



**Unaudited Financial Report
of the Sava Insurance Group
and Financial Statements of Sava Re d.d.
for the Six Months to 30 June 2022**

Ljubljana, 9 August 2022

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Business report

This report has been prepared by Sava Re, d.d., Ljubljana, Dunajska 56, in accordance with the Financial Instruments Market Act and the rules of the Ljubljana Stock Exchange. The report will also be posted on the Company's website, at www.sava-re.si, as from 17 August 2022.

1 Key figures

EUR, except percentages	Sava Insurance Group	
	1–6/2022	1–6/2021
Total of all operating segments		
Operating revenue	364,166,493	363,675,090
Year-on-year change	0.1%	14.7%
Profit or loss, net of tax	28,945,500	43,491,177
Year-on-year change	-33.4%	35.3%
Comprehensive income	-68,050,819	36,779,154
Year-on-year change	-	23.2%
Return on revenue*	7.9%	12.0%
Net expense ratio, including operating revenue*/***	28.5%	27.7%
Return on equity	12.1%	17.8%
Return on equity excluding revaluation surplus	11.4%	19.0%
Earnings or loss per share	1.86	2.81
Return on the investment portfolio**/**	1.4%	1.7%
Reinsurance + non-life		
Gross premiums written	339,572,538	318,978,526
Year-on-year change	6.5%	-1.0%
Net incurred loss ratio*	59.5%	52.8%
Net expense ratio	31.4%	30.8%
Net combined ratio*	92.3%	85.1%
Profit or loss before tax	23,225,049	43,417,501
Year-on-year change	-46.5%	63.8%
Life		
Gross premiums written	91,439,248	93,436,293
Year-on-year change	-2.1%	87.1%
Net expense ratio	20.9%	19.3%
Profit or loss before tax	10,070,499	8,653,716
Year-on-year change	16.4%	-31.1%
Total of all operating segments	30 June 2022	31 December 2021
Total assets	2,605,283,714	2,658,322,359
Change on 31 December of prior year	-2.0%	7.7%
Shareholders' equity	412,724,654	504,077,018
Change on 31 December of prior year	-18.1%	9.5%
Net technical provisions	1,706,436,789	1,703,916,399
Change on 31 December of prior year	0.1%	6.5%
Book value per share	26.63	32.53
Number of employees (full-time equivalent basis)	2,687.1	2,698.9
Solvency ratio under Solvency II rules	196% (31 March 2022¹)	198%

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

* Excluding the effect of exchange differences.

** Excluding subordinated debt expenses.

*** Excluding the amortisation charge for a customer list.

¹ The ratio as at 31 March 2022 is unaudited. The ratio takes into account the valuation of eligible own funds as at 31 March 2022, in line with the regulatory reporting to the Insurance Supervisory Authority; the solvency capital requirement is from the annual calculation as at 31 December 2021. Foreseeable dividends of the current year are not subtracted from eligible own funds in this calculation.

Achievement of targets in 2022

EUR million	1–6/2022	2022 plan	As % of plan
Operating revenue	364.2	> 700	52.0%
Profit or loss, net of tax	28.9	> 60	48.2%
Return on equity (ROE)	12.1%	≥ 11.5%	✓
Net expense ratio*	28.5%	31–32%	✓
Investment return**	1.4%	1.4%	✓
Net combined ratio (reinsurance + non-life)*	92.3%	< 94%	✓

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

* Excluding the effect of exchange differences.

** Excluding subordinated debt expenses.

Realising target increases/decreases in consolidated operating revenue by segment

	1–6/2022	2022 plan
Reinsurance	2%	-16%
Non-life, Slovenia	-2%	-2%
Life, Slovenia	-3%	2%
Non-life, international	10%	6%
Life, international	25%	17%
Pensions and asset management	11%	13%
Other	33%	4%

In the first half of 2022, the Sava Insurance Group generated EUR 364.2 million in operating revenue, achieving more than half of the operating revenue planned for the full year 2022. Almost all the segments achieved half of the operating revenue planned for the full year. The Group wrote EUR 433.0 million in gross premiums, an increase of 4.5% compared to last year. The net profit for the period was EUR 28.9 million, accounting for almost half of the full-year target. As anticipated, the net profit generated by the Slovenian non-life segment was affected by higher motor claims frequency as a result of the subsiding epidemic impact. In addition, claims rose as the result of major loss events and weather-related claims, while claims provisions increased due to claims inflation. The half-year 2022 net expense ratio was better than planned, largely thanks to the Slovenian life and non-life segments, due to higher revenues and the timing of operating expenses. The net combined ratio is still within the planned range, despite the weaker claims development in the Slovenian non-life segment. The return on the investment portfolio is at the level planned for 2022.

*Objectives achieved in the Group's strategic focus areas***Digital transformation & placing the customer at the centre**

We continued to use and upgrade remote digital solutions for customers to optimise the user experience, especially on 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 multilevel processes and additional integrated communication channels. Multi-channel solutions were added in two more companies.

The SavaNet portal, which today includes data of Zavarovalnica Sava and Sava Pokojninska, has seen several improvements based on customer requests and ideas. Sava Infond data are planned to be added in 2022.

The first paperless business intelligence processes have been implemented and a solution to automate communications across different communication channels is being rolled out. 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 and optimising a process for consolidating and cleansing customer data, we are looking to increase security and accelerate process implementation for our customers.

A comprehensive redesign of the Zavarovalnica Sava website on the Liferay platform is underway, which will serve as a basis for subsequent redesigns of Group companies.

IT overhaul

As part of the IT overhaul of core business IT solutions, we:

- continue implementing the solution for Zavarovalnica Sava (focus Croatian branch). We currently support two products that are in production; however, due to the new circumstance (introduction of the EURO in Croatia), we are prioritising the provision of currency-related functionalities in the existing and new IT system;
- continue implementing the new solution for reinsurance operations at Sava Re;
- continue implementing the GIS (Geographical Information System) and FROPS (Fraud Detection System) solutions at Zavarovalnica Sava;
- continue to integrate target company data for the IFRS 17 project into the Group's central solution;
- carry out regular maintenance and product development in companies' existing solutions.

As part of business reporting and data warehousing solutions, we:

- are expanding the Zavarovalnica Sava data warehouse with new data sources;
- are integrating the Sava Re data warehouse into the new core reinsurance business solution;
- conduct testing and design complementary functionalities and data integration for IFRS 17 financial reporting purposes, while reviewing data quality at the target subsidiaries.

Regarding infrastructure, we

- provided ongoing support for various development projects in the field of business applications;
- implemented additional preventive/detective controls to meet the needs of IT operations, thereby mitigating infrastructure management risks;
- started piloting a new IT service management solution to support IT business processes;
- launched a call for tender for the planned periodic partial replacement of equipment in the central data centre (servers, disk arrays, licences).

Regarding IT security, we:

- upgraded defence and detective capabilities with new technical solutions for faster identification and forensics of potential security events;
- upgraded and extended the internal control system in security information and event management solutions;
- upgraded the IT security management process at the Group level by expanding business and audit insight into work processes;
- carried out crisis response training for cyber incidents.

Sustainable development

The Sava Insurance Group adopted a sustainable development strategy for 2020–2022, embarking on the path of introducing ESG criteria into business and decision-making processes. Accordingly, during the strategic period, the focus has been on implementing these criteria in a number of areas: investment management, insurance and reinsurance underwriting, development of insurance services and purchasing. The Group reported on its progress on sustainable development in its 2021 sustainability report, published on 26 April 2022 on its website, while intensive work has been underway on designing the 2023–2027 strategic plan.

The Sava Insurance Group is actively preparing a plan for the next strategic period and is preparing for reporting under the Sustainable Finance Disclosures Regulation, the Taxonomy and the Corporate Sustainability Reporting Directive, in terms of training and provision of relevant data.

Working groups, including representatives of the subsidiaries, were active to ensure proper implementation of EU regulation. In August 2022, two delegated regulations entered into force; namely, Delegated Regulation 2021/1257 regulating the integration of sustainability factors, risks and preferences into the product oversight and governance and Delegated Regulation 2021/1256 concerning the integration of sustainability risks in the governance of insurance and reinsurance undertakings. Thus, the companies issued relevant documents and guidance on the implementation of the legal requirements, prepared appropriate information for customers on sustainability factors for individual insurance products, while coordinating other relevant documents. The Remuneration Policy for the Members of Management and Supervisory Bodies of Sava Re d.d. was revised and presented at the general meeting of shareholders, but no resolution to approve it was adopted. Although the Directors' Remuneration Policy is valid and consistent with the law, it is not fully aligned with the recommendations of the shareholder Slovenian Sovereign Holding, which were published in 2022. The Company will examine the deviations from the recommendations of this shareholder, will seek any clarification and amend them by the next Sava Re annual general meeting.

2 Sava Re company profile

Company name	Sava Re d.d.
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+386 1 47 50 264
Email	info@sava-re.si
Website	www.sava-re.si
ID number	5063825
Tax identification number	SI17986141
LEI code	549300P6F1BDSFSW5T72
Share capital	EUR 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	<u>MANAGEMENT BOARD</u> Marko Jazbec (chairman) Polona Pirš Zupančič Peter Skvarča <u>SUPERVISORY BOARD</u> Davor Ivan Gjivoje Jr (chairman) Keith William Morris (deputy chairman) Klemen Babnik Dr Matej Gomboši Edita Rituper (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10 December 1990, Ljubljana District Court
Certified auditor ²	Deloitte Revizija d.o.o. Dunajska cesta 165 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.	

² On 23 June 2022, the general meeting appointed Deloitte Revizija d.o.o. as auditor for the financial years 2022, 2023 and 2024.

3 Bodies of the Company

Management board

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

In the second quarter of 2022, the composition of the management board changed. Jošt Dolničar, who was appointed chairman of the management board of Zavarovalnica Sava on 30 December 2021, was granted a licence to perform this function by the Insurance Supervision Agency on 3 May 2022. His term as a member of the management board of Sava Re ended on 4 May 2022, and he assumed the chairmanship of the management board of Zavarovalnica Sava on 5 May 2022 for a five-year term of office.

After the departure of Jošt Dolničar, the Sava Re management board has continued to operate with only three members until further notice.

At the session of 25 April 2022, the Sava Re supervisory board reappointed Polona Pirš Zupančič as a member of the management board for a further term. Her new five-year term starts on 15 January 2023.

Composition of the management board as at 30 June 2022

Member	Title	Beginning of term	End of term of office
Marko Jazbec	chair	12 May 2017	13 May 2027
Polona Pirš Zupančič	member	14 January 2018	14 January 2023*
Peter Skvarča	member	19 June 2020	19 June 2025

*Renewal of the five-year term of office until 15 January 2028.

Supervisory board

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

The composition of the supervisory board remained unchanged in the second quarter of 2022.

Composition of the supervisory board as at 30 June 2022

Member	Title	Beginning of term	End of term of office
Davor Ivan Gjivoje Jr	chair	8 March 2021	8 March 2025
Keith W. Morris	deputy chair	17 July 2021	17 July 2025
Klemen Babnik	member	17 July 2021	17 July 2025
Dr Matej Gomboši	member	17 July 2021	17 July 2025
Andrej Gorazd Kunstek	member (employee representative)	12 June 2019	12 June 2023
Edita Rituper	member (employee representative)	1 January 2022	12 June 2023

Notes on memberships of management or supervisory bodies of third parties

Davor Ivan Gjivoje Jr:

- Networld, Inc./DGG Holdings, Ltd. & Subsidiaries, 89 Headquarters Plaza, North Tower (Suite 1420) Morristown, NJ 07960, USA – managing director.

Keith W. Morris:

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

Supervisory board committees

In the second quarter of 2022, the composition of the supervisory board's audit committee changed.

Audit committee

Composition of the supervisory board's audit committee as at 30 June 2022

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

Risk committee

Composition of the supervisory board's risk committee as at 30 June 2022

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

* Membership dormant in 2022.

Nominations and remuneration committee

Composition of the supervisory board's nominations and remuneration committee as at 30 June 2022

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

Fit and proper committee

Composition of the fit & proper committee as at 30 June 2022

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

Shareholder meetings

The Sava Re general meeting of shareholders was held once in the second quarter of 2022.

In accordance with the Company's 2022 financial calendar, the 38th general meeting of shareholders was held on 23 June 2022. Among other things, the general meeting was presented with the annual report for 2021, 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 2021 with the opinion of the supervisory board thereto. The general meeting received the management board's report on own shares. At the

38th general meeting, the shareholders adopted the proposal of the management and supervisory boards to use EUR 23,246,544.00 of the profits for dividends. The dividend of EUR 1.50 gross per share was paid out on 12 July 2022 to the shareholders listed in the shareholders' register on 11 July 2022. The shareholders granted discharge to the management and supervisory boards for 2021. The general meeting appointed the audit firm Deloitte Revizija d.o.o., Dunajska 165, 1000 Ljubljana, as auditor for the financial years 2022, 2023 and 2024. The general meeting approved the Directors' Remuneration Report of Sava Re d.d. for the Financial Year 2021 (Directors' Remuneration Report), whereas the consultation vote on the resolution to approve the Remuneration Policy for Members of Management and Supervisory Bodies of Sava Re d.d. (Directors' Remuneration Policy) was not carried. Although the Directors' Remuneration Policy is valid and consistent with the law, it is not fully aligned with the recommendations of the shareholder Slovenian Sovereign Holding, which were published in 2022. The Company will examine the deviations from the recommendations of this shareholder, will seek any clarification and amend them by the next Sava Re annual general meeting. The Directors' Remuneration Report and the Directors' Remuneration Policy were posted on the Company's website immediately after the 38th general meeting and will remain posted for at least ten years.

No legal actions to challenge any general meeting resolutions were announced in the general meeting.

4 Significant events in the six months to 30 June 2022

- The Sava Insurance Group has examined the impact of the war in Ukraine on its operations and estimates that, due to the small volume of business with and low investment exposure to Russia and Ukraine, the changed circumstances will not have a material impact on its business results. The Sava Insurance Group (through Sava Re) wrote 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; thus, 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 possible financial effects are presented through sensitivity analyses in the 2021 annual report, notes to the financial statements, sections 17.6.4.1.1 "Interest rate risk" and 17.6.4.1.3 "Equity risk".
- In the first half of 2022, the focus was on high inflation growth and the resulting increased activity of the US and European central banks to raise key interest rates. Geopolitical tensions remained elevated due to Russia's military aggression against Ukraine. It is likely to be protracted and will continue to drive up energy prices. There is also heightened uncertainty about the prospect of a recession over the next quarters, which, in addition to the risks already mentioned, affects equity and bond market volatility. Despite the falling equity prices in the first half of 2022, a relative comparison with bonds reveals that equity markets are, for the time being, more resilient to increased risks, such as inflation, a possible recession, the energy crisis and geopolitical risk in Europe. In particular, the risks of a possible recession are not yet fully reflected in share prices, and there could be further downward trends in the coming quarters. In the bond market, the upward trend in the required rate of return on bonds continued, leading to a sharp decline in the value of bond investments. Bond market developments will continue to depend mainly on central bank activity, which will seek to balance elevated inflation with expected developments in economic activity. The Sava Insurance Group will continue to closely monitor the macroeconomic and geopolitical situation and developments in the capital markets and will respond accordingly.
- Jošt Dolničar, who was appointed chairman of the management board of Zavarovalnica Sava on 30 December 2021, was granted a licence to perform this function by the Insurance Supervision Agency on 3 May 2022. His term as a member of the management board of Sava Re ended on 4 May 2022, and he assumed the chairmanship of the management board of Zavarovalnica Sava on 5 May 2022 for a five-year term of office. After the departure of Jošt Dolničar, the Sava Re management board has continued to operate with only three members until further notice.
- In May 2022, the 38th general meeting of shareholders was held.
- In May 2022, the High Court in Dublin issued a judgement in favour of Zavarovalnica Sava, confirming the company's view that the business interruption and loss of licence policy of Zavarovalnica Sava does not provide coverage for events caused by the Covid-19 pandemic.

5 Significant events after the reporting period

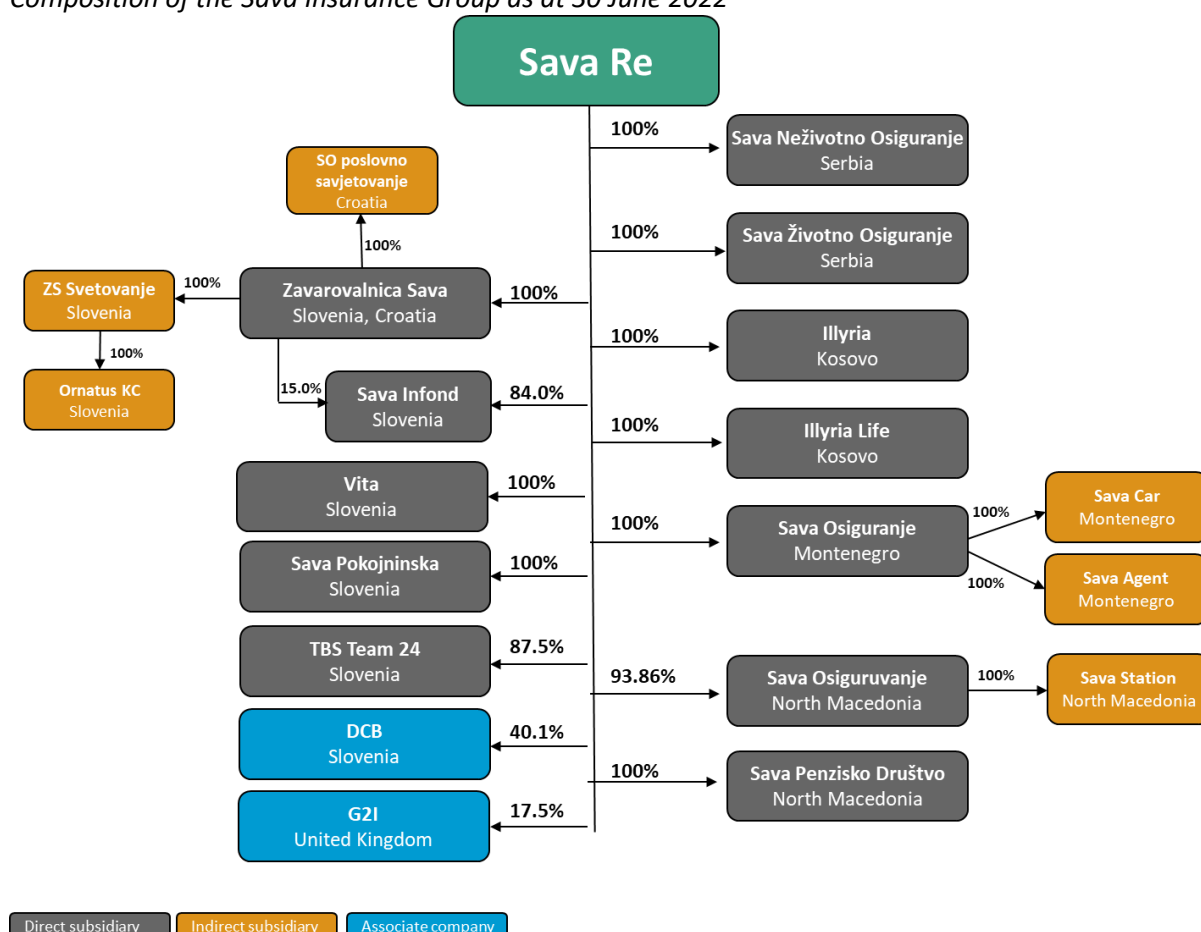
- There have been no significant events up to the time of writing this report.

6 Composition of the Sava Insurance Group

Sava Re, the parent company of the Sava Insurance Group, transacts reinsurance business. The insurance part of the Group is composed of eight insurers based in Slovenia and in the countries of the Adriatic region: the composite insurer Zavarovalnica Sava (SVN); the non-life insurers Sava Neživotno Osiguranje (SRB), Sava 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.

Composition of the Sava Insurance Group as at 30 June 2022³



³ The percentages in the figure relate to equity stakes. The equity stakes provided for G2i, Sava Infond and DCB differ from the voting rights held by these companies. The annual report includes disclosures for all companies, including equity stakes and voting rights.

Company names of Sava Insurance Group members

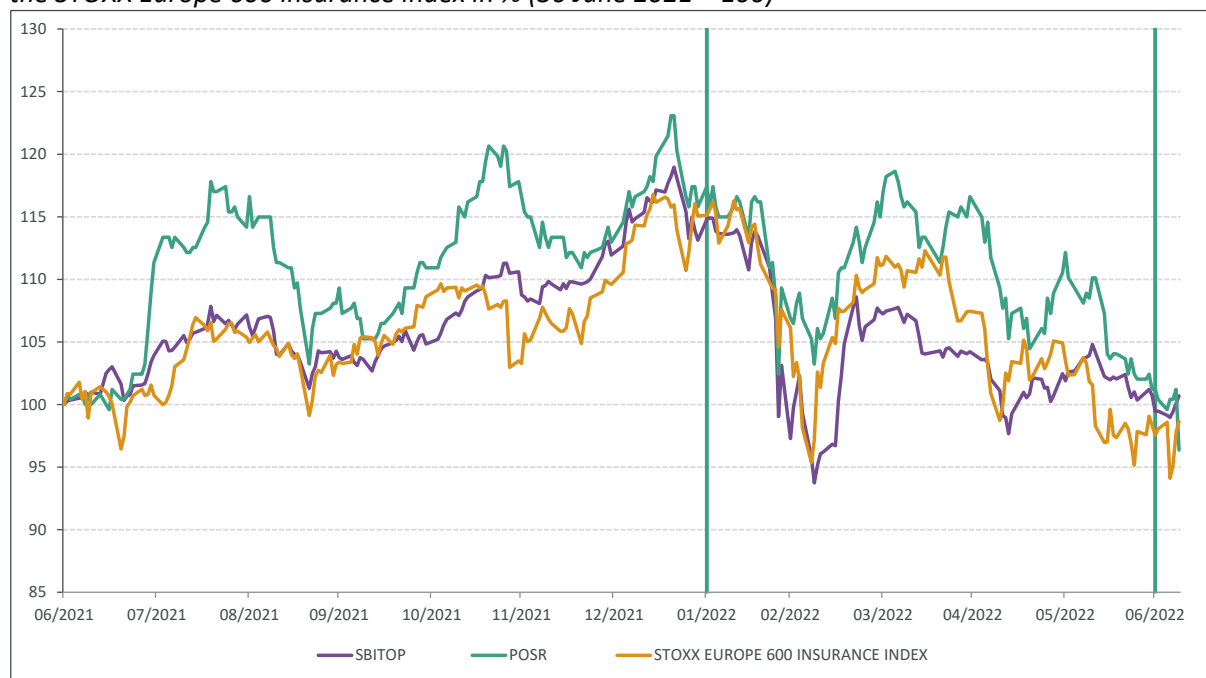
	Official long name	Short name in this document
	Sava Insurance Group	Sava Insurance Group
1	Pozavarovalnica Sava d.d. / Sava Reinsurance Company d.d.	Sava Re
2	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava (SVN)
	SAVA OSIGURANJE, d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian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

7 Shareholders and share trading

In the first half of 2022, the Sava Re share price moved in line with developments in the financial markets. The share price ended the second quarter at EUR 25.00. During this period, it peaked at EUR 30.40, bottomed at EUR 25.00 and averaged at EUR 27.57.

The Sava Re share price declined by 10.4% in the first half of 2022, with the SXIP (European Insurance Index) posting a similar decline of 11.0% in the period. The stock index of the Ljubljana Stock Exchange (SBITOP) also declined over the period, falling by 11.1%.

Movement in the POSR share price from 1 July 2021 to 30 June 2022 compared to the SBITOP index and the STOXX Europe 600 insurance index in % (30 June 2021 = 100)



In the first half of 2022, the turnover in Sava Re shares was EUR 10.6 million, a notable decline on the year-on-year figure of EUR 12.3 million. The average daily turnover in the first half of 2022 was EUR 85,145, compared to EUR 101,488 in the first half of 2021.

Basic details about the POSR share

	30 June 2022	31 December 2021
Share capital	71,856,376	71,856,376
Number of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
Number of shareholders	4,288	4,274
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated book value per share (EUR)	26.63	32.53
Market capitalisation at end of period (EUR)	387,442,400	432,385,718
	1-6/2022	1-6/2021
Consolidated net earnings per share (EUR)	1.86	2.81
Share price at end of period (EUR)	25.00	24.70
Average share price in reporting period (EUR)	27.57	22.81
Period low (EUR)	25.00	18.50
Period high (EUR)	30.40	26.90
Turnover in reporting period (EUR)	10,557,978	12,280,009
Average daily turnover (EUR)	85,145	101,488

Shareholders*Shareholder structure of Sava Re as at 30 June 2022⁴*

Type of investor	Domestic investors	International investors
Insurance and pension companies	18.2%	0.0%
Other financial institutions*	18.0%	15.7%
Republic of Slovenia	13.9%	0.0%
Natural persons	10.9%	0.1%
Investment funds and mutual funds	2.5%	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%.

