect that the amendments, on the date when initially applied, will have no impact on their financial statements but will affect the scope of annual report disclosures.

IAS 8 Accounting Policies – Accounting Estimates

The Board has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments are effective from 1 January 2023. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique);
- choosing the inputs to be used when applying the chosen measurement technique.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The Group and the Company expects that the amendments, on the date when initially applied, will have no material impact on their financial statements.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences, e.g. leases. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. For leases, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. The adoption of these amendments will not affect retained earnings.

Amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021

The amendments apply for the period from 1 June 2020 or later (the amendments were extended to 1 April 2021). Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of Covid-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the

concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss. The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

The Board has extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

This practical expedient is not available for lessors.

A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied.

The Group and the Company have reviewed their leases but will not apply any concessions because the terms of the leases do not include any provision on force majeure. The impact is shown in note 3.

IFRS 17 “Insurance Contracts”

On 25 June 2020, the International Accounting Standards Board (Board) issued the final accounting standard for insurance contracts IFRS 17. During the finalisation of IFRS 17, the effective date was postponed for two years, from 1 January 2021 to 1 January 2023. The Board

further decided to align the effective date for IFRS 9 with IFRS 17 for insurance companies. Due to the postponement of the effective date for IFRS 17, the start of the comparative period was also postponed for two years, from 1 January 2020 to 1 January 2022. IFRS 4, which is currently still effective, must be applied until IFRS 17 becomes effective. IFRS 4 allows the use of local accounting practices for insurance contracts in the consolidated balance sheet. With IFRS 17, the Board has introduced common accounting guidelines for insurance contracts for the first time. The Group and the Company will apply IFRS 4 for reporting for the 2022 financial year. For the purpose of preparing comparative periods for 2022, the Group and the Company will apply IFRS 17. Data for comparative periods for 2022 will be published in the financial year 2023.

IFRS 17 determines three models for measuring insurance contracts:

- Insurance contracts are generally measured using the general measurement model (GMM), which is based on the prospective method. It is based on estimates of expected cash flows at fulfilment using current, explicit, unbiased assumptions that reflect the entity’s point of view. Estimates of expected cash flows are adjusted for the time value of money and financial risks (discounting) and for non-financial risks (risk adjustment). On initial recognition of insurance contracts, either a deferred gain (contractual service margin, CSM) is recognised systematically over the period of the contract or a loss component is recognised immediately in the income statement. The general measurement model includes a number of exceptions and specific provisions relating to groups of investment contracts,

including discretionary participation features and reinsurance contracts held by the entity.

- The standard introduces two other measurement models, which are presented below.
 - For insurance contracts with a duration of cover of one year or less and for contracts with low cash-flow variability at maturity, a simpler measurement model – the premium allocation approach (PAA) – can be applied. This simplified approach is similar to the method of calculating unearned premiums currently used to measure property and accident insurance over the duration of the cover. Under the previous approach, a provision was made for unexpired risks in the event of a loss, whereas under IFRS 17, the loss component is determined using a modified general measurement model.
 - For direct participation contracts, such as life insurance, unit-linked and index-linked policies, and certain with-profits contracts, IFRS 17 specifies a mandatory measurement model – the variable fee approach (VFA). The approach is aligned with the general measurement model, with a significant difference in the calculation of the contractual service margin, as this approach takes into account the entity’s participation in the change in fair value of the underlying items.

The level of aggregation of insurance contracts (units of account) will be determined in accordance with the standard:

- Portfolios consisting of contracts exposed to similar risks and managed together
- Groups of contracts: on initial recognition of contracts, the contracts in each contract portfolio are classified into groups of contracts according to:
 - policy year (annual cohorts)
 - profitability, specifically:
 - onerous contracts,
 - contracts with no significant possibility of becoming onerous subsequently, and
 - other contracts.

The most significant changes to the measurement of insurance contract liabilities will be:

- the use of current, explicit, unbiased assumptions that reflect the entity's point of view to measure insurance contract liabilities,
- taking into account the time value of money (discounting),
- introducing a non-financial risk adjustment to explicitly capture uncertainty in cash flows on the performance of insurance contracts,
- introduction of contractual service margins (CSM) for unearned future profit of a group of insurance companies, which are allocated over the duration of the contract,
- separate measurement of insurance contracts and re-insurance contracts held by the entity,
- elimination of investment components from income and expenses,
- separate presentation of the underwriting result with costs directly attributable to insurance contracts,
- the introduction of the other comprehensive income

option for insurance liabilities, which reduces some volatility in profit or loss for insurers where financial assets are measured at amortised cost or fair value through other comprehensive income, in accordance with IFRS 9.

IFRS 17 implements a completely new concept of accounting for insurance contracts, which significantly changes the existing long-standing practices. Especially for longer-term contracts, the standard will have a significant effect on the income statement, and disclosures will be made on the current and expected profitability by type of insurance contract. Its implementation posed significant challenges for the Group and the Company, as it was necessary to make important adjustments to the actuarial models, to redefine the classification of insurance contracts from all the different aspects required by IFRS 17. It also fundamentally changes the way in which financial statements are prepared and the information they provide. Processes are changing significantly, and their refinement and consistent implementation will be key to the timeliness of the financial statements. It was necessary to implement a completely new tool to support all the necessary calculations, in line with IFRS 17, to ensure quality input data from existing IT systems and to build an adequate database.

At Group level, a dedicated implementation task force was set up to implement IFRS 17 and has been active since 2018. In 2022, activities will continue to be carried out to complete the project, in particular validating new methodologies and guidelines for the valuation of insurance contracts, setting up new processes to ensure timely reporting, performing transition calculations and the impact of the transition, completing all necessary new disclosures, preparing comparable data for 2022, setting up new and adjusted indicators.

Given that the standard introduces the significant changes described above and that the Group and the Company have not yet completed all IFRS reporting activities, it is not currently possible to quantify the impact on individual items of the balance sheet and income statement.

Standards issued by the International Accounting Standards Board (IASB) but not yet applied by the Group companies

IFRS 9 “Financial Instruments”

The final version of IFRS 9 “Financial Instruments” reflects all phases of the financial instruments project and replaces IAS 39 “Financial Instruments: Recognition and Measurement” and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

Due to the adoption of the new standard on insurance contracts, IFRS 17, insurance companies may defer the application of IFRS 9 until 1 January 2023. All the Group's insurance companies have taken advantage of the option to postpone application due to the application of IFRS 17 “Insurance Contracts”.

Late application is conditional upon the carrying amount of liabilities arising out of insurance business exceeding 90% of the total carrying amount of liabilities. The Group and the Company first tested the satisfaction of this condition on 31 December 2015. There have been no changes that would have a significant effect on the satisfaction of the condition since then. Compliance with conditions and disclosures under IFRS 9 are presented below.

IFRS 9 Financial Instruments – Qualifying for the temporary deferral from IFRS 9 and specific disclosures

Sava Insurance Group

EUR	31 December 2015	As % of total liabilities
Technical provisions and liabilities from operating activities	937,776,777	79.1%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	207,590,086	17.5%
Liabilities under insurance contracts subject to IFRS 4	1,145,366,863	96.6%
Other liabilities	40,674,000	3.4%
Total liabilities*	1,186,040,863	100.0%

* Excluding equity and investment contract liabilities.

Sava Re

EUR	31 December 2015	As % of total liabilities
Technical provisions and liabilities from operating activities	268,773,864	94.7%
Liabilities under insurance contracts subject to IFRS 4	268,773,864	94.7%
Other liabilities	14,899,307	5.3%
Total liabilities*	283,673,171	100.0%

* Excluding equity.

Sava Insurance Group

EUR	31 December 2021	As % of total liabilities	31 December 2020	As % of total liabilities
Technical provisions and liabilities from operating activities	1,289,278,812	67.6%	1,286,419,046	72.5%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	524,183,338	27.5%	409,604,428	23.1%
Liabilities under insurance contracts subject to IFRS 4	1,813,462,150	95.1%	1,696,023,474	95.6%
Other liabilities	93,259,401	4.9%	77,611,914	4.4%
Total liabilities*	1,906,721,551	100.0%	1,773,635,388	100.0%

* Excluding equity, subordinated liabilities and investment contract liabilities.

Sava Re

EUR	31 December 2020	As % of total liabilities	31 December 2019	As % of total liabilities
Technical provisions and liabilities from operating activities	377,961,568	97.9%	343,272,305	98.7%
Liabilities under insurance contracts subject to IFRS 4	377,961,568	97.9%	343,272,305	98.7%
Other liabilities	8,087,664	2.1%	4,694,245	1.3%
Total liabilities*	386,049,232	100.0%	347,966,550	100.0%

* Excluding equity and subordinated liabilities.

The other liabilities item does not include investment contract liabilities disclosed by the Slovenian pension company, as the company already applies IFRS 9 (the calculation excluding investment contracts totals 95.1%) and subordinated liabilities from the Sava Re bond issue.

The table below provides an analysis of the fair value of financial assets. They are divided into assets whose contractual cash flows consist solely of payments of principal and interest on the principal amounts outstanding (SPPI financial assets), excluding financial assets held for trading, and other financial assets.

Sava Insurance Group

EUR	SPPI financial assets			Other financial assets		
	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)	Fair value as at 31 December 2021	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)	Fair value as at 31 December 2021
Debt securities	1,444,193,913	19,060,701	1,463,254,614	46,041,444	-535,829	45,505,615
Equity securities	0	0	0	466,275,345	144,415,420	610,690,765
Loans and deposits*	31,970,617	-8,515,835	23,454,782	0	0	0
Cash and cash equivalents**	101,100,298	6,950,605	108,050,904	0	0	0
Total	1,577,264,829	17,495,471	1,594,760,300	512,316,790	143,879,591	656,196,381

* Including loans to subsidiaries and two IRLF deposits.

** Including IRLF cash assets of Sava Pokojninska.

Sava Re

EUR	SPPI financial assets				Other financial assets	
	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)
Debt securities	225,258,501	50,596,644	275,855,145	7,001,226	1,373,017	8,374,243
Equity securities	0	0	0	25,643,576	6,196,999	31,840,575
Loans and deposits	4,967,639	-2,394,665	2,572,974	0	0	0
Cash and cash equivalents	27,080,146	1,726,671	28,806,817	0	0	0
Total	257,306,286	49,928,649	307,234,936	32,644,802	7,570,016	40,214,818

The table below shows the carrying amounts of the assets whose contractual cash flows consist solely of payments of principal and

interest on the principal amounts outstanding, in view of their credit risk rating.

Sava Insurance Group

EUR	Total	AAA	AA/A	BBB	BB/B	Not rated
Debt securities*	1,450,289,186	278,919,204	661,331,831	377,261,728	68,928,318	63,848,105
Loans and deposits*	23,454,782	0	0	674,850	100,050	22,679,882
Cash and cash equivalents***	108,050,904	0	1,499,925	31,168,672	1,870	75,380,437
Total	1,581,794,871	278,919,204	662,831,756	409,105,249	69,030,239	161,908,424

* Including IRLF debt securities.

** Including loans to subsidiaries and two IRLF deposits.

*** Including IRLF cash assets of Sava Pokojninska.

Sava Re

EUR	Total	AAA	AA/A	BBB	BB/B	Not rated
Debt securities	275,386,201	101,082,457	116,052,091	42,105,779	1,767,528	14,378,345
Cash and cash equivalents	28,806,817	0	1,499,925	17,978,561	0	9,328,331
Total	304,193,018	101,082,457	117,552,017	60,084,340	1,767,528	23,706,676

The table below discloses the fair value and carrying amounts of the assets whose contractual cash flows consist solely of payments

of principal and interest on the principal amounts outstanding, and which have been assessed as not having a low credit risk.

Sava Insurance Group

EUR	Fair value as at 31 December 2021	Carrying amount as at 31 December 2021
Debt securities	132,655,067	132,776,423
Loans and deposits	3,134,535	3,134,535
Cash and cash equivalents*	1,870	1,870
Total	135,791,472	135,912,828

* Excluding deposits with cedants, but including IRLF cash assets.

Sava Re

EUR	Fair value as at 31 December 2021	Carrying amount as at 31 December 2021
Debt securities	16,145,872	16,145,872
Loans and deposits	2,572,974	2,572,974
Total	18,718,846	18,718,846

17.6 Risk management¹³⁶

The main risk categories that the Group is exposed to are:

- insurance risks (non-life insurance risks, life insurance risks, health insurance risks),
- financial risks (market risks, liquidity risks, credit risks, risk of failure to realise guaranteed returns),
- insolvency risk,
- operational risk and
- strategic risk.

The following table shows a summary of risks in 2021.

Below is a review of risks in terms of the potential volatility of business results and the resulting impact on the financial statements of the Group and Sava Re. The potential impact in the case an extreme internal or external risk is realised and the impact of such on the Group’s solvency position is set out in the “Sava Insurance Group’s solvency and financial condition report” and in the “Sava Re’s solvency and financial condition report”.

Risk profile of Sava Insurance Group and Sava Re

Risks		Risk described in section
Insolvency risk	The Group and the Company ensure an adequate level of excess capital. In accordance with the Solvency II standard formula, capital adequacy of the Group and the Company remains within the target capital range as defined in the risk strategy and well above regulatory requirements.	17.6.2
Underwriting risks	According to capital requirements, the Group’s most important risks include non-life, life, and health underwriting risks. Risks are adequately managed, but the exposure to non-life and life insurance underwriting risks is slightly higher relative to the previous year. Sava Re is most exposed to non-life underwriting risks, which remained at a level comparable to the previous year.	17.6.3
Financial risks	The Group and the Company ensure the appropriate management of financial risks. Exposure to these risks is actively monitored and managed, and adequate diversification of the investment portfolio and management of assets and liabilities are ensured. Compared to the previous year, financial risks are at a comparable level, whereas exposure increased slightly as a result of the increased value of the investment portfolio. The Group and the Company maintain a sufficient level of highly liquid investments.	17.6.4
Operational risks	The Group and the Company actively manage operational risks by continuously improving the internal control environment and processes. Operational risks decreased slightly compared to the previous year, as the Group took an effective approach to reducing risks associated with Covid-19 and other risks, including cyber risks.	17.6.5
Strategic risks	Due to an uncertain macroeconomic environment and the situation related to Covid-19, strategic risks are an important risk category for the Group and Sava Re. These risks remain at a level similar as the previous year, and both the Group and the Company are working to limit the risks accordingly and to respond effectively and adapt to changes in the environment.	17.6.6

¹³⁶ GRI 102-11.



17.6.1 Impact of Covid-19 pandemic

Covid-19 has been present for a year and a half now, and is still being a source of many direct and indirect and direct uncertainties related to the attainment of business results and strategic goals of the Sava Insurance Group and Sava Re. Macroeconomic conditions and the situation on the financial markets resulted in a significant improvement in 2021, and the Group and the Company financially weathered this period very well, without any major adverse effects of Covid-19 on business results. We are monitoring and analysing potential impacts and risks on a regular basis, with certain measures being adopted as necessary.

In 2021, we integrated the monitoring of Covid-19-related risks into the regular risk monitoring scheme and reported on them in risk reports. The process of monitoring the effects of Covid-19 involved all Group companies. The monitoring was carried out in terms of impact of individual risks, current business performance, liquidity and capital adequacy. These analyses and reports were taken into consideration by the management when making decisions.

Both the Sava Insurance Group and Sava Re have demonstrated the resilience of the solvency status as related to market conditions over the entire period dominated by Covid-19. The resilience of the Group's and the Company's solvency status was verified in the 2021 ORSA (which we submitted to the regulator in March 2021) against a stress scenario with high impacts on financial investments based on the 2008–2009 financial crisis. Their capital adequacy and liquidity were further verified through the EIOPA stress test, which was reported to the regulator in August 2021.

In the own risk and solvency assessment for 2022 (hereinafter: ORSA 2022), the adequacy of the solvency status of the Company and the Group was also verified for the 2022–2024 period. The basis for conducting the 2022 ORSA is the business plan of Sava Re and the Sava Insurance Group for 2022 confirmed in December 2021, and financial projections for 2023 and 2024. The capital adequacy projections in the 2022 ORSA confirmed that, over the entire strategy period, the solvency position was compliant with both statutory provisions and Group/company internal rules, ensuring continuous and adequate liquidity. In ORSA 2022, we also focused on the implementation of stress scenarios and the analysis of their impacts. We implemented two scenarios with a higher impact, i.e. the inflation scenario and the EIOPA scenario, in which the EIOPA stress test shocks were applied. In both scenarios we also considered the potential impact on the insurance portfolios of the Company and the Group. The scenarios were implemented for 31 December 2022 (with consideration of financial projections), and they both confirmed the robustness of the Sava Insurance Group's and Sava Re's capital adequacy, which is significantly higher than the required regulatory amount, even if an individual scenario is realised.

Following the emergence of Covid-19, the Group took an active approach to minimise operational risks related to the epidemic, the adjusted method of operations in Group companies, and followed the business continuity protocols. In 2020, a plan and the instructions were drafted to apply to changed circumstances or emergencies such as a period of an epidemic or a pandemic. The instructions define four phases of conduct depending on the situation intended to reduce risks and plan work

activities under different circumstances. All Group companies and thus all employees were acquainted with the plan. In accordance with the plan and consequently depending on the current situation, Group companies organised their operations according to a hybrid format in 2021 as well (combining office work with working from home).

Employees receive weekly notifications on the epidemic situation, with updates from both the authorities and the Company. Despite the challenges brought about by the current circumstances, the Group managed to maintain regular and transparent communication with its employees, which enabled the Group to quickly react and adapt to change.

Following the required adaptation to the situation due to Covid-19 and the appropriate provision of support to employees and teleworking, we also adjusted some technical measures, with the aim of increasing the protection of the operation of information systems that have become more exposed under the new system of working. We achieved this by introducing additional methods for detecting anomalies and suspicious patterns within the SIEM system, and by tightening certain policies and technical controls in this system. We also took the opportunity to integrate an advanced threat detection system on servers and final workstations and a system for more efficient system for security patch management on all types of information systems.

In 2021, the Sava Insurance Group continued with processes adjusted to remote operations related to customer relations in both underwriting and claims settlement.

Realisation of the new annual life and pension insurance premiums in 2021 was higher than originally planned, while the aggravated business circumstances resulting from the measures did not significantly affect the underwriting of new insurance policies, as most companies achieved the planned sales results. We did not detect a material increase in the mortality rate as a result of the pandemic. Nor did we record any significant increase in unpaid premiums, cancellations or surrenders in 2021. Working with clients, which was made more difficult due to the measures imposed, was largely addressed by making increased use of digitalised business, which enabled clients to solve most matters remotely.

In the case of non-life insurance, we wrote less insurance premiums for the risk of cancellation related to travel and tourism in 2021. Concerning insurance of risk of travel cancellation, we recorded a return of travel insurance premiums for insuring trips that were not realised due to Covid-19, as travel service providers did not offer their travel services throughout the year as a result of restrictions on such. Relative to the previous year, we saw more income from motor insurance in Zavarovalnica Sava and companies outside Slovenia.

With respect to non-life insurance claims, we recorded a lower number of liquidated claims from motor vehicle insurance, liability insurance, accident insurance, and travel cancellation insurance than planned. Companies outside Slovenia recorded larger claim volumes in motor vehicle insurance and accident insurance.

The Sava Insurance Group and Sava Re remain exposed with regard to business interruption coverages resulting from Covid-19. In 2020, incurred but not yet reported provisions were set aside for business interruption business under (re)insurance contracts where grounds exist for covering claims for Covid-19 (insurance taken out in the Republic of Ireland based on the principle of the freedom to provide services in the EU, and reinsurance in the United Kingdom). These provisions relate to any expenses and damages that may be incurred. Based on reported claims, these provisions were used in 2021 to form provisions for reported but not yet paid claims. A legal regulatory risk remains in these markets that the interpretations of the policy conditions could be unfavourable and additional claims will have to be paid.

After reviewing all lease contracts pursuant to IFRS 16 within the Group and the Company, we found that the contracts do not contain force majeure clauses, so they are treated as a lease modification, while the amounts are immaterial. We have examined the investment property assets owned by the Group and the Company and find that the Covid-19 epidemic had no impact on operations. The lessees do not operate in business sectors hit by the Covid-19 epidemic. We recorded no impairment losses or write-offs of receivables due to the effects of Covid-19 within the Group or the Company. We also examined the impact of circumstances related to Covid-19 on government assistance received; however, the relevant amounts are immaterial.

The favourable effects of the measure taken by governments and associated economic stabilisation measures continued in 2021. The pandemic has changed our operations, negatively affecting supply chains, mainly in the industrial sector, but the impact on economic activity has been smaller than originally expected despite certain negative effects. Equity securities registered record growth in 2021, and credit spreads for debt securities risk remained at the previous year's level.

At the beginning of the pandemic, investment management companies suffered a drop in the value of assets under management, which in turn led to lower revenue from management commissions. The quick rise in prices of investments in securities that began in the second half of 2020 continued in 2021. In 2021, investment management companies recorded high growth in operating revenue and the value of assets under management, which can be explained by favourable developments in capital markets and negative interest rates.

Covid-19 had no significant impact on the liquidity of Group companies in 2021, as there were no major unfavourable discrepancies between the realised and planned cash flow. Sava Re has a highly liquid portfolio of financial investments, which are used for the repayment of liabilities from insurance and other contracts. To ensure liquidity, Sava Re maintains a large share of its investment portfolio invested in government bonds, cash and demand deposits. The Group companies have adequate liquidity positions. In addition to their own sources of liquidity, they keep credit lines with Sava Re as a secondary source of liquidity.

Assessment of Covid-19-related risks and the going-concern assumption

2021 was the second year of operations in changed circumstances due to Covid-19. We now understand the risks much better than at the beginning of the pandemic and we have determined that the risks within Sava Re and the Sava Insurance Group are well managed. We do not expect Covid-19 to have a significant negative impact on key risks in the future, as the Company took an active approach to managing these risks. The legal regulatory risk that the interpretation of policy conditions related to covering suspended operations would be unfavourable in some markets and that additional claims related to Covid-19 would have to be paid remains open. The Group continuously identifies, monitors, analyses, and manages risks associated with Covid-19.

Covid-19-related uncertainties remain present in 2022, but we estimate that there will be no higher risks due to Covid-19 and, consequently, we do not expect any significant adverse effects on operations. Likewise, we do not expect the solvency of Sava Re and the Sava Insurance Group to be threatened in any way, as solvency ratios for both remain high and within reasonable expectations. We also believe that the liquidity risk within the Group is well-managed and do not expect a significant increase of this risk over the coming 12 months, so the going-concern assumption remains valid. Our assumption is based on the cash flow expected from the main activity and the composition of the investment portfolio that can provide adequate liquidity over a longer period of difficult circumstances.

137 During the preparation of the audited annual report, the Sava Insurance Group is yet to obtain auditor-reviewed capital adequacy data as at 31 December 2021 from their certified auditor. The annual calculation with auditor assurance will be published in the “Sava Insurance Group solvency and financial condition report for 2021” to be released on 19 May 2022.

17.6.2 Capital adequacy and capital management in the Sava Insurance Group and Sava Re

The Group and Sava Re use the standard formula for calculating their capital requirements under the Solvency II regime. The calculation of the solvency capital requirement (hereinafter: SCR) is carried out once a year completely, whereas eligible own funds supporting the Group’s solvency requirements are valued on a quarterly basis. We also calculated SCR for internal purposes every quarter.

The capital requirements of the Company and the Group were met throughout 2021.

The following table shows the capital adequacy calculation for Sava Re with auditor assurance and the capital adequacy calculation for the Group without auditor assurance, both as at 31 December 2021¹³⁷. In addition, we

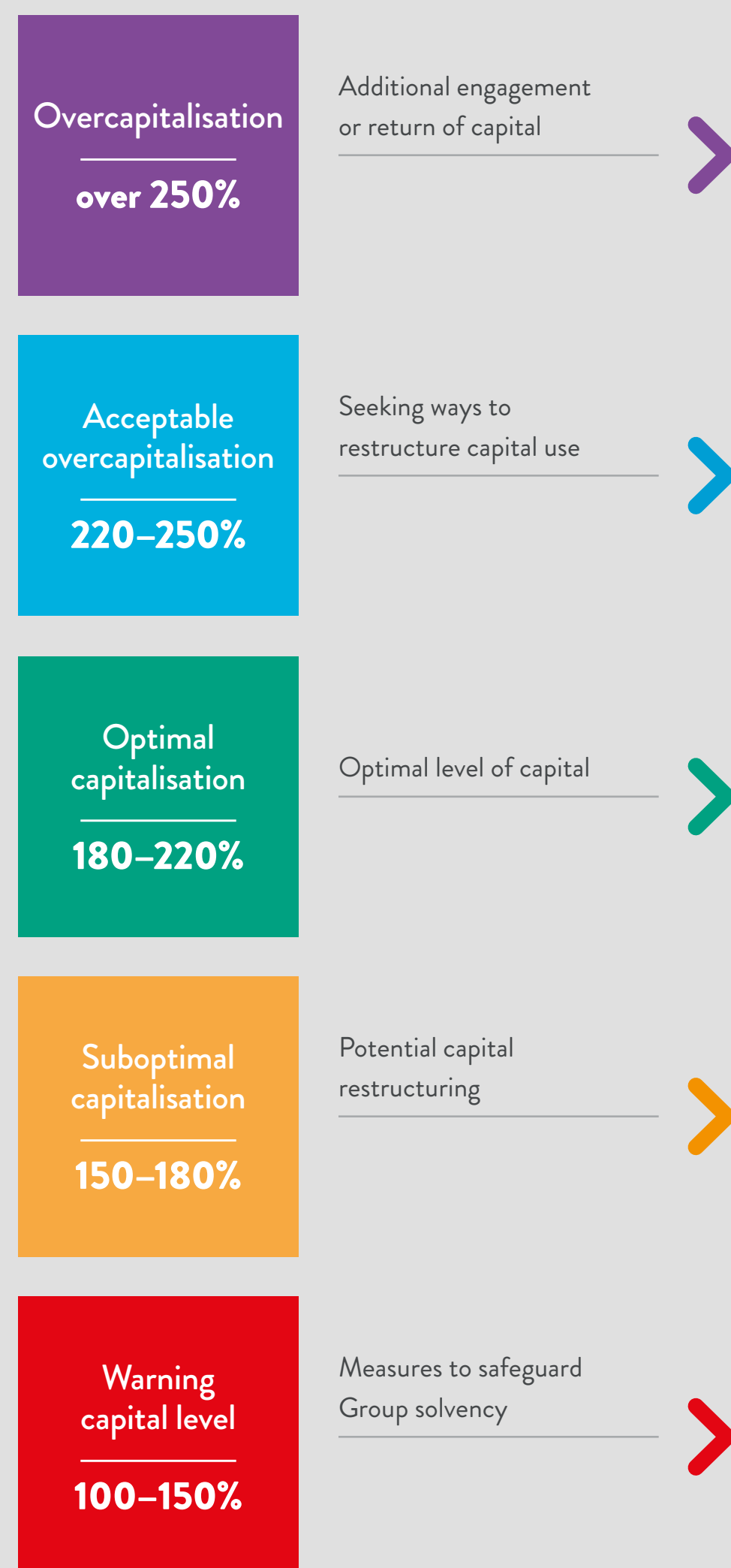
provide the capital adequacy calculation for Sava Re and the Group, both with auditor assurance and as at 31 December 2020.

Eligible own funds as at 31 December 2021 totalled EUR 601 million and were slightly higher than as at 31 December 2020 (EUR 567.8 million). Reasons for increased eligible own funds include the Group’s profit, the appreciation of index- or unit-linked assets, and an increase in the value of portfolio investments. The Group SCR as at 31 December 2021 is higher than the SCR as at 31 December 2020. The main impact comes from the increase in market risks, which are amplified by the appreciation of investments in equity securities and investment funds. The Group remains most exposed to non-life underwriting risk. The Group’s solvency ratio remained at the same level as at 31 December 2020. Accordingly, we assess the Group’s insolvency risk as low.

Capital adequacy of the Group and Sava Re

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Eligible own funds	601,277,146	567,780,308	615,653,390	596,036,396
Minimum capital requirement (MCR)	140,650,843	136,354,977	54,509,854	54,849,778
Solvency capital requirement (SCR)	304,404,918	287,431,589	218,039,417	219,399,112
Solvency ratio	198%	198%	282%	272%





Sava Re’s eligible own funds as at 31 December 2021 totalled EUR 615.7 million and were slightly higher than as at 31 December 2020 (EUR 596 million). The increase in eligible own funds is mainly due to the strong profit of Sava Re. The SCR of Sava Re as at 31 December 2021 is similar to the SCR in the calculation as at 31 December 2020. Sava Re remains most exposed to market risk and non-life underwriting risk. Sava Re’s solvency ratio is marginally higher than as at 31 December 2020. Accordingly, we assess Sava Re’s insolvency risk as low.

At the Sava Insurance Group level, it is not only important to achieve regulatory capital adequacy, but to ensure that the level of capital meets the requirements of credit rating agencies for level “A” ratings, and that the Group remains solvent and is able to meet its obligations even if stress scenarios realise. To this end, the risk strategy of the Sava Insurance Group for 2020–2022, which defines the Group’s risk appetite, defines the levels of required solvency ratios, as listed below.

The Group’s solvency ratio as at 31 December 2021 indicates that the ratio is within the Group’s optimal capital range, in accordance with the risk strategy.

17.6.3 Underwriting risks

Underwriting risk arises from the Group’s (re)insurance activities, i.e. the underwriting of (re)insurance contracts, and performance of (re)insurance contracts and transactions directly related to (re)insurance activities. It relates to the risks covered under (re)insurance contracts and associated processes, and arises from the uncertainty related to the occurrence, scope and timing of obligations.

Underwriting risk is generally divided into:

- non-life underwriting risk,
- life underwriting risk,
- health underwriting risk (including accident (re)insurance).

The basic purpose of life, non-life and health insurance is the assumption of risk from policyholders. In addition to the risks directly assumed by the Group’s primary insurance companies, the Group also assumes underwriting risk from cedants outside the Group through accepted reinsurance. Sava Re retains a portion of the assumed risks (from the Group and outside it) and retrocedes the portion that exceeds its capacity.

The Group and Sava Re are exposed to all three categories of risks. Accepted life reinsurance business of non-Group cedants, including accident reinsurance business, is classified as health reinsurance risk. Due to their one-year duration and according to the nature of their coverage, this life reinsurance business is comparable to accepted accident reinsurance business.

First, we present underwriting risks arising out of non-life business. This is followed by risks arising out of life and health insurance business.

17.6.3.1 Non-life underwriting risk

Non-life underwriting risk is divided into:

- **Premium risk** is the risk that premiums written are insufficient to meet the obligations arising from (re)insurance contracts. This risk depends on many factors, such as inadequate assessment of market developments, poor assessment of claims development, use of inadequate statistics, intentionally insufficient premiums for certain lines of business expected to be offset by other lines of business, or inadequate assessment of external macroeconomic factors that may change significantly during the term of a contract. These include:
 - underwriting process risk,
 - pricing risk and
 - risk of unexpected increase in claims.

Given the Group's portfolio structure, the largest contributors to premium risk include motor vehicle and property (re)insurance fire and other damage to property, including associated business interruption insurance). The Group's premium risk remained at a level similar to the previous year, which we assess as moderate. We further assess that this risk in Sava Re is also moderate.

- **Reserve risk** is the risk that either technical provisions are insufficient to meet the obligations arising from (re)insurance contracts due to inadequate methods, inappropriate, incomplete and inaccurate data, inefficient procedures and controls or inadequate expert judgement, or misreporting, resulting in unreliable information about the financial position of the Company or the Group. These include:

- the risk of data availability and accuracy,
- the risk of adequacy of methods and assumptions used,
- the risk of a calculation error,
- the risk of complex tools used in processes yielding misleading results.

Like premium risk, most of the reserve risk originates from motor vehicle insurance and property business, for which technical provisions are also structurally the largest owing to the Group's traditional focus on such business. We assess the Group's reserve risk as similar to the previous year and moderate despite the high base, which is supported by control measures as described later in this section. We also assess the same risk for Sava Re as moderate.

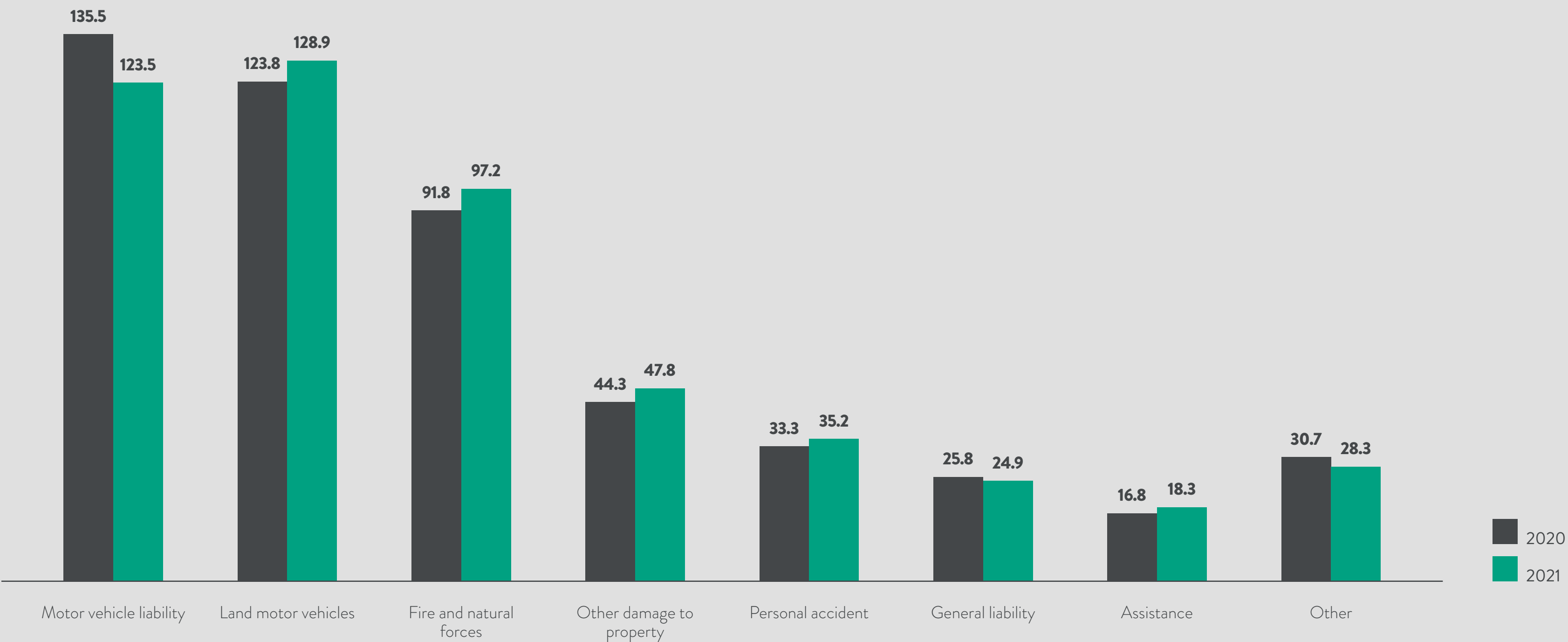
- **Catastrophe risk** is the risk of an occurrence of a catastrophic event; such events are rare but their financial impact is too high to be covered merely by otherwise appropriate premiums and provisions. Catastrophe risk may materialise in the case of extreme events or a large number of catastrophic events in a short period. The risk also includes an excessive geographical accumulation of risks. The Group's portfolio is geographically relatively well diversified, with risks being slightly more concentrated in Slovenia, which is further addressed by means of the reinsurance programme. We assess the Group's disaster risk in 2021 as moderate and (given the volume of insurance portfolios) similar to the previous year. We also assess the same risk for Sava Re as moderate.

- **Lapse risk** is the risk of loss or adverse change in the value of insurance liabilities resulting from changes in the level or volatility of lapse rates. The Group and the Company are not materially exposed to this type of risk. The risk of early termination of contracts in 2021 in Sava Re as well as in the Group is assessed as low and comparable to that in the previous year.

Recently, climate change risks have become a highly topical issue, which is why the Group and the Company pay more attention to them also by analysing long-term scenarios. Other underwriting risks, such as economic environment risk and policyholder behaviour risk, may be relevant, but their effect is already indirectly accounted for in the above non-life underwriting risk.

The Group's exposure to non-life underwriting risk, measured by the volume of consolidated net premiums earned by insurance class, is shown in the graph below.

Sava Insurance Group consolidated net non-life premiums earned¹³⁸ by class of business (€m)



The breakdown of the Group’s net non-life premiums earned did not change significantly in 2021.

The Group has more premiums in the Adria region, where the direct Group’s subsidiaries operate; exposure to Slovenia is predominant. Diversification in 2021 remains similar to that of the previous year. Other exposures of Sava Re in other areas are relatively well diversified globally.

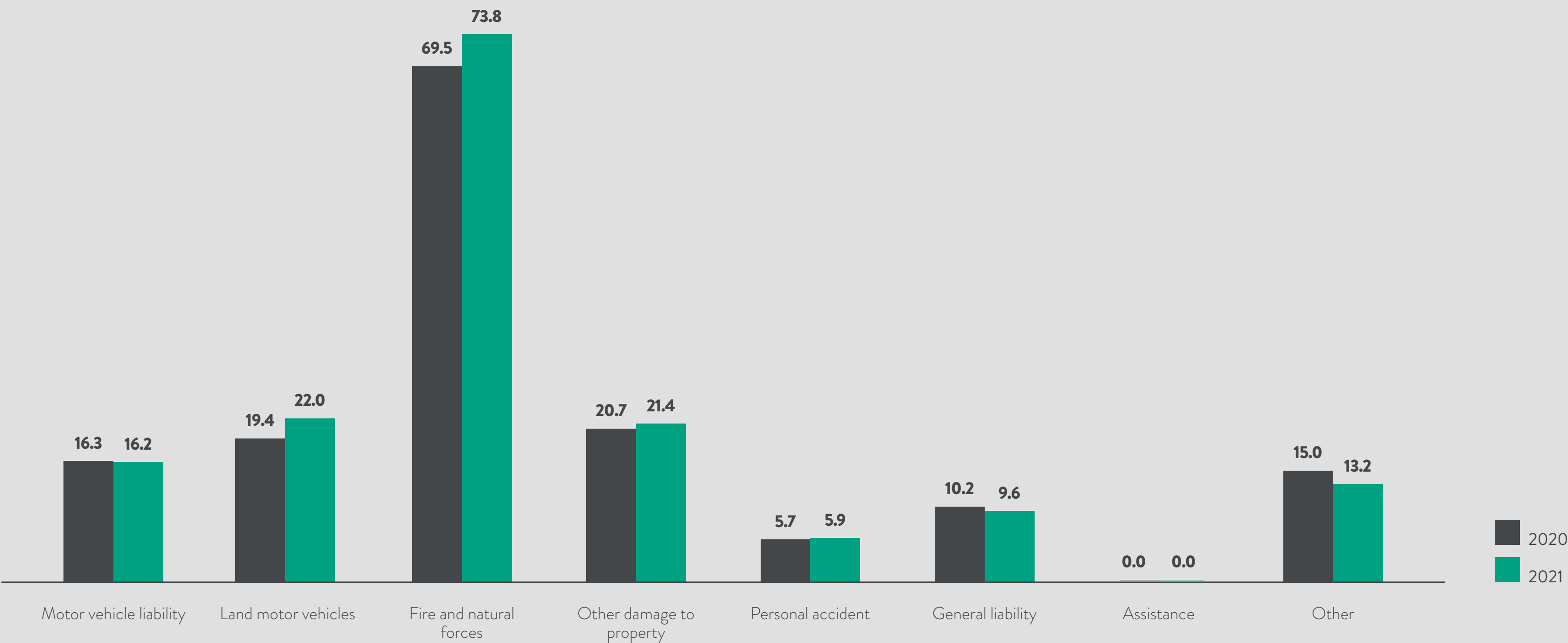
Because the Group as a whole has an adequate retrocession programme in place, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic losses. A more likely scenario to which the Group is exposed to is the deterioration of the net combined ratio as a result of an increase in claims or expenses along with a decrease in premiums.

If the Group’s net combined ratio were to change by 1 p.p. due to higher/lower underwriting risks, net profit before tax would decrease/increase by EUR 5.3 million (2020: EUR 5.2 million).

Sava Re’s exposure to non-life underwriting risk, measured by the volume of consolidated net premiums earned by insurance class, is shown in the graph below.

¹³⁸ The figure includes health insurance business, provided on a similar basis as non-life insurance business. Those risks are addressed in section 17.6.3.3. Health underwriting risk.

Sava Re net non-life premiums earned by class of business¹³⁹ (€m)



The breakdown of the Sava Re’s net non-life (re)insurance premiums earned did not change significantly in 2021.

If Sava Re’s net combined ratio changed due to higher/lower underwriting risks by 1 p.p., net profit before tax would change by EUR 1.7 million (2020: EUR 1.6 million). In 2021, an additional maximum net claim of EUR 5 million would have deteriorated the combined ratio by 3.0% (2020: 3.1%).

The Group and Sava Re manage non-life underwriting risks by:

- established underwriting processes, comprising procedures and an authorisation system for the underwriting of (re)insurance contracts with higher sums insured, and a process for the underwriting of (re) insurance contracts in accordance with internal underwriting guidelines for facultative underwriting for high exposures;

- underwriting limits;
- geographical diversification;
- an appropriate actuarial pricing policy applied in product design and controlling; and
- an appropriate reinsurance programme.

The sections below explain risk management in greater detail by each non-life underwriting risk.

¹³⁹ The figure includes health insurance business, provided on a similar basis as non-life insurance business. Those risks are addressed in section 17.6.3.3. Health underwriting risk.

Premium risk

The Group seeks to mitigate underwriting process risk by restricting authorisations for mass underwriting, as well as by means of additional training of underwriters and agents, by providing understandable, clear and detailed instructions, and by defining appropriate underwriting limits that are consistent with the business strategy, the risk strategy and the reinsurance programme. In addition, we make special efforts to offer products to appropriate target clients (to prevent mis-selling and/or adverse selection), to accept reinsurance from trusted cedants, and to ensure that appropriate limits are in place for exposure concentration by geographical location and homogeneous risk groups, which maintain favourable risk diversification.

Another underwriting process risk is PML error, the inaccurate assessment of the Probable Maximum Loss (hereinafter: PML). In order to mitigate this risk, the Group has in place guidelines for PML assessment, requirements that PML assessments are a team exercise, and ensures that the reinsurance programme covers PML error. Most accepted non-life (re)insurance contracts are renewed annually. This allows insurers to amend the conditions and rates to take into account any deterioration in the underwriting results of entire classes of business, and for major policyholders in a timely manner. Where significant primary insurance risks are involved, adequately qualified underwriting experts of the parent company are involved. Additionally, in respect of risks exceeding the limits set out in the obligatory reinsurance treaties, it is vital that adequate facultative reinsurance cover is obtained to upgrade the basic reinsurance programme.

The net retention limit per risk is set at EUR 4 million for the majority of non-life classes of insurance and a combined limit of EUR 4 million is used for the classes fire and natural forces, other damage to property and miscellaneous financial loss; a net retention limit of EUR 2 million is set for motor liability and for marine. In principle, this caps any net claim arising out of any single loss event at a maximum of EUR 4 million.

The Group seeks to mitigate price risk before launching a product by making in-depth market analyses, staying informed (media, competitors, clients), monitoring applicable regulations and associated requirements, and monitoring historical claim trends (for the entire market) and forecasts. In respect of obligatory proportional reinsurance treaties, Sava Re follows the fortune of its ceding companies, while with non-proportional and facultative contracts, the decision on assuming a risk is on Sava Re. It follows from the foregoing that in order to manage this risk, it is essential to review the practices of existing and future ceding companies and to analyse developments in the relevant markets and in the relevant classes of insurance. Consequently, coverage may only be granted by taking into account internal underwriting guidelines, whereby, based on available information and the set prices, as well as other relevant contractual provisions, the results need to comply with the target combined ratios. The suitability of pricing is verified through modelling and other detailed profitability reviews.

The Group mitigates claims risk through in-depth assessments of underwriting process risk, by restricting the authorisations in the underwriting process, and by developing IT support that allows an accurate overview of claims accumulation. For accepted reinsurance, this risk, too, can be managed by means of special clauses in proportional reinsurance contracts, which limit the reinsurer's share of unexpected claims, and by not accepting unlimited layers under non-proportional contracts. Also central to reducing this risk is the annual testing of the appropriateness of reinsurance protection using a variety of stress tests and scenarios, and setting appropriate retentions. Retention levels and per risk reinsurance protection in 2021 remain similar to the previous year.

Reserve risk

The Group manages reserve risk by means of robust processes and effective controls as regards the calculation of technical provisions in accordance with both IFRS and Solvency II regulations. In addition, it conducts annual backtesting of the appropriateness of technical provisions, analysing any major reasons for their insufficiency. Insufficiency of technical provisions may occur because of inaccurate actuarial estimates or an unexpectedly unfavourable loss development. It may be a result of new types of losses that have not been excluded in cedants' insurance conditions and for which no claims provisions have yet been established, which is common with liability insurance contracts, but can also occur due to changed court practices. All experience so gained is then used in the calculation of future technical provisions.

By documenting and understanding such a process, the Group can identify and describe potential risks, such as the:

- risk of data availability and accuracy,
- risk of adequacy of methods and assumptions used,
- risk of a calculation error,
- risk associated with supporting IT systems and tools.

Controls are put in place for the mitigation of each identified risk. These controls ensure data quality and mitigate the risks associated with the calculation of technical provisions. The design and operational effectiveness of controls are reviewed at least annually and whenever a significant change occurs in the process or methods and models used to calculate technical provisions.

Such controls include:

- reconciliation of technical provision items with accounting records,
- peer review of actuarial methods and assumptions,
- changes to management controls relating to the IT tools used in the process,
- actuarial review and approval of the level of technical provisions.

The process by which technical provisions are calculated is subject to periodic approval. Where substantial changes have been made to the process, the methodology or models used in the calculation of technical provisions, a validation is carried out in accordance with the reporting schedule.

Back-testing of the adequacy of technical provisions in 2021

Unearned premiums are established by Group members on a pro rata basis at the insurance policy level. In addition to unearned premiums, Group companies establish provisions for unexpired risks for those homogeneous risk groups where the combined ratio (loss ratio plus expense ratio) is expected to exceed 100%, as described in the notes to technical provisions.

The adequacy of the values of claims provisions or technical provisions is verified through a run-off analysis. This can only be applied to past years – the further back in

time, the more precise the results. Given that technical provisions are calculated using consistent actuarial methods, we can conclude, based on past discrepancies between originally estimated liabilities and subsequently established liabilities at individual dates of the statement of financial position, that the provisions as at 31 December 2021 are adequate. Due to the difference in posting claims provisions for accepted reinsurance and primary insurance business (discussed later in this section), the run-off analysis was made separately for primary insurance and reinsurance business; in the latter case, we only show the accepted business of cedants outside the Group

to show the adequacy of gross provisions at the Group level.

Group primary insurance companies record and analyse claims provision data by accident year. The table below shows an analysis of gross claims provisions established by the Group for liabilities under non-life primary insurance contracts. Amounts were translated from local currencies into euros using the exchange rate prevailing at the end of the year (provisions) or in the middle of the year (claims paid).

Adequacy analysis of gross claims provisions for the Sava Insurance Group's non-life insurance business

EUR thousand	Year ended 31 December										
Estimate of gross liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
As originally estimated	263,656	290,474	293,024	311,809	303,797	315,019	316,571	306,605	322,951	346,466	343,009
Re-estimated as of 1 year later	231,464	246,795	248,046	251,859	256,163	257,770	258,309	264,187	283,206	292,921	
Re-estimated as of 2 years later	212,386	230,046	217,644	232,333	219,341	216,531	233,594	244,539	254,527		
Re-estimated as of 3 years later	201,545	207,383	207,626	205,138	186,403	199,615	218,803	224,693			
Re-estimated as of 4 years later	184,794	200,463	186,044	179,712	172,869	186,891	206,185				
Re-estimated as of 5 years later	179,412	183,289	165,665	168,496	162,831	179,309					
Re-estimated as of 6 years later	165,228	166,507	157,862	160,715	158,944						
Re-estimated as of 7 years later	149,122	160,051	152,375	157,827							
Re-estimated as of 8 years later	144,876	156,603	151,389								
Re-estimated as of 9 years later	142,343	155,958									
Re-estimated as of 10 years later	140,287										
Cumulative gross redundancy (latest estimate – original estimate)	123,369	134,516	141,635	153,983	144,853	135,710	110,386	81,912	68,424	53,546	
Cumulative gross redundancy as % of original estimate	46.8%	46.3%	48.3%	49.4%	47.7%	43.1%	34.9%	26.7%	21.2%	15.5%	

The cumulative gross redundancies for the accident years from 2016 to 2019 increased compared to amounts at the end of the preceding year, which were 40.7%, 30.9%, 20.2% and 12.3% of original estimates.

