



Translation of the

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

Ljubljana, 10 August 2021

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Introduction

1 Introduction

In accordance with the Financial Instruments Market Act and the rules of the Ljubljana Stock Exchange, Sava Re d.d., with registered office at Dunajska 56, Ljubljana, hereby publishes the “Unaudited financial report of the Sava Insurance Group and financial statements of Sava Re d.d. for the six months to 30 June 2021”, also available from the Company’s website, at www.sava-re.si, as from 19 August 2021.

1.1 Key financials

EUR, except percentages	Sava Insurance Group	
	1–6/2021	1–6/2020
Total of all operating segments		
Operating revenue	363,675,090	317,058,474
Year-on-year change	14.7%	16.6%
Profit or loss before tax	54,091,887	37,888,074
Year-on-year change	42.8%	30.6%
Profit or loss, net of tax	43,491,177	32,154,449
Year-on-year change	35.3%	42.5%
Comprehensive income	36,779,154	29,859,255
Year-on-year change	23.2%	-15.6%
Return on revenue*	11.9%	10.3%
Net expense ratio, including operating revenue*/***	27.7%	30.0%
Annualised return on equity		
Annualised return on equity	17.8%	14.3%
Earnings or loss per share	2.81	2.07
Return on the investment portfolio*/**	1.7%	1.5%
Reinsurance + non-life		
Gross premiums written	318,978,526	322,330,973
Year-on-year change	-1.0%	10.6%
Net incurred loss ratio*	53.0%	59.7%
Net expense ratio	30.8%	30.6%
Net combined ratio*	85.3%	91.7%
Profit or loss before tax	43,417,501	26,503,317
Year-on-year change	63.8%	28.3%
Life insurance		
Gross premiums written	93,436,293	49,938,328
Year-on-year change	87.1%	14.6%
Net expense ratio	18.8%	22.9%
Profit or loss before tax	8,653,716	12,564,208
Year-on-year change	-31.1%	80.2%
Total of all operating segments		
Total assets	2,613,115,703	2,467,251,303
Change on 31 December of prior year	5.9%	30.8%
Shareholders' equity		
Shareholders' equity	483,333,336	460,214,488
Change on 31 December of prior year	5.0%	19.6%
Net technical provisions		
Net technical provisions	1,703,749,630	1,600,307,265
Change on 31 December of prior year	6.5%	43.4%
Book value per share	31.19	29.70
Number of employees (full-time equivalent basis)	2,636.9	2,690.7
Solvency ratio under Solvency II rules	208% (31 March 2021)	198.0%

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

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

* Constant exchange rate basis.

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

*** Amortisation of customer list is excluded. Extraordinary income relating to negative goodwill on acquisitions for the first half of 2020 is also excluded.

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

EUR million, except percentages	1–6/2021	2021 plan	As % of plan
Sava Insurance Group			
Operating revenue	363.7	> 685	53.1%
Profit or loss, net of tax	43.5	> 53	82.1%
Return on equity (ROE)	17.8%	> 11.5%	✓
Net expense ratio	27.7%	32–33%	✓
Investment return*/**	1.7%	1.5%	✓
(Re)insurance part			
Gross premiums written	412.4	> 685	60.2%
Net incurred loss ratio (reins. + non-life)*	53.0%	59–60%	✓
Net combined ratio (reins. + non-life)*	85.3%	< 94%	✓

Because exchange differences were not factored into the plan, the table shows ratios on constant exchange rate basis.

* Constant exchange rate basis.

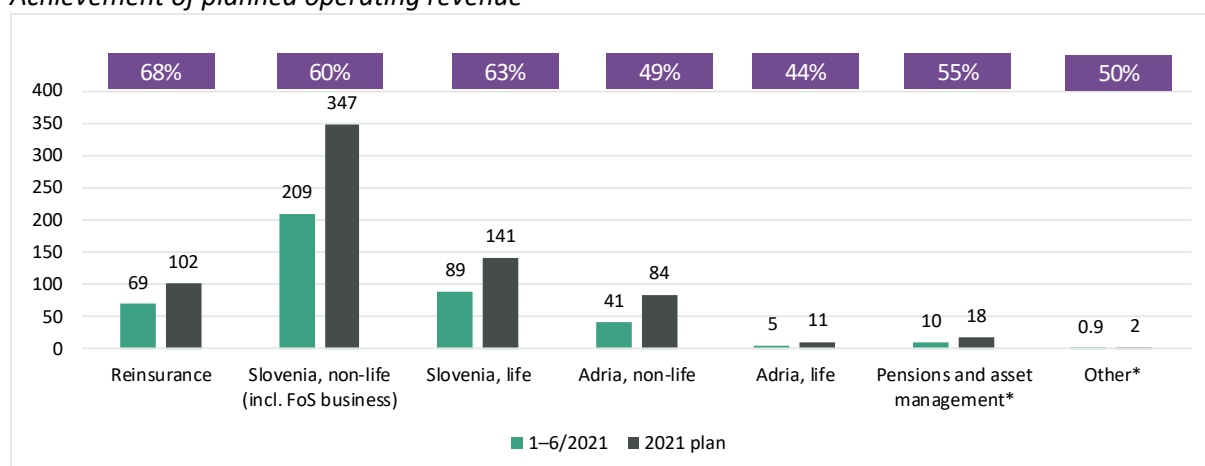
** Subordinated debt expenses are excluded.

In the first half of 2021, the Sava Insurance Group wrote EUR 412.4 million in gross premiums in the (re)insurance segments (excluding annuities), up 10.9% year on year. The growth in gross premiums written was mainly the result of the inclusion of Vita in the Group (EUR 47.1 million). If Vita were excluded, gross premiums written would be 1.9% lower. The business that Zavarovalnica Sava writes in collaboration with other EU-based companies (FoS business) shrank in the first half of 2021. If this business were excluded, the growth in gross premiums written would be 16.2% (FoS premiums fell by EUR 16.1 million). Gross premiums written in the (re)insurance segment reached 60.2% of the 2021 full-year plan.

The net profit for the period was EUR 43.5 million, which is 82.1% of the lower end of the planned range for 2021 and a 35.3% increase year on year. The growth in net profit was driven by improvements in all operating segments, except life where one-off income of EUR 5.9 million was recognised due to negative goodwill relating to the investment in Vita. If this effect were excluded, the Slovenian life segment would also improve its performance year on year, mostly thanks to the operations of Vita.

The net expense ratio for the first half of 2021 was better than planned. The improvement in the expense ratio was chiefly due to the life and asset management segments. The net incurred loss ratio was also better than planned, with improvements in the reinsurance and non-life segments. The return on the investment portfolio improved modestly year on year as well as compared to the 2021 target.

Achievement of planned operating revenue



As a % of annual plan.

* Operating revenue.

Management estimates that the Group's revenue and profit targets will be reached by the end of the year, the latter marginally exceeded. In the third quarter, the net profit will be impacted by some major catastrophic loss events: storms and floods in Western Europe (especially Germany and Belgium) and

in China, and wildfires and hailstorms in Greece and the Adriatic region. According to preliminary estimates, the total impact of these losses will exceed EUR 10 million at the Group level. Since some major losses (that did not realise in the first half of the year) are always factored into the annual plan, the Company estimates that the Group's net profit for the year, based on currently known loss events and other assumptions, will exceed EUR 60 million, up 13% from the original annual target, despite the reinsurance-related catastrophic loss events that have occurred after the close of the half year.

Objectives achieved in the Group's strategic focus areas:

Digital transformation & placing the customer at the centre

Regarding customer-centric solutions, we mainly focused on introducing solutions supporting omni-channel communication: development continued at Zavarovalnica Sava, and implementation of solutions started in North Macedonia, Serbia and Montenegro. By applying optimised processes, we stepped up e-communication activities with customers, obtaining relevant approvals and contact information. With regard to websites, efforts are directed towards optimising online sales applications, boosting direct sales and introducing hybrid sales processes, which combine online and in-person sales. Plans for the next reporting period include further optimisation of claims handling, data decision models and sales processes. In the near future, we are also planning to introduce self-service solutions for better overview of customer transactions by technologically upgrading the management of API solutions. A video presentation of activities carried out to achieve the strategic goals is available on the Company's website at <https://www.sava-re.si/en-si/investor-relations/strategy/>.

IT transformation

In 2020, IT transformation projects included the replacement of core asset management systems at Zavarovalnica Sava and Sava Re. Replacements are ongoing at other Group companies and will be completed in 2021. Regarding core business systems, the replacement of two systems for the portfolio of former Ergo in Croatia was completed in 2020. In 2021, the replacement of the core business solution at the Croatian branch of Zavarovalnica Sava is planned, with preparatory activities also underway at Zavarovalnica Sava and Sava Re. Regarding business reporting, we are working on upgrades and redesigns to align with regulations, current business needs and our customer-centric orientation. We have completed the implementation of the basic level cyber security 24/7 (SOC) at most Group companies so that periodic upgrades are being installed in line with the annual plan. IT infrastructure and solutions are being upgraded to the extent necessary to support strategic projects.

Acquisitions-based growth

The Sava Insurance Group continued pursuing its goal of acquisition-based growth in the first half of the year. Acquisition activities continued in the private health segment, which the Group is developing through the company ZTSR, and in the road-side assistance segment, where Sava Insurance Group has acquired an additional stake in TBS Team 24.

Sustainable development

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

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

The Group has also decided to become a signatory to the Principles for Responsible Investment and the United Nations Global Compact.

In accordance with the Regulation on Sustainability-Related Disclosure in the Financial Services Sector (Sustainable Finance Disclosure Regulation, SFDR) ((EU) 2019/2088), the Sava Insurance Group posted relevant sustainability-related disclosures pertaining to its investment processes on its website on 30 June 2021.

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

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

1.2 Sava Re company profile

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

¹ The composition of the supervisory board changed after 30 June 2021, which is described in greater detail in section 1.5 "Significant events after the reporting period".

1.3 Bodies of the Company

The management board

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

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

Composition of the management board as at 30 June 2021

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

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

Jošt Dolničar:

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

The supervisory board

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

In the first half of 2021, there was a change in the term of office of one member. On 7 March 2021, the term of office of Davor I. Gjivoje Jr expired. On 8 March 2021, he started his new term of office based on the 36th general meeting resolution dated 16 June 2020. The composition of the supervisory board changed after 30 June 2020, which is discussed in detail in section 1.5 "Significant events after the reporting period".

Composition of the supervisory board as at 30 June 2021

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

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

Keith W. Morris:

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

Davor Ivan Gjivoje Jr:

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

- Adria Lines Dover, Delaware, USA – chief executive officer.

Andrej Kren:

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

Mateja Živec:

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

Supervisory board committees

Audit committee

There were no changes in the composition of the supervisory board's audit committee from 1 January to 30 June 2021. The composition changed after 30 June 2021, which is discussed in detail in section 1.5 "Significant events after the reporting period".

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

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

Risk committee

There were no changes in the composition of the supervisory board's risk committee from 1 January to 30 June 2021. The composition changed after 30 June 2021, which is discussed in detail in section 1.5 "Significant events after the reporting period".

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

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

Nominations and remuneration committee

There were no changes in the composition of the supervisory board's nominations and remuneration committee from 1 January to 30 June 2021.

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

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

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

The supervisory board appointed Andrej Gorazd Kunstek, member of the supervisory board, as an alternate member of the nominations and remuneration committee, effective as of 4 March 2021. The

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

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

The composition changed after 30 June 2021, which is discussed in detail in section 1.5 “Significant events after the reporting period”.

Fit and proper committee

There were no changes in the composition of the supervisory board’s fit and proper committee from 1 January to 30 June 2021.

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

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

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

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

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

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

The composition changed after 30 June 2021, which is discussed in detail in section 1.5 “Significant events after the reporting period”.

General meeting of shareholders

The Sava Re general meeting of shareholders was held once in the six months to 30 June 2021.

In accordance with the Company’s 2021 financial calendar, the 37th general meeting of shareholders was held on 25 May 2021. Among other things, the general meeting was presented with the annual report for 2020, including the auditor’s opinion and the written report of the supervisory board to the annual report, and the annual report on internal auditing for 2020 with the opinion of the supervisory board thereto. The general meeting took note of the information that the remuneration policy for members of supervisory and management bodies of the Sava Insurance Group presented to the 36th general meeting held on 16 June 2020 had not been amended. The general meeting also took note of the information on the remuneration of members of management and supervisory bodies received for

performing their functions in the 2020 financial year. The general meeting took note of the 2020 annual report on internal auditing, including the opinion of the supervisory board thereon, and of the management board's report on own shares. The general meeting resolved that part of the distributable profit in the amount of EUR 13,173,041.60 be appropriated for dividends, whereas the remaining part of the distributable profit of EUR 10,633,662.37 be left unappropriated. The supervisory and management boards were granted discharge for the financial year 2020. The general meeting further noted that the terms of office of three supervisory board members representing shareholder interests were due to expire on 16 July 2021. The general meeting elected Keith William Morris, Matej Gomboši and Klemen Babnik as new members of the supervisory board to represent shareholder interests. The elected supervisory board members took up their new four-year terms of office on 17 July 2021.

1.4 Significant events in the first six months of 2021

- On 5 March 2021, Sava Re received a letter from the Insurance Supervision Agency (Agency) stating that due to the uncertain situation regarding the spread of the Covid-19 pandemic and the associated uncertain consequences for the economy and the insurance sector, the Agency expected that, until 30 September 2021, insurance undertakings, reinsurance undertakings and pension companies suspend dividend payments. Furthermore, the recommendation of the Agency set certain criteria for companies where, contrary to the recommendation, the management and supervisory boards decide to propose the appropriation of the distributable profit prior to the above date, and required such companies to demonstrate compliance with the principle of prudence in their decisions. On 2 April 2021, Sava Re received another letter from the Agency amending the recommendation of 5 March 2021 regarding the payment of dividends. To prove its ability to pay dividends in 2021, Sava Re compiled documents for the Agency to demonstrate its financial stability, solvency, liquidity and resilience to stress scenarios (including Covid-19 impacts). Based on the Agency's strictest criterion, the dividend must not exceed the average dividend paid in the period 2017–2019, which is EUR 0.85 per share.
- In April 2021, Sava Re issued the "Solvency and financial condition report of Sava Re d.d. 2020". This demonstrates the Company's capital adequacy as at 31 December 2020, with a high solvency ratio of 272%. As at 31 December 2020, the Solvency II coverage ratio of the Sava Insurance Group was 198%.
- In May 2021, the 37th general meeting of shareholders was held.

1.5 Significant events after the reporting period

- The terms of office of three members of the Sava Re supervisory board, Mateja Lovšin Herič, Keith William Morris and Andrej Kren, expired on 16 July 2021. In its session of 25 May 2021, the general meeting of shareholders elected Keith William Morris, Matej Gomboši and Klemen Babnik as new supervisory board members for the next four-year term of office, all three starting on 17 July 2021. On 20 July 2021, the members of the supervisory board of Sava Re d.d. elected from among themselves Davor Ivan Gjivoje Jr as the chair of the supervisory board and Keith William Morris as the deputy chair. The expiry of the term of office of the Sava Re supervisory board on 16 July 2021 also concluded the terms of office of all its committees. In its first (constitutive) session of 20 July 2021, the supervisory board again set up four committees: (1) the audit committee (composed of: Dr Matej Gomboši (chair), Andrej Gorazd Kunstek, Katarina Sitar Šuštar and Dragan Martinović); (2) the risk committee (composed of: Keith William Morris (chair), Davor Ivan Gjivoje Jr, Dr Slaven Mičković and Dr Janez Komelj); (3) the nominations and remuneration committee (composed of: Klemen Babnik (chair), Keith William Morris, Davor Ivan Gjivoje Jr and Dr Matej Gomboši); and (4) the fit and proper committee (composed of: Keith William Morris (chair), Klemen Babnik, Rok Saje and Klara Hauko). The term of office of each committee member is linked to the term of office of the majority of the supervisory board.

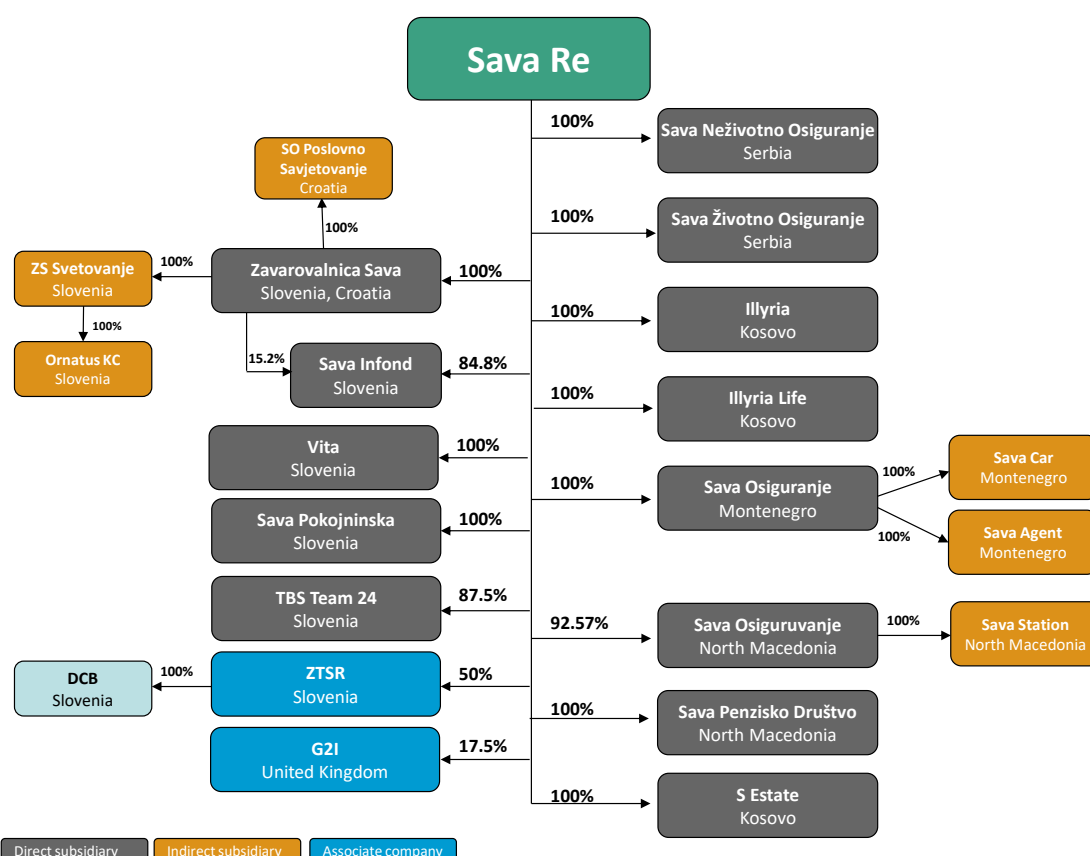
- By the time of compiling this report, the Company was informed that the third quarter net profit would be impacted by some major catastrophic loss events: storms and floods in Western Europe (especially Germany and Belgium) and in China, and wildfires and hailstorms in Greece and the Adriatic region. According to preliminary estimates, the total impact of these losses will exceed EUR 10 million at the Group level. Since some major losses (that did not realise in the first half of the year) are always factored into the annual plan, the Company estimates that the Group's net profit for the year, based on currently known loss events and other assumptions, will exceed EUR 60 million, up 13% from the original annual target, despite the reinsurance-related catastrophic loss events that have occurred after the close of the half year.

1.6 Composition of the Sava Insurance Group

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

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

Composition of the Sava Insurance Group as at 30 June 2021



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

Company names of Sava Insurance Group members

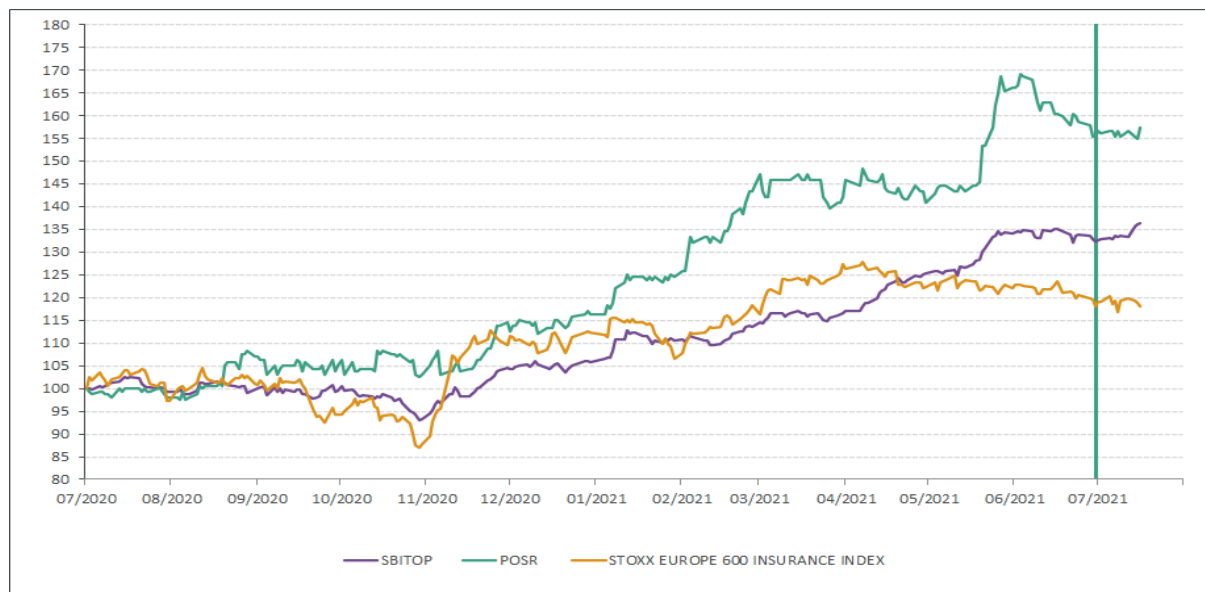
	Official long name	Short name in this document
	Sava Insurance Group	Sava Insurance Group
1	Pozavarovalnica Sava, d.d. / Sava Reinsurance Company d.d.	Sava Re
2	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava (SVN)
	SAVA OSIGURANJE, d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian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

1.7 Shareholders and share trading

The first half of 2021 was very successful for the Sava Re share, as the share price increased from EUR 18.5 at the beginning of the year to EUR 24.7 at the end of the first half of 2021, with a high of EUR 26.9 at the beginning of June 2021.

Just how successful the first half-year 2021 was for the POSR share is highlighted by the comparison between the Sava Re share price trend and the European insurance sector. The Sava Re share and the European insurance sector index grew by 33.5% and 24.9%, respectively, in the first half of 2021.

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



In the first half of 2021, the turnover in the Sava Re share was EUR 12.3 million, a notable decline year on year from EUR 17.7 million. The average daily turnover in the share was EUR 101.5 thousand in the first half of 2021, compared to EUR 144.0 thousand year on year.

Basic details about the POSR share

	30 June 2021	30 June 2020
Share capital	71,856,376	71,856,376
Number of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
Number of shareholders	4,229	4,218
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated net earnings per share (EUR)	2.81	2.07
Consolidated book value per share (EUR)	31.19	26.74
Share price at end of period (EUR)	24.70	15.90
Market capitalisation (EUR)	425,325,651	273,792,626
	1–6/2021	1–6/2020
Average share price in reporting period (EUR)	22.81	17.05
Period low (EUR)	18.50	13.40
Period high (EUR)	26.90	20.60
Turnover in reporting period (EUR)	12,280,009	17,712,383
Average daily turnover (EUR)	101,488	144,003

Shareholders

The ratio of domestic to international investors remained roughly unchanged in the first half of 2021, with a 0.3 p.p. weighting towards domestic investors. Nor were there any significant changes in the holdings of the top 10 shareholders in the period: 76.3%, down by 0.1 p.p. in the first half of 2021.