The composition of domestic and international shareholders remained unchanged in the first half of 2022.

⁴ Source: Central securities register KDD d.o.o. and own calculations.

Composition of the Sava Re share capital

Ten largest shareholders and qualifying shareholders under the Slovenian Takeover Act as at 30 June 2022⁵

	Shareholder	Number of shares	% of share capital	% voting rights
1	Slovenian Sovereign Holding	3,043,883	17.7%	19.6%
2	Intercapital Securities Ltd., fiduciary account	2,567,979	14.9%	16.6%
3	Republic of Slovenia	2,392,436	13.9%	15.4%
4	European Bank for Reconstruction and Development (EBRD)	1,071,429	6.2%	6.9%
5	Raiffeisen Bank Austria d.d., fiduciary account	802,106	4.7%	5.2%
6	Modra Zavarovalnica d.d.	714,285	4.1%	4.6%
7	Hrvatska Poštanska Banka, fiduciary account	380,000	2.2%	2.5%
8	Guaranteed civil servants' sub-fund	320,346	1.9%	2.1%
9	Kapitalska družba d.d. – SODPZ	238,109	1.4%	1.5%
10	OTP Banka d.d., fiduciary account	204,364	1.2%	1.3%
	Total	11,530,573	68.1%	75.7%
	Sava Re d.d., own shares*	1,721,966	10.0%	-

* Sava Re holds 1,721,966 own shares with no voting rights attached.

Pursuant to Article 235a of the Slovenian Companies Act (ZGD-1), in April 2022, Sava Re started the process of identifying shareholders who are registered with intermediaries as holders of shares and are not themselves intermediaries (hereafter referred to as: ultimate shareholders). Based on information obtained, on 26 April 2022, Croatia Osiguranje d.d., Vatroslava Jagića 33, 10000 Zagreb, Croatia was registered with the intermediary Intercapital Securities Ltd. as the holder of 2,439,852 POSR shares and Adris Grupa d.d., Obala V. Nazora 1, 52210 Rovinj as the holder of 73,591 POSR shares. Furthermore, the information received indicates that Adris Grupa d.d., Obala V. Nazora 1, 52210 Rovinj, Croatia was registered with the broker Raiffeisen bank Austria as the holder of 764,606 POSR shares as at 26 April 2022. Croatia Osiguranje d.d. thus held 14.17% of all POSR shares or 15.74% of all POSR shares with voting rights as at 26 April 2022, while Adris Grupa d.d., which holds a 66.91% stake in Croatia Osiguranje d.d., held 4.87% of all POSR shares or 5.41% of all POSR shares with voting rights. As at 26 April 2022, the two companies together held 19.04% of all POSR shares and 21.15% of the shares with voting rights.

There were no significant changes in the holdings of the 10 largest shareholders in the first half of 2022. The 10 largest shareholders held a combined share of 68.1% of the share capital and 75.7% of voting rights.

Fiduciary accounts with banks, attorneys and other financial institutions altogether account for 24.8% of all POSR shares.

As at 30 June 2022, the top four largest Sava Re shareholders exceeded the 5% threshold (qualifying holding in accordance with Article 77 of the Slovenian Takeover Act, ZPre-1).

There were some transactions in Sava Re shares by the members of the management and supervisory boards in the first half of 2022. Marko Jazbec increased his holding by 635 to 11,000 shares, and Peter Skvarča acquired another 350 shares and holds 1,200 Sava Re shares. Jošt Dolničar left the Sava Re board on 4 May 2022, which is why his shares have been removed from the table. The members of the management and supervisory boards hold together 18,848 shares, an equity share of 0.109 %.

POSR shares held by members of the supervisory and management boards as at 30 June 2022

	Number of shares	% of share capital
Marko Jazbec	11,000	0.064%
Polona Pirš Zupančič	3,748	0.022%
Peter Skvarča	1,200	0.007%
Total management board	15,948	0.093%
Andrej Gorazd Kunstek	2,900	0.017%
Total supervisory board	2,900	0.017%
Total management and supervisory boards	18,848	0.109%

⁵ Source: Central securities register KDD d.o.o. and own calculations.

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 reporting period, Sava Re did not repurchase any own shares. The total number of own shares as at 31 March 2022 was 1,721,966, representing 10% less one share of all issued shares. The most recent buy-back of treasury shares to exhaust the quota was performed on 11 April 2016. Own shares were acquired in line with a share repurchase programme posted on the Company's website, under Investors / Our share, at <https://www.sava-re.si/en-si/investor-relations/our-share/>.

Dividend

At the 38th general meeting held on 23 June 2022, the shareholders adopted the proposal of the management and supervisory boards to use EUR 23,246,544 of the profits for dividends. The dividend was EUR 1.50 gross per share and was paid out on 12 July 2022 to the shareholders listed in the shareholders' register on 11 July 2022. The amount of the dividend does not put at risk the financial position – the solvency and liquidity – of the Company or the Group and is aligned with the Group's dividend policy.

Details on dividends⁶

EUR, except percentages	For 2014	For 2015	For 2016	For 2017	For 2018	For 2019	For 2020	For 2021
Amount of dividend payment	9,065,978	12,398,157	12,398,158	12,398,157	14,722,811	0	13,173,042	23,246,544
Dividend/share	0.55	ordinary: 0.65 extraordinary: 0.15	0.80	0.80	0.95	0.00	0.85	1.50
Dividend yield	3.8%	5.8%	5.0%	4.8%	5.6%	-	3.4%	5.5%

Contingent capital

The Company had no conditional equity as at 30 June 2022.

⁶ Current year dividend distributions from distributable profits of the previous year. The dividend yield has been calculated as the ratio of the dividend per share to the rolling average share price in the payout year. In the most recent year, the rolling average share price in the period 1 July 2021 to 30 June 2022 has been used.

8 Review of operations⁷

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

The operating segments include the following companies⁸:

- 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) and the equity accounted companies DCB (SVN) and G2I (GBR). This segment also includes expenses on subordinate debt. S Estate was sold on 1 March 2022 and is therefore no longer included in the consolidated accounts from that date.

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, the change in claims provisions, the change in other provisions and the change in 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, 67.6% of operating expenses were allocated to the segments in the first half of 2022 (in the first half of 2021: 67.5%). In addition, there were reallocations of operating expenses of the company TBS Team 24 (SVN) 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 balance at the end of the past four quarters).
- The proceeds from the sale of S Estate (RKS) have been included in the “other” segment.

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

- Goodwill was attributed to the segment where it arose.

⁷ A glossary of selected insurance terms and calculation methods for ratios is appended to this report.

- 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 balance at the end of the past four quarters).
- The balances of 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.

Summary consolidated income statement

EUR	1-6/2022	1-6/2021	Index
Net premiums earned	339,656,379	342,192,297	99.3
Income from investments in associates	896,824	479,357	187.1
Investment income	17,877,136	15,539,860	115.0
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	0	42,721,656	-
Other technical income	10,429,979	9,609,705	108.5
Other income	14,080,135	11,873,088	118.6
Net claims incurred	-213,281,777	-201,404,120	105.9
Change in other technical provisions	9,365,164	16,854,207	55.6
Change in technical provisions for policyholders who bear the investment risk	44,937,461	-67,351,076	-66.7
Expenses for bonuses and rebates	-49,682	-198,037	25.1
Operating expenses	-108,175,998	-104,330,295	103.7
Expenses for financial assets and liabilities	-8,107,619	-2,965,661	273.4
Net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk	-61,223,678	0	-
Other technical expenses	-9,637,901	-7,852,978	122.7
Other expenses	-1,158,401	-1,076,116	107.6
Profit or loss before tax	35,608,022	54,091,887	65.8

The key impact on the profit for the first half of 2022 compared to the same period of 2021 is a lower underwriting result, that is, higher incurred claims in the Slovenian non-life segment because of an increase in motor claims frequency due to the subsiding impact of the epidemic. In addition, property claims rose as the result of major loss events and weather-related claims, while claims provisions were also affected by claims inflation. The recent rapid growth in inflation was not anticipated by governments, neither in Europe nor globally. As a result, insurers have not been able to take it into account when pricing their insurance products, from which claims are paid out up to a year, or even longer, after policies are sold. The price increases of insurance products in recent months are to offset the inflationary rise in claims on newly sold business.

The Group achieved almost half of its annual plan in the first half of the year, and the half-year result is an improvement on the last pre-Covid half-year result (H1 2019).

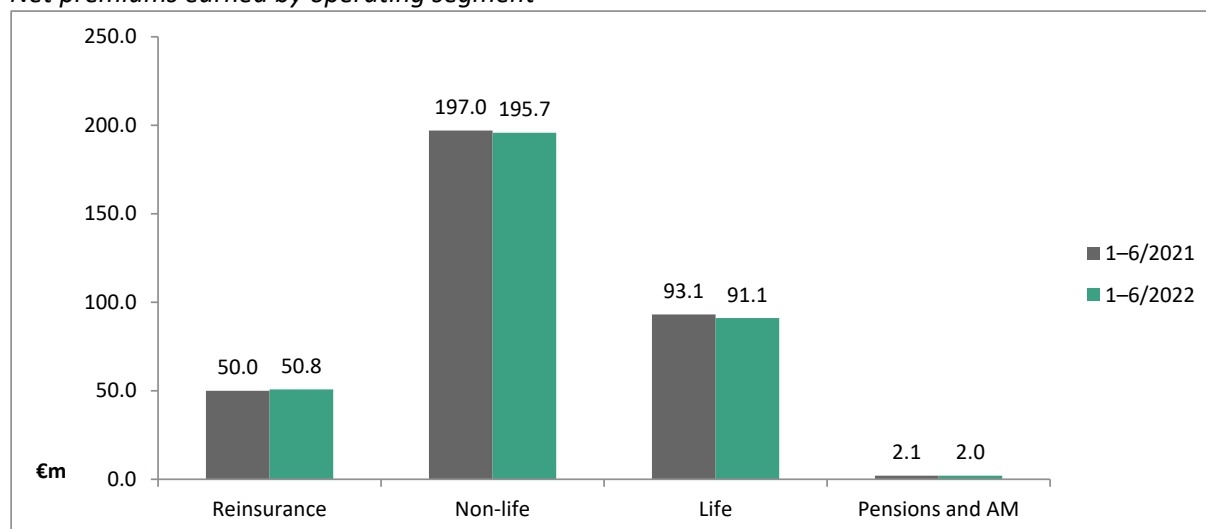
In the income statement, exchange differences are recorded within the items to which the exchange differences relate. The Group seeks to maintain a balanced foreign currency position and, for the sake of transparency, the following table shows the impact of exchange rate differences on these items and the cumulative effect of exchange rate differences on the income statement. In the following, we explain the categories most affected by exchange rate differences without their impact.

Effect of exchange differences on the consolidated income statement

EUR	1-6/2022			1-6/2021		
	Basic statement	Adjusted statement	Effect of exchange differences	Basic statement	Adjusted statement	Effect of exchange differences
Net premiums earned	339,656,379	339,654,114	2,265	342,192,297	342,400,819	-208,522
Commission income	5,271,922	5,272,381	-459	4,673,547	4,684,131	-10,584
Net claims incurred	213,281,777	211,505,612	-1,776,165	201,404,120	199,395,171	-2,008,949
Change in deferred acquisition costs	-4,905,320	-4,896,654	8,666	-2,389,021	-2,352,975	36,046
Net investment income/expenses	10,666,341	8,533,375	2,132,966	13,053,555	10,987,852	2,065,703
Net other technical income/expenses	-4,479,844	-3,745,589	-734,255	-2,916,820	-2,958,228	41,408
			-366,982			-84,899

Net premiums earned⁹*Net premiums earned*

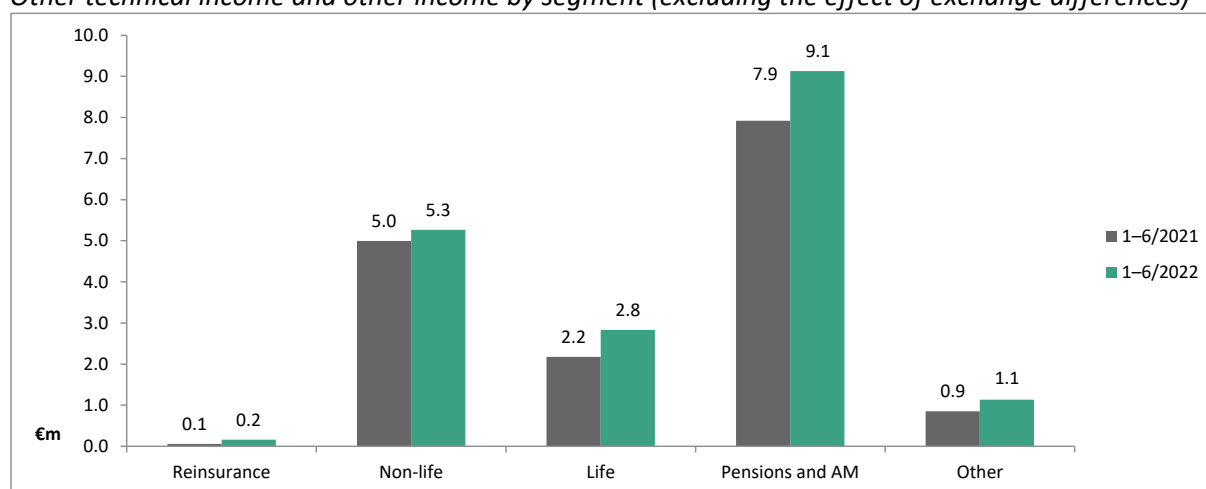
EUR	1-6/2022	1-6/2021	Index
Gross premiums written	433,007,316	414,493,140	104.5
Net premiums earned	339,656,379	342,192,297	99.3

Net premiums earned by operating segment

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

Net premiums earned by class of business¹⁰

EUR	1-6/2022	1-6/2021	Index
Property	68,081,301	72,180,839	94.3
Land motor vehicles	67,298,779	61,898,620	108.7
Motor vehicle liability	60,906,846	61,441,660	99.1
Unit-linked life	60,234,618	62,556,106	96.3
Traditional life	33,051,578	32,774,750	100.8
Accident, health and assistance	32,760,565	30,205,738	108.5
General liability	9,946,533	13,214,400	75.3
Marine, suretyship and goods in transit	6,078,381	6,487,318	93.7
Other insurance	1,297,778	1,432,866	90.6
Total	339,656,379	342,192,297	99.3

Other technical income and other income*Other technical income and other income by segment (excluding the effect of exchange differences)¹¹***Net claims incurred¹²***Net claims incurred and the change in provisions related to life business*

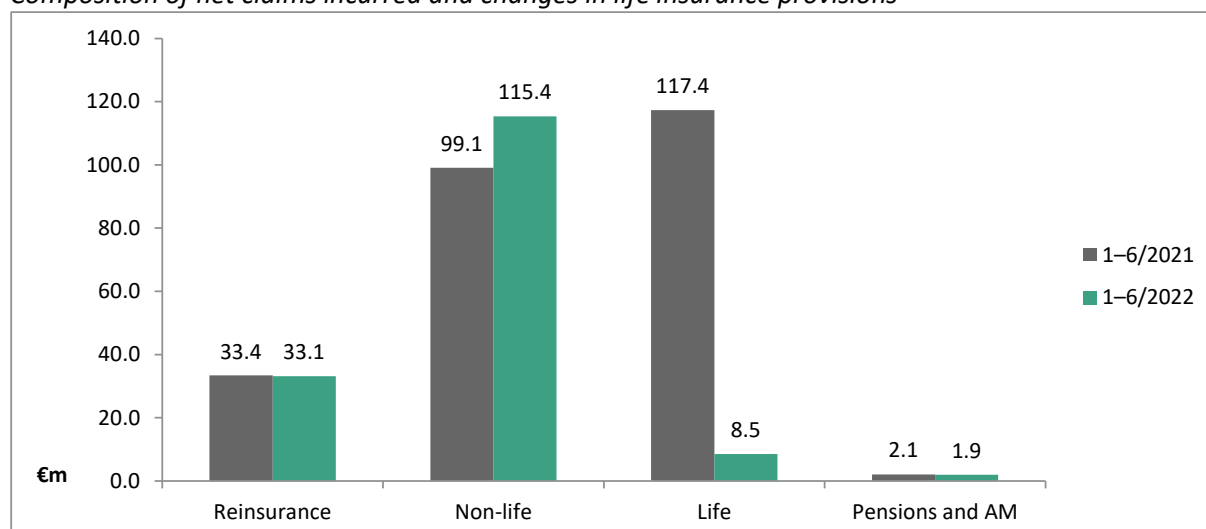
EUR	1-6/2022	1-6/2021	Index
Gross claims paid	237,594,998	196,579,542	120.9
Net claims incurred	213,281,777	201,404,120	105.9
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	158,979,152	251,900,989	63.1

* This largely comprises mathematical provisions.

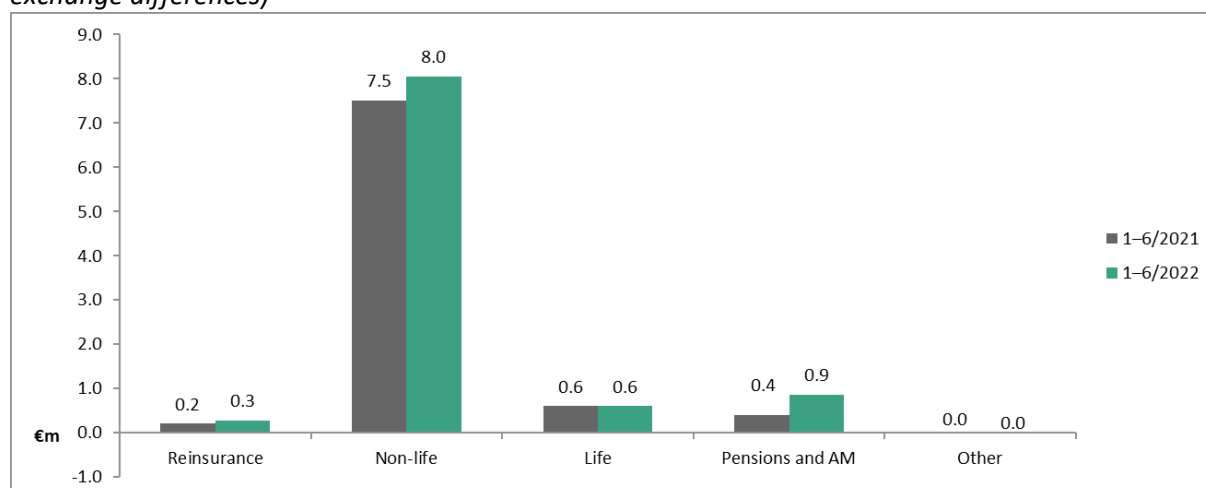
¹⁰ Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

¹¹ Commission income and investment property income are not included.

¹² Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

Composition of net claims incurred and changes in life insurance provisions¹³*Net claims incurred and the change in provisions related to life business, by class of business¹⁴*

EUR	1-6/2022	1-6/2021	Index
Land motor vehicles	49,118,215	34,935,482	140.6
Property	45,019,345	39,095,951	115.2
Motor vehicle liability	40,999,874	33,603,671	122.0
Traditional life	14,130,587	17,270,185	81.8
Accident, health and assistance	7,916,304	9,214,092	85.9
Marine, suretyship and goods in transit	2,481,337	10,189,879	24.4
General liability	989,666	6,638,128	14.9
Other insurance	-178,290	-194,159	91.8
Unit-linked life	-1,497,886	101,147,760	-1.5

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

¹³ 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.

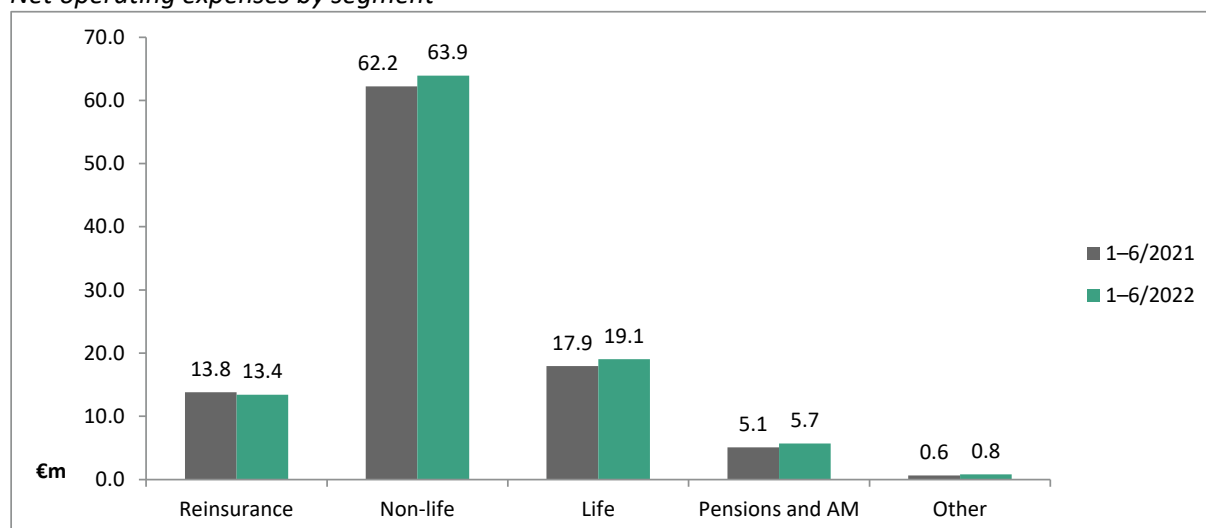
¹⁴ Investment property expenses are excluded. Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

Operating expenses

Operating expenses

EUR	1-6/2022	1-6/2021	Index
Acquisition costs	41,156,097	41,850,430	98.3
Change in deferred acquisition costs (+/-)	-4,905,320	-2,389,021	205.3
Other operating expenses	71,925,221	64,868,886	110.9
Operating expenses	108,175,998	104,330,295	103.7
Reinsurance commission income	-5,271,922	-4,673,547	112.8
Net operating expenses	102,904,076	99,656,748	103.3

Net operating expenses by segment



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.

In the first half of 2022, the Group realised higher gains on the sale of investments than in the same period last year. The lower net investment income is due to the depreciation of FVTPL assets as a result of the increased required yield in the financial markets.

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

EUR	1-6/2022	1-6/2021	Absolute change
Net investment income of the investment portfolio, excluding the effect of exchange differences	9,046,666	11,630,228	-2,583,562

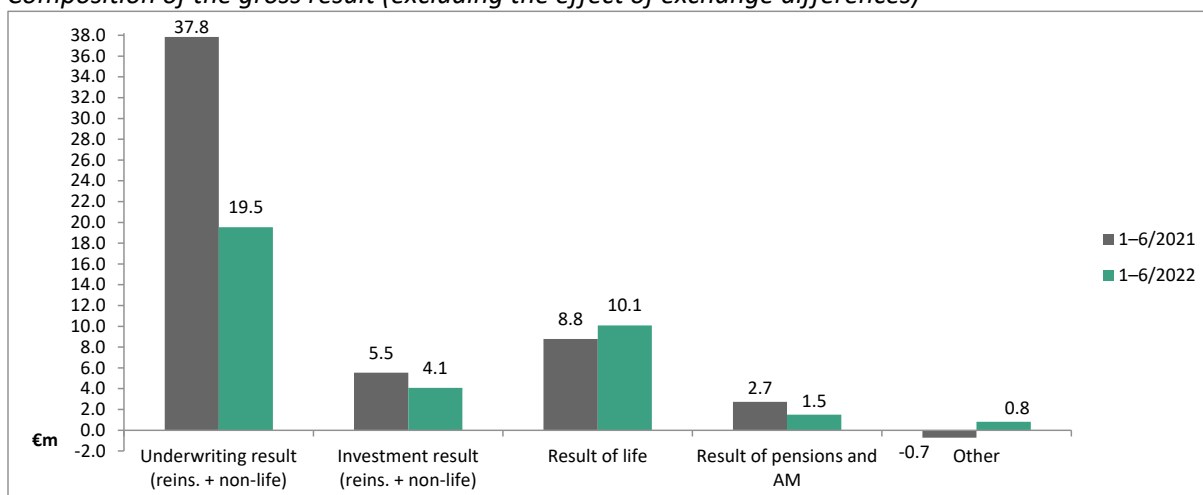
Income and expenses relating to the investment portfolio, excluding the effect of exchange differences

EUR	1-6/2022	1-6/2021	Absolute change
Income			
Interest income at effective interest rate	7,959,405	8,491,772	-532,367
Gains on change in fair value FVTPL	145,587	815,940	-670,353
Gains on disposal of FVTPL	12,167	313	11,854
Gains on disposal of other IFRS asset categories	5,727,526	2,161,860	3,565,666
Income from associate companies	896,824	479,358	417,466
Income from dividends and shares – other investments	787,591	915,159	-127,568
Other income	910,519	847,953	62,566
Other income from alternative funds	922,073	1,007,918	-85,845
Income relating to investment portfolio	17,361,691	14,720,273	2,641,418
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	42,721,656	-42,721,656
Expenses			
Interest expense*	1,564,751	1,480,759	83,992
Losses on change in fair value of FVTPL assets	4,392,458	456,290	3,936,168
Losses on disposals of FVTPL assets	13,979	963	13,016
Losses on disposal of other IFRS asset categories	544,434	209,506	334,928
Impairment losses on investments	19,997	107,556	-87,559
Other	1,779,406	834,971	944,435
Expenses relating to investment portfolio	8,315,025	3,090,045	5,224,980
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	61,223,678	0	61,223,678

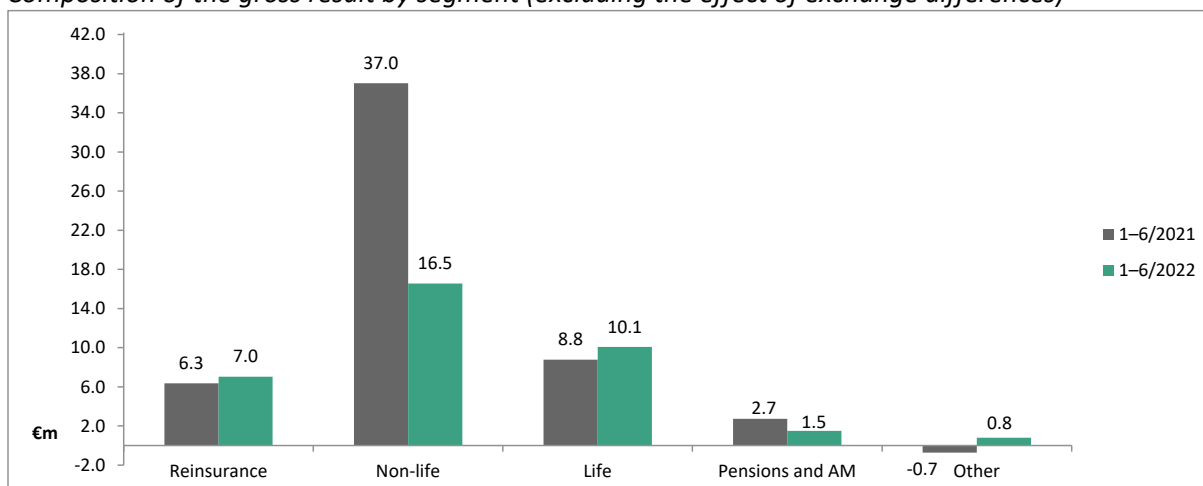
* Expenses for financial investments differ from the expenses in the income statement item “interest expenses” because the income statement also includes expenses for right-of-use assets (30 June 2022: EUR 68.0 thousand; 30 June 2021: EUR 71.6 thousand).

