

AMONG GOOD PEOPLE



ANNUAL
REPORT
of the Sava Insurance Group
and Sava Re d.d. for
2022



September
2022

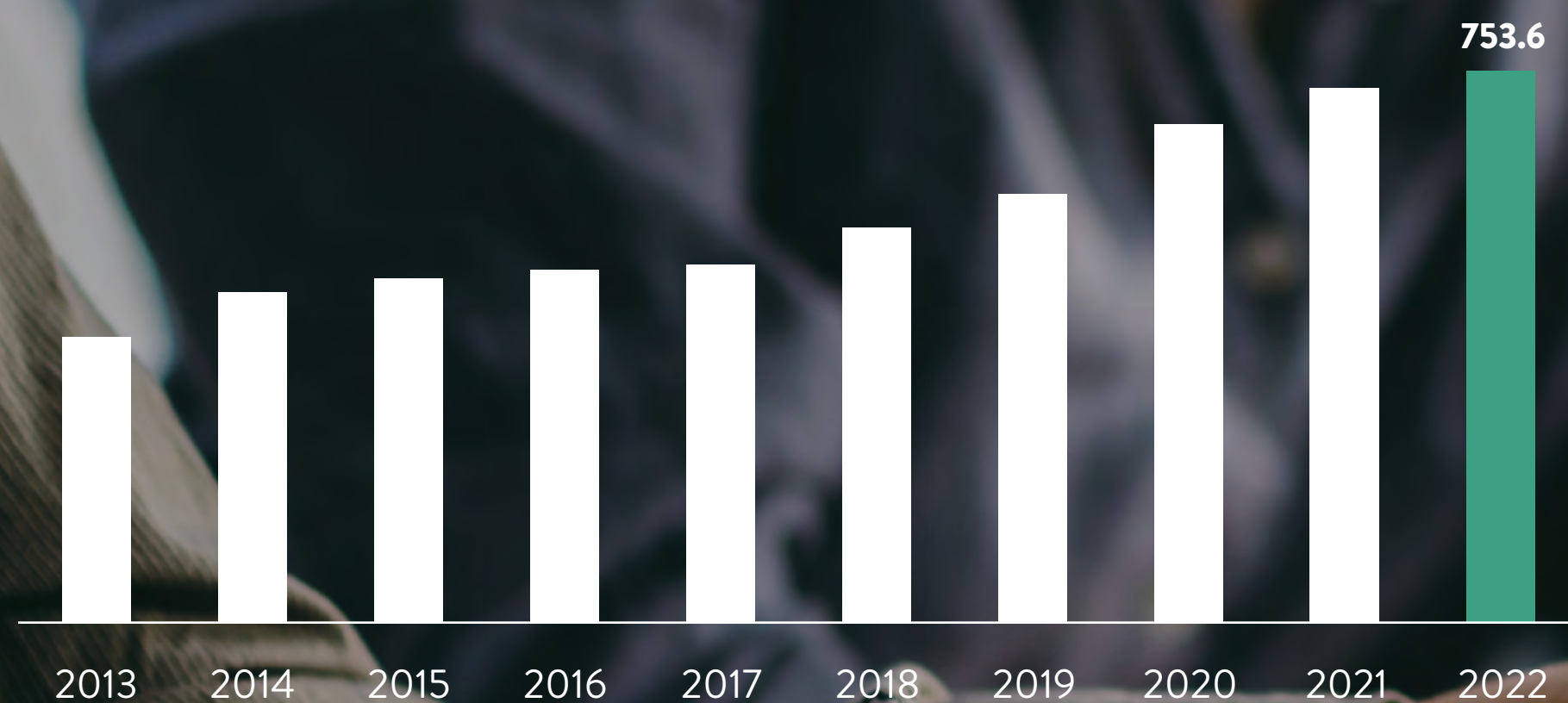
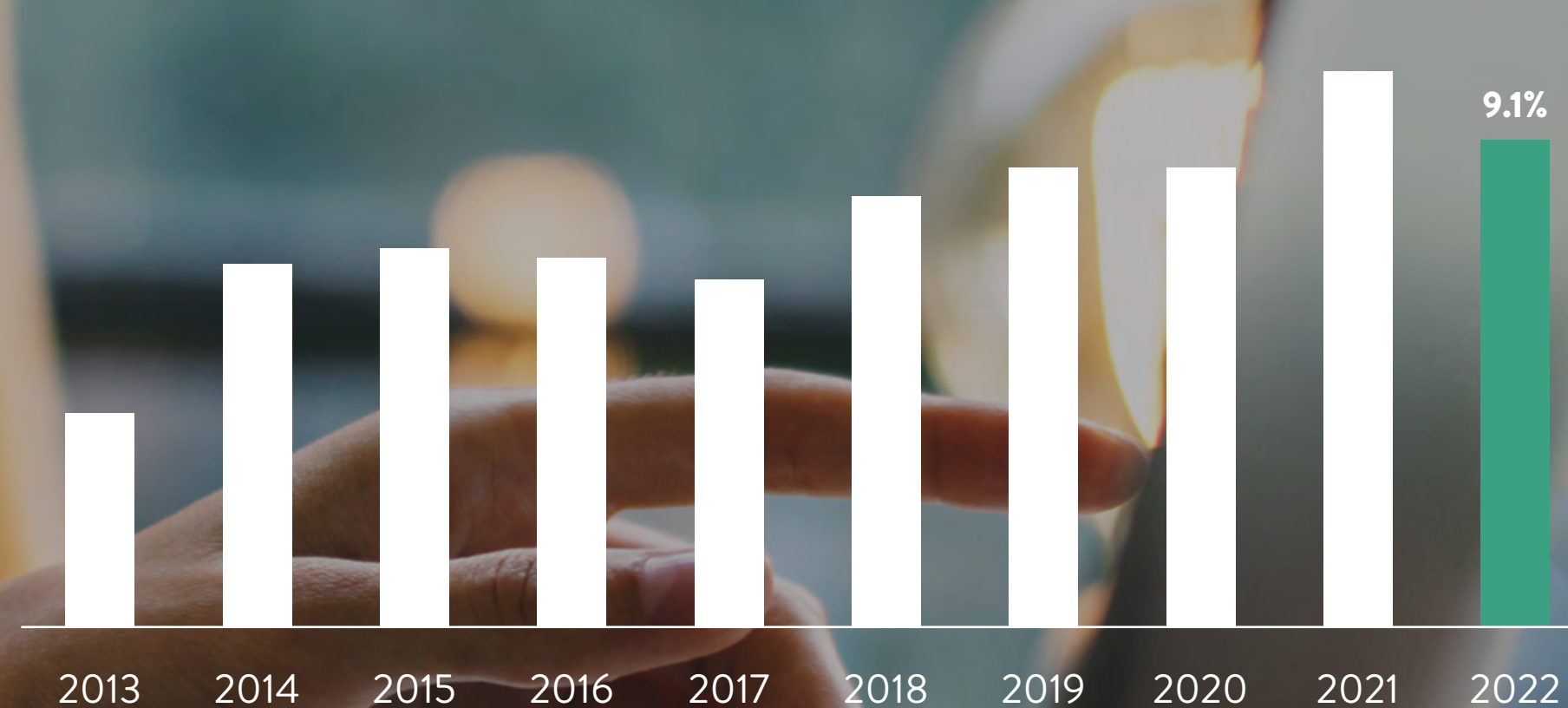
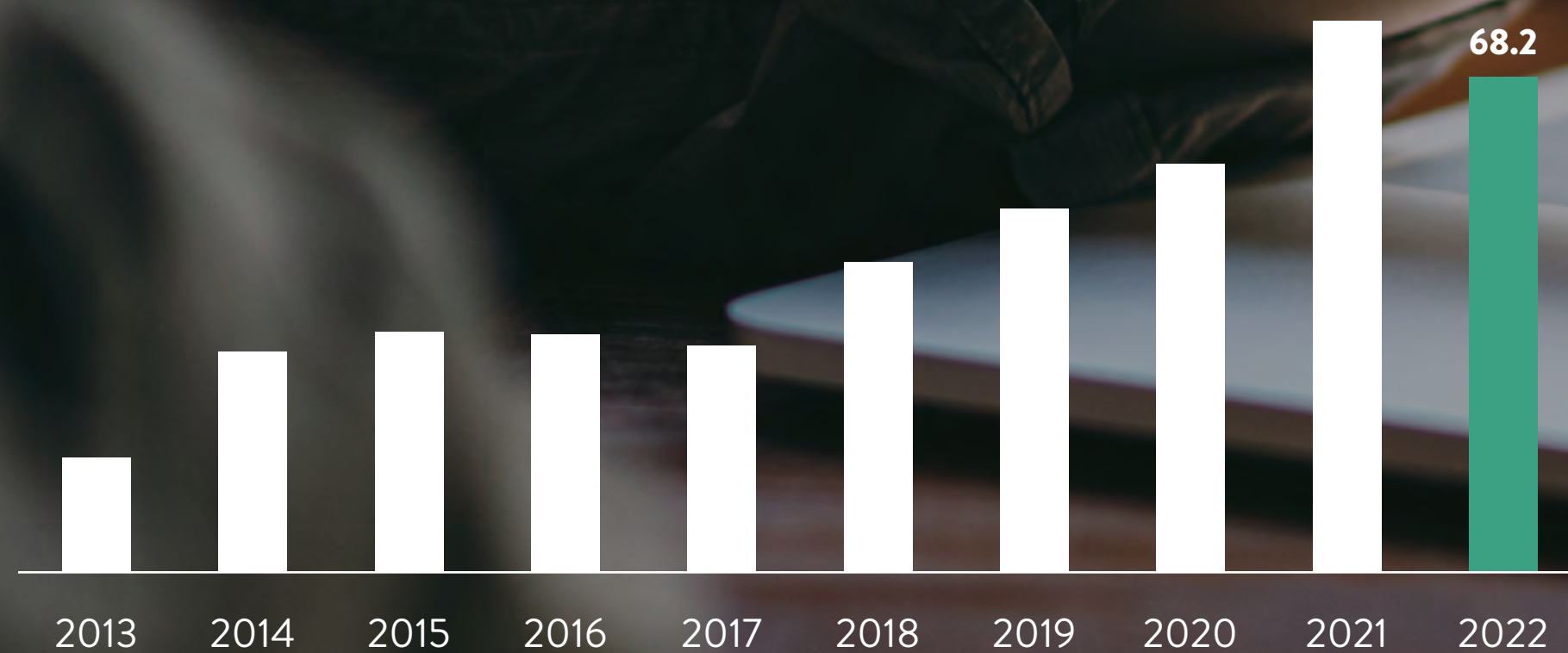
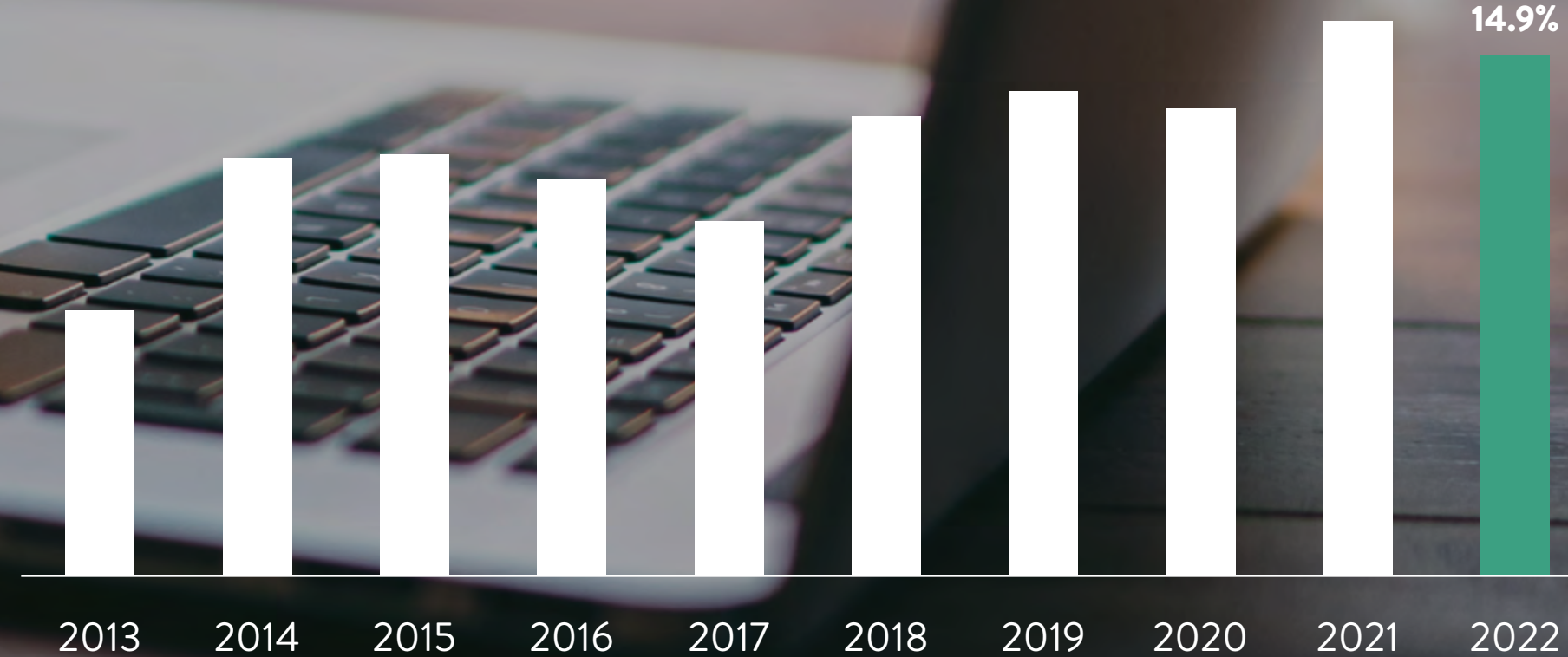
AM BEST

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September
2022

S&P GLOBAL RATINGS

**CAGR: 11.4%****Operating revenue of the Sava Insurance Group****(€m)****Return on revenue of the Sava Insurance Group****CAGR: 19.2 %****After-tax profit or loss of the Sava Insurance Group****(€m)****Return on equity of the Sava Insurance Group**



ANNUAL REPORT

■ Insurance is about connecting. Connecting individuals and companies to ensure security and quality of life, putting them first and making services more accessible to them through digital tools. Through reinsurance, we connect insurance companies in Slovenia and abroad. Many of them have placed their trust in us for decades.