Of the management and supervisory board members only Marko Jazbec increased his holdings in the first half of 2021, from 8,888 to 10,000. The holdings of the other members of the management and supervisory boards did not change in the first half of 2021.

Shareholder structure of Sava Re as at 30 June 2021²

Type of investor	Domestic	International
Insurance and pension companies	18.3%	0.0%
Other financial institutions*	18.0%	15.1%
Republic of Slovenia	13.9%	0.0%
Natural persons	10.4%	0.1%
Investment funds and mutual funds	3.0%	0.2%
Other commercial companies	2.9%	1.0%
Banks	0.1%	17.0%
Total	66.5%	33.5%

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

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

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

Composition of the Sava Re share capital

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

	Shareholder	Number of shares	Holding (%)
1	Slovenski Državni Holding d.d. (Slovenian Sovereign Holding)	3,043,883	17.7%
2	Intercapital Securities Ltd., fiduciary account	2,468,572	14.3%
3	Republic of Slovenia	2,392,436	13.9%
4	Sava Re d.d., own shares*	1,721,966	10.0%
5	European Bank for Reconstruction and Development (EBRD)	1,071,429	6.2%
6	Raiffeisen Bank Austria, fiduciary account	802,206	4.7%
7	Modra Zavarovalnica d.d.	714,285	4.1%
8	Hrvatska Poštanska Banka, fiduciary account	372,505	2.2%
9	Guaranteed civil servants' sub-fund	320,346	1.9%
10	Kapitalska družba d.d. – SODPZ	238,109	1.4%
	Total	13,145,737	76.3%

* Own shares carry no voting rights.

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

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

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

	Number of shares	Holding (%)
Marko Jazbec	10,000	0.058%
Jošt Dolničar	4,363	0.025%
Polona Pirš Zupančič	3,748	0.022%
Peter Skvarča	850	0.005%
Total management board	18,961	0.110%
Andrej Gorazd Kunstek	2,900	0.017%
Mateja Živec	1,000	0.006%
Total supervisory board	3,900	0.023%
Total management and supervisory boards	22,861	0.133%

Own shares

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

Dividend

At the 37th general meeting held on 25 May 2021, the shareholders adopted the proposal of the management and supervisory boards to use EUR 13,173,041.60 of the profits for dividends. The dividend was EUR 0.85 gross per share and was paid out on 10 June 2021 to the shareholders listed in the shareholders' register on 9 June 2021. The amount of the dividend is in line with the recommendations of the Insurance Supervision Agency and does not put at risk the financial position, i.e. the solvency and liquidity, of the Company or Group.

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

Details on dividends⁴

EUR	For 2013	For 2014	For 2015	For 2016	For 2017	For 2018	For 2019	For 2020*
Amount of dividend payment	4,386,985	9,065,978	12,398,157	12,398,158	12,398,157	14,722,811	0	13,173,042
Dividend/share	0.26	0.55	ordinary: 0.65 extraordinary: 0.15	0.80	0.80	0.95	0.00	0.85
Dividend yield	2.0%	3.8%	5.8%	5.0%	4.8%	5.6%	-	4.3%

Contingent capital

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

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

Interim business report

2 Review of operations⁵

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

The operating segments include the following companies:

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

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

- Reallocations are made from the reinsurance segment to the other segments (Sava Re as the parent company handles the reinsurance of most risks of the subsidiaries within the Sava Insurance Group): in the segment reporting information, reinsurance premiums received by the reinsurer from the subsidiaries are reallocated to the segments from where they have arisen. The same applies, by analogy, to reinsurance-related claims, commission income, the change in unearned premiums, claims provisions and deferred acquisition costs due to reinsurance. In the consolidation, the portion of business retroceded by Sava Re to foreign reinsurers is not allocated to the segments. Retrocession-related expenses usually exceed income (except in the event of catastrophic claims). In order to provide a more appropriate presentation of profitability by segment, the result of retroceded business was also allocated to the segment where it had arisen. All these items were adjusted only in the part relating to the risks of subsidiaries retroceded by Sava Re to reinsurers abroad.
- Other operating expenses relating to the reinsurance segment are reduced by the portion of expenses attributable to the administration of the Sava Insurance Group. Sava Re operates as a virtual holding company; hence, a part of its expenses relates to the administration of the Group. Such expenses relating to the reinsurance segment are allocated to other segments based on each subsidiary's gross premiums written. Such reallocation was also made for other operating expenses relating to intra-Group reinsurance transactions. In the first half of 2021, Sava Re allocated 67.5% of other operating expenses to operating segments as monitored by revenue composition (first half of 2020: 68.7%). Furthermore, operating expenses of TBS Team 24 incurred in its activities on behalf of other Group companies were reallocated from the “other” segment to the Slovenian and international non-life segments. Revenue associated with the operation of other Group companies is already eliminated in consolidation.
- Investment income and expenses are reallocated from the reinsurance segment to the non-life insurance and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).

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

- Other income includes the extraordinary income relating to negative goodwill on acquisitions, which is taken from the reinsurance segment and allocated to the operating segment where it arose.

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

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

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

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

Summary consolidated income statement

EUR	1–6/2021	1–6/2020	Index
Net premiums earned	342,192,297	294,860,816	116.1
Income from investments in associates	479,357	0	-
Investment income	15,539,860	11,187,130	138.9
Net unrealised and realised gains on investments of life insurance policyholders who bear the investment risk	42,721,656	0	-
Other technical income	9,609,705	6,009,624	159.9
Other income	11,873,088	16,188,034	73.3
Net claims incurred	-201,404,120	-201,514,317	99.9
Change in other technical provisions	16,854,207	17,955,588	93.9
Change in technical provisions for policyholders who bear the investment risk	-67,351,076	11,114,400	-606.0
Expenses for bonuses and rebates	-198,037	92,321	-214.5
Operating expenses	-104,330,295	-95,151,107	109.6
Expenses for investments in associates and impairment losses on goodwill	0	-1,546,474	-
Expenses for financial assets and liabilities	-2,965,661	-5,376,260	55.2
Net unrealised and realised losses on investments of life insurance policyholders who bear the investment risk	0	-5,927,685	-
Other technical expenses	-7,852,978	-8,782,184	89.4
Other expenses	-1,076,116	-1,221,812	88.1
Profit or loss before tax	54,091,887	37,888,074	142.8

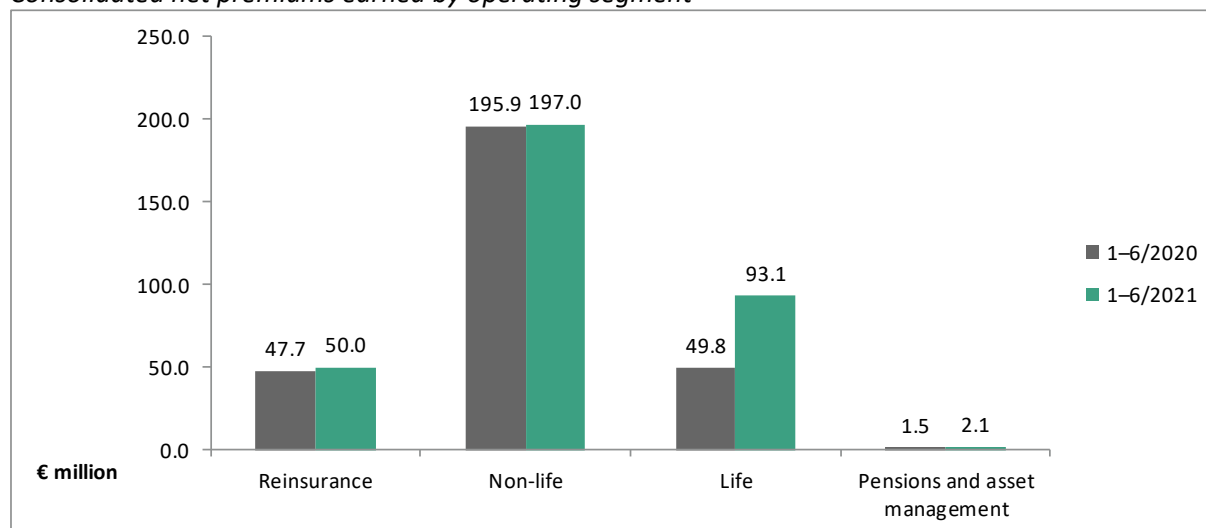
In the first half of 2021, operating revenue totalled EUR 363.7 million, up 14.7% year on year. Revenue growth was primarily driven by the life segment (inclusion of Vita in the Group). Following is a discussion of the major items of the consolidated income statement.

Consolidated net premiums earned⁶

Consolidated net premiums earned

EUR	1-6/2021	1-6/2020	Index
Gross premiums written	414,493,140	373,763,231	110.9
Net premiums earned	342,192,297	294,860,816	116.1

Consolidated net premiums earned by operating segment



Consolidated net premiums earned by class of business⁷

EUR	1-6/2021	1-6/2020	Index
Property	72,180,839	65,909,191	109.5
Unit-linked life	62,556,106	27,196,316	230.0
Land motor vehicles	61,898,620	60,178,576	102.9
Motor vehicle liability	61,441,660	67,572,598	90.9
Traditional life	32,774,750	24,232,440	135.3
Accident, health and assistance	30,205,738	27,734,421	108.9
General liability	13,214,400	12,604,230	104.8
Marine, suretyship and goods in transit	6,487,318	6,883,856	94.2
Other insurance	1,432,866	2,549,188	56.2
Total	342,192,297	294,860,816	116.1

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

⁷ Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

Consolidated other technical income and other income

Composition of other technical income and other income by operating segment (constant exchange rate basis)⁸



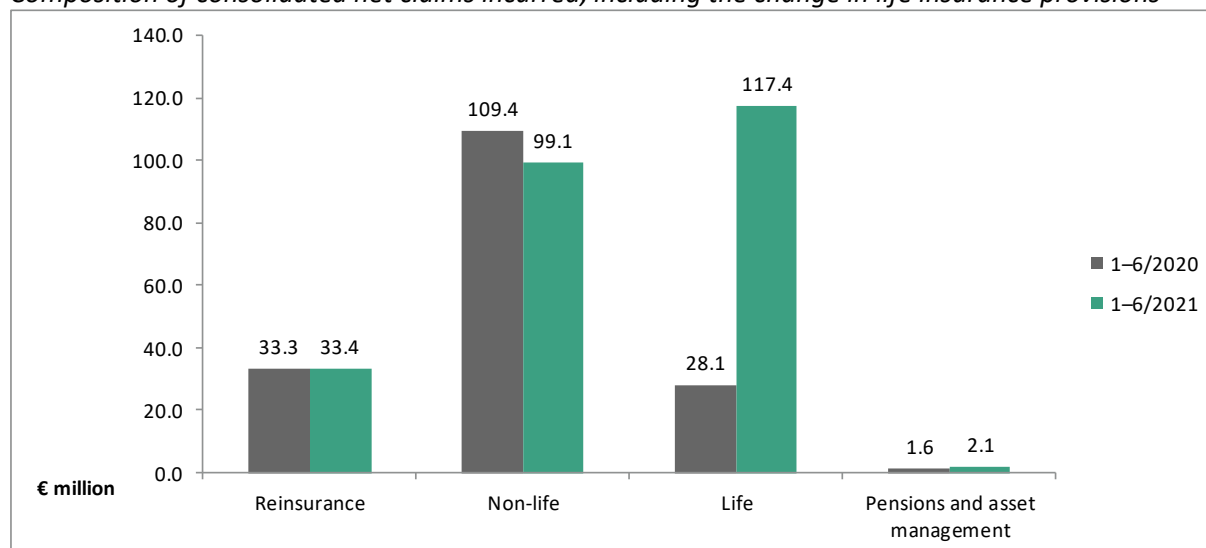
Consolidated net claims incurred⁹

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

EUR	1-6/2021	1-6/2020	Index
Gross claims paid	196,579,542	192,490,317	102.1
Net claims incurred	201,404,120	201,514,317	99.9
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	251,900,989	172,444,329	146.1

* This largely comprises mathematical provisions.

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



⁸ Commission income is not included.

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

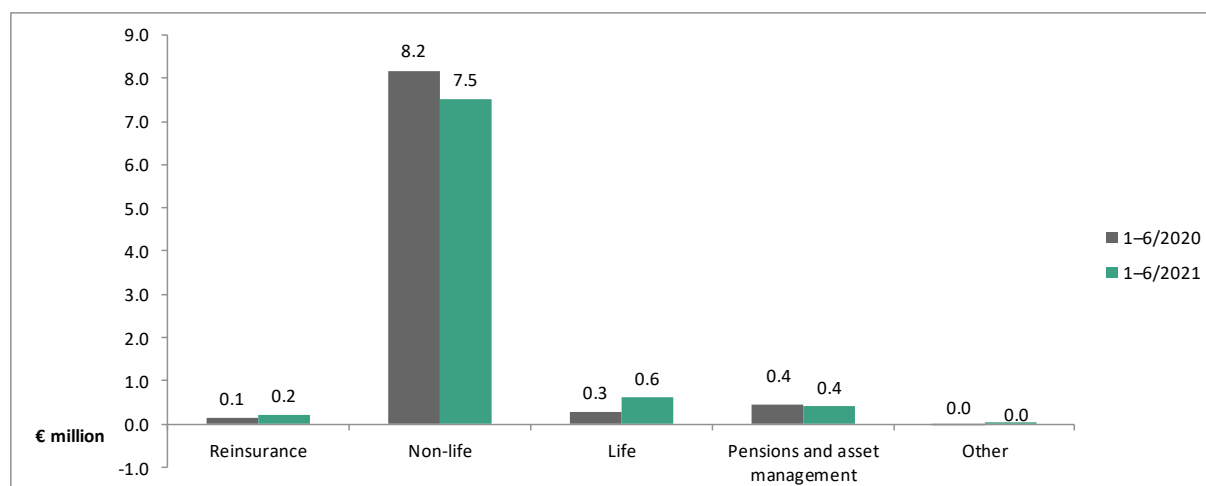
¹⁰ The net claims incurred by operating segment include the change in other technical provisions and the change in technical provisions for policyholders who bear the investment risk.

Consolidated net claims incurred by class of business¹¹

EUR	1-6/2021	1-6/2020	Index
Property	39,095,951	43,764,587	89.3
Land motor vehicles	34,935,482	32,841,876	106.4
Traditional life	34,124,392	36,768,293	92.8
Unit-linked life	33,796,684	24,909,610	135.7
Motor vehicle liability	33,603,671	43,969,321	76.4
Marine, suretyship and goods in transit	10,189,879	7,963,060	128.0
Accident, health and assistance	9,214,092	7,783,267	118.4
General liability	6,638,128	3,715,689	178.7
Other insurance	-194,159	-201,386	96.4
Total	201,404,120	201,514,317	99.9

Consolidated other technical expenses and other expenses

Composition of other technical expenses and other expenses by operating segment (constant exchange rate basis)



¹¹ These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

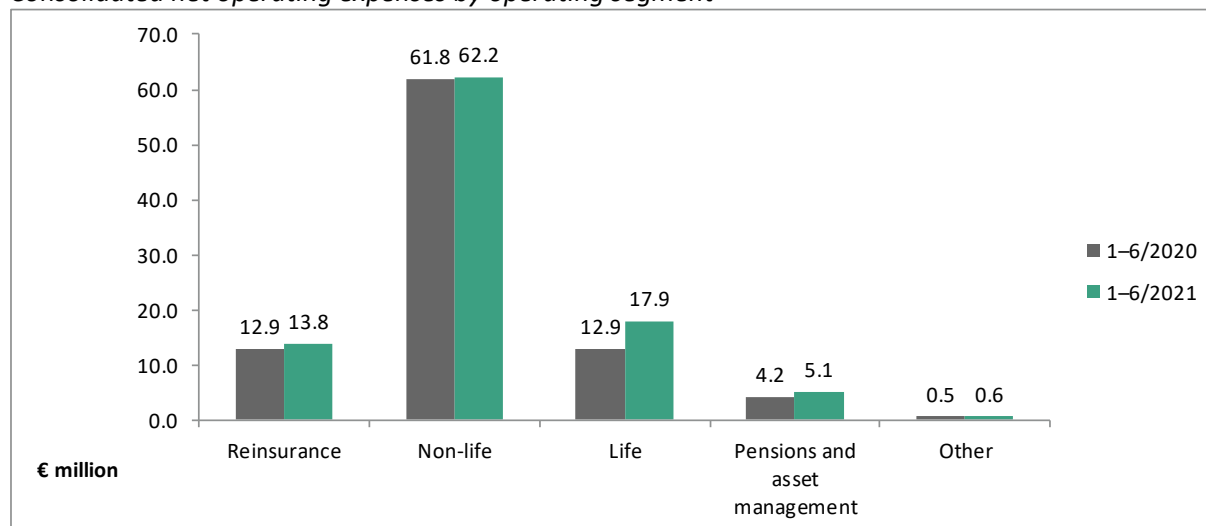
Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

Consolidated operating expenses

Consolidated operating expenses

EUR	1-6/2021	1-6/2020	Index
Acquisition costs	41,850,430	38,694,345	108.2
Change in deferred acquisition costs (+/-)	-2,389,021	-4,214,779	56.7
Other operating expenses	64,868,886	60,671,541	106.9
Operating expenses	104,330,295	95,151,107	109.6
Reinsurance commission income	-4,673,547	-2,885,095	162.0
Net operating expenses	99,656,748	92,266,012	108.0

Consolidated net operating expenses by operating segment



Consolidated net investment income

Consolidated net investment income relating to investment portfolio

EUR	1-6/2021	1-6/2020	Absolute change
Net investment income relating to investment portfolio	13,695,931	6,344,485	7,351,446
Net investment income relating to investment portfolio, constant exchange rate basis	11,630,228	8,100,374	3,529,854

Consolidated income and expenses relating to investment portfolio

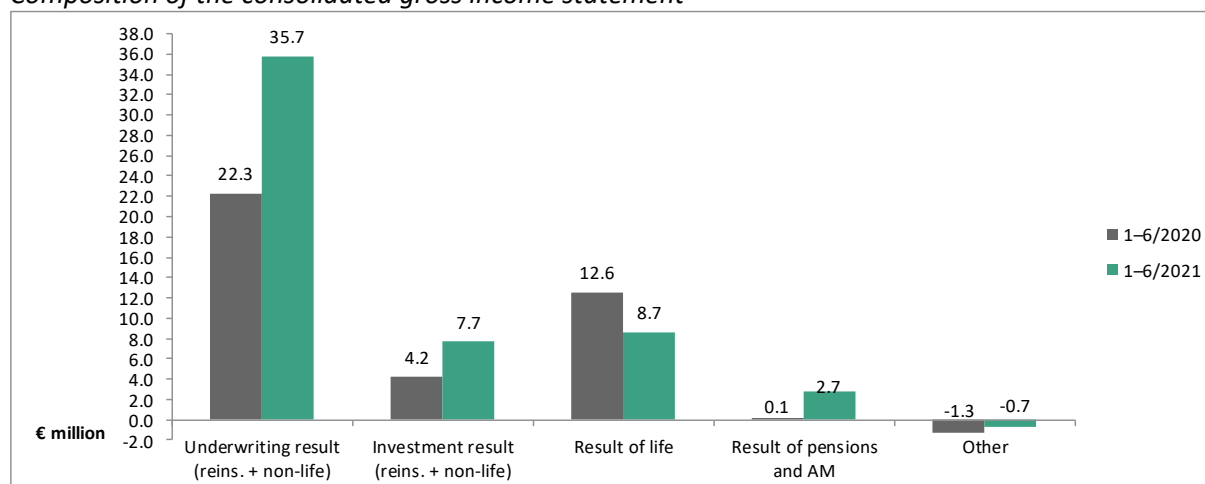
EUR	1-6/2021	1-6/2020	Absolute change
Income			
Interest income at effective interest rate	8,491,772	6,660,405	1,831,367
Gains on change in fair value FVTPL	815,940	1,304,768	-488,828
Gains on disposal of FVTPL	313	0	313
Gains on disposal of other IFRS asset categories	2,161,860	2,078,641	83,219
Income from associate companies	479,358	0	479,358
Income from dividends and shares – other investments	915,159	190,554	724,605
Exchange gains	2,065,703	0	2,065,703
Other income	847,953	1,110,653	-262,700
Other income from alternative funds	1,007,918	493,957	513,961
Income relating to investment portfolio	16,785,976	11,838,978	4,946,998
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	42,721,656	0	42,721,656
Expenses			
Interest expenses	1,480,759	1,457,777	22,982
Losses on change in fair value FVTPL	456,289	2,007,315	-1,551,026
Losses on disposals FVTPL	963	0	963
Losses on disposal of other IFRS asset categories	209,506	25,247	184,259
Expenses for losses incurred by associate companies	0	16,654	-16,654
Impairment losses on other investments	107,557	0	107,557
Exchange losses	0	1,755,889	-1,755,889
Other	834,971	231,149	603,822
Other expenses for alternative funds	0	462	-462
Expenses relating to investment portfolio	3,090,045	5,494,493	-2,404,448
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	5,927,685	-5,927,685

* Expenses for financial investments differ from the expenses in the income statement item “interest expenses” because they also include expenses for right-of-use assets (30 June 2021: EUR 71.6 thousand; 30 June 2020: EUR 90.8 thousand).

** In the first half of 2021, an amount of EUR 0.5 million was recognised on the first consolidation as profit of the equity-accounted associate company.