Gross profit/loss for the period

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



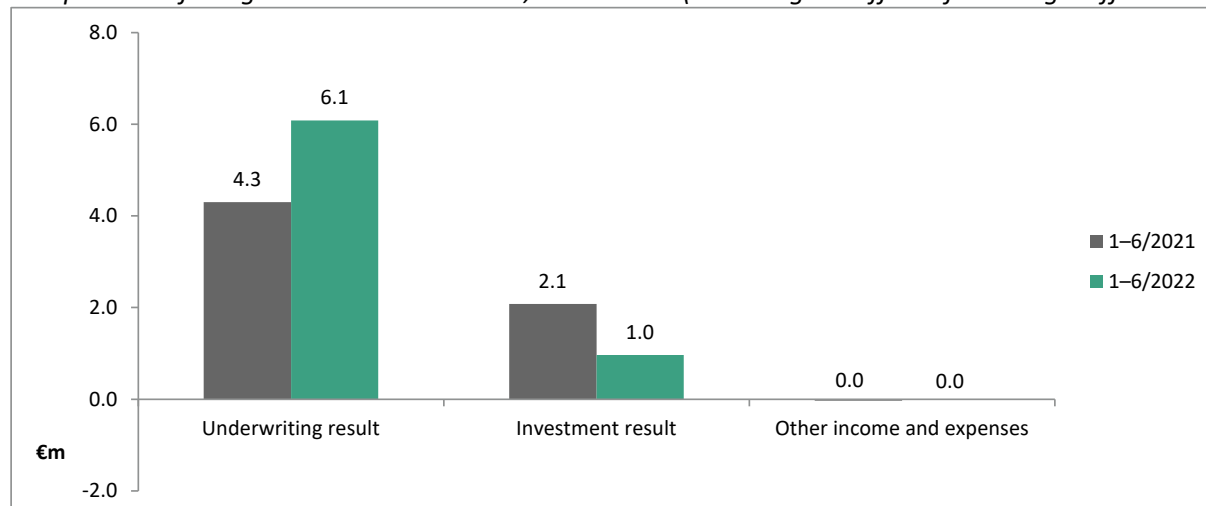
Composition of the gross result by segment (excluding the effect of exchange differences)



8.1 Reinsurance

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 13.7 “Segment reporting”. The reinsurance segment primarily captures the developments in the portfolio that Sava Re writes outside Slovenia with non-Group companies.

Composition of the gross income statement, reinsurance (excluding the effect of exchange differences)



The improved underwriting result mainly reflects lower net claims incurred and higher net premiums earned, driven by favourable price developments in global reinsurance markets and a benign claims development. The 2022 half-year investment result was lower year on year due to fair value changes in FVTPL assets.

Net premiums earned

Net premiums earned, reinsurance

EUR	1-6/2022	1-6/2021	Index
Gross premiums written	72,495,195	68,923,739	105.2
Net premiums earned	50,849,932	49,993,397	101.7

The increase in gross premiums written was mainly driven by a 16.8% increase in non-proportional reinsurance premiums. Underwriting year 2022 premiums increased by 11.0%, or EUR 6.4 million, compared to 2021; prior underwriting year premiums dropped by EUR 2.8 million, primarily in the proportional business. Net premiums earned grew in line with gross premiums written.

Net claims incurred

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

EUR	1-6/2022	1-6/2021	Index
Gross claims paid	39,789,216	23,844,156	166.9
Net claims incurred	30,964,371	32,343,740	95.7

The higher gross claims paid are due to the payment of claims from previous underwriting years. As these were paid out of established claims provisions, they had no impact on the result. The trend in net claims incurred was affected by the favourable development of contracts written, and an effective reinsurance programme protecting both against major claims and a material impact on profit.

The net incurred loss ratio of the reinsurance segment decreased to 61.4% (first half of 2021: 63.6%).

Operating expenses

Consolidated operating expenses, reinsurance

EUR	1-6/2022	1-6/2021	Index
Acquisition costs	13,578,929	14,574,561	93.2
Change in deferred acquisition costs (+/-)	-2,153,984	-2,276,803	94.6
Other operating expenses	2,441,062	1,981,377	123.2
Operating expenses	13,866,007	14,279,135	97.1
Reinsurance commission income	-438,391	-487,191	90.0
Net operating expenses	13,427,616	13,791,944	97.4

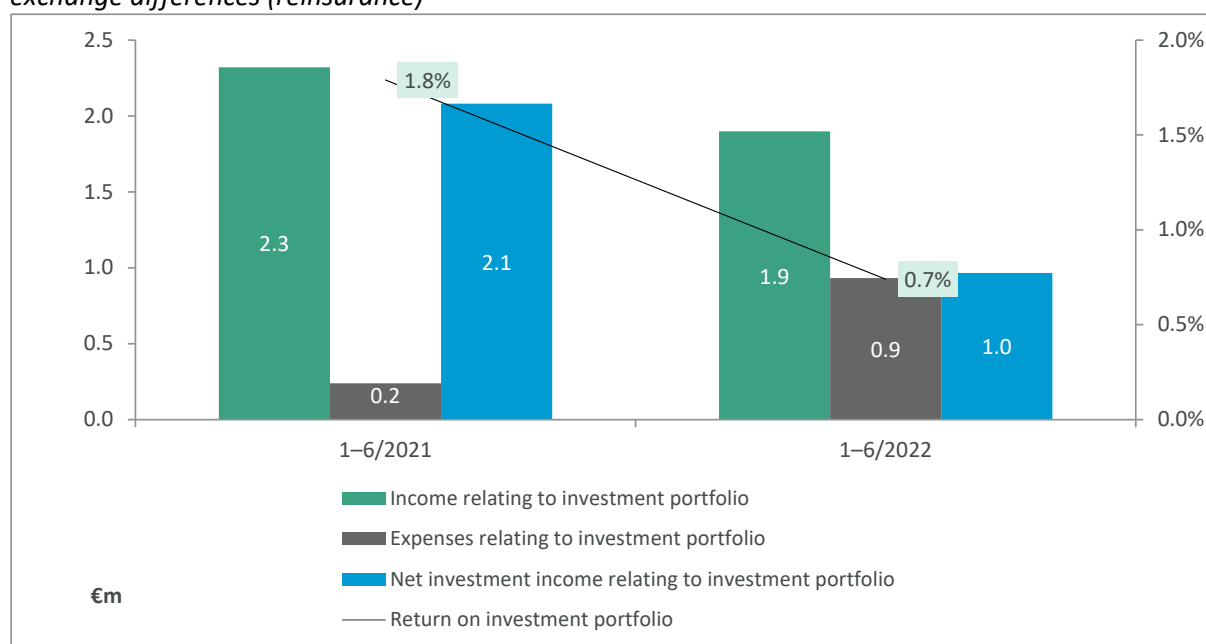
Acquisition costs decreased despite growing gross premiums written because of the faster growth in the non-proportional business with lower underwriting commissions than proportional business. Thus, the share of acquisition costs as a percentage of gross premiums written dropped by 2.4 p.p. compared to the first half of 2021 to 18.7%.

Other operating costs were higher due to personnel costs and service costs related to the implementation of new IT solutions.

In the first half of 2022, the net expense ratio declined by 1.2 p.p. year on year to 26.4%.

Net investment income

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



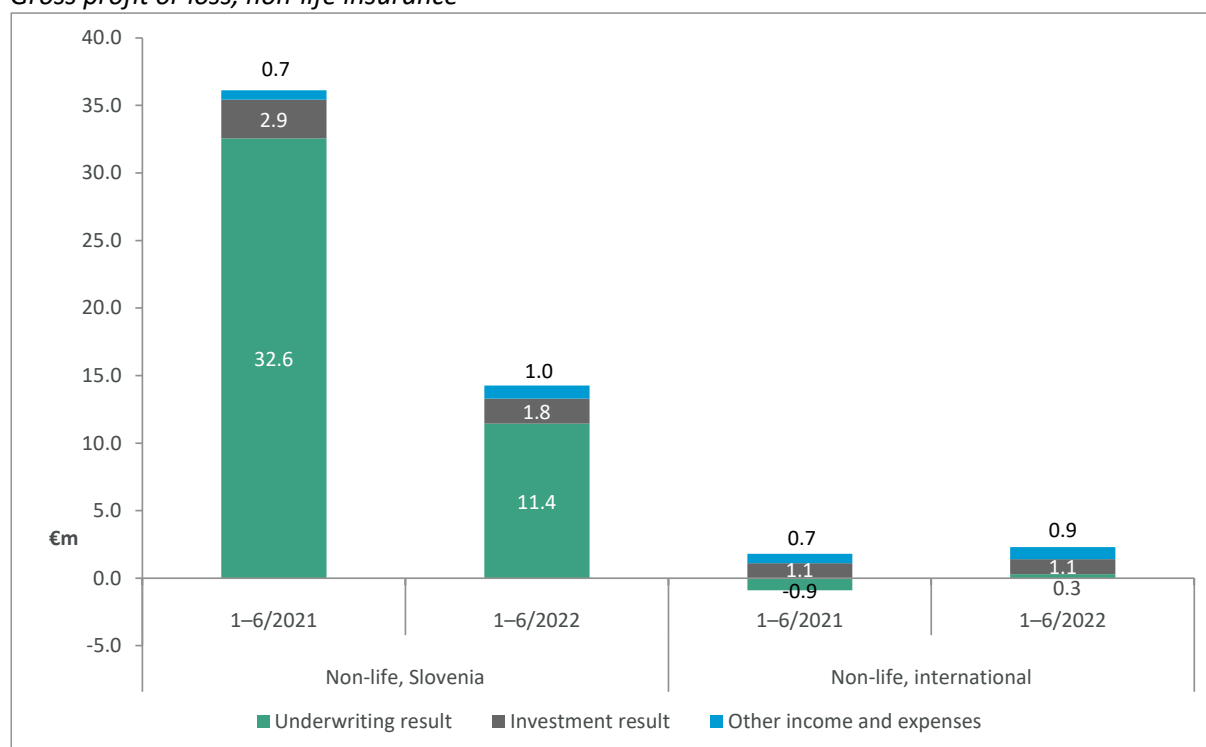
Income/expenses include income/expenses relating to investment property. In the income statement these are part of the "other income/expenses" item.

The performance of the investment portfolio in the first half of 2022 was impacted by the developments in financial markets, as described in section 4 "Significant events in the first half of 2022". Due to expenses for fair value changes of FVTPL assets, net investment income totalled EUR 1.0 million, an investment return of 0.7%.

8.2 Non-life

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 13.7 “Segment reporting”.

Gross profit or loss, non-life insurance



The year-on-year decline in the profit of the non-life segment is mainly due to weaker technical performance, that is, higher claims incurred in the Slovenian part of the segment. As the pandemic impact subsided, the claims frequency in motor business rose again. In addition, property claims increased as the result of major loss events and weather-related claims, while claims provisions were also affected by claims inflation. International non-life business did not experience such movements and improved its profit by EUR 1.4 million. The main contributor to the better result of the non-Slovenian non-life insurers was higher premium income.

Net investment income was similarly exposed to the changed financial market conditions, where the Slovenian part saw an increase of EUR 1.0 million in expenses related to fair value changes of FVTPL (fair-value-through-profit-or-loss) assets. However, net investment income generated by the non-Slovenian non-life insurance companies remained at the year-on-year level.

The result from other income and expenses of the Slovenian non-life insurers was EUR 0.3 million higher, and the result of the foreign non-life insurers rose by EUR 0.2 million.

Net premiums earned

Net premiums earned, non-life insurance

EUR	1-6/2022	1-6/2021	Index
Gross premiums written	267,077,343	250,054,787	106.8
Net premiums earned	195,744,181	196,992,211	99.4

Net premiums earned by region, non-life insurance

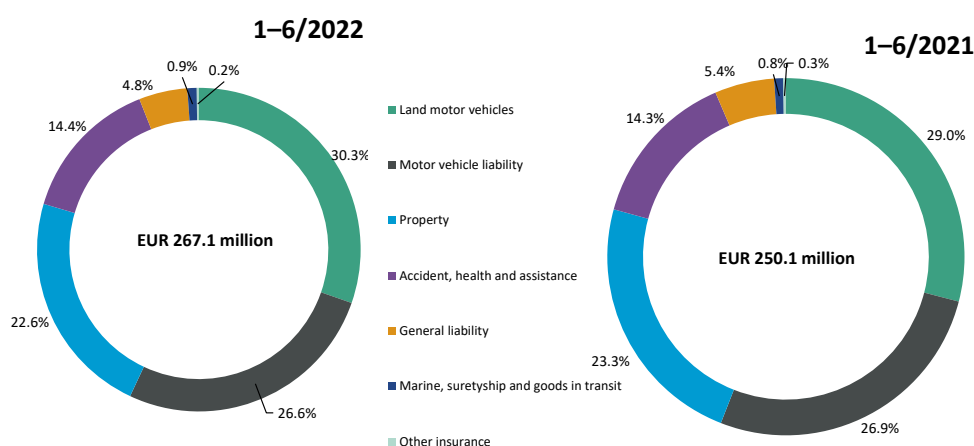
EUR	Slovenia			International		
	1-6/2022	1-6/2021	Index	1-6/2022	1-6/2021	Index
Gross premiums written	219,194,436	208,877,171	104.9	47,882,907	41,177,616	116.3
Net premiums earned	159,976,578	164,311,920	97.4	35,767,603	32,680,291	109.4

Unconsolidated gross non-life premiums of Sava Insurance Group members

EUR	1-6/2022	1-6/2021	Index
Zavarovalnica Sava, Slovenian part (non-life)	216,853,353	206,922,390	104.8
Zavarovalnica Sava, Croatian part (non-life)	8,049,680	7,786,377	103.4
Sava Neživotno Osiguranje (SRB)	15,086,193	12,533,056	120.4
Illyria (RKS)	7,763,539	6,165,893	125.9
Sava Osiguruvanje (MKD)	8,748,571	7,546,279	115.9
Sava Osiguranje (MNE)	8,247,340	7,158,951	115.2
Vita (SVN)	2,477,124	2,105,717	117.6
Total	267,225,800	250,218,663	106.8

Growth in gross non-life premiums was achieved in both the domestic and international part of the segment. Net premiums earned, however, remained on last year's level. The decrease in the domestic part (due to a drop in unearned premiums related to FoS business last year because much of this business had been discontinued, and higher growth in gross premiums written and the associated increase in gross unearned premiums in the other non-life business this year) was offset by higher net premiums earned in the non-Slovenian part of this segment, which achieved 16.3% growth in gross premiums written.

While FoS-related gross premiums written dropped by EUR 4.0 million, this premium loss was offset by other non-life premiums both in Slovenia and abroad. The largest growth in non-life gross premiums written was achieved in motor business. In Slovenia, gross motor premiums grew mainly in the personal motor segment as the result of a rise in the number of policies sold and growth in average premiums. Motor insurance also grew in all the Group's foreign markets, especially because of the more stable motor third-party liability market in Serbia, more policies sold and higher average premiums in other markets.

Gross non-life insurance premiums by class of business¹⁵

¹⁵ Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

As regards the composition of gross premiums written by class of insurance in the first half of 2022, there was a year-on-year rise in the proportion of land motor vehicles insurance and a drop in the proportion of property business and general liability insurance due to the phasing out of FoS business in these classes of insurance.

Net claims incurred

Net claims incurred, non-life insurance

EUR	1-6/2022	1-6/2021	Index
Gross claims paid	130,345,471	104,510,802	124.7
Net claims incurred	113,643,420	99,891,071	113.8

Net claims incurred by region, non-life insurance

EUR	Slovenia			International		
	1-6/2022	1-6/2021	Index	1-6/2022	1-6/2021	Index
Gross claims paid	112,178,139	85,768,017	130.8	18,167,332	18,742,785	96.9
Net claims incurred	96,255,687	83,625,830	115.1	17,387,733	16,265,240	106.9

In the Slovenian non-life segment, net claims incurred rose by EUR 12.6 million. Net claims incurred relating to FoS business decreased, mainly reflecting a drop in gross claims provisions due to the settlement of claims and the closure of certain files relating to business that had been discontinued and the release of IBNR provisions set aside to cover business interruption claims associated with Covid-19 after the positive outcome of a judgment in the Republic of Ireland in May 2022. In other Slovenian non-life business, net claims incurred increased due to a rise in gross motor claims (because of higher claim frequency after the impact of the epidemic eased), a rise in gross property claims due to major individual claims and weather-related claims, and growth in claims provisions as the result of individual major claims, weather-related claims and claims inflation.

In the foreign non-life segment, the increase in net claims incurred of EUR 1.1 million mainly relates to a decrease in gross claims provisions at Zavarovalnica Sava's Croatian branch last year because of portfolio optimisation and shrinkage, while they remained almost unchanged this year.

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

EUR	1-6/2022	1-6/2021	Index
Zavarovalnica Sava, Slovenian part (non-life)	111,850,911	87,553,197	127.8
Zavarovalnica Sava, Croatian part (non-life)	4,128,203	5,593,362	73.8
Sava Neživotno Osiguranje (SRB)	4,559,879	3,916,955	116.4
Illyria (RKS)	3,496,291	3,322,599	105.2
Sava Osiguruvanje (MKD)	3,476,578	3,211,333	108.3
Sava Osiguranje (MNE)	2,663,793	2,716,010	98.1
Vita (SVN)	472,851	346,462	136.5
Total	130,648,506	106,659,917	122.5

In the first half of 2022, gross non-life claims rose due to a 30.8% rise in Slovenian gross non-life claims, whereas gross claims paid by the non-Slovenian non-life insurers dropped by 3.1%.

The rise in gross claims paid by the Slovenian non-life insurers is mainly driven by the rise in gross motor and property claims. The former rose as the result of an increase in the number of reported claims compared to the previous year, when the measures related to Covid-19 pandemic were more stringent, and as a result of an increase in the average incurred claim because of additional equipment and assistance systems in vehicles and the related higher costs of repairs and spare parts. Motor claims frequency also rose due to the weather-related loss events in May and June 2022. Gross property claims, however, grew because of individual major loss events and weather-related events.

Gross claims paid by the international insurers dropped by EUR 0.6 million. The biggest drop in gross claims was in motor insurance, as the result of portfolio cleaning in Croatia and fewer reported and

settled claims. Personal accident claims also dropped because of the exclusion of certain risks and lower claims on group accident policies.

Operating expenses

Operating expenses, non-life segment

EUR	1-6/2022	1-6/2021	Index
Acquisition costs	20,687,344	21,389,539	96.7
Change in deferred acquisition costs (+/-)	-2,524,608	-289,562	871.9
Other operating expenses	50,590,195	45,291,683	111.7
Operating expenses	68,752,931	66,391,660	103.6
Reinsurance commission income	-4,827,471	-4,182,332	115.4
Net operating expenses	63,925,460	62,209,328	102.8

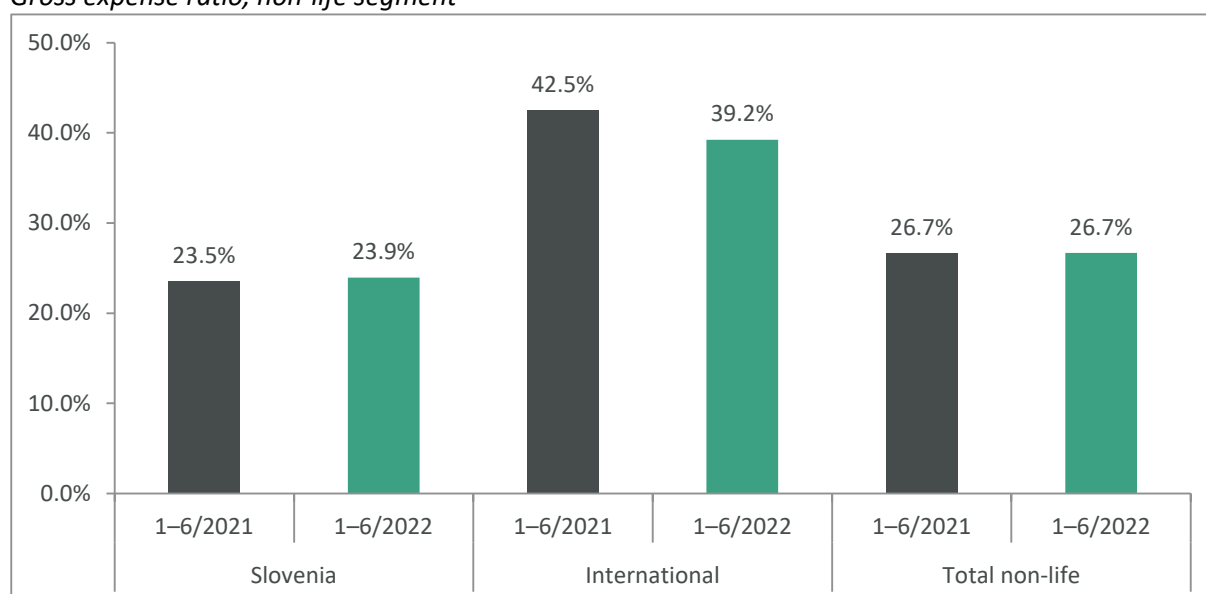
Gross operating expenses by region, non-life segment

EUR	1-6/2022	1-6/2021	Index
Non-life, Slovenia	52,494,578	49,179,236	106.7
Non-life, international	18,782,961	17,501,986	107.3

Acquisition costs decreased by 3.3%, mainly due to a decrease in gross premiums written in the FoS business.

Other operating expenses rose by 11.7% in the first half of 2022, driven by the payout of a cost-of-living bonus, somewhat higher IT costs and rising electricity prices.

