



Pozavarovalnica Sava, d.d.

(incorporated as a joint stock company (delniška družba) in the Republic of Slovenia)

EUR 50,000,000 5.20 % Subordinated Bonds with scheduled maturity on 4 October 2029

ISIN XS2884012332, Common Code 288401233

Issue price: 100.00 %

Pozavarovalnica Sava, d.d. (the "**Issuer**" or "**Sava Re**") will issue on 4 October 2024 (the "**Issue Date**") EUR 50,000,000 subordinated 5.20 % bonds with a scheduled maturity on 4 October 2029 (the "**Bonds**") in the denomination of EUR 100,000 each.

The Bonds will be governed by the laws of the Federal Republic of Germany ("**Germany**").

The Bonds will bear interest at the rate of 5.20 % *per annum* from and including 4 October 2024 (the "**Interest Commencement Date**"), scheduled to be paid annually in arrear on 4 October in each year, commencing on 4 October 2025.

Under certain circumstances described in § 4 of the Terms and Conditions of the Bonds (the "**Terms and Conditions**"), interest payments on the Bonds may be deferred at the option of the Issuer or will be required to be deferred. Interest accrued for any interest period which is not due and payable due to a deferral of interest payment will constitute arrears of interest ("**Arrears of Interest**").

The Bonds are scheduled to be redeemed at an amount per Bond equal to the principal amount plus any interest accrued on such Bond to but excluding the date of redemption but unpaid and, for the avoidance of doubt, any Arrears of Interest due on such Bond (the "**Redemption Amount**") on 4 October 2029 (the "**Scheduled Maturity Date**"), provided that on the Scheduled Maturity Date the Conditions to Redemption and Repurchase (as defined in the Terms and Conditions) are fulfilled. If this is not the case, the Bonds will only be redeemed on the first Interest Payment Date following the Scheduled Maturity Date on which the Conditions to Redemption and Repurchase are fulfilled. Under certain circumstances described in § 5 of the Terms and Conditions, the Bonds may be subject to early redemption, always subject to the Conditions to Redemption and Repurchase being fulfilled.

The Bonds will initially be represented by a temporary global bond in bearer form (the "**Temporary Global Bond**"). Interests in a Temporary Global Bond will be exchangeable, in whole or in part, for interest in a permanent global bond (the "**Permanent Global Bond**") and together with the Temporary Global Bond, the "**Global Bonds**") on or after the date 40 days after the later of the commencement of the offering and the Issue Date (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. The Global Bonds will be deposited with a common depositary for Clearstream Banking S.A and Euroclear Bank SA/NV (together, the "**Clearing System**").

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 6(3) of Regulation (EU) No 2017/1129 (as amended, the "**Prospectus Regulation**"). This Prospectus, together with all documents incorporated by reference, will be published in electronic form on the website of the Luxembourg Stock Exchange (www.luxse.com).

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier*, Luxembourg ("**CSSF**") in its capacity as competent authority under the Prospectus Regulation. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should neither be considered as an endorsement of the Issuer that is subject of this Prospectus nor of the quality of the securities that are the subject of this Prospectus. The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en œuvre du règlement (UE) 2017/1129*). Investors should make their own assessment as to the suitability of investing in the Bonds.

This Prospectus will be valid until 2 October 2025 and may in this period be used for admission of the Bonds to trading on a regulated market. In case of a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Bonds, the Issuer will prepare and publish a supplement to the Prospectus

without undue delay in accordance with Article 23 of the Prospectus Regulation. The obligation of the Issuer to supplement this Prospectus will cease to apply upon expiry of the validity period of this Prospectus.

Application has been made to the Luxembourg Stock Exchange for the Bonds to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU (as amended, the "**MiFID II**").

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, the Bonds in any jurisdiction where such offer or solicitation is unlawful.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (as amended, the "Securities Act") and subject to certain exceptions, the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

Prospective purchasers of the Bonds should ensure that they understand the nature of the Bonds and the extent of their exposure to risks and that they consider the suitability of the Bonds as an investment in light of their own circumstances and financial condition. Investing in the Bonds involves certain risks. Please review the section entitled "*Risk Factors*" beginning on page 7 of this Prospectus.

Structuring Advisor, Sole Lead Manager and Sole Bookrunner

Erste Group

RESPONSIBILITY STATEMENT

The Issuer with its registered office in Ljubljana and business address at Dunajska cesta 56, 1000 Ljubljana, Republic of Slovenia, accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer further confirms that: (i) this Prospectus contains all information with respect to the Issuer and its subsidiaries (the Issuer and its fully consolidated subsidiaries taken as a whole, the "**Sava Insurance Group**") and to the Bonds which is material in the context of the issue and offering of the Bonds, including all information which, according to the particular nature of the Issuer and of the Bonds is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Group and of the rights attached to the Bonds; (ii) the statements contained in this Prospectus relating to the Issuer, the Group and the Bonds are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Group or the Bonds the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

NOTICE

No person is authorised to give any information or to make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or the Sole Lead Manager (as defined in the section "*Subscription and Sale of the Bonds*").

This Prospectus should be read and understood in conjunction with any supplement hereto and with any documents incorporated herein or therein by reference.

Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Prospectus does not constitute an offer of Bonds or an invitation by or on behalf of the Issuer or the Sole Lead Manager to purchase any Bonds. Neither this Prospectus nor any other information supplied in connection with the Bonds should be considered as a recommendation by the Issuer or the Sole Lead Manager to a recipient hereof and thereof that such recipient should purchase any Bonds.

This Prospectus reflects the status as of its date. The offering, sale and delivery of the Bonds and the distribution of this Prospectus may not be taken as an implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer since the date hereof.

To the extent permitted by the laws of any relevant jurisdiction, neither the Sole Lead Manager nor any of its affiliates nor any other person mentioned in this Prospectus, except for the Issuer, accepts responsibility for the accuracy and completeness of the information contained in this Prospectus or any document incorporated by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accept any responsibility for the accuracy and completeness of the information contained in any of these documents. The Sole Lead Manager has not independently verified any such information and accept no responsibility for the accuracy thereof.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus and the offering, sale, and delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. For a description of the restrictions see "*Subscription and Sale of the Bonds – Selling Restrictions*".

For the avoidance of doubt the content of any website referred to in this Prospectus does not form part of this Prospectus and the information on such websites has not been scrutinised or approved by the CSSF as competent authority under the Prospectus Regulation.

In this Prospectus all references to "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98, as amended. References to "billions" are to thousands of millions.

All of the financial information presented in the text and tables below is shown in millions of Euro (in EUR million), except as otherwise stated. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes as well as ratios and aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) presented in this Prospectus are calculated based on the unrounded figures and commercially rounded to one digit after the decimal point. As a result of rounding, rounded figures may not in all cases add up.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET: PROFESSIONAL INVESTORS AND ECPS ONLY

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling, or recommending the Bonds (a "**Distributor**") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"), and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products). For a further description of certain restrictions on offerings and sales of the Bonds see "*Subscription and Sale of the Bonds – Selling Restrictions*".

ALTERNATIVE PERFORMANCE MEASURES

Certain terms and financial measures presented in the documents incorporated by reference are not recognised financial measures under International Financial Reporting Standards as adopted by the European Union ("**IFRS**") ("**Alternative Performance Measures**") and may therefore not be considered as an alternative to the financial measures defined in the accounting standards in accordance with generally accepted accounting principles. The Issuer has provided these Alternative Performance Measures because it believes they provide investors with additional information to assess the operating performance and financial standing of Sava Insurance Group's business activities. The definition of the Alternative Performance Measures may vary from the definition of identically named alternative performance measures used by other companies. The Alternative Performance Measures for Sava Insurance Group presented by the Issuer should not be considered as an alternative to measures of operating performance or financial standing derived in accordance with IFRS. These Alternative Performance Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for the analysis of the consolidated results or liabilities as reported under IFRS.

For further information, please refer to the section "Description of the Issuer and the Sava Insurance Group – Historical Financial Information – Description of Key Performance Indicators".

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Sava Insurance Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including Sava Insurance Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. Sava Insurance Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the section "*Description of the Issuer and the Sava Insurance Group*" of this Prospectus. This section includes more detailed descriptions of factors that might have an impact on Sava Insurance Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Sole Lead Manager assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. Factors which the Issuer believes may be material and specific for the purpose of assessing the market risks associated with the Bonds are also described below. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood or the extent of any such contingency occurring. Additional risks not currently known to the Issuer or the Sava Insurance Group that are now immaterial or unspecific may result in material and specific risks in the future. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Words and expressions defined in the Terms and Conditions shall have the same meanings in this section.

Risks relating to the Issuer and the Sava Insurance Group

Set out below are material risks that are specific to the Issuer and Sava Insurance Group and are reasonably foreseeable at the time of writing. The below risks could have a material impact on Sava Insurance Group business operations, assets and liabilities, financial strength and liquidity position and/or the level and volatility of their profitability and therefore they may affect the Issuer's and Sava Insurance Group's ability to fulfil its obligations under the Bonds.

Market and financial risks

Members of the Sava Insurance Group are subject to substantial market risks that could have a material adverse effect on the value of its investment portfolio and financial position and could, in an extreme case, leave members of Sava Insurance Group with insufficient funds to pay its insurance liabilities.

Sava Insurance Group's investment portfolio may be subject to significant market risks. Credit spread risks are an important factor for Sava Insurance Group's fixed income portfolio, as a significant part of its assets is invested in bonds.

Market changes in these risk premiums lead to changes in the market value of the corresponding securities in which Sava Insurance Group has invested, analogous to changes in prevailing interest rates. A widening of credit spreads beyond the levels expected by Sava Insurance Group could lead to higher probabilities of default on bonds, which would reduce Sava Insurance Group's basic own funds. If future realised spreads - and therefore the probability of default - deviate from a long-term target, this would have a negative impact on Sava Insurance Group's net investment income and level of groups basic own funds.

Sava Insurance Group's equity and alternative investment holdings are exposed to the risk of negative changes in the value of properties held directly or in investment funds. Impairments may be caused by deterioration in the underlying assets, such as long-term vacancies or deterioration in the business environment, or by a general market decline. Losses in the value of Sava Insurance Group's investments may require write-downs or result in losses on the sale of its investments, both of which would adversely affect its investment income.

Deteriorating asset prices could affect Sava Insurance Group's ability to cover its technical provisions and, in an extreme case, such losses could affect Sava Insurance Group's ability to meet regulatory requirements and meet its insurance or other liabilities.

The occurrence of any of the above risks could have a material adverse effect on the Issuer's business, results of operations, solvency position and financial condition.

Sava Insurance Group is subject to the risk of changes in interest rates.

Significant interest rate fluctuations pose a risk to Sava Insurance Group, as fixed income listed debt instruments represent the majority of Sava Insurance Group's investments.

Fluctuations in interest rates have a direct impact on the market value and return of the Sava Insurance Group's investments, as unrealised gains or losses and the return from securities held in the portfolio depend on the level of interest rates.

Interest rates are highly sensitive to a number of external factors, including monetary and fiscal policies, the domestic and international economic and political environment, and investor risk aversion.

The risk associated with a significant drop in interest rates is either that the yield on the portfolio will decrease (in which case reinvestments will be made at lower rates) that the decrease of interest rates would increase risk that life insurance portfolios do not generate sufficient returns to meet liabilities to customers.

The risk associated with rising interest rates is a fall in the market value of the bond portfolio, which could result in the Sava Insurance Group's recording unrealised losses. In the event of increased number of early terminations of life insurance contracts, policyholders would be entitled to guaranteed surrender values and would not share in any losses incurred by the sale of investments.

Sava Insurance Group is exposed to material currency exchange and translation risks.

The Issuer reports the financial results of the Sava Insurance Group in Euro. However, the subsidiaries of the Sava Insurance Group conduct insurance business in various currencies, particularly in the Adriatic region. As a result, the Sava Insurance Group is exposed to certain foreign exchange risks. In addition, the Issuer writes reinsurance business in international markets and is therefore exposed to currency risk.

Sava Insurance Group is also exposed to currency translation risks because the financial statements of some of its foreign subsidiaries, associates, special purpose entities and special funds are prepared in non-euro currencies.

Sava Insurance Group has a part of its liabilities nominated in foreign currency. Transaction risks arise primarily when there is a currency mismatch between liabilities and investments. If assets and liabilities are not matched due to changes in exchange rates, this could have a negative impact on Sava Insurance Group's financial result.

The occurrence of any of the above risks could have a material adverse effect on the Insurance Group's business, results of operations and financial condition.

Business risks

A deterioration in market conditions for primary insurance and reinsurance could reduce Sava Insurance Group's revenues and limit its growth.

The markets in which Sava Insurance Group operates are characterised by intense domestic and foreign competition from insurance and reinsurance companies, banks, brokers, asset management and financial services companies, including some of the world's largest insurance groups and other financial services providers. Sava Insurance Group's ability to compete in these markets depends on several factors, including its financial strength, credit rating, local presence and reputation, the quality of its customer service, the type, scope and terms of its products and services, the efficiency of its claims management and its ability to adapt to changing customer needs.

Some of these competitors have extensive financial, technical and operational resources and offer alternative products to those of the Sava Insurance Group or do so at more competitive prices. In addition, competition may increase with the development of alternative distribution channels for providers of certain types of insurance products. If Sava Insurance Group's product range is not competitive with the variety and prices offered by its competitors, its business, revenues, operating results, financial position and reputation could be adversely affected.

In certain reinsurance markets or market segments, price pressure has made it difficult for the Issuer to underwrite business on a profitable basis. In those market segments where Sava Insurance Group is able to write business profitably, it faces competition from competitors attracted by the higher margins.

If Sava Insurance Group loses market share as a result of increased competition, Sava Insurance Group could be adversely affected in terms of costs, particularly fixed costs. As a significant portion of Sava Insurance Group's total costs are fixed

costs (including general administration costs), such losses would also have a negative impact on the margins of the remaining business. Additionally, Sava Insurance Group is also exposed to risk that increased competition on the market leads to increased sales commissions, in order to maintain premium volume, which could increase Sava Insurance Group acquisition costs. If competitive pressures continue to increase, or if the Issuer fails to respond to these changes, or otherwise adapt to new market developments, this could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Sava Insurance Group relies strongly on its network of intermediaries in some countries to sell and distribute its products and may not be able to maintain a competitive distribution network.

Sava Insurance Group relies heavily on a number of distribution channels to market and offer its products and services. One of the distribution channels used by Sava Insurance Group is distribution through intermediaries (e.g., banks, insurance brokers). The intermediaries through which Sava Insurance Group sells and distributes its products and services are independent of Sava Insurance Group. Sava Insurance Group does not have exclusivity agreements with its intermediaries in all cases, so they are free to offer products of other insurance companies and there is no obligation on them to favour the products of Sava Insurance Group.

The successful distribution of the Sava Insurance Group's products and services through this distribution channel, therefore, depends on the choices that an intermediary can make regarding his or her preferred insurance company or companies and his or her preferred products and services. An intermediary may determine its preference for Sava Insurance Group on the basis of its suitability for its clients and for itself, taking into account a number of factors. An intermediary's unfavourable assessment of Sava Insurance Group and its products may result in Sava Insurance Group not being actively marketed by intermediaries to their clients. In addition, in some cases Sava Insurance Group relies on external distribution channels that have exclusive agreements, but the agreement is of limited duration. Therefore, the Group is exposed to the risk that such an agreement may not be renewed or that the conditions of such an agreement may deteriorate for Sava Insurance Group.

Poor performance of Sava Insurance Group's asset liability or investment management could lead to a mismatch in value between its investment portfolio and the liabilities under its insurance business and to a loss of current or potential customers, including customers of its asset management and fund provider business.

Sava Insurance Group invests the premiums it receives in various asset classes. However, Sava Insurance Group's investments may perform poorly, including in terms of matching assets and liabilities, or Sava Insurance Group's investment professionals may make poor investment decisions or other mistakes (including intentional violations of legal requirements, standards of care or Sava Insurance Group's investment guidelines). Such events may cause a decrease in the value of Sava Insurance Group's investment portfolio and may result in a mismatch between assets and liabilities in Sava Insurance Group's insurance business. Currency and duration mismatch may have a negative impact on Sava Insurance Group's performance and capital adequacy.

In addition, Sava Insurance Group could lose current or potential customers and its reputation could be damaged as a result of poor investment performance. This reputational risk applies in particular to Sava Insurance Group's asset management and fund provider business, which competes for customers with other financial services providers, in part on the basis of investment performance. If Sava Insurance Group's investments perform worse than those of its competitors, customers may withdraw their assets under management from Sava Insurance Group.

The cyclical nature of the reinsurance market and certain segments of the primary insurance market can lead to major fluctuations in Sava Insurance Group's premiums generated.

In Sava Insurance Group's non-life reinsurance business, uncertain and unforeseeable events have historically caused the Issuer to experience significant fluctuations in operating income. The cycles in the reinsurance business are characterised by periods of intense price competition and less restrictive underwriting standards, followed by periods of higher premium rates and more selective underwriting standards. The cyclical nature of the reinsurance business could lead to fluctuations in the Issuer's premiums and revenues in the future, which in turn could lead to an increase in the Issuer's cost of capital.

Sava Insurance Group depends on the reliable functioning of its own and third-party IT systems, and a major failure in these systems could disrupt its business.

Sava Insurance Group relies on the reliable and efficient functioning of computer, data processing and telecommunication systems to conduct its business. As these systems are susceptible to failures and problems, failures or problems cannot necessarily be prevented by Sava Insurance Group. If regular maintenance or major replacement of IT systems is not performed properly, such actions may result in failures, problems and delays for Sava Insurance Group. A major failure or disruption in one or more computer or data processing systems operated by Sava Insurance Group or third-party IT providers could disrupt Sava Insurance Group's operations. Sava Insurance Group's asset management business could also experience an interruption in trading activities, which would make it difficult for the asset management business to respond in a timely manner to current market developments.

(Re-)Insurance risks

Sava Insurance Group's reserves set aside to pay insurance claims could prove insufficient, which could necessitate additional reserves.

Sava Insurance Group determines the amount of technical insurance reserves using actuarial methods and statistical models. Adjustments are made continuously to take into account the latest market information available to Sava Insurance Group. Nevertheless, the reserves established by Sava Insurance Group in this manner may prove to be inadequate if the calculations of future insured events differ from the actual claims experience, especially when entering new markets and introducing new insurance products. The business, results of operations and financial condition of the Issuer and Sava Insurance Group could be materially adversely affected as a result of inadequate technical reserves and the resulting need for additional reserves.

Losses caused by natural catastrophes, pandemics or man-made disasters may significantly affect Sava Insurance Group's financial results and underwriting performance. There is a risk that due to the increased frequency or severity of natural catastrophe events due to the climate change Sava Insurance Group could not get adequate reinsurance protection for such business which could impact the level of revenues and Sava Insurance Group's financial results.

Sava Insurance Group writes a significant amount of non-life (re)insurance business covering natural hazards and other catastrophic events. In this respect, the Sava Insurance Group may be exposed to significant losses from natural catastrophes, pandemics and man-made disasters. Due to the high exposure of the Sava Insurance Group in Slovenia, which is prone to climate change (particularly flooding) and is also located in an earthquake active region, any increase in the frequency and severity of these events may affect the financial results and underwriting performance of the Sava Insurance Group. At present, Sava Insurance Group is well protected by reinsurance cover, but climate change and other circumstances may affect the reinsurance markets and reduce the possibilities of obtaining adequate reinsurance cover at an acceptable price in the future (e.g., reduction of underwriting capacity in the reinsurance market). This tightening of supply could lead to higher premiums in Sava Insurance Group's non-life (re)insurance business, higher retentions and possibly also lower revenues for Sava Insurance Group.

Actuarial appraisals of insured risks, which are used to estimate the amount of potential claims under insurance policies, could prove to be incorrect for Sava Insurance Group.

Sava Insurance Group's revenues depend to a significant extent on the extent to which the actual benefits payable in the event of an insured loss are consistent with the underwriting assumptions used to determine the price of such coverage. When entering into a new insurance contract, Sava Insurance Group must estimate the amount of potential claims under the contract in order to determine the appropriate amount of premiums to be paid for the contract. These actuarial calculations are based on past experience with similar policies, future projections and actuarial models (e.g., mortality, longevity and morbidity models used to calculate premiums and reserves for life insurance; frequency and severity of claims, claims inflation and costs used to calculate premiums and reserves for non-life business). Over time, these assumptions made by the Sava Insurance Group may prove to be inaccurate, resulting in additional expenses. Deviations may occur if Sava Insurance Group interprets data incorrectly or if external factors outside the control of Sava Insurance Group change.

Reinsurance for Sava Insurance Group's primary insurance business and the retrocession of risks from the Issuer's reinsurance business might prove insufficient, or might not be available in the required scope, or only on less favourable terms in the future.

Some of the risks insured by Sava Insurance Group are transferred to other insurance and reinsurance companies through reinsurance or retrocession. The Issuer decides which insured risks are transferred and which are retained by Sava Insurance Group on the basis of a number of criteria. These include the Group risk strategy set by the Issuer's Board of Directors, the nature and level of the risks underwritten, the risk-bearing capacity of the individual business segments, the availability and terms of reinsurance and retrocession, and the reputation and financial strength of the relevant reinsurers and retrocessionaires. If the risk assessment, assumptions and forecasts on which this decision is based differ from actual circumstances and developments, there is a risk that Sava Insurance Group may not be adequately protected by reinsurance, retrocession or financial instruments. In addition, disruptions in the reinsurance and retrocession markets could prevent Sava Insurance Group from being able to transfer risks to the extent desired or on acceptable terms. Sava Insurance Group could experience increased difficulty in obtaining such cover on acceptable terms if an increase in the frequency of natural catastrophes leads to an increase in the demand for reinsurance and retrocession cover at a time when underwriting capacity in the reinsurance and retrocession markets is decreasing. An increase in the frequency or magnitude of other large loss events could also worsen Sava Insurance Group's risk position. In the future, only a few reinsurers with strong capital bases may be able to write capital-intensive reinsurance, which, together with limited access to capital, could make it more difficult for Sava Insurance Group to obtain reinsurance coverage on acceptable terms.

For its reinsurance business, the Issuer also uses systematic retrocessions on acquired reinsurance in order to reduce potential fluctuations in revenues and to optimise and/or balance its net income. The Issuer's business, results of operations and financial condition could be adversely affected if the availability of certain retrocessional coverage is significantly reduced or if individual reinsurers and/or retrocessionaires become unable or unwilling to pay or are legally or otherwise restricted in meeting their obligations.

The Issuer's reinsurance business relies on receiving accurate and sufficient risk information from the primary insurers and reinsurers which are ceding risks to the Issuer; incorrect risk information could lead to the writing of unprofitable or loss-making reinsurance business and potentially to material losses for the Issuer.

In the reinsurance business, the Issuer assumes risks underwritten by other primary insurance and reinsurance companies. In order to determine whether to write such reinsurance or retrocession contracts and to establish the corresponding technical reserves, the Issuer must receive accurate and sufficient risk information from the respective cedant or retrocedant. If the Issuer incorrectly assesses the extent of risks covered by reinsurance and retrocession contracts, as a result of inaccurate or inadequate risk information, the Issuer may not be able to establish adequate reserves. Even if the Issuer has the right of recourse against a cedant or retrocedant as a result of inaccurate or inadequate risk information, the Issuer may not necessarily be able to recover the full amount of such claim. Inaccurate or inadequate information may result in the Issuer underwriting unprofitable or loss-making reinsurance or retrocession contracts.

Credit risks

Sava Insurance Group's investment activities expose it to significant credit and default risks.

As part of its investment activities, Sava Insurance Group regularly acquires large volumes of securities and financial instruments, including participations, and is involved in the rental of a small number of properties. These activities expose Sava Insurance Group to the risk that its counterparties may be unable to make payments when due. Sava Insurance Group's investment guidelines and limit system are designed to limit undue concentrations of risk, but Sava Insurance Group could become significantly exposed to a particular counterparty if its investment managers fail to comply with Sava Insurance Group's investment guidelines or if these guidelines prove to be inadequate. In addition, a perceived or actual deterioration in the creditworthiness of one or more counterparties, such as a major bank, a major customer, or a major reinsurance partner, could result in write-downs for the Sava Insurance Group, which could have a material adverse effect on the Sava Insurance Group's business, results of operations and financial condition.

Sava Insurance Group bears credit risks as a result of its business activities.

As part of its business, Sava Insurance Group acquires large amounts of receivables from counterparties, in particular policyholders, reinsurers, retrocessionaires, cedants, insurance brokers (especially to the extent that commissions are paid in advance for the sale of long-term insurance policies) and financial institutions. If obligors of the Sava Insurance Group experience financial difficulties and are unable or unwilling to pay the full amounts owed to companies of the Sava Insurance Group, the Sava Insurance Group would be exposed to the risk of financial losses and may be required to write down or write off certain assets. If Sava Insurance Group's internal guidelines on the concentration of credit and counterparty risks (especially in relation to reinsurers and retrocessionaires) are not followed or prove to be inadequate, this could result in significant losses. In addition, Sava Insurance Group is exposed to systemic risk, which means that as a result of an extraordinary strain on one or more market participants (for example, if a large reinsurer incurs large losses as a result of a major insured event), the solvency of other companies that have contracted with such market participants and acquired receivables from them could also be adversely affected. The occurrence of any of the above risks could have a material adverse effect on the Sava Insurance Group's business, results of operations and financial condition.

Internal control and other operational risks

Sava Insurance Group is subject to operational risks.

Sava Insurance Group is subject to a large number of operational risks, including risks from internal operational failures (human or system errors), risks from third parties and risks from external events.

Internal operational risks may include the risk of employee misconduct, including violations of Sava Insurance Group's own policies, applicable laws or regulations, as well as risks related to safety and security at work (including fraudulent behaviour and embezzlement). Furthermore, operational risks resulting from the failure of Sava Insurance Group's internal processes or systems include incorrect or incomplete storage of files, data and important information, inadequate documentation of contracts, incorrect structure of products (especially insurance contracts), errors in the settlement of claims, errors in monitoring the credit status of debtors, errors in planning as a result of false information or false accounting, and failure of risk management processes. These risks could result in financial losses (including lost sales, bad debts or fines) or damage to Sava Insurance Group's reputation.

Third parties may create operational risks for Sava Insurance Group through poor performance of contracted services or criminal or other intentional misconduct, including theft, embezzlement, fraud, money laundering, sabotage, industrial espionage, arson or similar crimes.

Operational risks resulting from external events include, for example, the risk that Sava Insurance Group's operations may be interrupted due to infrastructure failures or as a result of natural disasters, fires or epidemics. Changes in the legal environment can also lead to operational risks and are of particular importance to Sava Insurance Group.

Any failure to effectively prevent, detect or respond to violations of the Sava Insurance Group's legal obligations as a result of inadequate internal controls, procedures, compliance systems and risk management systems could result in fines and other sanctions, liabilities and claims for damages by third parties, which could adversely affect the Sava Insurance Group's revenues and have a material adverse effect on the Sava Insurance Group's business, results of operations and financial condition.

Legal, regulatory, accounting and tax risks

Sava Insurance Group is required by law to comply with capital requirements and a large number of other regulatory requirements.