Declaration of the management board

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

Ljubljana, 15 March 2023





Key figures

	Sava Insurance Group	
EUR, except percentages	2022	2021
Total of all operating segments		
Operating revenue	753,642,004	732,714,051
Year-on-year change	2.9%	7.6%
Profit or loss, net of tax	68,242,586	76,167,178
Year-on-year change	-10.4%	35.1%
Comprehensive income	-68,768,647	57,585,415
Year-on-year change	-219.4%	-24.0%
Return on revenue*	9.1%	10.4%
Net expense ratio, including operating revenue*/***	29.3%	29.0%
Return on equity	14.9%	15.8%
Return on equity, excluding the fair value reserve	13.5%	16.9%
Earnings or loss per share	4.39	4.91
Return on the investment portfolio*/**	1.3%	1.8%
Reinsurance + non-life		
Gross premiums written	598,502,723	546,925,838
Year-on-year change	9.4%	0.1%
Net incurred loss ratio*	58.3%	55.5%
Net expense ratio	31.5%	31.6%
Net combined ratio*	90.7%	88.1%
Profit or loss before tax	60,064,163	72,204,759
Year-on-year change	-16.8%	75.8%

	Sava Insurance Group	
EUR, except percentages	2022	2021
Life		
Gross premiums written	172,175,270	178,707,830
Year-on-year change	-3.7%	37.2%
Net expense ratio	22.4%	21.4%
Profit or loss before tax	18,530,692	16,761,225
Year-on-year change	10.6%	-38.6%
Total of all operating segments	31 December 2022	31 December 2021
Total assets	2,534,002,659	2,658,322,359
Change on 31 December of prior year	-4.7%	7.7%
Shareholders' equity	411,951,369	504,077,018
Change on 31 December of prior year	-18.3%	9.5%
Net technical provisions	1,683,693,589	1,703,916,399
Change on 31 December of prior year	-1.2%	6.5%
Book value per share	26.58	32.53
Number of employees (full-time equivalent basis)	2,704.3	2,698.9
Solvency ratio under Solvency II rules	177–187% ¹	198%

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

* Excluding the effect of exchange differences.

** Excluding subordinated debt expenses.

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

¹ Estimate of the Sava Insurance Group's solvency ratio as at 31 December 2022, as the Group's final solvency ratio is not yet available. For more information on the solvency ratio, see section [17.7.2](#).

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BUSINESS REPORT

■ Business is about people. It is about building relationships based on trust and taking responsibility. We are honoured by your trust and belief in our story. It is your trust that drives us, so that we do not rest at any goal we achieve, but always reach for the next one.





In 2022, the Group continued to strengthen its business in foreign markets, achieving strong premium and profit growth. As expected, the Group's combined ratio increased as the pandemic subsided. At 90.7%, it was much better than planned.

1 Letter from the chairman of the management board²

Dear Shareholders, Business Partners and Employees,

The previous financial year was marked by rising geopolitical tensions and tightening global economic conditions. While the Covid-19 pandemic began to loosen its grip, Russia's war of aggression against Ukraine began in February 2022. This led to an increase in energy prices and pushed up inflation, resulting in a higher key interest rate and higher required yields in financial markets, and it presented the Sava Insurance Group with new challenges. Although our business with Russia had not been substantial, and the sanctions, therefore, did not have a significant impact on the results, inflation began to be reflected in the increased value of claims, as well as in higher labour, information technology and other costs. At half year, it was clear that the insurance industry could no longer delay the much-needed adjustment of its pricing policy.

An advanced risk governance framework, timely action, capital strength and customer focus across all stages of the sales and post-sales process enabled the Sava

Insurance Group to achieve virtually all the goals set in its 2022 business plan. The Group generated a net profit of EUR 68.2 million, which is 13.7% above the plan, achieving a remarkable 14.9% return on equity. At EUR 774.1 million, the Group increased its business volume in terms of gross premiums written by 6.1%, mainly driven by its non-life and reinsurance business. In 2022, the Group continued to strengthen its business in foreign markets, achieving strong premium and profit growth. As expected, the Group's combined ratio increased as the pandemic subsided. At 90.7%, it was much better than planned. This was largely due to cost efficiency, as costs grew more slowly than premiums. Financial investments suffered from unfavourable conditions in the financial markets in 2022; consequently, the return on the investment portfolio, at 1.3%, was below target and lower than the previous year. Sava Re's capital strength and solvency were reaffirmed last year with an "A" credit rating from S&P Global Ratings and AM Best.



In 2022, the Group continued to make solid progress in its development strategy of digital transformation and customer-centric business processes.

In 2022, the Group continued to make solid progress in its development strategy of digital transformation and customer-centric business processes. Its key development activities were focused on the consolidation of customer support processes at contact centres and the introduction of centralised multi-channel solutions across several Sava Insurance Group companies. We enhanced our digital and self-care solutions for customers and improved the user experience. The SavaNet portal, which currently includes data from Zavarovalnica Sava, Sava Pokojninska and Sava Infond, has undergone several improvements based on customer requests and ideas. While implementing advanced technologies, we continued to develop and introduce machine learning into various work processes to reduce process time and improve our customers' experience.

We expanded and upgraded our product range in view of our customers' needs and expectations. In non-life insurance, we offered products with strong sustainability credentials, as well as products targeted at individual policyholder segments and products that promote online sales and bancassurance. As part of the expansion of the Group's life insurance product range, in 2022 the Group focused on further developing and improving protection policies and unit-linked life products, with which it entered the Serbian market. In international markets, we successfully expanded our bancassurance business by establishing a new collaboration and by strengthening business with banking partners.

Sustainability has become an integral part of our dai-

ly operations and decision-making. At the end of the year, the Group thus adopted a sustainable development policy, which governs the sustainability management system and underlines the principles of responsible management in all business areas. In addition to developing products with a sustainability component, we are reinforcing this aspect of our business operations in other areas as well. We developed the guidelines for the responsible underwriting of environmental, social and governance risks in non-life insurance, which were implemented in several Group companies during the year. We increased our sustainability investments to EUR 218 million in 2022, representing 14.9% of the total investment portfolio. We updated the sustainable investment policy by integrating a sustainability risk management perspective into the investment process and by more consistently integrating the principles of the UN Global Compact into the investment process. We paid particular attention to the many legislative developments in the context of the European Union's efforts to achieve carbon neutrality by 2050, and implemented the activities necessary to meet the requirements in a timely manner.

In the Sava Insurance Group, we recognise our responsibility to our employees and the wider community. We have made it a strategic goal for the Group to be recognised by our stakeholders as a socially responsible and attractive employer in the region. The members of the Sava Insurance Group therefore have strong links with their local environment. We support local commu-

nities through sponsorships, donations and prevention projects, and our employees have embraced corporate volunteering by taking part in our Heart for the World initiative. In 2022, the initiative thus resulted in numerous activities throughout the Group that promote our corporate responsibility towards our natural and social environment.

At the end of 2022, the Sava Insurance Group successfully completed the strategic period in all areas of its business. I would like to take this opportunity to thank our employees, shareholders, customers and other stakeholders for their support and trust. With the new 2023–2027 strategy, adopted at the end of 2022, we continue to implement our mission and vision. Through commitment and constant progress, we ensure security and quality of life. We are building a customer-centric, flexible and sustainability-oriented insurance group. A big thank you to all our colleagues who have helped us achieve our goals so far. We believe that among good people the ambitious goals we have set ourselves for the new strategy period can be achieved.

Marko Jazbec

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



2 Profile of Sava Re and the Sava Insurance Group

2.1 Sava Re company profile³

Company name	Sava Re, d.d.
Business address	Dunajska 56, 1000 Ljubljana, Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+386 1 47 50 264
Email	info@sava-re.si
Website	www.sava-re.si
ID number	5063825
Tax identification number	SI17986141
LEI code	549300P6F1BDSFSW5T72
Share capital	EUR 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	<div>MANAGEMENT BOARD</div> <div>Marko Jazbec (chairman) Polona Pirš Zupančič Peter Skvarča</div> <div>SUPERVISORY BOARD</div> <div>Davor Ivan Gjivoje, jr. (chairman) Keith William Morris (deputy chairman) Klemen Babnik Matej Gomboši Edita Rituper (employee representative) Andrej Gorazd Kunstek (employee representative)</div>
Date of entry into court register	10 December 1990, Ljubljana District Court
Certified auditor	Deloitte Revizija d.o.o., Dunajska cesta 165, 1000 Ljubljana, Slovenia
Largest shareholder and holding	Slovenski Državni Holding d.d. (Slovenian Sovereign Holding) 17.7% (no-par-value shares: 3,043,883)
Credit ratings: S&P Global Ratings AM Best	A /stable/; September 2022 A /stable/; September 2022
Investor relations contact	ir@sava-re.si
The Company has no branches	

³ GRI 2-1, 2-3.

2.2 Significant events in 2022

- The year 2022 was marked by a tense geopolitical situation. In February 2022, Russia launched a war of aggression against Ukraine, which has now lasted a year. In early 2022, the Sava Insurance Group examined the impact of the war in Ukraine on its operations and assessed that, due to the small volume of business with and low investment exposure to Russia and Ukraine, the changed circumstances would not have a material impact on its business result. The Sava Insurance Group (through Sava Re) had written reinsurance contracts with Russian and Ukrainian partners the annual premium volume of which accounted for only 0.1% of the Group's total operating revenue for 2022. All contracts contain sanctions clauses. In the event of sanctions imposed by the European Union or the United Nations, such clauses limit the obligations of Sava Re under relevant contracts if such obligations are contrary to the applicable sanctions. In addition, the reinsurance contracts written exclude coverage related to war.

The credit and currency exposure of the Group's financial investments to Russia, Ukraine and Belarus was negligible at 31 December 2022. Russia's military aggression against Ukraine impacted capital markets and caused energy prices and inflation to rise. In response to inflation, central banks promptly adjusted monetary policy by raising key interest rates to levels last seen 15 years ago. In terms of inflation, the risk of a decline in profitability of non-life insurance business in 2022 was significantly higher, reflecting the increase in average claims, which was mainly seen in motor and property insurance. In the first phase, the greatest impact was felt in the Slovenian market. Zavarovalnica Sava responded by increasing premium rates and adjusting products that showed signs of claims inflation. Technical provisions also went up, depending on the estimated effects. The other markets in which the Group operates and in the reinsurance segment also experienced inflationary pressures.

Further uncertainty was added by increased tensions over Taiwan and the difficulties of the economy in China, where it seems increasingly likely that the property bubble is about to burst, while the economy is also impacted by the country's zero-tolerance for Covid-19. Section [17.7 "Risk management"](#) details the risks arising from adverse macroeconomic and geopolitical conditions.

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

a five-year term, beginning on the next business day following receipt of the Insurance Supervision Agency's decision to issue a licence to David Benedek to act as a member of the management board. At the time of writing, this decision has not yet been issued.

- In May 2022, the 38th general meeting of shareholders was held⁴.
- In May 2022, the High Court in Dublin ruled in favour of Zavarovalnica Sava, confirming that its business interruption and loss of licence policy wording does not provide cover for losses arising from the Covid-19 pandemic.
- In September 2022, the rating agencies S&P Global Ratings and AM Best affirmed the "A" ratings of Sava Re and Zavarovalnica Sava. The outlook was stable.
- In December 2022, the Sava Insurance Group's new strategy for 2023–2027 and the business plan for the financial year 2023 were released.

⁴ For more details, see sections [3 "Shareholders and share trading"](#) and [5.3.1 "General meeting of shareholders"](#).



2.3 Significant events after the reporting date

- On 15 January 2023, a new five-year term of office for Polona Pirš Zupančič, a member of the management board of Sava Re, was entered in the register of companies.
- At the beginning of 2023, Zavarovalnica Sava and Sava Infond sold two properties in Maribor, which were classified as available for sale at the reporting date. The sale value of the properties was EUR 4.2 million. This sale will have no impact on the consolidated income statement of the Sava Insurance Group for 2023.
- In March 2023, an agreement was signed for the sale of G2I (GBR). Sava Re’s ownership of the company will cease after the transfer of the shareholding becomes effective in the English register of companies.

