



STEPPING TOWARDS NEW VICTORIES

**Solvency and Financial Condition Report
of the Sava Insurance Group for 2025**

Ljubljana, May 2026

The Management Board of Sava Re d.d.



Marko Jazbec, Chairman of the Management Board



Polona Pirš, Member of the Management Board



Peter Skvarča, Member of the Management Board



David Benedek, Member of the Management Board

TABLE OF CONTENTS

Executive summary	6
A. Business and performance	13
A.1 Business.....	14
A.2 Underwriting performance	20
A.3 Investment performance.....	24
A.4 Performance of other activities.....	27
A.5 Any other information.....	28
B. System of governance	29
B.1 General information on the system of governance	30
B.2 Fit and proper requirements	40
B.3 Risk management system, including the own risk and solvency assessment.....	43
B.4 Internal control system	50
B.5 Internal audit function	52
B.6 Actuarial function.....	54
B.7 Outsourcing.....	56
B.8 Any other information.....	59
C. Group risk profile	60
C.1 Underwriting risk.....	64
C.2 Market risk	79
C.3 Credit risk	86
C.4 Liquidity risk	89
C.5 Operational risk.....	91
C.6 Other material risks.....	93
C.7 Any other information.....	98
D. Valuation for solvency purposes	99
D.1 Assets	104
D.2 Technical provisions	110
D.3 Other liabilities.....	122
D.4 Alternative methods for valuation	124
D.5 Any other information.....	125
E. Capital management.....	126
E.1 Own funds	129
E.2 Solvency capital requirement and minimum capital requirement	134

E.3	Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement	139
E.4	Difference between the Standard Formula and any internal model used.....	140
E.5	Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement.....	141
E.6	Any other information.....	142
Appendix A – Glossary of selected terms and calculation methods.....		143
Appendix B – Quantitative reporting templates.....		146
S.32.01.22	Undertakings in the scope of the Group	147
S.02.01.02	Balance sheet	151
S.05.01.02	Premiums, claims and expenses by line of business	153
S.05.02.04	Premiums, claims and expenses by country.....	156
S.23.01.22	Own funds	158
S.25.01.22	Solvency Capital Requirement – for undertakings on Standard Formula.....	161

General information

The figures in the tables of this report are stated in thousands of euros. The report has been reviewed and approved by the parent company's management and supervisory boards.

The Group's solvency and financial condition report has been reviewed by the auditing firm Deloitte Revizija d.o.o., who have issued an independent auditor's assurance report.

EXECUTIVE SUMMARY

Introduction

In 2025, geopolitical risks remained high due to ongoing interstate conflicts and uncertainty in international relations. The war in Ukraine continued, while mounting tensions between major powers put further pressure on the European economy and security. Political divisions within the EU hindered the coordination of joint measures, and European economies were further affected by trade protectionism.

Despite these circumstances, the year was favourable in terms of financial returns. Conditions in the bond markets remained stable, and European corporations maintained strong credit ratings. Banks also remained well capitalised, with no liquidity pressures observed.

The Sava Insurance Group performed exceptionally well in 2025, exceeding all financial targets. The Group increased its business volume by 9.5%, which is almost twice as much as planned. All business segments exceeded their targets in terms of business volume. Target profitability was also surpassed, as the achieved combined ratio was much better than planned. Net profit for the year was EUR 114.1 million, significantly exceeding the Group's expectations. The Group will continue to closely monitor risks and market conditions, particularly in relation to macroeconomic and geopolitical developments.

In June 2025, the rating agency S&P Global Ratings upgraded the ratings of Sava Re and Zavarovalnica Sava to "A+", with a stable outlook. In October 2025, following its regular annual rating review, the rating agency AM Best affirmed its "A" ratings for Sava Re, with a stable outlook.

Profile of the Sava Insurance Group

The Sava Insurance Group is one of the largest insurance groups based in southeastern Europe. On 31 December 2025, the insurance part of the Group was composed of one reinsurer and eight insurers, all of which were based in Slovenia and in the countries of the Adriatic region. In addition to (re)insurance companies, the Group includes companies that are providers of pension, asset management and assistance services.

The Group employs around 2,800 people on a full-time equivalent basis. The Group underwrites all lines of business in order to provide its clients with:

- a respectful, honest and sincere partnership,
- professionalism,
- integrity and transparency,
- accessibility and responsiveness, and
- accountability.

Sava Re has been operating in international reinsurance markets for over 40 years and in the Slovenian primary insurance market since 1998 through its former subsidiary Zavarovalnica Tilia. The Group expanded to some other markets of the former Yugoslavia through the acquisition of six insurance companies between 2006 and 2009 and through greenfield investments in two life insurance companies in 2008. The Group's domestic business was further strengthened in 2013 with the acquisition of 100% of Zavarovalnica Maribor. In 2015 and 2018, the Group entered the Slovenian and Macedonian pension markets, and in 2018 it entered the Slovenian assistance services market. In 2019, Sava Re acquired an 85% stake in Sava Infond, an investment fund management company. In 2020, the Group entered the Slovenian private healthcare market by acquiring the Bled Diagnostic Centre through its associate ZTSR. The acquisition of Zavarovalnica Vita in 2020 strengthened the Group's market position in Slovenia, and the Group now ranks second in terms of insurance market share. In 2023, Sava Re established Vita S Holding (MKD), a healthcare company based in North Macedonia, and

acquired ASP (SRB), a Serbia-based company providing development and maintenance services for core IT systems. These acquisitions represent increased scale and more opportunities for synergy.

The Sava Insurance Group's core strengths are regional knowledge, reliability, responsiveness, flexibility and financial strength. We exceed customer expectations by striving for continuous improvement, by building relationships in a responsible, frank and respectful manner, and by playing an active role in our environment.

Our guiding principle is to build long-term relationships with our customers and partners that enable us to achieve our common goals through all economic cycles.

Business and performance¹

In 2025, the Group increased its business volume to EUR 1,133.6 million, representing growth of 9.5% – almost double the planned rate. This growth and outperformance were recorded across all operating segments, with the main contribution coming from gross premiums in non-life insurance and reinsurance (non-life insurance: the increase in business volume of 6.3% in the EU markets and 14.9% in the non-EU markets was driven by a higher number of policies sold and higher average premiums; reinsurance: recorded a full 23.2% growth, resulting from the pursuit of new opportunities in foreign markets and increased participation in existing contracts; life insurance: gross written premiums in the EU market increased by 4.8%, while in the non-EU markets growth reached a remarkable 13.7%. Sales of both risk and unit-linked policies grew in both markets; pensions and asset management: driven by a 30.8% increase in net inflows and favourable financial market returns, the segment recorded strong growth of 15.0%).

In the fourth quarter of 2025, the Group's operations were again unaffected by major loss events. This enabled the Group to exceed both its annual plan and forecasts published at the time of the third-quarter results announcement. Net profit reached EUR 114.1 million, up 29.8% year on year and 35.8% above plan. This marked an important milestone in the Group's financial performance, as the Group passed the EUR 100 million net profit mark for the first time. This exceptional result largely reflects a significantly lower number of natural catastrophes and major man-made loss events. In addition, growth in revenue resulting from increased business volume also contributed to the rise in profit. The claims experience was reflected in an exceptionally favourable combined ratio of 87.4%, which was significantly better than in the previous year and below the planned target of under 94%. Cost efficiency also contributed to this improvement, with expenses rising at a slower pace than income, resulting in a lower expense ratio – a component of the combined ratio – compared with 2024. The higher net profit led to an increase in return on equity to 15.9%, exceeding both the previous year's level by 2.3 percentage points and the Group's ROE target of more than 11%.

The solvency position of the Sava Insurance Group as at 31 December 2025 indicates that the Group is well capitalised, with a solvency ratio of 218%. Compared to the previous year, it improved mainly due to strong business performance. This level remains well above the regulatory minimum of 100% and is fully aligned with the Group's internal capital adequacy standards.

Both credit rating agencies once again acknowledged the Group's strong performance in 2025. S&P Global Ratings upgraded Sava Re to "A+" with a stable outlook mid-year. AM Best reaffirmed its "A" (Excellent) rating with a stable outlook in the autumn.

Sava Re's share price recorded exceptional growth of 66.3% in 2025, outperforming even the strong gains of the previous year. Last year, Sava Re paid a gross dividend of EUR 2.25 per share from the 2024

¹ This is a presentation of the financial results of the Sava Insurance Group. The Group's strong performance was once again confirmed by both credit rating agencies in 2025. S&P Global Ratings upgraded Sava Re to "A+" with a stable outlook mid-year. AM Best reaffirmed its "A" (Excellent) rating with a stable outlook in the autumn based on IFRS financial statements; therefore, the data do not match those in the Solvency II calculations.

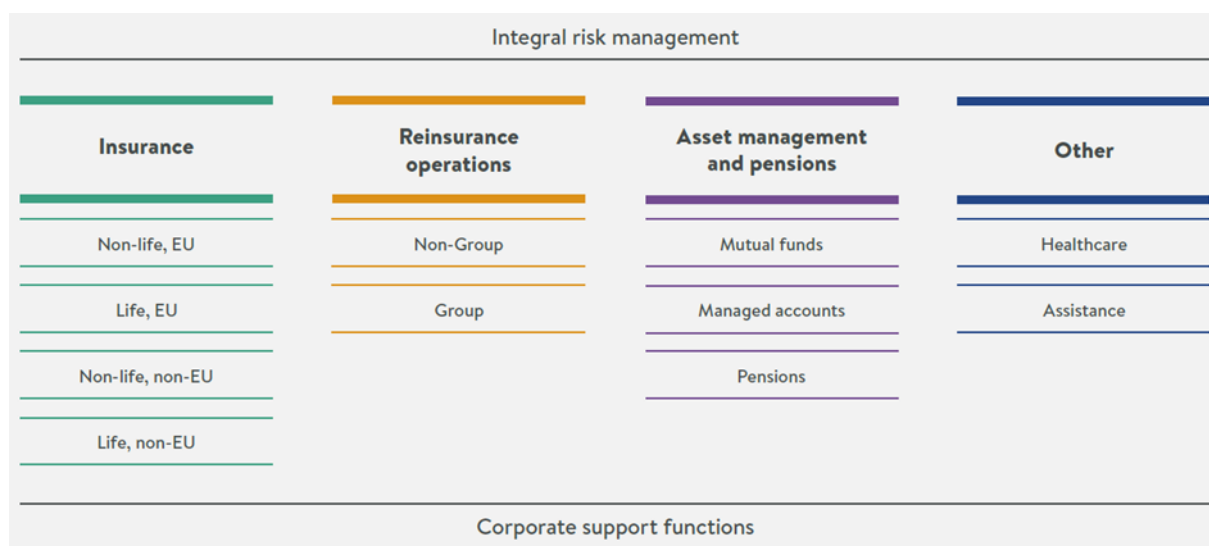
net profit, totalling EUR 34.9 million. This represents an increase of 28.6% year on year and a gross dividend yield of 4.0%. The proposed dividend from 2025 profits was announced on 3 April 2026.

The Group continued to implement its business strategy across all key areas in 2025. It upgraded, digitalised and optimised processes and communication with customers, as well as internal processes. This increased the organisation’s efficiency and agility, while enabling stronger synergies and a higher level of digital maturity within the Group. It also continued to transform its information technology: a modern core IT system for reinsurance was introduced, the capacities and services of the data centre were upgraded, application solutions were modernised, and information security was strengthened through a centralised Group-wide project. In sustainable development, the Group remained committed to its established goals. It advanced its decarbonisation efforts, increased the share of renewable energy consumption and systematically integrated sustainability considerations into product development and investment decisions.

Strategic priorities of the Sava Insurance Group

The strategy of the Sava Insurance Group sets out strategic goals in two ways, based on its three key focus areas in the 2023–2027 strategy period and based on the Group’s key pillars of business operations.

Key pillars of the Group



For the 2023–2027 period, we have adopted a strategy that will drive the Group forward on three key strategic priorities:

We will take the **customer-at-the-centre** approach to the next level by always ensuring that customers, their wishes and their needs are central to the way business is done. To this end, we have set ourselves three Group-level objectives. The first goal is personalised customer communication, which will be achieved by integrating all communication channels through a centralised customer relationship management system. The second goal is to create a hybrid sales model that will enable the sales network to deal with more complex types of insurance and to advise customers. The third goal is to set up self-care platforms, such as customer portals, websites and mobile applications, which will improve customer service in sales, claims and other services.

Optimising business processes within the Group enables us to achieve two key objectives: to speed up and to simplify customer service as well as internal processes. This will also contribute to cost efficiency, which will play a more important role in the next strategy period than in the past, given the changed macroeconomic environment. To achieve this strategic priority, the Group will comprehensively review

its processes to identify opportunities for improvement. Processes will then be redesigned and any other necessary changes made to align the organisation with these new processes.

We will pursue **sustainability** in all key areas of the Group: environmental, social and governance. We will continue to support global sustainability trends and focus on goals related to climate change and the health and well-being of our customers, employees and the wider community.

Long-term strategic targets:

- Over a five-year period, we will achieve a return on equity (excluding accumulated other comprehensive income) of between 9.5% and 10.5%.
- For the period 2023 to 2027, the solvency ratio at the level of the Sava Insurance Group will be between 170% and 210% (within the optimal capital range).
- Non-life (re)insurance operations will achieve an underwriting combined ratio not exceeding 95%.
- The return on the Group's investment portfolio, net of subordinated debt expenses, will reach 2.2% in 2027.

System of governance

The Group companies have in place a system of governance that is well defined and includes:

- appropriate organisation, including management bodies, key functions and committees,
- an integrated risk management system, and
- an internal control system.

The following four key functions operate at the Group level: the actuarial function, compliance function, risk management function and internal audit function. In addition, a risk management committee and actuarial committee have been set up at the Group level.

To ensure efficient risk management, the Group has in place a three-lines-of-defence model with a clearly defined division of responsibilities and tasks:

- The first line of defence consists of all organisational units with operational responsibilities (such as (re)insurance underwriting, claims management, asset management, accounting and controlling).
- The second line of defence consists of the risk management function, actuarial function, compliance function and risk management committee.
- The third line of defence is provided by the internal audit function.

Risk profile

The Group calculates its capital requirement in accordance with the Solvency II standard formula as defined in Delegated Regulation (EU) 2015/35 (the Standard Formula). The Group's risk profile is dominated by non-life underwriting risk, and the exposure to market risk is also large. The Group is less exposed to other risk categories: life underwriting risk, health underwriting risk, counterparty default risk and operational risk. In addition to the above risks captured by the Standard Formula, the Group is also exposed to liquidity risk and, owing to the challenging internal and external environment, to strategic risk.

The following table shows the Group's solvency capital requirement (SCR) in accordance with the Standard Formula by risk module.

Group solvency capital requirement by risk module²

EUR thousand	31 December 2025	31 December 2024
Group SCR (4 + 5 + 6)	393,398	370,245
(6) Capital requirement for other financial sectors	8,904	8,421
(5) Capital requirement for residual undertakings	5,352	7,764
(4) SCR calculated on the basis of the consolidated data of the Group companies that are consolidated under Solvency II³ (1 + 2 + 3)	379,142	354,060
(3) Adjustment for TP and DT ⁴	-12,579	-9,370
(2) Operational risk	31,712	28,371
(1) Basic solvency capital requirement (BSCR)	360,009	335,060
<i>Diversification effect</i>	-162,454	-147,550
<i>Sum of risk components</i>	522,463	482,609
Market risk	141,356	120,606
Counterparty default risk	17,868	18,956
Life underwriting risk	52,003	46,374
Health underwriting risk	45,082	41,714
Non-life underwriting risk	266,154	254,959

Valuation for solvency purposes

The Group uses the full consolidation method in accordance with the International Financial Reporting Standards (IFRS) to prepare its IFRS consolidated financial statements, with the exception of the associate DCB, which is consolidated using the equity method.

However, for the purpose of valuation of the Solvency II balance sheet, all (re)insurance undertakings of the Group and all ancillary services undertakings are consolidated in accordance with Article 335(1), point (a), of Commission Delegated Regulation (EU) (2015/35) (the Delegated Regulation). Sava Pokojninska and Sava Infond are consolidated in accordance with Article 335(1), point (e), of the Delegated Regulation, whereas the subsidiaries Sava Penzisko Društvo and Vita and the associate DCB are consolidated in accordance with Article 335(1), point (f), of the Delegated Regulation.

The following table shows the adjustments made to the IFRS balance sheet items that have been made for Solvency II purposes. The following table shows the Group's IFRS equity and Solvency II eligible own funds.

² The capital requirements for other financial sectors include Sava Pokojninska and Sava Infond. DCB, Sava Penzisko and Vita S Holding are included in the capital requirements for residual undertakings.

³ Under Solvency II, the consolidation includes insurance companies and ancillary services undertakings.

⁴ Adjustment for loss-absorbing capacity of technical provisions and deferred taxes.

Adjustments to IFRS equity for Solvency II balance sheet valuation purposes

EUR thousand	31 December 2025	31 December 2024
IFRS equity⁵	737,030	644,898
Difference in the valuation of assets	-89,248	-73,717
Difference in the valuation of technical provisions	170,623	143,249
Difference in the valuation of other liabilities	-36,162	-25,193
Foreseeable dividends, distributions and charges	-42,619	-34,870
Adjustment for minority interests	-380	-326
Deduction for participations in other financial undertakings	-14,683	-15,134
Subordinated liabilities in basic own funds	118,685	114,977
Total basic own funds after Solvency II deductions	843,244	753,883
Total own funds in other financial sectors	14,683	15,134
Available own funds to meet the Group SCR	857,927	769,017

As can be seen from the table, Solvency II available own funds are significantly larger than IFRS equity.

Capital management

The Group manages its capital to ensure that it always has sufficient own funds to meet its obligations and regulatory capital requirement. The composition of eligible own funds held to ensure capital adequacy must comply with regulatory requirements. The level of own funds must also be sufficient to achieve the Group's strategic and operational goals.

The allocation of own funds to business activities must ensure the achievement of the Group's target return on equity.

The Group prepares its business and strategic plans based on its risk strategy, which defines its risk appetite. When drafting the business and strategic plans, it makes sure that the plans are in line with the risk appetite, making adjustments where necessary. In addition, it aims to use its capital as efficiently as possible.

The following table shows the Group's capital adequacy. In addition to the SCR, the minimum capital requirement (MCR) is also shown. The eligible own funds to cover the SCR or MCR are also shown, taking into account the legal limits⁶.

⁵ IFRS equity has been adjusted for the elimination of the companies Sava Pokojninska, Sava Penzisko Društvo, Sava Infond and Sava S Holding.

⁶ Tier 3 eligible own funds may be included in the eligible own funds to cover the SCR only up to a limit of 15% of the SCR. Tier 2 eligible own funds may be included in the eligible own funds to cover the MCR only up to a limit of 20% of the MCR, and tier 3 own funds are not eligible to cover the MCR.

Capital adequacy of the Group

EUR thousand	31 December 2025	31 December 2024
Group solvency capital requirement (SCR)	393,398	370,245
Eligible own funds to meet the Group SCR	857,927	769,017
<i>Of which tier 1</i>	739,243	654,040
<i>Of which tier 2</i>	68,712	65,147
<i>Of which tier 3</i>	49,973	49,830
Group solvency ratio	218%	208%
Group minimum capital requirement (MCR)	183,490	172,846
Eligible own funds to meet the Group MCR	761,258	673,475
<i>Of which tier 1</i>	724,560	638,906
<i>Of which tier 2</i>	36,698	34,569
<i>Of which tier 3</i>	–	–
Group MCR	415%	390%

As at 31 December 2025, the majority of eligible own funds to cover the Group SCR were tier 1 funds. In addition, eligible own funds included subordinated liabilities classified as tier 2 eligible own funds (subordinated bonds issued in October 2019) and subordinated liabilities classified as tier 3 eligible own funds (subordinated bonds issued in October 2024).

As at 31 December 2025, the Group complied with the regulatory requirements regarding the level and quality of capital to cover the Group SCR and the Group MCR, as its solvency ratio of 218% was well above the regulatory requirement of 100%, and the MCR ratio was 415%. The Group's risk strategy for 2023 to 2027 set the Group's optimal solvency ratio in the range of 170% to 210%. This demonstrates that the Group is well capitalised, also according to its own criteria.



A.

**BUSINESS
AND
PERFORMANCE**

A.1 Business

Name and legal form of the parent company

Sava Re d.d.
 Dunajska Cesta 56
 SI-1000 Ljubljana
 Slovenia

Composition of the Group

Sava Re, the parent company of the Sava Insurance Group (hereinafter the Group or the Sava Insurance Group), conducts 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 Zavarovalnica Vita (SVN), Sava Životno Osiguranje (SRB) and Illyria Life (RKS). In addition to the listed (re)insurance companies, the Group also includes the following direct subsidiaries and one associate company:

- Sava Pokojninska (SVN): a Slovenian pension company;
- Sava Penzisko Društvo (MKD): a pension fund manager based in North Macedonia that manages second- and third-pillar pension funds;
- Sava Infond (SVN): a subsidiary that manages investment funds;
- TBS Team 24 (SVN): a company that provides assistance services for motor, health and homeowners insurance;
- DCB (SVN): an associate company that carries out hospital activities;
- Vita S Holding (MKD): a subsidiary engaged in healthcare activities;
- ASP (SRB): a subsidiary providing development and maintenance services for core IT systems.

The following table shows the composition of the Group.

Composition of the Group as at 31 December 2025⁷

Country	Company	Holding
Slovenia	Sava Re (SVN)	
	Zavarovalnica Sava (SVN)	Sava Re: 100.0%
	ZS Svetovanje (SVN)	Zavarovalnica Sava: 100.0%
	Zavarovalnica Vita (SVN)	Sava Re: 100.0%
	Sava Infond (SVN)	Sava Re: 84.0% Zavarovalnica Sava: 15.0%
	Sava Pokojninska (SVN)	Sava Re: 100.0%
	TBS Team 24 (SVN)	Sava Re: 90.0%
	DCB (SVN)	Sava Re: 40.1%
Serbia	Sava Neživotno Osiguranje (SRB)	Sava Re: 100.0%
	Sava Životno Osiguranje (SRB)	Sava Re: 100.0%
	Sava Car (SRB)	Sava neživotno osiguranje (SRB): 100.0%
	ASP (SRB)	Sava Re: 100.0%
Montenegro	Sava Osiguranje (MNE)	Sava Re: 100.0%
	Sava Agent (MNE)	Sava Osiguranje (MNE): 100.0%
	Sava Car (MNE)	Sava osiguranje (MNE): 100.0%
Kosovo	Illyria Life (RKS)	Sava Re: 100.0%
	Illyria (RKS)	Sava Re: 100.0%

⁷ The percentages in the diagram refer to shareholdings. The shareholdings provided for Sava Infond and DCB differ from the voting rights held by these companies. The Group's annual report provides information on all companies, including shareholdings and voting rights.

North Macedonia	Sava Osiguruvanje (MKD)	Sava Re: 93.86%
	Sava Station (MKD)	Sava Osiguruvanje (MKD): 100.0%
	Sava Penzisko Društvo (MKD)	Sava Re: 100.0%
	Vita S Holding (MKD)	Sava Re: 75.0%
	PZU Vita S (MKD)	Vita S Holding (MKD): 100.0%

Direct subsidiary
Indirect subsidiary
Associate company

At the beginning of 2026, Sava Re acquired a 2% stake in TBS Team 24 (SVN).

Appendix B “Quantitative reporting templates”, form [S.32.01.22 Undertakings in the scope of the Group](#), contains details of all companies in the Sava Insurance Group. The following tables provide details of all Group companies in which Sava Re has a direct equity interest.

Subsidiaries and associates as at 31 December 2025

	Zavarovalnica Sava (SVN)	Sava Neživotno Osiguranje (Serbia)	Illyria (RKS)	Sava Osiguruvanje (North Macedonia)	Sava Osiguranje (Montenegro)
Registered office	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Bulevar Vojvode Mišića 51, 11040 Belgrade, Serbia	Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo	Železnička 41, Opština Centar, PF 133, 1000 Skopje, North Macedonia	Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro
Main activity	insurance	non-life insurance	non-life insurance	non-life insurance	non-life insurance
Share capital (EUR)	68,417,377	6,314,464	7,228,040	3,820,077	4,033,303
Nominal value of combined shareholdings of all Group companies (EUR)	68,417,377	6,314,464	7,228,040	3,585,524	4,033,303
% equity interest / voting rights held by Group members	Sava Re: 100.0%	Sava Re: 100.0%	Sava Re: 100.0%	Sava Re: 93.86%	Sava Re: 100.0%
Profit or loss for 2025 (EUR)	68,876,604	3,912,483	1,592,097	1,010,108	3,412,852
Position in the Group	subsidiary insurance company	subsidiary insurance company	subsidiary insurance company	subsidiary insurance company	subsidiary insurance company
	Illyria Life (RKS)	Sava Životno Osiguranje (Serbia)	Sava Pokojninska (SVN)	TBS Team 24 (SVN)	Sava Penzisko Društvo (MKD)
Registered office	Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo	Bulevar Vojvode Mišića 51, 11040 Belgrade, Serbia	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Dimche Mirchev br. 20, 1000 Skopje, North Macedonia
Main activity	life insurance	life insurance	pension fund	provision of assistance services	fund management activities
Share capital (EUR)	3,285,893	4,326,664	6,301,109	8,902	2,110,791
Nominal value of combined shareholdings of all Group companies (EUR)	3,285,893	4,326,664	6,301,109	8,012	2,110,791
% equity interest / voting rights held by Group members	Sava Re: 100.0%	Sava Re: 100.0%	Sava Re: 100.0%	Sava Re: 90.0%	Sava Re: 100.0%
Profit or loss for 2025 (EUR)	866,642	1,781,408	859,639	2,236,859	3,162,303
Position in the Group	subsidiary insurance company	subsidiary insurance company	subsidiary pension company	subsidiary	subsidiary pension company
	DCB (SVN)	Sava Infond (SVN)	Zavarovalnica Vita (SVN)	Vita S Holding (MKD)	ASP (SRB)
Registered office	Pod Skalo 4, 4260 Bled, Slovenia	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Trg Republike 3, 1000 Ljubljana, Slovenia	Ul. 50-ta Divizija br. 24A, Opština Centar, 1000 Skopje, North Macedonia	Bulevar Kralja Aleksandra 17, 11000 Belgrade, Serbia

Main activity	hospital activities	fund management activities	life insurance	non-specialised wholesale trade	computer programming
Share capital (EUR)	379,123	1,460,524	7,043,900	1,820,000	1,129
Nominal value of combined shareholdings of all Group companies (EUR)	189,562	1,460,524	7,043,900	1,365,000	1,129
% equity interest / voting rights held by Group members	Sava Re: 40.1%/50.0%	Sava Re: 84.00%/84.85% Zavarovalnica Sava: 15.00%/15.15%	Sava Re: 100.0%	Sava Re: 75.0%	Sava Re: 100.0%
Profit or loss for 2025 (EUR)	1,875,081	6,359,277	10,260,412	-283,850	73,959
Position in the Group	associate company	subsidiary	subsidiary insurance company	subsidiary	subsidiary

Following are details of the parent company, Sava Re, as its supervisory board also oversees the operations of the Sava Insurance Group and its auditor audits the Group's financial statements with notes and issues an independent auditor's assurance report on the Group's solvency and financial condition report.

Name and contact details of the authority responsible for supervising the parent company

Insurance Supervision Agency
Trg Republike 3
SI-1000 Ljubljana
Tel.: +386 1 2528 600
Telefax: +386 1 2528 630
Email: agencija@a-zn.si

Name and contact details of the parent company's external auditor

Deloitte Revizija d.o.o.
Dunajska Cesta 165
SI-1000 Ljubljana
Slovenia
Telephone: +386 1 307 28 00
Telefax: +386 1 307 29 00

In 2025, two contracts were signed with Deloitte Revizija d.o.o., Dunajska Cesta 165, 1000 Ljubljana, one for auditing the Company's financial statements and the Group's consolidated financial statements, and the other for providing limited assurance on the Group's consolidated sustainability report. Both contracts covered the financial years of 2025, 2026 and 2027.

Deloitte has also audited the financial statements of Sava Re and the consolidated financial statements of the Sava Insurance Group for 2025, as well as for the 2022, 2023 and 2024 financial years. In 2025, most of the Group's subsidiaries were audited by the local auditing staff of the same auditing firm. The 2025 financial statements of four Group members were audited by other audit firms.

Holders of qualifying holdings in the Company as at 31 December 2025

Shareholder	Number of shares	Holding	% of voting rights
InterCapital Securities Ltd. – fiduciary account	3,296,436	19.1%	21.3%
Slovenian Sovereign Holding	3,043,883	17.7%	19.6%
Republic of Slovenia	2,392,436	13.9%	15.4%
European Bank for Reconstruction and Development (EBRD)	1,071,429	6.2%	6.9%
OTP Banka d.d. – fiduciary account	917,063	5.3%	5.9%

Source: Central securities register KDD d.d.

Note:

Pursuant to Article 235a of the Slovenian Companies Act (ZGD-1), in April 2023 Sava Re started the process of identifying shareholders who are registered with intermediaries as holders of shares and who are not themselves intermediaries (ultimate shareholders). According to the information received, Croatia Osiguranje d.d. held 3,278,049 POSR shares on 24 April 2025.

Major lines of business transacted and the Group's key markets⁸

In 2025, the Group's main lines of business were:

- other motor insurance and proportional reinsurance,
- motor vehicle liability insurance and proportional reinsurance,
- fire and other damage to property insurance and proportional reinsurance, and
- unit-linked life insurance.

These lines of business accounted for 70.2% of the total gross premiums written (2024: 70.3%).

Gross premiums written by material line of business

EUR thousand	2025	2024	Index
Other motor insurance and proportional reinsurance	240,844	224,995	107.0
Motor vehicle liability insurance and proportional reinsurance	201,208	191,534	105.1
Fire and other damage to property insurance and proportional reinsurance	195,879	169,652	115.5
Unit-linked life	128,628	116,815	110.1
Other lines of business	326,175	297,341	109.7
Total	1,092,733	1,000,337	109.2

The Group operates in the Slovenian market and globally. The following table shows the Group's major markets in terms of premiums written in 2025.

As shown in the table, the Group sourced the majority of its premium income from Slovenia, other countries in the Adriatic region, China and South Korea.

⁸ This subsection presents consolidated data based on Solvency II valuations, excluding Sava Pokojninska and Sava Penzisko Društvo; therefore, the figures do not agree with the IFRS valuation.

Major countries in which the Group operates

EUR thousand	Gross premiums written in 2025	Gross premiums written in 2024	Index
Slovenia	764,194	721,254	1.1
Serbia	73,164	63,345	1.2
Kosovo	27,109	23,774	1.1
Montenegro	26,090	22,648	1.2
North Macedonia	24,247	22,277	1.1
Croatia	23,983	21,730	1.1
China	11,506	12,596	0.9
South Korea	8,730	9,863	0.9

Significant events in 2025

- The composition of the supervisory board changed in 2025. Davor I. Gjivoje Jr began his third four-year term of office as a member of the supervisory board on 9 March 2025. At the 41st shareholders' meeting, three members of the supervisory board were elected for a four-year term: Mojca Androjna, Klemen Babnik and Nataša Damjanovič, all with terms of office starting on 18 July 2025. At its constitutive session on 22 July 2025, the newly formed supervisory board noted that the previous supervisory board had appointed Davor I. Gjivoje Jr as chairman in March 2025, for a four-year term beginning on 9 March 2025. The members confirmed that the appointed chairman would continue to serve in this role within the new supervisory board structure. From among its members, the supervisory board elected Klemen Babnik as deputy chairman. In addition, members were appointed to the four supervisory board committees: the audit committee, the risk committee, the nominations and remuneration committee, and the fit and proper committee.
- At the beginning of 2025, Vita S Holding, a North Macedonian subsidiary, established the private healthcare institution PZU Vita S in North Macedonia.
- In January 2025, a petition was filed to initiate the summary dissolution of Asistim, a subsidiary of Zavarovalnica Sava, without liquidation. The company was struck off the register of companies in March 2025.
- In April 2025, Sava Re was notified that Croatia Osiguranje d.d. had acquired 838,197 POSR shares from its parent company Adris Grupa d.d. on 4 April 2025. The total shareholding of Adris Grupa's related parties in Sava Re remained unchanged after the transaction and amounted to 19.04%.
- In accordance with the Company's 2025 financial calendar, the 41st general meeting of shareholders was held on 26 May 2025. At the general meeting, the shareholders approved, among other things, the proposal of the management and supervisory boards to allocate EUR 34,869,816.00 of the profit for the distribution of dividends. A gross dividend of EUR 2.25 per share was paid out on 11 June 2025 to the shareholders of record on 10 June 2025. Three members of the supervisory board were elected at the general meeting for a four-year term of office. The Company published all the resolutions passed at the 41st general meeting of shareholders on its website immediately after the meeting.
- In June 2025, the rating agency S&P Global Ratings upgraded the ratings of Sava Re and Zavarovalnica Sava to "A+", with a stable outlook.
- In October 2025, following its regular annual rating review of Sava Re's operations, the rating agency AM Best affirmed its "A" ratings with a stable outlook.

Significant events after the reporting date

- On 28 November 2025, the Insurance Supervision Agency issued an order to three companies – Adris Grupa d.d., Croatia Osiguranje d.d. and Erste d.o.o. – requiring them to dispose of their shares as unauthorised holders of a qualifying holding in Sava Re. It found that these companies were

deemed to be joint holders of a qualifying holding of 23.89% in Sava Re, for which they had not obtained the Agency's authorisation. The Agency ordered the unauthorised holders to dispose of all Sava Re shares through which they reached or exceeded a 20% holding in the share capital within three months of receiving the order. Until the disposal of these shares, the companies may not exercise the voting rights attached to them; these rights are temporarily attributed to the voting rights of other shareholders in proportion to their holdings. The order became final in 2026. In February 2026, an action in an administrative dispute was filed against the order, together with a motion for an interim injunction. Also in February 2026, the Administrative Court of the Republic of Slovenia temporarily stayed, pending a final decision, the enforcement of the part of the order relating to the obligation to dispose of the shares, while the other provisions of the order, including the restriction of voting rights, remained in force.

- On 25 February 2026, Sava Re received a notice of resignation from Davor I. Gjivoje Jr from his positions as a member and chairman of the Company's supervisory board. The resignation took effect on the same day. At its session on 5 March 2026, the supervisory board appointed Klemen Babnik as the new chairman and Mojca Androjna as deputy chair of the supervisory board, both from among its members.
- In light of developments in the Middle East at the time this report was prepared, we have prepared an analysis of the Group's exposure to the region based on currently available information. The analysis has shown that the Group has no significant business exposure in the region. The impact of the events in the region on global financial markets remains unpredictable. The potential effects of the changed conditions in the financial markets on the Group's equity and financial statements are presented in the Annual Report of the Sava Insurance Group and Sava Re d.d. for 2025 (the Group's annual report) – the sensitivity analyses relating to individual financial risks set out in section C.3.6.4. In this report, we present sensitivity analyses in accordance with the SII valuation in sections [C.2 Market Risk](#) and [C.3 Credit Risk](#).

The impacts of the realisation of a downside financial scenario on solvency have been tested by the Group in the Own Risk and Solvency Assessment (ORSA), which has demonstrated the robustness of the Group's capital adequacy. We consider the unstable geopolitical situation as one of the most significant strategic risks for the Group, and we have addressed it as one of the principal challenges in the area of risk in section [C.7 Other material risks](#).

Difference in scope of consolidated IFRS and Solvency II balance sheets

The Group uses the full consolidation method for preparing the IFRS consolidated financial statements of all its companies, except for the associate DCB, which is consolidated using the equity method. However, for the purpose of valuation of the Solvency II balance sheet, all (re)insurance undertakings of the Group and all ancillary services undertakings are consolidated in accordance with Article 335(1), point (a), of the Delegated Regulation. Sava Pokojninska and Sava Infond are consolidated in accordance with Article 335(1), point (e), of the Delegated Regulation, whereas the subsidiaries Sava Penzisko Društvo and Vita and the associate DCB are consolidated in accordance with Article 335(1), point (f), of the Delegated Regulation.

A.2 Underwriting performance

Supplementary accident insurance is shown as part of the life insurance operating segment; in Solvency II reporting, this business is shown under the income protection insurance and proportional reinsurance item.

Summary income statement

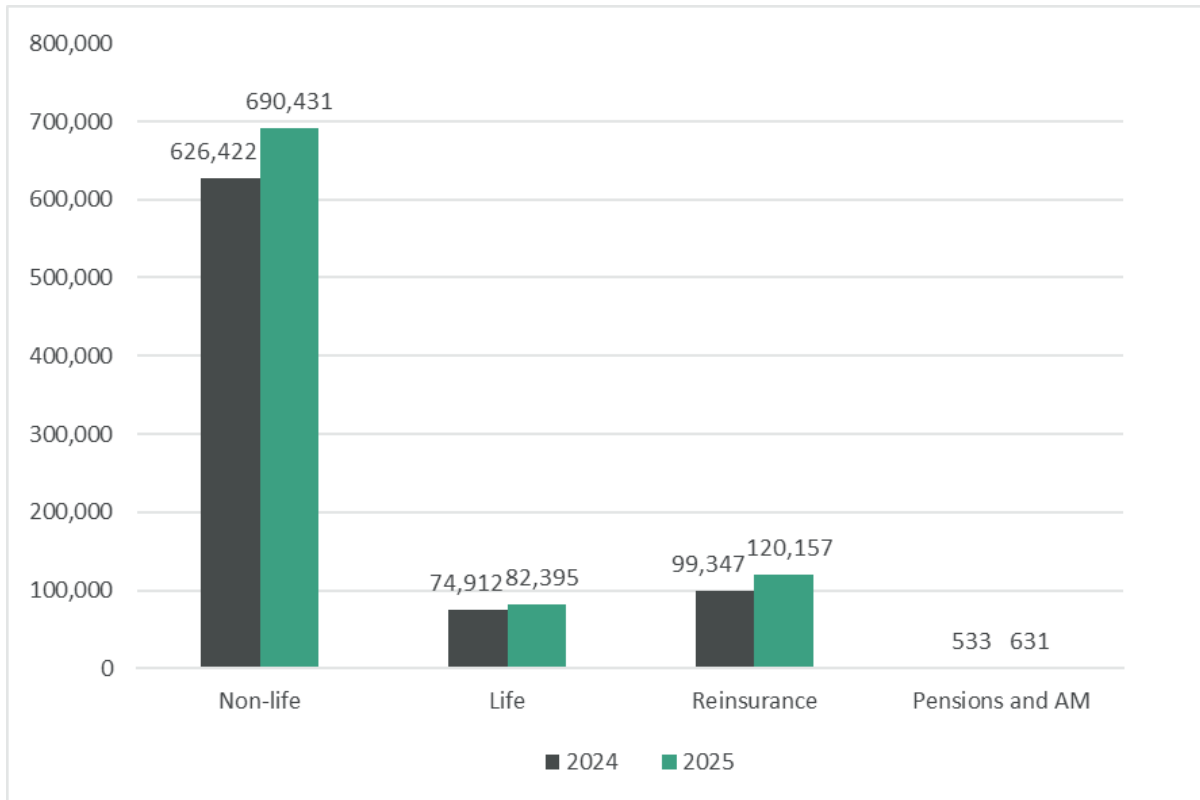
EUR thousand	2025	2024	Change	Index
Insurance revenue	893,614	801,214	92,401	111.5
Insurance service expenses	-737,013	-690,671	-46,342	106.7
Claims incurred	-463,526	-448,607	-14,919	103.3
Operating expenses, including non-attributable expenses	-271,978	-243,258	-28,719	111.8
Onerous contracts	-1,509	1,194	-2,704	-
Result before reinsurance	156,601	110,542	46,058	141.7
Reinsurance result	-38,056	-30,254	-7,802	125.8
Insurance result	118,545	80,288	38,256	147.6
Investment result	36,751	38,469	-1,719	95.5
Insurance finance result	-15,348	-13,581	-1,766	113
Expenses from financial liabilities	-6,019	-3,969	-2,050	151.6
Net foreign exchange losses	-882	-612	-270	144.1
Finance result	14,502	20,307	-5,805	71.4
Non-insurance revenue	36,860	31,360	5,500	117.5
Other costs	-32,797	-28,602	-4,195	114.7
Other net income	6,859	6,450	409	106.3
Profit or loss before tax	143,968	109,802	34,165	131.1
Income tax expense	-29,915	-21,956	-7,959	136.3
Net profit or loss for the period	114,053	87,847	26,206	129.8

	2025	2024	Change
Combined ratio	87.4%	91.3%	-3.9 pp
Loss ratio	59.5%	63.2%	-3.7 pp
Expense ratio	27.9%	28.1%	-0.2 pp
Return on investment portfolio	2.1%	2.5%	-0.4 pp
Return on equity	15.9%	13.6%	+2.3 pp

The **insurance result** amounted to EUR 118.5 million, an increase of 47.6%, due to revenue growth resulting from increased business volume and very favourable claims experience. For the Sava Insurance Group, 2025 was a favourable year in terms of severe weather events, with an impact on the Group's result that was EUR 26.6 million lower than in 2024. The Group also recorded fewer man-made major claims. Consequently, the **result before reinsurance** increased by as much as 41.7%. However, the **reinsurance result** decreased because of the higher cost of reinsurance, resulting from portfolio growth, broader coverage and premium rate increases.

Insurance revenue totalled EUR 893.6 million, an increase of 11.5%, due to growth in premiums. This growth was primarily driven by growth in non-life insurance and reinsurance. Insurance revenue grew across all segments.