Consolidated gross profit or loss

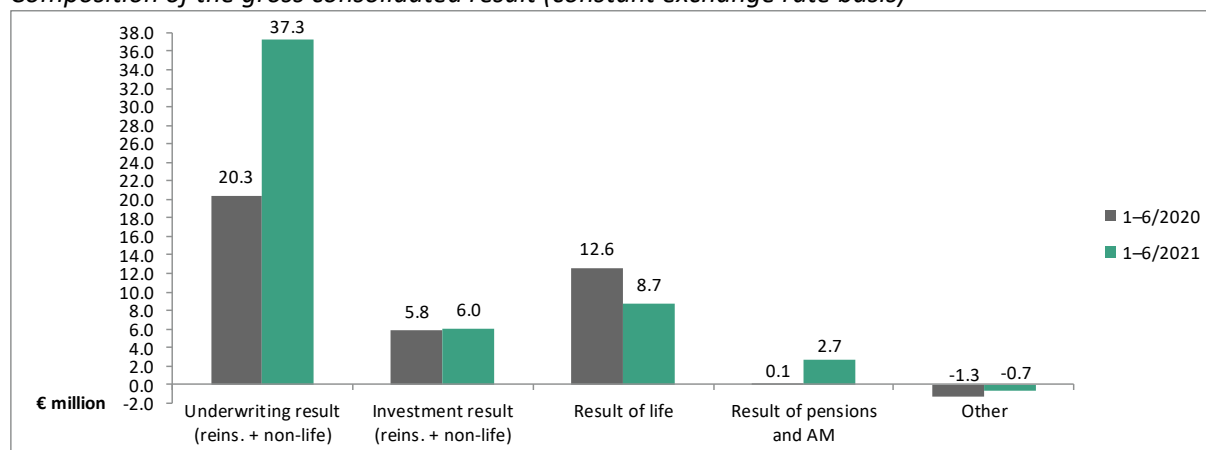
Composition of the consolidated gross income statement



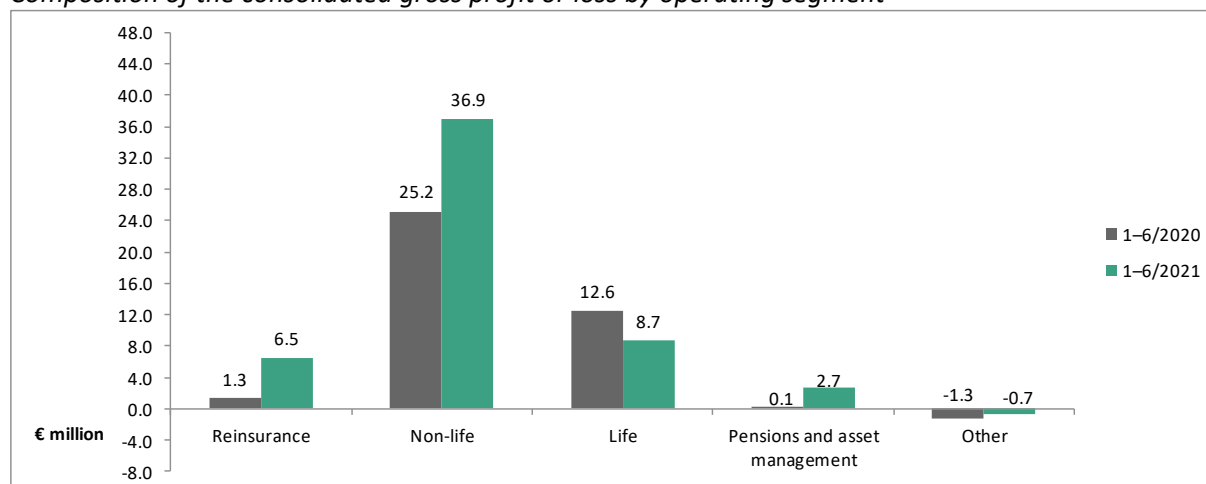
In the first half of 2021, exchange differences had a significant impact on the composition of the underwriting and investment results, which is why the results below are presented on a constant

exchange rate basis. The impact of exchange differences on the result by operating segment was as follows: a negative effect on the underwriting result of EUR 1.6 million (first half of 2020: EUR 2.0 million positive effect); a positive effect on the investment result of EUR 1.7 million (first half of 2020: EUR 1.6 million negative effect). The total positive effect of exchange differences on the first half of 2021 result was thus EUR 0.1 million (first half of 2020: a positive effect of EUR 0.4 million).

Composition of the gross consolidated result (constant exchange rate basis)



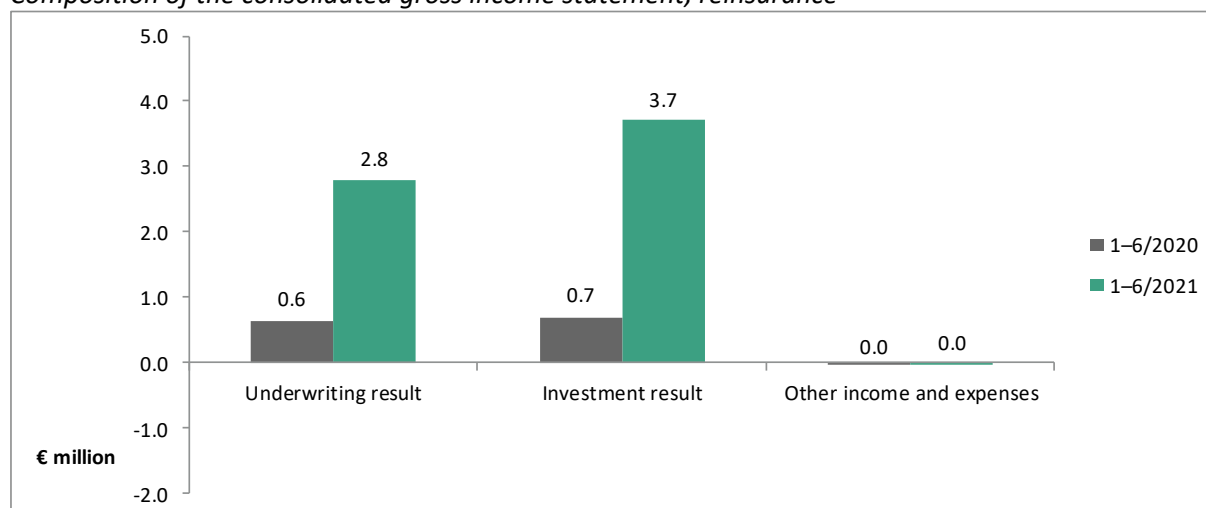
Composition of the consolidated gross profit or loss by operating segment



2.1 Reinsurance

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

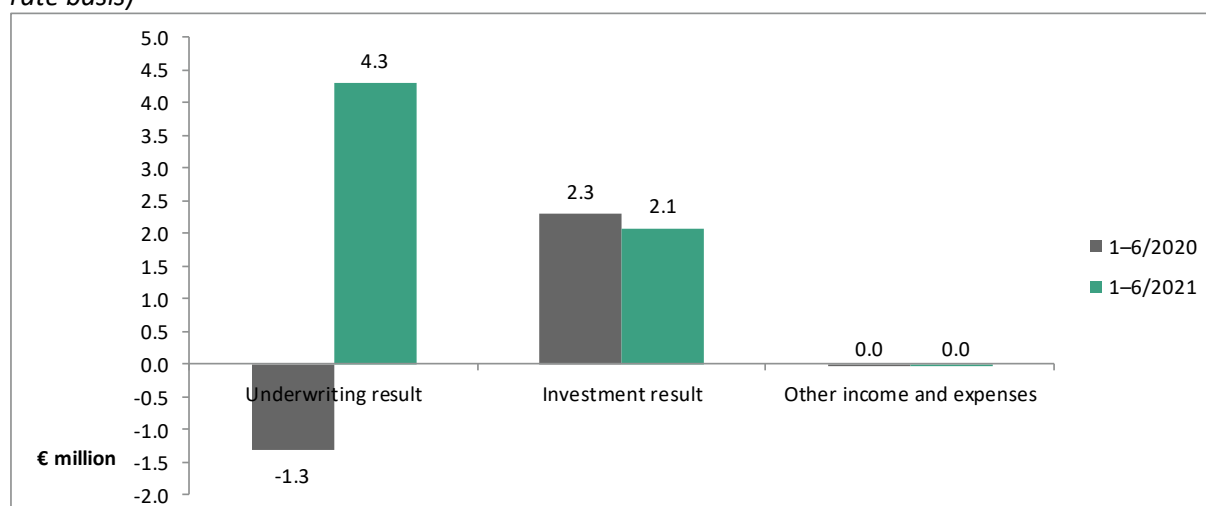
Composition of the consolidated gross income statement; reinsurance



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

The following graph shows profit or loss on a constant exchange rate basis.

Composition of the consolidated gross income statement; reinsurance business (constant exchange rate basis)



The underwriting result, excluding the impact of exchange differences, improved in the first half of 2021 compared to the same period in 2020, mainly as the result of higher premium revenues (as explained later in this section) and a positive impact from the change in other technical provisions (last year provisions for unexpired risks increased compared to year-end 2019 because of growth in marine reinsurance business and the related poor expected combined ratio, whereas this year provisions

decreased compared to year-end 2020 because this business shrunk). The investment result, on a constant exchange rate basis, for the first half of 2021 was somewhat lower year on year because of more modest interest income and lower gains on the disposal of investments.

Net premiums earned

Net premiums earned; reinsurance

EUR	1-6/2021	1-6/2020	Index
Gross premiums written	68,923,739	64,798,763	106.4
Net premiums earned	49,993,397	47,724,160	104.8

Gross premiums written in this segment in the first half of 2021 grew by 6.4% year on year. Non-proportional reinsurance business saw 9.3% growth in gross premiums written, and non-proportional business grew by 5.4%. Underwriting year 2021 premiums increased by 2.6%, or EUR 1.4 million, compared to 2020; prior underwriting year premiums increased by EUR 3.2 million, primarily driven by proportional business. After the outbreak of the Covid-19 pandemic in 2020, we estimated that due to the expected decline in the GDPs of the countries where we have clients, the premium volume of the underwriting year would be 10% below the target figure. In 2021, we revised this assumption based on the current economic situation so that the expected decline is only 5%. We have seen similar responses from other reinsurers in international markets. The growth in premiums earned was in line with gross premium growth.

Net claims incurred

Net claims incurred; reinsurance

EUR	1-6/2021	1-6/2020	Index
Gross claims paid	23,844,156	27,845,063	85.6
Net claims incurred	33,829,206	32,466,330	104.2

Net claims incurred; reinsurance business (constant exchange rate basis)

EUR	1-6/2021	1-6/2020	Index
Gross claims paid	23,844,156	27,845,063	85.6
Net claims incurred	32,343,740	34,770,605	93.0

In the first half of 2021, exchange differences reduced net claims incurred by EUR 1.5 million (in the first half of 2020, EUR 2.3 million increase in net claims incurred). Net claims incurred, on a constant exchange rate basis, fell by 7.0%, primarily because of a favourable development of previous underwriting years. The net incurred loss ratio relating to the reinsurance segment (constant exchange rate basis) improved by 10.9 p.p. year on year, to 63.8% (first half of 2020: 74.7%).

Operating expenses

Consolidated operating expenses; reinsurance

EUR	1-6/2021	1-6/2020	Index
Acquisition costs	14,574,561	12,864,484	113.3
Change in deferred acquisition costs (+/-)	-2,276,803	-1,611,989	141.2
Other operating expenses	1,981,377	1,909,980	103.7
Operating expenses	14,279,135	13,162,475	108.5
Reinsurance commission income	-487,191	-300,985	161.9
Net operating expenses	13,791,944	12,861,490	107.2

In the first half of 2021, acquisition costs rose by 13.3%, against 6.4% growth in gross premiums written. Consequently, acquisition costs as a percentage of gross premiums written rose by 1.3 p.p. to 21.1% compared to the first half of 2020. The average value of the ratio was around 20% over the recent quarters.

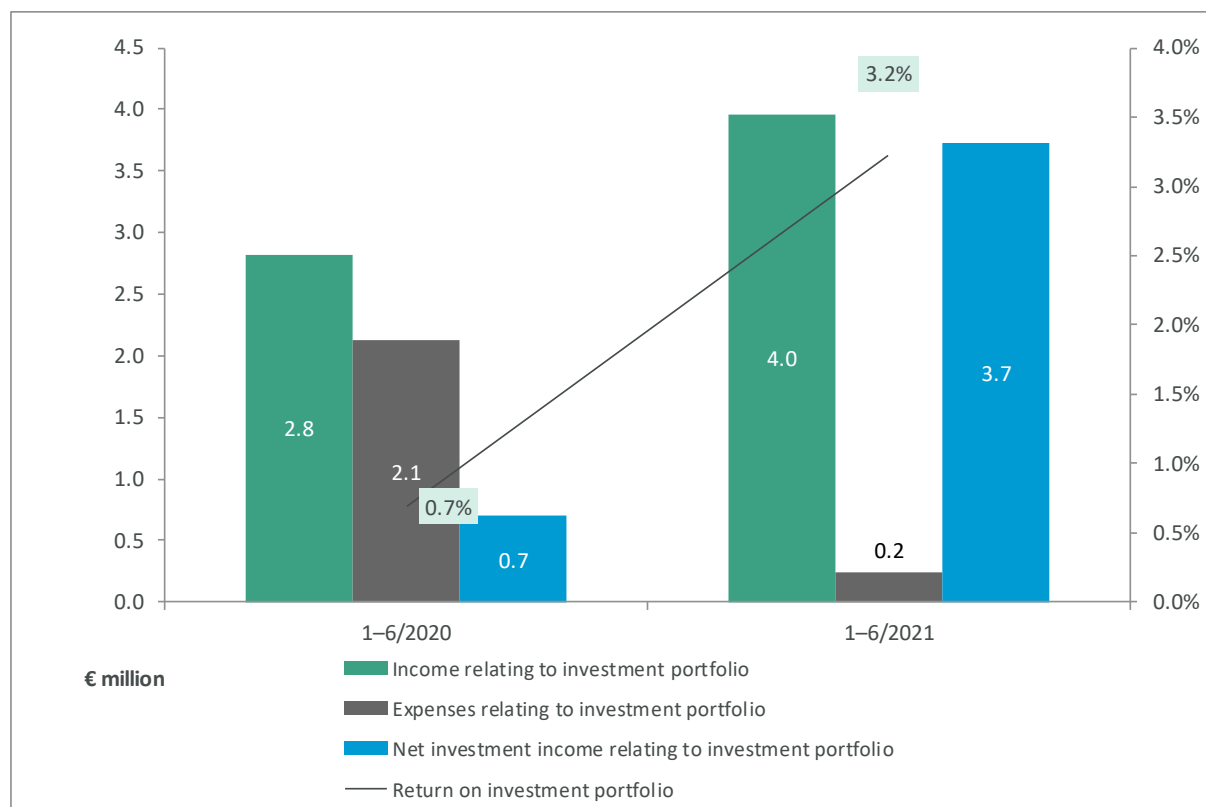
The change in deferred acquisition costs was slightly higher than in the first half of 2020 and moved in line with unearned premiums.

Other operating expenses rose by 3.7%, mainly driven by higher service costs related to alignment with the Sustainable Finance Disclosure Regulation (SFDR), the purpose of which is to increase transparency regarding sustainability features and investments for end consumers.

The net expense ratio thus increased by 0.6 p.p. in the first half of 2021 because acquisition costs grew faster than premiums earned. In the first half of 2021, acquisition costs, including the change in deferred acquisition costs, were up by 9.3% year on year.

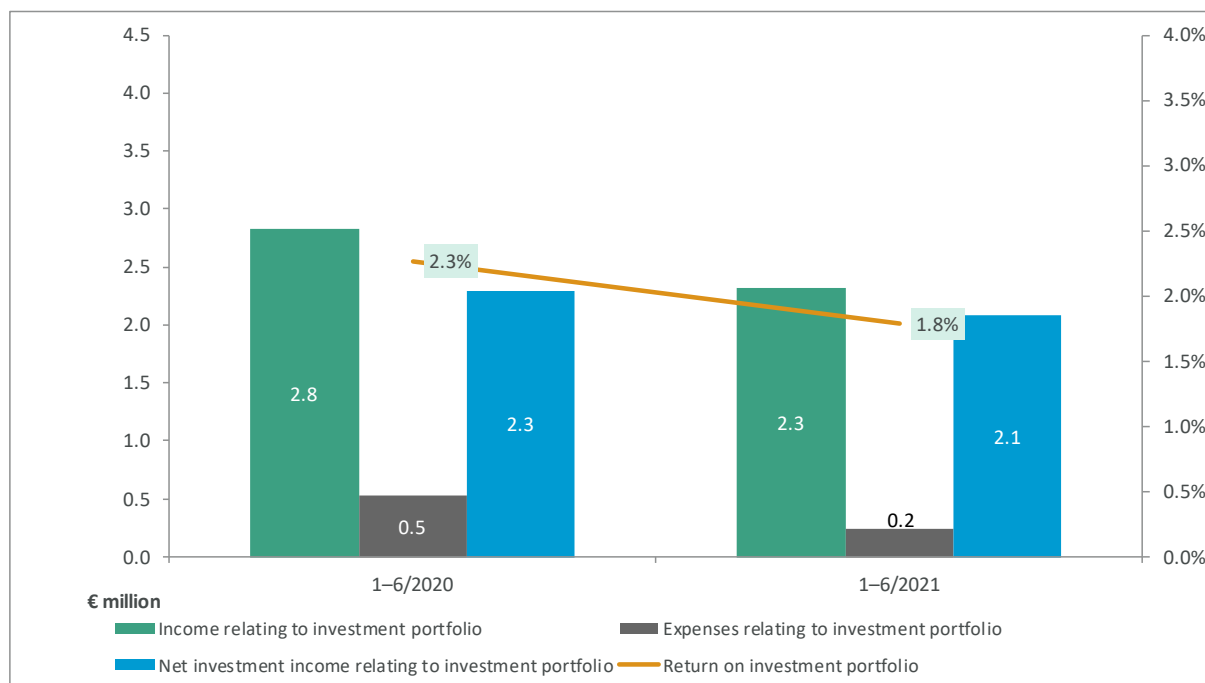
Net investment income

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



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

*Income, expenses and net investment income relating to investment portfolio; reinsurance business
(constant exchange rate basis)*



Given that the exchange differences mainly relate to Sava Re and the fact that their impact does not fully affect the business result, the graph above shows net investment income of the investment portfolio on a constant exchange rate basis.

In the first half of 2021, net investment income relating to the investment portfolio totalled EUR 2.1 million, down EUR 0.2 million year on year. This was primarily due to lower interest income and lower gains on the disposal of investments. In the same period last year, net investment income benefitted on account of the reversal of previous impairment losses made in the amount of EUR 0.4 million. The investment return for the period was 1.8%.

2.2 Non-life

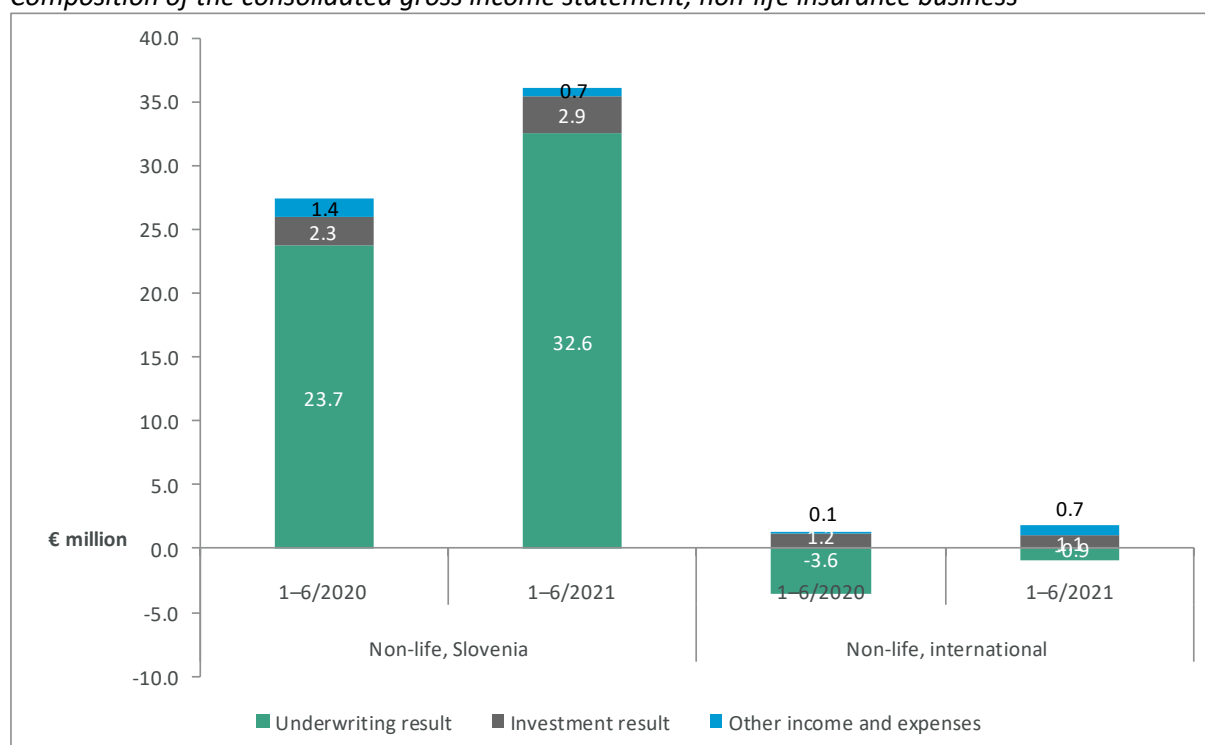
The non-life segment comprises the operations of the following companies:

- Zavarovalnica Sava's non-life insurance business
- Vita's (SVN) business that is in substance non-life business
- Sava Osiguranje (MNE)
- Sava Neživotno Osiguranje (SRB)
- Sava osiguruvanje (MKD)
- Illyria (RKS)
- Sava Car (MNE)
- Sava Agent (MNE)
- Sava Station (MKD)

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

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

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



The non-life segment recorded an EUR 11.8 million improvement in the consolidated pre-tax result in the first half of 2021 year on year. The lion's share of the improvement, EUR 8.7 million, was achieved in Slovenian business.

The consolidated technical result for Slovenian non-life business improved by EUR 8.9 million, chiefly as the result of a lower loss frequency during the Covid-19 pandemic. The EUR 2.7 million increase in the underwriting result of non-Slovenian non-life insurers chiefly reflects better performance of the Croatian branch office of Zavarovalnica Sava, whereas in 2020 a negative effect was due to a change in Croatian legal practice regarding payments for non-pecuniary losses, with regard to which the insurer strengthened its claims provisions and provisions for unexpired risks by EUR 3.5 million in the first half of 2020.

In the first half of the year, the investment result of the Slovenian non-life segment improved by EUR 0.6 million year on year because of the effect of the previous year – deterioration in the situation in financial markets in the first quarter of 2020 resulted in higher foreign exchange losses and lower bond prices, which translated into higher expenses for fair value changes of bonds classified as FVTPL assets. The investment result of non-Slovenian non-life insurers dropped by EUR 0.1 million because of lower interest income.

The result of other income and expenses of Slovenian non-life insurers deteriorated by EUR 0.8 million, which needs to be considered in the light of the fact that in the same period last year it also included extraordinary income of EUR 0.9 million recognised due to negative goodwill relating to the investment in Vita. The result of other income and expenses of the non-Slovenian non-life insurance companies rose by EUR 0.6 million reflecting higher “other income” and lower “other expenses” of the Serbian non-life insurance company.

Net premiums earned

Net premiums earned; non-life insurance business

EUR	1–6/2021	1–6/2020	Index
Gross premiums written	250,054,787	257,532,210	97.1
Net premiums earned	196,992,211	195,855,364	100.6

Net premiums earned by region; non-life insurance business

EUR	Slovenia			International		
	1–6/2021	1–6/2020	Index	1–6/2021	1–6/2020	Index
Gross premiums written	208,877,171	216,645,763	96.4	41,177,616	40,886,447	100.7
Net premiums earned	164,311,920	159,151,684	103.2	32,680,291	36,703,679	89.0

Unconsolidated gross non-life premiums of Sava Insurance Group members

EUR	1–6/2021	1–6/2020	Index
Zavarovalnica Sava, Slovenian part (non-life)	206,922,390	216,439,716	95.6
Zavarovalnica Sava, Croatian part (non-life)	7,786,377	10,525,130	74.0
Sava Neživotno Osiguranje (SRB)	12,533,056	11,676,662	107.3
Illyria (RKS)	6,165,893	5,583,494	110.4
Sava osiguruvanje (MKD)	7,546,279	6,708,905	112.5
Sava Osiguranje (MNE)	7,158,951	6,403,035	111.8
Vita (SVN)	2,105,717	308,805	681.9
Total	250,218,663	257,645,748	97.1

Gross non-life insurance premiums decreased by 2.9% in the first half of 2021 as the result of a drop in gross non-life premiums written in the Slovenian part of the Group. Net premiums earned remained at the year-on-year level, chiefly because of the decline in gross unearned premiums relating to FoS business in the first half of 2021, whereas gross unearned premiums relating to this business grew reflecting premium growth in the first half of 2020.