As re-insurance company, the Issuer is subject to extensive regulation and supervision. Regulatory authorities in the countries in which Sava Insurance Group operates have wide-ranging authority and the ability to enforce such authority. National and international efforts to prevent another financial crisis have led to extensive regulatory changes, which affect Sava Insurance Group's business.

The current regulatory framework applicable to insurance and re-insurance companies (commonly referred to as "**Solvency II**"; based on Directive 2009/138/EC (as amended)) includes regulatory requirements as to own funds, the calculation of technical provisions, valuation of assets and liabilities, governance structure, regulatory reporting and disclosure as well as governance of insurance companies. The Solvency II regime led to higher volatility in solvency ratios compared to its preceding provisions due to the market value balance sheet approach. In particular, the Issuer's and Sava Insurance Group's solvency ratios may be negatively impacted by adverse capital market conditions. Moreover, the complexity of the calculations required to determine the Issuer's and Sava Insurance Group's solvency ratios implies that, for any given period in time, their solvency ratios can only be determined with some delay and that it is not possible for the Issuer and Sava Insurance Group to predict future development of their solvency ratios with certainty.

There is a risk that Solvency II instruments issued by the Issuer will not or will cease to be (fully or partly) eligible as own funds and that the Issuer's total own funds will not be sufficient to comply with the increased capital requirements under Solvency II. In such cases, the Issuer might have to replace existing instruments and/or issue additional instruments or otherwise raise capital eligible as own funds. There is a risk that refinancing its existing debt or raising additional capital would be expensive, difficult or impossible to obtain on adequate terms, which could have a material adverse effect on the Issuer and/or Sava Insurance Group.

In the event of a failure by the Issuer or Sava Insurance Group to meet regulatory capital requirements, regulators have broad authority to take various regulatory actions on the Issuer and/or Sava Insurance Group including limiting or prohibiting the writing of new business, prohibiting payment of dividends or interest payments, and/or putting a company into insolvency proceedings or administration. A breach of regulatory capital requirements or a reduction of its solvency ratios may result in the Issuer injecting new capital into its subsidiaries which could in turn adversely affect the Issuer's liquidity and financial position. Regulatory restrictions can reduce the Issuer's ability to move capital within the Sava Insurance Group which in turn can adversely affect the liquidity and financial position of the Issuer and the Sava Insurance Group. Under the Solvency II regime the powers of intervention of the supervisory authority with respect to reinsurance companies like the Issuer are extended and, in particular, allow for a restriction on all payments (in particular, payments under the Bonds) at an earlier stage of a potential crisis.

As a result of the implementation of the Solvency II directive in the revised Slovenian Insurance Act (*Zakon o zavarovalništvu (ZZavar-1)*; Official Gazette of the Republic of Slovenia No. 93/15, as amended; the "**Insurance Act**") in Slovenia, a three-pillar approach is now in use. The (quantitative) Pillar I contains detailed regulations about the necessary capital resources of insurance companies such as the Issuer. In order to calculate their specific capital requirement, the Issuer can either use a statutory standard formula or else their own internal model. For the Sava Insurance Group and for the insurance companies of the Sava Insurance Group in EU, the Issuer uses a standard formula prescribed by the Solvency II directive. Pillar II deals with the qualitative risk management system and primarily contains requirements for the business organization of the insurance company such as the Issuer. Pillar III regulates the reporting obligations of insurance companies such as the Issuer, and in particular reporting obligations to the supervisory authorities and the general public. In addition, the implementation of Solvency II has introduced changes in the area of the supervision of insurance groups, which also impacted Sava Insurance Group.

The future regulatory framework for the financial industry may change. This could result from the recent review of Solvency II (including any changes to legal acts such as Commission Delegated Regulation 2015/35 (as amended, the "**Delegated Regulation**")) and national legislation implementing these changes, including the Insurance Act. The EU legislators also reached a preliminary agreement on the Insurance Recovery and Resolution Directive (the "**IRR**D") in the trilogue negotiations based on the European Commission's proposal of 22 September 2021, which provide for the preparation of the preliminary recovery and resolution plans and will also grant certain new powers to the supervisory authorities in the event of a financial deterioration of the Sava Insurance Group. The European Parliament adopted the amendments to the Solvency II framework and the IRRD on 23 April 2024 and they are now awaiting approval by the Council and publication in the Official Journal of the European Union. Once approved and published, European Union member states will have two years to implement the amendments to the Solvency II framework and the IRRD into national law. The corresponding Solvency II delegated regulation and other technical standards will also need to be amended during this period to align their content and timing with the amended Solvency II framework. The first consultations are

expected in the course of 2024. Although the amendments to Solvency II and the IRRD have been adopted by the European Parliament, it is not yet possible to assess the full impact of the amendment to Solvency II and the IRRD or the Slovenian legislation implementing their provisions. In addition, it is unclear how the Common Framework for the Supervision of Internationally Active Insurance Groups (Comframe) of the International Association of Insurance Supervisors (IAIS) will finally be implemented in the European Union.

Sava Insurance Group's business depends on a large number of approvals, licenses and permits which could be cancelled, refused to be granted or failed to be obtained.

The insurance and reinsurance business in most jurisdictions in which the Sava Insurance Group operates requires approvals, licences and permits granted by courts, governmental authorities or other agencies. For example, insurance and reinsurance companies in Slovenia (such as the Issuer) require a licence from the Slovenian Insurance Supervision Agency (*Agencija za zavarovalni nadzor*) ("**IS Agency**") if they do not already have a corresponding licence from a European Union member state or another EEA country. If such authorisations, licences or permits are revoked or refused, or if Sava Insurance Group fails to obtain or maintain such authorisations, licences or permits, Sava Insurance Group may be forced to cease operations in the relevant jurisdiction.

New accounting standards could increase the volatility of financial results, affect the presentation of the results and financial position and consequently affect the investors perception of the Issuer.

In recent years, changes to EU endorsed International Financial Reporting Standards ("**IFRS**") for (re)insurance companies have been implemented and further changes may be proposed in the future.

The IFRS 17 accounting standards, which are in effect since 1 January 2023, and IFRS 9, have modified the presentation of business indicators and had an operational and financial impact, particularly on information systems. These changes in accounting standards may change investors' perception of the Sava Insurance Group's results and financial statements without being related to changes in the Sava Insurance Group's activities. In particular, these standards have resulted in significant changes in the accounting for (re)insurance contracts and financial instruments. As a result, the comparability of certain financial information or financial statement line items between periods presented in this Prospectus may be limited. IFRS 17 replaces IFRS 4, which was intended to be an interim standard and allowed insurers to continue to use the accounting policies they had applied prior to the first-time adoption of IFRS. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features.

IFRS 9, Financial Instruments and applied by Sava Insurance Group from 1 January 2023, issued by the International Accounting Standard Board ("**IASB**") in July 2014, fully replaces IAS 39 and provides a new approach to classifying financial instruments based on their cash flow characteristics and the business model under which they are managed. Under IFRS 9, a higher percentage of the Issuer's financial assets are measured at fair value than under IAS 39. The standard also introduces a new forward-looking impairment model for debt instruments and new rules for hedge accounting. Interdependencies with IFRS 17 need to be considered to assess the ultimate combined impact of the two standards.

IFRS 17 and IFRS 9 lead to fundamental changes in the accounting of insurance and reinsurance companies and related processes. As a result, there is a risk of an unexpected impact on the Issuer's financial position compared to the financial results included in the Issuer's consolidated financial statements for the financial year ended 31 December 2022 and earlier. In addition, Issuer acknowledges that the operating result under IFRS 17 may be more sensitive to changes in interest rates and also expects the net result under IFRS 17 and IFRS 9 to be subject to moderately higher volatility due to the increased volatility of financial assets following the introduction of IFRS 9. With respect to long-duration business, the contractual service margin recognised under IFRS 17 is based on long-term cash flow assumptions that are subject to change in the future and is not designed to be a single, reliable indicator of the future profitability of long-duration insurance business.

Any of the developments described above, or further changes to accounting standards, may adversely affect the Issuer's earnings and could have an adverse effect on the Issuer's results of operations and financial condition. Unexpected effects

may also adversely affect the Issuer's ratings. In addition, it may be difficult for investors to understand the complex measurement mechanisms for insurers under IFRS 17 and IFRS 9 and their presentation in the financial statements of (re)insurers in general.

Other developments in legislation and case law in the countries in which the Issuer operates, or actual or alleged violations of laws, standards of conduct or accounting rules or other irregularities at the Issuer, could materially and adversely affect the Issuer's business, results of operations and financial condition.

In addition to financial and insurance regulation, the Issuer is affected by many other legal provisions, such as pension and social security regulations, labour law, general civil law and insurance contract law, consumer protection rules, anti-discrimination rules, rules against unfair terms and conditions, as well as rules on access to information, data protection and information (IT) security. In particular there has been an increasing focus by regulators on promoting the protection of customer/client information and the integrity of regulated firms' information technology systems, using data protection regulations such as the EU General Data Protection Regulation (Regulation (EU) 2016/679; the "**EU GDPR**") and Cybersecurity Regulation (Regulation (EU, Euratom) 2023/2841; the "**Cybersecurity Regulation**") (see also "*The Issuer is exposed to security risks*"). Changes to these regulations or their interpretation and application by the courts and public authorities could require the Issuer to undergo a cost-intensive restructuring of its business and could have other adverse effects on the Issuer.

In some of these areas of law, there has been a trend in recent years to increase the requirements on financial services and insurance companies. For example, some courts in the EU have interpreted the duties of care and the disclosure rules regarding the distribution of financial and insurance products more strictly in the recent past, especially for products sold to consumers. New legislation in Slovenia and elsewhere in the EU has also tightened the requirements regarding documentation of insurance policies. In light of these developments, certain contractual stipulations used by the Issuer in its insurance policies and its distribution agreements with brokers, agents, partner banks and other intermediaries could be determined to be invalid and unenforceable.

In view of the large number of regulations, rules and standards of conduct with which the Issuer must comply in various countries, there is an inherent risk of liability arising from actual or alleged breaches of such standards, which may also lead to regulatory investigations into the Sava Insurance Group's business, with potential financial and/or reputational risks. The Sava Insurance Group tries to minimise this risk by means of comprehensive compliance programmes, but these compliance programmes may not be able to prevent such violations.

The Issuer may also suffer reputational risks from actual or alleged violations of its various legal duties. Such reporting often takes a very critical view of the insurance industry. If such reports present the Issuer in a negative light, this could lead to losses of customers and market share. There is a risk that the Issuer could suffer by being associated with a generally negative image of the insurance industry. These legal risks and other legal risks, including from other areas of law, could have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer and Sava Insurance Group are subject to stress tests and similar regulatory analyses which could negatively impact the Issuer's reputation and financing costs or trigger enforcement actions by relevant regulatory authorities.

In order to assess the level of capital in the insurance sector, national and supranational regulators (such as the European Insurance and Occupational Pensions Authority (EIOPA)) periodically require solvency calculations and conduct stress tests that examine the impact of various adverse scenarios on insurers such as the Issuer (for example, a sharp decline in interest rates). If Sava Insurance Group's results in such a calculation or test are worse than those of its competitors and these results become known, this could also have a negative impact on the Issuer's funding costs, customer demand for Sava Insurance Group's insurance and reinsurance products and reputation. In addition, regulators may use a poor result by Sava Insurance Group in such calculations or tests as a basis for taking regulatory action, which could have an adverse effect on Sava Insurance Group.

The Issuer is subject to tax risks, especially as a result of changes in tax law or its interpretation and application, including the discontinuation of tax benefits for the Issuer products, or as a result of external audits or tax audits detrimental to the Issuer.

The Issuer benefits from certain tax provisions by offering certain insurance products such as life insurance retirement products. If these tax provisions or their interpretation and application by the courts competent for tax matters and the interpretation, application and practice of the tax authorities change in the future or if taxation in the countries in which the Issuer operates otherwise changes adversely (for example as a result of external tax audits with outcomes detrimental to the Issuer), or if the Issuer chooses unfavourable tax structures when developing its products or fails to optimize tax arrangements (also in relation to its acquisitions and divestitures), this may negatively affect the Issuer's revenues and could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Members of Sava Insurance Group are parties to legal, regulatory and other proceedings.

Members of the Sava Insurance Group are involved in legal disputes and arbitration and administrative proceedings in a number of foreign jurisdictions. These proceedings involve claims by and against them in connection with their activities as providers of insurance and financial services, employers, investors and taxpayers.

In addition, the members of the Sava Insurance Group are involved in disputes and proceedings arising in the ordinary course of the Sava Insurance Group's insurance business.

It is impossible to predict the outcome of these and other pending or threatened disputes or proceedings. The business, financial condition and results of operations of Sava Insurance Group may be materially adversely affected by outcomes less favourable to Sava Insurance Group than expected, by significant new disputes or proceedings, or by significant delays in existing disputes or proceedings.

Members of Sava Insurance Group could be subject to claims by customers for allegedly incorrect advice or other irregularities in the distribution of insurance contracts and financial investment products.

Insurance agents, brokers and financial advisers at banks sell a substantial volume of Sava Insurance Group's insurance and other financial products as intermediaries for members of Sava Insurance Group. In certain circumstances, members of Sava Insurance Group may be liable for misconduct on the part of intermediaries in connection with the signing of an insurance contract or the customer service and advice prior to and after signing a contract. Such misconduct, or alleged misconduct, could damage Sava Insurance Group's reputation and lead to adverse legal or regulatory consequences, such as claims for termination of contract, damages or fines.

Subsidiaries of the Issuer have occasionally been confronted with the issue that, for certain products, insufficient information was provided to policyholders at the inception of the contract regarding certain cost positions that were set out in the business plan and charged to the policyholder. Following the discovery of these issues, the charging of unjustified cost positions has been reversed for affected policies in force. Customers may have further claims against the Issuer on account of such mistakes or similar issues.

The occurrence of any of the risks set out above could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

The business and reputation of Sava Insurance Group could be adversely affected by actual or alleged violations of laws, standards of conduct or accounting rules or by other irregularities at members of Sava Insurance Group.

In view of the large number of regulations, rules and standards of conduct with which Sava Insurance Group must comply in various countries, there is an inherent risk of liability arising from actual or alleged breaches of such norms, which may also lead to regulatory investigations of Sava Insurance Group's business, with potential financial and/or reputational risks. Sava Insurance Group's current compliance programmes may not be able to prevent such violations.

Sava Insurance Group may also be exposed to reputational risks arising from actual or alleged breaches of its various legal obligations. As a provider of retail insurance, Sava Insurance Group may be subject to increased public scrutiny and therefore to media coverage. If such reports portray Sava Insurance Group in a negative light, this could result in a loss

of customers and market share. There is a risk that Sava Insurance Group could suffer from being associated with a generally negative image of the insurance industry.

Other risks

The Issuer's business is largely dependent on global risks related to global economic conditions, geopolitical tensions and political instability.

As of the date of this Prospectus, geopolitical crises are on the rise: in addition to the war in Ukraine and the ongoing conflicts in Gaza and the Red Sea, these include clashes and coups, both attempted and successful, in sub-Saharan Africa (Sudan, Niger, Sierra Leone, Gabon, Burkina Faso), tensions on the Kosovo-Serbia border and others. These conflicts have the potential to dramatically evolve into a wider war involving other countries, with a variety of unforeseen consequences, such as disruptions in supply chains, increases in energy prices, financial market volatility, social tensions and adverse effects on the global economy and the global financial and trading system. The Issuer carries out comprehensive analyses of potential losses in various types of war scenarios (in particular China/Taiwan, Russia and the Baltic States), focusing on direct war coverage; any potential indirect consequential losses or collateral damage or impact on capital markets are highly dependent on the assumptions made. While the Issuer's direct exposures are managed in line with its risk strategy, the indirect consequences, in particular capital market dislocations, could be significant and exceed direct losses. Such indirect consequences are subject to considerable uncertainty, which severely limits the scope for taking preventive measures or recommending courses of action. In addition, in some of these countries, there is significant political or economic instability, as well as an unpredictable or unfavourable regulatory or legal climate. Potential embargoes and international sanctions against certain countries also could pose risks for Sava Insurance Group's international activities. In the event of violations of embargoes or international sanctions, Sava Insurance Group could face legal consequences or reputational damage.

Furthermore, prevailing high interest rates make refinancing more costly for governments and necessitate fiscal consolidation. Lower real incomes, less discretionary spending and plans for economic transformation may trigger social unrest, more protests, more labour strikes and political instability. Another global recession or recessions, or continued inflation with high interest rates, affecting significant parts of the global economy, could reduce both demand for Issuer's products and the value of its investments. Global recessions affecting significant parts of the world's economies could reduce both the demand for Sava Insurance Group's products (e.g., due to delayed purchase of new insurance or cancellation of existing coverage) and the value of its investments. In addition, as Sava Insurance Group purchases its insurance products through banks or similar institutions, consumer distrust in the financial sector could lead to weaker sales in Sava Insurance Group's distribution channel. Weaker demand for primary insurance coverage also tends to increase pricing and competitive pressure, which adversely affects Sava Insurance Group's profitability.

Demand for Sava Insurance Group's corporate and industrial insurance products is also dependent on the general economic conditions, as demand for corporate and industrial insurance products is generally higher when companies are growing and more likely to make investments and take risks.

As primary insurance and reinsurance markets are closely linked, macroeconomic factors also affect the demand for reinsurance and retrocession. Geographically, the Sava Insurance Group's business is heavily concentrated in Slovenia and the Adriatic region, which results in significant exposure to the economies of these markets. Sava Insurance Group is subject to the economic, legal and political environment in these countries and is partly dependent on the cooperation and reliability of government authorities (e.g., insurance supervisory authorities) and local business partners (e.g., distribution partners). In addition, in some of these countries there is significant political or economic instability and an unpredictable or unfavourable regulatory or legal climate. Potential embargoes and international sanctions against certain countries could also pose risks to Sava Insurance Group's international operations. Violation of embargoes or international sanctions could expose Sava Insurance Group to legal consequences or damage its reputation.

Global economic conditions may also affect the value of the investment portfolio managed by Sava Insurance Group. As Sava Insurance Group has invested a significant portion of its investment portfolio in fixed income securities, the global downturn would cause a decrease in the share prices of equity instruments in which Sava Insurance Group has invested,

a decrease in the financial results of Sava Insurance Group's strategic participation and a decrease in the valuation of fixed income securities in which Sava Insurance Group has invested due to an increase in the credit spreads of government and corporate bonds.

In addition, widespread concerns about the distributional consequences of globalisation and the global rise of populist forces in political landscapes have also contributed to an increase in protectionist trade policies. While an escalation into a full-blown global trade war remains more of a tail risk, its economic impact on the global economy would be significantly negative.

The occurrence of any of the risks set out above could negatively affect the Issuer's revenues and could have a material adverse effect on Issuer's, business, results of operations and financial condition.

The Issuer is exposed to security risks.

Security risk arising from threats to the security and integrity of the Issuer's employees, data, information and property, in particular due to the sharp increase in cybercrime in recent years. These acts and information system risks could result in a breach of the confidentiality, integrity or availability of the Sava Insurance Group's internal or outsourced information systems. The Sava Insurance Group is exposed to cyber-attacks or major information systems failures affecting its systems or those of its third-party service providers, which could disrupt its operations. These attacks can vary widely in sophistication and execution. The main types of attack include:

- phishing or spear phishing: scams by e-mail, social networks, SMS, voice calls, etc. could result in financial transactions or cause viral infection of information systems, leading to direct financial loss, disclosure of confidential information or the loss of integrity of IT systems;
- data leakage: data could be stolen or made public in breach of the Group's regulatory or contractual obligations;
- data diddling: data could be deleted or corrupted, resulting in business interruption, loss of business and extended disruption due to the complexity of returning to a normal situation;
- ransomware: key infrastructure components could be attacked, leading to the partial or complete interruption of the Group's information systems. The Group may receive ransom demands and its activity could be suspended for several weeks;
- system failure, loss of internet access or electricity supply: systems and applications could be slowed or interrupted, resulting in lost productivity and repair costs;
- failure of a key supplier: for accidental or malicious reasons – these failures could disrupt the activity and require the implementation of possibly complex alternative or isolation solutions;
- Distributed Denial of Service ("**DDoS**"): the Group may be the target of DDoS attacks resulting from malicious attempts to disrupt the normal traffic of its data centres or internet portals by overloading the systems or their surrounding infrastructure with internet traffic from multiple sources. The Group's data centres or internet portals could become unavailable in the event of a successful DDoS attack.

Any of the above could cause significant damage to Sava Insurance Group's systems or data, resulting in financial losses to the Group, damage to its reputation and customer complaints. This type of cyber-attack may also result in a breach of the legal liability of Sava Insurance Group executives and may also result in regulatory sanctions, depending on the sensitivity of the data or the location of the system that is successfully attacked.

In addition, regulators are increasingly focused on promoting the protection of customer/client data and the integrity of regulated firms' information technology systems, using the EU GDPR and the Cybersecurity Regulation. In addition, the regulators also set IT security requirements for the insurance industry, such as national requirements and under the Regulation (EU) 2022/2554 of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 ("**DORA**"), which will apply from 17 January 2025, although these requirements are subject to ongoing change. Sava

Insurance Group is exposed to the risk that it will not be in compliance with all the requirements of DORA on time, or that the implementation will not be sufficiently compliant. Inadequate access controls (especially for privileged accounts), computer viruses, ransomware, acts of sabotage, breaches of data protection measures or other internal or external security threats could result in financial losses, disruption of business operations, regulatory intervention or damage to the Issuer's reputation. If any of such risk occurs, this could have a negative impact on the Issuer revenues and have a material adverse effect on the Issuer's reputation, business, results of operations and financial condition.

Credit rating agencies could downgrade Sava Insurance Group's credit rating, which could materially increase Sava Insurance Group's financing costs and detrimentally affect customer relationships.

Financial strength ratings are important for the Sava Insurance Group's competitive position on the international reinsurance markets as well as for the access to capital markets. The international credit rating agencies A.M. Best (EU) Rating Services B.V. ("**AM Best**") and S&P Global Ratings Europe Ltd ("**S&P Global Ratings**") awarded Sava Insurance Group financial strength ratings. Credit rating agencies review their ratings and assessment methods continuously and could downgrade the Issuer's ratings, either on the basis of changes in Sava Insurance Group's performance, its regulatory capital position, as a result of changes in the assessment of the insurance industry, changes in the rating agencies' industry views or ratings methodologies, or a combination of these and other factors.

A downgrade in one or more of the Issuer's ratings could negatively affect its business volumes and its competitive position on the international reinsurance markets. Additionally, Sava Insurance Group might find it more difficult to access the capital markets and could incur higher borrowing costs. Furthermore, a rating downgrade could lead to new liabilities or increase existing liabilities, to the extent that they depend on Sava Insurance Group maintaining a certain rating.

The Issuer is exposed to reputational risks.

The Sava Insurance Group's reputation as a provider of (re)insurance services are influenced by its behaviour in a number of areas, including the quality of its products, business management, financial performance, customer service, employee relations, intellectual asset and corporate responsibility. Environmental, social and governance ("**ESG**") issues can arise in all risk categories. Incorrect identification or integration of ESG issues into core investment and insurance activities may result in increased reputational risks for the Sava Insurance Group or even unexpected economic losses.

A failure of the Sava Insurance Group, its staff members or a failure to take adequate account of societal developments and trends, financial performance and customer service may result in adverse publicity and damage to Sava Insurance Group's reputation or could trigger increased regulatory supervision, which would have a negative effect on the Sava Insurance Group. Such negative events could therefore have a negative impact on the Sava Insurance Group's ability to attract and retain customers, as well as its access to the capital markets and have a material adverse effect on Sava Insurance Group's business, results of operations and financial condition.

The Issuer is exposed to strategic risks.

The Issuer is exposed to a number of strategic risks, including the potential for misjudgement in business decisions, sub-optimal implementation of those decisions or lack of adaptability in the face of changing market conditions.

In general, the market in which the Sava Insurance Group operate is competitive, with the potential for new business models to intensify competitive pressures. If the Issuer fails to offer products and services that meet customers' needs, revenues could be significantly reduced, and the Issuer may lose market share in important areas. This could also have a material adverse impact on the Issuer.

Strategic risk also encompasses the possibility that acquisitions by the Issuer could have a detrimental impact on its financial position and results of operations. A range of factors that are partially or entirely beyond the Issuer's control could result in the business results of the acquired undertakings being materially different from what was initially anticipated. In the past, the Sava Insurance Group has acquired minority or controlling stakes in various companies. New acquisitions or strategic agreements may also be executed in the future. While the Sava Insurance Group exercises caution and applies professional criteria when selecting and analysing opportunities, success in this acquisition and alliance policy

cannot be guaranteed. Failure to integrate the acquired businesses or any current or future alliances successfully, or underperformance in such ventures or alliances, could have a material adverse effect on the business, revenues, operating results and financial position of the Sava Insurance Group, as well as its reputation. Integration of IT systems and harmonisation of corporate cultures are key challenges in acquisitions. For investments in foreign countries, market conditions and the legal, political and cultural circumstances are also important factors to consider. The process of integrating an acquired company or business can be complex and costly, creating unforeseen operating difficulties and expenditures. For instance, acquisitions can pose significant risks, including the diversion of management time and resources to integration challenges and the impact of an acquisition on the Issuer's financial position. Acquisitions also involve legal risks, for example if the warranties agreed with a seller are not sufficient to cover all acquisition risks. In addition, all investment decisions involve the risk that the financial assumptions on which an investment decision is based may prove to be incorrect, for example because the expected synergies cannot be realised or only materialise at a later stage than originally expected; and if synergies are not realised, there is a risk that the goodwill resulting from these acquisitions may have to be written down. If such strategic risks materialise, this could have a negative impact on the financial position of the Sava Insurance Group and reduce its equity and could have a material negative impact on the Issuer's business, results of operations, earnings and financial condition.

The Issuer is exposed to liquidity risk.

The Issuer is exposed to the risk that it may not be able to readily convert its investments or other assets into cash in a timely manner or at a reasonable price to meet its obligations as they fall due, in particular, general insurance liabilities in the event of adverse claims developments or life insurance liabilities in the event of increased surrenders. Due to the current market interest rates, the value of many bonds is lower and the Issuer could be adversely affected in the event of a forced sale. In addition, the Issuer is exposed to illiquid investments, such as strategic participations, investments in alternative funds and real estate investments. There can be no guarantee that the Issuer will not encounter difficulties in attempting to liquidate assets or that it will be able to do so on reasonable terms.

The Issuer also relies on the functioning of the capital markets to meet its liquidity needs. To this end, the Issuer's liquidity position is continuously monitored and subject to strict liquidity availability requirements. Nevertheless, adverse developments in the capital and credit markets may affect the Issuer's liquidity, cost of capital and access to capital. Extreme and widespread volatility or a partial collapse of the capital markets may result in a situation in which the Issuer's ability to convert investments and other assets into cash in a timely manner is limited. This could adversely affect the cost of funding and may affect the Issuer's refinancing structure, liquidity and credit capacity to operate its business and the availability of capital to the subsidiaries of the Sava Insurance Group. Such adverse market conditions may, in particular, adversely affect the Issuer's access to capital required to operate its insurance business, such as to pay claims, meet regulatory capital requirements and generate fee and market related income to meet liquidity needs. Any adverse development in its liquidity position may adversely affect the Issuer's earnings and could have a material adverse effect on the Issuer's business, operations and financial condition.