The Group cannot use triangles organised by accident year data for recording claims provisions in respect of accepted reinsurance business. This is because ceding companies report claims under proportional treaties broken down by underwriting year. As claims under one-year policies written during any one year may occur either in the year the policy is written or in the year after, data on losses for proportional reinsurance contracts is only broken down by underwriting year. Furthermore, some markets renew treaty business during the year, resulting

in additional discrepancies between the underwriting year and the accident year. Due to these specifics, the Group provides data on reinsurer's share by underwriting year. The estimated liabilities relate to claims that have already been incurred (reported and not reported) and the settlement of which is covered by the claims provision, and claims arising from accepted contracts that have not yet been incurred and the settlement of which is covered by unearned premiums less deferred commission.

The table below therefore shows originally estimated gross or net liabilities with claims provisions included at any year-end plus unearned premiums less deferred commission, which is compared to subsequent estimates of these liabilities.

Adequacy analysis of gross technical provisions of Sava Re for non-Group accepted reinsurance business

EUR thousand	Year ended 31 December										
Estimate of gross liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
As originally estimated	94,883	121,735	123,079	125,023	142,850	146,463	149,017	150,198	163,050	183,917	219,519
Re-estimated as of 1 year later	100,258	109,506	107,622	119,263	132,998	127,717	132,200	143,738	152,741	165,885	
Re-estimated as of 2 years later	93,476	103,445	107,313	112,468	122,748	119,454	129,376	136,424	148,246		
Re-estimated as of 3 years later	94,547	101,933	104,790	157,689	117,864	120,620	126,985	135,101			
Re-estimated as of 4 years later	92,404	100,548	99,270	103,714	119,066	117,370	126,431				
Re-estimated as of 5 years later	92,661	97,783	97,472	106,072	118,033	117,930					
Re-estimated as of 6 years later	89,848	96,073	99,853	104,740	117,088						
Re-estimated as of 7 years later	87,720	97,321	98,776	104,385							
Re-estimated as of 8 years later	88,510	96,944	98,682								
Re-estimated as of 9 years later	88,517	96,915									
Re-estimated as of 10 years later	88,740										
Cumulative gross redundancy (latest estimate – original estimate)	6,144	24,820	24,398	20,637	25,762	28,533	22,585	15,097	14,804	18,031	
Cumulative gross redundancy as % of original estimate	6.5%	20.4%	19.8%	16.5%	18.0%	19.5%	15.2%	10.1%	9.1%	9.8%	

The cumulative gross redundancies for the underwriting years from 2016 to 2019 increased compared to amounts at the end of the preceding year, which were 19.9%, 14.8%, 9.2% and 6.3% of original estimates.

When establishing technical provisions, the Group takes into account any under-reserved technical provisions

identified on the subsidiary company level, recognising any identified deficiencies at the Group level. As at 31 December 2021, there were no above-mentioned deficiencies.

We also analyse Sava Re's gross provisions in a similar way.

Adequacy analysis of gross technical provisions for Sava Re

EUR thousand	Year ended 31 December										
Estimate of gross liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
As originally estimated	173,525	206,099	199,339	207,416	209,963	218,615	224,093	225,314	253,098	290,564	326,187
Re-estimated as of 1 year later	169,377	179,499	170,890	183,590	191,260	191,207	196,533	212,977	230,594	266,524	
Re-estimated as of 2 years later	155,552	169,304	160,099	174,579	175,447	177,623	193,586	201,337	226,207		
Re-estimated as of 3 years later	155,334	158,181	156,865	251,220	165,546	179,783	188,634	198,852			
Re-estimated as of 4 years later	145,246	155,634	147,772	157,337	168,051	173,940	187,557				
Re-estimated as of 5 years later	143,162	149,283	142,401	160,186	164,979	174,546					
Re-estimated as of 6 years later	135,956	144,100	144,796	158,029	164,560						
Re-estimated as of 7 years later	129,809	144,541	143,401	158,146							
Re-estimated as of 8 years later	129,516	144,271	144,228								
Re-estimated as of 9 years later	128,827	144,727									
Re-estimated as of 10 years later	128,108										
Cumulative gross redundancy (latest estimate – original estimate)	45,417	61,372	55,111	49,270	45,403	44,070	36,536	26,462	26,891	24,041	
Cumulative gross redundancy as % of original estimate	26.2%	29.8%	27.6%	23.8%	21.6%	20.2%	16.3%	11.7%	10.6%	8.3%	

The cumulative gross redundancies for underwriting years 2016–2019 increased if compared to amounts as at the end of the preceding year, which were 20.4%, 15.8%, 10.6% and 8.9% of original estimates.

Similarly, we can monitor the analysis of the run-off of the net provision for outstanding claims or technical provisions, which is also divided into primary insurance and accepted reinsurance business. As the ceded reinsurance of primary insurance has already been deducted from net provisions, accepted reinsurance for the purposes of the analysis of the Group and for purposes of the analysis of Sava Re is the same.

Adequacy analysis of net claims provisions for the non-life insurance business of the Sava Insurance Group

EUR thousand	Year ended 31 December										
Estimate of gross liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
As originally estimated	202,646	221,247	230,702	245,550	248,733	256,335	258,053	251,559	260,078	266,834	261,000
Re-estimated as of 1 year later	176,960	194,064	195,513	205,541	207,936	210,200	211,896	212,512	218,989	222,957	
Re-estimated as of 2 years later	166,099	180,807	175,819	188,209	178,822	177,350	189,427	191,353	195,745		
Re-estimated as of 3 years later	157,694	166,024	166,627	167,113	152,494	161,860	173,728	175,248			
Re-estimated as of 4 years later	146,685	160,089	150,076	146,970	140,302	148,927	163,418				
Re-estimated as of 5 years later	142,166	146,960	134,032	137,028	130,165	142,606					
Re-estimated as of 6 years later	131,404	133,855	127,022	129,084	126,848						
Re-estimated as of 7 years later	118,827	128,105	121,236	126,604							
Re-estimated as of 8 years later	115,013	124,044	120,283								
Re-estimated as of 9 years later	112,026	123,438									
Re-estimated as of 10 years later	110,333										
Cumulative gross redundancy (latest estimate – original estimate)	92,313	97,809	110,419	118,946	121,884	113,729	94,635	76,311	64,332	43,877	
Cumulative gross redundancy as % of original estimate	45.6%	44.2%	47.9%	48.4%	49.0%	44.4%	36.7%	30.3%	24.7%	16.4%	

Analysis of the amount of net technical provisions for accepted reinsurance or net technical provisions of Save Re

EUR thousand	Year ended 31 December										
Estimate of gross liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
As originally estimated	156,370	174,480	173,344	177,031	194,262	200,824	204,479	204,392	222,739	259,627	278,603
Re-estimated as of 1 year later	144,939	153,136	153,577	161,973	175,595	175,066	178,102	192,189	207,659	237,256	
Re-estimated as of 2 years later	132,255	147,655	142,529	151,267	159,178	158,850	171,432	179,817	201,645		
Re-estimated as of 3 years later	136,571	136,270	137,887	217,817	147,913	157,175	165,987	176,628			
Re-estimated as of 4 years later	125,973	132,322	127,700	131,429	146,688	151,959	164,308				
Re-estimated as of 5 years later	122,826	125,137	120,791	131,813	144,196	151,660					
Re-estimated as of 6 years later	116,306	119,238	121,578	129,328	142,752						
Re-estimated as of 7 years later	110,470	118,405	119,416	128,404							
Re-estimated as of 8 years later	109,444	117,369	119,004								
Re-estimated as of 9 years later	108,680	116,795									
Re-estimated as of 10 years later	108,405										
Cumulative gross redundancy (latest estimate – original estimate)	47,965	57,684	54,341	48,627	51,511	49,164	40,171	27,763	21,094	22,371	
Cumulative gross redundancy as % of original estimate	30.7%	33.1%	31.3%	27.5%	26.5%	24.5%	19.6%	13.6%	9.5%	8.6%	

Lapse risk

It is estimated that lapse risk is less important for the Group, as the vast majority of non-life insurance policies is written for one year and cannot be terminated early without the insurer’s consent (except in case of premium default or if the subject-matter of the insurance policy is no longer owned by the policyholder or has been destroyed due to a loss event). The majority of accepted reinsurance contracts is also written for a period of one year. The risk associated with these contracts is also mitigated by nurturing good business relations with policy holder cedants and by closely analysing the market situation.

Catastrophe risk

The Group manages catastrophe risk by means of a well-designed underwriting process, by controlling risk

concentration for products covering larger complexes against natural disasters and fire, by geographical diversification, and by adequate retrocession protection against natural and man-made catastrophes. In managing these risks, due consideration is given to the fact that maximum net aggregate losses in any one year are affected by both the maximum net claim arising from a single catastrophe event and the frequency of such events.

An appropriate reinsurance programme is important for managing the underwriting risk to which the Group is exposed. Sava Re uses retrocession treaties to diversify risk appropriately. The reinsurance programme is set up to reduce exposure to potential single large losses or the effect of a large number of single losses arising from the same loss event. The Group considers its reinsurance programme (including proportional and non-proportion-

al reinsurance) to be appropriate in view of the risks to which it is exposed. Net retention limits set by the Group are only rarely applied. The Group also concludes co-insurance and reciprocal contracts with other reinsurers to further disperse risks.

The risk related to natural catastrophes is assessed as the largest risk among non-life underwriting risks of the Company and the Group. The Company has the highest exposure to natural disasters in Slovenia, whereas exposures elsewhere are relatively well-diversified globally.

The following table shows the Company’s gross natural catastrophe exposures for the 10 countries with the highest exposure as at 31 December 2021.

Gross exposure to natural catastrophes by country¹⁴⁰

EUR thousand	31 December 2021	31 December 2020
Slovenia	465,535	276,415
Croatia	45,868	49,999
China	45,109	38,233
India	35,302	29,616
Germany	33,133	32,353
North Macedonia	32,192	28,184
Serbia	32,126	33,469
Turkey	30,725	31,046
Great Britain	30,219	31,142
Taiwan	29,771	25,867
Total	779,980	576,324

¹⁴⁰The balances as at 31 December 2020 are presented for comparison; they are not necessarily the highest exposures in the year.



Exposure to Slovenia is higher compared to the previous year due to higher exposure under quota share reinsurance business written with Zavarovalnica Sava.

At the Group level, the exposure to natural catastrophes is higher than shown above only in the regions where the Group companies underwrite property insurance; the

Gross aggregate exposures in Slovenia by peril

EUR thousand ¹⁴¹	2021	2020
Flood	12,469,313	11,957,377
Earthquake	13,298,175	10,278,567
Storm and hail	51,152,165	50,011,579

The Group’s primary insurance business and separately accepted non-Group reinsurance business is protected against natural catastrophes based on non-proportional catastrophe excess-of-loss coverages for own account. Even prior to the operation of the non-proportional protection, the portfolio of earthquake (re)insurance business of the Group’s cedants is protected by a quota share retrocession treaty. This means that if a major event occurs, the Group will suffer a loss equal, at most, to the amount of the priority of the catastrophe excess-of-loss cover plus a reinstatement premium; the priority of the catastrophe programme for Group business remained unchanged in 2021 at EUR 5 million, while the priority of the catastrophe programme for non-Group accepted reinsurance was reduced to EUR 4 million in 2021, resulting in reduced net exposure to a catastrophic event in this portfolio. If the Group makes additional use of the coverage, it is subject to provisions concerning rein-

largest gross aggregate exposure to natural catastrophes is thus concentrated in Slovenia. The Group has in place a catastrophe reinsurance programme (detailed below), under which it covers a maximum of EUR 5 million per event, with the remainder ceded to reinsurers. The following table gives the gross aggregate exposures in Slovenia by peril.

statements, meaning that it would purchase protection for the remaining period of cover. This is a common instrument available in the international reinsurance market at a price that is usually lower than the original cover due to the shorter coverage period. To cap the aggregate amount of claims in a period, the Slovenian portfolio is further covered by an aggregate reinsurance cover. It ensures that the Group remains solvent even if several catastrophic events occur in a single year.

Apart from the abovementioned reduction in the priority of the catastrophe programme for accepted reinsurance of cedants outside the Group, the reinsurance programme was adjusted to the changes in accepted business (termination of FoS business) compared to the previous year, but it did not change significantly from the previous year. In this way, the Group maintains catastrophe risk at a level comparable to 2020.

Assessed risk exposure in 2021 compared to 2020

We estimate the Group’s non-life underwriting risk as moderate and well managed, and it remains at a similar level to the previous year. Net non-life premiums written dropped by 0.8% in 2021.

According to our assessment, the likelihood that the non-life underwriting risk will seriously compromise the Group’s or Sava Re’s financial stability is estimated as low, while there are no significant differences between 2021 and 2020.

17.6.3.2 Life underwriting risk

The main life underwriting risks are:

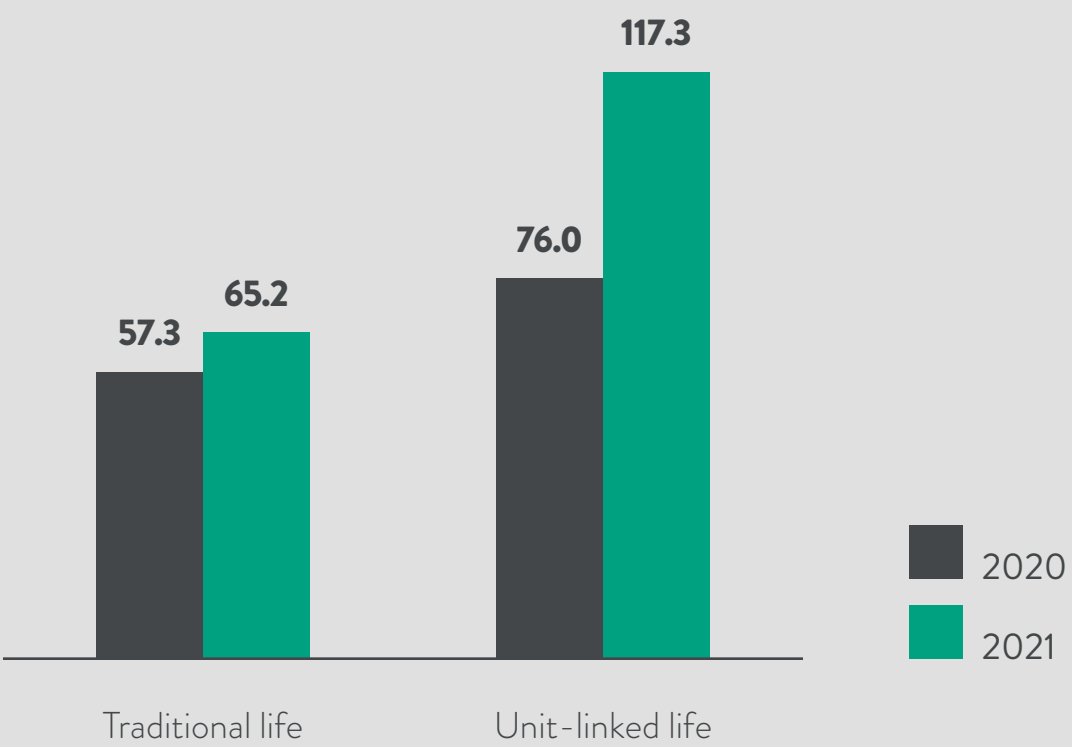
- biometric risks, which are divided into:
 - mortality risk,
 - longevity risk
 - disability-morbidity risk,
- life expense risk,
- revision risk,
- lapse risk, being the risk of early termination of life insurance contracts, includes terminations due to surrenders, conversion to paid-up status and premium default,
- life catastrophe risk.

¹⁴¹ The data compiled are as at 30 June of each year.



The Group is moderately exposed to life underwriting risk. The Group’s main exposure to life underwriting risk is in the EU. The structure of net premiums earned from the Group’s life insurance business is shown in the chart below.

Consolidated net premiums earned of the Sava Insurance Group by line of business (€m)



Sava Re’s exposure to life underwriting risk is low. In 2021, net premiums earned from the reinsurance of traditional life insurance amounted to EUR 548 thousand (2020: EUR 515 thousand) and net premiums earned from unit-linked life insurance EUR 42 thousand (2020: EUR 50 thousand).

The Group’s key exposures are to lapse risk, mortality risk and expense risk. Other risks related to the Group’s life insurance business are lower and are therefore not discussed in detail herein.

Lapse risk is the risk of an increase or decrease in lapse rates (rate of early termination of contracts) due to surrenders, conversions to paid-up status, or premium default. Risk levels depend on the use of adequate statistics, identification of terminations for various reasons in an underwriting year, and economic situation, which, to a certain extent, affect the behaviour of policyholders. Risk levels also depend on competitive insurance products available in the market, and advice provided by insurance intermediaries and financial advisers.

The Group manages lapse risk mainly by means of quarterly monitoring of the number and percentage of policies lapsed, by restricting surrenders if an approval by the insurer is required, and by the systematic prevention of insurance rearrangements by intermediaries.

Mortality risk is the risk that the actual mortality of insured persons will turn out to be greater than projected in mortality tables used during premium pricing. Risk levels depend on the use of adequate statistics and identification of insured persons with an increased mortality risk due to health reasons or a risky lifestyle.

The procedures used to manage mortality risk are: consistent application of underwriting protocols, which specify in detail the deviation from normal mortality risk, regular monitoring of exposures and adequacy of mortality tables used, and appropriate reinsurance protection.

Life expense risk is the risk that the actual expenses incurred in servicing life insurance contracts turn out to be greater than projected in pricing. Risk levels depend on the use of adequate statistics, and an increase in the actual expenses incurred in servicing life insurance contracts.

Life-expense risk is managed by the Group by periodic monitoring of the expenses incurred in servicing life insurance contracts, monitoring the macroeconomic situation (e.g. inflation), and appropriately planning the servicing of expenses for the coming years.

Besides the above-specified ways in each type of life-insurance business, the Group also controls life underwriting risks by regularly monitoring the life portfolio structure, exposure, premium payment patterns, lapse rates and expenses incurred in a specific period, as well as by analysing the appropriateness of the modelling of the expected mortality, morbidity, and lapse rates. The information so obtained allows for timely action in the case of adverse developments in these indicators.

The Group additionally manages life underwriting risk by strictly following underwriting and risk assessment procedures. These specify the criteria and terms of approving risk acceptance. At given premium rates, risk assumption depends on the age at entry and the requested sum insured. The Group accepts risks if the insured's health, as a measure of risk quality, is in line with table data listing criteria for medical examinations. An additional factor in the assumption of risks is lifestyle, including leisure activities and occupation. The Group has in place an appropriate reinsurance programme in order to limit the impact of underwriting risk (death and additional risks); covers are generally on a proportional basis. The retention of insurance companies does not exceed EUR 100,000.

There is no significant concentration of life underwriting risk at the Group level, as the portfolio is well-diversified in terms of the age of the insured persons, the remaining period of insurance, exposures (of sums insured and sums at risk), and premium payment schedule. The portfolio is also diversified in terms of the percentage of policies lapsed in a period, expenses and mortality, and morbidity rates by product.

Assessed risk exposure in 2021 compared to 2020

We estimate the Group's life underwriting risk as moderate and well managed, remaining at a similar level to 2020.

17.6.3.3 Health underwriting risk

Health underwriting risk includes:

- health underwriting risks pursued on a similar technical basis as non-life insurance (hereinafter: NSLT health business);
- health underwriting risks pursued on a similar technical basis as life insurance (hereinafter: SLT health business).

The Group is exposed to both types of health underwriting risk. The majority of the exposure relates to accident insurance, which is classified as NSLT health insurance, while the exposure to SLT health insurance is very small.

NSLT health underwriting risks are, inherently, very similar to non-life underwriting risks and are therefore discussed in greater detail in section 17.6.3.1 Non-life underwriting risk focusing on non-life business. The Group applies similar techniques to manage them, i.e. by means of a well-designed underwriting process, control of risk concentration for accident and health insurance products, and adequate reinsurance protection.

SLT health underwriting risks are by their nature very similar to life underwriting risks, and are therefore managed by the Group using similar techniques. They are discussed in greater detail in section 17.6.3.2 "Life underwriting risk".

Assessed risk exposure in 2021 compared to 2020

We consider the Group's and Sava Re's exposure to health underwriting risk in 2021 low and comparable to 2020.

17.6.4 Financial risks

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

The value of the investment portfolio includes the following balance sheet items: financial investments, investment property, investments in subsidiaries, cash and cash equivalents, and assets held for the benefit of policyholders who bear the investment risk.

As at 31 December 2021, the balance-sheet value of this investment portfolio stood at EUR 2,113.5 million (31 December 2021: EUR 1956.0 million).

In terms of risk, the investment portfolio portion focused on the assets held for the benefit of policyholders who bear the investment risk (hereinafter: KSNT) can be divided into:

- The investments of policyholders relating to the liabilities of unit-linked life business where policyholders fully bear the full investment risk. This part of the investment portfolio is invested in mutual funds selected by policyholders (matching of assets and liabilities). In accordance with the revaluation of investments in mutual funds based on market rates, mathemati-

cal provisions are also revalued, so these investments are excluded from the risk analysis, but the data is presented in the tables below showing the entire investment portfolio. The value of these investments was EUR 447.2 million at the end of 2021 (in 2021: EUR 325.4 million).

- Investments supporting the liabilities of unit-linked life business for which the insurer provides guaranteed unit values. For this part of the investment portfolio, the insurance company assumes the risk of achieving the guaranteed return and all market risks. The Com-

pany defines an investment policy for this investment portfolio part, which covers various types of investments included in a more detailed analysis of financial risks, as the insurance company assumes them in full.

This portion of the investments of assets of policyholders who assume investment risk from the point of view of the insurance company's financial risk exposure is shown in the table below, together with investments supporting non-life and traditional life insurance.

Value and structure of the investment portfolio in terms of financial risk assumption as at 31 December 2021

Sava Insurance Group			IRLF			
EUR	Non-life	Life	Insurer investments*	Policyholder investments**	Total	Investments exposed to financial risk
Deposits and CDs	12,605,079	5,956,618	2,008,600	0	20,570,296	20,570,296
Government bonds	445,328,578	273,171,403	36,001,448	0	754,501,428	754,501,428
Corporate bonds	266,180,211	325,955,892	30,297,820	0	622,433,923	622,433,923
Shares (excluding strategic shares)	9,843,601	26,122,084	0	0	35,965,685	35,965,685
Mutual funds	28,522,221	7,338,860	1,977,081	447,154,643	484,992,805	37,838,159
Bond and money market	16,019,824	1,874,078	1,977,081	36,183,144	56,054,123	19,870,979
Mixed	0	0	0	89,947,477	89,947,477	0
Equity funds	12,502,397	5,464,782	0	321,024,022	338,991,201	17,967,179
Infrastructure funds	44,532,966	0	0	0	44,532,966	44,532,966
Real estate funds	14,209,049	1,637,010	0	0	15,846,059	15,846,059
Loans granted and other investments	1,539,703	134,836	0	0	1,674,539	1,674,539
Deposits with cedants	9,610,337	0	0	0	9,610,337	9,610,337
Financial investments	832,371,745	640,316,702	70,284,949	447,154,643	1,990,128,039	1,542,973,392
Financial investments in associates	20,479,729	0	0	0	20,479,729	0
Investment property	14,245,609	35,583	0	0	14,281,192	14,281,192
Cash and cash equivalents	63,072,752	10,904,760	14,670,166	0	88,647,678	88,647,678
Investment portfolio	930,169,835	651,257,045	84,955,115	447,154,643	2,113,536,638	1,645,902,262

* Investments supporting the liabilities of unit-linked life business with which the insurer covers guaranteed unit values and assumes market risk.

** Investments for the benefit of life-insurance policyholders who bear the investment risk (mutual funds selected by policyholders).

Value and structure of the investment portfolio in terms of financial risk assumption as at 31 December 2020

Sava Insurance Group			IRLF		Total	Investments exposed to financial risk
EUR	Non-life	Life	Insurer investments*	Policyholder investments**		
Deposits and CDs	16,102,323	6,313,121	4,009,072	0	26,424,516	26,424,516
Government bonds	380,228,980	284,098,960	42,676,308	0	707,004,249	707,004,249
Corporate bonds	266,591,940	348,741,130	35,163,791	0	650,496,861	650,496,861
Shares (excluding strategic shares)	11,591,702	27,010,594	0	0	38,602,296	38,602,296
Mutual funds	27,474,663	10,838,412	3,959,090	325,416,550	367,688,715	42,272,165
Bond and money market	21,127,570	8,748,033	3,959,090	23,275,952	57,110,645	33,834,693
Mixed	0	0	0	67,674,586	67,674,586	0
Equity funds	6,347,093	2,090,379	0	234,466,012	242,903,484	8,437,472
Infrastructure funds	27,436,468	0	0	0	27,436,468	27,436,468
Real estate funds	12,840,307	1,500,001	0	0	14,340,307	14,340,307
Loans granted and other investments	2,012,039	107,531	0	0	2,119,569	2,119,569
Deposits with cedants	7,261,165	0	0	0	7,261,165	7,261,165
Financial investments	751,539,587	678,609,747	85,808,262	325,416,550	1,841,374,148	1,515,957,597
Financial investments in associates	15,056,143	0	0	0	15,056,143	0
Investment property	16,084,154	36,925	0	0	16,121,079	16,121,079
Cash and cash equivalents	60,299,894	13,656,927	9,501,773	0	83,458,594	83,458,594
Investment portfolio	842,979,778	692,303,599	95,310,036	325,416,550	1,956,009,964	1,615,537,270

* Investments supporting the liabilities of unit-linked life business with which the insurer covers guaranteed unit values and assumes market risk.

** Investments for the benefit of life-insurance policyholders who bear the investment risk (mutual funds selected by policyholders).

As at 31 December 2021, the Sava Re investment portfolio totalled EUR 688.6 million (31 December 2020: EUR 623.7 million) and consists of:

- financial investments (2021: EUR 327.8 million; 2020: EUR 269.5 million);
- financial investments in subsidiaries and associates

(2021: EUR 324.1 million; 2020: EUR 319.1 million)

- investment property (2021: EUR 7.9 million; 2020: EUR 8.0 million)
- cash and cash equivalents (2021: EUR 28.8 million; 2020: EUR 27.1 million).

In 2021, the value of Sava Re's investment portfolio exposed to financial risk increased by EUR 64.9 million compared to year-end 2020, which is explained in section 9.2.1.1 "Investment portfolio" of the business part of the report.

Value and structure of the investment portfolio in terms of financial risk assumption

Sava Re						
EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020	Absolute change	Movement (p.p.)
Government bonds	179,718,397	26.1%	132,857,699	21.3%	46,860,698	4.8
Corporate bonds	104,042,314	15.1%	98,807,709	15.8%	5,234,605	-0.7
Shares (excluding strategic shares)	6,850,703	1.0%	9,256,913	1.5%	-2,406,210	-0.5
Mutual funds	6,011,306	0.9%	3,216,524	0.5%	2,794,781	0.4
Bond funds	2,648,312	0.4%	2,146,164	0.3%	502,148	0.0
Equity funds	3,362,993	0.5%	1,070,360	0.2%	2,292,634	0.3
Infrastructure funds	14,554,843	2.1%	9,200,979	1.5%	5,353,864	0.6
Real estate funds	4,423,724	0.6%	3,969,161	0.6%	454,563	0.0
Loans granted	2,572,971	0.4%	4,967,639	0.8%	-2,394,668	-0.4
Deposits with cedants	9,610,337	1.4%	7,261,165	1.2%	2,349,171	0.2
Financial investments	327,784,595	47.6%	269,537,788	43.2%	58,246,807	4.4
Financial investments in Group companies	324,129,991	47.1%	319,097,412	51.2%	5,032,579	-4.1
Investment property	7,899,693	1.1%	8,031,875	1.3%	-132,182	-0.1
Cash and cash equivalents	28,806,817	4.2%	27,080,146	4.3%	1,726,671	-0.2
Total financial investments exposed to financial risk	688,621,097	100.0%	623,747,221	100.0%	64,873,876	

17.6.4.1 Market risk

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

Group financial investments exposed to market risk

Sava Insurance Group						
EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020	Absolute change	Movement (p.p.)
Deposits and CDs	20,570,297	1.3%	26,424,516	1.7%	-5,854,219	-0.4
Government bonds	754,501,430	48.1%	707,004,249	45.9%	47,497,181	2.2
Corporate bonds	622,433,922	39.7%	650,496,861	42.2%	-28,062,939	-2.6
Shares (excluding strategic shares)	35,965,683	2.3%	38,602,296	2.5%	-2,636,612	-0.2
Mutual funds	37,838,161	2.4%	42,272,165	2.7%	-4,434,004	-0.3
Bond and money market	19,870,979	1.3%	33,834,693	2.2%	-13,963,714	-0.9
Mixed	0	0.0%	0	0.0%	0	0.0
Equity funds	17,967,181	1.1%	8,437,472	0.5%	9,529,710	0.6
Infrastructure funds	44,532,966	2.8%	27,436,468	1.8%	17,096,498	1.1
Real estate funds	15,846,059	1.0%	14,340,307	0.9%	1,505,751	0.1
Loans granted and other investments	1,674,539	0.1%	2,119,569	0.1%	-445,030	0.0
Financial investments	1,533,363,058	97.8%	1,508,696,432	98.0%	24,666,626	-0.2
Financial investments in associates	20,479,729	1.3%	15,056,143	1.0%	5,423,586	0.3
Investment property	14,281,192	0.9%	16,121,079	1.0%	-1,839,887	-0.1
Investment portfolio	1,568,123,979	98.7%	1,539,873,654	99.0%	28,250,325	-0.3

The data for 2020 differ from those in the 2020 annual report due to a change in the presentation of market risk.

The value of the Group's investments portfolio exposed to market risk increased by EUR 28.3 million in 2021 compared to year-end 2020, which is explained in section 9.2.1.1 "Investment portfolio" of the business report part.

Sava Re financial investments exposed to market risk

Sava Re						
EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020	Absolute difference	Movement (p.p.)
Government bonds	179,718,397	27.6%	132,857,699	22.5%	46,860,698	5.1
Corporate bonds	104,042,314	16.0%	98,807,709	16.8%	5,234,605	-0.8
Shares (excluding strategic shares)	6,850,703	1.1%	9,256,913	1.6%	-2,406,210	-0.5
Mutual funds	6,011,306	0.9%	3,216,524	0.5%	2,794,781	0.4
Bond funds	2,648,312	0.4%	2,146,164	0.4%	502,148	0.0
Equity funds	3,362,993	0.5%	1,070,360	0.2%	2,292,634	0.3
Infrastructure funds	14,554,843	2.2%	9,200,979	1.6%	5,353,864	0.7
Real estate funds	4,423,724	0.7%	3,969,161	0.7%	454,563	0.0
Loans granted	2,572,974	0.4%	4,967,639	0.8%	-2,394,665	-0.4
Financial investments	318,174,259	48.9%	262,276,623	44.5%	55,897,636	4.4
Financial investments in Group companies and associates	324,129,991	49.9%	319,097,412	54.1%	5,032,579	-4.3
Investment property	7,899,693	1.2%	8,031,875	1.4%	-132,182	-0.1
Total financial investments	650,203,943	100.0%	589,405,910	100.0%	60,798,034	

The data for 2020 differ from those in the 2020 annual report due to a change in the presentation of market risk.

The value of Sava Re's financial investments exposed to market risk rose by EUR 55.4 million in 2021 compared to year-end 2020, as explained in section 9.2.1.1 "Investment portfolio" of the business report part.

17.6.4.1.1 Interest rate risk

Interest rate risk is the risk that the Group or the Company will be exposure to losses resulting from fluctuations in interest rates. These can cause a decrease in investments or an increase in liabilities.

The major part of interest rate risk on the liabilities side affects the life insurance segment (mathematical provisions). Based on the prescribed methodology for the

calculation of technical provisions for the purposes of preparing financial statements, on the non-life business side only temporary and life annuities arising out of liability policies are interest-rate sensitive; however, any change in liabilities due to changes in the capitalised value of annuities as a result of a decline in interest rates is negligible and has therefore not been considered in those calculations.

Interest rate risk is measured through a sensitivity analysis, by observing the change in the value of investments in interest-rate sensitive assets or the value of mathematical provisions in case of a change in interest rate of 1 p.p. The interest-rate sensitive bond portfolio includes

government and corporate bonds, deposits, loans, bond mutual funds with a weight of 1 and mixed mutual funds with a weight of 0.5.

Interest rate risk of the Group

The total value of investments included in the interest risk calculation as at 31 December 2021 was EUR 1,422.5 million (31 December 2020: EUR 1,425.9 million). Of this, EUR 743.8 million (31 December 2020: EUR 689.9 million) relates to assets of non-life insurers (including Sava Re) and EUR 678.8 million (31 December 2020: EUR 735.9 million) to assets of life insurers.

The sensitivity analysis of the non-life segment as at 31 December 2021 showed that in the event of an interest rate increase of 1 p.p., the value of the interest rate sensitive investments would drop EUR 29.4 million (31 December 2020: EUR 26.7 million) or 4.0% (31 De-

cember 2019: 3.9%). The table below shows in greater detail how the value of investments changes in response to a change in interest rates and the impact on the financial statements, where the impact on equity is a result of available-for-sale and held-to-maturity investments,

loans and deposits, and the impact on profit or loss is a result of investments classified as at fair value through profit or loss.

Results of the sensitivity analysis on interest-rate sensitive non-life investments

Sava Insurance Group		31 December 2021				
EUR		+100 bp		-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	445,914,810	427,971,202	-17,943,608	445,914,810	465,198,334	19,283,524
Corporate bonds	266,179,925	255,795,509	-10,384,416	266,179,925	277,371,195	11,191,270
Bond and convertible mutual funds	16,019,821	15,386,775	-633,046	16,019,821	16,708,961	689,139
Other interest rate sensitive assets	15,644,785	15,215,151	-429,634	15,644,785	16,475,826	831,041
Total	743,759,342	714,368,638	-29,390,704	743,759,342	775,754,316	31,994,974
Effect on equity		-28,358,766			30,871,902	
Effect on the income statement		-1,031,938			1,123,072	

Sava Insurance Group		31 December 2020				
EUR		+100 bp		-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	381,171,094	365,094,801	-16,076,293	381,171,094	398,485,603	17,314,509
Corporate bonds	266,591,625	257,199,284	-9,392,341	266,591,625	276,906,886	10,315,261
Bond mutual funds	21,127,570	20,311,186	-816,384	21,127,570	22,018,496	890,926
Other interest rate sensitive assets	21,029,148	20,655,186	-373,962	21,029,148	21,601,578	572,430
Total	689,919,436	663,260,457	-26,658,980	689,919,436	719,012,563	29,093,126
Effect on equity		-25,433,152			27,630,657	
Effect on the income statement		-1,225,828			1,462,469	

The sensitivity analysis of interest rate sensitive life insurance investments showed that in case of a 1 p.p. increase in interest rates, the value would decrease by EUR 35.1 million or 5.2% (31 December 2020: 39.2 million; 5.3%).

The table below shows in greater detail how the value of investments changes in response to a change in interest rates and the impact on the financial statements, where the impact on equity is a result of available-for-sale and

held-to-maturity assets, and loans and deposits, where-as the impact on profit or loss is a result of investments classified as at fair value through profit or loss.

Results of the sensitivity analysis on interest-rate sensitive life investments

Sava Insurance Group		31 December 2021				
EUR		+100 bp		-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	310,028,667	291,797,037	-18,231,630	310,028,667	330,217,976	20,189,309
Corporate bonds	356,606,682	340,132,301	-16,474,381	356,606,682	374,451,659	17,844,977
Bond and mixed mutual funds	3,851,158	3,651,748	-199,410	3,851,158	4,070,787	219,629
Other interest rate sensitive assets	8,270,503	8,030,428	-240,075	8,270,503	8,725,648	455,145
Total	678,757,010	643,611,515	-35,145,495	678,757,010	717,466,070	38,709,060
Effect on equity		-34,399,938			37,899,442	
Effect on the income statement		-745,561			809,618	

Sava Insurance Group		31 December 2020				
EUR		+100 bp		-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	328,757,817	308,401,995	-20,355,822	328,757,817	351,431,001	22,673,184
Corporate bonds	384,041,600	366,004,192	-18,037,407	384,041,600	403,733,963	19,692,363
Bond, convertible and mixed mutual funds	12,707,109	12,030,908	-676,201	12,707,109	13,453,142	746,033
Other interest rate sensitive assets	10,429,724	10,336,756	-92,968	10,429,724	10,524,882	95,158
Total	735,936,250	696,773,851	-39,162,398	735,936,250	779,142,988	43,206,738
Effect on equity		-38,221,472			42,118,925	
Effect on the income statement		-940,926			1,087,813	

As at 31 December 2021, the value of the mathematical provisions included in the sensitivity analysis on the liabilities side amounted to EUR 443.6 million (31 December 2020: EUR 465.6 million). A sensitivity analysis for liabilities (mathematical provisions) showed that if the present value of mathematical provisions is calculated

using an interest rate that is 1 p.p. higher, the mathematical provisions in accordance with the LAT test would decrease by EUR 17.4 million, or 3.9%, (31 December 2020: EUR 16.5 million; 3.5%). By contrast, if the provision is calculated using a 1 p.p. lower interest rate, mathematical provisions in accordance with LAT test would

increase by EUR 20.4 million, or 4.6% (31 December 2019: EUR 20.5 million; 4.4%). The sensitivity analysis includes the results of the LAT test set out in section 17.4.27 “Liability adequacy test (LAT)”.

Results of the sensitivity analysis on life insurance liabilities

Sava Insurance Group	+100 bp			-100 bp		
	Value of mathematical provision	Post-stress value based on LAT test	Change in value	Value of mathematical provision	Post-stress value based on LAT test	Change in value
EUR						
31 December 2021	443,577,279	426,137,952	-17,439,327	443,577,279	463,943,621	20,366,342
31 December 2020	465,641,679	449,155,310	-16,486,370	465,641,679	486,168,264	20,526,584

The results of the sensitivity analysis on the assets and liabilities side show that assets are moderately less sensitive to changes in interest rates compared to 2020, whereas mathematical provisions are marginally more sensitive. In 2021, the Group also adjusted the maturity of assets and liabilities to reduce the net effect of interest rate changes on the Group’s balance sheets. The difference between the average maturity of assets and liabilities separately for life and non-life business is presented below.

The average maturity of bonds and deposits of non-life business was 4.06 years at year-end 2021 (31 December 2020: 4.03 years), while the expected maturity of non-life liabilities was 2.10 years (31 December 2020: 2.08 years).

The average maturity of bonds and deposits of life business was 5.43 years at year-end 2021 (31 December 2020: 5.60 years), and the expected maturity of life liabilities was 6.04 years (31 December 2020: 6.44 years).

We estimate that interest rate risk did not change significantly in 2021 compared to the previous year. The value of interest-sensitive assets and interest-sensitive liabilities remained at similar levels, as did the difference between the maturities of assets and liabilities. Due to the low interest rate environment, the companies are primarily exposed to reinvestment risk, and this is particularly important for the life insurance segment, which must meet its commitments regarding guaranteed returns over a longer period.



Sava Re interest rate risk

Given that according to the prescribed methodology for the calculation of technical provisions, Sava Re does not have interest-rate sensitive technical provisions, changes in market interest rates are

only reflected in the value of the investment portfolio. The interest-rate sensitive investment portfolio includes government and corporate bonds, loans granted, bond and convertible mutual funds with a weight of 1, and mixed mutual funds with a weight of 0.5.

Results of the sensitivity analysis

Sava Re EUR	31 December 2021					
	+100 bp			-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	180,187,341	173,888,217	-6,299,124	180,187,341	186,926,993	6,739,652
Corporate bonds	104,042,047	99,877,407	-4,164,640	104,042,047	108,516,256	4,474,208
Bond mutual funds	2,648,312	2,551,130	-97,182	2,648,312	2,752,461	104,149
Other interest rate sensitive assets	2,572,974	2,512,269	-60,705	2,572,974	2,638,032	65,059
Total	289,450,674	278,829,023	-10,621,651	289,450,674	300,833,742	11,383,068
Effect on equity		-10,133,529			10,853,406	
Effect on the income statement		-488,121			529,662	

Sava Re EUR	31 December 2020					
	+100 bp			-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	133,452,334	128,208,707	-5,243,627	133,452,334	139,087,713	5,635,379
Corporate bonds	98,807,393	95,211,507	-3,595,887	98,807,393	102,773,098	3,965,704
Bond and convertible mutual funds	2,146,164	2,065,094	-81,070	2,146,164	2,234,213	88,049
Other interest rate sensitive assets	4,967,639	4,846,045	-121,594	4,967,639	5,099,102	131,464
Total	239,373,531	230,331,353	-9,042,177	239,373,531	249,194,127	9,820,596
Effect on equity		-8,433,831			9,094,873	
Effect on the income statement		-608,346			725,723	

The sensitivity analysis showed that an increase in interest rates would lower the value of the investment portfolio included in the analysis by EUR 10.6 million (31 December 2020: EUR 9.0 million) or 3.7% (31 December 2020: 3.8%).

We estimate that the interest rate risk increased slightly due to a larger volume of interest-sensitive investments.

17.6.4.1.2 Investment property risk

Investment property risk is the risk of change in the fair value of investment property directly or indirectly owned by the Group or Sava Re.

The Group and Sava Re are exposed to investment property risk within investment portfolio risks. In addition to investment property, real estate funds shown as alternative investments under financial investments are also

exposed to this risk.

The two tables below show the value of investment property of the Group and Sava Re.

Investment property

Sava Insurance Group EUR	As % of total			Absolute difference		
	31 December 2021	31 December 2021	31 December 2020	31 December 2020		Movement (p.p.)
Investment property	14,281,192	0.9%	16,121,079	1.0%	-1,839,887	-0.1
Real estate funds	15,846,059	1.0%	14,340,307	0.9%	1,505,751	0.1
Total	30,127,250	1.9%	30,461,386	2.0%	-334,136	-0.1

Sava Re EUR	As % of total			Absolute difference		
	31 December 2021	31 December 2021	31 December 2020	31 December 2020		Movement (p.p.)
Investment property	7,899,693	1.1%	8,031,875	1.3%	-132,182	-0.1
Real estate funds	4,423,724	0.6%	3,969,161	0.6%	454,563	0.0
Total	12,323,417	1.8%	12,001,035	1.9%	322,382	0.1

The data for 2020 differ from those in the 2020 annual report due to a change in the presentation of market risk.

As at 31 December 2021, the value of the Group's investments exposed to property risk stood at EUR 30.1 million (31 December 2020: EUR 30.5 million) and decreased by EUR 0.3 million compared to the previous period.

As at 31 December 2021, the value of the Sava Re investments exposed to investment property risk stood at EUR 12.3 million (31 December 2020: EUR 12.0 million) and has increased by EUR 0.3 million compared to the previous period, mainly due to the recorded commit-

ment of funds with real-estate fund managers.

Property risk was assessed by applying a 15% decrease to the value of investments. The result is shown in the tables below.

Estimated value of investment property taking account of the shock

Sava Insurance Group EUR	31 December 2021			31 December 2020		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investment property	14,281,192	12,139,013	-2,142,179	16,121,079	13,702,917	-2,418,162
Real estate funds	15,846,059	13,469,150	-2,376,909	14,340,307	12,189,261	-2,151,046
Total	30,127,250	25,608,163	-4,519,088	30,461,386	25,892,178	-4,569,208

Sava Re EUR	31 December 2021			31 December 2020		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investment property	7,899,693	6,714,739	-1,184,954	8,031,875	6,827,094	-1,204,781
Real estate funds	4,423,724	3,760,165	-663,559	3,969,161	3,373,787	-595,374
Total	12,323,417	10,474,905	-1,848,513	12,001,035	10,200,880	-1,800,155

In the case of such a shock, the value of the Group's investments exposed to investment property risk would decrease by EUR 4.5 million, while the value of investments of Sava Re exposed to investment property risk would decrease by EUR 1.8 million.

17.6.4.1.3 Equity risk

Equity risk is the risk that the value of investments will decrease due to fluctuations in equity markets. Assets exposed to the risk include shares, equity and mixed mutual funds (a stress test takes into account half of the value) and alternative funds (infrastructure).

Unlike the bond portfolio, which moves inversely to interest

rates, the value of equities and mutual funds changes linearly with stock prices. A 10% drop in the value of equity securities to assess the sensitivity of the Group's investments to equity risk would result in a decrease in the value of investments by EUR 9.8 million (31 December 2020: EUR 7.4 million). Thus, a 20% fall in equity prices would reduce the value of investments by EUR 19.7 million (31 December 2020: EUR 14.9 million). The Group shows the highest concentration of equity risk is to Slovenia-based issuers. The value of investments in Slovenian-issued equity securities at year-end 2021 stood at EUR 12.8 million, accounting for 13.0% of all assets sensitive to changes in equity securities (2020: EUR 18.4 million, 24.7%).

Equity investments included in the sensitivity analysis

Sava Insurance Group						
EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020	Absolute change	Movement (p.p.)
Shares	35,965,685	2.3%	38,602,296	2.5%	-2,636,610	-0.2
Of which Slovenian shares	12,797,641	0.8%	18,405,126	1.2%	-5,607,484	-0.4
Equity and mixed mutual funds	17,967,179	1.1%	8,437,472	0.5%	9,529,708	0.6
Infrastructure funds	44,532,966	2.8%	27,436,468	1.8%	17,096,498	1.1
Total	98,465,831	6.3%	74,476,235	4.8%	23,989,595	1.4

The data for 2020 differ from those in the 2020 annual report due to a change in the presentation of market risk.

Sensitivity assessment of equity investments

Sava Insurance Group						
31 December 2021						
EUR	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investments sensitive to equity risk						
Loss of 10%	98,465,831	88,619,248	-9,846,583	74,476,235	67,028,612	-7,447,624
Loss of 20%	98,465,831	78,772,665	-19,693,166	74,476,235	59,580,988	-14,895,247

The Sava Insurance Group's exposure to equity risk increased slightly in 2021 compared to year-end 2020 due to an increased exposure to mutual and alternative funds. We estimate that the risk increased somewhat in 2021.

Sava Re's assets exposed to equity risk include equities, equity and mutual funds, and infrastructure funds. Investments in subsidiaries are excluded from stress tests, as the Group and the Company assess their value in accordance with the policy described in section 17.4.13 "Financial investments in subsidiaries and associates".

As at 31 December 2021, investments exposed to the equity risk accounted for 3.6% of Sava Re's investment portfolio, 0.5 p.p. more compared to year-end 2020.

Equity investments included in the sensitivity analysis

Sava Re	As % of total portfolio as at			As % of total portfolio as at		
EUR	31 December 2021	31 December 2021	31 December 2020	31 December 2020	Absolute change	Change in structure (p.p.)
Shares	6,850,703	1.0%	9,256,913	1.5%	-2,406,210	-0.5
Of which Slovenian shares	6,681,248	1.0%	9,155,294	1.5%	-2,474,045	-0.5
Equity mutual funds	3,362,993	0.5%	1,070,360	0.2%	2,292,634	0.3
Infrastructure funds	14,554,843	2.1%	9,200,979	1.5%	5,353,864	0.6
Total	24,768,539	3.6%	19,528,251	3.1%	5,240,288	0.5

The table differs from that in the 2020 annual report due to the changed manner of presenting market risks.

Sensitivity assessment of equity investments

Sava Re	31 December 2021			31 December 2020		
EUR	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investments sensitive to equity risk						
Loss of 10%	24,768,539	22,291,685	-2,476,854	19,528,251	17,575,426	-1,952,825
Loss of 20%	24,768,539	19,814,831	-4,953,708	19,528,251	15,622,601	-3,905,650

In order to assess the sensitivity of investments to equity risk, we assume a 10% drop in the value of all equity securities included in the stress test, which would result in a drop in the value of investments by EUR 2.5 million (31 December 2020: EUR 2.0 million). Thus, a 20% drop in equity prices would reduce the value of investments by EUR 5.0 million (31 December 2020: EUR 3.9 million).