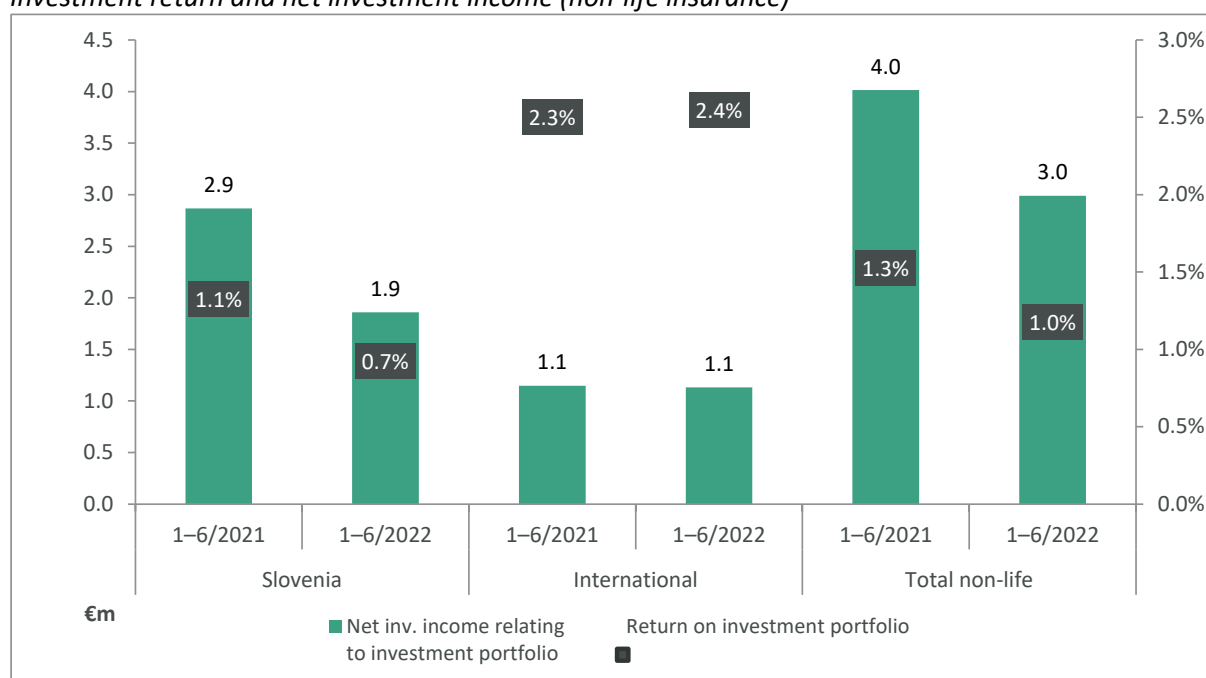
Gross expense ratio, non-life segment



The gross expense ratio attributable to the non-life segment remained on the year-on-year level. The gross expense ratio of the Slovenian non-life insurers rose by 0.4 p.p. because the relative increase in gross operating expenses was larger than the relative increase in gross premiums written. The gross expense ratio of foreign non-life insurers decreased by 3.3 p.p. as a result of the rise in gross premiums written.

Net investment income

Investment return and net investment income (non-life insurance)



In the first half of 2022, net investment income of non-life companies totalled EUR 3.0 million, down by EUR 1.0 million year on year. Net investment income was lower, chiefly due to higher expenses for fair value changes of FVTPL assets. The return on investment for the period was 1.0%.

8.3 Life

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 13.7 “Segment reporting”.

Net premiums earned

Net premiums earned, life insurance

EUR	1-6/2022	1-6/2021	Index
Gross premiums written	91,439,248	93,436,293	97.9
Net premiums earned	91,066,735	93,128,368	97.8

Net premiums earned by region, life insurance

EUR	Slovenia			International		
	1-6/2022	1-6/2021	Index	1-6/2022	1-6/2021	Index
Gross premiums written	85,512,589	88,613,801	96.5	5,926,659	4,822,492	122.9
Net premiums earned	85,222,559	88,381,146	96.4	5,844,176	4,747,221	123.1

Unconsolidated gross life premiums of Sava Insurance Group companies

EUR	1-6/2022	1-6/2021	Index
Zavarovalnica Sava, Slovenian part (life)	35,834,986	36,016,712	99.5
Zavarovalnica Sava, Croatian part (life)	1,008,491	1,133,630	89.0
Illyria Life (RKS)	2,236,878	1,444,803	154.8
Sava Životno Osiguranje (SRB)	2,681,290	2,244,059	119.5
Vita (SVN)	49,677,603	52,597,088	94.4
Total	91,439,247	93,436,292	97.9

In the first half of 2022, gross claims paid by the Slovenian life insurers dropped by 3.5% year on year. Despite very strong sales, Vita wrote less in gross premiums written year on year, reflecting fewer single premium contributions than in the previous year, when there were more than average due to the announced introduction of demurrage on assets in private bank accounts, which prompted bank customers to purchase life policies or make single premium contributions to existing policies. Gross premiums written by Zavarovalnica Sava in Slovenia remained roughly on the year-on-year level despite lost premiums due to maturities, deaths and surrenders, as they were offset by new sales.

In the first half of 2022, gross premiums written by the non-Slovenian life insurers rose by a full 22.9% year on year. Premium growth was mostly driven by the Kosovo company, which started sales through a bank in mid-2021, while steadily increasing sales through its own sales network. Gross premiums written by the Serbian insurer also grew, driven by its own and external sales channels. The Croatian branch of Zavarovalnica Sava, however, has recently recorded a higher volume of maturities, which it has not been able to offset by new sales.

Gross life insurance premiums by class of business**Net claims incurred***Net claims incurred, life insurance*

EUR	1-6/2022	1-6/2021	Index
Gross claims paid	66,680,838	67,630,330	98.6
Net claims incurred	65,976,384	67,089,274	98.3
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	8,501,827	117,351,884	7.2

Net claims incurred, life insurance

EUR	Slovenia			International		
	1-6/2022	1-6/2021	Index	1-6/2022	1-6/2021	Index
Gross claims paid	64,274,602	65,437,534	98.2	2,406,236	2,192,796	109.7
Net claims incurred	63,575,004	64,906,361	97.9	2,401,380	2,182,913	110.0
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	5,173,695	114,149,165	4.5	3,328,132	3,202,719	103.9

Unconsolidated gross life claims paid by Sava Insurance Group companies

EUR	1–6/2022	1–6/2021	Index
Zavarovalnica Sava, Slovenian part (life)	34,737,723	46,506,030	74.7
Zavarovalnica Sava, Croatian part (life)	941,994	886,633	106.2
Illyria Life (RKS)	410,595	388,446	105.7
Sava Životno Osiguranje (SRB)	1,053,647	917,717	114.8
Vita (SVN)	29,536,879	18,931,504	156.0
Total	66,680,837	67,630,331	98.6

In the first half of 2022, gross claims paid in Slovenia declined by 1.8% year on year, mainly because of lower gross claims paid at Zavarovalnica Sava. The gross claims paid by Zavarovalnica Sava dropped due to fewer maturities of traditional life insurance policies as well as lower amounts paid for surrenders and death benefits. At Vita, gross claims paid rose reflecting portfolio maturities and more surrenders at the beginning of the year due to higher unit values in 2021.

The change in technical provisions for the benefit of policyholders who bear the investment risk is mainly due to the change in the value of the investments supporting these liabilities, as the investment risk is borne by the policyholders. The change in the value of the provisions and of the associated investments is recognised through profit or loss, ensuring that the effects of these valuations are shown in a neutral way in the financial statements. The overall change in technical provisions for the benefit of life policyholders is not, as a rule, exactly the same as the change in the value of the related investments, since the level of provisions is affected by factors other than the change in the value of the investments during the period (an increase as a result of new contributions, a decrease as a result of claims payments, a decrease as a result of the deduction of booked expenses). Because of the losses in the Slovenian unit-linked life business, net claims incurred, including the change in other and the unit-linked business, were also significantly lower this year.

Gross claims paid by the international insurers in the first half of 2022 were up by 9.7% year on year: in Croatia because of maturities, in Kosovo mainly because of surrenders and in Serbia due to increased mortality. Growth in gross claims paid by the foreign insurers, however, largely follows the growth in portfolios.

Operating expenses

Operating expenses, life segment

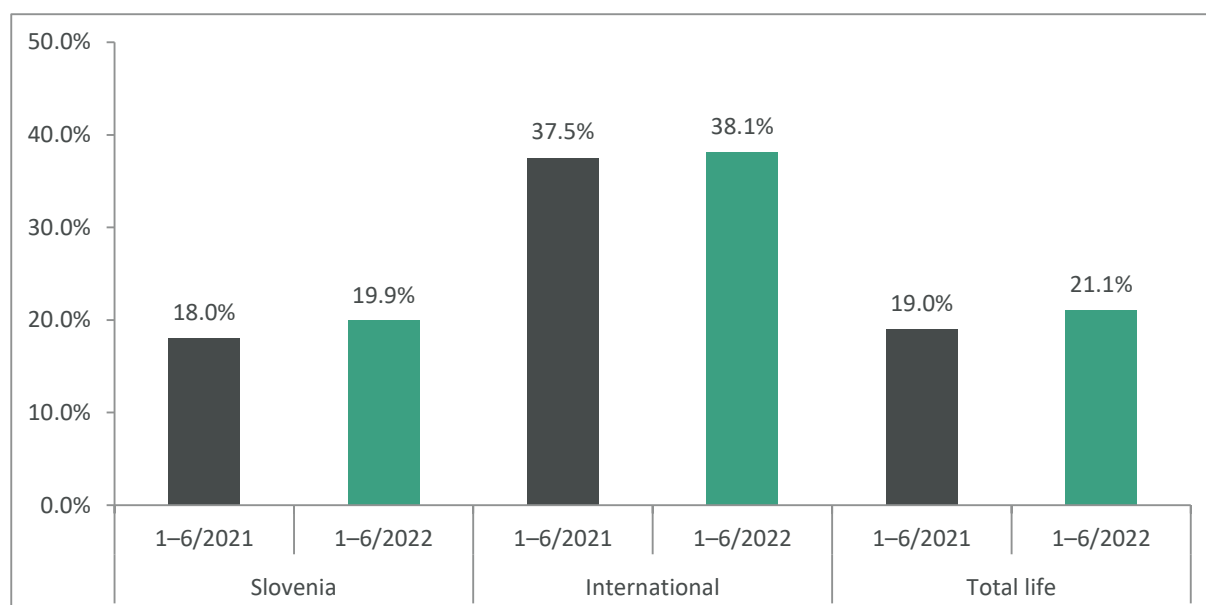
EUR	1–6/2022	1–6/2021	Index
Acquisition costs	6,870,205	5,868,223	117.1
Change in deferred acquisition costs (+/-)	-226,728	177,344	-127.8
Other operating expenses	12,418,139	11,892,731	104.4
Operating expenses	19,061,616	17,938,298	106.3
Reinsurance commission income	-6,060	-4,024	150.6
Net operating expenses	19,055,557	17,934,274	106.3

Gross operating expenses by region, life segment

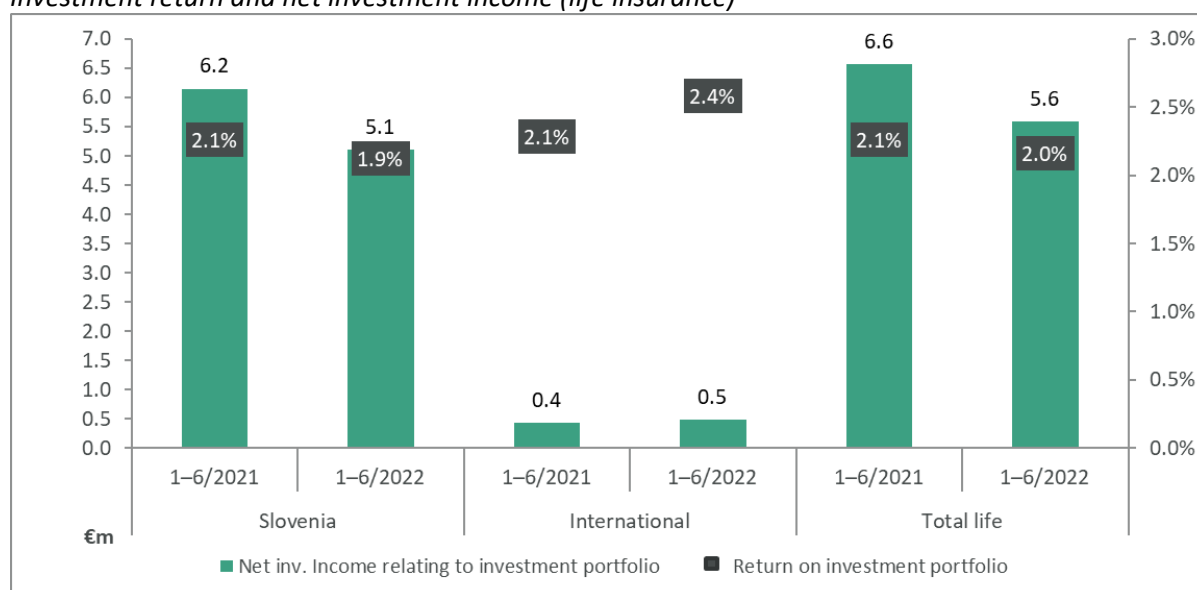
EUR	1–6/2022	1–6/2021	Index
Life, Slovenia	17,028,527	15,951,468	106.8
Life, international	2,259,817	1,809,485	124.9

In the first half of 2022, policy acquisition expenses rose by 17.1% year on year, in line with larger sales in most of the companies. The difference in the change in deferred acquisition costs between the two years relates to Slovenian life business.

In the first half of 2022, other operating expenses rose by 4.4% year on year, especially personnel costs, driven by higher staffing levels (particularly in sales) and a one-off payment of a cost-of-living bonus payout. Other costs also rose because of price increases.

Gross expense ratio, life segment

The consolidated gross expense ratio of the Slovenian insurers rose by 1.9 p.p. year on year, largely reflecting lower gross premiums written and higher policy acquisition costs. Life insurance companies outside Slovenia saw a rise in the gross expense ratio of 0.6 p.p., mainly due to higher acquisition and personnel costs.

Net investment income**Investment return and net investment income (life insurance)**

In the first half of 2022, net investment income relating to life business totalled EUR 5.6 million, up EUR 1.0 million year on year. Net investment income was lower due to higher expenses for fair value changes of FVTPL assets. The return on the life insurance investment portfolio was 2.0% in the reporting period.

8.4 Pensions and asset management

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 13.7 "Segment reporting".

Annuity part

EUR	1-6/2022	1-6/2021	Index
Gross premiums written	1,995,530	2,078,321	96.0
Gross claims paid	-779,473	-594,255	131.2
Change in other net technical provisions (+/-)	-1,158,100	-1,488,455	77.8

The annuity part comprises the operations of Sava Pokojninska. The gross premiums written relate to the annuity fund and decreased by 4.0% in the first half of 2022 year on year. Recently, more policyholders have opted to remain in the accumulation part of the scheme even after meeting retirement eligibility requirements.

Gross claims paid include supplementary pension annuity payouts, which increased by 31.2% in the first half of 2022 compared to the previous year. As annuity fund assets increased over the recent years (when policyholders achieved retirement age), annuity payouts to policyholders also increased, which is recorded under gross claims paid.

The change in other net technical provisions comprises the change in the technical provisions for annuity funds, and it reflects premiums paid in and claims paid out.

Accumulation part

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

EUR	1-6/2022	1-6/2021	Index
Other technical income and other income	9,129,033	7,919,511	115.3

Other technical and other income, consisting of asset management fees for pension and mutual funds, recorded significant growth in the first half of this year, especially at Sava Infond and Sava Penzisko, reflecting a higher annual average level of assets under management year on year (large increase in assets under management last year).

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

EUR	1-6/2022	1-6/2021	Index
Opening balance of fund assets (1 January)	1,541,670,574	1,241,028,424	124.2
Fund inflows	90,933,633	90,910,560	100.0
Fund outflows	-33,908,617	-20,759,474	163.3
Asset transfers	-5,274,875	-3,882,646	135.9
Net investment income of fund	-125,693,566	88,255,680	-
Entry and exit charges	-1,196,433	-1,135,680	105.3
Fair value reserve and exchange differences	-1,770,216	109,830	
Closing balance of fund assets (30 June)	1,464,760,501	1,394,526,694	105.0
Index 30 June vs. 1 January	95.0	112.4	

Contributions to pension and mutual funds:

- of the group of long-term business funds of the Slovenian pension company increased by 6.0%, as the company managed to increase the average value of contributions;
- of the mandatory and voluntary funds of the North Macedonian pension company increased by 13.2%, mainly due to the higher amount of the average contribution, but also because of the increase in the number of members;

- of the Slovenian mutual fund management company dropped by 10.1% because of the unfavourable trends in financial markets in the second quarter of the year.

The liability funds of the Slovenian pension company generated a return of -6.0% in the first half of 2022 (first half of 2021: 2.0%); the mandatory and voluntary pension funds managed by the North Macedonian pension company made a return of -3.4% (first half of 2021: 5.2%); the Slovenian company for managing mutual funds recorded a return of -16.6% on mutual funds (first half of 2021: 10.7%). The negative returns in the first half of 2022 are due to adverse developments in financial markets related to the war in Ukraine, recession expectations, stagflation and increases in base rates, whereas financial market developments in the same period last year were very favourable.

Balance of funds under management at period end (accumulation part, pensions and asset management segment)

EUR	30 June 2022	31 December 2021	Index
Sava Pokojninska (SVN)	159,924,571	167,095,042	95.7
Sava Penzisko Društvo (MKD)	807,214,911	804,026,425	100.4
Sava Infond (SVN)	497,621,019	570,549,108	87.2
Total	1,464,760,501	1,541,670,574	95.0

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	1-6/2022	1-6/2021	Index
Operating expenses	5,699,917	5,094,841	111.9

Against an increase of 15.3% in other insurance and other income, operating expenses rose by only 11.9% in the first half of 2022 year on year.

Profit or loss for the period

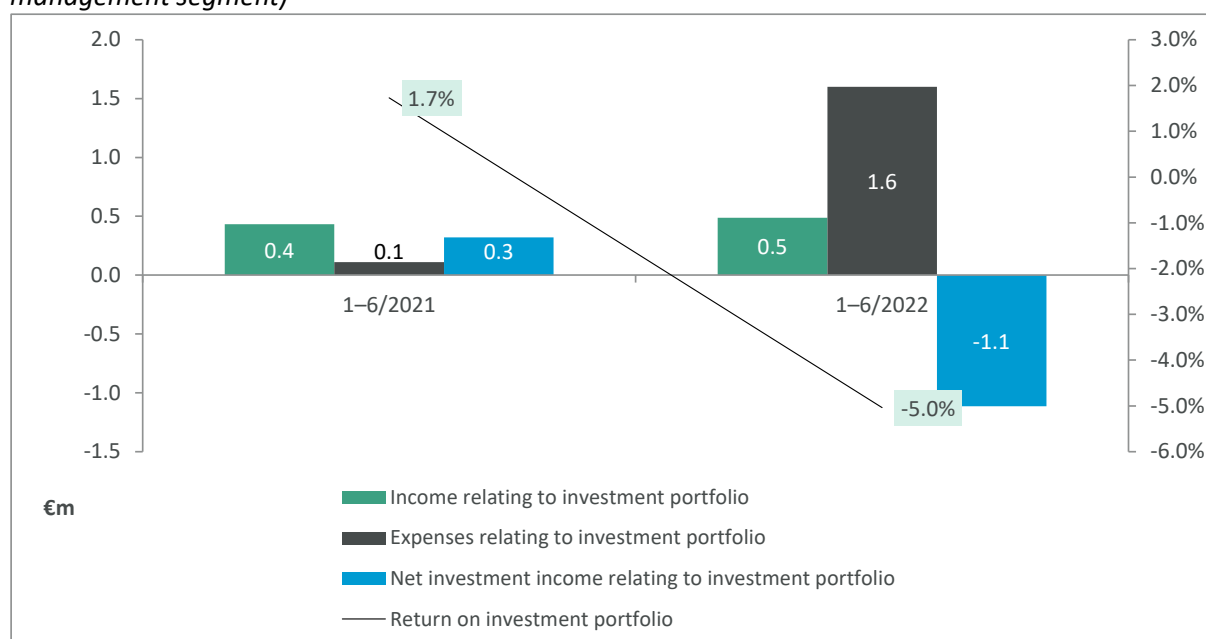
Profit before tax, pension and asset management section

EUR	1-6/2022	1-6/2021	Index
Profit or loss before tax	1,505,339	2,732,557	55.1

The pre-tax profit dropped due to adverse developments in the financial markets (effect of falling value of assets taken through profit or loss) and the strengthening of provisions for non-achievement of the guaranteed return by the Slovenian pension company. The North Macedonian pension company and the Slovenian mutual fund management company contributed more to the consolidated result of the pensions and asset management segment in the first half of this year than in the comparable period last year.

Net investment income

Income, expenses and net investment income relating to investment portfolio (pensions and asset management segment)¹⁶



In the first half of 2022, net investment income relating to the portfolio of the pension companies totalled EUR 1.1 million, down by EUR 1.4 million year on year, chiefly on account of higher expenses for the change in fair value of FVTPL assets. The investment return for the period was -5.0%.

8.5 Other

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 13.7 “Segment reporting”.

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

The following contributed to the significantly better consolidated result of the “other” segment in the first half of 2022:

- the sale of the company S Estate, which resulted in a gain of EUR 1.0 million,
- DCB and G2I, which contributed EUR 0.9 million (first half of 2021: EUR 0.5 million),
- TBS Team 24, which contributed EUR 0.4 million (first half of 2021: EUR 0.2 million).

Interest expense on subordinated debt amounted to EUR 1.4 million in the first half of 2022, roughly unchanged year on year.

¹⁶ The figure includes the portfolios of Sava Pokojninska (excluding investment contracts), Sava Penzisko Društvo (excluding the return on the funds because the assets managed by Sava Penzisko Društvo are not disclosed in its statement of financial position) and Sava Infond.

9 Financial position

As at 30 June 2022, total assets of the Sava Insurance Group stood at EUR 2,605.3 million, a decline of 2.0% from year-end 2021, which is largely due to financial market developments. Below we set out items of assets and liabilities in excess of 5% of total assets as at 30 June 2022 and items that changed by more than 2% of equity. For the sake of providing a full overview, the investment portfolio is presented as made up of financial investments, investment property, financial investments in associates, and cash and cash equivalents (although certain categories do not achieve the threshold mentioned above).

9.1 Assets

Consolidated total assets by type

EUR	30 June 2022	As % of total 30 June 2022	31 December 2021	As % of total 31 December 2021
ASSETS	2,605,283,714	100.0%	2,658,322,359	100.0%
1 Intangible assets	68,891,434	2.6%	67,306,775	2.5%
2 Property, plant and equipment	67,514,927	2.6%	56,337,174	2.1%
3 Right-of-use assets	6,708,936	0.3%	7,386,426	0.3%
4 Deferred tax assets	19,100,552	0.7%	5,487,403	0.2%
5 Investment property	14,012,760	0.5%	14,281,192	0.5%
6 Financial investments in associates	21,417,111	0.8%	20,479,729	0.8%
7 Financial investments	1,307,440,991	50.2%	1,472,688,443	55.4%
8 Assets held for the benefit of policyholders who bear the investment risk	469,735,380	18.0%	517,439,592	19.5%
9 Reinsurers' share of technical provisions	80,900,900	3.1%	57,767,056	2.2%
10 Investment contract assets	166,699,363	6.4%	172,836,349	6.5%
11 Receivables	215,418,421	8.3%	149,940,870	5.6%
12 Deferred acquisition costs	27,261,347	1.0%	22,572,741	0.8%
13 Other assets	7,057,050	0.3%	4,380,387	0.2%
14 Cash and cash equivalents	132,722,458	5.1%	88,647,678	3.3%
15 Non-current assets held for sale	402,084	0.0%	770,544	0.0%

9.1.1 Property, plant and equipment

The increase in property, plant and equipment assets (2) of EUR 11.2 million relates to larger property, plant and equipment in progress assets of Zavarovalnica Sava due to the construction of a new office building.

9.1.2 Deferred tax assets

Deferred tax assets (4) increased by EUR 13.6 million compared to year-end 2021. The drop in available-for-sale debt securities and the resulting decline in the fair value reserve is the main reason for the change in deferred tax assets.

9.1.3 Investment portfolio

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

Sava Insurance Group investment portfolio

EUR	30 June 2022	31 December 2021	Absolute change	Index
Deposits	16,133,484	18,561,697	-2,428,213	86.9
Government bonds	686,854,446	718,499,980	-31,645,534	95.6
Corporate bonds	475,385,899	592,136,103	-116,750,204	80.3
Shares	24,824,711	35,965,685	-11,140,974	69.0
Mutual funds	22,944,300	35,861,078	-12,916,778	64.0
Infrastructure funds	53,036,152	44,532,966	8,503,186	119.1
Real estate funds	17,015,477	15,846,059	1,169,418	107.4
Loans granted and other investments	1,510,614	1,674,538	-163,924	90.2
Deposits with cedants	9,735,908	9,610,337	125,571	101.3
Total financial investments	1,307,440,991	1,472,688,443	-165,247,452	88.8
Financial investments in associates	21,417,111	20,479,729	937,382	104.6
Investment property	14,012,760	14,281,192	-268,432	98.1
Cash and cash equivalents	123,217,117	73,977,512	49,239,605	166.6
Total investment portfolio	1,466,087,978	1,581,426,876	-115,338,897	92.7

As at 30 June 2022, the investment portfolio of the Sava Insurance Group totalled EUR 1,466.1 million, a decline of EUR 115.3 million from year-end 2021. The decrease in the investment portfolio was mainly due to the negative change in the fair value reserve on the bond portion of the investment portfolio due to the rise in required yields because of the situation in financial markets. The increase in financial investments in associates includes EUR 0.9 million from the attribution of profit of equity-accounted entities.