2.4 Sava Re rating profile

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

Financial strength ratings of Sava Re

Agency	Rating ⁵	Outlook	Latest review
S&P Global Ratings	A	stable	September 2022: existing rating affirmed
AM Best	A	stable	September 2022: existing rating affirmed



⁵ The credit rating agency S&P Global Ratings uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (-) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories. AM Best uses the following categories to assess financial strength: A++, A+ (superior), A, A- (excellent), B++, B+ (good), B, B- (fair), C++, C+ (marginal), C, C- (weak), D (poor), E (under regulatory supervision), F (in liquidation), S (suspended).

2.5 Profile of the Sava Insurance Group⁶

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

- Sava Pokojninska (SVN): a Slovenian pension company;
- Sava Penzisko Društvo (MKD): a pension fund manager based in North Macedonia managing second- and third-pillar pension funds;
- Sava Infond (SVN): a subsidiary managing investment funds;
- TBS Team 24 (SVN): a company providing assistance services relating to motor, health and home-owners insurance;
- DCB (SVN): an associate company carrying on hospital activities;
- G2I (GBR): an associate company marketing on-line motor policies.

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

- **Reinsurance:** With over 40 years of experience in international reinsurance, Sava Re provides a full range of reinsurance coverages. Building a globally diversified portfolio, we now conduct business in over one hundred reinsurance markets worldwide. Our guiding principle is to build long-term relationships with our clients and partners that allow creating stability throughout all economic cycles.
- **Insurance, Slovenia:** In Slovenia, the insurance business is conducted through Zavarovalnica Sava and Vita. Zavarovalnica Sava concentrates on developing new products and improving existing ones, with a strong emphasis on customer focus. The company offers a wide range of non-life and life insurance coverages. Products are sold through internal and external sales channels. Vita joined the Sava Insurance Group in 2020, making it the second-largest insurance group in Slovenia in terms of market share. Vita is the largest life insurance company in Slovenia operating on a bancassurance model. It

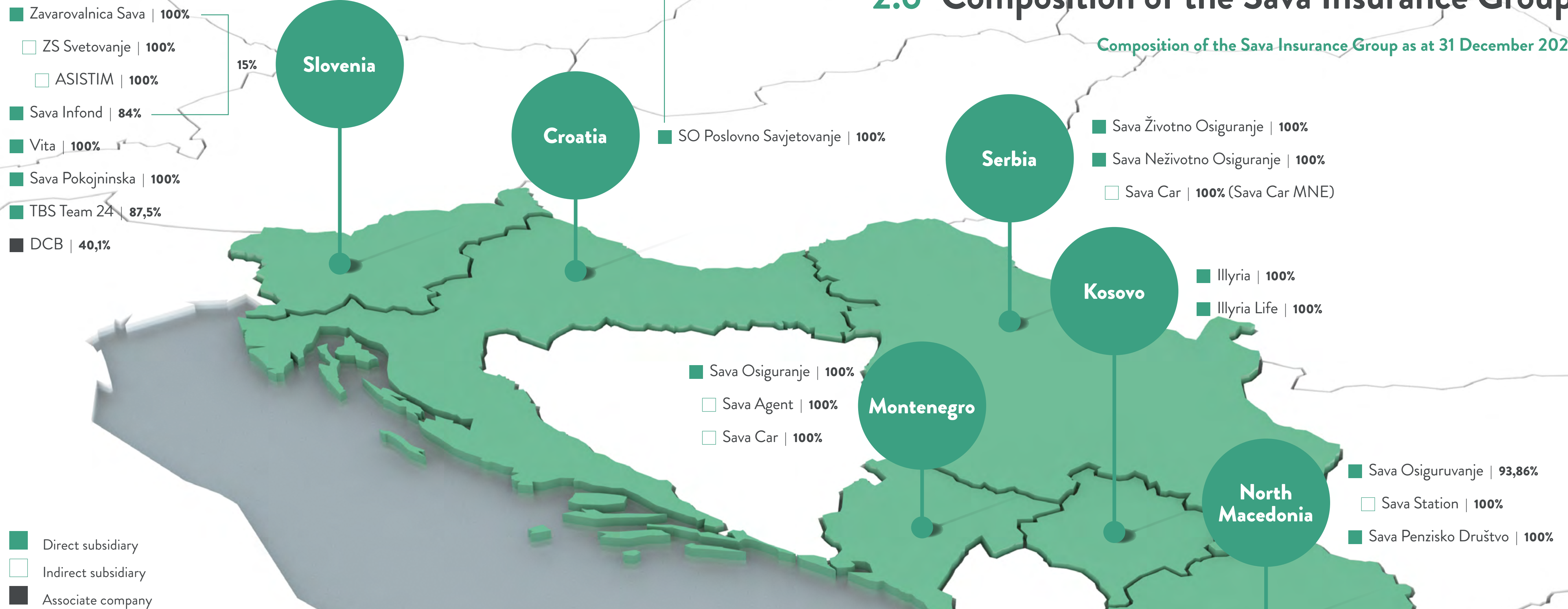
sells its policies exclusively through branches of the bank NLB d.d., where customers are served by highly qualified financial advisors. The company mainly writes unit-linked life insurance policies.

- **Insurance, international:** The Sava Insurance Group operates through subsidiaries and branches in the markets of Croatia, Serbia, Montenegro, North Macedonia and Kosovo. Motor third-party liability and motor own damage (casco) account for a significant part of non-life insurance business written in these markets, and there is a rising trend in property, health and other business. The Group offers life insurance in the markets of Croatia, Serbia and Kosovo.
- **Pensions:** The Sava Insurance Group offers pension insurance in Slovenia and North Macedonia. In the Slovenian market, Sava Pokojninska offers a comprehensive range of supplementary pension insurance: it manages pension fund assets and distributes supplementary pension annuity payments. The company in North Macedonia manages mandatory and voluntary pension funds.

- **Asset management:** Sava Infond manages client assets in 19 sub-funds of the Infond umbrella fund and provides portfolio management services to Group companies.
- **Assistance services:** The assistance services of TBS Team 24 complement the core insurance business in all the markets in which we operate. The company is the leading assistance provider in southeastern Europe, offering its policyholders roadside, home and travel medical assistance, as well as other assistance services.

2.6 Composition of the Sava Insurance Group⁷

Composition of the Sava Insurance Group as at 31 December 2022⁸



⁷ GRI 2-1, 2-2.

⁸ The percentages in the figure relate to equity stakes. The equity stakes provided for G2i, Sava Infond and DCB differ from the voting rights held by these companies. Section 2.7 "General information on Group companies as at 31 December 2022" provides disclosures about all Group companies, including equity stakes and voting rights.



Company names of Sava Insurance Group members

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



2.7 General information on Group companies as at 31 December 2022⁹

As at 31 December 2022, the Sava Insurance Group had the following members:

	Sava Re	Zavarovalnica Sava (SVN)	Sava Neživotno Osiguranje (SRB)	Illyria (RKS)	Sava Osiguruvanje (MKD)
Registered office	Dunajska cesta 56, 1001 Ljubljana, Slovenia	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Bulevar vojvode Mišića 51, 11040 Belgrade, Serbia	Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo	Zagrebska br. 28A, 1000 Skopje, North Macedonia
ID number	5063825000	5063400000	17407813	810483769	4778529
Main activity	reinsurance	insurance	non-life insurance	non-life insurance	non-life insurance
Share capital (EUR)	71,856,376	68,417,377	6,314,464	7,228,040	3,820,077
Book value of combined equity interest of all Group members (EUR)		68,417,377	6,314,464	7,228,040	3,585,524
% equity share / voting rights held by Group members		Sava Re: 100.0%	Sava Re: 100.0%	Sava Re: 100.0%	Sava Re: 93.86%
Governing bodies	management board	management board	management board	managing director	board of directors
	Marko Jazbec (chair), Polona Pirš Zupančič, Peter Skvarča	Jošt Dolničar (chair), Uroš Lorenčič, Primož Močivnik, Robert Ciglarič, Miha Pahulje	Bojan Mijailović (chair), Aleksandar Ašanin	Shpend Balijsa	executive director: Melita Gugulovska non-executive directors of the company: Rok Moljk (chair), Peter Skvarča, Milan Viršek, Sašo Tonevski, Nenad Jovanović
	supervisory board	supervisory board	supervisory board	board of directors	
	Davor Ivan Gjiroje Jr (chair), Keith William Morris, Klemen Babnik, Matej Gomboši, Edita Rituper, Andrej Gorazd Kunstek	Marko Jazbec (chair), Pavel Gojkovič, Polona Pirš Zupančič, Peter Skvarča, Aleš Perko, Branko Beranič	Peter Skvarča (chair), Nebojša Šćekić, Josif Jusković	Marko Jazbec (chair), Rok Moljk, Andreja Rahne, Milan Viršek, Ilirijana Dželađini	

⁹ GRI 2-6, 2-1, 2-6, 2-9, 2-2.



	Sava Osiguranje (MNE)	Illyria Life (RKS)	Sava Životno Osiguranje (SRB)	Sava Car (MNE)	ZS Svetovanje (SVN)
Registered office	Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro	Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo	Bulevar vojvode Mišića 51, 11040 Belgrade, Serbia	Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro	Ulica Eve Lovše 7, 2000 Maribor, Slovenia
ID number	02303388	810793837	20482443	02806380	2154170000
Main activity	non-life insurance	life insurance	life insurance	technical testing and analysis	insurance agency
Share capital (EUR)	4,033,303	3,285,893	4,326,664	485,000	327,263
Book value of combined equity interest of all Group members (EUR)	4,033,303	3,285,893	4,326,664	485,000	327,263
% equity share / voting rights held by Group members	Sava Re: 100.0%	Sava Re: 100.0%	Sava Re: 100.0%	Sava Osiguranje (MNE): 100.0%	Zavarovalnica Sava: 100.0%
Governing bodies	board of directors	managing director	management board	Sava Osiguranje (MNE): 100.0%	Zavarovalnica Sava: 100.0%
	executive director: Melita Gugulovska non-executive directors of the company: Rok Moljk (chair), Peter Skvarča, Milan Viršek, Sašo Tonevski, Nenad Jovanović	Albin Podvorica deputy managing director: Mehmeti Fisnik	Miloš Brusin (chair), Ana Bojanić	Siniša Mićunović	Aljaž Kos
		board of directors	supervisory board		
		Marko Jazbec (chair), Andreja Rahne, Rok Moljk, Milan Viršek, Ilirijana Dželadini	Polona Pirš Zupančič (chair), Pavel Gojković, Uroš Čamilović		



	Sava Agent (MNE)	Sava Station (MKD)	Sava Pokojninska (SVN)	TBS Team 24 (SVN)	Sava Penzisko Društvo (MKD)
Registered office	Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro	Zagrebska br. 28A, 1000 Skopje, North Macedonia	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Ljubljanska ulica 42, 2000 Maribor, Slovenia	Majka Tereza 1, 1000 Skopje, North Macedonia
ID number	02699893	7005350	1550411000	5946948000	5989434
Main activity	insurance agency	technical testing and analysis	pension fund	provision of assistance services	fund management activities
Share capital (EUR)	10,000	199,821	6,301,109	8,902	2,110,791
Book value of combined equity interest of all Group members (EUR)	10,000	199,821	6,301,109	7,789	2,110,791
% equity share / voting rights held by Group members	Sava Osiguranje (MNE): 100.0%	Sava Osiguruvanje (MKD): 100.0%	Sava Re: 100.0%	Sava Re: 87.5%	Sava Re: 100.0%
Governing bodies	executive director	managing director	management board	managing director	management board
	Snežana Milović	Ilija Nikolovski	Andrej Plos (chair), Igor Pšunder	Edvard Hojnik	Petar Taleski (chair), Marija Gjorgjievska, Kosta Ivanovski
			supervisory board	holder of procuration	supervisory board
			Jošt Dolničar (chair), Rok Moljk, Hermina Kastelec, Pavel Gojkovič, Irena Šela, Tomaž Šalamon, Uroš Krajnc	Aleksandra Tkalčič	Pavel Gojkovič (chair), Rok Moljk, Peter Skvarča, Erol Hasan



	Vita (SVN)	DCB (SVN)	G2I (GBR)	Sava Infond (SVN)	SO Poslovno Savjetovanje (HRV)
Registered office	Trg republike 3, 1000 Ljubljana, Slovenia	Pod Skalo 4, 4260 Bled, Slovenia	First Floor Ridgeland House 15 Carfax, Horsham, West Sussex, RH12 1DY, United Kingdom	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	R. Frangeša Mihanovica 9, 10000 Zagreb, Croatia
ID number	1834665000	5690366000	10735938	5822416000	02467143
Main activity	life insurance	hospital activities	insurance agency	fund management activities	business and other management consultancy activities
Share capital (EUR)	7,043,900	379,123	152,958	1,460,524	3,884,285
Book value of combined equity interest of all Group members (EUR)	7,043,900	189,562	26,768	1,460,524	3,884,285
% equity share / voting rights held by Group members	Sava Re: 100.0%	Sava Re: 40.1%/50.0%	Sava Re: 17.5%/25.0%	Sava Re: 84.00%/84.85% Zavarovalnica Sava: 15.00%/15.15%	Zavarovalnica Sava: 100.0%
Governing bodies	management board	managing director	board of directors	management board	managing director
	Irena Prelog (chair), Tine Pust	Zvonko Novina, Robert Cugelj	Graham Moreton Smith (chair and non-executive member), Robert Paul Marjoram (executive member), Lisa Maire Dunne (executive member), Nicholas Tsimekis (executive member), Justin James Davis (executive member), Robert Anthony Katzaros (executive member)	Jožica Palčič (chair), Samo Stonič	Vedran Sokačič
	supervisory board	supervisory board		supervisory board	
	Marko Jazbec (chair), Pavel Gojkovič, Andreja Rahne, Jure Košir	Jošt Dolničar (chair), Blaž Jakič, Jaka Kirn, Milan Marinič, Polonca Jug Mauko		Polona Pirš Zupančič (chair), Nada Zidar, Jure Košir, Primož Močivnik, Miha Pahulje	

The management of all Sava Insurance Group members is local.¹⁰

10 GRI 202-02.



2.8 Changes to the organisation¹¹

There were no major changes in the Group's organisation in 2022, but the Kosovo company S Estate was successfully divested in the first quarter of 2022, the vehicle inspection company Sava Car (MNE) established the vehicle inspection company Sava Car (SRB) in Serbia in August 2022 to strengthen sales channels and Ornatus KC was renamed ASISTIM at the end of 2022.