Sava Re shows the highest concentration of equity risk to Slovenia-based issuers. The value of investments in equity securities of Slovenian issuers at year-end 2021 stood at EUR 6.7 million, representing 27.0% of assets sensitive to changes in equity securities (2020: EUR 9.2 million, 46.8%).

The Group's and Sava Re's equity risk in 2021 increased.

Risk related to financial investments in subsidiaries and associates of the Sava Insurance Group and Sava Re

Regarding the risk related to its financial investments in subsidiaries and associates, the Sava Insurance Group and Sava Re is mostly exposed to the risk of a decline in the value of these investments. As at 31 December 2021,

the Group's total exposure to the risk of financial investments in subsidiaries and associates was EUR 75.6 million (2020: EUR 70.1 million).

The table below shows the value of investments in subsidiaries and associates taking into account the shock.

Assessed sensitivity of Sava Insurance Group's investments in subsidiaries and associates

Sava Insurance Group	31 December 2021			31 December 2020		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
EUR						
Decrease in value of 10%	75,567,917	68,011,125	-7,556,792	70,144,331	63,129,898	-7,014,433
Decrease in value of 20%	75,567,917	60,454,334	-15,113,583	70,144,331	56,115,465	-14,028,866
Value decrease of largest subsidiary of 10%	26,704,604	24,034,144	-2,670,460	26,704,604	24,034,144	-2,670,460
Value decrease of largest subsidiary of 20%	26,704,604	21,363,683	-5,340,921	26,704,604	21,363,683	-5,340,921

Regarding the risk related to its financial investments in subsidiaries and associates, Sava Re is especially exposed to the risk of a decline in these investments and to concentration risk. In 2021, Sava Re's financial investments in subsidiaries and associates included one major exposure, i.e. the investment in Zavarovalnica Sava, the value of which as at 31 December 2021 accounted for 38.1% (31 December 2020: 38.7) of the entire value of

financial investments in subsidiaries and associates. As at 31 December 2021, Sava Re's total exposure to the risk related to financial investments in subsidiaries and associates was EUR 324.1 million (31 December 2020: EUR 319.1 million).

The table below shows the value of investments in subsidiaries and associates taking into account the shock.

Assessed sensitivity of investments in subsidiaries and associates of Sava Re

Sava Re	31 December 2021			31 December 2020		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
EUR						
Decrease in value of 10%	324,129,991	291,716,992	-32,412,999	319,097,412	287,187,671	-31,909,741
Decrease in value of 20%	324,129,991	259,303,993	-64,825,998	319,097,412	255,277,930	-63,819,482
Value decrease of largest subsidiary of 10%	123,364,958	111,028,462	-12,336,496	123,364,958	111,028,462	-12,336,496
Value decrease of largest subsidiary of 20%	123,364,958	98,691,966	-24,672,992	123,364,958	98,691,967	-24,672,992

Sava Re's exposure to the risk related to financial investments in subsidiaries and associates was somewhat larger in 2021 than in 2020. Taking account of all the impacts,

we believe that the risk related to participations remained moderate due to their active management.

The Sava Insurance Group and Sava Re manage the risk related to their financial investments in subsidiaries and associates through active management of the companies, comprising:

- a governance system (management and supervision), and clear segregation of responsibilities at all levels;
- risk management policy;
- systematic risk management with a three-lines-of-defence framework (detailed in section 11 “Risk management”);
- the setting of business and risk management strategies from the top down, taking into account both the Group as a whole as well as its individual members;
- a comprehensive system of monitoring operations, reporting on business results and risks at all levels.

17.6.4.1.4 Currency risk

Currency risk is the risk that changes in exchange rates will lower the value of foreign-denominated assets or increase liabilities denominated in foreign currencies.

The Sava Insurance Group manages currency risk through the efforts of each company to optimise asset-liability currency matching. As at 31 December 2021, the Sava Insurance Group recorded 8.6% of liabilities nominated in a foreign currency (2020: 9.1%).

Based on the market situation, individual companies assess the ability of currency matching in the primary currency, and, if this is not possible, the transaction currency is used for matching.

The following table includes the currency mismatch for the Sava Insurance Group for the five currencies that account for the largest share of liabilities. The mismatch is shown by both the settlement currency and the transaction currency.

Currency (mis)match as at 31 December 2021 (all amounts translated into euros)

Sava Insurance Group				
Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,383,196,350	2,428,623,444		
Foreign currencies	275,126,009	229,698,916		
US dollar (USD)	70,833,678	39,538,332	31,295,346	179.2
Croatian kuna (HRK)	28,445,422	36,340,161	7,894,739	78.3
Serbian dinar (RSD)	40,050,567	23,087,728	16,962,839	173.5
Macedonian denar (MKD)	33,539,880	16,833,540	16,706,340	199.2
Korean won (KRW)	14,800,937	16,595,883	1,794,946	89.2
Other	87,455,525	97,303,272	9,847,747	89.9
Total	2,658,322,359	2,658,322,359	84,501,957	
% currency matched			96.8%	

Currency (mis)match as at 31 December 2020 (all amounts translated into euros)

Sava Insurance Group				
Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,203,000,402	2,241,841,898		
Foreign currencies	264,250,901	225,409,405		
US dollar (USD)	69,733,304	50,126,784	19,606,520	139.1
Croatian kuna (HRK)	33,972,961	37,194,288	3,221,327	91.3
Serbian dinar (RSD)	37,391,414	20,043,714	17,347,700	186.5
Macedonian denar (MKD)	35,268,252	16,811,230	18,457,022	209.8
British pound (GBP)	20,224,422	19,706,047	518,375	102.6
Other	67,660,548	81,527,342	13,866,794	83.0
Total	2,467,251,303	2,467,251,303	73,017,738	
% currency matched			97.0%	

Transaction currency (mis)match as at 31 December 2021 (all amounts translated into euros)

Sava Insurance Group				
Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,384,158,817	2,431,088,936		
Foreign currencies	274,163,542	227,233,424		
US dollar (USD)	75,651,244	54,222,526	21,428,718	139.5
Croatian kuna (HRK)	28,445,422	36,340,161	7,894,739	78.3
Serbian dinar (RSD)	40,050,567	23,087,728	16,962,839	173.5
Macedonian denar (MKD)	33,539,880	16,833,540	16,706,340	199.2
Korean won (KRW)	14,800,937	16,595,883	1,794,946	89.2
Other	81,675,491	80,153,585	1,521,906	101.9
Total	2,658,322,359	2,658,322,359	66,309,488	
% currency matched			97.5%	

Transaction currency (mis)match as at 31 December 2020 (all amounts translated into euros)

Sava Insurance Group				
Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,203,513,209	2,243,236,654		
Foreign currencies	263,738,094	224,014,649		
US dollar (USD)	73,672,273	61,931,802	11,740,470	119.0
Croatian kuna (HRK)	33,972,961	37,194,288	3,221,327	91.3
Serbian dinar (RSD)	37,391,414	20,043,714	17,347,700	186.5
Macedonian denar (MKD)	35,268,252	16,811,230	18,457,022	209.8
British pound (GBP)	20,224,422	19,706,047	518,375	102.6
Other	63,208,772	68,327,567	5,118,795	92.5
Total	2,467,251,303	2,467,251,303	56,403,690	
% currency matched			97.7%	

The Sava Insurance Group shows high levels of exposure to the currencies of the countries in which its subsidiaries operate. The Sava Insurance Group manages a high level of currency matching by monitoring assets and liabilities matching at the level of individual companies and portfolio.

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2021
(all amounts translated into euros)

Sava Insurance Group Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Euro (EUR)			
Foreign currencies	45,427,093	4,542,709	-4,542,709
US dollar (USD)	31,295,346	3,129,535	-3,129,535
Croatian kuna (HRK)	-7,894,739	-789,474	789,474
Serbian dinar (RSD)	16,962,839	1,696,284	-1,696,284
Macedonian denar (MKD)	16,706,340	1,670,634	-1,670,634
Korean won (KRW)	-1,794,946	-179,495	179,495
Other	-9,847,747	-984,775	984,775
Effect on income statement		4,542,709	-4,542,709

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2020
(all amounts translated into euros)

Sava Insurance Group Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Euro (EUR)			
Foreign currencies	38,841,496	3,884,150	-3,884,150
US dollar (USD)	19,606,520	1,960,652	-1,960,652
Croatian kuna (HRK)	-3,221,327	-322,133	322,133
Serbian dinar (RSD)	17,347,700	1,734,770	-1,734,770
Macedonian denar (MKD)	18,457,022	1,845,702	-1,845,702
British pound (GBP)	518,375	51,838	-51,838
Other	-13,866,794	-1,386,679	1,386,679
Effect on income statement		3,884,150	-3,884,150

¹⁴² The accounting currency is the 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.

¹⁴³ The transaction currency is the currency in which reinsurance contract transactions are processed.

Sava Re is the Sava Insurance Group member with the largest exposure to currency risk.

As at 31 December 2021, the Company’s liabilities denominated in foreign currencies accounted for 17.5% of its total liabilities. As the proportion of international business is rising (as is the number of different currencies), Sava Re has put in place a currency matching policy. It took measures for the matching of assets and liabilities in foreign currencies aimed at decreasing currency risk. The currency matching rules lay down the criteria as to when the Company is to start the currency mismatch by accounting currency¹⁴². Based on the market situation, the Company assesses the ability of currency matching in the primary currency, and if this is not possible, the transaction currency is to be used for matching.¹⁴³ The currency matching policy of a company defines the conditions and method of matching. Currency matching of assets and liabilities using the accounting and transaction currency methodology is shown in the table “Transaction currency match”.

Currency mismatch of assets and liabilities is monitored by individual accounting currency. The following table includes the currency mismatch for the five currencies that account for the largest share of liabilities.

Currency (mis)match as at 31 December 2021 (all amounts translated into euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	690,155,277	686,687,328		
Foreign currencies	141,923,479	145,391,429		
US dollar (USD)	51,534,886	38,865,102	12,669,784	132.6
Korean won (KRW)	14,800,938	16,595,883	1,794,945	89.2
Chinese yuan (CNY)	11,508,020	11,186,734	321,287	102.9
Indian rupee (INR)	7,689,555	5,903,170	1,786,385	130.3
Taka (BDT)	3,015,573	9,926,558	6,910,985	30.4
Other	53,374,507	62,913,983	9,539,475	84.8
Total	832,078,756	832,078,756	33,022,860	
% currency matched			96.0%	

Currency (mis)match as at 31 December 2020 (all amounts translated into euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	629,959,970	623,106,590		
Foreign currencies	126,680,615	133,533,995		
U.S. dollar (USD)	54,823,057	44,025,789	10,797,267	124.5
Korean won (KRW)	11,378,112	12,106,489	728,377	94.0
Chinese yuan (CNY)	8,260,310	9,004,798	744,488	91.7
Indian rupee (INR)	6,276,433	6,366,669	90,235	98.6
Taka (BDT)	2,583,799	7,492,748	4,908,948	34.5
Other	43,358,903	54,537,502	11,178,599	79.5
Total	756,640,585	756,640,585	28,447,915	
% currency matched			96.2%	

Sava Re has set itself a target of matching assets and liabilities at least 90%. In 2021 assets and liabilities were matched 96.0% (2020: 96.2%), which demonstrates the high quality of currency risk management.

Transaction currency (mis)match as at 31 December 2021 (all amounts translated into euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	691,117,745	689,152,589		
Foreign currencies	140,961,012	142,926,168		
US dollar (USD)	56,352,452	53,549,296	2,803,156	105.2
Korean won (KRW)	14,800,938	16,595,883	1,794,945	89.2
Chinese yuan (CNY)	11,508,020	11,186,734	321,287	102.9
Indian rupee (INR)	8,960,928	9,291,991	331,063	96.4
Russian rouble (RUB)	3,858,328	3,996,289	137,961	96.5
Other	45,480,345	48,305,975	2,825,631	94.2
Total	832,078,756	832,078,756	8,214,041	
% currency matched			99.0%	

Transaction currency (mis)match as at 31 December 2020 (all amounts translated into euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	630,470,203	624,500,008		
Foreign currencies	126,170,381	132,140,576		
U.S. dollar (USD)	58,762,025	55,830,808	2,931,218	105.3
Korean won (KRW)	11,378,112	12,106,489	728,377	94.0
Chinese yuan (CNY)	8,260,310	9,004,798	744,488	91.7
Indian rupee (INR)	7,648,206	8,768,937	1,120,731	87.2
Russian rouble (RUB)	2,874,123	2,779,585	94,538	103.4
Other	37,247,605	43,649,960	6,402,355	85.3
Total	756,640,585	756,640,585	12,021,707	
% currency matched			98.4%	

In the management of currency risk (management aspect), Sava Re managed to directly match all substantially liquid currencies. Other currencies were matched based on their correlation with the euro or the US dollar. Since many accounting currencies are at least 90% correlated to the US dollar, the surplus of assets over liabilities in US dollars has been reduced to EUR 2.8 million (from EUR 12.7 million). This would further increase the currency matching percentage to 99.0% (2020: 98.4%).

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2021**(all amounts translated into euros)**

Sava Re Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Euro (EUR)			
Foreign currencies	-3,467,951		
US dollar (USD)	12,669,784	1,266,978	-1,266,978
Korean won (KRW)	-1,794,945	-179,495	179,495
Chinese yuan (CNY)	321,286	32,129	-32,129
Indian rupee (INR)	1,786,385	178,638	-178,639
Russian rouble (RUB)	-6,910,985	-691,099	691,098
Other	-9,539,476	-953,948	953,948
Effect on income statement		-346,797	346,795

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2020**(all amounts translated into euros)**

Sava Re Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Euro (EUR)			
Foreign currencies	-6,853,381	-685,338	685,338
US dollar (USD)	10,797,268	1,079,727	-1,079,727
Korean won (KRW)	-728,377	-72,838	72,838
Chinese yuan (CNY)	-744,488	-74,449	74,449
Indian rupee (INR)	-90,236	-9,024	9,024
Russian rouble (RUB)	-4,908,949	-490,895	490,895
Other	-11,178,599	-1,117,860	1,117,860
Effect on income statement		-685,338	685,338

The Company also uses a stochastic analysis to measure currency risk and to predict the average surplus funds as well as the 5th percentile of surplus funds after one year from the risk valuation date.

Based on exchange rates to which Sava Re has been exposed to over the past five years and the corresponding euro equivalent surpluses of assets and liabilities as at 31 December 2021, we made a stochastic analysis that projected that, assuming an unaltered currency structure, after one year the average surplus of assets over liabilities would be EUR 0.1 million (31 December 2020: EUR 0.3 million), but with a 5-percent probability that the deficit of assets exceeds EUR 0.3 million (31 December 2020: EUR 0.5 million).

Effect of exchange differences on the income statement

A currency mismatch also affects profit or loss through accounting for exchange rate differences due to the impact of exchange rate changes on various statement of financial position items.

When assets and liabilities are 100% matched in terms of foreign currencies, changes in exchange rates have no impact on profit or loss. This is because any change in the value of assets denominated in a foreign currency as a result of a change in the exchange rate is offset by the change in the value of liabilities denominated in that currency. As Sava Re's assets and liabilities are not 100% currency matched, changes in exchange rates do affect profit or loss. The following table shows the impact of exchange differences.

Other Group companies whose local currency is the euro (companies based in Slovenia, Montenegro and Kosovo) have the majority of euro-denominated liabilities, while a process of currency matching is conducted with regard to liabilities denominated in currencies other than euro when the materiality threshold is exceeded. Group companies whose local currency is not the euro (companies based in Croatia, Serbia and North Macedonia), transact most business in their respective local currencies, while due to Group relations, they are to a minor extent subject to euro-related currency risk.

We estimate that currency risk at the Group level remained the same in 2021 compared to 2020 since Sava Re is taking measures to reduce exposure to currency risk, and it continues currency matching of assets and liabilities both directly based on accounting currencies and indirectly based on transaction currencies, and thus reduces exposure to currency risk.

Effect of exchange differences on the income statement

Sava Re		
Statement of financial position item	Exchange differences	
Euro (EUR)	31 December 2021	31 December 2020
Investments	3,706,465	-4,631,730
Technical provisions and deferred commissions	-4,658,448	7,298,446
Receivables and liabilities	439,083	-2,813,036
Total effect on the income statement	-512,900	-146,320

17.6.4.2 Liquidity risk

Liquidity risk is the risk that, owing to unexpected or unexpectedly high obligations, the Company will not be able to meet all its financial obligations.

Individual Group companies manage liquidity risk in line with the guidelines laid down in the Sava Re Group liquidity risk management policy. Each Group member carefully plans and monitors the realisation of cash flows (cash inflows and outflows), and in the case of liquidity problems, informs the parent company, which assesses the situation and provides the necessary funds to ensure liquidity.

Liquidity risk assumed by an individual Group company is also reduced by the regular measurement and monitoring of selected liquidity indicators. An indicator of liquidity risk is the level of maturity matching of financial assets and liabilities.

Liquidity requirements are met by allocating funds to money market instruments in the percentage consistent with the estimated normal current liquidity requirement. In this regard, each EU-based Group company

maintains a liquidity buffer of highly liquid assets accounting for at least 15% of its investment portfolio. Highly liquid assets are intended to provide liquidity to meet any extraordinary liquidity requirements and are available on an ongoing basis. The other Group members manage their short-term liquidity requirements through cash in bank accounts and short-term deposits.

The table below shows the value of financial investments and technical provisions covering life policies by year based on undiscounted cash flows, while the value of technical provisions covering non-life business is shown by year and expected maturity based on triangular development. The Group companies cover the excess of liabilities over assets with a maturity of less than one year with assets available on call and through surplus cash flows arising out of current operations.

Maturity profile of financial assets and liabilities

Sava Insurance Group	Carrying amount as at						Total
EUR	31 December 2021	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	31 December 2021
Financial investments	1,472,688,443	0	235,336,192	596,389,507	633,445,005	132,205,788	1,597,376,491
- At fair value through profit or loss	34,386,074	0	1,236,917	7,858,636	34,811,763	5,085,711	48,993,028
- Held to maturity	40,023,124	0	8,745,779	25,597,236	12,884,627	0	47,227,642
- Loans and deposits	29,846,572	0	26,423,579	4,682,169	1,081,936	0	32,187,685
- Available-for-sale	1,368,432,673	0	198,929,916	558,251,465	584,666,679	127,120,077	1,468,968,137
Reinsurers' share of technical provisions	57,767,056	0	29,849,258	18,639,883	8,655,550	622,365	57,767,056
Cash and cash equivalents	73,977,510	21,344,906	52,632,604	0	0	0	73,977,510
TOTAL ASSETS	1,604,433,008	21,344,906	317,818,054	615,029,390	642,100,555	132,828,153	1,729,121,058
Subordinated liabilities	74,863,524	0	2,812,500	11,250,000	83,437,500	0	97,500,000
Technical provisions	1,237,500,117	0	518,952,517	427,586,458	287,797,347	3,163,795	1,237,500,117
TOTAL LIABILITIES	1,312,363,641	0	521,765,017	438,836,458	371,234,847	3,163,795	1,335,000,117
Difference	292,069,367	21,344,906	-203,946,963	176,192,932	270,865,708	129,664,358	394,120,941

Sava Insurance Group	Carrying amount as at						Total
EUR	31 December 2020	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	31 December 2020
Financial investments	1,430,149,336	0	207,319,408	548,470,547	598,938,589	122,651,235	1,477,379,779
- At fair value through profit or loss	27,409,671	0	1,388,125	6,467,824	27,344,919	3,003,233	38,204,101
- Held to maturity	43,679,425	0	9,061,550	18,221,530	19,076,901	0	46,359,981
- Loans and deposits	31,796,178	0	34,863,159	10,403,359	1,360,465	0	46,626,983
- Available-for-sale	1,327,264,062	0	162,006,574	513,377,834	551,156,304	119,648,002	1,346,188,714
Reinsurers' share of technical provisions	42,609,217	0	25,043,476	11,097,039	5,853,017	615,685	42,609,217
Cash and cash equivalents	73,956,821	13,346,082	60,610,738	0	0	0	73,956,820
TOTAL ASSETS	1,546,715,374	13,346,082	292,973,622	559,567,586	604,791,606	123,266,920	1,593,945,816
Subordinated liabilities	74,804,974	0	2,812,500	11,250,000	86,250,000	0	100,312,500
Technical provisions	1,233,312,054	0	466,853,383	445,533,403	318,511,639	2,413,629	1,233,312,054
TOTAL LIABILITIES	1,308,117,028	0	469,665,883	456,783,403	404,761,639	2,413,629	1,333,624,554
Difference	238,598,346	13,346,082	-176,692,261	102,784,183	200,029,967	120,853,291	260,321,262

The data differ from those in the 2020 annual report; the 2020 annual report also included KSNT investments in liquidity risk, but they are excluded from the 2021 annual report.

As at 31 December 2021, highly liquid investments of the Sava Insurance Group represented 37.5% (31 December 2020: 37.7%) of the entire investment portfolio, which demonstrates its high liquidity.

Sava Re manages liquidity risk by ensuring funds in the amount of the estimated liquidity requirement. This comprises estimated ordinary current liquidity needs and liquidity reserves, which are ensured through the allocation of funds in money market instruments and through setting minimum percentages of portfolios that must be invested in highly liquid assets readily available to provide liquidity in case of emergency.

Sava Re makes the normal current liquidity assessment based on the projected cash flow analysis in the period of up to one year included in the monthly and weekly plans, which take into account the planned investment maturity dynamics as well as other inflows and outflows from operating activities. To this end, historical data from previous monthly and weekly liquidity plans and projections regarding future operations are used. The liquidity reserve is then calculated on the basis of an assessment of the maximum weekly outflows based on historical data.

Exposure to liquidity risk is also measured by maturity-matching of assets and liabilities. The following table

shows the value of financial investments by year based on undiscounted cash flows, while the value of technical provisions is shown by year and expected maturity based on triangular development.

Maturity profile of financial assets and liabilities

Sava Re	Carrying amount as at						Total
EUR	31 December 2021	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	31 December 2021
Financial investments	327,784,595	0	61,698,421	146,698,011	98,031,895	29,192,263	335,620,590
- At fair value through profit or loss	9,283,045	0	291,920	3,357,700	9,718,539	126,024	13,494,183
- Held to maturity	2,816,979	0	844,500	2,410,000	0	0	3,254,500
- Loans and deposits	12,183,310	0	10,898,506	711,716	716,862	0	12,327,085
- Available-for-sale	303,501,261	0	49,663,495	140,218,595	87,596,494	29,066,239	306,544,822
Reinsurers' share of technical provisions	48,486,444	0	21,952,110	18,054,742	8,479,592	0	48,486,444
Cash and cash equivalents	28,806,817	8,000,000	20,806,817	0	0	0	28,806,817
TOTAL ASSETS	405,077,857	8,000,000	104,457,348	164,752,754	106,511,487	29,192,263	412,913,851
Subordinated liabilities	74,863,524	0	2,812,500	11,250,000	83,437,500	0	97,500,000
Technical provisions	331,812,724	0	150,641,099	123,274,509	57,897,117	0	331,812,724
TOTAL LIABILITIES	406,676,249	0	153,453,599	134,524,509	141,344,617	0	429,312,724
Difference	-1,598,392	8,000,000	-48,996,251	30,228,245	-34,823,130	29,192,263	-16,398,873

Sava Re	Carrying amount as at						Total
EUR	31 December 2020	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	31 December 2020
Financial investments	269,537,788	0	53,249,398	110,214,910	85,724,964	25,643,576	274,832,847
- At fair value through profit or loss	7,652,268	0	654,173	2,205,200	7,735,200	651,042	11,245,615
- Held to maturity	2,816,598	0	144,500	1,152,000	2,102,500	0	3,399,000
- Loans and deposits	12,228,804	0	9,610,771	2,009,076	954,760	0	12,574,607
- Available-for-sale	246,840,118	0	42,839,954	104,848,633	74,932,504	24,992,534	247,613,625
Reinsurers' share of technical provisions	31,935,116	0	15,542,616	10,696,775	5,695,725	0	31,935,117
Cash and cash equivalents	27,080,146	4,600,000	22,480,146	0	0	0	27,080,146
TOTAL ASSETS	328,553,049	4,600,000	91,272,159	120,911,685	91,420,689	25,643,576	333,848,109
Subordinated liabilities	74,804,974	0	2,812,500	11,250,000	86,250,000	0	100,312,500
Technical provisions	297,882,871	0	145,737,942	99,280,772	52,864,158	0	297,882,871
TOTAL LIABILITIES	372,687,845	0	148,550,442	110,530,772	139,114,158	0	398,195,371
Difference	-44,134,796	4,600,000	-57,278,282	10,380,913	-47,693,468	25,643,576	-64,347,262

Sava Re held EUR 160.2 million or 45.0% (31 December 2020: EUR 134.2 million; 46.0%) of highly liquid investments.

In terms of the Company's liquidity, matching of maturity of gross technical provisions and reserves with funds of the non-life insurance register is important. Sava Re's liabilities with up to 1 year's maturity at the end of 2021 exceeded short-term assets by EUR 16.4 million. Taking into consideration expected operating income and a high share of liquid investments, we estimate the Company's liquidity position as appropriate.

The average maturity of assets and liabilities also indicates the liquidity situation. The average maturity of bonds and deposits of the non-life insurance register was 3.81 years at year-end 2021 (31 December 2020: 3.97 years), while the expected maturity of liabilities was 2.84 years (31 December 2020: 2.82 years).

Based on the above, we estimate that liquidity risk is well managed at both the Group and individual company levels and did not increase significantly compared to year-end 2020.

17.6.4.3 Credit risk

Credit risk is the risk of default on the obligations of a securities issuer or other counterparty towards the Company.

Within the context of credit risk, the Company and the Group also addresses concentration risk, i.e. excessive concentration of risk in a specific region, industry or issuer.

Assets exposed to credit risk include financial investments (deposit investments, bonds, loans granted, deposits with cedants, bond and convertible mutual funds, and cash and cash equivalents), receivables due from reinsurers and other receivables.

Credit risk due to issuer default

As at 31 December 2021, the Group was exposed to credit risk in the amount of EUR 1,517.3 million (31 December 2020: EUR 1,510.6 million).

As at 31 December 2021, the Group was exposed to credit risk in the amount of EUR 327.4 million (31 December 2020: EUR 273.1 million).

Credit risk for investments is estimated based on two factors:

- credit ratings used in determining credit risk for fixed-rate investments¹⁴⁴ and cash assets¹⁴⁵;
- performance indicators for other investments.

Below we set out an assessment of credit risk for fixed-rate investments.

The Group's exposure to credit risk

Sava Insurance Group EUR	31 December 2021	31 December 2020
Fixed-rate investments	1,517,309,181	1,510,599,647
Debt instruments	1,419,051,166	1,419,879,889
Deposits with cedants	9,610,337	7,261,165
Cash and cash equivalents	88,647,678	83,458,594
Receivables due from reinsurers	65,533,428	47,776,355
Reinsurers' share of technical provisions	57,767,056	42,609,217
Receivables for shares in claims	7,766,372	5,167,138
Other receivables	142,174,498	148,704,356
Receivables arising out of primary insurance business	128,544,723	135,285,588
Receivables arising out of co-insurance and reinsurance business (other than receivables for shares in claims)	1,310,793	887,434
Current tax assets	330,518	529,831
Other receivables	11,988,464	12,001,503
Total exposure	1,725,017,112	1,707,080,358

Sava Re's exposure to credit risk

Sava Re EUR	31 December 2021	31 December 2020
Fixed-rate investments	327,399,150	273,120,522
Debt instruments	288,981,996	238,779,211
Deposits with cedants	9,610,337	7,261,165
Cash and cash equivalents	28,806,817	27,080,146
Receivables due from reinsurers	53,053,054	35,662,316
Reinsurers' share of technical provisions	48,486,444	31,935,116
Receivables for shares in claims	4,566,609	3,727,200
Receivables, excluding receivables arising out of reinsurance business	75,236,562	83,025,833
Receivables arising out of primary insurance business	74,410,185	79,662,908
Receivables arising out of co-insurance and reinsurance business (excluding receivables for shares in claims)	558,987	733,967
Current tax assets	0	325,472
Other receivables	267,390	2,303,486
Total exposure	455,688,765	391,808,671

¹⁴⁴Included are government bonds, corporate bonds, deposits and loans granted, deposits with cedants, bond and convertible mutual funds, and private debt fund investments.

¹⁴⁵This includes cash and demand deposits.

Fixed-rate investments by issuer credit rating

Sava Insurance Group					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Rated by S&P/Fitch	Amount	Structure	Amount	Structure	
AAA/Aaa	272,294,913	17.9%	280,353,617	18.6%	-0.6
AA/Aa	201,403,974	13.3%	206,149,002	13.6%	-0.4
A/A	426,057,805	28.1%	428,845,228	28.4%	-0.3
BBB/Baa	382,337,096	25.2%	336,845,832	22.3%	2.9
BB/Ba	53,832,033	3.5%	110,414,161	7.3%	-3.8
B/B	16,873,016	1.1%	14,787,432	1.0%	0.1
Not rated	164,510,344	10.8%	133,204,375	8.8%	2.0
Total	1,517,309,181	100.0%	1,510,599,647	100.0%	

Fixed-rate investments by issuer credit rating

Sava Re					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Rated by S&P/Fitch	Amount	Structure	Amount	Structure	
AAA	101,082,457	30.9%	85,217,697	31.2%	-0.3
AA	52,320,746	16.0%	41,716,163	15.3%	0.7
A	69,416,221	21.2%	55,512,431	20.3%	0.9
BBB	62,273,290	19.0%	39,822,325	14.6%	4.4
BB	1,014,564	0.3%	22,899,630	8.4%	-8.1
B	752,966	0.2%	714,777	0.3%	0.0
Not rated	40,538,905	12.4%	27,237,500	10.0%	2.4
Total	327,399,150	100.0%	273,120,522	100.0%	

As regards management of credit risk, the objective pursued by the Group determines that the share of debt instruments and cash and cash-equivalents accounts for at least 75% of the investment portfolio value. As at 31 December 2021, these assets represented 90.9% of the investment portfolio (31 December 2020: 91.9%).

As at 31 December 2020, fixed-rate investments rated “A” or better accounted for 59.3% of the total fixed-rate portfolio (31 December 2020: 60.6%). The share of the best-rated investments slightly dropped somewhat in 2021 compared with the previous year. Fixed-rate investments with no credit rating available accounted for 8% of fixed-rate investments. Almost 45% of these investments included investments in cash and cash equivalents, while a significant part (15%) consists of investments in government bonds in Group company portfolios outside the EU and bond mutual funds (25%).

As regards management of credit risk, the objective pursued by the Company determines that the investments rated “A-” or better account for at least 45% of the entire investment portfolio value. As at 31 December 2021, investments rated “A” or better represented 68.1% of total investments exposed to credit risk (31 December 2020: 66.8%). The Company regularly monitors exposure to individual issuers and any changes in credit standing in order to be able to prepare for a timely response to any adverse developments in financial markets or increase in risk related to any issuer.

Sava Re mitigates credit risk with other investments through a high degree of diversification and by investing in liquid securities.

The investment portfolios of the Sava Insurance Group and Sava Re is reasonably diversified in accordance with local law and Group internal rules in order to avoid large concentration in a certain type of investment, large concentration with any counterparty or economic sector or other potential forms of concentration.

Diversification of financial investments by industry

Sava Insurance Group					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Industry	Amount	Structure	Amount	Structure	
Government	759,704,436	46.2%	708,656,314	43.9%	2.3
Banking	193,717,225	11.8%	229,324,071	14.2%	-2.4
Utilities	192,919,178	11.7%	201,209,733	12.5%	-0.7
Finance & insurance	172,084,715	10.5%	172,603,588	10.7%	-0.2
Consumables	139,401,765	8.5%	137,612,058	8.5%	0.0
Industry	93,011,474	5.7%	96,614,881	6.0%	-0.3
Property	50,530,503	3.1%	42,080,154	2.6%	0.5
Infrastructure	44,532,966	2.7%	27,436,468	1.7%	1.0
Total	1,645,902,262	100.0%	1,615,537,270	100.0%	

The Sava Insurance Group's largest exposure by industry or sector was to the government (31 December 2021: 46.2%; 31 December 2020: 43.9%), with a notable high diversification by issuer. As at 31 December 2021, exposure to the banking sector amounted to EUR 193.7 million, representing 11.8% of financial investments (31 December 2020: 229.3 million; 14.2%).

Diversification of financial investments by industry

Sava Re					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Industry	Amount	Structure	Amount	Structure	
Government	180,134,800	49.4%	133,328,107	43.8%	5.7
Banking	54,102,390	14.8%	55,635,905	18.3%	-3.4
Utilities	33,368,605	9.2%	30,156,595	9.9%	-0.7
Finance & insurance	29,638,049	8.1%	29,374,215	9.6%	-1.5
Consumables	22,428,066	6.2%	19,533,725	6.4%	-0.3
Property	18,210,798	5.0%	14,498,716	4.8%	0.2
Industry	12,053,553	3.3%	12,921,568	4.2%	-0.9
Infrastructure	14,554,843	4.0%	9,200,979	3.0%	1.0
Total	364,491,105	100.0%	304,649,810	100.0%	

Sava Re's largest exposure by industry as at 31 December 2020 was to the government (31 December 2021: 49.4%; 31 December 2020: 43.8%), with a notable high diversification by issuer. As at 31 December 2021, exposure to the banking sector amounted to EUR 54.1 million, representing 14.8% of financial investments (31 December 2020: 55.6 million; 18.3%).

Diversification of financial investments by region

Sava Insurance Group					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Region	Amount	Structure	Amount	Structure	
Slovenia	259,798,182	15.8%	276,731,326	17.1%	-1.3
Europe, EU Member States	927,044,832	56.3%	891,936,117	55.2%	1.1
Europe, non-EU members	184,540,165	11.2%	187,036,670	11.6%	-0.4
United States of America	185,984,102	11.3%	185,871,362	11.5%	-0.2
Rest of the world	88,534,980	5.4%	73,961,795	4.6%	0.8
Total	1,645,902,262	100.0%	1,615,537,270	100.0%	

Diversification of financial investments by region

Sava Re					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Region	Amount	Structure	Amount	Structure	
Slovenia	63,088,191	17.3%	65,242,854	21.4%	-4.1
Europe, EU Member States	203,948,992	56.0%	149,350,018	49.0%	6.9
Europe, non-EU members	11,187,081	3.1%	11,393,887	3.7%	-0.7
United States of America	49,808,674	13.7%	49,453,480	16.2%	-2.6
Rest of the world	36,458,167	10.0%	29,209,570	9.6%	0.4
Total	364,491,106	100.0%	304,649,810	100.0%	

Exposure to Slovenia by asset type

Sava Insurance Group					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Type of investment	Amount	Structure	Amount	Structure	
Government bonds	133,230,479	8.1%	148,458,208	9.2%	-1.1
Cash and cash equivalents	73,729,658	4.5%	69,163,528	4.3%	0.2
Corporate bonds	19,857,583	1.2%	20,499,474	1.3%	-0.1
Shares	12,797,641	0.8%	18,405,126	1.1%	-0.4
Investment property	11,089,110	0.7%	11,770,227	0.7%	-0.1
Deposits	2,008,600	0.1%	4,009,072	0.2%	-0.1
Loans granted	1,300,812	0.1%	1,715,920	0.1%	0.0
Mutual funds	4,827,558	0.3%	2,223,059	0.1%	0.2
Infrastructure funds	956,741	0.1%	486,711	0.0%	0.0
Total	259,798,182	15.8%	276,731,326	17.1%	-1.3

The Group's largest exposure by region is to the EU member states (31 December 2021: 56.3%, 31 December 2020: 55.2%), with the exposure spread among 25 countries. This is followed by the exposure to Slovenia-based issuers (31 December 2021: 15.8%; 31 December 2020: 17.1 %) and issuers based in the United States of America (31 December 2021: 11.3%; 31 December 2020: 11.5%). Exposure to other regions remained broadly flat year on year.

Sava Re's largest exposure is to EU Member States (31 December 2021: 56.0%, 31 December 2020: 49.0%), with the exposure spread among 22 countries. This is followed by the exposure to Slovenia-based issuers (31 December 2021: 17.3%; 31 December 2020: 21.4%) and exposure to issuers based in the United States of America (31 December 2021: 13.7%; 31 December 2020: 16.2%).

The Group's exposure to Slovenia decreased by 1.3 p.p. in 2021. In 2021, investments in government bonds represent the largest exposure to Slovenia, the same as in 2020. They accounted for 8.1% of the total portfolio, down by 1.1 p.p. compared to the previous year.

Exposure to Slovenia by asset type

Sava Re					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Type of investment	Amount	Structure	Amount	Structure	
Cash and cash equivalents	25,978,561	7.1%	25,883,358	8.5%	-1.4
Government bonds	14,080,976	3.9%	14,371,057	4.7%	-0.9
Investment property	7,899,693	2.2%	8,031,875	2.6%	-0.5
Shares	6,681,248	1.8%	9,155,294	3.0%	-1.2
Corporate bonds	6,404,008	1.8%	5,920,734	1.9%	-0.2
Loans granted	1,086,964	0.3%	1,393,825	0.5%	-0.2
Infrastructure funds	956,741	0.3%	486,711	0.2%	0.1
Total	63,088,191	17.3%	65,242,854	21.4%	-4.1

At the year end, the exposure of Sava Re to Slovenia-based issuers was EUR 63.1 million, representing 17.3% of financial investments (31 December 2020: EUR 65.2 million; 21.4%). Compared to 2020, the structural share of such investments increased by 4.1 p.p., chiefly due to the lower balance of cash and cash equivalents, and shares.

As at 31 December 2021, the Group's exposure to the ten largest issuers was EUR 481.7 million, representing 29.3% 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.

As at 31 December 2021, Sava Re's exposure to the ten largest issuers was EUR 134.6 million, representing 36.9% of financial investments (31 December 2020: EUR 108.6 million; 35.6%). The largest single issuer of securities to which Sava Re is exposed is Germany. As at 31 December 2021, it totalled EUR 28.9 million or 7.9% of financial investments (31 December 2020: EUR 21.8 million; 7.2%).

We assess that in 2021, the Sava Insurance Group companies – by maintaining a large percentage of highly-rated investments, diversification of investments by industry and geography and reducing concentration – managed credit risk well, maintaining it on the same level as in 2020.

Counterparty default risk

The Group is also exposed to credit risk in relation to its reinsurance programme. As a rule, subsidiaries conclude reinsurance contracts directly with the parent company. Exceptionally, if so required by local regulations, they buy reinsurance from providers of assistance services and local reinsurers. In such cases, local reinsurers transfer the risks to Sava Re, thus reducing the effective credit risk exposure relating to reinsurers below the one correctly shown according to accounting rules.

The tables below show the receivables ageing analysis for the Group and Sava Re, including the above-mentioned receivables for reinsurers' shares in claims.

Receivables ageing analysis

Sava Insurance Group		31 December 2021									
EUR	Gross amount	Allowance	Receivables	Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	146,939,903	-20,410,622	126,529,281	98,895,556	9,440,530	4,465,130	3,143,952	5,147,448	2,829,707	2,606,958	126,529,281
Receivables due from insurance intermediaries	2,412,729	-871,452	1,541,277	713,272	763,151	27,923	8,563	16,767	11,601	0	1,541,277
Other receivables arising out of primary insurance business	621,026	-146,861	474,165	129,697	14,216	2,041	1,500	251,420	38,540	36,751	474,165
Receivables arising out of primary insurance business	149,973,658	-21,428,935	128,544,723	99,738,525	10,217,897	4,495,094	3,154,015	5,415,635	2,879,848	2,643,709	128,544,723
Receivables for shares in claims	7,993,897	-227,525	7,766,372	7,144,678	88,666	22,292	75	34,211	77,148	399,302	7,766,372
Other receivables arising out of co-insurance and reinsurance business	1,310,793	0	1,310,793	1,292,332	0	129	140	3,347	14,845	0	1,310,793
Receivables arising out of reinsurance and co-insurance business	9,304,690	-227,525	9,077,165	8,437,010	88,666	22,421	215	37,558	91,993	399,302	9,077,165
Current tax assets	330,518	0	330,518	330,518	0	0	0	0	0	0	330,518
Other short-term receivables arising out of insurance business	17,365,268	-14,129,963	3,235,305	1,165,644	242,582	114,860	109,961	183,514	353,473	1,065,271	3,235,305
Receivables arising out of investments	440,212	-167,108	273,104	248,083	438	313	625	937	3,555	19,153	273,104
Other receivables	10,846,117	-2,366,062	8,480,055	7,766,242	538,955	96,750	12,292	17,103	14,866	33,847	8,480,055
Other receivables	28,651,597	-16,663,133	11,988,464	9,179,969	781,975	211,923	122,878	201,554	371,894	1,118,271	11,988,464
Total	188,260,463	-38,319,593	149,940,870	117,686,022	11,088,538	4,729,438	3,277,108	5,654,747	3,343,735	4,161,282	149,940,870

Sava Insurance Group		31 December 2020									
EUR	Gross amount	Allowance	Receivables	Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	154,469,019	-21,560,418	132,908,601	98,216,113	9,514,091	4,414,656	3,075,756	6,978,449	4,374,660	6,334,876	132,908,601
Receivables due from insurance intermediaries	2,608,578	-837,647	1,770,931	862,083	835,861	35,924	11,255	4,060	4,058	17,690	1,770,931
Other receivables arising out of primary insurance business	762,484	-156,428	606,056	141,125	15,567	367	35,669	255,117	108,093	50,118	606,056
Receivables arising out of primary insurance business	157,840,081	-22,554,493	135,285,588	99,219,321	10,365,519	4,450,947	3,122,680	7,237,626	4,486,811	6,402,684	135,285,588
Receivables for shares in claims	5,344,797	-177,659	5,167,138	3,231,556	250,233	1,069,952	0	9,927	134,992	470,478	5,167,138
Other receivables arising out of co-insurance and reinsurance business	887,438	0	887,438	731,241	0	138,985	0	8,025	297	8,890	887,438
Receivables arising out of reinsurance and co-insurance business	6,232,235	-177,659	6,054,576	3,962,797	250,233	1,208,937	0	17,952	135,289	479,368	6,054,576
Current tax assets	529,831	0	529,831	529,831	0	0	0	0	0	0	529,831
Other short-term receivables arising out of insurance business	18,048,243	-15,289,228	2,759,015	963,217	171,319	163,407	131,660	268,322	372,579	688,511	2,759,015
Receivables arising out of investments	2,877,916	-1,223,923	1,653,993	1,630,216	306	226	453	679	2,639	19,474	1,653,993
Other receivables	8,770,856	-1,182,361	7,588,495	7,085,770	333,878	53,912	15,533	28,535	33,854	37,013	7,588,495
Other receivables	29,697,015	-17,695,512	12,001,503	9,679,203	505,503	217,545	147,646	297,536	409,072	744,998	12,001,503
Total	194,299,162	-40,427,664	153,871,498	113,391,152	11,121,255	5,877,429	3,270,326	7,553,114	5,031,172	7,627,050	153,871,498

The Group assessed its receivables for impairment. Allowances were established for receivables that needed to be impaired. Receivables are discussed in greater detail in note 11.

Reinsurance programmes are mostly placed with first-class reinsurers with an appropriate credit rating (at least “A-” according to S&P Global Ratings for long-term business and at least “BBB+” for short-term business). Thus, nearly 80% of the Sava Insurance Group’s credit risk exposure to reinsurers at the end of 2021 (2020: at least 80%) related to reinsurers rated “BBB” or better. When classifying reinsurers by credit rating group, we considered the credit rating of each individual reinsurer, also where the reinsurer is part of a group. Often such reinsurers are unrated subsidiaries, while the parent com-

pany has a credit rating. We consider such a treatment conservative, as ordinarily a parent company takes action if a subsidiary gets into trouble.

As at 31 December 2021, the total exposure of the Sava Insurance Group to credit risk relating to reinsurers was EUR 65.5 million (31 December 2020: EUR 47.8 million), of which EUR 57.7 million (31 December 2020: EUR 42.6 million) relates to the reinsurers’ share of technical provisions and EUR 7.8 million (31 December 2020: EUR 5.2 million) to receivables for the reinsurers’ and co-insurers’ shares in claims. At 31 December 2021 the Group’s total credit risk exposure relating to reinsurers represented 2.5 % of total assets (31 December 2020: 1.9%).

Sava Insurance Group’s receivables due from reinsurers by reinsurer credit rating

Sava Insurance Group				
EUR	31 December 2021		31 December 2020	
Rated by S&P / AM Best	Amount	Structure	Amount	Structure
(A++ or A+)/(AAA or AA)	19,682,915	30.1%	17,028,850	36.8%
A / (A or A-)	30,985,239	47.3%	19,115,849	39.1%
BBB / (B++ or B+)	6,222,418	9.5%	5,507,157	11.6%
Less than BBB / less than B+	955,393	1.5%	575,307	1.2%
Not rated	7,646,270	11.7%	5,524,775	11.3%
Total	65,492,236	100.0%	47,751,937	100.0%

Receivables ageing analysis

Sava Re	31 December 2021										
EUR	Gross amount	Allowance	Receivables	Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	74,475,114	-656,690	73,818,424	58,619,395	4,328,425	1,843,705	2,012,040	3,666,622	1,927,894	1,420,345	73,818,425
Other receivables arising out of primary insurance business	591,761	0	591,761	274,038	0	0	0	247,547	40,895	29,281	591,761
Receivables arising out of primary insurance business	75,066,875	-656,690	74,410,185	58,893,433	4,328,425	1,843,705	2,012,040	3,914,169	1,968,789	1,449,625	74,410,185
Receivables for shares in claims	4,792,142	-225,533	4,566,609	3,949,023	88,127	22,292	75	34,211	77,148	395,732	4,566,609
Other receivables arising out of co-insurance and reinsurance business	558,987	0	558,987	543,556	0	129	140	317	14,845	0	558,987
Receivables arising out of reinsurance and co-insurance business	5,351,129	-225,533	5,125,596	4,492,579	88,127	22,421	215	34,528	91,993	395,732	5,125,596
Other receivables	608,425	-341,035	267,390	267,390	0	0	0	0	0	0	267,390
Other receivables	608,425	-341,035	267,390	267,390	0	0	0	0	0	0	267,390
Total	81,026,429	-1,223,257	79,803,172	63,653,403	4,416,551	1,866,126	2,012,255	3,948,697	2,060,783	1,845,358	79,803,172

Sava Re	31 December 2020										
EUR	Gross amount	Allowance	Receivables	Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	79,542,628	-598,410	78,944,217	61,518,416	2,840,959	1,428,304	1,494,849	4,109,699	2,550,958	5,001,033	78,944,217
Other receivables arising out of primary insurance business	718,691	0	718,691	287,434	0	0	24,977	254,816	107,822	43,643	718,691
Receivables arising out of primary insurance business	80,261,318	-598,410	79,662,908	61,805,850	2,840,959	1,428,304	1,519,825	4,364,515	2,658,780	5,044,676	79,662,908
Receivables for shares in claims	3,902,869	-175,669	3,727,200	1,798,842	246,581	1,069,952	0	9,927	134,992	466,905	3,727,200
Other receivables arising out of co-insurance and reinsurance business	733,967	0	733,967	585,298	0	138,985	0	496	297	8,890	733,967
Receivables arising out of reinsurance and co-insurance business	4,636,836	-175,669	4,461,167	2,384,141	246,581	1,208,937	0	10,424	135,289	475,796	4,461,167
Current tax assets	325,472	0	325,472	325,472	0	0	0	0	0	0	325,472
Receivables arising out of investments	36,942	-88	36,853	36,853	0	0	0	0	0	0	36,853
Other receivables	2,596,359	-329,726	2,266,633	2,266,633	0	0	0	0	0	0	2,266,633
Other receivables	2,633,301	-329,815	2,303,486	2,303,486	0	0	0	0	0	0	2,303,486
Total	87,856,928	-1,103,894	86,753,033	66,818,949	3,087,540	2,637,241	1,519,825	4,374,938	2,794,068	5,520,471	86,753,033

Sava Re assessed its receivables for impairment. Allowances were established for receivables that needed to be impaired. Receivables are discussed in greater detail in note 11.

Reinsurance programmes are mostly placed with first-class reinsurers with an appropriate credit rating (at least “A-” according to Standard & Poor’s for long-term business, and at least “BBB+” for short-term business). We consider this risk as low, particularly as the

investment portfolio is adequately diversified. See details in the following table. Thus, at least 80% of the credit risk exposure relating to reinsurers at the end of 2021 (2020: at least 80%) related to reinsurers rated “BBB” or better.