The Issuer is exposed to so-called "emerging risks" such as risks related to climate change and sustainable development, including changes in applicable legislation and reporting requirements.

The term "emerging risks" is used in the insurance industry to refer to previously unknown risks that could cause significant future losses and are therefore of major concern to insurance companies. Unlike traditional risks, emerging risks are difficult to analyse because they often exist as a hidden risk. Insurance premiums for emerging risks are difficult to calculate due to lack of historical data about or experience with such risks or their consequences. For example, inadequate reserves for the cases involving thalidomide or asbestos have caused extremely high losses in the insurance industry. Currently, the consequences of the potential global climate change are considered an emerging risk, as are epidemics and pandemics, and risks arising from the development of nanotechnology, genetic engineering and artificial intelligence (AI) (technological advances).

As with regard to the climate change, which is associated with an increase in the severity and frequency of extreme weather events, may especially impact the insurance business. In the region, where the Issuer operates, more frequent and severe floods, drought periods and hailstorms, due to climate change, are of particular concern in the long run. Demand

for insurance cover is expected to increase, bringing new opportunities to expand the volume of business and challenges to increase the required reinsurance cover.

Climate risks also include the risk of transition to a low-carbon economy. The transition to a zero-carbon society could have a negative impact on Sava Insurance Group's financial investments and the underwriting of insurance business. With regard to physical risks, the most significant is the exposure of the insurance business to increased frequency and/or severity of natural disasters, which could have a negative impact on financial results, possible loss of income/premiums and poor portfolio diversification, inability to obtain adequate reinsurance cover and could also affect the life business (pandemics, other health issues, changes in mortality).

The Issuer is also subject to risks associated with evolving reporting requirements and potential future disclosure requirements relating to climate change and ESG matters, which could materially increase the Issuer's compliance burden, increase compliance costs, require changes to certain of the Issuer's operations and thereby adversely affect the Issuer's business and financial condition. The Issuer is closely monitoring such existing and developing regulatory initiatives, including Regulation (EU) 2019/2088 of 27 November 2019 on sustainability disclosures in the financial services sector, Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088, Directive (EU) 2022/2464 of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting, supplemented by Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 and the proposal for a Directive on corporate sustainability due diligence and amending Directive (EU) 2019/1937 (COM/2022/71 final). Regulatory requirements arising from these regulatory initiatives and similar EU, Slovenian and other applicable laws, directives and regulations will require the Issuer to collect and disclose a large amount of additional data and may prescribe approaches to ESG policies that are inconsistent with the Issuer's current practices. There are many risks associated with implementing the requirements of new regulations: the risk of lost opportunities for Group companies as a result of having to comply with the restrictions imposed by sustainability policies and other regulations, the risk of failing to recognise new opportunities in sustainable development, the risk of inadequate or untimely implementation of sustainability regulations, the risk that internal company policies are not in line with international sustainability commitments, the risk associated with reputational risk (including the risk of greenwashing allegations), the risk of increased costs as a result of adjusting policies or operations to comply with regulations.

Pandemics, epidemics and outbreaks of infectious diseases, such as COVID-19, which can have a severe impact on (re)insurance operations, together with any measures taken to mitigate their further spread, such as travel restrictions, imposition of quarantines, prolonged business closures or curfews, or other social distancing measures, may have a material adverse effect on the global economy and international financial markets in general and on the markets in which the Sava Insurance Group operates in particular. The impact of such outbreaks depends on a number of factors, including the duration and spread of the outbreak; the timing, adequacy and effectiveness of measures taken by public authorities; the availability of resources. There can be no guarantee that such measures, or any combination thereof, will be an effective means of controlling such an outbreak and its consequences, which may result in an increase in the financial, underwriting, liquidity and operational risks of the Sava Insurance Group and may ultimately have a material adverse effect on the Issuer's business, results of operations and financial condition.

Another significant emerging risk to the Issuer's business model could arise if a global trend towards political disintegration, nationalism and the collapse of multilateralism were to persist or even escalate (see also "*The Issuer's business is largely dependent on global risks related to global economic conditions, geopolitical tensions and political instability*"). The Issuer relies on stable and predictable market access, regulatory frameworks and the rule of law. The rise of protectionist trade policies resulting from the potential withdrawal of governments from international agreements, trade unions and frameworks may lead to a fragmentation of the global market and increased uncertainty about the future business environment in the countries concerned. For the Issuer, this may increase the complexity of operational processes, regulatory and capital requirements for the Issuer and the Sava Insurance Group as a whole, administrative costs to comply with changing legal requirements and may require a revision of business strategy.

Emerging risks are by their nature highly uncertain and their impact on the insurance industry as a whole and the Issuer in particular cannot credibly assess them at this stage. Deficiencies and inadequacies in identifying and responding to

emerging risks (in particular the above-mentioned trends or the emergence of as yet unknown risks) may result in unforeseen damages, may have a negative impact on the Issuer's revenues and may materially and adversely affect risks set out above could have a material adverse effect on the Issuer's business, results of operations and financial condition.

Risks relating to the Bonds

Risks associated with the characteristics of the Bonds

The risks associated with the characteristics of the Bonds include risks resulting from the subordination of the Bonds, risks related to the fixed rate interest rate, risks related to the nature of the Bonds as long-term securities, risks related to a possible early redemption of the Bonds and risks in connection with the application of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*, "**SchVG**").

Risks resulting from the subordination of the Bonds

The obligations under the Bonds constitute unsecured obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with any present or future security, registered security or other instrument, which is (i) issued or assumed by the Issuer where the Issuer's obligations under such security, registered security or instrument, in accordance with its terms or mandatory provisions of law, rank *pari passu* with the Issuer's obligations under the Bonds, or (ii) guaranteed by the Issuer or for which the Issuer has otherwise assumed liability, where, in accordance with terms or mandatory provisions of law, the Issuer's obligations under the relevant guarantee or other assumption of liability rank *pari passu* with the Issuer's obligations under the Bonds.

The terms of the Bonds provide that the obligations of the Issuer under the Bonds rank subordinated to any present or future (i) unsubordinated obligations of the Issuer (for the avoidance of doubt, including all claims of policy holders and beneficiaries under insurance and reinsurance contracts and regular obligations of the Issuer pursuant to Art. 21(4) of the Insolvency Act); (ii) preferred obligations of the Issuer under Art. 21(1) and 21(2) of the Insolvency Act; (iii) contractually subordinated obligations of the Issuer pursuant to Art. 21(3) of the Insolvency Act (for the avoidance of doubt, excluding (a) any such obligation qualifying as a Parity Obligation or a Junior Obligation and (b) the Issuer's obligations under the Bonds); (iv) subordinated obligations expressed to be ranking or ranking at least *pari passu* with any of the Issuer's obligations under preceding clauses (i), (ii) and (iii); and (v) other subordinated obligations of the Issuer required to be preferred by mandatory provisions of law.

In the event of the liquidation proceedings (including compulsory dissolution proceedings) or insolvency proceedings of the Issuer or any proceedings to avoid insolvency of the Issuer, Bondholders will not receive any amounts payable in respect of the Bonds until the above described senior ranking obligations of the Issuer have first been satisfied in full.

The Bondholders must accept that, in the circumstances described above, (i) the Issuer will make payments in respect of the Bonds only in accordance with the subordination described above, and (ii) the rights of the Bondholders under the Bonds will be subject to the provisions of the insolvency laws applicable to the Issuer from time to time.

In addition to other limitations on the payment of interest, Arrears of Interest and principal (also see "*The Bonds are long-term securities*" and "*Interest deferral*" below), the Terms and Conditions provide for a pre-insolvency payment prohibition. This means that, prior to the commencement of any insolvency or liquidation proceedings, Bondholders will not have a claim for the relevant scheduled payment of interest, payment of Arrears of Interest or redemption of the Bonds if there is any reason to open insolvency proceedings in respect of the Issuer under the applicable insolvency laws or if the payment of the relevant amount would itself cause the Issuer to become insolvent or accelerate the process of the Issuer becoming insolvent. These payment conditions constitute a payment prohibition, which means that the Issuer may only make payments on the Bonds if they are made in accordance with the aforementioned conditions. Such a payment prohibition may be in force for an indefinite period of time or even permanently. Any payment made in contravention of this prohibition must be repaid to the Issuer, notwithstanding any agreement to the contrary.

Risks resulting from the Bonds being fixed interest rate securities

The Bonds bear interest at a fixed rate from and including the Issue Date to but excluding the Final Maturity Date.

During that time, Bondholders are exposed to the risk that the price of such Bonds may fall because of changes in the market yield. While the nominal interest rate (i.e., the coupon) of the Bonds is fixed until, but excluding, the Final Maturity Date, the market yield typically changes on a daily basis. As the market yield changes, the price of the Bonds changes in the opposite direction. If the market yield increases, the price of the Bonds typically falls. If the market yield falls, the price of the Bonds typically increases. Bondholders should be aware that movements of the market yield can adversely affect the price of the Bonds and can lead to losses for the Bondholders.

Bondholders should also be aware that the market yield has two components, namely the risk-free rate and the credit spread. The credit spread is reflective of the yield that investors require in addition to the yield on a risk-free investment of equal tenor as a compensation for the risks inherent in the Bonds. The credit spread changes over time and can decrease as well as increase for a large number of different reasons. The market yield of the Bonds can change due to changes of the credit spread, the risk-free rate, or both.

Risks related to the nature of the Bonds as long-term securities including the risk of a delay of redemption

The Bonds are scheduled to be redeemed at par on 4 October 2029 (the "**Scheduled Maturity Date**"), provided that on such date the Conditions to Redemption and Repurchase are fulfilled. Before that date, the Issuer has, under certain conditions, the right to redeem or repurchase the Bonds, but is under no obligation to do so. If on the Scheduled Maturity Date the Conditions to Redemption and Repurchase are not met, redemption may be delayed beyond the Scheduled Maturity Date for an indefinite period of time. Therefore, Bondholders may receive the amounts due upon redemption at a much later point in time than initially expected.

Under the Terms and Conditions, the Bondholders have neither any put right nor any other right to terminate or otherwise accelerate the redemption of the Bonds prior to the Scheduled Maturity Date and on or following the Scheduled Maturity Date even if the Conditions to Redemption and Repurchase are fulfilled.

The Bondholders should be aware that the Terms and Conditions do not contain any express events of default provision that would allow Bondholders to accelerate the Bonds in case of the occurrence of an event of default.

There is currently no secondary market for the Bonds. Application has been made for the Bonds to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. However, a liquid secondary market for the Bonds may not develop or, if it does develop, it may not continue until the redemption of the Bonds.

In an illiquid market, an investor may not be able to sell his Bonds at any time at fair market prices. The possibility to sell the Bonds might additionally be restricted by country specific reasons.

Prospective investors should be aware that they may be required to bear the financial risk of an investment in the Bonds for a long period and may not recover their investment before the end of this period.

Risks related to a possible early redemption of the Bonds

At the Issuer's option and subject to the Conditions to Redemption and Repurchase being fulfilled, the Bonds may be redeemed prior to the Scheduled Maturity Date at the Redemption Amount (as defined in the Terms and Conditions), if, as a result of any future change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, (i) the Issuer will be obligated to pay Additional Amounts (as defined in the Terms and Conditions), or (ii) interest payable by the Issuer in respect of the Bonds is no longer, or will no longer be, fully deductible by the Issuer for income tax purposes in the Issuer's country of domicile for tax purposes, and in each case this cannot be avoided by the Issuer by taking reasonable and appropriate measures.

The Bonds may also be redeemed, subject to the Conditions to Redemption and Repurchase being fulfilled, at the Redemption Amount if (i) the Issuer must not or must no longer record the obligations under the Bonds as liabilities on

the balance sheet in the Issuer's annual consolidated financial statements (prepared in accordance with IFRS) and this cannot be avoided by the Issuer by taking reasonable and appropriate measures, (ii) if the Competent Supervisory Authority (as defined in the Terms and Conditions) states to the Issuer that under the Applicable Supervisory Regulations (as defined in the Terms and Conditions) the Bonds are not eligible (in whole or in part) to qualify for the inclusion of the Bonds in the calculation of the own funds as Tier 3 Capital for purposes of the determination of the solvency of the Issuer and/or the group solvency of the Sava Insurance Group, and/or that the Bonds no longer fulfil or are likely to no longer fulfil such requirements (in whole or in part), except where this is merely the result of exceeding any applicable limits on the inclusion of the Bonds in the determination of the own funds as Tier 3 Capital of the Issuer and/or of the Sava Insurance Group pursuant to the Applicable Supervisory Regulations, (iii) if as a consequence of a change in, or clarification to, the rating methodology (or the interpretation thereof) of S&P Global Ratings, AM Best (or any respective affiliate or successor of any such rating agency), which change or clarification becomes effective on or after the date of issue of the last tranche of the series of Bonds, which change in, or clarification to, the rating methodology (or the interpretation thereof) results in the capital or leverage treatment (including the assigned equity content) of the Bonds for the Issuer or the Sava Insurance Group worsening in the reasonable opinion of the Issuer, as compared to the capital or the leverage treatment (including the assigned equity content) of the Bonds for the Issuer or the Sava Insurance Group assigned at or around the date of issue of the last tranche of the series of Bonds, or (iv), if the Issuer or its subsidiaries have repurchased and cancelled or redeemed Bonds equal to or in excess of 80 % of the aggregate principal amount of the Bonds initially issued (including any Bonds additionally issued).

The redemption at the option of the Issuer may affect the market value of the Bonds. During any period when the Issuer may, or may be perceived to be able to, elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed.

If the Bonds are redeemed prior to the Scheduled Maturity Date, a Bondholder is exposed to the risk that due to the early redemption his investment will have a lower than expected yield and to the risks connected with any reinvestment of the cash proceeds received as a result of the early redemption. Bondholders will receive the Redemption Amount upon any early redemption. The Redemption Amount may be lower than the then prevailing market price of the Bonds.

Risks in connection with the application of the German Act on Issues of Debt Securities

The Terms and Conditions may be amended by the Issuer with consent of the Bondholders by way of a majority resolution in a holder's meeting or by a vote not requiring a physical meeting (*Abstimmung ohne Versammlung*) as described in Sections 5 et seq. of the SchVG, whereby the Issuer may subsequently amend the Terms and Conditions with the consent of the majority of Bondholders as described in § 12 of the Terms and Conditions, which amendment will be binding on all Bondholders of the relevant Series of Bonds, even on those who voted against the change.

Therefore, a Bondholder is subject to the risk of being outvoted by a majority resolution of the Bondholders. As such majority resolution is binding on all Bondholders of a particular series of Bonds, certain rights of such Bondholder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled, which may have significant negative effects on the value of the Bonds and the return from the Bonds.

The Bondholders may by majority resolution provide for the appointment or dismissal of a joint representative. If a joint representative is appointed a Bondholder may be deprived of its individual right to pursue and enforce a part or all of its rights under the Terms and Conditions against the Issuer, such right passing to the Bondholders' joint representative who is then exclusively responsible to claim and enforce the rights of all the Bondholders.

Risks resulting from the Bonds representing regulatory capital

The risks resulting from the Bonds representing regulatory capital include risks resulting from the Bonds being structured to meet the criteria to qualify as regulatory capital (own funds), risks related to deferral of interest payments and restrictions on payments of Arrears of Interest and risk related to a deferral of redemption (see also "*Risks related to the nature of the Bonds as long-term securities including the risk of a delay of redemption*" above).

Risks resulting from the Bonds being structured to meet the criteria to qualify as regulatory capital (own funds) and as capital for rating agency purposes

The Bonds will be issued to increase the Issuer's and Sava Insurance Group's regulatory capital under the Solvency II Directive and are intended to receive a certain capital treatment for rating agency purposes. The Terms and Conditions of the Bonds are structured accordingly, implying various risks for investors. In particular, there is the risk that the Issuer may be obliged to defer redemption of the Bonds beyond the Scheduled Maturity Date (as defined below), or to defer payment of interest beyond any Interest Payment Date, whenever the Issuer or the Sava Insurance Group does not meet certain regulatory capital requirements. Moreover, due to the deep subordination of the Bonds there is a higher risk for investors to lose all or part of their investments. Should the Bonds fail to or cease to qualify as regulatory capital, there is a risk that the Bonds may be redeemed prior to the Scheduled Maturity Date (please see "*Risks related to a possible early redemption of the Bonds*" above).

Risks related to deferral of interest payments and restrictions on payment of Arrears of Interest

Bondholders should be aware that, in certain cases, interest on the Bonds will not be due and payable (*fällig*) on the scheduled Interest Payment Date (as defined in the Terms and Conditions), that the payment of the resulting Arrears of Interest (as defined in the Terms and Conditions) is subject to certain further conditions, and that Arrears of Interest will not bear interest.

In case a Compulsory Deferral Event (as described in the Terms and Conditions) has occurred and is continuing on the relevant Interest Payment Date, interest which accrued during the period ending on but excluding such Interest Payment Date will not be due and payable (*fällig*) on that Interest Payment Date. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Bonds or for any other purpose. Interest deferred will constitute Arrears of Interest, with no certainty for Bondholders as to when these Arrears of Interest will be paid. Bondholders will not receive any additional interest or compensation for the compulsory deferral of interest payments.

Bondholders will not receive any additional interest or compensation for the deferral of interest payments.

Risk in relation with the adoption of a recovery and resolution regime for insurers and reinsurers

On 23 April 2024, the IRRD was adopted by the European Parliament and is now awaiting approval by the Council and publication in the Official Journal of the European Union (see also "*Risks relating to the Issuer and the Sava Insurance Group – Sava Insurance Group is required by law to comply with capital requirements and a large number of other regulatory requirements.*" above). The purpose of the directive, which will require implementation into national law, is, to provide authorities with a toolkit to protect policyholders, beneficiaries and claimants, to maintain financial stability, to ensure the continuity of the (re)insurer's critical functions and protect public funds by minimizing reliance on extraordinary public financial support.

According to the IRRD, national resolution authorities will be provided with comprehensive and effective intervention powers to prepare for and deal with (near) failures of (re)insurers at national level and cooperation arrangements to tackle cross-border (re)insurance failures. To this end, it is proposed that the resolution authorities are provided with necessary powers to apply the resolution tools (as defined in the IRRD) to undertakings that meet the applicable conditions for resolution.

One of the resolution tools proposed in the IRRD is the power to write down or convert capital instruments and eligible liabilities, on which basis the competent resolution authority may write down, or (with the exception of shares) convert into shares, Tier 1, Tier 2 and Tier 3 instruments and other eligible liabilities issued or borrowed by an undertaking if the undertaking is failing or likely to fail and certain other conditions are met, or if the conditions for group resolution are met.

The IRRD further specifies that in certain circumstances the resolution authority shall exercise the power to write down or convert capital instruments and eligible liabilities, individually or in combination with another resolution tool.

Normal insolvency proceedings will remain the alternative path for the whole or parts of a (re)insurer that cannot be resolved, and the IRRD provides for a no creditor worse off principle, meaning that no creditor shall be worse off in resolution than in normal insolvency proceedings.

It is not yet possible to assess the full impact of the IRRD or any corresponding implementing Slovenian legislation.

Should the IRRD or similar provisions enter into force and be implemented into Slovenian law, the competent resolution authority would be granted power to enact far-reaching intervention measures in the event of a crisis of the Issuer, which could, despite the no creditor worse off principle being applicable, severely affect the rights of the Bondholders and may result in the loss of their entire investment in the event of resolution of the Issuer. Any perceptions in the market that these provisions may become applicable to the Issuer may reduce the market value of the Bonds even before the Issuer has actually reached the point of non-viability or resolution.

Risks associated with the ability of the Issuer to make payments when due

The risks associated with the ability of the Issuer to make payments when due include the risk that an investor in the Bonds will lose all or some of its investment should the Issuer become insolvent and the risk that the market value of the Bonds could decrease if the creditworthiness of Sava Insurance Group worsens.

Risk that an investor in the Bonds will lose all or some of its investment should the Issuer become insolvent.

Any person who purchases the Bonds is relying on the creditworthiness of the Issuer and has no rights against any other person.

Investors are subject to the risk of the Issuer's partial or total failure to make interest and/or redemption payments that the Issuer is obliged to make under the Bonds. A materialization of the credit risk (for example, due to the materialization of any of the "Risks relating to the Issuer and the Sava Insurance Group" as described above) may result in partial or total failure of the Issuer to make interest and/or redemption payments under the Bonds. This risk is aggravated by the fact that the Bonds are unsecured and subordinated (see above, "Risks associated with the characteristics of the Bonds - Risks resulting from the subordination of the Bonds") and could result in a partial or total loss of the investor's investment in the Bonds.

Risk that the market value of the Bonds could decrease if the creditworthiness of the Sava Insurance Group worsens

If the likelihood decreases that the Issuer will be in a position to fully perform all obligations under the Bonds when they fall due, for example, because of the materialization of any of the risks regarding the Sava Insurance Group or the Issuer, the market value of the Bonds will fall. The market price of the Bonds may also be negatively impacted if the Issuer is perceived to be likely to defer, or has to defer, payments of interest. In addition, even if the likelihood that the Issuer will be in position to fully perform all obligations under the Bonds when they fall due actually has not decreased, market participants could nevertheless have a different perception.

Furthermore, the market participants' assessment of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Sava Insurance Group could adversely change.

If any of these risks materializes, third parties would only be willing to purchase Bonds for a lower price than before the materialization of mentioned risk. Under these circumstances, the market value of the Bonds will decrease.

TERMS AND CONDITIONS OF THE BONDS

These Terms and Conditions are written in the English language which will be the only legally binding version.

§ 1

Certain Definitions

Unless the context indicates otherwise, the following terms shall have the following meanings in these Terms and Conditions:

An "**Accounting Event**" will occur if a confirmation of a recognised auditing firm has been delivered to the Issuer (and the Issuer has provided the Principal Paying Agent with a copy thereof) stating that, as a result of any change in or amendment to any of the Applicable Accounting Standards, which change or amendment becomes effective on or after the date of issue of the Bonds, the Issuer must not or must no longer (including in case any such change or amendment to the Applicable Accounting Standards or their interpretation has retroactive effect) record the obligations under the Bonds as liabilities on the balance sheet in the Issuer's annual consolidated financial statements prepared in accordance with the Applicable Accounting Standards and this cannot be avoided by the Issuer taking such measures it (acting in good faith) deems appropriate.

"**Additional Amounts**" has the meaning set out in § 7(1).

"**Applicable Accounting Standards**" means the International Financial Reporting Standards (IFRS) as adopted by the European Union or any other generally accepted accounting principles which subsequently supersede them as applied by the Issuer at the relevant accounting dates and for the relevant accounting periods for purposes of drawing up its consolidated financial statements.

"**Applicable Insolvency Regulations**" means the provisions of the relevant insolvency laws, including, but not limited to, the Insolvency Act (as defined below) and the Insurance Act (as defined below), and any rules and regulations thereunder (including court case law and any applicable court decisions) applicable to the Issuer from time to time.

"**Applicable Supervisory Regulations**" means the provisions of insurance supervisory laws (including the Insurance Act (as defined below), the Solvency II Directive or any other future directive(s), as well as any directly applicable provisions of European Union law) and any regulations and rules thereunder (including the applicable guidelines and recommendations of the European Insurance and Occupational Pensions Authority, the administrative practice of the Competent Supervisory Authority and any applicable decision of a court including any future grandfathering provisions) for solvency purposes of the Issuer and for group solvency purposes of the Group as applicable from time to time.

An "**Appropriate Margin**" will exist if (x) the applicable Solo SCR of the Issuer and (y) the applicable Group SCR of the Group, after the redemption of the Bonds, is exceeded by an appropriate margin, taking into account the solvency position of the Issuer and the Group, including their respective medium-term capital management plan.

"**Arrears of Interest**" has the meaning set out in § 4(4)(b).

"**Bondholder**" has the meaning set out in § 2(3).

"**Bonds**" has the meaning set out in § 2(1).

"**Business Day**" means a day which is a day (other than a Saturday or a Sunday) (i) on which the Clearing System is open to settle payments, (ii) which is a T2 Business Day and (iii) on which commercial banks and foreign exchange markets in Ljubljana, Slovenia, settle payments in Euro.

"**Calculation Agent**" has the meaning set out in § 9(1).

"**Clearing System**" means together Clearstream Banking, S.A., Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg, and Euroclear Bank SA/NV, 1, Boulevard du Roi Albert II, B-1210 Brussels.

"Competent Supervisory Authority" means the Insurance Supervision Agency (*Agencija za zavarovalni nadzor*) or any authority which becomes its successor in such capacity with primary responsibility as insurance regulator competent for the Issuer or the Group.

A **"Compulsory Deferral Event"** will have occurred with respect to a date on which any payment of interest and/or Arrears of Interest on the Bonds is scheduled to be paid under these Terms and Conditions if

- (i) either an Insolvency Event that has occurred on or prior to such date is continuing on such date or such payment were to result in, or accelerate, the occurrence of an Insolvency Event; or
- (ii) there is in effect on such date an order of the Competent Supervisory Authority prohibiting the Issuer from making payments under the Bonds, or there is in effect on such date any other payment prohibition, whether by statute or by order of any authority in respect of the Bonds; or
- (iii) either a Solvency Capital Event that has occurred on or prior to such date is continuing on such date or the relevant payment were to result in, or accelerate the occurrence of, a Solvency Capital Event.

"Conditions to Redemption and Repurchase" has the meaning set out in § 5(6).

The **"Conditions to Settlement"** are fulfilled on a day with respect to any payment of Arrears of Interest if on such day no Compulsory Deferral Event has occurred and is continuing or were to occur as a result of such payment.

"Custodian" means any bank or other financial institution with which the Bondholder maintains a securities account in respect of any Bonds and having an account maintained with the Clearing System, including the Clearing System.

"Delegated Regulation" means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, as amended; if provisions of the Delegated Regulation are amended or replaced, the reference to the provisions of the Delegated Regulation as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

"Dividend Payment Event" means any of the following events:

- (i) the general meeting of shareholders of the Issuer validly resolves on any dividend, other distribution or payment in respect of any class of shares of the Issuer; or
- (ii) any payment of an interim dividend in respect of any class of shares is made by the Issuer.

"Final Maturity Date" has the meaning set out in § 5(1).

"Global Bond(s)" has the meaning set out in § 2(2).

A **"Gross-Up Event"** will occur if an opinion of a recognised law firm has been delivered to the Issuer (and the Issuer has provided the Principal Paying Agent with a copy thereof) stating that, as a result of any change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of its political subdivisions or any authority or any other agency of or in such country having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any change in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any decision of any court or authority), which change or amendment becomes effective on or after the date of issue of the Bonds, the Issuer has or will become obliged to pay Additional Amounts pursuant to § 7(1) on the Bonds, and that obligation cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

"Group" means the Issuer and any company consolidated by the Issuer pursuant to the Applicable Supervisory Regulations for group solvency purposes.

"Group MCR" means (i) the minimum consolidated group solvency capital requirement applicable to the Group pursuant to the Applicable Supervisory Regulations (regardless of the terminology used by the Applicable Supervisory

Regulations); or (ii) any other capital requirement that may replace the capital requirement in preceding clause (i), to which the criteria for the eligibility of own funds items in the Tier 3 Capital of the Group refer, and that is applicable to the Group from time to time.