In the first half of 2021, gross motor premiums declined by EUR 6.3 million, or 4.3%. This decline reflects the drop in FoS business: gross premiums written decreased by EUR 9.0 million, as most motor business was cancelled due to market changes (unfavourable conditions) and greater selectivity of the company. Gross motor premiums written in Slovenia (excluding FoS business) grew by EUR 3.3 million, especially in the private motor segment as the result of more policies sold. Gross motor insurance premiums written abroad dropped by EUR 0.7 million. The largest drop in premiums was in motor liability in the Croatian and Serbian markets. In the former case because of greater selectivity in underwriting risks, in the latter because of increasing policy acquisition costs in the market in general.

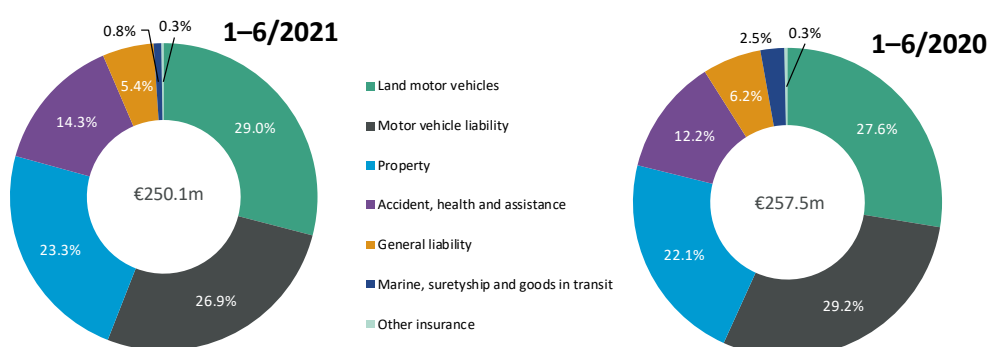
Gross premiums written relating to the insurance of ships dropped by EUR 4.8 million. This decline is entirely related to the reduction in FoS business.

A EUR 2.4 million drop in gross premiums written was also recorded in general liability insurance. EUR 2.0 million of the decline relates to FoS business and the rest to general liability insurance, excluding FoS business in Slovenia. The reason for the latter relates to a drop in premiums from certain key policyholders and loss of some policyholders.

In the first half of 2021, gross property premiums grew by EUR 1.5 million. This increase relates to growth in gross premiums written in Slovenian property business, excluding FoS business. Growth was achieved in both personal lines, with a rise in policies sold, and commercial lines, especially through more premiums from existing policyholders (larger number of objects insured, higher sums insured and policy extensions).

The growth in gross accident insurance premiums in the amount of EUR 2.1 million relates to gross accident insurance premiums of Vita, which joined the Sava Insurance Group on 31 May 2020.

Unconsolidated gross non-life insurance premiums by class of business¹²



Net claims incurred

Net claims incurred; non-life insurance business

EUR	1-6/2021	1-6/2020	Index
Gross claims paid	104,510,802	103,065,972	101.4
Net claims incurred	99,891,071	107,398,917	93.0

Net claims incurred by region; non-life insurance business

EUR	Slovenia			International		
	1-6/2021	1-6/2020	Index	1-6/2021	1-6/2020	Index
Gross claims paid	85,768,017	85,657,113	100.1	18,742,785	17,408,859	107.7
Net claims incurred	83,625,830	86,207,029	97.0	16,265,240	21,191,887	76.8

¹² Property insurance comprises the following classes of business (i) fire and natural forces, (ii) other damage to property, (iii) miscellaneous financial loss, and (iv) legal expense insurance. Other insurance comprises aviation and credit insurance.

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

EUR	1–6/2021	1–6/2020	Index
Zavarovalnica Sava, Slovenian part (non-life)	87,553,197	87,127,566	100.5
Zavarovalnica Sava, Croatian part (non-life)	5,593,362	5,661,727	98.8
Sava Neživotno Osiguranje (SRB)	3,916,955	4,685,785	83.6
Illyria (RKS)	3,322,599	2,114,862	157.1
Sava osiguruvanje (MKD)	3,211,333	2,737,036	117.3
Sava Osiguranje (MNE)	2,716,010	2,245,111	121.0
Vita (SVN)	346,462	46,552	744.2
Total	106,659,917	104,618,638	102.0

In the first half of 2021, consolidated gross non-life claims paid rose by 1.4%, or EUR 1.4 million, year on year. Gross non-life claims rose especially abroad, while Slovenian claims remained roughly flat year on year.

Gross claims relating to FoS business rose by EUR 5.4 million, with the largest increase in fire and ships business. Gross claims incurred on policies written in Slovenia declined, especially in motor business, as the result of lower claims frequency during the Covid-19 pandemic related to lower mobility, reduced road traffic and consequently fewer traffic accidents. In 2020, the economy and public life was in lockdown from mid-March to mid-May, whereas in 2021 an epidemic was declared from the beginning of the year until mid-June.

Consolidated gross claims paid relating to non-Slovenian business rose by 7.7%. There was an increase in claims especially in property business because of one large loss (fire) and increased loss frequency. There was also a rise in gross health insurance claims as the result of two large losses.

Operating expenses

Consolidated operating expenses; non-life segment

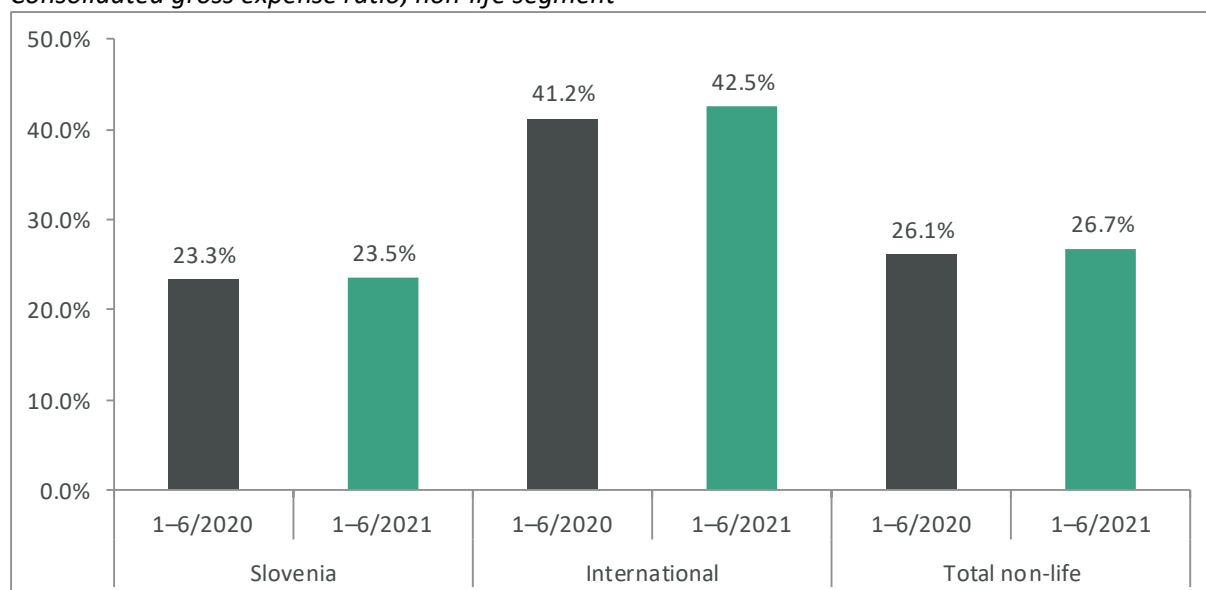
EUR	1–6/2021	1–6/2020	Index
Acquisition costs	21,389,539	22,771,125	93.9
Change in deferred acquisition costs (+/-)	-289,562	-2,965,950	9.8
Other operating expenses	45,291,683	44,539,108	101.7
Operating expenses	66,391,660	64,344,283	103.2
Reinsurance commission income	-4,182,332	-2,582,621	161.9
Net operating expenses	62,209,328	61,761,662	100.7

Consolidated gross operating expenses of the non-life segment

EUR	1–6/2021	1–6/2020	Index
Non-life, Slovenia	49,179,236	50,457,353	97.5
Non-life, international	17,501,986	16,852,880	103.9

Consolidated acquisition costs dropped by 6.1%, reflecting lower gross premiums from FoS business. In the first half of 2021, the change in deferred acquisition costs declined by EUR 2.7 million year on year (lower increase compared to the previous year-end), which is also related to the cancelled business with certain FoS partners.

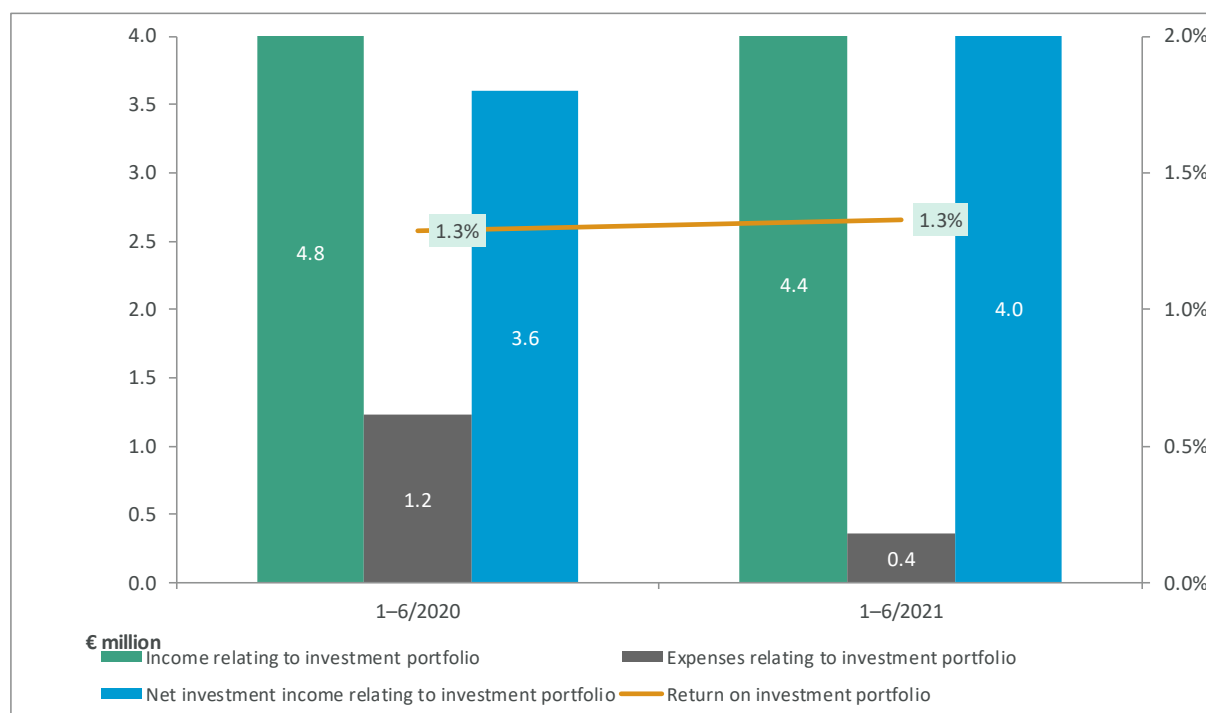
In the first half of 2021, consolidated other operating expenses rose by 1.7%, largely due to the inclusion of the insurer Vita in the Sava Insurance Group.

Consolidated gross expense ratio; non-life segment

The consolidated gross expense ratio of the non-life segment rose by 0.5 p.p. The gross expense ratio of the Slovenian non-life insurers rose by 0.2 p.p., whereas the gross expense ratio of the non-Slovenian non-life insurers rose by 1.3 p.p. The rise in the gross expense ratio is primarily the result of a smaller premium volume written abroad.

Net investment income

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



In the first half of 2021, net investment income of non-life companies totalled EUR 4.0 million, up EUR 0.4 million year on year. Higher net investment income was largely due to lower expenses from fair value changes of FVTPL assets. The return on investment for the period was 1.3%.

2.3 Life

The life segment comprises the operations of the following companies:

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

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

The income statement and statement of financial position items by operating segment are presented in the notes to the financial statements, section 7.7 "Segment reporting". As evident from the income statement, the gross result of the Slovenian life segment declined by EUR 3.6 million year on year; however, this is the result of one-off income of EUR 5.9 million in the first half of 2020 recognised due to negative goodwill relating to the investment in Vita. If this one-off effect were eliminated, the gross result in the first half of 2021 would be an increase of EUR 2.3 million year on year.

Net premiums earned

Net premiums earned; life insurance business

EUR	1-6/2021	1-6/2020	Index
Gross premiums written	93,436,293	49,938,328	187.1
Net premiums earned	93,128,368	49,787,362	187.1

Net premiums earned by region; life insurance business

EUR	Slovenia			International		
	1-6/2021	1-6/2020	Index	1-6/2021	1-6/2020	Index
Gross premiums written	88,613,801	45,028,307	196.8	4,822,492	4,910,021	98.2
Net premiums earned	88,381,146	44,891,798	196.9	4,747,221	4,895,564	97.0

Unconsolidated gross life premiums of Sava Insurance Group companies

EUR	1-6/2021	1-6/2020	Index
Zavarovalnica Sava, Slovenian part (life)	36,016,712	37,702,815	95.5
Zavarovalnica Sava, Croatian part (life)	1,133,630	1,832,543	61.9
Illyria Life (RKS)	1,444,803	1,232,325	117.2
Sava Životno Osiguranje (SRB)	2,244,059	1,852,605	121.1
Vita (SVN)	52,597,088	7,325,491	718.0
Total	93,436,292	49,945,779	187.1

In the first half of 2021, gross premiums written by the Slovenian life insurers rose by 96.8% year on year. This is because this year Vita was part of the Group over the entire reporting period but last year only from 31 May. In the first half of 2021, gross premiums written by the life insurance part of Zavarovalnica Sava in Slovenia dropped by 4.5% year on year. The company did not manage to write sufficient new business to fully offset premiums lost due to policy maturities, surrenders and deaths.

In the first half of 2021, gross premiums written by the Group's non-Slovenian life insurers dropped by 1.8% year on year, which is the result of a decline in the gross premiums of the Croatian branch of Zavarovalnica Sava, which in the first half 2021 wrote 38.1% less in gross premiums after it reduced its volume through the banking channel and streamlined its portfolio to improve profitability. The other

two foreign-based insurers grew their premiums – despite the challenges of writing new business during the Covid-19 pandemic – through their own sales network and through external sales channels.

Unconsolidated gross life insurance premiums written by class of business



Net claims incurred

Net claims incurred; life insurance business

EUR	1-6/2021	1-6/2020	Index
Gross claims paid	67,630,330	61,126,111	110.6
Net claims incurred	67,089,274	61,195,584	109.6
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	117,351,884	28,131,187	417.2

Net claims incurred by region; life insurance business

EUR	Slovenia			International		
	1-6/2021	1-6/2020	Index	1-6/2021	1-6/2020	Index
Gross claims paid	65,437,534	58,689,981	111.5	2,192,796	2,436,130	90.0
Net claims incurred	64,906,361	58,661,128	110.6	2,182,913	2,534,455	86.1
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	114,149,165	25,003,081	456.5	3,202,719	3,128,105	102.4

Unconsolidated gross life claims paid by Sava Insurance Group companies

EUR	1-6/2021	1-6/2020	Index
Zavarovalnica Sava, Slovenian part (life)	46,506,030	56,375,667	82.5
Zavarovalnica Sava, Croatian part (life)	886,633	1,724,883	51.4
Illyria Life (RKS)	388,446	233,569	166.3
Sava Životno Osiguranje (SRB)	917,717	477,678	192.1
Vita (SVN)	18,931,504	2,348,676	806.0
Total	67,630,331	61,160,474	110.6

In the first half of 2021, gross claims paid in Slovenia rose by 11.5% year on year. The increase reflects the inclusion of the life insurer Vita in the Group. This year Vita was part of the Group the entire reporting period, whereas last year only from 31 May. The life insurance part of Zavarovalnica Sava in Slovenia recorded fewer maturities year on year, especially in traditional life policies, specifically EUR 19.4 million, a decline of EUR 9.7 million year on year. Unit-linked life business, where policyholders bear the investment risk, paid out EUR 10.3 million in survival benefits, down EUR 0.3 million year on year.

The reason for the large difference in net claims incurred, including the change in net other provisions, and unit-linked provisions of Slovenian companies is the movement in unit prices of unit-linked life funds. This year, gains were recognised in this regard, reflecting positive trends in financial markets, whereas last year trends were negative following the outbreak of the Covid-19 crisis. Some of the increase is also attributable to the inclusion of Vita for the full reporting period, whereas last year only one month's business was included in the accounts. However, this has no effect on the result of unit-linked life business, because the movement in assets is reflected in the movement of provisions.

The gross claims paid by the non-Slovenian insurers dropped in the first half of 2021 year on year, by 10.0%. This is because of lower claims of the Croatian part of Zavarovalnica Sava in the first half 2021, which paid out fewer survival benefits year on year. The other two non-Slovenian Group insurers recorded higher claims, especially Sava Životno Osiguranje (SRB), up 92.1% due to increased mortality related to Covid-19.

Operating expenses

Consolidated operating expenses; life segment

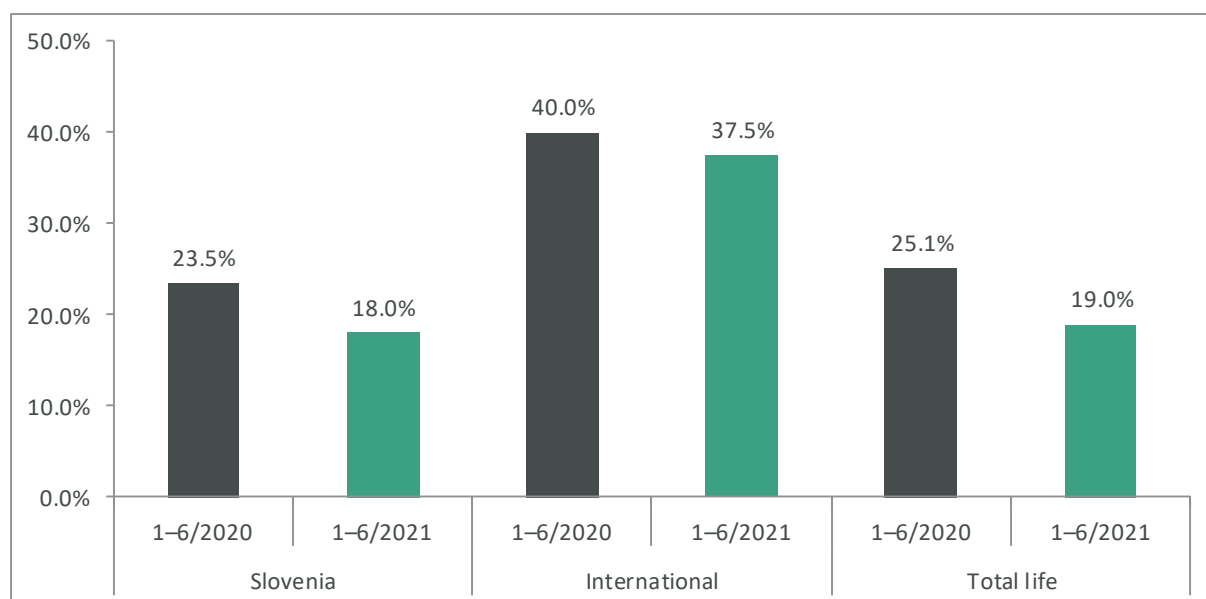
EUR	1-6/2021	1-6/2020	Index
Acquisition costs	5,868,223	3,052,559	192.2
Change in deferred acquisition costs (+/-)	177,344	363,160	48.8
Other operating expenses	11,892,731	9,473,904	125.5
Operating expenses	17,938,298	12,889,623	139.2
Reinsurance commission income	-4,024	-1,489	270.2
Net operating expenses	17,934,274	12,888,134	139.2

Consolidated gross operating expenses of the life segment

EUR	1-6/2021	1-6/2020	Index
Life, Slovenia	15,951,468	10,560,147	151.1
Life, international	1,809,485	1,966,316	92.0

In the first half of 2021, policy acquisition expenses rose by 92.2% year on year because of the inclusion of Vita in the consolidated accounts. The difference in the change in deferred acquisition costs between the years chiefly relates to Slovenian life business.

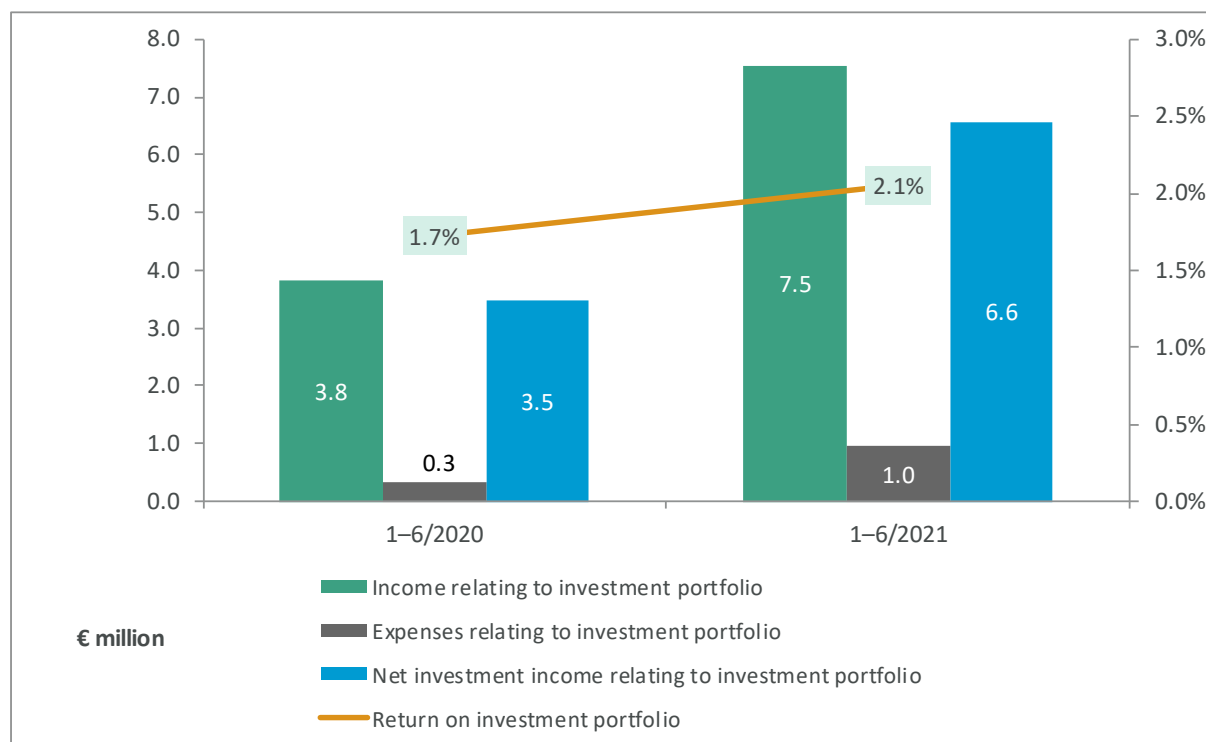
In the first half of 2021, other operating expenses rose by 25.5% year on year, mainly due to the integration of Vita into the Group, while most other companies lowered these expenses.