Sava Re's receivables due from reinsurers by reinsurer credit rating

Sava Re EUR	31 December 2021		31 December 2020	
Rated by S&P / AM Best	Amount	Structure	Amount	Structure
(A++ or A+)/(AAA or AA)	18,517,919	34.9%	15,937,927	44.7%
A / (A or A-)	27,599,994	52.0%	14,885,019	41.7%
BBB / (B++ or B+)	2,833,975	5.3%	2,470,950	6.9%
Less than BBB / less than B+	902,579	1.7%	575,307	1.6%
Not rated	3,198,586	6.0%	1,793,112	5.0%
Total	53,053,054	100.0%	35,662,315	100.0%

As at 31 December 2021, the total exposure of Sava Re to credit risk relating to reinsurers was EUR 53.1 million (31 December 2020: EUR 35.7 million). Of this, EUR 48.5 million (31 December 2020: EUR 31.9 million) relates to retroceded gross technical provisions (EUR 6.2 million to unearned premiums and EUR 42.3 million to provisions for outstanding claims) and EUR 4.6 million (31 December 2020: EUR 3.7 million) to receivables for reinsurers' shares in claims. The total credit risk exposure of Sava Re to retrocessionaires accounted for 6.4% of total assets in 2021 (31 December 2020: 4.7%).

17.6.4.4 Risk of failure to realise guaranteed returns

The Group is exposed to the risk of failing to achieve the guaranteed return, specifically with investment contracts and with traditional and unit-linked life insurance business.

The risk of failure to realise guaranteed returns also includes the risk of investment contracts relating to the long-term business funds of the voluntary supplementary pension insurance (VSPI) that Sava Pokojninska manages for the benefit of policyholders.

Investment contracts

The Group's investment contracts include a group of life cycle funds called MOJI Skladi Življenjskega Cikla (MY Life-Cycle Funds), relating to supplementary pension business of the company Sava Pokojninska in the accumulation phase. The company manages the group of long-term life-cycle funds MOJI Skladi Življenjskega Cikla, which comprise three funds: MOJ Dinamični Sklad (MY Dynamic Fund), MOJ Uravnoteženi Sklad (MY Balanced Fund), and MOJ Zajamčeni Sklad (MY Guaranteed Fund). Investment contract liabilities are not included in the consolidated technical provisions item, and are, therefore, not included in the presentation of underwriting risk. Investment contract assets are not included in the consolidated financial investments item, and are, therefore, not included in the presentation of investment portfolio risk. In addition, there is a risk of failing to achieve the guaranteed return associated with investment contract assets and liabilities for the long-term business fund with a guaranteed return (MGF).

The members of the supplementary pension insurance scheme thus bear the entire investment risk arising out of the two funds MDF and MBF, while with the MGF they

bear the investment risk above the guaranteed return. The guaranteed return of MGF is 60% of the average annual interest rate on government securities with a maturity of over one year. Liabilities relating to MGF comprise paid in premiums, guaranteed return and amounts in excess of the guaranteed return, provided the company achieved it. For each member, the fund administrator keeps a personal account with accumulating net contributions and assets to exceed the guaranteed return (provisions); for MGF, additionally the guaranteed return is maintained. Liabilities to the members of the MDF and MBF move in line with the value of investments. In years when the return in excess of guaranteed return is realised, liabilities to the members of the MGF for assets in excess of guaranteed levels of assets are increased; if, however, realised return is below the guaranteed level, this part of liabilities decreases until the provision is fully exhausted. The described control of guaranteed return is carried out at the level of individual members' accounts. In the event that individual provisions of any account are not sufficient to cover the guaranteed assets, the company is required to make provisions for the difference, which may exceed 20% of the capital. Any excess must be covered by the company's own funds.

The risk of failing to realise guaranteed returns is managed primarily through appropriate management of policyholder assets and liabilities, an appropriate investment strategy, an adequate level of the company's capital and provisioning. The Group tests its risk exposure arising out of guaranteed return through stress tests and scenarios as part of the own risk and solvency assessment. We estimate that the risk of additional payments made in order to achieve the guaranteed returns remained at the same level in 2021 compared to 2020.

The value of fund assets of the North Macedonian pension company Sava Penzisko Društvo (two funds, mandatory and voluntary) is not included in the statement of financial position of the company as these are funds under management (similar treatment as for fund management companies). The role of the North Macedonian pension company is solely to manage the assets; the funds have no guaranteed return. Consequently, the company is not exposed to the risk to which investment contracts are exposed, i.e. failure to realise the guaranteed return.

Traditional and unit-linked life insurance contracts

The Group is exposed to the risk of failure to realise guaranteed returns for its traditional and unit-linked life insurance business with guaranteed returns (e.g. guaranteed fund unit value). Taking into account the realised book return on financial investments and the guaranteed return on the liabilities side in the period 2021, the effect of not achieving the guaranteed return was a loss of EUR 203.7 thousand (2020: EUR 249.2 thousand).

We assess that the risk of failure to realise guaranteed returns is high and remained on the 2020 level.

17.6.5 Operational risks

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

Operational risks are not among the Group's or Sava Re's most significant risks. Nevertheless, some of them are material, particularly:

- risk associated with the operation of the computer and communication system,
- risk associated with supervision and reporting,
- risk of personal data breach in companies inside and outside the EU,
- risk of the IT system being hacked,
- risk of inappropriate business decisions,
- risk of incorrect data input and inadequate documentation,
- risks associated with clients, products and business practices,
- risk of damage to physical assets due to natural disaster or fire,
- compliance risk (laws and regulations).

Significant Company and Group risks also include cyber risks. It is important for Group companies to lower this risk, as its realisation can lead to a complete interruption of business and extensive financial damage. This is why the Group regularly upgrades the management of and limits exposure to cyber risks.

To assess operational risks in Group companies and at the Group level, qualitative assessment of the probability and financial impact within the scope of the risk register is applied. Through regular risk assessments, the Group

companies obtain insight into the actual level of their exposure to such risks.

Group companies have established processes for identifying, measuring, monitoring, managing and reporting on such risks for the effective management of operational risk. Operational risk management processes have also been set up at the Group level and are defined in the operational risk management policy.

The main measures of operational risk management on the individual company and the Group level include:

- maintaining an effective business processes management system and system of internal controls,
- awareness-raising and training of all employees on their role in the implementation of the internal control system and management of operational risks,
- implementing appropriate policies as regards information security,
- having in place a business continuity plan for all critical processes (in order to minimise the risk of unpreparedness for incidents and external events and any resulting business interruption),
- having in place IT-supported processes and controls in the key areas of business of every Group company,
- awareness-raising and training of all employees.

We estimate that the Company's and the Group's exposure to operational risks in 2021 was moderate and decreased slightly compared to 2020 as they both adapted to the changed circumstances due to Covid-19 and limited the risks accordingly.

17.6.6 Strategic risks

Group companies and the Group are exposed to a variety of internal and external strategic risks that may have a negative impact on the income or capital adequacy.

The primary key strategic risks to which the Group and Sava Re were exposed in 2021 include:

- risk of inadequate development strategy,
- risks associated with strategic investments,
- risk of inadequate strategic focus of the operations of companies,
- risk of market and economic conditions and competition risk,
- risk of legislative changes,
- political risks,
- reputation risk,
- project risks.

Strategic risks are by nature very diverse, difficult to quantify and heavily dependent on various (including external) factors.

Group companies' and the Group's strategic risks are assessed qualitatively in the risk register by assessing the frequency and potential financial impact of each event. In addition, key strategic risks are evaluated in the EU-based Group (re)insurance companies, using qualitative analysis of various scenarios. Based on both analyses combined, an overview is obtained of the extent and change in the exposure to this type of risk.

Group companies mitigate individual strategic risks mainly through preventive measures, and individual companies have in place various processes that ensure that they can properly identify, measure, monitor, manage, control and report strategic risks, thus ensuring their effective management. In addition to the competent organisational units in Group companies, strategic risks are identified and managed by management bodies, risk management committees, risk management functions and the key functions of the risk management system. Strategic risks are additionally identified by the Group's risk management committee. Strategic risks are also managed by continually monitoring the realisation of short- and long-term goals of Group companies, and by monitoring regulatory changes in the pipeline and market developments.

The Group is aware that its reputation is important in realising its business goals and in order to achieve its strategic plans in the long term. Group companies have taken steps aimed at mitigating reputation risk, such as setting up fit and proper procedures applicable to key employees, ensuring systematic operations of their respective compliance functions, having in place business continuity plans, developing stress tests and scenarios, and planning actions and responses in the case such risks materialise. Toward ensuring the Group's good reputation, each and every employee is responsible for improving the quality of services delivered and overall customer satisfaction.

We estimate that the Group's exposure to strategic risks in 2021 was moderate, and remains unchanged relative to 2020 due to the uncertain macroeconomic environment and the situation related to Covid-19.

17.7 Notes to the financial statements – statement of financial position

1) Intangible assets

Movement in cost and accumulated amortisation / impairment losses of intangible assets

Sava Insurance Group						
EUR	Software	Goodwill	Deferred acquisition costs	Other intangible assets	Intangible assets in progress	Total
Cost						
31 December 2020	14,494,358	40,877,792	4,915,589	34,109,747	7,262,740	101,660,226
Additions	549,288	0	22,037	423,425	5,733,444	6,728,194
Reclassification	0	0	0	0	19,006	19,006
Transfer to use	3,064,086	0	0	0	-3,064,086	0
Disposals	-1,022,289	0	-240,059	-12,556	-35,694	-1,310,598
Exchange differences	2,467	0	0	3,913	-5	6,375
31 December 2021	17,087,910	40,877,792	4,697,567	34,524,529	9,915,405	107,103,203
Accumulated amortisation and impairment losses						
31 December 2020	11,127,001	8,444,979	0	17,809,635	0	37,381,614
Additions	1,457,268	0	0	1,956,949	0	3,414,217
Disposals	-1,003,001	0	0	0	0	-1,003,001
Exchange differences	2,779	0	0	818	0	3,597
31 December 2021	11,584,047	8,444,979	0	19,767,402	0	39,796,428
Carrying amount as at 31 December 2020	3,367,357	32,432,812	4,915,589	16,300,112	7,262,740	64,278,611
Carrying amount as at 31 December 2021	5,503,863	32,432,812	4,697,567	14,757,127	9,915,405	67,306,775

Sava Insurance Group						
EUR	Software	Goodwill	Deferred acquisition costs	Other intangible assets	Intangible assets in progress	Total
Cost						
31 December 2019	12,996,279	40,877,792	4,155,831	33,539,706	2,337,949	93,907,557
Additions – acquisition of subsidiary	748,673	0	0	0	0	748,673
Additions	1,208,956	0	759,758	901,943	4,924,791	7,795,448
Reversal	-448,566	0	0	-309,031	0	-757,597
Exchange differences	-10,984	0	0	-22,871	0	-33,855
31 December 2020	14,494,358	40,877,792	4,915,589	34,109,747	7,262,740	101,660,226
Accumulated amortisation and impairment losses						
31 December 2019	10,138,865	6,915,159	0	15,793,464	0	32,847,488
Additions	1,385,312	0	0	2,016,236	0	3,401,548
Disposals	-386,843	0	0	0	0	-386,843
Impairments	0	1,529,820	0	0	0	1,529,820
Exchange differences	-10,333	0	0	-65	0	-10,398
31 December 2020	11,127,001	8,444,979	0	17,809,635	0	37,381,615
Carrying amount as at 31 December 2019	2,857,414	33,962,633	4,155,831	17,746,242	2,337,949	61,060,069
Carrying amount as at 31 December 2020	3,367,357	32,432,812	4,915,589	16,300,112	7,262,740	64,278,611

Sava Re				
EUR	Software	Other intangible assets	Intangible assets in progress	Total
Cost				
31 December 2020	2,295,828	36,083	1,190,467	3,522,379
Additions	41,595	5,393	1,509,265	1,556,253
Transfer to use	522,547		-522,547	0
Disposals	-290,609	-6,761	-35,694	-333,064
31 December 2021	2,569,361	34,715	2,141,491	4,745,568
Accumulated amortisation and impairment losses				
31 December 2020	1,575,322	0	0	1,575,322
Additions	263,445	0	0	263,445
Disposals	-287,229	0	0	-287,229
31 December 2021	1,551,538	0	0	1,551,538
Carrying amount as at 31 December 2020	720,507	36,083	1,190,467	1,947,056
Carrying amount as at 31 December 2021	1,017,824	34,715	2,141,491	3,194,031

Sava Re				
EUR	Software	Other intangible assets	Intangible assets in progress	Total
Cost				
31 December 2019	1,793,135	36,033	798,413	2,627,582
Additions	517,534	5,943	392,054	915,531
Disposals	-14,841	-5,893	0	-20,734
31 December 2020	2,295,828	36,083	1,190,467	3,522,379
Accumulated amortisation and impairment losses				
31 December 2019	1,333,472	0	0	1,333,472
Additions	256,690	0	0	256,690
Disposals	-14,840	0	0	-14,840
31 December 2020	1,575,322	0	0	1,575,322
Carrying amount as at 31 December 2019	459,664	36,033	798,413	1,294,110
Carrying amount as at 31 December 2020	720,507	36,083	1,190,467	1,947,056

The decrease in goodwill in 2020 arose from the impairment of Sava Pokojninska. Goodwill arisen on the acquisition of Sava Infond was partly allocated, based on the assessed value of contractual customer relationships, to contractual relationships with customers, which increased the balance of other intangible assets.

Other intangible assets in the Group comprise estimated values of customer lists (EUR 8.9 million) and contractual customer relationships (EUR 5.7 million).

Assets in progress relate to new IT solutions acquired, in particular to prepare for the implementation of the new accounting standard IFRS 17 and 9, and to support the core business of Zavarovalnica Sava and Sava Re.

Movement in goodwill

Movement in goodwill in 2021

Sava Insurance Group EUR	
Total amount carried forward as at 31 December 2020	32,432,813
Balance as at 31 December 2021	32,432,813
Sava Neživotno Osiguranje (SRB)	4,565,229
Sava Osiguranje (MNE)	3,648,534
Zavarovalnica Sava	4,761,733
Sava Agent	2,718
TBS Team 24	2,787,676
Sava Penzisko Društvo	1,666,838
Sava Infond	15,000,085

Movement in goodwill in 2020

Sava Insurance Group EUR	
Total amount carried forward as at 31 December 2019	39,146,633
Disposals in current year	-6,713,820
Sava Pokojninska	-1,529,820
Sava Infond	-5,184,000
Balance as at 31 December 2020	32,432,813
Sava Neživotno Osiguranje (SRB)	4,565,229
Sava Osiguranje (MNE)	3,648,534
Zavarovalnica Sava	4,761,733
Sava Agent	2,718
TBS Team 24	2,787,676
Sava Penzisko Društvo	1,666,838
Sava Infond	15,000,085

There was no reduction in goodwill in 2021. The 2020 decline in the goodwill of Sava Pokojninska relates to impairment, whereas the decline in the goodwill in Sava Infond relates to a reclassification to other intangible assets.

Goodwill impairment testing

In the impairment testing of goodwill arising out of the acquired companies listed at the beginning of this section, the recoverable amount of each cash-generating

unit as at 31 December 2021 in all companies exceeded its carrying amount including goodwill belonging to the unit. The following assumptions were used to calculate the recoverable amount:

Assumptions used in goodwill impairment testing in 2021

	Zavarovalnica Sava (SVN)	Sava Neživotno Osiguranje (SRB)	Sava Osiguranje (MNE)	Sava Penzisko (MKD)	Sava Infond (SVN)	TBS Team 24 (SVN)
Discount rate (%)	7.2	9.3	11.4	9.0	7.7	9.4
Long-term growth rate (%)	0.0	2.0	2.0	2.0	0.0	0.0
Expected average growth in revenue in the next 5 years (%)	1.8	8.7	6.0	9.1	7.4	-0.6
Expected average annual profit in the next 5 years (EUR million)	33.5	1.2	1.4	2.5	4.1	0.9

* Revenue = net premiums earned for insurance companies, operating revenue for other companies.

** Profit = net profit for all except TBS; after tax EBITDA for TBS.

Sensitivity analysis for estimation parameters

A sensitivity analysis was carried out for the difference between the estimated recoverable amount and the carrying amount for different long-term growth rates, discount rates and annual achievement of planned profit over all projection horizons. It was found that in no case of deviation (long-term growth rates change of 1 p.p., discount rates change of 1 p.p. or profit change of 10%) was the estimated recoverable amount lower than the carrying amount.

Sensitivity analysis for Covid business scenarios

In 2021, we did not perform sensitivity analyses for scenarios to assess Covid-19-related impacts on operations. This is because the Group performed well despite the ongoing pandemic. Operating revenue grew by 7.6% and net profit by 35.1%. The Group's net profit for 2021 also exceeded the pre-Covid profit of 2019. Improvements were also seen in net incurred loss ratios of the reinsurance company and the non-life insurers. Economic conditions have improved in all countries where the Group is present and economic growth is expected to continue in the coming years. Therefore, the Group companies do not expect any negative impacts from Covid in the future and have prepared their business plans for 2022–2024 accordingly.

2) Property, plant and equipment

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

Sava Insurance Group						
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2020	5,576,811	54,791,481	23,962,225	201,165	1,434,695	85,966,377
Additions	0	63,040	735,363	242,263	10,179,984	11,220,650
Reclassification	0	1,115,682	503,052	146,417	-19,007	1,746,144
Transfer to use	0	86,013	2,049,175	0	-2,135,188	0
Disposals	0	0	-1,548,925	0	0	-1,548,925
Exchange differences	1,673	12,834	4,100	75	0	18,682
31 December 2021	5,578,484	56,069,050	25,704,990	589,920	9,460,484	97,402,928
Accumulated depreciation and impairment losses						
31 December 2020	0	20,950,868	16,679,787	-769	0	37,629,886
Additions	0	1,057,034	2,956,381	40,615	0	4,054,030
Reclassification	0	89,095	500,840	146,417	0	736,352
Disposals	0	0	-1,360,695	0	0	-1,360,695
Exchange differences	0	3,344	2,836	0	0	6,180
31 December 2021	0	22,100,341	18,779,149	186,263	0	41,065,753
Carrying amount as at 31 December 2020	5,576,810	33,840,613	7,282,438	201,934	1,434,695	48,336,491
Carrying amount as at 31 December 2021	5,578,483	33,968,709	6,925,841	403,657	9,460,484	56,337,174

Sava Insurance Group						
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2019	5,630,200	54,230,979	24,107,167	319,159	329,979	84,617,484
Additions – acquisition of subsidiary	0	0	136,926	0	0	136,926
Additions	90,199	2,361,534	2,272,959	29,044	1,104,716	5,858,452
Reclassification	-73,035	-1,630,752	-28,945	-146,417	0	-1,879,149
Disposals	-20,641	-78,621	-2,512,690	-496	0	-2,612,448
Impairment	-42,668	-47,491	0	0	0	-90,159
Exchange differences	-7,244	-44,168	-13,192	-125	0	-64,729
31 December 2020	5,576,811	54,791,481	23,962,225	201,165	1,434,695	85,966,378
Accumulated depreciation and impairment losses						
31 December 2019	0	20,540,637	16,368,020	93,118	0	37,001,775
Additions	0	1,138,908	2,708,610	53,020	0	3,900,538
Reclassification	0	-667,520	-26,442	-146,417	0	-840,379
Disposals	0	-50,635	-2,355,802	-490	0	-2,406,927
Exchange differences	0	-10,522	-14,599	0	0	-25,121
31 December 2020	0	20,950,868	16,679,787	-769	0	37,629,886
Carrying amount as at 31 December 2019	5,630,200	33,690,342	7,739,147	226,041	329,979	47,615,709
Carrying amount as at 31 December 2020	5,576,811	33,840,613	7,282,438	201,934	1,434,695	48,336,491

Assets in progress amount to EUR 9.5 million (2020: EUR 1.4 million) and mainly comprise new equipment acquired and a building intended for insurance business (construction of a new office building for Zavarovalnica Sava).

Sava Re						
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2020	151,374	2,417,758	1,473,852	82,195	0	4,125,178
Additions	0	0	107,107	232,163	20,421	359,691
Disposals	0	0	-98,678	0	0	-98,678
Transfer to use	0	0	9,867	0	-9,867	0
31 December 2021	151,374	2,417,758	1,492,148	314,358	10,554	4,386,191
Accumulated depreciation and impairment losses						
31 December 2020	0	754,686	966,864	46,780	0	1,768,331
Additions	0	32,672	187,108	1,771	0	221,551
Disposals	0	0	-67,903	0	0	-67,903
31 December 2021	0	787,358	1,086,069	48,551	0	1,921,979
Carrying amount as at 31 December 2020	151,374	1,663,072	506,987	35,415	0	2,356,848
Carrying amount as at 31 December 2021	151,374	1,630,400	406,078	265,807	10,554	2,464,213

Sava Re					
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	Total
Cost					
31 December 2019	156,645	2,463,160	1,653,883	82,186	4,355,873
Additions	0	0	170,550	15	170,565
Disposals	0	0	-350,581	-6	-350,587
Reclassification	-5,271	-45,402	0	0	-50,673
31 December 2020	151,374	2,417,758	1,473,852	82,195	4,125,178
Accumulated depreciation and impairment losses					
31 December 2019	0	735,961	1,067,215	45,086	1,848,263
Additions	0	18,725	201,300	1,694	221,719
Disposals	0	0	-301,651		-301,651
31 December 2020	0	754,686	966,864	46,780	1,768,331
Carrying amount as at 31 December 2019	156,645	1,727,199	586,667	37,100	2,507,611
Carrying amount as at 31 December 2020	151,374	1,663,072	506,987	35,415	2,356,848

Property, plant and equipment assets have not been acquired under finance lease contracts and are unencumbered by third-party rights.

3) Right-of-use assets

In this part, Group companies disclose information on operating leases.

Movement in cost and accumulated amortisation / impairment losses of right-of-use assets

Sava Insurance Group EUR	Land and buildings	Motor vehicles	Computers and IT equipment	Total
As at 31 December 2020	7,969,959	648,513	30,122	8,648,594
Depreciation of right-of-use assets	-1,790,989	-202,784	-17,983	-2,011,756
Change in right of use	1,006,513	17,760	0	1,024,273
New contracts	227,360	-30,334	0	197,026
Reversal of right-of-use assets	-444,225	-27,486	0	-471,711
As at 31 December 2021	6,968,618	405,669	12,139	7,386,426

Sava Insurance Group EUR	Land and buildings	Motor vehicles	Computers and IT equipment	Other	Total
As at 31 December 2019	9,070,045	834,118	48,105	21,984	9,974,252
Depreciation of right-of-use assets	-1,842,414	-324,453	-12,626	-13,176	-2,192,669
Change in right of use	-145,056	19,620	-5,357	-16,350	-147,143
New contracts	991,415	133,772	-	11,572	1,136,760
Reversal of right-of-use assets	-104,032	-14,544	-	-4,030	-122,606
As at 31 December 2020	7,969,959	648,513	30,122	0	8,648,594

Sava Re EUR	Land and buildings	Total
As at 31 December 2020	89,258	89,258
Depreciation of right-of-use assets	-74,585	-74,585
Change in right of use	192,558	192,558
Derecognition of right-of-use assets	-2353	-2353
As at 31 December 2021	204,879	204,879

Sava Re EUR	Land and buildings	Motor vehicles	Total
As at 31 December 2019	103,132	12,268	115,400
Depreciation of right-of-use assets	-86,240	-3,014	-89,254
Change in right of use	73,650	0	73,650
Derecognition of right-of-use assets	-1,284	-9,254	-10,538
As at 31 December 2020	89,258	0	89,258

The amounts recognised in the income statement related to leases are shown in the table below.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Interest on lease liabilities	138,383	168,474	106	126
Costs associated with short-term leases	56,857	576,418	-	11,726
Costs associated with low value leases	49,289	-	-	-
Total	244,529	744,892	106	11,852

Cash flow from leases is shown in the table.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Cash flow from leases	4,517,330	2,689,079	76,657	66,452

The circumstances linked to Covid-19 also affected lease payments in some cases. IASB published a document on 10 April 2020, explaining the accounting impacts in accordance with IFRS 16. The Sava Insurance Group considered whether to treat changes in rent payments as lease modifications, or as a change from fixed to variable rent, and reviewed lease contracts and terms. The standard defines lease modification as a change in the scope of a lease, or the consideration for a lease. If the rent is changed due to government measures, or due to partial or total forgiveness of lease payments, and this is specified in contracts, the change does not constitute a change in the scope of the lease, and fixed rent is changed into variable. The lessee applies the clause from the standard under which the effect should be recognised as a gain or loss.

There are no limitations or requirements associated with leases on the Company or the Group.

When reviewing all lease contracts, the company determined these do not contain force majeure clauses, and consequently treated changes as lease modifications. The Sava Insurance Group made lease modifications in four companies; this had a EUR 217,434 effect on right-of-use assets (2020: EUR 203,521).

4) Deferred tax assets and liabilities

Sava Insurance Group						
EUR	31 December 2020	Included in income statement	Included in other comprehensive income	Offset value as at 31 December 2021	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-1,261,053	-22,055	0	-1,283,108	12,963	-1,296,071
Intangible assets	-898,320	197,784	0	-701,123	0	-701,123
Long-term financial investments and investment property	-11,397,432	58,633	4,240,690	-7,122,699	2,169,973	-9,292,672
Short-term operating receivables	257,859	17,656	0	275,515	275,515	0
Provisions for jubilee benefits and severance pay (retirement)	821,746	30,908	-27,501	825,153	846,454	-21,302
Provision for tax losses	2,576,671	-394,173	0	2,182,498	2,182,499	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	-9,976,755	-111,247	4,213,189	-5,899,990	5,487,403	-11,387,395

Sava Insurance Group		Included in income	Included in other	Recognised in business	Offset value as at 31		Deferred tax
EUR	31 December 2019	statement	comprehensive income	combinations	December 2020	Deferred tax assets	liabilities
Property, plant and equipment	-1,273,817	12,764	0	0	-1,261,053	9,888	-1,270,941
Intangible assets	-1,096,060	197,740	0	0	-898,320	0	-898,320
Long-term financial investments and investment property	-6,881,243	44,294	-3,894,829	-665,653	-11,397,432	1,255,439	-12,652,871
Short-term operating receivables	231,234	26,626	0	0	257,859	257,859	0
Provisions for jubilee benefits and severance pay (retirement)	685,292	30,590	105,865	0	821,746	824,961	-3,216
Provision for tax losses	71,369	2,505,303	0	0	2,576,671	2,576,671	0
Other	-76,227	0	0	0	-76,227	0	-76,227
Total	-8,339,453	2,817,316	-3,788,965	-665,653	-9,976,755	4,924,819	-14,901,575

Sava Re						
EUR	31 December 2020	Included in income statement	Included in other comprehensive income	Offset value as at 31 December 2021	Deferred tax assets	Deferred tax liabilities
Long-term financial investments and investment property	676,906	0	567,678	1,244,584	1,244,584	0
Short-term operating receivables	257,859	17,656	0	275,515	275,515	0
Provisions for jubilee benefits and severance pay (retirement)	47,269	10,459	0	57,728	57,728	0
Provision for tax losses	2,505,303	-394,173	0	2,111,130	2,111,130	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	3,411,110	-366,058	567,678	3,612,730	3,688,957	-76,227

Sava Re						
EUR	31 December 2019	Included in income statement	Included in other comprehensive income	Offset value as at 31 December 2020	Deferred tax assets	Deferred tax liabilities
Long-term financial investments and investment property	861,922	7,859	-192,875	676,905	676,906	0
Short-term operating receivables	231,234	26,626	0	257,859	257,859	0
Provisions for jubilee benefits and severance pay (retirement)	47,941	-671	0	47,269	47,269	0
Provision for tax losses	0	2,505,303	0	2,505,303	2,505,303	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	1.064.869	2.539.116	-192.875	3.411.110	3.487.337	-76.227

5) Investment property

Movement in cost and accumulated depreciation of investment property

Sava Insurance Group				
EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2020	2,346,752	14,976,482	184,866	17,508,100
Additions	0	76	16,512	16,588
Reclassification	0	-1,116,718	-15,051	-1,131,769
Disposals	-189,588	-629,652	-252	-819,492
Impairment	0	-16,000	0	-16,000
Exchange differences	1,588	2,239	0	3,827
31 December 2021	2,158,752	13,216,427	186,075	15,561,254
Accumulated depreciation and impairment losses				
31 December 2020	28,629	1,273,563	84,830	1,387,022
Additions	0	279,695	20,066	299,761
Reclassification	0	-90,132	-12,840	-102,972
Disposals	0	-307,743	-198	-307,941
Impairment	0	90	0	90
Exchange differences	11	4,092	0	4,103
31 December 2021	28,640	1,159,565	91,858	1,280,063
Carrying amount as at 31 December 2020	2,318,123	13,702,919	100,036	16,121,079
Carrying amount as at 31 December 2021	2,130,112	12,056,862	94,217	14,281,192

Sava Insurance Group				
EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2019	2,402,688	15,176,550	160,095	17,739,333
Additions	0	132,670	8,964	141,634
Reclassification	5,271	45,402	26,145	76,818
Disposals	0	0	-10,338	-10,338
Impairment	-55,408	-370,668	0	-426,076
Exchange differences	-5,799	-7,472	0	-13,271
31 December 2020	2,346,752	14,976,482	184,866	17,508,100
Accumulated depreciation and impairment losses				
31 December 2019	28,694	967,327	48,182	1,044,202
Additions	0	292,726	20,617	313,343
Reclassification	0	14,095	23,643	37,738
Disposals	0	0	-7,612	-7,612
Exchange differences	-65	-584	0	-649
31 December 2020	28,629	1,273,563	84,830	1,387,022
Carrying amount as at 31 December 2019	2,373,994	14,209,224	111,913	16,695,132
Carrying amount as at 31 December 2020	2,318,123	13,702,919	100,036	16,121,079

Sava Re				
EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2020	1,497,711	7,058,306	68,119	8,624,136
Additions	0	0	15,703	15,703
31 December 2021	1,497,711	7,058,306	83,822	8,639,839
Accumulated depreciation and impairment losses				
31 December 2020	0	578,559	13,702	592,262
Additions	0	141,761	6,123	147,884
31 December 2021	0	720,320	19,825	740,146
Carrying amount as at 31 December 2020	1,497,711	6,479,747	54,417	8,031,875
Carrying amount as at 31 December 2021	1,497,711	6,337,985	63,997	7,899,693

Sava Re				
EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2019	1,492,440	7,012,904	69,112	8,574,456
Additions	5,271	45,402	0	50,673
Reclassification	0	0	-993	-993
31 December 2020	1,497,711	7,058,306	68,119	8,624,136
Accumulated depreciation and impairment losses				
31 December 2019	0	422,933	8,809	431,742
Additions	0	141,532	4,893	146,425
Reclassification	0	14,095	0	14,095
31 December 2020	0	578,559	13,702	592,261
Carrying amount as at 31 December 2019	1,492,440	6,589,971	60,303	8,142,714
Carrying amount as at 31 December 2020	1,497,711	6,479,747	54,417	8,031,875

In 2021, the Group generated income of EUR 1.3 million by leasing out its investment property (2020: EUR 1.2 million). Maintenance costs associated with investment property are either included in the rent or charged to the lessee. Costs covered by the Group in 2021 totalled EUR 85,238 (2020: EUR 122,638). We estimate that the Group will continue to lease its investment property in 2022 and over the next five-year period in a similar scope as in 2021 and generate a similar amount of lease income.

In 2021, the Group generated income of EUR 784,325 by leasing out its investment property (2020: EUR 783,238). Maintenance costs associated with investment property are either included in rent or charged to the lessees in a proportionate amount. These recovered costs amounted to EUR 56,408 in 2021 (2020: EUR 72,555).

The investment properties are unencumbered by any third-party rights.

The fair values of investment property are resented in note 29 "Fair values of assets and liabilities".

We have examined the investment property assets owned by the Group and the Company and find that the Covid-19 epidemic had no impact on operations. The lessees do not operate in business sectors hit by the Covid-19 epidemic.

6) Financial investments in subsidiaries and associates

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial investments in subsidiaries	0	0	304,554,991	304,072,412
Financial investments in associates	20,479,729	15,056,143	19,575,000	15,025,000
Total	20,479,729	15,056,143	324,129,991	319,097,412

Financial investments in subsidiaries

Sava Re	31 December 2020		Acquisition/ recapitalisation	31 December 2021	
EUR	Holding	Value	Value	Holding	Value
Zavarovalnica Sava	100.00%	123,364,958	0	100.00%	123,364,958
Sava Neživotno Osiguranje (SRB)	100.00%	16,143,299	0	100.00%	16,143,299
Illyria	100.00%	9,563,104	0	100.00%	9,563,104
Sava Osiguruvanje (MKD)	92.57%	10,031,490	62,580	93.86%	10,094,070
Sava Osiguranje (MNE)	100.00%	15,373,019	0	100.00%	15,373,019
Illyria Life	100.00%	4,035,893	0	100.00%	4,035,893
Sava Životno Osiguranje (SRB)	100.00%	5,142,278	0	100.00%	5,142,278
Illyria Hospital	100.00%	5,996	0	100.00%	5,996
Sava Pokojninska	100.00%	6,417,800	0	100.00%	6,417,800
TBS Team 24	75.00%	2,906,504	420,000	78.50%	3,326,504
Sava Penzisko Društvo	100.00%	19,714,494	0	100.00%	19,714,494
Sava Infond	85.00%	24,583,778	0	85.00%	24,583,778
Vita	100.00%	66,789,797	0	100.00%	66,789,797
Total		304,072,412	482,580		304,554,991

Sava Re	31 December 2019		Acquisition/ recapitalisation	Impairment (-)	31 December 2020	
EUR	Holding	Value	Value	Value	Holding	Value
Zavarovalnica Sava	100.00%	123,364,959	0	0	100.00%	123,364,958
Sava Neživotno Osiguranje (SRB)	100.00%	16,143,256	43	0	100.00%	16,143,299
Illyria	100.00%	8,094,000	1,800,000	-330,896	100.00%	9,563,104
Sava Osiguruvanje (MKD)	92.57%	10,031,490	0	0	92.57%	10,031,490
Sava Osiguranje (MNE)	100.00%	15,373,019	0	0	100.00%	15,373,019
Illyria Life	100.00%	4,035,892	0	0	100.00%	4,035,893
Sava Životno Osiguranje (SRB)	100.00%	5,142,278	0	0	100.00%	5,142,278
S Estate	100.00%	5,996	0	0	100.00%	5,996
Sava Pokojninska	100.00%	8,089,939	0	-1,672,139	100.00%	6,417,800
TBS Team 24	75.00%	2,906,504	0	0	75.00%	2,906,504
Sava Penzisko Društvo	100.00%	19,714,494	0	0	100.00%	19,714,494
Sava Infond	85.00%	24,583,778	0	0	85.00%	24,583,778
Vita	100.00%		66,789,797	0	100.00%	66,789,797
Total		237,485,605	68,589,840	-2,003,035		304,072,412

Financial investments in associates

Sava Insurance Group	31 December 2020		Additions		Attributed profit or loss	31 December 2021		Share of voting rights (%)
EUR	Holding	Value	Holding	Value		Holding	Value	
DCB (formerly ZTSR)	50.00%	15,092,165	0.00%	4,550,000	837,564	40.10%	20,479,729	50.00%
G2I	17.50%	-36,022	0.00%	0	-64,678	17.50%	0*	25.00%
Total		15,056,143		4,550,000	772,886		20,479,729	

* The negative value of the investment (EUR 100,700), resulting from the attribution of the company's losses, is recorded as a liability.

Sava Insurance Group	31 December 2019		Additions		Attributed profit or loss	Impairment	31 December 2020		Share of voting rights (%)
EUR	Holding	Value	Holding	Value			Holding	Value	
ZTSR	50.00%	41,302		14,900,000	150,863	0	50.00%	15,092,165	50.00%
G2I	17.50%	539,801		0	-8,775	-567,048	17.50%	-36,022*	25.00%
Total		581,103		14,900,000	142,088	-567,048		15,056,143	

* The negative value of the investment reflects impairment losses recognised for the entire cost of the investment plus the negative results of the company G2I.

Sava Re	31 December 2020		Additions		31 December 2021		Share of voting rights (%)
EUR	Holding	Value	Holding	Value	Holding	Value	
DCB	50.00%	15,025,000	0.00%	4,550,000	50.00%	19,575,000	50.00%
G2I	17.50%	0	0.00%	0	17.50%	0	25.00%
Total		15,025,000		4,550,000		19,575,000	

Sava Re	31 December 2019		Additions			31 December 2020		Share of voting rights (%)
EUR	Holding	Value	Holding	Value	Impairment	Holding	Value	
ZTSR	50.00%	125,000	0.00%	14,900,000	0	50.00%	15,025,000	50.00%
G2I	17.50%	567,048	0.00%	0	-567,048	17.50%	0	25.00%
Total		692,048		14,900,000	-567,048		15,025,000	

Sava Insurance Group		
EUR	31 December 2021	31 December 2020
DCB (formerly ZTSR)		
Value of assets	44,373,702	40,255,944
Liabilities	18,380,231	10,071,614
Shareholders' equity	25,993,471	30,184,330
Income	25,928,230	10,800,226
Profit or loss for the period	1,675,127	301,725
Part of the profit or loss attributable to the Group	837,564	150,863
G2I		
Value of assets	3,732,026	1,924,836
Liabilities	3,067,181	973,624
Shareholders' equity	664,846	951,212
Income	5,818,938	3,657,195
Profit or loss for the period	-369,588	-50,140
Part of the profit or loss attributable to the Group	-64,678	-8,775

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

The assumptions used in the valuation are discussed in greater detail in section 17.7 “Notes to the financial statements – statement of financial position”.

7) Financial investments

Sava Insurance Group		At FVTPL			
		Non-derivative			
EUR				Loans and	
31 December 2021	Held-to-maturity	Designated to this category	Available-for-sale	receivables	Total
Debt instruments	40,023,124	29,300,362	1,241,312,597	20,236,235	1,330,872,318
Deposits and CDs	0	0	0	18,561,697	18,561,697
Government bonds	28,338,756	1,613,883	688,547,341	0	718,499,980
Corporate bonds	11,684,368	27,686,479	552,765,256	0	592,136,103
Loans granted	0	0	0	1,674,538	1,674,538
Equity instruments	0	5,085,712	66,741,051	0	71,826,763
Shares	0	258,154	35,707,531	0	35,965,685
Mutual funds	0	4,827,558	31,033,520	0	35,861,078
Investments in infrastructure funds	0	0	44,532,966	0	44,532,966
Investments in real-estate funds	0	0	15,846,059	0	15,846,059
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	9,610,337	9,610,337
Total	40,023,124	34,386,074	1,368,432,673	29,846,572	1,472,688,443

Sava Insurance Group		At FVTPL		Loans and receivables	Total
EUR		Non-derivative			
31 December 2020	Held-to-maturity	Designated to this category	Available-for-sale		
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

Sava Re		At FVTPL				
EUR		Non-derivative			Loans and receivables	Total
31 December 2021	Held-to-maturity	Designated to this category	Available-for-sale			
Debt instruments	2,816,979	9,157,021	271,786,710	2,572,974	286,333,684	
Government bonds	2,074,942	0	177,643,454	0	179,718,397	
Corporate bonds	742,036	9,157,021	94,143,256	0	104,042,314	
Loans granted	0	0	0	2,572,974	2,572,974	
Equity instruments	0	126,024	12,735,984	0	12,862,008	
Shares	0	126,024	6,724,679	0	6,850,703	
Mutual funds	0	0	6,011,306	0	6,011,306	
Investments in infrastructure funds	0	0	14,554,843	0	14,554,843	
Investments in real-estate funds	0	0	4,423,724	0	4,423,724	
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	9,610,337	9,610,337	
Total	2,816,979	9,283,045	303,501,261	12,183,310	327,784,595	

Sava Re		At FVTPL				
EUR		Non-derivative			Loans and receivables	Total
31 December 2020	Held-to-maturity	Designated to this category	Available-for-sale			
Debt instruments	2,816,598	7,001,226	221,847,584	4,967,639	236,633,047	
Deposits and CDs	0	0	0	0	0	
Government bonds	2,074,512	0	130,783,187	0	132,857,699	
Corporate bonds	742,086	7,001,226	91,064,397	0	98,807,709	
Loans granted	0	0	0	4,967,639	4,967,639	
Equity instruments	0	651,042	11,822,395	0	12,473,437	
Shares	0	651,042	8,605,871	0	9,256,913	
Mutual funds	0	0	3,216,524	0	3,216,524	
Investments in infrastructure funds	0	0	9,200,979	0	9,200,979	
Investments in real-estate funds	0	0	3,969,161	0	3,969,161	
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	7,261,165	7,261,165	
Total	2,816,598	7,652,268	246,840,118	12,228,804	269,537,788	

The Sava Insurance Group held 3.3% of financial investments constituting subordinated instruments for the issuer (31 December 2020: 1.4%). The total value of subordinated investments stood at EUR 47.9 million (31 December 2020: EUR 19.6 million).

Sava Re held 1.1% of financial investments that constitute subordinated instruments for the issuer (31 December 2020: 1.2%). The total value of subordinated investments stood at EUR 7.4 million (31 December 2020: EUR 7.6 million).

A portion of subordinated assets invested in banks is recognised as debt instruments in the category measured at amortised cost, while the other part is recognised in the category measured through profit or loss.

We reviewed the Company's and Group's financial investments and determined that the impact of the Covid-19 epidemic did not materially decrease their fair value or create the need to impair the investments. The Company and Group hold a small portion of loans granted in their portfolio. The conditions and the ability to repay the loans given did not deteriorate in any of the cases due to the impact of the Covid-19 epidemic, while minor effects were recorded at the Group level, mainly as extensions of repayment terms for loans given.

Movement in financial investments

Sava Insurance Group						
EUR	Equity securities	Debt securities*	Deposits	Loans	Deposits with cedants	Total
Balance as at 1 January 2021	118,692,147	1,279,661,013	22,415,443	2,119,569	7,261,165	1,430,149,336
Additions – portfolio assumption	0	0	0	0	0	0
New acquisitions	33,036,361	265,169,240	10,856,051	237,616	7,896,091	317,195,359
Transfer between asset classes	0	0	0	0	0	0
Maturities	0	-163,197,067	-14,708,880	-694,593	-5,874,559	-184,475,099
Interest income	0	-21,533,650	-332,746	-59,876	0	-21,926,272
Disposal	-33,510,194	-40,775,573	-7,158	0	0	-74,292,926
Change in fair value – in equity	7,898,538	-28,479,649	0	0	0	-20,581,111
Change in fair value – from equity to IS – disposals	6,106,965	596,129	0	0	0	6,703,094
Change in fair value – from equity to IS – impairment	-25,468	0	0	0	0	-25,468
Change in fair value through profit or loss	5,016	-285,751	0	0	0	-280,735
Change in amortised cost, exchange differences	-248	19,351,974	332,857	71,612	327,639	20,083,835
Exchange differences, opening balance	2,671	129,419	6,129	211	0	138,429
Balance as at 31 December 2021	132,205,788	1,310,636,085	18,561,697	1,674,538	9,610,337	1,472,688,443

* Debt securities include government and corporate bonds.

Sava Insurance Group						
EUR	Equity securities	Debt securities*	Deposits	Loans	Deposits with cedants	Total
Balance as at 1 January 2020	75,933,492	933,980,922	46,667,937	1,202,867	7,089,021	1,064,874,239
Additions – portfolio assumption	19,789,963	350,235,574	0	0	0	370,025,537
New acquisitions	30,999,449	318,127,742	20,132,250	1,429,965	6,289,335	376,978,741
Transfer between asset classes	0	848,099	-848,099	0	0	0
Maturities	0	-174,374,085	-43,897,945	-321,560	-5,493,150	-224,086,740
Disposal	-10,111,414	-183,352,096	0	-248,492	0	-193,712,001
Change in fair value – in equity	3,059,550	20,219,750	0	0	0	23,279,300
Change in fair value – from equity to IS – disposals	-25,679	3,492,480	0	0	0	3,466,801
Change in fair value – from equity to IS – impairment	-989,979	-108,756	0	0	0	-1,098,735
Change in fair value through profit or loss	47,285	175,801	0	-1,062	0	222,023
Change in amortised cost, exchange differences	1,212	11,023,381	385,873	59,358	-624,041	10,845,783
Exchange differences, opening balance	-11,733	-607,798	-24,573	-1,509	0	-645,612
Balance as at 31 December 2020	118,692,147	1,279,661,013	22,415,443	2,119,569	7,261,165	1,430,149,336

* Debt securities include government and corporate bonds.

Sava Re					
EUR	Equity securities	Debt securities*	Loans	Deposits with cedants	Total
Balance as at 1 January 2021	25,643,576	231,665,408	4,967,639	7,261,165	269,537,788
Additions – portfolio assumption	0	0	0	0	0
New acquisitions	7,938,160	116,391,710	0	7,896,091	132,225,961
Transfer between asset classes	0	0	0	0	0
Maturities	0	-46,534,167	-2,396,828	-5,874,559	-54,805,554
Interest income	0	-3,543,029	-104,143	0	-3,647,172
Disposal	-5,117,080	-15,814,593	0	0	-20,931,673
Change in fair value – in equity	1,660,499	-4,648,281	0	0	-2,987,782
Change in fair value – from equity to IS – disposals	1,565,533	333,633	0	0	1,899,166
Change in fair value – from equity to IS – impairment	0	0	0	0	0
Change in fair value through profit or loss	149,887	21,650	0	0	171,537
Change in amortised cost, exchange differences	0	5,888,380	106,306	327,639	6,322,324
Exchange differences, opening balance	0	0	0	0	0
Balance as at 31 December 2021	31,840,575	283,760,710	2,572,974	9,610,337	327,784,595

* Debt securities include government and corporate bonds.

Sava Re						
EUR	Equity securities	Debt securities*	Deposits	Loans	Deposits with cedants	Total
Balance as at 1 January 2020	19,346,319	243,106,122	22,338,823	4,216,308	7,089,021	296,096,593
Additions – portfolio assumption	0	0	0		0	0
New acquisitions	7,399,528	89,789,706	880,272	3,594,079	6,289,335	107,952,919
Transfer between asset classes	0	742,132	-742,132		0	0
Maturities	0	-47,561,037	-22,485,202	-2,967,467	-5,493,150	-78,506,856
Disposal	-419,660	-55,200,297	0		0	-55,619,957
Change in fair value – in equity	-487,598	1,502,737	0		0	1,015,139
Change in fair value – from equity to IS – disposals	-5,325	1,011,670	0		0	1,006,345
Change in fair value – from equity to IS – impairment	-320,600	-108,756	0		0	-429,356
Change in fair value through profit or loss	129,639	126,752	0		0	256,391
Change in amortised cost, exchange differences	1,274	-1,743,622	8,238	124,720	-624,041	-2,233,431
Exchange differences	0	0	0		0	0
Balance as at 31 December 2020	25,643,576	231,665,408	0	4,967,639	7,261,165	269,537,788

* Debt securities include government and corporate bonds.

No securities have been pledged as security by the Group companies.

Loans of the parent granted to Group companies

EUR	31 December 2021	31 December 2020
Sava Neživotno Osiguranje (SRB)	0	499,979
Illyria (RKS)	909,093	1,560,232
Sava Životno Osiguranje (SRB)	450,852	1,351,526
Total	1,359,945	3,411,737

Fair values of financial investments are shown in note 29.

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

Sava Insurance Group		FVTPL				
EUR		Non-derivative			Loans and receivables	Total
31 December 2021	Held to maturity	Designated to this category	Available-for-sale			
Debt instruments	4,078,892	1,338,186	60,882,191	2,008,600	68,307,868	
Deposits and CDs	0	0	0	2,008,600	2,008,600	
Government bonds	513,310	0	35,488,138	0	36,001,448	
Corporate bonds	3,565,582	1,338,186	25,394,053	0	30,297,820	
Equity instruments	0	447,154,643	1,977,081	0	449,131,723	
Mutual funds	0	447,154,643	1,977,081	0	449,131,723	
Total	4,078,892	448,492,829	62,859,271	2,008,600	517,439,592	

Sava Insurance Group		FVTPL			
EUR		Non-derivative			
31 December 2020	Held to maturity	Designated to this category	Available-for-sale	Loans and receivables	Total
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

Sava Insurance Group		
EUR	31 December 2021	31 December 2020
Held-to-maturity	4,078,892	5,195,090
At FVTPL – non-derivative – designated to this category	448,492,829	326,537,924
Available-for-sale	62,859,271	75,482,726
Loans and receivables	2,008,600	4,009,072
Total	517,439,592	411,224,812

Investments for the benefit of life-insurance policyholders who bear the investment risk are investments placed by the Group insurer in line with requests of life insurance policyholders.