"Group SCR" means the group solvency capital requirement applicable to the Group pursuant to the Applicable Supervisory Regulations (regardless of the terminology used by the Applicable Supervisory Regulations).

"Insolvency Act" means the Slovenian Financial Operations, Insolvency Proceedings and Compulsory Winding-up Act (*Zakon o finančnem poslovanju, postopkih zaradi insolventnosti in prisilnem prenehanju (ZFPPIPP)*, Official Gazette of the Republic of Slovenia No. 13/14, as amended from time to time).

An **"Insolvency Event"** will have occurred if a reason for the opening of insolvency proceedings in respect of the Issuer pursuant to any Applicable Insolvency Regulations exists.

"Insurance Act" means the Slovenian Insurance Act (*Zakon o zavarovalništvu (Zzavar-1)*; Official Gazette of the Republic of Slovenia No. 93/15, as amended from time to time).

"Interest Commencement Date" means 4 October 2024.

"Interest Payment Date" means 4 October of each year commencing on 4 October 2025.

"Interest Period" has the meaning set out in § 4(2).

"Issuer" or **"Sava Re"** means Pozavarovalnica Sava, d.d., a joint stock corporation (*delniška družba*) incorporated and existing under the laws of Slovenia, with its registered seat in Ljubljana, business address at Dunajska cesta 56, 1000 Ljubljana, Slovenia, and registered with the Slovenian Court and Commercial Register under No. 5063825000.

"Issuer's Senior Ranking Obligations" means any present or future:

- (a) unsubordinated obligations of the Issuer (for the avoidance of doubt, including all claims of policy holders and beneficiaries under insurance and reinsurance contracts and regular obligations of the Issuer pursuant to Art 21(4) of the Insolvency Act);
- (b) preferred obligations of the Issuer under Art. 21(1) and 21(2) of the Insolvency Act;
- (c) contractually subordinated obligations of the Issuer pursuant to Art. 21(3) of the Insolvency Act (for the avoidance of doubt, excluding (i) any such obligation qualifying as a Parity Obligation or a Junior Obligation and (ii) the Issuer's obligations under the Bonds);
- (d) subordinated obligations expressed to be ranking or ranking at least *pari passu* with any of the Issuer's obligations under preceding clauses (a), (b) and (c); and
- (e) other subordinated obligations of the Issuer required to be preferred by mandatory provisions of law.

"Junior Obligation" means any present or future:

- (i) (A) obligation of the Issuer which constitutes, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital or Tier 1 Capital and all obligations which, in accordance with their terms or mandatory provisions of law, rank or are expressed to rank *pari passu* therewith (including, without limitation, by virtue of the operation of any grandfathering provisions under any Applicable Supervisory Regulations); and (B) ordinary share or share of any other class of shares of the Issuer;
- (ii) other security, registered security or other instrument of the Issuer where the Issuer's obligations under such other security, registered security or instrument, in accordance with its terms or mandatory provisions of law, rank or are expressed to rank junior to the Issuer's obligations under the Bonds; and
- (iii) security, registered security or other instrument which is issued by a subsidiary of the Issuer and guaranteed by the Issuer or for which the Issuer has otherwise assumed liability where the Issuer's obligations under such guarantee

or other assumption of liability, in accordance with its terms or mandatory provisions of law, rank or are expressed to rank junior to the Issuer's obligations under the Bonds.

"Mandatory Settlement Date" means the earlier of the following dates:

- (i) in respect of any Arrears of Interest outstanding on the date on which a Dividend Payment Event occurs, the next Interest Payment Date following the date on which a Dividend Payment Event occurred and in respect of which the Conditions to Settlement are fulfilled;
- (ii) the date on which the Bonds fall due for redemption in accordance with § 5; and
- (iii) the date on which an order is made for the winding up (including bankruptcy), liquidation or dissolution of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

"New Issuer" has the meaning set out in § 13(1).

"Optional Settlement Date" has the meaning set out in § 4(5)(a).

"Parity Obligation" means any present or future security, registered security and other instrument:

- (i) which is issued or assumed by the Issuer where the Issuer's obligations under such security, registered security or instrument, in accordance with its terms or mandatory provisions of law, rank or are expressed to rank *pari passu* with the Issuer's obligations under the Bonds; or
- (ii) which is guaranteed by the Issuer or for which the Issuer has otherwise assumed liability, where, in accordance with terms or mandatory provisions of law, the Issuer's obligations under the relevant guarantee or other assumption of liability rank or are expressed to rank *pari passu* with the Issuer's obligations under the Bonds.

"Paying Agent(s)" has the meaning set out in § 9(1).

"Payment Business Day" means a day which is a day (other than a Saturday or a Sunday) (i) on which the Clearing System is open to settle payments and (ii) which is a T2 Business Day.

"Permanent Global Bond" has the meaning set out in § 2(2).

"Principal Amount" has the meaning set out in § 2(1).

"Principal Paying Agent" has the meaning set out in § 9(1).

"Qualified Majority" has the meaning set out in § 12(2).

A **"Rating Event"** will occur if, as a consequence of a change in, or clarification to, the rating methodology (or the interpretation thereof) of S&P Global Ratings Europe Ltd., A.M. Best (EU) Rating Services B.V. (or any respective affiliate or successor of any such rating agency), which change or clarification becomes effective on or after the date of issue of the last tranche of this series of Bonds, which change in, or clarification to, the rating methodology (or the interpretation thereof) results in the capital or leverage treatment (including the assigned equity content) of the Bonds for the Issuer or the Group worsening in the reasonable opinion of the Issuer, as compared to the capital or the leverage treatment (including the assigned equity content) of the Bonds for the Issuer or the Group assigned at or around the date of issue of the last tranche of this series of Bonds.

"Redemption Amount" means an amount per Bond equal to the Principal Amount plus any interest accrued on such Bond to but excluding the date of redemption but unpaid and, for the avoidance of doubt, any Arrears of Interest due on such Bond.

A **"Regulatory Event"** will occur if the Competent Supervisory Authority states to the Issuer that under the Applicable Supervisory Regulations the Bonds are not eligible (in whole or in part) to qualify for the inclusion of the Bonds in the calculation of the own funds as Tier 3 Capital for purposes of the determination of the solvency of the Issuer and/or the group solvency of the Group, and/or that the Bonds no longer fulfil or are likely to no longer fulfil such requirements (in

whole or in part), except where this is merely the result of exceeding any applicable limits on the inclusion of the Bonds in the determination of the own funds as Tier 3 Capital of the Issuer and/or of the Group pursuant to the Applicable Supervisory Regulations. For purposes of determining the occurrence of a Regulatory Event, it suffices that the Issuer has received a corresponding communication from the Competent Supervisory Authority.

"Relevant Consolidated Subsidiary Insolvency Event" means the commencement of insolvency or liquidation proceedings with respect to a subsidiary of the Issuer that has its seat in a member state of the European Economic Area and which is either an Insurance Undertaking or a Reinsurance Undertaking or an Institution for Occupational Retirement Provision (each as defined below), if and as long as the Issuer determines, in conjunction with the Competent Supervisory Authority, that the assets of that subsidiary may or will be insufficient to meet all insurance and reinsurance and occupational pension obligations of such subsidiary towards policy holders and beneficiaries of insurance and reinsurance contracts or occupational pension schemes of the subsidiary.

Where:

"Institution for Occupational Retirement Provision" has the meaning given to this term in Directive (EU) 2016/2341 of the European Parliament and of the Council of December 14, 2016, as amended.

"Reinsurance Undertaking" has the meaning given to this term in the Solvency II Directive.

"Insurance Undertaking" has the meaning given to this term in the Solvency II Directive.

"Scheduled Maturity Date" has the meaning set out in § 5(1).

"Solo MCR" means the minimum capital requirement applicable to the Issuer on an individual basis pursuant to the Applicable Supervisory Regulations (regardless of the terminology used by the Applicable Supervisory Regulations).

"Solo SCR" means the solvency capital requirement applicable to the Issuer on an individual basis pursuant to the Applicable Supervisory Regulations (regardless of the terminology used by the Applicable Supervisory Regulations).

"Solvency II Directive" means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009, as amended, the further legislative acts of the European Union enacted in relation thereto, including the Delegated Regulation, and the applicable legislation and measures implementing the same in Slovenia, in each case as amended.

A **"Solvency Capital Event"** will have occurred if:

- (i) the amount of own funds of the Issuer (regardless of the terminology used by the Applicable Supervisory Regulations) is not sufficient to cover the applicable Solo MCR of the Issuer; and/or
- (ii) the amount of own funds of the Group (regardless of the terminology used by the Applicable Supervisory Regulations) is not sufficient to cover the applicable Group SCR or the applicable Group MCR of the Group.

"T2 Business Day" means a day on which the real-time gross settlement system operated by the Eurosystem (T2), or any successor system, is open for the settlement of payments in Euro.

A **"Tax Event"** will occur if an opinion of a recognised law firm has been delivered to the Issuer (and the Issuer has provided the Principal Paying Agent with a copy thereof) stating that, as a result of any change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of its political subdivisions or any authority or any other agency of or in such country having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any change in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any decision of any court or authority), which change, amendment or clarification becomes effective on or after the date of issue of the Bonds, interest payable by the Issuer in respect of the Bonds is no longer, or will no longer be, fully deductible by the Issuer for income tax purposes in the Issuer's country of domicile for tax purposes, and that risk cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

"**Taxes**" has the meaning set out in § 7(1).

"**Temporary Global Bond**" has the meaning set out in § 2(2).

"**Tier 1 Capital**" means Tier 1 basic own funds (as defined in, and regardless of the terminology used by, the Applicable Supervisory Regulations) for solvency purposes of the Issuer on an individual basis or for group solvency purposes of the Group.

"**Tier 2 Capital**" means Tier 2 basic own funds (as defined in, and regardless of the terminology used by, the Applicable Supervisory Regulations) for solvency purposes of the Issuer on an individual basis or for group solvency purposes of the Group.

"**Tier 3 Capital**" means Tier 3 basic own funds (as defined in, and regardless of the terminology used by, the Applicable Supervisory Regulations) for solvency purposes of the Issuer on an individual basis or for group solvency purposes of the Group.

§ 2

Form and Denomination

(1) Currency, Denomination and Form.

The Issuer issues subordinated fixed rate bearer bonds (the "**Bonds**") in a denomination of EUR 100,000 each (the "**Principal Amount**") in the aggregate principal amount of EUR 50,000,000.

(2) Global Bonds and Exchange.

The Bonds will initially be represented by a temporary global bearer bond (the "**Temporary Global Bond**") without coupons which will be deposited with a common depositary for the Clearing System on or around the date of issue of the Bonds. The Temporary Global Bond will be exchangeable, in whole or in part and free of charge, for a permanent global bearer Bond (the "**Permanent Global Bond**" and, together with the Temporary Global Bond, each a "**Global Bond**") without coupons not earlier than 40 days after the date of issue of the Bonds upon certification as to non-U.S. beneficial ownership as required by U.S. tax law and in accordance with the rules and operating procedures of the Clearing System. Payments on a Temporary Global Bond will only be made after presentation of such certification. No definitive Bonds or interest coupons will be issued.

Each of the Temporary Global Bond and the Permanent Global Bond will be held in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Bonds have been satisfied.

(3) Bondholders.

The holders of Bonds ("**Bondholders**") are entitled to co-ownership interests or other comparable rights in the Global Bond which are transferable in accordance with applicable law and the rules and regulations of the Clearing System.

§ 3

Status

(1) Status of the Bonds.

The Bonds constitute unsecured subordinated obligations of the Issuer. In the event of the liquidation proceedings (including compulsory dissolution proceedings) or insolvency proceedings of the Issuer or any proceedings to avoid insolvency of the Issuer, the obligations of the Issuer under the Bonds will:

- (a) rank *pari passu*: (i) among themselves; and (ii) with all Parity Obligations of the Issuer;
- (b) rank senior to all Junior Obligations of the Issuer; and
- (c) be subordinated to all the Issuer's Senior Ranking Obligations, so that in any such event no amounts will be payable in respect of the Bonds until the Issuer's Senior Ranking Obligations have been satisfied in full.

(2) No Security.

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person securing the claims of the Bondholders under the Bonds.

(3) No Right to Set-off.

The Bondholders may not set off any claims arising under the Bonds against any claims that the Issuer may have against each of them. The Issuer may not set off any claims it may have against any Bondholder against any of its obligations under the Bonds.

(4) Payment Conditions, Payment Prohibition.

Prior to the commencement of any liquidation proceedings (including compulsory dissolution proceedings) or insolvency proceedings:

- (i) any payment of interest and Arrears of Interest on the Bonds will be subject to the conditions set forth in § 4(4) and § 4(5) being fulfilled; and
- (ii) any redemption of the Bonds and any repurchase of Bonds will be subject to the Conditions to Redemption and Repurchase set forth in § 5(6) being fulfilled.

The conditions set out in § 4(4) and § 4(5) and the Conditions to Redemption set out in § 5(6) include the condition that on the date on which the relevant amount of principal or interest (or Arrears of Interest) is to be paid (i) no Insolvency Event has occurred and is continuing on such date and (ii) the payment of the relevant amount would not cause or accelerate the imminent occurrence of an Insolvency Event. This means that irrespective of, and even prior to, the commencement of any liquidation proceedings (including compulsory dissolution proceedings) or insolvency proceedings in respect of the assets of the Issuer, the Issuer will not make any scheduled payment of interest (or Arrears of Interest) or redemption if there is any reason for the opening of insolvency proceedings in respect of the Issuer under the Applicable Insolvency Regulations or if such event would accelerate the occurrence of such event. Such a prohibition of payment may be in effect for an indefinite period of time or even permanently.

These payment conditions constitute a prohibition meaning that any payments on the Bonds may only be made by the Issuer if it is made in accordance with the aforementioned conditions. Any payment made in breach of this prohibition must be returned to the Issuer irrespective of any agreement to the contrary.

§ 4

Interest

- (1) From and including the Interest Commencement Date the Bonds bear interest on their Principal Amount at the rate of 5.20 % *per annum*. Interest for each Interest Period is scheduled to be paid in arrear on each Interest Payment Date and will be due and payable (*fällig*) in accordance with the conditions set out in § 4(4) and § 4(5).
- (2) If interest is required to be calculated for any Interest Period or part thereof, such interest shall be calculated on the basis of the Day Count Fraction (other than the period of time in relation to the first payment of interest for which a fixed interest amount has been set).

"Interest Period" means each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and thereafter from and including each Interest Payment Date to but excluding the next following Interest Payment Date.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on the Bonds for any period of time (the **"Calculation Period"**):

- (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the number of days in such Determination Period; and
- (ii) if the Calculation Period is longer than one Determination Period, the sum of:

- (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the number of days in such Determination Period; and
- (B) the number of days in such Calculation Period falling in the next Determination Period divided by the number of days in such Determination Period.

"**Determination Period**" means each period from and including 4 October in any year to but excluding the next 4 October.

(3) End of Interest Accrual and Default Interest.

The Bonds will cease to bear interest from the end of the day immediately preceding the day on which they are due for redemption. If the Issuer fails to make any payment of principal under the Bonds when due, interest shall continue to accrue until the end of the day immediately preceding the day on which such redemption is made. In such case the applicable rate of interest will be determined pursuant to this § 4.

(4) Due Date for Interest Payments; Compulsory Deferral of Interest Payments.

- (a) If a Compulsory Deferral Event has occurred in respect of any Interest Payment Date, interest which accrued during the period ending on but excluding such Interest Payment Date will not be due and payable (*fällig*) on that Interest Payment Date.

Any such failure to pay interest will not constitute a default of the Issuer or any other breach of its obligations under the Bonds or for any other purpose.

If a Compulsory Deferral Event has occurred with respect to an Interest Payment Date, the Issuer shall endeavour to give notice thereof to the Bondholders in accordance with § 11 no later than on the relevant Interest Payment Date. Any failure to give notice to the Bondholders shall not affect the validity of the deferral of interest and shall not constitute a default of the Issuer or any other breach of its obligations under the Bonds or for any other purpose. A notice which has not been given by the relevant Interest Payment Date shall be given without undue delay (*unverzüglich*) thereafter.

- (b) Interest accrued for any Interest Period which is not due and payable in accordance with this § 4(4) will constitute arrears of interest ("**Arrears of Interest**").

Arrears of Interest will not bear interest.

(5) Payment of Arrears of Interest.

- (a) Optional Payment of Arrears of Interest.

The Issuer will be entitled to pay outstanding Arrears of Interest (in whole or in part) at any time if the Conditions to Settlement are fulfilled with respect to such payment.

If the Issuer elects to pay outstanding Arrears of Interest (in whole or in part), it will give not less than 10 and not more than 15 Business Days' notice to the Bondholders in accordance with § 11 which notice will specify (i) the amount of Arrears of Interest to be paid and (ii) the date fixed for such payment (the "**Optional Settlement Date**").

Upon such notice being given, the amount of Arrears of Interest specified therein will become due and payable (*fällig*), and the Issuer will be obliged to pay such amount of Arrears of Interest on the specified Optional Settlement Date. However, this obligation will cease to exist if on such date the Conditions to Settlement are not fulfilled with respect to the relevant payment.

- (b) Mandatory Payment of Arrears of Interest.

The Issuer must pay outstanding Arrears of Interest (in whole but not in part) on the next Mandatory Settlement Date.

(c) No Default.

If on an Optional Settlement Date or a Mandatory Settlement Date the Conditions to Settlement are not fulfilled, Arrears of Interest scheduled to be paid on such date will not become due and payable (*fällig*) on the relevant Optional Settlement Date or Mandatory Settlement Date, as the case may be, but will remain outstanding and will continue to be treated as Arrears of Interest. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Bonds or for any other purpose.

If the Issuer determines that the Conditions to Settlement are not satisfied, it shall endeavour to give notice to the Bondholders in accordance with § 11 no later than on the relevant Optional Settlement Date or Mandatory Settlement Date. Any failure to give notice to the Bondholders shall not affect the validity of the continuation of the deferral of interest and shall not constitute a default of the Issuer or any other breach of its obligations under the Bonds or for any other purpose. A notice which has not been given by the relevant date shall be given without undue delay (*unverzüglich*) thereafter.

§ 5

Redemption and Repurchase

(1) Redemption at Maturity.

To the extent not previously redeemed or repurchased, the Bonds will be redeemed at their Redemption Amount on the Final Maturity Date.

"Final Maturity Date" means:

- (i) if, on the Scheduled Maturity Date, the Conditions to Redemption and Repurchase pursuant to § 5(6) are fulfilled, the Scheduled Maturity Date;
- (ii) otherwise, the first Interest Payment Date following the Scheduled Maturity Date on which the Conditions to Redemption and Repurchase are fulfilled.

"Scheduled Maturity Date" means 4 October 2029.

(2) Repurchase.

- (a) Subject to the Conditions to Redemption and Repurchase being fulfilled and applicable laws, the Issuer or any of its subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price. Such acquired Bonds may be cancelled, held or resold.
- (b) The Conditions to Redemption and Repurchase do not have to be fulfilled for purchases made by the Issuer or any of its subsidiaries for the account of a third party or Undertakings for Collective Investment in Transferable Securities (UCITS), unless the Issuer or one of its subsidiaries exercises over the relevant UCITS control or joint control within the meaning of the International Accounting Standard 27 as provided for in the Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.
- (c) § 5(2)(a) and (b) shall apply *mutatis mutandis* to an acquisition of the Bonds by way of exchange for other securities.

(3) No Redemption at the Option of the Issuer.

The Issuer is not entitled to call and redeem the Bonds prior to the Scheduled Maturity Date, otherwise than provided in § 5(4).

- (4) Redemption following a Gross-Up Event, a Tax Event, a Regulatory Event, an Accounting Event or a Rating Event or in case of minimal outstanding aggregate principal amount.

If prior to a Gross-Up Event, a Tax Event, a Regulatory Event, an Accounting Event or a Rating Event occurs, or if the Issuer or its subsidiaries have repurchased and cancelled or redeemed Bonds equal to or in excess of 80 % of the aggregate principal amount of the Bonds initially issued (including any Bonds additionally issued in accordance with § 10), the Issuer may, subject to the Conditions to Redemption and Repurchase pursuant to § 5(6) being fulfilled, upon giving notice of redemption in accordance with § 5(5), call the Bonds for early redemption (in whole but not in part) at any time with effect as of the redemption date specified in the notice of redemption. If the Issuer exercises its call right in accordance with the preceding sentence and the Conditions to Redemption and Repurchase are fulfilled on the specified redemption date, the Issuer shall redeem the Bonds at the Redemption Amount on the redemption date specified in the notice of redemption.

In the case of a Gross-Up Event, that results in or would result in the obligation to pay any Additional Amounts, no notice of redemption shall be given earlier than 90 days prior to the date on which the Issuer would be for the first time obliged to pay any Additional Amounts if a payment in respect of the Bonds were then due.

In the case of a Tax Event that results in or would result in the deductibility of the interest expense falling away, no notice of redemption may be given earlier than 90 days prior to the date, on which the deductibility of the interest expense would fall away.

- (5) Notice of Redemption.

The Issuer will give not less than 30 nor more than 60 days' notice to the Bondholders in accordance with § 11 of any redemption pursuant to § 5(4). In the case of a redemption in accordance with § 5(4) such notice of redemption will set forth the underlying facts of the Issuer's right to redemption and specify the date fixed for redemption.

Even if such notice of redemption pursuant to this § 5(5) is given, the redemption pursuant to § 5(4) is subject to the Conditions to Redemption and Repurchase being fulfilled on the date fixed for redemption in the notice of redemption.

- (6) Conditions to Redemption and Repurchase.

"Conditions to Redemption and Repurchase" means the requirements that must be satisfied on any day with respect to a scheduled redemption of the Bonds by the Issuer or a planned repurchase of Bonds by the Issuer or its subsidiaries in accordance with the Applicable Supervisory Regulations in order for the Bonds to qualify as Tier 3 own-fund items of the Issuer on an individual and consolidated basis in accordance with the Applicable Supervisory Regulations, regardless of whether the Bonds qualify as Tier 3 own-fund items of the Issuer on an individual and consolidated basis at the relevant time.

On the date of issue of the Bonds this requires the following:

- (a) The Conditions to Redemption and Repurchase are satisfied on any date with respect to a scheduled redemption of the Bonds or a planned repurchase of Bonds, if, on such date,
- (i) no Insolvency Event has occurred and is continuing on such date and the payment of the Redemption Amount or the repurchase would not result in, or accelerate the imminent occurrence of, an Insolvency Event (notwithstanding the above, the claims of the Bondholders under the Bonds in any liquidation proceedings (including compulsory dissolution proceedings) or insolvency proceedings in relation to the Issuer will fall due in accordance with the Applicable Insolvency Regulations); and
 - (ii) no Solvency Capital Event and no event that would result the applicable Solo SCR to be breached has occurred and is continuing on such date or would be caused by the redemption or the repurchase, unless the conditions under the Applicable Supervisory Regulations for the exceptional permission of the redemption or the repurchase are met on such date; this requires the following:

- (A) the Competent Supervisory Authority, being aware of the occurrence of any such event that is continuing, has given, and not withdrawn by such date, its prior consent to the redemption or the repurchase; and
 - (B) the capital paid-in for the Bonds is replaced by or converted into paid-in Tier 1 basic own-fund items or Tier 2 basic own-fund items, or is replaced by or converted into other paid-in Tier 3 basic own-fund items of at least the same quality; and
 - (C) the applicable Solo MCR and the applicable Group MCR are complied with also after the redemption or the repurchase;
- and
- (iii) no Relevant Consolidated Subsidiary Insolvency Event has occurred and is continuing on such date, unless the Competent Supervisory Authority, being aware of the occurrence of a Relevant Consolidated Subsidiary Insolvency Event that is continuing, has not objected to the redemption of the Bonds or the Repurchase; and
 - (iv) the Competent Supervisory Authority has given, and not withdrawn by such day, its prior consent to the redemption or to the repurchase as required under the Applicable Supervisory Regulations; and
 - (v) in the case of any redemption or any repurchase prior to 4 October 2029 the capital paid-in for the Bonds is replaced by or converted into paid-in Tier 1 basic own-fund items or Tier 2 basic own-fund items, or is replaced by or converted into other paid-in Tier 3 basic own-fund items of at least the same quality, in each case with the prior consent of the Competent Supervisory Authority, provided that the replacement or conversion requirement in accordance with this § 5(6)(a)(v) applies only subject to § 5(6)(a)(v)(A) and § 5(6)(a)(v)(B).
- (A) No replacement or conversion requirement in accordance with § 5(6)(a)(v) applies if, in the case of any redemption following the occurrence of a Gross-Up Event or a Tax Event, the following conditions are met:
 - (I) an Appropriate Margin exists; and
 - (II) the Issuer demonstrates to the satisfaction of the Competent Supervisory Authority that the Gross-Up Event or the Tax Event is material and was not reasonably foreseeable on the date of issue of the Bonds.
 - (B) No replacement or conversion requirement in accordance with § 5(6)(a)(v) applies if, in the case of any redemption following the occurrence of a Regulatory Event the following conditions are satisfied:
 - (I) an Appropriate Margin exists; and
 - (II) the Competent Supervisory Authority considers it to be sufficiently certain that the relevant change for the Regulatory Event occurs or will occur, and the Issuer demonstrates to the satisfaction of the Competent Supervisory Authority that the exclusion of the Bonds from the Tier 3 basic own funds items of the Issuer or the Group or the regulatory reclassification of the Bonds was not reasonably foreseeable on the date of issue of the Bonds.
- (b) If, at the time of a scheduled redemption of the Bonds or a planned repurchase of Bonds, one or more alternative or additional pre-conditions to redemption or repurchase must be satisfied under the Applicable Supervisory Regulations, then such other and/or additional pre-conditions shall be deemed to constitute "Conditions to Redemption and Repurchase" instead of, or in addition to, the conditions set forth in this § 5(6) above.

- (c) If the Conditions to Redemption and Repurchase are not satisfied, this will not entitle the Bondholders to require the Issuer to redeem the Bonds, and any failure to redeem the Bonds for such reason shall not constitute a default of the Issuer or any other breach of its obligations under the Bonds or for any other purpose.
- (7) No Put or Acceleration Right of the Bondholders.

The Bondholders shall have neither any put right nor any other right to terminate or otherwise accelerate the redemption of the Bonds.

§ 6 Payments

(1) Payments.

- (a) The Issuer undertakes to pay, as and when due, principal and interest on the Bonds in euro. Payment of principal and interest on the Bonds will be made through the Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the respective account holders.

Payment of interest on Bonds represented by a Temporary Global Bond shall be made, upon due certification as provided in § 2(2).

- (b) All payments will be subject in all cases to any applicable fiscal and other laws, directives, regulations or agreements to which the Issuer, the Principal Paying Agent or any Paying Agent, as the case may be, agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of § 7. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(2) Payment Business Days.

If the due date for any payment of principal and/or interest and/or Arrears of Interest is not a Payment Business Day, payment will be effected only on the next Payment Business Day (except as provided in relation to a Interest Payment Date). The Bondholders will have no right to claim payment of any interest or other indemnity in respect of such delay in payment.

(3) References.

References in these Terms and Conditions to principal and interest on the Bonds include, to the extent applicable, all Additional Amounts payable pursuant to § 7 (as therein defined).