There have been no major changes in the composition of the investment portfolio. The proportion of fixed-rate investments remained at the year-end level. The decrease in the proportion of equity securities (shares and mutual funds) is mainly due to sales of these investments to align the investment portfolio with the Sustainability Investment Policy. Cash and cash equivalents increased as the result of the planned dividend payout of a subsidiary. The proportion of investments in infrastructure funds rose due to capital calls and remains in line with the Sava Insurance Group's risk strategy.

Composition of the investment portfolio

EUR	30 June 2022	31 December 2021	Change in structure (p.p.) 30 June 2022 - 31 December 2021
Fixed-rate financial investments	88.8%	88.7%	0.1
Infrastructure funds	3.6%	2.8%	0.8
Mutual funds	1.6%	2.3%	-0.7
Shares	1.7%	2.3%	-0.6
Real estate funds	1.2%	1.0%	0.2
Property	1.0%	0.9%	0.1
Other*	2.2%	2.0%	0.2
Total	100.0%	100.0%	0.0

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

Composition of fixed-rate investments

EUR	30 June 2022	As % of total 30 June 2022	31 December 2021	As % of total 31 December 2021	Change in structure (p.p.) 30 June 2022 - 31 December 2021
Government bonds	630,645,834	43.0%	660,649,307	41.8%	1.2
Regular corporate bonds	412,827,079	28.2%	502,924,829	31.8%	-3.6
Cash and cash equivalents	123,217,117	8.4%	73,977,512	4.7%	3.7
Government-guaranteed bonds	56,208,612	3.8%	57,850,673	3.7%	0.2
Subordinated bonds	37,966,699	2.6%	47,877,472	3.0%	-0.4
Covered bonds	24,592,121	1.7%	41,333,802	2.6%	-0.9
Deposits	16,133,484	1.1%	18,561,697	1.2%	-0.1
Total	1,301,590,946	88.8%	1,403,175,292	88.7%	0.1

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

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

The assets of these policyholders are recorded as financial investments (mainly in mutual funds selected by policyholders) and cash. As at 30 June 2022, financial investments totalled EUR 469.7 million, while cash and cash equivalents stood at EUR 9.5 million. Thus, assets decreased by EUR 52.9 million compared to 31 December 2021. This decline was mainly due to the depreciation of mutual fund assets as well as other policyholders' assets of EUR 65.5 million and net positive inflows of EUR 14.2 million (inflows of EUR 91.1 million, outflows of EUR 76.7 million).

EUR	30 June 2022	31 December 2021	Absolute change	Index
Assets held for the benefit of policyholders who bear the investment risk	479,240,721	532,109,758	-52,869,037	90.1
- Financial investments	469,735,380	517,439,592	-47,704,212	90.8
- Cash and cash equivalents	9,505,341	14,670,166	-5,164,825	64.8

9.1.5 Reinsurers' share of technical provisions

The reinsurers' share of technical provisions (9) increased by 40.0%, or EUR 23.1 million, compared to year-end 2021. The largest increase in claims provisions was in the Slovenian non-life segment (of EUR 15.9 million), driven by a major individual claim, which, however, is largely borne by reinsurers outside the Group. In the reinsurance segment, claims provisions decreased due to the payment of catastrophe claims out of claims provisions set aside already in 2021. Unearned premiums rose by EUR 8.8 million, with the largest increase in the Slovenian non-life segment (due to the timing of underwriting business).

9.1.6 Investment contract assets

The investment contract assets item (10) includes liability fund assets relating to the group of life cycle funds that have been managed by the Sava Pokojninska pension company for the benefit of policyholders since 1 January 2016 and part of the assets of the annuity fund, the policies of which do not qualify as insurance contracts. As at 30 June 2022, investment contract assets totalled EUR 166.7 million, down by 3.6% compared to 31 December 2021.

This decrease was mainly due to a decline in the value of investments of EUR 9.9 million as the result of the situation in financial markets, net inflows of EUR 2.4 million (first half of 2022: EUR 6.5 million of inflows and EUR 4.2 million of outflows including entry charges) and a EUR 1.2 million appreciation of assets backing annuity policies.

Assets under the management of Sava Penzisko Društvo are not shown in the Group's statement of financial position; these amounts are disclosed in section 8.4 "Pensions and asset management".

	30 June 2022	31 December 2021	Absolute change	Index
Investment contract assets	166,699,363	172,836,349	-6,136,986	96.4

9.1.7 Receivables

Receivables (11) increased by 43.7%, or EUR 65.5 million, compared to year-end 2021 (30 June 2021: increase of 20.4%, or EUR 31.5 million, compared to year-end 2020). The largest increase was with receivables arising from primary insurance business, up by EUR 47.7 million, or 37.1%, compared to 31 December 2021, with a EUR 43.2 million increase in not-past-due receivables and a EUR 4.8 million increase in receivables past due up to 180 days. Receivables past due less than 1 year decreased by EUR 0.1 million, and receivables past due more than 1 year by EUR 0.3 million. In absolute terms, the largest increase in receivables arising from primary insurance business was in the Slovenian non-life segment (an increase of EUR 22.0 million; 30 June 2021: an increase of EUR 8.8 million compared to year-end 2020), in the reinsurance segment (an increase of EUR 19.2 million; 30 June 2021: an increase of EUR 15.5 million from year-end 2020). The reason for the increase in the non-life segment is the annual renewal of insurance contracts with legal entities; in the reinsurance segment, the increase is due to the renewal of reinsurance contracts with cedants and the timing of making estimates for reinsurance business.

Receivables arising from reinsurance and co-insurance business rose by EUR 11.5 million, or 127.1%, from 31 December 2021. This increase is driven by the reinsurance segment, as receivables arising out of reinsurance business rose by EUR 12.2 million, especially because of some major loss events.

Current tax assets increased by EUR 2.7 million compared to 31 December 2021, with most of the increase coming from the Slovenian non-life segment.

Other receivables rose by EUR 3.6 million compared to the end of 2021 – an increase of EUR 2.0 million in the Slovenian life segment due to mutual fund inflows and maturing of investments just before the end of the period, and of EUR 1.1 million in the Slovenian non-life segment, mainly due to prepayments made for FoS claims.

9.2 Equity and liabilities

Balance and composition of equity and liabilities

EUR	30 June 2022	As % of total 30 June 2022	31 December 2021	As % of total 31 December 2021
EQUITY AND LIABILITIES	2,605,283,714	100.0%	2,658,322,359	100.0%
1 Shareholders' equity	412,724,654	15.8%	504,077,018	19.0%
Share capital	71,856,376	2.8%	71,856,376	2.7%
Capital reserves	42,702,320	1.6%	42,702,320	1.6%
Profit reserves	228,962,215	8.8%	229,008,079	8.6%
Own shares	-24,938,709	-1.0%	-24,938,709	-0.9%
Fair value reserve	-76,194,177	-2.9%	21,246,888	0.8%
Reserve due to fair value revaluation	1,822,260	0.1%	1,300,871	0.0%
Retained earnings	142,589,569	5.5%	116,166,406	4.4%
Net profit or loss for the period	28,889,716	1.1%	49,623,843	1.9%
Translation reserve	-3,328,211	-0.1%	-3,256,354	-0.1%
Equity attributable to owners of the controlling company	412,361,359	15.8%	503,709,720	18.9%
Non-controlling interests in equity	363,295	0.0%	367,298	0.0%
2 Subordinated liabilities	76,282,544	2.9%	74,863,524	2.8%
3 Technical provisions	1,308,324,167	50.2%	1,237,500,117	46.6%
4 Technical provisions for the benefit of life insurance policyholders who bear the investment risk	479,013,522	18.4%	524,183,338	19.7%
5 Other provisions	8,914,575	0.3%	9,018,106	0.3%
6 Deferred tax liabilities	3,455,631	0.1%	11,387,395	0.4%
7 Investment contract liabilities	166,547,774	6.4%	172,660,266	6.5%
8 Other financial liabilities	23,906,300	0.9%	584,924	0.0%
9 Liabilities from operating activities	66,908,313	2.6%	54,783,379	2.1%
10 Lease liability	6,636,304	0.3%	7,224,138	0.3%
11 Other liabilities	52,569,930	2.0%	62,040,154	2.3%

9.2.1 Shareholders' equity

Shareholders' equity (1) decreased by 18.1%, or EUR 91.4 million, reflecting mostly a decrease in the fair value reserve as a result of the revaluation of bond investments due to price movements in financial markets. The decline in equity because of the dividend payout in the first half of the year of EUR 23.2 million was more than offset by the net profit for the period of EUR 28.9 million.

9.2.2 Technical provisions

Gross technical provisions (3) are the largest item on the liabilities side. The balance as at 30 June 2022 was an increase of 5.7%, or EUR 70.8 million, over year-end 2021.

Consolidated gross technical provisions

EUR	30 June 2022	31 December 2021	Index
Gross unearned premiums	275,881,554	207,022,452	133.3
Gross mathematical provisions	432,199,055	443,577,279	97.4
Gross provision for outstanding claims	590,031,979	578,713,597	102.0
Gross provision for bonuses, rebates and cancellations	1,530,046	1,530,854	99.9
Other gross technical provisions	8,681,533	6,655,935	130.4
Gross technical provisions	1,308,324,167	1,237,500,117	105.7

Gross technical provisions attributable to the non-life segment grew by 12.3%, or EUR 67.5 million, compared to year-end 2021. Of this, unearned premiums grew by EUR 50.7 million (in the first half of

2021: EUR 34.0 million) as a result of increased business volume, and claims provisions increased by EUR 15.1 million (individual large claims and summer weather-related loss events).

Gross technical provisions attributable to the reinsurance segment grew by 6.6%, or EUR 14.9 million, compared to year-end 2021. The increase is due to the rise in unearned premiums as the result of the annual dynamics of underwriting reinsurance business (increase of EUR 18.1 million; first half of 2021: of EUR 15.7 million), whereas claims provisions decreased by EUR 3.4 million (due to catastrophic claims paid out of the claims provisions at the beginning of the 2022).

Gross mathematical provisions declined by 2.6%, or EUR 11.4 million, mainly reflecting lower balances at Zavarovalnica Sava and Vita due to maturity payouts. The provisions of the other insurance companies increased driven by portfolio growth.

The provision for bonuses, rebates and cancellations accounted for only a small proportion and remained flat compared to year-end 2021.

Other gross technical provisions include gross provisions for unexpired risks. These increased by EUR 2.0 million from year-end 2021, which chiefly relates to the reinsurance segment (larger volume of business and higher unearned premiums for marine reinsurance) and the Slovenian non-life segment (increased business volume in fire insurance and an increase in expected loss ratios due to claims inflation).

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

Gross technical provisions for the benefit of life insurance policyholders who bear the investment risk (4) totalled EUR 479.0 million as at 30 June 2022 and increased by 8.6%, or EUR 45.2 million, mainly due to movements in financial markets and, consequently, fund unit prices.

9.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska totalled EUR 166.5 million as at 30 June 2022, down 3.5%, or EUR 6.1 million, from year-end 2021. Their movement is in line with investment contract assets, driven largely by new premium contributions, payouts and changes in fund unit prices.

9.2.5 Other financial liabilities

Other financial liabilities (8) rose by EUR 23.3 million. These liabilities relate to the Sava Re dividend payout. Dividends were paid out on 12 July 2022.

9.2.6 Liabilities from operating activities

Liabilities from operating activities (9) totalled EUR 66.9 million as at 30 June 2022, up 22.1%, or EUR 12.1 million, compared to year-end 2021 (30 June 2021: increase of EUR 3.9 million). Liabilities from primary insurance business rose by EUR 8.8 million because of liabilities for claim payments and commissions; reinsurance and co-insurance liabilities rose by EUR 4.5 million, reflecting a larger volume of annual reinsurance treaties renewed; and current tax liabilities declined by EUR 1.2 million due to a lower net profit of the Slovenian non-life segment.

9.2.7 Other liabilities

Other liabilities (11) decreased by EUR 9.5 million, especially other accrued costs and deferred liabilities relating to the Slovenian non-life segment, where premiums received are recorded until recognised in the income statement, that is, premiums received prior to the coverage period.

9.3 Financing sources and their maturity

As at 30 June 2022, the Sava Insurance Group held EUR 412.7 million in shareholders' equity and EUR 76.3 million in subordinated liabilities. In October 2019, the parent company issued subordinated bonds with a scheduled maturity in 2039 and an early recall option for 7 November 2029. The bond is admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at 30 June 2022, the market price of the bond was 91.724% and the market value EUR 70,603,788 (31 December 2021: the market price 103.532%, the market value EUR 78,065,096).

9.4 Cash flow

In the first half of 2022, the Sava Insurance Group generated an operating cash flow of EUR 22.1 million (first half of 2021: EUR 66.0 million). Payments of claims and expenses were higher in this period year on year, and premium receipts were lower.

Net cash inflows from investing activities were higher (EUR 22.0 million, compared to cash outflows of EUR 37.8 million last year) due to the dynamics of the management of the securities portfolio, including the investments of policyholders who bear the investment risk. The increase in cash disbursements in investing activities was driven by a new capital expenditure (EUR 7.1 million).

The Group posted net cash used in financing activities in the amount of EUR 43,948 (2021: EUR 13.2 million). In 2021, the Sava Insurance Group paid out dividends in the first half of the year, whereas in 2022 dividends were paid out on 12 July 2022.

The closing balance of cash and cash equivalents increased by EUR 34.3 million in the first half of 2022. The net cash flow for the first half of 2022 was EUR 29.1 million above the year-on-year figure.

9.5 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 ¹⁷	Outlook	Latest review
S&P Global Ratings	A	stable	September 2021: affirmed existing rating
AM Best	A	stable	October 2021: affirmed existing rating

The reports of both agencies are available online, at <https://www.sava-re.si/en-si/investor-relations/reports-results/>.

¹⁷ 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).

10 Personnel

Number of employees by Sava Insurance Group member

	30 June 2022	31 December 2021	Change
Zavarovalnica Sava	1,189.4	1,222.6	-33.2
Sava Neživotno Osiguranje (SRB)	352.8	341.0	11.8
Sava Osiguruvanje (MKD)	227.1	229.2	-2.1
Illyria (RKS)	216.8	211.3	5.5
Sava Re	130.1	126.6	3.5
Sava Osiguranje (MNE)	127.0	133.0	-6.0
Sava Životno Osiguranje (SRB)	101.4	105.9	-4.5
Illyria Life (RKS)	56.0	59.0	-3.0
Vita (SVN)	52.0	48.0	4.0
Sava Car (MNE)	44.0	43.3	0.8
Sava Penzisko Društvo (MKD)	41.0	37.0	4.0
Sava Infond (SVN)	36.1	33.5	2.7
TBS Team 24 (SVN)	35.5	30.3	5.3
ZS Svetovanje (SVN)	25.0	26.0	-1.0
Sava Agent (MNE)	17.5	16.8	0.8
Sava Pokojninska (SVN)	13.8	13.0	0.8
Ornatus KC (SVN)	12.0	12.0	0.0
Sava Station (MKD)	9.8	10.8	-1.0
Total	2,687.1	2,698.9	-11.9

The table above shows the number of employees calculated on a full-time equivalent basis. The decrease in the number of employees at Zavarovalnica Sava and the increase at Sava Neživotno Osiguranje was due to fluctuations in the number of employees in the agency network.

11 Risk management

In their operation, the Group companies are exposed to various categories of risk: insolvency risk, underwriting risk, risk of failing to achieve guaranteed returns, market risk, credit risk, liquidity risk, operational risk and strategic risk. The Group companies identify, measure, manage, monitor and report on these risks in line with prescribed risk management processes. In addition, these risk management processes are set up at the Group level. The processes and methods of measuring and managing risk, and the exposure of the Group to the various categories of risk are detailed in the 2021 Sava Insurance Group annual report and are therefore not repeated in this report.

The war in Ukraine has significantly changed the geopolitical situation, which had an impact on the performance and risks of the Group companies. Nevertheless, due to the small volume of business with and low investment exposure to Russia and Ukraine, the changed circumstances will not have a material impact on its business results. More information on this has already been provided in the annual report of the Sava Insurance Group and Save Re d.d., in section 2.3 “Significant events after the reporting date”.

In the first half of the year, larger impacts on Group operations came indirectly from adverse impacts on the macroeconomic environment. The changed circumstances and the associated commodity and energy market shocks have further increased inflation expectations and the uncertainty about future economic activity. The rising risk-free interest rate and widening credit spreads (also discussed in section 11.3.3 “Credit risk”) drove up the required yields on debt securities, resulting in lower values of bond investments, which in turn led to a decline in the fair value reserve.

The volatility of the macroeconomic environment has also been reflected in equity and currency markets, where we have seen falling equity prices and a weakening of the euro. Inflation expectations have also indirectly contributed to price hikes, resulting in increased claims inflation. The Sava Insurance Group responded appropriately by adjusting prices to limit the impact of claims inflation on our business results.

Regarding the legal regulatory risk relating to business interruption coverage associated with Covid-19, specifically that policy conditions for business interruption covers could be interpreted unfavourably in some markets (English speaking countries, direct FoS business in the Republic of Ireland), which could result in additional claim payments, the High Court of Dublin ruled in favour of the Group, confirming that the business interruption and loss of licence policy wording of Zavarovalnica Sava does not provide cover for losses arising from the Covid-19 pandemic. The Sava Insurance Group is no longer exposed to significant risks in this respect.

11.1 Capital adequacy and capital management

The Sava Insurance Group calculates its solvency position using the Solvency II standard formula. The quarterly capital adequacy calculation is regularly performed after the release of the financial report, which is why the capital adequacy figure is published with a lag of one quarter. Thus, the calculation of the Group’s solvency position as at 31 March 2022 shows that the Group is well capitalised and has a solvency ratio of 196% (31 December 2021: 198%). The calculation takes into account the Group’s solvency capital requirement (SCR) as at 31 December 2021 of EUR 304.4 million and the eligible own funds to cover the SCR at 31 March 2022 of EUR 597.2 million (31 December 2021: EUR 601.3 million). The Group’s eligible own funds as at 31 March 2022 declined compared to 31 December 2021, primarily as the result the depreciation of investments driven by adverse movements in financial markets. We estimate that the solvency ratio as at 30 June 2022 has not significantly changed despite the decrease in equity due to the change in the fair value reserve relating to financial investments.

Sava Re also uses the Solvency II standard formula for the solvency calculation. Since, at the time of writing this report and as explained above, Sava Re does not yet have available data for the calculation

of the solvency position as at 30 June 2022, data is provided for the calculation as at 31 March 2022. The calculation of the Company's solvency position as at 31 March 2022 shows that it is well capitalised and has a solvency ratio of 277% (31 December 2021: 282%). The calculation takes into account the Company's solvency capital requirement (SCR) at 31 December 2021 of EUR 218.0 million and the eligible own funds to cover the SCR at 31 March 2022 of EUR 603.9 million (31 December 2021: EUR 615.7 million). The eligible own funds of Sava Re as at 31 March 2022 declined compared to 31 December 2021, primarily as the result of the depreciation of investments and participations in subsidiaries driven by adverse movements in financial markets.

The Group and Sava Re have strong solvency ratios, and insolvency risk is small. We estimate that, despite the adverse impact of the macroeconomic environment, the Group and Sava Re will continue to maintain high solvency ratios at the end of the first half of 2022, well above the regulatory solvency ratio. The Group and Sava Re also demonstrated the robustness of their solvency positions by two high-impact stress scenarios that were run as part of the 2022 own risk and solvency assessment (ORSA) (the inflation scenario and the EIOPA scenario, in which the EIOPA stress test shocks were applied).

11.2 Underwriting risks

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

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

An increase in realised underwriting risk would essentially result in an increase in net claims. Because the Group has an adequate retrocession programme in place, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic loss events. A more likely scenario that the Group is exposed to is the deterioration of the net combined ratio as a result of an increase in claims or expenses along with a decrease in premiums. A rise/drop in the Group's net combined ratio relating to non-life (re)insurance business of one percentage point in the first half of 2022, would decrease/increase its profit before tax by EUR 2.6 million in the period (first half of 2021: EUR 2.5 million).

We estimate that exposure to underwriting risk increased compared to year-end 2021, mainly due to the increased risk of claims inflation in motor and property insurance business.

As already mentioned in the introduction to risk management, the Sava Insurance Group is no longer exposed to significant risk from legal regulatory risk associated with business interruption coverage in connection with Covid-19.

11.3 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 and associates, cash and cash equivalents, and assets held for the benefit of policyholders who bear the investment risk (investments supporting liabilities of unit-linked life policies under which the insurer provides guaranteed net asset values).

11.3.1 Market risk

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

The investment portfolio exposed to market risk totalled EUR 1,392.4 million as at 30 June 2022.

Interest rate risk

The total value of investments included in the calculation as at 30 June 2022 was EUR 1,255.2 million (31 December 2021: EUR 1,422.5 million). Of this, EUR 666.4 million (31 December 2021: EUR 743.8 million) related to assets of non-life insurers (including Sava Re) and EUR 588.8 million (31 December 2021: EUR 678.8 million) to assets of life insurers.

The average maturity of non-life business bonds and deposits was 3.70 years as at 30 June 2022 (31 December 2021: 4.06 years), and the expected maturity of non-life and reinsurance obligations was 1.87 years (31 December 2021: 2.10 years).

The average maturity of life insurance assets was 5.04 years as at 30 June 2022 (31 December 2021: 5.43 years), with the average maturity of life liabilities at 5.11 years (31 December 2021: 6.04 years).

In the first half of 2022, we saw a rise in risk-free interest rates (curves) compared to 2021, mainly driven by the uncertainty regarding inflation trends in the next quarters. Rising interest rates had a negative impact on the valuation of debt securities. We estimate that interest rate risk increased in 2022.

Property risk

As at 30 June 2022, the value of the Group's investments exposed to property risk stood at EUR 30.4 million (31 December 2021: EUR 30.1 million) and did not substantially change compared to the previous period.

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

The risk of alternative investments was determined based on stressed values. We assumed a 15% decrease in the value of investment property and real estate funds. The selected shock would reduce the value of the Group's investments sensitive to property risk by EUR 4.6 million (31 December 2021: EUR 4.5 million).

Property risk relating to investment property remained at approximately the same level as at year-end 2021.

Equity risk

The value of investments that the Group included in the equity risk calculation totalled EUR 91.8 million as at 30 June 2022 (31 December 2021: EUR 98.5 million). A 10% drop in equity prices would result in a decline of EUR 9.2 million (31 December 2021: EUR 9.8 million).

We estimate that, in the first half of 2022, the risk increased due to increased exchange rate volatility and uncertainty surrounding economic activity.

Currency risk

The Group monitors currency matching of assets and liabilities by the ALM aspect (accounting currencies are matched directly, i.e. they are matched with currencies with a high degree of correlation). Accordingly, the position was 98.6% matched as at 30 June 2022 (31 December 2021: 97.5%). However, based strictly on the accounting aspect, i.e. excluding correlations, the currency position was 96.0% matched as at 30 June 2022 (31 December 2021: 96.0%).

Matching risk remained at about the same level in the period compared to year-end 2021.

11.3.2 Liquidity risk

In the reporting period, the Group companies did not change their monitoring or management of liquidity risk. The Group's liquidity position remains good, as liquidity is well-controlled and managed, and the companies hold an adequate level of highly liquid assets. We estimate that liquidity risk remained unchanged and low in the period under review in 2022.

11.3.3 Credit risk

Fixed-rate investments accounted for 92.5% of the total investment portfolio. As at 30 June 2022, fixed-rate investments rated "BBB-" or better accounted for 76.2% of the total fixed-rate portfolio (31 December 2021: 77.9%).

As at 30 June 2022, the exposure to the ten largest issuers was EUR 483.7 million, representing 32.0% of financial investments (31 December 2021: EUR 481.6 million; 29.3%). The largest single issuer of securities to which the Group is exposed is the Republic of Slovenia (30 June 2022: EUR 103.6 million; 6.8%; 31 December 2021: EUR 124.1 million; 7.5%), and the maximum single exposure to any commercial issuer was 2.9% of the Group's financial investments and relates to the exposure to cash and cash equivalents.

Based on the above, we estimate that, particularly through reducing their exposure to Slovenia and increased diversification by issuer, region and industry, the Sava Insurance Group companies managed their exposure to credit risk well in the first half of 2022.

We estimate that, in the first half of 2022, credit risk increased slightly, in particular due to increased market volatility and uncertainty surrounding economic activity.

11.3.4 Risk of failure to realise guaranteed returns

Investment contracts

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

The value of the investments covering investment contract liabilities totalled EUR 166.7 million as at 30 June 2022, down by EUR 6.1 million from 31 December 2021.

The risk of failure to achieve guaranteed returns relates to liabilities of Moj Zajamčeni fund (My Guaranteed Fund) (30 June 2022: EUR 134.8 million) and increased compared to year-end 2021 due to the depreciation of the fund's debt investments.

Traditional and unit-linked life insurance contracts with guaranteed return

The Group is exposed to the risk of failure to realise the guaranteed NAVPS (net asset value per share) on its traditional life business and unit-linked life business with guaranteed return. The realised return on financial investments was lower than the guaranteed return on the liabilities side. The shortfall for the first half of 2022 was EUR 1.0 million (first half of 2021: surplus of EUR 0.7 million).