Movement in financial investments

Sava Insurance Group				
EUR	Equity securities	Debt securities	Deposits	Total
Balance as at 1 January 2021	329,038,804	78,176,936	4,009,072	411,224,812
Additions – portfolio assumption	0	0	0	0
New acquisitions	95,363,772	7,351,995	0	102,715,767
Transfer between asset classes	0	0	0	0
Maturities	0	-7,821,004	-2,000,000	-9,821,004
Interest income	0	-975,137	-4,634	-979,771
Disposal	-43,253,598	-9,548,072	0	-52,801,670
Change in fair value – in equity	18,424	-1,641,891	0	-1,623,467
Change in fair value – from equity to IS – disposals	-2,112	196,877	0	194,765
Change in fair value – from equity to IS – impairment	-4,731	0	0	-4,731
Change in fair value through profit or loss	67,885,712	18,877	0	67,904,589
Change in amortised cost, exchange differences	83,942	540,686	4,162	628,790
Exchange differences	1,511	0	0	1,511
Balance as at 31 December 2021	449,131,724	66,299,268	2,008,600	517,439,591

Sava Insurance Group				
EUR	Equity securities	Debt securities	Deposits	Total
Balance as at 1 January 2020	129,435,048	79,723,887	4,000,954	213,159,889
Additions – portfolio assumption	153,446,464	0	0	153,446,464
New acquisitions	46,832,747	4,917,318	0	51,750,065
Transfer between asset classes	0	0	0	0
Maturities	0	-8,053,814	0	-8,053,814
Disposal	-23,047,203	-57,429	0	-23,104,632
Change in fair value – in equity	75,420	919,103	0	994,524
Change in fair value – from equity to IS – disposals	-6,284	89,054	0	82,771
Change in fair value – from equity to IS – impairment	0	0	0	0
Change in fair value through profit or loss	22,390,399	4,451	0	22,394,851
Change in amortised cost, exchange differences	-82,789	640,681	8,118	566,010
Exchange differences	-4,999	-6,315	0	-11,314
Balance as at 31 December 2020	329,038,804	78,176,937	4,009,072	411,224,813

9) Reinsurers' share of technical provisions

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
From unearned premiums	8,788,390	9,582,146	6,183,038	6,646,131
From technical provisions for life insurance business	48,937,470	33,002,650	42,303,406	25,288,985
From provisions for claims outstanding	41,196	24,421	0	0
From other technical provisions	57,767,056	42,609,217	48,486,444	31,935,116

The reinsurers' and co-insurers' share of technical provisions at the Group level increased by 35.6%, or EUR 15.2 million (Sava Re: increase of EUR 16.6 million). The EUR 15.9 million increase in the claims provision relates to amounts set aside to cover natural catastrophe events on accepted reinsurance business from abroad, specifically storm events in western Europe in 2021.

10) Investment contract assets and liabilities

Investment contract assets and liabilities relate to the management of pension funds at the subsidiary Sava Pokojninska. The Group had EUR 172.8 million (2020: 158.8 million) of investment contract assets and EUR 172.7 million (2020: EUR 158.6 million) of investment contract liabilities. Its investment contracts include a group of life cycle funds called MOJI Skladi Življenjskega Cikla (MY life-cycle funds), relating to supplementary pension business of the company Sava Pokojninska in the accumulation phase. Further details on the risks associated with investment contract liabilities are provided in section 17.4.14 "Financial investments and assets held for the benefit of policyholders who bear the investment risk".

Investment contract assets

Sava Insurance Group		
EUR	31 December 2021	31 December 2020
Financial investments	150,852,305	138,712,977
Investment property	506,000	506,000
Receivables	17,751	11,136
Cash and cash equivalents	21,460,293	19,534,916
Total	172,836,349	158,765,028

Sava Insurance Group		FVTPL		Available-for-sale	Loans and receivables	Investment property	Total
EUR		Non-derivative					
31 December 2021	Held to maturity	Designated to this category					
Debt instruments	54,699,216	66,799,835	0	0	0	121,499,051	
Bonds	54,699,216	66,799,835	0	0	0	121,499,051	
Equity instruments	0	25,987,161	0	0	0	25,987,161	
Total financial investments	54,699,216	92,786,996	0	0	0	147,486,212	
Investments in infrastructure funds	0	666,260	0	0	0	666,260	
Investments in real-estate funds	0	2,699,832	0	0	0	2,699,832	
Cash and receivables	0	0	0	21,478,044	0	21,478,044	
Investment property	0	0	0	0	506,000	506,000	
Total investment contract assets	54,699,216	96,153,088	0	21,478,044	506,000	172,836,349	

Sava Insurance Group		FVTPL					
		Non-derivative					
EUR					Loans and receivables	Investment property	Total
31 December 2020	Held to maturity	Designated to this category	Available-for-sale				
Debt instruments	54,695,756	63,302,795	0		0	0	117,998,551
Bonds	54,695,756	63,302,795	0		0	0	117,998,551
Equity instruments	0	18,279,476	0		0	0	18,279,476
Total financial investments	54,695,756	81,582,271	0		0	0	136,278,027
Investments in real-estate funds	0	2,434,949	0		0	0	2,434,949
Cash and receivables	0	0	0		19,546,052	0	19,546,052
Investment property	0	0	0		0	506,000	506,000
Total investment contract assets	54,695,756	84,017,220	0		19,546,052	506,000	158,765,028

Investment contract assets by level of the fair value hierarchy

Sava Insurance Group		Fair value				
EUR						
31 December 2021	Carrying amount	Level 1	Level 2	Level 3	Total fair value	Difference between FV and CA
Investment contract assets measured at fair value	96,153,089	81,289,348	10,646,095	4,217,646	96,153,088	0
FVTPL	96,153,089	81,289,348	10,646,095	4,217,646	96,153,088	0
Designated to this category	96,153,089	81,289,348	10,646,095	4,217,646	96,153,088	0
Debt instruments	66,799,835	55,302,187	10,646,095	851,553	66,799,835	0
Equity instruments	25,987,161	25,987,161	0	0	25,987,161	0
Infrastructure funds	666,260	0	0	666,260	666,260	0
Real estate funds	2,699,832	0	0	2,699,832	2,699,832	0
Investment contract assets not measured at fair value	54,699,216	42,159,241	21,071,070	0	63,230,311	8,531,095
Held-to-maturity assets	54,699,216	42,159,241	21,071,070	0	63,230,311	8,531,095
Debt instruments	54,699,216	42,159,241	21,071,070		63,230,311	8,531,095
Total investment contract assets	150,852,305	123,448,589	31,717,164	4,217,646	159,383,399	8,531,094

Sava Insurance Group		Fair value				
EUR						
31 December 2020	Carrying amount	Level 1	Level 2	Level 3	Total fair value	Difference between FV and CA
Investment contract assets measured at fair value	84,017,220	73,633,554	7,815,976	2,567,690	84,017,220	0
FVTPL	84,017,220	73,633,554	7,815,976	2,567,690	84,017,220	0
Designated to this category	84,017,220	73,633,554	7,815,976	2,567,690	84,017,220	0
Debt instruments	63,302,795	56,176,060	6,993,994	132,741	63,302,795	0
Equity instruments	18,279,476	17,457,494	821,982	0	18,279,476	0
Real estate funds	2,434,949	0	0	2,434,949	2,434,949	0
Investment contract assets not measured at fair value	54,695,756	57,337,912	9,032,515	0	66,370,427	11,674,671
Held-to-maturity assets	54,695,756	57,337,912	9,032,515	0	66,370,427	11,674,671
Debt instruments	54,695,756	57,337,912	9,032,515	0	66,370,427	11,674,671
Total investment contract assets	138,712,976	130,971,466	16,848,491	2,567,690	150,387,647	11,674,671

Investment contract liabilities

Sava Insurance Group EUR	31 December 2021	31 December 2020
Net liabilities to pension policyholders	171,883,551	158,110,998
Other liabilities	925,947	613,999
TOTAL IN BALANCE SHEET – LONG-TERM BUSINESS FUNDS OF VOLUNTARY PENSION INSURANCE	172,809,498	158,724,998
Inter-company transactions between company and life insurance liability fund	-149,231	-128,543
TOTAL IN BALANCE SHEET	172,660,266	158,596,453

Movement in financial investments

Sava Insurance Group EUR	Debt securities	Equity securi-ties	Total
Balance as at 1 January 2021	117,998,552	20,714,425	138,712,977
New acquisitions	20,463,436	9,468,198	29,931,634
Maturities	-6,140,729	0	-6,140,729
Disposal	-10,677,724	-5,295,465	-15,973,189
Interest income	-160,819	0	-160,819
Change in fair value – from equity to IS – disposals	4,621	16,043	20,664
Change in fair value through profit or loss	-400,600	4,281,339	3,880,739
Exchange differences	412,314	168,714	581,028
Balance as at 31 December 2021	121,499,051	29,353,254	150,852,305

Sava Insurance Group EUR	Debt securities	Equity securities	Total
Balance as at 1 January 2020			
New acquisitions	55,990,969	5,640,845	61,631,814
Maturities	-6,961,331	0	-6,961,331
Disposal	-46,118,938	-5,922,285	-52,041,224
Coupon payments	-2,615,517	0	-2,615,517
Accrued interest	2,695,448	0	2,695,448
Revaluation (through IS)	-1,107,605	-638,835	-1,746,440
Income/expenses upon sale	-17,885	173,971	156,086
Exchange differences	-78,015	-131,606	-209,620
Balance as at 31 December 2020	117,998,552	20,714,425	138,712,977

The pension company eliminates inter-company transactions of the joint balance sheet; therefore, liabilities to pension policyholders exceed investment contract liabilities. Internal transactions between the group of My-Life-cycle long-term business funds and the pension company were eliminated in the balance sheet. These include entry charges and management fees for the current month, which may be recognised upon conversion or when credited to personal accounts.

Liabilities in the balance sheet of the long-term liability fund of the voluntary supplementary pension insurance are mostly long-term. These are liabilities relating to the voluntary supplementary pension life liability fund for premiums paid, guaranteed return and the return in excess of guaranteed return (provisions).

The table shows income and expenses relating to investment contracts in 2021.

Profit or loss realised from investment contract assets is fully recognised in investment contract liabilities.

Movement in investments, and income and expenses relating to investment contract assets measured at fair value – level 3

Sava Insurance Group	Debt instruments		Investments in infrastructure funds		Investments in real-estate funds	
EUR	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Opening balance	132,741	107,139	0	0	2,434,949	0
Additions	847,870	132,267	795,269	0	53,096	1,500,000
Maturities	-138,870	-106,665	0	0	0	0
Disposals	0	0	-153,625	0	0	0
Revaluation to fair value	9,812	0	24,616	0	211,787	-65,051
Reclassification into levels	0	0	0	0	0	1,000,000
Closing balance	851,553	132,741	666,260	0	2,699,832	2,434,949
Income	4,997	60,742	39,870	0	270,526	33,516
Expenses	0	0	0	0	0	-67,177

Net investment income for the financial period (EUR)	Investment contracts	Annuity contracts
Finance income	7,291,711	92,208
Dividend income	211,075	0
Interest income	2,502,746	53,571
Gains on disposal of financial investments	25,112	116
Gains on change in fair value	3,858,437	35,482
Other finance income	694,341	3,039
Income from investment property	49,230	0
Rental income	49,230	0
Financial expenses	-4,385	-45,433
Losses on disposals	-4,385	-180
Other finance expenses	0	-45,253
Expenses relating to investment property	-4,945	0
Expenses arising from management and renting	-4,945	0
Expenses relating to management of life insurance business fund	-1,848,681	0
Asset management commission	-1,605,198	0
Expenses relating to custodian bank	-35,378	0
Audit-related expenses	-12,078	0
Expenses relating to communication with life insurance business fund members	-21,814	0
Brokerage expenses for purchase and sale of securities	-3,042	0
Other expenses charged against the life ins. liability fund under applicable rules	-171,171	0
Transfer of cash from supplementary pension scheme	0	2,647,266
Net claims incurred	0	-526,921
Change in mathematical provision	0	-2,117,043
Expenses factored in policies	0	-50,078
Net profit/loss attributable to policyholders	5,482,930	0

11) Receivables

The receivables of the Group and the Company decreased by EUR 3.9 million and EUR 6.9 million compared to year-end 2020, respectively.

The largest decline in the Group's receivables was in the Slovenian non-life insurance segment, of EUR 6.0 million, in the item receivables arising out of primary insurance business. The ageing analysis

shows the largest increase in receivables for reinsurers' shares in claims, at EUR 3.9 million and the largest decrease in not-past-due short-term receivables arising out of investments.

Receivables by type

Sava Insurance Group EUR	31 December 2021			31 December 2020		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	146,939,903	-20,410,622	126,529,281	154,469,019	-21,560,418	132,908,601
Receivables due from insurance intermediaries	2,412,729	-871,452	1,541,277	2,608,578	-837,647	1,770,931
Other receivables arising out of primary insurance business	621,026	-146,861	474,165	762,484	-156,428	606,056
Receivables arising out of primary insurance business	149,973,658	-21,428,935	128,544,723	157,840,081	-22,554,493	135,285,588
Receivables for shares in claims	7,993,897	-227,525	7,766,372	5,344,797	-177,659	5,167,138
Other receivables arising out of co-insurance and reinsurance business	1,310,793	0	1,310,793	887,438	0	887,438
Receivables arising out of reinsurance and co-insurance business	9,304,690	-227,525	9,077,165	6,232,235	-177,659	6,054,576
Current tax assets	330,518	0	330,518	529,831	0	529,831
Other short-term receivables arising out of insurance business	17,365,268	-14,129,963	3,235,305	18,048,243	-15,289,228	2,759,015
Receivables arising out of investments	440,212	-167,108	273,104	2,877,916	-1,223,923	1,653,993
Other receivables	10,846,117	-2,366,062	8,480,055	8,770,856	-1,182,361	7,588,495
Other receivables	28,651,597	-16,663,133	11,988,464	29,697,015	-17,695,512	12,001,503
Total	188,260,463	-38,319,593	149,940,870	194,299,162	-40,427,664	153,871,498

Sava Re EUR	31 December 2021			31 December 2020		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	74,475,114	-656,690	73,818,424	79,542,628	-598,410	78,944,217
Other receivables arising out of primary insurance business	591,761	0	591,761	718,691	0	718,691
Receivables arising out of primary insurance business	75,066,875	-656,690	74,410,185	80,261,318	-598,410	79,662,908
Receivables for shares in claims	4,792,142	-225,533	4,566,609	3,902,869	-175,669	3,727,200
Other receivables arising out of co-insurance and reinsurance business	558,987	0	558,987	733,967	0	733,967
Receivables arising out of reinsurance and co-insurance business	5,351,129	-225,533	5,125,596	4,636,836	-175,669	4,461,167
Current tax assets	0	0	0	325,472	0	325,472
Receivables arising out of investments	0	0	0	36,942	-88	36,853
Other receivables	608,425	-341,035	267,390	2,596,359	-329,726	2,266,633
Other receivables	608,425	-341,035	267,390	2,633,301	-329,815	2,303,486
Total	81,026,429	-1,223,257	79,803,172	87,856,928	-1,103,894	86,753,033

Net receivables ageing analysis

Sava Insurance Group					
EUR 31 December 2021	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	98,895,556	22,197,060	2,829,707	2,606,958	126,529,281
Receivables due from insurance intermediaries	713,272	816,404	11,601	0	1,541,277
Other receivables arising out of primary insurance business	129,697	269,177	38,540	36,751	474,165
Receivables arising out of primary insurance business	99,738,525	23,282,641	2,879,848	2,643,709	128,544,723
Receivables for reinsurers' shares in claims	7,144,678	145,244	77,148	399,302	7,766,372
Other receivables arising out of co-insurance and reinsurance business	1,292,332	3,616	14,845	0	1,310,793
Receivables arising out of reinsurance and co-insurance business	8,437,010	148,860	91,993	399,302	9,077,165
Current tax assets	330,518	0	0	0	330,518
Other short-term receivables arising out of insurance business	1,165,644	650,917	353,473	1,065,271	3,235,305
Short-term receivables arising out of financing	248,083	2,313	3,555	19,153	273,104
Other short-term receivables	7,766,242	665,100	14,866	33,847	8,480,055
Other receivables	9,179,969	1,318,330	371,894	1,118,271	11,988,464
Total	117,686,022	24,749,831	3,343,735	4,161,282	149,940,870

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

Sava Re					
EUR					
31 December 2021	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	58,619,395	11,850,791	1,927,894	1,420,345	73,818,425
Other receivables arising out of primary insurance business	274,038	247,547	40,895	29,281	591,761
Receivables arising out of primary insurance business	58,893,433	12,098,338	1,968,789	1,449,625	74,410,185
Receivables for reinsurers' shares in claims	3,949,023	144,706	77,148	395,732	4,566,609
Other receivables arising out of co-insurance and reinsurance business	543,556	585	14,845	0	558,987
Receivables arising out of reinsurance and co-insurance business	4,492,579	145,291	91,993	395,732	5,125,596
Other short-term receivables	267,390	0	0	0	267,390
Other receivables	267,390	0	0	0	267,390
Total	63,653,403	12,243,629	2,060,783	1,845,358	79,803,172

Sava Re					
EUR					
31 December 2020	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	61,518,416	9,873,810	2,550,958	5,001,033	78,944,217
Other receivables arising out of primary insurance business	287,434	279,792	107,822	43,643	718,691
Receivables arising out of primary insurance business	61,805,850	10,153,603	2,658,780	5,044,676	79,662,908
Receivables for reinsurers' shares in claims	1,798,842	1,326,461	134,992	466,905	3,727,200
Other receivables arising out of co-insurance and reinsurance business	585,298	139,481	297	8,890	733,967
Receivables arising out of reinsurance and co-insurance business	2,384,141	1,465,942	135,289	475,796	4,461,167
Current tax assets	325,472	0	0	0	325,472
Short-term receivables arising out of financing	36,853	0	0	0	36,853
Other short-term receivables	2,266,633	0	0	0	2,266,633
Other receivables	2,303,486	0	0	0	2,303,486
Total	66,818,949	11,619,545	2,794,068	5,520,471	86,753,033

Movement in allowance for receivables

Sava Insurance Group						
EUR 31 December 2021	31 December 2020	Additions	Collection	Write-offs	Exchange differences	31 December 2021
Receivables due from policyholders	-21,560,418	-1,404,544	854,679	1,706,239	-6,578	-20,410,622
Receivables due from insurance intermediaries	-837,647	-106,547	65,168	8,071	-497	-871,452
Other receivables arising out of primary insurance business	-156,428	-139	9,763	0	-57	-146,861
Receivables arising out of primary insurance business	-22,554,493	-1,511,230	929,610	1,714,310	-7,132	-21,428,935
Receivables for shares in claims	-177,659	-50,009	145	0	-2	-227,525
Receivables arising out of reinsurance and co-insurance business	-177,659	-50,009	145	0	-2	-227,525
Other short-term receivables arising out of insurance business	-15,289,228	-116,690	260,046	1,016,537	-628	-14,129,963
Receivables arising out of investments	-1,223,923	0	1,045,015	11,280	520	-167,108
Other short-term receivables	-1,182,361	-1,326,994	137,425	7,363	-1,495	-2,366,062
Other receivables	-17,695,512	-1,443,684	1,442,486	1,035,180	-1,603	-16,663,133
Total	-40,427,664	-3,004,923	2,372,241	2,749,490	-8,737	-38,319,593

Sava Insurance Group							
EUR 31 December 2020	31 December 2019	Additions	Collection	Write-offs	Additions – acquisition of subsidiary	Exchange differences	31 December 2020
Receivables due from policyholders	-23,040,976	-2,119,407	2,092,939	1,684,702	-221,713	44,037	-21,560,418
Receivables due from insurance intermediaries	-964,939	-12,589	138,891	0	0	990	-837,647
Other receivables arising out of primary insurance business	-122,516	-41,031	6,886	0	0	233	-156,428
Receivables arising out of primary insurance business	-24,128,431	-2,173,027	2,238,716	1,684,702	-221,713	45,260	-22,554,493
Receivables for shares in claims	-177,662	0	0	0	0	3	-177,659
Receivables arising out of reinsurance and co-insurance business	-177,662	0	0	0	0	3	-177,659
Other short-term receivables arising out of insurance business	-17,646,665	-585,382	664	2,933,105	0	9,050	-15,289,228
Receivables arising out of investments	-1,226,600	0	1,089	0	0	1,588	-1,223,923
Other short-term receivables	-1,253,524	-127,512	195,016	2,957	0	702	-1,182,361
Other receivables	-20,126,789	-712,894	196,769	2,936,062	0	11,340	-17,695,512
Total	-44,432,882	-2,885,921	2,435,485	4,620,764	-221,713	56,603	-40,427,664

Sava Re						
EUR	31 December				Exchange	31 December
31 December 2021	2020	Additions	Collection	Write-offs	differences	2021
Receivables due from policyholders	-598,410	-103,421	49,560	0	-4,418	-656,690
Receivables arising out of primary insurance business	-598,410	-103,421	49,560	0	-4,418	-656,690
Receivables for shares in claims	-175,669	-50,009	145	0	0	-225,533
Receivables arising out of reinsurance and co-insurance business	-175,669	-50,009	145	0	0	-225,533
Receivables arising out of investments	-88	0	0	88	0	0
Other short-term receivables	-329,726	-11,309	0	0	0	-341,035
Other receivables	-329,814	-11,309	0	0	0	-341,035
Total	-1,103,894	-164,739	49,705	88	-4,418	-1,223,257

Sava Re					
EUR	31 December			Exchange	31 December
31 December 2020	2019	Additions	Collection	differences	2020
Receivables due from policyholders	-493,707	-179,160	39,025	35,433	-598,410
Receivables arising out of primary insurance business	-493,707	-179,160	39,025	35,433	-598,410
Receivables for shares in claims	-175,669	0	0	0	-175,669
Receivables arising out of reinsurance and co-insurance business	-175,669	0	0	0	-175,669
Receivables arising out of investments	-88	0	0	0	-88
Other short-term receivables	-329,726	0	0	0	-329,726
Other receivables	-329,814	0	0	0	-329,814
Total	-999,190	-179,160	39,025	35,433	-1,103,894

The Group reviewed any Covid-19-related impacts on receivables and found there were none.

12) Deferred acquisition costs**Deferred acquisition costs**

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Short-term deferred acquisition costs	16,476,228	18,368,778	0	0
Short-term deferred reinsurance acquisition costs	6,096,513	5,909,225	4,869,156	5,837,477
Total	22,572,741	24,278,003	4,869,156	5,837,477

13) Other assets

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Inventories	140,950	142,327	0	0
Other short-term deferred costs (expenses) and accrued revenue	4,239,437	4,098,087	746,808	487,239
Total	4,380,387	4,240,414	746,808	487,239

14) Cash and cash equivalents

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cash in hand	16,632	17,313	0	0
Cash in bank accounts	54,118,887	56,463,387	20,806,817	22,480,146
Call and overnight deposits, and deposits of up to 3 months	34,512,159	26,977,894	8,000,000	4,600,000
Total	88,647,678	83,458,594	28,806,817	27,080,147

The increase in the balance of cash compared to year-end 2020 is associated with the reclassification of these assets from other financial investments to cash and cash equivalents and is of a short-term nature.

15) Non-current assets held for sale

The amount of the Group's non-current assets held for sale declined compared to the previous year to EUR 0.8 million (2020: EUR 1.3 million) and relates to items of property, plant and equipment held for sale.

16) Share capital

As at 31 December 2021, the parent's share capital was divided into 17,219,662 shares (the same as at 31 December 2020). All shares are ordinary registered shares of the same class. Their holders are entitled to participate in the Company's control and profits (dividends). Each share carries one vote in general meeting and entitles the bearer to a proportionate share of the dividend distribution.

Shares are recorded in the Central Securities Clearing Corporation (KDD) under the POSR ticker symbol.

As at year-end 2021, the Company's shareholders' register listed 4,274 shareholders (31 December 2020: 4,238 shareholders). The Company's shares are listed in the prime market of the Ljubljana Stock Exchange.

17) Capital reserves

A contra account of capital reserves includes the difference between market and book value of acquired

non-controlling interests amounting to EUR 0.3 million in 2021.

Movement in capital reserves

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
As at 1 January	43,035,948	43,035,948	54,239,757	54,239,757
Acquisition of non-controlling interests by company	-333,628	0	0	0
- Sava osiguruvanje (MKD)	-339,854	0	0	0
- TBS Team 24	6,226	0	0	0
Balance as at 31 December	42,702,320	43,035,948	54,239,757	54,239,757

18) Profit reserves

EUR	Sava Insurance Group			Sava Re		
	31 December 2021	31 December 2020	Distributable/ non-distributable	31 December 2021	31 December 2020	Distributable/ non-distributable
Legal reserves and reserves provided for by the articles of association	12,150,797	11,950,493	non-distributable	14,986,525	14,986,525	non-distributable
Reserve for own shares	24,938,709	24,938,709	non-distributable	24,938,709	24,938,709	non-distributable
Catastrophe equalisation reserve	11,225,068	11,225,068	non-distributable	10,000,000	10,000,000	non-distributable
Other profit reserves	180,693,505	154,171,310	distributable	179,313,388	152,893,324	distributable
Total	229,008,079	202,285,580		229,238,622	202,818,558	

In 2021, the Company established other profit reserves in the amount of EUR 26.4 million (in 2020, the Company posted a loss and therefore did not strengthen its other profit reserves).

19) Own shares

As at 31 December 2021, the Company held a total of 1,721,966 own shares (2020: 1,721,966) with ticker POSR (accounting for 10% less one share of the issued shares) for a value of EUR 24,938,709 (2020: EUR 24,938,709).

Own shares are a contra account of equity.

20) Fair value reserve

The fair value reserve comprises the change in fair value of available-for-sale financial assets.

In 2021, the change in fair value resulted in a EUR 18.9 million decline in the fair value reserve. The table shows the net change in the fair value reserve, which is an equity component.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
As at 1 January	40,173,090	20,718,610	6,039,787	5,217,524
Change in fair value	-18,093,438	26,262,937	-2,987,782	1,015,139
Transfer from fair value reserve to the IS due to disposal	-5,105,275	-2,246,927	0	0
Deferred tax	4,212,833	-4,561,530	567,678	-192,875
Other reclassifications	59,678	0	0	0
Total fair value reserve	21,246,888	40,173,090	3,619,684	6,039,787

21) Net profit or loss and retained earnings

The net profit attributable to owners of the controlling company relating to the 2021 financial year totalled EUR 76.1 million (2020: EUR 56.2 million).

The Company ended the 2021 financial year with a net profit of EUR 52.8 million (2020: EUR -11.0 million).

Earnings or loss per share

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net profit or loss for the period	76,167,178	56,386,299	52,840,127	-10,990,617
Net profit or loss attributable to owners of the controlling company	76,074,720	56,222,528	0	0
Weighted average number of shares outstanding	15,497,696	15,497,696	15,497,696	15,497,696
Earnings or loss per share	4.91	3.63	3.41	-0.71

Comprehensive income per share

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Comprehensive income for the period	57,585,416	75,783,096	50,469,981	-10,143,143
Comprehensive income for the owners of the controlling company	57,494,563	75,619,856	0	0
Weighted average number of shares outstanding	15,497,696	15,497,696	15,497,696	15,497,696
Comprehensive income per share	3.71	4.88	3.26	-0.65

The weighted number of shares takes into account the annual average calculated on the basis of monthly averages of ordinary shares less the number of own shares. The weighted average number of shares outstanding in the financial period was 15,497,696 and the same as in 2020. The parent does not have potentially dilutive capital instruments, which is why basic earnings per share equal diluted earnings per share.

Retained earnings as at 31 December 2021 grew by EUR 26.4 million from 31 December 2020 (2020: decrease of EUR 11.0 million), reflecting the covering of a loss.

In 2021, the Company paid out EUR 13,173,042 in dividends. In 2020, it did not pay any dividends in line with the recommendation of the Slovenian Insurance Supervision Agency due to potential negative impacts of the Covid-19 pandemic on operations. For more information, see section 3.2 “General information on the share”.

The distributable profit for 2021 totals EUR 37.1 million (2020: EUR 23.8 million).

Statement of distributable profit or loss

Sava Re EUR	2021	2020
Net profit or loss for the period	52,840,127,40	-10,990,616,55
- profit or loss for the year under applicable standards	52,840,127,40	-10,990,616,55
Release from profit reserve	0,00	0,00
Retained earnings or losses	10,633,662,37	34,705,806,06
Adjustment to retained earnings	0,00	91,514,46
Additions to other reserves as per resolution of the management and supervisory boards	26,420,063,70	0,00
Distributable profit to be allocated by the general meeting	37,053,726,07	23,806,703,97
- to shareholders	not yet published	13,173,041,60
- to be carried forward to the next year	0,00	10,633,662,37

22) Non-controlling interests in equity

Non-controlling interests in equity

EUR	Sava Insurance Group	
	31 December 2021	31 December 2020
Sava Osiguruvanje (MKD)	309,711	397,985
Sava Station	-1,457	-2,480
TBS Team 24	59,044	97,157
Total	367,298	492,662

23) Subordinated liabilities

In October 2019, Sava Re issued subordinated bonds with a scheduled maturity of 2039, ISIN code XS2063427574 and with an early recall option for 7 November 2029.

The total issue size is EUR 75 million. Until the early recall option of the bond, the annual interest rate is fixed at 3.75% and the coupon is payable annually. If the issuer does not exercise the early recall option, the annual interest rate after the date of the early recall will be 4.683% over the three-month Euribor, with coupons payable quarterly.

The bond is admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at 31 December 2021, the market price of the bond was 100.532% and the market value EUR 78,065,096 (2020: price 100.353% and market value EUR 75,680,846).

The book value of the bond as at 31 December 2021 was EUR 74,863,524 (31 December 2020: EUR 74,804,974).

The effective interest rate on the bond issued (calculated from the early recall option) is 3.86%.

Additions relate to attributable interest; reductions relate to interest paid and change in price.

Sava Re EUR	31 December 2020	Additions	Reductions	31 December 2021
Subordinated bond	74,804,974	4,443,237	-4,384,687	74,863,524

24) Technical provisions and the technical provision for the benefit of life insurance policyholders who bear the investment risk

Movement in gross technical provisions and the technical provision for the benefit of life insurance policyholders who bear the investment risk

Sava Insurance Group EUR	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
Gross unearned premiums	210,614,842	277,970,688	-273,237,168	-8,506,710	180,800	207,022,452
Technical provisions for life insurance business	465,641,679	50,285,890	-71,677,100	-612,837	-60,353	443,577,279
Gross provision for outstanding claims	547,764,679	266,553,482	-142,186,269	-97,843,245	4,424,950	578,713,597
Gross provision for bonuses, rebates and cancellations	1,300,797	1,402,907	-1,112,097	-60,514	-239	1,530,854
Other gross technical provisions	7,990,057	5,955,262	-5,487,904	-1,798,215	-3,265	6,655,935
Total	1,233,312,054	602,168,229	-493,700,538	-108,821,521	4,541,893	1,237,500,117
Technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	169,430,901	-53,924,606	-932,792	5,407	524,183,338

Sava Insurance Group EUR	31 December 2019	Additions	Uses	Reversals	Additions – acquisition of subsidiary	Exchange differences	31 December 2020
Gross unearned premiums	207,895,397	228,743,609	-226,470,990	-19,574	868,238	-401,838	210,614,842
Technical provisions for life insurance business	211,877,103	30,265,232	-65,323,976	-2,156,330	290,984,317	-4,667	465,641,679
Gross provision for outstanding claims	502,914,277	264,219,014	-143,415,230	-76,875,217	7,970,605	-7,048,769	547,764,679
Gross provision for bonuses, rebates and cancellations	1,234,752	1,198,045	-1,131,377	-467	0	-157	1,300,797
Other gross technical provisions	10,031,180	7,031,490	-9,071,960	0	0	-651	7,990,057
Total	933,952,710	531,457,390	-445,413,533	-79,051,588	299,823,160	-7,456,082	1,233,312,054
Technical provision for the benefit of life insurance policyholders who bear the investment risk	220,613,698	79,961,005	-44,375,985	-1,004,223	154,409,933	0	409,604,428

Sava Re EUR	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
Gross unearned premiums	57,411,109	50,552,521	-55,481,908	0	293,312	52,775,034
Gross provision for outstanding claims	238,990,654	143,364,934	-76,932,193	-31,940,047	4,798,271	278,281,619
Gross provision for bonuses, rebates and cancellations	274,368	272,725	-274,368	0	0	272,725
Other gross technical provisions	1,206,740	483,346	-1,206,740	0	0	483,346
Total	297,882,871	194,673,526	-133,895,209	-31,940,047	5,091,583	331,812,724

Sava Re EUR	31 December 2019	Additions	Uses	Reversals	Exchange differences	31 December 2020
Gross unearned premiums	54,588,057	53,610,806	-49,931,323	0	-856,431	57,411,109
Gross provision for outstanding claims	205,064,638	132,985,632	-75,886,065	-15,900,555	-7,272,996	238,990,654
Gross provision for bonuses, rebates and cancellations	269,941	274,368	-269,941	0	0	274,368
Other gross technical provisions	1,415,955	1,206,740	-1,415,955	0	0	1,206,740
Total	261,338,590	188,077,547	-127,503,285	-15,900,555	-8,129,427	297,882,871

The Group's gross technical provisions increased by 0.3%, or EUR 4.2 million, in 2021 (2020: EUR 299.4 million reflecting an acquisition):

- Gross unearned premiums decreased by 1.7%, chiefly because most FoS business relating to non-life insurance was discontinued.
- Gross claims provisions grew by 5.7%, which largely relates to the increase in accepted reinsurance business on account of catastrophic events in western Europe in 2021.
- Mathematical provisions (technical provisions for life business) declined by 4.7% because of maturing life insurance portfolios of the Slovenian insurers, slightly offset by the growth seen in the other companies.

The composition of gross and net provisions for outstanding claims is shown in the following table.

Composition of the provision for outstanding claims

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net provision for claims incurred but no reported	228,769,676	265,196,111	62,131,812	79,366,006
Gross provision for outstanding claims	230,736,378	266,948,962	63,041,529	79,366,006
Reinsurers' share	-1,966,702	-1,752,851	-909,716	0
Net provision for claims reported but not settled, triangles	281,003,785	230,518,249	174,046,481	134,524,546
Gross provision for outstanding claims	327,471,155	261,344,224	215,440,171	159,813,531
Reinsurers' share	-46,467,370	-30,825,975	-41,393,690	-25,288,985
Net provision for expected subrogation recoveries	-2,450,618	-2,634,158	-200,081	-188,884
Gross provision for outstanding claims	-2,450,618	-2,634,158	-200,081	-188,884
Net provision for loss adjustment expenses	17,626,038	17,828,862	0	0
Gross provision for outstanding claims	17,626,038	17,828,862	0	0
Net provision for accepted co-insurance business	4,827,246	3,852,965	0	0
Gross provision for outstanding claims	5,330,644	4,276,789	0	0
Reinsurers' share	-503,398	-423,824	0	0
Total gross provision for outstanding claims	578,713,597	547,764,679	278,281,619	238,990,653
Total reinsurers' share	-48,937,470	-33,002,650	-42,303,406	-25,288,985
Net provision for outstanding claims	529,776,127	514,762,029	235,978,213	213,701,669

- The provision for bonuses, rebates and cancellations is a small part of technical provisions; it mainly grew in Slovenian non-life insurance business.
- The provision for unexpired risks (shown under the other gross technical provisions item) decreased by 16.7% as a result of the discontinuation of unprofitable business of the Slovenian members of the Group (FoS business, accepted marine reinsurance).

- The provision for the benefit of life insurance policyholders who bear the investment risk increased by 28.0%, mainly due to portfolio growth, but also noteworthy are the writing of single-premium policies and the increase in the value of assets, which exceeded payments for maturities, claims and surrenders.

Sava Re's gross technical provisions increased by 11.4%, or EUR 33.9 million, year on year. Unearned premiums decreased by EUR 4.6 million, mainly reflecting the decline experienced by Group's cedants (FoS business). The claims provision grew by 16.4%, or EUR 39.3 million with most of the increase (EUR 35.9 million) relating to the increase in the business of non-Group cedants attributable to natural catastrophic events in western Europe in 2021.

Calculation of the gross provision for unexpired risks by class of insurance

EUR	Primary insurance	Sava Re
31 December 2021		
Personal accident	244,470	0
Health	270,269	248
Land motor vehicles	710,129	0
Railway rolling stock	1,156	13,626
Aircraft hull	4,140	50,803
Ships hull	9,291	413,583
Goods in transit	27,536	0
Fire and natural forces	3,596,001	0
Other damage to property	258,394	0
Motor vehicle liability	917,840	0
Aircraft liability	1,644	0
Liability for ships	6,357	0
General liability	70,887	0
Suretyship	3,549	0
Miscellaneous financial loss	30,347	5,086
Assistance	20,576	0
Total	6,172,588	483,346

EUR	Primary insurance	Sava Re
31 December 2020		
Personal accident	141,140	0
Health	40,705	347
Land motor vehicles	1,029,638	0
Railway rolling stock	0	10,321
Aircraft hull	17,162	30,168
Ships hull	57,529	1,165,904
Goods in transit	6,631	0
Fire and natural forces	2,906,314	0
Other damage to property	269,832	0
Motor vehicle liability	1,816,894	0
Aircraft liability	29,319	0
Liability for ships	15,719	0
General liability	279,638	0
Miscellaneous financial loss	25,945	0
Assistance	146,850	0
Total	6,783,317	1,206,740

We also present the movement in net technical provisions for the Group and Sava Re for 2021 and 2020.

Movement in net technical provisions and the technical provision for the benefit of life insurance policyholders who bear the investment risk

Sava Insurance Group	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
EUR						
Net unearned premiums	201,032,696	270,322,681	-264,782,949	-8,435,453	97,087	198,234,062
Net technical provisions for life insurance business	465,641,679	50,285,890	-71,677,100	-612,837	-60,353	443,577,279
Net provision for outstanding claims	514,762,029	238,218,733	-130,474,421	-96,822,766	4,092,552	529,776,127
Net provision for bonuses, rebates and cancellations	1,273,554	1,388,265	-1,112,097	-59,773	-291	1,489,658
Other net technical provisions	7,992,879	5,955,262	-5,490,726	-1,798,215	-3,265	6,655,935
Total	1,190,702,837	566,170,831	-473,537,293	-107,729,044	4,125,730	1,179,733,061
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	169,430,901	-53,924,606	-932,792	5,407	524,183,338

Sava Insurance Group	31 December 2019	Additions	Uses	Reversals	Additions – acquisition of subsidiary	Exchange differences	31 December 2020
EUR							
Net unearned premiums	197,190,000	222,094,011	-219,162,626	53,898	856,938	475	201,032,696
Net technical provisions for life insurance business	211,877,103	30,265,232	-65,323,976	-2,156,330	290,984,317	-4,667	465,641,679
Net provision for outstanding claims	474,999,135	254,036,943	-137,448,782	-76,851,735	6,703,188	-6,676,720	514,762,029
Net provision for bonuses, rebates and cancellations	1,234,753	1,170,839	-1,131,377	-467	0	-194	1,273,554
Other net technical provisions	10,031,178	7,034,312	-9,071,960	0	0	-651	7,992,879
Total	895,332,169	514,601,337	-432,138,721	-78,954,634	298,544,443	-6,681,757	1,190,702,837
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	220,613,698	79,961,005	-44,375,985	-1,004,223	154,409,933	0	409,604,428

Sava Re	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
EUR						
Net unearned premiums	50,764,978	44,451,893	-48,836,731	0	211,856	46,591,996
Net provision for outstanding claims	213,701,669	116,879,517	-67,822,312	-31,257,060	4,476,398	235,978,212
Net provision for bonuses, rebates and cancellations	274,368	272,725	-274,368	0	0	272,725
Other net technical provisions	1,206,740	483,346	-1,206,740	0	0	483,346
Total	265,947,755	162,087,482	-118,140,151	-31,257,059	4,688,255	283,326,281

Sava Re	31 December 2019	Additions	Uses	Reversals	Exchange differences	31 December 2020
EUR						
Net unearned premiums	46,298,327	48,760,737	-43,838,549	0	-455,537	50,764,978
Net provision for outstanding claims	182,195,060	123,356,147	-70,666,360	-14,280,619	-6,902,559	213,701,669
Net provision for bonuses, rebates and cancellations	269,941	274,368	-269,941	0	0	274,368
Other net technical provisions	1,415,955	1,206,740	-1,415,955	0	0	1,206,740
Total	230,179,283	173,597,992	-116,190,805	-14,280,619	-7,358,096	265,947,755

We have identified the most important uncertain assumption on which the level of gross claims provisions depends as the claims ratio for the most recent year. We

present the sensitivity of non-life (re)insurance claims provisions to this assumption for the Group and Sava Re.

Sensitivity of the Group's gross non-life insurance claims provision (CP) as at 31 December 2021

EUR				
Scenario	Base CP	Post-stress CP	Stress impact	Stress impact (%)
5% rise in loss ratio for most recent year	561,927,426	580,129,696	18,202,270	3.24%
5% drop in loss ratio for most recent year	561,927,426	543,725,159	-18,202,267	-3.24%

Sensitivity of Sava Re's gross claims provision (CP) as at 31 December 2021

EUR				
Scenario	Base CP	Post-stress CP	Stress impact	Stress impact (%)
5% rise in loss ratio for most recent year	278,281,619	283,805,967	5,524,348	1.99%
5% drop in loss ratio for most recent year	278,281,619	272,757,271	-5,524,348	-1.99%

We have identified the expected combined ratio as the most important uncertain assumption on which the level of the provision for unexpired risks depends. We present

the sensitivity of the provision for unexpired risks to this assumption for the Group and Sava Re.

Sensitivity of Group's provision for unexpired risks (PUR) as at 31 December 2021

EUR				
Scenario	Base PUR	Post-stress PUR	Stress impact	Stress impact (%)
5% rise in expected combined ratio	8,186,789	10,365,663	2,178,874	26.61%
5% drop in expected combined ratio	8,186,789	6,005,259	-2,181,530	-26.65%

Sensitivity of Sava Re's provision for unexpired risks (PUR) as at 31 December 2021

EUR				
Scenario	Base PUR	Post-stress PUR	Stress impact	Stress impact (%)
5% rise in expected combined ratio	483,346	573,120	89,774	18.57%
5% drop in expected combined ratio	483,346	393,572	-89,774	-18.57%

25) Other provisions

Movement in the provision for severance pay upon retirement and jubilee benefits

EUR	Sava Insurance Group			Sava Re		
	Provision for severance pay upon retirement	Provision for jubilee benefits	Total	Provision for severance pay upon retirement	Provision for jubilee benefits	Total
Balance as at 1 January 2020	4,975,802	3,004,424	7,980,226	307,978	116,366	424,345
Interest expense (IS)	34,011	17,033	51,044	-1,977	-786	-2,764
Current service cost (IS)	424,008	259,366	683,374	30,329	18,131	48,461
Past service cost (IS)	-6,989	12,783	5,794	9,387	6,558	15,945
Payout of benefits (-)	-124,336	-226,263	-350,599	0	-6,596	-6,596
Actuarial losses (IS)	0	-90,945	-90,945	0	-7,570	-7,570
Actuarial losses (SFP)	-348,386	0	-348,386	-49,957	0	-49,957
Exchange differences	55	50	105	0	0	0
Balance as at 31 December 2021	4,954,165	2,976,448	7,930,613	295,760	126,103	421,865

EUR	Sava Insurance Group			Sava Re		
	Provision for severance pay upon retirement	Provision for jubilee benefits	Total	Provision for severance pay upon retirement	Provision for jubilee benefits	Total
Balance as at 1 January 2020	4,664,800	2,819,247	7,484,047	347,687	119,214	466,901
Interest expense (IS)	-7,203	6,142	-1,061	-1,574	-521	-2,095
Current service cost (IS)	361,575	283,519	645,094	37,389	16,529	53,918
Past service cost (IS)	4,148	680	4,828	0	0	0
Payout of benefits (-)	-157,253	-188,971	-346,224	-50,314	-8,575	-58,889
Actuarial losses (IS)	-35,147	39,152	4,005	0	-10,280	-10,280
Actuarial losses (SFP)	70,861	0	70,861	-25,210	0	-25,210
Additions – acquisition of subsidiary	74,228	44,823	119,051	0	0	0
Exchange differences	-206	-169	-375	0	0	0
Balance as at 31 December 2020	4,975,802	3,004,424	7,980,226	307,978	116,366	424,345

Below we provide a sensitivity analysis of the provision for severance pay upon retirement and the provision for jubilee benefits.

Sava Insurance Group Impact on the level of provisions (EUR)	Provision for severance pay upon retirement		Provision for jubilee benefits	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Decrease in discount rate of 1%	704,379	712,589	330,433	332,853
Increase in discount rate of 1%	-584,251	-592,284	-282,534	-285,098
Decrease in real income growth of 0.5%	-300,545	-304,236	-131,747	-133,069
Increase in real income growth of 0.5%	327,320	329,556	141,195	141,966
Decrease in staff turnover of 10%	180,285	182,354	87,290	85,893
Increase in staff turnover of 10 %	-168,800	-171,957	-82,691	-82,054
Decrease in mortality rate of 10%	36,456	36,340	13,558	13,121
Increase in mortality rate of 10%	-34,607	-35,974	-12,645	-13,019

Sava Re Impact on the level of provisions (EUR)	Provision for severance pay upon retirement		Provision for jubilee benefits	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Decrease in discount rate of 1%	41,386	44,900	10,778	10,453
Increase in discount rate of 1%	-34,493	-37,507	-9,413	-9,120
Decrease in real income growth of 0.5%	-17,947	-20,098	0	0
Increase in real income growth of 0.5%	19,883	21,845	0	0
Decrease in staff turnover of 10%	17,579	17,205	4,549	4,014
Increase in staff turnover of 10 %	-16,344	-16,121	-4,321	-3,830
Decrease in mortality rate of 10%	2,473	2,718	309	296
Increase in mortality rate of 10%	-2,445	-2,687	-307	-294

Sava Insurance Group					
EUR	31 December 2020	Additions	Uses and reversals	Exchange differences	31 December 2021
Other provisions	1,307,509	138,974	-361,916	2,923	1,087,490
Total	1,307,509	138,974	-361,916	2,923	1,087,490

Sava Insurance Group				Additions – acquisition of subsidiary	Exchange differences	
EUR	31 December 2019	Additions	Uses and reversals			31 December 2020
Other provisions	1,221,422	208,715	-312,381	189,778	-25	1,307,509
Total	1,221,422	208,715	-312,381	189,778	-25	1,307,509

26) Liabilities from operating activities

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Liabilities to policyholders	13,902,460	16,784,079	23,705,142	22,777,735
Liabilities to insurance intermediaries	5,078,410	6,013,927	0	0
Other liabilities from primary insurance business	22,688,749	23,471,827	15,850,892	17,788,155
Liabilities from primary insurance business	41,669,619	46,269,833	39,556,034	40,565,890
Liabilities for reinsurance premiums	9,958,801	6,741,079	6,592,670	4,823,544
Liabilities for shares in reinsurance claims	116,011	91,847	139	0
Other liabilities due from co-insurance and reinsurance	34,264	4,233	0	0
Liabilities from reinsurance and co-insurance business	10,109,076	6,837,159	6,592,809	4,823,544
Current income tax liabilities	3,004,684	5,305,281	394,752	0
Total	54,783,379	58,412,273	46,543,595	45,389,434

Sava Insurance Group EUR	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
31 December 2021			
Liabilities to policyholders	1,295,018	12,607,442	13,902,460
Liabilities to insurance intermediaries	0	5,078,410	5,078,410
Other liabilities from primary insurance business	408,355	22,280,394	22,688,749
Liabilities from primary insurance business	1,703,373	39,966,246	41,669,619
Liabilities for reinsurance and co-insurance premiums	158	9,958,643	9,958,801
Liabilities for shares in reinsurance claims	0	116,011	116,011
Other liabilities from reinsurance and co-insurance business	0	34,264	34,264
Liabilities from reinsurance and co-insurance business	158	10,108,918	10,109,076
Current income tax liabilities	0	3,004,684	3,004,684
Total	1,703,531	53,079,848	54,783,379

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

Sava Re EUR		Contractual maturity	
31 December 2021	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	1,295,018	22,410,125	23,705,142
Other liabilities from primary insurance business	408,355	15,442,537	15,850,892
Liabilities from primary insurance business	1,703,373	37,852,662	39,556,034
Liabilities for reinsurance and co-insurance premiums	158	6,592,512	6,592,670
Liabilities for shares in reinsurance claims	0	139	139
Liabilities from reinsurance and co-insurance business	158	6,592,652	6,592,809
Current income tax liabilities	0	394,752	394,752
Total	1,703,530	44,840,065	46,543,595

Sava Re EUR		Contractual maturity	
31 December 2020	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	4,260,521	18,517,214	22,777,735
Other liabilities from primary insurance business	1,481,811	16,306,344	17,788,155
Liabilities from primary insurance business	5,742,332	34,823,558	40,565,890
Liabilities for reinsurance and co-insurance premiums	5,375	4,818,169	4,823,544
Liabilities from reinsurance and co-insurance business	5,375	4,818,169	4,823,544
Total	5,747,707	39,641,726	45,389,434

The other liabilities due from co-insurance and reinsurance item comprises liabilities for reinsurance commission.