§ 7 Taxation

- (1) All payments of principal and interest in respect of the Bonds will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Issuer's country of domicile for tax purposes or any political subdivision or any authority or any agency of or in the Issuer's country of domicile for tax purposes that has power to tax, unless the Issuer is compelled by law to make such withholding or deduction. If the Issuer is required to make such withholding or deduction, the Issuer will pay such additional amounts (the "**Additional Amounts**") to the Bondholders as the Bondholders would have received if no such withholding or deduction had been required, except that no such Additional Amounts will be payable for any such Taxes in respect of any Bond:
 - (a) which are payable by any person acting as Custodian or collecting agent on behalf of a Bondholder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or

- (b) which are payable by reason of the Bondholder having, or having had, some personal or business connection with the Issuer's country of domicile for tax purposes and not merely by reason of the fact that payments in respect of the Bonds are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Issuer's country of domicile for tax purposes; or
 - (c) which are to be deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Issuer's country of domicile for tax purposes or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding; or
 - (d) which are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due or is duly provided for and notice thereof is published in accordance with § 11, whichever occurs later.
- (2) The Issuer will not have any obligation to pay additional amounts deducted or withheld by the Issuer, the relevant Paying Agent or any other party in relation to any withholding or deduction of any amounts in accordance with the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (as amended, or in accordance with any successor provisions), in accordance with any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or in accordance with any agreement with the U.S. Internal Revenue Service ("**FATCA Withholding**"), or to otherwise indemnify any Bondholder in relation to any FATCA Withholding.

§ 8

Presentation Period, Prescription

The period for presentation of the Bonds will be reduced to 10 years ("**Presentation Period**"). The period of limitation for claims under the Bonds presented during the period for presentation will be two years calculated from the expiration of the relevant Presentation Period.

§ 9

Paying Agents and Calculation Agent

- (1) Appointment.

The Issuer has appointed Erste Group Bank AG, Vienna, as principal paying agent (the "**Principal Paying Agent**" and, together with any additional paying agent appointed by the Issuer in accordance with § 9(2), the "**Paying Agents**", and each a "**Paying Agent**") and as Calculation Agent (the "**Calculation Agent**") with respect to the Bonds.

- (2) Variation or Termination of Appointment.

The Issuer will procure that there will at all times be a principal paying agent and a calculation agent. The Issuer is entitled to appoint other banks of international standing as paying agents, or another bank of international standing or a financial adviser with relevant expertise as calculation agent. Furthermore, the Issuer is entitled to terminate the appointment of any Paying Agent or Calculation Agent. In the event of such termination or such Paying Agent or Calculation Agent being unable or unwilling to continue to act as paying agent or calculation agent in the relevant capacity, the Issuer will appoint another bank of international standing as paying agent or a bank of international standing or a financial adviser with relevant expertise as calculation agent. Such appointment or termination will be published without undue delay in accordance with § 11; if this is not possible, such appointment or termination will be published in another appropriate manner.

(3) Status of the Agents.

The Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Bondholders. The Paying Agents and the Calculation Agent are exempt from the restrictions of § 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).

§ 10
Further Issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the interest commencement date and/or the issue price) so as to form a single series with the Bonds. The term "Bonds" shall, in the event of such further issue, also comprise such further bonds.

No increase of these Bonds will be made in accordance with this § 10 if such increase would result in a Regulatory Event entitling the Issuer to redeem the Bonds in accordance with § 5(4).

§ 11
Notices

- (1) All notices regarding the Bonds will be published so long as the Bonds are listed on the regulated market of the Luxembourg Stock Exchange on the website of the Luxembourg Stock Exchange on www.luxse.com. Any notice will become effective for all purposes on the date of such publication.
- (2) In addition, the Issuer will deliver all notices concerning the Bonds to the Clearing System for communication by the Clearing System to the Bondholders. Any such notice shall be deemed to have been given to the Bondholders on the fifth day after the date on which the said notice was given to the Clearing System.

§ 12
Amendments to the Terms and Conditions by resolution of the Bondholders; Joint Representative

- (1) The Issuer may agree with the Bondholders on amendments to the Terms and Conditions or on other matters by virtue of a majority resolution of the Bondholders pursuant to § 5 et seqq. of the German Act on Issues of Debt Securities, as amended (*Gesetz über Schuldverschreibungen aus Gesamtemissionen* – "**SchVG**").

The Issuer's right under this § 12(1) is subject to the following restrictions:

- (i) the regulatory restrictions set out in § 3(2), § 3(3), § 3(4) and § 5(6);
- (ii) the compliance with the Applicable Supervisory Regulations at the time of an amendment of the Terms and Conditions for the Bonds to qualify for the inclusion in the determination of the own funds for solvency purposes of the Issuer and/or for group solvency purposes of the Group as Tier 3 Capital (or a better category of own funds); and
- (iii) the prior consent of the Competent Supervisory Authority (if under the Applicable Supervisory Regulations such prior consent is required at the time).

There will be no amendment of the Terms and Conditions without the Issuer's consent. In particular, the Bondholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5 paragraph 3 SchVG by resolutions passed by such majority of the votes of the Bondholders as stated under § 12(2) below. A duly passed majority resolution shall be binding equally upon all Bondholders.

The Issuer will notify the Competent Supervisory Authority of the amendments of the Terms and Conditions proposed for resolution prior to the holding of the vote.

- (2) Except as provided by the following sentence and provided that the quorum requirements are being met, the Bondholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions

which materially change the substance of the Terms and Conditions, in particular in the cases of § 5 paragraph 3 numbers 1 through 9 SchVG, or which relate to material other matters may only be passed by a majority of at least 75 % of the voting rights participating in the vote (a "**Qualified Majority**").

- (3) The Bondholders can pass resolutions in a holders' meeting (*Gläubigerversammlung*) in accordance with § 5 et seqq. SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 18 and § 5 et seqq. SchVG.
 - (a) Attendance at the holders' meeting and exercise of voting rights is subject to the Bondholders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the holders' meeting. As part of the registration, Bondholders must provide evidence of their eligibility to participate in the vote by means of a special confirmation of the Custodian in text form and by submission of a blocking instruction by the Custodian stating that the relevant Bonds are not transferable from and including the day such registration has been sent until and including the stated end of the holders' meeting.
 - (b) Together with casting their vote, Bondholders must provide evidence of their eligibility to participate in the vote without a meeting by means of a special confirmation of the Custodian in text form and by submission of a blocking instruction by the Custodian stating that the relevant Bonds are not transferable from and including the day such vote has been cast until and including the day the voting period ends.
- (4) If it is ascertained that no quorum exists for the holders' meeting pursuant to § 12(3)(a) or the vote without a meeting pursuant to § 12(3)(b), in case of a holders' meeting the chairperson (*Vorsitzender*) may convene a second meeting in accordance with § 15 paragraph 3 sentence 2 SchVG or in case of a vote without a meeting the scrutineer (*Abstimmungsleiter*) may convene a second meeting within the meaning of § 18 paragraph 4 sentence 2 and § 15 paragraph 3 sentence 3 SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Bondholders' registration. The provisions set out in § 12(3)(a) shall apply *mutatis mutandis* to Bondholders' registration for a second meeting.
- (5) The Bondholders may by majority resolution provide for the appointment or dismissal of a holders' representative (the "**Bondholders' Representative**"), the duties and responsibilities and the powers of such Bondholders' Representative, the transfer of the rights of the Bondholders to the Bondholders' Representative and a limitation of liability of the Bondholders' Representative. Appointment of a Bondholders' Representative may only be passed by a Qualified Majority if such Bondholders' Representative is to be authorised to consent, in accordance with § 12(2) hereof, to a material change in the substance of the Terms and Conditions or other material matters.
- (6) Any notices concerning this § 12 shall be made exclusively pursuant to the provisions of the SchVG.
- (7) In the event of a substitution pursuant to § 13(1), § 12 shall apply *mutatis mutandis* for an amendment of the guarantee pursuant to § 13(1)(d), and the Terms and Conditions and such guarantee may only be amended with the consent of the New Issuer and Sava Re as guarantor.

§ 13 Substitution

- (1) Substitution.

The Issuer may at any time, without the consent of the Bondholders, substitute for itself any other company (other than an insurance undertaking) which is directly or indirectly controlled by the Issuer, as new issuer (the "**New Issuer**") in respect of all obligations arising under or in connection with the Bonds with the effect of releasing the Issuer of all such obligations, if:

- (a) the New Issuer assumes any and all obligations of the Issuer arising under or in connection with the Bonds and, if service of process vis-à-vis the New Issuer would have to be effected outside the Federal Republic of Germany, appoints a process agent within the Federal Republic of Germany; and

- (b) the Issuer and the New Issuer have obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Bonds, in particular the Competent Supervisory Authority having given its prior consent to the substitution; and
- (c) the New Issuer is in the position to pay to, or to the order of, the Clearing System in euro and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Bonds; and
- (d) the Issuer irrevocably guarantees on a subordinated basis such obligations of the New Issuer under the Bonds on terms which ensure that each Bondholder will be put in an economic position that is not less favourable than that which would have existed if the substitution had not taken place; and
- (e) the Conditions to Redemption and Repurchase are fulfilled at the time of the substitution; these shall apply *mutatis mutandis* to the substitution.

(2) References.

In the event of a substitution pursuant to § 13(1), any reference in these Terms and Conditions to the Issuer shall be a reference to the New Issuer.

For the avoidance of doubt, this shall apply only to the extent that the meaning and purpose of the relevant condition requires that the relevant reference shall continue to be a reference only to Sava Re (i.e. in particular in relation to the solvency applicable to Sava Re and the group solvency of the Group, the Insolvency Event, the Dividend Payment Event, the Accounting Event, the Rating Event and § 5(2)), or that the reference shall be to the New Issuer and Sava Re, in relation to its obligations under the guarantee pursuant to § 13(1)(d), at the same time (Gross-Up Event, Tax Event, Regulatory Event, Accounting Event, Rating Event and Taxation).

In the event of a substitution any reference to the Issuer's country of domicile for tax purposes shall be a reference to the New Issuer's country of domicile for tax purposes, unless sentence 2 provides otherwise.

(3) Notice and Effectiveness of Substitution.

Notice of any substitution of the Issuer shall be given by notice in accordance with § 11. Upon such publication, the substitution shall become effective, and the Issuer and in the event of a repeated application of this § 13, any previous New Issuer shall be discharged from any and all obligations under the Bonds. In the case of such substitution, the stock exchange(s), if any, on which the Bonds are then listed at the initiative of the Issuer will be notified.

§ 14 Final Provisions

(1) Applicable Law.

The form and the content of the Bonds as well as all the rights and duties arising therefrom are governed by, and construed in accordance with, the laws of the Federal Republic of Germany. The status provisions in § 3 shall be governed by, and shall be construed exclusively in accordance with, Slovenian law.

(2) Place of Jurisdiction.

Subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG, non-exclusive place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions will be Frankfurt am Main, Federal Republic of Germany. The Issuer irrevocably waives any objection which they might now or hereafter have to the courts of Frankfurt am Main being nominated as the forum to hear and determine any proceedings and to settle any disputes and agrees not to claim that any of those courts is not a convenient or appropriate forum.

(3) Place of Performance.

Place of performance will be Frankfurt am Main, Federal Republic of Germany.

(4) Enforcement of Rights.

Any Bondholder may in any legal proceedings against the Issuer or to which the Bondholder and the Issuer are parties enforce in its own name its rights arising under such Bonds on the basis of:

(a)

- (i) a certificate issued by the Custodian (A) stating the full name and address of the Bondholder, (B) specifying the aggregate principal amount of Bonds credited on the date of such statement to such Bondholder's securities account(s) maintained with such Custodian and (C) confirming that the Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information specified in (A) and (B) and bearing acknowledgements of the Clearing System and the relevant account holder in the Clearing System; and
- (ii) a copy of the Global Bond representing the relevant Bonds certified as being a true copy by an authorised officer of Clearing System or the Principal Paying Agent,

without the need for production in such proceedings of the actual records or the Global Bond representing the Bonds; and/or

- (b) any other means of evidence permitted in legal proceedings in the country of enforcement.

(5) Agent for Service of Process.

The Issuer irrevocably appoints Erste Group Bank AG, Stuttgart Branch, Friedrichstr. 10, 70174 Stuttgart, Germany its agent in the Federal Republic of Germany to receive service of process in any proceedings in the Federal Republic of Germany based on any of the Bonds. If for any reason the Issuer does not have such an agent in the Federal Republic of Germany, it will promptly appoint a substitute process agent and notify the Bondholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

§ 15

Purpose of the Bonds

The purpose of the Bonds is to furnish the Issuer with Tier 3 own-fund items on an individual and consolidated (solo solvency and group solvency) basis.

§ 16

Language

These Terms and Conditions are written in the English language which will be the only legally binding version.

USE OF PROCEEDS

The net proceeds from the issue and sale of the Bonds will amount to approximately EUR 49,640,000.

The Issuer intends to use the net proceeds from the issue and sale of the Bonds for general funding purposes of the Sava Insurance Group and optimization of its capital structure, while at the same time providing funding for growth through acquisitions.

DESCRIPTION OF THE ISSUER AND THE SAVA INSURANCE GROUP

Information about the Issuer

Pozavarovalnica Sava, d.d. ("**Sava Re**" or the "**Issuer**") is a joint stock company (*delniška družba*), with its registered seat in Ljubljana, and business address at Dunajska cesta 56, 1000 Ljubljana, Slovenia and is the ultimate parent company of Sava Insurance Group. The Issuer's legal name is Pozavarovalnica Sava, d.d., its abbreviated legal name is Sava Re d.d. and its commercial name is Sava Re. The Issuer transacts reinsurance business.

Sava Insurance Group is a Slovenian insurance group present in over 110 insurance and reinsurance markets worldwide. The Issuer provides reinsurance services to more than 450 clients worldwide. Together with its insurance and non-insurance subsidiaries, it constitutes one of the major insurance groups based in the Adriatic region.

Historically, reinsurance services have been provided in the territory of Slovenia since 1973 within a special department of the Insurance Company Sava. Reinsurance services were then separated (by way of a spin-off) into the then incorporated independent legal entity Reinsurance Community Sava (*Pozavarovalna skupnost Sava*), which marks the date of incorporation of the Issuer. The Issuer was incorporated as a stock corporation on 10 December 1990 under Slovenian law for an indefinite period of time and operates under Slovenian law.

The Issuer is registered in the court register (*sodni register*) under identification number (*matična številka*) 5063825000. Its telephone number is +386 1 47 50 200 and its website is www.sava-re.si. The information on the Issuer's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus (see "*Documents incorporated by reference*" below). The legal entity identifier (LEI) of the Issuer is 549300P6F1BDSFSW5T72.

The regulator responsible for prudential regulation of the Issuer is the Slovenian Insurance Supervision Agency (*Agencija za zavarovalni nadzor – "AZN"*), Trg republike 3, 1000 Ljubljana, Slovenia.

History and Development

1973–1977	Reinsurance department of Insurance Company Sava
1977–1990	Reinsurance Community Sava
1990	Reinsurance Company Sava
1998–2009	Sava Insurance Group entry into Slovenian, North Macedonian, Montenegrin, Kosovan, Serbian and Croatian insurance markets
2008	Initial Public Offering and listing on the Ljubljana Stock Exchange (Ljubljanska Borza, the " LJSE ")
2013	Sava Insurance Group becomes one of the major insurance groups in the region by acquiring 100 % of Zavarovalnica Maribor (EUR 55 million capital increase)
2015	The Issuer acquires 100 % of the pension insurer subsequently renamed Sava pokojninska družba, d.d. (" Sava Pokojninska ")
2016	Four of Sava Insurance Group's EU-based insurers merge to form Zavarovalnica Sava, zavarovalna družba, d.d. (" Zavarovalnica Sava ")
2018	Entry into North Macedonian pension (<i>Sava penzisko društvo, a.d.</i>) and Slovenian assistance markets (TBS TEAM 24 podjetje za storitvene dejavnosti in trgovino d.o.o. (" TBS Team 24 ")). Acquisition of a smaller Serbian insurance company Energoprojekt Garant (merged into Serbian Sava insurance company at the end of 2018).

2019	<p>Sava Insurance Group expands its presence in the Croatian market by acquiring two ERGO insurers (life and non-life).</p> <p>Slovenia-based SAVA INFOND, družba za upravljanje, d.o.o. ("Sava Infond") is acquired to strengthen asset management operations.</p>
2020	<p>The Issuer entered with 50 % of voting rights in the health service provider Diagnostični Center Bled d.o.o. (Bled Diagnostic Centre, associated company).</p> <p>The Issuer purchased 100 % stake in the life insurance company NLB Vita, življenjska zavarovalnica d.d. (renamed to Zavarovalnica Vita, d.d., "Vita").</p>
2023	<p>With acquisition of ASP, d.o.o. (Serbia), the Issuer strengthens Group's IT capacity – primarily for own strategic development.</p> <p>Establishing of company Vita S Holding d.o.o., Skopje with the aim to enter the North Macedonian healthcare market.</p>

Source: Internal information of Sava Insurance Group

Business Overview

The corporate object of the Issuer, as laid out in its articles of association, is the independent performance of gainful activities on the market as its exclusive activity. Accordingly, the Issuer performs the following activities in compliance with and under the conditions as stipulated by the law:

- Reinsurance operations;
- Risk and claims assessment; and
- Other ancillary activities for insurance and pension funds.

The Issuer may, in addition to business transactions which fall within its activities referred to in the previous paragraph, also perform business transactions which are directly connected to insurance business transactions and other business transactions for other companies within the Sava Insurance Group, however, only if they do not increase the risk for the Sava Insurance Group, and only those types of business transactions which are a part of the business operations of the Issuer in the context of its primary activity. The Issuer may also perform other business transactions not mentioned above, but which are necessary for its existence and do not constitute regular performance of business transactions.

Sava Insurance Group's business is presented by the operating segments: reinsurance, non-life business, life business, pensions and asset management and the "other" segment. The non-life and life segments are further broken down by geography (EU and non-EU, which consists of Serbia, North Macedonia, Montenegro and Kosovo).

The following companies are included in the operating segments as presented for the purposes of preparation of the annual report and quarterly reporting of the Sava Insurance Group:

- reinsurance business: the Issuer (business with non-group companies);
- non-life business, EU: Zavarovalnica Sava (Slovenian and Croatian part), Vita (Slovenia);
- non-life business, non-EU: Sava neživotno osiguranje a.d.o. (Serbia), Illyria, sh.a. (Kosovo), Sava osiguranje, a.d. (Montenegro), Sava osiguruvanje, a.d. (North Macedonia), Društvo sa ograničenom odgovornošću "SAVA CAR" Podgorica (Montenegro), Društvo za zastupanje u osiguranju "SAVA AGENT", d.o.o. – Podgorica (Montenegro), Društvo za tehničko ispitivanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje (North Macedonia), PRIVREDNO DRUŠTVO ZA TEHNIČKI PREGLED I REGISTRACIJU SAVA CAR DOO BEOGRAD (Serbia);

- life business, EU: Vita (Slovenia), Zavarovalnica Sava (Slovenian and Croatian part), ZS Svetovanje, storitve zavarovalnega zastopanja, d.o.o. (Slovenia), ASISTIM, klicni center, storitvene dejavnosti in vrednotenje, d.o.o. (Slovenia);
- life business, non-EU: Sava životno osiguranje, a.d.o. (Serbia), Illyria life, sh.a. (Kosovo);
- pensions and asset management: Sava Pokojninska (Slovenia), Sava penzisko društvo, a.d. (North Macedonia), SAVA INFOND, družba za upravljanje, d.o.o. ("**Sava Infond**") (Slovenia); and
- other: TBS Team 24 (Slovenia), ASP, d.o.o. (Serbia), Vita S Holding d.o.o., Skopje (North Macedonia).

The following table below represents non-consolidated business volume in 2023 by companies of Sava Insurance Group.

SLOVENIA	
Sava Re d.d.	Gross premiums written: EUR 215.9 million
Zavarovalnica Sava d.d.	Gross premiums written: EUR 523.1 million
SAVA INFOND d.o.o.	Operating revenue: EUR 12.3 million
Zavarovalnica Vita d.d.	Gross premiums written: EUR 107.0 million
Sava Pokojninska Družba d.d.	Annuities: EUR 3.2 million Fund inflows: EUR 15.3 million
TBS TEAM 24 d.o.o.	Revenue: EUR 23.0 million
CROATIA	
Zavarovalnica Sava d.d., branch office	Gross premiums written: EUR 19.4 million
MONTENEGRO	
Sava Osiguranje a.d.	Gross premiums written: EUR 20.7 million
SERBIA	
Sava Neživotno Osiguranje a.d.o.	Gross premiums written: EUR 39.5 million
Sava Životno Osiguranje a.d.o.	Gross premiums written: EUR 7.1 million
ASP d.o.o.	Operating revenue: EUR 0.3 million
KOSOVO	
Illyria sh.a.	Gross premiums written: EUR 17.4 million
Illyria Life sh.a.	Gross premiums written: EUR 4.3 million
NORTH MACEDONIA	
Sava Osiguruvanje a.d.	Gross premiums written: EUR 20.5 million
Sava Penzisko Društvo a.d.	Fund inflows: EUR 98.7 million
Vita S Holding DOO	–

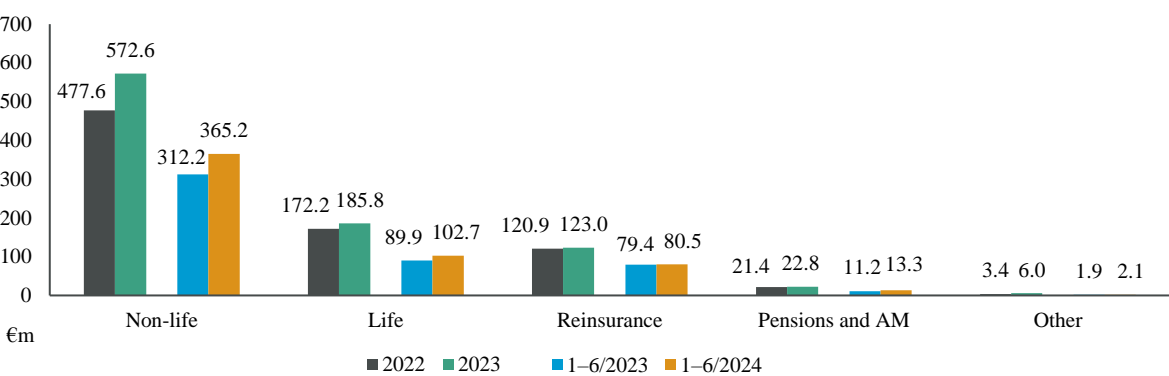
Source: Issuer's internal information (unaudited).

As of 31 December 2023, the Sava Insurance Group employed 2,744.8 persons (full-time equivalent basis).

In 2023, Sava Insurance Group recorded a business volume of EUR 910.1 million (compared with EUR 795.5 million in 2022) and generated net profit of EUR 64.7 million (compared with EUR 46.9 million in 2022). Sava Insurance Group's net income attributable to the controlling company was EUR 64.5 million in 2023 (compared with EUR 46.7 million in 2022). Total consolidated assets as of 31 December 2023 were EUR 2,568.5 million (compared with EUR 2,312.1 million as of 31 December 2022).

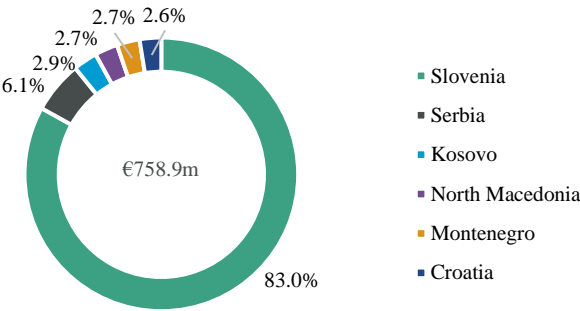
Figures for 2023 with comparative data for 2022 have been prepared in accordance with IFRS 17 and IFRS 9, which entered into force on 1 January 2023.

The following overview presents the split of business volume¹ by segment (Sava Insurance Group; consolidated; unaudited):



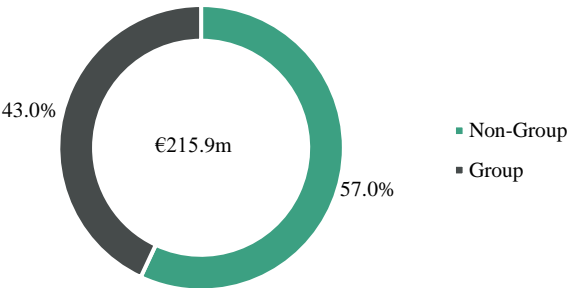
Source: Issuer's Annual report 2023 and Financial report for January–June 2024.

The following chart presents the split of gross premiums written 2023 by country (Sava Insurance Group; non-life and life insurance; non-consolidated, unaudited):



Source: Issuer's Annual report 2023.

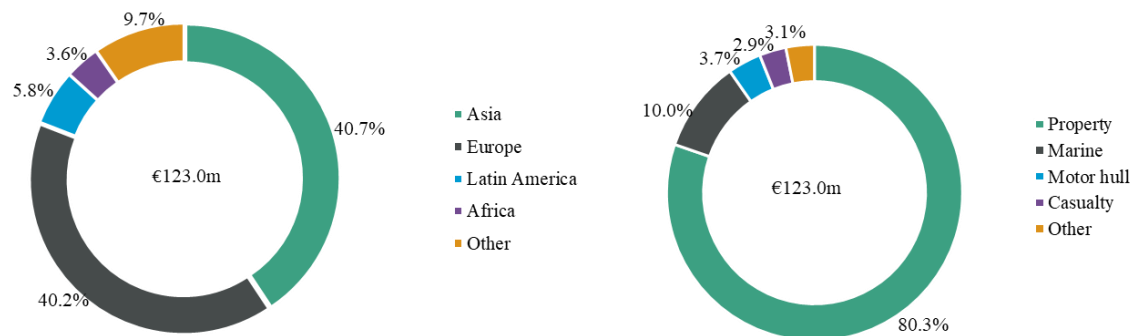
The following chart presents the split of Sava Re group and non-group reinsurance gross premiums written in 2023 (non-consolidated; unaudited):



¹ Business volume. Gross premiums written and revenue of non-insurance services.

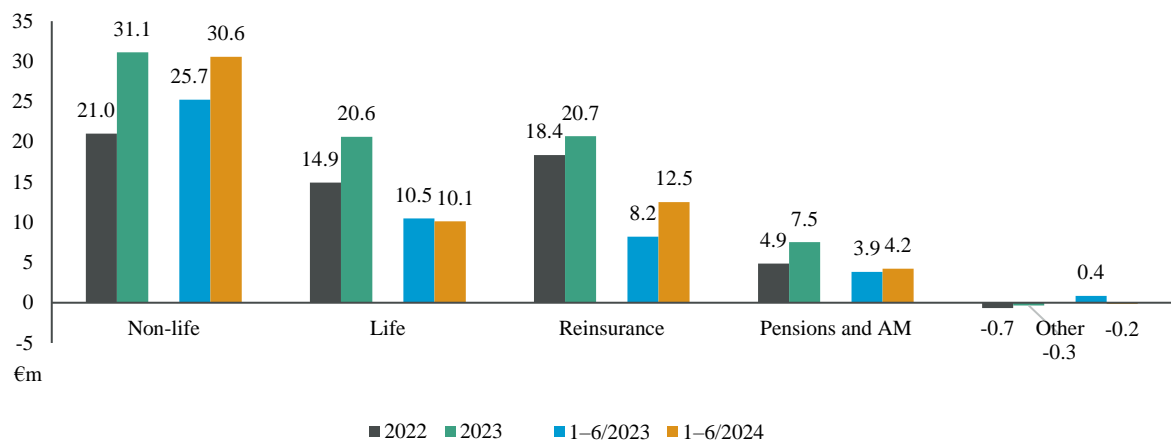
Source: Issuer's Annual report 2023.