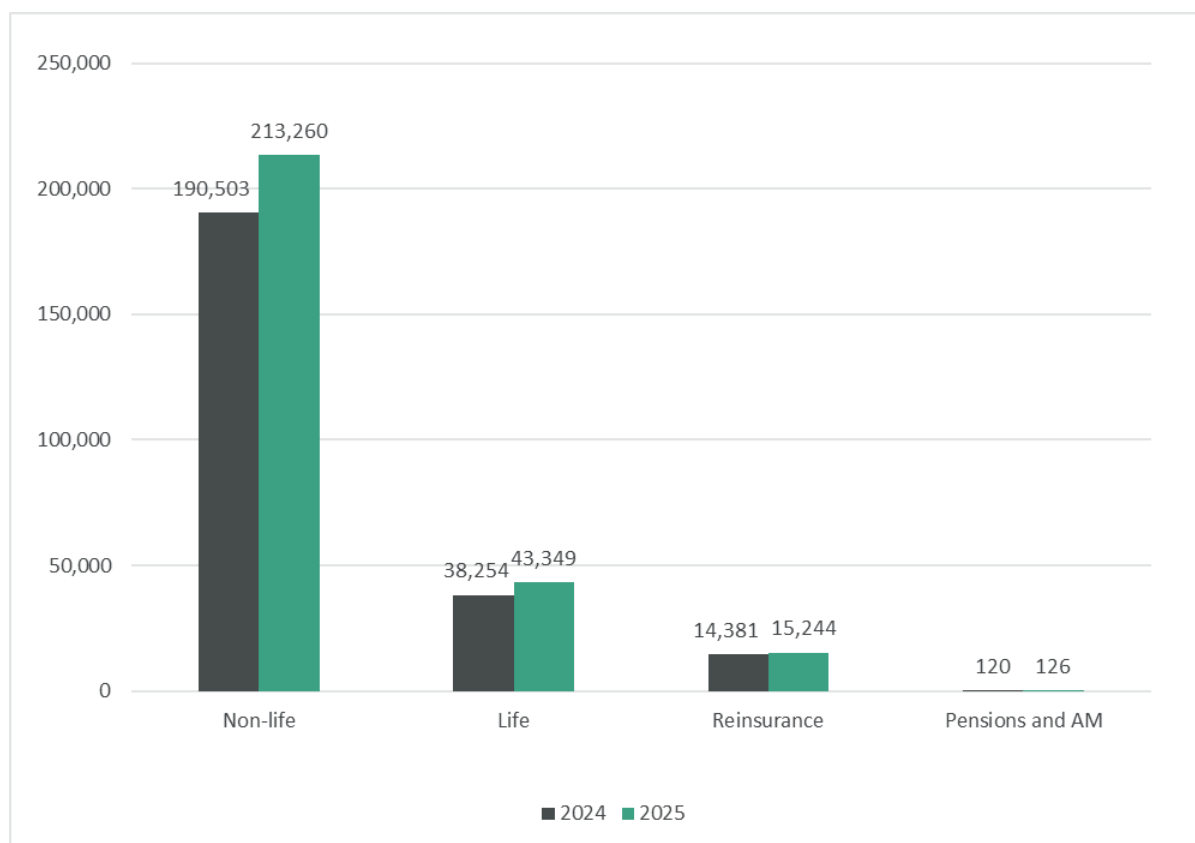
Insurance revenue by segment (EUR thousand)



Incurring claims totalled EUR 463.5 million, representing only a slight increase on the previous year. In the non-life segment, incurred claims decreased due to more favourable claims experience, particularly in relation to natural catastrophes and other major claims.

Operating expenses amounted to EUR 272.0 million, up 11.8%. Acquisition costs increased due to higher sales, as did other expenses. This was primarily due to a higher business volume, and investments in employee development and remuneration, as well as in the development and security of information technology.

Operating expenses by segment (EUR thousand)



The finance result amounted to EUR 14.5 million, which was 28.6% lower than in 2024. The main contributor to this result was higher finance expenses, arising from interest on the subordinated bonds issued in the second half of 2024. The insurance finance result also declined due to increased expenses linked to the larger insurance portfolio and movements in interest rates. The investment portfolio grew in line with the expansion of the underwriting portfolio, resulting in higher interest income, while the investment result weakened, primarily due to the one-off impact of bond disposals. The return on the investment portfolio was 2.1%.

Non-insurance revenue totalled EUR 36.9 million, marking a 17.5% increase. The bulk of this revenue relates to asset management (EUR 27.5 million), which increased by EUR 3.9 million due to the growth in assets under management resulting from high net inflows and returns generated by the funds. Other income (EUR 9.3 million) relates mainly to assistance services, which increased by EUR 1.4 million owing to the greater business volume.

With the growth in non-insurance revenue, the costs of these activities also increased, amounting to EUR 32.8 million. However, their growth (14.7%) lagged behind the growth in revenue.

Other net income totalled EUR 6.9 million, up 6.3%, primarily as a result of one-off expenses in 2024.

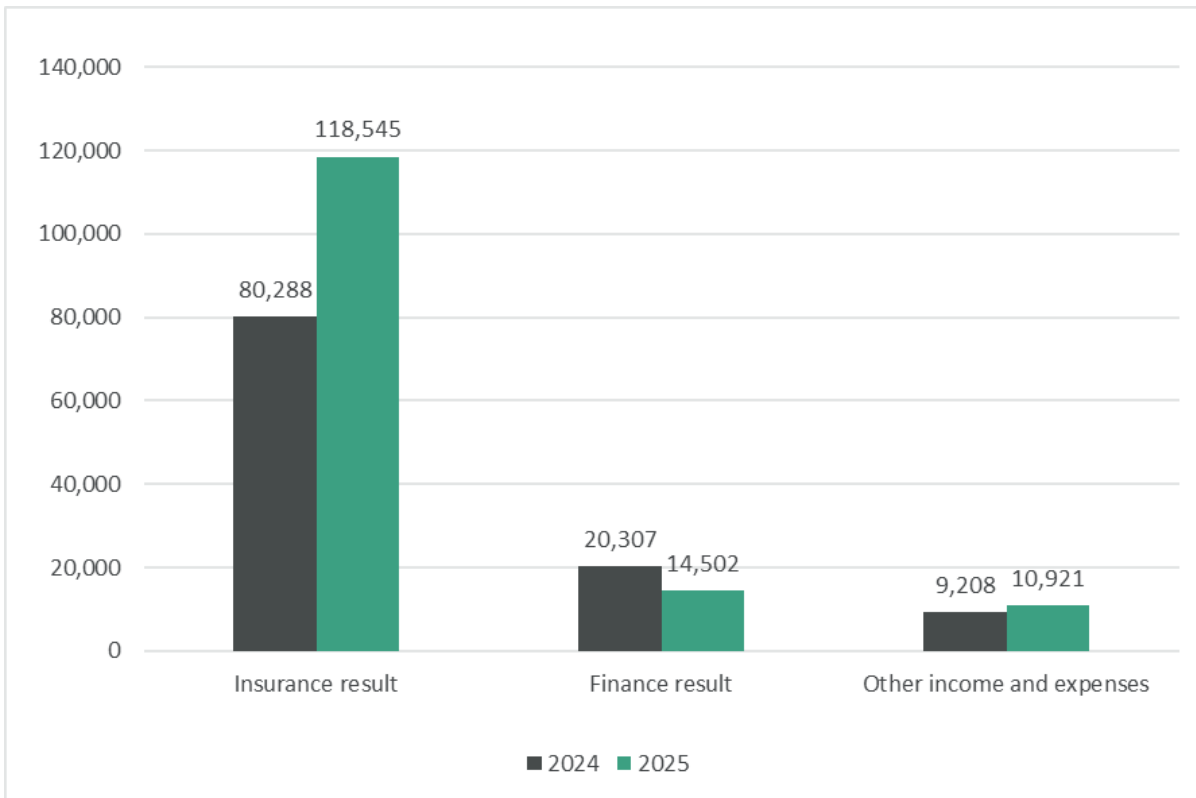
The **combined ratio** improved, mainly due to a better **loss ratio** resulting from more favourable loss experience and revenue growth. As the growth in expenses lagged behind revenue growth, the **expense ratio** also improved.

Profit before tax stood at EUR 144.0 million, up 31.1%. This was primarily due to the aforementioned improvement in the insurance result. Most operating segments ended 2025 with a higher profit before tax than in 2024.

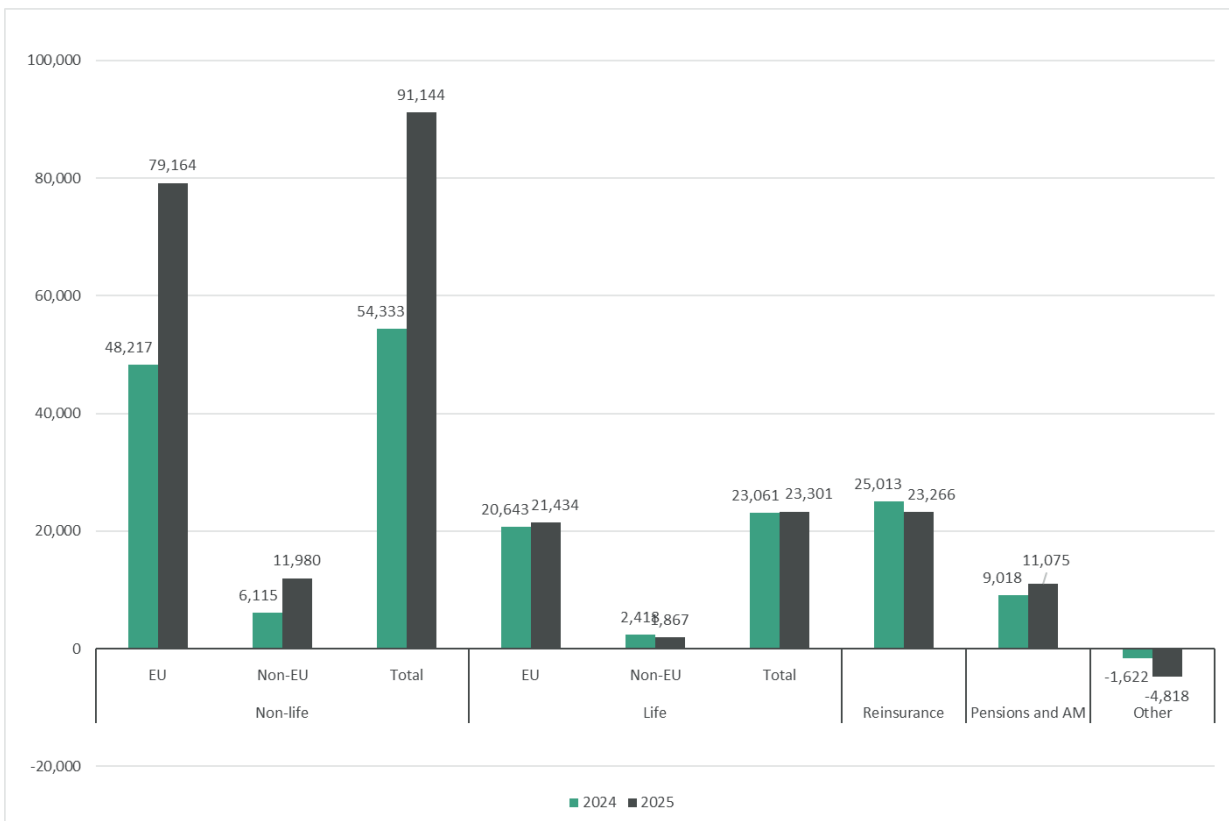
In line with growth in profit before tax, the **net profit for the period** also increased, by 29.8% to EUR 114.1 million.

As a result, the **return on equity** was higher, at 15.9%.

Composition of profit or loss before tax (EUR thousand)



Composition of profit or loss before tax by segment (EUR thousand)



A.3 Investment performance

Investment income and expenses by type

EUR thousand	2025	2024
Interest income at effective interest rate	31,707	27,003
Change in fair value of FVTPL investments	3,989	3,517
Dividends from equity investments and income from alternative funds	2,719	3,980
Other investment income/expenses	-2,602	2,188
<i>Interest income on FVTPL investments</i>	323	546
<i>Gains/losses on disposal of FVTPL investments</i>	158	92
<i>Gains/losses on disposal of other IFRS asset categories</i>	-3,508	167
<i>Change in expected credit losses (ECL)</i>	-652	501
<i>Income or expenses from investment property</i>	1,267	1,092
<i>Other income or expenses</i>	-190	-210
Investment result	35,813	36,688
Income from investments in associate companies	938	1,781
Net investment income on investment portfolio	36,751	38,469

Net investment income of the pension companies' investment portfolios totalled EUR 36.8 million in 2025, down by EUR 1.7 million year on year. Despite higher interest income, this figure decreased primarily due to the one-off impact of bond sales.

The data in the "Investment income and expenses by type" table does not include foreign exchange differences, which amounted to a loss of EUR 9.9 million in 2025. Net investment income on the investment portfolio, including exchange differences, amounted to EUR 26.8 million.

Net investment income by asset class

EUR thousand	Interest income or expenses	Change in fair value and gains or losses on disposal of FVTPL assets	Gains or losses on disposal of other IFRS asset categories	Income from dividends and shares – other investments	Impairment losses on investments	Foreign exchange gains or losses	Change in expected credit losses (ECL)	Other income or expenses	Total	Net unrealised gains or losses on investments of life policies that bear the investment risk	Income or expenses relating to associates and impairment losses on goodwill
2025											
Investments measured at amortised cost	3,995	0	0	0	0	-897	-272	-142	2,684	44	
Debt instruments	1,985	0	0	0	0	24	-106	-115	1,788	8	
Cash and cash equivalents	434	0	0	0	0	-921	0	0	-487	36	
Deposits and CDs	1,181	0	0	0	0	0	-63	-27	1,091	0	
Loans	395	0	0	0	0	0	-103	0	293	0	
Investments measured at fair value through profit or loss	322	4,147	0	378	0	-1,389	0	1,572	5,031	63,546	
Mandatorily measured at fair value through profit or loss, not held for trading	322	4,147	0	378	0	-1,389	0	1,572	5,031	63,546	
Debt instruments	322	167	0	0	0	0	0	0	489	0	
Equity instruments	0	3,949	0	378	0	-170	0	0	4,158	63,546	
Investments in infrastructure funds	0	219	0	0	0	-1,219	0	1,147	147	0	
Investments in property funds	0	-188	0	0	0	0	0	425	237	0	
Investments measured at fair value through other comprehensive income	27,710	0	-3,508	761	0	-7,632	-380	-46	16,905	570	938
Debt instruments	27,710	0	-3,508	0	0	-7,632	-380	7	16,197	570	
Equity instruments	0	0	0	761	0	0	0	74	835	0	938
Other investments	0	0	0	0	0	0	0	-127	-127	0	
Receivables	0	0	0	0	0	0	0	0	0	0	
Debt instruments	0	0	0	0	0	0	0	0	0	0	
Investment property	0	0	0	0	0	0	0	1,275	1,275	0	
Investment property	0	0	0	0	0	0	0	1,275	1,275	0	
Total	32,028	4,147	-3,508	1,139	0	-9,918	-652	2,659	25,895	64,160	938

The Group recognises unrealised gains and losses on FVOCI investments in accumulated other comprehensive income from financial investments. The following table shows the movement in accumulated other comprehensive income from financial investments.

Movement in accumulated other comprehensive income from financial investments

EUR thousand	2025	2024
Balance as at 1 January	-56,076	-76,776
Change in fair value	13,323	25,694
Transfer of negative accumulated other comprehensive income from financial investments to profit or loss due to impairment	0	0
Transfer from accumulated other comprehensive income from financial investments to profit or loss due to sale	3,506	-132
Deferred tax	-3,763	-5,366
Balance as at 31 December	-43,011	-56,076

Accumulated other comprehensive income from financial investments increased in 2025 compared to the previous year, mainly due to the higher debt securities prices and the transfer of accumulated other comprehensive income from financial investments to profit or loss due to sales.

The Group holds no direct securitised assets.

A.4 Performance of other activities

Other income and expenses

Other income includes income from fines and compensation received, gains on the sale of property, plant and equipment assets, income from roadworthiness testing services and related administrative services, extraordinary interest income (interest on unpaid premiums, realised enforcement proceedings, bankruptcy proceedings, pre-enforcement reminders and compensations relating to paid claims), and income from the use of holiday units and income from assistance services. In 2025, the Group realised other income of EUR 19.5 million (2024: EUR 18.2 million).

Other expenses include non-technical items: allowances for and impairment losses on other receivables; expenses on the impairment of property, plant and equipment assets not directly used in insurance activities; expenses related to discounts for the early payment of property insurance premiums; and other extraordinary expenses. In 2025, the Group realised other expenses of EUR 32.6 million (2024: EUR 30.7 million).

Lease contracts

The Group earns a small part of its income from leases. It has operating lease arrangements for its real property. Leases are recognised as assets (investment property) in the Group's balance sheet and rental income is recognised over the lease term in accordance with the lease agreements.

The Group generated EUR 1.5 million of income from the lease of its investment property in 2025 (2024: EUR 1.6 million). Maintenance costs associated with investment property are either included in the rent or charged to the lessee. Costs covered by the Group in 2025 totalled EUR 165 thousand (2024: EUR 142 thousand).

Material intra-Group business

The following tables show material intra-Group transactions.

Income and expenses relating to Group companies

EUR thousand	2025	2024
Insurance revenue	81,253	72,318
Insurance service expenses	-55,535	-56,559
Finance result from insurance contracts	-2,494	-3,302
Other operating expenses	-316	-291
Dividend income	60,473	39,036
Other income	465	396
Interest income	101	120
Total	83,946	51,717

Investments in and amounts due from Group companies

EUR thousand	31 December 2025	31 December 2024
Loans granted to Group companies	1,826	2,342
Other short-term receivables	96	115
Total	1,923	2,457

Liabilities to Group companies include solely other current liabilities of EUR 11.8 thousand as at 31 December 2025 (31 December 2024: EUR 12.6 thousand).

A.5 Any other information

The Group has no other material information relating to its performance.



B.

**SYSTEM
OF GOVERNANCE**

B.1 General information on the system of governance

B.1.1 Governance of the Sava Insurance Group

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

The system of governance in each company of the Sava Insurance Group is proportionate to the nature, scale and complexity of its business operations. Each Group company establishes its own system of governance that is optimal for both the company and the Group. As a rule, Group companies adopt a one-tier board system, provided this is in accordance with local legislation and appropriate to the nature, scale and complexity of each company's operations. The Group parent company, Zavarovalnica Sava, Zavarovalnica Vita, Sava Pokojninska, Sava Infond and DCB operate on a two-tier board system.

The parent company fully exercises its governance function by setting the business strategy from the top down, taking into account both the Group as a whole and its individual companies. In order to ensure optimal capital allocation and resilience of the Group against unforeseen events, capital allocation and capital adequacy are managed at the Group level following the top-down principle.

The Group has set up a systematic risk management framework that includes risk management at the level of individual companies, appropriate monitoring of the risks of individual companies by the parent company, as well as risk management at the Group level. The latter takes into account any interaction between the risks of individual companies, in particular risk concentration and other material risks associated with the operation of the Group. The risk strategy sets the risk appetite at both the Group and operating segment level.

The management and supervisory bodies of Sava Insurance Group subsidiaries individually pursue the same values and corporate governance policies as the parent company, unless otherwise required by law, the local regulator or provisions relating to proportionality. Therefore, as part of their responsibility for corporate governance with regard to the implementation of Group policies, the management or supervisory bodies of each Group company ensure that all required adjustments to local legislation are made, as well as any other necessary adjustments. The companies determine which adjustments are necessary to Group policies in accordance with the procedures set out therein, ensuring compliance with applicable laws and regulations as well as the rules of sound and prudent operation.

Supervision of individual Sava Insurance Group companies

In order to ensure transparent and effective governance and supervision of Group subsidiaries, the parent company's subsidiary supervision is divided into the following three parts:

- governance supervision (through governing bodies),
- business function supervision (through heads of business functions),
- additional supervision (through key function holders).

Communication between Sava Insurance Group companies

Twice yearly, Sava Re organises a Group strategic conference to discuss the strategic directions to be applied in planning the operations of Group companies, new developments in individual business functions and the current performance of each company. Thus, strategic conferences aim to improve communication on Group strategy and policy at the top management level.

The Group organises professional training in different business areas several times a year to unify the Group's business processes, transfer knowledge and promote corporate culture and best practices.

B.1.2 Governing bodies

General meeting of shareholders

The general meeting of shareholders is the supreme body of a company through which its shareholders exercise their rights in company matters.

The terms of reference of each company's general meeting are determined in accordance with the legislation of each country and the company's articles of association. The terms of reference of the general meeting cover three areas:

- personnel decisions (appointment and removal of members of the supervisory board, board of directors, supervisory committee, discharge of members of the management or supervisory bodies, vote of no confidence, appointment of the external auditor);
- business decisions (adoption of the annual report unless approved by the management or supervisory bodies, appropriation of distributable profit, consenting business decisions if specifically required by the senior management);
- fundamental decisions concerning the company (adopting and amending articles of association, increasing and decreasing share capital, winding up and transforming in terms of status).

General meetings of shareholders of Group companies are generally convened at least once a year, at the latest within the time limit provided by the legislation of each country. The general meeting may also be convened in other cases, as provided by national legislation, the Group company's articles of association, and whenever this is in the Group company's interest. As a rule, the general meeting is convened by the company's chief executive body. National legislation stipulates the circumstances in which the general meeting may also be convened by other bodies of the company or the shareholders themselves.

Details on the convening of the general meeting of a Group company, shareholder rights regarding the general meeting, conditions for attending the general meeting and the exercising of voting rights are set out in each country's legislation and the Group company's articles of association and rules of procedure of the general meeting. Guidelines for preparing the general meeting of a Group subsidiary are provided in the Sava Insurance Group's control and supervision rules.

Supervisory body (supervisory board, board of directors, supervisory committee and similar)

In this section, the term supervisory board is used as a generic term for any supervisory body.

The rules applicable to a supervisory board in a two-tier system also apply to a supervisory committee or board of directors in a one-tier system, unless otherwise specified.

The supervisory board oversees the company's conduct of business during the financial year, in line with the company's business strategy and financial plan. In addition, it must comply with national legislation and the company's articles of association and other acts.

It meets at least five times a year, generally after the end of each quarter, to review the annual and interim financial reports, while one session is devoted to the approval of planning documents. The board of directors and supervisory committee in companies with a one-tier system generally meet more frequently. The supervisory board annually prepares a schedule of sessions for its own use and for its committees, specifying the dates and content of each session, including in particular those sessions that are obligatory due to the required publication of business results or that have become standard practice in the past.

The number of supervisory board members must meet the minimum requirements of the legislation of each country in which the company is registered. This number must be proportionate to the nature, scale and complexity of the business of each company. The supervisory board is composed so as to ensure responsible oversight and decision-making in the best interest of the company.

When composing the supervisory board, each Group company seeks to take into account the diversity in terms of technical knowledge, experience and skills, and the way in which candidates complement each other so as to form a homogenous team and ensure sound and prudent oversight of the company's affairs.

The rules of procedure of the supervisory board are set out in internal acts of individual companies.

The supervisory board of Sava Re in 2025

In 2025, the supervisory board comprised the following six members:

- until 17 July 2025: Davor Ivan Gjivoje Jr (chairman), Keith William Morris (deputy chairman), Klemen Babnik, Matej Gomboši, Edita Rituper and Blaž Garbajs;
- from 18 July 2025: Davor Ivan Gjivoje Jr (chairman), Klemen Babnik (deputy chairman), Mojca Androjna, Nataša Damjanovič, Edita Rituper and Blaž Garbajs.

Composition of the supervisory board in 2025

Member	Position	Beginning of term of office	Duration of term of office
Davor Ivan Gjivoje Jr	chair	8 March 2021	25 February 2026
Keith William Morris	deputy chair	17 July 2021	17 July 2025
Klemen Babnik	member, deputy chair since 18 July 2025	17 July 2021	18 July 2029
Matej Gomboši	member	17 July 2021	17 July 2025
Mojca Androjna	member	18 July 2025	18 July 2029
Nataša Damjanovič	member	18 July 2025	18 July 2029
Edita Rituper	member, employee representative	13 June 2023	13 June 2027
Blaž Garbajs	member, employee representative	13 June 2023	13 June 2027

Events after the reporting date

Following the resignation of Davor I. Gjivoje Jr. from his positions as a member and chairman of the supervisory board of Sava Re, his membership in the risk committee and the nominations and remuneration committee also ended on 25 February 2026. At its session on 5 March 2026, the supervisory board appointed Klemen Babnik as the new chairman and Mojca Androjna as deputy chair of the supervisory board, both from among its members. The supervisory board appointed Edita Rituper to the risk committee, which will now have six members. The nominations and remuneration committee will temporarily operate with five members until further arrangements are made.

Supervisory board committees

In accordance with the law, the Code and best practice, the supervisory board may appoint one or more committees and entrust them with specific areas, the preparation of draft resolutions of the supervisory board, the implementation of resolutions of the supervisory board, thereby providing it with professional support.

Sava Re has established the following supervisory board committees:

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

The main tasks and the composition of the individual committees of the supervisory board are set out in detail in the Solvency and Financial Condition Report of Sava Re d.d. for 2025⁹ (Sava Re 2025 SFCR) in section B.1.1 *Governing bodies*.

The areas of responsibility and the composition of supervisory board committees are determined by a special resolution in compliance with applicable legislation, the recommendations of the Corporate Governance Code for Listed Companies and the company's internal acts.

Each committee may adopt its own rules of procedure. Unless it has adopted its own rules of procedure, the rules of procedure of the supervisory board apply accordingly to any questions regarding the quorum, decision-making and other points of procedure.

Management body (senior management, management board, managing director, executive director)

In this section, the term management board is used as a generic term for any management body.

The rules established for the management board in a two-tier system also apply to the managing director or executive director in a one-tier system, unless otherwise specified.

The management board provides leadership to and represents the company in its legal transactions. Through its efforts and using its knowledge and experience, the management board pursues the long-term success of the company, ensuring optimal leadership and risk management. The management board defines the company's goals, values, mission, vision and business strategy. Business operations are optimised through an adequate composition of human resources and prudent use of financial resources. This is done in compliance with national law and the company's articles of association and other acts.

As a rule, the management boards of individual Group companies consist of several members in order to ensure that decisions are made in the best interest of the company and that board members work towards the company's goals in a prudent and responsible manner. The number of members is proportionate to the nature, scale and complexity of each company's business, while there must be clearly determined terms of reference for board members, as well as an adequate delimitation of responsibilities. Where local legislation allows for a single-member management board, the company must observe the four-eye principle in decision-making. When composing the management board, each company seeks to take into account the diversity in terms of technical knowledge, experience and skills, and the way in which candidates complement each other so as to form a homogenous team and ensure sound and prudent conduct of the company's business. The terms of reference of individual management board members and the operation of multi-member bodies are governed by internal acts

⁹ The Sava Re 2025 SFCR was published on Sava Re's website on 3 April 2026.

of individual companies (act on the management board / rules of procedure of the management board).

The management board is committed to high ethical standards and considers the interests of all stakeholder groups.

The management board of each Group company reports periodically (at least quarterly) to the company's supervisory board in a comprehensive and accurate manner on:

- the implementation of business policy and other principles relating to business,
- the profitability of the company, particularly return on equity,
- business performance, especially on business volumes, the financial situation and solvency,
- transactions that may have a significant impact on the profitability and solvency of the company, and
- all material risks that have, or could have, a significant impact on the company's capital adequacy.

The average age of the members of the parent company's management board was 51.75 years. All management board members are citizens of the Republic of Slovenia.

Composition of the management board in 2025

Full name	Marko Jazbec	Polona Pirš	Peter Skvarča	David Benedek
Function	chair	member	member	member
Area of responsibility at management board level	<ul style="list-style-type: none"> ▪ coordination of work of the management board ▪ general, security, HR, organisational and legal affairs ▪ public relations ▪ compliance ▪ internal audit ▪ management of strategic investments in insurance subsidiaries in Slovenia ▪ information technology, data and artificial intelligence ▪ sustainable development 	<ul style="list-style-type: none"> ▪ strategic planning and controlling ▪ accounting ▪ investor relations ▪ management of capital, subordinated debt and risks ▪ actuarial affairs 	<ul style="list-style-type: none"> ▪ developing and underwriting reinsurance business, Group & non-Group ▪ reinsurance protection (retrocession), Group & non-Group ▪ development of reinsurance processes and technology ▪ management of strategic investments in non-Slovenian insurance subsidiaries 	<ul style="list-style-type: none"> ▪ financial operations and asset management ▪ corporate finance ▪ management of strategic investments in pension companies and asset management companies (AMCs) ▪ management of strategic investments in healthcare companies ▪ managing overarching cooperation with commercial banks or banking groups at Group level
First appointed	12 May 2017	14 January 2018	19 June 2020	22 March 2023
End of term of office	13 May 2027	15 January 2028	20 June 2030	22 March 2028

Reporting

The management board reports, at least quarterly, to the supervisory board in a comprehensive and accurate manner on:

- the implementation of business policies and other principles relating to business;
- the profitability of the Company, especially return on equity;
- business performance, especially on business volume, the financial situation and solvency;
- transactions that may have a significant impact on the profitability and solvency of the Company;
- all material risks that have, or could have, a significant impact on the Company's capital adequacy.

B.1.3 Risk management

The risk management system is one of the key building blocks of the system of governance. The management of the Group's parent company and each Group company must ensure that both the

Group as a whole and each company have in place an effective risk management system based on an appropriate organisational structure. This takes into account the scope, nature and complexity of the risks to which the Group or individual companies are exposed.

For more details on Group risk management, see section [B.3 Risk management system, including the own risk and solvency assessment](#) of this report.

B.1.4 Key functions of the risk management system

At the Group level, the parent company has established four functions defined by applicable law as key functions of the risk management system (key functions): the actuarial function, risk management function, compliance function and internal audit function. Key functions are integrated into the Group's system of governance and generally also perform the role of the parent company's key function, in addition to their key function role on the Group level. Accordingly, they have access to all information, data and reports required for the smooth performance of their duties.

The parent company has organised these key functions as services of the risk management system that report directly to the management board and are involved in decision-making processes.

The main tasks of a key function holder at the Group level are:

- coordinating the development of a Group-wide uniform methodology for key functions of Group companies;
- ensuring the development of appropriate framework policies for individual key functions and professional guidelines for the adoption of area-specific operational rules in Group companies;
- ensuring strict Group-wide application of uniform standards by the relevant key function;
- coordinating and implementing joint tasks and projects;
- providing guidance and overseeing the operations of the relevant key function in all Group companies (coordinating planning activities and reviewing reports of Group companies);
- arranging professional development and the exchange of good practices among the relevant key functions in the Group;
- coordinating the preparation and adoption of policies and rules at the parent company level and between the parent company and Group subsidiaries in case of the compliance key function holder at the Group level.

With due regard for the proportionality principle, the risk management system of individual Group companies has key functions integrated into the organisational structure and decision-making processes. The key functions perform their duties independently from each other and from other organisational units of the company. The key functions report directly to the management board. Where any key function is carried out by an independent organisational unit, the key function holder must be ensured direct access to the management board.

The key functions are integrated into the organisational structure and decision-making processes to strengthen the three-lines-of-defence framework of the Group's risk management system, as described in section [B.3.1 Risk management organisation](#). All four key functions cooperate closely with each other, regularly exchanging information they need for their functioning.

As a rule, key function holders must not both perform and oversee the same tasks. Processes must be organised so as to allow separate operation of individual lines of defence. Key function holders must not be members of the supervisory board or its committees of any Group company in order to minimise potential conflicts of interest. Key function holders must immediately report any potential conflict of interest to the management board.

If, in accordance with the proportionality principle, key functions are assigned additional activities and tasks, appropriate internal measures and mechanisms must be in place to manage any potential conflict of interest arising from such activities of a key function. Measures and mechanisms for avoiding

situations potentially leading to conflicts of interest are detailed in the internal act governing the operation of individual key functions.

Notwithstanding the organisational position of any key function within a company, these must be directly integrated into the Group's framework of key functions. This establishes a direct link between the key function of a subsidiary and the Group, providing a direct flow of information between the second and third lines of defence, ensuring comprehensive and consistent risk management across the Group.

Substitution of key function holders

Where a key function holder is temporarily unable to perform their duties for any reason, a temporary replacement or substitution must be ensured within a short period of time. The conditions, methods and procedures for the temporary replacement of a key function holder in circumstances where they are unable to perform the duties for which they are authorised are set out in more detail in the Group's internal policy on human resources development and succession planning.

Role of individual key functions

The key functions perform duties as stipulated by insurance law, including regulations based thereon.

The operation of the risk management function is discussed in detail in section [B.3.1 Risk management organisation](#), the operation of the actuarial function in section [B.6 Actuarial function](#), the operation of the compliance monitoring function in section [B.4.2 Compliance function](#), and the operation of the internal audit function in section [B.5 Internal audit function](#).

Reporting by key function holders

Key function holders of each Group subsidiary report in two directions, namely to:

- management or supervisory bodies of the company and, if so provided, to the audit or risk committees;
- sectoral committees if required by national law or company's internal acts;
- the relevant key function holder at the Group level.

Detailed provisions on the scope, manner and reporting period of each key function are set out in an internal act governing a relevant key function.

Cooperation among key function holders

Key function holders at the Group and parent company level meet regularly, as a general rule once a month, to exchange opinions and discuss topical issues and specifics of the business in the current period. They also harmonise the various annual work plans of the key function holders they are required to draw up under the applicable legislation or internal acts. In addition, they exchange findings from individual audit reviews, findings and recommendations from the areas of work covered by each key function holder, and discuss the annual or other reports on the work of each key function holder. In accordance with the applicable legislation and internal acts, they report on findings and follow up on recommendations to management and supervisory bodies.

Annually, the Group's key function holders at the Group and parent company level issue a joint statement that they have, with due care and in accordance with professional standards, undertaken activities to ensure that all key risks to which the Group is or may be exposed in the course of its business are monitored and that the risk management system is effective.

B.1.5 Committees in the system of governance

The management board of the parent company may, by its resolution, set up committees that cover both the Group level and the parent company. In addition, the management board of any Group subsidiary may, if necessary, establish a committee by passing a resolution. Committees have an advisory role. They consider issues from specific areas, draft management board resolutions and oversee their implementation, and perform other tasks requiring specific expertise, thus providing professional support to the management board.

Committees are an integral part of the system of governance of the Group and its companies. They deal with issues in areas, such as risk management, asset and liability management, actuarial affairs, data quality management, information security, internal audit and remuneration.

The terms of reference, powers and composition of committees are set out in internal acts adopted by the management board of the company that established the committee.

Sava Re has established the following committees at the Group level:

- a risk management committee,
- an actuarial committee,
- an IT steering committee,
- a process solutions and projects committee of the Sava Insurance Group,
- a reserving committee of the Sava Insurance Group.

The main tasks of the individual committees of the supervisory board are set out in detail in the Sava Re 2025 SFCR, section B.1.4 *Committees of the governance system*.

B.1.6 Information on the remuneration policy

The Remuneration Policy of the Sava Insurance Group lays down the framework for the planning, implementation and monitoring of remuneration systems and schemes that support the Group's long-term strategy and risk management policy.

In accordance with the Remuneration Policy of the Sava Insurance Group, all Group companies have adopted and implemented a remuneration policy.

The remuneration policy aims to establish a remuneration system that is competitive and efficient, as well as transparent and internally fair. The key principles of the policy incorporate the main principles of ethical and sustainable practices and operations.

The main principles of the remuneration policy are:

- clear and transparent management,
- reliable and efficient risk management,
- compliance with regulatory requirements and principles of sound management,
- monitoring of and adapting to market trends and practices,
- sustainable pay for sustainable performance,
- employee motivation and retention.

Group companies observe the following guidelines when designing remuneration systems and schemes:

- designing a balanced remuneration structure,
- establishing a direct link between pay and performance,
- adopting a multi-annual approach to performance evaluation and establishing a link between performance-based pay and sustainable business performance,

- ensuring that the incentive system remains consistent with its mechanisms, organisational processes and the activities and behaviours being rewarded.

Group companies have adopted the following remuneration structure for their salary and remuneration systems:

- a base salary,
- performance-based pay,
- other benefits and incentives,
- remuneration upon termination of the employment contract.

The **base salary** is determined based on the employee's role and position, taking into account professional experience, responsibilities, complexity of the job and the local labour market situation. The range of base salaries for individual positions is laid down in the internal acts of individual companies.

Performance-based pay depends on the Company's business performance and the employee's individual performance or, in the case of managers, also the performance of the unit they head. Performance-based pay is intended to motivate and reward the most successful employees who significantly contribute to the achievement of sustainable performance, meet or exceed the agreed goals, strengthen long-term relationships with clients and generate income. Individual performance-based pay depends on the achievement of predefined individual goals and other tasks in a manner consistent with expected behaviours and competencies. Business performance-based pay depends on a performance indicator or a combination of performance indicators of the company and/or the Group. However, in order for performance-based pay to be paid out, a company's financial position must not fall below a certain threshold. The system is flexible and includes the option of not paying out any performance-based pay.

The performance-based pay system and scheme for the management board are considered and approved by the supervisory board. Performance-based pay for the management board is based on the achievement of the goals and performance of the company as a whole or the Group of which it is a part.

The composition and level of performance-based pay for all position levels is laid down in each Group company's internal acts.

The types and level of potential **additional benefits and incentives** are laid down in each company's internal regulations. Employees may join collective supplementary pension saving schemes.

Additional **remuneration upon termination** of an employment contract (other than prescribed by law and the employment contract – termination benefits) is based on the achievement of long-term goals. Provision has been made that no additional remuneration is paid out if goals have not been achieved.

The Group companies have no loans issued to employees or to any members of the management or supervisory boards, and there were no such transactions in 2024.

The Group companies run no share option schemes.

The Group companies run no additional pension schemes.

B.1.7 Related-party transactions

All transactions among Sava Insurance Group companies are conducted at arm's length and on the basis of reimbursement of expenses incurred in providing services. The Group companies alternate between the roles of service provider and service user within the Sava Insurance Group in order to increase the efficiency of the Group as a whole.

As part of the annual functional analysis, risks identified and resources expended are used to determine the risks assumed by individual functions implemented for the purpose of subsidiary governance. Functions implemented by the parent company mainly include strategy setting, coordination, monitoring or controlling, and analysis, which are normally provided free of charge.

Governance and business functions relating to the governance and supervision of the Group and its related companies are generally not invoiced.

Operational transactions that are subject to assessment in terms of related-party transactions are charged using the comparable uncontrolled price method based on internal or external comparisons or, if this is not possible, by reimbursing expenses incurred in providing the services.

The system of related-party transactions is set out in detail in the internal transfer pricing rules. The obligation of the subsidiaries to report related-party transactions is defined in the Sava Insurance Group Financial Control Rules. In accordance with OECD guidelines on setting transfer prices, the Slovenian Tax Procedure Act, the Slovenian Corporate Income Tax Act and the internal transfer pricing rules, the company annually prepares a transfer pricing report (general documentation) and a transfer pricing report (special documentation), presenting in detail all transaction with related persons, the methodology of setting transfer prices, comparability analyses of transactions and other content as required by the above laws.

Material related-party transactions

The following list of material related-party transactions concerns related parties, which comprise:

- owners and related undertakings,
- key management personnel: the management board and the supervisory board, including its committees,
- subsidiaries and associates.

In 2025, material transactions included:

- total remuneration of the members of the management board and the supervisory board, including the members of its committees, of EUR 1.5 million (2024: EUR 1.4 million)¹⁰,
- loans granted to subsidiaries of EUR 1.8 million as at 31 December 2025 (2024: EUR 2.3 million) and
- a loan granted to an associate, which amounted to EUR 5.8 million as at 31 December 2025 (2024: EUR 0.0 million).

In 2025, the parent company paid out EUR 34.9 million in dividends (2024: EUR 27.1 million). All related-party transactions are set out in detail in the Group's annual report, in section C.3.9 *Related party disclosures*.

¹⁰ The disclosure relates to the parent company, Sava Re.

B.2 Fit and proper requirements

In accordance with the law, Group companies ensure that persons who effectively conduct and oversee the business are properly qualified (fit) and suitable (proper) to do so in a professional manner. To this end, the companies conduct fit and proper assessments of their personnel: management and supervisory board members, members of the supervisory board's committees, key directors, key function holders and personnel overseeing individual outsourced activities. The assessment is carried out before the appointment to the role and periodically thereafter whenever circumstances arise that require a reassessment of whether such persons are still fit and proper.

In addition to having the appropriate qualifications, experience and expertise (fitness), the relevant personnel must also be of good repute and demonstrate high standards of integrity (propriety) as evidenced by their actions.

The assessment of a person's suitability (propriety) comprises an assessment of their integrity and financial soundness on the basis of relevant evidence about their character, personal behaviour and business conduct, including any criminal, financial and supervision aspects, irrespective of the jurisdiction.

Relevant personnel have an obligation to report any new facts and circumstances or changes to information submitted in the initial suitability assessment. The body responsible for the fit and proper assessment (fit and proper committee of relevant composition) assesses whether the new facts and circumstances or changed information are of such a nature as to require a fit and proper reassessment.

The human resources function requires relevant personnel to sign personal statements at least once a year. Such statements confirm that the relevant personnel meet the applicable fit and proper standards and undertake to notify the human resources function without undue delay of any circumstances that may affect their fit and proper status.

In 2025, the EU-based Group companies carried out full fit and proper assessment procedures for their new relevant personnel, as well as an annual review based on annual statements for persons already assessed.

B.2.1 Fitness requirements for relevant personnel

Supervisory body and its committees

The knowledge acquired through education and experience is to be considered when assessing the fitness of members of a Group company's supervisory body and its committees. The fitness assessment takes into account the following requirements:

- qualifications,
- sufficient professional experience,
- general knowledge and experience.

The supervisory body is composed so as to ensure responsible oversight and decision-making in the best interest of the company or the Group. Members are selected so that their expertise, experience and skills complement those of the other members of the supervisory body. The supervisory body, viewed as a whole, must have sufficient expertise. Individual members of the supervisory body with in-depth expertise may, in particular based on the allocation of responsibilities for certain areas, compensate for any less profound expertise of other members of the supervisory body in these areas.

Management body

In assessing the fitness of the members of a Group company's management body, it is necessary to consider the knowledge acquired through education and work experience. Based on this, the fitness assessment is made with consideration of the member's assigned responsibilities, taking into account the following requirements:

- qualifications,
- sufficient professional experience,
- expertise and experience in the following areas: knowledge of the market, knowledge of the business strategy and business model, knowledge of the system of governance for insurers or other companies, understanding of financial and actuarial analysis, as well as understanding of regulatory frameworks and requirements.

The management body, viewed as a whole, must have sufficient expertise. Its members must have relevant experience and knowledge of the above-mentioned areas, depending on their specific area of responsibility. Individual members of the management body with in-depth expertise may, in particular based on the allocation of responsibilities for certain areas, compensate for any less profound expertise of other members in these areas.

Key function holders of the risk management system

In assessing the fitness of the key function holders of the risk management system, it is necessary to consider the knowledge acquired through education and work experience. The assessment is then made based on assigned responsibilities for each key function. The fitness assessment takes into account the following requirements:

- qualifications, including any additional training, required licenses obtained or specialist examinations passed;
- sufficient professional experience relevant to a particular key function;
- general knowledge and experience.

Other relevant personnel (other key management and persons overseeing outsourced activities)

The knowledge acquired through education and work experience is to be considered in assessing the fitness of members of the company's other relevant personnel. Based on this, the fitness assessment is made considering assigned responsibilities for certain areas. The fitness assessment takes into account the following requirements:

- qualifications,
- sufficient professional experience relevant to a particular area of responsibility,
- general knowledge and experience.

B.2.2 Suitability requirements for relevant personnel

Personal reliability and reputation

To ensure the sound and prudent management of a Group company and the Group, relevant personnel must have the appropriate qualifications (fit), be of good repute and demonstrate high standards of integrity in their actions (proper). A relevant person is deemed to be proper unless there is reason to believe otherwise. Circumstances that give rise to reasonable doubt as to suitability are harmful to the reputation of both the relevant person and, consequently, the company and the Group.

Personal reliability and good repute are assessed based on information gathered by collecting documents for carrying out the fit and proper assessment procedure.

Independence of relevant personnel

Relevant persons may experience conflicts of interest due to the nature of their business relationships. Any relevant person who experiences a conflict of interest in their work must disclose such conflict of interest and continue to act in the interests of the company or the Group. If this is not possible, such a person must inform the company's management or supervisory body whenever a member of either the management or supervisory body experiences a conflict of interest.