The Group's current tax liabilities decreased by EUR 2.3 million year on year. This is because during 2021 the advance payments of tax made by Group companies were higher than the actually assessed corporate income tax for 2021.

27) Lease liability

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Lease liability – maturity up to 1 year	3,265,380	2,377,129	74,984	44,726
Lease liability – maturity over 1 year	3,958,758	5,878,097	128,746	43,108
Total	7,224,138	8,255,225	203,730	87,834

Movement in short- and long-term lease liabilities

EUR	Sava Insurance Group		Sava Re	
	Short-term	Long-term	Short-term	Long-term
31 December 2020	2,377,129	5,878,097	44,726	43,108
New leases	0	749,588	0	191,448
Repayments	0	-1,970,051	0	-76,657
Interest attribution	0	189,375	0	106
Transfer to short-term liabilities	888,251	-888,251	30,258	-30,258
31 December 2021	3,265,380	3,958,758	74,984	127,746

The amounts recognised in the income statement related to leases are shown in the table below.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Interest on lease liabilities	138,383	168,474	106	126
Costs associated with short-term leases	56,857	576,418	-	11,726
Costs associated with low value leases	49,289	-	-	-
Total	244,529	744,891	106	11,852

Cash flow from operating leases is shown in the table.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Cash flow from leases	4,517,330	2,689,079	76,657	66,452

28) Other liabilities

Other liabilities by maturity

Sava Insurance Group			
EUR			
31 December 2021	Over 1 year	Up to 1 year	Contractual maturity Total
Other liabilities	447,147	29,363,572	29,810,719
Short-term provisions (deferred income and accrued expenses)	0	32,229,435	32,229,435
Total	447,147	61,593,007	62,040,154

Sava Insurance Group			
EUR			
31 December 2020	Over 1 year	Up to 1 year	Contractual maturity Total
Other liabilities	691,931	17,191,769	17,883,700
Short-term provisions (deferred income and accrued expenses)	0	21,507,461	21,507,461
Total	691,931	38,699,230	39,391,161

Sava Re		
EUR		
31 December 2021	Up to 1 year	Contractual maturity Total
Other liabilities	4,104,690	4,104,690
Short-term provisions (deferred income and accrued expenses)	2,886,400	2,886,400
Total	6,991,091	6,991,091

Sava Re		
EUR		
31 December 2020	Up to 1 year	Contractual maturity Total
Other liabilities	1,508,811	1,508,811
Short-term provisions (deferred income and accrued expenses)	2,597,028	2,597,028
Total	4,105,840	4,105,840

Other liabilities and short-term provisions (deferred income and accrued expenses) are unsecured.

Other liabilities

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Short-term liabilities due to employees	3,787,253	3,757,391	584,768	569,273
Diverse other short-term liabilities for insurance business	4,827,142	4,943,512	0	0
Short-term trade liabilities	11,590,073	4,781,012	1,837,846	473,800
Diverse other short-term liabilities	9,159,104	3,709,854	1,682,076	465,738
Other long-term liabilities	447,147	691,931	0	0
Total	29,810,719	17,883,700	4,104,690	1,508,811

Change in short-term provisions

Sava Insurance Group						
EUR	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
Short-term accrued expenses	7,981,663	24,535,691	-23,958,984	-10,529	1,613	8,549,454
Other accrued costs (expenses) and deferred revenue	13,525,798	39,903,374	-29,745,220	-6,194	2,223	23,679,981
Total	21,507,461	64,439,065	-53,704,204	-16,723	3,836	32,229,435

Sava Insurance Group							
EUR	31 December 2019	Additions	Uses	Reversals	Additions – acquisition of subsidiary	Exchange differences	31 December 2020
Short-term accrued expenses	6,071,510	10,773,652	-10,219,906	-111,714	1,469,340	-1,219	7,981,663
Other accrued costs (expenses) and deferred revenue	11,091,206	28,326,805	-25,908,872	-4,183	22,303	-1,461	13,525,798
Total	17,162,716	39,100,457	-36,128,778	-115,897	1,491,643	-2,680	21,507,461

Sava Re				
EUR	31 December 2020	Additions	Uses	31 December 2021
Short-term accrued expenses	2,319,591	1,525,025	-1,209,422	2,635,193
Other accrued costs (expenses) and deferred revenue	277,438		-26,231	251,207
Total	2,597,028	1,525,025	-1,235,653	2,886,400

Sava Re				
EUR	31 December 2019	Additions	Uses	31 December 2020
Short-term accrued expenses	1,773,897	1,471,394	-925,700	2,319,591
Other accrued costs (expenses) and deferred revenue	217,290	60,148	0	277,438
Total	1,991,186	1,531,542	-925,700	2,597,028

29) Fair values of assets and liabilities

Financial assets by level of the fair value hierarchy

Sava Insurance Group		Fair value				
EUR						Difference between
31 December 2021	Carrying amount	Level 1	Level 2	Level 3	Total fair value	FV and CA
Investments measured at fair value	1,402,818,747	1,096,267,790	236,756,942	69,794,015	1,402,818,747	0
At FVTPL	34,386,074	17,194,823	15,708,219	1,483,032	34,386,074	0
Designated to this category	34,386,074	17,194,823	15,708,219	1,483,032	34,386,074	0
Debt instruments	29,300,362	12,120,683	15,708,219	1,471,460	29,300,362	0
Equity instruments	5,085,712	5,074,140	0	11,572	5,085,712	0
Available-for-sale	1,368,432,673	1,079,072,967	221,048,723	68,310,983	1,368,432,673	0
Debt instruments	1,241,312,597	1,014,982,697	220,365,284	5,964,616	1,241,312,597	0
Equity instruments	66,741,051	64,090,270	683,439	1,967,342	66,741,051	0
Investments in infrastructure funds	44,532,966	0	0	44,532,966	44,532,966	0
Investments in real-estate funds	15,846,059	0	0	15,846,059	15,846,059	0
Investments for the benefit of policyholders who bear the investment risk	511,352,100	509,280,047	2,072,053	0	511,352,100	0
Investments not measured at fair value	69,869,696	21,855,896	18,909,719	30,694,309	71,459,924	1,590,228
Held-to-maturity assets	40,023,124	21,855,896	18,909,719	847,737	41,613,352	1,590,228
Debt instruments	40,023,124	21,855,896	18,909,719	847,737	41,613,352	1,590,228
Loans and deposits	29,846,572	0	0	29,846,572	29,846,572	0
Deposits	18,561,697	0	0	18,561,697	18,561,697	0
Loans granted	1,674,538	0	0	1,674,538	1,674,538	0
Deposits with cedants	9,610,337	0	0	9,610,337	9,610,337	0
Investments for the benefit of policyholders who bear the investment risk not measured at fair value	6,087,492	3,990,270	276,810	2,008,600	6,275,680	188,188
Total investments	1,472,688,443	1,118,123,686	255,666,661	100,488,324	1,474,278,671	1,590,228

Sava Insurance Group		Fair value				
EUR						
31 December 2020	Carrying amount	Level 1	Level 2	Level 3	Total fair value	Difference between FV and CA
Investments measured at fair value	1,354,673,733	1,024,515,549	284,697,323	45,460,863	1,354,673,733	0
At 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 deposits	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 not measured at fair value	9,204,161	5,518,905	0	4,009,072	9,527,977	323,816
Total investments	1,430,149,336	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

Sava Re EUR 31 December 2021	Fair value					Difference between FV and CA
	Carrying amount	Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	312,784,306	263,433,279	23,112,215	26,238,813	312,784,306	0
At FVTPL	9,283,045	3,289,895	4,668,448	1,324,703	9,283,045	0
Designated to this category	9,283,045	3,289,895	4,668,448	1,324,703	9,283,045	0
Debt instruments	9,157,021	3,163,871	4,668,448	1,324,703	9,157,021	0
Equity instruments	126,024	126,024	0	0	126,024	0
Available-for-sale	303,501,261	260,143,384	18,443,767	24,914,110	303,501,261	0
Debt instruments	271,786,710	249,104,071	18,212,040	4,470,599	271,786,710	0
Equity instruments	12,735,984	11,039,313	231,727	1,464,944	12,735,984	0
Investments in infrastructure funds	14,554,843	0	0	14,554,843	14,554,843	0
Investments in real-estate funds	4,423,724	0	0	4,423,724	4,423,724	0
Investments not measured at fair value	15,000,289	2,543,887	0	12,925,080	15,468,967	468,678
Held-to-maturity assets	2,816,979	2,543,887	0	741,770	3,285,657	468,678
Debt instruments	2,816,979	2,543,887	0	741,770	3,285,657	468,678
Loans and deposits	12,183,310	0	0	12,183,310	12,183,310	0
Loans granted	2,572,974	0	0	2,572,974	2,572,974	0
Deposits with cedants	9,610,337	0	0	9,610,337	9,610,337	0
Total investments	327,784,595	265,977,166	23,112,215	39,163,893	328,253,273	468,678

Sava Re		Fair value				
EUR						
31 December 2020	Carrying amount	Level 1	Level 2	Level 3	Total fair value	Difference between FV and CA
Investments measured at fair value	254,492,387	198,639,178	39,581,208	16,272,001	254,492,387	0
At FVTPL	7,652,268	728,133	5,219,383	1,704,752	7,652,268	0
Designated to this category	7,652,268	728,133	5,219,383	1,704,752	7,652,268	0
Debt instruments	7,001,226	728,133	4,568,341	1,704,752	7,001,226	0
Equity instruments	651,042	0	651,042	0	651,042	0
Available-for-sale	246,840,118	197,911,045	34,361,825	14,567,248	246,840,119	0
Debt instruments	221,847,584	194,694,521	27,153,063	0	221,847,584	0
Equity instruments	11,822,395	3,216,524	7,208,762	1,397,109	11,822,395	0
Investments in infrastructure funds	9,200,979	0	0	9,200,979	9,200,979	0
Investments in real-estate funds	3,969,161	0	0	3,969,161	3,969,161	0
Investments not measured at fair value	15,045,402	2,669,147	0	12,970,890	15,640,037	594,635
Held-to-maturity assets	2,816,598	2,669,147	0	742,086	3,411,233	594,635
Debt instruments	2,816,598	2,669,147	0	742,086	3,411,233	594,635
Loans and deposits	12,228,804	0	0	12,228,804	12,228,804	0
Loans granted	4,967,639	0	0	4,967,639	4,967,639	0
Deposits with cedants	7,261,165	0	0	7,261,165	7,261,165	0
Total investments	269,537,788	201,308,325	39,581,208	29,242,890	270,132,424	594,635

The fair value of the investment property of the Company as at 31 December 2021 stood at EUR 8,990,602 (2020: EUR 8,990,602), that of the Group at EUR 15,893,227 (2020: 17,426,655). The Company classifies investment property as level 3 assets.

Movement in investments, income and expenses measured at fair value – level 3

Sava Insurance Group	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in real-estate funds	
EUR	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Opening balance	1,773,017	18,912,998	1,911,070	2,253,110	27,436,469	20,159,022	14,340,307	4,000,000
Exchange differences	0	0	0	0	-2	-123	0	0
Additions	80,104	3,633,035	0	0	16,069,997	8,405,844	0	10,506,818
Impairment	0	-108,756	0	-320,600	0	0	0	0
Disposals	0	-500,000	0	0	-955,057	-376,861	0	0
Maturities	-417,985	-95,000	0	0	0	0	0	0
Revaluation to fair value	-31,952	-48,453	67,844	-21,440	1,981,559	-751,413	1,505,752	-166,511
Reclassification into other levels	0	-20,020,807	0	0	0	0	0	0
Reclassification into levels	6,032,892	0	0	0	0	0	0	0
Closing balance	7,436,076	1,773,017	1,978,914	1,911,070	44,532,966	27,436,469	15,846,059	14,340,307
Income	151,073	155,534	10,484	267,751	1,429,893	817,667	349,833	132,867
Expenses	-396	108,756	0	320,600	0	0	0	0
Unrealised gains/losses	-17,131	109,260	0	0	0	0	0	0

Sava Re	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in real-estate funds	
EUR	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Opening balance	1,704,752	1,815,529	1,397,109	1,739,134	9,200,979	6,951,308	3,969,161	1,000,000
Exchange differences	0	1	0	0	-1	-62	0	0
Additions	0	0	0	0	5,454,838	2,966,812	0	3,002,172
Impairment	0	-108,756	0	-320,600	0	0	0	0
Disposals	0	0	0	0	-955,057	-221,963	0	0
Maturities	-350,396	0	0	0	0	0	0	0
Revaluation to fair value	-29,653	-2,022	67,835	-21,425	854,084	-495,117	454,563	-33,011
Reclassification into levels	4,470,599	0	0	0	0	0	0	0
Closing balance	5,795,302	1,704,752	1,464,944	1,397,109	14,554,843	9,200,979	4,423,724	3,969,161
Income	142,363	155,534	10,484	85,951	506,705	252,754	100,588	34,925
Expenses	-396	108,756	0	320,600	0	0	0	0
Unrealised gains/losses	-17,131	109,260	0	0	0	0	0	0

Reclassification of assets and financial liabilities between levels

Sava Insurance Group EUR 31 December 2021	Level 1	Level 2
FVTPL	-57,495	57,495
Debt securities designated to this category reclassified from level 2 into level 1	-304,077	304,077
Equity securities designated to this category reclassified from level 2 into level 1	246,581	-246,581
Available-for-sale	27,634,818	-27,634,818
Debt instruments	17,757,961	-17,757,961
Reclassification from level 1 into level 2	-201,731	201,731
Reclassification from level 2 into level 1	17,959,693	-17,959,693
Equity instruments	9,876,857	-9,876,857
Reclassification from level 2 into level 1	9,876,857	-9,876,857
Total	27,577,323	-27,577,323

Sava Insurance Group EUR 31 December 2020	Level 1	Level 2	Level 3
FVTPL	-175,644	175,644	0
Designated to this category	-175,644	175,644	0
Debt instruments	-175,644	175,644	0
Reclassification from level 1 into level 2	-175,644	175,644	0
Available-for-sale	7,904,365	12,116,442	-20,020,807
Debt instruments	7,904,365	12,116,442	-20,020,807
Reclassification from level 1 into level 2	-3,044,603	3,044,603	0
Reclassification from level 2 into level 1	10,948,969	-10,948,969	0
Reclassification from level 3 into level 2	0	20,020,807	-20,020,807
Total	7,728,721	12,292,086	-20,020,807

Sava Re EUR 31 December 2021	Level 1	Level 2
FVTPL	126,024	-126,024
Designated to this category	126,024	-126,024
Equity instruments	126,024	-126,024
Reclassification from level 2 into level 1	126,024	-126,024
Available-for-sale	22,427,459	-22,427,459
Debt instruments	17,399,452	-17,399,452
Reclassification from level 2 into level 1	17,399,452	-17,399,452
Equity instruments	5,028,007	-5,028,007
Reclassification from level 2 into level 1	5,028,007	-5,028,007
Total	22,553,483	-22,553,483

Sava Re EUR 31 December 2020	Level 1	Level 2
Available-for-sale	3,297,985	-3,297,985
Debt instruments	3,297,985	-3,297,985
Reclassification from level 1 into level 2	-1,619,126	1,619,126
Reclassification from level 2 into level 1	4,917,111	-4,917,111
Total	3,297,985	-3,297,985

In 2021, the method of classifying financial assets into levels based on criteria for pricing in the principal market was updated. 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. The definition of an active market has also been updated: for quoted investments, a market is regarded as active if the investment is traded for at least half of the trading days.

As at 31 December 2021, a large proportion of the debt securities portfolio is valued at the CBBT bid price, which represents the unadjusted quoted price and thus meets the criteria for a tier 1 classification. Mutual funds and listed equity securities that meet the criteria of an active market, as well as debt securities valued at BVAL bid prices that meet the relevant price quality criteria, are also classified into this level.

As at 31 December 2021, level 1 investments represented 78.1% (31 December 2020: 74.6%) of financial investments measured at fair value.

In 2021, the proportion of OTC market assets measured using closing CBBT bid prices increased compared to year-end 2020. As at 31 December 2021, level 1 investments represented 84.28% (31 December 2020: 77.8%) of financial investments measured at fair value.

Debt securities for which no CBBT bid price exists at the classification date, but a BVAL bid price of lower quality is available, are classified into Level 2. We classify into the same Level investments valued based on an internal model that uses directly and indirectly observable market inputs, such as the risk-free interest rate curve, yield of similar financial instruments, and credit and liquidity risk premiums. Equity securities valued using stock exchange prices that meet the criteria for a non-functioning market are also classified into this Level.

The Company classifies into Level 3 unquoted shares valued at cost, loans granted valued at amortised cost and investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds, private equity funds and such like. There are no market prices available for such investments; therefore, valuation based on available market data is not possible.

The Sava Insurance Group classifies as level-3 investments its investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds, private equity funds and similar. Alternative funds are valued by fund managers in the form of fund unit values or as the value of invested assets, being the best approximation of fair value. Assets are valued based on material non-public information on assets invested in funds. The Company has only limited access to input data as used by fund managers, which is why the Group does not carry out own valuations nor is it possible for the Group to run sensitivity analyses.

In order to value fund assets, managers of such funds generally use methods that comply with International Private Equity and Venture Capital Valuation standards, such as discounting of cash flows and the multiples method.

Valuation techniques for all items described above are defined in accounting policies. The method for investment property is described in section 17.4.12 “Investment property”, for financial investments in subsidiaries and associates in section 17.4.13 “Financial investments in subsidiaries and associates”, and for financial investments in section 17.4.14 “Financial investments and assets held for the benefit of policyholders who bear the investment risk”.

17.8 Notes to the financial statements – income statement

30) Net premiums earned

Net premiums earned

Sava Insurance Group						
EUR						
2021	Gross premiums written	Premiums written for assumed co-insurance	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	35,709,624	27,425	-301,692	-266,037	13,521	35,182,841
Health	10,798,019	96,768	-822,531	-1,056,811	-139,868	8,875,577
Land motor vehicles	135,424,115	574	-2,386,112	-4,308,575	183,709	128,913,711
Railway rolling stock	332,071	0	0	-25,996	0	306,075
Aircraft hull	701,003	0	-216,948	-36,274	-2,694	445,087
Ships hull	5,804,322	421,936	-857,137	2,481,580	-1,404,768	6,445,933
Goods in transit	5,953,089	702,980	-455,025	84,688	49,729	6,335,461
Fire and natural forces	118,041,887	1,138,387	-21,785,202	-629,133	440,963	97,206,902
Other damage to property	53,344,975	1,513,775	-8,473,915	1,115,392	291,361	47,791,588
Motor vehicle liability	127,700,576	0	-5,442,483	1,524,481	-307,547	123,475,027
Aircraft liability	328,817	17,589	-231,023	5,604	3,187	124,174
Liability for ships	681,110	0	-18,148	-7,930	993	656,025
General liability	23,426,473	319,980	-2,609,379	3,573,482	189,158	24,899,714
Credit	1,059,174	0	-14,301	1,420,609	-17,415	2,448,067
Suretyship	302,307	0	-19	88,175	0	390,463
Miscellaneous financial loss	2,484,600	143,828	-979,322	550,039	-1,485	2,197,660
Legal expenses	719,522	6,785	-610,052	13,268	-5,419	124,104
Assistance	19,449,450	0	-121,513	-1,015,466	16,228	18,328,699
Life	65,924,848	0	-711,095	-98,236	56,463	65,171,980
Unit-linked life	117,322,240	158	-80,056	13,014	-127	117,255,229
Total non-life	542,261,134	4,390,027	-45,324,802	3,511,096	-690,347	504,147,108
Total life	183,247,088	158	-791,151	-85,222	56,336	182,427,209
Total	725,508,223	4,390,185	-46,115,953	3,425,874	-634,012	686,574,317

Sava Insurance Group						
EUR						
2020	Gross premiums written	Premiums written for assumed co-insurance	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	33,235,012	3,045	-208,828	312,548	-3,078	33,338,699
Health	8,617,436	718	-598,212	-6,545	-5,491	8,007,906
Land motor vehicles	127,038,900	877	-2,080,745	-1,308,715	117,093	123,767,410
Railway rolling stock	211,320	0	-110	43,341	-289	254,262
Aircraft hull	536,945	0	-195,162	-14,722	3,307	330,368
Ships hull	6,452,906	7,171,215	-5,448,395	108,014	-266,814	8,016,926
Goods in transit	5,269,131	541,903	-318,420	533,648	45,436	6,071,698
Fire and natural forces	111,484,675	1,018,873	-18,070,229	-3,232,689	630,619	91,831,249
Other damage to property	54,423,785	421,815	-6,985,576	-3,969,365	425,496	44,316,155
Motor vehicle liability	133,985,568	0	-924,031	4,873,388	-2,416,471	135,518,454
Aircraft liability	337,312	0	-212,450	-40,641	23,042	107,263
Liability for ships	667,686	0	-16,818	-5,404	-7,554	637,910
General liability	30,749,015	317,302	-3,360,769	-2,130,937	215,175	25,789,786
Credit	1,342,728	0	-158,798	2,571,829	17,405	3,773,164
Suretyship	547,347	0	-84,926	4,488	1	466,910
Miscellaneous financial loss	3,990,337	77,636	-1,082,536	-163,935	68,777	2,890,279
Legal expenses	754,687	7,146	-626,791	10,201	-5,189	140,054
Assistance	16,732,851	0	-50,961	119,464	-3,544	16,797,810
Life	57,734,030	0	-521,379	77,745	42,030	57,332,426
Unit-linked life	76,076,927	177	-105,764	1,576	-77	75,972,839
Total non-life	536,377,641	9,560,530	-40,423,757	-2,296,032	-1,162,079	502,056,303
Total life	133,810,957	177	-627,143	79,321	41,953	133,305,265
Total	670,188,598	9,560,707	-41,050,900	-2,216,711	-1,120,126	635,361,568

Sava Re EUR 2021	Gross premiums written	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	5,980,868	-39,237	3,503	925	5,946,059
Health	22,378	0	-66	0	22,311
Land motor vehicles	23,762,397	-812,717	-914,026	6,823	22,042,477
Railway rolling stock	252,822	0	-20,813	0	232,009
Aircraft hull	367,241	-925	-37,886	0	328,430
Ships hull	5,912,171	-855,705	2,181,865	-1,404,767	5,833,563
Goods in transit	4,579,050	-194,787	91,649	-3,941	4,471,970
Fire and natural forces	93,483,332	-19,217,991	-892,553	455,792	73,828,580
Other damage to property	26,349,830	-6,313,105	743,937	578,584	21,359,246
Motor vehicle liability	17,354,493	-1,372,589	477,386	-303,322	16,155,967
Aircraft liability	80,709	-1,164	54,751	-45,971	88,325
Liability for ships	471,681	-18,148	1,132	993	455,657
General liability	8,442,839	-1,469,748	2,455,494	163,212	9,591,797
Credit	749,498	0	248,010	0	997,509
Suretyship	228,722	0	78,251	0	306,972
Miscellaneous financial loss	936,827	-763,218	238,368	24,500	436,476
Legal expenses	9,301	0	-300	0	9,001
Assistance	43,673	-10,595	-630	6,993	39,441
Life	945,978	-383,196	-71,413	57,087	548,455
Unit-linked life	77,914	-34,994	-583	0	42,337
Total non-life	189,027,832	-31,069,928	4,708,071	-520,180	162,145,795
Total life	1,023,892	-418,190	-71,996	57,087	590,792
Total	190,051,724	-31,488,119	4,636,075	-463,093	162,736,587

Sava Re EUR 2020	Gross premiums written	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	5,764,658	-38,265	822	-3,353	5,723,863
Health	315,856	0	-1,146	0	314,710
Land motor vehicles	20,525,041	-776,487	-389,634	14,629	19,373,549
Railway rolling stock	194,000	-110	27,863	-289	221,464
Aircraft hull	178,814	-2,204	1,612	-70	178,152
Ships hull	12,315,957	-5,447,360	103,423	-266,814	6,705,206
Goods in transit	4,376,069	-219,588	294,349	11,976	4,462,806
Fire and natural forces	86,764,814	-15,340,679	-2,463,888	558,845	69,519,092
Other damage to property	26,684,911	-4,387,780	-1,841,367	216,061	20,671,825
Motor vehicle liability	16,202,151	-311,694	2,878,291	-2,422,642	16,346,107
Aircraft liability	205,625	-97,076	-40,612	24,292	92,229
Liability for ships	465,542	-16,818	126	-7,554	441,295
General liability	13,671,456	-2,100,952	-1,547,374	154,462	10,177,591
Credit	555,574	0	318,772	0	874,345
Suretyship	303,322	0	6,013	0	309,335
Miscellaneous financial loss	2,246,894	-730,340	-150,546	34,497	1,400,506
Legal expenses	8,591	0	75	0	8,666
Assistance	14,654	0	-1,146	0	13,508
Life	788,501	-298,219	-17,683	42,378	514,976
Unit-linked life	100,823	-50,236	-1,002	-17	49,568
Total non-life	190,793,930	-29,469,353	-2,804,367	-1,685,961	156,834,250
Total life	889,323	-348,456	-18,685	42,362	564,544
Total	191,683,253	-29,817,808	-2,823,052	-1,643,599	157,398,793

31) Income and expenses relating to investments in subsidiaries and associates

In 2021, the Group generated income from profit distributions of associates of EUR 772,886 (2020: EUR 142,088). No impairment losses on goodwill were recognised in 2021 (2020: EUR 2.1 million).

In 2021, the Company recognised EUR 50.4 million (2020: EUR 2.6 million) of dividend income and profit distributions. No expenses were recognised from impairment losses on shares or equity interests in the Group in 2021 (2020: EUR 2.6 million).

32) Investment income and expenses

Investment income by IFRS categories

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Investment income	40,670,647	31,835,154	15,756,089	10,300,165
- Of which exchange gains	11,029,108	5,385,951	9,560,306	4,236,143
- Netting of exchange differences	-6,613,377	-5,385,951	-5,853,841	-4,236,143
Investment income after netting	34,057,270	26,449,203	9,902,249	6,064,021
Investment expenses	12,323,463	18,508,232	9,093,642	13,037,946
- Of which exchange losses	6,613,377	10,180,156	5,853,841	8,867,873
- Netting of exchange differences	-6,613,377	-5,385,951	-5,853,841	-4,236,143
Investment expenses after netting	5,710,086	13,122,281	3,239,801	8,801,803

EUR	Sava Insurance Group	
	2021	2020
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	87,404,487	58,378,999
- Netting of unrealised gains and losses	-18,685,384	-35,335,474
Net unrealised gains on investments of life insurance policyholders who bear the investment risk after netting	68,719,103	23,043,525
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	18,685,384	35,335,474
- Netting of unrealised gains and losses	-18,685,384	-35,335,474
Net unrealised losses on investments of life insurance policyholders who bear the investment risk after netting	0	0

Sava Insurance Group EUR 2021	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Exchange gains	Other income	Total	Net unrealised gains on investments of life insurance policyholders who bear the investment risk
Held to maturity	1,474,192	0	0	0	13,061	0	1,487,253	122,935
Debt instruments	1,474,192	0	0	0	13,061	0	1,487,253	122,935
At FVTPL	820,970	1,304,909	0	40,803	7,624	1,209	2,175,515	86,701,636
Designated to this category	820,970	1,304,909	0	40,803	7,624	1,209	2,175,515	86,701,636
Debt instruments	820,970	895,091	0	0	7,624	1,202	1,724,887	97,167
Equity instruments	0	409,818	0	40,803	0	7	450,628	86,604,469
Available-for-sale	14,083,029	0	7,783,807	1,806,799	8,335,560	1,860,777	33,869,972	575,754
Debt instruments	14,083,029	0	1,129,392	0	8,335,560	89,894	23,637,875	574,902
Equity instruments	0	0	6,654,415	1,783,670	0	14,286	8,452,371	852
Investments in infrastructure funds	0	0	0	0	0	1,429,893	1,429,893	0
Investments in real-estate funds	0	0	0	23,129	0	326,704	349,833	0
Loans and receivables	440,487	0	0	0	2,672,863	486	3,113,836	4,162
Debt instruments	423,132	0	0	0	3,774	486	427,392	4,162
Other investments	17,355	0	0	0	2,669,089	0	2,686,444	0
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	24,071	0	0	0	0	0	24,071	0
Total	16,842,749	1,304,909	7,783,807	1,847,602	11,029,108	1,862,472	40,670,647	87,404,487

Detailed presentation of net unrealised gains on investments of life insurance policyholders who bear the investment risk as at 31 December 2021

EUR	31 December 2021
Interest income	544,847
Change in fair value of FVTPL assets	86,243,291
Gains on disposal of FVTPL assets	275,503
Gains on disposal of other IFRS asset categories	203,036
Income from dividends and profit distributions – other investments	4,914
Exchange gains	132,896
Total	87,404,487

Sava Insurance Group EUR 2020	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Exchange gains	Other income	Total	Net unrealised gains on investments of life insurance policyholders who bear the investment risk*
Held to maturity	1,369,840	0	36,453	0	41,480	180,226	1,627,999	176,520
Debt instruments	1,369,840	0	36,453	0	41,480	180,226	1,627,999	176,520
At FVTPL	873,196	2,538,803	0	35,467	23,765	53,196	3,524,427	57,670,330
Designated to this category	873,196	2,538,803	0	35,467	23,765	53,196	3,524,427	57,670,330
Debt instruments	873,196	2,203,809	0	0	23,765	44	3,100,814	203,512
Equity instruments	0	334,994	0	35,467	0	14,117	384,578	57,466,818
Other investments	0	0	0	0	0	39,035	39,035	0
Available-for-sale	13,413,096	0	4,870,520	1,138,121	5,277,105	1,443,652	26,142,494	524,027
Debt instruments	13,413,096	0	3,479,098	0	5,275,770	21,074	22,189,038	501,151
Equity instruments	0	0	1,391,422	1,138,121	1,335	408,606	2,939,484	22,876
Investments in infrastructure funds	0	0	0	0	0	881,105	881,105	0
Investments in real-estate funds	0	0	0	0	0	132,867	132,867	0
Loans and receivables	471,680	0	0	0	43,601	1,327	516,608	8,122
Debt instruments	455,183	0	0	0	9,836	1,327	466,346	8,122
Other investments	16,497	0	0	0	33,765	0	50,262	0
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	23,626	0	0	0	0	0	23,626	0
Total	16,151,438	2,538,803	4,906,973	1,173,588	5,385,951	1,678,401	31,835,154	58,378,999

Detailed presentation of net unrealised gains on investments of life insurance policyholders who bear the investment risk as at 31 December 2020

EUR	31 December 2020
Interest income	642,252
Change in fair value of FVTPL assets	57,532,394
Gains on disposal of FVTPL assets	17,552
Gains on disposal of other IFRS asset categories	109,059
Exchange gains	77,742
Total	58,378,999

Sava Re EUR 2021	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Exchange gains	Other income	Total
Held to maturity	144,881	0	0	0	0	0	144,881
Debt instruments	144,881	0	0	0	0	0	144,881
At FVTPL	300,227	482,779	0	35,615	0	0	818,622
Designated to this category	300,227	482,779	0	35,615	0	0	818,622
Debt instruments	300,227	292,179	0	0	0	0	592,406
Equity instruments	0	190,600	0	35,615	0	0	226,215
Available-for-sale	1,994,241	0	1,927,703	482,983	7,305,907	696,975	12,407,808
Debt instruments	1,994,241	0	362,170	0	7,305,907	89,683	9,752,000
Equity instruments	0	0	1,565,533	482,983	0	0	2,048,516
Investments in infrastructure funds	0	0	0	0	0	506,705	506,705
Investments in real-estate funds	0	0	0	0	0	100,588	100,588
Loans and receivables	106,308	0	0	0	2,254,400	0	2,360,707
Debt instruments	106,306	0	0	0	0	0	106,306
Other investments	2	0	0	0	2,254,400	0	2,254,402
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	24,071	0	0	0	0	0	24,071
Total	2,569,728	482,779	1,927,703	518,598	9,560,306	696,975	15,756,089

Sava Re EUR 2020	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Exchange gains	Other income	Total
Held to maturity	101,228	0	0	0	0	0	101,228
Debt instruments	101,228	0	0	0	0	0	101,228
At FVTPL	343,308	1,029,035	0	30,273	0	0	1,402,616
Designated to this category	343,308	1,029,035	0	30,273	0	0	1,402,616
Debt instruments	343,308	749,814	0	0	0	0	1,093,122
Equity instruments	0	279,222	0	30,273	0	0	309,494
Available-for-sale	2,444,846	0	1,053,834	203,309	4,236,143	700,563	8,638,695
Debt instruments	2,444,846	0	1,055,169	0	4,234,808	2,028	7,736,851
Equity instruments	0	0	-1,335	203,309	1,335	387,995	591,304
Investments in infrastructure funds	0	0	0	0	0	275,615	275,615
Investments in real-estate funds	0	0	0	0	0	34,925	34,925
Loans and receivables	134,000	0	0	0	0	0	134,000
Debt instruments	132,959	0	0	0	0	0	132,959
Other investments	1,042	0	0	0	0	0	1,042
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	23,626	0	0	0	0	0	23,626
Total	3,047,007	1,029,035	1,053,834	233,582	4,236,143	700,563	10,300,165

Investment expenses by IFRS categories

Sava Insurance Group								
EUR	Interest	Change in fair	Losses on	Impairment				Net unrealised losses on
2021	expenses	value and losses on	disposal of other	losses on	Exchange losses	Other	Total	investments of life insurance
		disposal of FVTPL	IFRS asset	investments				policyholders who bear the
		assets	categories					investment risk
Held to maturity	0	0	0	0	16,024	873,817	889,841	0
Debt instruments	0	0	0	0	16,024	873,817	889,841	0
At FVTPL	0	918,280	0	0	9,373	123,077	1,050,730	18,663,405
Designated to this category	0	918,280	0	0	9,373	123,077	1,050,730	18,663,405
Debt instruments	0	837,059	0	0	9,373	889	847,321	32,405
Equity instruments	0	81,221	0	0	0	1,306	82,527	18,631,000
Other investments	0	0	0	0	0	120,882	120,882	0
Available-for-sale	0	0	326,305	161,960	4,408,229	172,397	5,068,891	13,002
Debt instruments	0	0	54,757	0	4,407,982	37,895	4,500,634	6,159
Equity instruments	0	0	271,548	161,960	247	134,502	568,257	6,843
Loans and receivables	257,886	0	0	0	2,179,751	5,314	2,442,951	8,977
Debt instruments	78,183	0	0	0	2,651	5,314	86,148	8,977
Other investments	179,703	0	0	0	2,177,100	0	2,356,803	0
Subordinated liabilities	2,871,050	0	0	0	0	0	2,871,050	0
Total	3,128,936	918,280	326,305	161,960	6,613,377	1,174,605	12,323,463	18,685,384

Detailed presentation of net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk as at 31 December 2021

EUR	31 December 2021
Interest expenses	8,977
Change in fair value of FVTPL assets	18,571,908
Losses on disposals of FVTPL assets	42,544
Losses on disposal of other IFRS asset categories	8,271
Impairment losses on investments	4,731
Exchange losses	48,850
Other	102
Total	18,685,384

Sava Insurance Group EUR 2020	Interest expenses	Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Impairment losses on investments	Exchange losses	Other	Total	Net unrealised losses on investments of life insurance policyholders who bear the investment risk
Held to maturity	0	0	0	0	27,487	170,539	198,026	0
Debt instruments	0	0	0	0	27,487	170,539	198,026	0
At FVTPL	0	2,300,187	0	0	18,061	70,708	2,388,956	35,323,367
Designated to this category	0	2,300,187	0	0	18,061	70,708	2,388,956	35,323,367
Debt instruments	0	1,998,307	0	0	18,061	64,809	2,081,177	147,014
Equity instruments	0	301,880	0	0	0	0	301,880	35,176,353
Other investments	0	0	0	0	0	5,899	5,899	0
Available-for-sale	0	0	1,439,986	1,099,795	10,029,918	88,807	12,658,506	2,603
Debt instruments	0	0	22,861	108,756	10,029,794	30,079	10,191,490	0
Equity instruments	0	0	1,417,286	991,039	0	58,243	2,466,568	2,603
Investments in infrastructure funds	0	0	-161	0	124	485	448	0
Loans and receivables	281,191	0	0	0	104,690	5,457	391,338	9,504
Debt instruments	76,107	0	0	0	11,039	5,457	92,603	9,504
Other investments	205,084	0	0	0	93,651	0	298,735	0
Subordinated liabilities	2,871,406	0	0	0	0	0	2,871,406	0
Total	3,152,597	2,300,187	1,439,986	1,099,795	10,180,156	335,511	18,508,232	35,335,474

Detailed presentation of net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk as at 31 December 2020

EUR	31 December 2020
Interest expenses	9,504
Change in fair value of FVTPL assets	35,143,953
Losses on disposals of FVTPL assets	1,017
Exchange losses	154,710
Other	26,291
Total	35,335,474

Sava Re EUR 2021	Interest expenses	Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Exchange losses	Other	Total
At FVTPL	0	311,243	0	0	1,306	312,549
Designated to this category	0	311,243	0	0	1,306	312,549
Debt instruments	0	270,529	0	0	0	270,529
Equity instruments	0	40,713	0	0	1,306	42,020
Available-for-sale	0	0	28,537	3,856,876	0	3,885,413
Debt instruments	0	0	28,537	3,856,876	0	3,885,413
Loans and receivables	27,665	0	0	1,996,965	0	2,024,630
Debt instruments	27,561	0	0	0	0	27,561
Other investments	104	0	0	1,996,965	0	1,997,069
Subordinated liabilities	2,871,050	0	0	0	0	2,871,050
Total	2,898,715	311,243	28,537	5,853,841	1,306	9,093,642

Sava Re EUR 2020	Interest expenses	Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Impairment losses on investments	Exchange losses	Other	Total
At FVTPL	0	772,645	0	0	0	40,444	813,089
Designated to this category	0	772,645	0	0	0	40,444	813,089
Debt instruments	0	623,062	0	0	0	40,444	663,506
Equity instruments	0	149,583	0	0	0	0	149,583
Available-for-sale	0	0	7,044	429,356	8,867,873	24,645	9,328,919
Debt instruments	0	0	3,054	108,756	8,867,812	24,160	9,003,782
Equity instruments	0	0	4,068	320,600	0	0	324,668
Investments in infrastructure funds	0	0	-78	0	62	485	468
Loans and receivables	24,532	0	0	0	0	0	24,532
Debt instruments	24,407	0	0	0	0	0	24,407
Other investments	126	0	0	0	0	0	126
Subordinated liabilities	2,871,406	0	0	0	0	0	2,871,406
Total	2,895,938	772,645	7,044	429,356	8,867,873	65,089	13,037,946

Net investment income

Sava Insurance Group EUR 2021	Interest income/ expenses	Change in fair value and gains/losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Impairment losses on investments	Foreign exchange gains/losses	Other income/ expenses	Total	Net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk
Held to maturity	1,474,192	0	0	0	0	-2,963	-873,817	597,412	122,935
Debt instruments	1,474,192	0	0	0	0	-2,963	-873,817	597,412	122,935
At FVTPL	820,970	386,629	0	40,803	0	-1,749	-121,868	1,124,785	68,038,231
Designated to this category	820,970	386,629	0	40,803	0	-1,749	-121,868	1,124,785	68,038,231
Debt instruments	820,970	58,032	0	0	0	-1,749	313	877,566	64,762
Equity instruments	0	328,597	0	40,803	0	0	-1,299	368,101	67,973,469
Other investments	0	0	0	0	0	0	-120,882	-120,882	0
Available-for-sale	14,083,029	0	7,457,502	1,806,799	-161,960	3,927,331	1,688,380	28,801,081	562,752
Debt instruments	14,083,029	0	1,074,635	0	0	3,927,578	51,999	19,137,241	568,743
Equity instruments	0	0	6,382,867	1,783,670	-161,960	-247	-120,216	7,884,114	-5,991
Investments in infrastructure funds	0	0	0	0	0	0	1,429,893	1,429,893	0
Investments in real-estate funds	0	0	0	23,129	0	0	326,704	349,833	0
Loans and receivables	182,601	0	0	0	0	493,112	-4,828	670,885	-4,815
Debt instruments	344,949	0	0	0	0	1,123	-4,828	341,244	-4,815
Other investments	-162,348	0	0	0	0	491,989	0	329,641	0
Deposits with cedants	24,071	0	0	0	0	0	0	24,071	0
Subordinated liabilities	-2,871,050	0	0	0	0	0	0	-2,871,050	0
Total	13,713,813	386,629	7,457,502	1,847,602	-161,960	4,415,731	687,867	28,347,184	68,719,103

Detailed presentation of net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk as at 31 December 2021

EUR	31 December 2021
Interest income/expenses	535,870
Change in fair value at disposal of FVTPL assets	67,671,383
Gains/losses on disposal of FVTPL assets	232,958
Gains/losses on disposal of other IFRS asset categories	194,765
Dividend income	4,914
Impairment losses on investments	-4,731
FX gains/losses	84,045
Other investment income/expenses	-102
Total	68,719,103

Sava Insurance Group EUR 2020	Interest income/ expenses	Change in fair value and gains/losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Impairment losses on investments	Foreign exchange gains/losses	Other income/ expenses	Total	Net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk
Held to maturity	1,369,840	0	36,453	0	0	13,993	9,687	1,429,973	176,520
Debt instruments	1,369,840	0	36,453	0	0	13,993	9,687	1,429,973	176,520
At FVTPL	873,196	238,616	0	35,467	0	5,704	-17,512	1,135,471	22,346,963
Designated to this category	873,196	238,616	0	35,467	0	5,704	-17,512	1,135,471	22,346,963
Debt instruments	873,196	205,502	0	0	0	5,704	-64,765	1,019,637	56,498
Equity instruments	0	33,114	0	35,467	0	0	14,117	82,698	22,290,465
Other investments	0	0	0	0	0	0	33,136	33,136	0
Available-for-sale	13,413,096	0	3,430,534	1,138,121	-1,099,795	-4,752,813	1,354,845	13,483,988	521,424
Debt instruments	13,413,096	0	3,456,237	0	-108,756	-4,754,024	-9,005	11,997,548	501,151
Equity instruments	0	0	-25,864	1,138,121	-991,039	1,335	350,363	472,916	20,273
Investments in infrastructure funds	0	0	161	0	0	-124	880,620	880,657	0
Investments in real-estate funds	0	0	0	0	0	0	132,867	132,867	0
Loans and receivables	190,620	0	0	0	0	-61,089	-4,130	125,270	-1,382
Debt instruments	379,076	0	0	0	0	-1,203	-4,130	373,743	-1,382
Other investments	-188,456	0	0	0	0	-59,886	0	-248,473	0
Deposits with cedants	23,626	0	0	0	0	0	0	23,626	0
Subordinated liabilities	-2,871,406	0	0	0	0	0	0	-2,871,406	0
Total	12,998,841	238,616	3,466,987	1,173,588	-1,099,795	-4,794,205	1,342,890	13,326,922	23,043,525

Detailed presentation of net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk as at 31 December 2020

EUR	31 December 2020
Interest income/expenses	632,748
Change in fair value at disposal of FVTPL assets	22,388,441
Gains/losses on disposal of FVTPL assets	16,534
Gains/losses on disposal of other IFRS asset categories	109,059
FX gains/losses	-76,967
Other investment income/expenses	-26,290
Total	23,043,525

Net unrealised gains and losses on investments of life policyholders that bear investment risk include all gains and losses on financial instruments that are shown in the balance sheet as assets of policyholders who bear investment risk. These assets include:

- the investments of policyholders relating to the liabilities of unit-linked life business where policyholders fully bear the full investment risk. This part of the investment portfolio is invested in mutual funds selected by policyholders (matching of assets and liabilities). Here the mathematical provisions are also revalued in line with the revaluation of the mutual fund investments based on market rates, while these income and expenses having no impact on the profit or loss. In 2021, the Group had a net investment income of EUR 67.7 million from the change in fair value of investments in mutual funds selected by policyholders classified in the FVTPL category (31 December 2020: EUR 22.4 million);
- investments supporting the liabilities of unit-linked life business for which the insurer provides guaranteed unit values. Income and expenses from these types of investments are treated as other non-life and life insurance investments. Interest income accounts for the largest share of the net investment income of these investments (31 December 2021: EUR 0.5 million; 31 December 2020: EUR 0.6 million) and gains on sales (31 December 2021: EUR 0.4 million; 31 December 2020: EUR 0.1 million).

Sava Re								
2021	Interest income/ expenses	Change in fair value and gains/ losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Impairment losses on investments	Foreign exchange gains/losses	Other income/ expenses	Total
EUR								
Held to maturity	144,881	0	0	0	0	0	0	144,881
Debt instruments	144,881	0	0	0	0	0	0	144,881
At FVTPL	300,227	171,537	0	35,615	0	0	-1,306	506,073
Designated to this category	300,227	171,537	0	35,615	0	0	-1,306	506,073
Debt instruments	300,227	21,650	0	0	0	0	0	321,877
Equity instruments	0	149,887	0	35,615	0	0	-1,306	184,196
Available-for-sale	1,994,241	0	1,899,166	482,983	0	3,449,031	696,975	8,522,396
Debt instruments	1,994,241	0	333,633	0	0	3,449,031	89,683	5,866,587
Equity instruments	0	0	1,565,533	482,983	0	0	0	2,048,516
Investments in infrastructure funds	0	0	0	0	0	0	506,705	506,705
Investments in real-estate funds	0	0	0	0	0	0	100,588	100,588
Loans and receivables	78,643	0	0	0	0	257,435	0	336,077
Debt instruments	78,745	0	0	0	0	0	0	78,745
Other investments	-102	0	0	0	0	257,435	0	257,332
Deposits with cedants	24,071	0	0	0	0	0	0	24,071
Subordinated liabilities	-2,871,050	0	0	0	0	0	0	-2,871,050
Total	-328,987	171,537	1,899,166	518,598	0	3,706,465	695,669	6,662,448

Sava Re								
2020		Change in fair value and gains/losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Impairment losses on investments	Foreign exchange gains/losses	Other income/expenses	Total
EUR	Interest income/expenses							
Held to maturity	101,228	0	0	0	0	0	0	101,228
Debt instruments	101,228	0	0	0	0	0	0	101,228
At FVTPL	343,308	256,391	0	30,273	0	0	-40,444	589,527
Designated to this category	343,308	256,391	0	30,273	0	0	-40,444	589,527
Debt instruments	343,308	126,752	0	0	0	0	-40,444	429,616
Equity instruments	0	129,639	0	30,273	0	0	0	159,911
Available-for-sale	2,444,846	0	1,046,789	203,309	-429,356	-4,631,730	675,918	-690,224
Debt instruments	2,444,846	0	1,052,115	0	-108,756	-4,633,003	-22,132	-1,266,931
Equity instruments	0	0	-5,404	203,309	-320,600	1,335	387,995	266,636
Investments in infrastructure funds	0	0	78	0	0	-62	275,130	275,146
Investments in real-estate funds	0	0	0	0	0	0	34,925	34,925
Loans and receivables	109,468	0	0	0	0	0	0	109,468
Debt instruments	108,552	0	0	0	0	0	0	108,552
Other investments	916	0	0	0	0	0	0	916
Deposits with cedants	23,626	0	0	0	0	0	0	23,626
Subordinated liabilities	-2,871,406	0	0	0	0	0	0	-2,871,406
Total	151,069	256,391	1,046,789	233,582	-429,356	-4,631,730	635,474	-2,737,782

Net investment income of the Group totalled EUR 28.3 million in 2021 (2020: EUR 13.3 million). The year-on-year increase is mainly due to higher net exchange gains, dividend income on financial investments and gains on the disposal of securities of other IFRS asset categories. Net exchange gains in 2021 totalled EUR 4.4 million (2020: net exchange losses of EUR 4.8 million).