¹¹ GRI 2-6.

3 Shareholders and share trading

Driven by the uncertain economic situation and the developments in financial market, the Sava Re share price fell by 19.7% from EUR 27.9 to EUR 22.4 in 2022. During this period, it reached a high of EUR 30.4 and a low of

EUR 20.1. In 2022, the average price was EUR 25.3.

The SXIP (STOXX Europe 600 Insurance) also fell in 2022, by 11%. The Ljubljana Stock Exchange index (SBITOP) also declined over the period, by 16.9%.

In 2022, turnover in Sava Re shares was EUR 17.9 million (2021: EUR 22.9 million). Average daily turnover was EUR 71,859, compared to EUR 91,863 in 2021.

POSR share price performance from 1 January 2022 to 31 December 2022 compared to the SBITOP Index and the STOXX Europe 600 Insurance Index in % (31 December 2021 = 100)





Basic details about the POSR share

	31 Dec 2022	31 Dec 2021
Share capital	71,856,376	71,856,376
Number of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
Number of shareholders	4,316	4,274
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated book value per share (EUR)	26.58	32.53
Market capitalisation at end of period (EUR)	347,148,390	432,385,718
	2022	2021
Consolidated net earnings per share (EUR)	4.39	4.91
Share price at end of period (EUR)	22.40	27.90
Average share price during reporting period (EUR)	25.26	25.13
Period low (EUR)	20.10	18.50
Period high (EUR)	30.40	29.80
Turnover during the period (EUR)	17,892,849	22,873,820
Average daily trade volume (EUR)	71,859	91,863

Shareholders

Sava Re shareholder structure as at 31 December 2022

Type of investor	Domestic investors	International investors
Insurance and pension companies	18.2%	0.0%
Other financial institutions*	18.0%	15.6%
Republic of Slovenia	13.9%	0.0%
Natural persons	11.1%	0.2%
Investment funds and mutual funds	2.5%	0.0%
Other commercial companies	2.9%	1.0%
Banks	0.0%	16.6%
Total	66.6%	33.4%

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

The composition of shareholders remained largely unchanged in of 2022. Domestic ownership increased by 0.2 p.p. to 66.6%.

Fiduciary accounts with banks, attorneys and other financial institutions altogether account for 24.6% of all POSR shares.

Composition of Sava Re share capital

Ten largest shareholders and qualifying shareholders under the Slovenian Takeover Act as at 31 December 2022¹²

Shareholder	Number of shares	% of share capital	% voting rights
1 Slovenian Sovereign Holding	3,043,883	17.7%	19.6%
2 InterCapital Securities Ltd. – fiduciary account	2,538,773	14.7%	16.4%
3 Republic of Slovenia	2,392,436	13.9%	15.4%
4 European Bank for Reconstruction and Development (EBRD)	1,071,429	6.2%	6.9%
5 Raiffeisen Bank Austria d.d. – fiduciary account	795,206	4.6%	5.1%
6 Modra Zavarovalnica d.d.	714,285	4.1%	4.6%
7 Hrvatska Poštanska Banka – fiduciary account	380,190	2.2%	2.5%
8 Guaranteed civil servants' sub-fund	320,346	1.9%	2.1%
9 Kapitalska Družba d.d. – SODPZ	238,109	1.4%	1.5%
10 OTP Banka d.d. – fiduciary account	204,364	1.2%	1.3%
Total	11,699,021	67.9%	75.5%
Sava Re d.d., own shares*	1,721,966	10.0%	-

* Own shares carry no voting rights.

** Pursuant to Article 235a of the Slovenian Companies Act (ZGD-1), in April 2022 Sava Re started the process of identifying shareholders who are registered with intermediaries as holders of shares and who are not themselves intermediaries (hereinafter referred to as: ultimate shareholders). According to the information received, Adris grupa d.d. held 3,278,049 POSR shares on 26 April 2022.

In 2022, the 10 largest shareholders held a combined share of 67.9% of the share capital and 75.5% of voting rights, largely unchanged from the previous year.

As at 31 December 2022, the top five largest shareholders of Sava Re, exceeded the 5% threshold (qualifying holding under Article 77 of the Slovenian Takeover Act, ZPre-1).

In 2022, the chairman of the management board of Sava Re, Marko Jazbec, increased his holding of Sava Re shares by 1,135 to 11,500 shares. Peter Skvarča, a member of the management board, also increased his holding of Sava Re shares in 2022, by 350 to 1,200 shares. At the end of 2022, the members of the management and supervisory boards together held 19,348 shares, representing 0.112% of the share capital.

POSR shares held by members of the supervisory and management boards as at 31 December 2022

	Number of shares	% of share capital
Marko Jazbec	11,500	0.067%
Polona Pirš Zupančič	3,748	0.022%
Peter Skvarča	1,200	0.007%
Total management board	16,448	0.096%
Andrej Gorazd Kunstek	2,900	0.017%
Total supervisory board	2,900	0.017%
Total management and supervisory boards	19,348	0.112%

All Sava Re shares are ordinary registered shares with no par value; all were issued in book-entry form and are of the same class.

The shares give their holders the following rights:

- the right to participate in the Company's management, with one share carrying one vote in the general meeting;
- the right to a proportionate part of the Company's profit (dividend);
- the right to a corresponding part of the remaining

assets upon the liquidation or bankruptcy of the Company.

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

Share transfer restrictions

All Sava Re shares are freely transferable.

Holders of securities carrying special control rights

Sava Re has issued no securities carrying special control rights.

Own shares

In line with the authorisation granted at the 28th general meeting of shareholders (held on 23 April 2014), the Company started repurchasing its shares in July 2014. The authorisation to acquire own shares was valid for three years from the date of the general meeting resolution. The authorisation was valid for the acquisition

of up to 1,721,966 own shares of the Company, representing 10% of the Company’s share capital. The Company initially acquired its own shares only on the regulated market for financial instruments, but after the announcement of the share-repurchase programme in November 2014, the Company repurchased its own shares both on and off the regulated market for financial instruments, in line with the authorisation given to the management board by the general meeting. The management board’s most recent repurchase of own shares to fill the quota was performed on 11 April 2016.

From 1 January 2022 to 31 December 2022, Sava Re did not buy back or sell any own shares. The total number of own shares as at 31 December 2022 was 1,721,966, representing 10% less one share of all issued shares.

The Company’s management board does not have a

new general meeting authorisation to purchase own shares.

Dividend

At the 38th general meeting of shareholders held on 23 June 2022, the shareholders adopted the proposal of the management and supervisory boards to use EUR 23,246,544.00 of the distributable profits to pay a dividend of EUR 1.50 per share. They were paid on 12 July 2022 to the shareholders entered in the share register as at 11 July 2022.

Contingent capital

The Company had no contingent capital as at 31 December 2022.



Details on dividends¹³

EUR, except percentages	For 2016	For 2017	For 2018	For 2019	For 2020	For 2021
Amount of dividend payment	12,398,158	12,398,157	14,722,811	0	13,173,042	23,246,544
Dividend/share	0.80	0.80	0.95	0.00	0.85	1.50
Dividend yield	5.0%	4.8%	5.6%	-	3.4%	5.9%

¹³ Current year dividend distributions from distributable profits of the previous year. The dividend yield was calculated as the ratio of the dividend per share to the rolling average share price in the past 12-month period.

3.1 Responsibility to investors¹⁴

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

As a Ljubljana Stock Exchange first listing company, we respect the principle of equal treatment and public information. Our communications follow recommendations for uniform informing of all shareholders, and through public announcements we make it possible to provide simultaneous and transparent information in line with the financial calendar. In so doing, we build trust among our shareholders and other potential investors in the Company and its POSR share. Key information is published in accordance with the financial calendar on the Company's website and via the Ljubljana Stock Exchange SEOnet system. In 2022, there were 60 public notifications in both Slovenian and English.

In addition, Sava Re communicates in compliance with the Slovenian Financial Instruments Market Act (ZTFI-1), the Companies' Act (ZGD-1), the aforementioned

recommendations of the Ljubljana Stock Exchange for listed companies, the Corporate Governance Code for Listed Companies, the rules of procedure of the supervisory board and the Company's internal communication rules.

The objective of the Company is to set up an open communication channel with investors. We want to achieve awareness of the real value of the Sava Re and Sava Insurance Group brand and consequently everything that investing in the POSR share entails. In 2022, we continued our efforts to improve the liquidity of the POSR share. Our responsibility to investors is reflected in our cooperation and in setting up a two-way relationship using various communication tools. In 2022, we carried out activities that we adjusted to current restrictions and recommended measures:

- We attended investor and analyst conferences in person and via videoconference, and participated in webcasts organised by the Ljubljana Stock Exchange. We strengthened our brand among international institutional investors through presentations

at investment conferences, maintaining a focus on long-term investors.

- We participated twice in the Trade on the Stock Exchange event, where we introduced ourselves to prospective investors, highlighted the importance of good investing and contributed as a sponsor to the Ljubljana Stock Exchange event.
- We responded via email and conference calls to requests by investors.
- We extended the agreement on the provision of market-making services for the Sava Re share with the stock exchange member Interkapital Vrijednosni Papiri d.o.o. until 2024.
- Following the announcement of our unaudited results, we held a press conference, at which we presented the Group's activities in the past year and informed the public about our plans for the future.
- All shareholders, Slovenian and foreign, received our annual letter to shareholders by direct mail and were invited to the annual general meeting, where they could exercise their voting rights regarding Company matters.

- After each earnings announcement, we send an email newsletter to investors, shareholders and other members of the financial community who have subscribed to our investor communications to inform them of the press release.

We also keep investors, shareholders and other members of the financial community informed in a timely and regular manner on our official website www.sava-re.si, where we have an Investors section. It contains all the essential information on the POSR share price performance, key indicators, dividends, financial reports, analysis and a financial calendar. The website also features a calendar of past investment conferences as well as the material presented at these events. Also announced are the events we will be attending in the coming year.

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



4 Report of the supervisory board¹⁵

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

In 2022, the supervisory board monitored the Company's operations and oversaw its management in a responsible manner. It periodically examined reports on various and select aspects of the business, passed appropriate resolutions and monitored their implementation. Individual issues were addressed in more detail by the relevant supervisory board committees, and, on the basis of their findings, the supervisory board adopted appropriate resolutions and recommendations.

The supervisory board acted within the framework of the powers and responsibilities conferred upon it by law, the Company's articles of association, and its rules of procedure.

COMPOSITION OF THE SUPERVISORY BOARD

The composition of the supervisory board changed in 2022. Mateja Živec completed her term of office on 31 December 2021, having resigned as a member of the supervisory board. In her place, the Sava Re workers' council appointed Edita Rituper for a term of office spanning from 1 January 2022 to 12 June 2023.

In 2022, the composition of the supervisory board was as follows: Davor Ivan Gjivoje Jr (chair), Keith William Morris (deputy chair), Klemen Babnik, Matej Gomboši, Andrej Gorazd Kunstek and Edita Rituper.

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

OPERATION OF THE SUPERVISORY BOARD

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

The supervisory board notes that the reports prepared by the management board for the supervisory board's own use, and that of its committees, were appropriate for a thorough examination of issues and that they complied with both the relevant laws and internal regulations. Meeting materials were provided in a timely manner, allowing the members sufficient time to pre-

pare themselves for the consideration of agenda items. The Company's professional staff assisted in the conduct of the meetings and organised other supporting activities.

The supervisory board held 11 sessions during 2022, two of which were held by correspondence. All members attended all meetings convened during the two terms of office. Most of the meetings were held at the Company's head office. A member of the supervisory board who is unable to attend a session in person for legitimate reasons may attend by means of a video conference.

The members of the management board and the secretary of the supervisory board also participated in the discussions, whereas other professional staff assisted in certain agenda items.