Time input

The members of the supervisory body and its committees must – in addition to business knowledge, relevant personal integrity, business ethics and independence – confirm that they have the time resources available during the period in which they are performing the function.

B.2.3 Procedure for fit and proper assessment

The fit and proper assessment procedure is conducted by a special committee set up according to an internal framework document. During the assessment of relevant personnel, the company's human resources function assists in the performance of operational tasks, such as obtaining, sending, processing and storing documents and assessment results.

The committees conduct fit and proper assessments and issue relevant results based on compiled documents and statements. Based on assessments so obtained, they may also determine the additional measures necessary to ensure that the relevant personnel are adequately qualified. The committees also conduct overall fit and proper assessments of the management and supervisory bodies as collective bodies.

B.3 Risk management system, including the own risk and solvency assessment

The parent company's management is aware that risk management is key to achieving its operational and strategic goals and ensuring its long-term solvency. Therefore, the Group is continuously improving its risk management system, both at the company and Group level.

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

The Sava Insurance Group has implemented a risk strategy that defines the Group's risk appetite and policies that cover the entire framework of risk management, own risk and solvency assessment (ORSA) and risk management for each risk category. Based on the Group's risk strategy and policies, each Group company establishes its own risk strategy and policies, taking into account its specificities and the local legislation. The adequacy of the risk strategy and policies is examined on a regular basis.

The risk management system, both at the level of the individual Group companies and at the Group level, is subject to continuous improvement. Particular attention is paid to:

- clearly expressed risk appetite in the framework of the risk strategy and, based on this, operational limits;
- the development of risk assessment models and the improvement of ORSA;
- integration of the ORSA and risk strategy into the framework of business planning and shaping of business strategy;
- integration of risk management processes into business processes;
- setting up appropriate risk management standards in all Group companies, taking into consideration the scale, nature and complexity of operations and related risks.

B.3.1 Risk management organisation

Systematic risk management includes an adequate organisational structure and a clear segregation of responsibilities.

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

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

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

The **supervisory board** of each company approves the risk strategy and risk management policy, and consents to appoint key function holders of the risk management system. In addition, the supervisory board reviews periodic risk management reports. A risk committee has been set up within the

supervisory board of the parent company to provide relevant expertise and support in the risk management process within the company and the Group.

The **management board** of each company plays a key role and bears ultimate responsibility for the effectiveness of the risk management processes in place and their compliance with the Group's standards and the applicable legislation. In this regard, the management board is primarily responsible for:

- designing a risk strategy and approving risk tolerance limits and operational limits,
- adopting policies within the risk management system,
- implementing effective risk management processes,
- monitoring operations in terms of risk and ensuring that risks are considered in decision-making,
- appointing key function holders.

The **first line of defence** in each Group company involves all company employees responsible for ensuring that operational tasks are performed in a manner that reduces or eliminates risks. Additionally, risk owners are responsible for monitoring and assessing individual risks listed in the risk register. Line managers are responsible for ensuring that the operational performance of the processes for which they are responsible is conducted in a manner that adequately reduces risks, and that the frameworks laid down in the risk strategy are observed. The first line of defence is also responsible for monitoring and measuring risks, preparing data for periodic risk reports in each risk area and identifying new risks.

The Group's and each company's **second line of defence** comprises three key functions: the actuarial function, risk management function and compliance function. In addition, the Group's large members have in place a risk management committee. The members of the committee and key function holders are appointed by the management board, and the appointment of the key function holders is approved by the supervisory board. Each company ensures the independence of the key functions, which are organised as services of the risk management system and report directly to the management board. Their roles and responsibilities are defined in the policy of each key function or in the risk management policy that defines the risk management function. The responsibilities of the risk management function are summarised below; those of the other key functions constituting the risk management system are set out in sections [B.4.2 Compliance function](#), [B.6 Actuarial function](#) and [B.5 Internal audit function](#) of this report.

The **risk management function** of each company is mainly responsible for setting up effective risk management processes and coordinating existing risk management processes at the company or Group level. It is involved in all stages of identification, assessment, monitoring, management and reporting of risks. It is also involved in the preparation of the risk strategy and the setting of risk tolerance limits. The risk management function of each company periodically reports to the risk management committee (if any), the management and supervisory boards, the risk committee (at Sava Re) and to the Group's risk management function. It works in cooperation with the latter on an ongoing basis. Furthermore, it offers support to the management board in decision-making (including in relation to strategic decisions, such as corporate strategy, mergers and acquisitions, and major projects and investments). The duties, terms of reference, responsibilities and powers of the company's or Group's risk management function holder, foreseen operational procedures, obligations, reporting period and reporting distribution lists are set out in the risk management policy of the company or the Group.

In addition to the key functions, some companies have a **risk management committee** as a second line of defence. Sava Re's risk management committee addresses risks at both company and Group level. The committee includes the key representatives of the first and second lines of defence with regard to the company's risk profile and, in the case of Sava Re, the company's management board. Individual members of the risk management committee are responsible for risk ownership within their area of responsibility in the company and, in view of the line of business, in the Group. The holders of other key functions of the risk management system are also invited to the committee sessions. The

committee is primarily responsible for monitoring the risk profiles of the Group and individual companies, analysing risk reports and issuing recommendations to the management board.

The **third line of defence** consists of the internal audit function. The internal audit function operates at the level of individual companies and the Group completely independently of business operations and other functions. Within the risk management system, the internal audit function is responsible for providing an opinion on risk management, risk control and the internal control system.

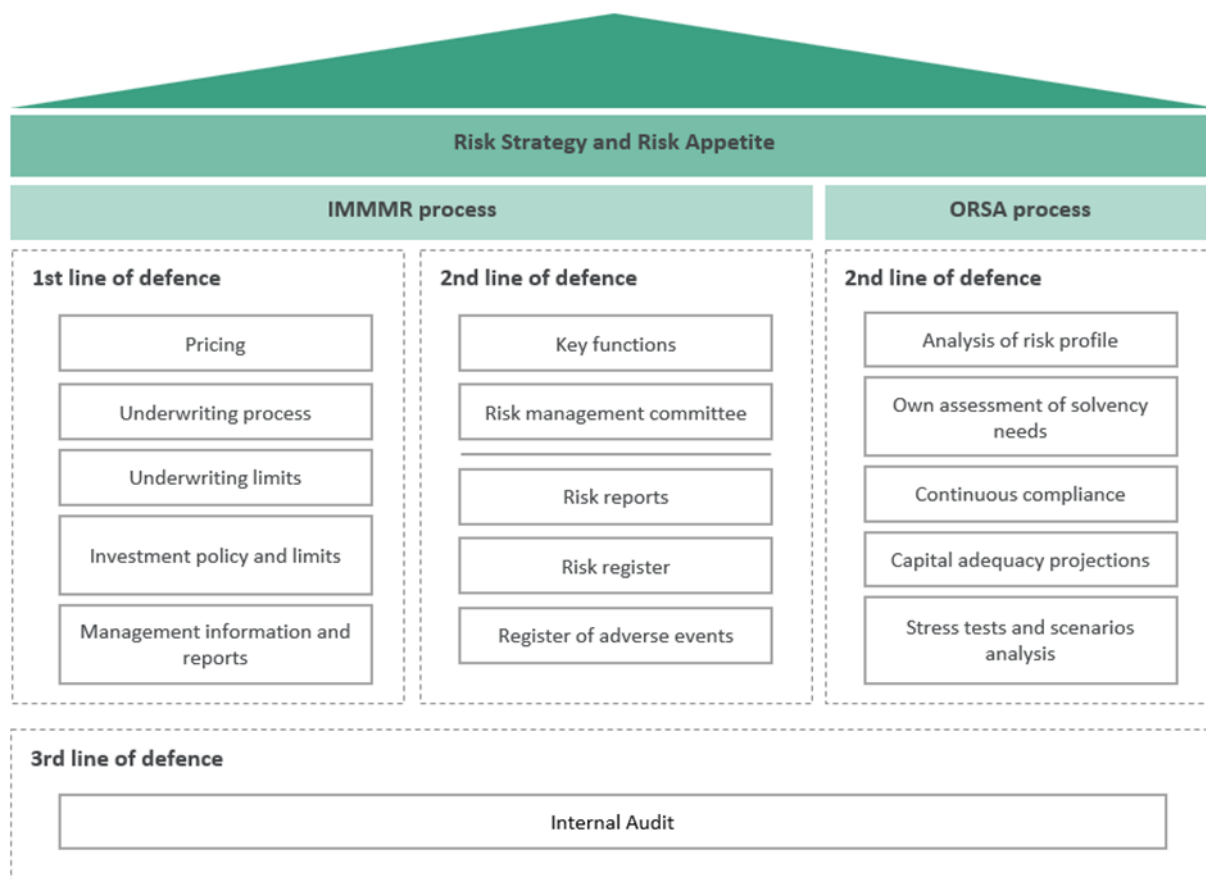
Good practices from Sava Re’s risk management model and the risk management organisation are also transferred to other Group companies.

B.3.2 Components of the risk management system

Risk management is integrated into all stages of business management and is composed of the following key elements:

- the risk strategy,
- risk management processes within the first and second lines of defence, and
- the ORSA process.

The Group’s risk management system is presented in the following diagram.



Risk strategy

The Group seeks to operate in compliance with its business strategy and meet its key strategic goals while maintaining an adequate capital level. To this end, the Group has adopted the Sava Insurance Group Risk Strategy for 2023–2027. The Group document sets out:

- a risk appetite by operating segment,

- a set of key indicators along with their limits and tolerances, and
- a set of operational indicators used for operating segments to monitor risks on an ongoing basis.

The key areas that underpin the risk appetite are:

- the solvency ratio,
- the profitability of the operating segments with acceptable volatility (tolerance),
- investment and liquidity indicators.

Each Group company sets its own risk strategy, risk tolerance limits and operational limits based on the Group's risk appetite. Risk tolerance limits are limits set for individual risk categories included in individual companies' risk profiles determining approved deviations from planned values. These limits are set based on the results of sensitivity analyses, stress tests and scenarios, as well as professional judgment.

Individual Group companies set operational limits, such as (re)insurance underwriting limits and investment limits, in order to ensure that the activities of the first line of defence are carried out taking into account the risk appetite perspective. In addition, each Group company ensures that it has in place well-defined and established escalation paths and management actions in the case of any breach of operational limits.

In order to monitor compliance with the risk strategy on a regular basis, each Group company defines a minimum set of risk measures for each risk category to monitor the current risk profile and capital position of the Group and each Group company. These risk measures are regularly monitored at the Group and individual company level.

Risk management processes

Risk management processes are inherently connected with and incorporated into the basic processes conducted at the individual company and Group level. All organisational units are involved in risk management processes.

The main risk management processes are:

- risk identification,
- risk assessment (measuring),
- risk monitoring,
- determining appropriate risk control measures (risk management), and
- risk reporting.

Risk management processes are incorporated into all three lines of defence of the risk management process. The roles of individual lines of defence are defined in the risk management policy. Risk management processes are also integrated into the decision-making system. All important and strategic business decisions are also evaluated in terms of risk.

Risk identification

As part of the risk identification process, each Group company identifies the risks to which it is exposed. The key risks, which are compiled in each company's risk register and form the company's risk profile, are periodically reviewed and amended with consideration of new risks as required. Risk identification at the Group level is conducted in the same way.

Risk identification in individual Group companies and at the Group level is both a top-down and a bottom-up process. The top-down risk identification process is conducted by the risk management function, the risk management committee and the management board of each Group company. Such identification of new and emerging risks is based on monitoring the legal and business environment, market developments and trends, and expert knowledge. This approach is primarily used for strategic

risks, such as reputational risk and regulatory risk, as well as for risks related to the loss of competitive advantage and technological lag. We also apply this approach to sustainability risks.

Bottom-up risk identification takes place in individual organisational units and with risk owners (first line of defence). The Group's or Group company's risk thus identified is categorised and incorporated into the relevant monitoring, measurement, management and reporting processes. Group companies maintain registers of incidents to identify emerging risks, especially operational risks.

Risk identification is performed on an ongoing basis, for major projects and business initiatives, such as the launch of a new product, investment in a new asset class or an acquisition. In addition, Group companies and the Group annually conduct a review of their entire risk register.

Risk assessment

The Group has regular risk assessment (measurement) processes in place for all the risks to which individual companies or the Group are exposed. Risks are measured using both qualitative and quantitative methods, which are constantly being refined. The parent company, Sava Re, develops its own quantitative models to assess risks throughout the Sava Insurance Group.

The Group thus measures risk by:

- using the Solvency II Standard Formula,
- calculating the own assessment of solvency needs as part of its own risk and solvency assessment (ORSA),
- conducting sensitivity analyses and scenarios,
- conducting qualitative risk assessment in the risk register,
- using various risk measures that allow simplified measuring and monitoring of the current risk profile.

Risk monitoring

Risk monitoring is conducted at several levels: at the level of individual organisational units and risk owners, risk management departments, the risk management committee (if any), the management board, the supervisory board's risk committee (at Sava Re) and at the supervisory board level of each Group company. In addition, the risk profile of each Group company is monitored at the Group level in terms of impact on the Group's risk profile. A standard set of risk measures is defined for risk monitoring and is regularly monitored by Group companies. Both risks and risk management measures are subject to monitoring and control. Adverse events and the introduction of corrective measures to prevent the recurrence of an individual event are also monitored.

Risk management

The management board of each Group company is responsible for risk management and the use of various risk management techniques and measures. In making its decisions, the management board takes into account the cost-benefit aspect of each measure, as well as any recommendations from the risk management committee or key functions.

Whenever the need arises to adopt a new risk control measure, the relevant company conducts an analysis of the measure in terms of economic and financial viability. Eliminating or mitigating individual risks must be more cost-effective than mitigating the potential impact should the risk materialise, taking full account of the likelihood of such an event and all of its financial consequences.

In practice, as part of the business planning process, Group companies and the Group already examine the impact of the business strategy on their capital position, both with regard to the regulator and with regard to the ORSA. If, during a financial year, decisions are taken that have a significant impact on the risk profile but have not been assessed in terms of risk during the business planning process, the

company assesses the impact of such decisions on its risk profile and capital adequacy, and verifies compliance with the risk appetite. If a business decision could also have a significant impact on the Group's risk profile, such impact on the Group's risk profile and capital adequacy is also assessed. If any business decision fails to comply with the risk appetite or any risk tolerance limit is exceeded, the company is required to document such deviation and take relevant measures to resolve the situation.

Risk reporting

Regular risk reporting has been set up by most Group companies and at the Group level. Risk owners report on each category of risk to the risk management function, including a predetermined set of significant risk measures and qualitative information. Based on this, the risk management function, in cooperation with risk managers, prepares a risk report covering the risk profile of the Group or an individual company. The report is first discussed by the company's risk management committee (if any), followed by the management board, risk committee (at Sava Re) and the company's supervisory board. Finally, a company's risk management function submits the report to the Group's risk management function.

Own risk and solvency assessment (ORSA)

In addition to the risk management processes described above, the Group also conducts ORSA as defined in its own risk and solvency assessment policy. ORSA is a process that includes the identification of the differences between the Group's risk profile and the assumptions of the Standard Formula, the own assessment of solvency needs, capital adequacy projections, sensitivity analyses and scenarios, and the establishment of the link between the risk profile and capital management. In ORSA, all material risks are assessed, whether quantifiable or not, that may have an impact on the operations of the Group from either an economic or a regulatory perspective.

ORSA is conducted by all Group companies subject to Solvency II and, to a limited extent, by some other insurance companies. A comprehensive ORSA process is carried out at the Group level, together with uniform reporting to the Insurance Supervision Agency as part of the joint report of Zavarovalnica Sava, Zavarovalnica Vita, Sava Re and the Sava Insurance Group.

The Group's ORSA is prepared based on the Group's business and strategic plans, also taking into account the current risk profile and any changes planned therein. The main purpose of the ORSA is to understand one's own risk profile and the Standard Formula, and to analyse the impact of the changes in the risk profile on capital adequacy over the next three years. Throughout the ORSA process, the parent company's management board is actively involved, confirming the technical bases, reviewing and challenging the Group ORSA before giving its formal approval. The ORSA process is extensive and spans a large part of the year. Based on input from the business and strategic plans and the risk strategy, the Group SCR is calculated, and Solvency II valuations are made for balance sheet items and the Group's eligible own funds for the next three-year period. Projections are used to review ongoing compliance with the regulatory requirements regarding capital and technical provisions. In addition, compliance with the risk strategy is reviewed. Based on the results of the suitability analysis of the standard formula for the Group's risk profile, the Group then uses its own solvency model to conduct its own assessment of solvency needs for a further three-year period and makes a qualitative or quantitative assessment of the risks that are not captured by the Standard Formula. The ORSA process also includes sensitivity and scenario analyses relevant to the Group given its current and planned risk profile.

The ORSA results are taken into account in other processes, especially the capital management and risk management processes. The ORSA is an integral part of the decision-making process conducted to ensure that the key decisions and the business strategy are adopted with due consideration of risks and associated capital requirements. Based on the ORSA results, we also check the compliance of the business strategy with the risk strategy. This establishes the links between the business strategy, the

risks taken in the short, medium and longer term, the capital requirements arising from these risks and capital management.

Based on the calculations, we prepare a joint ORSA report, which, in addition to the ORSA of Sava Re and the Sava Insurance Group, also includes the ORSA reports of Zavarovalnica Sava and Zavarovalnica Vita. The part of the ORSA report relating to Sava Re and the Group is considered by the risk management committee and approved by the management board of the parent company; the risk committee of the supervisory board and the supervisory board of Sava Re also take note of it. The joint ORSA report is submitted to the Insurance Supervision Authority after approval by the management board of the parent company.

For the Group, the full ORSA is generally performed annually. However, in the event of a significant change in the risk profile or eligible own funds that has not been anticipated in the business or strategic plans, the Group conducts an ad hoc ORSA according to defined criteria.

The ORSA is subject to continuous improvement, both in terms of risk assessment and the integration of the ORSA into the Group's ongoing processes, especially into business decision-making.

B.4 Internal control system

B.4.1 Internal control system

The purpose of the Group's internal control system is to identify, measure, monitor and manage risks at all levels of operations, including the reporting on risks to which the Group or any individual Group company is or may be exposed in its operations. In addition, the system ensures compliance with internal rules and meets the requirements of other laws and regulations relating to risk management.

It is vital that employees understand the importance of internal controls and are actively involved in the implementation of internal control procedures. Procedures for reporting to the appropriate level of management with regard to potential problems, deviations, non-compliance with the company's code of ethics or other policy violations or illegal actions are presented to all employees in plain language and are clearly stated in documents available to all employees.

The Group's internal control system is defined in the internal control policy of the Sava Insurance Group aimed at setting up an effective and reliable system of internal controls. The policy sets out the basic principles, framework and roles of the Group's internal control system as part of the Group's system of corporate governance.

The parent company's register of internal controls is reviewed on an annual basis, whereas internal controls for risk mitigation as part of the risk register are assessed on a quarterly or annual basis (depending on the risk). The annual review of the register and the regular assessment of internal controls are also carried out by subsidiaries. At the Group level, an adverse event register – which has been implemented at the parent company and subsidiaries as part of the enhancement of the internal control system – is also used to improve the internal control system. Each company's risk management function monitors the handling of adverse events and the introduction of new internal controls to reduce the occurrence of such events. Companies report on adverse events in their risk reports and in other ways as well.

B.4.2 Compliance function

The compliance function at the Group and individual company level is one of the four key functions constituting the risk management system. As an internal control function, the compliance function is part of the second line of defence in the risk management system, which consists of three lines of defence. Its main duty is to manage the risks arising from non-compliance with the law. As a rule, it is an independent organisational unit that is functionally and organisationally separate from other business functions of the company and reports directly to the management board. The Group's compliance function is organised as part of the parent company's office of the management board and of compliance. Although the compliance function is not organised as an independent organisational unit, it is ensured that the compliance function holder has direct access to the management board at all times. The compliance function holder also has other duties and responsibilities; therefore, the company has taken relevant internal measures to avoid potential conflicts of interest for the function holder when acting as a compliance function holder.

The compliance function holders of Group companies are authorised by the company's management board with the consent of the supervisory board.

The main duties of the compliance function holder are to:

- monitor and periodically assess the adequacy and effectiveness of regular procedures and measures taken to address any deficiencies in the compliance with regulations and other commitments;

- advise and assist in the coordination of the company's operations with the obligations imposed by regulations and other commitments;
- assess potential impacts of changes in the legal environment on the operations of the Company in terms of compliance with its regulations and other commitments, and thus report on them to the Company's management board, individual organisational units, and business and key functions;
- identify and assesses risks to the Company's compliance with regulations and other commitments, and, if necessary, propose recommendations and guidelines for the management of compliance risk;
- inform the management and supervisory boards of the Company's compliance with regulations and other commitments, and of the risk assessment regarding the Company's compliance with regulations and other commitments;
- liaise with and advise senior management on compliance issues;
- cooperate with other control and supervision functions to exchange compliance-related issues, good practices and experiences at the parent company level;
- coordinate the preparation and adoption of compliance-related policies and rules within the parent company and between the parent company and Group subsidiaries;
- coordinate the preparation of comments on draft insurance-related legislation;
- participate in setting up and updating compliance programmes in certain separate areas, including internal controls for compliance of operations, taking into account the requirements and capacities of processes and resources available, according to the requirements of specific legislation or regulations, and factors of the broader business and professional environment (e.g. commitments assumed through contracts, declarations and other collective activities aimed at raising the standards of fair business in the broader environment);
- draft an annual compliance monitoring plan that identifies and assesses the main compliance risks faced by the Company, coordinating it with the compliance function holder at the Group level, and submitting it to the management and supervisory bodies;
- prepare periodic reports and submit them to the Company's management and supervisory bodies, the function holders in the Group companies and to the compliance function holder at the Group level;
- draw up reports on findings related to individual compliance reviews, submitting them to the company's management body;
- monitors the implementation of the recommendations made in compliance reports.

B.5 Internal audit function

Internal auditing in the Group companies is carried out by independent internal audit units, which report to the management board and are functionally and organisationally separate from other organisational units. They report administratively to the management board and functionally to the supervisory board and the audit committee (if any). Their organisational position ensures autonomy and independence of operation.

In compliance with the Slovenian Insurance Act, Sava Re d.d. performs the key function of internal audit for Zavarovalnica Sava, Zavarovalnica Vita, Sava Pokojninska and Sava Infond under indefinite-term outsourcing agreements. In companies where the internal audit is outsourced, an internal audit key function holder is appointed from among the employees of Sava Re's internal audit department.

As an internal control function, the internal audit function is part of the third line of defence of the company's risk management system.

The main responsibilities of the internal audit are to:

- set up a risk-based, permanent and comprehensive supervision of the company's or Group's operations aimed at verifying and assessing whether the processes of risk management, control procedures and corporate governance are appropriate and function in a manner as to ensure the achievement of the following major goals of the company or Group:
 - ◆ effective and efficient operation of the company or Group;
 - ◆ business and financial efficiency, including the safeguarding of assets against loss;
 - ◆ reliable, timely and transparent internal and external accounting and non-financial reporting;
 - ◆ compliance with laws, other regulations and internal rules;
- assess whether the information technology of the company or Group supports and furthers their strategies and goals;
- assess fraud risk and the procedures for its management in the company or Group (although the expertise of a person whose primary task is to identify and investigate cases of fraud is neither expected nor required);
- offer advice;
- carry out any other tasks imposed by the law.

Internal audit conducts internal audit reviews in accordance with the hierarchy of rules of internal auditing adopted by the Slovenian Institute of Auditors on the basis of the law governing auditing and written rules of the internal audit function. The internal audit function operates in accordance with the adopted internal audit policy, which defines the purpose, authority, powers, responsibilities and tasks of the internal audit function. Furthermore, it establishes the position of the internal audit within the organisation, including the nature of the functional responsibilities of the head of internal audit with regard to the supervisory body, authorises access to records, personnel, premises and equipment relevant to the performance of engagements, and defines the scope and activities of the internal audit.

The internal audit function submits the annual work plan and the annual report of the internal audit department to the management and supervisory boards, including its audit committee.

The internal audit function holder of Sava Re and the Group has been appointed by the management board of Sava Re with the consent of the supervisory board, following the preliminary opinion of the audit committee, and also serves as the director of the internal audit department.

The internal audit must be independent, and internal auditors must be impartial and unbiased, and avoid any conflicts of interest. The director of the internal audit department must confirm the organisational independence of internal audit to the supervisory body at least annually as part of the annual reporting on the internal audit activities.

The internal audit department of the parent company provides guidance on a unified methodology of work for all the internal audit functions in subsidiaries, coordinates their work, drives the development of a unified methodology of work and supervises the quality of work of internal audit functions across the Group. Internal audit in the Group follows uniform procedures as laid down by the standards set out in the internal methodologic instructions on the operation of internal audit departments. The Group Internal Audit was introduced at the level of the entire Group in 2021. This represents a high level of regular monitoring of the development and quality of the internal audit functions of subsidiaries and serves as the basis for issuing an overall opinion on the governance, risk management and internal control systems of the individual companies and the Group as a whole.

In accordance with the Group's corporate governance policy, the internal audit function of the parent company also ensures that subsidiaries are included in the scope of operations in order to ensure the coverage of key risks at the Group level (even if internal auditing is set up in the subsidiary).

The parent company's internal audit department performs its function at the Group level in several ways:

- keeping up with novelties and changes in the legislation and standards, and ensuring that changes are incorporated into internal acts governing internal audit;
- providing expert assistance for amending the methodology and other policies in the field of internal audit;
- coordinating the preparation of the internal audit function's annual work plans and strategies of operation in the form of joint workshops;
- performing internal audits in subsidiaries based on the Group's key risk assessment;
- collaborating in complex audit engagements in subsidiaries if so agreed with the subsidiary;
- providing professional assistance in the preparation of operational plans for the implementation of individual internal audit engagements for specific functions;
- providing joint training to the Group's internal auditors;
- organising periodic meetings of the Group's internal auditors;
- implementing quality assessments of internal audit functions in subsidiaries.

Internal auditors of the parent company may perform independent audits in subsidiaries or non-standard audits on the basis of risks as assessed by the parent company of the Group, or participate in certain more complex audit engagements in subsidiaries. The annual plan of the parent company includes proposals for audit engagements, based on the assessment of the Group's key risks, to be performed by the parent company's internal audit in any subsidiary. Furthermore, in terms of the Group Internal Audit, the annual plan of the parent includes a detailed review of audit engagements planned by subsidiaries.

The annual internal audit report of the parent company provides an overview of the findings of the internal audit functions of each Group company.

While strengthening the internal audit department in 2025, we further intensified the implementation of software to support the comprehensive internal auditing process, the issuance of an overall opinion at the level of the entire Sava Insurance Group, the internal audit competency model and the adaptation to the new Global Internal Auditing Standards™.

B.6 Actuarial function

The actuarial function is an administrative concept comprising all the persons performing actuarial tasks of the second line of defence as detailed later in this section. Actuarial function performers are employed in actuarial function areas as part of the actuarial departments of Group companies and also perform first-line-of-defence actuarial tasks. As the actuarial function is part of the second line of defence of the risk management system, it is organised in a way that prevents any one person from both performing (first line) and controlling (second line) the same tasks.

The company's actuarial function holder is responsible for carrying out the actuarial function. Each composite insurer and the Group may appoint separately the actuarial function holders for non-life, life and health business, and the parent company may also appoint separately the actuarial function holder of the company (reinsurance actuarial function holder) and the actuarial function holder(s) of the Group. The Group actuarial function is responsible for coordinating the activities of the Group's actuarial functions and developing a uniform methodology.

The actuarial function holders of Group companies serve on the Group's actuarial committee. Among its responsibilities, this committee also makes decisions in the form of proposed resolutions and recommendations to the management board of the parent company, other key functions of the Group and the Group's risk management committee, or by providing a coordinated opinion on specific actuarial matters under consideration, which it performs in accordance with the rules of procedure appended to the Group's actuarial function policy. The members of the actuarial committee have a responsibility to individual companies for communicating information on relevant arrangements to relevant bodies of the company.

The insurance companies domiciled in Slovenia have set up a reserving committee in 2024. The committee has been established to ensure a systematic review of the process of formulation and development of the assumptions used in the calculation of a company's technical provisions considering all applicable standards, i.e. Solvency II and IFRS, and to provide the management of individual companies with expert opinions and proposals regarding the formulation of the assumptions used in the calculation of the technical provisions, to ensure the effective management of each company. The role of the reserving committee is to assist management in understanding the appropriateness of the assumptions used in the calculations of provisions and to understand the impact of movements in provisions and the assumptions used on a company's financial statements.

The main tasks of the actuarial function of each Group company are to:

- coordinate the calculation of technical provisions and ensure their consistency with applicable regulations;
- ensure the appropriateness of the underlying methodologies, models and assumptions used in the calculation of technical provisions so that they reflect key risks and are sufficiently stable;
- assess the adequacy and quality of the data used in the calculation of technical provisions and provide recommendations on how to best adapt processes in order to improve data quality;
- compare best estimate SII provisions against experience and, in the event of any deviation, suggest changes to the assumptions and valuation models used;
- oversee the use of approximations in the calculation of best estimate Solvency II provisions;
- examine the appropriateness of the underwriting policy and express an opinion on the adequacy of insurance premiums, taking into account all underlying risks and effects of changes in the portfolio, options and guarantees, anti-selection, inflation and legal risks;
- verify the adequacy of reinsurance arrangements;
- participate in introducing and implementing the risk management system, in particular with respect to the development, use and monitoring of the adequacy of the underlying models used in the calculation of capital requirements for underwriting risk and the conduct of the ORSA;

- prepare, at least annually, a written report to be submitted to the management and supervisory bodies, and the local supervisory authority; document in the report the implementation of the above tasks and their results, clearly identifying any deficiencies and making recommendations for their elimination;
- serve on the company's risk management committee.

The main tasks of the Group's actuarial function are to:

- carry out the tasks listed above as appropriate at the Group level, summarising and coordinating the findings of individual companies' actuarial functions;
- express an opinion on the adequacy of the reinsurance arrangements of the Group as a whole;
- prepare, at least annually, a written report to be submitted to the management and supervisory boards of the parent company; the report documents the implementation of the above tasks and their results, clearly identifying any deficiencies and providing recommendations for their elimination;
- coordinate the activities of individual companies' actuarial functions to allow the overall functioning of the Group's actuarial function;
- provide support to individual Group companies' actuarial functions;
- harmonise the underwriting and reserving risk guidelines laid down in the Group's underwriting and reserving risk policy;
- organise meetings of the Group's actuarial committee;
- serve on the Group's risk management committee.

In accordance with the risk management policy, the actuarial function actively cooperates in setting up and implementing the risk management system as part of the second line of defence.

B.7 Outsourcing

An outsourcing arrangement is a function or activity of a (re)insurance company (or other company of the Sava Insurance Group) that is transferred to an external service provider and is critical or important for the operation of the (re)insurer (or other Sava Insurance Group companies).

In accordance with the provisions of the applicable Insurance Act, the parent company adopted an outsourcing policy that governs the outsourcing of critical or important operational functions or activities of Group companies. The policy provides guidance on preparing, implementing and documenting outsourcing arrangements, as well as ensuring that the company operates in compliance with the applicable regulations and guidelines governing outsourcing. The policy also outlines the procedure and responsibilities for outsourcing functions or activities and defines the standards required for their administration and oversight. The policy further defines the registering of outsourcing engagements comprising all contracts considered outsourced, the documenting of the entire decision-making process, compiling of required documents and the signing of such contracts. In line with the policy, each outsourcing engagement requires an administrator, whose main task is overseeing the outsourcing engagements. By signing a contract, all providers of outsourced services undertake to act in accordance with the applicable law and to cooperate with the local regulator, who must be notified of the intention to enter into an outsourcing contract before it is concluded.

Each company is fully responsible for the functions or activities it has outsourced, and this responsibility cannot be transferred to any service provider or other transferee. Before deciding to outsource a function or activity, a Group company must assess and document the impact such an arrangement may entail. The conclusion of an outsourcing agreement is subject to the conditions laid down in the applicable regulations.

Outsourcing of business or functions to Group contractors

Conducting the internal audit function

Sava Re has performed the internal audit function for Zavarovalnica Sava and Sava Pokojninska as from 1 February 2018, for Sava Infond as from 1 January 2020 and for Zavarovalnica Vita as from 22 January 2021. All arrangements are based on outsourcing agreements concluded for an indefinite period.

Implementation of the information security function

Under an indefinite-term outsourcing agreement, Sava Re has been providing information security services to Sava Infond since 17 January 2025.

Since 1 September 2025, Sava Re has been performing information security functions for Sava Pension under an indefinite-term agreement.

Conducting the compliance function

Since 1 January 2021, Sava Re has performed the key function of compliance monitoring for Sava Pokojninska based on an outsourcing agreement concluded for an indefinite period.

Conducting an outsourcing arrangement of asset management

Since 1 July 2021, Sava Pokojninska has outsourced its asset management business to Sava Infond, and so have Sava Re and Zavarovalnica Sava since 1 January 2022.

Conducting the information technology function

The Group companies mainly use their own infrastructure, but they combine certain parts of it (e.g., security and secondary location) with services leased from one Group company that manages the central infrastructure.

Since 1 February 2019, the performance of the IT system and telecommunication services of Sava Pokojninska has been (fully) outsourced to Zavarovalnica Sava for an indefinite period. Since 18 February 2020, Sava Infond has transferred the provision of IT system services (in part) and telecommunications services (in full) as well as information management services to Zavarovalnica Sava. Furthermore, the scope of services agreed upon in the 2020 contract has been expanded by the contract dated 16 January 2025.

Since 1 July 2021, the provision of business continuity for the IN2 application software and hardware in connection with the asset management services for Sava Pokojninska provided by Sava Infond has been transferred to Sava Pension for an indefinite period.

Since 31 January 2022, the provision of business continuity software and hardware operations for the Simcorp Dimension application, in connection with the portfolio management services provided to Sava Re and Zavarovalnica Sava, has been transferred from Sava Infond to Sava Re and Zavarovalnica Sava for an indefinite period.

Outsourcing of business or functions to non-Group service providers

Since 28 December 2012, the IT services of Zavarovalnica Vita have been outsourced to NLB d.d., Trg Republike 2, 1000 Ljubljana, Slovenia, for an indefinite period.

Since 28 December 2012, the document archiving function of Zavarovalnica Vita has been outsourced to Mikrocop, Informacijski Inženiring in Storitve, d.o.o., Industrijska 1, 1000 Ljubljana, Slovenia.

Since 10 March 2014, the management of financial instruments of Zavarovalnica Vita has been outsourced to NLB Skladi, Upravljanje Premoženja, d.o.o., Tivolska 48, 1000 Ljubljana, Slovenia.

Since 30 March 2020, Zavarovalnica Vita has outsourced its insurance product distribution function to NLB d.d., Trg Republike 2, 1000 Ljubljana, Slovenia. The implementation of the contract started on 1 June 2020 after all suspensive conditions were met.

Since 1 April 2019, Zavarovalnica Sava has outsourced its claims handling activities for the permitted direct writing of insurance business in the United Kingdom to WNS Assistance Limited, Acre House, 11/15 William Road, London, NW1 3ER, United Kingdom. The contract has expired but remains in force until all obligations to policyholders have been met.

Since 18 November 2019, Zavarovalnica Sava has outsourced its claims handling activities for ship insurance for the permitted direct writing of insurance business in Norway or other countries to Risk Point, Hammerensgade 4, DK-1267, Copenhagen, Denmark. The contract has expired but remains in force until all obligations to policyholders have been met.

Since 5 June 2019, Sava Infond has outsourced the responsibility for conducting internal controls regarding the correct implementation of sales procedures carried out at the subscription office to NKBM d.d., Ulica Vita Kraigherja 4, 2000 Maribor, Slovenia (now OTP d.d., Slovenska Cesta 58, 1000 Ljubljana) for an indefinite period.

Since 31 August 2020, Sava Infond has outsourced its IT system support and computer equipment maintenance services to LANcom d.o.o., Tržaška 63, Maribor, Slovenia, for an indefinite period.

Since 1 January 2021, Sava Pokojninska has outsourced its actuarial function to KR-TEAM, Business Consulting, Martina Krücken, s.p., Pašnica 6, 3272 Rimske Toplice, Slovenia, for an indefinite period.

The two companies based in Serbia (Sava Osiguranje and Sava Životno Osiguranje) had a total of 22 outsourcing engagements in 2025, all in IT and assistance services.

B.8 Any other information

Assessing the adequacy of the Group's system of governance in relation to the nature, scale and complexity of the risks

The Sava Insurance Group has in place a transparent and appropriate risk management-based system of governance.

The Group governance policy sets out the main guidelines for the governance of individual Group companies, as well as the control and supervision of Group companies, taking into account the Group's goals, mission, vision and values. The purpose of the policy is to define the foundations of the Group's system of governance, the basic management rules, rules of corporate governance and a transparent organisational structure with defined, transparent and consistent allocation and segregation of roles and responsibilities within the system of governance. Corporate governance is a combination of processes and frameworks used by the management and supervisory boards, including supervisory board committees, for communicating, directing, controlling and monitoring a company's operations in order to achieve the company's goals. The policy was last reviewed and amended in November 2023.

The rules of the Group's system of governance are subject to regular annual review. This review is the responsibility of the Group's compliance function, which verifies the consistency of the governance policy with other policies within the system of governance and with other internal acts, legislation and regulations. When verifying and assessing the effectiveness of the corporate governance framework, the reviewer focuses on the changes in internal and external factors affecting the Group.

The adequacy of the Group's system of governance is also confirmed by an internal corporate governance audit. The last such audit was conducted in 2025. The internal audit department assessed the adequacy, effectiveness and efficiency of the risk management system and the internal control system in the area of corporate governance as good.

An aerial photograph of a river flowing through a dense forest. The river is a vibrant turquoise color, winding around a large, light-colored sandbar in the center. The surrounding forest is lush green, with some areas showing yellowish-green foliage. The image is framed by a teal circular border in the top right corner.

C.

GROUP RISK PROFILE

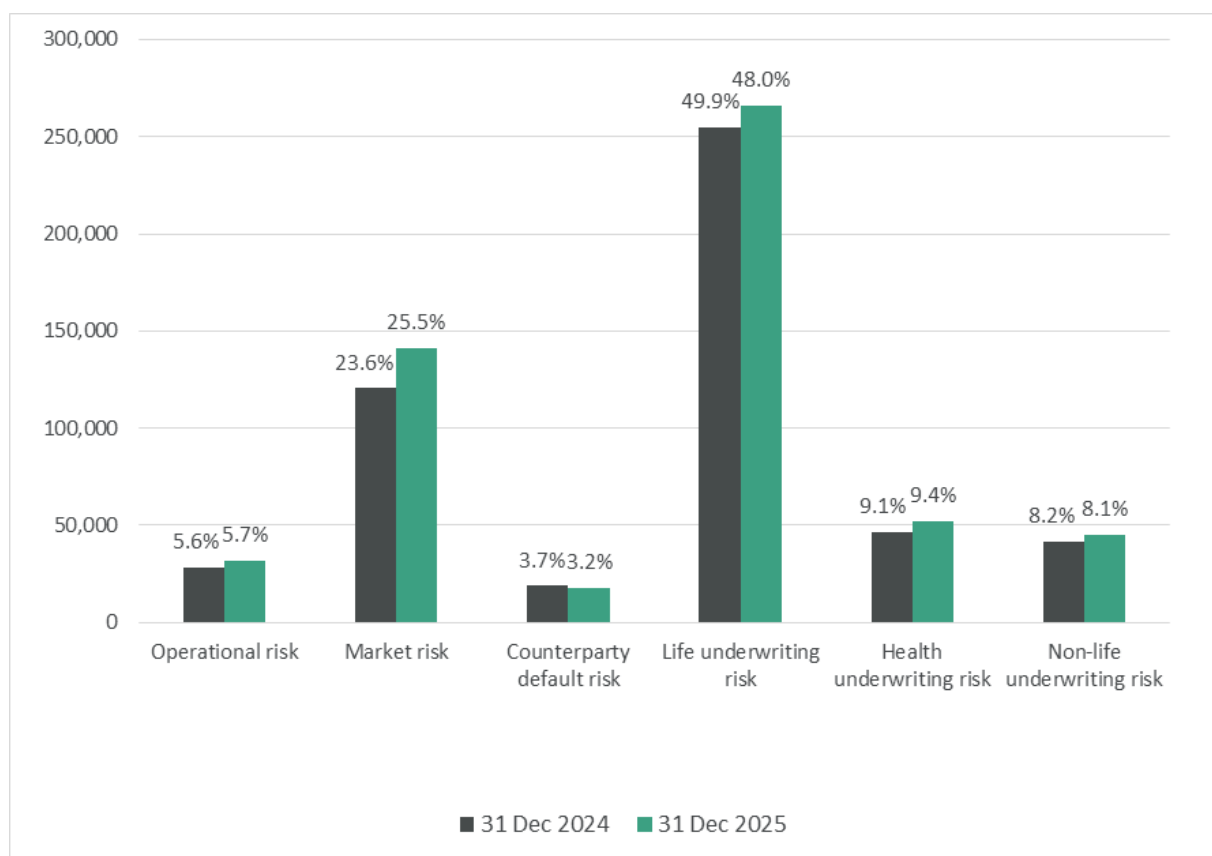
The Group is exposed to various risks in the course of its operations. This document does not purport to provide an exhaustive list of all possible risks but rather discusses risks that were reasonably foreseeable at the time of writing. The Group’s risks are identified, measured, managed, monitored and reported on in accordance with the processes described in section [B.3 Risk management system, including the own risk and solvency assessment](#). The main risk categories that the Group is exposed to are:

- underwriting risk,
- market risk,
- credit risk,
- liquidity risk,
- operational risk,
- strategic risk.

The following subsections discuss individual risk categories, except strategic risk, which is discussed in section [C.6 Other material risks](#).

The Group regularly measures some of the above risk categories using the Standard Formula, whereas other risks (in particular those not readily quantifiable) are measured using the methods described for each type of risk. The chart below shows the Group’s risk profile in accordance with the standard formula.

Undiversified SCR by risk module (EUR thousand and as % of total)¹¹



¹¹ The share of an individual risk module is calculated as a percentage of the sum of all risk modules (including operational risk).

The Group's main risks in line with the Standard Formula are non-life underwriting and market risks; other risk categories are small. Non-life underwriting risk increased in 2025, primarily due to portfolio growth; market risk also increased, also primarily due to portfolio growth.

At the Group level, in addition to the SCR by risk module, the Standard Formula also includes capital requirements for financial institutions (Sava Pokojninska and Sava Infond), which are treated in accordance with the relevant sectoral regulations, and the capital requirements for the remaining Group companies (Sava Penzisko Društvo and Vita S Holding and the associated company DCB).