The following charts present the split of Sava Re non-group reinsurance gross premiums written 2023 by region and line of business (non-consolidated; unaudited):



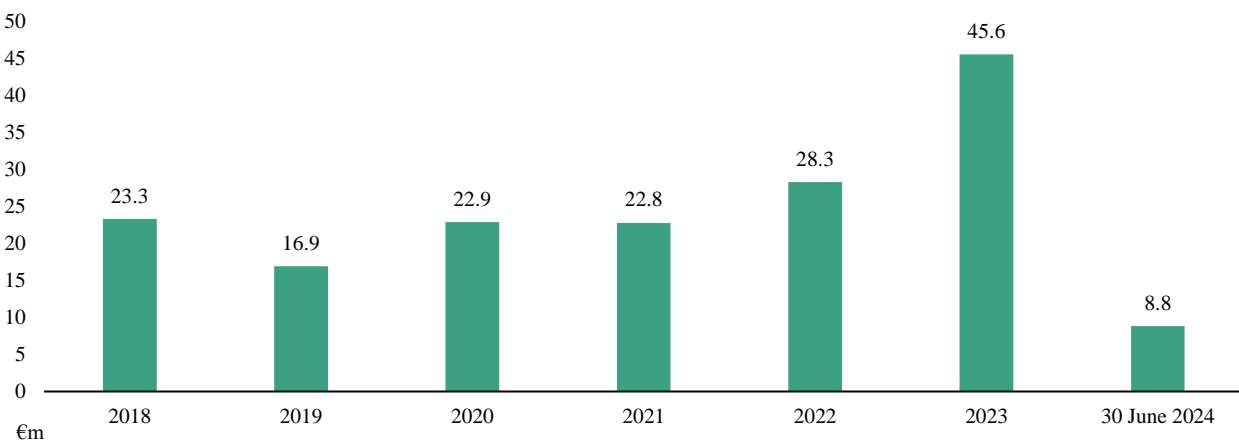
Source: Issuer's internal information.

The following overview presents the composition of profit or loss before tax by segment (Sava Insurance Group; consolidated):



Source: Issuer's Annual report 2023 (audited) and Financial report for January–June 2024 (unaudited).

The following overview presents the impact of natural catastrophe claims (Sava Insurance Group; consolidated; unaudited)



Source: Issuer's internal information.

The significant rise in natural catastrophe claims in 2023 was due to a wave of storms and floods which hit Slovenia and the wider region in the summer of 2023. Such also had a significant impact on the Issuer's profit, in the amount of EUR 27.4 million.

Competitive Position

In 2023, Sava Insurance Group had a market share of 20.6 % in the Slovenian insurance market for non-life insurance products (2022: 18.9 %) and 20.6 % for life insurance products (2022: 19.3 %) (Source: *Slovenian Insurance Association (Slovensko zavarovalno združenje, GIZ, "SZZ")*). The market positions of other insurance companies of the Sava Insurance Group are presented below.

Sava Insurance Group	Gross Premiums Written 2023 (EUR million)	Gross Premiums Written Change 2023 / 2022	Market Share 2023 (the information in the brackets indicate the ranking within the country)*
Slovenia**			
<i>Reinsurance</i>	215.9	+8.3%	
<i>Non-Life</i>	457.9	+19.9%	20.6% (2 nd)
<i>Life</i>	172.2	+7.5%	20.6% (3 rd)
<i>Life + Non-Life</i>	630.1	+16.3%	20.6% (2 nd)
Croatia			
<i>Non-Life</i>	17.1	+10.9%	1.2% (12 th)
<i>Life</i>	2.2	+9.6%	0.8% (11 th)
<i>Total</i>	19.3	+10.7%	1.1% (13 th)
Serbia			
<i>Non-Life</i>	39.5	+33.5%	3.7% (10 th)
<i>Life</i>	7.1	+25.8%	2.7% (8 th)
<i>Total</i>	46.6	+32.2%	3.5% (10 th)
Kosovo			
<i>Non-Life</i>	17.4	+8.1%	12.5% (3 rd)
<i>Life</i>	4.3	-2.2%	64.6% (1 st)
<i>Total</i>	21.7	+5.9%	14.8% (1 st)
Montenegro			
<i>Non-Life</i>	20.7	+18.8%	21.6% (2 nd)
<i>Total</i>	20.7		17.3% (2 nd)
North Macedonia			
<i>Non-Life</i>	20.5	+17.3%	10.6% (4 th)
<i>Total</i>	20.5		8.8% (6 th)

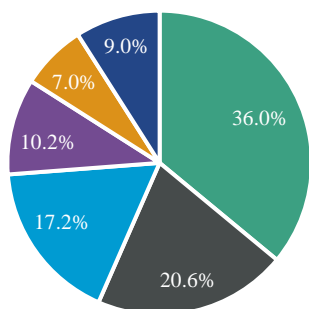
*Source: Slovenia: SZZ; Croatia: Hrvatski ured za osiguranje; Serbia: Narodna Banka Srbije; Kosovo: Central Bank of the Republic of Kosovo; Montenegro: Agencija za nadzor osiguranja; North Macedonia: The insurance supervision agency.

**Effect of abolition of supplemental health insurance in Slovenia on market shares is outlined in below graphs.

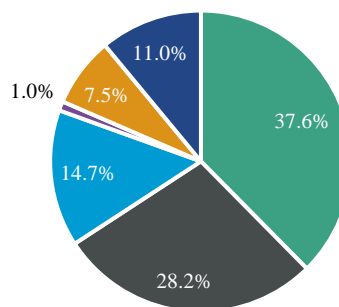
The following charts show the gross written premium market share of Sava Insurance Group and other competitors in Slovenia in 2023 and as of 31 March 2024:

Slovenian insurance market as of 31 December 2023

- Zavarovalnica Triglav and Triglav zdravstvena
- Zavarovalnica Sava and Vita
- Generali
- Vzajemna
- Modra zavarovalnica
- Other insurers



Slovenian insurance market as of 31 March 2024



Source: SZZ (Slovenian Insurance Association).

The activities of the health insurers (Triglav, Zdravstvena zavarovalnica, d.d. and VZAJEMNA Zdravstvena zavarovalnica, d.v.z. and GENERALI zavarovalnica d.d.) were significantly affected by the regulation of the price of supplementary health insurance in Slovenia, which led to a reduction in income from this business segment and consequently losses. Since 1 January 2024 supplemental health insurance is no longer be offered. Sava Insurance Group was not affected by regulation of the price of supplementary health insurance in Slovenia.

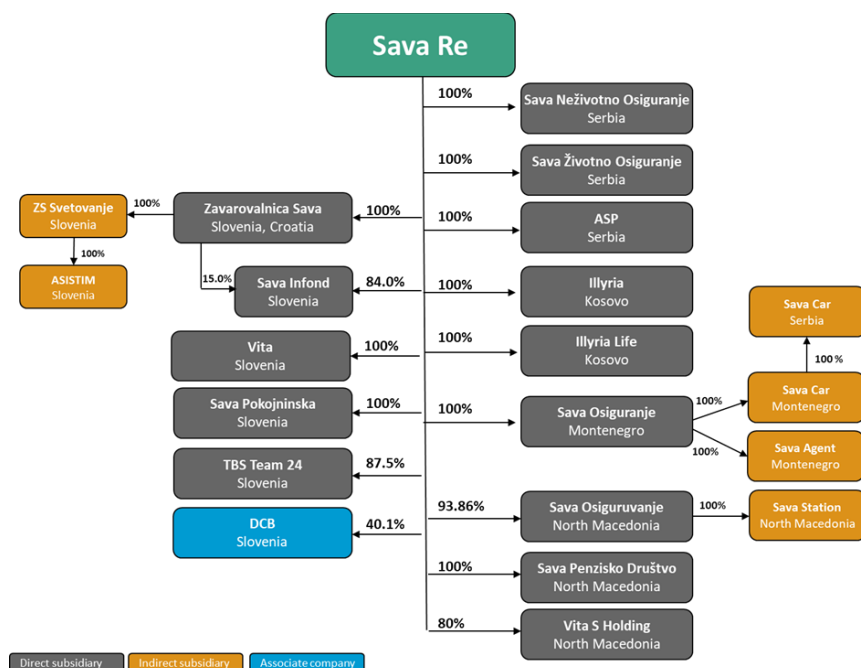
According to pension business, market shares of Sava Insurance Group's members are as follows:

- Slovenia: 10.0 %; 6th market position (Source: Government of Republic of Slovenia);
- North Macedonia: 43.6 %; 2nd market position (Source: Agencija za supervizija (MAPAS)).

Among Slovenian asset managers, Sava Infond reached 13.1 % market share (4th market position) at the end of 2023 (Source: Association of Companies for the Management of Investment).

Organizational Structure as of 31 December 2023

The Issuer is the ultimate parent company of Sava Insurance Group which as of the date of this Prospectus has the following structure (simplified):



Source: Issuer's internal information.

The Issuer is not dependent on other entities within Sava Insurance Group.

Share capital

The issued share capital of the Issuer as at 30 June 2024 amounted to EUR 71,856,376 (31 December 2023: EUR 71,856,376), consisting of 17,219,662 ordinary registered no-par value shares. Each share represents an equal part and corresponding amount of the share capital. The proportion of the share capital represented by each share is determined by the number of shares issued. The shares are fully paid up. As of the date of this Prospectus, the Issuer holds 1,721,966 own shares, representing 10.0 % minus one share of the share capital. The shares of the Issuer are listed on the LJSE and are traded in the Prime market of the LJSE (ticker symbol: POSR). As at 30 June 2024, the market capitalization of the Issuer amounted to EUR 505.2 million.

Major Shareholders

As of 30 June 2024, the Issuer had 4,379 shareholders. The following shareholders have a qualifying holding² in the Issuer:

- Intercapital Securities Ltd. (fiduciary account*) held 3,309,452 shares or 19.2 % of the share capital of the Issuer;
- Slovenski državni holding, d.d. (the "**Slovenian Sovereign Holding**") was the direct holder of 3,043,883 shares or 17.7 % of the share capital of the Issuer;
- Republic of Slovenia was the direct holder of 2,392,436 shares or 13.9 % of the share capital of the Issuer;
- the Issuer (own shares) held 1,721,966 shares or 10.0 % minus one share of the share capital of the Issuer. In April 2016, the management board fully exhausted the general meeting authorization granted in 2014 to purchase own shares up to 10 % less one share of the share capital; and
- European Bank for Reconstruction and Development (EBRD) was the direct holder of 1,071,429 shares or 6.2 % of the share capital of the Issuer.

*The largest ultimate beneficial owners of the shares registered through the mentioned fiduciary account are Croatia Osiguranje d.d. (14.2 %) and Adris Grupa d.d. (4.9 %)³.

As of 30 June 2024, the Issuer had no other shareholders whose holdings exceeded 5.0 % of its share capital, nor did it have any issued securities that would grant their holders special control rights.

Description of the Governing Bodies of the Issuer

Management Board

The management board of the Issuer (the "**Management Board**") currently consists of 4 members. As at the date of this Prospectus, the members of the Management Board are:

² Within the meaning of the Article 77(1) of the Slovenian Takeover Act (Zakon o prevzemih (ZPre-1), Official Gazette of the Republic of Slovenia No. 79/06, as amended), which is a 5 % of voting rights.

³ Under Article 235a of the Slovenian Companies Act (*Zakon o gospodarskih družbah* (ZGD-1); Official Gazette of the Republic of Slovenia No. 65/09, as amended, the "**Companies Act**"), the Issuer started the process of identifying shareholders who are registered with intermediaries as holders of shares and who are not themselves intermediaries (ultimate shareholders). This process was last carried out on 26 April 2024. According to the information received, on that date, Croatia Osiguranje d.d. held 2,439,852 POSR shares, and Adris Grupa d.d. held 838,197 POSR shares.

Name	Function	Memberships of management or supervisory bodies of third parties:
Marko Jazbec	Chair	<ul style="list-style-type: none"> SZZ, Železna cesta 14, 1000 Ljubljana, Slovenia – member of the association's council
Peter Skvarča	Member	<ul style="list-style-type: none"> Tennis Association of Slovenia (<i>Teniška zveza Slovenije</i>), Šmartinska 152, 1000 Ljubljana, Slovenia – member of the board of directors
David Benedek	Member	<ul style="list-style-type: none"> None
Polona Pirš	Member	<ul style="list-style-type: none"> None

Source: Issuer's internal information.

The Management Board represents the Issuer in its legal transactions. In this, it acts in accordance with the applicable legislation, in particular the Companies Act and the Slovenian Insurance Act (*Zakon o zavarovalništvu* (ZZavar-1), Official Gazette of the Republic of Slovenia No. 65/09, as amended, the "**Insurance Act**"), as well as with the articles of association of the Issuer and the act on the management board and its rules of procedure. The Management Board is appointed by the supervisory board of the Issuer (the "**Supervisory Board**"). The term of office of an individual member of the Management Board is up to five years, with the possibility of reappointment.

Management board members must immediately disclose any potential conflicts of interest.

On this basis, the Issuer has not identified any actual or potential conflicts of interest between the obligations of the persons towards the Issuer and their own interests or other obligations.

The business address of the members of the Management Board is Dunajska cesta 56, 1000 Ljubljana, Slovenia.

Supervisory Board

The Supervisory Board consists of 4 shareholder representatives and 2 employee representatives. As at the date of this Prospectus, it is composed as follows:

Name	Function	Memberships of management or supervisory bodies of third parties: ⁴
Davor Ivan Gjivoje Jr	Chair	<ul style="list-style-type: none"> Networld Inc. / DGG Holdings Ltd., 36 Cattano Ave. Fl. 5. Ste. 3, Morristown, NJ 07960, USA – chief executive officer Adria Lines Dover, Delaware, USA – chief executive officer SAVA, družba za upravljanje in financiranje, d.d.. Dunajska 152, 1000 Ljubljana, Slovenia – chair of the supervisory board Sava Turizem d.d., Dunajska 152, 1000 Ljubljana, Slovenia – chair of the supervisory board

⁴ Memberships in supervisory board committees are not included.

Name	Function	Memberships of management or supervisory bodies of third parties: ⁴
Keith William Morris	Deputy Chair	<ul style="list-style-type: none"> HMS Victory Preservation Endowment Fund Ltd, HM Naval Base (PP66) Portsmouth Hampshire PO1 3NH, United Kingdom – chair of the board of directors
Klemen Babnik	Member	<ul style="list-style-type: none"> SAVA, družba za upravljanje in financiranje, d.d., Dunajska 152, 1000 Ljubljana, Slovenia – member of the supervisory board Sava Turizem d.d., Dunajska 152, 1000 Ljubljana, Slovenia – member of the supervisory board
Matej Gomboši	Member	<ul style="list-style-type: none"> iMark, inštitut za svetovanje in informatiko, Matej Gomboši s.p, Panonska Ulica 101, Beltinci, 9231 Beltinci, Slovenia - founder
Edita Rituper	Member, employee representative	<ul style="list-style-type: none"> None
Blaž Garbajs ⁵	Member, employee representative	<ul style="list-style-type: none"> None

Source: Issuer's internal information.

The Supervisory Board oversees the conduct of the Issuer's business. In doing so, it must comply with applicable regulations, in particular the Companies Act, the Insurance Act, the Issuer's articles of association and the rules of procedure of the Supervisory Board. The law requires the Board to meet at least once a quarter, generally after the end of each quarter. If necessary, the Board may meet more frequently.

Supervisory board members must immediately disclose any potential conflicts of interest as well as provide for a periodical (annual) statements in this respect.

On this basis, the Issuer has not identified any actual or potential conflicts of interest between their obligations of the persons towards the Issuer and their own interests or other obligations.

The business address of the members of the Supervisory Board is Dunajska cesta 56, 1000 Ljubljana, Slovenia.

Material Contracts

The Issuer has not entered into any material agreements outside of the ordinary course of the Issuer's business, which could result in any member of the Sava Insurance Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Bonds.

Governmental, Legal and Arbitration Proceedings

The companies of the Sava Insurance Group are involved in judicial and extra-judicial proceedings in Slovenia and abroad, both as plaintiffs or petitioners and as defendants or respondents. The outcome of these proceedings is uncertain.

⁵ Blaž Garbajs is also a member of the audit committee of the associate company Diagnostic Centre Bled, and this committee also serves as the audit committee for two of the associate's subsidiaries.

The proceedings described below do not include disputes relating to insurance contracts underwritten by the companies of the Sava Insurance Group in the ordinary course of business and only those proceedings deemed to be of material interest in connection with the issue of the Bonds are explicitly mentioned herein.

With the exception of the cases described below, the Issuer is not currently involved in, nor has it been involved in the last 12 months in, any court or arbitration or any administrative proceeding before any which are reasonably likely to have a material effect on the financial position or profitability of the Issuer or Sava Insurance Group.

Major legal and arbitration disputes

Along with numerous other bank investors, the Issuer and certain companies of the Sava Insurance Group suffered a significant loss as a result of the extraordinary measures taken by the Bank of Slovenia (*Banka Slovenije*) at the end of 2013 to terminate the qualifying liabilities in relation to six Slovenian banks, i.e.:

- Nova ljubljanska banka d.d., Ljubljana, Trg republike 2, 1000 Ljubljana, Slovenia ("**NLB**"), with the Bank of Slovenia decision, ref. no. PBH 24.20-021/13-010 of 17 December 2013;
- Nova kreditna banka Maribor d.d., Ulica Vita Kraigherja 4, 2000 Maribor, Slovenia ("**NKBM**", in 2024, merged with SKB banka d.d. and renamed to OTP banka d.d. "**OTP**"), with the Bank of Slovenia decision, ref. no. PBH 24.20-022/13-009 of 17 December 2013;
- Abanka Vipava d.d., Slovenska cesta 58, 1000 Ljubljana, Slovenia ("**Abanka**", in 2020, merged with NKBM, which, in 2022, merged with SKB banka d.d.), with the Bank of Slovenia decision, ref. no. PBH 24.20-023/13-009 of 17 December 2013;
- Factor banka d.d., Tivolska cesta 48, 1000 Ljubljana, Slovenia ("**Factor banka**", in 2016, merged with Družba za upravljanje terjatev bank, d.d., which, in 2022, merged with Slovenian Sovereign Holding), with the Bank of Slovenia decision, ref. no. PBH 24.20-030/13-009 of 17 December 2013;
- Probanka d.d., Trg Leona Štuklja 12, 2000 Maribor, Slovenia ("**Probanka**", in 2016, merged with Družba za upravljanje terjatev bank, d.d., which, in 2022, merged with Slovenian Sovereign Holding), with the Bank of Slovenia decision, ref. no. PBH 24.20-029/13-009 of 17 December 2013; and
- Banka Celje d.d., Bančna skupina banke Celje, Vodnikova ulica 2, 3000 Celje, Slovenia ("**Banka Celje**", in 2015, merged with Abanka), with the Bank of Slovenia decision, ref. no. PBH 24.20-024/13-023 of 16 December 2014.

In 2016, the consortium members (including the Issuer and companies of the Sava Insurance Group, Zavarovalnica Sava, Sava Pokojninska and Sava Infond) filed four claims for damages against commercial banks that were subject to the Bank of Slovenia extraordinary measures of 17 December 2013 concerning the termination of qualified bank credit, i.e. in connection with the extraordinary measures issued to NLB, NKBM, Abanka, Factor banka and Probanka ("**Decisions on Extraordinary Measures**"). In 2017, for the same reason (i.e., as the Bank of Slovenia also issued a Decision on Extraordinary Measures to Banka Celje), the consortium members also filed an action against Abanka (now: OTP) as the legal successor of Banka Celje.

Under the Decisions on Extraordinary Measures, all qualified liabilities of the above-listed banks were terminated, including the subordinated financial instruments held by the consortium members. In each of the proceedings, the consortium members claimed that the defendant (as the issuer of the subordinated financial instruments terminated under the Decisions on Extraordinary Measures) should compensate the loss incurred due to the termination of qualified bank liabilities, i.e., on the basis of defendant's non-commercial liability for damages. In 2024, the Act on the judicial protection procedure for former holders of qualifying liabilities of banks (*Zakon o postopku sodnega varstva nekdanjih imetnikov kvalificiranih obveznosti bank* (ZPSVIKOB-1), Official Gazette of the Republic of Slovenia No. 44/24, the "**ZPSVIKOB-1**") was adopted. ZPSVIKOB-1 provides for the procedure for claiming compensation from the Bank of Slovenia (to be paid by the Republic of Slovenia) due to the effects of the Bank of Slovenia's decisions on extraordinary measures.

Sava Insurance Group has contingent receivables of EUR 38.0 million from claims against issuing banks for subordinated financial instruments. In the event of successful litigation, a portion of these receivables would be assigned to life policyholders through profit sharing schemes. As at 31 December 2023, no receivables are recognized in the financial statements.

Dividend

Sava Re has set a goal that between 2023 and 2027, it will distribute between 35 % and 45 % of the net profit of the Sava Insurance Group.

For 2023, the gross dividend per share amounted to EUR 1.75 (for 2022: EUR 1.60) and the dividend payout ratio amounted to 41.9 % (for 2022: 36.3 %).

Key strategic priorities and targets

Sava Insurance Group has defined key strategic priorities for the strategic period 2023-2027, which are as follows:

- Focusing on the customer: Integrating all communication channels through a centralised customer relationship management system, establish a hybrid sales model that will enable the sales network to focus on more complex types of insurance and on advising customers and set up self-care platforms.
- Modernising information technology.
- Streamlining business processes: Optimising business processes to make them more efficient and faster while cutting operational expenses.
- Building teams of satisfied and motivated employees.
- Building sustainability: Build long-term corporate social responsibility in continuous dialogue with stakeholders, supporting global sustainability goals, with a particular focus on climate change, the health and well-being of customers, employees and the wider community.
- Growing through acquisitions.

The Sava Insurance Group targets for the strategic period 2023-2027 are:

- Average annual growth in operating revenue will be higher than 4 %.
- Combined ratio of non-life and reinsurance will be lower than 95 %.
- Return on Equity (ROE) will be in the range of 9.5–10.5 %.

Sustainable development goals

Sava Insurance Group builds long-term corporate social responsibility in continuous dialogue with stakeholders, supporting global sustainability goals, with a particular focus on climate change, the health and well-being of customers, employees and the wider community.

Based on the priorities identified and commitments, Sava Insurance Group defined the following strategic goals:

- Reducing carbon footprint: Reduce carbon footprint to total revenue for 55 % by 2030 compared to 2022.
- ESG in processes and value chain: Number of claims reported online increased by 50 % compared to 2022, to reach 20 % of ESG-aligned investments by 2027 and promote environmental and social characteristics of investment funds (Sustainable Finance Disclosure Regulation, Article 8 funds).
- ESG aligned underwriting: (Re)insurance premium income, aligned with ESG underwriting criteria.
- Corporate volunteering and equal opportunity policy: Employees volunteering with various local groups and initiatives and women participation in management positions.

- ESG in governance: Adopted the Sustainable Development Policy, Sustainable Investment Policy, Remuneration Policy and Guidelines for responsible underwriting. Sava Re is signatory of UNGC (UN Global compact), PRI (Principles for Responsible Investments), PCAF (Partnership for Carbon Accounting Financials).

Historical Financial Information

Selected Consolidated Financial Information and Key Performance Indicators (Sava Insurance Group; consolidated)

(EUR million, except percentages) (unaudited, unless marked with "**")	30 June 2024	30 June 2023	31 December 2023	31 December 2022 (restated)
Business volume	563.8	494.6	910.1	795.5
Insurance revenue	388.1	328.4	697.6*	609.0*
Insurance service result	56.8	48.2	83.5*	76.1*
Finance result ⁶	10.0	8.4	18.1	1.5
Net profit	44.5	40.0	64.7*	46.9*
	30 June 2024	30 June 2023	31 December 2023	31 December 2022 (restated)
Equity	598.7	543.6	585.7*	531.5*
Net contractual service margin (CSM)	164.2	141.2	149.4	129.4
Investment portfolio position	1,527.4	1,457.3	1,503.3*	1,415.2*
Total assets	2,686.0	2,419.7	2,568.5*	2,312.1*
Assets under management	2,638.7	2,143.8	2,411.8	2,006.5
	30 June 2024	30 June 2023	31 December 2023	31 December 2022 (restated)
Combined ratio	89.7%	90.1%	93.1%	92.6%
Return on equity (ROE)	13.8%	13.3%	10.8%	8.3%
Return on the investment portfolio	2.5%	2.2%	2.1%	0.6%
Solvency ratio	197-203% ⁹	183-189% ⁷	191%	183%

Sources: Issuer's Annual report 2023 and Financial report for January–June 2024.

Description of Key Performance Indicators

The Issuer uses, throughout its financial publications, alternative performance measures (the "APMs") in addition to the figures which are prepared in accordance with IFRS. From the Issuer's point of view, these measures provide useful information to investors and enhance the understanding of the results of Sava Insurance Group. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS.

⁶ Finance result as at 30 June 2023 and 30 June 2024 does not include the share of profit or loss of investments accounted for using equity method.

⁷ The half-year solvency capital requirement (SCR) is not calculated exactly. Instead, it is calculated using a combination of exact calculation of submodules for which data is readily available and approximation of submodules that require more complex and time demanding preparation of data and calculation. Therefore, the publicly disclosed solvency ratio is shown as a range rather than a single number.

Assets under management

Definition and usefulness:

The sum of assets in pension companies' saving funds, assets under management at fund management company, unit-linked investments and unit-linked cash and cash equivalents. It is useful and meaningful to investors to assess the amount of financial assets managed by the Sava Insurance Group.

Limitation on use:

As an absolute amount it does not provide any information on performance profitability of the Sava Insurance Group.

Business volume

Definition and usefulness:

Business volume is the sum of gross premiums written, and revenue of non-insurance services generated during a specific reporting period. It is useful and important financial measure of the growth of the Sava Insurance Group.

Limitation on use:

Business volume does not provide any information regarding the profitability of Sava Insurance Group and information about the timing of the services connected to the business. Business volume should always be viewed together with other IFRS categories e.g. insurance revenue, operating profit or net income (loss). Business volume is subject to fluctuations which do not derive from the performance of the Sava Insurance Group. These fluctuations result from effects of price changes, foreign currency translation as well as acquisitions, disposals, and transfers.