Consolidated gross expense ratio; life segment

The consolidated gross expense ratio dropped by 6.1 p.p. year on year, as the result of the inclusion of Vita, which, thanks to its specific sales model, operates on a lower gross expense ratio. Life insurance companies outside Slovenia saw a decline in their gross expense ratio of 2.5 p.p. (gross operating expenses declined faster than gross premiums written).

Net investment income

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



In the first half of 2021, net investment income relating to life business totalled EUR 6.6 million, up EUR 3.1 million year on year. The increase in net investment income is partly due to the inclusion of the Vita portfolio as of 31 May 2020. The return on the life insurance investment portfolio was 2.1% in the reporting period.

2.4 Pensions and asset management

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

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

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

Annuity part

EUR	1–6/2021	1–6/2020	Index
Gross premiums written	2,078,321	1,493,930	139.1
Gross claims paid	-594,255	-453,171	131.1
Change in other net technical provisions (+/-)	-1,488,455	-1,143,289	130.2

The annuity part comprises the operations of Sava Pokojninska. The gross premiums written relate to the annuity fund and, in the first half of 2021, increased by 39.1% year on year. Annuity premiums mainly arise from the policyholders of Sava Pokojninska; however, in the first half of 2021, a significant portion of annuity premiums was sourced from the policyholders of other pension scheme providers.

Gross claims paid include supplementary pension annuity payouts, which increased by 31.1% in the first half of 2021 compared to the previous year. After insured persons meet pension eligibility requirements, their assets are transferred from savings accounts to annuity accounts, which creates growth for annuity funds.

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

Accumulation phase

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

EUR	1–6/2021	1–6/2020	Index
Other technical income and other income	7,919,511	6,390,358	123.9

Other technical income and other income include:

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

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

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

EUR	1-6/2021	1-6/2020	Index
Opening balance of fund assets (31 December)	1,241,028,424	1,119,667,192	110.8
Fund inflows	90,910,560	65,686,767	138.4
Fund outflows	-20,759,474	-33,196,040	62.5
Asset transfers	-3,882,646	-1,923,296	201.9
Net investment income of fund	88,255,680	-21,691,342	-
Entry and exit charges	-1,135,680	-980,295	115.9
Fair value reserve and exchange differences	109,830	-3,155,868	-
Closing balance of fund assets (30 June)	1,394,526,694	1,124,407,119	124.0

Fund inflows into the group of funds of the Slovenian pension company increased by 6.3% in the first half of 2021 year on year. This was driven primarily by the increase in the average contribution. In the first half of 2021, inflows into the mandatory and voluntary funds of the North Macedonian pension company rose by 0.6% year on year, with lower inflows into the voluntary fund due to the Covid-19 crisis in the first quarter of the year, and slightly higher year-on-year inflows into the mandatory fund. Net inflows into the mutual funds of the Slovenian asset management company totalled EUR 33.4 million in the first half of 2021 (first half of 2020: EUR -4.6 million).

The liability funds of the Slovenian pension company achieved a 2.0% return in the first half of 2021 (first half of 2020: -3.4%); the mandatory and voluntary pension funds managed by the North Macedonian pension company achieved a return of 5.2% (first half of 2020: -0.6%); the Slovenian company for managing mutual funds achieved a high return of 10.7% on mutual funds (first half of 2020: -3.6%). The negative returns in the first half of last year reflected unfavourable developments in financial markets related to the Covid-19 pandemic, whereas financial market trends in the first half of this year were very favourable.

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

EUR	30 June 2021	31 December 2020	Index
Sava Pokojninska	160,764,351	155,439,532	103.4
Sava Penzisko Društvo	742,918,226	676,400,347	109.8
Sava Infond	490,844,117	409,188,545	120.0
Total	1,394,526,694	1,241,028,424	112.4

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

Operating expenses

Operating expenses; pensions and asset management segment

EUR	1-6/2021	1-6/2020	Index
Operating expenses	5,094,841	4,210,723	121.0

In the first half of 2021, operating expenses rose by 21.0% year on year because of a larger business volume, more assets under management and the amortisation of contractual relationships with Sava Infond clients.

Profit or loss for the period

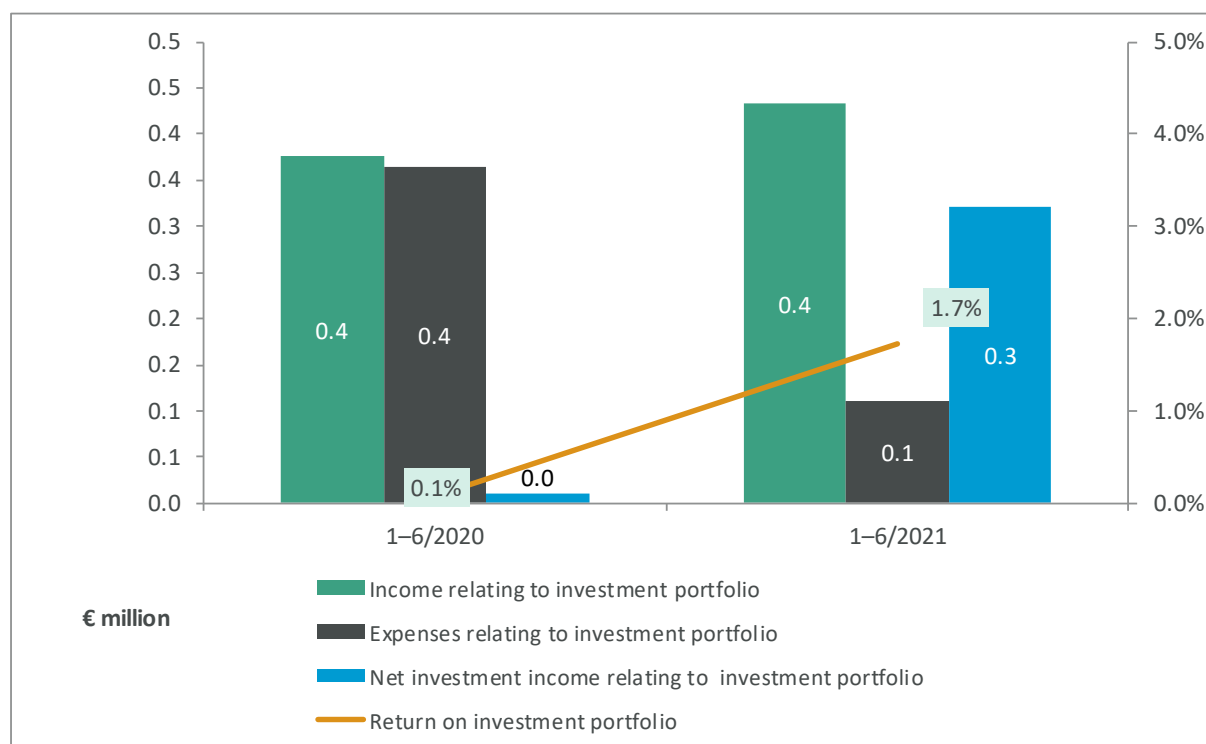
Consolidated profit or loss before tax; pensions and asset management segment

EUR	1–6/2021	1–6/2020	Index
Profit or loss before tax	2,732,557	108,264	2,524.0

The pensions and asset management segment recorded a EUR 2.6 million improvement in the consolidated pre-tax profit for the first half of 2021 compared to the same period last year. The result reflects positive developments in capital markets and growth in assets under management. All companies making up this segment improved their results in the first half of 2021 year on year.

Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); pensions and asset management segment¹³



In the first half of 2021, net investment income relating to the portfolio of the pension companies totalled EUR 0.3 million, up EUR 0.3 million year on year, chiefly on account of lower expenses for the change in fair value of FVTPL assets (first half of 2021: EUR 0.01 million; 1–6/2020: EUR 0.3 million). The investment return for the period was 1.7%.

2.5 Other

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

TBS Team 24 contributed EUR 0.24 million to the consolidated result of the segment in the first half of 2021 (first half of 2020: EUR 0.16 million). The company ZTSR contributed EUR 0.53 million (first half of 2020: EUR -0.13 million), whereas G2I contributed EUR -0.05 (first half of 2020: EUR 0.11 million).

¹³ The table includes the portfolios of Sava Pokojninska (excluding investment contracts), Sava Penzisko Društvo (excluding the return on the funds because the assets managed by Sava Penzisko Društvo are not disclosed in its statement of financial position) and Sava Infond.

3 Financial position

As at 30 June 2021, total assets of the Sava Insurance Group stood at EUR 2,613.1 million, an increase of 5.9% over year-end 2020. Below we set out items of assets and liabilities in excess of 5% of total assets as at 30 June 2021 and items that changed by more than 2% of equity. For the sake of providing a full overview, the investment portfolio is presented as made up of financial investments, investment property, financial investments in associates, and cash and cash equivalents (although certain categories do not achieve the threshold mentioned above).

3.1 Assets

Consolidated total assets by type

EUR	30 June 2021	Structure 30 June 2021	31 December 2020	Structure 31 December 2020
ASSETS	2,613,115,703	100.0%	2,467,251,303	100.0%
1 Intangible assets	64,995,051	2.5%	64,278,611	2.6%
2 Property, plant and equipment	52,133,350	2.0%	48,336,491	2.0%
3 Right-of-use assets	8,042,305	0.3%	8,648,594	0.4%
4 Deferred tax assets	5,125,725	0.2%	4,924,819	0.2%
5 Investment property	15,694,414	0.6%	16,121,079	0.7%
6 Financial investments in associates	18,920,417	0.7%	15,056,143	0.6%
7 Financial investments	1,441,843,363	55.2%	1,430,149,336	58.0%
8 Assets held for the benefit of policyholders who bear the investment risk	475,361,199	18.2%	411,224,812	16.7%
9 Reinsurers' share of technical provisions	47,048,306	1.8%	42,609,217	1.7%
10 Investment contract assets	166,048,040	6.4%	158,765,028	6.4%
11 Receivables	185,323,568	7.1%	153,871,498	6.2%
12 Deferred acquisition costs	26,873,045	1.0%	24,278,003	1.0%
13 Other assets	6,419,200	0.2%	4,240,414	0.2%
14 Cash and cash equivalents	98,431,181	3.8%	83,458,594	3.4%
15 Non-current assets held for sale	856,539	0.0%	1,288,664	0.1%

3.1.1 Investment portfolio

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

Sava Insurance Group investment portfolio

EUR	30 June 2021	31 December 2020	Absolute change	Index
Deposits	19,946,448	22,415,444	-2,468,996	89.0
Government bonds	681,655,160	660,779,506	20,875,654	103.2
Corporate bonds	602,861,568	618,881,506	-16,019,938	97.4
Shares	42,279,378	38,602,296	3,677,082	109.5
<i>Quoted shares</i>	<i>40,450,987</i>	<i>36,773,902</i>	<i>3,677,085</i>	<i>110.0</i>
<i>Unquoted shares</i>	<i>1,828,391</i>	<i>1,828,394</i>	<i>-3</i>	<i>100.0</i>
Mutual funds	37,155,346	38,313,074	-1,157,728	97.0
<i>Bond and money market funds</i>	<i>27,185,330</i>	<i>29,875,603</i>	<i>-2,690,273</i>	<i>91.0</i>
<i>Equity and mixed mutual funds</i>	<i>9,970,016</i>	<i>8,437,471</i>	<i>1,532,545</i>	<i>118.2</i>
Infrastructure funds	33,853,427	27,436,469	6,416,958	123.4
Real estate funds	14,693,123	14,340,307	352,816	102.5
Loans granted	2,009,153	2,119,569	-110,416	94.8
<i>Loans granted to third parties</i>	<i>596,164</i>	<i>563,667</i>	<i>32,497</i>	<i>105.8</i>
<i>Infrastructure loans granted</i>	<i>1,412,989</i>	<i>1,555,902</i>	<i>-142,913</i>	<i>90.8</i>
Deposits with cedants	7,389,760	7,261,165	128,595	101.8
Total financial investments	1,441,843,363	1,430,149,336	11,694,027	100.8
Financial investments in associates	18,920,417	15,056,143	3,864,274	125.7
Investment property	15,694,414	16,121,079	-426,665	97.4
Cash and cash equivalents	89,759,441	73,956,821	15,802,620	121.4
Total investment portfolio	1,566,217,635	1,535,283,379	30,934,256	102.0
Assets held for the benefit of policyholders who bear the investment risk	484,032,939	420,726,585	63,306,354	115.0
- Financial investments	475,361,199	411,224,812	64,136,387	
- Cash and cash equivalents	8,671,740	9,501,773	-830,033	91.3
Investment contract assets	166,048,040	158,765,028	7,283,012	104.6

As at 30 June 2021, the investment portfolio of the Sava Insurance Group totalled EUR 1,566.2 million, an increase of EUR 30.9 million from year-end 2020. The growth in the investment portfolio was mainly affected by the cash flow from core (re)insurance business. Financial investments in associates increased by EUR 3.3 million, reflecting the recapitalisation of ZTSR to prepare the company for an expansion into the healthcare sector. The increase in cash and cash equivalents as at 30 June 2021 is of a short-term nature, as not all proceeds from investments that matured or were sold were reinvested in longer-term asset classes.

Composition of the investment portfolio

EUR	30 June 2021	31 December 2020	Change in structure (p.p.) 30 June 2021 - 31 December 2020
Fixed-rate financial investments	89.0%	89.6%	-0.6
Shares	2.7%	2.5%	0.2
Mutual funds	2.4%	2.5%	-0.1
Infrastructure funds	2.2%	1.8%	0.4
Property	1.0%	1.1%	0.0
Real estate funds	0.9%	0.9%	0.0
Other*	1.8%	1.6%	0.2
Total	100.0%	100.0%	0.0

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

Composition of fixed-rate investments

EUR	30 June 2021	31 December 2020	Change in structure (p.p.) 30 June 2021 - 31 December 2020
Government bonds	40.2%	39.7%	0.5
Regular corporate bonds	32.4%	32.8%	-0.5
Cash and cash equivalents	5.7%	4.8%	0.9
Covered bonds	3.0%	4.2%	-1.2
Government-guaranteed bonds	3.3%	3.4%	0.0
Subordinated bonds	3.1%	3.2%	-0.1
Deposits	1.3%	1.5%	-0.2
Total	89.0%	89.6%	-0.6

As at 30 June 2021, fixed-rate investments accounted for 89.0% of the portfolio, largely unchanged compared to the year-end. There were no significant changes in the asset allocation of fixed-rate investments.

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

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

The funds of these policyholders are recorded as financial investments (mainly in mutual funds selected by policyholders) and cash. As at 30 June 2021, financial investments totalled EUR 475.4 million, and cash and cash equivalents stood at EUR 8.7 million. Compared to 31 December 2020, assets increased by EUR 63.3 million, which was mainly the result of an increase in the market value of investments and of positive cash flow from core business.

3.1.3 Investment contract assets

The investment contract assets item (10) includes liability fund assets relating to the group of life cycle funds that have been managed by the Sava Pokojninska pension company for the benefit of policyholders since 1 January 2016 and part of the assets of the annuity fund, the policies of which do not qualify as insurance contracts. As at 30 June 2021, investment contract assets totalled EUR 166.0 million, up 4.6% compared to 31 December 2020.

This increase was mainly due to net investment income of EUR 3.2 million, net inflows of EUR 2.1 million (first half of 2021: EUR 7.3 million of inflows and EUR 5.2 million of outflows including entry charges) and a EUR 1.9 million increase in in assets backing annuity policies. As at 30 June 2021, investments relating to investment contracts accounted for 92.6% of total investment contract assets; the rest were receivables, investment property, and cash and cash equivalents arising from investment contracts.

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

3.1.4 Receivables

Receivables (11) increased by 20.4%, or EUR 31.5 million, compared to year-end 2020 (30 June 2020: Shareholders' equity increased by 25.7%, or EUR 40.9 million, compared to year-end 2019. The largest increase was with receivables arising from primary insurance business, up EUR 28.3 million, or 20.9%, compared to 31 December 2020, with a EUR 32.0 million increase in not-past-due receivables. Receivables past due more than 1 year decreased by EUR 3.0 million, and receivables past due less than 1 year by EUR 1.6 million. In absolute terms, the largest increase in receivables arising from primary insurance business was in the reinsurance segment in Slovenia (an increase of EUR 15.5

million; 30 June 2020: an increase of EUR 11.9 million compared to year-end 2019), in the non-life segment (an increase of EUR 8.8 million; 30 June 2020: an increase of EUR 27.0 million from year-end 2019). The increase for reinsurance business is largely related to the growth in business, whereas in Slovenian non-life insurance business the growth in the first half of 2021 was smaller than in the first half of 2020 when receivables rose due to FoS business and delays in posting premiums because of restrictions on movement and registration of vehicles during Covid-19 lockdown.

Receivables arising from reinsurance and co-insurance business rose by EUR 2.5 million or 40.6% from 31 December 2020. Compared to year-end 2020, other assets shrank by EUR 0.9 million, with a decline of EUR 1.3 million in the reinsurance segment because of a drop in other short-term receivables from financial investments (a decline of EUR 2.1 million), which is the result of a settlement from investments. The increase in other receivables arising from the life segment (EUR 1.9 million) mostly relates to the maturity of an investment at Vita, which was settled in early July 2021.

3.2 Equity and liabilities

Consolidated total equity and liabilities by type

EUR	30 June 2021	As % of total 30 June 2021	31 December 2020	As % of total 31 December 2020
EQUITY AND LIABILITIES	2,613,115,703	100.0%	2,467,251,303	100.0%
1 Shareholders' equity	483,333,336	18.5%	460,214,488	18.7%
Share capital	71,856,376	2.7%	71,856,376	2.9%
Capital reserves	42,696,093	1.6%	43,035,948	1.7%
Profit reserves	202,572,745	7.8%	202,285,580	8.2%
Own shares	-24,938,709	-1.0%	-24,938,709	-1.0%
Fair value reserve	33,423,976	1.3%	40,173,090	1.6%
Reserve due to fair value revaluation	1,029,198	0.0%	964,485	0.0%
Retained earnings	116,150,862	4.4%	73,413,529	3.0%
Net profit or loss for the period	43,497,147	1.7%	56,197,540	2.3%
Translation reserve	-3,293,335	-0.1%	-3,266,013	-0.1%
Equity attributable to owners of the controlling company	482,994,353	18.5%	459,721,826	18.6%
Non-controlling interests in equity	338,983	0.0%	492,662	0.0%
2 Subordinated liabilities	76,222,863	2.9%	74,804,974	3.0%
3 Technical provisions	1,274,080,133	48.8%	1,233,312,054	50.0%
4 Technical provisions for the benefit of life insurance policyholders who bear the investment risk	476,717,803	18.2%	409,604,428	16.6%
5 Other provisions	9,397,116	0.4%	9,287,735	0.4%
6 Deferred tax liabilities	13,262,829	0.5%	14,901,575	0.6%
7 Investment contract liabilities	165,895,443	6.3%	158,596,453	6.4%
8 Other financial liabilities	1,441,173	0.1%	470,937	0.0%
9 Liabilities from operating activities	62,270,098	2.4%	58,412,273	2.4%
10 Lease liability	7,744,490	0.3%	8,255,225	0.3%
11 Other liabilities	42,750,419	1.6%	39,391,161	1.6%

3.2.1 Shareholders' equity

Shareholders' equity (1) increased by 5.0%, or EUR 23.1 million, compared to year-end 2020. The net profit for the year had a positive impact on the change in shareholders' equity, of EUR 30.0 million. The fair value reserve contributed EUR 6.7 million to the decline due to the drop in bond prices compared to year-end 2020.

Retained earnings increased by EUR 42.7 million year on year because of the allocation of the full profit for the year 2020 to this item (with no upward effect on shareholders' equity as at 30 June 2021).

3.2.2 Technical provisions

Gross technical provisions (3) are the largest item on the liabilities side. The balance as at 30 June 2021 was an increase of 3.3%, or EUR 40.8 million, over year-end 2020. The largest increase was in unearned premiums (up EUR 49.8 million), whereas mathematical provisions shrank by EUR 15.6 million.

Development of consolidated gross technical provisions

EUR	30 June 2021	31 December 2020	Index
Gross unearned premiums	260,378,880	210,614,842	123.6
Gross mathematical provisions	450,003,577	465,641,679	96.6
Gross provision for outstanding claims	555,452,391	547,764,679	101.4
Gross provision for bonuses, rebates and cancellations	1,463,064	1,300,797	112.5
Other gross technical provisions	6,782,221	7,990,057	84.9
Gross technical provisions	1,274,080,133	1,233,312,054	103.3

Gross technical provisions attributable to the reinsurance segment grew by 13.6%, or EUR 25.9 million, compared to year-end 2020. The increase is due to the rise in unearned premiums as the result of the annual dynamics of underwriting reinsurance business (increase of EUR 15.7 million; first half of 2020: EUR 14.4 million). Claims provisions rose by 6.6%, or EUR 10.6 million, because of newly reported losses.

Gross technical provisions attributable to the non-life segment grew by 5.5%, or EUR 30.8 million, compared to year-end 2020, of which the growth in unearned premiums was EUR 34.0 million (first half of 2020: increase of EUR 42.3 million).

Gross mathematical provisions declined by 3.4% (or EUR 15.6 million), mainly reflecting the lower balances at Zavarovalnica Sava and Vita due to maturities. The provisions of the other insurance companies increased.

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

Other gross technical provisions include gross provisions for unexpired risks. These dropped by EUR 1.2 million from year-end 2020, which chiefly relates to the decline in the Slovenian non-life segment and to a minor degree in the reinsurance segment.

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

As at 30 June 2021, gross technical provisions for unit-linked life insurance (4) totalled EUR 476.7 million, up 16.4%, or EUR 67.1 million, mainly due to portfolio growth, movement in fund unit prices and an additional effect of the transfer of assets from guaranteed traditional life to unit-linked life business of Vita.

3.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska totalled EUR 165.9 million as at 30 June 2021, up 4.6%, or EUR 7.3 million, from year-end 2020. Their movement is in line with investment contract assets, driven largely by new premium contributions, payouts and changes in fund unit prices.

3.3 Sources of funding and their maturity

As at 30 June 2021, the Sava Insurance Group held EUR 483.3 million in equity and EUR 76.2 million in subordinated liabilities. In October 2019, the parent company issued subordinated bonds with a scheduled maturity of 2039 and an early recall option for 7 November 2029. The bond is admitted to

trading on the regulated market of the Luxembourg Stock Exchange. As at 30 June 2021, the market price of the bond was 103.355% and the market value EUR 79,327,038 (31 December 2020: market price 100.353%, market value EUR 75,680,846).

3.4 Cash flow

In the first half of 2021, the Sava Insurance Group's net cash from operating activities was positive, at EUR 73.2 million (first half of 2020: EUR 15.3 million). Positive effects on net cash came from (i) the increase in net profit for the period due to higher premium revenue, (ii) the inclusion of Vita in the Group and (iii) increased net investment income reflecting growth of the investment portfolio. Furthermore, net cash from operating activities grew because of a slower growth in receivables year on year as the result of a slower premium growth. The increase in the change in mathematical provisions for policyholders who bear the investment risk needs to be viewed in conjunction with adjustments to other financial income and expenses, including realised and unrealised gains and losses on investments of life insurance policyholders who bear the investment risk, and the increase in life insurance premiums; therefore, it has no material impact on the difference in net cash from operating activities.

In the same period, the Sava Insurance Group recorded negative net investment cash flow of EUR 43.0 million (first half of 2020: EUR 15.2 million). Excluding the receipts and disbursements relating to the investments of life insurance policyholders who bear the investment risk, the net cash flow would have totalled EUR 0.2 million.