Key findings of ORSA for 2026

The Group carries out an ORSA each year and submits the report to the Insurance Supervision Agency in the first quarter. The ORSA includes an analysis of the impact of the business plan and projections on the risk profile, a review of the adequacy of the Standard Formula risk measurement, the preparation of capital adequacy projections in line with the Standard Formula, and of calculation projections of the own assessment of solvency needs, an impact analysis of various scenarios, and the consideration of potential management actions. Risks that are difficult to quantify are assessed qualitatively in the ORSA.

The ORSA for 2026 (submitted to the regulator in March 2026) was based on the Group's business plan approved in December 2025. The results of the 2026 ORSA showed a robust solvency position and strong capital adequacy of the Group. Taking into account the financial plan and business projections, the Group's solvency ratio will remain within the optimal capitalisation range defined by the risk strategy when using the Standard Formula, or slightly above that range when calculating the Group's own assessment of solvency needs. The methodology used for the own assessment of solvency needs is described below for each risk.

As part of the 2026 ORSA, several relevant scenarios were also implemented for the Group. The Group analysed the impact of increased macroeconomic risk on its business and solvency position through a financial scenario, the results of which are described in more detail in the market risk subsection of section [C.2.4 Risk management](#). The Group analysed the impact of physical risks from climate change by using two long-term climate scenarios. These were used to assess the impact of these risks on the investment portfolio, as well as the effect of an increased frequency and severity of natural catastrophes on the insurance portfolio. The results of the climate scenarios are described in section [C.6.3 Sustainability risk and climate change risk](#). While a scenario may involve a significant impact on the Group's solvency position, the Group's solvency position is sufficiently robust, and its solvency remains well above the regulatory requirements if any scenario materialises (taking into account the assumptions used in the scenario).

Impact of changing macroeconomic and geopolitical conditions on the Group's risk profile

In 2025, geopolitical risks remained high due to ongoing interstate conflicts and uncertainty in international relations. The war in Ukraine continued, and tensions among the major powers increased pressure on the European economy and security. Political divisions within the EU make it difficult to coordinate joint measures, and the European economy is being affected by trade protectionism.

Nevertheless, the global economy proved to be more resilient than expected, thanks to improved financial conditions and growth in investment and trade related to artificial intelligence. Vulnerability increased as the first signs of a slowdown appeared in labour markets, despite stable unemployment rates across the OECD¹².

¹² OECD. Economic Outlook. December 2025. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/12/oecd-economic-outlook-volume-2025-issue-2_413f7d0a/9f653ca1-en.pdf

The year was also favourable in terms of returns, and conditions in the bond markets remained stable. European companies maintained strong credit ratings, banks were well-capitalised and there were no signs of liquidity problems. The OECD forecasts GDP growth of 1.3% for the euro area in 2025. GDP growth of 1.2% is forecast for 2026. In 2025, Slovenia's economy grew by 1.1%¹³. The main contributors to this were higher domestic consumption and growth in gross investment.

In December 2025, euro area annual inflation stood at 2.0%¹⁴. The ECB forecast inflation of 1.9% for 2026 and 1.8% for 2027¹⁵. Over the course 2025, the ECB reduced its key interest rate four times, from 3.15% to 2.15%. The market does not anticipate significant rate cuts by the ECB before the end of 2026. In December, the US Federal Reserve (Fed) lowered its key interest rate by 25 basis points, bringing the year-end rate to 3.75%¹⁶.

In the reinsurance markets, favourable results and the continued decline in key interest rates have freed up additional capacity, leading to further easing of pricing conditions and increased competition in the markets. The Group succeeded in obtaining adequate reinsurance protection for 2025.

Potential systemic risks are kept under constant review in order to take timely action. Exposure to such risks was reduced by, among other things, ensuring adequate diversification of the investment portfolio and a sufficient percentage of highly liquid assets to meet extraordinary liquidity needs. The Group's solvency ratio is significantly above the regulatory requirements and in line with internal criteria as at 31 December 2025 (see section [E. Capital Management](#) for a more detailed description of capital adequacy).

Climate change and related risks

Climate change is a serious risk for the Company, the economy and the business of insurance and reinsurance companies. Monitoring of climate change risks is essential for the Group, especially in the long term, as the specific nature of its business (natural catastrophe coverage, investment in financial assets) inevitably exposes it to these risks.

As the number and severity of catastrophe events have increased in recent years, the effects of climate change and associated risks are continuously monitored at the Group level. These risks are discussed in more detail in section [C.6.3 Sustainability risk and climate change risk](#).

Cyber and ICT risks

Cyber risks were among the key operational risks in 2025 and are also important from a strategic perspective. It will remain critical for the Company to monitor and manage these risks in the future. The realisation of cyber risks can lead to a complete disruption of operations and high financial losses while also affecting reputation. We are therefore planning and implementing additional activities in addition to the risk prevention measures already in place in this area. Security threats and incidents are also regularly monitored through the Security Operations Centre (SOC).

In 2025, activities continued within the Group's companies to ensure compliance with the DORA Regulation¹⁷, which sets out requirements regarding the security of financial institutions' network and information systems. In accordance with DORA, we also tracked significant ICT risks in the risk register.

¹³ Source: Statistical Office, 2025, <https://www.stat.si/statweb/News/Index/14178>.

¹⁴ Source: Eurostat, 2026, ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area.

¹⁵ Source: ECB, 2026, https://www.ecb.europa.eu/press/projections/html/ecb.projections202512_eurosystemstaff~12ead61977.en.html.

¹⁶ Source: Bloomberg, WIRP as at 5 January 2026.

¹⁷ Digital Operational Resilience Act.

Artificial Intelligence

In 2025, we continued to systematically implement artificial intelligence (AI) across key areas of our operations. While recognising the importance of, and opportunities arising from, the use of new technologies, the Group is also aware that the use of AI represents a significant challenge and entails certain risks. To this end, a dedicated project was established, which will run until 2027. This project represents one of the key pillars of development in the coming years. Through it, the Group is taking a coordinated and controlled approach to laying the groundwork for the successful implementation of AI technologies. In addition, a policy and guidelines for using the AI were adopted to improve its management and utilisation. Training sessions on using AI were also organised for the employees of the Group companies.

C.1 Underwriting risk

Underwriting risk arises from the Group's underwriting activities: the underwriting of (re)insurance contracts and the execution of (re)insurance contracts and transactions directly related to (re)insurance activities. It relates to the risks covered under (re)insurance contracts and related processes, and arises from the uncertainty regarding the occurrence, scope and timing of obligations. Hereinafter, the term "insurance" is also used to refer to accepted reinsurance.

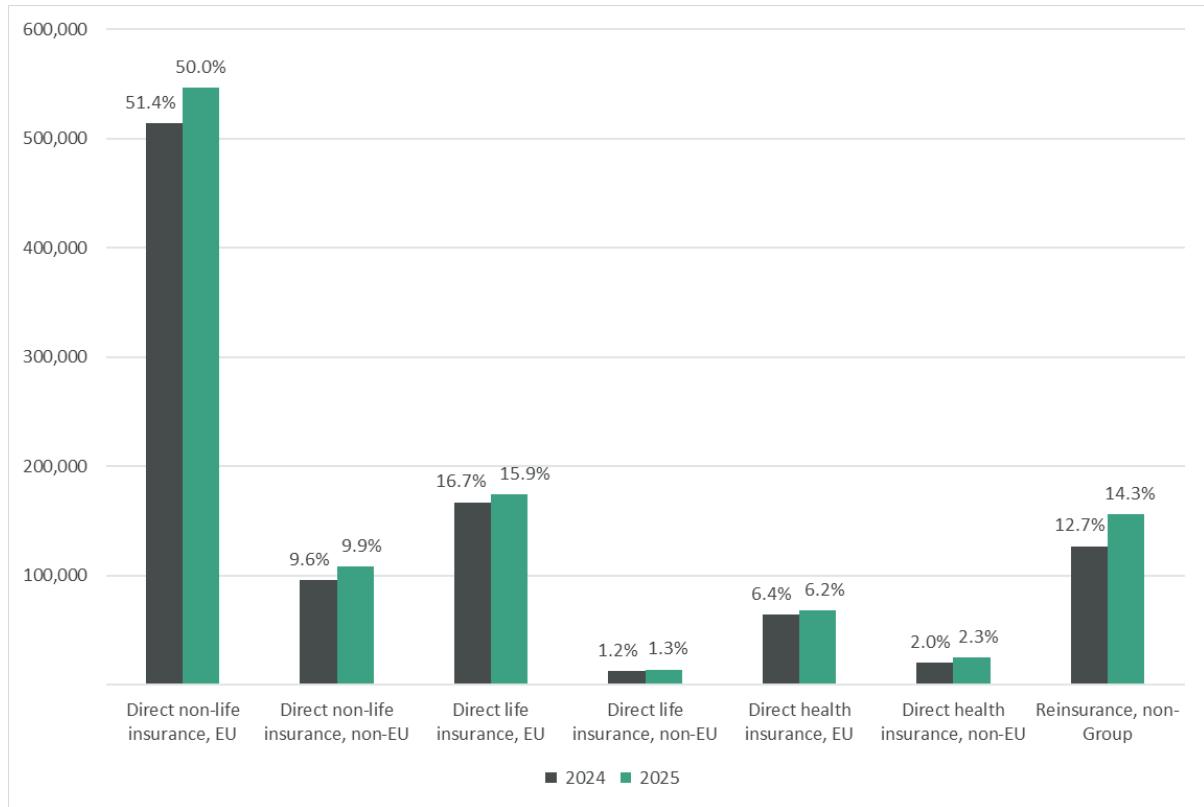
Underwriting risk is broadly divided into:

- non-life underwriting risk,
- life underwriting risk, including annuities stemming from non-life insurance business, and
- health underwriting risk.

The Group markets all three types of insurance and is therefore exposed to all three types of risk.

The following chart shows gross premiums written by line of business, separately for the Group's EU-based and non-EU based companies. For more information on exposure, please refer to the next section.

Breakdown of Group gross premiums written (EUR thousand and as % of total)

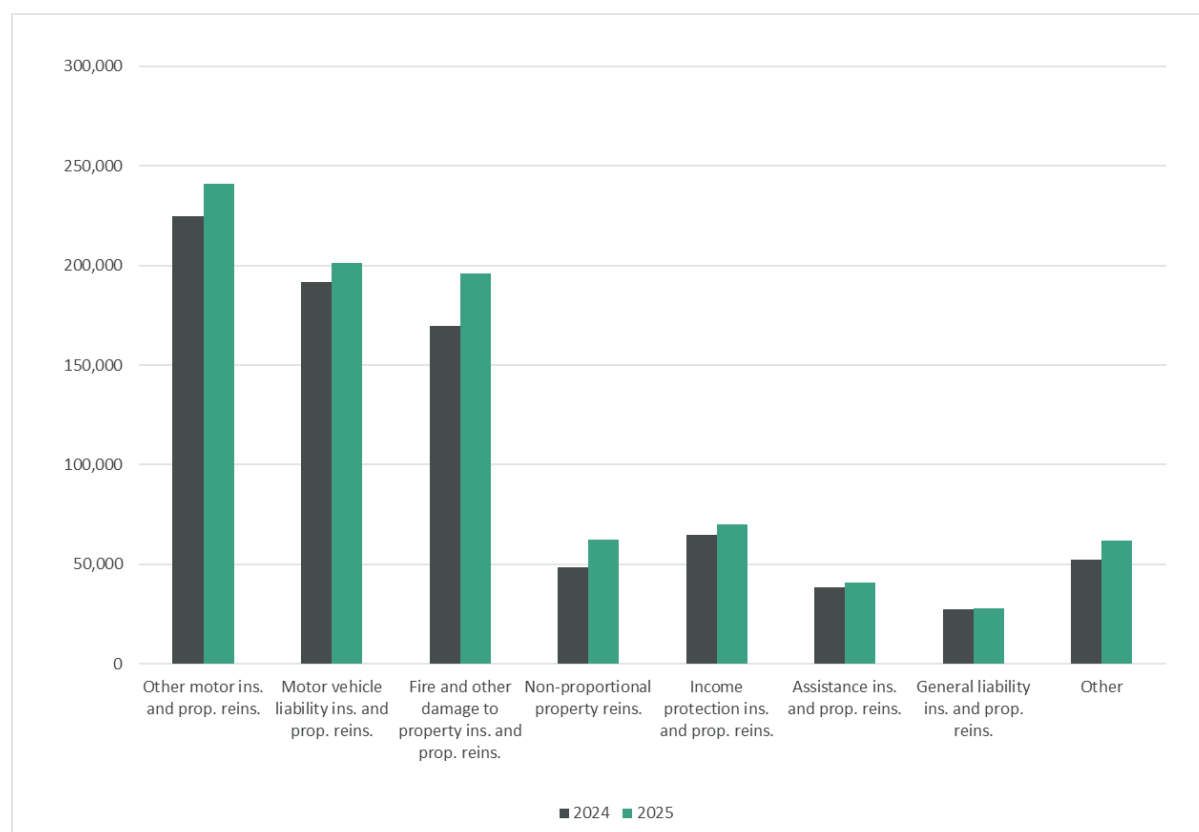


C.1.1 Non-life underwriting risk

Risk exposure

The consolidated gross non-life insurance premiums by material lines of business are shown below. The breakdown of the Group's gross non-life premiums written did not change significantly in 2025.

Consolidated gross premiums written by major class of non-life insurance (EUR thousand)



Non-life underwriting risk is divided into the following:

- **Premium risk** is the risk that premiums written are insufficient to meet the obligations arising from (re)insurance contracts. This risk depends on many factors, such as inadequate assessment of market developments, inadequate assessment of claims development, use of inadequate statistics, deliberately insufficient premiums for certain classes of business that are expected to be offset by other classes of business, or inadequate assessment of external macroeconomic factors that may change significantly during the term of a contract; in certain classes of business, there is also inadequate assessment of environmental factors, including climate change. These include:

 - ◆ underwriting process risk,
 - ◆ pricing risk, and
 - ◆ risk of unexpected increase in claims.

Given the Group's portfolio composition, the largest contributors to premium risk include motor vehicle and property (re)insurance (fire and other damage to property, including related business interruption insurance).
- **Reserve risk** is the risk that technical provisions are insufficient to meet the obligations arising from (re)insurance contracts due to inadequate methods, inappropriate, incomplete and inaccurate data, inefficient procedures and controls or inadequate expert judgement, or misreporting, resulting in unreliable information about the Group's financial position. These include:

 - ◆ the risk regarding data availability and accuracy,
 - ◆ the risk of using inappropriate methods or assumptions,

- ◆ the risk of a calculation error,
- ◆ the risk of the complexity of the tools used in the process leading to misleading results.

Sustainability risks, including those related to climate change, are also considered when assessing the adequacy of provisions.

Similarly to premium risk, the main contributors of reserve risk are motor and property business (fire and other damage to property, including related business interruption insurance), where the best estimates of provisions are also structurally the largest due to the Group's multi-year focus on these lines of business.

- **Catastrophe risk** includes the risk of occurrence of a catastrophic event; such events are rare, but their financial impact is too high to simply be covered by otherwise appropriate premiums and provisions. As part of this risk, we also monitor risks related to climate change. Catastrophe risk may materialise as an extreme event or a large number of catastrophic events in a short period. The risk also includes an excessive geographical accumulation of risk. The Group's portfolio is relatively well diversified geographically, with a slightly higher concentration of risks in Slovenia, which is further addressed through a retrocession programme. The capital requirement for non-life catastrophe risk is relatively high because of the aggregation of a large number of such requirements for various smaller natural perils and regions and various man-made catastrophic events.
- **Lapse risk** is the risk of loss or adverse change in the value of insurance liabilities resulting from changes in the level or volatility of lapse rates. The Group is not materially exposed to this type of risk.

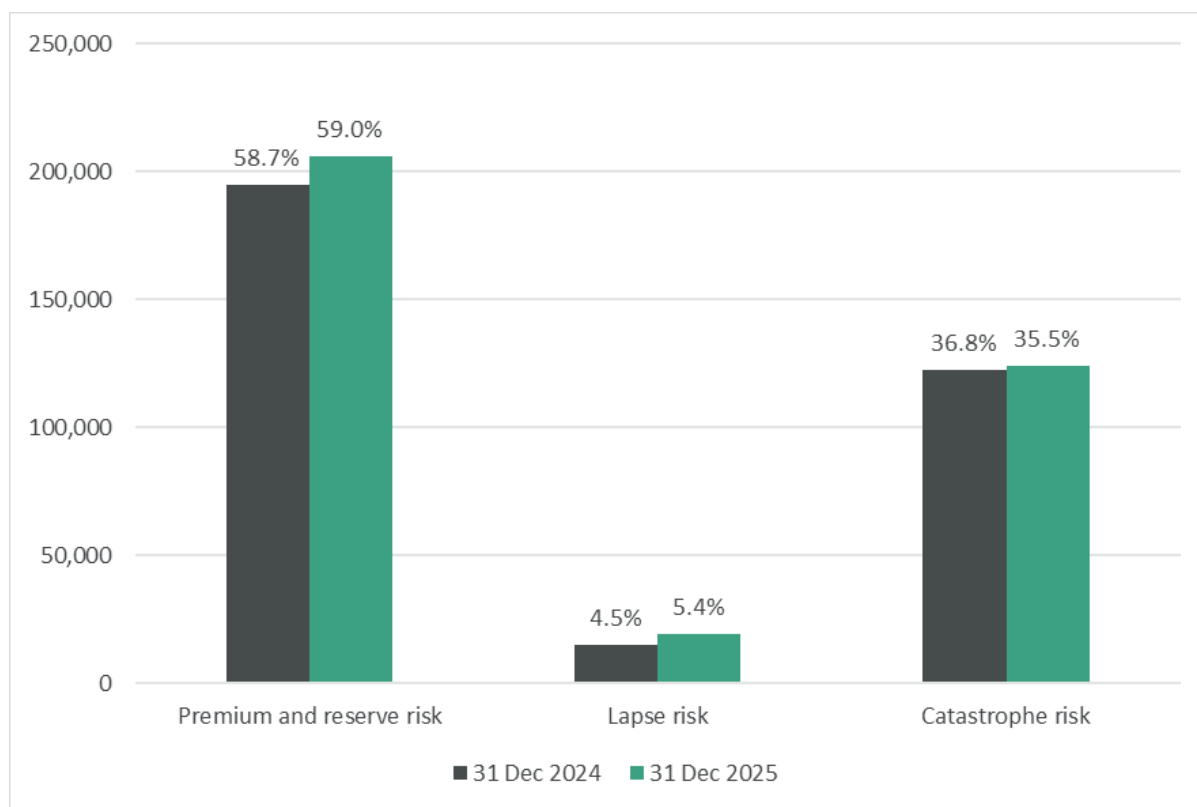
Other underwriting risks, such as economic environment risk and policyholder behaviour risk, may be relevant, but their impact is already indirectly reflected in the non-life underwriting risks listed above.

Risk measurement

The Group makes quantitative assessments of non-life underwriting risk using the Standard Formula. To this end, it does not apply Group-specific parameters in accordance with Article 104(7) of Directive 2009/138/EC.

The following graph shows the Group's non-life underwriting risk in accordance with the Standard Formula by risk sub-module. The share of each risk sub-module is expressed as a percentage of the total of all non-life underwriting risk sub-modules.

Undiversified non-life underwriting risk by risk sub-module (EUR thousand and as % of total)¹⁸



As at 31 December 2025, the solvency capital requirement according to the Standard Formula for non-life underwriting risks amounted to EUR 266.2 million (31 December 2024: EUR 255.0 million), representing 48.0% (31 December 2024: 49.9%) of the total SCR of all risk modules¹⁹. Premium and reserve risks, followed by catastrophe risk, accounted for the largest share of the undiversified non-life underwriting risk. Lapse risk in the non-life business was relatively low.

As at 31 December 2025, the capital requirement for non-life underwriting risks increased primarily due to higher premium and reserve risk, and to a lesser extent due to higher catastrophe and lapse risks. The increase in premium and reserve risk is primarily due to portfolio growth. Catastrophe risk is influenced by portfolio growth in various regions, which increase capital requirements, as well as methodological adjustments that reduce them. Overall, risk increased slightly. Lapse risk increased slightly, mainly due to portfolio growth, but it remained relatively low.

In addition to the Standard Formula used in its ORSA, the Group also uses its own model to monitor and assess non-life underwriting risks and NSLT health underwriting risks. The own model includes premium and reserve risk as well as catastrophe risk in order to determine the final capital requirement for the entire non-life and NSLT health underwriting risk modules. We subsequently add the lapse risk to the risk assessed using the own assessment, in accordance with the Standard Formula.

In the own assessment, premium risk and catastrophe risk are modelled jointly. For the calculation of premium and catastrophe risk, we model the distribution of the net technical result of the relevant business, taking due account of all types of claims. This distribution of the net technical result is modelled at the level of homogeneous risk groups, which are then aggregated to the segment level using internally assessed correlations between individual homogeneous groups, while aggregation to

¹⁸ The share of an individual risk sub-module is calculated as a percentage of the sum of all risk sub-modules.

¹⁹ The sum of all SCRs of all risk modules, including operational risk, is taken into account.

the company level is performed using the appropriate aggregation matrix, as is done for premium and reserve risk in the Standard Formula.

In our own assessment, we use a combination of the bootstrap method and an assumed lognormal distribution to assess reserve risk in larger and smaller homogeneous risk groups, respectively. These are then aggregated at segment level using own assessed correlations between individual homogeneous groups, while aggregation at the company level is performed using an appropriate Archimedean copula and taking into account the aggregation matrix applied to premium and reserve risk in the Standard Formula.

At the Group level, the sum of the risks of the individual companies corresponds to the reserve and premium risk and non-life catastrophe risk, taking geographical diversification into account.

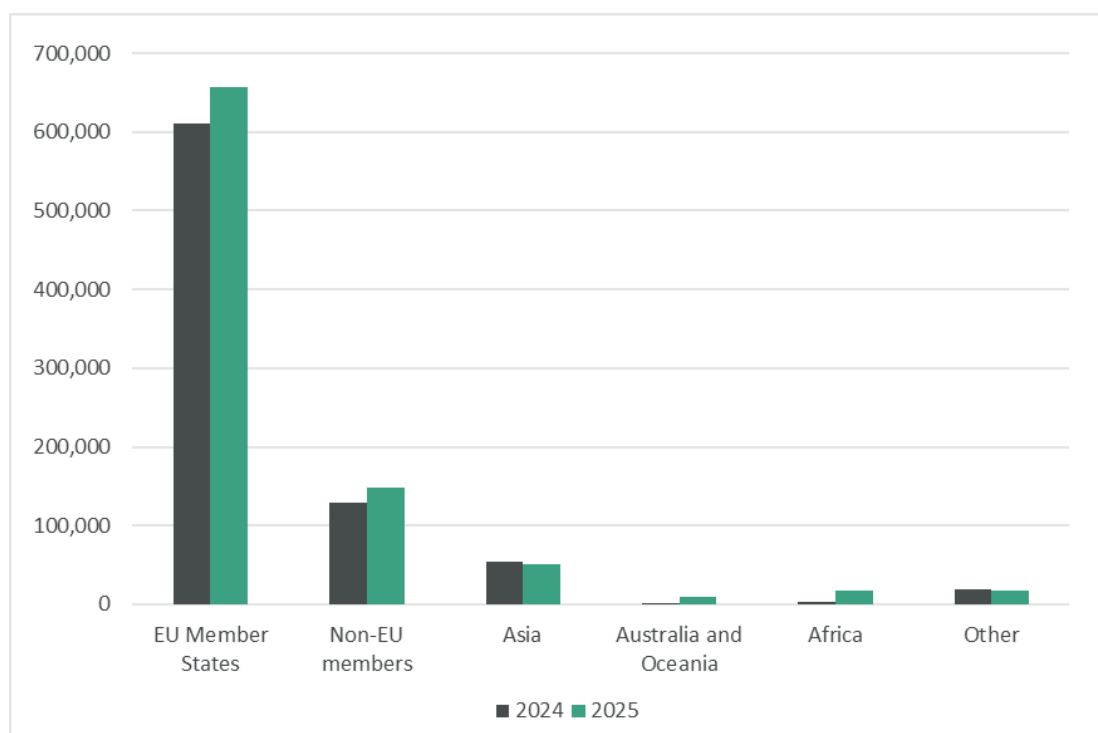
The own assessment of solvency needs for the premium and reserve risk is significantly lower than the result calculated using the Standard Formula; consequently, the own assessment of solvency needs for non-life underwriting risk is lower than the calculation using the Standard Formula.

In addition to this quantitative measurement of non-life underwriting risk exposure, individual Group companies monitor their non-life underwriting risk exposure on a quarterly basis using various risk indicators. Certain indicators are also monitored at the Group level. This information allows Group companies or the Group to promptly identify any changes, which in turn enables management to take action in a timely manner.

Risk concentration

The following graph shows the regional breakdown of gross premiums written in the fire and other damage to property insurance business, proportional reinsurance, non-proportional property reinsurance business and NSLT health insurance business by region. The Group generates the majority of its premiums in EU Member States, primarily in Slovenia, where the Group’s direct insurance companies operate. Compared to 2024, gross premiums in the EU Member States increased, and premiums in the non-EU countries in Europe also increased slightly. The diversification of gross premiums remained at a similar level to 2024.

Consolidated gross premiums written of non-life insurance (EUR thousand)



At the Group level, the exposure to natural catastrophes is largest in the regions where the Group companies underwrite property business. By far the largest gross aggregate exposure to natural catastrophes is thus concentrated in Slovenia. The Group has a reinsurance programme in place to mitigate catastrophe risk, under which the Group's maximum exposure per event is the retention (detailed below), with the remainder ceded to reinsurers. The gross aggregate exposure levels in Slovenia for individual perils increased slightly in 2025, as shown in the following table.

Gross aggregate exposures in Slovenia by peril

EUR thousand ²⁰	2025	2024
Flood	17,567,523	16,376,578
Earthquake	25,505,434	22,505,434
Storm and hail	68,445,474	63,552,974

The Group's primary insurance business and separately accepted non-Group reinsurance business is protected against natural catastrophes under non-proportional catastrophe excess-of-loss coverages for own account. Even prior to the operation of the non-proportional protection, the portfolio of earthquake insurance business of the Group's cedants is protected by a quota share retrocession treaty. This means that in the event of a major catastrophe, the Group would suffer a maximum loss equal to the priority of the catastrophe excess-of-loss cover plus a reinstatement premium. In this way, the maximum net exposure of the portfolio to a catastrophe event is limited by the retention up to the capacity of the reinsurance cover.

Compared to the previous year, the reinsurance programme has been adapted to reflect the changes in underwritten business and the availability of reinsurance capacity in the market. The Group further strengthened its protection by purchasing additional coverage to protect against natural catastrophe claims, thereby reducing the volatility of its results in the event of such catastrophes.

Risk management

The Group manages underwriting risk through:

- established underwriting processes, comprising procedures and an authorisation system for the underwriting of insurance contracts with higher sums insured, and a process for the underwriting of insurance contracts in accordance with internal underwriting guidelines for facultative underwriting with high exposures;
- underwriting limits;
- geographical diversification;
- an appropriate actuarial pricing policy applied in product design and controlling; and
- an appropriate reinsurance programme.

The Group does not use special purpose vehicles (SPV) or hedging techniques to mitigate its underwriting risk.

In addition to the above, the Group monitors the impact of sensitivity analyses on risk levels. In our calculation as at 31 December 2025, we tested the impact of a **10% increase in all premiums included in the premium risk calculation** for non-life and health insurance policies pursued on a similar basis as non-life insurance (NSLT health insurance). A 10% increase in premiums would result in a 6.0% increase in the premium and reserve risk of the non-life business and a 7.0% increase in the premium and reserve risk of the NSLT health insurance business. The increase also has a minor impact on the amount of eligible own funds. A 10% increase in premiums would result in an 8-percentage-point decrease in the solvency ratio.

²⁰ The data are compiled as at 30 June of each year.

We also analysed the impact of a **10% increase in claims provisions, which form part of the reserve risk calculation** for non-life and NSLT health insurance business. A 10% increase in claims provisions would result in a 4.1% increase in the premium and reserve risk of the non-life business and a 2.5% increase in the premium and reserve risk of the NSLT health insurance business. The increase also has a material impact on the reduction of eligible own funds. A 10% increase in claims provisions would result in a 13-percentage-point decrease in the solvency ratio. The SCR values for the NSLT health insurance risk prior to the sensitivity analysis are presented in section [C.1.3 Health insurance risk](#).

Impact of sensitivity analyses on eligible own funds, SCR and the Group solvency ratio²¹

EUR thousand	Group eligible own funds	Difference from base value	Group SCR	Difference from base value	Group solvency ratio	Difference from base value
Base values as at 31 December 2025	857,927		393,398		218%	
Increase in premiums for non-life and NSLT health insurance	855,860	-2,068	406,875	13,477	210%	-8 pp
Increase in claims provisions for non-life and NSLT health insurance	819,199	-38,728	400,086	6,688	205%	-13 pp
Base values as at 31 December 2024	769,017		370,245		208%	
Increase in premiums for non-life and NSLT health insurance	767,012	-2,005	383,186	12,941	200%	-8 pp
Increase in claims provisions for non-life and NSLT health insurance	731,141	-37,876	377,193	6,948	194%	-14 pp

In the following sections, risk management is discussed in more detail for each of the non-life underwriting risks.

Premium risk

Most accepted non-life (re)insurance contracts are renewed annually. This allows insurers to amend the conditions and rates on an ongoing basis to reflect any deterioration in loss ratios across all classes of insurance and for major policyholders. In response to rising inflation, the Group has taken steps to increase premium rates for motor and property insurance on an ongoing basis. In 2025, the reinsurance market passed the peak of the hard-market phase. In the coming year, further price softening and limited easing of terms and conditions at the next renewals are expected, while the Group will continue to underwrite reinsurance in a disciplined manner in order to manage the premium risk of this segment.

The Group mitigates price risk by conducting detailed market analyses, monitoring the business environment (media, competitors, customers) and regulatory requirements, and monitoring historical claims trends (for the entire insurance market) and projections. In the case of obligatory proportional reinsurance treaties, Sava Re follows the fortunes of its ceding companies, whereas, in the case of non-proportional and facultative treaties, the decision to accept the risk is made by Sava Re. It follows from the foregoing that in order to manage this risk, it is essential to review the practices of existing and future ceding companies and to analyse developments by market and class of insurance. Consequently, coverage may only be granted by following internal underwriting guidelines, and performance must be consistent with the target combined ratios, based on available information, prices set and other

²¹ Due to a change in methodology, the data reported as at 31 December 2024 differs from that reported in the Solvency and Financial Condition Report of the Sava Insurance Group for 2024.

relevant contractual provisions. The Group verifies the appropriateness of prices through modelling and other detailed profitability reviews.

Another underwriting process risk is PML error, the inaccurate assessment of the probable maximum loss (PML). In order to mitigate this risk, the Group has in place PML assessment guidelines, requires PML assessments to be a team exercise and ensures that the reinsurance programme covers PML errors.

The Group mitigates claims risk through in-depth assessments of underwriting process risk, by restricting the authorisations in the (re)insurance underwriting process and by developing IT support that allows an accurate overview of claims accumulation. For accepted reinsurance, this risk, too, can be managed by using special clauses in proportional reinsurance contracts, which limit the reinsurer's share of unexpected claims, and by not accepting unlimited layers under non-proportional contracts. Another key element in mitigating this risk is the annual testing of the adequacy of reinsurance protection by using a variety of sensitivity analyses and scenarios, and the setting of appropriate retentions. Retention levels and reinsurance coverage for individual risks remained largely at similar levels in 2025 as in the previous year; however, additional reinsurance coverage was purchased to cover losses arising from natural catastrophes (sub-layer and reinstatement premium cover for a one-time reinstatement of the first layer of the CAT treaty), thereby reducing the volatility of business results in the event of natural catastrophes.

Reserve risk

The Group manages reserve risk by means of robust processes and effective controls as regards the calculation of technical provisions in accordance with both IFRS and Solvency II regulations. In addition, it conducts annual backtesting of the adequacy of technical provisions, analysing any major reasons for their inadequacy. All experience so gained is then used in the calculation of future technical provisions.

By documenting and understanding such a process, the Group can identify and describe potential risks, such as:

- data availability and accuracy,
- the adequacy of methods and assumptions used,
- calculation errors,
- process support in the IT system and tools.

Controls are put in place for the mitigation of each identified risk. These controls ensure data quality and mitigate the risks associated with the calculation of insurance contract liabilities. The design and operational effectiveness of controls are reviewed at least annually and whenever a significant change occurs in the process, or methods and models used to calculate technical provisions.

Such controls include:

- the reconciliation of technical provision items with a company's accounting records,
- a peer review of actuarial methods and assumptions,
- defined change management controls for IT tools used in the process,
- actuarial review and approval of the level of insurance contract liabilities.

The process by which technical provisions are calculated is subject to periodic approval. Where significant changes have been made to the process, the methodology or models used to calculate technical provisions, a validation is carried out in accordance with the reporting schedule.

Lapse risk

It is estimated that lapse risk is less important for the Group, as the vast majority of non-life insurance policies is written for one year and cannot be terminated early without the insurer's consent (except in

the case of non-payment of premiums or if the policyholder no longer owns the subject matter of the insurance policy or it has been destroyed in a loss event). The majority of accepted reinsurance contracts are also written for a period of one year. The risk associated with these contracts is also mitigated by nurturing good business relations with policyholders and cedants and by closely analysing the market situation.

Catastrophe risk

The Group manages catastrophe risk by means of a well-designed underwriting process, by controlling risk concentration for products covering larger complexes against natural catastrophes and fire, by geographical diversification, and by adequate retrocession protection against natural and man-made catastrophes.

For natural catastrophes, the Group has in place a non-proportional catastrophe excess-of-loss coverage to protect its retention, separately for Group and non-Group accepted reinsurance. Before the non-proportional protection is triggered, the Slovenian portfolio is protected by proportional retrocession: a surplus cover providing protection at the level of individual risks (including PML error), and an earthquake quota share cover. This means that in the event of a major catastrophe, the Group would suffer a maximum loss equal to the priority of the catastrophe excess-of-loss cover plus a reinstatement premium. If the Group wants to continue using the coverage, it is subject to reinstatement provisions, meaning that it would purchase protection for the remaining period of cover. This is a common instrument available in the international reinsurance market. For 2026, the Group has secured additional protection for its portfolio in Slovenia through an aggregate excess of loss catastrophe treaty, and it has also renewed its reinstatement premium cover for a one-time reinstatement of the first layer of the CAT treaty. It ensures that the Group remains solvent even if several catastrophic events occur in a single year.

The Group also analyses scenarios and their impact on its operations and solvency position. We selected scenarios based on the own risk profile, striving to identify events with a potentially significant impact on the operations and capital adequacy, and taking into account the likelihood of their occurrence.

Catastrophe risk is a major risk for the Group. Therefore, as part of the annual ORSA process, the Group tests catastrophe scenarios in terms of their impact on solvency. As part of the ORSA for 2026, the Group addressed catastrophe risk in two long-term climate scenarios, which are described in sub-section [C.6.3 Sustainability risk and climate change risk](#).

C.1.2 Life underwriting risk

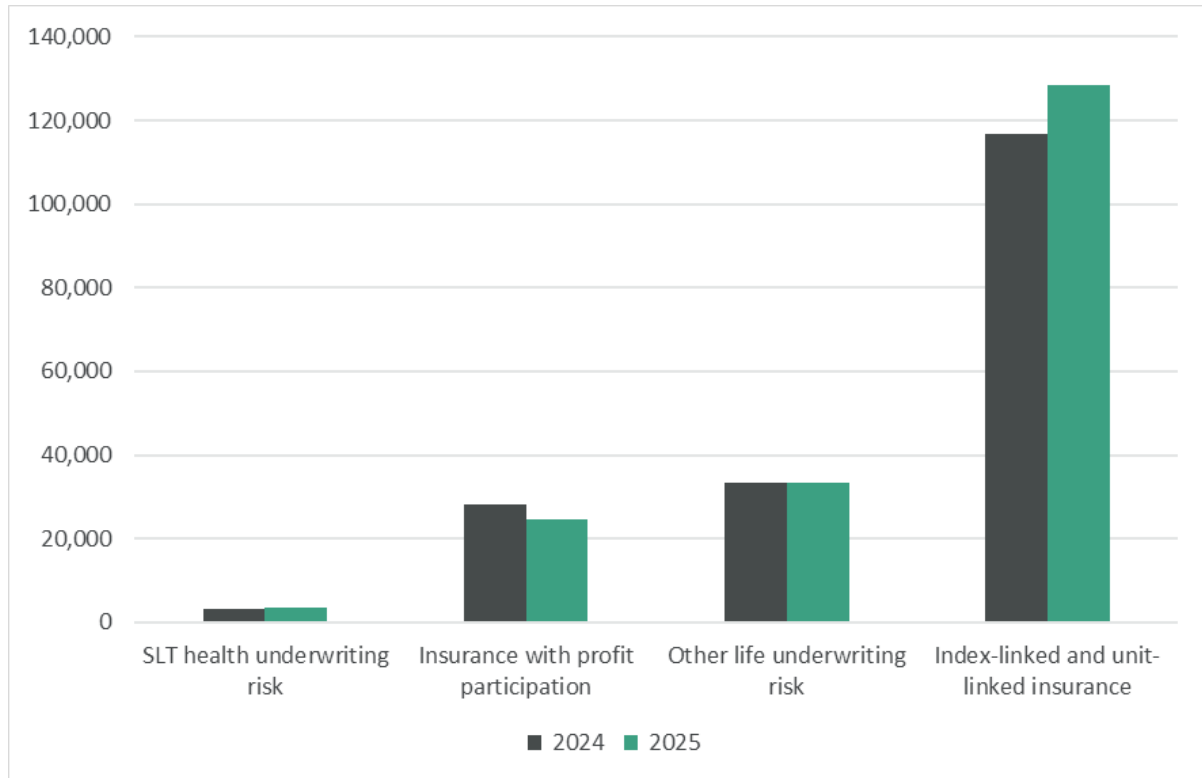
The main life underwriting risks are:

- biometric risks, which are divided into:
 - ◆ mortality risk,
 - ◆ longevity risk,
 - ◆ disability-morbidity risk,
- life-expense risk,
- revision risk,
- lapse risk, being the risk of early termination of life insurance contracts, which includes terminations due to surrenders, conversion to paid-up status, and premium default,
- life catastrophe risk.

Risk exposure

The Group is moderately exposed to life underwriting risk. The Group’s main exposure to life underwriting risk is in the European Union. Similar to 2024, the largest share of consolidated gross life premiums written in 2025 is index-linked or unit-linked, which increased compared to 2024 due to a higher volume of new business.

Consolidated gross premiums written by major class of life insurance (EUR thousand)



Key risk exposures are lapse risk, life-expense risk and mortality risk. Other risks are minor and therefore not discussed in detail.

Lapse risk is the risk that life insurance contracts will be terminated earlier than expected to a greater or lesser extent due to surrenders, conversions to paid-up status or premium default. The level of risk depends on the use of appropriate statistics, the identification of lapses for various reasons in an underwriting year and the economic situation, which may also affect policyholder behaviour. The level of risk also depends on the competitive insurance products available in the market and the advice provided by insurance intermediaries and financial advisers.

Mortality risk is the risk that the actual mortality of insured persons will be higher than that used in the mortality tables for premium pricing. It depends on the use of relevant statistics and the identification of insured persons whose health or lifestyle may increase their mortality risk.

Life-expense risk is the risk that the actual expenses incurred in servicing life insurance contracts will be higher than those projected in premium pricing. The level of risk depends on the use of appropriate statistics, and an increase in the actual cost of servicing life insurance contracts.

Risk measurement

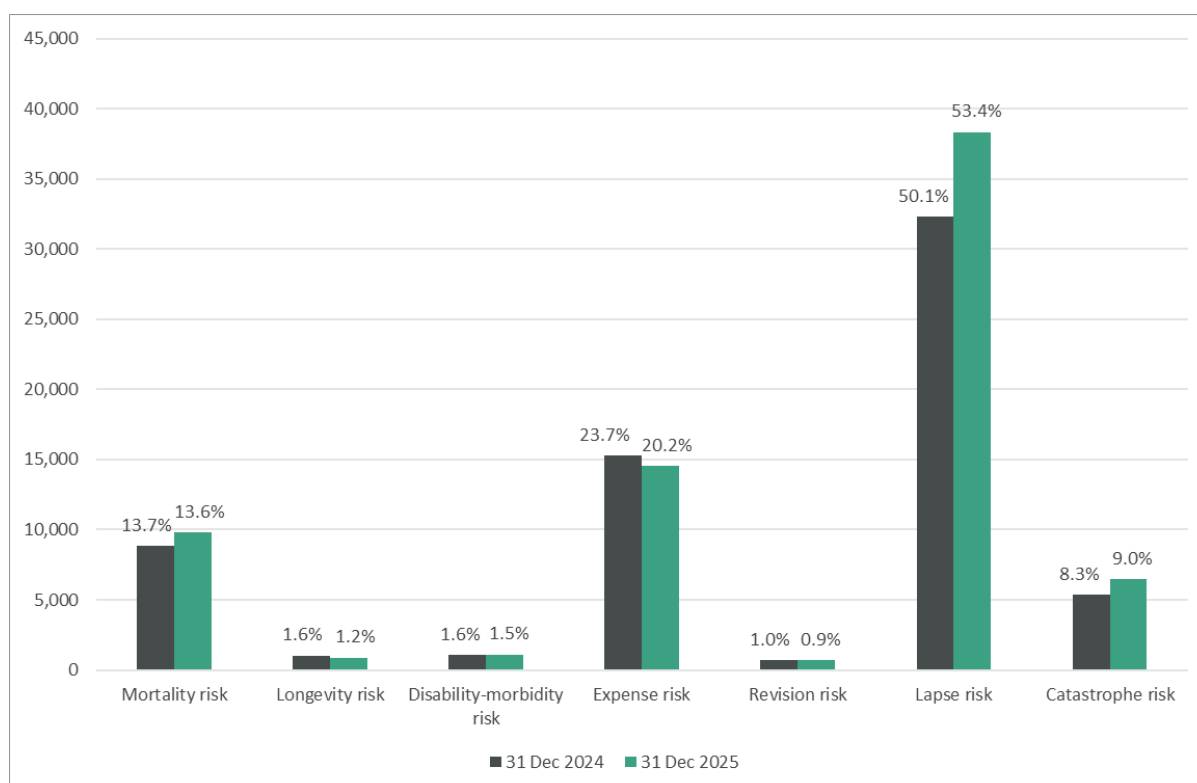
The Group makes quantitative assessments of life underwriting risk using the Standard Formula. The solvency capital requirement for life underwriting risks in accordance with to the Standard Formula amounted to EUR 52.0 million as at 31 December 2025 (31 December 2024: EUR 46.4 million),

representing 9.4% (31 December 2024: 9.1%) of the total SCR of all risk modules²². The change in the capital requirement compared to the previous year is mainly due to the development of the portfolio and the change in expense assumptions.

Lapse risk represents the largest share of the Group’s undiversified life underwriting risk, the largest being mass lapse risk. This risk has increased compared to the previous period due to the aforementioned portfolio developments and changes in cost assumptions; on the other hand, expense risk has decreased for the same reason. Two other significant risks are mortality risk and catastrophe risk, both of which have increased due to the expansion of the portfolio exposed to mortality risk. Other life underwriting risks of the Group are relatively minor.