Combined ratio

Definition and usefulness:

Combined ratio is calculated as the sum of the loss ratio and the expense ratio. The combined ratio is expressed as a percentage and is a measure of underwriting profitability in non-life insurance and reinsurance operating segments. A ratio of below 100 % indicates that the (re)insurance underwriting result is profitable, whereas a ratio of above 100 % indicates a negative (re)insurance underwriting result. Loss ratio represents claims, including reinsurance service result, divided by insurance revenue, and thus expresses the percentage of insurance revenue used to settle claims and cost of reinsurance/retrocession cover. Expense ratio represents sum of attributable and non-attributable expenses including net other income / expenses divided by insurance revenue. The Sava Insurance Group's ratio is calculated for the reinsurance and non-life insurance operating segments.

Limitation on use:

Combined ratio is used to measure underwriting profitability, but it does not capture the profitability of the finance result or the non-operating result. As a ratio it does not provide information on the absolute amount of the insurance underwriting result.

Net Contractual service margin (CSM)

Definition and usefulness:

Net Contractual service margin (CSM) is a net of reinsurance estimate of the unearned profit of the business underwritten in the past that a Sava Insurance Group expects to earn as it provides (re)insurance contract services in the future. It helps investors better understand the financial health and long-term sustainability of Sava Insurance Group.

Limitation on use:

The determination of the Net Contractual service margin (CSM) relies heavily on actuarial estimates and assumptions about future events, which are inherently uncertain. Changes in these assumptions can significantly affect the CSM, leading to potential challenges in accurately forecasting financial results and managing investor expectations.

Finance result

Definition and usefulness:

Finance result is the sum of net insurance finance income or expenses and net investment result, share of profit or loss of investments accounted for using equity method and net income and expenses from subsidiaries and associates. It is useful and meaningful to investors to assess how Sava Insurance Group manages investment portfolio and movement of the market interest and exchange rates which impact (re)insurance contracts.

Limitation on use:

Finance result should not be used for predictions regarding future performance of the Sava Insurance Group. Market interest and exchange rates movements impact the value of (re)insurance contracts.

Investment portfolio position

Definition and usefulness:

Investment portfolio position is the sum of financial investments, investments in associates, investment property, and cash and cash equivalents. It does not include investments supporting direct participating contracts. It is useful and meaningful to investors to assess the amount of financial assets managed by the Sava Insurance Group.

Limitation on use:

As an absolute amount it does not provide any information on performance profitability of the Sava Insurance Group.

Return on equity (ROE)

Definition and usefulness:

Return on equity (ROE) is calculated by dividing net profit for the period with an average equity during the period, excluding accumulated other comprehensive income. Annualised returns are shown in the interim reports. Return on equity, together with other information, can be a useful performance measure for evaluating how well Sava Insurance Group utilizes its equity to generate profits.

Limitation on use:

Return on equity (ROE) does not provide any information regarding absolute amount of the shareholders' net income or shareholders' equity.

Return on the investment portfolio

Definition and usefulness:

Return on the investment portfolio is the ratio of net investment income from the investment portfolio to average invested assets. The investment portfolio position includes the following items of the statement of financial position: investment property; investments in associates and subsidiaries; financial investments, excluding unit-linked assets; and cash and cash equivalents other than those relating to unit-linked life insurance contracts. The average amount of investment portfolio position is calculated based on figures at beginning of period and at end of the period. Return on the investment portfolio, together with other information, can be a useful performance measure for evaluating the investment portfolio of Sava Insurance Group.

Limitation on use:

Return on the investment portfolio should not be used for predictions regarding future performance of the Sava Insurance Group investment portfolio. It is difficult to use ratio of return on the investment portfolio for comparison between companies, as calculation method could differ significantly.

Reconciliation of Key Performance Indicators (Sava Insurance Group; consolidated)

(EUR million, except percentages) (unaudited, unless marked with "**")	30 June 2024	30 June 2023	31 December 2023	31 December 2022 (restated)
Gross premiums written	550.6	483.3	884.6	774.1
Revenue of non-insurance services	13.2	11.3	25.6	21.4
Business volume	563.8	494.6	910.1	795.5
Net insurance and finance result	10.0	8.4	15.8*	-0.8*
Share of profit or loss of investments accounted for using equity method	-	-	2.2	1.3
Net income and expenses from subsidiaries and associates	0.0	0.0	0.1	1.0
Finance result⁸	10.0	8.4	18.1	1.5
Insurance contract assets - contractual service margin	-46.6	-5.8	-46.8	-4.9
Reinsurance contract assets - contractual service margin	6.5	9.7	5.2	6.8
Insurance contract liabilities - contractual service margin	124.7	145.5	108.5	131.5
Reinsurance contract liabilities - contractual service margin	-0.6	-0.5	-0.8	-0.3
Net contractual service margin (CSM)	164.2	141.2	149.4	129.4
Financial investments ⁹	1,428.3	1,329.6	1,414.7*	1,292.2*
Investments in associates	25.3	23.3	23.8*	21.9*
Investment property	24.7	22.7	24.9*	22.8*
Cash and cash equivalents	49.2	81.7	39.8*	78.3*
Investment portfolio position	1,527.4	1,457.3	1,503.3*	1,415.2*
Pension fund assets	1,257.8	1,102.4	1,174.7	1,013.3
Mutual fund assets	651.9	494.2	628.6	494.4
Assets of policyholders who bear the investment risk	710.9	547.2	608.5	498.8
Assets under management	2,638.7	2,143.8	2,411.8	2,006.5
Insurance service expenses ¹⁰	279.3	255.6	611.1*	495.8*
Reinsurance service result	26.7	2.6	-43.3*	-5.1
Net other income / expenses	-0.8	-0.6	-2.6	-4.5
Non-attributable operating expenses	10.5	9.8	22.5	20.4
Net impairment losses and reversals of impairment losses on non-financial assets	0.0	-0.3	-0.3	0.1
/Insurance revenue¹¹	352.1	296.4	630.7*	547.2*

⁸ Finance result as at 30 June 2023 and 30 June 2024 does not include the share of profit or loss of investments accounted for using equity method.

⁹ Financial investments include investments other than investments supporting direct participating contracts.

¹⁰ Insurance service expenses include insurance service expenses related to Non-life.

¹¹ Insurance revenue include insurance revenue related to Non-life.

(EUR million, except percentages) (unaudited, unless marked with "**")	30 June 2024	30 June 2023	31 December 2023	31 December 2022 (restated)
Combined ratio	89.7%	90.1%	93.1%	92.6%
Net profit or loss for the period	89.0	80.1	64.7*	46.9*
/Average equity in the period	646.5	603.3	597.2	566.0
Return on equity (ROE)	13.8%	13.3%	10.8%	8.3%
Investment income	22.3	19.3	39.3	37.2
Investment expenses	3.5	3.6	9.1	28.4
Net investment income	18.8	15.6	30.2	8.8
Average invested assets	1,521.0	1,440.9	1,460.2	1,485.1
Return on investment portfolio	2.5%	2.2%	2.1%	0.6%
Eligible own funds	-	-	645.3	566.0
/SCR	-	-	337.2	310.1
Solvency ratio	197-203%¹⁴	183-189%¹²	191%	183%

Sources: Issuer's Annual report 2023, Financial report for January–June 2024 and internal information.

Investment Portfolio

The investment portfolio of the Sava Insurance Group consists of financial investments, investment property, financial investments in associates and joint ventures, and cash and cash equivalents, excluding instruments held for the guaranteed part of unit-linked portfolio.

(unaudited, unless marked with "**")	30 June 2024		30 June 2023		31 December 2023		31 December 2022 (restated)	
	(EUR million)	(%)	(EUR million)	(%)	(EUR million)	(%)	(EUR million)	(%)
Government bonds	811.3	51.8%	744.3	51.8%	818.8	53.1%	721.0	49.4%
Corporate bonds	476.8	30.5%	445.8	31.2%	458.0	29.7%	433.8	29.7%
Deposits and CDs	24.8	1.6%	24.1	1.6%	25.6*	1.7%	18.8*	1.3%
Shares ¹³	22.4	1.4%	24.6	1.6%	21.8*	1.4%	24.9*	1.7%
Mutual funds	19.9	1.3%	18.0	1.2%	18.6*	1.2%	22.2*	1.5%
Infrastructure funds	59.6	3.8%	56.5	3.8%	57.3*	3.7%	53.9*	3.7%
Real estate funds	12.9	0.8%	15.4	1.0%	13.9*	0.9%	16.5*	1.1%
Loans granted and other investments	0.6	0.0%	0.9	0.1%	0.8*	0.0%	1.2*	0.1%
Total financial investments (1)	1,428.3	91.3%	1,329.6	92.4%	1,414.7	91.7%	1,292.2*	88.5%
					*			

¹² The half-year solvency capital requirement (SCR) is not calculated exactly. Instead, it is calculated using a combination of exact calculation of submodules for which data is readily available and approximation of submodules that require more complex and time demanding preparation of data and calculation. Therefore, the publicly disclosed solvency ratio is shown as a range rather than a single number.

¹³ Shares are excluding strategic shares.

(unaudited, unless marked with "**")	30 June 2024		30 June 2023		31 December 2023		31 December 2022 (restated)	
	(EUR million)	(%)	(EUR million)	(%)	(EUR million)	(%)	(EUR million)	(%)
Financial investments in associates (2)	25.3	1.6%	23.3	1.6%	23.8*	1.5%	21.9*	1.5%
Investment property (3)	24.7	1.6%	22.7	1.5%	24.9*	1.6%	22.8*	1.6%
Cash and cash equivalents (4)	49.2	3.1%	81.7	6.1%	39.8*	2.6%	78.3*	5.4%
Total investment portfolio (5 =1+2+3+4)	1,527.4	97.6%	1,457.3	97.6%	1,503.3 *	97.4%	1,415.2*	96.9%
Instruments held for the guaranteed part of unit linked portfolio (6)	62.6	4.0%	59.3	4.0%	63.8	4.1%	67.4	4.6%
Total investment portfolio without financial investments in associates and including instruments held for the guaranteed part of unit- linked portfolio (5 – 2 + 6)	1,564.8	100.0%	1,493.3	100.0%	1,543.2 *	100.0%	1,460.8*	100.0%

Source: Issuer's Annual report 2023 and Financial report for January–June 2024.

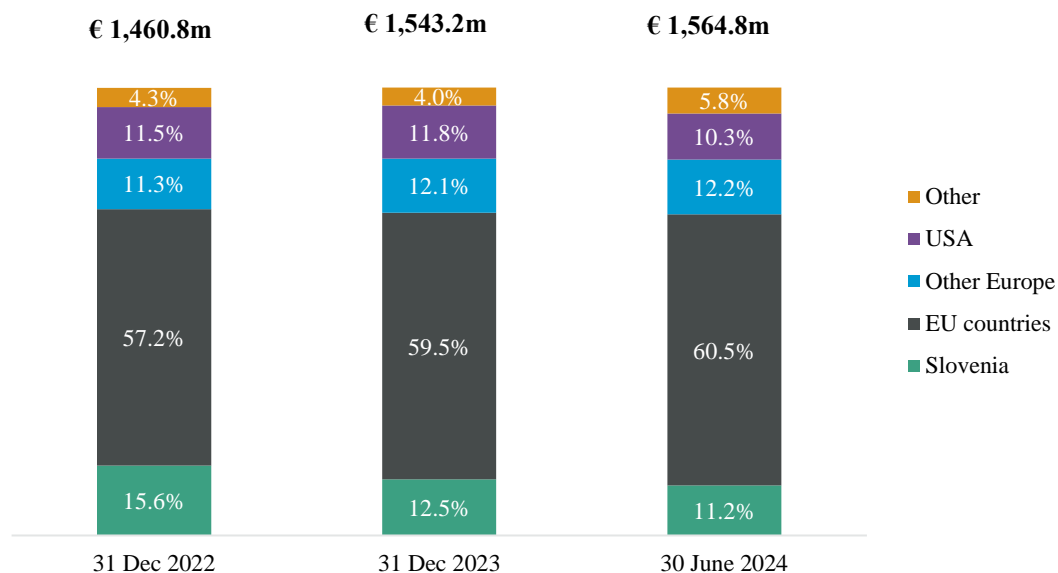
Composition of fixed-income investments

(unaudited, unless marked with "**")	30 June 2024		30 June 2023		31 December 2023		31 December 2022 (restated)	
	(EUR million)	(%)	(EUR million)	(%)	(EUR million)	(%)	(EUR million)	(%)
Government bonds	811.3	59.0%	744.3	58.2%	818.8	59.8%	721.0	58.1%
Corporate bonds	476.8	34.7%	445.8	34.9%	458.0	33.4%	433.8	34.9%
Deposits	24.8	1.8%	24.1	1.9%	25.6	1.9%	18.8	1.5%
Mutual funds ¹⁴	13.1	1.0%	13.0	1.0%	13.3	1.0%	14.1	1.1%
Loans granted and other investments	0.6	0.0%	0.9	0.1%	0.8	0.1%	1.2	0.1%
Total fixed-income investments (1)	1,326.6	96.4%	1,228.1	96.0%	1,316.5	96.1%	1,188.9	95.8%
Debt instruments held for the guaranteed part of unit-linked portfolio (2)	48.9	3.6%	50.7	4.0%	53.0	3.9%	52.5	4.2%
Total fixed-income investments including debt instruments held for the guaranteed part of unit- linked portfolio (3=1+2)	1,375.5	100.0%	1,278.8	100.0%	1,369.5*	100.0%	1,241.4*	100.0%

Source: Issuer's Annual report 2023 and Financial report for January–June 2024.

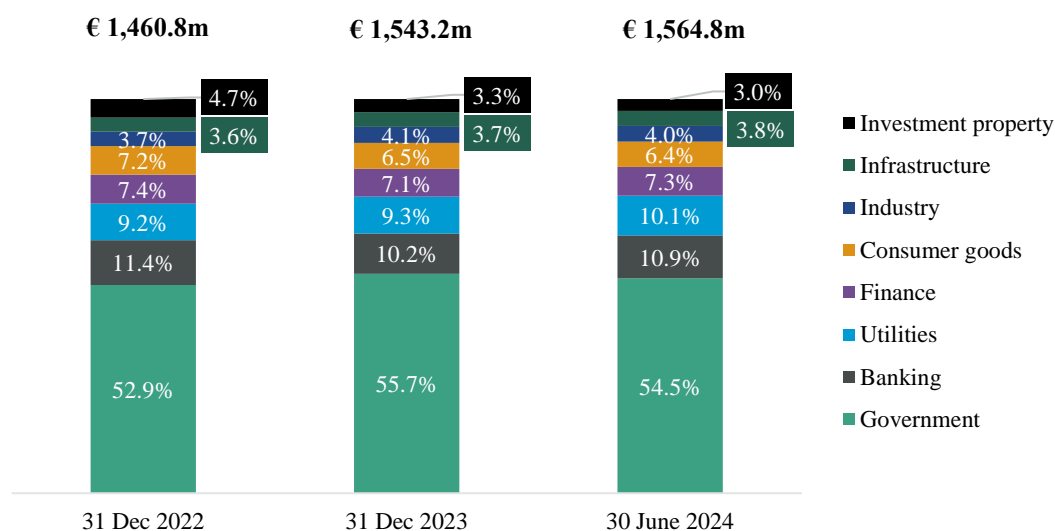
¹⁴ Mutual funds include mutual funds in bond and money market. Includes investment funds with fixed-income component.

The following overview shows the composition of the investment portfolio without financial investments in associates and including instruments held for the guaranteed part of unit-linked portfolio by region (Sava Insurance Group; consolidated):



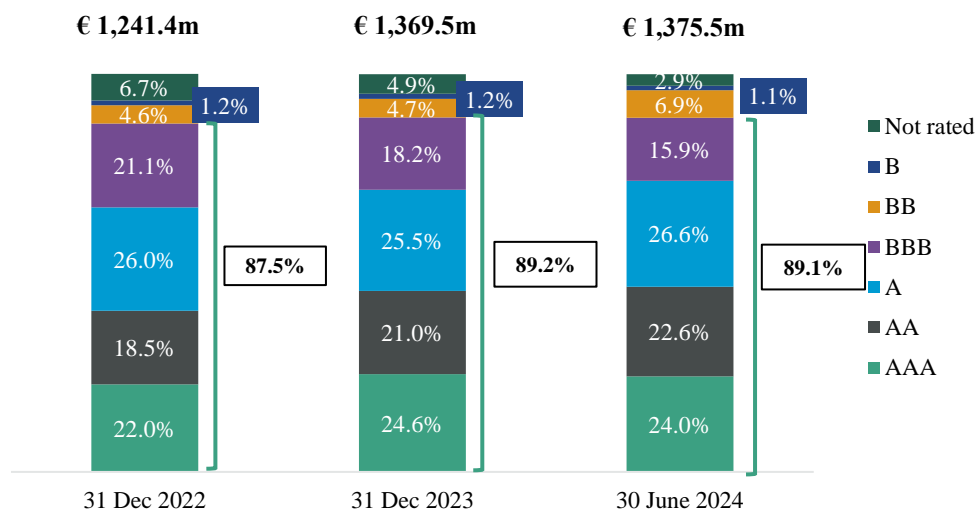
Source: Issuer's Annual report 2023 (audited) and Financial report for January–June 2024 (unaudited).

The following overview shows the composition of the investment portfolio without financial investments in associates and including instruments held for the guaranteed part of unit-linked portfolio by industry (Sava Insurance Group; consolidated):



Source: Issuer's Annual report 2023 (audited) and Financial report for January–June 2024 (unaudited).

The following overview shows the composition of fixed-income investments including instruments held for guaranteed part of unit-linked portfolio by rating (Sava Insurance Group; consolidated):



Source: Issuer's Annual report 2023 (audited) and Financial report for January–June 2024 (unaudited).

Due to rounding of the percentages included in the Issuer's investment portfolio in the table above the numbers shown at the top of this graph may differ from the numbers calculated on the basis of the numbers included in the Issuer's investment portfolio table.

Increased share of the credit rating "BB", "B" and "not rated" mainly reflects the exposure to the bank deposits and government bonds in the Adriatic region, where Sava Insurance Group is present through subsidiaries.

Independent Auditors and Financial Year

The consolidated annual financial statements of the Issuer for the years ending on 31 December 2023 and 31 December 2022 have been audited by DELOITTE REVIZIJA d.o.o., Dunajska cesta 165, 1000 Ljubljana, Slovenia ("**Deloitte**") and Deloitte has issued in each case an unqualified auditor's opinion. Deloitte is a registered audit company at the Slovenian Agency for Public Oversight of Auditing (*Agencija za javni nadzor nad revidiranjem*), Cankarjeva cesta 18, 1000 Ljubljana, Slovenia.

From the financial year 2024, the auditor of the Issuer will also be Deloitte.

The financial year of the Issuer is the calendar year.

Material Adverse and Significant Changes

In July 2024, Slovenia was hit by a series of hailstorms that caused a significant amount of damage. The impact of the resulting claims on the third quarter profit has been estimated at approximately EUR 16.5 million.

There has been no other significant change in the financial position or in the financial performance of Sava Insurance Group since 30 June 2024 and no material adverse change in the Issuer's prospects since 31 December 2023.

Recent Events

In 2024, the Issuer signed a contract to acquire an additional 2.5 % stake in TBS Team 24. Upon completion of the transaction, the Issuer holds a 90 % stake in the company (prior to this, it held a 87.5 % stake in TBS Team 24). The purchase price for the acquisition of the additional 2.5 % stake in TBS Team 24 was not material to the financial position of the Sava Insurance Group as reported in its financial statements.

At the 40th general meeting of the Issuer (the "**General Meeting**") held on 27 May 2024, the shareholders of the Issuer approved the proposed dividend of EUR 1.75 gross per share, payable on 12 June 2024. The supervisory and management boards were granted discharge for 2023. No legal actions were announced at the General Meeting to contest any of the resolutions.

In June 2024, S&P Global Ratings affirmed the Issuer's and its largest subsidiary Zavarovalnica Sava A ratings, with a stable outlook. The ratings are based on the S&P updated capital model with revised criteria for analysing insurers' risk-based capital dated 15 November 2023.

Issuer Credit Ratings

As of the date of this Prospectus, the Issuer is rated by two credit rating agencies¹⁵, S&P Global Ratings¹⁶ and AM Best¹⁷.

Agency	Rating	Outlook
S&P Global Ratings	A ¹⁸	stable
AM Best	A ¹⁹	stable

Source: Issuer's internal information.

Both credit rating agencies that regularly issue ratings on the Issuer have affirmed their financial strength ratings on the Issuer, with S&P Global Ratings affirming ratings on the Issuer and Zavarovalnica Sava in June 2024 and the AM Best last affirming the rating in September 2023. The rating reflects a strong longer-term capital position under both rating agency's models and Solvency II (as defined below), which is further supported by a stable dividend policy. The ratings also reflect the Issuer's solid market position and operating profitability. Majority of the Issuer's revenues are generated in Slovenia; however, the Issuer continues to expand in the region. The Issuer sound financial flexibility is reflected in access to both equity and debt markets. In addition to the Issuer's strong capitalization, the strengths identified by the rating agencies include prudent underwriting, conservative reinsurance protection and prudent investment strategy.

A credit rating or credit report assesses the creditworthiness of an entity and therefore informs an investor of the likelihood that the entity will be able to repay the capital invested. However, ratings may not reflect all risks. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section and other factors that may affect the value of the securities or the reputation of the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Regulatory Capital

Solvency II

The capital requirements, as well as the definition and calculation of eligible capital, are governed by the Solvency II rules that came into force on 1 January 2016 pursuant to Directive 2009/138/EC of the European Parliament and of the

¹⁵ The European Securities and Markets Authority publishes on its website (www.esma.europa.eu) a list of credit rating agencies registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"). That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

¹⁶ S&P Global Ratings is established in the European Union and is registered under the CRA Regulation.

¹⁷ AM Best is established in the European Union and is registered under the CRA Regulation.

¹⁸ S&P Global Ratings defines "A" as follows: "Strong capacity to meet financial commitments, but somewhat susceptible to economic conditions and changes in circumstances". The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

¹⁹ AM Best defines "A" as follows: "Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations". Each rating category from 'A+' to 'C' includes a rating notch to reflect a gradation of financial strength within the category. A rating notch is expressed with either a second plus '+' or a minus '-'.

Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (as amended, including by Directive 2014/51/EU - the Omnibus II Directive) and a number of delegated acts, regulatory technical standards and guidelines (together the "**Solvency II**") rules that came into force on 1 January 2016. The directive was implemented in Slovenia through the Insurance Act.

Solvency II is divided into three pillars:

- "Pillar 1" sets out quantitative requirements, including the rules to value assets and liabilities (in particular, technical provisions), to calculate capital requirements and to identify eligible own fund to cover those requirements.
- "Pillar 2" sets out requirements for risk management, governance, as well as the details of the supervisory process with competent authorities; this is intended to ensure that the regulatory framework is combined with each undertaking's own risk-management system and informs business decisions.
- "Pillar 3" addresses transparency, reporting to supervisory authorities and disclosure to the public, thereby enhancing market discipline and increasing comparability, intending to lead to more competition.

Capital Requirements

Capital requirements under Solvency II are forward-looking and economic (i.e., they are tailored to the specific risks borne by each issuer), and are defined along a two-step ladder:

The solvency capital requirement ("**SCR**"), which corresponds to the value-at-risk of the eligible basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 99.5 % over a one-year period. The SCR is a level of financial resources that enables insurance and reinsurance undertakings to absorb significant losses, it can be considered as the prudent amount of assets to be held in excess of liabilities and it is an early warning mechanism if breached.

The SCR is to be calculated at least once a year, monitored on a continuous basis, and recalculated as soon as the risk profile of the undertaking deviates significantly, and is calculated using either a standard formula or, with regulatory approval, an internal model. If the level of eligible own funds is not sufficient to cover the SCR, the supervisory authority may require the insurance or reinsurance undertaking to take appropriate measures to restore the level of capital (e.g., raising own funds through capital increase or reduction of risk profile through sale of riskier assets).

The minimum capital requirement ("**MCR**"), which corresponds to an amount of eligible basic own funds below which policy holders and beneficiaries would be exposed to an unacceptable level of risk if the insurance and reinsurance undertakings were allowed to continue their operations. The MCR is a lower, minimum level of eligible basic own funds below which the amount of insurance and reinsurance undertakings' financial resources should not fall, otherwise supervisory authorities may withdraw authorisation (if those undertakings are unable to re-establish the amount of eligible basic own funds at the level of the MCR within a short period of time).

The MCR is calculated as a linear function of specified variables (calibrated to the value-at-risk of the basic own funds of an insurance or reinsurance undertaking subject to a confidence level of 85 % over a one-year period), it cannot fall below 25 %, or exceed 45 %, of an insurance and reinsurance undertaking's SCR and it is subject to an absolute floor (as provided for in Article 233 of the Insurance Act).

For the purposes of Solvency II, own funds of insurance and reinsurance undertakings are divided into three Tiers (1-3), reflecting permanence and the ability to absorb losses. The list of own funds and the features determining their classification are contained in the Commission Delegated Regulation (EU) No. 2015/35 as amended ("**Delegated Regulation**") supplementing Solvency II.

Slovenian insurance and reinsurance undertakings shall immediately inform the AZN as soon as they observe that the SCR is no longer complied with, or where there is a risk of non-compliance in the following three months.

Within two months from the observation of non-compliance with the SCR (or the risk of non-compliance in the following three months), the relevant insurance or reinsurance undertaking shall submit a recovery plan for approval by the AZN.

The AZN shall require the relevant insurance or reinsurance undertaking to take the necessary measures to achieve, within six months from the observation of non-compliance with the SCR (or the risk of non-compliance), the re-establishment of the level of eligible own funds covering the SCR or the reduction of its risk profile to ensure compliance with the SCR. The AZN may, if appropriate, extend that period by three months.

Within one month from the observation of non-compliance with the MCR (or the risk of non-compliance in the following three months), the relevant insurance or reinsurance undertaking shall submit, for approval by the AZN, a short-term realistic finance scheme to restore, within three months of that observation, the eligible basic own funds, at least to the level of the MCR or to reduce its risk profile to ensure compliance with the MCR.

In addition to the above, the AZN has the power to take special control measures over the insurance or reinsurance undertaking.

Own Risk and Solvency Assessment

Insurance and reinsurance undertakings are required to conduct a regular Own Risk and Solvency Assessment ("ORSA") to review their overall solvency needs, risk tolerance limits, business strategy, compliance with capital requirements and the extent to which with which the risk profile of the undertaking concerned deviates from the assumptions underlying the SCR. The ORSA is also a supervisory tool for the supervisory authorities, who must be informed of its results. The ORSA does not require an undertaking to develop or use a full or partial internal model. However, if the undertaking already uses an approved full or partial internal model for the calculation of the SCR, the output of the model should be used in the ORSA.

Sava Insurance Group's Solvency Position

Sava Insurance Group calculates its solvency capital requirement using the Solvency II standard formula. The capital adequacy and solvency position presented below was disclosed in the Solvency and Financial Position Report of the Sava Insurance Group for 2023 (the "SFCR of the Sava Insurance Group") which is subject to external audit review.²⁰

The solvency position of Sava Insurance Group is presented in the table below.

(EUR million) (unaudited)	31 December 2023	31 December 2022
Sava Insurance Group SCR	337.2	310.1
Eligible own funds to meet the Sava Insurance Group SCR	645.3	566.0
Sava Insurance Group solvency ratio	191%	183%
Minimum capital requirement (MCR) of Sava Insurance Group	155.4	142.5
Eligible own funds to meet the Sava Insurance Group MCR	604.7	525.6
Sava Insurance Group MCR ratio	389%	369%

Source: SFCR of the Sava Insurance Group.