During the year, the supervisory board discussed select and relevant aspects of the operations and activities of the Company and the Sava Insurance Group within its powers under Slovenian law and the Company's articles of association.

The major issues to which the supervisory board members paid particular attention in 2022 are outlined below:

Business plans of the Company and the Sava Insurance Group

At the end of 2022, the supervisory board considered the Strategy of the Sava Insurance Group for 2023–2027 and the Business Plan of the Sava Insurance Group for 2023, and it gave its consent to both planning documents.

Financial reports – annual report

The supervisory board reviewed the unaudited financial statements of the Group and the Company for 2021, and it adopted the audited annual report of the Group and the Company for 2021, including the auditor's report and opinion on the 2021 annual report, and the supervisory board's own report on its activities in 2021.

Financial reports – interim reports

The supervisory board also periodically reviewed other select financial reports in 2022, in particular the unaudited financial reports of the Sava Insurance Group with the financial statements of Sava Re d.d. for January–March 2022, January–June 2022 and January–September 2022.

Investment

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

Reinsurance operations and claims experience

The supervisory board was informed of the Company's reinsurance programme for the current year. Throughout 2022, the board was regularly updated by the management board on major loss events in the domestic and global markets, and on potential claims that could have a material impact on the Company.

Supervision of subsidiaries

In addition to overseeing the operations of Sava Re as the parent company of the Sava Insurance Group, the

supervisory board actively monitored the performance of the Group's subsidiaries to the extent permitted by law.

Risk management system

Risk management function

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

It took note of the risk report for the last quarter of 2021 and the risk reports for the first, second and third quarters of 2022. In March, it took note of the Joint Sava Insurance Group Own Risk and Solvency Assessment (ORSA) Report for 2022. The report covered select and relevant information on the own risk and solvency assessment of Zavarovalnica Sava d.d., Sava Re d.d. (the parent company) and the Sava Insurance Group.

At the end of 2022, the supervisory board approved the Risk Strategy of the Sava Insurance Group for 2023–2027.

Actuarial matters

In 2022, the supervisory board considered the actuarial function report of Sava Re d.d. for 2021, and it took note of the Sava Insurance Group non-life actuarial function report for 2021 and the Sava Insurance Group life actuarial function report for 2021.

Compliance monitoring

In 2022, the supervisory board of Sava Re took note of the annual report of the compliance function holder for 2021 and the annual work plan for 2022. It also took note of the compliance function holder's half-yearly report for the period from 1 January to 30 June 2022.

Internal audit

In 2022, the supervisory board oversaw the activities of the Company's internal audit department in accordance with its statutory powers. It also reviewed the internal audit report for the period from 31 October to 31 December 2021, and the annual report on internal auditing for 2021, including a quality assurance and improvement programme of the Company's internal audit department, and it drew up an opinion on the annual report, which was presented to the Company's general meeting of shareholders. It also considered quarterly internal audit reports for the periods ending on 31 March 2022, 30 June 2022 and 30 September 2022. In addition, it monitored the quarterly reports of the internal audit department on internal auditing of the Sava Insurance Group (Group Internal Audit). All reports prepared by the Company's internal audit department were presented by the head of the department.



The supervisory board considers the reports prepared by the internal audit to have been independent and objective, and that the internal auditor's recommendations and findings have been taken into account by the management board. It notes that the internal audit's reviews, based on their available resources, have not revealed any significant irregularities in the Company's operations. The supervisory board also notes that the internal audit department continuously monitors the development of the internal audit departments of Group subsidiaries, providing them with professional support. In addition, it also monitors the operations of these companies and has not detected any major irregularities.

At the end of 2022, the supervisory board considered and approved the strategic plan of the internal audit department for 2023–2027 and the annual work plan of the internal audit department for 2023.

In accordance with the International Standards on Internal Auditing, the supervisory board approved the proposed bonus for the head of the internal audit department relating to her individual performance in 2021.

Joint statement of key function holders

The supervisory board took note of the joint statement of all key function holders of the Group and the Company for 2021, including the opinion that all key risk areas were adequately managed and their functions were aligned to ensure complete coverage of the risks to which the Company and the Group were exposed.

Solvency II policies

In 2022, the supervisory board also took note of the update on the periodic review of Solvency II policies, discussing individual policies and giving its consent to the proposed amendments.

Calling and holding the general meeting of shareholders

The supervisory board, together with the management board, called the Company's general meeting of shareholders once in 2022, for 23 June 2022.

Preparing election proposals for the general meeting

In 2022, the supervisory board prepared a proposal for the general meeting on the appointment of an audit firm for the next three years, based on the recommendation of the audit committee, which carried out a selection process. The proposal for the appointment of the external auditor was approved by the annual general meeting in 2022.

Personnel matters

Succession planning

In 2022, the supervisory board took note of the periodic report on succession planning for the members of the management bodies of Sava Insurance Group companies.

Nomination procedures

In the spring of 2022, the Sava Re supervisory board, assisted by the relevant committees, undertook a nomination process for the reappointment of Polona Pirš Zupančič, member of the management board, and it unanimously voted to reappoint her for another term. The new five-year term as a member of the management board of Sava Re started on 15 January 2023.

In the autumn of 2022, the supervisory board of Sava Re, with the expert support of the relevant committees and an external human resources expert, carried out a nomination procedure, which resulted in the appointment of David Benedek as the fourth member of the management board. David Benedek was appointed for a term of five years, commencing on the next business day following receipt of the Insurance Supervision Agency's decision to grant David Benedek a licence to act as a member of the management board.

Remuneration of members of management and supervisory bodies

Remuneration policy and remuneration report

In accordance with the Slovenian Companies Act, in 2022 the management and supervisory boards submitted to the Sava Re general meeting of shareholders the Remuneration Policy for Members of Management and Supervisory Bodies of Sava Re d.d. and the Directors' Remuneration Report of Sava Re d.d. for the Financial Year 2021. The general meeting approved the 2021 directors' remuneration report. The consulta-

tive resolution to approve the remuneration policy was not approved, with additional (and routine) revisions still required at the time. The Company will, therefore, again submit a revised and completed policy to the shareholders for consideration at the next ordinary general meeting of Sava Re in 2023.

Variable remuneration of the management board in 2021

In 2022, the supervisory board adopted a resolution on the payment of variable remuneration to the members of the management board for business and individual performance in 2021, in accordance with the internal methodology for determining the variable remuneration of the management board members.

Payment of the retained portion of variable remuneration to management board members

In accordance with the applicable internal rules for determining the variable remuneration of the management board members, in 2022, the supervisory board approved the payment of the retained portion of the variable pay for the previous financial years to Jošt Dolničar (at the end of his 2018–2022 term of office), Marko Jazbec (at the end of his 2017–2022 term of office), and Polona Pirš Zupančič (at the end of her 2018–2023 term of office).

Adoption of internal regulations

In April and August 2022, the supervisory board approved the amendments to the Act on the Management Board. In September 2022, it took note of the information on the revision of the Sustainable Investment Policy of the Sava Insurance Group. In December 2022, it confirmed the Sustainable Development Policy of the Sava Insurance Group.

Consideration of additional reports

Benchmark analyses

The supervisory board took note of benchmark analyses for 2021, specifically on the performance of insurance groups in Slovenia and on reinsurance markets. It also discussed the benchmark analysis on solvency and financial position reports in the insurance industry for 2021.

Impact of inflation on claims

Because of the expected rebound of motor claim frequency back up to pre-pandemic levels, combined with rising inflation, pushing up claim amounts and claims provisions, the supervisory board was presented with periodic reports in 2022 on the impact of claims inflation on the non-life portfolio and on the measures taken to limit this impact on the performance of the Group's largest insurance subsidiary.

Information security

The supervisory board took note of the management board's report on cyber risk management.

Monitoring corporate finance projects

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

Monitoring other projects

The supervisory board took note of the management board's report on the implementation of IFRS 17 and IFRS 9 and the preliminary calculations under the new accounting standards and the transition arrangements for moving to these new standards.

Overseeing the work of supervisory board committees

In March 2022, the supervisory board considered the 2021 risk committee report and the 2021 audit committee report. It also assessed the quality of the work of the two committees. At each meeting, it monitored the committee's activities through reports and meeting minutes.

Correspondence with market regulators

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

Strengthening supervisory board best practices

In line with best practice, the members of the supervisory board complete questionnaires upon taking of-

fice and annually thereafter, including a declaration that they have no conflicts of interest. In 2022, all the members of the supervisory board and its committees declared themselves to be independent. The declarations were noted by the supervisory board. The Company publishes the declarations of the supervisory board on its website.

In accordance with good practice, in 2022 the supervisory board evaluated its composition, its functioning, and the work of its individual members, and the supervisory board as a whole, including its cooperation with the management board.

OPERATION OF SUPERVISORY BOARD COMMITTEES

AUDIT COMMITTEE

In accordance with statutory requirements, the Company's supervisory board has established an audit committee to deal with accounting, financial and auditing matters.

Terms of reference

The duties and powers of the audit committee of the supervisory board are laid down by the Slovenian Companies Act, its rules of procedure and those of the su-

pervisory board, and other autonomous legal acts (e.g., recommendations for audit committees).

Composition in 2022

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

In 2022, the audit committee comprised the following members: Matej Gomboši (chair), Andrej Gorazd Kunstek, Katarina Sitar Šuštar (external member) and Dragan Martinović (external member).

Operation in 2022

The audit committee met a total of 12 times in 2022. All the members attended all the sessions.

The main responsibilities of the audit committee in 2022 are set out below.

Overseeing the integrity of financial information

The audit committee monitored the integrity of financial information. The committee focused mainly on overseeing the financial reporting processes. In this respect, it made recommendations and suggestions on materials for supervisory board meetings to adhere as much as possible to relevant professional standards and appropriate reporting principles, such as completeness, transparency and consistency of reporting.

Monitoring the efficiency and effectiveness of internal controls and internal audit

The audit committee monitored the efficiency and effectiveness of internal controls and internal audit activities based on the annual and quarterly internal audit reports, and it assessed the adequacy of the strategic internal audit plan and the annual internal audit work plan. In addition, it monitored the quarterly reports of the internal audit department on internal auditing of the EU-based Group companies (Group Internal Audit). It also reviewed the quality assurance and improvement programme of the Company's internal audit department and the department's self-assessment for 2021. It considered the proposal for individual-per-

formance-based pay for the head of the internal audit department for 2021. The audit committee also conducted an interview with the head of the internal audit department, in accordance with the International Standards for the Professional Practice of Internal Auditing.

Overseeing the risk governance framework

In line with the Company's corporate governance system (the supervisory board having established a separate risk committee), the audit committee oversaw the effectiveness and efficiency of the risk management framework by taking note of the minutes of the work and findings of the risk committee of the Sava Re supervisory board.

The audit committee also took note of the report on the regular annual review of the Solvency II policies for 2022.

Monitoring the statutory audit of separate and consolidated financial statements

Statutory audit of financial statements

During 2022, the audit committee met several times with the selected external auditor, monitored the audit of the separate and consolidated financial statements and took note of the post-audit management letter and the additional auditor's report in relation to the audit of the financial statements for the year ended 31 December 2021 (KPMG). It also took note of the results of the auditor's review of compliance with the

ESEF Directive (KPMG) and the findings of the review of the absolute level of net assets as required by the local regulators of Brazil and Argentina (KPMG).

Assessing the quality of the external auditor

In accordance with the internal methodology for assessing the quality of the external auditor, the audit committee carried out a quality assessment process of the external auditor of the 2021 annual report (KPMG).

Independence of the auditor of the Company's annual report

The audit committee took note of the internal policy on ensuring the independence of the external auditor, which was adopted by the management board at the committee's initiative. Based on quarterly management board reports on non-audit services provided by the audit firms, the audit committee assessed the independence of the auditor of the annual report of the Company and the Group. It also noted the report on the recruitment of the members of the Group's auditor's team. For the purpose of monitoring the independence of the external auditor, the audit committee reviewed and approved the proposed:

- contract with the external auditor for the review of the directors' remuneration report for 2021 (KPMG),
- contract for the review of the solvency and financial conditions report for the financial years 2022–2024 (Deloitte),

- contract for the review of the remuneration report for the financial years 2022–2024 (Deloitte),
- contract for the performance of agreed-upon procedures for the financial years 2022–2024 (auditor's report on Sava Re's net assets exceeding the absolute minimum amount set by the local regulators (Brazil and Argentina) (Deloitte)).

Selection procedure for the auditor of the Company's annual report

The audit committee, assisted by an internal committee, conducted a selection process and prepared a report to the supervisory board on which audit firm to propose to the Sava Re general meeting for the audit of the financial statements for the financial years 2022–2024.

Preparation of the contract between the auditor and the Company

The audit committee reviewed the proposed contract with the new external auditor for the audit of the financial statements for the financial years 2022–2024 (i.e., Deloitte) and proposed to the supervisory board that the contract be signed.

Setting audit focus areas

The audit committee took note of the 2022 audit plan (Deloitte) and, among other things, participated in setting the audit focus areas. In December 2022, it also took note of the external auditor's report following the pre-audit of the 2022 financial statements (Deloitte).