A comparison of risks is provided in the following breakdown of each undiversified risk (amount and percentage of total) by life underwriting risk sub-module.

Undiversified life underwriting risk by risk sub-module (EUR thousand)²³



As we believe that our own risk profile for life insurance does not deviate significantly from the underlying assumptions in the Standard Formula, life underwriting risks are treated in the ORSA in the same way as in the Standard Formula.

Risk concentration

There is no significant concentration of life underwriting risk at the Group level, as the portfolio is well-diversified in terms of the age of the insured persons, the remaining period of insurance, exposure (of sums insured and sums at risk) and premium payment schedules. The portfolio is also diversified in terms of the percentage of policies lapsed in a period, expenses and mortality and morbidity rates by product.

²² The sum of all SCRs of all risk modules, including operational risk, is taken into account.

²³ The share of an individual risk submodule is calculated as a percentage of the sum of all risk submodules.

Risk management

The Group manages **lapse risk** mainly by monitoring the number and percentage of policy lapses on a quarterly basis, restricting surrenders where insurer approval is required and systematically preventing intermediaries from rearranging policies.

The procedures used to manage **mortality risk** include the consistent application of underwriting protocols (detailing deviations from normal mortality risk), regular monitoring of exposures and the adequacy of the mortality tables used, and appropriate reinsurance protection.

The Group manages the **insurance expense risk** by periodically monitoring the expenses incurred in servicing life insurance contracts, monitoring the macroeconomic situation (e.g., inflation) and appropriately planning of these expenses for the coming years.

Life underwriting risks are also managed by the Group by periodically monitoring the life portfolio composition, exposures, premium payment patterns, lapse rates and expenses incurred, as well as by analysing the appropriateness of the modelling of the expected mortality, morbidity and lapse rates. The information so obtained allows for timely action in the case of adverse developments in these indicators.

We also conducted individual risk sensitivity analyses for life and health insurance pursued on a similar basis as life insurance (SLT health insurance), in which we increased the expected mortality rates, expected morbidity rates, policy lapse rates and expenses. In all sensitivity analyses, we increased the mentioned parameters by 10%. The impact on the eligible own funds and the solvency ratio is shown in the table below; the SCR has not been restated. The SCR values for the SLT health insurance risk prior to the sensitivity analysis are presented in section [C.1.3 Health insurance risk](#).

Impact of sensitivity analyses on eligible own funds, SCR and the Group solvency ratio

EUR thousand	Group eligible own funds	Difference from base value	Group SCR	Difference from base value	Group solvency ratio	Difference from base value
Base values as at 31 December 2025	857,927		393,398		218%	
Increase in lapse rates of 10%	853,607	-4,320	393,398	0	217%	-1 pp
Increase in mortality rate of 10%	853,419	-4,509	393,398	0	217%	-1 pp
Increase in expenses of 10%	851,755	-6,172	393,398	0	217%	-1 pp
Increase in morbidity rates of 10%	856,714	-1,213	393,398	0	218%	0 pp
Base values as at 31 December 2024	769,017		370,245		208%	
Increase in lapse rates of 10%	765,880	-3,137	370,245	0	207%	-1 pp
Increase in mortality rate of 10%	764,989	-4,028	370,245	0	207%	-1 pp
Increase in expenses of 10%	762,746	-6,271	370,245	0	206%	-2 pp
Increase in morbidity rates of 10%	767,860	-1,157	370,245	0	207%	-1 pp

C.1.3 Health underwriting risk

Health underwriting risk includes:

- risks of health insurance pursued on a similar basis as non-life insurance (NSLT health insurance);
- risks of health insurance pursued on a similar basis as life insurance (SLT health insurance).

The Group is exposed to both types of health underwriting risk. The majority of the exposure relates to accident insurance, which is classified as NSLT health insurance, whereas the exposure to SLT health underwriting risk is low.

NSLT health underwriting risks are very similar in nature to non-life underwriting risks, which are discussed in greater detail in section [C.1.1 Non-life underwriting risk](#) of this report and, as such, are managed by the Group using similar techniques, i.e., by means of a well-designed underwriting process, the control of risk concentration for accident and health insurance products, and adequate reinsurance protection.

SLT health underwriting risks are very similar in nature to life underwriting risks and are therefore managed by the Group using similar techniques. Life underwriting risks are discussed in greater detail in section [C.1.2 Life underwriting risk](#) of this report.

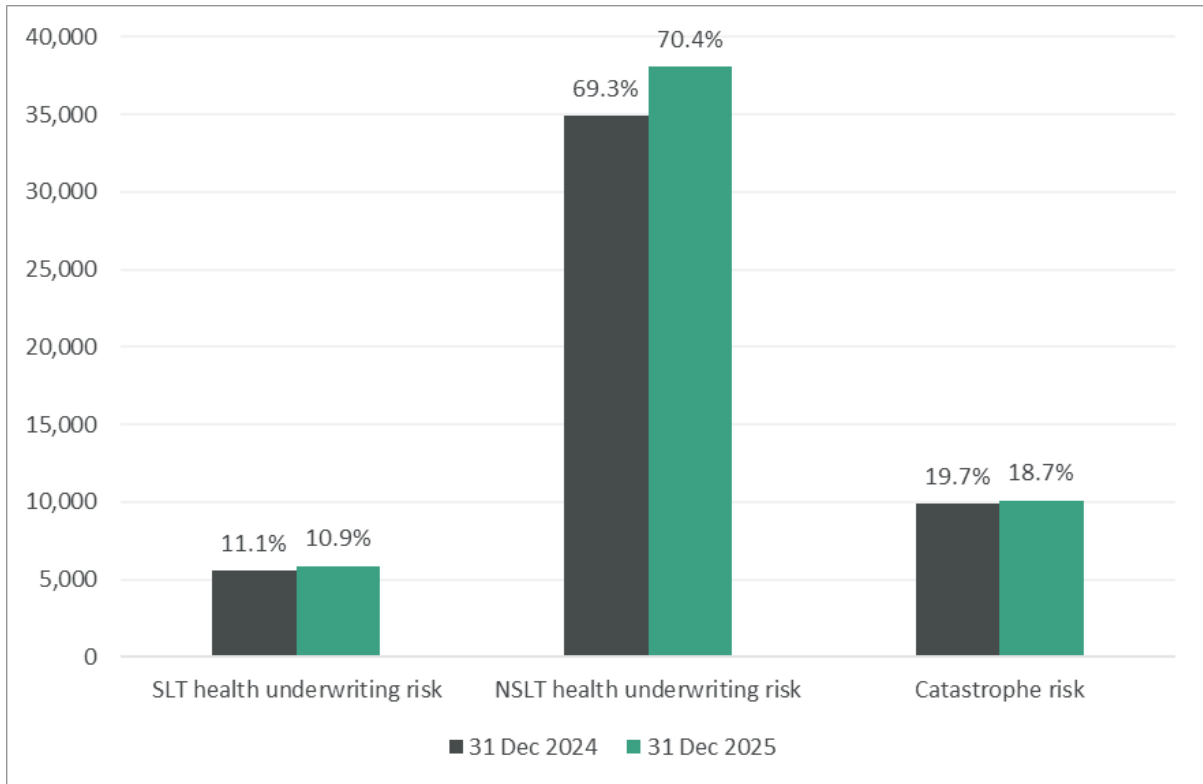
The Group makes quantitative assessments of health underwriting risk using the Standard Formula. According to this formula, the Group was exposed to health underwriting risk in the amount of EUR 45.1 million as at 31 December 2025 (31 December 2024: EUR 41.7 million), representing 8.1% (31 December 2024: 8.2%) of the total SCR of all risk modules²⁴. The level of health underwriting risk under the Standard Formula as at 31 December 2025 is therefore slightly higher than in the previous year.

In 2025, the SLT health underwriting risk and the catastrophe risk remained at a similar level to the previous period. However, the NSLT health underwriting risk increased slightly, largely driven by the growth of the accident insurance portfolio.

A comparison of risks is provided in the following breakdown of each undiversified risk by health underwriting risk sub-module.

²⁴ The sum of all SCRs of all risk modules, including operational risk, is taken into account.

Undiversified health underwriting risk by risk sub-module (EUR thousand and as % of total)²⁵



As is the case with non-life insurance, the Standard Formula does not adequately capture this risk; therefore, in the ORSA, we used our own model to assess the premium and reserve risk of NSLT health insurance, which is described in more detail in section [C.1.1 Non-life underwriting risk](#) of this report.

²⁵ The share of an individual risk submodule is calculated as a percentage of the sum of all risk submodules.

C.2 Market risk

Market risk is the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

Market risk includes the following types of risk:

- **Interest rate risk** is the risk of a change in market interest rates adversely affecting the value of interest-rate-sensitive assets and liabilities. Interest-rate-sensitive investments include bonds, deposits, loans, bond and mixed mutual funds, and debt alternative funds. Interest-rate-sensitive liabilities mainly include technical provisions. When calculating capital requirements for interest rate risk, the amount of interest-rate-sensitive assets is considered on the assets side, whereas the best estimate technical provisions and provisions for employees are considered on the liabilities side.
- **Equity price risk** is the risk of a fall in the level of equity prices resulting in a fall in the value of equities. Exposure to this risk arises from investments in equities, equity and mixed mutual funds, and alternative funds. On the liabilities side, the exposure results from life insurance obligations arising from life policies where policyholders bear the investment risk. For unit-linked policies, where the policyholders bear the investment risk, the Group matches the associated assets and liabilities in accordance with IFRSs. Due to the Solvency II valuation of obligations arising from such insurance contracts, a shock has a different impact on the level of assets and liabilities, resulting in a mismatch between assets and liabilities in the calculation of equity price risk, leading to an additional capital requirement. The level of the capital requirement is further affected by the level of the symmetric adjustment based on the historical movement of the specific stock index.
- **Property risk** is the risk of a fall in the value of property due to changes in the level and volatility of property prices. This risk affects own-use property, investment property, real-estate funds and right-of-use assets.
- **Currency risk** is the risk of a drop in the value of assets or an increase in the level of liabilities due to changes in the level of foreign currency exchange rates.
- **Spread risk** is the risk of the sensitivity of asset values to changes in the level or volatility of credit spreads over the risk-free interest rate. This risk affects bonds, deposits, loans, bond and mixed mutual funds, and alternative debt funds.
- **Market concentration risk** (market risk concentration within the meaning of Directive 2009/138/EC) is the risk of a suboptimal diversification of the asset portfolio or increased exposure to the default of a single issuer or group of issuers.

C.2.1 Risk exposure

As at the date of this report, the Group had the following composition of investments that affect its exposure to market risk.

Composition of investments included in the calculation of market risk (Solvency II valuation)²⁶

EUR thousand	31 December 2025	As % of total as at 31 December 2025	31 December 2024	As % of total as at 31 December 2024
Asset class				
Bonds	1,505,449	57.0%	1,422,232	58.7%
<i>Government bonds</i>	937,610	35.5%	919,710	37.9%
<i>Corporate bonds</i>	567,839	21.5%	502,522	20.7%
Investment funds	93,714	3.5%	89,766	3.7%
Deposits	35,002	1.3%	30,393	1.3%
Equity investments	63,320	2.4%	73,890	3.0%
<i>Participations</i>	39,008	1.5%	50,425	2.1%
<i>Shares – listed</i>	20,494	0.8%	20,283	0.8%
<i>Shares – unlisted</i>	3,818	0.1%	3,182	0.1%
Property	100,426	3.8%	100,018	4.1%
<i>Own-use property</i>	71,190	2.7%	70,790	2.9%
<i>Other property</i>	29,236	1.1%	29,228	1.2%
Loans and mortgages	7,147	0.3%	1,731	0.1%
Investments of policyholders who bear the investment risk	837,062	31.7%	706,535	29.1%
Total	2,642,119	100%	2,424,565	100%

The value of assets included in the calculation of market risk was EUR 2,603.1 million as at 31 December 2025 (31 December 2024: EUR 2,374.1 million).

Investments in government and corporate bonds increased in particular, driven by the investment of free cash flow and the appreciation of these investments. The increase in investments in mutual funds was due to additional investments in equity and alternative funds, while the rise in loans and mortgages was primarily attributable to a loan granted to the associate company DCB.

In addition to the portfolio investments, the market risk calculation includes the assets of policyholders who bear the investment risk and the related obligations arising from these contracts, which increased significantly in 2025 due to business growth and favourable trends in capital markets.

The predominance of fixed-rate financial instruments reflects the Group’s policy, which seeks primarily to match the nature of the investments with the liabilities they cover and to diversify investments.

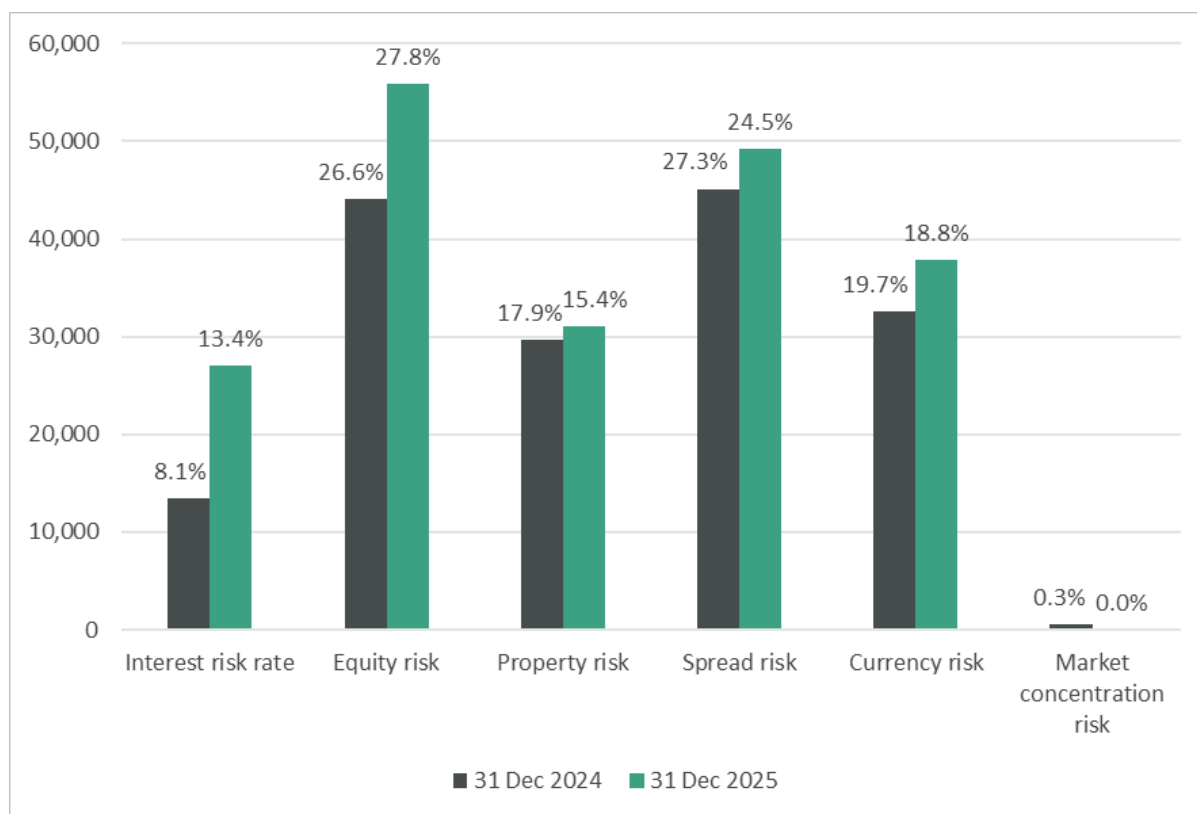
C.2.2 Risk measurement

The Group conducts the quantitative assessment of market risk by using the Standard Formula as well as the calculation of its own assessment of solvency needs for market risk. For investment fund assets, the Group uses the look-through approach to calculate market risk.

The following graph shows the Group’s market risk in accordance with the Standard Formula by risk sub-module. The share of each risk sub-module is expressed as a percentage of the total of all market risk sub-modules.

²⁶ Overview of the basic investment portfolio (the look-through approach is not considered).

Undiversified market risk by risk sub-module (EUR thousand and as % of total)²⁷



As at 31 December 2025, the solvency capital requirement under the Standard Formula for market risk was EUR 141.4 million (31 December 2024: EUR 120.6 million), representing 25.5% (31 December 2024: 23.6%) of the total SCR of all risk modules²⁸.

Interest rate risk is relatively low at 13.4% (31 December 2024: 8.1%) of the undiversified capital requirement for market risk. This risk increased in 2025, due to a higher risk-free yield curve and a higher surplus of interest-rate-sensitive assets over interest-rate-sensitive liabilities.

Equity price risk, which accounts for 27.8% (31 December 2024: 26.6%) of the undiversified capital requirement for market risk, represents the largest market risk. Equity price risk increased in 2025, driven by the growth in the investment portfolio where policyholders bear the investment risk, higher symmetric adjustments, and additional investments in equity and alternative funds.

Property risk relates mainly to property held by the Group for own use and, to a lesser extent, investment property and assets invested in real-estate funds. The allocation to investment property within the investment portfolios of Group companies is limited by the limit system and is therefore relatively small at the Group level. This risk increased slightly in 2025 due to additional investments in real estate funds, and a new real estate appraisal also had an impact.

Spread risk is the second-largest market risk, accounting for 24.5% (31 December 2024: 27.3%) of the undiversified capital requirement for market risk. The risk is driven by the Group’s exposure to debt securities and deposits. The risk increased slightly in 2025, primarily due to an increase in the volume of debt securities. The Group companies have a limit system in place to manage credit risk, which defines maximum exposures to a single issuer, region, sector and credit rating, thereby preventing the assumption of risks that are inconsistent with the risk appetite of each company.

²⁷ The share of an individual risk sub-module is calculated as a percentage of the sum of all risk sub-modules.

²⁸ The sum of all SCRs of all risk modules, including operational risk, is taken into account.

Currency risk represents 18.8% (31 December 2024: 19.7%) of the undiversified capital requirement for market risk, with both assets and liabilities exposed to this risk. The Group's exposure to currency risk arises mainly from the reinsurance business of Sava Re, the Group's non-EU based companies, unit-linked business where policyholders bear the investment risk, and financial investments (direct and in investment funds). The risk increased somewhat in 2025, partly due to a larger volume of unit-linked business, where policyholders assume the investment risk, and partly due to the non-EU based Group companies and Sava Re's reinsurance business.

The Group's **market concentration risk** was zero as at 31 December 2025, as none of the exposures exceeded the exposure threshold under Solvency II (as at 31 December 2024, it represented 0.3% of the undiversified capital requirement for market risk).

When assessing the risks associated with the investment portfolio, the Group also regularly monitors other risk and performance measures relating to the investment portfolio, namely:

- duration,
- book return and return,
- portfolio structure.

As part of asset and liability management, the Group and each EU-based Group company quarterly calculate and monitor the following for each asset and liability portfolio:

- risk measures: modified duration, convexity and key rate duration,
- cash-flow projections,
- the market return and profitability,
- income volatility,
- the change in fair value, and
- the currency composition of assets and liabilities.

In addition to the Standard Formula, the Group uses its own assessment of solvency needs to monitor and assess market risk. The own assessment of solvency needs considers only financial investments, excluding the assets of policyholders who bear the investment risk. These are taken into account in the own assessment of solvency needs in the same way as in the Standard Formula. In the own assessment of solvency needs, we assess the following financial risks: equity price risk, interest rate risk and credit risk of financial investments. Equities are valued using the capital asset pricing model (CAPM), where for each equity we separately determine an equity index that represents the market return in the model (based on the relevant economic generator scenarios). In the own assessment of solvency needs, we include all marketable equity securities that are sufficiently liquid to allow the parameters of the model to be estimated with sufficient accuracy using historical data. For other investments, we use the stresses prescribed by the Standard Formula. In the own assessment of solvency needs, interest rate risk is assessed for all interest-sensitive assets and liabilities. To this end, each currency representing a relatively small share of the portfolio is translated into a modelled currency against which it had the most stable exchange rate over the past five-year period²⁹. Furthermore, as part of our own assessment of solvency needs, we assess the credit risk of financial investments, which also captures market concentration risk and spread risk. In accordance with Article 180 of the Delegated Regulation, the Standard Formula assigns a risk factor stress of 0% to certain government bonds. Given past market behaviour, however, these actually bear a certain level of risk. Accordingly, they are treated together with other debt instruments in the own assessment of solvency needs.

The capital requirement for market and credit risk is higher in the calculation of the own assessment of solvency needs than in the Standard Formula, mainly because of the spread risk on EU government bonds – which are treated as risk-free in the Standard Formula, but in the own assessment of solvency needs we also assess the risk of these investments – and the recalculation of the interest rate risk,

²⁹ The currencies modelled are the euro, US dollar, Chinese yuan, Indian rupee and South Korean won.

where the economic scenarios assume a higher variability of interest rates than in the Standard Formula.

C.2.3 Risk concentration

The Group's largest regional concentration is in the EU Member States. The Group's highest single issuer concentration arises from the Republic of Germany. Aware of this concentration risk, the Group actively manages it by lowering the maximum exposure limit set in the internal limit system.

C.2.4 Risk management

Market risk is monitored at the level of the individual Group companies and at the Group level.

In order to manage material market risks in a systematic manner, the Group has adopted an asset and liability management policy and an investment risk management policy. The policies define:

- the basic investment guidelines,
- the measures used to monitor investment performance,
- the measures used to monitor investment risks,
- the persons responsible in the investment process.

The Group's framework for market risk management has been appropriately transferred to and used by each Group company.

The Group manages and monitors market risk taking into account:

- its risk appetite as set out in the risk strategy,
- operational limits for financial investments,
- performance and risk measures relating to investments and liabilities.

The Group manages the risks arising from the financial investments portfolio by regularly monitoring and analysing issuers' financial data, monitoring the market prices of financial instruments, and regularly analysing asset and liability management.

The Group companies manage asset and liability mismatches primarily through matching. Where possible and cost effective, mismatches are reduced by matching assets to liability cash flows. Group companies do not use derivative financial instruments to manage assets and liabilities.

The Group manages equity price risk by diversifying this investment portfolio segment across different capital markets and by using a limit system that caps the overexposure to the equity portfolio.

Currency mismatch is managed at the level of each Group company through the currency matching of IFRS liabilities. The monitoring and management of currency risk is presented in more detail in the Group's annual report in section C.3.6.4.1.5 *Currency risk*.

In order to avoid concentration of investments by type of investment, issuer, industry and other similar concentrations, Group companies ensure that their investment portfolios are diversified within the possibilities of their respective capital markets and legal frameworks, in accordance with local insurance regulations and their own internal rules. To avoid risk concentration at the Group level, additional limits are set by issuer, industry, region and credit rating. Thus, the Group prevents large concentrations within its investment portfolio and limits the level of risk. The Group's portfolio, broken down by these parameters and by rating, is shown in its annual report in section C.3.6.4.3 *Credit risk*.

In addition, the Group has performed a number of sensitivity analyses on market risk using various parameters that affect the level of the solvency capital requirement for market risk and the level of the Group's eligible own funds and, consequently, its solvency position. The following table shows the results of selected sensitivity analyses.

Impact of sensitivity analyses on eligible own funds, SCR and the Group solvency ratio

EUR thousand	Group eligible own funds	Difference from base value	Group SCR	Difference from base value	Group solvency ratio	Difference from base value
Base values as at 31 December 2025	857,927		393,398		218%	
Increase in interest rates of 100 basis points	847,144	-10,784	394,514	1,115	215%	-3 pp
Decrease in interest rates of 100 basis points	867,958	10,031	393,481	83	221%	3 pp
Fall in value of equity securities of 20%	840,455	-17,472	384,804	-8,594	218%	0 pp
Decrease in value of property of 15%	843,468	-14,459	392,107	-1,291	215%	-3 pp
Widening of credit spreads of 100 basis points	821,681	-36,246	394,869	1,471	208%	-10 pp
Base values as at 31 December 2024	769,017		370,245		208%	
Increase in interest rates of 100 basis points	762,253	-6,764	370,336	91	206%	-2 pp
Decrease in interest rates of 100 basis points	773,465	4,448	372,144	1,899	208%	0 pp
Fall in value of equity securities of 20%	752,985	-16,032	362,431	-7,814	208%	0 pp
Decrease in value of property of 15%	754,521	-14,496	369,119	-1,126	204%	-4 pp
Widening of credit spreads of 100 basis points	734,319	-34,698	371,238	993	198%	-10 pp

The first sensitivity analysis was an **increase and decrease in interest rates**. We conducted the analysis by shifting the risk-free interest rate base curve up or down by 100 basis points for all maturities. We then recalculated the Group’s eligible own funds and its SCR, taking into account the impact of the change in the curve on all interest-rate-sensitive assets and liabilities. A 100-basis-point increase in interest rates would result in a decrease in the Group’s eligible own funds of less than the Group’s materiality threshold³⁰. Meanwhile, the Group’s SCR would increase slightly, causing the solvency ratio to decrease slightly. In a sensitivity analysis assuming a 100-basis-point decrease in interest rates, the Group’s eligible own funds increase, and the Group’s SCR also increases slightly. As a result, the Group’s solvency ratio increases slightly.

The second is a sensitivity analysis of the **decrease in the value of the Group’s equity securities**, which was carried out by reducing the value of the equity securities by 20% at the reporting date. In addition, we assessed the impact of the change on the best estimate provisions, which depends on the level of investments. We calculated the impact of the sensitivity analysis on the Group’s eligible own funds and the level of the Group’s SCR. The Group’s eligible own funds reduce by less than the Group’s materiality threshold, but the Group’s SCR also declines, so there is no change in the Group’s solvency ratio.

The third sensitivity analysis assumed a 15% **fall in property prices**. The calculation was made using the amount of property as at the reporting date. The sensitivity analysis mainly resulted in a decline in the Group’s eligible own funds, which decline by less than the Group’s materiality threshold. Since the Group’s SCR also decreases, the impact of the sensitivity analysis on the Group’s solvency ratio – which decreases slightly – is small.

The fourth is a sensitivity analysis to **increases in credit spreads**. The analysis was carried out by increasing the credit spreads by 100 basis points and then recalculating the eligible own funds and the SCR of the Group. The Group’s eligible own funds decreased by more than the Group’s materiality

³⁰ The Group’s materiality threshold based on the capital adequacy calculation as at 31 December 2025 was EUR 18 million.

threshold, whereas the Group's SCR increased slightly, resulting in a moderate impact on the Group's solvency ratio.

Scenario analysis in ORSA

In the ORSA, the Group analysed the impact of increased macroeconomic risks on its operations and solvency using a financial scenario. As part of two long-term climate scenarios, the Company also analysed the impact of physical risks on its investment portfolio. The financial scenario is described below, and the two climate scenarios are described in section [C.6.3 Sustainability and climate change risks](#).

In its financial scenario, the Group assumed that the fiscal difficulties of European countries would intensify, resulting in the loss of the government bond segment of core countries. The scenario assumes that the risk premiums for government bonds will increase to the levels corresponding to the 97.5th quantile of the risk premiums for non-core government bonds from the 1997–2025 period. The increased credit risk of sovereigns is reflected in higher risk premiums for other debt investments. The scenario also assumes a decline in the value of other asset classes. Based on this scenario, we recalculated the impact on the planned investment portfolio and planned insurance obligations at the end of 2026. Such a scenario would have a major impact on the Group's eligible own funds (the impact being well above the Group's materiality threshold). Such a decline in the value of investments would result in a lower capital requirement for market risk and, consequently, a lower SCR for the Group. Solvency would decrease significantly if the financial scenario were to materialise, but the Group's solvency ratio would remain within the optimal capitalisation range as defined in the risk strategy (between 170% and 210%) and well above the regulatory level of 100%. The Group also uses such scenarios to determine the potential management actions required if a scenario materialises.

Prudent person principle

The Group makes investment decisions that take into account all investment-related risks and not only risks considered in the calculation of its capital requirement. The optimisation process defines the strategic asset allocation based on risk appetite and restrictions imposed by local legislation.

The persons responsible for investment decisions assume and manage investment risk in line with the guidelines set out in the investment risk management policy, which is designed in accordance with the prudent person principle.

All assets are invested in such a way as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In addition, these assets are localised to ensure their availability.

Assets held to cover technical provisions are invested in a manner appropriate to the nature and duration of the insurance obligations. These assets are invested in the best interests of all policyholders and beneficiaries.

Each Group company has in place a limit system based on applicable legislation and its risk appetite. Group companies have in place set exposure limits for specific asset classes and commercial issuers. Exposure to individual commercial and government issuers is monitored both at the level of individual Group companies and at the Group level.

In case of a conflict of interest, each Group company ensures that investments are made in the best interests of policyholders and beneficiaries.

C.3 Credit risk

Credit risk is the risk of loss or adverse change in the Group's financial position resulting from fluctuations in the credit standing of issuers, counterparties and any debtors to which the Group is exposed.

C.3.1 Risk exposure

Credit risk is composed of:

- counterparty default risk,
- spread risk, and
- market concentration risk.

Spread and market concentration risks are discussed and presented in section [C.2 Market risk](#), in accordance with the risk classification and measurement under the Standard Formula. Details regarding counterparty default risk are provided later in this section.

Counterparty default risk includes losses resulting from unexpected default or deterioration in the credit standing of counterparties and debtors over the next twelve months. This risk covers risk-mitigating contracts, such as reinsurance contracts and receivables, as well as other credit exposures not covered in the spread risk sub-module as part of market risk of the Standard Formula (cash and cash equivalents and deposits to cedants). The credit risk of trade receivables arises from delays in the payment of receivables arising from the Group's primary insurance and accepted reinsurance business, and in the payment of recourse receivables. To avoid such delays, the Group closely monitors policyholders and cedants, and actively collects overdue and outstanding receivables. Therefore, the Group's exposure to counterparty default risk is low.

C.3.2 Risk measurement

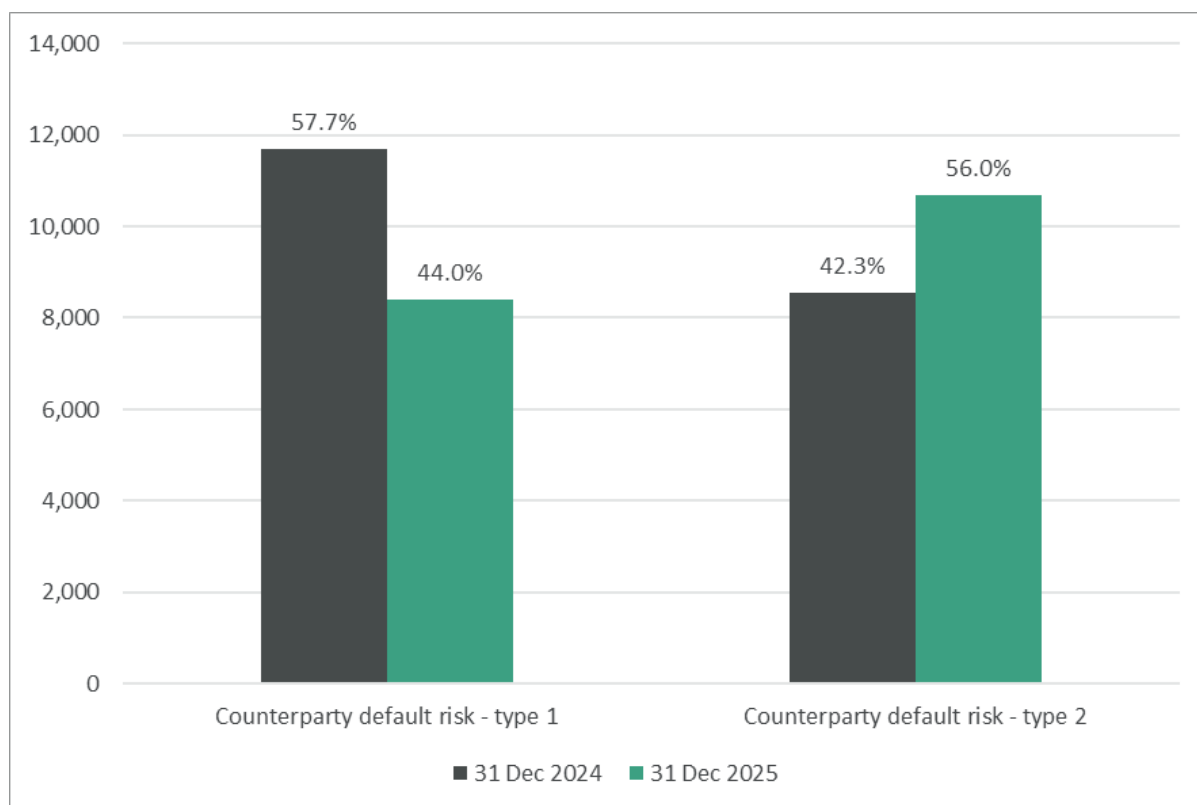
The Group makes a quantitative assessment of credit risk using the Standard Formula. As mentioned above, spread risk and market concentration risk are assessed within the market risk module, whereas counterparty default risk is assessed in a separate counterparty default risk module. This section will set out the results for counterparty default risk, whereas market risk is discussed in section [C.2 Market risk](#).

The Group's solvency capital requirement in accordance with the Standard Formula for counterparty default risk amounted to EUR 17.9 million as at 31 December 2025 (31 December 2024: EUR 19.0 million) or 3.2% (31 December 2024: 3.7%) of the total SCR of all risk modules³¹.

The following chart shows the composition of the counterparty default risk module in accordance with the Standard Formula by risk sub-module.

³¹ The sum of all SCRs of all risk modules, including operational risk, is taken into account.

Undiversified counterparty default risk by risk sub-module (EUR thousand and as % of total)³²



Type 1 risk includes exposures related to reinsurance and co-insurance contracts, and cash and cash equivalents. As at 31 December 2025, the risk was lower than it was on 31 December 2024 due to a lower balance of cash and cash equivalents. The decrease is also partly due to a methodological change whereby deposits to cedants are now classified as Type 2, whereas, as at 31 December 2024, they were included in Type 1.

Type 2 risk includes deposits to cedants and all receivables of the Solvency II balance sheet not included under type 1 risk other than tax assets and deferred tax assets. As at 31 December 2025, the risk was slightly higher than it was on 31 December 2024. This is due to the higher value of receivables on the SII balance sheet, as well as a methodological change in the treatment of deposits to cedants.

In addition to calculating the SCR in accordance with the Standard Formula, the Group calculates its own assessment of solvency needs (in the ORSA) to assess the credit risk relating to financial investments. This calculation takes into account spread, migration and default risks for all investments in debt instruments. As these risks are closely interrelated, they are addressed within a single model in the ORSA. For more information on the own assessment of solvency needs for evaluating the market and credit risk, see section [C.2.2 Risk measurement](#). As regards counterparty default risk related to reinsurers and co-insurers, we believe that the Standard Formula adequately evaluates the risk and, therefore, made no calculations of the own assessment of solvency needs for this part, whereas cash and cash equivalents are treated as risk-free investments.

C.3.3 Risk concentration

The Group has no significant concentrations of counterparty default risk.

³² The share of an individual risk submodule is calculated as a percentage of the sum of all risk submodules.

C.3.4 Risk management

To avoid such delays, the Group closely monitors policyholders and cedants, and actively collects overdue and outstanding receivables.

Group companies manage the risk associated with reinsurance and co-insurance contract assets by limiting the exposure to any one reinsurer/co-insurer and by entering into contracts with highly rated partners. Generally, Group companies arrange reinsurance directly with the parent company. Exceptions are reinsurance contracts of subsidiaries with assistance service providers and reinsurance with a local reinsurer where required by local regulations. In such cases, local reinsurers transfer the risk to Sava Re, so that the actual exposure to counterparty default risk from reinsurance contract assets is small.

The Group manages the credit risk arising from cash and cash equivalents by diversifying across a number of banks, with each individual Group company setting its exposure limits to individual issuers.

The Group monitors and reports on credit risk exposure on a quarterly basis, which ensures timely action. Partner credit ratings are also monitored, with a focus on any indications of their potential downgrade. To this end, the Group has put in place a process for reviewing external credit ratings by the credit rating committee, which operates as part of the risk management committee.

In its review of reinsurer credit ratings as part of the capital adequacy calculation, the Group conducted a sensitivity analysis of a potential deterioration in the credit standing of reinsurers and retrocessionaires. We assumed a one-notch rating downgrade for all partners, based on which we calculated the impact on the Group's SCR and solvency ratio. Calculations were made using credit ratings and exposures at the reporting date.

Impact of sensitivity analyses on eligible own funds, SCR and the Group solvency ratio

EUR thousand	Group eligible own funds	Difference from base value	Group SCR	Difference from base value	Group solvency ratio	Difference from base value
Base values as at 31 December 2025	857,927		393,398		218%	
Deterioration of partners' credit ratings	856,860	-1,068	401,400	8,002	213%	-5 pp
Base values as at 31 December 2024	769,017		370,245		208%	
Deterioration of partners' credit ratings	769,021	4	374,939	4,694	205%	-3 pp

A sensitivity analysis of a one-notch ratings downgrade resulted in a decline in the Group's eligible own funds with an increase in the Group's SCR, leading to a decline in the Group's solvency ratio. The impact is slightly greater than as at 31 December 2024.

C.4 Liquidity risk

Liquidity risk is the risk that, at some point, the Group 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. Liquidity risk should be understood as the risk arising from short-term cash flows rather than the risk arising from long-term mismatch of assets and liabilities.

C.4.1 Risk exposure

The Group has substantial monetary obligations (mainly to policyholders), and therefore needs to manage its cash flows adequately, ensuring an appropriate level of liquidity. Group companies carefully plan and monitor realised cash flows (inflows and outflows). Furthermore, they regularly monitor the receivables ageing analysis and consider the impact of receivables settlement on their current liquidity position.

C.4.2 Risk measurement

Liquidity risk is difficult to quantify and is thus not covered by the Standard Formula. Therefore, the Group does not manage liquidity risk by holding additional capital but rather focuses on regular monitoring and managing of the risk.

To determine their exposures to liquidity risk, Group companies, in accordance with their capabilities, implement, analyse and monitor the following risk measures:

- cash in bank accounts,
- highly liquid assets as a percentage of total financial investments (the non-EU based companies monitor a similar ratio),
- liquidity buffer,
- the difference between the projected cash outflows and inflows for the next quarter, and the percentage of this difference in the liquidity buffer,
- cash flow from insurance activities,
- any other legally required measures.

C.4.3 Risk concentration

The Group is not exposed to a concentration of liquidity risk, but due to the nature of its business, it may still face certain emergency liquidity needs in certain cases.

C.4.4 Risk management

The Group defined liquidity risk as one of its key risk exposures in its risk strategy. In order to effectively manage liquidity risk, the Group has adopted a liquidity risk management policy, which sets out the risk management processes and risk measures, as well as the processes involved in case of emergency liquidity needs. Due to the nature of liquidity risk, the Group does not manage such risk by holding additional capital, but through an appropriate strategy for ensuring sufficient liquidity.

The estimated liquidity requirement of an individual Group company is composed of the estimated normal current liquidity requirement (arising from operations and investment maturity of the portfolio) and a liquidity buffer.

Group companies conduct assessments of normal current liquidity requirements within a period of up to one year based on projected monthly and weekly cash flows, which take account of the planned investment maturity dynamics and of other inflows and outflows from operations by using historical data from previous monthly and weekly liquidity plans and expectations regarding future performance.

Liquidity requirements are met by allocating funds to money market instruments at a percentage consistent with the estimated normal current liquidity requirement. In this regard, the Group's EU-based insurers maintain liquidity buffers of highly liquid assets accounting for at least 20% of their investment portfolios (category L1A under the ECB methodology, investments in US government bonds, government and supranational issuers rated AAA and AA+, cash and cash equivalents, and money market funds to manage UCITS³³). Other Group companies use cash in bank accounts and short-term deposits as short-term assets for ensuring liquidity. As at 31 December 2025, insurance companies in the Group held 46% of their investment portfolio in highly liquid assets. This figure significantly exceeds the 20% requirement set out in the risk strategy.

Each Group company also regularly monitors its receivables ageing analysis, assessing any impact on the current liquidity position.

C.4.5 Expected profits included in future premiums

Expected profits included in future premiums (EPIFP), calculated by the Group in accordance with Article 260(2) of the Delegated Regulation as the difference between the technical provisions without a risk margin calculated in accordance with Solvency II and a calculation of the technical provisions without a risk margin under the assumption that the premiums relating to in-force insurance and reinsurance contracts that are expected to be received in the future are not received for any reason other than the occurrence of the insured event, regardless of the legal or contractual rights of the policyholder to cancel the policy. The latter calculation assumes a 100% policy lapse rate, and for life insurance all policies are treated as paid-up.

The table below shows EPIFP for the Group's non-life and life business.

EPIFP – life and non-life business

EUR thousand	31 December 2025	31 December 2024
Non-life business	47,877	43,643
Life business	68,514	67,227
Total	116,392	110,870

Compared to 31 December 2024, the increase in non-life and life EPIFP was mainly due to portfolio growth.

³³ Undertaking for collective investment in transferable securities.

C.5 Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

C.5.1 Risk exposure

Operational risks, measured in accordance with the Standard Formula, do not constitute the largest risks of the Group. The Group also assesses risks qualitatively through its risk register, within which it identifies those risks that are material to the Group. The key operational risks of the Sava Insurance Group in 2025 are presented below:

- the risks associated with cyberattacks,
- the risk of personal data breaches in the EU-based companies,
- the risks associated with information systems and the security of confidential data,
- the risks related to compliance with laws and regulations on IT systems.

C.5.2 Risk measurement

The Group makes quantitative assessments of operational risk using the Solvency II Standard Formula. This calculation of operational risk, however, is only of limited practical value as the Standard Formula is not based on the actual exposure of the Group to operational risk, but on an approximation calculated mainly based on consolidated premiums, provisions and expenses.

The capital requirement for the operational risk calculated using the Standard Formula was EUR 31.7 million as at 31 December 2025 (31 December 2024: EUR 28.4 million), representing 5.7% (31 December 2024: 5.6%) of the total SCR for all risk modules³⁴, and increased compared to the previous year due to business growth.

The Group companies and the Group assess operational risk mainly by qualitatively assessing the related likelihood and financial impact (severity) within the risk register. The companies also monitor operational risk indicators. Regular risk assessments provide Group companies and the Group with an insight into the actual level of their exposure to these risks. In addition to the risk registers maintained by the individual Group companies, a register is also maintained at the Group level to assess the risks that arise at Group level. Risks are assessed in the same way as at the level of the individual Group companies.

C.5.3 Risk concentration

The Group is not exposed to a significant concentration of operational risks, but certain risks are increased due to IT development projects and new regulatory requirements.

C.5.4 Risk management

In order to manage operational risk effectively, Group companies have established processes for identifying, measuring, monitoring, managing and reporting on such risks. Such operational risk management processes are also in place at the Group level. Accountability and operational risk

³⁴ The sum of all SCRs of all risk modules, including operational risk, is taken into account.

management processes are set out in greater detail in the operational risk policy and the risk management rules of the Group.