11.4 Operational risks

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

Operational risks are not among the Group's most significant risks and are well managed. The Group's exposure to operational risk did not change significantly in the first half of 2022 compared to year-end 2021.

11.5 Strategic risks

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

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

The Group's strategic risks are actively managed. The Group's exposure to strategic risks increased due to the deterioration in the macroeconomic environment (accelerated inflationary trends and the resulting impact on claims inflation) as well as the unpredictable geopolitical environment in view of the events of the first half of the year compared to end of 2021.

11.6 Risk exposure up until year-end 2022

In the first half of the year, the macroeconomic and geopolitical situation was uncertain, mainly due to the war in Ukraine, and the energy crisis was escalating, leading to further rises in already high consumer prices; we are therefore monitoring the situation closely. Until the end of 2022, we expect exposure to strategic risks to remain elevated given the situation, and the Group will seek to mitigate the risks accordingly. There will also be a rise in market risk and underwriting risk, especially related to claims inflation. Given that the realisation of underwriting risks is random, a higher realisation of underwriting risks could also occur in the event of an increase in the number of catastrophic events (either in Slovenia or abroad).

Financial statements with notes

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

The management board of Sava Re d.d. hereby approves the condensed financial statements of the Sava Insurance Group and Sava Re for the six months to 30 June 2022, and the accompanying appendices to the financial statements, accounting policies and notes to the financial statements. The management board confirms that the condensed financial statements, including the notes, have been prepared on a going concern basis regarding the operations of the Company and the Group, that they comply with Slovenian law and IAS 34 "Interim Reporting" and that they should be read together with the annual financial statements for the financial year ended 31 December 2021. The interim financial statements have not been audited.

The financial statements have been prepared using relevant judgements, estimates and assumptions, including actuarial judgements, which apply the methods most suited to the Company and the Group under given circumstances, based on which we can give the below assurances.

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

- the financial statements and the accompanying notes have been drawn up in accordance with the reporting principles adopted by the Company and the Group and give a true and fair view of the assets and liabilities, financial position, profit and loss of the Company and the Group;
- the business report includes a fair presentation of the development and results of operations of the Company and the Group, and 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.



Marko Jazbec, Chairman of the Management Board



Polona Pirš Zupančič, Member of the Management Board



Peter Skvarča, Member of the Management Board

Ljubljana, 9 August 2022

12 Unaudited condensed financial statements

12.1 Unaudited statement of financial position

EUR	Sava Insurance Group		Sava Re	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
ASSETS	2,605,283,714	2,658,322,359	927,431,581	832,078,756
Intangible assets	68,891,434	67,306,775	3,577,247	3,194,031
Property, plant and equipment	67,514,927	56,337,174	2,614,555	2,464,213
Right-of-use assets	6,708,936	7,386,426	169,215	204,879
Deferred tax assets	19,100,552	5,487,403	6,232,084	3,688,957
Investment property	14,012,760	14,281,192	7,796,218	7,899,693
Financial investments in subsidiaries and associates	21,417,111	20,479,729	324,123,995	324,129,991
Financial investments:	1,307,440,991	1,472,688,443	319,206,036	327,784,595
- Loans and deposits	27,380,006	29,846,572	12,248,244	12,183,310
- Held to maturity	42,989,807	40,023,124	2,744,026	2,816,979
- Available for sale	1,209,675,678	1,368,432,673	295,912,195	303,501,261
- At fair value through profit or loss	27,395,500	34,386,074	8,301,571	9,283,045
Assets held for the benefit of policyholders who bear the investment risk	469,735,380	517,439,592	0	0
Reinsurers' share of technical provisions	80,900,900	57,767,056	69,759,311	48,486,444
Investment contract assets	166,699,363	172,836,349	0	0
Receivables	215,418,421	149,940,870	157,998,205	79,803,172
Receivables arising out of primary insurance business	176,196,516	128,544,723	101,822,424	74,410,185
Receivables arising out of reinsurance and co-insurance business	20,613,594	9,077,165	17,330,504	5,125,596
Current tax assets	3,021,999	330,518	0	0
Other receivables	15,586,312	11,988,464	38,845,277	267,390
Deferred acquisition costs	27,261,347	22,572,741	13,869,850	4,869,156
Other assets	7,057,050	4,380,387	864,914	746,808
Cash and cash equivalents	132,722,458	88,647,678	21,219,952	28,806,817
Non-current assets held for sale	402,084	770,544	0	0
EQUITY AND LIABILITIES	2,605,283,714	2,658,322,359	927,431,581	832,078,756
Shareholders' equity	412,724,654	504,077,018	389,445,105	371,166,000
Share capital	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	42,702,320	42,702,320	54,239,757	54,239,757
Profit reserves	228,962,215	229,008,079	229,238,622	229,238,622
Own shares	-24,938,709	-24,938,709	-24,938,709	-24,938,709
Fair value reserve	-76,194,177	21,246,888	-10,882,861	3,619,684
Reserve due to fair value revaluation	1,822,260	1,300,871	133,435	96,544
Retained earnings	142,589,569	116,166,406	13,807,182	10,633,662
Net profit or loss for the period	28,889,716	49,623,843	55,991,302	26,420,064
Translation reserve	-3,328,211	-3,256,354	0	0
Equity attributable to owners of the controlling company	412,361,359	503,709,720	389,445,105	371,166,000
Non-controlling interests in equity	363,295	367,298	0	0
Subordinated liabilities	76,282,544	74,863,524	76,282,544	74,863,524
Technical provisions	1,308,324,167	1,237,500,117	370,821,376	331,812,724
Unearned premiums	275,881,554	207,022,452	84,164,938	52,775,034
Technical provisions for life insurance business	432,199,055	443,577,279	0	0
Provision for outstanding claims	590,031,979	578,713,597	285,640,181	278,281,619
Other technical provisions	10,211,579	8,186,789	1,016,257	756,071
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	479,013,522	524,183,338	0	0
Other provisions	8,914,575	9,018,106	375,407	421,865
Deferred tax liabilities	3,455,631	11,387,395	76,227	76,227
Investment contract liabilities	166,547,774	172,660,266	0	0
Other financial liabilities	23,906,300	584,924	23,246,544	0
Liabilities from operating activities	66,908,313	54,783,379	62,161,179	46,543,595
Liabilities from primary insurance business	50,485,704	41,669,619	51,701,756	39,556,034
Liabilities from reinsurance and co-insurance business	14,579,858	10,109,076	10,077,528	6,592,809
Current income tax liabilities	1,842,751	3,004,684	381,895	394,752
Lease liability	6,636,304	7,224,138	169,252	203,730
Other liabilities	52,569,930	62,040,154	4,853,947	6,991,091

12.2 Unaudited income statement

EUR	Sava Insurance Group		Sava Re	
	1–6/2022	1–6/2021	1–6/2022	1–6/2021
Net premiums earned	339,656,379	342,192,297	76,203,139	79,760,869
Gross premiums written	433,007,316	414,493,140	124,271,502	120,232,383
Written premiums ceded to reinsurers and co-insurers	-33,300,790	-28,777,661	-22,763,036	-19,429,711
Change in gross unearned premiums	-67,625,442	-49,916,613	-31,389,904	-25,070,188
Change in unearned premiums, reinsurers' and co-insurers' shares	7,575,295	6,393,431	6,084,577	4,028,385
Income from investments in subsidiaries and associates	896,824	479,357	50,289,971	34,807,562
Profit from investments in equity-accounted associate companies	896,824	479,357	0	0
Other income	0	0	50,289,971	34,807,562
Investment income	17,877,136	15,539,860	5,715,185	4,354,955
Interest income	7,959,405	8,491,772	1,371,557	1,277,318
Other investment income	9,917,731	7,048,088	4,343,628	3,077,637
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	0	42,721,656	0	0
Other technical income	10,429,979	9,609,705	3,200,141	3,032,909
Commission income	5,271,922	4,673,547	2,973,590	2,727,431
Other technical income	5,158,057	4,936,158	226,551	305,478
Other income	14,080,135	11,873,088	533,801	405,221
Net claims incurred	-213,281,777	-201,404,120	-46,237,952	-50,384,619
Gross claims payments, net of income from recourse receivables	-237,594,998	-196,579,542	-73,585,612	-42,681,354
Reinsurers' and co-insurers' shares	21,125,728	4,545,501	19,517,933	4,203,414
Change in the gross provision for outstanding claims	-11,045,555	-7,541,790	-7,358,562	-11,450,569
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	14,233,048	-1,828,289	15,188,290	-456,109
Change in other technical provisions	9,365,164	16,854,207	-258,504	460,343
Change in technical provisions for policyholders who bear the investment risk	44,937,461	-67,351,076	0	0
Expenses for bonuses and rebates	-49,682	-198,037	-1,682	7,519
Operating expenses	-108,175,998	-104,330,295	-28,572,784	-29,726,701
Acquisition costs	-41,156,097	-41,850,430	-29,933,929	-28,703,003
Change in deferred acquisition costs	4,905,320	2,389,021	9,000,694	5,181,931
Other operating expenses	-71,925,221	-64,868,886	-7,639,549	-6,205,629
Expenses for financial assets and liabilities	-8,107,619	-2,965,661	-2,546,737	-1,609,490
Impairment losses on financial assets not at fair value through profit or loss	-19,997	-107,556	0	0
Interest expense	-1,632,739	-1,552,354	-1,443,093	-1,425,748
Other investment expenses	-6,454,883	-1,305,751	-1,103,644	-183,741
Net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk	-61,223,678	0	0	0
Other technical expenses	-9,637,901	-7,852,978	-810,500	-160,880
Other expenses	-1,158,401	-1,076,116	-115,498	-100,411
Profit or loss before tax	35,608,022	54,091,887	57,398,580	40,847,278
Income tax expense	-6,662,522	-10,600,710	-1,407,278	-1,510,062
Net profit or loss for the period	28,945,500	43,491,177	55,991,302	39,337,216
Net profit or loss attributable to owners of the controlling company	28,889,715	43,497,147	-	-
Net profit or loss attributable to non-controlling interests	55,785	-5,970	-	-
Earnings per share (basic and diluted)	1.86	2.81	-	-

The change in the weighted average number of shares outstanding is shown in section 13.8.11 "Earnings or loss per share".

12.3 Unaudited statement of other comprehensive income

EUR	Sava Insurance Group		Sava Re	
	1–6/2022	1–6/2021	1–6/2022	1–6/2021
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	28,945,500	43,491,177	55,991,302	39,337,216
OTHER COMPREHENSIVE INCOME, NET OF TAX	-96,996,319	-6,712,023	-14,465,653	-374,025
a) Items that will not be reclassified subsequently to profit or loss	521,314	64,713	36,891	22,267
Other items that will not be reclassified subsequently to profit or loss	523,413	64,789	36,891	22,267
Tax on items that will not be reclassified subsequently to profit or loss	-2,099	-76	0	0
b) Items that may be reclassified subsequently to profit or loss	-97,517,633	-6,776,736	-14,502,544	-396,291
Net gains/losses on remeasuring available-for-sale financial assets	-119,509,884	-8,296,381	-17,904,375	-489,249
Net change recognised in the fair value reserve	-116,419,059	-6,903,991	-17,904,375	-489,249
Net change transferred from fair value reserve to profit or loss	-3,090,825	-1,389,390	0	0
Tax on items that may be reclassified subsequently to profit or loss	22,064,691	1,546,977	3,401,831	92,957
Net gains or losses from translation of financial statements of non-domestic companies	-72,440	-27,332	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	-68,050,819	36,779,154	41,525,649	38,963,191
Attributable to owners of the controlling company	-68,101,818	36,785,424	-	-
Attributable to non-controlling interests	50,999	-6,270	-	-

12.4 Unaudited statement of cash flows

EUR	Sava Insurance Group		Sava Re	
	1–6/2022	1–6/2021	1–6/2022	1–6/2021
A. Cash flows from operating activities				
a) Items of the income statement	88,163,917	2,781,779	6,501,290	3,867,881
Net profit or loss for the period	28,945,500	43,491,177	55,991,302	39,337,216
Adjustments for:	59,218,417	-40,709,398	-49,490,012	-35,469,334
1 Realised gains or losses on the disposal of subsidiaries	-994,004	0	-994,004	0
2 Realised gains or losses on the disposal of property, plant and equipment assets	-650,111	-189,372	-57,302	-47
3 Gains or losses of equity-accounted subsidiary	-896,824	-479,357	0	0
5 Other financial expenses/income	53,587,126	-53,526,582	-50,198,440	-35,651,838
6 Depreciation/amortisation	4,867,186	4,992,314	349,712	361,893
7 Income tax expense	6,662,522	10,600,710	1,407,278	1,510,062
8 Net exchange differences	-3,357,478	-2,107,111	2,744	-1,689,404
Changes in net operating assets (premium receivables, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position	-66,060,363	63,182,517	-19,458,678	8,714,935
1 Change in receivables from primary insurance	-47,651,793	-28,266,983	-27,131,186	-20,320,691
2 Change in receivables from reinsurance	-11,536,429	-2,460,555	-13,156,002	-503,335
3 Change in other receivables from (re)insurance business	235,403	-368,972	0	0
4 Change in other receivables and other assets	-13,620,712	-7,227,807	-11,606,693	-5,025,266
5 Change in deferred tax assets	-13,613,149	-200,906	0	0
6 Change in inventories	-11,748	-2,020	0	0
7 Change in liabilities arising out of primary insurance	8,816,085	-2,611,376	0	-2,767,171
8 Change in liabilities arising out of reinsurance business	4,470,782	6,783,939	16,854,590	5,144,777
9 Change in other operating liabilities	19,778,655	3,887,078	326,539	-316,264
10 Change in other liabilities (except unearned premiums)	-10,126,273	-3,595,502	36,892	22,267
11 Change in technical provisions	4,518,796	103,390,130	15,778,611	32,480,619
- change in unearned premiums	60,050,944	43,523,182	25,306,123	21,041,803
- change in provision for outstanding claims	-1,229,522	9,370,079	-9,787,698	11,906,678
- change in other technical provisions	2,013,832	-1,254,196	260,186	-467,862
- change in mathematical provision	-11,378,996	-15,600,011	0	0
- change in mathematical provision for policyholders who bear the investment risk	-44,937,461	67,351,076	0	0
12 Tax expense	-7,319,980	-6,144,509	-561,430	0
c) Net cash from/used in operating activities (a + b)	22,103,554	65,964,296	-12,957,389	12,582,817
B. Cash flows from investing activities				
a) Cash receipts from investing activities	200,683,827	203,228,175	46,556,979	82,234,702
1 Interest received from investing activities	11,983,475	13,470,693	1,781,925	1,824,048
2 Cash receipts from dividends and participation in the profit of others	691,408	357,654	12,073,871	34,256,458
3 Proceeds from sale of intangible assets	25,053	510,721	0	0
4 Proceeds from sale of property, plant and equipment assets	830,042	645,934	73,156	47
5 Proceeds from disposal of financial investments	187,153,848	188,243,173	32,628,026	46,154,149
5.1 Proceeds from disposal of subsidiaries and other companies	1,000,000	0	1,000,000	0
5.2 Other proceeds from disposal of financial investments	186,153,848	188,243,173	31,628,026	46,154,149
b) Cash disbursements in investing activities	-178,668,652	-241,017,306	-41,126,772	-74,306,134
1 Purchase of intangible assets	-2,961,972	-2,473,936	-508,381	-508,015
2 Purchase of property, plant and equipment	-12,972,080	-5,896,606	-247,555	-95,279
3 Purchase of long-term financial investments	-162,734,600	-232,646,764	-40,370,835	-73,702,840
3.1 Purchase of subsidiary companies	0	-3,720,000	0	-3,720,000
3.2 Other disbursements to acquire financial investments	-162,734,600	-228,926,764	-40,370,835	-69,982,840
c) Net cash from/used in investing activities (a + b)	22,015,174	-37,789,131	5,430,207	7,928,568
C. Cash flows from financing activities				
a) Cash receipts from financing activities	821,391	701,860	0	0
2 Proceeds from long-term borrowing	821,391	701,860	0	0
b) Cash disbursements in financing activities	-865,339	-13,904,438	-59,685	-13,219,467
1 Interest paid	-63,571	-33,122	-21,157	-7,046
3 Repayment of long-term financial liabilities	-801,768	-631,011	-38,527	-39,380
5 Dividends and other profit participations paid	0	-13,240,306	0	-13,173,042
c) Net cash from/used in financing activities (a + b)	-43,948	-13,202,578	-59,685	-13,219,467
C2. Closing balance of cash and cash equivalents	132,722,458	98,431,181	21,219,951	34,372,064
x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	44,074,780	14,972,587	-7,586,866	7,291,918
y) Opening balance of cash and cash equivalents	88,647,678	83,458,594	28,806,817	27,080,147

12.5 Unaudited statement of changes in equity

Unaudited statement of changes in equity 1 January – 30 June 2022

Sava Insurance Group																
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)	
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other										
	1	2	4	5	7	8	9	10	11	12	13	14	15	16	17	
Closing balance in previous financial year	71,856,376	42,702,320	12,150,797	24,938,709	11,225,068	180,693,505	21,246,888	1,300,871	116,166,407	49,623,844	-24,938,709	-3,256,354	503,709,721	367,298	504,077,019	
Opening 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	116,166,407	49,623,844	-24,938,709	-3,256,354	503,709,721	367,298	504,077,019	
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-97,441,065	521,389	0	28,889,715	0	-71,857	-68,101,818	50,999	-68,050,819	
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	28,889,715	0	0	28,889,715	55,785	28,945,500	
b) Other comprehensive income	0	0	0	0	0	0	-97,441,065	521,389	0	0	0	-71,857	-96,991,533	-4,786	-96,996,319	
Transactions with owners – payouts	0	0	0	0	0	-45,864	0	0	-23,200,679	0	0	0	-23,246,543	-55,002	-23,301,545	
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-23,246,544	0	0	0	-23,246,543	-55,002	-23,301,545	
Allocation of net profit to profit reserve	0	0	0	0	0	-45,864	0	0	45,864	0	0	0	0	0	0	
Movements within equity	0	0	0	0	0	0	0	0	49,623,844	-49,623,844	0	0	0	0	0	
Transfer of profit	0	0	0	0	0	0	0	0	49,623,844	-49,623,844	0	0	0	0	0	
Closing balance in the financial period	71,856,376	42,702,320	12,150,797	24,938,709	11,225,068	180,647,641	-76,194,177	1,822,260	142,589,569	28,889,715	-24,938,709	-3,328,211	412,361,359	363,295	412,724,654	

Sava Re												
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	Total
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
	1	2	4	5	7	8	9	10	11	12	13	14
Closing balance in previous financial year	71,856,376	54,239,757	14,986,526	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
Opening balance in the financial period	71,856,376	54,239,757	14,986,526	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
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-14,502,544	36,891	0	55,991,302	0	41,525,649
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	55,991,302	0	55,991,302
b) Other comprehensive income	0	0	0	0	0	0	-14,502,544	36,891	0	0	0	-14,465,653
Transactions with owners – payouts	0	0	0	0	0	0	0	0	-23,246,544	0	0	-23,246,544
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-23,246,544	0	0	-23,246,544
Movements within equity	0	0	0	0	0	0	0	0	26,420,064	-26,420,064	0	0
Transfer of profit	0	0	0	0	0	0	0	0	26,420,064	-26,420,064	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,524	24,938,709	10,000,000	179,313,389	-10,882,861	133,435	13,807,182	55,991,302	-24,938,709	389,445,105

Unaudited statement of changes in equity 1 January – 30 June 2021

Sava Insurance Group															
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other									
	1	2	4	5	7	8	9	10	11	12	13	14	15	16	17
Closing balance in previous financial year	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,541	-24,938,709	-3,266,013	459,721,827	492,661	460,214,488
Opening balance in the financial period	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,541	-24,938,709	-3,266,013	459,721,827	492,661	460,214,488
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-6,749,114	64,713	0	43,497,147	0	-27,322	36,785,424	-6,270	36,779,154
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	43,497,147	0	0	43,497,147	-5,970	43,491,177
b) Other comprehensive income	0	0	0	0	0	0	-6,749,114	64,713	0	0	0	-27,322	-6,711,723	-300	-6,712,023
Transactions with owners – payouts	0	0	167,094	0	0	120,071	0	0	-13,460,206	0	0	0	-13,173,041	-67,265	-13,240,306
Allocation of net profit to profit reserve	0	0	167,094	0	0	120,071	0	0	-287,165	0	0	0	0	0	0
Movements within equity	0	-339,855	0	0	0	0	0	0	56,197,541	-56,197,541	0	0	-339,855	-80,145	0
Transfer of profit	0	0	0	0	0	0	0	0	56,197,541	-56,197,541	0	0	0	0	-420,000
Additions due to acquisition of subsidiary	0	-339,855	0	0	0	0	0	0	0	0	0	0	-339,855	-80,145	0
Closing balance in the financial period	71,856,376	42,696,093	12,117,587	24,938,709	11,225,068	154,291,381	33,423,976	1,029,198	116,150,863	43,497,147	-24,938,709	-3,293,335	482,994,354	338,982	483,753,336

Sava Re												
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	Total
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
	1	2	4	5	7	8	9	10	11	12	13	14
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,788	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	6,039,788	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	-396,291	22,267	0	39,337,216	0	38,963,191
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	39,337,216	0	39,337,216
b) Other comprehensive income	0	0	0	0	0	0	-396,291	22,267	0	0	0	-374,025
Movements within equity	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0	0
Transfer of profit	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,643,496	68,853	10,633,662	39,337,216	-24,938,709	359,659,209

13 Notes to the condensed consolidated financial statements

The selected notes to the interim financial statements are significant to an understanding of the changes in the financial position of the Group at the end of June 2022 compared to year-end 2021 and the performance of the Group in the first half of 2022 compared to the first half of 2021.

13.1 Overview of major accounting policies

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

In accordance with IAS 34, explanatory notes are provided for events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial report prepared for 2021.

The financial statements with notes as at and for the six months to 30 June 2022 have not been audited.

The interim condensed financial statements as at 30 June 2022 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2021.

IFRS 17 “Insurance Contracts”

On 25 June 2020, the International Accounting Standards Board (Board) issued the final accounting standard for insurance contracts IFRS 17, with the effective date 1 January 2023. IFRS 17 implements a completely new concept of accounting for insurance contracts, which significantly changes the existing long-standing practices. At Group level, a dedicated implementation task force was set up to implement IFRS 17 and has been active since 2018. In 2022, activities are underway 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.

The Group will determine the level of aggregation of insurance contracts into units of account and the method of measurement in accordance with the standard. It will use all three models for measurement, depending on the type of insurance contracts. As a general rule, it will use the general measurement model (GMM) for measurement, while a simpler measurement model (the premium allocation approach, PAA) will be used for insurance contracts with a duration of one year or less. For direct participation contracts, such as investment-linked life insurance contracts, the Group will use the variable fee approach (VFA).

IFRS 17 fundamentally changes the way in which financial statements are prepared and the information they provide. The impact on reported profit or loss will also be significant, especially for long-term contracts. Processes are changing significantly, and their refinement and consistent implementation will be key to the timeliness of the financial statements. 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 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.

Given that the standard introduces the significant changes described above and that the Group and the Company have not yet completed all IFRS 17 reporting activities, it is not currently possible to quantify the impact on individual items of the balance sheet and income statement.

13.2 Seasonality and cyclicity of interim operations

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

13.3 Nature and amount of unusual items

On top of the generally unfavourable macroeconomic trends, the war in Ukraine further significantly changed the geopolitical situation in the first half of the year, which also had an impact on the performance and risks of the Group's companies. The rise in the risk-free interest rate reduced the value of interest rate sensitive investments, resulting in a decline in the fair value reserve. There were no other extraordinary events affecting the Group's assets, liabilities, shareholders' equity, net profit or cash flows. The impact of the macroeconomic situation and geopolitical events on business is presented in section 11 "Risk management".

13.4 Materiality

Equity was used as a basis for determining a materiality threshold for the condensed consolidated financial statements, specifically 2% thereof, which is EUR 8.3 million as at 30 June 2022. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been disaggregated in the interim condensed financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are provided in this report, although they may not exceed the materiality threshold.

13.5 Issuance, repurchase and repayment of debt and equity securities

The Group issued no new debt or equity securities.

13.6 Key accounting estimates and judgements

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

13.7 Segment reporting

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 "Review of operations" explains in more detail how the companies are included in operating segments.

Performance of these segments is monitored based on different indicators, with profit before tax 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.