From the above table, it can be seen that the eligible own funds designated to meet the SCR significantly exceed the required SCR of Sava Insurance Group, resulting in a high solvency ratio of 191 % as at 31 December 2023. The eligible own funds designated to meet the MCR significantly exceed the required MCR, resulting in an MCR ratio of 389 % for Sava Insurance Group as at 31 December 2023.

Own Funds valuation

Under Article 174 of the Insurance Act, assets are valued at amounts for which they could be exchanged between knowledgeable and willing parties in arm's length transactions. Similarly, Sava Insurance Group values liabilities at

²⁰ The solvency and financial condition of Sava Insurance Group was reviewed by Deloitte, which issued an independent auditor's assurance report.

amounts by which they could be transferred or settled, between knowledgeable and willing parties in arm's length transactions.

Sava Insurance Group uses the full consolidation method in accordance with IFRS for all its companies in its preparation of the IFRS consolidated financial statements, except for the associate DCB, d.o.o., Slovenia, which has been consolidated using the equity method. For the purposes of valuation of the Solvency II balance sheet, all Sava Insurance Group's (re)insurance undertakings and all ancillary services undertakings are consolidated in accordance with Article 335 (1)(a) of the Delegated Regulation, Sava Pokojninska and Sava Infond are included in the consolidation in accordance with Article 335 (1)(e) of the Delegated Regulation, Sava Penzisko Društvo a.d., North Macedonia, Vita S Holding d.o.o., North Macedonia and the associate DCB, d.o.o., Slovenia, are included in accordance with Article 335 (1)(f) of the Delegated Regulation.

The table below shows adjustments to the IFRS balance sheet items that have been made in order to evaluate own funds for solvency purposes. It explains the changes between IFRS equity and Solvency II own funds.

Adjustments to IFRS equity for the SII valuation of the balance sheet

(EUR million) (unaudited)	31 December 2023
IFRS equity	584.5
Difference in the valuation of assets	-70.1
Difference in the valuation of technical provisions	111.3
Difference in the valuation of other liabilities	-11.6
Foreseeable dividends, distributions and charges	-27.1
Adjustment for minority interests	-0.3
Deduction for participations in other financial undertakings	-13.0
Subordinated liabilities in basic own funds	58.7
Basic own funds after deductions	632.3
Basic own funds in other financial sectors	13.0
Sava Insurance Group's available own funds	645.3

Source: SFCR of the Sava Insurance Group

Quality of Eligible Own Funds to meet Solvency Capital Requirement

Eligible own funds designated to meet the Sava Insurance Group SCR are obtained from available own funds by additionally factoring in statutory restrictions. Eligible own funds to meet the Sava Insurance Group MCR are obtained from basic own funds after making deductions subject to statutory restrictions.

The two tables below show the amounts of Sava Insurance Group's eligible own funds designated to meet the Sava Insurance Group SCR and the Sava Insurance Group MCR as of 31 December 2023 and compared to figures as of 31 December 2022. They are classified into the statutory tiers.

Eligible own funds to meet the Sava Insurance Group SCR

(EUR million) (unaudited)	Total	Tier 1	Tier 2	Tier 3
As at 31 December 2023	645.3	586.6	58.7	0
As at 31 December 2022	566.0	509.7	56.3	0

Source: SFCR of the Sava Insurance Group.

Eligible own funds to meet the Sava Insurance Group MCR

(EUR million) (unaudited)	Total	Tier 1	Tier 2	Tier 3
As at 31 December 2023	604.7	573.6	31.1	-
As at 31 December 2022	525.6	497.1	28.5	-

Source: SFCR of the Sava Insurance Group.

As of 31 December 2023, the majority of the Sava Insurance Group's eligible own funds designated to meet the Sava Insurance Group SCR and MCR are classified as Tier 1 funds. Sava Insurance Group classifies its subordinated liabilities, the subordinated debt issued by the Issuer in 2019, as Tier 2 funds. Due to regulatory restrictions, as far as eligible own funds to meet the Sava Insurance Group's MCR are concerned, the Sava Insurance Group is only permitted to count subordinated liabilities, which include subordinate debt, up to 20 % of the Sava Insurance Group's MCR. There were no items subject to transitional regulatory arrangements among the disclosed eligible own funds of the Sava Insurance Group. Sava Insurance Group held no Tier 3 eligible own fund items as at the reporting date. The regulatory Tier 3 capital capacity is at EUR 50.6 million.

Under the Article 330(1) of the Delegated Regulation, the Issuer has assessed the availability of eligible own funds of associated undertakings at Sava Insurance Group level. No legal or regulatory requirements were found to apply to own fund items which would restrict the ability of those items to absorb all types of losses group-wide or restrict the transferability of assets to other Sava Insurance Group companies, nor has a time limit been established for the availability of own funds to meet the Sava Insurance Group SCR. Sava Insurance Group's subsidiaries and associated companies held no own fund items referred to in Article 330(3) of the Delegated Regulation.

The only item of non-available own funds is thus minority interests in subsidiaries (insurance undertakings) exceeding the subsidiary's contribution to the SCR calculated based on consolidated data of insurance undertakings in Sava Insurance Group.

Composition of Solvency Capital Requirement

Sava Insurance Group's risk profile is dominated by non-life underwriting risk. Additionally, Sava Insurance Group is exposed to a significant level of market risk. Sava Insurance Group is less exposed to other categories of risk: life underwriting risk, health underwriting risk, counterparty default risk and operational risk. Apart from the above risks, which are captured by the standard formula, Sava Insurance Group is also exposed to liquidity risk, managed primarily by following a strategy for ensuring sufficient liquidity.

The table below shows Sava Insurance Group's solvency capital requirement in accordance with the Solvency II standard formula by risk module.

Solvency capital requirement by risk module (Sava Insurance Group; consolidated)

(EUR million) (unaudited)	31 December 2023	31 December 2022
Sava Insurance Group SCR	337.2	310.1
Capital requirements for other financial sectors	7.9	7.6
Capital requirements for residual undertakings	7.1	6.4
Consolidated SCR at Sava Insurance Group level	322.1	296.0
Adjustments for technical provisions and deferred tax	-5.5	-9.2
Operational risk	24.4	22.7
Basic solvency capital requirement (BSCR)	303.2	282.5

Diversification effect	-140.5	-135.7
<i>Total of risk components</i>	443.7	418.2
Market risk	119.6	119.5
Counterparty default risk	20.8	23.2
Life underwriting risk	44.6	49.7
Health underwriting risk	39.8	32.5
Non-life underwriting risk	218.9	193.2

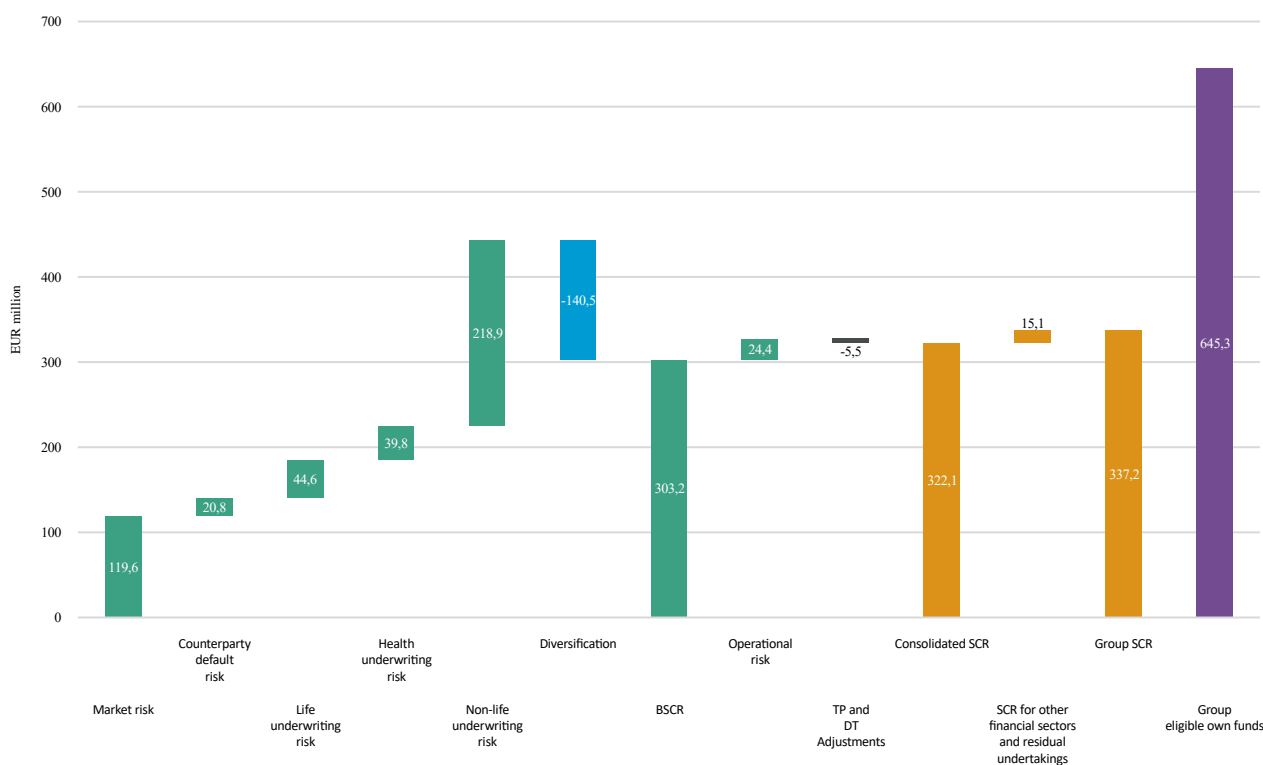
Source: SFCR of the Sava Insurance Group.

Market risk by sub-modules (Sava Insurance Group; consolidated)

(EUR million) (unaudited)	31 December 2023	31 December 2022
Market risk	119.6	119.5
<i>Diversification effect</i>	-47.4	-53.5
<i>Total of risk components</i>	167.0	173.0
Interest rate risk	15.0	25.1
Equity risk	38.6	32.8
Property risk	30.1	30.3
Spread risk	49.5	55.1
Currency risk	31.7	27.7
Market concentration risk	2.0	2.0

Source: SFCR of the Sava Insurance Group.

Graphical presentation of the SCR by modules and eligible own funds (Sava Insurance Group; consolidated)



Source: SFCR of the Sava Insurance Group.

Capital management

Sava Insurance Group manages its capital to ensure that it has available, on an ongoing basis, sufficient funds to meet its obligations and regulatory capital requirements. To achieve this, Sava Insurance Group defines the optimal level of capitalization of the group within 170 % and 210 % (within its risk strategy). The purpose of the buffer capital is amortization of different shocks and stresses that can happen without compromising the solvency position.

The composition of eligible own funds held to ensure capital adequacy must comply with regulatory requirements and ensure an optimal balance between debt and equity capital. The level of own funds must also be sufficient to achieve other goals of Sava Insurance Group.

When allocating own funds to business segments, Sava Insurance Group needs to ensure that an adequate return on equity is achieved.

Sava Insurance Group prepares its business and strategic plans based on its risk strategy, which determines its risk appetite. During its drafting, it makes sure that the plans are in line with the risk appetite, making adjustments if necessary. On the whole, it seeks to achieve an optimal allocation of capital.

Sensitivity of Solvency Ratio

Sava Insurance Group reviewed sensitivity tests, stress tests and scenarios, and their impact on its operations and solvency position. The sensitivity, stress tests and scenarios were designed based on Sava Insurance Group's own risk profile and scenarios that were recognised as potentially having an impact on its operations and solvency position.

The table below shows the results of the sensitivity tests and stress tests.

Impact of the analysis on Sava Insurance Group's solvency ratio

(EUR million) (unaudited)	Solvency ratio	Difference in value
Baseline calculation 31 December 2023	191%	
Increase in interest rates of 100 basis points	189%	-2 p.p.
Decrease in interest rates of 100 basis points	192%	1 p.p.
Fall in stock prices of 20%	192%	1 p.p.
Fall in property prices of 15%	188%	-3 p.p.
Widening of credit spreads by 100 basis points	182%	-9 p.p.
10% increase of premium volume measure in the calculation of premium and reserve risk	187%	-4 p.p.
10% increase of technical provision volume measure in the calculation of premium and reserve risk	188%	-3 p.p.

Source: SFCR of the Sava Insurance Group.

The table above shows that in none of the stress or sensitivity tests had any significant impact on the solvency ratio. In addition to the above tests, Sava Insurance Group used ORSA to analyse the impact of various adverse scenarios. The results showed that none of the tested scenarios could compromise Sava Insurance Group's solvency.

TAXATION

The tax legislation applicable to prospective investors in the Bonds and the Issuer's country of incorporation may have an impact on the income received from the Bonds.

Prospective holders of Bonds (the "Holders" and each a "Holder") should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing the Bonds, including the application and effect of any federal, state or local taxes, under the tax laws of each country of which they are residents or citizens or subject to tax for other reasons.

The following is a general overview of certain tax considerations relating to the purchasing, holding, and disposing of Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular Holder. The discussions that follow for each jurisdiction are based upon the applicable laws in force and their interpretation on the date of this Prospectus. These tax laws and interpretations are subject to change that may occur after such date, even with retroactive effect.

The information contained in this section is limited to taxation issues and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Bonds.

Republic of Slovenia

Withholding tax

Taxation of interest income derived from the Bonds will differ depending on whether, at the time when the Issuer will make payments of interest under the Bonds, the Bonds will be admitted to trading on a regulated market or traded on a multilateral trading facility ("**MTF**") within an EU member state or OECD (the Bonds, while so admitted to trading on a regulated market or traded on an MTF, hereinafter referred as "**Listed Securities**").

If, and for as long as the Bonds qualify as Listed Securities, the Issuer will be entitled to make all payments of interest under the Bonds free and clear of any withholding or deduction for or on account of taxes pursuant to applicable Slovenian law.

If, however, at the time when the Issuer will make a payment of interest under the Bonds, the Bonds do not qualify as Listed Securities, then such payment will be subject to withholding tax payable by the Issuer at the maximum rate applicable under Slovenian taxation law (currently being 25 %), whereupon:

- (a) in the event that the beneficial owner of such interest is:
 - i) a natural person resident for taxation purposes in the Republic of Slovenia; or
 - ii) a natural person resident for taxation purposes outside the Republic of Slovenia who does not benefit from a reduced tax rate under applicable law or double taxation treaty;
- (b) in any other case, the beneficial owner of such interest will be entitled to claim from the Slovenian tax administration a refund of the amount by which the amount actually withheld exceeds the amount calculated at the rate applicable to such beneficial owner, whereas the rate applicable to such beneficial owner being:
 - i) 0 % in the case where the beneficial owner of such interest is a legal person, other than a legal person resident for taxation purposes in (a) a non-EU jurisdiction where the general or average nominal income tax rate is lower than 12.5 % and which is included in the list of "tax havens" published from time to time by the Ministry of Finance of the Republic of Slovenia, or (b) a jurisdiction included on the EU list of non-cooperative jurisdictions for tax purposes, published in the official journal of the EU;
 - ii) the reduced rate applicable under the applicable law or double taxation treaty, where the beneficial owner of such interest is a natural person entitled to benefit from such reduced tax rate; or

- iii) 15 % where the beneficial owner of such interest is a legal person resident for taxation purposes in (a) a non-EU jurisdiction where the general or average nominal income tax rate is lower than 12.5 % and which is included in the list of "tax havens" published from time to time by the Ministry of Finance of the Republic of Slovenia or (b) a jurisdiction included on the EU list of non-cooperative jurisdictions for tax purposes, published in the official journal of the EU.

Other methods of taxation

Interest on the Bonds received by (a) a legal person resident for taxation purposes in the Republic of Slovenia or (b) a permanent establishment (*poslovna enota*) in the Republic of Slovenia of a legal person not resident for taxation purposes in the Republic of Slovenia will be subject to Slovenian tax as a part of the net annual income of such legal person or permanent establishment, being Slovenian Corporate Income Tax (*davek od dohodkov pravnih oseb*) which is levied at the rate of 19 % (except for the years 2024 to 2028 for which the applicable rate is 22 %).

Any natural person who is liable for Slovenian Personal Income Tax on interest under the Bonds and receives an amount of interest under the Bonds free of any deduction for account of this tax shall (i) declare each amount so received and (ii) pay the amount of tax in accordance with the relevant decision of the tax authorities.

Taxation of capital gains

Legal Persons

Capital gains earned on the sale or disposition of the Bonds by a legal person resident for taxation purposes in the Republic of Slovenia or a permanent establishment (*poslovna enota*) in the Republic of Slovenia of a legal person not resident for taxation purposes in the Republic of Slovenia will be subject to Slovenian Corporate Income Tax as a part of its overall income tax (levied at the rate of 19 % except for the years 2024 to 2028 for which the applicable rate is 22 %).

Capital gains earned by legal persons not resident for taxation purposes in the Republic of Slovenia and having no permanent establishment (*poslovna enota*) in the Republic of Slovenia are not subject to Slovenian taxation.

Natural Persons

Under the Slovenian Personal Income Tax Act (*Zakon o dohodnini - ZDoh-2*), capital gains from the sale or other disposition of debt securities held as non-business assets are in general exempt from taxation, while capital gains earned as business income (*dohodek iz dejavnosti*) of an individual resident for taxation purposes in the Republic of Slovenia may be subject to Slovenian Personal Income Tax as a part of such individual's overall annual business income at the rate applicable in accordance with the progressive tax scale which may reach up to 50 %.

Capital gains earned on the sale or disposition of the Bonds by a natural person resident for taxation purposes in the Republic of Slovenia may, in circumstances described in the Act on the Taxation of Profits from the Disposal of Derivatives (*Zakon o davku od dobička od odsvojitve izvedenih finančnih instrumentov – ZDDOIFI*), be subject to tax levied at the rate of up to 40 %.

Value Added Tax

Pursuant to Value Added Tax Act (*Zakon o davku na dodano vrednost – ZDDV-I*), transactions with securities are VAT-exempt in the Republic of Slovenia. According to the law, interest on debt securities is not subject to VAT, thus VAT is neither charged nor payable,

Inheritance and gift taxations

Natural persons and private law entities, within the meaning of the Slovenian Inheritance and Gift Tax Act (*Zakon o davku na dediščine in darila – ZDDD*) may be subject to Slovenian inheritance and gift tax in case of the transfer of the Bonds mortis causa or inter vivos. The value of all transfers by the same person in one year is considered when ascertaining the taxable amount for such purposes.

Inheritance tax and gift tax is assessed by reference to the market value of property subject to taxation at the time of the occurrence of tax liability, decreased by debts, costs and charges relating to this property. In the case of movable property (such as the Bonds), the tax base for inheritances and gifts is decreased by EUR 5,000.

Tax on inheritance and gifts is not paid by the heir or recipient of a gift of a first hereditary order (children and spouse).

Tax rates are progressive and differ depending on the hereditary order. Tax rates for inheritance and gift tax range:

- from 5 % up to 14 % for the second hereditary order (parents, siblings and their descendants);
- from 8 % up to 17 % for the third hereditary order (grandparents); and
- from 12 % up to 39 % for all subsequent hereditary orders (others).

SUBSCRIPTION AND SALE OF THE BONDS

General

Pursuant to a subscription agreement dated 2 October 2024 (the "**Subscription Agreement**") among the Issuer and the Sole Lead Manager, the Issuer has agreed to sell to the Sole Lead Manager, and the Sole Lead Manager has agreed, subject to certain customary closing conditions, to purchase, the Bonds on 4 October 2024. The Issuer has furthermore agreed to pay certain fees to the Sole Lead Manager and to reimburse the Sole Lead Manager for certain expenses incurred in connection with the issue of the Bonds.

The Subscription Agreement provides that the Sole Lead Manager under certain circumstances will be entitled to terminate the Subscription Agreement. In such event, no Bonds will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Sole Lead Manager against certain liabilities in connection with the offer and sale of the Bonds.

The Sole Lead Manager or their respective affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Sole Lead Manager or its affiliates have received or will receive customary fees and commissions. In addition, the Sole Lead Manager or its affiliates may be involved in financing initiatives relating to the Issuer. Furthermore, in the ordinary course of their business activities, the Sole Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Sole Lead Manager and/or its affiliates may receive allocations of Bonds (subject to customary closing conditions), which could affect future trading of the Bonds. Certain of the Sole Lead Manager or its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Sole Lead Managers and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Sole Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

General

The Sole Lead Manager has acknowledged that other than explicitly mentioned in this Prospectus no action is taken or will be taken by the Issuer in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

The Sole Lead Manager has represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Bonds or has in its possession or distributes any offering material relating to them.

United States of America and its territories

The Bonds have not been and will not be registered under the Securities Act of 1933 (as amended, the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (the "**Regulation S**").

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Sole Lead Manager has represented and agreed that except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver any Bonds: (i) as part of its distribution at any time; or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, for the account or benefit of, U.S. persons, and will have sent to each dealer to which it sells the Bonds and any related guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The Sole Lead Manager has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the UK.

Singapore

The Sole Lead Manager has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, the Sole Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA; or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to, and in accordance with the conditions specified in Section 275 of the SFA.

GENERAL INFORMATION

1. **Authorisations:** The creation and issue of the Bonds has been authorized by the resolution of the Issuer's managing board on 23 September 2024, 26 September 2024 and 27 September 2024.
2. **Interest of Natural and Legal Persons involved in the Issue:** The Sole Lead Manager and its affiliates may be customers of borrowers from or creditors of the Issuer and/or its affiliates. In addition, the Sole Lead Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and/or its affiliates in the ordinary course of business.
3. **Legal Entity Identifier:** The legal entity identifier (LEI) of the Issuer is: 549300P6F1BDSFSW5T72.
4. **Expenses related to Admission to Trading:** The total expenses related to the admission to trading of the Bonds are expected to amount to approximately EUR 3,200.
5. **Clearing Systems:** Payments and transfers of the Bonds will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, and Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg.

The Bonds have the following securities codes:

ISIN: XS2884012332

Common Code: 288401233

6. **Listing and Admission to Trading:** Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to trading on the Luxembourg Stock Exchange's regulated market (which is a regulated market for the purposes of MiFID II) and to be listed on the Official List of the Luxembourg Stock Exchange on or around the Issue Date.
7. **Documents on Display:** Electronic versions of the following documents are available on the Issuer's website (<https://www.sava-re.si/en-si/about/corporate-governance/>):
 - (a) the articles of association of the Issuer are available under on the Issuer's website under: <https://www.sava-re.si/media/store/savare/en-si/2020/Sava-Re-articles-of-association.pdf>; and
 - (b) the documents incorporated by reference into this Prospectus (accessed by using the hyperlinks set out in the section "*Documents Incorporated by Reference*" below).

This Prospectus and any supplement to this Prospectus will be published on the website of the Luxembourg Stock Exchange (www.luxse.com).

8. **Third Party Information:** With respect to any information included herein and specified to be sourced from a third party: (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted the omission of which would render the reproduced information inaccurate or misleading; and (ii) neither the Issuer nor the Sole Lead Manager has independently verified any such information and neither the Issuer nor the Sole Lead Manager accepts any responsibility for the accuracy thereof.

9. **Yield:** For the investors, the yield of the Bonds is 5.200 % *per annum*, calculated as of the Issue Date on the basis of the Issue Price. It is not an indication of future yield. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) Method. The ICMA method determines the effective interest rate on Bonds by taking into account accrued interest on a daily basis.

10. **Ratings of the Bonds:**

The Bonds are expected to be rated "BBB+"²¹ by S&P Global Ratings Europe Ltd. upon issuance.

S&P Global Ratings Europe Ltd., 4th Floor, Styne House, Upper Hatch Street, Dublin 2, D02 DY27, Ireland, is established in the European Union, is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published by ESMA on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

²¹ S&P Global Ratings defines "BBB+" as follows: "An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories."

DOCUMENTS INCORPORATED BY REFERENCE

The specified pages of the following documents which have been previously published or are simultaneously published with this Prospectus and which have been filed with the CSSF are incorporated by reference into and form part of this Prospectus: (i) the audited Annual Report of Sava Insurance Group for the fiscal year ended 31 December 2023 ("**Audited Annual Report 2023**"), (ii) the audited Annual Report of Sava Insurance Group for the fiscal year ended 31 December 2022 ("**Audited Annual Report 2022**"), each containing the English language translation of the respective Slovene language consolidated financial statements of the Issuer and of the Slovene language auditor's report in respect thereof and (iii) the unaudited financial report of the Sava Insurance Group for the six months to 30 June 2024 containing the English language translation of the respective Slovene language consolidated financial statements of the Issuer ("**Interim Report First Half-Year 2024**").

Any information not incorporated by reference into this Prospectus but contained in one of the documents mentioned as source documents in the cross-reference list below is either not relevant for the investor or covered in another part of this Prospectus.

(1) Extracted from: Sava Insurance Group – Audited Annual Report 2023

Auditor's report.....	pages 162-170
Statement of financial position	page 171
Income statement.....	page 172
Statement of other comprehensive income.....	page 173
Cash flow statement	page 174
Statement of changes in equity for 2023	page 175
Statement of changes in equity for 2022	Page 176
Notes to the financial statements	pages 177-396

(2) Extracted from: Sava Insurance Group – Audited Annual Report 2022

Auditor's report.....	pages 163-167
Statement of financial position	pages 168-170
Income statement.....	pages 171-172
Statement of other comprehensive income.....	page 173
Cash flow statement	pages 174-176
Statement of changes in equity for 2022	pages 177-178
Statement of changes in equity for 2021	pages 179-180
Notes to the financial statements	pages 181-396

(3) Extracted from: Sava Insurance Group – Interim Report First Half-Year 2024

Unaudited statement of financial position	page 25
Unaudited income statement	page 26
Unaudited statement of other comprehensive income	page 27
Unaudited statement of cash flows.....	page 28
Unaudited statement of changes in equity	pages 29-32
Notes to the condensed consolidated financial statements	pages 33-36

Copies of documents containing the information incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer and the website of the Luxembourg Stock Exchange (www.luxse.com).

Electronic versions of the documents containing the information incorporated by reference are also available on the website of the Issuer (<https://www.sava-re.si>) and can be accessed by using the following hyperlinks:

(1) Sava Insurance Group – Audited Annual Report 2023:

<https://www.sava-re.si/media/store/savare/en-si/2024/549300P6F1BDSFSW5T72-2023-12-31-en.html>

(2) Sava Insurance Group – Audited Annual Report 2022

<https://www.sava-re.si/media/store/savare/en-si/2023/Doc/549300P6F1BDSFSW5T72-2022-12-31-en.html>

(3) Sava Insurance Group – Interim Report First Half-Year 2024

<https://www.sava-re.si/media/store/savare/en-si/2024/Financial-report-1-6-2024.pdf>

Issuer

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Republic of Slovenia

Principal Paying Agent

Erste Group Bank AG

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Vienna 1100
Republic of Austria

Sole Lead Manager and Sole Bookrunner

Erste Group Bank AG

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Republic of Austria

Independent Auditors of the Issuer

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Legal Advisers

To the Issuer

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