In the first half of 2021, the Sava Insurance Group paid out dividends, which is why it recorded a negative net financing cash flow, at EUR 15.2 million (first half of 2020: EUR 2.3 million).

The closing balance of cash and cash equivalents declined by EUR 10.3 million. The net cash flow for the first half of 2021 was EUR 17.1 million above the year-on-year figure.

3.5 Sava Re rating profile

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

Financial strength ratings of Sava Re

Agency	Rating ¹⁴	Outlook	Latest review
Standard & Poor's	A	stable	August 2020: affirmed existing rating
AM Best	A	stable	October 2020: affirmed existing rating

¹⁴ The credit rating agency Standard & Poor's uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (-) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.

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

4 Personnel

Number of employees by Sava Insurance Group member

	30 June 2021	31 December 2020	Change
Zavarovalnica Sava	1,227.5	1,294.6	-67.2
Sava Neživotno Osiguranje (SRB)	326.6	317.0	9.6
Sava osiguruvanje (MKD)	230.0	223.8	6.3
Illyria (RKS)	185.3	201.5	-16.3
Sava Osiguranje (MNE)	130.5	130.3	0.3
Sava Re	119.7	119.4	0.3
Sava Životno Osiguranje (SRB)	91.3	79.9	11.4
Illyria Life (RKS)	54.0	65.0	-11.0
Vita (SVN)	51.0	46.2	4.8
Sava Car (MNE)	48.3	48.3	0.0
Sava Penzisko Društvo (MKD)	37.0	34.0	3.0
Sava Infond (SVN)	31.1	29.6	1.5
TBS Team 24 (SVN)	29.3	28.0	1.3
ZS Svetovanje (SVN)	25.5	24.0	1.5
Sava Agent (MNE)	17.5	17.0	0.5
Sava Pokojninska (SVN)	14.0	13.0	1.0
Sava Station (MKD)	9.5	10.3	-0.8
Ornatus KC (SVN)	9.0	9.0	0.0
Total	2,636.9	2,690.7	-53.8

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees of insurance companies is subject to change, mainly due to fluctuations in the agency network. The growth in the headcount of Sava Životno Osiguranje (SRB) reflects its expanded own sales network. The decline in the work force of the Sava Insurance Group is the result of a reduced headcount at its Croatian branch.

5 Risk management

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

Certain risks are elevated because of the Covid-19 crisis but now that we have operated in exceptional circumstances for over a year, we have obtained a better understanding of the risk than at the onset of the pandemic. Group companies identify, monitor, analyse and manage risk on an ongoing basis at both the company and Group levels. These risks are periodically reported so that timely measures for their management can be taken. We believe that these risks are well managed by the Group. There were no major Covid-19-related losses in the first half of the year.

5.1 Capital adequacy and capital management

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

The Group's eligible own funds as at 31 March 2021 increased somewhat compared to 31 December 2020, while the risk profile remained roughly the same compared to year-end 2020, remaining in line with the Group's risk strategy. Eligible own funds increased mainly due to the higher value of Group investments and unit-linked assets as at 31 March 2021. The Group's unaudited solvency ratio as at 31 March 2021 stood at 208% (calculated using the Group SCR as at 31 December 2020 and eligible own funds as at 31 March 2021¹⁵). Even under Covid-19 conditions the Group maintains a high solvency ratio with a low risk of insolvency.

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

5.2 Underwriting risk

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

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

An increase in realised underwriting risk would essentially result in an increase in net claims. Because the Group has an adequate retrocession programme in place, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic loss events. A more likely scenario that the

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

Group is exposed to is the deterioration of the net combined ratio as a result of an increase in claims or expenses along with a decrease in premiums. A rise/drop in the Group's net combined ratio relating to non-life (re)insurance business of one percentage point in the first half of 2021, would decrease/increase its profit before tax by EUR 2.5 million in the period (first half of 2020: EUR 2.5 million).

The Group's exposure to underwriting risk did not change significantly in the first half of 2021 compared to year-end 2020. The risk of major Covid-19-related business interruption claims is elevated for accepted reinsurance business written in Anglo-Saxon markets and for FoS insurance business written in the Republic of Ireland. In the first half of the year, a provision of EUR 0.5 was set aside for potential defence costs that may arise based on current circumstances. To date, we have perceived no increase in risk in other portfolios or with regard to trip cancellation, event cancellation or other potential Covid-19-related claims.

5.3 Financial risk

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

5.3.1 Market risk

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

The investment portfolio sensitive to market risk as at 30 June 2021 of EUR 1,630.7 million grew by EUR 15.2 million since 31 December 2020.

Interest rate risk

The total value of investments included in the calculation as at 30 June 2021 was EUR 1,414.1 million (31 December 2020: EUR 1,425.9 million). Of this, EUR 720.7 million (31 December 2020: EUR 689.9 million) relates to non-life (re)insurance assets, and EUR 693.4 million (31 December 2020: EUR 735.9 million) to assets of life insurers.

The average maturity of non-life insurance and reinsurance assets was 4.26 years as at 30 June 2021 (31 December 2020: 4.03 years), and the expected maturity of non-life and reinsurance obligations was 1.98 years (31 December 2020: 2.08 years).

The average maturity of life insurance assets was 5.74 years as at 30 June 2021 (31 December 2020: 5.60 years), with the average maturity of life liabilities at 6.05 (31 December 2020: 6.44 years).

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

Equity risk

The value of investments that the Company included in the equity risk calculation totalled EUR 86.1 million as at 30 June 2021 (31 December 2020: EUR 74.5 million). A 10% drop in equity prices would result in a decline of EUR 8.6 million (31 December 2020: EUR 7.4 million).

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

Currency risk

The Company monitors the matching of assets and liabilities by both the ALM aspect (by accounting currency) and the accounting aspect (by transaction currency). As at 30 June 2021, the position was 99.1% matched according to the ALM aspect (31 December 2020: 98.4%) and 96.8% matched as at 30 June 2021 according to the accounting aspect (31 December 2020: 96.2%).

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

Property risk

As at 30 June 2021, the value of the Group's investments exposed to property risk stood at EUR 30.4 million (31 December 2020: EUR 30.5 million) and did not substantially change compared to the previous period.

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

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

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

5.3.2 Risk of failure to realise guaranteed returns

Investment contracts

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

The value of investments covering investment contract liabilities totalled EUR 166.0 million as at 30 June 2021, up EUR 7.3 million from 31 December 2020.

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

Traditional and unit-linked life insurance contracts

The Group is exposed to the risk of failure to realise the guaranteed NAVPS (net asset value per share) on its traditional life business and unit-linked life business with a guaranteed return. The return on financial investments realised covered the guaranteed return on the liabilities side. The surplus for the first half of 2021 was EUR 685.1 thousand (first half of 2020: shortfall of EUR 164.2 thousand).

5.3.3 Credit risk

As at 30 June 2021, investment grade fixed-rate investments accounted for 85.9% of the total fixed-rate portfolio (31 December 2020: 82.9%). In the current 2021 reporting period, the weighting in these investments rose moderately compared to the year-end.

As at 30 June 2021, the exposure to the ten largest issuers was EUR 465.3 million, representing 28.5% of financial investments (31 December 2020: EUR 451.7 million; 35.6%). The largest single issuer of securities to which the Group is exposed is the Republic of Slovenia (30 June 2021: EUR 124.7 million; 7.6%; 31 December 2020: EUR 139.2 million; 8.6%), and the maximum single exposure to any commercial issuer was 2.8% of the Group's financial investments.

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

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

5.3.4 Liquidity risk

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

5.4 Operational risk

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

Operational risks are not among the Group's most significant risks. The Group's exposure to operational risk did not change significantly in the first half of the year compared to year-end 2020. According to our estimates, the exposure to Covid-19-related operational risks remains higher than before the pandemic; however, these risks are well-managed in the Group.

5.5 Strategic risk

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

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

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

We assess that the Group's strategic risk was also managed adequately during the emergency situation.

5.6 Risk exposure up until year-end 2021

The main risks that the Group is exposed to remain underwriting risk, followed by market risk. The realisation of underwriting risk is fortuitous. Underwriting risk could be realised to a larger extent as the result of a larger number of catastrophic events (in Slovenia and abroad) or Covid-19 in connection with business interruption coverage in some business segments. Waves of Covid-19 infections expanded in the second quarter of 2021 (large increase in infections in Asia and Latin America). Vaccination of the population against Covid-19 began in early 2021. The availability and use of vaccines has improved the situation in financial markets and in the economy at large. The outlook for financial markets was also positive in the second quarter of 2021, and forecasts for economic growth for 2021 are more optimistic than at the beginning of the year. Nevertheless, uncertainty about the situation in financial markets remains high, and there is rising uncertainty regarding pricing and price increases, which is why we will continue to monitor the situation closely. We expect the exposure to strategic

and operational risk to decline towards the end of 2021. Since the situation remains unpredictable, we will remain vigilant.

Financial statements with notes

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

The management board of Sava Re d.d. hereby approves the financial statements of the Sava Insurance Group and Sava Re for the six months to 30 June 2021, and the accompanying appendices to the financial statements, accounting policies and notes to the financial statements. The management board confirms that the financial statements, including the notes, have been prepared on a going concern basis regarding the operations of the Company and the Group and that they comply with Slovenian law and the International Financial Reporting Standards as adopted by the EU. The financial statements are presented in a condensed format and should be read together with the annual financial statements for the financial year ended 31 December 2020. The interim financial statements have not been audited.

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

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

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

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



Marko Jazbec, Chairman of the Management Board



Jošt Dolničar, Member of the Management Board



Polona Pirš Zupančič, Member of the Management Board



Peter Skvarča, Member of the Management Board

Ljubljana, 10 August 2021

6 Unaudited condensed financial statements

6.1 Unaudited statement of financial position

EUR	Sava Insurance Group		Sava Re	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
ASSETS	2,613,115,703	2,467,251,303	825,122,484	756,640,585
Intangible assets	64,995,051	64,278,611	2,026,499	1,947,056
Property, plant and equipment	52,133,350	48,336,491	2,541,788	2,356,848
Right-of-use assets	8,042,305	8,648,594	245,962	89,258
Deferred tax assets	5,125,725	4,924,819	3,587,863	3,487,337
Investment property	15,694,414	16,121,079	7,967,383	8,031,875
Financial investments in subsidiaries and associates	18,920,417	15,056,143	322,817,412	319,097,412
Financial investments:	1,441,843,363	1,430,149,336	298,199,360	269,537,788
- Loans and deposits	29,345,361	31,796,178	11,718,441	12,228,804
- Held to maturity	40,031,600	43,679,425	2,743,635	2,816,598
- Available for sale	1,340,754,793	1,327,264,062	275,126,958	246,840,118
- At fair value through profit or loss	31,711,609	27,409,671	8,610,327	7,652,268
Assets held for the benefit of policyholders who bear the investment risk	475,361,199	411,224,812	0	0
Reinsurers' share of technical provisions	47,048,306	42,609,217	35,507,392	31,935,116
Investment contract assets	166,048,040	158,765,028	0	0
Receivables	185,323,568	153,871,498	106,124,822	86,753,033
Receivables arising out of primary insurance business	163,552,571	135,285,588	99,802,707	79,662,908
Receivables arising out of reinsurance and co-insurance business	8,515,131	6,054,576	5,213,610	4,461,167
Current tax assets	338,852	529,831	0	325,472
Other receivables	12,917,014	12,001,503	1,108,505	2,303,486
Deferred acquisition costs	26,873,045	24,278,003	11,019,408	5,837,477
Other assets	6,419,200	4,240,414	712,531	487,239
Cash and cash equivalents	98,431,181	83,458,594	34,372,064	27,080,146
Non-current assets held for sale	856,539	1,288,664	0	0
EQUITY AND LIABILITIES	2,613,115,703	2,467,251,303	825,122,484	756,640,585
Shareholders' equity	483,333,336	460,214,488	359,659,210	333,869,060
Share capital	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	42,696,093	43,035,948	54,239,757	54,239,757
Profit reserves	202,572,745	202,285,580	202,818,558	202,818,558
Own shares	-24,938,709	-24,938,709	-24,938,709	-24,938,709
Fair value reserve	33,423,976	40,173,090	5,643,496	6,039,787
Reserve due to fair value revaluation	1,029,198	964,485	68,853	46,586
Retained earnings	116,150,862	73,413,529	10,633,662	34,797,321
Net profit or loss for the period	43,497,147	56,197,540	39,337,216	-10,990,617
Translation reserve	-3,293,335	-3,266,013	0	0
Equity attributable to owners of the controlling company	482,994,353	459,721,826	359,659,210	333,869,060
Non-controlling interests in equity	338,983	492,662	0	0
Subordinated liabilities	76,222,863	74,804,974	76,222,863	74,804,974
Technical provisions	1,274,080,133	1,233,312,054	333,935,766	297,882,871
Unearned premiums	260,378,880	210,614,842	82,481,297	57,411,109
Technical provisions for life insurance business	450,003,577	465,641,679	0	0
Provision for outstanding claims	555,452,391	547,764,679	250,441,223	238,990,653
Other technical provisions	8,245,285	9,290,854	1,013,247	1,481,109
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	476,717,803	409,604,428	0	0
Other provisions	9,397,116	9,287,735	437,495	424,345
Deferred tax liabilities	13,262,829	14,901,575	76,227	76,227
Investment contract liabilities	165,895,443	158,596,453	0	0
Other financial liabilities	1,441,173	470,937	0	0
Liabilities from operating activities	62,270,098	58,412,273	49,282,732	45,389,434
Liabilities from primary insurance business	43,658,457	46,269,833	37,932,437	40,565,890
Liabilities from reinsurance and co-insurance business	13,621,098	6,837,159	9,834,649	4,823,544
Current income tax liabilities	4,990,543	5,305,281	1,515,645	0
Lease liability	7,744,490	8,255,225	244,124	87,834
Other liabilities	42,750,419	39,391,161	5,264,068	4,105,840

6.2 Unaudited income statement

EUR	Sava Insurance Group		Sava Re	
	1-6/2021	1-6/2020	1-6/2021	1-6/2020
Net premiums earned	342,192,297	294,860,816	79,760,869	75,503,526
Gross premiums written	414,493,140	373,763,231	120,232,383	120,921,970
Written premiums ceded to reinsurers and co-insurers	-28,777,661	-29,761,679	-19,429,711	-21,683,573
Change in gross unearned premiums	-49,916,613	-57,524,242	-25,070,188	-29,329,801
Change in unearned premiums, reinsurers' and co-insurers' shares	6,393,431	8,383,506	4,028,385	5,594,930
Income from investments in subsidiaries and associates	479,357	0	34,807,562	1,411,321
Profit from investments in equity-accounted associate companies	479,357	0	0	0
Other income from investments in subsidiaries and associates	0	0	34,807,562	1,411,321
Investment income	15,539,860	11,187,130	4,354,955	3,449,298
Interest income	8,491,772	6,660,405	1,277,318	1,594,226
Other investment income	7,048,088	4,526,725	3,077,637	1,855,072
Net unrealised and realised gains on investments of life insurance policyholders who bear the investment risk	42,721,656	0	0	0
Other technical income	9,609,705	6,009,624	3,032,909	2,191,246
Commission income	4,673,547	2,885,095	2,727,431	1,978,742
Other technical income	4,936,158	3,124,529	305,478	212,504
Other income	11,873,088	16,188,034	405,221	400,467
Net claims incurred	-201,404,120	-201,514,317	-50,384,619	-48,903,478
Gross claims payments, net of income from recourse receivables	-196,579,542	-192,490,317	-42,681,354	-43,238,265
Reinsurers' and co-insurers' shares	4,545,501	2,593,759	4,203,414	2,284,663
Change in the gross provision for outstanding claims	-7,541,790	-15,139,753	-11,450,569	-10,568,495
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-1,828,289	3,521,994	-456,109	2,618,618
Change in other technical provisions	16,854,207	17,955,588	460,343	-873,545
Change in technical provisions for policyholders who bear the investment risk	-67,351,076	11,114,400	0	0
Expenses for bonuses and rebates	-198,037	92,321	7,519	66,605
Operating expenses	-104,330,295	-95,151,107	-29,726,701	-25,684,706
Acquisition costs	-41,850,430	-38,694,345	-28,703,003	-23,509,322
Change in deferred acquisition costs	2,389,021	4,214,779	5,181,931	3,997,738
Other operating expenses	-64,868,886	-60,671,541	-6,205,629	-6,173,122
Expenses for investments in associates and impairment losses on goodwill	0	-1,546,474	0	-1,672,139
Impairment loss on goodwill	0	-1,529,820	0	-1,672,139
Loss arising out of investments in equity-accounted associate	0	-16,654	0	0
Expenses for financial assets and liabilities	-2,965,661	-5,376,260	-1,609,490	-3,615,639
Impairment losses on financial assets not at fair value through profit or loss	-107,556	0	0	0
Interest expense	-1,552,354	-1,548,444	-1,425,748	-1,434,800
Other investment expenses	-1,305,751	-3,827,817	-183,741	-2,180,839
Net unrealised and realised losses on investments of life insurance policyholders who bear the investment risk	0	-5,927,685	0	0
Other technical expenses	-7,852,978	-8,782,184	-160,880	-905,525
Other expenses	-1,076,116	-1,221,812	-100,411	-110,765
Profit or loss before tax	54,091,887	37,888,074	40,847,278	1,256,667
Income tax expense	-10,600,710	-5,733,625	-1,510,062	-117,540
Net profit or loss for the period	43,491,177	32,154,449	39,337,216	1,139,128
Net profit or loss attributable to owners of the controlling company	43,491,177	32,076,257	-	-
Net profit or loss attributable to non-controlling interests	-5,970	78,192	-	-
Earnings per share (basic and diluted)	2.81	2.07	-	-

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

6.3 Unaudited statement of other comprehensive income

EUR	Sava Insurance Group		Sava Re	
	1-6/2021	1-6/2020	1-6/2021	1-6/2020
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	43,491,177	32,154,449	39,337,216	1,139,128
OTHER COMPREHENSIVE INCOME, NET OF TAX	-6,712,023	-2,295,194	-374,025	-802,943
a) Items that will not be reclassified subsequently to profit or loss	64,713	-114,872	22,267	-16,853
Net gains/losses relating to investments in equity-accounted associate companies	0	97,528	0	0
Other items that will not be reclassified subsequently to profit or loss	64,789	-212,400	22,267	-16,853
Tax on items that will not be reclassified subsequently to profit or loss	-76	97,528	0	0
b) Items that may be reclassified subsequently to profit or loss	-6,776,736	-2,180,322	-396,291	-786,091
Net gains/losses on remeasuring available-for-sale financial assets	-8,296,381	-2,210,335	-396,291	-970,484
Net change recognised in the fair value reserve	-6,903,991	-1,041,958	-396,291	-970,484
Net change transferred from fair value reserve to profit or loss	-1,389,390	-1,168,377	0	0
Tax on items that may be reclassified subsequently to profit or loss	1,546,977	307,005	0	184,393
Net gains or losses from translation of financial statements of non-domestic companies	-27,332	-276,992	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	36,779,154	29,859,255	38,963,191	336,184
Attributable to owners of the controlling company	36,785,424	29,782,521	-	-
Attributable to non-controlling interests	-6,270	76,734	-	-

6.4 Unaudited statement of cash flows

EUR	Sava Insurance Group		Sava Re	
	1–6/2021	1–6/2020	1–6/2021	1–6/2020
A. Cash flows from operating activities				
a) Items of the income statement	3,528,330	41,600,564	8,540,454	2,321,221
Net profit or loss for the period	43,491,177	32,154,449	39,337,216	1,139,128
Adjustments for:	-39,962,847	9,446,115	-30,796,762	1,182,093
2 Realised gains or losses on the disposal of property, plant and equipment assets	-189,372	-34,217	47	-22,033
3 Gains or losses of equity-accounted subsidiary	-479,357	16,654	0	0
4 Impairment loss on intangible assets and goodwill	0	1,529,820	0	0
5 Other financial expenses/income	-52,780,031	-5,811,395	-31,008,810	-628,785
6 Depreciation/amortisation	4,992,314	4,730,205	414,283	347,258
7 Income tax expense	10,600,710	5,733,625	1,510,062	117,540
8 Net exchange differences	-2,107,111	3,281,423	-1,712,345	1,368,114
Changes in net operating assets (receivables for premiums, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position	69,714,304	-26,273,878	9,775,619	5,854,629
1. Change in receivables from primary insurance	-28,266,983	-42,942,780	-20,139,799	-20,534,511
2. Change in receivables from reinsurance	-2,460,555	-376,572	-752,443	528,258
3. Change in other receivables from (re)insurance business	-368,972	306,842	0	0
4. Change in other receivables and other assets	-5,125,348	-15,555,520	-3,987,297	-2,659,382
6. Change in inventories	-2,020	-44,603	0	0
7. Change in liabilities arising out of primary insurance	-2,611,376	2,888,795	-2,633,453	-1,044,513
8. Change in liabilities arising out of reinsurance business	6,783,939	2,469,225	5,011,105	567,418
9. Change in other operating liabilities	7,924,521	5,128,716	1,659,850	-2,943,327
10. Change in other liabilities (except unearned premiums)	-3,595,502	-5,660,497	-345,334	366,584
11. Change in technical provisions	103,390,130	31,688,507	32,480,619	32,491,687
- change in unearned premiums	43,523,182	49,140,736	21,041,803	23,734,871
- change in provision for outstanding claims	9,370,079	11,617,759	11,906,678	7,949,877
- change in other technical provisions	-1,254,196	3,063,758	-467,862	806,940
- change in mathematical provision	-15,600,011	-21,019,346	0	0
- change in mathematical provision for policyholders who bear the investment risk	67,351,076	-11,114,400	0	0
12 Tax expense	-6,144,509	-4,175,991	-1,517,631	-917,586
c) Net cash from/used in operating activities (a + b)	73,242,634	15,326,686	18,316,073	8,175,850
B. Cash flows from investing activities				
a) Cash receipts from investing activities	350,448,624	292,329,715	83,915,620	93,041,235
1. Interest received from investing activities	8,637,288	6,660,405	1,830,643	1,594,226
2. Cash receipts from dividends and participation in the profit of others	565,079	190,554	33,953,367	1,437,244
3. Proceeds from sale of intangible assets	510,721	28,551	0	0
4. Proceeds from sale of property, plant and equipment assets	645,934	261,144	47	35,264
5. Proceeds from disposal of financial investments	340,089,603	285,189,061	48,131,563	89,974,501
b) Cash disbursements in investing activities	-393,496,110	-307,532,470	-80,314,757	-131,443,607
1. Purchase of intangible assets	-2,473,936	-2,504,673	-508,015	-332,462
2. Purchase of property, plant and equipment	-5,896,606	-3,103,594	-95,279	-46,303
3. Purchase of long-term financial investments	-385,125,568	-301,924,203	-79,711,463	-131,064,842
3.1. Purchase of subsidiary companies	-3,720,000	-82,300,000	-3,720,000	-82,300,000
3.2. Other disbursements to acquire financial investments	-381,405,568	-219,624,203	-75,991,463	-48,764,842
c) Net cash from/used in investing activities (a + b)	-43,047,486	-15,202,755	3,600,862	-38,402,372
C. Cash flows from financing activities				
b) Cash disbursements in financing activities	-15,222,561	-2,260,017	-14,625,017	-1,488,802
1. Interest paid	-1,482,178	-1,548,444	-1,425,713	-1,434,800
3. Repayment of long-term financial liabilities	-500,077	-537,698	-26,262	-54,002
5. Dividends and other profit participations paid	-13,240,306	-173,875	-13,173,042	0
c) Net cash from/used in financing activities (a + b)	-15,222,561	-2,260,017	-14,625,017	-1,488,802
C2. Closing balance of cash and cash equivalents	98,431,181	104,567,336	34,372,064	21,215,897
x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	14,972,587	-2,136,086	7,291,918	-31,715,325
y) Opening balance of cash and cash equivalents	83,458,594	93,804,031	27,080,146	52,931,222
Opening balance of cash and cash equivalents – acquisition	0	12,899,391	0	0