Cooperation with the market regulators

In October 2022, the audit committee submitted a completed questionnaire to the Agency for Public Oversight of Auditing regarding the assessment of the functioning of audit committees as part of the requirement to monitor the development of the market for the provision of statutory audit services to public interest entities. The questionnaire was prepared by the Committee of European Auditing Oversight Bodies (CEAOB), of which the agency is a member.

Performing other tasks

In 2022, the audit committee also performed other tasks: it prepared a report on its work in 2021 for the supervisory board. It took note of the periodic management report on the progress of the IFRS 17 and IFRS 9 project and the preliminary financial statements in accordance with the new standards. It also took note of a progress report on the strategic goals set in IT transformation and digitalisation, and customer-centricity. The audit committee quarterly reviewed in detail the management board's reports on correspondence with the Insurance Supervision Agency, other market regulators and inspection authorities. It also confirmed its work plan for 2023.

Further strengthening audit committee best practices

The audit committee carried out a self-assessment of the quality of its work and reported to the supervisory board. The committee in turn took note of the assessment of the quality of its work carried out by the supervisory board in 2022. It also took note of the information on the fit and proper assessment of its members and on the assessment of the competence of the audit committee as a whole, both of which were carried out in 2022, in accordance with the internal fit and proper policy for relevant personnel. All the members of the audit committee signed an annual declaration of their independence, which was also noted by the supervisory board.

Conclusions

The chair of the audit committee reported regularly to the supervisory board on the work and positions of the audit committee. The supervisory board regularly reviewed the minutes of the committee's meetings.

The supervisory board is of the opinion that the audit committee thoroughly considered relevant issues within its terms of reference and provided the supervisory board with professional assistance in the form of opinions and proposals.

The supervisory board also believes that the composition of the audit committee is appropriate and that the members have the professional and personal qualities to maintain a high level of quality and independence in their work.

Furthermore, the supervisory board is of the opinion that the audit committee received appropriate support in carrying out its work.

RISK COMMITTEE

The supervisory board believes that identifying and managing risk is an essential part of good governance and has therefore set up a risk committee to monitor risk developments and provide advice and support to the supervisory board on risk-related matters.

Terms of reference

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

Composition in 2022

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

The composition of the risk committee in 2022 was as follows: Keith William Morris (chair), Davor Ivan Gjivoje Jr., Slaven Mičković (external member) and Janez Komelj (external member). The membership of Slaven Mičković in the risk committee was temporarily suspended during 2022 to avoid any conflict of interest while he undertook a project for Sava Re.

Operation in 2022

The risk committee met seven times in 2022. All the members attended all meetings convened in 2022. Slaven Mičković did not attend any risk committee meetings in 2022 for reason outlined above.

Major activities of the risk committee in 2022:

Overseeing the operation of the risk management system

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

It reviewed in detail all risk management documents submitted to it or that the supervisory board is charged with approving:

- the quarterly risk reports of the Sava Insurance Group and Sava Re for the periods ending on 31 December 2021, 31 March 2022, 30 June 2022 and 30 September 2022;
- a joint own risk and solvency assessment (ORSA) report of the Zavarovalnica Sava, Sava Re and the Sava Insurance Group for 2022;
- annual reports on the capital adequacy calculations under Solvency II and solvency and financial condition reports of the Company and the Group for 2021 (Company SFCR and Group SFCR);
- the risk strategy of the Sava Insurance Group and Sava Re for 2023–2027.

The risk committee also took note of the report on the regular annual review of the Solvency II policies for 2022. It noted the amendments to the risk management policy and gave a favourable opinion on the proposed amendments.

It discussed in detail the comparative analysis of solvency and financial position reports in the insurance industry for 2021.

Performing other tasks

The risk committee also performed other tasks in 2022: It prepared a report on its work in 2021 for the supervisory board. It independently examined the first report on claims inflation for the non-life portfolio of Zavarovalnica Sava. During the supervisory board

meetings that the external committee member Janez Komelj was also invited to, the committee took note of a model for monitoring inflation in the non-life portfolio of Zavarovalnica Sava. It also discussed in detail a progress report on the development of a model for allocating capital to business segments. The risk committee took note of the report prepared by Slaven Mićković on macroeconomic scenarios projections of gross written premiums for the 2023–2027 strategy period. At the end of the year, the committee took note of the management board's status report on this project and noted that the project would be completed by 31 December 2022 and that Slaven Mićković would be able to resume his duties as a member of the risk committee, as from 1 January 2023. The committee took note of the report on the key risks of the Sava Insurance Group in 2023–2027, the report on the progress of the IFRS 17 implementation project, and the preliminary financial statements in accordance with the new standard. The committee also confirmed its work plan for 2023, including a schedule of sessions.

Further strengthening risk committee best practices

The risk committee carried out a self-assessment of the quality of its work and reported to the supervisory board. The committee in turn took note of the assessment of the quality of its work carried out by the supervisory board in 2022. It also took note of the information on the fit and proper assessment of its members and on the assessment of the competence of the risk committee as a whole, both of which were

carried out in 2022, in accordance with the internal fit and proper policy for relevant personnel. All the members of the risk committee signed an annual declaration of their independence, which was also noted by the supervisory board.

Conclusions

The chairman of the risk committee reported regularly to the supervisory board on the committee's work. The supervisory board regularly reviewed the minutes of the committee's meetings.

The supervisory board believes that the composition of the risk committee is appropriate and that the members have the professional and personal qualities to perform its duties with quality and independence. The supervisory board also considers that the risk committee received appropriate support to carry out its work.

NOMINATIONS AND REMUNERATION COMMITTEE

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

Terms of reference

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

Composition in 2022

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

In 2022, the composition of the nominations and remuneration committee was as follows: Klemen Babnik (chair), Davor Ivan Gjivoje Jr, Keith William Morris, Matej Gomboši and Andrej Gorazd Kunstek.

Operation in 2022

The nominations and remuneration committee met five times in 2022. All the members attended all committee meetings.

The nominations and remuneration committee conducted a performance evaluation of the management board for 2021, on the basis of which the supervisory board adopted a resolution regarding a bonus linked to the performance of the Sava Insurance Group.

The nominations and remuneration committee reviewed in detail the management board's report on the succession policy for the senior management of Sava Insurance Group companies.

It discussed the proposed updates to the act on the management board and recommended that the supervisory board approve them.

It considered the proposal for the Directors' Remuneration Report of Sava Re d.d. for 2021 (Article 294b of the Slovenian Companies Act ZGD-1) and the Remuneration Policy for Members of Management and Supervisory Bodies of the Sava Insurance Group (Article 294a of the Slovenian Companies Act – ZGD-1), which were subsequently submitted by the management and supervisory boards and the general meeting.

In the autumn of 2022, after conducting a nomination procedure, the committee prepared a proposal to the supervisory board regarding the candidate to be appointed as the fourth member of the management board of Sava Re.

At the end of 2022, after extensive discussion, the nominations and remuneration committee proposed that the supervisory board approve the proposed per-

sonal objectives for the chairman and each member of the management board for 2023.

The chairman of the nominations and remuneration committee reported regularly to the supervisory board on the work of the committee. The supervisory board regularly reviewed the minutes of the committee's meetings.

FIT AND PROPER COMMITTEE

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

Terms of reference

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

ommendations of the Insurance Supervision Agency.

Composition in 2022

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

The composition of the fit and proper committee in 2022 was as follows: Keith William Morris (chair), Klemen Babnik, Rok Saje (compliance officer), and Klara Hauko (director of human resources management).

Operation in 2022

The fit and proper committee met three times in 2022. All the members attended all the sessions.

In April 2022, the committee carried out a fit and proper assessment of a candidate for reappointment to the management board. At the same time, it carried out a regular annual fit and proper assessment of all incumbent members of the management board and the supervisory board, including its committees. It also conducted its periodic fit and proper assessment of the aforementioned management and supervisory bodies

as collective bodies.

In May 2022, following the departure of Jošt Dolničar to head the management board of a subsidiary, the committee reassessed the competence of the management board of Sava Re as a collective body of three members and adopted the assessment that the management board continues to be suitably qualified and that the new composition also ensures a sufficient diversity of qualifications, knowledge and relevant experience for the professional management of the Company.

In December 2022, the committee carried out a fit and proper assessment of David Benedek as a candidate for the management board and adopted a positive assessment. At that time, it also assessed the competence of the future four-member management board as a collective body.

The chairman of the fit and proper committee reported regularly to the supervisory board on the committee's work. The supervisory board regularly reviewed the minutes of the committee's meetings.



CONCLUDING FINDINGS

Once the pandemic subsided in 2022, global markets faced a severe geopolitical and economic situation. This presented the Sava Insurance Group with new challenges. The supervisory board notes that the advanced risk management system, timely actions, capital strength and customer focus enabled the Sava Insurance Group to achieve virtually all the goals set in its plan for the 2022 financial year, despite the difficult business environment. This assessment of the supervisory board is also based on the report of the independent auditor on the financial statements of Sava Re d.d. and the Sava Insurance Group for 2022, and those of the key function holders of the Company's risk control system.

In 2022, the Sava Insurance Group completed the 2020–2022 strategy period, during which it successfully achieved its strategic goals. The Group adopted a strategy for 2023–2027, which continues in the same direction.

In 2023, the supervisory board will also pay particular attention to overseeing the management of risks arising from business operations, taking into account the challenging geopolitical situation. In 2023, in addition to its day-to-day responsibilities, it will focus in particular on monitoring the implementation of the new five-year strategy and the 2023 business plan.

The supervisory board will give its in-depth support to the management board within the scope of its possibilities and defined powers.

ANNUAL REPORT 2022

The Company's management board submitted the Audited Annual of the Sava Insurance Group and Sava Re d.d. for 2022 for approval to the supervisory board. The audit committee of the supervisory board has reviewed the unaudited and the audited annual reports of the Sava Insurance Group and Sava Re d.d. for the year ended 31 December 2022, including the auditor's pre-audit report to the management, the auditor's letter to the management on the audit, and the additional auditor's report to the audit committee on the audit of the financial statements as at 31 December 2022, prepared in accordance with Article 11 of Regulation (EU) no. 537/2014, together with the committee's opinion thereon. In accordance with its powers, the supervisory board examined the audited annual report at its meeting on 22 March 2023.

The supervisory board notes that the annual report for 2022 is clear and extensive, and complies with the content and disclosure requirements of the Companies Act, International Financial Reporting Standards and Insurance Act with its implementing regulations.

The supervisory board has also noted the opinion of the auditor Deloitte Revizija d.o.o., Dunajska cesta 165, 1000 Ljubljana, which audited the 2022 annual report of the Sava Insurance Group and Sava Re d.d. and carried out audit reviews in all of the Group's subsidiary companies. The supervisory board is of the opinion that there is nothing to add to the positive opinion of the authorised auditor Deloitte, who finds that the consolidated and separate financial statements provide, in all material respects, a fair view of the financial position of the Sava Insurance Group and Sava Re d.d. as at 31 December 2022, and their profit or loss, other comprehensive income and cash flows for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the European Union.

Based on its review of the 2022 annual report, as well as based on the opinion of the external auditor and on the opinion of the audit committee, the supervisory board is of the opinion that the annual report gives a true and fair view of the assets and liabilities, financial position, profit or loss, and cash flows of the Sava Insurance Group and Sava Re d.d.

The supervisory board hereby approves the Audited Annual Report of the Sava Insurance Group and Sava Re d.d. for 2022, as submitted by the management board.

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

The supervisory board has also reviewed the management board's proposal for the appropriation of the distributable profit as at 31 December 2022, subject to final approval by the general meeting of shareholders of Sava Re. The supervisory board of Sava Re d.d. gives its consent to the management board's proposal to the general meeting regarding the appropriation of the distributable profit as at 31 December 2022 of EUR 41,790,617.92: EUR 24,796,313.60 to be appropriated for dividends and the remaining part of the distributable profit of EUR 16,994,304.32 to be left unallocated as retained earnings. Thus, the proposed gross dividend per share is set at EUR 1.60.

The supervisory board proposes that the general meeting of shareholders grant discharge to the management board for the financial year 2022.



Davor Ivan Gjivoje, jr.

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

Ljubljana, 22 March 2023



5 Corporate governance statement¹⁶

5.1 Corporate governance policy

Sava Re issues this corporate governance statement in accordance with Article 70(5) of the Slovenian Companies Act and the recommendations of the Corporate Governance Code for Listed Companies. The corporate governance statement is a section of the business report as part of the Audited Annual Report of the Sava Insurance Group and Sava Re d.d. for 2022. It covers the period from 1 January 2022 to 31 December 2022 and additionally discloses significant events after this period until its publication. The statement is available in electronic form for at least five years from the date of its publication on the website of the Ljubljana Stock Exchange d.d., in the SEOnet information system (<http://seonet.ljse.si>) and on the Company's official website (<http://www.sava-re.si>).

In December 2020, the Sava Re management board, with the consent of the Company's supervisory board, adopted the revised Sava Insurance Group Governance Policy, and the revised Corporate Governance Policy of Sava Re d.d. in August 2021. The documents set out the main subsidiary governance principles for the Sava Insurance Group, governance rules for Sava Re, taking into account the goals, mission, vision and values of the Sava Insurance Group. The policies represent a commitment for future action. The corporate governance policy of Sava Re is available through the Ljubljana Stock Exchange Seonet information system and from the Company's website.