Statement of financial position items by operating segment

Sava Insurance Group 30 June 2022	Reinsurance	Non-life			Life			Pensions and AM	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
ASSETS	397,250,727	730,957,318	159,894,030	890,851,347	1,000,533,653	45,982,470	1,046,516,122	244,137,152	26,528,364	2,605,283,714
Intangible assets	3,577,248	15,300,295	9,059,647	24,359,942	7,768,520	78,939	7,847,459	30,296,711	2,810,074	68,891,434
Property, plant and equipment	2,614,554	46,342,170	14,297,774	60,639,944	1,803,732	1,959,564	3,763,296	469,029	28,104	67,514,927
Right-of-use assets	160,953	2,765,400	3,258,971	6,024,371	337,614	0	337,614	168,417	17,581	6,708,936
Deferred tax assets	6,232,084	5,578,874	330,945	5,909,819	6,767,064	170,042	6,937,106	21,543	0	19,100,552
Investment property	7,796,217	2,737,021	3,065,848	5,802,869	34,912	0	34,912	378,762	0	14,012,760
Financial investments in associates	0	0	0	0	0	0	0	0	21,417,111	21,417,111
Financial investments:	230,908,843	439,913,708	80,962,766	520,876,475	480,527,556	40,660,169	521,187,724	34,467,949	0	1,307,440,991
- Loans and deposits	7,811,463	2,967,081	12,025,608	14,992,689	15,935	1,721,618	1,737,553	2,838,301	0	27,380,006
- Held to maturity	1,994,362	1,787,412	3,015,864	4,803,276	21,129,855	1,858,477	22,988,333	13,203,836	0	42,989,807
- Available for sale	215,069,423	425,855,367	65,742,417	491,597,784	454,111,477	36,372,986	490,484,463	12,524,008	0	1,209,675,678
- At fair value through profit or loss	6,033,595	9,303,849	178,877	9,482,725	5,270,288	707,087	5,977,376	5,901,804	0	27,395,500
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	469,251,998	483,382	469,735,380	0	0	469,735,380
Reinsurers' share of technical provisions	20,235,552	52,559,377	7,525,517	60,084,893	552,096	28,359	580,455	0	0	80,900,900
Investment contract assets	0	0	0	0	0	0	0	166,699,363	0	166,699,363
Receivables	97,367,258	89,747,730	21,843,975	111,591,705	3,411,217	884,127	4,295,344	1,002,681	1,161,433	215,418,421
Receivables arising out of primary insurance business	79,724,304	79,776,915	14,969,983	94,746,898	989,121	732,312	1,721,433	3,881	0	176,196,516
Receivables arising out of reinsurance and co-insurance business	17,330,504	2,356,780	921,252	3,278,032	2,414	2,644	5,058	0	0	20,613,594
Current tax assets	0	2,694,836	325,480	3,020,316	0	1,683	1,683	0	0	3,021,999
Other receivables	312,450	4,919,199	5,627,260	10,546,459	2,419,682	147,488	2,567,170	998,800	1,161,433	15,586,312
Deferred acquisition costs	6,273,153	15,210,025	5,492,771	20,702,796	187,851	97,547	285,398	0	0	27,261,347
Other assets	864,914	3,402,697	1,050,479	4,453,176	360,645	98,242	458,887	541,917	738,156	7,057,050
Cash and cash equivalents	21,219,952	57,125,817	12,877,456	70,003,273	29,530,448	1,522,100	31,052,548	10,090,780	355,905	132,722,458
Non-current assets held for sale	0	274,203	127,881	402,084	0	0	0	0	0	402,084

Statement of financial position items by operating segment

Sava Insurance Group 30 June 2022	Reinsurance	Non-life			Life			Pensions and AM	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	453,629,677	671,710,185	163,472,486	835,182,671	939,393,165	46,245,042	985,638,208	217,334,067	113,499,095	2,605,283,714
Subordinated liabilities	0	0	0	0	0	0	0	0	76,282,544	76,282,544
Technical provisions	240,935,970	508,785,393	108,623,063	617,408,456	402,547,051	32,227,248	434,774,299	15,205,442	0	1,308,324,167
Unearned premiums	45,279,590	184,867,433	44,447,445	229,314,878	838,250	448,836	1,287,086	0	0	275,881,554
Mathematical provisions	0	0	0	0	386,077,715	30,917,524	416,995,239	15,203,816	0	432,199,055
Provision for outstanding claims	194,914,531	317,463,694	61,160,154	378,623,848	15,631,086	860,888	16,491,974	1,626	0	590,031,979
Other technical provisions	741,849	6,454,266	3,015,464	9,469,730	0	0	0	0	0	10,211,579
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	478,040,421	973,101	479,013,522	0	0	479,013,522
Other provisions	375,407	5,342,925	1,028,506	6,371,431	1,263,844	11,538	1,275,382	826,079	66,276	8,914,575
Deferred tax liabilities	76,227	2,126,256	126,514	2,252,770	467,938	7,446	475,384	651,250	0	3,455,631
Investment contract liabilities	0	0	0	0	0	0	0	166,547,774	0	166,547,774
Other financial liabilities	23,246,545	1	603,297	603,298	0	548	548	55,909	0	23,906,300
Liabilities from operating activities	41,412,197	11,299,400	4,671,491	15,970,891	8,814,389	530,525	9,344,914	87,469	92,842	66,908,313
Liabilities from primary insurance business	30,952,774	8,772,748	2,534,486	11,307,234	7,768,880	456,816	8,225,696	0	0	50,485,704
Liabilities from reinsurance and co-insurance business	10,077,528	2,504,699	1,842,378	4,347,077	139,135	16,118	155,253	0	0	14,579,858
Current income tax liabilities	381,895	21,953	294,627	316,580	906,374	57,591	963,965	87,469	92,842	1,842,751
Lease liability	160,000	2,868,966	3,404,289	6,273,255	0	2,522	2,522	177,842	22,685	6,636,304
Other liabilities	4,990,836	29,672,289	7,524,719	37,197,008	4,099,403	902,936	5,002,339	1,525,252	3,854,494	52,569,930
Shareholders' equity										412,724,654
Equity attributable to owners of the controlling company										412,361,359
Non-controlling interests in equity										363,295

Statement of financial position items by operating segment

Sava Insurance Group 31 December 2021	Reinsurance	Non-life			Life			Pensions and AM	Other	Total
		Slovenia	International	Total	Slovenia	International	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	25,395,846	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

Statement of financial position items by operating segment

Sava Insurance Group 31 December 2021	Reinsurance	Non-life			Life			Pensions and AM	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
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

Income statement by operating segment

Sava Insurance Group										
EUR										
1-6/2022										
	Reinsurance	Slovenia	Non-life International	Total	Slovenia	Life International	Total	Pensions and AM	Other	Total
Net premiums earned	50,849,932	159,976,578	35,767,603	195,744,181	85,222,559	5,844,176	91,066,735	1,995,530	0	339,656,379
Gross premiums written	72,495,195	219,194,436	47,882,907	267,077,343	85,512,589	5,926,659	91,439,248	1,995,530	0	433,007,316
Written premiums ceded to reinsurers and co-insurers	-1,626,299	-24,973,419	-6,476,066	-31,449,486	-197,724	-27,282	-225,006	0	0	-33,300,790
Change in gross unearned premiums	-18,109,696	-42,798,055	-6,662,337	-49,460,392	-12,404	-42,950	-55,354	0	0	-67,625,442
Change in unearned premiums, reinsurers' and co-insurers' shares	-1,909,268	8,553,616	1,023,099	9,576,716	-79,902	-12,251	-92,153	0	0	7,575,295
Income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	896,824	896,824
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	896,824	896,824
Investment income	3,766,353	3,354,506	1,050,325	4,404,831	7,663,599	561,090	8,224,689	487,263	994,000	17,877,136
Interest income	982,429	1,040,725	947,787	1,988,512	4,167,487	539,265	4,706,753	281,711	0	7,959,405
Other investment income	2,783,924	2,313,781	102,538	2,416,319	3,496,112	21,824	3,517,936	205,552	994,000	9,917,731
Other technical income	468,590	4,643,021	2,907,607	7,550,628	2,240,839	66,378	2,307,217	103,544	0	10,429,979
Commission income	438,391	2,801,206	2,026,265	4,827,471	1,811	4,249	6,060	0	0	5,271,922
Other technical income	30,199	1,841,815	881,342	2,723,157	2,239,028	62,129	2,301,157	103,544	0	5,158,057
Other income	533,204	1,691,244	1,168,105	2,859,349	509,047	20,970	530,017	9,025,489	1,132,076	14,080,135
Net claims incurred	-32,882,185	-96,255,687	-17,387,734	-113,643,422	-63,575,003	-2,401,380	-65,976,383	-779,788	0	-213,281,777
Gross claims payments, net of income from recourse receivables	-39,789,216	-112,178,139	-18,167,333	-130,345,472	-64,274,602	-2,406,236	-66,680,838	-779,473	0	-237,594,998
Reinsurers' and co-insurers' shares	5,531,445	14,119,081	1,462,370	15,581,451	12,512	320	12,832	0	0	21,125,728
Change in the gross provision for outstanding claims	3,448,339	-14,070,939	-979,923	-15,050,862	552,747	4,536	557,283	-315	0	-11,045,555
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-2,072,753	15,874,310	297,152	16,171,461	134,339	0	134,339	0	0	14,233,048
Change in other technical provisions	-258,504	-1,254,067	-501,261	-1,755,328	13,533,068	-995,972	12,537,096	-1,158,100	0	9,365,164
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	44,868,241	69,220	44,937,461	0	0	44,937,461
Expenses for bonuses and rebates	0	-32,088	-17,594	-49,682	0	0	0	0	0	-49,682
Operating expenses	-13,866,007	-50,878,613	-17,874,317	-68,752,930	-16,813,916	-2,247,700	-19,061,616	-5,699,917	-795,529	-108,175,998
Acquisition costs	-13,578,929	-17,109,810	-3,577,534	-20,687,344	-6,461,992	-408,213	-6,870,205	-19,619	0	-41,156,097
Change in deferred acquisition costs	2,153,984	1,615,964	908,644	2,524,608	214,611	12,117	226,728	0	0	4,905,320
Other operating expenses	-2,441,062	-35,384,767	-15,205,427	-50,590,194	-10,566,535	-1,851,604	-12,418,139	-5,680,298	-795,529	-71,925,221
Expenses for financial assets and liabilities	-826,203	-1,506,020	-121,798	-1,627,818	-2,560,960	-69,923	-2,630,883	-1,602,516	-1,420,199	-8,107,619
Impairment losses on financial assets not at fair value through profit or loss	0	0	0	0	-19,996	0	-19,996	-1	0	-19,997
Interest expense	-24,072	-74,595	-69,282	-143,877	-30,156	-47	-30,203	-14,388	-1,420,199	-1,632,739
Other investment expenses	-802,131	-1,431,425	-52,516	-1,483,941	-2,510,808	-69,876	-2,580,684	-1,588,127	0	-6,454,883
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-61,168,882	-54,796	-61,223,678	0	0	-61,223,678
Other technical expenses	-810,500	-4,751,759	-2,628,663	-7,380,422	-486,028	-139,959	-625,987	-820,992	0	-9,637,901
Other expenses	-240,984	-721,368	-136,668	-858,036	-9,783	-4,384	-14,167	-45,174	-40	-1,158,401
Profit or loss before tax	6,733,696	14,265,748	2,225,606	16,491,354	9,422,780	647,720	10,070,500	1,505,339	807,132	35,608,022
Income tax expense										-6,662,522
Net profit or loss for the period										28,945,500
Net profit or loss attributable to owners of the controlling company										28,889,715
Net profit or loss attributable to non-controlling interests										55,785

Income statement by operating segment

Sava Insurance Group (EUR) 1-6/2021	Reinsurance	Non-life			Life			Pensions and AM	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	49,993,397	164,311,920	32,680,291	196,992,211	88,381,146	4,747,221	93,128,368	2,078,321	0	342,192,297
Gross premiums written	68,923,739	208,877,171	41,177,616	250,054,787	88,613,801	4,822,492	93,436,293	2,078,321	0	414,493,140
Written premiums ceded to reinsurers and co-insurers	-1,523,330	-21,427,071	-5,587,759	-27,014,830	-219,871	-19,630	-239,501	0	0	-28,777,661
Change in gross unearned premiums	-15,703,236	-30,719,674	-3,477,089	-34,196,763	27,330	-43,944	-16,614	0	0	-49,916,613
Change in unearned premiums, reinsurers' and co-insurers' shares	-1,703,776	7,581,495	567,522	8,149,017	-40,114	-11,697	-51,811	0	0	6,393,431
Income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	479,357	479,357
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	479,357	479,357
Investment income	3,574,252	2,898,321	1,096,200	3,994,520	7,109,023	430,076	7,539,099	431,989	0	15,539,860
Interest income	898,290	1,153,391	956,907	2,110,298	4,709,477	491,844	5,201,322	281,862	0	8,491,772
Other investment income	2,675,961	1,744,930	139,293	1,884,223	2,399,545	-61,768	2,337,777	150,127	0	7,048,088
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	42,672,943	48,713	42,721,656	0	0	42,721,656
Other technical income	597,781	4,356,755	2,691,015	7,047,769	1,870,082	-11,073	1,859,009	105,146	0	9,609,705
Commission income	487,191	2,439,586	1,742,747	4,182,332	0	4,024	4,024	0	0	4,673,547
Other technical income	110,590	1,917,169	948,268	2,865,437	1,870,082	-15,097	1,854,985	105,146	0	4,936,158
Other income	404,623	1,524,700	1,011,222	2,535,922	253,934	10,648	264,582	7,814,365	853,596	11,873,088
Net claims incurred	-33,829,206	-83,625,830	-16,265,241	-99,891,072	-64,906,359	-2,182,913	-67,089,273	-594,570	0	-201,404,120
Gross claims payments, net of income from recourse receivables	-23,844,156	-85,768,017	-18,742,785	-104,510,802	-65,437,534	-2,192,796	-67,630,330	-594,255	0	-196,579,542
Reinsurers' and co-insurers' shares	259,571	2,735,554	1,498,804	4,234,358	50,810	762	51,572	0	0	4,545,501
Change in the gross provision for outstanding claims	-10,653,948	1,379,679	1,458,560	2,838,239	240,181	34,053	274,234	-315	0	-7,541,790
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	409,328	-1,973,047	-479,820	-2,452,867	240,183	-24,932	215,250	0	0	-1,828,289
Change in other technical provisions	460,343	753,991	39,862	793,853	18,062,841	-974,375	17,088,466	-1,488,455	0	16,854,207
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-67,305,645	-45,431	-67,351,076	0	0	-67,351,076
Expenses for bonuses and rebates	1	-149,694	-48,344	-198,038	0	0	0	0	0	-198,037
Operating expenses	-14,279,135	-49,083,466	-17,308,195	-66,391,660	-16,138,408	-1,799,890	-17,938,299	-5,094,841	-626,361	-104,330,295
Acquisition costs	-14,574,561	-18,494,574	-2,894,965	-21,389,539	-5,634,967	-233,256	-5,868,223	-18,107	0	-41,850,430
Change in deferred acquisition costs	2,276,803	95,771	193,791	289,562	-186,939	9,595	-177,344	0	0	2,389,021
Other operating expenses	-1,981,377	-30,684,663	-14,607,021	-45,291,683	-10,316,502	-1,576,229	-11,892,732	-5,076,734	-626,361	-64,868,886
Expenses for financial assets and liabilities	-140,103	-216,427	-115,054	-331,481	-956,612	-7,145	-963,758	-111,848	-1,418,470	-2,965,661
Impairment losses on financial assets not at fair value through profit or loss	0	-7,153	0	-7,153	-100,404	0	-100,404	0	0	-107,556
Interest expense	-7,860	-33,855	-88,516	-122,371	-2,795	-404	-3,199	-454	-1,418,470	-1,552,354
Other investment expenses	-132,244	-175,419	-26,538	-201,957	-853,413	-6,741	-860,155	-111,394	0	-1,305,751
Other technical expenses	-160,879	-3,993,375	-2,726,787	-6,720,162	-541,575	-59,512	-601,087	-370,850	0	-7,852,978
Other expenses	-145,391	-662,355	-227,691	-890,046	-2,371	-1,599	-3,970	-36,700	-9	-1,076,116
Profit or loss before tax	6,475,682	36,114,540	827,278	36,941,818	8,498,997	154,720	8,653,716	2,732,557	-711,887	54,091,887
Income tax expense										-10,600,710
Net profit or loss for the period										43,491,177
Net profit or loss attributable to owners of the controlling company										43,497,147
Net profit or loss attributable to non-controlling interests										-5,970

Inter-segment business

EUR	Reinsurance		Non-life		Life		Pensions and AM		Other	
	1–6/2022	1–6/2021	1–6/2022	1–6/2021	1–6/2022	1–6/2021	1–6/2022	1–6/2021	1–6/2022	1–6/2021
Gross premiums written	51,776,307	30,339,527	148,457	120,466	-1,109,529	-1,006,287	1,109,529	1,006,287	0	0
Net premiums earned	38,496,099	21,250,353	-38,032,794	-21,049,144	-1,525,886	-1,170,446	1,109,529	1,006,287	0	0
Gross claims paid	-33,796,396	-9,828,252	-3,693,889	-3,693,889	0	0	0	0	0	0
Net claims incurred	-44,603,297	-9,670,028	40,125,678	7,927,964	262,632	361,914	0	0	0	0
Operating expenses	-9,613,698	-5,518,948	-1,115,355	-378,673	-427,869	-233,409	-40,705	-16,791	-450,709	-218,874
Investment income	19,842	14,783	0	0	2,567	0	2,107	1,585	0	0
Other technical income	196,352	96,713	101,352	44,877	332,356	166,019	0	0	770,684	339,834
Other income	598	299	119,150	8,195	16,460	0	0	0	5,483,924	1,818,039

13.8 Notes to significant changes in the statement of financial position

13.8.1 Property, plant and equipment

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

EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	Property, plant and equipment in progress	Total
Cost						
1 January 2022	5,578,484	56,069,050	25,704,990	589,920	9,460,484	97,402,928
Additions	0	30,848	651,292	-29,696	12,833,531	13,485,975
Reclassification	-19,838	-303,842	16,325	2,725	0	-304,630
Transfer to use	0	336,151	674,198	0	-1,010,349	0
Disposals	0	0	-794,160	-35,882	0	-830,042
Reductions – subsidiaries – disposal	-5,376	0	0	0	0	-5,376
Exchange differences	-498	-15,119	-4,662	-79	-1	-20,358
30 June 2022	5,552,772	56,117,088	26,247,983	526,988	21,283,665	109,728,497
Accumulated depreciation and impairment losses						
1 January 2022	0	22,100,341	18,779,149	186,263	0	41,065,753
Additions	0	519,444	1,531,276	18,157	0	2,068,877
Reclassification	0	-249,128	16,093	2,589	0	-230,446
Disposals	0	0	-540,273	0	0	-540,273
Exchange differences	0	-5,236	-132,466	-12,642	0	-150,344
30 June 2022	0	22,365,421	19,653,779	194,367	0	42,213,567
Carrying amount as at 1 January 2022	5,578,484	33,968,709	6,925,841	403,657	9,460,484	56,337,174
Carrying amount as at 30 June 2022	5,552,771	33,751,667	6,594,205	332,620	21,283,664	67,514,927

Property, plant and equipment in progress relate to the construction of a new office building for Zavarovalnica Sava.

13.8.2 Deferred tax assets and liabilities

Deferred tax assets increased by EUR 13.6 million to EUR 19,100,552 in the first half of 2022 (31 December 2021: EUR 5,487,403). In the same period, deferred tax liabilities decreased by EUR 7.9 million to EUR 3,455,631 (31 December 2021: EUR 11,387,395). The drop in the prices of available-for-sale debt securities and the resulting decline in the fair value reserve is the main reason for the change in deferred tax assets and liabilities.

13.8.3 Financial investments

As at 30 June 2022, financial investments totalled EUR 1,307.4 million, down by EUR 165.2 million on year-end 2021. Compared to the end of the previous year, there was a decrease in investments designated to the categories “loans and receivables” and “assets at fair value through profit or loss due to revaluation effects. The value of held-to-maturity financial investments increased.

EUR	Held-to-maturity	FVTPL	Available for sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
30 June 2022					
Debt instruments	42,989,807	22,877,247	1,096,373,291	17,644,098	1,179,884,443
Deposits and CDs	0	0	0	16,133,484	16,133,484
Government bonds	30,784,893	427,809	655,641,744	0	686,854,446
Corporate bonds	12,204,914	22,449,438	440,731,547	0	475,385,899
Loans granted	0	0	0	1,510,614	1,510,614
Equity instruments	0	4,518,253	43,250,758	0	47,769,011
Shares	0	225,790	24,598,921	0	24,824,711
Mutual funds	0	4,292,463	18,651,837	0	22,944,300
Investments in infrastructure funds	0	0	53,036,152	0	53,036,152
Investments in real-estate funds	0	0	17,015,477	0	17,015,477
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	9,735,908	9,735,908
Total	42,989,807	27,395,500	1,209,675,678	27,380,006	1,307,440,991

EUR	Held-to-maturity	FVTPL	Available for sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
31 December 2021					
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

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

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

Assets held for the benefit of policyholders who bear the investment risk					
EUR	Held to maturity	FVTPL	Available for sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
30 June 2022					
Debt instruments	2,800,881	1,246,421	53,508,716	0	57,556,018
Government bonds	505,545	0	32,926,474	0	33,432,019
Corporate bonds	2,295,336	1,246,421	20,582,242	0	24,123,999
Equity instruments	0	410,495,831	1,683,531	0	412,179,362
Mutual funds	0	410,495,831	1,683,531	0	412,179,362
Total	2,800,881	411,742,252	55,192,247	0	469,735,380

EUR	Held to maturity	FVTPL	Available for sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
31 December 2021					
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

13.8.5 Reinsurers' share of technical provisions

EUR	30 June 2022	31 December 2021
From unearned premiums	17,637,120	8,788,390
From provisions for claims outstanding	63,223,349	48,937,470
From other technical provisions	40,431	41,196
Total	80,900,900	57,767,056

The reinsurers' and co-insurers' share of technical provisions increased by EUR 23.1 million, or 40.0%. In addition, unearned premiums increased by EUR 8.8 million as the result of underwriting dynamics. Claims provisions also increased, most notably in the Slovenian non-life segment (by EUR 15.9 million), as a result of a major individual claim of a Group cedant, which will be mostly born by retrocessionaires.

13.8.6 Receivables

Receivables rose by EUR 65.5 million compared to year-end 2021, mainly due to higher receivables due by policyholders (by EUR 46.4 million), while not-past-due receivables rose by EUR 43.1 million. Receivable increased due to the renewal of most annual non-life (re)insurance contracts with major policyholders (legal entities or cedants) and the timing of making estimates for reinsurance business.

Receivables by type

EUR	30 June 2022			31 December 2021		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	192,838,641	-19,942,459	172,896,182	146,939,903	-20,410,622	126,529,281
Receivables due from insurance intermediaries	3,457,312	-964,171	2,493,141	2,412,729	-871,452	1,541,277
Other receivables arising out of primary insurance business	943,320	-136,127	807,193	621,026	-146,861	474,165
Receivables arising out of primary insurance business	197,239,273	-21,042,757	176,196,516	149,973,658	-21,428,935	128,544,723
Receivables for shares in claims	18,837,688	-227,523	18,610,165	7,993,897	-227,525	7,766,372
Other receivables arising out of co-insurance and reinsurance business	2,003,429	0	2,003,429	1,310,793	0	1,310,793
Receivables arising out of reinsurance and co-insurance business	20,841,117	-227,523	20,613,594	9,304,690	-227,525	9,077,165
Current tax assets	3,021,999	0	3,021,999	330,518	0	330,518
Other short-term receivables arising out of insurance business	16,302,855	-13,302,953	2,999,902	17,365,268	-14,129,963	3,235,305
Receivables arising out of investments	468,050	-166,718	301,332	440,212	-167,108	273,104
Other receivables	14,617,107	-2,332,029	12,285,078	10,846,117	-2,366,062	8,480,055
Other receivables	31,388,012	-15,801,700	15,586,312	28,651,597	-16,663,133	11,988,464
Total	252,490,401	-37,071,980	215,418,421	188,260,463	-38,319,593	149,940,870

Movements in allowance for receivables

EUR	1 January 2022	Additions	Collection	Write-offs	Exchange differences	30 June 2022
Receivables due from policyholders	-20,410,622	-960,944	401,609	1,031,175	-3,677	-19,942,459
Receivables due from insurance intermediaries	-871,452	-116,209	18,480	4,298	712	-964,171
Other receivables arising out of primary insurance business	-146,861	-46	10,492	0	288	-136,127
Receivables arising out of primary insurance business	-21,428,935	-1,077,199	430,581	1,035,473	-2,677	-21,042,757
Receivables for shares in claims	-227,525	0	0	0	2	-227,523
Receivables arising out of reinsurance and co-insurance business	-227,525	0	0	0	2	-227,523
Other short-term receivables arising out of insurance business	-14,129,963	-20,933	320,430	525,931	1,582	-13,302,953
Receivables arising out of investments	-167,108	0	0	3	387	-166,718
Other short-term receivables	-2,366,062	-16,006	48,254	759	1,026	-2,332,029
Other receivables	-16,663,133	-36,939	368,684	526,693	2,995	-15,801,700
Total	-38,319,593	-1,114,138	799,265	1,562,166	320	-37,071,980

Receivables ageing analysis

EUR					
30 June 2022	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	141,950,493	25,854,288	2,779,604	2,311,797	172,896,182
Receivables due from insurance intermediaries	907,505	1,570,854	12,594	2,188	2,493,141
Other receivables arising out of primary insurance business	115,180	614,891	3,428	73,694	807,193
Receivables arising out of primary insurance business	142,973,178	28,040,033	2,795,626	2,387,679	176,196,516
Receivables for reinsurers' shares in claims	17,325,664	781,787	58,178	444,536	18,610,165
Other receivables arising out of co-insurance and reinsurance business	1,746,166	242,874	585	13,804	2,003,429
Receivables arising out of reinsurance and co-insurance business	19,071,830	1,024,661	58,763	458,340	20,613,594
Current tax assets	3,021,999	0	0	0	3,021,999
Other short-term receivables arising out of insurance business	1,069,771	581,641	258,136	1,090,354	2,999,902
Short-term receivables arising out of financing	276,329	285	0	24,718	301,332
Other short-term receivables	10,907,046	1,259,119	105,210	13,703	12,285,078
Other receivables	12,253,146	1,841,045	363,346	1,128,775	15,586,312
Total	177,320,153	30,905,739	3,217,735	3,974,794	215,418,421

EUR					
31 December 2021	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	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

13.8.7 Cash and cash equivalents

EUR	30 June 2022	31 December 2021
Cash in hand	27,190	16,632
Cash in bank accounts	77,953,288	54,118,887
Cash equivalents	54,741,980	34,512,159
Total	132,722,458	88,647,678

Compared to year-end 2021, the balance of cash and cash equivalents increased by EUR 44.1 million. The main reason for the increase in cash and cash equivalents compared to the year end is matured bonds sold but not reinvested by the reporting date and the scheduled dividend payout.