6.5 Unaudited statement of changes in equity

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

Sava Insurance Group		Statement of changes in equity for the period January 1 to June 30, 2022													
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,541	-24,938,709	-3,266,013	459,721,827	492,661	460,214,488
Opening balance in the financial period	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,541	-24,938,709	-3,266,013	459,721,827	492,661	460,214,488
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-6,749,114	64,713	0	43,497,147	0	-27,322	36,785,424	-6,270	36,779,154
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	43,497,147	0	0	43,497,147	-5,970	43,491,177
b) Other comprehensive income	0	0	0	0	0	0	-6,749,114	64,713	0	0	0	-27,322	-6,711,723	-300	-6,712,023
Transactions with owners – payouts	0	0	167,094	0	0	120,071	0	0	-13,460,206	0	0	0	-13,173,041	-67,265	-13,240,306
Allocation of net profit to profit reserve	0	0	167,094	0	0	120,071	0	0	-287,165	0	0	0	0	0	0
Movements within equity	0	-339,855	0	0	0	0	0	0	56,197,541	-56,197,541	0	0	-339,855	-80,145	-420,000
Transfer of profit	0	0	0	0	0	0	0	0	56,197,541	-56,197,541	0	0	0	0	0
Acquisition of non-controlling interests	0	-339,855	0	0	0	0	0	0	0	0	0	0	-339,855	-80,145	-420,000
Closing balance in the financial period	71,856,376	42,696,093	12,117,587	24,938,709	11,225,068	154,291,381	33,423,976	1,029,198	116,150,863	43,497,147	-24,938,709	-3,293,335	482,994,354	338,982	483,333,336

Sava Re												
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	Total
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,787	46,586	34,797,320	-10,990,617	-24,938,709	333,869,060
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,787	46,586	34,797,320	-10,990,617	-24,938,709	333,869,060
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-396,291	22,267	0	39,337,216	0	38,963,191
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	39,337,216	0	39,337,216
b) Other comprehensive income	0	0	0	0	0	0	-396,291	22,267	0	0	0	-374,025
Movements within equity	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0	0
Transfer of profit	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,643,496	68,853	10,633,662	39,337,216	-24,938,709	359,659,209

Unaudited statement of changes in equity for the period 1 January – 30 June 2020

Sava Insurance Group		Statement of changes in equity for the period 1 January – 30 June 2020														
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)	
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other										
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	
Closing balance in previous financial year	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847	
Opening balance in the financial period	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847	
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-1,903,543	-114,872	0	32,076,257	0	-275,321	29,782,521	76,734	29,859,255	
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	32,076,257	0	0	32,076,257	78,192	32,154,449	
b) Other comprehensive income	0	0	0	0	0	0	-1,903,543	-114,872	0	0	0	-275,321	-2,293,736	-1,458	-2,295,194	
Transactions with owners – payouts	0	0	62,120	0	0	27,719	0	0	-89,839	0	0	0	0	-173,875	-173,875	
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	0	0	0	0	0	-173,875	-173,875	
Allocation of net profit to profit reserve	0	0	62,120	0	0	27,719	0	0	-89,839	0	0	0	0	0	0	
Movements within equity	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0	
Transfer of profit	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0	
Closing balance in the financial period	71,856,376	43,035,948	11,925,331	24,938,709	11,225,068	154,171,232	18,815,065	809,168	73,585,362	32,076,257	-24,938,709	-3,443,735	414,056,072	406,155	414,462,227	

Sava Re												
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	Total
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,525	21,376	14,517,789	20,188,017	-24,938,709	343,920,690
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,525	21,376	14,517,789	20,188,017	-24,938,709	343,920,690
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-786,091	-16,853	0	1,139,128	0	336,184
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	1,139,128	0	1,139,128
b) Other comprehensive income	0	0	0	0	0	0	-786,091	-16,853	0	0	0	-802,943
Movements within equity	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0	0
Transfer of profit	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	4,431,433	4,523	34,705,806	1,139,128	-24,938,709	344,256,873

7 Notes to the consolidated financial statements

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

7.1 Overview of major accounting policies

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

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

The financial statements with notes as at and for the six months to 30 June 2021 have not been audited.

The interim financial statements as at 30 June 2021 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2020.

7.2 Seasonality and cyclicity of interim operations

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

7.3 Nature and amount of extraordinary items

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

7.4 Materiality

Equity was used as a basis in determining a materiality threshold for the consolidated financial statements, specifically 2% thereof, which is EUR 9.7 million as at 30 June 2021. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been disaggregated in the interim financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are provided in this report although they may not exceed the materiality threshold.

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

The Group issued no new debt or equity securities.

7.6 Key accounting estimates and judgements

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

7.7 Segment reporting

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

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

Statement of financial position items by operating segment – assets as at 30 June 2021

Sava Insurance Group EUR	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
ASSETS	358,659,788	695,952,749	159,429,595	855,382,344	1,092,514,961	46,062,269	1,138,577,230	238,209,827	22,286,513	2,613,115,703
Intangible assets	2,026,499	11,872,028	8,836,635	20,708,663	7,486,850	35,515	7,522,365	31,947,083	2,790,440	64,995,051
Property, plant and equipment	2,541,788	32,056,745	13,344,624	45,401,369	1,859,047	1,860,937	3,719,984	395,871	74,338	52,133,350
Right-of-use assets	228,434	3,040,151	4,172,428	7,212,579	541,589	37,646	579,235	19,554	2,503	8,042,305
Deferred tax assets	3,587,863	909,544	26,707	936,251	571,744	7,047	578,791	22,821	0	5,125,725
Investment property	7,967,383	3,184,409	4,103,493	7,287,902	36,254	0	36,254	402,875	0	15,694,414
Financial investments in associates	0	0	0	0	0	0	0	0	18,920,417	18,920,417
Financial investments:	212,377,198	488,877,995	84,927,599	573,805,594	581,664,016	40,576,446	622,240,463	33,420,108	0	1,441,843,363
- Loans and deposits	6,335,645	2,615,046	14,204,923	16,819,969	10,455	1,882,197	1,892,653	4,297,094	0	29,345,361
- Held to maturity	1,974,690	1,797,853	3,007,332	4,805,184	25,461,689	1,246,369	26,708,058	6,543,668	0	40,031,600
- Available for sale	198,018,454	475,688,601	67,502,002	543,190,603	550,298,113	36,694,214	586,992,327	12,553,408	0	1,340,754,793
- At fair value through profit or loss	6,048,409	8,776,495	213,342	8,989,837	5,893,759	753,665	6,647,425	10,025,938	0	31,711,609
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	474,852,761	508,438	475,361,199	0	0	475,361,199
Reinsurers' share of technical provisions	6,131,809	33,495,456	6,801,119	40,296,575	597,023	22,899	619,922	0	0	47,048,306
Investment contract assets	0	0	0	0	0	0	0	166,048,040	0	166,048,040
Receivables	82,132,720	78,414,698	19,629,098	98,043,796	3,281,359	792,045	4,073,404	886,313	187,335	185,323,568
Receivables arising out of primary insurance business	75,942,009	72,599,029	13,346,925	85,945,954	979,002	680,566	1,659,568	5,040	0	163,552,571
Receivables arising out of reinsurance and co-insurance business	5,191,969	2,645,636	667,253	3,312,889	8,257	2,016	10,273	0	0	8,515,131
Current tax assets	0	0	337,169	337,169	0	1,683	1,683	0	0	338,852
Other receivables	998,742	3,170,033	5,277,751	8,447,784	2,294,100	107,780	2,401,880	881,273	187,335	12,917,014
Deferred acquisition costs	6,581,500	15,719,040	4,285,581	20,004,621	217,058	69,866	286,924	0	0	26,873,045
Other assets	712,531	3,601,041	1,010,199	4,611,240	304,705	103,243	407,948	413,040	274,441	6,419,200
Cash and cash equivalents	34,372,064	24,470,673	11,746,542	36,217,215	21,102,554	2,048,188	23,150,742	4,654,122	37,039	98,431,181
Non-current assets held for sale	0	310,969	545,570	856,539	0	0	0	0	0	856,539

Statement of financial position items by operating segment – equity and liabilities as at 30 June 2021

Sava Insurance Group EUR	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	388,033,959	656,322,138	160,209,862	816,532,000	1,041,510,422	45,495,264	1,087,005,686	214,750,418	106,793,638	2,613,115,703
Subordinated liabilities	0	0	0	0	0	0	0	0	76,222,863	76,222,863
Technical provisions	216,875,722	484,869,460	103,598,822	588,468,282	426,345,059	29,850,097	456,195,156	12,540,973	0	1,274,080,133
Unearned premiums	43,030,580	177,042,929	39,133,320	216,176,249	831,289	340,762	1,172,051	0	0	260,378,880
Mathematical provisions	0	0	0	0	409,015,665	28,447,935	437,463,600	12,539,977	0	450,003,577
Provision for outstanding claims	173,098,744	302,909,231	61,883,915	364,793,146	16,498,105	1,061,400	17,559,505	996	0	555,452,391
Other technical provisions	746,398	4,917,300	2,581,587	7,498,887	0	0	0	0	0	8,245,285
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	475,632,430	1,085,373	476,717,803	0	0	476,717,803
Other provisions	437,495	5,736,601	1,322,034	7,058,635	1,479,036	14,743	1,493,779	350,923	56,284	9,397,116
Deferred tax liabilities	76,227	3,144,021	82,582	3,226,603	8,957,821	115,242	9,073,063	886,936	0	13,262,829
Investment contract liabilities	0	0	0	0	0	0	0	165,895,443	0	165,895,443
Other financial liabilities	0	0	540,548	540,548	0	930	930	899,695	0	1,441,173
Liabilities from operating activities	35,119,218	12,360,583	4,627,719	16,988,302	9,469,023	493,382	9,962,405	159,223	40,950	62,270,098
Liabilities from primary insurance business	23,768,924	7,365,667	2,626,374	9,992,041	9,455,440	442,052	9,897,492	0	0	43,658,457
Liabilities from reinsurance and co-insurance business	9,834,649	2,037,947	1,655,827	3,693,774	79,811	12,864	92,675	0	0	13,621,098
Current income tax liabilities	1,515,645	2,956,969	345,518	3,302,487	-66,228	38,466	-27,762	159,223	40,950	4,990,543
Lease liability	226,825	3,132,464	4,316,789	7,449,253	0	38,165	38,165	27,655	2,592	7,744,490
Other liabilities	5,344,577	21,611,334	6,290,106	27,901,440	6,121,680	702,448	6,824,128	1,462,405	1,217,868	42,750,419
Shareholders' equity										483,333,336
Equity attributable to owners of the controlling company										482,994,353
Non-controlling interests in equity										338,983

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

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

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

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

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

Sava Insurance Group EUR	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	49,993,397	164,311,920	32,680,291	196,992,211	88,381,146	4,747,221	93,128,368	2,078,321	0	342,192,297
Gross premiums written	68,923,739	208,877,171	41,177,616	250,054,787	88,613,801	4,822,492	93,436,293	2,078,321	0	414,493,140
Written premiums ceded to reinsurers and co-insurers	-1,523,330	-21,427,071	-5,587,759	-27,014,830	-219,871	-19,630	-239,501	0	0	-28,777,661
Change in gross unearned premiums	-15,703,236	-30,719,674	-3,477,089	-34,196,763	27,330	-43,944	-16,614	0	0	-49,916,613
Change in unearned premiums, reinsurers' and co-insurers' shares	-1,703,776	7,581,495	567,522	8,149,017	-40,114	-11,697	-51,811	0	0	6,393,431
Income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	479,357	479,357
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	479,357	479,357
Investment income	3,574,252	2,898,321	1,096,200	3,994,520	7,109,023	430,076	7,539,099	431,989	0	15,539,860
Interest income	898,290	1,153,391	956,907	2,110,298	4,709,477	491,844	5,201,322	281,862	0	8,491,772
Other investment income	2,675,961	1,744,930	139,293	1,884,223	2,399,545	-61,768	2,337,777	150,127	0	7,048,088
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	42,672,943	48,713	42,721,656	0	0	42,721,656
Other technical income	597,781	4,356,755	2,691,015	7,047,769	1,870,082	-11,073	1,859,009	105,146	0	9,609,705
Commission income	487,191	2,439,586	1,742,747	4,182,332	0	4,024	4,024	0	0	4,673,547
Other technical income	110,590	1,917,169	948,268	2,865,437	1,870,082	-15,097	1,854,985	105,146	0	4,936,158
Other income	404,623	1,524,700	1,011,222	2,535,922	253,934	10,648	264,582	7,814,365	853,596	11,873,088
Net claims incurred	-33,829,206	-83,625,830	-16,265,241	-99,891,072	-64,906,359	-2,182,913	-67,089,273	-594,570	0	-201,404,120
Gross claims payments, net of income from recourse receivables	-23,844,156	-85,768,017	-18,742,785	-104,510,802	-65,437,534	-2,192,796	-67,630,330	-594,255	0	-196,579,542
Reinsurers' and co-insurers' shares	259,571	2,735,554	1,498,804	4,234,358	50,810	762	51,572	0	0	4,545,501
Change in the gross provision for outstanding claims	-10,653,948	1,379,679	1,458,560	2,838,239	240,181	34,053	274,234	-315	0	-7,541,790
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	409,328	-1,973,047	-479,820	-2,452,867	240,183	-24,932	215,250	0	0	-1,828,289
Change in other technical provisions	460,343	753,991	39,862	793,853	18,062,841	-974,375	17,088,466	-1,488,455	0	16,854,207
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-67,305,645	-45,431	-67,351,076	0	0	-67,351,076
Expenses for bonuses and rebates	1	-149,694	-48,344	-198,038	0	0	0	0	0	-198,037
Operating expenses	-14,279,135	-49,083,465	-17,308,195	-66,391,660	-16,138,408	-1,799,890	-17,938,299	-5,094,841	-626,361	-104,330,295
Acquisition costs	-14,574,561	-18,494,574	-2,894,965	-21,389,539	-5,634,967	-233,256	-5,868,223	-18,107	0	-41,850,430
Change in deferred acquisition costs	2,276,803	95,771	193,791	289,562	-186,939	9,595	-177,344	0	0	2,389,021
Other operating expenses	-1,981,377	-30,684,662	-14,607,021	-45,291,683	-10,316,502	-1,576,229	-11,892,732	-5,076,734	-626,361	-64,868,886
Expenses for financial assets and liabilities	-140,103	-216,427	-115,054	-331,481	-956,612	-7,145	-963,758	-111,848	-1,418,470	-2,965,661
Impairment losses on financial assets not at fair value through profit or loss	0	-7,153	0	-7,153	-100,404	0	-100,404	0	0	-107,556
Interest expense	-7,860	-33,855	-88,516	-122,371	-2,795	-404	-3,199	-454	-1,418,470	-1,552,354
Other investment expenses	-132,244	-175,419	-26,538	-201,957	-853,413	-6,741	-860,155	-111,394	0	-1,305,751
Other technical expenses	-160,879	-3,993,375	-2,726,787	-6,720,162	-541,575	-59,512	-601,087	-370,850	0	-7,852,978
Other expenses	-145,391	-662,355	-227,691	-890,046	-2,371	-1,599	-3,970	-36,700	-9	-1,076,116
Profit or loss before tax	6,475,682	36,114,540	827,278	36,941,818	8,498,997	154,720	8,653,716	2,732,557	-711,887	54,091,887
Income tax expense										-10,600,710
Net profit or loss for the period										43,491,177
Net profit or loss attributable to owners of the controlling company										43,497,147
Net profit or loss attributable to non-controlling interests										-5,970

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

Sava Insurance Group EUR	Reinsurance	Non-life			Life			Pensions and asset management	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	47,724,160	159,151,684	36,703,679	195,855,364	44,891,798	4,895,564	49,787,362	1,493,930	0	294,860,816
Gross premiums written	64,798,763	216,645,763	40,886,447	257,532,210	45,028,307	4,910,021	49,938,328	1,493,930	0	373,763,231
Written premiums ceded to reinsurers and co-insurers	-1,323,649	-24,006,618	-4,302,650	-28,309,268	-119,841	-8,921	-128,762	0	0	-29,761,679
Change in gross unearned premiums	-14,417,648	-42,109,861	-984,562	-43,094,423	-8,160	-4,011	-12,171	0	0	-57,524,242
Change in unearned premiums, reinsurers' and co-insurers' shares	-1,333,306	8,622,400	1,104,444	9,726,844	-8,507	-1,525	-10,032	0	0	8,383,506
Investment income	2,434,705	3,350,452	1,218,438	4,568,890	3,281,438	526,680	3,808,118	375,417	0	11,187,130
Interest income	1,107,322	1,540,980	1,060,900	2,601,881	2,159,527	526,826	2,686,354	264,849	0	6,660,405
Other investment income	1,327,383	1,809,471	157,538	1,967,009	1,121,911	-147	1,121,764	110,568	0	4,526,725
Other technical income	334,403	3,742,680	1,446,867	5,189,547	440,728	1,204	441,932	43,742	0	6,009,624
Commission income	300,985	1,919,702	662,919	2,582,621	1,062	427	1,489	0	0	2,885,095
Other technical income	33,418	1,822,978	783,948	2,606,926	439,666	777	440,443	43,742	0	3,124,529
Other income	400,556	2,007,943	665,802	2,673,745	6,051,090	34,176	6,085,266	6,346,616	681,851	16,188,034
Net claims incurred	-32,466,330	-86,207,029	-21,191,888	-107,398,918	-58,661,127	-2,534,455	-61,195,583	-453,486	0	-201,514,317
Gross claims payments, net of income from recourse receivables	-27,845,063	-85,657,113	-17,408,859	-103,065,972	-58,689,981	-2,436,130	-61,126,111	-453,171	0	-192,490,317
Reinsurers' and co-insurers' shares	507,650	1,010,558	1,041,491	2,052,049	34,002	58	34,060	0	0	2,593,759
Change in the gross provision for outstanding claims	-4,618,325	-5,233,850	-5,189,659	-10,423,509	-10,859	-86,745	-97,604	-315	0	-15,139,753
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-510,592	3,673,376	365,139	4,038,515	5,710	-11,638	-5,929	0	0	3,521,994
Change in other technical provisions	-873,545	-979,485	-998,090	-1,977,575	22,908,047	-958,050	21,949,997	-1,143,289	0	17,955,588
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	10,750,000	364,400	11,114,400	0	0	11,114,400
Expenses for bonuses and rebates	0	86,378	5,943	92,321	0	0	0	0	0	92,321
Operating expenses	-13,162,475	-47,139,253	-17,205,030	-64,344,283	-10,931,863	-1,957,760	-12,889,623	-4,210,722	-544,003	-95,151,107
Acquisition costs	-12,864,484	-20,184,470	-2,586,655	-22,771,125	-2,754,350	-298,209	-3,052,559	-6,177	0	-38,694,345
Change in deferred acquisition costs	1,611,989	3,318,100	-352,150	2,965,950	-371,716	8,556	-363,160	0	0	4,214,779
Other operating expenses	-1,909,980	-30,272,883	-14,266,225	-44,539,108	-7,805,797	-1,668,107	-9,473,904	-4,204,545	-544,003	-60,671,541
Expenses for investments in subsidiary and associate companies	0	0	0	0	0	0	0	-1,529,820	-16,654	-1,546,474
Loss arising out of investments in equity-accounted associate companies	0	0	0	0	0	0	0	-1,529,820	0	-1,529,820
Impairment loss on goodwill	0	0	0	0	0	0	0	0	-16,654	-16,654
Expenses for investments in associates and impairment losses on goodwill	-2,027,422	-1,114,857	-111,323	-1,226,181	-491,743	159,833	-331,910	-366,070	-1,424,677	-5,376,260
Interest expense	-12,511	-28,809	-71,065	-99,874	-9,512	-284	-9,796	-1,586	-1,424,677	-1,548,444
Other investment expenses	-2,014,911	-1,086,048	-40,259	-1,126,307	-482,231	160,117	-322,114	-364,485	0	-3,827,817
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-5,930,673	2,988	-5,927,685	0	0	-5,927,685
Other technical expenses	-910,622	-4,962,800	-2,325,179	-7,287,979	-164,768	-110,343	-275,111	-324,340	15,868	-8,782,184
Other expenses	-110,812	-502,362	-481,871	-984,233	-1,273	-1,681	-2,954	-123,713	-100	-1,221,812
Profit or loss before tax	1,342,618	27,433,350	-2,272,652	25,160,699	12,141,652	422,555	12,564,208	108,265	-1,287,716	37,888,074
Income tax expense										-5,733,625
Net profit or loss for the period										32,154,449
Net profit or loss attributable to owners of the controlling company										32,076,257
Net profit or loss attributable to non-controlling interests										78,192

Inter-segment business

EUR	Reinsurance		Non-life		Life		Pensions and asset management		Other	
	1-6/2021	1-6/2020	1-6/2021	1-6/2020	1-6/2021	1-6/2020	1-6/2021	1-6/2020	1-6/2021	1-6/2020
Gross premiums written	120,232,383	120,921,970	250,218,665	257,645,747	93,436,293	50,472,431	2,078,321	967,279	0	0
Net premiums written	68,923,739	64,798,763	250,054,787	257,532,210	93,436,293	49,938,328	2,078,321	1,493,930	0	0
Net claims incurred	-18,837,198	-15,393,201	-2,789,685	-2,669,075	0	0	0	0	0	0
Operating expenses	-11,332,401	-8,329,161	-812,597	-795,678	-401,342	-371,929	-49,392	-49,353	-458,190	-409,190
Investment income	29,234	46,699	0	0	2,180	0	1,585	1,461	0	0
Other technical income	194,888	184,182	144,241	8,402,628	336,036	303,780	0	0	636,489	558,676
Other income	598	0	16,827	10,649	0	0	0	0	3,765,653	3,587,752

7.8 Notes to significant changes in the statement of financial position

7.8.1 Property, plant and equipment

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

EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	Property, plant and equipment in progress	Total
Cost						
1 January 2021	5,576,810	54,791,480	23,962,227	201,165	1,434,695	85,966,378
Additions	0	854	314,177	208,780	5,372,795	5,896,606
Reclassification	0	0	15,233	0	0	15,233
Transfer to use	0	0	1,436,986	0	-1,436,986	0
Disposals	0	0	-645,934	0	0	-645,934
Exchange differences	3,372	12,984	3,384	-26	-1	19,714
30 June 2021	5,580,182	54,805,318	25,086,073	409,919	5,370,503	91,251,997
Accumulated depreciation and impairment losses						
1 January 2021	0	20,950,868	16,679,787	-769	0	37,629,886
Additions	0	536,135	1,466,341	22,982	0	2,025,458
Reclassification	0	0	13,022	0	0	13,022
Disposals	0	0	-554,632	0	0	-554,632
Exchange differences	0	2,196	2,715	0	0	4,911
30 June 2021	0	21,489,199	17,607,233	22,213	0	39,118,645
Carrying amount as at 1 January 2021	5,576,810	33,840,612	7,282,440	201,934	1,434,695	48,336,491
Carrying amount as at 30 June 2021	5,580,182	33,316,119	7,478,840	387,706	5,370,503	52,133,350

7.8.2 Financial investments

As at 30 June 2021, financial investments totalled EUR 1,441.8 million, up by EUR 11.7 million from year-end 2020. Compared to the end of the previous year, held-to-maturity assets decreased, and available-for-sale assets increased.