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

As a public limited company, Sava Re's reference code in 2022 was the Corporate Governance Code for Listed Companies adopted by the Ljubljana Stock Exchange, the Slovenian Directors' Association and the Managers' Association of Slovenia on 9 December 2021. It is available in Slovenian and English from the website of the Ljubljana Stock Exchange.

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

5.2.1 Corporate governance statement

Recommendation 5.6: External assessment of adequacy of corporate governance statement

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

5.2.2 Remuneration policy and remuneration report for members of management and supervisory bodies¹⁷

Recommendation 6.1: Designing a remuneration policy

A remuneration policy and a remuneration report for the members of the management and supervisory bodies were presented to the 38th general meeting of shareholders of Sava Re held on 23 June 2022. As the remuneration policy was not approved at the general meeting, an amended policy will be considered at the next general meeting in 2023 (scheduled for 5 June 2023).

¹⁶ GRI 2-23.

¹⁷ GRI 2-19, 2-20.

5.2.3 Relations with shareholders

Recommendation 8.2: Encouragement of major shareholders to publicly disclose their investment policy with regard to their shareholding in Sava Re.

In Sava Re's general meeting notice in 2023 (scheduled to be held on 5 June 2023), the Company will for the first time include an invitation to shareholders (in particular institutional investors and the government) to publicly disclose their investment policy regarding their shareholding in Sava Re, e.g. their voting policy, the nature and frequency of their engagement in governance activities and the dynamics of their communication with the Company's management and supervisory bodies.

Recommendation 10.1: Holding general meetings electronically

The Company has not yet provided for the possibility of attending and voting at the general meeting by electronic means without physical presence. The Company intends to amend its internal rules (articles of association and rules of procedure for the general meeting) during the next strategy period.

5.2.4 Nadzorni svet

Recommendation 14.4: Duties of the Supervisory board / Consideration of the workers' council report

The Company put the 2022 works council report on the agenda of the supervisory board in 2023.

Recommendation 14.6: Duties of the supervisory board / Supervisory board members' access to the archives after the end of their term of office

In 2023, the Company will amend the rules of procedure of the supervisory board to include a provision on the access of members to the supervisory board's archives after the end of their terms of office

Recommendation 16.4: Evaluation of the supervisory board

The supervisory board does not perform periodic external assessments of its evaluation. The Company intends to perform periodic external assessments of the evaluation of the supervisory board during the next strategy period.

Recommendation 18.4: Supervisory board committees / Term of office of an external member of a committee not tied to term of office of supervisory board

In the Company, the terms of office of all committee members are tied to the term of office of the supervisory board. For practical reasons – because of the complexity of fit and proper assessment procedures –

upon the appointment of new committee members and upon their reappointment, the terms of office of the external committee members are tied to the terms of office of the supervisory board.

5.2.5 Transparency in operations / Public disclosure of significant information

Recommendation 32.7: Public disclosure of the rules of procedure of management bodies

The Company has published the rules of procedure of both the general meeting and the supervisory board on its website, but has not published those of the management board, as this is an internal procedural document.

5.3 Bodies of Sava Re¹⁸

Management system

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

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

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

5.3.1 General meeting of shareholders

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

Convening the general meeting

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

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

Participation in the general meeting

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

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

Adoption of resolutions

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

Exercise of voting rights

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

Own shares carry no voting rights.

The general meeting in 2022

The general meeting of shareholders was convened once in 2022.

In accordance with the Company's 2022 financial calendar, the 38th general meeting of shareholders was held on 23 June 2022. Among other things, the general meeting was presented with the annual report for 2021, including the auditor's opinion and the written report of the supervisory board to the annual report, and the annual report on internal auditing for 2021 with the opinion of the supervisory board thereto. The general meeting received the management board's report on own shares. At the 38th general meeting, the shareholders adopted the proposal of the management and supervisory boards to use EUR 23,246,544.00 of the distributable profits for dividends. The dividend of EUR 1.50 gross per share was paid out on 12 July 2022 to the shareholders listed in the shareholders' register on 11 July 2022. The shareholders granted discharge to the management and supervisory boards for 2021. The general meeting appointed the audit firm Deloitte Revizija d.o.o., Dunajska 165, 1000 Ljubljana, as auditor for the financial years 2022, 2023 and 2024. In 2022, taking into account the provisions of Article 294a and 294b of the Companies Act, Sava Re prepared a revised remuneration policy for the management and supervisory bodies and for the first time also prepared a separate report on the remuneration of the members of the management and supervisory bodies¹⁹. Both documents were presented to the general meeting of shareholders in accordance with the applicable legisla-

tion. At the 38th general meeting, the shareholders approved the report on the remuneration of the members of the management and supervisory bodies of Sava Re d.d. for the financial year 2021, whereas the consultative vote on the resolution to approve the remuneration policy for the members of the management and supervisory bodies of Sava Re d.d. was not carried. Sava Re's remuneration policy is in compliance with the law and is in force. The remuneration report and the remuneration policy were also published on the Company's website immediately after the 38th general meeting and will remain there for at least ten years. The Company will put the updated policy on the agenda of the next ordinary general meeting of the shareholders of Sava Re, which will be convened in 2023 (scheduled for 5 June 2023).

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

5.3.2 Supervisory board

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

Pursuant to the Company's articles of association and the applicable legislation, the supervisory board is composed of six members, of which four (shareholder representatives) are elected by the Company's general meeting, and two (employee representatives) are elected by the workers' council, which informs the gen-

eral meeting of its decisions. Supervisory board members are appointed for a term of up to four years and may be re-elected. The supervisory board members elect a chairperson from among the board's members.

The supervisory board is composed in such a manner as to ensure responsible oversight and decision-making in the best interest of the Company. Its composition takes account of diversity in terms of technical knowledge, experience and skills, and the way candidates complement each other so as to form a homogenous team and ensure a sound and prudent overseeing of the Company's affairs. In 2022, the Company sought to align the composition of the supervisory board with the Company's policy on the diversity of the management and supervisory boards. The Company's policy on diversity of the management and supervisory boards is posted on the Company's website.

In 2022, the gender balance on the supervisory board was 16.67% women and 83.33% men. Implementation of the policy on the diversity of the management and supervisory boards in 2022 is detailed below.

Terms of reference and operation of the supervisory board

The supervisory board must comply with applicable regulations, particularly the laws on companies, insurance business, the Company's articles of association and the rules of procedure of the supervisory board. In accordance with the law, the supervisory board must

be convened at least on a quarterly basis, generally after the end of each quarter. If necessary, it may meet more frequently. The terms of reference of the supervisory board are governed by the Rules of Procedure of the Supervisory Board of Sava Re d.d., which are posted on the Company's website.

Remunerations, compensation and other benefits

Supervisory board members are entitled to remuneration for performing their function, attendance fees and reimbursement of expenses. The remuneration must not be directly linked to the Company's performance as demonstrated by the Company's financial statements. The amount of the above remuneration was set by resolution of the general meeting and is also regulated by the remuneration policy for the members of the management and supervisory bodies of Sava Re, which was submitted to the general meeting for approval at its 38th meeting (held on 23 June 2022). For more details of the remuneration policy, please refer to the section "General meeting in 2022".

The remuneration of the members of the supervisory board in 2022 is disclosed in more detail in section 17.10 "Related party disclosures" in the notes to the financial statements and in more detail in the report on the remuneration of the members of the management and supervisory bodies for 2022, which will be submitted as a separate document to the general meeting.



Commitment to identify the existence of any conflict of interest

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

POSR holdings of supervisory board members

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

Details on POSR shares held by supervisory board members as at 31 December 2022 are provided in section 3 [“Shareholders and share trading”](#).

The supervisory board in 2022

In 2022, the supervisory board comprised the following members: Davor Ivan Gjivoje Jr, chair, Keith William Morris, deputy chair, Klemen Babnik, Matej Gomboši, Andrej Gorazd Kunstek and Edita Rituper.

5.3.3 Supervisory board committees

Pursuant to legislation, the Code and best practice, the supervisory board appoints one or more commit-

tees, tasking them with specific areas, the preparation of draft resolutions of the supervisory board, the implementation of resolutions of the supervisory board, thereby offering it professional support.

The Company has established the following supervisory board committees:

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

Audit committee

The chief tasks of the audit committee are to:

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

In 2022, the audit committee comprised the following members: Matej Gomboši (chair), Andrej Gorazd Kunstek, Katarina Sitar Šuštar (external member) and Dragan Martinović (external member).

Risk committee

The chief tasks of the risk committee are to:

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

In 2022, the risk committee comprised the following members: Keith William Morris (chair), Davor Ivan Gjivoje Jr., Slaven Mičković (external member) and Janez Komelj (external member).

The membership of Slaven Mičković has been suspended during 2022, due to his business relationship with the Company and any potential related conflicts of interest.

Nominations and remuneration committee

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

- draft proposals for the supervisory board regarding the criteria for membership of the management board, and consider and draft proposals concerning nominations to be decided by the supervisory board;
- preliminarily considering the proposal of the chair of

- the management board regarding the composition of the management board and the Company's governance, and drawing up proposals for the supervisory board;
- carry out the nomination procedure for candidates for membership of the supervisory board who are shareholder representatives;
- provide support in drawing up and implementing a system for remuneration, reimbursements and other benefits for management board members.

In 2022, the nominations and remuneration committee comprised the following members: Klemen Babnik (chair), Davor Ivan Gjivoje Jr, Keith William Morris, Matej Gomboši and Andrej Gorazd Kunstek.

Fit and proper committee

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

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

In 2022, the fit and proper committee comprised the following members: Keith William Morris, chair, Klemen Babnik, Rok Saje (compliance officer) in Klara Hauko (director of human resources management).



Composition of the supervisory board in 2022

Full name	Davor Ivan Gjivoje Jr	Keith William Morris	Klemen Babnik	Matej Gomboši	Andrej Gorazd Kunstek	Edita Rituper
Function	chairman	deputy chair	member	member	member	member
Employment	Networld, Inc./DGG Holdings, Ltd. & Subsidiaries, 89 Headquarters Plaza, North Tower (Suite 1420) Morristown, NJ 07960, USA	retiree	Ministry of Finance of the Republic of Slovenia, Župančičeva ulica 3, 1000, Ljubljana, Slovenia	Financial Administration of the Republic of Slovenia, Šmartinska cesta 55, 1000 Ljubljana, Slovenia	Sava Re, d.d., Dunajska cesta 56, 1000 Ljubljana, Slovenia	Sava Re, d.d., Dunajska cesta 56, 1000 Ljubljana, Slovenia
First appointed	7 March 2017	15 July 2013	17 July 2021	17 July 2021	23 January 2013	1 January 2022
End of term of office	8 March 2025	17 July 2025	17 July 2025	17 July 2025	12 June 2023	12 June 2023
Representative of shareholders/employees	of shareholders	of shareholders	of shareholders	of shareholders	of employees	of employees
First appointed	7 March 2017	15 July 2013	17 July 2021	17 July 2021	23 January 2013	1 January 2022
End of term of office	8 March 2025	17 July 2025	17 July 2025	17 July 2025	12 June 2023	12 June 2023
Representative of shareholders/employees	of shareholders	of shareholders	of shareholders	of shareholders	of employees	of employees
Year of birth	1968	1948	1983	1975	1974	1966
Education	B.A. in political science, master of science in economics	B.Sc. in management sciences, specialised in finance and marketing	university graduated lawyer	doctoral degree in computing and informatics	university graduated economist, master of science in economics	graduate in economics
Professional profile	strategic management, business administration, management of equity investments, risk management, insurance business	strategic management, business administration, banking and insurance business, risk management	business administration, leadership, corporate governance, general legal affairs, compliance monitoring	business administration, governance, information technology, digitalisation, audit	insurance and reinsurance business, actuarial affairs, governance	insurance business, governance, corporate governance, sustainable development
Independence under the Code	YES	YES	YES	YES	YES	YES
Memberships in committees and functions	<ul style="list-style-type: none">• risk committee, member• nominations and remuneration committee, member	<ul style="list-style-type: none">• risk committee, chair• nominations and remuneration committee, member• fit and proper committee, chair	<ul style="list-style-type: none">• nominations and remuneration committee, chair• fit and proper committee, member	<ul style="list-style-type: none">• audit committee, chair• nominations and remuneration committee, member	<ul style="list-style-type: none">• audit committee, member• nominations and remuneration committee, member	/
Attendance of committee meetings	<ul style="list-style-type: none">• risk committee: 7/7• nominations and remuneration committee: 5/5	<ul style="list-style-type: none">• risk committee: 7/7• nominations and remuneration committee: 5/5• fit and proper committee: 3/3	<ul style="list-style-type: none">• nominations and remuneration committee: 5/5• fit and proper committee: 3/3	<ul style="list-style-type: none">• audit committee: 12/12• nominations and remuneration committee: 5/5	<ul style="list-style-type: none">• audit committee: 12/12• nominations and remuneration committee: 5/5	/
Notes on memberships of management or supervisory bodies of third parties	Networld, Inc./DGG Holdings, Ltd. & Subsidiaries , 89 Headquarters Plaza, North Tower (Suite 1420) Morristown, NJ 07960, USA – managing director Adria Lines Dover , Delaware, USA – managing director Sava d.d. , Dunajska 152, 1000 Ljubljana, Slovenia – member of the supervisory board Sava Turizem d.d. , Dunajska 152, 1000 Ljubljana, Slovenia – chairman of the supervisory board	HMS Victory Preservation Endowment Fund Ltd , HM Naval Base (PP66) Portsmouth Hampshire PO1 3NH, UK – chairman of the board of directors	Sava d.d. , Dunajska 152, 1000 Ljubljana, Slovenia – member of the supervisory board	Imark, Matej Gomboši, inštitut za svetovanje in informatiko, s.p. , Panonska ulica 101, Beltinci, 9231 Beltinci, Slovenia – founder	/	/