The internal control system plays a key role in operational risk management by ensuring that appropriate control activities and internal controls are integrated into the business processes and activities of individual Group companies to mitigate and monitor risk. The appropriate implementation of internal controls is the responsibility of the individual organisational units in which internal controls are to be carried out.

The main operational risk management measures at the level of individual Group companies and at the Group level include:

- maintaining an effective business processes management system and an adequate and effective internal control system;
- maintaining records of and monitoring incidents;
- awareness-raising and training of all employees on their role in implementing the internal control system and managing operational risks;
- implementing information security policies;
- developing IT to mitigate cyber risk;
- having in place business continuity procedures for all critical processes (in order to minimise the risk of unpreparedness for incidents and external events and any resulting business interruption);
- monitoring operational risk indicators at Group level for all Group companies (indicators are defined in the risk strategy and are also used to indirectly measure reputational risk);
- maintaining a good corporate culture and continuous training of employees;
- awareness-raising of all employees involved in the processing of personal data to ensure efficient risk management with regard to the protection of personal data;
- having in place IT-supported processes and controls in the key areas of business of each Group company;
- continuous training and awareness-raising of all employees.

All major internal controls are related to risks and are included in the risk registers of individual Group companies and the Group. The companies monitor deficiencies and new improvements in internal controls.

The Group and individual Group companies periodically report on assessed operational risks in risk reports. Risk reports are considered by the risk management committee (if any), the company's management board, the risk committee (if any) and the supervisory board. The risk management function and the risk management committee may put forward recommendations to the management board for further steps and improvements in operational risk management.

The growing importance of cyber risks makes their management critical, as the realisation of these risks could lead to complete business disruption and large financial losses, as well as damage to the Group's reputation. In addition to the preventive measures already in place, the Group is planning and implementing additional activities. Security threats and incidents are regularly monitored by the security operations centre (SOC). In 2025, a Group-wide project was launched to improve security processes and implement solutions across the companies. At the project level, activities are underway to introduce six new tools or technologies, each with its own clearly defined programme.

C.6 Other material risks

Other material risks to the Group are strategic risks and investment contract risks.

C.6.1 Strategic risk

Strategic risk is the risk of an unexpected decrease in the value of the Group or a Group company due to the adverse effects of management decisions, changes in the business and legal environment, and market developments. Such events could have an adverse impact on revenue or capital adequacy.

Risk exposure

The Group is exposed to a variety of internal and external strategic risks. The key strategic risks of the Sava Insurance Group in 2025, ranked according to their rating in the risk register (from highest to lowest), are:

- the risks of deteriorating macroeconomic conditions or changes in capital markets affecting the Group's profitability or causing the investment portfolio to underperform,
- the risks associated with the IT development strategy,
- the risks associated with the Group's planning assumptions,
- the risks related to changes in sectoral accounting policies and tax policies/standards,
- the risks of intensifying competition in the markets in which the Group has a presence.

Although macroeconomic conditions were somewhat more favourable in 2025, the geopolitical situation remained uncertain, with no agreement reached on how to end the conflicts in Russia and Ukraine and the Middle East. Conflicts continue to create regional security uncertainties and affect strategic resource prospects. Macroeconomic and geopolitical conditions are expected to remain uncertain.

Among strategic risks, the Group monitors the impact of corporate reputation risks, regulatory risks and project risks. Sustainability risks and emerging risks are also important in terms of their impact on the achievement of business strategy goals.

Risk measurement

Strategic risks are inherently very diverse, difficult to quantify and heavily dependent on various factors (including external). Such risks are not included in the calculation of the solvency capital requirement in accordance with the Standard Formula.

For this reason, strategic risks are qualitatively assessed in the risk register at the individual company and Group level in terms of likelihood and potential financial impact. In addition, an attempt is made to assess key strategic risks using qualitative analysis of various scenarios. Based on both analyses combined, the Group obtains an overview of the extent and change in the exposure to this type of risk.

Risk concentration

In 2025, the Group was not materially exposed to concentration of strategic risk.

Risk management

The Group companies and the Group mitigate individual strategic risks mainly through preventive actions.

In addition to being managed by the competent organisational units in Group companies, strategic risks are identified and managed by management bodies, risk management committees, risk management functions and the key functions of the risk management system. Strategic risks are additionally identified by the Group's risk management committee. In the Group, strategic risks are managed by continuously monitoring the achievement of short- and long-term goals of Group companies and the Group, by monitoring upcoming legislative changes and market developments, and by ensuring that the Group responds appropriately and in a timely manner when required.

At Group level, the necessary measures were taken in 2025 to limit the impact of the uncertain geopolitical and macroeconomic environment. The situation of the Group will continue to be monitored, and appropriate action will be taken. Where possible, regulatory risks will be mitigated and competition in the markets in which the Group operates, along with other factors affecting individual companies' operations, will be monitored. Measures were also taken at Group level to manage strategic risks in the area of IT support (improvement of IT project management processes and methods, operation of the Group's IT steering committee, information security committee and IT architecture committee).

The Group's management recognises that reputation is important to the achievement of business objectives and the long-term realisation of strategic plans. The risk strategy therefore identifies **reputation risk** as a key risk. Each Group company must seek to minimise the likelihood of actions that could have a significant impact on its reputation or that of the Group. In addition, Group companies have taken steps aimed at mitigating reputation risk, such as setting up fit and proper procedures applicable to key employees, ensuring systematic operations of their respective compliance functions, having in place business continuity plans, developing stress tests and scenarios, and planning actions and response in case risks materialise. In the Group, risks related to reputation are also managed through efforts to improve services, timely and accurate reporting to regulators and well-planned public communication. In order to improve the monitoring and management of these risks, companies within the Group track strategic indicators that also indirectly measure reputational risk. A crucial factor in ensuring good reputation and successful performance is the quality of services; therefore, each and every employee is responsible for improving the quality of services and customer satisfaction.

The Group manages and mitigates **regulatory risk** by continually monitoring the anticipated legislative changes in all countries where Group companies are established or operate, and by assessing their potential impact on the operations of the Group in the short and long term. All Group insurers have established compliance functions to monitor and assess the adequacy and effectiveness of periodic procedures and measures taken to remedy any deficiencies in compliance with the law and other commitments. We are taking steps within the Group to ensure compliance with the new DORA legislation for all Group companies. Risks related to the implementation of this legislation are monitored and assessed in a risk register, and the definitions of ICT-related risks have been aligned with the legislation.

Strategic risks also include **project risks**. The Group systematically monitors the risks for each key project, analysing and managing them to ensure the timely adoption of necessary measures. The risks associated with the Group's key projects are monitored and assessed by project team members as well as other stakeholders, also in the risk register.

C.6.2 Emerging risks

For the Sava Insurance Group, it is extremely important to anticipate and identify new risks in order to ensure successful long-term business operations. It is a challenge to accurately predict such risks, so the Group obtains information externally and seeks to define what could materially affect its business operations in the future.

A survey of all Group companies was conducted in 2025 to assess emerging risks, and a weighted risk assessment was prepared at Group level based on the responses of the Group companies. The highest-rated risks up to 2031 are the risk of a major cyberattack or cyber fraud, the risk of geopolitical instability and its consequences, and macroeconomic risks and financial (in)stability. After 2031, the risk of a major cyberattack or cyber fraud remained among the highest-rated risks at the Group level, followed by the risk of extreme weather events (physical climate risk) and risks related to artificial intelligence and disruptive innovations (including InsurTech³⁵).

The Group has addressed key emerging risks in its strategic plan for 2023–2027. The Group also examines the risks in terms of their potential impact on its business operations and analyses possible responses and actions. Identifying new risks and assessing their impact on business operations is one of the key activities of systematic risk management, and the Group will continue to focus on this.

C.6.3 Sustainability risk and climate change risk

Within the Group, an increasing amount of attention is being paid to sustainability risks. Sustainable development is among our top priorities for the 2023–2027 strategy period. We have therefore prepared and adopted a sustainable development strategy in cooperation with all Group companies. It provides a basis for the Group's development in the area of sustainable business and the disclosure of non-financial information relating to the environment, social issues, human resources, protection of human rights, and anti-corruption and anti-bribery matters. The Group follows the guidelines of the Global Reporting Initiative (GRI) standards, which take a comprehensive approach to sustainable development, looking at the activities of Group companies from all angles and considering all impacts – economic, environmental and social.

Group companies are exposed to transition risk as they move towards more sustainable business operations. The Group is adapting its business, including offering sustainable products and keeping pace with new customer needs. The Sava Insurance Group has implemented its guidelines for responsible underwriting of environmental, social, and governance risks in non-life insurance, which guide Group companies in their underwriting. The Group-wide Sustainability Investment Policy of the Sava Insurance Group defines, among other things, the activities in which the Group will no longer invest (industries identified as non-sustainable). In this way, the Group also manages the risks associated with the transition to sustainable business on the investment side. The Group implemented changes based on the requirements of the Solvency II Delegated Regulation and the IDD³⁶, which provide for the integration of sustainability risk into the risk management system.

Climate change risks

At Group level, both physical and transition risks are monitored as part of climate change risk.

The Group also has significant exposure to the risks associated with the transition to a zero-carbon society, mainly due to the high value of the Group companies' investment portfolios. The transition can have a negative impact on the value of investments, and the Group manages the risks on the basis of the Sustainable Investment Policy of the Sava Insurance Group and by monitoring market developments.

The key climate risks included in the Group's risk register are:

- the risk of an increase in the frequency and/or severity of extreme weather events and natural catastrophes due to climate change,

³⁵ InsurTech (insurance technology) involves using innovative technologies, such as artificial intelligence, big data, blockchain and the Internet of Things (IoT) to transform and automate the traditional insurance industry.

³⁶ Insurance Distribution Directive.

- the risk of reduced availability and less affordable reinsurance/retrocession due to the increased frequency, correlation and strength of natural catastrophes,
- the risk of inappropriate underwriting strategies and/or rules that do not take climate change impacts sufficiently into account,
- the risk of an increased capital cost due to the increased frequency and severity of extreme weather events.

As part of ORSA, the Group also included two climate change scenarios, developed on the basis of SSP scenarios and applied to planned data for 2026. These scenarios analyse the long-term effects. Shared Socioeconomic Pathways (SSP) scenarios have been defined by the Intergovernmental Panel on Climate Change (IPCC) and include, in addition to the GHG emission projections defined by the RCP scenarios (used in the previous ORSA), different projections of global socio-economic change by 2100.

In both scenarios, SSP2-4.5³⁷ and SSP5-8.5³⁸, the Group analysed the impact of physical risks on the investment and insurance portfolios over the long term, between 2071 and 2100.

Both scenarios assume an increase in risk premiums for debt securities and a decrease in the value of shares and real estate by sector and country of issuer. The size of the drop in investment value in a particular country is determined by how vulnerable that country is to climate risks. Shocks are somewhat lower in the SSP2-4.5 scenario than in the SSP5-8.5 scenario.

Both scenarios also assume that multiple catastrophic events occur in Slovenia over the course of a single year (increased severity and frequency of natural catastrophes). Specifically, the SSP2-4.5 scenario assumes three additional catastrophe events, while the SSP5-8.5 scenario assumes five additional catastrophe events of slightly higher intensity. Additionally, a cyclone occurs in the northwestern Pacific in the same year, which in the SSP5-8.5 scenario merges with another tropical system. In the SSP5-8.5 scenario, however, one of the events also extends to countries outside Slovenia where the Group operates.

Both scenarios would have a very significant impact on the Group's own funds (the impact significantly exceeds the Group's materiality threshold), and the SCR would decrease slightly in both scenarios. In both scenarios, the Group's solvency drops significantly but still remains within the optimal or sub-optimal capitalisation of the risk strategy³⁹ and well above the statutory requirement of 100%. In the future, the Group will implement various measures to mitigate the effects of such scenarios (seeking adequate diversification of the (re)insurance portfolio, limiting its geographical exposure, ensuring adequate retrocession protection, promoting preventive measures (especially on the domestic portfolio), pursuing sustainability policies, monitoring risk indicators, adapting policies to changing circumstances, etc.). In addition, activities are underway to better understand the impact of climate change and to improve the technological support for the claims process.

Other sustainability risks

In addition to climate risks, other sustainability risks are monitored at Group level. These are also regularly assessed in the risk register.

At the Group level, the highest-rated key sustainability risks in 2025 were reputational risks (e.g., the risk of being accused of greenwashing) and regulatory risks (e.g., the risk of higher costs due to policy adjustments or environmentally friendly business practices). Compared to 2024, the risk of being accused of greenwashing was assessed as higher due to subsidiaries' autonomy in designing products

³⁷ SSP2-4.5, or the Delayed Transition scenario, assumes that greenhouse gas emissions continue to increase slowly at first, then decrease towards the middle and end of the 21st century but remain relatively high. Due to the delayed transition, rapid and major changes in policies are assumed to achieve climate neutrality.

³⁸ SSP5-8.5 assumes no major success in limiting emissions, current policies are considered (without any future changes); therefore, emissions increase rapidly throughout the 21st century in this scenario, leading to high physical risks ("hot-house world").

³⁹ The Group's optimal solvency ratio for 2023–2027 is between 170% and 210%, and the suboptimal range is between 150% and 170%.

and communicating business solutions. The risk of non-compliance or inadequacy of the Group's internal policies with international sustainability commitments has also increased, as membership of organisations may require us to implement certain activities and adopt certain internal business policies. Larger business entities have the greatest influence in this regard.

In addition to the above risks, other sustainability risks are monitored at the Group level, such as the risk of social and/or financial gender inequality within the insurance group, the risk of inadequate whistleblowing protocols, the risk of failing to identify new sustainability opportunities and the risk of failing to identify changes in the environment (with stakeholders) in a timely manner in order to adapt to new legislation and new strategies. Individual companies also monitor other risks relevant to their particular business.

In the coming years, the Group will continue its efforts to contribute to sustainable development, to monitor and analyse risks related to sustainability and social responsibility, and to focus on the effective implementation of sustainability regulations. More on climate change risks and their impact on the Company's and the Group's business is provided in the Group's annual report in section "B.ESRS E1 Climate Change SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model".

C.6.4 Investment contract risks

The Group's investment contracts include assets from annuity-certain contracts, which are classified as investment contracts in accordance with accounting standards, and assets from life-cycle funds relating to supplementary pension insurance of Sava Pokojninska in the accumulation phase. As a result, we consider the risks of such contracts separately from underwriting and market risks. For the purpose of calculating capital adequacy, Sava Pokojninska is also consolidated in accordance with the rules applicable to other financial sectors and is not considered in the modules of the Standard Formula. Investment contract assets as at 31 December 2025 totalled EUR 217.2 million (31 December 2024: EUR 201.2 million). The capital requirement for Sava Pokojninska was calculated in accordance with sectoral regulations and amounted to EUR 7.8 million as at 31 December 2025 (31 December 2024: EUR 7.4 million).

Based on its investment contract assets and liabilities, the Group is exposed to the risk of not achieving the guaranteed return of the MZS fund. Policyholders under (members of) the supplementary pension insurance business therefore bear the entire investment risk of the two funds, MDS and MUS, and the investment risk above the guaranteed return of the MZS fund. The guaranteed return on the MZS fund is 60% of the average annual interest rate on government securities with a maturity of over one year.

The risk of failing to realise the guaranteed return is managed primarily through the appropriate management of policyholders' assets and liabilities, an appropriate investment strategy, adequate capital levels and provisioning. As part of its own risk and solvency assessment, the Group tests its risk exposure to the guaranteed return through sensitivity analysis and scenarios. We estimate that the risk of not achieving the guaranteed return in 2025 remained at a similar level to the previous year due to the favourable capital market conditions.

Sava Penzisko Društvo only manages assets; funds do not provide a guaranteed return. Therefore, the company is not exposed to the risk arising from investment contracts in case of failure to achieve the guaranteed return.

C.7 Any other information

The Group has no other material information regarding its risk profile.

An aerial photograph of a lush, green forest. The trees are dense and vibrant, with some lighter green patches. On the right side, a body of water, likely a river or lake, is visible, reflecting the surrounding greenery. The top right corner of the image is cut off by a curved teal border.

D.

VALUATION FOR SOLVENCY PURPOSES

The basis for the balance sheet in accordance with Solvency II (hereinafter the SII balance sheet), in which assets and liabilities are valued in accordance with the valuation principles set out in Articles 174–190 of the ZZavar-1, is the consolidated statement of financial position as prepared for the Group's reporting in accordance with the International Financial Reporting Standards as adopted by the EU and is referred to in this document as the IFRS balance sheet. In this document, we use the term gross IFRS provisions for the IFRS 17 term insurance contract assets and liabilities and the term reinsurers' share of IFRS provisions for reinsurance contract assets and liabilities, respectively.

The Group uses the full consolidation method for all its companies in the preparation of its IFRS consolidated financial statements, except for the associate DCB, which is consolidated using the equity method. However, for the valuation of the SII balance sheet, all Group (re)insurance undertakings and all ancillary services undertakings are consolidated in accordance with Article 335(1), point (a), of the Delegated Regulation; the pension company Sava Pokojninska and Sava Infond are consolidated in accordance with Article 335(1), point (e), whereas Sava Penzisko Društvo, Vita S Holding and the associate DCB are consolidated in accordance with Article 335(1), point (f).

For the purpose of determining the Group's solvency position, in accordance with Article 174 of the Slovenian Insurance Act (ZZavar-1), assets are valued at the amount for which they could be exchanged between knowledgeable, willing parties in an arm's length transaction. Liabilities are valued at amounts for which they could be transferred or settled between knowledgeable and willing parties in an arm's length transaction. The value of liabilities is not adjusted for to the Group's creditworthiness.

Assets and liabilities are valued in accordance with IFRSs as adopted by the EU, to the extent that the valuation methods are consistent with the principles of Solvency II, unless the Delegated Regulation or implementing regulations provide for a different valuation method. For most other assets and liabilities (apart from technical provisions – TP), the IFRS provide for a valuation consistent with the principles of Solvency II.

The IFRS balance sheet is the basis for reclassifications and revaluations for the purpose of the SII balance sheet. This section describes the implementation of such reclassifications and revaluations for items for which the Solvency II value differs from the IFRS value. For more details on the IFRS valuation, refer to the Group's annual report, section C.4 *Significant accounting policies*.

The bases, methods and main assumptions used at the Group level in the valuation of the Group's assets, technical provisions and other liabilities for solvency purposes, are no different from those used by the Group companies in their own valuation of assets, technical provisions and other liabilities for Solvency II purposes.

The Group does not have any material liabilities that it would be required to recognise as contingent liabilities in the SII balance sheet; however, it does have contingent liabilities arising from commitments to make payments to alternative funds.

In accordance with Article 267 of the Delegated Regulation, the Group has set up a control procedure to ensure that the estimates used in the valuation of assets and liabilities are reliable and appropriate to ensure compliance with Article 174(2) of ZZavar-1, and a periodic review procedure to verify that market prices and input data are reliable.

Where alternative valuation models are used (in accordance with Article 263 of the Delegated Regulation), the following must be ensured:

- an independent external audit of the valuation,
- periodic validation of the information, data and assumptions underlying the valuation approach, the results and the appropriateness of the valuation approach.

The following tables show the Group's balance sheet as at 31 December 2025 and 31 December 2024. This includes the values of assets and liabilities under the IFRSs (before and after adjustments for the companies Sava Pokojninska, Sava Penzisko Društvo, Sava Infond and Vita S Holding) and assets and

liabilities in accordance with the valuation principles set out in Articles 174–190 of ZZavar-1, taking into account the revaluations and reclassifications of asset and liability items (SII balance sheet).

IFRS and Solvency II balance sheets as at 31 December 2025⁴⁰

EUR thousand	IFRS value	Adjustment in accordance with Article 335 of the Delegated Regulation	Post-adjustment IFRS value	Revaluation	Reclassification	SII value
Assets						
1	Goodwill (D.1.1)	32,433	-16,667	15,766	-15,766	0
2	Deferred acquisition costs (D.1.2)	0	0	0	0	0
3	Intangible assets (D.1.3)	32,574	-10,204	22,370	-22,370	0
4	Deferred tax assets (D.1.4)	1,211	458	1,669	12,673	0
5	Property and equipment held for own use (D.1.5)	66,098	-2,750	63,347	7,843	0
6	Property and equipment other than for own use (D.1.6)	23,448	-326	23,122	6,114	0
7	Investments in subsidiaries and associates (D.1.6)	29,053	56,453	85,506	-46,498	0
8	Shares (D.1.6)	24,312	0	24,312	0	0
9	Bonds (D.1.6)	1,516,749	-59,706	1,457,043	-340	48,745
10	Investment funds (D.1.6)	97,030	-3,316	93,714	0	0
11	Deposits other than cash equivalents (D.1.6)	30,880	0	30,880	549	3,573
12	Investments for the benefit of life-insurance policyholders who bear the investment risk (D.1.7)	885,805	0	885,805	2	-48,745
13	Loans and mortgages (D.1.8)	6,497	515	7,012	134	0
14	Reinsurers' share of technical provisions (D.1.9)	63,342	0	63,342	-26,395	9,408
15	Deposits to cedants (D.1.10)	0	0	0	0	11,902
16	Insurance and intermediaries receivables (D.1.11)	3,715	-451	3,264	46	44,415
17	Reinsurance and co-insurance receivables (D.1.12)	0	0	0	0	1,318
18	Other receivables (D.1.13)	13,714	-1,849	11,865	0	0
19	Own shares (D.1.14)	24,939	0	24,939	89,572	0
20	Cash and cash equivalents (D.1.15)	43,696	-2,802	40,894	0	-3,573
21	Other assets (D.1.16)	224,569	-218,400	6,169	-5,242	96
	Total assets	3,120,063	-259,045	2,861,019	324	67,139
Liabilities						
22	Gross technical provisions – non-life ⁴¹ (D.2.1)	695,403	0	695,403	-62,300	51,491
23	Gross technical provisions – life (excl. policies where policyholders bear the investment risk) ⁴² (D.2.1)	363,968	-29,789	334,179	-11,801	-1,329
24	Gross technical provisions – policies where policyholders bear the investment risk (D.2.1)	859,728	0	859,728	-96,523	0
25	Provisions other than technical provisions (D.3.1)	9,009	-358	8,651	0	0
26	Deposits from reinsurers (D.3.2)	0	0	0	0	3,520
27	Deferred tax liabilities (D.1.4)	3,459	-1,644	1,815	41,138	0
28	Financial liabilities other than debts owed to credit institutions (D.3.8)	227,873	-218,528	9,345	0	0
29	Insurance and intermediaries payables (D.3.4)	9,696	0	9,696	-1,677	6,087
30	Liabilities from reinsurance and co-insurance business (D.3.5)	0	0	0	0	7,301
31	Other trade payables (D.3.6)	38,505	-1,181	37,324	3,259	68
32	Subordinated liabilities (D.3.7)	125,242	0	125,242	-6,558	0
33	Other liabilities (D.3.8)	19,678	-2,012	17,666	0	0
	Total liabilities	2,352,562	-253,511	2,099,050	-134,461	67,139
	Excess of assets over liabilities	767,502	-5,533	761,968	134,784	0

⁴⁰ The notes in brackets are linked to sections of the report where the valuation methods used are described in detail.

⁴¹ Also includes NSLT health insurance.

⁴² Also includes SLT health insurance.

IFRS and Solvency II balance sheets as at 31 December 2024⁴³

EUR thousand	IFRS value	Adjustment in accordance with Article 335 of the Delegated Regulation	Post-adjustment IFRS value	Revaluation	Reclassification	SII value
Assets						
1	Goodwill (D.1.1)	32,433	-16,667	15,766	-15,766	0
2	Deferred acquisition costs (D.1.2)	0	0	0	0	0
3	Intangible assets (D.1.3)	33,130	-11,065	22,065	-22,065	0
4	Deferred tax assets (D.1.4)	4,429	602	5,031	11,159	0
5	Property and equipment held for own use (D.1.5)	67,646	-2,029	65,618	5,172	0
6	Property and equipment other than for own use (D.1.6)	26,026	-1,485	24,541	4,687	0
7	Investments in subsidiaries and associates (D.1.6)	25,616	56,144	81,760	-31,335	0
8	Shares (D.1.6)	23,465	0	23,465	0	0
9	Bonds (D.1.6)	1,426,178	-55,352	1,370,825	-223	51,630
10	Investment funds (D.1.6)	93,305	-3,539	89,766	0	0
11	Deposits other than cash equivalents (D.1.6)	27,300	-964	26,336	472	3,585
12	Investments for the benefit of life-insurance policyholders who bear the investment risk (D.1.7)	758,165	0	758,165	0	-51,630
13	Loans and mortgages (D.1.8)	668	1,031	1,699	32	0
14	Reinsurers' share of technical provisions (D.1.9)	73,536	0	73,536	-21,883	339
15	Deposits to cedants (D.1.10)	0	0	0	0	11,779
16	Insurance and intermediaries receivables (D.1.11)	3,593	-164	3,429	-105	42,620
17	Reinsurance and co-insurance receivables (D.1.12)	0	0	0	0	490
18	Other receivables (D.1.13)	15,290	-2,073	13,217	0	0
19	Own shares (D.1.14)	24,939	0	24,939	43,940	0
20	Cash and cash equivalents (D.1.15)	52,350	-2,354	49,996	0	-3,585
21	Other assets (D.1.16)	207,454	-202,146	5,308	-3,864	77
	Total assets	2,895,522	-240,062	2,655,460	-29,778	55,305
Liabilities						
22	Gross technical provisions – non-life ⁴⁴ (D.2.1)	691,240	0	691,240	-55,804	48,768
23	Gross technical provisions – life (excl. policies where policyholders bear the investment risk) ⁴⁵ (D.2.1)	389,425	-27,792	361,634	5,991	-948
24	Gross technical provisions – policies where policyholders bear the investment risk (D.2.1)	739,861	0	739,861	-93,436	0
25	Provisions other than technical provisions (D.3.1)	8,582	-509	8,074	0	0
26	Deposits from reinsurers (D.3.2)					
27	Deferred tax liabilities (D.1.4)	3,445	-1,726	1,719	34,106	0
28	Financial liabilities other than debts owed to credit institutions (D.3.8)	213,727	-203,323	10,403	0	0
29	Insurance and intermediaries payables (D.3.4)	8,745	0	8,745	-1,415	6,492
30	Liabilities from reinsurance and co-insurance business (D.3.5)	0	0	0	0	906
31	Other trade payables (D.3.6)	26,246	-1,382	24,863	2,584	86
32	Subordinated liabilities (D.3.7)	125,058	0	125,058	-10,082	0
33	Other liabilities (D.3.8)	15,693	-1,668	14,026	0	0
	Total liabilities	2,222,023	-236,399	1,985,623	-118,056	55,305
	Excess of assets over liabilities	673,499	-3,662	669,837	88,278	0

As at 31 December 2025, the Group had off-balance sheet items amounting to EUR 38 million (31 December 2024: EUR 38 million), which are contingent assets equal to the amount of its cancelled subordinated instruments, in respect of which it continues to take action to protect its interests. In

⁴³ The notes in brackets are linked to sections of the report where the valuation methods used are described in detail.

⁴⁴ Also includes NSLT health insurance.

⁴⁵ Also includes SLT health insurance.

addition, off-balance sheet items as at 31 December 2025 include contingent liabilities relating to commitments to make payments to alternative funds in the amount of EUR 13.7 million (31 December 2024: EUR 6.2 million).

D.1 Assets

The following is a presentation of individual categories of assets, together with the valuation methods used for material categories, where these differ from IFRS valuation.

D.1.1 Goodwill

Goodwill is stated at nil in the Group's SII balance sheet.

D.1.2 Deferred acquisition costs

The deferral of policy acquisition costs is included in the measurement of insurance contracts in accordance with IFRS 17; therefore, the Group does not recognise deferred policy acquisition costs separately in the IFRS balance sheet.

Deferred acquisition costs are stated at nil in the Group's SII balance sheet.

D.1.3 Intangible assets

The Group has not identified any intangible assets that could be sold separately and for which it cannot demonstrate that there is a market value for identical or similar assets. The value of intangible assets in the Group's SII balance sheet is nil.

D.1.4 Deferred tax assets and liabilities

The Group recognises deferred tax assets and liabilities in the IFRS balance sheet in accordance with IAS 12 "Income Taxes".

Deferred tax assets and liabilities are determined based on identified temporary differences. These are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Temporary differences may be taxable temporary differences, either amounts to be added to the taxable profit in future periods or amounts to be deducted from the taxable profit in future periods. Deferred taxes are therefore recognised as either deferred tax assets or deferred tax liabilities as a result of accounting for current and future tax consequences.

In the SII balance sheet, deferred tax assets and liabilities are recognised based on the IFRS value of deferred tax assets and liabilities plus additional deferred tax assets and liabilities relating to revaluations in the SII balance sheet and is presented separately (gross principle).

In the SII balance sheet, deferred tax assets and liabilities are accounted for on all revaluations, with the exception of:

- the revaluation of the item "participations in subsidiaries and associates" if they are considered to be strategic investments, based on which revaluation differences are treated as permanent and therefore there is no basis for accounting for deferred taxes;
- the revaluation of the item "listed own shares", as it does not represent a taxable temporary difference;

- the revaluation of the item “subordinated liabilities”, as it does not represent a taxable temporary difference.

Deferred taxes relating to revaluations in the SII balance sheet are accounted for at the tax rates applicable in Slovenia, where the parent company preparing the consolidated financial statements has its registered office. For 2025, a tax rate of 22% was used (2024: 22%).

As a result of the revaluation in accordance with Solvency II principles, the Group recognised additional net deferred tax assets of EUR 28.5 million; the total amount of net deferred tax assets is EUR 28.6 million (2024: EUR 19.6 million). The following table provides a detailed overview by item.

Deferred tax assets and liabilities

EUR thousand	31 December 2025			31 December 2024		
	IFRS value	Revaluation	SII value	IFRS value	Revaluation	SII value
Deferred tax assets	1,669	12,673	14,342	5,031	11,159	16,191
Financial investments	8,050	75	8,125	11,573	49	11,622
Net TP	-7,298	5,807	-1,492	-7,565	4,814	-2,751
Other	918	6,792	7,709	1,024	6,296	7,320
Deferred tax liabilities	1,815	41,138	42,953	1,719	34,106	35,826
Financial investments	3	1,496	1,499	16	1,142	1,159
Net TP	636	37,537	38,173	344	31,515	31,859
Other	1,176	2,105	3,281	1,359	1,449	2,808

The largest impact of deferred tax assets is on financial investments, which is already reflected in the IFRS balance sheet and is due to the negative revaluation of investments. In the SII balance sheet, an additional large impact on deferred tax assets arose from the revaluation of intangible assets.

The largest impact on deferred tax liabilities arose from the revaluation of technical provisions.

D.1.5 Property, plant and equipment held for own use

Every three years, the Group obtains fair value valuations of its material properties held for own use from independent external property valuers. A valuation was carried out in 2025.

Equipment for own use in insurance business represents an immaterial amount and is reported at the same level in both the SII and IFRS balance sheets. Similarly, the valuation of right-of-use assets is the same in both the SII and IFRS balance sheets.

D.1.6 Investments

Property, plant and equipment other than for own use

The methodology is consistent with the methodology used for property, plant and equipment held for own use, which is described in detail in section [D.1.5 Property, plant and equipment held for own use](#). The own holiday facilities represent an immaterial part of the assets and are therefore not valued by external independent valuers.

Investments in subsidiaries and associates

In accordance with Article 335(1), point (e), of the Delegated Regulation, the data of the EU-based pension and fund management companies (Sava Pokojninska and Sava Infond) were not fully consolidated. Therefore, these two companies remained classified as investments in subsidiaries and associates in the adjusted IFRS balance sheet, valued at their carrying amount. In the SII balance sheet, they are stated at the amount equal to the proportional share of their own funds; that is, the amount

of available capital calculated under sectoral regulations applicable to pension and fund management companies in Slovenia.

In accordance with Article 335(1), point (f), of the Delegated Regulation, full consolidation was not applied to the Group's non-EU based pension companies (Sava Penzisko Društvo) and to other subsidiaries that are not insurance companies or ancillary service companies (Vita S Holding). These companies are included in the item "investments in subsidiaries and associates" in the adjusted IFRS balance sheet, valued at their carrying amount. However, in the SII balance sheet, they are valued using the IFRS equity method, in accordance with Article 13(5) of the Delegated Regulation, whereby goodwill that was part of the cost is deducted from the cost that forms the basis of the equity method calculation. The value of goodwill and other intangible assets, which would be valued at nil under the asset valuation methodology, is deducted from the resulting value of the company.

In accordance with Article 335(1), point (f), the Group values its interests in associate companies (DCB) in the SII balance sheet using the IFRS equity method in accordance with Article 13(5) of the Delegated Regulation.

Shares

Shares – listed

Listed shares are valued at market value in both the IFRS balance sheet and the SII balance sheet based on the last published market price.

Shares – unlisted

Unlisted shares are valued at market value in both the IFRS and SII balance sheets based. The market price is calculated using a model. Where investments are not valued using a model because they are not material, it is assumed that cost is a reasonable approximation of market value.

Bonds

All bonds are valued at market value in the SII balance sheet. Bonds valued at amortised cost in the IFRS balance sheet are revalued to market value in the SII balance sheet, taking into account their market value as at the reporting date.

The Group reclassifies to this item the bonds from registers of assets supporting obligations to policyholders who bear the investment risk where the Group provides a guarantee (guaranteed NAV). If these bonds are valued at amortised cost, a mark-to-market revaluation is carried out for the purpose of preparing the SII balance sheet, taking into account the market price at the reporting date.

Investment funds

The Group values its investments in mutual funds and ETFs at the last published price in both the IFRS and SII balance sheets.

The Group also values investments in alternative funds (real estate and infrastructure funds, private debt funds, private equity funds, etc.) at market value, in both the IFRS and SII balance sheets, based on values received from the fund managers.

Deposits other than cash equivalents

The Group classifies deposits other than cash equivalents as investments measured at amortised cost. For the purpose of the SII balance sheet, IFRS amortised cost is considered to be a reasonable approximation of market value.

In contrast to the IFRS balance sheet, the value of deposits in the SII balance sheet is reported net of the impact of expected credit losses (ECL), which is reported as a revaluation.

Deposits with an original maturity of up to three months are reclassified from cash and cash equivalents to deposits other than cash equivalents in the SII balance sheet.

D.1.7 Investments for the benefit of life insurance policyholders who bear the investment risk

Financial investments supporting obligations arising out of insurance for which policyholders bear the entire investment risk and for which the Group does not guarantee a specified level of return are included in investments for the benefit of life insurance policyholders who bear the investment risk.

Financial investments supporting obligations arising out of insurance for which policyholders bear the investment risk where the Group guarantees a defined level of return (guaranteed NAV), are reclassified in the SII balance sheet as other financial investments that support life insurance obligations.

Investments held in the SII balance sheet to cover obligations of policyholders who bear the investment risk are carried at market value in the IFRS balance sheet, eliminating the need for revaluation for the SII balance sheet.

Investment for the benefit of policyholders who bear the investment risk that are reclassified to other financial investments in the SII balance sheet are revalued to market value in the case of bonds valued at amortised cost.

D.1.8 Loans and mortgages

The Group classifies loans as investments valued at amortised cost. For the purpose of the SII balance sheet, amortised cost is considered to be a reasonable approximation of market value.

In contrast to the IFRS balance sheet, the value of loans in the SII balance sheet is reported net of the impact of expected credit losses (ECL), which is reported as a revaluation.

D.1.9 Reinsurers' share of technical provisions

The Group recognises the net amount of reinsurance contract assets and liabilities in the IFRS balance sheet within the amount of the reinsurers' share of TPs. The Company accounts for reinsurance contract liabilities in accordance with IFRS 17.

Hereinafter, we use the term "SII provisions" for TP calculated in accordance with Solvency II regulations and "IFRS provisions" to refer to (re)insurance contract liabilities and assets calculated in accordance with the International Financial Reporting Standards (IFRS 17). The main principles used to calculate the IFRS provisions are described in the Group's annual report, notes to the financial statements, section C.3.4.20 *Insurance contracts*.

The reinsurers' share of TPs is valued by the actuaries of the Group companies. The methodology takes into account the guidelines set out in the Group's underwriting and reserving risk policy.

In the SII balance sheet, the Group reclassifies past-due commission from the item reinsurers' share of TP to the item reinsurance and co-insurance receivables, past-due premium payables for ceded re/co-insurance to the item reinsurance and co-insurance payables, and deposits from reinsurers to the item deposits from reinsurers. Special features of individual companies are taken into account.

In calculating the reinsurers' share of TPs, the Group companies base their calculations on the cash flows that arise in the calculation of gross TPs, using assumptions that are broadly consistent with the assumptions used in the calculation of gross TPs.

The time value of money is taken into account in the same way as for gross best estimate provisions. Adjustments for expected counterparty defaults are made based on the division of the amount of technical provisions ceded to reinsurers by counterparty credit ratings and the likelihood of non-payment related to these credit ratings.

D.1.10 Deposits to cedants

Under some reinsurance contracts, a portion of the reinsurance premium is retained by the cedant as a guarantee of payment of future claims and is generally released after one year. The cash flows associated with these deposits are included in the valuation of insurance contracts in accordance with IFRS 17; therefore, the Group does not separately recognise deposits with cedants in the IFRS balance sheet.

In the SII balance sheet, the Group reclassifies the deposits with cedants item from gross IFRS provisions to this item.

D.1.11 Insurance and intermediaries receivables

The Group classifies receivables arising out of insurance business and those due from intermediaries into the item insurance and intermediaries receivables. In accordance with the IFRSs, the Group does not separately present in the IFRS balance sheet receivables due from policyholders under insurance contracts and receivables arising out of accepted re/co-insurance, as the cash flows associated with these receivables are included in the valuation of insurance contracts under IFRS 17.

In the SII balance sheet, the Group reclassifies from the gross IFRS provisions to the item insurance and intermediaries receivables: the past-due insurance receivables for policies already recognised under IFRS 17, the not-past-due insurance receivables for policies already recognised under IFRS 17 that relate to inactive policies and the past-due receivables for premiums arising out of re/co-insurance. Special features of individual companies are taken into account.

In the SII balance sheet, this item additionally includes past-due insurance receivables for policies not recognised under IFRS 17 and not-past-due insurance receivables for policies not recognised under IFRS 17 relating to inactive policies. These two items are not included in the IFRS balance sheet and are therefore shown as revaluations in the SII balance sheet.

Insurance and intermediaries receivables are not additionally revalued to fair value as the short-term nature of the items means that the carrying amount is a satisfactory approximation of fair value.

D.1.12 Reinsurance and co-insurance receivables

The cash flows associated with receivables arising out of ceded re/co-insurance business are included in the valuation of reinsurance contracts in accordance with IFRS 17, and therefore the Group does not separately present receivables arising out of re/co-insurance business.

In the SII balance sheet, the Group reclassifies past-due commission receivables on ceded reinsurance from the reinsurers' share of IFRS provisions to the reinsurance and re/co-insurance receivables item. Special features of individual companies are taken into account.

D.1.13 Other receivables

Other receivables include short-term receivables from the government and other institutions, short-term trade receivables, short-term receivables due from employees, short-term receivables due from rentals of premises and equipment, and other short-term receivables.

The valuation in the SII balance sheet is the same as in the IFRS balance sheet.

D.1.14 Own shares

Own shares are listed on a regulated market and are therefore revalued to the closing market price on the SII balance sheet valuation date for SII balance sheet purposes.

D.1.15 Cash and cash equivalents

The valuation of cash and cash equivalents in the SII and IFRS balance sheets is the same.

Deposits with an original maturity of up to three months are treated in the SII balance sheet in the same way as deposits with a longer maturity and are therefore reclassified as deposits other than cash equivalents.

D.1.16 Any other assets, not elsewhere shown

Other assets include short-term deferred costs and short-term accrued income. Short-term deferred costs comprise prepaid insurance, licences, rent and similar.

The valuation of other assets for the purposes of the SII balance sheet follows a cash flow perspective. Items for which the cash flow has already occurred are revalued to nil. Other items are recognised in the SII balance sheet at the same amounts as in the IFRS balance sheet.

D.2 Technical provisions

The Group recognises the net amount of insurance contract assets and liabilities in the IFRS balance sheet within TPs. The Group accounts for insurance contract liabilities in accordance with IFRS 17.

The valuation of gross TPs, including the reinsurers' share thereof, is carried out by the actuarial departments of the Group companies. The valuation of the reinsurers' share of the SII provisions (best estimate provisions for business held) is described in the valuation of assets, in section [D.1.9 Reinsurers' share of technical provisions](#). The methodology follows the guidelines set out in the Group's underwriting and reserving risk policy and complies with applicable actuarial methods.

In the SII balance sheet, the Group reclassifies, from of the TP item, past-due premium receivables for direct insurance, accepted re/co-insurance and the related commission and expense payables, not-past-due premium receivables for expired direct insurance policies and the related payables for expenses and tax on insurance business. The Group has also reclassified deposits to cedants from the TP item. The reclassifications have been made taking into account the special features of the Group companies.

In calculating the SII provisions, the Group does not apply the matching adjustment under Article 182 of ZZavar-1 (or Article 77b of Directive 2009/138/EC), the volatility adjustment under Article 184 of ZZavar-1 (or Article 77d of Directive 2009/138/EC), the transitional adjustment of the relevant risk-free interest rate term structure under Article 639 (or Article 308c of Directive 2009/138/EC), or the transitional deduction under Article 640 of ZZavar-1 (or Article 308d of Directive 2009/138/EC).

The Group establishes the following categories of SII provisions:

- best estimate claims provisions for direct insurance business,
- best estimate premium provisions for direct insurance business,
- best estimate provisions for annuities stemming from direct non-life insurance business (provisions for non-life annuities),
- best estimate provisions for life insurance business,
- best estimate provisions for accepted reinsurance business,
- the risk margin.

SII provisions are equal to the sum of a best estimate and a risk margin. The above categories of provisions are described in greater detail later in this section.

Best estimate claims provisions for direct insurance business

Claims provisions relate to loss events that have already occurred where the claims and related cash flows are yet to be paid, regardless of whether claims have been reported or not. The best estimate is calculated using the weighted average of all possible scenarios and the time value of cash flows, which means that all cash flows are discounted using risk-free interest rate curves. The calculation also takes into account all expenses relating to the period from the date of the loss event to the date of recognition, including any expected future subrogation recoveries from these claims.

Provisions for claims incurred but not yet settled are established based on statistics from previous years and are calculated for both reported and unreported claims.

Each Group company calculates its best estimate gross claims provisions for each homogeneous risk group using at least two of the following methods:

- the chain-ladder method, which estimates the further development of claim payments for incurred claims based on historical trends of settled and reported claims;
- the naive method, under which a final ultimate loss ratio is estimated for each insurance segment, regardless of how quickly claims are reported or paid;

- the Bornhuetter–Ferguson method is a combination of the naive method and the chain-ladder method, under which a certain loss ratio is set for each insurance segment depending on when the claim was reported and/or paid;
- the method of average IBNR claims under which historical data is used to determine the amount of the incurred but not reported claims provisions as the product of the estimated number of IBNR claims and the average number of IBNR claims, and reported but not settled (RBNS) claims provisions are added to the final value of the best estimate claims provisions on the valuation date.