Net investment income of the Company totalled EUR 6.6 million in 2021 (2020: EUR -2.7 million). The year-on-year increase is mainly due to higher net exchange gains, gains on the disposal of securities of other IFRS asset categories and income from alternative investments. Net exchange gains in 2021 totalled EUR 3.7 million (2020: net exchange losses were EUR 4.6 million).

Investment income and expenses by source of funds

The Group records investment income and expenses separately by source of funds, i.e. separately for own fund assets, non-life insurance register assets and life insurance register assets. Own fund investments support the Group's shareholder funds; non-life insurance register assets support technical provisions relating to non-life business, whereas life insurance register assets support technical provisions relating to life insurance business.

Investment income – non-life insurance business

EUR	Sava Insurance Group		Sava Re	
	Liability fund	Liability fund	Liability fund	Liability fund
	2021	2020	2021	2020
Interest income	5,855,949	6,790,351	2,372,965	2,709,732
Change in fair value and gains on disposal of FVTPL assets	782,831	1,606,407	477,109	911,169
Gains on disposal of other IFRS asset categories	1,132,538	2,110,493	841,172	1,024,889
Income from dividends and profit distributions – other investments	572,336	334,265	389,128	221,983
Exchange gains	10,787,708	4,882,097	9,558,741	4,231,359
Other income	1,849,291	1,018,052	696,975	312,505
Total investment income – liability fund	20,980,653	16,741,665	14,336,090	9,411,637
	Capital fund	Capital fund	Capital fund	Capital fund
	2021	2020	2021	2020
Interest income	176,397	349,657	196,763	337,276
Change in fair value and gains on disposal of FVTPL assets	55,510	117,867	5,670	117,867
Gains on disposal of other IFRS asset categories	1,094,072	508,344	1,086,531	28,945
Income from dividends and profit distributions – other investments	129,470	11,598	129,470	11,598
Exchange gains	1,590	9,052	1,566	4,784
Other income	486	402,163	0	388,058
Total investment income – capital fund	1,457,525	1,398,681	1,420,000	888,528
Total investment income – non-life business	22,438,178	18,140,346	15,756,090	10,300,165

Investment income – life insurance business

EUR	Sava Insurance Group	
	Long-term business fund	Long-term business fund
	2021	2020
Interest income	10,027,592	8,128,820
Change in fair value and gains on disposal of FVTPL assets	306,125	725,992
Gains on disposal of other IFRS asset categories	5,495,694	2,231,453
Income from dividends and profit distributions – other investments	1,145,240	827,083
Exchange gains	216,370	478,575
Other income	2,939	218,131
Total investment income – liability fund	17,193,960	12,610,054
	Capital fund	Capital fund
	2021	2020
Interest income	782,811	882,610
Change in fair value and gains on disposal of FVTPL assets	160,443	88,537
Gains on disposal of other IFRS asset categories	61,503	56,683
Income from dividends and profit distributions – other investments	556	642
Exchange gains	23,440	16,227
Other income	9,756	40,055
Total investment income – capital fund	1,038,509	1,084,754
Total investment income – life business	18,232,469	13,694,808

Expenses for financial assets and liabilities – non-life business

EUR	Sava Insurance Group		Sava Re	
	Liability fund 2021	Liability fund 2020	Liability fund 2021	Liability fund 2020
Interest expenses	174,839	228,763	13,516	13,844
Change in fair value and losses on disposal of FVTPL assets	515,694	1,440,750	264,656	764,038
Losses on disposal of other IFRS asset categories	62,475	1,754	28,537	1,605
Impairment losses on investments	13,246	503,284	0	429,356
Exchange losses	6,360,238	9,787,527	5,853,002	8,862,624
Other	12,618	56,563	1,306	24,645
Total investment expenses – liability fund	7,139,110	12,018,641	6,161,017	10,096,112
EUR	Capital fund 2021	Capital fund 2020	Capital fund 2021	Capital fund 2020
Interest expenses	2,944,574	2,902,519	2,885,199	2,882,095
Change in fair value and losses on disposal of FVTPL assets	103,567	21,517	46,588	8,607
Losses on disposal of other IFRS asset categories	2,866	5,439	0	5,439
Impairment losses on investments	0	0	0	0
Exchange losses	860	5,250	839	5,249
Other	0	40,444	0	40,444
Total investment expenses – capital fund	3,051,867	2,975,169	2,932,626	2,941,835
Total investment expenses – non-life business	10,190,977	14,993,810	9,093,643	13,037,946

Expenses for financial assets and liabilities – life business

EUR	Sava Insurance Group	
	Long-term business fund 2021	Long-term business fund 2020
Interest expenses	1,249	4,292
Change in fair value and losses on disposal of FVTPL assets	240,175	708,565
Losses on disposal of other IFRS asset categories	256,761	1,413,218
Impairment losses on investments	135,430	513,044
Exchange losses	224,810	382,562
Other	1,039,449	231,953
Total investment expenses – liability fund	1,897,874	3,253,634
EUR	Capital fund 2021	Capital fund 2020
Interest expenses	8,274	17,023
Change in fair value and losses on disposal of FVTPL assets	58,844	129,355
Losses on disposal of other IFRS asset categories	4,203	19,575
Impairment losses on investments	13,284	83,467
Exchange losses	27,469	4,817
Other	122,538	6,551
Total investment expenses – capital fund	234,612	260,788
Total investment expenses – life business	2,132,486	3,514,422

Net investment income from non-life and life business

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Non-life insurance	12,247,201	3,146,536	6,662,447	-2,737,781
Life insurance	16,099,983	10,180,386	0	0
Total	28,347,184	13,326,922	6,662,447	-2,737,781

EUR	Sava Insurance Group	
	Long-term business fund 2021	Long-term business fund 2020
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	87,404,487	58,378,999
EUR	Long-term business fund 2021	Long-term business fund 2020
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	18,685,384	35,335,474
Net gains	68,719,103	23,043,525

Impairment losses on investments

In 2021, the Group recognised impairment losses of EUR 0.1 million on its financial investments (2020: EUR 1.1 million).

33) Other technical income and expenses and other income/revenue and expenses**Other technical income**

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Other technical income	31,711,898	28,513,698	17,815,266	17,349,649
- Of which exchange gains	12,791,501	13,969,642	12,429,630	12,794,731
- Netting of exchange differences	-12,609,928	-13,969,642	-11,990,547	-12,794,731
Other technical income after netting	19,101,970	14,544,056	5,824,719	4,554,918
Other technical expenses	26,947,444	33,294,044	12,455,141	16,008,376
- Of which exchange losses	12,609,928	18,088,381	11,990,547	15,607,767
- Netting of exchange differences	-12,609,928	-13,969,642	-11,990,547	-12,794,731
Other technical expenses after netting	14,337,516	19,324,402	464,594	3,213,645

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Reinsurance commission income	8,640,223	5,899,388	4,870,965	4,140,292
Revenue from other insurance business	2,683,132	2,590,203	0	0
Other technical income	11,323,355	8,489,591	4,870,965	4,140,292
Income on the realisation of impaired receivables	2,279,958	2,379,109	71,722	39,025
Exchange gains	12,791,501	13,969,642	12,429,630	12,794,731
Revenue from exit charges and management fees	4,068,263	1,981,344	0	0
Revenue from other services	1,248,821	1,694,012	442,948	375,600
Other income	20,388,543	20,024,107	12,944,301	13,209,357
Total	31,711,898	28,513,698	17,815,266	17,349,649

Reinsurance commission income

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Personal accident	40,497	19,826	11,119	9,874
Land motor vehicles	375,737	386,220	0	207
Railway rolling stock	0	2	0	2
Aircraft hull	0	266	0	266
Ships hull	38,469	950,056	38,468	949,712
Goods in transit	30,492	1,322	0	684
Fire and natural forces	3,659,389	2,742,187	3,151,060	2,186,988
Other damage to property	1,865,642	1,082,596	1,517,560	698,520
Motor vehicle liability	2,155,931	116,260	0	102
Aircraft liability	6,330	9,748	0	11,024
Liability for ships	0	454	0	118
General liability	255,238	265,343	86,537	88,334
Credit	1,430	15,882	0	0
Suretyship	0	22,442	0	0
Miscellaneous financial loss	118,760	164,080	53,639	99,161
Legal expenses	-4,525	7,348	0	0
Assistance	-9,920	12,537	9,442	0
Life	106,753	83,702	3,140	76,183
Unit-linked life	0	19,118	0	19,118
Total non-life	8,533,470	5,796,569	4,867,825	4,044,992
Total life	106,753	102,819	3,140	95,300
Total	8,640,223	5,899,388	4,870,965	4,140,292

Other income

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Income on the realisation of impaired receivables	263,923	125,423	0	0
Lease payments received from investment properties	1,348,174	1,305,784	784,325	783,238
Revenue from exit charges and management fees	16,980,563	13,266,321	0	0
Penalties and damages received	609,512	496,364	0	0
Income from disposal of investment property	193,517	0	0	0
Gain on bargain purchase	0	9,885,159	0	0
Revenue from other services	7,642,075	5,816,817	49,763	77,412
Total	27,037,764	30,895,868	834,088	860,650

Other technical expenses

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Expenses for loss prevention activities and fire brigade charge	4,159,100	4,037,450	12	14
Contribution for covering claims of uninsured and unidentified vehicles and vessels	1,056,921	1,691,254	0	0
Regulator fees	2,229,326	1,963,493	277,941	211,284
Exchange losses	12,609,928	18,088,381	11,990,547	15,607,767
Operating expenses from revaluation	2,598,484	3,354,303	164,736	179,160
Other expenses	4,293,685	4,159,163	21,904	10,151
Total	26,947,444	33,294,044	12,455,141	16,008,376

Income from other services comprises gains on the disposal of items of property, plant and equipment, extraordinary interest income and income from the use of holiday facilities.

Other technical expenses include foreign exchange losses based on the gross principle, whereas in the financial statements they are included based on the net principle.

Other expenses

Other expenses of EUR 2.4 million (2020: EUR 3.2 million) include allowances for and impairment losses on other receivables, indirect business expenses relating to investment property, expenses arising out of impaired items of property, plant and equipment for own use, and other extraordinary expenses.

34) Net claims incurred

Net claims incurred

Sava Insurance Group		Gross amounts				Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	
EUR					Change in the gross claims provision (+/-)		
2021	Claims	Subrogation recoveries	Reinsurers' share of claims (-)	Co-insurers' share of claims (-)			Net claims incurred
Personal accident	12,250,510	-445	-144,589	2,550	-3,378,091	260,729	8,990,664
Health	4,611,703	-26,379	0	16,310	-165,245	301,414	4,737,803
Land motor vehicles	77,248,317	-2,032,295	-1,110,184	0	2,693,517	-198,446	76,600,909
Railway rolling stock	44,315	0	0	0	25,226	0	69,541
Aircraft hull	548,773	0	-175,831	0	-37,341	110,817	446,418
Ships hull	5,212,411	0	-2,399,848	3,143,850	3,717,588	-557,506	9,116,495
Goods in transit	2,350,955	0	-750	270,963	1,299,819	9,918	3,930,905
Fire and natural forces	63,591,605	-405,266	-4,688,972	88,389	28,120,804	-20,202,033	66,504,527
Other damage to property	22,243,367	-31,324	-2,470,545	91,131	-1,907,723	1,180,181	19,105,087
Motor vehicle liability	78,589,934	-3,348,868	-3,324,270	0	-12,537,085	1,159,432	60,539,143
Aircraft liability	25,252	0	-9,116	0	52,402	-6,995	61,543
Liability for ships	402,768	0	0	0	-99,741	0	303,027
General liability	7,275,496	-28,634	-125,001	64,231	8,324,777	1,041,420	16,552,289
Credit	1,449,310	-1,878,419	0	0	-474,815	0	-903,924
Suretyship	103,119	-4,188	-5,304	0	251,735	-531	344,831
Miscellaneous financial loss	4,626,900	0	-1,672,172	0	6,408,057	993,816	10,356,601
Legal expenses	14,238	0	-5,642	727	-15,706	3,610	-2,773
Assistance	9,884,290	-11,436	-27,889	0	-427,335	7,542	9,425,172
Life	61,733,673	0	-131,966	0	-974,026	-38,311	60,589,370
Unit-linked life	62,468,983	0	-18,308	0	-415,382	11,352	62,046,645
Total non-life	290,473,263	-7,767,254	-16,160,113	3,678,151	31,850,843	-15,896,632	286,178,258
Total life	124,202,656	0	-150,274	0	-1,389,408	-26,959	122,636,015
Total	414,675,919	-7,767,254	-16,310,387	3,678,151	30,461,435	-15,923,591	408,814,273

Sava Insurance Group		Gross amounts				Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	
EUR							
2020	Claims	Subrogation recoveries	Reinsurers' share of claims (-)	Co-insurers' share of claims (-)	Change in the gross claims provision (+/-)		Net claims incurred
Personal accident	12,269,088	-771	-116,406	768	-4,476,102	-122,696	7,553,881
Health	4,787,042	-1,514	0	0	236,155	-233,464	4,788,219
Land motor vehicles	79,206,144	-1,726,851	-947,115	0	-4,231,915	59,953	72,360,216
Railway rolling stock	100,665	0	0	0	37,675	0	138,340
Aircraft hull	616,213	0	-16,463	0	-364,310	26,671	262,111
Ships hull	7,005,357	0	-2,239,570	3,381,197	2,675,670	-2,182,682	8,639,972
Goods in transit	2,604,908	0	0	327,672	191,302	-4,525	3,119,357
Fire and natural forces	54,488,706	-78,817	-3,307,490	212,620	30,922,465	-431,860	81,805,624
Other damage to property	19,565,697	-79,742	-833,901	82,733	1,585,860	-541,308	19,779,339
Motor vehicle liability	82,035,659	-2,987,703	-1,539,755	0	5,438,972	780,846	83,728,019
Aircraft liability	44,626	0	-12,424	0	4,271	13,896	50,369
Liability for ships	384,608	0	0	0	-244,978	0	139,630
General liability	6,640,328	-7,925	-143,687	99,269	403,905	232,096	7,223,986
Credit	2,083,746	-2,499,745	0	0	-464,477	0	-880,476
Suretyship	89,109	-15,000	0	0	235,820	0	309,929
Miscellaneous financial loss	1,168,830	-694	-101,553	7,140	8,447,970	-1,772,034	7,749,659
Legal expenses	16,194	0	-8,131	640	16,339	-6,876	18,166
Assistance	7,943,569	-1,270	-19,066	0	-67,484	3,439	7,859,188
Life	77,088,626	0	-2,256	0	-3,064,906	337,880	74,359,344
Unit-linked life	48,793,299	0	-23,392	0	-1,128,213	48,846	47,690,540
Total non-life	281,050,489	-7,400,032	-9,285,562	4,112,039	40,347,138	-4,178,544	304,645,528
Total life	125,881,925	0	-25,648	0	-4,193,119	386,726	122,049,884
Total	406,932,414	-7,400,032	-9,311,210	4,112,039	36,154,019	-3,791,818	426,695,412

Sava Re EUR 2021	Gross amounts		Reinsurers' share of claims (-)	Change in the gross claims provision (+/-)	Change in the reinsurers' and co- insurers' share of the claims provision (+/-)	Net claims incurred
	Claims	Subrogation recoveries				
Personal accident	2,289,462	-75	-1,283	-648,849	-27	1,639,227
Health	-249,790	0	0	-16,680	0	-266,470
Land motor vehicles	11,427,298	-219,975	-158,899	1,474,931	-139,799	12,383,556
Railway rolling stock	44,315	0	0	29,709	0	74,025
Aircraft hull	336,057	0	-7,698	74,624	50,818	453,801
Ships hull	7,984,579	0	-2,399,847	3,511,229	-557,507	8,538,455
Goods in transit	2,182,870	-1	0	1,163,882	433	3,347,184
Fire and natural forces	47,646,185	-33,949	-3,601,820	25,821,325	-19,862,047	49,969,694
Other damage to property	10,070,682	-6,611	-946,576	-2,149,835	944,956	7,912,616
Motor vehicle liability	11,389,850	-374,960	-1,637,288	-1,907,193	1,091,863	8,562,272
Aircraft liability	16,136	0	0	50,685	3	66,824
Liability for ships	449,260	0	0	-138,195	0	311,065
General liability	3,245,093	-3,424	-6,138	4,063,443	798,592	8,097,566
Credit	268,473	-422,000	0	2,605	0	-150,922
Suretyship	36,033	-864	0	168,041	0	203,211
Miscellaneous financial loss	2,838,356	-2	-1,081,909	7,434,162	837,765	10,028,371
Legal expenses	2,944	0	0	-48	0	2,896
Assistance	3	0	0	-23	0	-20
Life	300,717	0	-66,838	354,813	-178,071	410,621
Unit-linked life	26,154	0	-18,308	2,339	-1,401	8,784
Total non-life	99,977,807	-1,061,861	-9,841,459	38,933,813	-16,834,950	111,173,351
Total life	326,871	0	-85,146	357,152	-179,472	419,405
Total	100,304,678	-1,061,861	-9,926,605	39,290,966	-17,014,422	111,592,756

Sava Re EUR 2020	Gross amounts		Reinsurers' share of claims (-)	Change in the gross claims provision (+/-)	Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	Net claims incurred
	Claims	Subrogation recoveries				
Personal accident	2,126,678	-66	-10,439	-729,259	1,184	1,388,097
Health	843,927	0	0	-5,292	0	838,635
Land motor vehicles	11,319,780	-220,196	-61,973	-869,258	94,833	10,263,187
Railway rolling stock	100,665	0	0	33,192	0	133,857
Aircraft hull	608,729	0	-16,463	-360,911	6,671	238,026
Ships hull	9,544,523	0	-2,239,570	2,146,573	-2,182,681	7,268,845
Goods in transit	2,509,139	0	0	127,669	0	2,636,808
Fire and natural forces	39,762,650	-3,748	-2,481,610	26,676,504	738,206	64,692,002
Other damage to property	9,032,987	-9,529	-347,786	274,266	-452,834	8,497,103
Motor vehicle liability	11,447,405	-360,113	-880,702	412,719	45,278	10,664,587
Aircraft liability	32,202	0	0	-9,826	11,897	34,273
Liability for ships	377,121	0	0	-269,614	0	107,507
General liability	2,634,467	-1,520	-619	1,949,927	375,366	4,957,620
Credit	315,850	-423,017	0	-137,060	0	-244,226
Suretyship	60,125	-2,168	0	238,431	0	296,387
Miscellaneous financial loss	521,918	-97	-41,526	4,427,140	-1,073,269	3,834,166
Legal expenses	752	0	0	-61	0	691
Assistance	217	0	0	-22	0	196
Life	50,910	0	32,447	67,850	-16,925	134,282
Unit-linked life	33,418	0	-23,392	-46,954	32,868	-4,061
Total non-life	91,239,133	-1,020,454	-6,080,688	33,905,119	-2,435,350	115,607,761
Total life	84,327	0	9,055	20,896	15,943	130,221
Total	91,323,463	-1,020,454	-6,071,633	33,926,015	-2,419,407	115,737,981

The effect of the change in the claims provision is described in note 24.

35) Change in other technical provisions and change in the technical provision for policyholders who bear the investment risk

The change in other technical provisions relates to the change in the net provision for unexpired risks and the

change in the technical provision for policyholders who bear the investment risk. The change in technical provisions is described in note 24.

In 2021, the change in other technical provisions decreased by EUR 16.7 million (in 2020 decrease of EUR 5.9 million) and relates to the change in the mathematical provision for life insurance business, and the change in the technical provision of policyholders who

bear the investment risk decreased by EUR 79.6 million (2020: decrease of EUR 22.7 million).

36) Operating expenses

The Group classifies operating expenses by nature. Compared to 2020, these expenses rose by 8.2%, or EUR 16.7 million, (2020: EUR 16.3 million).

The Company's operating expenses rose by 12.1%, or EUR 6.6 million, chiefly due to EUR 4.7 million higher policy acquisition costs (2020: EUR 4.8 million).

The proportion of other operating expenses as a percentage of gross premiums written rose to 6.0% in 2021 (2020: 5.7%). Other operating expenses include material costs of EUR 1.3 million, energy costs of EUR 1.4 million, lease payments of EUR 2.0 million, service costs of EUR 35.9 million (other service costs of EUR 14.3 million comprising postal and shipping charges, telephone expenses, cost of cleaning, operating and management expenses, various fees and charges, and such like, cost of intellectual and personal services of EUR 11.2 million, costs of advertising, promotion and entertainment of EUR 7.8 million, transaction costs and bank fees of EUR 2.6 million) and provisions for pensions, jubilee benefits, severance pay (upon retirement) of EUR 0.8 million, other provisions of EUR 14 thousand, and other expenses relating to donations, sponsorships, membership fees and diverse expenses of EUR 2.4 million.

The Group has examined any Covid-19-related impacts on government assistance received. Four companies received state aid totalling EUR 93,213 (2020: EUR 234,468) including exemption from contribution payments, childcare and quarantine subsidies, crisis allowance.

Operating expenses by nature

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Acquisition costs (commissions)	77,684,219	74,410,866	45,244,305	40,497,640
Change in deferred acquisition costs	1,926,381	-1,561,215	968,321	717,122
Depreciation/amortisation of operating assets	10,108,054	9,895,517	561,935	581,188
Personnel costs	85,639,887	81,028,873	9,806,405	9,257,885
- Salaries and wages	63,509,304	60,562,574	7,766,997	7,280,473
- Social and pension insurance costs	9,182,342	8,942,793	1,277,413	1,213,435
- Other personnel costs	12,948,241	11,523,506	761,996	763,976
Costs of services by natural persons not performing business, incl. of contributions	837,540	607,658	324,245	193,944
Other operating expenses	43,735,684	38,834,447	4,362,886	3,389,510
Total	219,931,765	203,216,146	61,268,096	54,637,288

Audit fees

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Audit of annual report	572,663	368,957	155,341	65,662
Other assurance services	64,084	39,214	26,032	16,221
Total	636,747	408,171	181,373	81,883

The cost of auditing the annual report includes audit costs incurred by each Group company, and additionally for Sava Re, in addition to the cost of auditing the separate financial statements, the cost of auditing the consolidated financial statements of the Sava Insurance Group. Other audit services relate to assurance services for reports drawn up by the Company and the Group under Solvency II requirements, and for other reports in respect of which the auditor provides assurance services (report on related parties, compliance with ESEF reporting, approval of financial statements for foreign regulators, etc.).

37) Income tax expense

Tax expense recognised in the income statement

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Income tax expense	17,256,845	14,177,732	400,028	0
Deferred tax expense	111,247	-2,817,317	366,058	-2,539,116
Total tax expense recognised in the income statement	17,368,092	11,360,415	766,086	-2,539,116

Tax expense recognised in other comprehensive income – items that will not be reclassified to profit or loss

Sava Insurance Group		2021			2020		
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes	
Provisions for jubilee benefits and severance pay – actuarial gains/losses	335,805	741	336,546	-66,465	106,912	40,447	
Total	335,805	741	336,546	-66,465	106,912	40,447	

Sava Re		2021			2020		
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes	
Provisions for jubilee benefits and severance pay – actuarial gains/losses	49,958	0	49,958	25,210	0	25,210	
Total	49,958	0	49,958	25,210	0	25,210	

Tax expense recognised in other comprehensive income – items that will be reclassified to profit or loss

Sava Insurance Group		2021			2020		
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes	
Long-term financial investments and investment property	-23,124,823	4,212,448	-18,912,375	23,998,637	-4,561,530	19,437,107	
Exchange differences	-15,670	0	-15,670	17,515	0	17,515	
Other comprehensive income	-23,140,493	4,212,448	-18,928,045	24,016,152	-4,561,530	19,454,622	

Sava Re		2021			2020		
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes	
Long-term financial investments and investment property	-2,987,782	567,678	-2,420,104	1,015,139	-192,875	822,263	
Other comprehensive income	-2,987,782	567,678	-2,420,104	1,015,139	-192,875	822,263	

Tax rate reconciliation

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Profit or loss before tax	93,535,270	67,746,714	53,606,214	-13,529,732
Income tax expenses at statutory tax rate (19%)	17,771,701	12,871,876	10,185,181	-2,570,649
Adjustment to actual rates	26,771,242	11,224,709	0	0
Tax effect of income deductible for tax purposes	-10,092,004	-1,075,543	-9,675,090	-617,475
Tax effect of expenses not tax deductible	1,200,758	1,276,834	86,493	118,856
Tax effect of income that increases tax base	667,507	818,487	484,573	655,550
Tax relief	-1,524,324	-695,025	-681,129	-125,398
Previously unrecognised deferred tax	335,381	-32,032	366,058	0
Other	9,532	-157,016	0	0
Total income tax expense in the income statement	17,368,092	11,360,415	766,086	-2,539,116
Effective tax rate	18.57%	16.77%	1.43%	18.77%

Unused tax losses

EUR	Sava Insurance Group		Sava Re	
	2021	Expiry date	2021	Expiry date
With expiry date	2,266,620	2022-2026	-	-
Without expiry date	11,745,495	0	11,133,298	0
Total	14,012,115		11,133,298	

EUR	Sava Insurance Group		Sava Re	
	2020	Expiry date	2020	Expiry date
With expiry date	2,345,139	2021-2025	-	-
Without expiry date	13,798,000	0	13,185,803	0
Total	16,143,139		13,185,803	

17.9 Contingent receivables and liabilities

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Outstanding recourse receivables	28,366,399	29,626,929	0	0
Receivables from the cancellation of subordinated financial instruments	37,960,300	37,960,300	10,038,000	10,038,000
Other potential reinsurance receivables	1,672,497	1,687,112	24,941	39,556
Contingent assets	67,999,196	69,274,341	10,062,941	10,077,556

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Guarantees issued	24,373,833	29,211,069	8,491,853	13,216,739
Civil claims	118,737	101,992	0	0
Contingent liabilities	24,492,570	29,313,061	8,491,853	13,216,739

In off-balance sheet items for 2021 and 2020, the Group and the Company show contingent assets in the amount of their cancelled subordinated instruments, regarding which the Group is continuing activities for the protection of its interests. In December 2016, claims were filed against the issuing banks of the cancelled subordinated financial instruments held by the Group. Guar-

antees issued mostly represent potential liabilities arising from investments in alternative funds. At the time of signing the subscription, which represents a commitment to make future payments into the alternative fund, the Company records the amount of the commitment under off-balance sheet items, which are then decreased at every capita call-up by the amount called up.

17.10 Related party disclosures

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

- owners and related enterprises,
- key management personnel: management board, supervisory board including its committees, and employees not subject to the tariff section of the collective agreement,
- subsidiary companies,
- associates.

Owners and related enterprises

The Group's largest shareholder is Slovenian Sovereign Holding, with a 17.7% stake. The ultimate beneficial owner of Slovenian Sovereign Holding is the Republic of Slovenia.

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

As at 31 December 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 31 December 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 management board members in 2021

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	199,050	59,400	442	4,101	262,993
Jošt Dolničar	179,400	53,460	5,471	3,608	241,939
Polona Pirš Zupančič	179,400	53,460	5,438	2,740	241,038
Peter Skvarča	179,400	40,838	5,440	5,977	231,655
Total	737,250	207,158	16,791	16,426	977,625

Remuneration of management board members in 2020

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Other payments	Total
Marko Jazbec	193,500	55,536	190	5,226	-	254,452
Jošt Dolničar	174,135	49,980	5,225	4,475	-	233,815
Srečko Čebren	73,177	80,171	2,170	1,535	89,100	246,154
Polona Pirš Zupančič	174,135	49,980	5,199	3,507	-	232,821
Peter Skvarča	95,700	-	2,748	3,849	-	102,296
Total	710,647	235,667	15,532	18,591	89,100	1,069,537

Liabilities to management board members based on gross remuneration

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

Remuneration of the supervisory board and its committees in 2021

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Benefits in kind – insurance premiums	Total
Supervisory board members						
Davor Ivan Gjivoje	chairman	3.795	15.970	36.636	69	56.470
Keith William Morris	deputy chair	3.795	14.300	2.202	69	20.366
Klemen Babnik	member	1.925	5.941	49	69	7.984
Matej Gomboši	member	1.925	5.941	763	69	8.698
Gorazd Andrej Kunstek	member	3.795	13.000	0	69	16.864
Mateja Živec	member	3.795	13.000	0	69	16.864
Mateja Lovšin Herič	chair until 16 July 2021	1.870	10.589	0	0	12.459
Andrej Kren	member until 16 July 2021	1.870	7.059	0	0	8.929
Total supervisory board members		22.770	85.800	39.650	414	148.634
Audit committee members						
Matej Gomboši	chairman	880	2.228	436	0	3.544
Gorazd Andrej Kunstek	member	880	1.485	0	0	2.365
Katarina Sitar Šuštar	external member	0	6.675	22	0	6.697
Dragan Martinović	external member	0	4.973	0	0	4.973
Andrej Kren	chair until 16 July 2021	2.420	2.647	0	0	5.067
Mateja Lovšin Herič	member until 16 July 2021	2.420	1.765	0	0	4.185
Ignac Dolensek	external member until 16 July 2021	0	9.038	0	0	9.038
Total audit committee members		6.600	28.811	458	0	35.869
Members of the nominations and remuneration committee						
Klemen Babnik	chairman	220	2.228	7	0	2.455
Davor Ivan Gjivoje	member	1.760	3.250	21.238	0	26.248
Keith William Morris	member	880	3.250	638	0	4.768
Matej Gomboši	member	220	1.485	109	0	1.814
Gorazd Andrej Kunstek	member	1.100	1.553	0	0	2.653
Mateja Lovšin Herič	chair until 16 July 2021	1.540	2.647	0	0	4.187
Andrej Kren	member until 16 July 2021	660	1.765	0	0	2.425
Total nominations committee members		6.380	16.178	21.992	0	44.550
Members of the risk committee						
Keith William Morris	chairman	1.540	4.875	1.117	0	7.532
Davor Ivan Gjivoje	member	1.496	3.250	18.053	0	22.799
Slaven Mičković	external member	0	12.451	0	0	12.451
Janez Komelj	external member	0	2.313	0	0	2.313
Total risk committee members		3.036	22.889	19.170	0	45.095
Members of the fit & proper committee						
Keith William Morris	chairman	1.056	3.993	766	0	5.815
Klemen Babnik	member	660	1.485	0	0	2.145
Rok Saje	external member	1.496	3.250	0	0	4.746
Klara Hauko	external member	660	1.485	0	0	2.145
Mateja Živec	chair until 16 July 2021	660	2.647	0	0	3.307
Andrej Kren	alternate member until 16 July 2021	396	1.765	0	0	2.161
Gorazd Andrej Kunstek	alternate member	440	542	0	0	982
Davor Ivan Gjivoje	alternate member	440	542	0	0	982
Total members of the fit & proper committee		5.808	15.709	766	0	22.283

Remuneration of the supervisory board and its committees in 2020

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Mateja Lovšin Herič	chair	2.503	18.038	0	20.541
Keith William Morris	deputy chair	2.503	13.228	1.200	16.931
Gorazd Andrej Kunstek	member	2.503	12.025	0	14.528
Mateja Živec	member	2.503	12.025	0	14.528
Davor Ivan Gjivoje	member	2.503	12.025	5.119	19.647
Andrej Kren	member	2.503	12.025	130	14.658
Total supervisory board members		15.018	79.366	6.449	100.833
Audit committee members					
Andrej Kren	chairman	1.782	4.509	98	6.389
Mateja Lovšin Herič	member	1.782	3.006	0	4.788
Ignac Dolenšek	external member	0	8.734	230	8.964
Total audit committee members		3.564	16.249	328	20.141
Members of the nominations and remuneration committee					
Mateja Lovšin Herič	chair	968	4.509	0	5.477
Keith William Morris	member	968	3.006	300	4.274
Davor Ivan Gjivoje	member	594	3.006	1.280	4.880
Andrej Kren	member	968	3.006	0	3.974
Total nominations committee members		3.498	13.527	1.580	18.605
Members of the risk committee					
Keith William Morris	chairman	836	4.509	300	5.645
Davor Ivan Gjivoje	member	836	3.006	1.280	5.122
Slaven Mičković	external member	0	10.991	0	10.991
Total risk committee members		1.672	18.506	1.580	21.758
Members of the fit & proper committee					
Mateja Živec	chair	154	4.509	0	4.663
Keith William Morris	member	660	3.006	300	3.966
Rok Saje	external member	814	3.006	0	3.820
Andrej Kren	alternate member	814	3.006	0	3.820
Total members of the fit & proper committee		2.442	13.527	300	16.269

As at 31 December 2021, the Company had no receivables due from the supervisory board members and had no liabilities due to any members of the supervisory board or its committees based on gross remuneration.

In order to mitigate the impact of the epidemic, the members of the supervisory board and the external members of supervisory board committees waived 30.0% of the remuneration they receive on account of their membership of the Company's bodies from March to May 2020. The example was followed by the members of the supervisory boards and external members of supervisory board committees of the other Slovenian members of the Sava Insurance Group who are remunerated for performing their roles.

Average gross salary in Group companies

The average gross salary of Group companies is calculated as the sum of all personnel costs of Group companies (income statement item "personnel costs") multiplied by

Subsidiaries

Investments in and amounts due from Group companies

Sava Re			
EUR		31 December 2021	31 December 2020
Loans granted to Group companies	gross	1,359,945	3,411,737
Receivables for premiums arising out of reinsurance assumed	gross	13,594,556	18,988,445
Short-term receivables arising out of financing	gross	0	2,645
Other short-term receivables	gross	40,472	44,367
Short-term deferred acquisition costs	gross	1,144,493	14,145
Total		16,139,465	22,461,338

Liabilities to Group companies

Sava Re			
EUR		31 December 2021	31 December 2020
Technical provisions		105,796,856	106,908,528
- Unearned premiums		25,605,140	30,088,302
- Provision for outstanding claims		79,918,992	76,545,858
- Other technical provisions		272,725	274,368
Liabilities for shares in reinsurance claims due to Group companies		12,577,473	9,030,400
Other liabilities from co-insurance and reinsurance		3,129,491	4,880,137
Other short-term liabilities		19,633	19,264
Total (excluding provisions)		121,523,453	120,838,329

Employee remuneration not subject to the tariff section of the collective agreement for 2021

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind and other benefits	Total
Individual employment contracts	2,394,623	606,634	136,748	3,138,005

Employee remuneration not subject to the tariff section of the collective agreement for 2020

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind and other benefits	Total
Individual employment contracts	1,533,843	353,923	99,652	1,987,418

the number of months in operation, which is then divided by the average number of all employees based on the number of hours worked of all Group companies.

Sava Insurance Group		
EUR	2021	2020
Average monthly gross salary	2,648	2,494
Total	2,648	2,494

Liabilities to Group companies by maturity

EUR	Contractual maturity			
31 December 2021	Over 5 years	from 1 to 5	Up to 1 year	Total
Technical provisions	18,454,675	39,293,684	48,048,498	105,796,856
Liabilities for shares in reinsurance claims due to Group companies	0	0	12,577,473	12,577,473
Other liabilities from co-insurance and reinsurance	0	0	3,129,491	3,129,491
Other short-term liabilities	0	0	19,633	19,633
Total (excluding provisions)	18,454,675	39,293,684	63,775,094	121,523,453

EUR	Contractual maturity			
31 December 2020	Over 5 years	from 1 to 5	Up to 1 year	Total
Technical provisions	19,018,527	35,717,472	52,172,528	106,908,528
Liabilities for shares in reinsurance claims due to Group companies	0	0	9,030,400	9,030,400
Other liabilities from co-insurance and reinsurance	0	0	4,880,137	4,880,137
Other short-term liabilities	0	0	19,264	19,264
Total	19,018,527	35,717,472	66,102,329	120,838,329

Income and expenses relating to Group companies

Sava Re		
EUR	2021	2020
Gross premiums written	77,960,454	84,890,285
Change in gross unearned premiums	4,477,398	-595,211
Gross claims payments	-41,839,681	-34,802,040
Change in the gross provision for outstanding claims	-3,373,134	-15,045,015
Income from gross recourse receivables	1,048,046	1,009,816
Change in gross provision for bonuses, rebates and cancellations	1,643	-4,427
Other operating expenses	-247,383	-194,213
Dividend income	50,417,783	2,589,986
Other investment income	49,106	87,295
Interest income	-20,466,362	-18,348,978
Acquisition costs	-1,130,925	-955,269
Change in deferred acquisition costs	398,015	368,240
Other non-life income	67,294,961	19,000,470

Associate companies

No material operating income or expenses were posted with associate companies in 2021 and 2020.

Majority state-owned companies

Disclosures relating to state-owned companies are prepared for state-owned companies that are monthly updated on the websites of Equity Investments – DUTB d.d. and SDH – List of Investments.

Receivables due from the state and majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Interests in companies				
Debt securities and loans	83,165,547	90,780,931	16,521,297	17,361,396
Receivables due from policyholders	557,981	97,641	0	0
Total	88,286,313	98,115,860	20,158,613	23,606,169

Liabilities to the state and majority state-owned companies

EUR	Sava Insurance Group	
	31 December 2021	31 December 2020
Liabilities for shares in claims	1,191	3,504
Total	1,191	3,504

Income and expenses relating to majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Dividend income	401,483	134,489	339,990	76,772
Interest income at effective interest rate	1,668,329	2,230,989	264,509	410,443
Other investment income	1,782,648	0	1,651,980	0
Gross premiums written	12,388,063	11,445,875	0	0
Gross claims payments	-2,267,096	-2,408,029	0	0
Total	13,973,426	11,403,324	2,256,480	487,215

Characteristics of loans granted to subsidiaries

Sava Re				
Borrower	Principal	Type of loan	Maturity	Interest rate
Sava Životno Osiguranje (SRB)	450,000	ordinary	15,01,2022	0.90%
Illyria	500,000	subordinated	27,06,2029	3.00%
Illyria	400,000	ordinary	15,07,2022	0.75%
Total	1,350,000			

18 Significant events after the reporting date



- The Sava Insurance Group has examined the impact of the war in Ukraine on its operations and estimates that, due to its small volume of business with and low investment exposure to Russia and Ukraine, the changed circumstances will not have a material direct impact on its business results. The Sava Insurance Group (through Sava Re) has written reinsurance contracts with Russian and Ukrainian partners the annual premium volume of which accounts for only 0.5% of the Group's total planned operating revenue for 2022. All contracts contain so-called sanctions clauses. In the event of sanctions imposed by the European Union or the United Nations, such clauses limit the obligations of Sava Re under relevant contracts if such obligations are contrary to the applicable sanctions. In addition, the reinsurance contracts written exclude coverage related to war. The Group's credit and currency exposure to Russia, Ukraine and Belarus as at 31 December 2021 accounted for just 0.24% of the Group's financial investments. Most of this exposure arises from cash and cash equivalents, and rouble-denominated investments, which are matched to liabilities denominated in the same currency. Only a small part, 0.04%, is invested in securities of Russian issuers, and so the credit risk is also negligible. The Group is aware of the potentially adverse indirect effects on the macroeconomic environment and, consequently, on the Group's operations, which cannot yet be properly assessed at this stage. Some potential indirect impacts are presented in sensitivity analyses in the notes to the financial statements sections 17.6.4.1.1 "Interest rate risk" and 17.6.4.1.3 "Equity risk".

Appendices



Appendix A – Sava Re performance indicators¹⁴⁶

Development of gross premiums written

EUR	2021 1	2020 2	Index 1/2
Personal accident	5,980,868	5,764,658	103.8
Health	22,378	315,856	7.1
Land motor vehicles	23,762,397	20,525,041	115.8
Railway rolling stock	252,822	194,000	130.3
Aircraft hull	367,241	178,814	205.4
Ships hull	5,912,171	12,315,957	48.0
Goods in transit	4,579,050	4,375,968	104.6
Fire	93,483,332	86,764,915	107.7
Other damage to property	26,349,830	26,684,911	98.7
Motor vehicle liability	17,354,493	16,202,151	107.1
Aircraft liability	80,709	205,625	39.3
Liability for ships	471,681	465,542	101.3
General liability	8,442,839	13,671,456	61.8
Credit	749,498	555,574	134.9
Suretyship	228,722	303,322	75.4
Miscellaneous financial loss	936,827	2,246,894	41.7
Legal expenses	9,301	8,591	108.3
Assistance	43,673	14,654	298.0
Life	945,978	788,501	120.0
Unit-linked life	77,914	100,823	77.3
Total non-life	189,027,832	190,793,930	99.1
Total life	1,023,892	889,323	115.1
Total	190,051,724	191,683,253	99.1

Net premiums written as a percentage of gross premiums written

EUR, except percentages	Gross premiums written 1	Net premiums written 2	2021 2/1	2020
Personal accident	5,980,868	5,941,635	99.3%	99.3%
Health	22,378	22,378	100.0%	100.0%
Land motor vehicles	23,762,397	22,949,680	96.6%	96.2%
Railway rolling stock	252,822	252,822	100.0%	99.9%
Aircraft hull	367,241	366,316	99.7%	98.8%
Ships hull	5,912,171	5,056,465	85.5%	55.8%
Goods in transit	4,579,050	4,384,262	95.7%	95.0%
Fire	93,483,332	74,265,341	79.4%	82.3%
Other damage to property	26,349,830	20,036,725	76.0%	83.6%
Motor vehicle liability	17,354,493	15,981,904	92.1%	98.1%
Aircraft liability	80,709	79,545	98.6%	52.8%
Liability for ships	471,681	453,532	96.2%	96.4%
General liability	8,442,839	6,973,091	82.6%	84.6%
Credit	749,498	749,498	100.0%	100.0%
Suretyship	228,722	228,722	100.0%	100.0%
Miscellaneous financial loss	936,827	173,609	18.5%	67.5%
Legal expenses	9,301	9,301	100.0%	100.0%
Assistance	43,673	33,078	75.7%	100.0%
Life	945,978	562,782	59.5%	62.2%
Unit-linked life	77,914	42,920	55.1%	50.2%
Total non-life	189,027,832	157,957,903	83.6%	84.6%
Total life	1,023,892	605,702	59.2%	60.8%
Total	190,051,724	158,563,605	83.4%	84.4%

¹⁴⁶ Performance indicators are given pursuant to the Decision on the annual report and quarterly financial statements of insurance companies (Official Gazette of the Republic of Slovenia, nos. 1/2016 and 85/2016).

Development of gross claims paid

EUR	2021 1	2020 2	Index 1/2
Personal accident	2,289,389	2,126,610	107.7
Health	-249,790	843,927	-29.6
Land motor vehicles	11,207,323	11,099,585	101.0
Railway rolling stock	44,315	100,665	44.0
Aircraft hull	336,057	608,729	55.2
Ships hull	7,984,579	9,544,523	83.7
Goods in transit	2,182,869	2,509,139	87.0
Fire	47,612,236	39,758,902	119.8
Other damage to property	10,064,070	9,023,457	111.5
Motor vehicle liability	11,014,890	11,087,292	99.3
Aircraft liability	16,136	32,202	50.1
Liability for ships	449,260	377,121	119.1
General liability	3,241,669	2,632,946	123.1
Credit	-153,527	-107,166	143.3
Suretyship	35,169	57,956	60.7
Miscellaneous financial loss	2,838,354	521,821	543.9
Legal expenses	2,944	752	391.5
Assistance	3	217	1.5
Life	300,717	50,910	590.7
Unit-linked life	26,154	33,418	78.3
Total non-life	98,915,946	90,218,679	109.6
Total life	326,871	84,327	387.6
Total	99,242,817	90,303,006	109.9

Loss ratios

EUR, except percentages	Gross premiums written 1	Gross claims paid 2	2021 2/1	2020
Personal accident	5,980,868	2,289,389	38.3%	36.9%
Health	22,378	-249,790	-1116.3%	267.2%
Land motor vehicles	23,762,397	11,207,323	47.2%	54.1%
Railway rolling stock	252,822	44,315	17.5%	51.9%
Aircraft hull	367,241	336,057	91.5%	340.4%
Ships hull	5,912,171	7,984,579	135.1%	77.5%
Goods in transit	4,579,050	2,182,869	47.7%	57.3%
Fire	93,483,332	47,612,236	50.9%	45.8%
Other damage to property	26,349,830	10,064,070	38.2%	33.8%
Motor vehicle liability	17,354,493	11,014,890	63.5%	68.4%
Aircraft liability	80,709	16,136	20.0%	15.7%
Liability for ships	471,681	449,260	95.2%	81.0%
General liability	8,442,839	3,241,669	38.4%	19.3%
Credit	749,498	-153,527	-20.5%	-19.3%
Suretyship	228,722	35,169	15.4%	19.1%
Miscellaneous financial loss	936,827	2,838,354	303.0%	23.2%
Legal expenses	9,301	2,944	31.7%	8.8%
Assistance	43,673	3	0.0%	1.5%
Life	945,978	300,717	31.8%	6.5%
Unit-linked life	77,914	26,154	33.6%	33.1%
Total non-life	189,027,832	98,915,946	52.3%	47.3%
Total life	1,023,892	326,871	31.9%	9.5%
Total	190,051,724	99,242,817	52.2%	47.1%

Administrative expenses as percentage of gross premiums written

	Gross premiums written	Operating expenses*	2021	2020
EUR, except percentages	1	2	2/1	
Personal accident	5,980,868	1,945,619	32.5%	30.8%
Health	22,378	-61,946	-276.8%	15.5%
Land motor vehicles	23,762,397	6,690,751	28.2%	25.5%
Railway rolling stock	252,822	143,663	56.8%	55.2%
Aircraft hull	367,241	110,862	30.2%	29.1%
Ships hull	5,912,171	1,978,497	33.5%	22.3%
Goods in transit	4,579,050	1,145,751	25.0%	25.7%
Fire	93,483,332	24,313,860	26.0%	24.7%
Other damage to property	26,349,830	7,913,024	30.0%	22.4%
Motor vehicle liability	17,354,493	4,994,240	28.8%	26.7%
Aircraft liability	80,709	24,758	30.7%	19.1%
Liability for ships	471,681	143,203	30.4%	26.8%
General liability	8,442,839	3,467,555	41.1%	26.8%
Credit	749,498	379,753	50.7%	45.3%
Suretyship	228,722	107,367	46.9%	27.8%
Miscellaneous financial loss	936,827	469,266	50.1%	29.4%
Legal expenses	9,301	5,767	62.0%	61.8%
Assistance	43,673	9,358	21.4%	14.7%
Life	945,978	112,547	11.9%	24.6%
Unit-linked life	77,914	16,672	21.4%	40.1%
Total non-life	189,027,832	53,781,348	28.5%	25.0%
Total life	1,023,892	129,219	12.6%	26.4%
Total	190,051,724	53,910,567	28.4%	25.0%

* Included are only the operating expenses relating to reinsurance operations (excluding administrative expenses relating to the Group).