EUR	Held-to-maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
30 June 2021					
Debt instruments	40,031,600	26,321,970	1,218,163,158	21,955,601	1,306,472,329
Deposits and CDs	0	0	0	19,946,448	19,946,448
Government bonds	28,631,054	1,431,203	651,592,903	0	681,655,160
Corporate bonds	11,400,546	24,890,767	566,570,255	0	602,861,568
Loans granted	0	0	0	2,009,153	2,009,153
Equity instruments	0	5,389,639	74,045,085	0	79,434,724
Shares	0	871,056	41,408,322	0	42,279,378
Mutual funds	0	4,518,583	32,636,763	0	37,155,346
Investments in infrastructure funds	0	0	33,853,427	0	33,853,427
Investments in real-estate funds	0	0	14,693,123	0	14,693,123
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	7,389,760	7,389,760
Total	40,031,600	31,711,609	1,340,754,793	29,345,361	1,441,843,363

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

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

Assets held for the benefit of policyholders who bear the investment risk as at 30 June 2021

EUR	Held to maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
30 June 2021					
Debt instruments	4,077,835	1,352,258	65,325,118	2,006,546	72,761,758
Deposits and CDs	0	0	0	2,006,546	2,006,546
Government bonds	510,726	0	35,914,778	0	36,425,504
Corporate bonds	3,567,109	1,352,258	29,410,340	0	34,329,708
Equity instruments	0	400,598,673	2,000,769	0	402,599,443
Mutual funds	0	400,598,673	2,000,769	0	402,599,443
Total	4,077,835	401,950,932	67,325,887	2,006,546	475,361,199

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

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

7.8.4 Receivables

Gross receivables rose by EUR 31.5 million from year-end 2020, chiefly because of a EUR 27.5 million increase in receivables due from policyholders, the renewal of most annual non-life (re)insurance contracts with major clients (companies and cedants) and because of the timing of making estimates relating to reinsurance business.

Receivables by type

EUR	30 June 2021			31 December 2020		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	181,989,994	-21,621,074	160,368,920	154,469,019	-21,560,418	132,908,601
Receivables due from insurance intermediaries	3,652,591	-832,083	2,820,508	2,608,578	-837,647	1,770,931
Other receivables arising out of primary insurance business	512,173	-149,030	363,143	762,484	-156,428	606,056
Receivables arising out of primary insurance business	186,154,758	-22,602,187	163,552,571	157,840,081	-22,554,493	135,285,588
Receivables for shares in claims	6,565,230	-177,659	6,387,571	5,344,797	-177,659	5,167,138
Other receivables arising out of co-insurance and reinsurance business	2,127,560	0	2,127,560	887,438	0	887,438
Receivables arising out of reinsurance and co-insurance business	8,692,790	-177,659	8,515,131	6,232,235	-177,659	6,054,576
Current tax assets	338,852	0	338,852	529,831	0	529,831
Other short-term receivables arising out of insurance business	17,709,618	-14,581,631	3,127,987	18,048,243	-15,289,228	2,759,015
Receivables arising out of investments	5,513,759	-1,223,488	4,290,271	2,877,916	-1,223,923	1,653,993
Other receivables	6,646,373	-1,147,617	5,498,756	8,770,856	-1,182,361	7,588,495
Other receivables	29,869,750	-16,952,736	12,917,014	29,697,015	-17,695,512	12,001,503
Total	225,056,150	-39,732,582	185,323,568	194,299,162	-40,427,664	153,871,498

Movements in allowance for receivables

EUR	1 January 2021	Additions	Collection	Write-offs	Exchange differences	30 June 2021
Receivables due from policyholders	-21,560,418	-1,209,557	415,749	731,266	1,886	-21,621,074
Receivables due from insurance intermediaries	-837,647	-34,816	40,261	0	119	-832,083
Other receivables arising out of primary insurance business	-156,428	-32	7,424	0	6	-149,030
Receivables arising out of primary insurance business	-22,554,493	-1,244,405	463,434	731,266	2,011	-22,602,187
Receivables for shares in claims	-177,659	0	0	0	0	-177,659
Receivables arising out of reinsurance and co-insurance business	-177,659	0	0	0	0	-177,659
Other short-term receivables arising out of insurance business	-15,289,228	-105,753	247,796	565,369	185	-14,581,631
Receivables arising out of investments	-1,223,923	-555	666	88	236	-1,223,488
Other short-term receivables	-1,182,361	-39,394	74,065	0	73	-1,147,617
Other receivables	-17,695,512	-145,702	322,527	565,457	494	-16,952,736
Total	-40,427,664	-1,390,107	785,961	1,296,723	2,505	-39,732,582

Receivables ageing analysis

EUR 30 June 2021	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	130,073,241	24,160,626	2,829,858	3,305,195	160,368,920
Receivables due from insurance intermediaries	1,022,012	1,781,134	2,618	14,744	2,820,508
Other receivables arising out of primary insurance business	138,858	160,840	17,249	46,196	363,143
Receivables arising out of primary insurance business	131,234,111	26,102,600	2,849,725	3,366,135	163,552,571
Receivables for reinsurers' shares in claims	4,240,485	1,564,372	15,490	567,224	6,387,571
Other receivables arising out of co-insurance and reinsurance business	1,996,917	129,509	467	667	2,127,560
Receivables arising out of reinsurance and co-insurance business	6,237,402	1,693,881	15,957	567,891	8,515,131
Current tax assets	338,852	0	0	0	338,852
Other short-term receivables arising out of insurance business	1,064,932	688,648	441,377	933,030	3,127,987
Short-term receivables arising out of financing	4,266,018	4,883	0	19,370	4,290,271
Other short-term receivables	5,253,092	172,762	27,059	45,843	5,498,756
Other receivables	10,584,042	866,293	468,436	998,243	12,917,014
Total	148,394,407	28,662,774	3,334,118	4,932,269	185,323,568

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

Not-past-due receivables increased by EUR 35.0 million. The largest increase was in not-past-due receivables due from policyholders, up EUR 31.9 million, owing to the renewal of annual policies.

7.8.5 Cash and cash equivalents

EUR	30 June 2021	31 December 2020
Cash in hand	25,132	17,313
Cash in bank accounts	70,555,866	56,463,387
Cash equivalents	27,850,183	26,977,894
Total	98,431,181	83,458,594

Compared to year-end 2020, the balance of cash and cash equivalents increased by EUR 15.0 million. The balance of cash and cash equivalents at the end of the year was higher because of the lack of favourable reinvestment opportunities in financial markets. Consequently, proceeds from maturities and disposals were not fully reinvested but held in transaction accounts or demand deposits.

7.8.6 Shareholders' equity

Shareholders' equity increased by 5.0%, or EUR 23.1 million, compared to year-end 2020.

7.8.7 Retained earnings

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

7.8.8 Net profit or loss for the period

The net profit for the period grew by EUR 11.3 million compared to the same period in 2020.

7.8.9 Earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 30 June 2021, the parent company held 1,721,966 own shares, which are subtracted when calculating the weighted average number of shares.

Earnings or loss per share

EUR	1-6/2021	1-6/2020
Net profit or loss for the period	43,491,177	32,154,449
Net profit or loss for the period attributable to owners of the controlling company	43,497,147	32,076,257
Weighted average number of shares	15,497,696	15,497,696
Earnings or loss per share	2.81	2.07

Comprehensive income per share

EUR	1-6/2021	1-6/2020
Comprehensive income for the period	36,779,154	29,859,255
Comprehensive income for the period attributable to owners of the controlling company	36,785,424	29,782,521
Weighted average number of shares	15,497,696	15,497,696
Comprehensive income per share	2.37	1.92

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

Technical provisions increased by EUR 40.8 million, or 3.3%, compared to 31 December 2020. The largest increase was in unearned premiums, up EUR 49.8 million, whereas life technical provisions (mathematical provisions for traditional life business) shrank by EUR 15.6 million. The increase in gross unearned premiums (EUR 49.8 million) was mainly driven by growth in non-life (re)insurance premiums. Gross provisions for outstanding claims grew by EUR 7.7 million.

Gross technical provisions for unit-linked insurance increased by EUR 67.1 million, largely due to portfolio growth, movement in fund unit prices and an additional effect of the transfer of assets from guaranteed traditional life to unit-linked life business of Vita.

Movements in gross technical provisions

EUR	1 January 2021	Additions	Uses	Reversals	Exchange differences	30 June 2021
Gross unearned premiums	210,614,842	267,824,426	-211,776,497	-6,496,398	212,507	260,378,880
Technical provisions for life insurance business	465,641,679	24,385,914	-39,779,069	-243,356	-1,591	450,003,577
Gross provision for outstanding claims	547,764,679	170,337,303	-103,317,447	-60,939,208	1,607,064	555,452,391
Gross provision for bonuses, rebates and cancellations	1,300,797	1,261,085	-1,046,515	-52,300	-3	1,463,065
Other gross technical provisions	7,990,057	4,695,019	-5,902,793	0	-64	6,782,220
Total	1,233,312,054	468,503,747	-361,822,321	-67,731,262	1,817,913	1,274,080,133
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	97,365,363	-29,713,275	-538,713	0	476,717,803

7.8.11 Investment contract liabilities

Investment contract liabilities relate to Sava Pokojninska and totalled EUR 165.9 million as at 30 June 2021, up by 4.6%, or EUR 7.3 million from year-end 2020. Their movement is in line with investment contract assets, driven largely by new premium contributions, payouts and changes in fund unit prices.

7.8.12 Fair values of assets and liabilities

Financial assets measured at fair value by level of the fair value hierarchy as at 30 June 2021

EUR 30 June 2021	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	1,372,466,402	1,183,995,306	133,341,855	55,129,239	1,372,466,400	0
<i>FVTPL</i>	<i>31,711,609</i>	<i>14,900,516</i>	<i>15,447,289</i>	<i>1,363,802</i>	<i>31,711,607</i>	<i>0</i>
<i>Designated to this category</i>	<i>31,711,609</i>	<i>14,900,516</i>	<i>15,447,289</i>	<i>1,363,802</i>	<i>31,711,607</i>	<i>0</i>
Debt instruments	26,321,969	9,644,702	15,325,024	1,352,242	26,321,968	0
Equity instruments	5,389,640	5,255,814	122,265	11,560	5,389,639	0
Available-for-sale	1,340,754,793	1,169,094,790	117,894,566	53,765,437	1,340,754,793	0
Debt instruments	1,218,163,158	1,097,516,837	117,352,967	3,293,354	1,218,163,158	0
Equity instruments	74,045,085	71,577,953	541,599	1,925,533	74,045,085	0
Investments in infrastructure funds	33,853,427	0	0	33,853,427	33,853,427	0
Investments in real-estate funds	14,693,123	0	0	14,693,123	14,693,123	0
Investments for the benefit of life policyholders who bear the investment risk	469,276,818	467,193,539	2,083,279	0	469,276,818	0
Investments not measured at fair value	69,376,961	35,760,836	3,216,184	32,493,469	71,470,489	2,093,528
<i>Held-to-maturity assets</i>	<i>40,031,600</i>	<i>35,760,836</i>	<i>3,216,184</i>	<i>3,148,108</i>	<i>42,125,128</i>	<i>2,093,528</i>
Debt instruments	40,031,600	35,760,836	3,216,184	3,148,108	42,125,128	2,093,528
Loans and receivables	29,345,361	0	0	29,345,361	29,345,361	0
Deposits	19,946,448	0	0	19,946,448	19,946,448	0
Loans granted	2,009,153	0	0	2,009,153	2,009,153	0
Deposits with cedants	7,389,760	0	0	7,389,760	7,389,760	0
Investments for the benefit of life policyholders who bear the investment risk	6,084,381	4,338,679	0	2,006,546	6,345,225	260,844
Total investments	1,441,843,363	1,219,756,142	136,558,039	87,622,708	1,443,936,889	2,093,528
Total investments for the benefit of life policyholders who bear the investment risk	475,361,199	471,532,218	2,083,279	2,006,546	475,622,043	260,844

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

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

Movements in level 3 FVTPL financial assets

EUR	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in real-estate funds	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Opening balance	1,773,017	18,912,998	1,911,070	2,253,110	27,436,469	20,159,022	14,340,307	4,000,000
Exchange differences	0	0	0	0	-2	-123	0	0
Additions	0	83,008	0	0	5,114,706	8,405,844	0	10,506,818
Impairment	0	-108,756	0	-320,600	0	0	0	0
Disposals	0	0	0	0	-93,740	-376,861	0	0
Maturities	-350,396	-95,000	0	0	0	0	0	0
Revaluation to fair value	-70,379	-7,968,588	26,019	-21,440	1,395,994	-751,413	352,816	-166,511
Reclassification into other levels	3,293,354	-9,050,645	0	0	0	0	0	0
Closing balance	4,645,596	1,773,017	1,937,089	1,911,070	33,853,427	27,436,469	14,693,123	14,340,307

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

EUR 30 June 2021	Level 1	Level 2	Level 3
FVTPL	-73,899	73,899	0
Debt securities designated to this category reclassified from level 1 into level 2	-73,899	73,899	0
Debt securities designated to this category reclassified from level 2 into level 1	1,007,590	-1,007,590	0
Equity securities designated to this category reclassified from level 2 into level 1	859,496	-859,496	0
Available-for-sale	-1,249,570	1,249,570	0
Debt instruments	22,205,729	-25,499,084	3,293,354
Reclassification from level 2 into level 1	22,205,729	-22,205,729	0
Reclassification from level 2 into level 3	0	-3,293,354	3,293,354
Equity instruments	16,090,541	-16,090,541	0
Reclassification from level 2 into level 1	16,090,541	-16,090,541	0
Total	40,089,457	-43,382,811	3,293,354

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

7.9 Related-party disclosures

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

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

Owners and related enterprises

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

Management board and supervisory board, including its committees

Fixed remuneration of management board members for performing their function in the first six months of 2021 totalled EUR 371,100 (first half of 2020: EUR 343,147), in the first six months, variable remuneration totalled EUR 207,158 (first half of 2020: 235,667). Benefits in kind were EUR 16,524 (first half of 2020: EUR 16,425).

Remuneration of management board members in 1–6/2021

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

Liabilities to management board members based on gross remuneration

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

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

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

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

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Mateja Lovšin Herič	chair	1,870	9,750	0	11,620
Keith William Morris	deputy chair	1,870	7,150	114	9,134
Gorazd Andrej Kunstek	member of the SB	1,870	6,500	0	8,370
Mateja Živec	member of the SB	1,870	6,500	0	8,370
Davor Ivan Gjivoje Jr	member of the SB	1,870	6,500	0	8,370
Andrej Kren	member of the SB	1,870	6,500	0	8,370
Total supervisory board members		11,220	42,900	114	54,234
Audit committee members					
Andrej Kren	chairman	2,420	2,438	0	4,858
Mateja Lovšin Herič	member	2,420	1,624	0	4,045
Ignac Dolenšek	external member	0	9,038	0	9,038
Total audit committee members		4,840	13,101	0	17,941
Members of the nominations and remuneration committee					
Mateja Lovšin Herič	chair	1,540	2,438	0	3,978
Keith William Morris	member	660	1,625	227	2,512
Davor Ivan Gjivoje Jr	member	1,540	1,625	0	3,165
Andrej Kren	member	660	1,625	0	2,285
Gorazd Andrej Kunstek	alternate member	880	542	0	1,422
Total nominations committee members		5,280	7,855	227	13,362
Members of the risk committee					
Keith William Morris	chairman	880	2,438	227	3,545
Davor Ivan Gjivoje	member	880	1,625	0	2,505
Slaven Mičković	external member	0	8,713	0	8,713
Total risk committee members		1,760	12,776	227	14,763
Members of the fit & proper committee					
Mateja Živec	chair	660	2,438	0	3,098
Keith William Morris	member	220	1,625	0	1,845
Rok Saje	external member	660	1,625	0	2,285
Andrej Kren	alternate member	220	1,625	0	1,845
Gorazd Andrej Kunstek	alternate member	440	542	0	982
Davor Ivan Gjivoje Jr	alternate member	440	542	0	982
Total members of the fit & proper committee		2,640	8,397	0	11,037

As at 30 June 2021, the Company had no liabilities due to any members of the supervisory board or its committees.

Transactions with subsidiaries

Investments in and amounts due from Group companies

EUR	30 June 2021	31 December 2020
Loans granted to Group companies	2,915,692	3,637,532
Receivables for premiums arising out of reinsurance assumed	23,992,102	21,227,908
Short-term receivables arising out of financing	17,064	2,939
Other short-term receivables	92,700	50,336
Short-term deferred acquisition costs	2,891,561	941,701
Total	29,909,118	25,860,416

Liabilities to Group companies

EUR	30 June 2021	31 December 2020
Technical provisions	117,060,046	106,908,528
- Unearned premiums	39,450,718	30,088,302
- Provision for outstanding claims	77,342,479	76,545,858
- Other technical provisions	266,849	274,368
Liabilities for shares in reinsurance claims due to Group companies	9,211,063	9,030,400
Other liabilities from co-insurance and reinsurance	4,952,450	4,880,137
Other short-term liabilities	4,412	19,264
Total	131,227,971	120,838,329

Income and expenses relating to Group companies

EUR	1–6/2021	1–6/2020
Gross premiums written	51,308,641	56,123,207
Change in gross unearned premiums	-9,366,951	-14,912,153
Gross claims payments	-19,403,215	-15,906,221
Change in the gross provision for outstanding claims	-796,621	-5,950,170
Income from gross recourse receivables	566,018	513,020
Other operating expenses	-103,540	-70,072
Dividend income	34,807,562	1,411,321
Interest income	29,234	46,699
Acquisition costs	-14,128,443	-10,644,838
Change in deferred acquisition costs	2,905,128	2,385,749
Other technical income	195,558	184,182
Total	46,013,370	13,180,725

Transactions with the state and majority state-owned entities

Investments in and receivables due from the state and companies that are majority state-owned

EUR	30 June 2021	31 December 2020
Interests in companies	8,032,541	7,237,288
Debt securities and loans	82,581,124	90,780,931
Receivables due from policyholders	1,273,690	97,641
Total	91,887,355	98,115,860

Liabilities to the state and majority state-owned companies

EUR	30 June 2021	31 December 2020
Liabilities for shares in claims	1,870	3,504
Total	1,870	3,504

Income and expenses relating to majority state-owned companies

EUR	1-6/2021	1-6/2020
Gross premiums written	12,066,310	11,083,897
Gross claims payments	-1,255,035	-1,243,877
Dividend income	283,353	0
Interest income	846,153	820,039
Other investment income	45,980	143,781
Total	11,986,761	10,803,840

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

Characteristics of loans granted to subsidiaries

Sava Re				
Borrower	Principal	Type of loan	Maturity	Interest rate
Sava Životno Osiguranje (SRB)	850,000	ordinary	15 January 2022	0.90%
Sava Neživotno Osiguranje (SRB)	500,000	ordinary	15 July 2021	2.30%
Illyria (RKS)	500,000	subordinated	27 June 2029	3.00%
Illyria (RKS)	642,000	ordinary	15 July 2022	3.00%
Illyria (RKS)	400,000	ordinary	15 July 2021	0.90%
Total	2,892,000			

Appendix – Glossary of selected terms and calculation methodologies for indicators

Appendix – Glossary of selected terms and calculation methodologies for indicators

Accounting currency. A local currency used in the accounting documentation. Reinsurance contracts may be accounted for in various accounting currencies. Generally, this is the currency of liabilities and receivables due from cedants, and hence also the reinsurer.
Administrative expense ratio. Operating expenses, net of acquisition costs and the change in deferred acquisition costs, as a percentage of gross premiums written.
Associate entity. An entity over which the investor has significant influence (the power to participate in the financial and operating policy decisions) and that is neither a subsidiary nor an interest in a joint venture.
Book value per share. Ratio of total equity to weighted average number of shares outstanding.
Business continuity plan. Document that includes procedures for ensuring the continuous operation of key business processes and systems. The contingency plan is an integral part of the business continuity plan and sets out technical and organisational measures to restore operations and mitigate the consequences of severe business disruptions.
BVAL price (Bloomberg valuation). Price obtained from the Bloomberg information system.
Capital fund. Assets representing the capital of the Company.
CBBT price (Composite Bloomberg Bond Trader). Closing price published by the Bloomberg system based on binding bids.
Cedant, cede, cession. A cedant is the client of a reinsurance company. To cede is to transfer part of any risk an insurer has underwritten to a reinsurer. The part thus transferred to any reinsurer is called a cession.
CODM (chief operating decision maker) may refer to a person responsible for monitoring an operating segment or to a group of persons responsible for allocating resources, and monitoring and assessing performance.
Composite insurance company. Insurer that writes both life and non-life business.
Comprehensive income. Comprehensive income is made up of two parts. The first part is net profit for the period net of tax as in the income statement; the second part is other comprehensive income for the period, net of tax, comprising the effects of other gains and losses not recognised in the income statement that affect equity, mainly through the fair value reserve.
Consolidated book value per share. Ratio of consolidated total equity to weighted average number of shares outstanding.
Consolidated earnings or loss per share. Ratio of net profit/loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding.
Credit risk. The risk of loss of or adverse change in the financial situation of the insurer, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance undertakings are exposed, in the form of counterparty default risk, spread risk or market risk concentrations.
Currency risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.
Dividend yield. Ratio of dividend per share to the rolling average price per share over the past 12-months.
EIOPA (European Insurance and Occupational Pensions Authority). European Insurance and Occupational Pensions Authority
Eligible own funds. Own funds eligible to cover the solvency capital requirement.
Equity risk. Risk that the value of investments will decrease due to fluctuations in equity markets.
Equity risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of market prices of shares and infrastructure funds.
Excess of loss reinsurance. A type of reinsurance in which the insurer agrees to pay a specified portion of a claim and the reinsurer agrees to pay all or a part of the claim above the specified currency amount or “retention”.
Facultative reinsurance. A type of reinsurance under which the ceding company has the option to cede and the reinsurer has the option to accept or decline individual risks of the underlying policy. Typically used to reinsure large individual risks or for amounts in excess of limits on risks already reinsured elsewhere.
FATCA (Foreign Account Tax Compliance Act).
Financial investments. Financial investments do not include financial investments in associates, investment property, or cash and cash equivalents.
Financial risk. It comprises the risk of failure to achieve the guaranteed return, market risk (interest rate risk, equity risk, currency risk and property risk), credit risk and liquidity risk.
FoS (freedom of service). Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.
FVTPL (fair value through profit or loss). Financial instruments measured at fair value through profit or loss.
Gross claims paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables. Gross claims paid are claims before deduction of reinsurance.
Gross claims payments. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses. Gross/net: before or after deduction of reinsurance. Gross claim payments less realised income from recourse receivables (short: gross claims paid) Net claim payments, net of realised income from recourse receivables (short: net claims paid).
Gross expense ratio. The ratio of operating expenses as a percentage of gross premiums written. The Group's ratio is calculated for the reinsurance, non-life insurance and life insurance operating segments.
Gross incurred loss ratio. Gross claims paid, including the change in the gross provision for outstanding claims, as a percentage of gross premiums written, including the change in gross unearned premiums. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments.

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

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