Due to the nature and seasonality of claims, the Group companies in some cases establish a best estimate provision for annuities, a best estimate provision for major natural catastrophe claims and a best estimate provision for other contingencies separately from the remaining best estimate claims provisions, using appropriate actuarial methods.

The result is then increased by expected future excess inflation and loss adjustment expenses and reduced by expected subrogation recoveries, plus liabilities for incurred but not settled claims, the best estimate of the realised subrogation recoveries, the earned portion of the provision for bonus payments and the earned portion of the profit commission for FOS business.

The main assumptions used in the calculation of the best estimate claims provisions (BE CP) are determined as follows:

- the expected ultimate loss ratio is the expected proportion of all resolved claims incurred in a given period as a percentage of the premiums earned in that period;
- the expected future excess inflation, which is taken into account as an explicit increase in the claims-related cash flows (depending on their expected maturity), is determined based on the current macroeconomic situation and outlook;
- loss development factors: for long-tail classes, the amount of the IBNR provision is highly dependent on the choice of loss development factors and the form of the tail, which represents the factors for the years for which the companies have no actual loss experience. Development factors are selected based on historical development factors and adjusted for expected future changes, whereas the tail development factor is determined using a logarithmic regression, where a curve is selected that best fits the chosen development factors for the fully developed accident years. These factors may be corrected in line with actuarial judgement;
- the average IBNR claim using the average IBNR claim method is determined on the basis of historical IBNR claims figures depending on the development year and further adjusted for trends;
- the expected ratio of loss adjustment expenses to future claim payments is determined based on historical data and, if necessary, adjusted based on future expectations and loss adjustment expense trends;
- the expected ratio of subrogation recoverables to future claims payments is determined based on historical data of subrogation recoveries and adjusted, where necessary, to reflect future expectations or trends;
- impairment percentages for subrogation receivables are determined on the basis of a historical analysis of the recoverability of subrogation receivables.

For the most recent accident year (2025), the overall average expected ultimate loss ratio is substantially lower than that calculated at 31 December 2024 for the 2024 accident year, which was more severely impacted by summer storms in Slovenia.

Best estimate premium provisions for direct insurance

The premium provision relates to loss events that will occur after the valuation date; that is, during the remaining period of validity of the insurance coverage. It is calculated for those contracts that are in force at the calculation date and consists of all expected future cash flows within the boundary of the insurance contracts (contract boundary). The best estimate is calculated using the weighted average of

all possible scenarios and the time value of cash flows, which means that all cash flows are discounted using the relevant risk-free interest rate curves.

In calculating the premium provision, the Group companies take into account the following expected cash flows, appropriately broken down by year and discounted using the risk-free interest rate term structure:

- all future claims that will occur in the future,
- all loss adjustment expenses related to the handling of claims referred to in the preceding indent,
- all future subrogation recoveries based on the claims referred to in indent one,
- all future expenses associated with the servicing of in-force contracts,
- all future premium inflows based on not-past-due insurance receivables,
- commissions and fire brigade charges arising from the premiums referred to in the preceding indent,
- the expected amount of future premium adjustments,
- the future premiums written within the contract boundary,
- any expenses associated with the premiums referred to in the preceding two indents,
- unearned portion of the provision for bonuses,
- unearned portion of the future expected profit commission on FOS business,
- expected cash flows (inflows and outflows) from tax on insurance premiums.

The main assumptions used in the calculation of the best estimate premium provisions (BE PP) are determined as follows:

- the expected loss ratio is the expected final share of all claims incurred in a given period as a percentage of the premiums earned in that period; in determining the expected loss ratios, ultimate loss ratios are used by accident year derived from the calculation of the claims provision, the change in the average premium over the previous year and expected future claims trends;
- the proportion of loss adjustment expenses in future claims payments is set based on historical data and, if necessary, adjusted taking into account future expectations and trends in the levels of loss adjustment expenses;
- the expected share of subrogation recoveries as a percentage of future claims payments is determined based on historical data of subrogation recoveries and adjusted, where necessary, to reflect future expectations or trends of the share of subrogation recoveries as a percentage of claims;
- the expected share of future premium adjustments (due to lapses, discount adjustments, changes in cover, etc.) or the amount of the subsequently written premiums is determined on the basis of the previous year's data and, if necessary, adjusted to future expectations;
- the expected share of commissions in future premium cash flows is determined on the basis of commission rates;
- the proportion of other policy acquisition expenses in future premium cash flows is set based on historical data and, if necessary, adjusted taking into account future expectations and trends in the levels of these expenses;
- the proportion of administrative expenses in future premium cash flows is set based on historical data and, if necessary, adjusted taking into account future expectations and trends in the levels of these expenses;
- the expected proportion of the fire service and health levies is defined by law according to each internal class of insurance;
- the expected claims development by year is determined based on historical patterns of claim payments;
- the expected development of subrogation payments by year is determined based on historical data of subrogation payments;

The overall expected ultimate loss ratio used in the calculation of the best estimate premium provision as at 31 December 2025 is slightly lower than that used in the calculation of the best estimate premium provision as at 31 December 2024. This is primarily due to the price adjustments and other underwriting measures implemented for individual insurance policies over the past year, and partly also to a slight improvement in the loss frequency and a decrease in the expected claims inflation.

Best estimate provisions for annuities stemming from direct non-life insurance

The best estimate provisions for annuities stemming from non-life insurance (hereinafter referred to as the best estimate provisions for non-life annuities) are calculated separately from the best estimate claims provisions for non-life insurance business due to the specific manner in which benefits are paid. It is determined separately for:

- reported annuities stemming from non-life insurance business (both accumulation and payout phases): the best estimate for such annuities is reported in the line of business “life annuities stemming from non-life insurance contracts” and relate to obligations other than health insurance obligations;
- non-life annuities not yet reported: the best estimate provisions for this type of annuities are reported in the non-life lines of business as part of the best estimate claims provisions.

The most important assumptions used in the calculation of the best estimate provisions for reported non-life annuities (whether in the payout phase or not) are determined as follows:

- the expected ratio of loss adjustment expenses to future claim payments is determined based on historical data and, if necessary, adjusted based on future expectations and loss adjustment expense trends;
- the expected future inflation is determined based on the current macroeconomic situation and outlook;
- the mortality rate is determined based on selected mortality tables.

The most important assumptions used in the calculation of the best estimate provisions for non-life annuities not yet reported are determined as follows:

- the expected number of such annuities is determined based on past claims experience and future expectations,
- the average amount of the present value of all future annuity obligations at the date of commencement of an annuity is determined as the average of all expected annuity obligations already in payment, adjusted, where necessary, by actuarial judgement based on trends.

There were no major changes in the above assumptions last year.

Best estimate provisions for direct life insurance

The best estimate provisions for life insurance business are calculated at the insurance contract level using consistent assumptions for individual homogeneous groups of life insurance policies. These are broadly divided into traditional life insurance (endowment, term life, whole life, life annuities), unit-linked life insurance (guaranteed or non-guaranteed, term life or whole life) and similar-to-life-technique health insurance. The calculation is made based on best estimates of future contract cash flows, including best estimates of all contractual cash flows and of related cash flows such as loss adjustment expenses, administrative expenses and financial returns on invested assets covering the obligations arising from insurance contracts. The best estimate claims provisions for life insurance business are calculated separately.

The SII rules provide that future premiums are not considered in determining the best estimate provisions if all of the following conditions are met:

- the company cannot compel the policyholder to pay the premium (the premium is uncollectible),
- the insurance contract does not contain a discernible financial guarantee,
- the insurance contract does not provide a discernible insurance cover.

The expected contractual cash flows include the following:

- premium income,
- claims/benefit payments (death, critical illness, maturity, surrender),
- expenses (agent commissions, other policy acquisition costs, loss adjustment expenses, administrative expenses),
- other income (investment management fees).

For individual contracts, the following needs to be considered:

- the annual premium, payment frequency, sums insured, age and sex of the insured person, and commencement and termination dates of the insurance,
- the product technical bases: the technical interest rate, mortality and morbidity tables, policy charges, surrender value rules and the like,
- the assumptions: expected mortality and morbidity rates, lapse rates, future profitability, expected expenses, future inflation.

The present value of the cash flows to maturity is calculated using a risk-free interest rate curve. A separate estimate of the present value of embedded options and guarantees is made, using stochastic economic scenarios or an approximation method. The assumed management actions used in both the deterministic and, in particular, the stochastic valuation are based on the assumed asset structure and the asset management plan and are included in the derivation of the economic assumptions. Future dynamic policyholder behaviour is not modelled, and future management actions are only modelled in the calculation of the present value of options and guarantees where some realisation of fair value gains is assumed if scenarios materialise where projected investment returns (before realisation of fair value gains) fall below the required level based on interest guarantees in traditional life policies.

Best estimate claims provisions for life insurance are calculated using the method of average claims, with separate estimates for the provision for incurred reported claims and for the provision for incurred but not reported claims. The best estimate of the provision for incurred reported claims is equal to the case provision. The best estimate of the provision for incurred but not reported claims is calculated as the product of the ultimate number of IBNR claims (estimate from the triangle of reported claims) and the average level of IBNR claims. For this purpose, only death and critical illness claims are included. The average level of IBNR claims is calculated as the average sum at risk for each homogeneous group of policies. The present value of cash flows is calculated using a risk-free interest rate.

In 2025, all assumptions used were reassessed, and some changes were made. The Group slightly revised downward its assumptions regarding mortality and the loss ratio for supplementary accident insurance, but on the other hand improved its assumption regarding expected additional premiums.

Best estimate provisions for accepted reinsurance

Calculations are performed at the individual contract level, and results are reported at the line of business level, separately for Group and non-Group business (for Group balances, after elimination of intercompany transactions, only the latter are considered). Due to the negligible volume and nature of the obligations relating to accepted non-Group life reinsurance business, the methodology for the valuation of these obligations is the same as for non-life and NSLT health insurance; therefore, the obligations arising out of accepted life reinsurance are classified as NSLT health insurance.

The best estimate provision consists of a best estimate premium provision and a best estimate claims provision.

The basis for calculating the best estimate provisions for non-Group business is the projection of undiscounted cash flows for the purpose of preparing the statutory balance sheet in accordance with IFRS 17. These cash flow figures are provided separately for past coverage and future coverage. The former is the basis for calculating the best estimate claims provisions, and the latter is the basis for calculating the best estimate premium provisions.

In doing so, these categories are subtracted from the IFRS 17 cash flows that, according to the provisions of the Delegated Regulation, are not part of best estimate provisions. Subsequently, these cash flows are broken down by line of business and currency and are discounted using risk-free interest rate curves.

The main assumptions underlying the calculation are the assessment of premiums for each line of business and the ultimate ratios applied, especially for the most recent underwriting year, which is subject to the greatest uncertainty due to unknown losses and unexpired coverage. For non-Group accepted reinsurance business of the most recent underwriting year, the ratio of expected ultimate claims and commissions as a percentage of expected ultimate premiums is slightly lower year on year.

Risk margin

The risk margin, along with the best estimate provisions, ensures that the value of technical provisions is equal to the amount that another insurer would require to underwrite and meet the obligations to policyholders, insured persons and other beneficiaries under the insurance contracts. The risk margin is calculated by determining the cost of insuring the amount of eligible own funds equal to the solvency capital requirement necessary to support the insurance obligations during their lifetime or until their expiry. The rate used to determine the cost of providing the above amount of eligible own funds, being the premium over the relevant risk-free interest rate that an insurer would consider in providing such eligible own funds, is set at 6%.

In accordance with Article 340 of the Delegated Regulation, the risk margin is set as the sum of the risk margins of the individual Group (re)insurance companies.

Each Group company takes into account all non-hedgeable risks in the calculation of the above-mentioned solvency capital requirement. These risks include:

- non-life underwriting risk,
- life underwriting risk,
- health underwriting risk,
- counterparty default risk relating to (re)insurance exposures,
- market risk, if it cannot be avoided through asset selection, with the exception of interest rate risk,
- operational risk.

In accordance with Article 58 of the Delegated Regulation, the companies within the Group use a simplified method to project future solvency capital requirements.

For life insurance, level 1 of the hierarchy set out in Article 77 of the Decision on detailed instructions for the valuation of technical provisions is taken into account. The companies must estimate future capital requirements for individual risk modules and sub-modules using a development factor-based approach. These factors are determined at the level of each (sub)module (or group of (sub)modules) of the standard formula in such a way as to reflect the expected relative dynamics of the development of capital requirements of individual (sub)modules over time (e.g., for expense risk, the development of the present value of expenses is used; for mortality risk, the development of the present value of expected payments is used; for morbidity risk, the development of the present value of payments from critical illness policies is used). The capital requirement for each submodule in year t is estimated to be the product of the development factor obtained and the initial capital requirement for the submodule in year 0. The total capital requirement in year t is determined by aggregating the results of the individual modules using the standard formula's correlation matrices.

For non-life insurance, level 2 of the hierarchy set out in Article 77 of the Decision on Detailed Instructions for the Valuation of Technical Provisions is taken into account. The total solvency capital requirement for each future year is calculated as the ratio of the best estimate for that future year to the best estimate technical provisions as at the valuation date.

Should the two methods mentioned prove to be inappropriate for any company, level 3 of the hierarchy referred to in Article 77 of the Decision on Detailed Instructions for the Valuation of Technical Provisions should be applied.

For composite insurance companies, the risk margin is calculated separately for life and non-life insurance, and it is allocated to the individual lines of business in such a way as to reflect appropriately the contributions of the individual lines of business to the solvency capital requirement (in accordance with Article 37(3) of the Delegated Regulation). In calculating the solvency capital requirement for each line of business of a company, we assume that policies are written only in the segments for which the capital requirement is calculated and that the capital requirement for each segment is calculated only in the following risk modules:

- life underwriting risk,
- health underwriting risk,
- non-life underwriting risk,
- operational risk.

D.2.1 Value of Solvency II technical provisions

The following tables show the values of the gross best estimate provisions, the reinsurers' share of the best estimate provisions and the risk margin as at 31 December 2025 and 31 December 2024 by line of business. There are separate tables for the best estimate claims provision, the best estimate premium provision, the best estimate provision for life lines of business and the risk margin.

In the following tables, the reinsurers' share of the best estimate provisions of the Group's non-proportional reinsurance business is reclassified, for the sake of comparison with the gross share, to the basic (proportional) lines of business, where the gross share of the best estimate provisions is also located to which the reinsurers' share relates.

Best estimate claims provision (BE CP)

EUR thousand	Gross BE CP		Reinsurers' share of BE CP	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Medical expense insurance and proportional reinsurance	2,976	2,751	446	499
Income protection insurance and proportional reinsurance	29,482	27,200	276	464
Workers' compensation insurance and proportional reinsurance	0	0	0	0
Motor vehicle liability insurance and proportional reinsurance	150,355	147,325	3,440	2,172
Other motor insurance and proportional reinsurance	47,366	49,153	6,173	10,202
Marine, aviation and transport insurance and proportional reinsurance	13,115	12,621	497	940
Fire and other damage to property insurance and proportional reinsurance	134,548	130,007	28,732	33,209
General liability insurance and proportional reinsurance	55,167	53,046	2,049	1,393
Credit and suretyship insurance and proportional reinsurance	2,349	213	560	66
Legal expenses insurance and proportional reinsurance	53	36	76	99
Assistance insurance and proportional reinsurance	2,603	3,175	1	3
Insurance and proportional reinsurance of miscellaneous financial loss	3,451	3,634	775	976
Non-proportional health reinsurance	680	557	-20	0
Non-proportional casualty reinsurance	11,669	11,300	4,530	3,824
Non-proportional marine, aviation and transport reinsurance	6,531	6,817	-273	-19
Non-proportional property reinsurance	86,698	87,325	17,703	10,923
Total	547,043	535,161	64,966	64,751

In 2025, the gross best estimate claims provisions increased slightly, primarily due to portfolio growth and business expansion into new markets. However, this was partially offset by a decline in the claims provisions for natural catastrophes in 2024 resulting from the settlement of those claims. Conversely, the reinsurers' share of the claims provisions remained at a similar level to the previous year, as the effects of business expansion into new markets – which is covered by separate reinsurance protection – and the reduction in the reinsurers' share of claims provisions due to claims payments for past loss events offset each other.

Best estimate premium provision (BE PP)

EUR thousand	Gross BE PP		Reinsurance BE PP	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Medical expense insurance and proportional reinsurance	1,781	1,256	-101	-157
Income protection insurance and proportional reinsurance	-16,656	-18,856	6	-147
Workers' compensation insurance and proportional reinsurance	0	0	0	0
Motor vehicle liability insurance and proportional reinsurance	50,344	49,096	-758	-1,231
Other motor insurance and proportional reinsurance	56,228	55,140	-2,765	-1,898
Marine, aviation and transport insurance and proportional reinsurance	-1,985	-1,544	-469	-135
Fire and other damage to property insurance and proportional reinsurance	-603	5,830	-8,270	-5,415
General liability insurance and proportional reinsurance	-2,114	1,057	-300	-268
Credit and suretyship insurance and proportional reinsurance	-3,234	900	-653	-55
Legal expenses insurance and proportional reinsurance	-12	-14	20	21
Assistance insurance and proportional reinsurance	11,148	10,912	-2	-2
Insurance and proportional reinsurance of miscellaneous financial loss	4,780	2,185	132	153
Non-proportional health reinsurance	-220	-198	0	0
Non-proportional casualty reinsurance	-1,874	-790	-22	0
Non-proportional marine, aviation and transport reinsurance	-1,052	-1,198	-2,389	-645
Non-proportional property reinsurance	-17,429	-12,770	-5,434	-6,949
Total	79,102	91,007	-21,003	-16,729

Best estimate premium provisions decreased in 2025 compared to the previous year. Within the overall provision structure, premium provisions for direct business increased due to portfolio growth, while premium provisions for accepted reinsurance business decreased. Most of the increase in direct insurance relates to motor and property business, as well as to the miscellaneous financial loss line. Here, the provision base is growing due to portfolio growth and rising average premiums, which is partially offset by an improvement in the expected loss ratios for motor insurance. In the accepted reinsurance segment, however, the decrease in premium provisions is due to business growth and expansion into new markets – since significant delays in premium payments typically occur in accepted reinsurance, premium provisions generally decrease as business grows due to an increase in expected future premium inflows.

The reinsurers' share of best estimate premium provisions depends primarily on the due date and not-past-due premium payables for non-proportional coverages used to protect the business; treaties covering Group business are generally renewed at the beginning of the year, while larger treaties covering non-Group business are mostly renewed mid-year. Therefore, changes in the reinsurers' share do not necessarily align with changes in gross premium provisions, and the amounts involved are relatively small. The largest decrease in the reinsurers' share of premium provisions was recorded in proportional property reinsurance, resulting from business expansion into new markets covered by separate reinsurance protection.

Best estimate provisions for life lines of business

EUR thousand	Gross BE	
Line of business	31 December 2025	31 December 2024
Health insurance	-9,965	-9,670
Insurance with profit participation	208,669	245,995
Index-linked and unit-linked insurance	756,332	638,108
Other life insurance	80,938	87,212
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	0	0
Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	32,327	32,936
Total	1,068,301	994,581

The decline in the best estimate provisions for insurance contracts with profit participation features and other life insurance business moves in line with the run-off of this portfolio, whereas the increase in the provisions for the portfolio of index- and unit-linked business is mainly due to the positive returns in the capital markets, affecting both the assets and the liabilities related to these policies.

Risk margin

EUR thousand	Risk margin	
Line of business	31 December 2025	31 December 2024
Medical expense insurance and proportional reinsurance	493	485
Income protection insurance and proportional reinsurance	6,614	6,879
Workers' compensation insurance and proportional reinsurance	0	0
Motor vehicle liability insurance and proportional reinsurance	9,708	9,349
Other motor insurance and proportional reinsurance	8,922	8,755
Marine, aviation and transport insurance and proportional reinsurance	1,602	1,648
Fire and other damage to property insurance and proportional reinsurance	13,351	13,154
General liability insurance and proportional reinsurance	4,121	3,334
Credit and suretyship insurance and proportional reinsurance	1,087	498
Legal expenses insurance and proportional reinsurance	7	7
Assistance insurance and proportional reinsurance	1,161	1,139
Insurance and proportional reinsurance of miscellaneous financial loss	791	615
Non-proportional health reinsurance	77	73
Non-proportional casualty reinsurance	679	794
Non-proportional marine, aviation and transport reinsurance	981	994
Non-proportional property reinsurance	8,855	10,312
Total non-life	58,450	58,036
Health insurance	1,372	1,344
Insurance with profit participation	2,707	3,197
Index-linked and unit-linked insurance	6,874	8,317
Other life insurance	4,840	5,491
Annuities stemming from non-life insurance contracts and relating to health insurance obligations	0	0
Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	161	171
Life reinsurance	0	0
Total life	15,954	18,520
Total	74,404	76,557

The risk margin for non-life business increased slightly compared to 31 December 2024, mainly due to an increase in best estimate provisions and higher capital requirements.

On the other hand, there was a decrease in the risk margin for life insurance, which is primarily due to a higher risk-free interest rate curve.

D.2.2 Comparison of IFRS and SII technical provisions

The main differences in the valuation of provisions under Solvency II and IFRS are as follows:

- A different interest rate curve is used for discounting, as the risk-free interest rate curve is used for SII provisions, and a liquidity premium is added to this curve for IFRS provisions.
- The adjustment for non-financial risk is specific to the IFRS standard, the SII equivalent is the risk margin.
- IFRS includes all receivables and liabilities in the calculation, whereas SII only includes receivables and liabilities that are past due and, in the case of the reinsurance segment, SII does not include deposits to cedants.
- In SII calculations, all future profits on in-force contracts are recognised in eligible own funds, whereas in IFRS they are deferred through provisions (the contractual service margin where the general measurement model is used or as part of unearned premiums where the premium allocation approach is used).
- IFRS takes into account all attributable expenses and policy acquisition costs, whereas SII takes into account all costs relating to the existing portfolio.
- The recognition date (the date from which the provision is calculated for a particular policy) is different under IFRS and SII – under SII, all policies written up to the valuation date are included in the calculation, whereas under IFRS, the policy is included in the calculation at the earliest of the following: the beginning of the coverage period, the date when the first premium is due and the date of policy inception, if it is a non-profitable contract.
- The contract boundary of supplementary life insurance (rider) in the SII calculation is different from that considered in the IFRS valuation, as IFRS follows the contract boundary of the underlying policy, whereas under SII the contract boundary of the supplementary insurance is determined independently in accordance with legal requirements.
- The contract boundary of unit-linked life business is also shorter in the SII calculation than in the IFRS valuation due to legal requirements.

D.2.3 Description of the level of uncertainty

The level of uncertainty associated with the SII provisions has been tested by observing the sensitivity of provisions to key parameters of the calculation. We conducted an analysis on the portfolios of all Group companies, separately for best estimate premium and claims provisions for direct business and for best estimate provisions for accepted reinsurance and best estimate provisions for life insurance. The following tables show the sensitivities tested and their impact on the amount of provisions recognised.

Sensitivity analysis of direct insurance premium provisions

Scenario	Stress impact	
	31 December 2025	31 December 2024
Increase in expected loss ratios of 10%	13.0%	13.2%
Increase in expenses (other than commissions) of 10%	3.1%	2.9%
Decrease in share of subrogation recoveries of 10%	0.3%	0.4%

Sensitivity analysis of direct insurance claims provisions

Scenario	Stress impact	
	31 December 2025	31 December 2024
Increase in ultimate loss ratios of most recent accident year of 10%	10.9%	11.2%
Increase in loss adjustment expenses of 10%	0.5%	0.5%
Decrease in share of subrogation recoveries of 10%	0.2%	0.2%

Sensitivity analysis of the provision for accepted reinsurance

Scenario	Stress impact	
	31 December 2025	31 December 2024
Increase in expected loss ratios of most recent underwriting year of 10%	5.7%	6.2%
Decrease in not-past-due items (premiums less commissions) of 10%	2.4%	1.6%
Increase in expenses (other than commissions) of 50%	1.3%	1.0%

Sensitivity analysis of the provision for life insurance

Scenario	Stress impact	
	31 December 2025	31 December 2024
Increase in expected mortality rates of 10%	0.5%	0.5%
Increase in expected morbidity rates of 10%	0.1%	0.2%
Increase in expected lapse rates of 10%	0.5%	0.4%
Increase in expected administrative expenses of 10%	0.7%	0.8%

Based on analysis, we estimate that the level of uncertainty in the calculation of provisions is low.

D.3 Other liabilities

The following is an explanation of the valuation of the individual components of other liabilities.

D.3.1 Provisions other than technical provisions

Other provisions comprise the net present value of employee benefits, including severance pay upon retirement and jubilee benefits.

The value of other provisions in the SII balance sheet is the same as in the IFRS balance sheet.

D.3.2 Deposits from reinsurers

Under some reinsurance contracts held, the Group retains a portion of the reinsurance premium as a guarantee of payment of future claims, and it is generally released after one year. In accordance with IFRS 17, the cash flows associated with these deposits are included in the valuation of insurance contracts; therefore, the Group does not separately recognise deposits from reinsurers in the IFRS balance sheet.

In the SII balance sheet, the Group reclassifies the amount of deposits from reinsurers from the reinsurers' share of IFRS provisions to this item.

D.3.3 Insurance and intermediaries payables

The Group classifies payables arising out of insurance and payables due to insurance intermediaries as insurance and intermediaries payables, but excludes, for the purposes of the SII balance sheet, fire service levies, guarantee fund payables and payables to the Insurance Supervisory Agency (AZN).

The cash flows associated with insurance payables arising from policies written and from accepted re/co-insurance are included in the IFRS 17 valuation of insurance contracts, and therefore the Group does not present them separately in the IFRS balance sheet.

In the SII balance sheet, the Group reclassifies from gross SII provisions to insurance and intermediaries payables the past-due commissions on accepted re/co-insurance. Special features of individual companies are taken into account.

For market value valuation, the balance of the payables for payments already received on unrecognised policies (i.e., prepayments) is valued at nil, as the cash flow has already been realised.

Other insurance and intermediaries payables are not revalued as the short-term nature of the items ensures that the carrying amount is a satisfactory approximation of fair value.

D.3.4 Reinsurance and co-insurance payables

The cash flows associated with payables arising out of ceded re/co-insurance are included in the valuation of reinsurance contracts in accordance with IFRS 17, and therefore the Group does not separately present payables arising out of re/co-insurance business.

In the SII balance sheet, the Group reclassifies past-due premium payables on ceded re/co-insurance business from the reinsurers' share of TPs to reinsurance and co-insurance payables. Special features of individual companies are taken into account.

Liabilities from reinsurance and co-insurance business are not revalued to market value as these items are short term in nature and their carrying amount is a satisfactory approximation of market value.

D.3.5 Other trade payables

Other trade payables comprise fire service levies, guarantee fund payables and payables to the Insurance Supervisory Agency, short-term payables to employees for accrued salaries and reimbursed expenses, tax payables, payables to suppliers for operating expenses and other payables.

In the SII balance sheet, a reclassification is made from gross technical provisions to the other trade payables item of the cost of past-due insurance receivables for policies already recognised under IFRS 17 valued using the general model (BBA), the cost of not-past-due insurance receivables for policies already recognised under IFRS 17 valued using the general model (BBA) that relate to inactive policies and liabilities for tax on insurance premiums for policies already recognised under IFRS 17 that relate to inactive policies. Special features of individual companies are taken into account.

In the SII balance sheet, this item additionally includes past-due insurance receivables for policies not recognised under IFRS 17 and those already recognised under IFRS 17 valued using the premium allocation approach (PAA), the cost of not-past-due insurance receivables for policies not recognised under IFRS 17 that relate to inactive policies and liabilities for tax on insurance premiums for policies not recognised under IFRS 17 that relate to inactive policies. The items are not included in the IFRS balance sheet and are therefore shown as revaluations in the SII balance sheet.

No additional market value revaluation of other items of other trade payables is performed as these items are short term in nature and their carrying amount is a satisfactory approximation of market value.

D.3.6 Subordinated liabilities

Subordinated liabilities include two bonds issued by the parent company. The bonds were admitted to trading on the Luxembourg Stock Exchange.

The subordinated bonds are measured at amortised cost under IFRS and are therefore revalued to fair value for the SII balance sheet based on the published Bloomberg closing price at the SII balance sheet valuation date.

D.3.7 Other financial liabilities other than debts owed to credit institutions

The item other financial liabilities other than debts owed to credit institutions includes lease liability measured in accordance with IFRS 16 and other financial liabilities.

The valuation in the SII balance sheet does not differ from the valuation in the IFRS balance sheet.

D.3.8 Any other liabilities, not elsewhere shown

Any other liabilities include accrued charges, liabilities for non-current assets held for sale and other accrued costs (expenses) and deferred revenue.

The valuation in the SII balance sheet does not differ from the valuation in the IFRS balance sheet.

D.4 Alternative methods for valuation

The Group uses alternative valuation methods to determine the fair value of financial investments for which the Group does not have a quoted market price. The alternative methods are the use of IFRS balance sheet values, the valuation of subsidiaries and associates that are not consolidated under Solvency II and the valuation of property obtained from independent external property valuers.

Subsidiaries and associates not consolidated under Solvency II include the EU-based pension and asset management companies (Sava Pokojninska and Sava Infond), the non-EU based Group pension companies (Sava Penzisko Društvo), other subsidiaries that are not insurance companies or ancillary service companies (Vita S Holding) and associates (DCB). The Group recognises EU-based pension companies and asset management companies in the SII balance sheet at the proportionate amount of available capital calculated in accordance with sectoral rules applicable to pension and asset management companies in Slovenia. In accordance with Article 13(5) of the Delegated Regulation, the Group's non-EU based pension companies, other subsidiaries that are not insurance companies or ancillary service companies and interests in associates are valued in the SII balance sheet using the IFRS equity method, whereby goodwill that was part of the cost is deducted from the cost that forms the basis of the equity method calculation. The value of goodwill and other intangible assets, which would be valued at nil under the asset valuation methodology, is deducted from the resulting value of the companies.

Periodically (every three years), the Group obtains fair value valuations of its property for own use and investment property assets from an independent external valuer. The fair value valuations thus obtained are the most representative of the amount for which the valued properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. In 2025, valuations were obtained from an external certified property valuer to update the estimated fair values of the own-use and investment properties. The estimated fair values of investment properties are not materially different from the previously estimated fair values. However, the estimated value of property held for own use is higher (due to companies joining the Group and higher estimated values of real estate at Zavarovalnica Sava d.d. and Sava Re d.d.).

D.5 Any other information

The Group has no other material information relating to its valuation.



E.

CAPITAL

MANAGEMENT

Capital management at the Group level is defined in the capital management policy of the Sava Insurance Group and Sava Re d.d., which sets out the objectives and key activities associated with capital management. Capital management is inseparable from the risk strategy, which defines the risk appetite.

The Group's capital management objectives are:

- long-term solvency within the optimal capitalisation range defined in the risk strategy;
- an appropriate level of financing flexibility;
- an acceptable level of volatility in the available capital and the solvency ratio;
- steering operating segments that tie up capital to achieve adequate profitability;
- managing the business to achieve an adequate return on equity or an adequate dividend yield.

The Group manages its capital to ensure that each Group company has available sufficient funds to meet its obligations and regulatory capital requirements at all times. The composition of own funds held to ensure capital adequacy must comply with regulatory requirements and ensure an optimal debt-to-equity ratio. The amount of own funds of each Group company and the Group itself must at all times be sufficient to cover the statutory solvency capital requirement and to achieve the target credit rating and other objectives of the individual Group member or the Group.

An important input to capital management and business planning is the Group's risk strategy, including the risk appetite set therein. The Group's risk strategy defines levels of capital adequacy as listed in section [E.2 Solvency capital requirement and minimum capital requirement](#). Each Group company is then determined a target capital adequacy level based on the Group's capital adequacy level.

The Group's risk strategy in relation to capital adequacy is defined to (i) meet the requirements of regulators and rating agencies, and (ii) ensure that the Group has sufficient excess capital to cover any potential additional capital needs of subsidiaries in the event of a major stress scenario materialising in any of them. To this end, an excess of eligible own funds over the statutory requirement is determined.

As provided by the risk strategy, all Group subsidiaries are required to maintain a sufficient amount of capital at all times to meet solvency requirements under local law. In addition, Group subsidiaries subject to the Solvency II capital regime must have enough capital to absorb small to medium fluctuations in own funds and the solvency capital requirement resulting from the Standard Formula methodology and from potential small to medium stresses and scenarios materialising.

Every year, Group companies and the Group prepare a financial plan for the next three-year period. The financial plan of the Group and each company must be in line with the risk strategy, meaning that they must ensure that the Group's and each company's capital adequacy is maintained at an acceptable level.

The first phase of the annual verification of the potential for capital optimisation and additional capital allocation includes a review of the results of the most recent calculation of the amount and structure of eligible own funds and the SCR. A financial plan for the following three-year period and a capital management plan are prepared based on this, including the measures required to achieve the target capital allocation.

Eligible own funds, the SCR and consequently the solvency ratio of the Company and the Group are calculated based on three-year projections of financial parameters. Calculations are used to verify the alignment with the risk appetite and, if necessary, adjustments are made to the business plan. The planned use of capital duly includes capital consumption items, such as regular dividends, own shares and projects that require additional capital.

When allocating capital to business segments, it must be ensured that an adequate return on equity is achieved. Taking into account the business perspective, opportunities are sought to maximise the ratio

of the return generated by a segment tying up capital to the allocated capital (an effective ratio of return to risk).

E.1 Own funds

As at 31 December 2025, the Group reported an excess of assets over liabilities of EUR 896.8 million (31 December 2024: EUR 758.1 million).

The following is then deducted from basic own funds, i.e., the excess of the Group's assets over its liabilities:

- own shares in the amount of EUR 114.5 million (31 December 2024: EUR 68.9 million);
- foreseeable dividends in the amount of EUR 42.6 million (31 December 2024: EUR 34.9 million), as stated in the proposal of the parent company's management and supervisory boards to the general meeting;
- EUR 380 thousand of non-available minority interests at the Group level (31 December 2024: EUR 326 thousand);
- deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities of EUR 14.7 million (31 December 2024: EUR 15.1 million), which is an amount equal to the own funds of Sava Pokojninska and Sava Infond;
- other items in accordance with the provisions of ZZavar-1.

The excess of the Group's assets over its liabilities is increased by subordinated liabilities of EUR 118.7 million (31 December 2024: EUR 115.0 million), as these are part of the Group's basic own funds.

The Group's basic own funds are additionally reduced by the total value of individual participations in other financial and credit institutions (excluding insurers) exceeding 10% of the Group's own-fund items (paid-up share capital plus reconciliation reserve). In addition, they are also reduced by the part of the value of all participations in financial and credit institutions (other than those that already exceed 10% and are therefore eliminated) that exceeds 10% of the Group's own funds items. As at 31 December 2025, the Group had no such eliminations from own funds, the same as at 31 December 2024.

Basic own funds after deductions are obtained in this way. The Group's available own funds are basic own funds after deductions plus the own funds of other financial entities (Sava Pokojninska and Sava Infond), which are not subject to Solvency II capital requirements under ZZavar-1.

As at 31 December 2025 the Group had no adjustments for other items in accordance with the Zzavar-1, the same as at 31 December 2024.

Ancillary own funds are items that do not constitute basic own funds and that the Company or Group may call up to absorb its losses. They include unpaid share capital or uncalled initial funds, letters of credit and guarantees, and any other legal commitments undertaken by the Group. As at 31 December 2025, the Group held no ancillary own funds, the same as at 31 December 2024.

The following table shows the composition of the Group's available own funds.

Composition of the Group's available own funds

EUR thousand	31 December 2025	31 December 2024
Ordinary share capital (gross of own shares)	71,856	71,856
Non-available called but not paid in ordinary share capital at Group level	0	0
Share premium account related to ordinary share capital	42,491	42,491
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0
Subordinated mutual member accounts	0	0
Non-available subordinated mutual member accounts at Group level	0	0
Surplus funds	0	0
Non-available Group surplus funds	0	0
Preference shares	0	0
Non-available Group preference shares	0	0
Share premium account related to preference shares	0	0
Non-available share premium account related to Group preference shares	0	0
Reconciliation reserve (1 - 2 - 3 - 4 - 5 - 6)	624,550	539,404
<i>(1) Excess of assets over liabilities</i>	<i>896,753</i>	<i>758,115</i>
<i>(2) Own shares (held directly and indirectly)</i>	<i>114,511</i>	<i>68,879</i>
<i>(3) Adjustment for restricted own-fund items in respect of matching adjustment portfolios and ring-fenced funds</i>	<i>0</i>	<i>0</i>
<i>(4) Foreseeable dividends, distributions and charges</i>	<i>42,619</i>	<i>34,870</i>
<i>(5) Other basic own fund items</i>	<i>115,073</i>	<i>114,963</i>
<i>(6) Other non-available own funds</i>	<i>0</i>	<i>0</i>
Subordinated liabilities	118,685	114,977
Non-available subordinated liabilities at Group level	0	0
Amount equal to the value of net deferred tax assets	0	0
Amount equal to the value of net deferred tax assets not available at Group level	0	0
Minority interests (if not reported as part of a specific own funds item)	726	616
Non-available minority interests at Group level	-380	-326
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	-14,683	-15,134
Total basic own funds after deductions	843,244	753,883
Total own funds in other financial sectors	14,683	15,134
Available own funds to meet the Group SCR	857,927	769,017

Available own funds to meet the Group SCR increased by EUR 88.9 million in 2025, mainly due to strong operating results and a more favourable valuation of investments.

The following table shows adjustments to IFRS equity in the Solvency II balance sheet valuation.

Adjustments to IFRS equity for the SII valuation of the balance sheet

EUR thousand	31 December 2025	31 December 2024
IFRS equity⁴⁶	737,030	644,898
Difference in the valuation of assets	-89,248	-73,717
Difference in the valuation of technical provisions	170,623	143,249
Difference in the valuation of other liabilities	-36,162	-25,193
Foreseeable dividends, distributions and charges	-42,619	-34,870
Adjustment for minority interests	-380	-326
Deduction for participations in other financial undertakings	-14,683	-15,134
Subordinated liabilities in basic own funds	118,685	114,977
Total basic own funds after deductions	843,244	753,883
Total own funds in other financial sectors	14,683	15,134
Available own funds to meet the Group SCR	857,927	769,017

The table as at 31 December 2025 shows that the majority of differences come from differences in the valuation of technical provisions in accordance with the requirements of the Solvency II legislation in (re)insurance companies within and outside the European Union, as well as the recognition of subordinated liabilities in own funds. The methodology used to value technical provisions is detailed in section [D.2 Technical provisions](#).

The Group's minimum capital requirement (MCR) and the Group's SCR are covered by eligible own funds. The Group's eligible own funds are derived from the Group's available own funds by applying statutory restrictions. These own funds must be of adequate quality. To this end, the Solvency II regulations classify own funds into three capital tiers based on both permanence and loss-absorbing capacity.

Tier 1 funds include own funds that mostly meet the conditions laid down in Article 196(1), points (1) and (2), of ZZavar-1; such items are available to absorb losses at all times (permanent availability) and, in the event of the Group's winding-up, they become available to the holder only after all of the Group's other obligations are met. Consideration is given to features, such as permanence, confirmed absence of redemption incentives and encumbrances.

The Group includes the following in its tier 1 own funds:

- paid-up ordinary shares,
- paid-up capital reserves,
- the reconciliation reserve set as the excess of assets over liabilities, less paid-up ordinary shares and capital reserves, and less the value of own shares and foreseeable dividends.

The Group's tier 1 own funds do not include own fund items that have a limited duration, they are not subordinated or subject to early redemption.

Tier 2 funds include own fund items that mostly exhibit the features referred to in Article 196(1), point (2), of ZZavar-1; in the event of the Group's winding-up, such items become available to the holder only after all of the Group's other obligations are met or paid. Consideration is given to features, such as permanence, confirmed absence of redemption incentives and encumbrances.

The Group classifies its subordinated liabilities, subordinated debt issued in October 2019, which has a maturity of 20 years and a contractual opportunity to redeem after 10 years, as tier 2 own funds. Subordinated liabilities have the feature of subordination.

⁴⁶ IFRS equity is adjusted for the elimination of the companies Sava Pokojninska, Sava Penzisko Društvo and Sava Infond.

Tier 3 funds are own fund items classified as neither tier 1 nor tier 2. The Group classifies its subordinated debt issued in October 2024, which matures 5 years from the date of issue, as tier 3 own funds.

The following table shows the statutory restrictions on the way in which the Group SCR and MCR are to be met.

Statutory restrictions regarding own funds designated to meet the Group SCR and the Group MCR

	Tier 1	Tier 2	Tier 3
Group SCR coverage	minimum 50% of SCR	no additional restrictions ⁴⁷	maximum 15% of SCR
Group MCR coverage	minimum 80% of MCR	maximum 20% of MCR	not eligible

The following two tables show the amounts of the Group's eligible own funds designated to meet the Group SCR and MCR as at 31 December 2025 compared to the figures as at 31 December 2024. They are classified into the statutory tiers described above.

Eligible own funds to meet the Group SCR

EUR thousand	Total	Tier 1	Tier 2	Tier 3
As at 31 December 2025	857,927	739,243	68,712	49,973
As at 31 December 2024	769,017	654,040	65,147	49,830

Eligible own funds to meet the Group MCR

EUR thousand	Total	Tier 1	Tier 2	Tier 3
As at 31 December 2025	761,258	724,560	36,698	-
As at 31 December 2024	673,475	638,906	34,569	-

As at 31 December 2025, the Group's eligible own funds mainly included tier 1 funds and were free of any ancillary own funds⁴⁸. The Group's tier 2 funds included subordinated liabilities, i.e., the subordinated debt issued by Sava Re in 2019, and its tier 3 funds comprised subordinated liabilities, i.e., the subordinated debt issued by Sava Re in 2024, and net deferred tax assets. Under the statutory restrictions, the Group can only use tier 3 own funds to cover the SCR in the amount of up to 15% of the SCR. As this limit has not been reached, the Group can use all of its tier 3 own funds to cover the Group's SCR.

The Group included its tier 2 subordinated debt in eligible own funds to cover the Group MCR only in the amount of 20% of the MCR due to regulatory restrictions, whereas the Group's tier 3 own funds are not eligible to cover the Group MCR.

The Group's eligible own funds required to cover the MCR and the eligible own funds required to cover the SCR differ in the first tier because the former do not include own funds in other financial sectors, whereas the latter do.

There were no items subject to transitional regulatory arrangements among the disclosed eligible own funds of the Group.

As provided for by Article 330(1) of the Delegated Regulation, the parent company has assessed the availability of eligible own funds of associated undertakings at the Group level. No legal or regulatory requirements were found to apply to own fund items such as would restrict the ability of those items to absorb all types of losses Group-wide or restrict the transferability of assets to other Group companies, nor has a time limit been established for the availability of own funds to meet the Group's SCR. The Group's subsidiaries and associates held no own fund items referred to in Article 330(3) of the Delegated Regulation. The only item of the Group's non-available own funds is thus minority interests

⁴⁷ The total of tier 2 and tier 3 assets must not exceed 50% of the SCR.