Acquisition costs (commission) as percentage of gross premiums written

	Gross premiums written	Acquisition costs	2021	2020
EUR, except percentages	1	2	2/1	
Personal accident	5,980,868	1,759,217	29.4%	24.1%
Health	22,378	-81,401	-363.8%	14.9%
Land motor vehicles	23,762,397	6,398,494	26.9%	20.0%
Railway rolling stock	252,822	88,121	34.9%	34.6%
Aircraft hull	367,241	46,849	12.8%	14.1%
Ships hull	5,912,171	1,222,756	20.7%	19.0%
Goods in transit	4,579,050	927,707	20.3%	19.5%
Fire	93,483,332	20,701,794	22.1%	21.3%
Other damage to property	26,349,830	6,483,201	24.6%	20.0%
Motor vehicle liability	17,354,493	4,564,881	26.3%	19.6%
Aircraft liability	80,709	20,054	24.8%	16.0%
Liability for ships	471,681	113,682	24.1%	22.6%
General liability	8,442,839	2,191,956	26.0%	25.9%
Credit	749,498	329,061	43.9%	32.3%
Suretyship	228,722	78,257	34.2%	25.7%
Miscellaneous financial loss	936,827	293,859	31.4%	22.9%
Legal expenses	9,301	5,627	60.5%	58.3%
Assistance	43,673	8,340	19.1%	10.0%
Life	945,978	78,020	8.2%	20.3%
Unit-linked life	77,914	13,827	17.7%	36.6%
Total non-life	189,027,832	45,152,456	23.9%	21.1%
Total life	1,023,892	91,846	9.0%	22.1%
Total	190,051,724	45,244,303	23.8%	21.1%

Net paid loss ratio

	Net premiums earned	Net claims incurred	2021 2/1	2020
EUR, except percentages	1	2		
Personal accident	5,946,064	1,639,227	27.6%	24.3%
Health	22,311	-266,470	-1194.3%	266.5%
Land motor vehicles	22,042,477	12,383,556	56.2%	53.0%
Railway rolling stock	232,009	74,025	31.9%	60.4%
Aircraft hull	328,430	453,801	138.2%	133.6%
Ships hull	5,833,563	8,538,455	146.4%	108.4%
Goods in transit	4,471,970	3,347,184	74.8%	59.1%
Fire	73,828,580	49,969,694	67.7%	93.1%
Other damage to property	21,359,246	7,912,616	37.0%	41.1%
Motor vehicle liability	16,155,967	8,562,272	53.0%	65.2%
Aircraft liability	88,325	66,824	75.7%	37.2%
Liability for ships	455,657	311,065	68.3%	24.4%
General liability	9,591,797	8,097,566	84.4%	48.7%
Credit	997,509	-150,922	-15.1%	-27.9%
Suretyship	306,972	203,211	66.2%	95.8%
Miscellaneous financial loss	436,476	10,028,371	2297.6%	273.8%
Legal expenses	9,001	2,896	32.2%	8.0%
Assistance	39,441	-20	-0.1%	1.4%
Life	548,455	410,621	74.9%	26.1%
Unit-linked life	42,337	8,784	20.7%	-8.2%
Total non-life	162,145,795	111,173,351	68.6%	73.7%
Total life	590,792	419,405	71.0%	23.1%
Total	162,736,587	111,592,756	68.6%	73.5%

Combined loss ratio for non-life insurance business (EUR, except percentages)

Net claims incurred	Administrative expenses	Net premiums earned	2021 (1+2)/3	2020
1	2	3		
111,173,351	15,055,471	162,145,795	77.8%	82.3%

Net investment income as percentage of average investments

EUR	Average investments	Investment income	Investment expenses	Investment return 2021	Effect of investments 2020
Non-life insurance register of assets	269,805,685	15,113,203	6,360,141	3.2%	-0.1%
Capital fund	358,434,993	51,844,994	2,937,689	13.6%	-0.6%
Total	628,240,677	66,958,197	9,297,830	9.2%	-0.4%

Net provisions for outstanding claims as percentage of net earned premiums

EUR, except percentages	Net provision for outstanding claims	Net premiums earned	2021 1/2	2020
1	2			
Personal accident	5,216,448	5,946,064	87.7%	102.5%
Health	1,072	22,311	4.8%	5.6%
Land motor vehicles	6,471,771	22,042,477	29.4%	26.5%
Railway rolling stock	89,904	232,009	38.8%	27.2%
Aircraft hull	577,163	328,430	175.7%	253.6%
Ships hull	14,801,366	5,833,563	253.7%	176.7%
Goods in transit	5,316,567	4,471,970	118.9%	93.0%
Fire	121,963,896	73,828,580	165.2%	166.9%
Other damage to property	15,095,234	21,359,246	70.7%	78.9%
Motor vehicle liability	28,669,283	16,155,967	177.5%	180.4%
Aircraft liability	83,732	88,325	94.8%	35.8%
Liability for ships	364,859	455,657	80.1%	114.0%
General liability	23,959,535	9,591,797	249.8%	187.6%
Credit	536,574	997,509	53.8%	61.1%
Suretyship	645,378	306,972	210.2%	154.3%
Miscellaneous financial loss	11,873,243	436,476	2720.2%	257.1%
Legal expenses	0	9,001	0.0%	0.6%
Assistance	0	39,441	0.0%	0.2%
Life	295,900	548,455	54.0%	23.1%
Unit-linked life	16,289	42,337	38.5%	31.0%
Total non-life	235,666,024	162,145,795	145.3%	136.2%
Total life	312,189	590,792	52.8%	23.8%
Total	235,978,213	162,736,587	145.0%	135.8%

Gross profit or loss for the period as percentage of net premiums written (EUR, except percentages)

Gross profit/loss 1	Net premiums written 2	2021 1/2	2020
53,606,214	158,563,605	33.8%	-8.4%

Gross profit or loss for the period as percentage of average equity (EUR, except percentages)

Gross profit/loss 1	Average equity 2	2021 1/2	2020
53,606,214	352,517,530	15.2%	-4.0%

Gross profit or loss for the period as percentage of average assets (EUR, except percentages)

Gross profit/loss 1	Average assets 2	2021 1/2	2020
53,606,214	794,359,671	6.7%	-1.8%

Gross profit or loss for the period per share (EUR, except percentages)

Gross profit/loss 1	Number of shares 2	2021 1/2	2020
53,606,214	17,219,662	3.11	-0.79

Receivables arising out of reinsurance business and reinsurers' share of technical provisions as percentage of equity (EUR, except percentages)

Reinsurance receivables 1	Reinsurers' share of technical provisions 2	Shareholders' equity 3	2021 (1+2)/3	2020
5,125,596	48,486,444	371,166,000	14.4%	10.9%

Net premiums written as percentage of average equity and average technical provisions (EUR, except percentages)

Net premiums written 1	Average equity 2	Average technical provisions 3	2021 1/(2+3)	2020
158,563,605	352,517,530	314,847,798	23.8%	26.2%

Average technical provisions as percentage of net earned premiums (EUR, except percentages)

Average net technical provisions 1	Net premiums earned 2	2021 1/2	2020
274,637,018	162,736,587	168.8%	157.6%

Equity as percentage of liabilities and equity (EUR, except percentages)

Shareholders' equity 1	Liabilities and equity 2	2021 1/2	2020
371,166,000	832,078,756	44.6%	44.1%

Net technical provisions as percentage of liabilities and equity (EUR, except percentages)

Net technical provisions 1	Liabilities and equity 2	2021 1/2	2020
283,326,280	832,078,756	34.1%	35.1%

Gross premiums written per employee (EUR, except percentages)

Gross premiums written 1	Number of employees in regular employment 2	2021 1/2	2020
190,051,724	126.6	1,501,792	1,605,724

Appendix B – Financial statements of the Sava Insurance Group pursuant to requirements of the Insurance Supervision Agency

Consolidated statement of financial position – assets

EUR	31 December 2021	31 December 2020	Index
ASSETS	2,658,322,359	2,467,251,303	107.7
Intangible assets	67,306,775	64,278,611	104.7
Property, plant and equipment	63,723,600	56,985,085	111.8
Non-current assets held for sale	770,544	1,288,664	59.8
Deferred tax assets	5,487,403	4,924,819	111.4
Investment property	14,281,192	16,121,079	88.6
Financial investments in associates	20,479,729	15,056,143	136.0
Financial investments:	1,472,688,443	1,430,149,336	103.0
- In loans and deposits	29,846,572	31,796,178	93.9
- Held to maturity	40,023,124	43,679,426	91.6
- Available for sale	1,368,432,673	1,327,264,062	103.1
- Measured at fair value	34,386,074	27,409,670	125.5
Assets held for the benefit of policyholders who bear the investment risk	517,439,592	411,224,812	125.8
Reinsurers' and co-insurers' share of technical provisions	57,767,056	42,609,217	135.6
Investment contract assets	172,836,349	158,765,028	108.9
Receivables	149,940,870	153,871,498	97.4
1 Receivables arising out of primary insurance business	128,544,723	135,285,588	95.0
2 Receivables arising out of reinsurance and co-insurance business	9,077,165	6,054,576	149.9
3 Current tax assets	330,518	529,831	62.4
4 Other receivables	11,988,464	12,001,503	99.9
Other assets	26,953,128	28,518,417	94.5
Cash and cash equivalents	88,647,678	83,458,594	106.2
Off-balance sheet items	92,491,766	108,587,402	85.2

Consolidated statement of financial position – equity and liabilities

EUR	31 December 2021	31 December 2020	Index
EQUITY AND LIABILITIES	2,658,322,359	2,467,251,303	107.7
Shareholders' equity	504,077,018	460,214,488	109.5
Share capital	71,856,376	71,856,376	100.0
Capital reserves	42,702,320	43,035,948	99.2
Profit reserves	204,069,370	177,346,871	115.1
Fair value reserve	21,246,888	40,173,090	52.9
Reserve due to fair value revaluation	1,300,871	964,485	134.9
Retained earnings	116,166,406	73,413,529	158.2
Net profit or loss for the period	49,623,843	56,197,540	88.3
Translation reserve	-3,256,354	-3,266,013	99.7
Equity attributable to owners of the controlling company	503,709,720	459,721,826	848.3
Non-controlling interests in equity	367,298	492,662	74.6
Subordinated liabilities	74,863,524	74,804,974	100.1
Technical provisions	1,237,500,117	1,233,312,054	100.3
Unearned premiums	207,022,452	210,614,842	98.3
Technical provisions for life insurance business	443,577,279	465,641,679	95.3
Provision for outstanding claims	578,713,597	547,764,679	105.7
Other technical provisions	8,186,789	9,290,854	88.1
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	524,183,338	409,604,428	128.0
Other provisions	9,018,106	9,287,735	97.1
Deferred tax liabilities	11,387,395	14,901,575	76.4
Investment contract liabilities	172,660,266	158,596,453	108.9
Other financial liabilities	584,924	470,937	124.2
Liabilities from operating activities	54,783,379	58,412,273	93.8
1 Liabilities from primary insurance business	41,669,619	46,269,833	90.1
2 Liabilities from reinsurance and co-insurance business	10,109,076	6,837,159	147.9
3 Current income tax liabilities	3,004,684	5,305,281	56.6
Other liabilities	69,264,292	47,646,386	145.4
Off-balance sheet items	92,491,766	108,587,402	85.2

Disclosure of off-balance sheet items

EUR	2021	2020
Outstanding recourse receivables	28,366,399	29,626,929
Receivables from the cancellation of subordinated financial instruments	37,960,300	37,960,300
Other potential reinsurance receivables	1,672,497	1,726,668
Contingent assets	67,999,196	69,313,897

EUR	2021	2020
Guarantees issued	24,373,833	38,601,886
Civil claims	118,737	101,992
Contingent liabilities	24,492,570	38,703,858

In its off-balance sheet items for 2021 and 2020, the Group shows contingent assets in the amount of its cancelled subordinated instruments, regarding which the Group is continuing activities for the protection of its interests. In December 2016, claims were filed against the issuing banks of the cancelled subordinated financial instruments held by the Group. Guarantees issued mostly represent potential liabilities arising from investments in alternative funds.

Consolidated income statement

EUR	2021	2020	Index
Net premiums earned	686,574,317	635,361,568	108.1
- Gross premiums written	729,898,408	679,749,305	107.4
- Written premiums ceded to reinsurers and co-insurers	-46,115,953	-41,050,900	112.3
- Change in unearned premiums	2,791,862	-3,336,837	-83.7
Investment income	128,075,134	90,214,153	142.0
Other technical income, of which	31,711,898	28,513,698	111.2
- Commission income	8,640,223	5,899,388	146.5
Other income	27,037,764	30,895,868	87.5
Net claims incurred	-408,814,273	-426,695,412	95.8
- Gross claims payments	-406,908,665	-399,532,382	101.8
- Reinsurers' and co-insurers' shares	12,632,236	5,199,171	243.0
- Change in provision for outstanding claims	-14,537,844	-32,362,201	44.9
Change in other technical provisions	23,872,769	40,613,572	58.8
Change in technical provisions for policyholders who bear the investment risk	-115,064,830	-35,479,642	324.3
Expenses for bonuses and rebates	-276,004	-103,253	267.3
Operating expenses, of which	-219,931,765	-203,216,146	108.2
- Acquisition costs	-79,610,600	-72,849,651	109.3
Expenses relating to investments in subsidiaries and associates	0	-2,096,868	-
Investment expenses	-31,008,847	-53,843,706	57.6
Other technical expenses	-26,947,444	-33,294,044	80.9
Other expenses	-2,466,335	-3,265,162	75.5
Profit or loss before tax	93,535,270	67,746,714	138.1
Income tax expense	-17,368,092	-11,360,415	152.9
Net profit or loss for the period	76,167,178	56,386,299	135.1
Net profit or loss attributable to owners of the controlling company	76,074,721	56,222,528	135.3
Net profit or loss attributable to non-controlling interests	92,457	163,771	56.5
Basic earnings/loss per share	4.91	3.63	135.3
Diluted earnings/loss per share	4.91	3.63	135.3

Consolidated statement of other comprehensive income

EUR		2021	2020	Index
A Technical account – non-life insurance business other than health insurance business				
I.	Net premiums earned	504,039,954	502,053,711	100.4
1	Gross premiums written	542,535,810	536,681,876	101.1
2	Premiums written for accepted co-insurance (+)	4,390,028	9,560,530	45.9
3	Assumed co-insurance premiums written (-)	-1,422,410	-2,711,970	52.4
4	Gross reinsurance premiums written (-)	-44,320,582	-38,060,243	116.5
5	Change in gross unearned premiums (+/-)	3,490,369	-2,296,764	-152.0
6	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	-633,261	-1,119,718	56.6
II.	Allocated investment return transferred from the non-technical account (item D VIII)	26,315	15,485	169.9
III.	Other net technical income	2,637,810	2,541,664	103.8
IV.	Net claims incurred	286,158,871	304,612,679	93.9
1	Gross claims payments	290,651,472	281,011,677	103.4
2	Income from realised gross recourse receivables (-)	-7,767,254	-7,400,032	105.0
3	Co-insurers' shares paid (+/-)	3,678,151	4,112,039	89.4
4	Reinsurers' shares paid (-)	-16,245,259	-9,276,507	175.1
5	Change in the gross claims provision (+/-)	31,917,864	40,328,104	79.1
6	Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	-16,076,103	-4,162,602	386.2
V.	Change in other net technical provisions (+/-)	-1,381,815	-2,223,677	62.1
VI.	Net expenses for bonuses and rebates	276,004	103,253	267.3
VII.	Net operating expenses	172,447,298	166,224,300	103.7
1	Acquisition costs	64,857,904	65,625,215	98.8
2	Change in deferred acquisition costs (+/-)	1,714,252	-1,017,999	-168.4
3	Other operating expenses	114,411,752	107,508,953	106.4
4	Income from reinsurance commission and reinsurance contract profit participation (-)	-8,536,610	-5,891,869	144.9
VIII.	Other net technical expenses	9,083,964	9,060,104	100.3
IX.	Balance on the technical account – non-life business other than health business (I+II+III-IV-V-VI-VII-VIII)	40,119,757	26,834,201	149.5
B Technical account – life insurance business				
I.	Net premiums earned	182,534,363	133,307,857	136.9
1	Gross premiums written	182,972,412	133,506,722	137.1
2	Premiums written for accepted co-insurance (+)	158	177	89.3
3	Assumed co-insurance premiums written (-)	-15,812	-17,662	89.5
4	Gross reinsurance premiums written (-)	-357,149	-261,025	136.8
5	Change in gross unearned premiums (+/-)	-64,495	80,053	-80.6
6	Change in unearned premiums for the reinsurance part (+/-)	-751	-408	184.1

Consolidated statement of other comprehensive income – continued

EUR		2021	2020	Index
II.	Investment income	18,232,469	13,694,808	133.1
1	Income from participating interests	1,145,796	827,725	138.4
2	Income from other investments	11,529,191	9,764,418	118.1
2.2	Interest income	10,810,403	9,011,430	120.0
2.3	Other investment income	718,788	752,988	95.5
2.3.1	Financial income from revaluation	706,093	494,802	142.7
2.3.2	Other finance income	12,695	258,186	4.9
4	Gains on disposal of investments	5,557,482	3,102,665	179.1
III.	Net unrealised gains on investments of life insurance policyholders who bear the investment risk	87,404,487	58,378,999	149.7
IV.	Other net technical income	4,233,922	2,132,306	0.0
V.	Net claims incurred	122,655,402	122,082,733	100.5
1	Gross claims payments	124,024,447	125,920,737	98.5
3	Reinsurers' shares paid (-)	-65,128	-34,703	187.7
4	Change in the gross claims provision (+/-)	-1,456,429	-4,174,085	34.9
5	Change in the provision for outstanding claims for reinsurance (+/-)	152,512	370,784	41.1
VI.	Change in diverse other net technical provisions (+/-)	92,573,876	-2,910,253	-3181.0
1	Change in mathematical provision	92,573,876	-2,910,253	-3181.0
1.1	Change in the gross mathematical provision (+/-)	92,573,876	-2,910,253	-3181.0
VIII.	Net operating expenses	38,844,244	31,092,458	124.9
1	Acquisition costs	12,826,315	8,785,651	146.0
2	Change in deferred acquisition costs (+/-)	212,129	-543,216	-39.1
3	Other operating expenses	25,909,413	22,857,542	113.4
3.1	Depreciation/amortisation of operating assets	1,384,767	1,249,718	110.8
3.2	Personnel costs	15,295,438	13,995,523	109.3
3.3	Costs of services by natural persons not performing business (costs relating to contracts for services, copyright contracts and relating to other legal relationships), incl. of contributions	131,039	113,631	115.3
3.4	Other operating expenses	9,098,169	7,498,670	121.3
4	Income from reinsurance commission and reinsurance contract profit participation (-)	-103,613	-7,519	1378.0
IX.	Investment expenses	2,133,828	3,515,764	60.7
1	Depreciation of investments not necessary for operations	1,342	1,342	100.0
2	Asset management expenses, interest expenses and other financial expenses	1,171,510	259,819	450.9
3	Financial expenses from revaluation	699,536	983,890	71.1
4	Losses on disposal of investments	261,440	2,270,713	11.5
X.	Net unrealised losses on investments of life insurance policyholders who bear the investment risk	18,685,384	35,335,474	52.9

Consolidated statement of other comprehensive income – continued

EUR		2021	2020	Index
XI.	Other net technical expenses	1,846,715	1,471,807	125.5
2	Other net technical expenses	1,846,715	1,471,807	125.5
XII.	Allocated investment return transferred to the non-technical account (item D V) (-)	9	114	7.9
XIII.	Balance on the technical account – life business (I+II+III+IV-V+VI-VII-VIII-IX-X-XI-XII)	15,665,783	16,925,873	92.6
C. Non-technical account				
I.	Balance on the technical account – non-life business (A X)	40,119,757	26,834,201	149.5
II.	Balance on the technical account – life business (B XIII)	15,665,783	16,925,873	92.6
III.	Investment income	24,559,238	19,588,218	125.4
1	Income from participating interests	1,474,692	487,951	302.2
2	Income from other investments	20,855,735	14,757,156	141.3
2.1	Income from land and buildings	1,348,174	1,305,784	103.3
2.2	Interest income	6,032,346	7,140,008	84.5
2.3	Other investment income	13,475,215	6,311,364	213.5
2.3.1	Financial income from revaluation	11,625,924	4,892,476	237.6
2.3.2	Other finance income	1,849,291	1,418,888	130.3
4	Gains on disposal of investments	2,228,811	4,343,111	51.3
V.	Allocated investment return transferred to the technical account, life insurance (B XII)	9	114	0.0
VII.	Investment expenses	10,461,216	17,369,012	60.2
1	Depreciation of investments not necessary for operations	270,239	278,334	97.1
2	Asset management expenses, interest expenses and other financial expenses	3,132,031	3,228,289	97.0
3	Financial expenses from revaluation	6,989,680	12,405,839	56.3
4	Losses on disposal of investments	69,266	1,456,550	4.8
VIII.	Allocated investment return transferred to the technical account for non-life business other than health business (A II)	26,315	15,485	0.0
IX.	Other technical income	16,199,943	17,940,340	90.3
1	Other income from non-life business other than health business	16,075,470	17,839,933	90.1
2	Other income from life business	124,473	100,407	124.0
X.	Other technical expenses	16,016,765	22,762,133	70.4
1	Other expenses for non-life business other than health business	15,800,618	22,568,034	70.0
2	Other expenses for life business	216,147	194,099	111.4
XI.	Other income	25,689,590	29,590,084	86.8
1	Other non-life income	19,100,641	14,768,683	129.3
2	Other expenses for life business	6,588,949	14,821,401	44.5

Consolidated statement of other comprehensive income – continued

EUR	2021	2020	Index
XII. Other expenses	2,194,754	2,985,486	73.5
1 Other non-life expenses	2,114,792	2,862,331	73.9
2 Other expenses for life business	79,962	123,155	64.9
XIII. Profit/loss for the year before tax (I+II+III+IV+V+VI-VII-VIII+IX-X+XI-XII)	93,535,270	67,746,714	138.1
1 Profit or loss for the period for non-life business	71,452,165	36,216,173	197.3
2 Profit/loss for the period for life business	22,083,105	31,530,541	70.0
XIV. Tax on profit	17,256,844	14,177,732	121.7
1.1 Tax on profit from non-life business	0	9,718,325	-
1.2 Tax on profit for life business	17,256,844	4,459,407	387.0
XV. Deferred tax	111,248	-2,817,317	-4.0
1.1 Deferred tax for non-life business	0	-2,715,187	-
1.2 Deferred tax for life business	111,248	-102,130	-108.9
XVI. Net profit or loss for the period (XIII-XIV+XV)	76,167,178	56,386,299	135.1
Disaggregation of profit or loss			
- From non-life insurance business	57,934,671	29,213,035	198.3
- From life business	18,232,507	27,173,264	67.1
D. Calculation of comprehensive income			
I. Profit/loss for the year, net of tax	76,167,178	56,386,299	135.1
II. Other comprehensive gain, net of tax (1+2+3+4+5+6+7+8+9+10)	-18,581,762	19,396,797	-95.8
a) Items that will not be reclassified subsequently to profit or loss	336,546	40,447	832.1
5 Other items that will not be reclassified subsequently to profit or loss	335,805	-66,465	-505.2
6 Tax on items that will not be reclassified subsequently to profit or loss	741	106,912	0.7
b) Items that may be reclassified subsequently to profit or loss	-18,918,308	19,356,350	-97.7
1 Net gains/losses on remeasuring available-for-sale financial assets	-23,140,493	24,016,152	-96.4
4 Tax on items that may be reclassified subsequently to profit or loss	4,212,448	-4,561,530	-92.3
5 Exchange differences on translating foreign operations	9,737	-98,272	-9.9
III. Total comprehensive income (I + II)	57,585,416	75,783,096	76.0

Consolidated statement of cash flows

EUR		2021	2020	Index
A. Cash flows from operating activities				
a)	Items of the income statement	94,093,643	56,739,389	165.8
1	Net premiums written in the period	683,782,455	638,698,405	107.1
2	Investment income (other than finance income)	1,862,472	1,678,401	111.0
3	Other operating income (excl. revaluation income and releases from provisions) and finance income from operating receivables	45,958,161	35,554,765	129.3
4	Net claims payments in the period	-394,276,429	-394,333,211	100.0
5	Expenses for bonuses and rebates	-276,004	-103,253	267.3
6	Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-207,897,330	-194,881,844	106.7
7	Investment expenses (excluding amortisation and financial expenses)	-1,174,605	-335,511	350.1
8	Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-16,516,985	-18,177,948	90.9
9	Tax on profit and other taxes not included in operating expenses	-17,368,092	-11,360,415	152.9
b)	Changes in net operating assets (premium receivables, other receivables, other assets and deferred tax assets/liabilities) of operating items of the income statement	26,900,019	5,777,701	465.6
1	Change in receivables from primary insurance	6,740,865	4,668,768	144.4
2	Change in receivables from reinsurance	-3,022,589	679,988	-444.5
3	Change in other receivables from (re)insurance business	-476,290	-292,456	162.9
4	Change in other receivables and other assets	2,251,177	-1,640,935	-137.2
5	Change in deferred tax assets	-562,584	-2,880,695	19.5
6	Change in inventories	1,377	-24,663	-5.6
7	Change in liabilities arising out of primary insurance	-4,600,214	-4,087,165	112.6
8	Change in liabilities arising out of reinsurance business	3,271,917	-2,463,278	-132.8
9	Change in other operating liabilities	12,040,513	3,672,167	327.9
10	Change in other liabilities (except unearned premiums)	14,770,027	-1,460,941	-1011.0
11	Change in deferred tax liabilities	-3,514,180	9,606,911	-36.6
c)	Net cash from/used in operating activities (a + b)	120,993,662	62,517,090	193.5

Consolidated statement of cash flows – continued

EUR	2021	2020	Index
B. Cash flows from investing activities			
a) Cash receipts from investing activities	681,772,670	445,230,153	153.1
1 Interest received from investing activities	22,902,040	16,151,438	141.8
2 Cash receipts from dividends and participation in the profit of others	1,847,602	1,173,588	157.4
3 Proceeds from sale of intangible assets	1,310,598	155,228	844.3
4 Proceeds from sale of property, plant and equipment assets	1,548,925	328,102	472.1
5 Proceeds from disposal of financial investments	654,163,505	427,421,797	153.0
5.2 Other proceeds from disposal of financial investments	654,163,505	427,421,797	153.0
b) Cash disbursements in investing activities	-778,792,089	-524,976,502	148.3
1 Purchase of intangible assets	-6,728,193	-6,899,448	97.5
2 Purchase of property, plant and equipment	-11,220,649	-5,858,451	191.5
3 Purchase of long-term financial investments	-760,843,247	-512,218,603	148.5
3.1 Purchase of subsidiaries or other companies	-5,032,579	-83,489,797	6.0
3.2 Other disbursements to acquire financial investments	-755,810,668	-428,728,806	176.3
c) Net cash from/used in investing activities (a + b)	-97,019,419	-79,746,349	121.7
C. Cash flows from financing activities			
a) Cash receipts from financing activities	1,866,213	0	-
2 Proceeds from long-term borrowing	1,866,213	0	-
b) Cash disbursements in financing activities	-20,651,372	-6,015,569	343.3
1 Interest paid	-2,893,735	-3,152,597	91.8
3 Repayment of long-term financial liabilities	-4,517,330	-2,689,097	168.0
5 Dividends and other profit participations paid	-13,240,307	-173,875	7614.8
c) Net cash from/used in financing activities (a + b)	-18,785,159	-6,015,569	312.3
C2. Closing balance of cash and cash equivalents	88,647,678	83,458,594	106.2
x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	5,189,084	-23,244,828	-22.3
y) Opening balance of cash and cash equivalents	83,458,594	93,804,031	89.0
Opening balance of cash and cash equivalents – acquisition	0	12,899,391	-

Appendix C – Financial statements of Sava Re pursuant to requirements of the Insurance Supervision Agency

Statement of financial position

EUR	31 December 2021	31 December 2020	Index
ASSETS	832,078,756	756,640,585	110.0
A. Intangible assets	3,194,031	1,947,056	164.0
B. Property, plant and equipment	2,669,091	2,446,107	109.1
D. Deferred tax assets	3,688,957	3,487,337	105.8
E. Investment property	7,899,693	8,031,875	98.4
F. Financial investments in Group companies and associates, of which	324,129,991	319,097,412	101.6
G. Financial investments	327,784,595	269,537,788	121.6
- In loans and deposits	12,183,310	12,228,804	99.6
- Held to maturity	2,816,979	2,816,598	100.0
- Available for sale	303,501,261	246,840,118	123.0
- Measured at fair value	9,283,045	7,652,268	121.3
I. Amount of technical provisions transferred to reinsurers and co-insurers	48,486,444	31,935,116	151.8
K. Receivables	79,803,172	86,753,033	92.0
1 Receivables arising out of primary insurance business	74,410,185	79,662,908	93.4
2 Receivables arising out of reinsurance and co-insurance business	5,125,596	4,461,167	114.9
3 Current tax assets	0	325,472	-
4 Other receivables	267,390	2,303,486	11.6
L. Other assets	5,615,963	6,324,715	88.8
M. Cash and cash equivalents	28,806,817	27,080,146	106.4
N. Off-balance sheet items	18,554,794	23,294,295	79.7

EUR	31 December 2021	31 December 2020	Index
EQUITY AND LIABILITIES	832,078,756	756,640,585	110.0
A. Shareholders' equity	371,166,000	333,869,060	111.2
1 Share capital	71,856,376	71,856,376	100.0
2 Capital reserves	54,239,757	54,239,757	100.0
3 Profit reserves	204,299,913	177,879,849	114.9
4 Fair value reserve	3,619,684	6,039,787	59.9
5 Reserve due to fair value revaluation	96,544	46,586	207.2
6 Retained earnings	10,633,662	34,797,321	30.6
7 Net profit or loss for the period	26,420,064	-10,990,617	-240.4
B. Subordinated liabilities	74,863,524	74,804,974	100.1
C. Technical provisions	331,812,724	297,882,871	111.4
1 Unearned premiums	52,775,034	57,411,109	91.9
3 Provision for outstanding claims	278,281,619	238,990,653	116.4
4 Other technical provisions	756,071	1,481,109	51.1
E. Other provisions	421,865	424,345	99.4
G. Deferred tax liabilities	76,227	76,227	100.0
J. Liabilities from operating activities	46,543,595	45,389,434	102.5
1 Liabilities from primary insurance business	39,556,034	40,565,890	97.5
2 Liabilities from reinsurance and co-insurance business	6,592,809	4,823,544	136.7
3 Current income tax liabilities	394,752	0	-
K. Other liabilities	7,194,821	4,193,673	171.6
L. Off-balance sheet items	18,554,794	23,294,294	79.7

Disclosure of off-balance sheet items

EUR	31 December 2021	31 December 2020
Receivables from the cancellation of subordinated financial instruments	10,038,000	10,038,000
Other potential reinsurance receivables	24,941	39,556
Contingent assets	10,062,941	10,077,556

EUR	31 December 2021	31 December 2020
Guarantees issued	8,491,853	13,216,739
Contingent liabilities	24,492,570	29,313,061

In its off-balance sheet items for 2021 and 2020, the Company shows contingent assets in the amount of its cancelled subordinated instruments, regarding which the Company is continuing activities for the protection of its interests. In December 2016, claims were filed against the issuing banks of the subordinated financial instruments held by the Company prior to their cancellation.

Income statement

EUR	2021	2020	Index
Net premiums earned	162,736,587	157,398,793	103.4
- Gross premiums written	190,051,724	191,683,253	99.1
- Written premiums ceded to reinsurers and co-insurers	-31,488,119	-29,817,808	105.6
- Change in unearned premiums	4,172,982	-4,466,651	-93.4
Income from investments in subsidiaries and associates, of this	50,417,783	2,589,986	1.946.6
Other income from investments in subsidiaries and associates	50,417,783	2,589,986	1.946.6
Investment income	9,902,249	6,064,021	163.3
Interest income	2,569,728	3,047,007	84.3
Other investment income	7,332,521	3,017,014	243.0
Other technical income, of which	5,824,719	4,554,918	127.9
- Commission income	4,870,965	4,140,292	117.6
- Other technical income	953,754	414,625	230.0
Other income	834,088	860,650	96.9
Net claims incurred	-111,592,756	-115,737,981	96.4
- Gross claims payments	-99,242,817	-90,303,006	109.9
- Reinsurers' and co-insurers' shares	9,926,605	6,071,633	163.5
- change in provision for outstanding claims	-22,276,544	-31,506,608	70.7
Change in other technical provisions	723,394	209,214	345.8
Expenses for bonuses and rebates	1,643	-4,427	-37.1
Operating expenses, of which	-61,268,096	-54,637,288	112.1
- Acquisition costs	-46,212,625	-41,214,762	112.1
Other operating expenses	-15,055,471	-13,422,527	112.2
Expenses for investments in subsidiaries and associates and impairment losses on goodwill	0	-2,570,083	-
Impairment losses	0	-2,570,083	-
Investment expenses, of this	-3,239,801	-8,801,803	36.8
- Impairment losses on financial assets not at fair value through profit or loss	0	-429,356	-
Interest expense	-2,898,715	-2,895,938	100.1
Other investment expenses	-341,086	-5,476,509	6.2
Other technical expenses	-464,594	-3,213,645	14.5
Other expenses	-269,002	-242,087	111.1
Profit or loss before tax	53,606,214	-13,529,732	-396.2
Income tax expense	-766,086	2,539,116	-30.2
Net profit or loss for the period	52,840,127	-10,990,617	-480.8
Basic earnings/loss per share	3.41	-0.71	-480.77
Diluted earnings/loss per share	3.41	-0.71	-480.77

Statement of other comprehensive income

EUR		2021	2020	Index
A Technical account – non-life insurance business other than health insurance business				
I.	Net premiums earned	162,736,585	157,398,791	103.4
1	Gross premiums written	190,051,723	191,683,252	99.2
4	Gross reinsurance premiums written (-)	-31,488,119	-29,817,809	105.6
5	Change in gross unearned premiums (+/-)	4,636,074	-2,823,053	-164.2
6	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	-463,093	-1,643,599	28.2
II.	Allocated investment return transferred from the non-technical account (item D VIII)	8,753,062	-121,280	-7217.2
IV.	Net claims incurred	111,592,755	115,737,980	96.4
1	Gross claims payments	100,304,678	91,323,461	109.8
2	Income from realised gross recourse receivables (-)	-1,061,861	-1,020,455	104.1
4	Reinsurers' shares paid (-)	-9,926,605	-6,071,633	163.5
5	Change in the gross claims provision (+/-)	39,290,966	33,926,015	115.8
6	Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	-17,014,422	-2,419,407	703.3
V.	Change in other net technical provisions (+/-)	723,394	209,214	345.8
VI.	Net expenses for bonuses and rebates	-1,643	4,427	-37.1
VII.	Net operating expenses	56,397,131	50,496,994	111.7
1	Acquisition costs	45,244,305	40,497,640	111.7
2	Change in deferred acquisition costs (+/-)	968,321	717,122	135.0
3	Other operating expenses	15,055,471	13,422,524	112.2
3.1	Depreciation/amortisation of operating assets	561,935	581,188	96.7
3.2	Personnel costs	9,806,405	9,257,884	105.9
3.3	Costs of services by natural persons not performing business (costs relating to contracts for services, copyright contracts and relating to other legal relationships), incl. of contributions	324,245	193,944	167.2
3.4	Other operating expenses	4,362,886	3,389,508	128.7
4	Income from reinsurance commission and reinsurance contract profit participation (-)	-4,870,965	-4,140,292	117.7
VIII.	Other net technical expenses	277,953	211,298	131.6
1	Expenses for loss prevention activities	12	14	86.6
3	Other net technical expenses	277,941	211,284	131.6
IX.	Balance on the technical account – non-life business other than health business (I+II+III-IV+V-VI-VII-VIII)	3,946,846	-8,963,974	-44.0

Statement of other comprehensive income – continued

EUR		2021	2020	Index
C. Non-technical account				
I.	Balance on the technical account – non-life business other than health business (A X)	3,946,846	-8,963,974	-44.0
III.	Investment income	66,958,197	9,437,244	709.5
1	Income from participating interests	50,936,381	2,823,567	1804.0
1.1	Income from participating interests in Group companies	50,417,783	2,589,986	1946.6
1.3	Income from participating interests in other companies	518,598	233,581	222.0
2	Income from other investments	14,091,914	4,530,807	311.0
2.1	Income from land and buildings	784,325	783,238	100.1
	- In Group companies	1,196	598	0.0
	- In other companies	783,129	782,640	100.1
2.2	Interest income	2,569,728	3,047,006	84.3
	- In Group companies	73,177	110,921	66.0
	- In other companies	2,496,550	2,936,085	85.0
2.3	Other investment income	10,737,861	700,563	1532.8
	2.3.1 Financial income from revaluation	10,040,886	0	-
	- In other companies	10,040,886	0	-
	2.3.2 Other finance income	696,975	700,563	99.5
	- In other companies	696,975	700,563	99.5
4	Gains on disposal of investments	1,929,903	2,082,870	92.7
V.	Investment expenses	9,235,403	11,513,419	80.2
1	Depreciation of investments not necessary for operations	141,761	141,532	100.2
2	Asset management expenses, interest expenses and other financial expenses	2,900,022	2,961,028	97.9
3	Financial expenses from revaluation	6,161,660	7,631,170	80.7
4	Losses on disposal of investments	31,960	779,689	4.1
VI.	Allocated investment return transferred to the technical account for non-life business other than health business (A II)	8,753,062	-121,280	-7217.2
VII.	Other technical income	12,944,301	414,625	3121.9
1	Other income from non-life business other than health business	12,944,301	414,625	3121.9
VIII.	Other technical expenses	12,177,188	3,002,347	405.6
1	Other expenses for non-life business other than health business	12,177,188	3,002,347	405.6
IX.	Other income	49,763	77,412	64.3
1	Other non-life income	49,763	77,412	64.3
X.	Other expenses	127,241	100,555	126.5
1	Other non-life expenses	127,241	100,555	126.5

Statement of other comprehensive income – continued

EUR	2021	2020	Index
XI. Profit or loss for the year before tax (I+II+III+IV-V-VI+VII-VIII+IX-X)	53,606,213	-13,529,734	-396.2
1 Profit or loss for the period for non-life business	53,606,213	-13,529,734	-396.2
XIV. Tax on profit	400,027	0	-
1.1 Tax on profit from non-life business	400,027	0	-
XV. Deferred tax	366,058	-2,539,116	-14.4
1.1 Deferred tax for non-life business	366,058	-2,539,116	-14.4
XVI. Net profit or loss for the period (XIII-XIV+XV)	52,840,128	-10,990,617	-480.8
Disaggregation of profit or loss			
- From non-life insurance business	52,840,127	-10,990,617	-480.8
D. Calculation of comprehensive income			
I. Net profit or loss for the year	52,840,128	-10,990,617	-480.8
II. Other comprehensive gain, net of tax (1+2+3+4+5+6+7+8+9+)	-2,370,146	847,474	-279.7
a) Items that will not be reclassified subsequently to profit or loss	49,958	25,210	198.2
5 Other items that will not be reclassified subsequently to profit or loss	49,958	25,210	198.2
b) Items that may be reclassified subsequently to profit or loss	-2,420,104	822,263	-294.3
1 Net gains/losses on remeasuring available-for-sale financial assets	-2,987,782	1,015,139	-294.3
5 Tax on items that may be reclassified subsequently to profit or loss	567,678	-192,875	-294.3
III. Comprehensive income for the year, net of tax (I + II)	50,469,982	-10,143,143	-497.6

Cash flow statement

EUR		2021	2020	Index
A. Cash flows from operating activities				
a.)	Items of the income statement	15,367,296	29,425,091	52.2
1	Net premiums written in the period	158,563,605	161,865,444	98.0
2	Investment income (other than finance income)	696,975	700,563	99.5
3	Other operating income (excl. revaluation income and releases from provisions) and finance income from operating receivables	6,658,807	5,415,568	123.0
4	Net claims payments in the period	-89,316,212	-84,231,373	106.0
5	Expenses for bonuses and rebates	1,643	-4,427	-37.1
6	Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-59,737,841	-53,338,978	112.0
7	Investment expenses (excluding amortisation and financial expenses)	0	-65,089	-
8	Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-733,596	-3,455,732	21.2
9	Tax on profit and other taxes not included in operating expenses	-766,086	2,539,116	-30.2
b.)	Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position	11,612,299	3,333,692	348.3
1	Change in receivables from primary insurance	5,252,723	9,874,852	53.2
2	Change in receivables from reinsurance	-664,429	-246,337	269.7
4	Change in other receivables and other assets	2,868,700	1,313,588	218.4
5	Change in deferred tax assets	0	-2,346,239	-
7	Change in liabilities arising out of primary insurance	-1,009,856	-3,808,048	26.5
8	Change in liabilities arising out of reinsurance business	1,769,265	-1,889,121	-93.7
9	Change in other operating liabilities	2,711,773	-170,845	-1.587.3
10	Change in other liabilities (except unearned premiums)	289,371	605,842	47.8
11	Change in deferred tax liabilities	394,752	0	-
c.)	Net cash from/used in operating activities (a + b)	26,979,595	32,758,783	82.4

Cash flow statement – continued

EUR	2021	2020	Index
B. Cash flows from investing activities			
a.) Cash receipts from investing activities	151,978,637	136,859,562	111.0
1 Interest received from investing activities	3,649,817	3,572,404	102.2
2 Cash receipts from dividends and participation in the profit of others	50,936,381	2,823,567	1.804.0
4 Proceeds from sale of property, plant and equipment assets	16,416	42,933	38.2
5 Proceeds from disposal of financial investments	97,376,023	130,420,657	74.7
b.) Cash disbursements in investing activities	-161,168,166	-192,507,029	83.7
1 Purchase of intangible assets	-2,048,184	-894,747	228.9
2 Purchase of property, plant and equipment	-137,395	-169,566	81.0
3 Purchase of financial investments	-158,982,587	-191,442,716	83.0
c.) Net cash from/used in investing activities (a + b)	-9,189,529	-55,647,468	16.5
C. Cash flows from financing activities			
b.) Cash disbursements in financing activities	-16,063,395	-2,962,391	542.2
1 Interest paid	-2,838,770	-2,895,938	98.0
3 Repayment of long-term financial liabilities	-51,584	-66,452	77.6
5 Dividends and other profit participations paid	-13,173,042	0	-
c.) Net cash from/used in financing activities (a + b)	-16,063,395	-2,962,391	542.2
C2. Closing balance of cash and cash equivalents	28,806,817	27,080,146	106.4
x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	1,726,671	-25,851,075	-6.7
y) Opening balance of cash and cash equivalents	27,080,146	52,931,221	51.2

Appendix C2 – Glossary of selected terms and calculation methods 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. 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 revenue. 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.

Appendix D – GRI index¹⁴⁷

GENERAL STANDARD DISCLOSURES

GRI standard and disclosure	Description	Section	Topic boundary and notes / limitations
GRI 101: Foundation 2018			
GRI 102: General disclosures 2018			
Presentation of organisation			
102-01	Name of the organisation	2.1	Sava Re
102-02	Activities, brands, products, and services	2.7	Sava Insurance Group
102-03	Location of headquarters	2.1	Sava Re
102-04	Location of operations	2.6	Sava Insurance Group
102-05	Ownership and legal form	2.1, 2.7	Sava Re
102-06	Markets served (by region, industry and type of customers)	2.7, 7	Sava Insurance Group
102-07	Scale of the organisation	2.7, 16.2, 10.3.1	Sava Insurance Group
102-08	Information on employees	10, 10.3.1	Sava Insurance Group
102-09	Supply chain	14, 13.4	Sava Insurance Group
102-10	Significant changes to the organisation	2.8	Sava Insurance Group
102-11	Precautionary principle or approach	11, 14.3.2, 17.6, 20.4, 23.5	Sava Insurance Group
102-12	External documents, principles and other economic, environmental and social initiatives that the organisation supports	14.5.4	Sava Re and Zavarovalnica Sava
102-13	Membership of associations	14.5.5	Sava Re
Strategy			
102-14	Statement from senior decision-maker on the importance of sustainable development for the organisation and its strategy	1	Sava Re
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour, including codes of conduct and ethics	5, 6.1, 14	Sava Insurance Group
Governance			
102-18	Governance structure	2.7, 5.3, 10.5.3.	Sava Insurance Group

¹⁴⁷ GRI 102-55.

GENERAL STANDARD DISCLOSURES

GRI standard and disclosure	Description	Section	Topic boundary and notes / limitations
Stakeholders			
102-40	List of stakeholder groups	14	Sava Insurance Group
102-41	Collective bargaining agreements	10.3.1	Sava Insurance Group
102-42	Identifying and selecting stakeholders	3.3, 14	Sava Insurance Group
102-43	Approach to stakeholder engagement	3.3, 14	Sava Insurance Group
102-44	Key topics and concerns raised in stakeholder engagement and response by the organisation (also via reporting)	14	Sava Insurance Group
Reporting practice			
102-45	Entities included in the consolidated financial statements	2.5, 2.6, 2.7, 14, 17.2	Sava Insurance Group
102-46	Defining report content and topic boundaries	14	Sava Insurance Group. The materiality matrix has been prepared in cooperation with the stakeholders of the Sava Insurance Group.
102-47	List of material topics	14	Sava Insurance Group
102-48	Restatements of information	14	Sava Insurance Group. The report does not include corrected statements.
102-49	Changes in reporting regarding topic boundaries	14	Sava Insurance Group. The scope of topics has changed in line with regulatory requirements.
102-50	Reporting period	14	Sava Insurance Group
102-51	Date of most recent report	14	Sava Insurance Group. The most recent annual report of the Group and the Company for 2019 was published on 26 March 2020.
102-52	Reporting cycle	14	Sava Insurance Group
102-53	Contact point for questions regarding the report	2.1	Sava Insurance Group
102-54	Claims of reporting in accordance with the GRI Standards	14	Sava Insurance Group
102-55	GRI content index	14	Sava Insurance Group
102-56	External assurance	14	/

SPECIFIC STANDARD DISCLOSURES

Disclosures on management approach	Material topics	Section	Reasons for omission / notes
ECONOMIC IMPACTS			
GRI 201: Economic performance			
103-01, 103-02, 103-03	Management approach	5.4, 6.2, 10.1, 10.2, 10.4, 10.5, 14	Sava Insurance Group
201-01	Direct economic value generated and distributed	14, 6.2	Sava Insurance Group
201-02	Financial implications and other risks and opportunities due to climate change	8.1.1, 8.2, 14	Sava Insurance Group
201-03	Defined benefit plan obligations	14	Sava Insurance Group
201-04	Financial assistance received from government	5.6, 14	Sava Insurance Group
GRI 202: Market presence			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
202-02	Proportion of senior management hired from the local community	2.7, 5.3.4	Sava Insurance Group
GRI 203: Indirect economic impacts			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
203-01	Infrastructure investments and services supported	14	Sava Insurance Group
203-02	Major indirect economic impacts	14	Sava Insurance Group
GRI 204: Procurement practices			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
204-01	Proportion of spending on local suppliers	14	Sava Insurance Group. Proportion not disclosed.

SPECIFIC STANDARD DISCLOSURES

Disclosures on management approach	Material topics	Section	Reasons for omission / notes
GRI 205: Prevention of corruption			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
205-01	Operations assessed for risks related to corruption	14	Sava Insurance Group
205-03	Confirmed incidents of corruption and actions taken	14	Sava Insurance Group
GRI 207: Tax		14	Sava Insurance Group
ENVIRONMENTAL STANDARDS			
GRI 302: Energy			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
302-01	Energy consumption within the organisation	14	Sava Insurance Group
GRI 305: Emissions			
305-01	direct GHG emissions	14	Sava Insurance Group
305-02	indirect GHG emissions	14	Sava Insurance Group
305-03	other indirect GHG emissions	14	Sava Insurance Group
GRI 306: Effluents and waste			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
306-02	Waste by type and disposal method	14	Sava Insurance Group
GRI 308: Supplier environmental assessment			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
308-01	New suppliers that were screened using environmental criteria		Sava Re. Proportion not disclosed.

SPECIFIC STANDARD DISCLOSURES

Disclosures on management approach	Material topics	Section	Reasons for omission / notes
SOCIAL IMPACTS			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
GRI 401: Recruitment			
103-01, 103-02, 103-03	Management approach	10, 20.3	Sava Insurance Group
401-01	Employment and fluctuation	10.3.2	Sava Insurance Group
GRI 403: Health and safety at work			
103-01, 103-02, 103-03	Management approach	10, 20.3	Sava Insurance Group
403-02	Lost days	10.3.1	Sava Insurance Group
GRI 404: Education and training			
103-01, 103-02, 103-03	Management approach	10	Sava Insurance Group
404-01	Average hours of training per year per employee	10.4	Sava Insurance Group
404-03	Percentage of employees receiving regular performance and career development reviews	10.5.1	Sava Insurance Group
GRI 405: Diversity and equal opportunities			
103-01, 103-02, 103-03	Management approach	10	Sava Insurance Group
405-01	Diversity of governance bodies and employees	5.3.1, 10.3.1, 14	Sava Insurance Group
405-02	Basic salary factor of women is the same as that of men in all employee categories	10.3.1	Sava Re
412: Human rights assessment			
412-03	Contracts and agreements that include provisions concerning the protection of human rights or have been subject to a human rights review	14	Sava Re

SPECIFIC STANDARD DISCLOSURES

Disclosures on management approach	Material topics	Section	Reasons for omission / notes
414: Local communities			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
413-01	Operations with local community engagement, impact assessments, and development programs	14	Sava Insurance Group
GRI 414: Assessment of supplier in terms of impact on society			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
414-01	New suppliers that were screened using social criteria	14	Sava Insurance Group
GRI 417: Marketing and labelling			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
417-01	Requirements for product and service information and labelling	14	Sava Insurance Group
GRI 419: Compliance			
103-01, 103-02, 103-03	Management approach	14	Sava Insurance Group
419-01	Non-compliance with laws and regulations	14	Sava Insurance Group

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