13.8.8 Shareholders' equity

Shareholders' equity decreased by 18.1%, or EUR 91.4 million, compared to year-end 2021. This decline in shareholders' equity was mainly due to the fair value reserve and the dividend payout.

13.8.8.1 Fair value reserve

EUR	2022	2021
As at 1 January	21,246,888	40,173,090
Change in fair value of available-for-sale financial assets	-116,414,472	-18,093,438
Transfer from fair value reserve to the IS due to disposal	-3,090,825	-5,105,275
Deferred tax	22,064,232	4,212,833
Other reclassifications	0	59,678
Total fair value reserve	-76,194,177	21,246,888

13.8.8.2 Retained earnings

Retained earnings increased by EUR 26.4 million compared to year-end 2021, because of the net effect of the transfer of net profit of EUR 49.7 million and the dividend payout of EUR 23.2 million.

13.8.9 Earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 30 June 2022, the parent company held 1,721,966 own shares, which are subtracted when calculating the weighted average number of shares.

Earnings or loss per share

EUR	1-6/2022	1-6/2021
Net profit or loss for the period	28,945,500	43,491,177
Net profit or loss for the period attributable to owners of the controlling company	28,889,715	43,497,147
Weighted average number of shares	15,497,696	15,497,696
Earnings or loss per share	1.86	2.81

Comprehensive income per share

EUR	1-6/2022	1-6/2021
Comprehensive income for the period	-68,050,819	36,779,154
Comprehensive income for the period attributable to owners of the controlling company	-68,101,818	36,785,424
Weighted average number of shares	15,497,696	15,497,696
Comprehensive income per share	-4.39	2.37

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

Technical provisions increased by EUR 70.8 million, or 5.7%, compared to 31 December 2021.

- The highest increase was in gross unearned premiums, up by EUR 68.9 million or 33.3%, in line with the underwriting dynamics and also with the growth in non-life insurance premiums.
- Claims provisions increased by EUR 11.3 million, or 2.0%, chiefly as the result of certain major claims and summer weather-related losses.
- The technical provisions for life insurance business (mathematical provisions for traditional life insurance) decreased by EUR 11.4 million, or 2.6%, due to the payouts for policy maturities in the Slovenian part of the portfolio.

Gross provisions for unit-linked business decreased by EUR 45.2 million, reflecting lower fund unit prices due to the trends in financial markets.

Movements in gross technical provisions

EUR	1 January 2022	Additions	Uses	Reversals	Exchange differences	30 June 2022
Gross unearned premiums	207,022,452	254,168,518	-180,094,119	-5,222,879	7,582	275,881,554
Technical provisions for life insurance business	443,577,279	21,365,054	-31,942,003	-1,053,218	251,943	432,199,055
Gross provision for outstanding claims	578,713,597	188,320,422	-90,424,504	-88,376,053	1,798,517	590,031,979
Gross provision for bonuses, rebates and cancellations	1,530,854	796,181	-744,997	-51,898	-94	1,530,046
Other gross technical provisions	6,655,935	6,323,499	-3,281,375	-1,016,150	-376	8,681,533
Total	1,237,500,117	470,973,674	-306,486,998	-95,720,198	2,057,572	1,308,324,167
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	524,183,338	9,029,057	-53,330,061	-931,474	62,662	479,013,522

13.8.11 Other financial liabilities

As at 30 June 2022, other financial liabilities amounted to EUR 23,906,300 (31 December 2021: EUR 584,924). These liabilities predominantly relate to the dividend payout of Sava Re in line with the decision of the general meeting. Dividends were paid out on 12 July 2022.

13.8.12 Liabilities from operating activities

Liabilities from operating activities rose by EUR 12.1 million compared to year-end 2021. The largest increases are in liabilities to policyholders, up by EUR 7.7 million, and reinsurance and co-insurance liabilities, up by EUR 4.5 million, due to the renewal of annual reinsurance contracts.

EUR	30 June 2022	31 December 2021
Liabilities to policyholders	21,589,909	13,902,460
Liabilities to insurance intermediaries	4,127,008	5,078,410
Other liabilities from primary insurance business	24,768,787	22,688,749
Liabilities from primary insurance business	50,485,704	41,669,619
Liabilities for reinsurance and co-insurance premiums	14,477,894	9,958,801
Liabilities for shares in reinsurance claims	88,101	116,011
Other liabilities from reinsurance and co-insurance business	13,863	34,264
Liabilities from reinsurance and co-insurance business	14,579,858	10,109,076
Current income tax liabilities	1,842,751	3,004,684
Total	66,908,313	54,783,379

EUR 30 June 2022	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	1,425,209	20,164,700	21,589,909
Liabilities to insurance intermediaries	0	4,127,008	4,127,008
Other liabilities from primary insurance business	386,023	24,382,764	24,768,787
Liabilities from primary insurance business	1,811,232	48,674,472	50,485,704
Liabilities for reinsurance and co-insurance premiums	16,809	14,461,085	14,477,894
Liabilities for shares in reinsurance claims	0	88,101	88,101
Other liabilities from reinsurance and co-insurance business	0	13,863	13,863
Liabilities from reinsurance and co-insurance business	16,809	14,563,049	14,579,858
Current income tax liabilities	0	1,842,751	1,842,751
Total	1,828,041	65,080,272	66,908,313

EUR 31 December 2021	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
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

13.8.13 Other liabilities

Other liabilities by maturity

EUR 30 June 2022	Over 1 year	Contractual maturity Up to 1 year	Total
Other liabilities	2,570,216	27,896,552	30,466,768
Short-term provisions (deferred income and accrued expenses)	0	22,103,162	22,103,162
Total	2,570,216	49,999,714	52,569,930

EUR 31 December 2021	Over 1 year	Contractual maturity Up to 1 year	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

Other liabilities

EUR	30 June 2022	31 December 2021
Short-term liabilities due to employees	4,093,967	3,787,253
Diverse other short-term liabilities for insurance business	6,323,821	4,827,142
Short-term trade liabilities	14,737,878	11,590,073
Diverse other short-term liabilities	4,960,911	9,159,104
Other long-term liabilities	350,192	447,147
Total	30,466,768	29,810,719

Change in short-term provisions

EUR	1 January 2022	Additions	Uses	Reversals	Exchange differences	30 June 2022
Short-term accrued expenses	8,549,454	17,015,632	-15,335,518	-10,670	-553	10,218,345
Other accrued costs (expenses) and deferred revenue	23,679,981	15,470,887	-27,260,103	-2,870	-3,078	11,884,817
Total	32,229,435	32,486,519	-42,595,621	-13,540	-3,631	22,103,162

13.8.14 Fair values of assets and liabilities

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

EUR 30 June 2022	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	1,237,071,178	1,031,226,003	122,256,156	83,589,019	1,237,071,178	0
<i>FVTPL</i>	<i>27,395,500</i>	<i>11,686,870</i>	<i>8,739,879</i>	<i>6,968,751</i>	<i>27,395,500</i>	<i>0</i>
<i>Designated to this category</i>	<i>27,395,500</i>	<i>11,686,870</i>	<i>8,739,879</i>	<i>6,968,751</i>	<i>27,395,500</i>	<i>0</i>
Debt instruments	22,877,247	7,180,179	8,739,879	6,957,189	22,877,247	0
Equity instruments	4,518,253	4,506,691	0	11,562	4,518,253	0
Available for sale	1,209,675,678	1,019,539,133	113,516,277	76,620,268	1,209,675,678	0
Debt instruments	1,096,373,291	978,881,570	112,887,931	4,603,790	1,096,373,291	0
Equity instruments	43,250,758	40,657,563	628,347	1,964,848	43,250,758	0
Investments in infrastructure funds	53,036,152	0	-1	53,036,153	53,036,152	0
Investments in real-estate funds	17,015,477	0	0	17,015,477	17,015,477	0
Investments for the benefit of life policyholders who bear the investment risk	466,934,499	464,937,523	1,804,377	192,599	466,934,499	0
Investments not measured at fair value	70,369,813	34,467,794	2,334,970	32,571,688	69,374,452	-995,361
<i>Held-to-maturity assets</i>	<i>42,989,807</i>	<i>34,467,794</i>	<i>2,334,970</i>	<i>5,191,682</i>	<i>41,994,446</i>	<i>-995,361</i>
Debt instruments	42,989,807	34,467,794	2,334,970	5,191,682	41,994,446	-995,361
Loans and receivables	27,380,006	0	0	27,380,006	27,380,006	0
Deposits	16,133,484	0	0	16,133,484	16,133,484	0
Loans granted	1,510,614	0	0	1,510,614	1,510,614	0
Deposits with cedants	9,735,908	0	0	9,735,908	9,735,908	0
Investments for the benefit of life policyholders who bear the investment risk	2,800,881	2,834,610	0	0	2,834,610	33,729
Total investments	1,307,440,991	1,065,693,797	124,591,126	116,160,707	1,306,445,630	-995,361
Total investments for the benefit of life policyholders who bear the investment risk	469,735,380	467,772,133	1,804,377	192,599	469,769,109	33,729

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

EUR 31 December 2021	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	1,402,818,747	1,096,267,790	236,756,942	69,794,015	1,402,818,747	0
FVTPL	34,386,074	17,194,823	15,708,219	1,483,032	34,386,074	0
<i>Designated to this category</i>	<i>34,386,074</i>	<i>17,194,823</i>	<i>15,708,219</i>	<i>1,483,032</i>	<i>34,386,074</i>	<i>0</i>
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 receivables	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	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
Total investments for the benefit of life policyholders who bear the investment risk	517,439,592	513,270,317	2,348,863	2,008,600	517,627,780	188,188

Movements in level 3 FVTPL financial assets

EUR	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in real estate funds	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Opening 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
Exchange differences	222,993	0	0	0	1	-2	-1	0
Additions	0	80,104	0	0	7,870,847	16,069,997	62,754	0
Disposals	0	0	0	0	-349,994	-955,057	0	0
Maturities	-2,068,088	-417,985	0	0	0	0	0	0
Revaluation to fair value	42,518	-31,952	-17,509	67,844	982,333	1,981,559	1,106,665	1,505,752
Reclassification into other levels	5,927,480	0	15,005	0	0	0	0	0
Reclassification into level	0	6,032,892	0	0	0	0	0	0
Closing balance	11,560,979	7,436,076	1,976,410	1,978,914	53,036,153	44,532,966	17,015,477	15,846,059

Reclassification of assets and financial liabilities between levels

EUR 30 June 2022	Level 1	Level 2	Level 3
FVTPL	106,009	-5,712,503	5,606,494
Debt securities designated to this category reclassified from level 1 into level 3	-21,130	0	21,130
Debt securities designated to this category reclassified from level 2 into level 1	127,139	-127,139	0
Equity securities designated to this category reclassified from level 2 into level 3	0	-5,585,364	5,585,364
Available for sale	1,355,268	-1,691,261	335,993
Debt instruments	1,355,268	-1,676,256	320,987
Reclassification from level 1 into level 2	-254,378	254,378	0
Reclassification from level 2 into level 1	1,609,647	-1,609,647	0
Reclassification from level 2 into level 3	0	-320,987	320,987
Equity instruments	0	-15,005	15,005
Reclassification from level 2 into level 3	0	-15,005	15,005
Total	1,461,277	-7,403,764	5,942,487

The Group primarily measures its debt assets based on BID CBBT prices, which are unadjusted quoted prices, thus meeting the criteria for classification into level 1. 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.

13.9 Related-party transactions

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

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

Owners and related enterprises

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

Management board and supervisory board, including its committees

Fixed remuneration of the management board members for performing their function in the first half of 2022 totalled EUR 341,011 (first half of 2021: EUR 371,100), variable remuneration in the first six months of 2022 totalled EUR 402,625 (first half of 2021: EUR 207,158). Benefits in kind were EUR 16,592 (first half of 2021: EUR 16,524).

Remuneration of management board members:

EUR 1–6/2022	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	101,386	155,623	108	1,845	258,962
Jošt Dolničar	61,425	140,082	1,750	1,010	204,267
Polona Pirš Zupančič	89,100	53,460	2,616	4,305	149,481
Peter Skvarča	89,100	53,460	2,610	2,348	147,518
Total	341,011	402,625	7,084	9,508	760,228

The variable amount of remuneration paid out in May 2022 relates to the financial year 2021. At the end of their terms of office, two management board members were paid out the retained parts of their variable pay for the period 2018–2021: Marko Jazbec and Jošt Dolničar were paid EUR 111,745 and EUR 100,568, respectively. This bonus payout is not charged against the profit or loss for 2022.

EUR 1–6/2021	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	100,200	59,400	108	2,255	161,963
Jošt Dolničar	90,300	53,460	2,622	1,948	148,330
Polona Pirš Zupančič	90,300	53,460	2,603	1,402	147,765
Peter Skvarča	90,300	40,838	2,597	2,989	136,724
Total	371,100	207,158	7,930	8,594	594,782

Liabilities to management board members based on gross remuneration

EUR	30 June 2022	31 December 2021
Marko Jazbec	18,000	16,500
Jošt Dolničar	0	14,850
Polona Pirš Zupančič	14,850	14,850
Peter Skvarča	14,850	14,850
Total	47,700	61,050

As at 30 June 2022, the Company disclosed liabilities for potential payment of the variable part of pay of management board members in respect of 2018, 2019, 2020 and 2021 payable subject to certain conditions, in the amount of EUR 132,889.

As at 30 June 2022, the Company had no receivables due from the management board members. Management board members are not remunerated for their functions in subsidiary companies. They have other entitlements under employment contracts, i.e. an allowance for annual leave of EUR 1,200, severance pay upon retirement and contributions to voluntary supplementary pension insurance. Management board members are not entitled to jubilee benefits for 10, 20 or 30 years of service.

Remuneration of supervisory board members and the members of its committees in 1–6/2022

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Davor Ivan Gjivoje	chair	1,320	9,750	264	11,334
Keith William Morris	deputy chair	1,320	7,150	2,429	10,899
Klemen Babnik	member	1,320	6,500	0	7,820
Dr Matej Gomboši	member	1,320	6,500	917	8,737
Gorazd Andrej Kunstek	member	1,320	6,500	219	8,039
Edita Rituper	member	1,320	6,500	0	7,820
Total supervisory board members		7,920	42,900	3,829	54,649
Audit committee members					
Dr Matej Gomboši	chair	1,540	2,438	1,337	5,314
Gorazd Andrej Kunstek	member	1,540	1,625	320	3,485
Katarina Sitar Šuštar	external member	0	6,537	73	6,610
Dragan Martinović	external member	0	3,888	0	3,888
Total audit committee members		3,080	14,488	1,729	19,297
Members of the nominations and remuneration committee					
Klemen Babnik	chair	440	2,438	0	2,878
Davor Ivan Gjivoje	member	440	1,625	220	2,285
Keith William Morris	member	440	1,625	1,012	3,077
Dr Matej Gomboši	member	440	1,625	382	2,447
Gorazd Andrej Kunstek	member	440	1,625	91	2,156
Total nominations committee members		2,200	8,938	1,706	12,843
Members of the risk committee					
Keith William Morris	chair	880	2,438	2,024	5,342
Davor Ivan Gjivoje	member	880	1,625	220	2,725
Dr Janez Komelj	external member	0	3,617	0	3,617
Total risk committee members		1,760	7,680	2,245	11,684
Members of the fit & proper committee					
Keith William Morris	chair	440	2,438	1,012	3,890
Klemen Babnik	member	440	1,625	0	2,065
Rok Saje	external member	440	1,625	0	2,065
Klara Hauko	external member	440	1,625	0	2,065
Total members of the fit & proper committee		1,760	7,313	1,012	10,085

Remuneration of supervisory board members and the members of its committees in 1–6/2021

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Mateja Lovšin Herič	chair	1,870	9,750	0	11,620
Keith William Morris	deputy chair	1,870	7,150	114	9,134
Gorazd Andrej Kunstek	member	1,870	6,500	0	8,370
Mateja Živec	member	1,870	6,500	0	8,370
Davor Ivan Gjivoje	member	1,870	6,500	0	8,370
Andrej Kren	member	1,870	6,500	0	8,370
Total supervisory board members		11,220	42,900	114	54,234
Audit committee members					
Andrej Kren	chair	2,420	2,438	0	4,858
Mateja Lovšin Herič	member	2,420	1,625	0	4,045
Ignac Dolenšek	external member	0	9,038	0	9,038
Total audit committee members		4,840	13,101	0	17,941
Members of the nominations and remuneration committee					
Mateja Lovšin Herič	chair	1,540	2,438	0	3,978
Keith William Morris	member	660	1,625	227	2,512
Davor Ivan Gjivoje	member	1,540	1,625	0	3,165
Andrej Kren	member	660	1,625	0	2,285
Gorazd Andrej Kunstek	alternate member	880	542	0	1,422
Total nominations committee members		5,280	7,855	227	13,362
Members of the risk committee					
Keith William Morris	chair	880	2,438	227	3,545
Davor Ivan Gjivoje	member	880	1,625	0	2,505
Slaven Mičković	external member	0	8,713	0	8,713
Total risk committee members		1,760	12,776	227	14,763
Members of the fit & proper committee					
Mateja Živec	chair	660	2,438	0	3,098
Keith William Morris	member	220	1,625	0	1,845
Rok Saje	external member	660	1,625	0	2,285
Andrej Kren	alternate member	220	1,625	0	1,845
Gorazd Andrej Kunstek	alternate member	440	542	0	982
Davor Ivan Gjivoje	alternate member	440	542	0	982
Total members of the fit & proper committee		2,640	8,397	0	11,037

As at 30 June 2022, 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.

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

EUR	30 June 2022	31 December 2021
Loans granted to Group companies	1,500,518	1,359,945
Receivables for premiums arising out of reinsurance assumed	21,876,451	13,594,556
Short-term receivables arising out of financing	38,472,215	0
Other short-term receivables	60,612	40,472
Short-term deferred acquisition costs	5,702,217	1,144,493
Total	67,612,014	16,139,465

Short-term receivables arising out of financing relate to the dividend payout of subsidiaries in line with general meeting resolutions. Dividends were paid out in July 2022.

Liabilities to Group companies

EUR	30 June 2022	31 December 2021
Technical provisions	129,885,405	105,796,856
- Unearned premiums	38,885,348	25,605,140
- Provision for outstanding claims	90,725,650	79,918,992
- Other technical provisions	274,407	272,725
Liabilities for shares in reinsurance claims due to Group companies	10,336,485	12,577,473
Other liabilities from co-insurance and reinsurance	10,412,499	3,129,491
Other short-term liabilities	4,365	19,633
Total	150,638,754	121,523,453

Income and expenses relating to Group companies

EUR	1-6/2022	1-6/2021
Gross premiums written	51,776,307	51,308,641
Change in gross unearned premiums	-13,280,207	-9,366,951
Gross claims payments	-34,266,092	-19,403,215
Change in the gross provision for outstanding claims	-10,806,903	-796,621
Income from gross recourse receivables	469,696	566,018
Change in gross provision for bonuses, rebates and cancellations	-1,682	7,519
Other operating expenses	-98,600	-103,540
Dividend income	50,289,971	34,807,562
Interest income	19,841	29,234
Acquisition costs	-16,355,000	-14,128,443
Change in deferred acquisition costs	6,846,709	2,905,128
Other technical income	196,352	195,558
Total	34,790,393	46,020,889

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

EUR	30 June 2022	31 December 2021
Interests in companies	4,318,381	4,562,784
Debt securities and loans	67,903,215	83,165,547
Receivables due from policyholders	2,188,717	557,981
Total	74,410,313	88,286,313

Liabilities to the state and majority state-owned companies

EUR	30 June 2022	31 December 2021
Liabilities for shares in claims	2,128	1,191
Total	2,128	1,191

Income and expenses relating to majority state-owned companies

EUR	1-6/2022	1-6/2021
Gross premiums written	11,797,608	12,066,310
Gross claims payments	1,435,179	-1,255,035
Dividend income	240,589	283,353
Interest income	684,807	846,153
Other investment income	69,492	45,980
Other investment expenses	-267,380	0
Total	13,960,295	11,986,761

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

Characteristics of loans granted to subsidiaries

Sava Re				
EUR	Principal	Type of loan	Maturity	Interest rate
Borrower				
Illyria (RKS)	500,000	subordinated	27 June 2029	5.00%
Sava Pokojninska (SLO)	1,000,000	subordinated	28 June 2027	6.00%
Total	1,500,000			

Appendix – Glossary of selected terms and calculation methodologies for indicators

Appendix – Glossary of selected terms and calculation methodologies for indicators

Accounting currency. A local currency used in the accounting documentation. Reinsurance contracts may be accounted for in various accounting currencies. Generally, this is the currency of liabilities and receivables due from cedants, and hence also the reinsurer.
Administrative expense ratio. Operating expenses, net of acquisition costs and the change in deferred acquisition costs, as a percentage of gross premiums written.
Associate entity. An entity over which the investor has significant influence (the power to participate in the financial and operating policy decisions) and that is neither a subsidiary nor an interest in a joint venture.
Book value per share. Ratio of total equity to weighted average number of shares outstanding.
Business continuity plan. Document that includes procedures for ensuring the continuous operation of key business processes and systems. The contingency plan is an integral part of the business continuity plan and sets out technical and organisational measures to restore operations and mitigate the consequences of severe business disruptions.
BVAL price (Bloomberg valuation). Price obtained from the Bloomberg information system.
Capital fund. Assets representing the capital of the Company.
CBBT price (Composite Bloomberg Bond Trader). Closing price published by the Bloomberg system based on binding bids.
Cedant, cede, cession. A cedant is the client of a reinsurance company. To cede is to transfer part of any risk an insurer has underwritten to a reinsurer. The part thus transferred to any reinsurer is called a cession.
Claims inflation. The change in the expected claims cost level over time. This includes the cost for an individual claim (severity effects), but also changes in the likelihood of claiming (frequency effects).
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 revenues. All one-off effects on operations are excluded.
Return on the investment portfolio. The ratio of net investment income relating to the investment portfolio to average invested assets. It includes the following statement of financial position items: investment property, financial investments in subsidiaries and associates, financial investments, and cash and cash equivalents. The average amount is calculated based on figures as at the reporting date and as at the end of the prior year.
Risk appetite. Risk level that a company is willing to take in order to meet its strategic goals.
Risk register. List of all major identified risks periodically maintained, monitored, assessed and reported on by a company.
SFP. Statement of financial position.
Solvency Capital Requirement (SCR). An amount based on the regulatory calculation of risk, including non-life underwriting risk, life underwriting risk, health underwriting risk, market risk, counterparty default risk and operational risk.
Solvency ratio. The ratio of eligible own funds as a percentage of the SCR. A solvency ratio in excess of 100% indicates that the firm has sufficient resources to meet the SCR.
Standard formula. Set of calculations prescribed by Solvency II regulations used for generating the solvency capital requirement.
Strategic risk. The risk of an unexpected decrease in a company's value due to the adverse effects of management decisions, changes in business and legal environment and market developments.
Subsidiary entity. An entity that is controlled by another entity.
TP. Technical provisions.
Transaction currency. The currency in which reinsurance contract transactions are processed.
Underwriting result. Profit or loss realised from insurance operations as opposed to that realised from investments or other items.
Underwriting risk. Risk of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions. Underwriting risk comprises non-life, life and health underwriting risk.
Unearned premiums. That part of premiums written relating to the unexpired portion of the policy period and is attributable to and recognised as income in future years.