⁴⁸ Hereinafter the term "Group's eligible own funds" refers to the Group's eligible own funds designated to meet the Group's SCR, unless otherwise stated.

in subsidiaries (insurance undertakings) exceeding the subsidiary's contribution to the SCR calculated based on consolidated data of insurance undertakings in the Group, in the amount of EUR 380 thousand as at 31 December 2025 (31 December 2024: EUR 326 thousand).

E.2 Solvency capital requirement and minimum capital requirement

E.2.1 Group solvency capital requirement (Group SCR)

The Group calculates its SCR and MCR in accordance with the Solvency II Standard Formula. Solvency is calculated using the accounting consolidation method (the first method under Article 377 of ZZavar-1).

The SCR calculated based on the consolidated figures of the insurance undertakings in the Group (Group's SCR) is calculated as the basic solvency capital requirement (BSCR) plus adjustments for the loss-absorbing capacity of technical provisions and deferred taxes plus the capital requirement for operational risk. In accordance with Article 336 of the Delegated Regulation, the Group's solvency capital requirement is calculated as the sum of the Group's consolidated SCR plus the capital requirement for other financial sectors, calculated in accordance with relevant sectoral regulations, and the capital requirement for residual undertakings of the Group.

The following table shows individual risk modules along with other components of the Group's SCR, the Group's eligible own funds and the Group's solvency ratio.

Group solvency capital requirement (Group SCR)

EUR thousand	31 December 2025	31 December 2024
(7) Group SCR = 4 + 5 + 6	393,398	370,245
(6) Capital requirement for other financial sectors	8,904	8,421
(5) Capital requirement for residual undertakings	5,352	7,764
(4) SCR calculated on the basis of the consolidated data of the Group companies that are consolidated⁴⁹ under Solvency II (= (1) + (2) + (3))	379,142	354,060
(3) Adjustments for the loss-absorbing capacity of provisions and deferred taxes	-12,579	-9,370
(2) Operational risk	31,712	28,371
(1) Basic solvency capital requirement	360,009	335,060
<i>Diversification effect</i>	-162,454	-147,550
<i>Total of risk components</i>	522,463	482,609
Market risk	141,356	120,606
Counterparty default risk	17,868	18,956
Life underwriting risk	52,003	46,374
Health underwriting risk	45,082	41,714
Non-life underwriting risk	266,154	254,959
(A) Eligible own funds (excluding other financial sectors)	843,244	753,883
(B) Eligible own funds in other financial sectors	14,683	15,134
(C) Eligible own funds to meet Group SCR	857,927	769,017
Group solvency ratio (%) (= (C) / (7))	218%	208%

Similar to 31 December 2024, as at 31 December 2025, the largest proportion of the Group SCR originated from risks associated with non-life business, which increased compared to 31 December 2024, primarily due to the growth of the (re)insurance portfolio. The Group's second-largest risk is market risk, which increased in 2025 compared to 2024 due to the growth of the investment portfolio and the unit-linked insurance portfolio, where policyholders assume the investment risk. For details regarding changes in individual modules, see section [C Group risk profile](#).

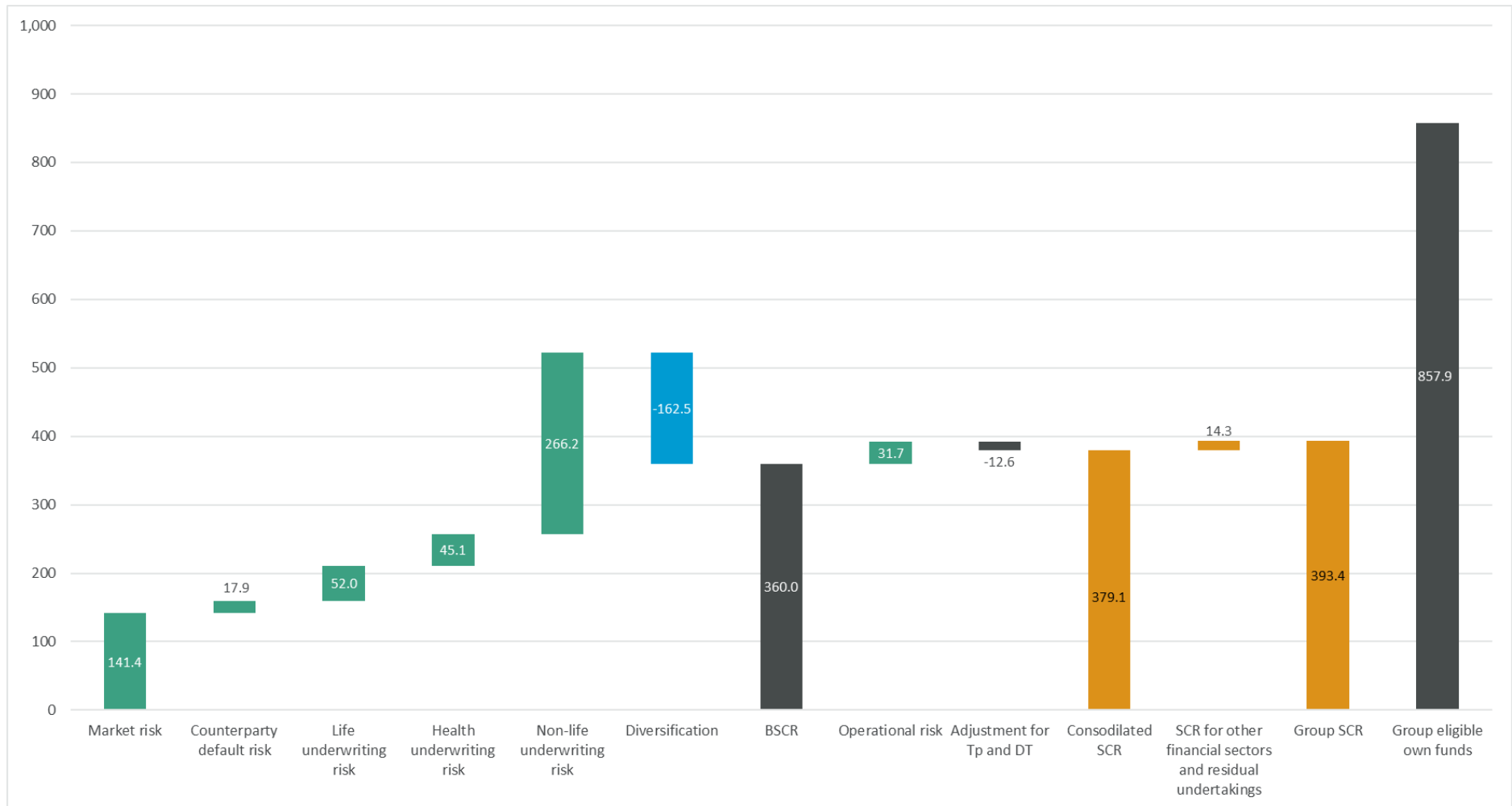
⁴⁹ Under Solvency II, the consolidation includes insurance companies and ancillary services undertakings.

The Group does not use the simplifications referred to in Articles 88 to 112 of the Delegated Regulation, nor does the Group use undertaking-specific parameters in the calculation of the SCR.

As at 31 December 2025, the Group adjusted the SCR for deferred taxes of EUR 12.0 million (31 December 2024: EUR 9.0 million). The adjustment for the loss-absorbing capacity of deferred taxes is calculated in accordance with the Delegated Regulation and Article 23 of the Decision on the Terms and Method of Covering Losses by Reducing Technical Provisions and Deferred Taxes. At the level of individual companies and the Group level, adjustments have been made in the amount of the maximum adjustment for the loss-absorbing capacity of deferred taxes that may be taken into account without requiring any evidence, i.e., up to the amount of net liabilities for deferred taxes in the SII balance sheet.

The following chart shows the individual risk modules of the Standard Formula, the Group SCR and the Group's eligible own funds as at 31 December 2025.

Solvency capital requirement by risk module as at 31 December 2025 (EUR million)

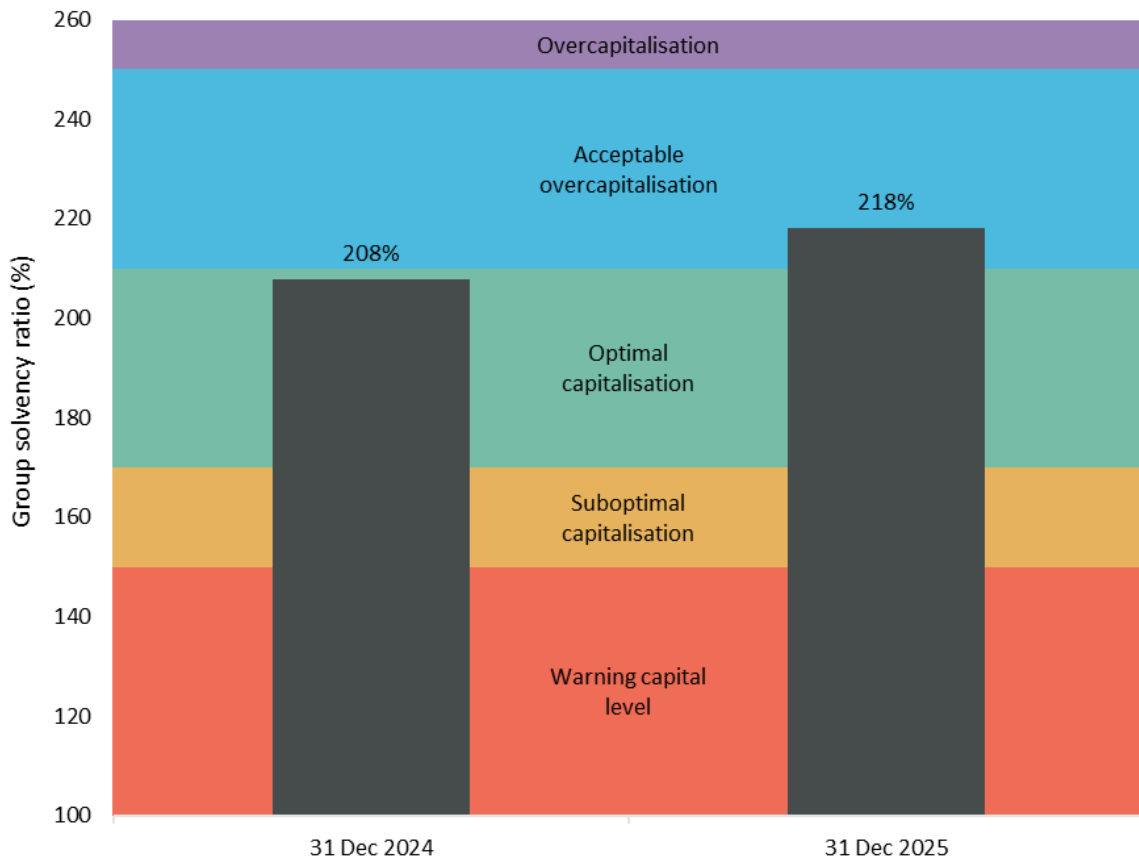


As illustrated by the graph, the Group’s eligible own funds markedly exceed the Group’s SCR, as reflected in the Group’s high solvency ratio of 218% as at 31 December 2025 (31 December 2024: 208%).

A major criterion for determining the risk appetite in the Sava Insurance Group’s risk strategy is the solvency ratio. In accordance with its capital management policy, the Group aims to achieve its target capital adequacy over the long term, as set out in its risk strategy. In addition, to maintain its desired credit rating in line with its risk strategy, it maintains a level of capital not lower than the one required for an “A”-range credit rating. It must also have available sufficient eligible own funds to meet potential capital requirements of its subsidiaries if a major scenario were to materialise in any of them. To this end, an excess of eligible own funds over the statutory requirement is determined. In line with the risk strategy for 2023–2027, the suboptimal capitalisation range starts at a solvency ratio of 150%, and the optimal capitalisation range is between 170% and 210%. On that basis, the Group is also well capitalised by internal criteria as at 31 December 2025.

In December 2025, the financial projections and the calculation of the Group’s eligible own funds, the Group’s SCR and the Group’s solvency ratio for the next three-year period were also confirmed. The Group’s solvency ratio is planned at a level in line with the risk strategy for the next three years.

Alignment of the Group solvency ratio with the risk strategy



E.2.2 Minimum capital requirement (MCR)

The Sava Insurance Group calculates the Group's MCR as the sum of the parent company's MCR and the MCRs of its insurance subsidiaries, with local capital requirements factored in for non-EU based insurers.

Input data for calculating Group MCR

EUR thousand	31 December 2025	31 December 2024
Sava Re	69,251	64,503
Zavarovalnica Sava	74,055	72,398
Zavarovalnica Vita	12,934	11,338
Sava Neživotno Osiguranje (SRB)	8,122	6,732
Sava Životno Osiguranje (SRB)	3,198	3,202
Sava Osiguruvanje (MKD)	3,046	3,315
Sava Osiguranje (MNE)	4,395	3,570
Illyria	5,290	4,589
Illyria Life	3,200	3,200
Group MCR	183,490	172,846

Group MCR

EUR thousand	31 December 2025	31 December 2024
Group Minimum capital requirement (MCR)	183,490	172,846
Eligible own funds to meet the Group MCR	761,258	673,475
<i>Of which tier 1</i>	724,560	638,906
<i>Of which tier 2</i>	36,698	34,569
<i>Of which tier 3</i>	-	-
Group MCR	415%	390%

The Group's eligible own funds designated to meet the MCR of EUR 761.3 million (31 December 2024: EUR 673.5 million) substantially exceed the Group's MCR of EUR 183.5 million (31 December 2024: EUR 172.8 million).

E.3 Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

The Group does not use the duration-based equity risk sub-module in the calculation of the solvency capital requirement.

E.4 Difference between the Standard Formula and any internal model used

The Company does not use an internal model to calculate capital adequacy.

E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

As at 31 December 2025, the Group did not identify any non-compliance with the required minimum or solvency capital. The Group complied with the law, as it maintains a high solvency ratio that is significantly higher than the required 100%. As at 31 December 2025, the Group had a significant surplus of eligible own funds over the minimum capital requirement.

Based on the projections of the solvency capital requirement and eligible own funds, and on the basis of the risks that can be foreseen at the time of preparing this document, we estimate that the Group's solvency ratio will remain above the statutory 100% throughout the three-year projection period, as required by law. Therefore, the Group does not expect any further steps or measures to ensure compliance with its capital requirement.

E.6 Any other information

The Group has no other material information relating to capital management.

APPENDIX A – GLOSSARY OF SELECTED TERMS AND CALCULATION METHODS

English term	Slovenian term	Meaning
Adjustment for loss-absorbing capacity of technical provisions and deferred taxes – TP and DT adjustment	Prilagoditve za TP in DT	The capital requirement structure of the Standard Formula also includes the adjustment for the loss-absorbing capacity of technical provisions and deferred taxes. The adjustment reflects the potential compensation of unexpected losses through reductions in technical provisions or deferred taxes, or a combination of both. The adjustment takes into account the effect of reduced risk arising from future discretionary benefits under (re)insurance contracts, as (re)insurance companies may expect that the reduction in these benefits may be used to cover potential unexpected losses.
Basic solvency capital requirement – BSCR	Osnovni zahtevani solventnostni kapital – BSCR	The basic solvency capital requirement under the Standard Formula is an amount based on the statutory calculation of the following risks: non-life underwriting risk, life underwriting risk, health underwriting risk, market risk and counterparty default risk.
Business continuity plan	Načrt neprekinjenega delovanja	Document that contains 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 major business disruptions.
Capital asset pricing model	CAPM (model vrednotenja dolgoročnih naložb)	Model that describes the relationship between risk and expected return on assets.
Combined ratio	Kombinirani količnik	The sum of the loss ratio and the expense ratio. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments. For the transition to IFRS 17, the Group retained the existing net/net methodology for calculating the combined ratio. In line with the approach adopted by other comparable insurance companies, the Group decided to change its methodology to a net/gross calculation of the combined ratio in 2023, which is also consistent with the presentation of the income statement in accordance with IFRS 17. The revised methodology was used for the first time in the 2023 annual report. Under the new methodology, the net reinsurance expenses are included in the numerator, while the denominator includes insurance revenue net of the reinsurers' share. Calculations using the new methodology slightly deteriorate the combined ratio, but the prior year combined ratio has also been restated for comparison.
Eligible own funds	Primerni lastni viri sredstev	Own funds eligible to cover the solvency capital requirement.
Emerging risk	Nastajajoča tveganja	New risks, or risks that have been identified previously but which arise in new or unknown circumstances and the impact of which is not fully understood.
Financial instruments at fair value through profit or loss	Naložbe FVTPL	Financial investments measured at fair value through profit or loss.
Freedom of service	FOS-posli	Business written under the freedom of services principle.
Gross premiums written	Kosmate premije	The total premiums from all policies written or renewed during a given period, regardless of what portions have been earned.
IFRS	MSRP	International Financial Reporting Standards. EU-wide uniform set of rules for the accounting of business transactions.

English term	Slovenian term	Meaning
IFRS provisions	MSRP rezervacije	Insurance and reinsurance contract assets and liabilities calculated in accordance with IFRS.
Information and communication technology (ICT)	Informacijska in komunikacijska tehnologija (IKT)	Information and communication technology.
Market value	Tržna vrednost	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The amounts are based on prices in active and liquid markets to which a company has access and which are commonly used.
Minimum capital requirement – MCR	Zahtevani minimalni kapital – MCR	The minimum capital requirement is equal to the amount of 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 were allowed to continue in business.
Modified duration	Modificirano trajanje	Modified duration measures sensitivity of the portfolio to parallel shifts in the interest rate curve. A change in interest rates of +/-1% has an impact on the portfolio of approximately +/-MD%.
Net asset value per unit – NAVPU	Vrednost enote premoženja – VEP	The net asset value of a unit or share is the value of the individual units or shares of a sub-fund and is published regularly.
NSLT health business	NSLT zdravstvena zavarovanja	Health insurance provided on a technical basis similar to that of non-life insurance.
Operational limits	Operativni limiti	Operational limits for specific areas are set on the basis of expressed risk tolerance limits. Underwriting limits or investment limits used by the first line of defence in the day-to-day risk management processes to keep a company or the Group within its defined risk appetite.
Own risk and solvency assessment – ORSA	Lastna ocena tveganj in solventnosti – ORSA	Own assessment of the risks associated with the business and strategic plans of a company or the Group, and assessment of the adequacy of own funds to cover risks.
Physical risks of climate change	Fizična tveganja podnebnih sprememb	Risks arising from the physical effects of climate change. These include acute physical risks arising from weather events that adversely affect the business and chronic physical risks arising from long-term climate change that adversely affect a company's business.
Present value	Sedanja vrednost	The value of future cash flows recalculated to present-day values. This is done by discounting.
Prihodnji pričakovani dobički vključeni v prihodnje premije	EPIFP	Expected profits included in future premiums.
Probable maximum loss – PML	Največja verjetna škoda – PML	This is the maximum loss for a risk that an insurer assesses could occur in a single loss event. It is usually expressed as a percentage of the sum insured and, in extreme cases, is equal to the sum insured (in this case the PML is 100% of the sum insured).
Risk appetite	Pripravljenost za prevzem tveganj	The level of risk that a company or the Group is willing to take in order to achieve its strategic goals.
Risk management system	Sistem upravljanja tveganj	The risk management system is a set of measures taken by a company or the Group to manage (i.e. to identify, monitor, measure, manage and report on) material risks arising from both the operations of a company or the Group and the external environment, in order to enhance the achievement of strategic goals and minimise any loss of own funds.
Risk profile	Profil tveganj	All risks to which a company or the Group is exposed and the quantification of these exposures for all risk categories.
Risk Register	Register tveganj	List of all identified risks maintained and regularly updated by a company or the Group.

English term	Slovenian term	Meaning
Risk tolerance limits	Meje dovoljenega tveganja	Limits for risk categories included in the risk profile of a company or the Group and for risk measures monitored as part of day-to-day risk management. Set annually and aligned with the risk appetite set out in the risk strategy and based on sensitivity analyses, stress tests and scenarios, or professional judgement.
Scenario	Scenarij	Scenarios seek to determine the impact of multiple changes in parameters, such as simultaneous changes in different types of risks affecting the insurance business, the value of financial assets and a change in interest rates.
Sensitivity analysis	Analiza občutljivosti	In a sensitivity analysis, a single parameter is changed to observe the effect on the value of assets, liabilities and/or own funds of a company or the Group, and the effect of such changes on those values.
Shared Socioeconomic Pathways	SSP scenarij⁵⁰	Different pathways of greenhouse gas concentrations and emissions.
SLT health insurance	SLT zdravstvena zavarovanja	Health insurance provided on a technical basis similar to that of life insurance.
Solvency capital requirement – SCR	Zahtevani solventnostni kapital – SCR	The SCR is an amount based on the regulatory calculation of all quantifiable risks, including non-life underwriting risk, life underwriting risk, health underwriting risk, market risk, counterparty default risk and operational risk.
Solvency ratio	Solventnostni količnik	Ratio of eligible own funds to the solvency capital requirement. It represents the capital adequacy of a company or the Group in accordance with the Solvency II principles. A solvency ratio greater than 100% indicates that a company or the Group has more than sufficient resources to meet the solvency capital requirement.
Standard formula	Standardna formula	A set of calculations prescribed by Solvency II regulations used to calculate the solvency capital requirement.
Stress test	Stresni test	In a stress test, a single parameter is changed by a potential future financial event to observe the effect on the value of the assets, liabilities and/or own funds of a company or the Group, as well as any effect on the value of the parameter itself.
Technical provisions – TP	Zavarovalno-tehnične rezervacije – ZTR	Provisions calculated in accordance with Solvency II (best estimate provisions).
Tiers of capital	Kakovostni razredi kapitala	Items of own funds are classified into three tiers based on certain criteria (such as duration and whether they are basic or ancillary).
Transition risk of climate change	Tveganja prehoda podnebnih sprememb	Transition risks arise from the transition to a low-carbon and climate-resilient economy. These risks include risks from new regulations, requirements and policies, legal risks, technology risks, market risks and reputational risks.
Undertaking-specific parameters – USP	Parametri, specifični za posamezno podjetje – USP	Insurance and reinsurance undertakings may, within the design of the standard formula, replace standard deviations for premium and reserve risk of NSLT health underwriting for business for which a system for equalising health risk is used by parameters specific to the undertaking concerned, in accordance with article 104(7) of Directive 2009/138/EC.

⁵⁰ SSP scenarios have been defined by the Intergovernmental Panel on Climate Change (IPCC) and have evolved from Representative Concentration Pathways (RCP) scenarios. A definition of scenarios is available at www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf.

APPENDIX B – QUANTITATIVE REPORTING TEMPLATES

S.32.01.22 Undertakings in the scope of the Group

S.02.01.02 Balance sheet

S.05.01.02 Premiums, claims and expenses by line of business

S.05.02.04 Premiums, claims and expenses by country

S.23.01.22 Own funds

S.25.01.22 Solvency Capital Requirement – for undertakings on Standard Formula

All amounts in the quantitative reporting templates are expressed in thousands of euros.

S.32.01.22 Undertakings in the scope of the Group

Country	Identification code of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory authority	Criteria of influence						Inclusion in the scope of group supervision	Group solvency calculation	
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation			Yes/No
C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
SI	LEI/213800K2LJ7JKL6CU689	Sava Pokojninska Družba, d.d.	9	PLC	2	Slovenian Insurance Supervision Agency	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: industry regulations
SI	LEI/48510000GX4W2DFYV52	ZAVAROVALNICA SAVA, Zavarovalna Družba, d.d.	4	PLC	2	Slovenian Insurance Supervision Agency	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
SI	LEI/549300P6F1BDSFSW5T72	Pozavarovalnica Sava d.d., Ljubljana	3	PLC	2	Slovenian Insurance Supervision Agency	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
ME	SC/02303388	Sava Osiguranje a.d., Podgorica	2	PLC	2	Montenegro Insurance Supervision Agency	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
ME	SC/02806380	Sava Car d.o.o., Podgorica	10	PLLC	2	Ministry of Internal Affairs	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
ME	SC/02699893	DRUŠTVO ZA ZASTUPANJE U OSIGURANJU "SAVA AGENT" D.O.O. - Podgorica	10	PLLC	2	Montenegro Insurance Supervision Agency	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation

Country	Identification code of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory authority	Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if Article 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
RS	SC/17407813	SAVA NEŽIVOTNO OSIGURANJE A.D.O. BELGRADE	2	PLC	2	Serbian National Bank	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
RS	SC/20482443	Sava Životno Osiguranje a.d., Belgrade	1	PLC	2	Serbian National Bank	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
SI	SC/2154170000	ZS Svetovanje, Storitve Zavarovalnega Zastopanja, d.o.o.	10	PLLC	2	Slovenian Insurance Supervision Agency	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
MK	SC/4778529	Sava Osiguruvanje a.d., Skopje	2	PLC	2	North Macedonian Insurance Supervision Agency	93.9%	100.0%	93.9%		dominant	100.0%	YES		M1: full consolidation
SI	LEI/549300WLK330OXO4QV57	SAVA INFOND d.o.o.	8	PLLC	2	Agencija za trg vrednostnih papirjev (Securities Market Agency)	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: industry regulations
SI	SC/5946948000	TBS TEAM 24 d.o.o.	10	PLLC	2		90.0%	100.0%	90.0%		dominant	100.0%	YES		M1: full consolidation
MK	LEI/485100M6GCIKUFNIU593	SAVA PENZISKO DRUSTVO AD Skopje	9	PLC	2	Agency for Supervision of Fully Funded Pension Insurance – MAPAS	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: adjusted equity method

Country	Identification code of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory authority	Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if Article 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
MK	SC/7005350	Sava Station dooel Skopje	10	PLLC	2	North Macedonian Ministry of Internal Affairs	93.9%	100.0%	93.9%		dominant	100.0%	YES		M1: full consolidation
XK	SC/810483769	Illyria s.h.a., Pristina	2	PLC	2	Kosovo Central Bank	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
XK	LEI/485100YFC62H0SLXIR30	Illyria Life s.h.a., Pristina	1	PLC	2	Kosovo Central Bank	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
SI	SC/5690366000	Diagnostični Center Bled d.o.o.	99	PLLC	2		40.1%	50.0%	50.0%		significant	50.0%	YES		M1: adjusted equity method
SI	LEI/485100004VOFFO18DD84	Življenjska Zavarovalnica Vita d.d. Ljubljana	1	PLC	2	Slovenian Insurance Supervision Agency	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
RS	SC/21822302	PRIVREDNO DRUŠTVO ZA TEHNIČKI PREGLED I REGISTRACIJU SAVA CAR DOO BEOGRAD	10	PLLC	2	Ministry of Internal Affairs of the Republic of Serbia	100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation
RS	SC/17077295	PREDUZEĆE ZA PROJEKTOVANJE I INŽENJERING INFORMACIONIH SISTEMA APPLICATION SOFTWARE PARTNER DOO, BEOGRAD - PALILULA	10	PLLC	2		100.0%	100.0%	100.0%		dominant	100.0%	YES		M1: full consolidation

Country	Identification code of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory authority	Criteria of influence					Inclusion in the scope of group supervision		Group solvency calculation	
							% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if Article 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
MK	SC/7690088	Društvo za trgovija i usluge VITA S HOLDING DOO S kopje	99	PLLC	2		75.0%	100.0%	75.0%		dominant	100.0%	YES		M1: adjusted equity method
MK	SC/7823266	Privatna zdravstvena ustanova - poliklinika na sekundarno nivo VITA S Skopje	99	private health-care institution	2		75.0%	100.0%	75.0%		dominant	100.0%	YES		M1: adjusted equity method

Legend

Cell	Abbreviated	Long name
C0050	1	life insurance company
	2	non-life insurance company
	3	reinsurance company
	4	composite insurance company
	8	credit institution, investment company or financial institution
	9	institution for occupational retirement provision
	10	ancillary services undertaking as defined under Article 1(53) of Delegated regulation (EU) 2015/35
	99	other
C0060	PLLC	private limited-liability company
	PLC	public limited company
C0070	2	non-mutual company
C0260	M1	method 1

S.02.01.02 Balance sheet

		Solvency II value
Assets		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	14,342
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	71,190
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,726,720
Property (other than for own use)	R0080	29,236
Holdings in related undertakings, including participations	R0090	39,008
Equities	R0100	24,312
Equities – listed	R0110	20,494
Equities – unlisted	R0120	3,818
Bonds	R0130	1,505,449
Government Bonds	R0140	937,610
Corporate Bonds	R0150	567,839
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	93,714
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	35,002
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	837,062
Loans and mortgages	R0230	7,147
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	7,147
Reinsurance recoverables from:	R0270	46,355
Non-life and health similar to non-life	R0280	43,963
Non-life excluding health	R0290	43,355
Health similar to non-life	R0300	608
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	2,403
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	2,403
Life index-linked and unit-linked	R0340	-10
Deposits to cedants	R0350	11,902
Insurance and intermediaries receivables	R0360	47,725
Reinsurance receivables	R0370	1,318
Receivables (trade, not insurance)	R0380	11,865
Own shares (held directly)	R0390	114,511
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	37,321
Any other assets, not elsewhere shown	R0420	1,022
Total assets	R0500	2,928,481

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	684,595
Technical provisions – non-life (excluding health)	R0520	659,368
Technical provisions calculated as a whole	R0530	0
Best Estimate	R0540	608,102
Risk margin	R0550	51,266
Technical provisions – health (similar to non-life)	R0560	25,227
Technical provisions calculated as a whole	R0570	0
Best Estimate	R0580	18,043
Risk margin	R0590	7,184
Technical provisions – life (excluding index-linked and unit-linked)	R0600	321,049
Technical provisions – health (similar to life)	R0610	-8,592
Technical provisions calculated as a whole	R0620	0
Best Estimate	R0630	-9,965
Risk margin	R0640	1,372
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	329,642
Technical provisions calculated as a whole	R0660	0
Best Estimate	R0670	321,933
Risk margin	R0680	7,708
Technical provisions – index-linked and unit-linked	R0690	763,206
Technical provisions calculated as a whole	R0700	0
Best Estimate	R0710	756,332
Risk margin	R0720	6,874
Other technical provisions	R0730	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	8,651
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	3,520
Deferred tax liabilities	R0780	42,953
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	9,345
Insurance & intermediaries payables	R0820	14,106
Reinsurance payables	R0830	7,301
Payables (trade, not insurance)	R0840	40,652
Subordinated liabilities	R0850	118,685
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	118,685
Any other liabilities, not elsewhere shown	R0880	17,666
Total liabilities	R0900	2,031,728
Excess of assets over liabilities	R1000	896,753

S.05.01.02 Premiums, claims and expenses by line of business

First part of table:

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)													
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	
Premiums written													
Gross – Direct Business	R0110	20,749	47,908	0	201,219	237,357	7,068	131,566	23,442	995	795	40,834	12,008
gross – accepted proportional reinsurance	R0120	24	1,643	0	23	3,504	7,910	64,328	4,351	5,101	7	6	42
gross – accepted non-proportional reinsurance	R0130												
Reinsurers' share	R0140	753	467	0	3,070	16,016	1,834	43,414	3,147	228	636	20	3,437
Net	R0200	20,020	49,084	0	198,171	224,845	13,144	152,480	24,646	5,868	166	40,820	8,612
Premiums earned													
Gross – Direct Business	R0210	19,457	44,541	0	198,023	231,062	6,934	120,665	23,965	1,205	753	40,077	5,694
gross – accepted proportional reinsurance	R0220	73	1,572	0	11	3,322	7,191	61,004	3,359	3,387	0	19	93
gross – accepted non-proportional reinsurance	R0230												
Reinsurers' share	R0240	705	239	0	2,321	13,977	1,497	39,037	4,093	1,053	611	20	1,970
Net	R0300	18,825	45,874	0	195,713	220,407	12,628	142,632	23,231	3,539	143	40,076	3,817
Claims incurred													
Gross – Direct Business	R0310	13,569	15,606	0	109,631	140,362	667	61,938	9,330	-1,116	-8	23,004	1,592
gross – accepted proportional reinsurance	R0320	20	685	0	45	853	4,126	31,292	2,621	833	10	4	576
gross – accepted non-proportional reinsurance	R0330												
Reinsurers' share	R0340	365	-223	0	5,606	3,609	285	15,935	264	88	71	-2	673
Net	R0400	13,224	16,513	0	104,070	137,605	4,508	77,295	11,686	-370	-69	23,010	1,495
Expenses incurred	R0550	5,792	12,951	0	56,890	49,570	4,696	64,548	6,849	1,091	-53	11,512	2,743
Balance – other technical expenses/income	R1210												
Total technical expenses	R1300												

Second part of table:

	Line of Business for: accepted non-proportional reinsurance				Total	
	Health	Casualty	Marine, aviation, transport	Property		
	C0130	C0140	C0150	C0160		
Premiums written						
Gross – Direct Business	R0110				723,940	
Gross – Proportional reinsurance accepted	R0120				86,938	
Gross – Non-proportional reinsurance accepted	R0130	644	3,370	2,952	62,415	69,381
Reinsurers' share	R0140	0	0	1,916	8,175	83,111
Net	R0200	644	3,370	1,035	54,240	797,148
Premiums earned						
Gross – Direct Business	R0210					692,378
Gross – Proportional reinsurance accepted	R0220					80,031
Gross – Non-proportional reinsurance accepted	R0230	624	3,439	3,293	62,654	70,010
Reinsurers' share	R0240	0	22	1,452	8,951	75,949
Net	R0300	624	3,417	1,841	53,703	766,469
Claims incurred						
Gross – Direct Business	R0310					374,574
Gross – Proportional reinsurance accepted	R0320					41,064
Gross – Non-proportional reinsurance accepted	R0330	235	4,046	2,341	30,214	36,837
Reinsurers' share	R0340	-3	598	-36	2,347	29,578
Net	R0400	238	3,448	2,377	27,867	422,896
Expenses incurred	R0550	48	289	236	5,050	222,211
Balance – other technical expenses/income	R1210					35,344
Total technical expenses	R1300					257,555

	Line of Business for: life insurance obligations						Life reinsurance obligations		Total	
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance		
	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300	
Premiums written										
Gross	R1410	484	22,529	141,028	48,432	0	0	0	0	212,474
Reinsurers' share	R1420	0	41	1	1,156	0	0	0	0	1,198
Net	R1500	484	22,489	141,028	47,276	0	0	0	0	211,277
Premiums earned										
Gross	R1510	471	22,581	141,031	48,514	0	0	0	0	212,597
Reinsurers' share	R1520	0	42	1	1,167	0	0	0	0	1,210
Net	R1600	471	22,539	141,030	47,347	0	0	0	0	211,387
Claims incurred										
Gross	R1610	68	48,759	60,341	17,649	0	0	0	110	126,926
Reinsurers' share	R1620	0	39	0	549	0	0	0	15	604
Net	R1700	68	48,719	60,341	17,100	0	0	0	95	126,322
Expenses incurred	R1900	75	4,451	16,592	15,314	0	0	0	17	36,450
Balance – other technical expenses/income	R2510									4,778
Total technical expenses	R2600									41,229
Total amount of surrenders	R2700	0	26,596	38,708	4,634	0	0	0	0	69,938

S.05.02.04 Premiums, claims and expenses by country

First part of table:

		Home Country	Top 5 countries (by amount of gross premiums written) – non-life obligations					Total Top 5 and home country
	R0010	C0080	Serbia C0090	North Macedonia C0090	Montenegro C0090	Kosovo C0090	Croatia C0090	C0140
Premiums written								
Gross – Direct Business	R0110	562,343	60,426	24,215	26,090	22,589	19,998	715,661
Gross – Proportional reinsurance accepted	R0120	5,568	2,305	0	0	0	1,320	9,194
Gross – Non-proportional reinsurance accepted	R0130	66	802	32	0	101	472	1,472
Reinsurers' share	R0140	53,533	13,266	2,169	1,327	1,210	927	72,432
Net	R0200	514,444	50,268	22,077	24,764	21,480	20,862	653,895
Premiums earned								
Gross – Direct Business	R0210	549,357	49,346	23,200	23,233	20,852	18,559	684,547
Gross – Proportional reinsurance accepted	R0220	4,823	2,394	0	0	0	1,296	8,512
Gross – Non-proportional reinsurance accepted	R0230	45	795	32	0	63	446	1,381
Reinsurers' share	R0240	46,184	10,836	1,839	1,184	740	794	61,577
Net	R0300	508,042	41,698	21,393	22,049	20,175	19,507	632,864
Claims incurred								
Gross – Direct Business	R0310	308,192	22,555	12,761	10,232	11,312	9,521	374,574
Gross – Proportional reinsurance accepted	R0320	1,398	757	0	0	0	1,390	3,545
Gross – Non-proportional reinsurance accepted	R0330	925	376	0	0	3	564	1,868
Reinsurers' share	R0340	20,741	5,042	632	408	195	-89	26,929
Net	R0400	289,774	18,646	12,129	9,824	11,120	11,565	353,058
Expenses incurred								
Balance – other technical expenses/income	R1210	142,070	18,651	8,695	6,964	6,883	7,653	190,917
Total technical expenses	R1300	30,576	1,606	588	1,557	378	639	35,344
		172,646	20,257	9,283	8,521	7,261	8,291	226,261

Second part of table:

		Home Country	Top 5 countries (by amount of gross premiums written) – life obligations			Total Top 5 and home country
R0010		C0220	Serbia	Kosovo	Croatia	C0280
		C0220	C0230	C0230	C0230	C0280
Premiums written						
Gross	R1410	196,217	9,631	4,419	2,193	212,459
Reinsurers' share	R1420	1,101	236	0	0	1,337
Net	R1500	195,116	9,395	4,419	2,193	211,123
Premiums earned						
Gross	R1510	196,203	9,631	4,461	2,288	212,582
Reinsurers' share	R1520	1,117	231	0	0	1,349
Net	R1600	195,085	9,400	4,461	2,288	211,233
Claims incurred						
Gross	R1610	119,413	4,519	1,436	1,559	126,926
Reinsurers' share	R1620	536	68	0	0	604
Net	R1700	118,877	4,451	1,436	1,559	126,322
Expenses incurred						
Balance – other technical expenses/income	R2510	3,904	354	345	176	4,778
Total technical expenses	R2600	36,605	1,702	1,938	983	41,229

S.23.01.22 Own funds

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	71,856	71,856		0	
Non-available called but not paid in ordinary share capital at group level	R0020	0	0		0	
Share premium account related to ordinary share capital	R0030	42,491	42,491		0	
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Non-available subordinated mutual member accounts at group level	R0060	0		0	0	0
Surplus funds	R0070	0	0			
Non-available surplus funds at group level	R0080	0	0			
Preference shares	R0090	0		0	0	0
Non-available preference shares at group level	R0100	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Non-available share premium account related to preference shares at group level	R0120	0		0	0	0
Reconciliation reserve	R0130	624,550	624,550			
Subordinated liabilities	R0140	118,685		0	68,712	49,973
Non-available subordinated liabilities at group level	R0150	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
The amount equal to the value of net deferred tax assets not available at the group level	R0170	0				0
Other items approved by supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Non-available own funds related to other own funds items approved by supervisory authority	R0190	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	R0200	726	726	0	0	0
Non-available minority interests at group level	R0210	380	380	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities whereof deducted according to art 228 of the Directive 2009/138/EC	R0230	14,683	14,683	0	0	
	R0240	0	0	0	0	
Deductions for participations where there is non-availability of information (Article 229)	R0250	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	R0260	0	0	0	0	0
Total of non-available own fund items	R0270	380	380	0	0	0
Total deductions	R0280	15,063	15,063	0	0	0
Total basic own funds after deductions	R0290	843,244	724,560	0	68,712	49,973
Ancillary own funds						

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400	0			0	0
Own funds of other financial sectors						
Credit Institutions, investment firms, financial institutions, alternative investment fund manager, financial institutions	R0410	5,209	5,209	0	0	
Institutions for occupational retirement provision	R0420	9,474	9,474	0	0	0
Non-regulated entities carrying out financial activities	R0430	0	0	0	0	
Total own funds of other financial sectors	R0440	14,683	14,683	0	0	0
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	843,244	724,560	0	68,712	49,973
Total available own funds to meet the minimum consolidated group SCR	R0530	793,272	724,560	0	68,712	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	843,244	724,560	0	68,712	49,973
Total eligible own funds to meet the minimum consolidated group SCR	R0570	761,258	724,560	0	36,698	
Minimum consolidated Group SCR	R0610	183,490				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	415%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	857,927	739,243	0	68,712	49,973
Group SCR	R0680	393,398				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	218%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	896,753
Own shares (held directly and indirectly)	R0710	114,511
Foreseeable dividends, distributions and charges	R0720	42,619
Other basic own fund items	R0730	115,073
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	R0740	0
Other non-available own funds	R0750	
Reconciliation reserve before deduction for participations in other financial sector	R0760	624,550
Expected profits		
Expected profits included in future premiums (EPIFP) – Life business	R0770	68,514
Expected profits included in future premiums (EPIFP) – Non- life business	R0780	47,877
Total Expected profits included in future premiums (EPIFP)	R0790	116,392

S.25.01.22 Solvency Capital Requirement – for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	141,356	 	
Counterparty default risk	R0020	17,868	 	
Life underwriting risk	R0030	52,003	none	-
Health underwriting risk	R0040	45,082	none	-
Non-life underwriting risk	R0050	266,154	none	-
Diversification	R0060	-162,454	 	
Intangible asset risk	R0070	0	 	
Basic Solvency Capital Requirement	R0100	360,009	 	

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	31,712
Loss-absorbing capacity of technical provisions	R0140	-534
Loss-absorbing capacity of deferred taxes	R0150	-12,044
Capital requirement for business operated in accordance with Article 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	379,142
Capital add-on already set	R0210	
of which, capital add-ons already set – Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set – Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	393,398
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for Article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	183,490
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	8,904
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	1,138
Capital requirement for other financial sectors (Non-insurance capital requirements) – Institutions for occupational retirement provisions	R0520	7,766
Capital requirement for other financial sectors (Non-insurance capital requirements) – Capital requirement for non- regulated entities carrying out financial activities	R0530	0
Capital requirement for non-controlled participation requirements	R0540	0
Capital requirement for residual undertakings	R0550	5,352
Capital requirements for collective investments undertakings or investments in funds	R0555	
Overall SCR		
SCR for undertakings included via D&A	R0560	0
Solvency capital requirement	R0570	393,398

A damselfly nymph is perched on the edge of a vibrant green leaf. The nymph's body is a bright, iridescent green, and its long, segmented abdomen extends upwards and to the right. Its four pairs of legs are visible, with fine hairs on the tibiae. The wings are folded, showing a delicate network of veins. The background is a soft, light blue gradient, with a darker teal circular shape in the top right corner.

S SOLVENCY AND FINANCIAL CONDITION REPORT FOR 2025