External member of supervisory board committees in 2022

Full name	Katarina Sitar Šuštar	Dragan Martinović	Slaven Mičković	Janez Komelj	Rok Saje	Klara Hauko
Supervisory board committee	audit committee	audit committee	risk committee	risk committee	fit and proper committee	fit and proper committee
First appointed	17 July 2021	17 July 2021	17 July 2021	17 July 2021	17 July 2021	17 July 2021
End of term of office	17 July 2025	17 July 2025	17 July 2025	17 July 2025	17 July 2025	17 July 2025
Attendance at meetings	12/12	12/12	0/7*	7/7	3/3	3/3
Gender	F	M	M	M	M	F
Nationality	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1971	1959	1958	1954	1977	1972
Education	university graduated economist, MBA	university graduated economist	master of mathematical sciences, doctor of science in economics	master of economics, master of computer science, doctor of science in economics	university graduated lawyer	university graduated economist, MBA, master of occupational psychology and organisation
Professional profile	audit, accounting, finance, taxation, banking and insurance, corporate governance, certified auditor	audit, accounting, finance, taxation, commercial trade, certified auditor	banking, modelling, risk management	insurance operations, actuarial affairs, risk management	insurance operations, general legal affairs, insurance law, compliance	human resources management and development, work organisation
Employment	University of Ljubljana, Faculty of Economics, Kardeljeva Ploščad 17, 1000 Ljubljana, Slovenia	UHY Revizija in Svetovanje d.o.o., Vurnikova 2, 1000 Ljubljana, Slovenia	Nova KBM d.d., Ulica Vita Kraigherja 4, 2000 Maribor, Slovenia	retiree	Sava Re, d.d., Dunajska cesta 56, 1000 Ljubljana, Slovenia	Sava Re, d.d., Dunajska cesta 56, 1000 Ljubljana, Slovenia
Notes on memberships of management or supervisory bodies of third parties	Vzajemna Zdravstvena Zavarovalnica, d.d. , Vošnjakova Ulica 2, 1000 Ljubljana, Slovenia – audit committee member Pošta Slovenije, d.o.o. , Slomškov trg 10, 2500 Maribor, Slovenia – member of the audit committee Flat, Katarina Sitar Šuštar, s.p. , Zaprice 6b, 1241 Kamnik, Slovenia – founder	Modra Zavarovalnica, d.d. , Dunajska Cesta 119, 1000 Ljubljana, Slovenia – audit committee member Shramba d.o.o. , Vilharjeva cesta 27, 1000 Ljubljana, Slovenia – founder in managing director UHY Revizija in Svetovanje, d.o.o. , Vurnikova 2, 1000 Ljubljana, Slovenia – founder and holder of procuration	/	/	/	/

* The membership of Slaven Mičković has been suspended during 2022, due to his business relationship with the Company and any potential related conflicts of interest.

The operation of the supervisory board and its committees in 2022 is detailed in section [4 “Report of the supervisory board”](#).

5.3.4 Management board

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

The management board is composed in a manner to ensure responsible oversight and decision-making in the best interest of the Company. The management board’s composition takes account of diversification of technical knowledge, experience and skills, and the way candidates complement each other so as to form a homogenous team and ensure sound and prudent conduct of the Company’s business. In 2022, the Company sought to align the composition of the management

board with the Company’s policy on diversity of the management and supervisory boards.

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

In 2022, the gender balance on the management board was 25% women and 75% men until 4 May 2022, and 33.33% women and 66.67% men from 5 May 2022. The implementation of the policy on diversity of the management board in 2022 is detailed below.

Terms of reference and operation of the management board

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

Delimitation of competencies between the management and supervisory bodies is described in greater detail in the Corporate Governance Policy of Sava Re

d.d., which is posted on the Company’s website.

Remunerations, compensation and other benefits

Remuneration of the management board members consists of a fixed and a variable component. The variable component of the salary of a management board member is composed of (1) business-performance-based pay, (2) individual-performance-based pay linked to the annual goals of each management board member and (3) board-performance-based pay linked to common goals of the management board. The variable component must not be determined so as to allow the rewarding of behaviour that encourages the exposure of the Company to uncontrolled risk. Remuneration, reimbursements and other benefits of management board members are set out in the employment contract made between the Company and each management board member. The methodology used to establish both the variable pay as well as the amount of the bonus of each management board member is adopted by the supervisory board. Sava Re prepared an update of its remuneration policy in 2022. For more details of the remuneration policy, please refer to the section “General meeting in 2022”.

The remuneration of the members of the management board in 2022 is disclosed in more detail in section [17.10 “Related party disclosures”](#) in the notes to the financial statements and in more detail in the report on the remuneration of the members of the management and supervisory bodies for 2022, which will be submitted as a separate document to the general meeting.

Share ownership

The management board members report any acquisition or disposal of the Sava Re shares to the Company and to the relevant institutions, which is then published by Sava Re.

Details on POSR shares held by management board members as at 31 December 2022 are provided in section [3 “Shareholders and share trading”](#).

The management board in 2022

In 2022, the management board comprised the following members: Marko Jazbec, chairman, Polona Pirš Zupančič, Peter Skvarča and Jošt Dolničar (the latter until 4 May 2022).

The average age of the members of the management board is 49. All the members of the management board are citizens of the Republic of Slovenia.²⁰



Composition of the management board in 2022

Full name	Marko Jazbec	Polona Pirš Zupančič	Peter Skvarča	Jošt Dolničar
Function	chairman	member	member	member (until 4 May 2022)
Work area at management board level	<ul style="list-style-type: none">• coordination of work of the management board• finance• general, HR, organisational and legal affairs• public relations• compliance• internal audit• management of strategic investments in Slovenia-based subsidiaries (from 5 May 2022)• information technology (from 5 May 2022)• sustainable development (from 2 August 2022)	<ul style="list-style-type: none">• corporate finance• controlling• accounting• investor relations• risk management• actuarial affairs• modelling (from 5 May 2022)	<ul style="list-style-type: none">• development of reinsurance and reinsurance underwriting, Group & non-Group• reinsurance protection (retrocession), Group & non-Group• development of reinsurance processes and technology• reinsurance technical accounting• management of strategic investments in the non-Slovenia-based subsidiaries (from 5 May 2022)	<ul style="list-style-type: none">• management of strategic investments in direct insurance subsidiaries carrying on non-life, life and pension business• information technology• innovation
First appointed	12 May 2017	14 January 2018	19 June 2020	31 December 2008
End of term of office	13 May 2027	15 January 2028	19 June 2025	4 May 2022
Gender	M	F	M	M
Nationality	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1970	1975	1975	1972
Education	university graduated economist	university graduated economist, master of science in economics	university graduate in political sciences (international relations), master's degree in European integration	university graduated lawyer
Professional profile	banking, insurance business, finance, strategic management, corporate governance, business administration	insurance and reinsurance business, corporate governance, controlling, accounting, risk management, actuarial affairs, business administration	insurance and reinsurance business, business administration	insurance and reinsurance business, subsidiary governance, IT and process technology, business administration
Notes on memberships of management or supervisory bodies of third parties	Slovenian Insurance Association, GIZ , Železna cesta 14, 1000 Ljubljana, Slovenia – member of the association's council	/	Tennis Association of Slovenia , Šmartinska 152, 1000 Ljubljana, Slovenia – member of the board of directors	Slovenian Rowing Federation , Župančičeva cesta 9, 4260 Bled, Slovenia – president of the executive board Olympic Committee of Slovenia , member of the executive board Slovenian Insurance Association, GIZ , Železna cesta 14, 1000 Ljubljana, Slovenia – member of the association's council (from 5 May 2022) Nuclear pool, GIZ , Miklošičeva 19, 1000 Ljubljana, Slovenia – member of the supervisory board (from 5 May 2022)
Notes on memberships of management or supervisory bodies of related parties	Illyria, sh. a. , Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo – chair of the board of directors Illyria Life, sh. a. , Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo – chair of the board of directors Sava Osiguranje, a.d. , UUlica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro – chair of the board of directors Zavarovalnica Sava, d.d. , Ulica Eve Lovše 7, 2000 Maribor, Slovenia – chair of the supervisory board Vita, Življenjska Zavarovalnica, d.d. , Trg republike 3, 1001 Ljubljana, Slovenia – chair of the supervisory board	Sava Životno Osiguranje, a.d.o. , Bulevar vojvode Mišića 51, 11000 Belgrade, Serbia – chair of the supervisory board Sava Infond, Družba za Upravljanje, d.o.o. , Ulica Eve Lovše 7, 2000 Maribor, Slovenia – chair of the supervisory board Zavarovalnica Sava, d.d. , Ulica Eve Lovše 7, 2000 Maribor, Slovenia – deputy chair of the supervisory board	Sava Osiguruvanje, a.d. , Ulica Zagrebška br. 28 A, 1000 Skopje, North Macedonia – non-executive member of the board of directors Sava Penzisko Društvo, a.d. , Ulica Majka Tereza 1, 1000 Skopje, North Macedonia – supervisory board member Zavarovalnica Sava, d.d. , Ulica Eve Lovše 7, 2000 Maribor, Slovenia – member of the supervisory board Sava neživotno osiguranje, a.d. , Bulevar vojvode Mišića 51, 11000 Belgrade, Serbia – chair of the board of directors	Sava Pokojninska Družba, d.d. , Ulica Eve Lovše 7, 2103 Maribor, Slovenia – chair of the supervisory board DCB, d.o.o. , Pod Skalo 4, 4260 Bled, Slovenia – deputy chair of the supervisory board; since 23 December 2022 chair of the supervisory board Got2Insure, Ltd , First Floor Ridgeland House 15 Carfax, Horsham, West Sussex, RH12 1DY, United Kingdom – non-executive director (until 31 January 2022) Zavarovalnica Sava, d.d. , Ulica Eve Lovše 7, 2000 Maribor, Slovenia – chairman of the management board (from 5 May 2022)

At its session of 25 April 2022, the Sava Re supervisory board reappointed Polona Pirš Zupančič, whose five-year term of office expired on 14 January 2023, as a member of the management board of Sava Re. The new five-year term started on 15 January 2023.

On 4 May 2022, Jošt Dolničar ceased to be a member of the management board of Sava Re because he assumed the position of chairman of the management board of the subsidiary Zavarovalnica Sava.

On 15 December 2022, the supervisory board of Sava Re d.d. unanimously approved the proposal of the nominations and remuneration committee and appointed David Benedek as the fourth member of the management board. David Benedek was appointed for a five-year term, which began on the next business day following receipt of the Insurance Supervision Agency's decision to issue a licence to David Benedek to act as a member of the management board.



5.4 Internal control and risk management systems relating to financial reporting²¹

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

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

Financial controls are closely linked to information technology controls, which aim, among other things, to limit and control access to the network, information and applications, and to control the completeness and accuracy of data input and processing. The latter is established at the Group and parent company levels through compliance with the information security policy and the enforcement of security policies.

Internal controls applicable to financial reporting on a consolidated basis are set out in the internal accounting rules and in the Sava Insurance Group Financial Con-

trol Rules.

Internal controls, which are mainly preventive and detective in nature, include regular checks on account balances, reconciliation of subsidiary records with general ledger balances, built-in controls in systems (access restrictions, segregation of duties, limit systems, authorisations), automation of reporting and transfers between systems, additional manual controls on reporting and checks on consolidation packages. Reporting consistency is achieved through the use of a uniform data reporting system.

Internal controls include the four-eye principle, information transfer (including with subsidiaries), regular review and monitoring of transactions, department meetings, ongoing monitoring of announced regulatory changes, regular training and mentoring.

The calculation of technical provisions is based on the four-eyes principle, and it is carried out in compliance with the "Rules on the valuation of technical provisions". In addition, for consolidation purposes, there are additional internal controls in place for the review of the consolidation processes for manual data entry and internal controls on items where adjustments are made to the Group, as well as controls on all the procedures carried out for the Group (additional postings, depreciation/amortisation). Members of the Group submit

the financial information required for the preparation of the consolidated financial statements in reporting packages, prepared in accordance with International Financial Reporting Standards (IFRS) and the parent's guidelines, within the time limits set out in the Company's financial calendar. In addition, Group members submit their separate financial statements, which constitutes an additional control measure. By unifying information systems and applications that support consolidation, planning and reporting, the exchange of financial data among Group companies is becoming ever more efficient. Whether necessary information system controls have been put in place and function adequately is verified, on an annual basis, by relevant experts as part of the regular annual auditing of financial statements.

In addition to the aforementioned control systems, Sava Re has put in place internal control systems for other vital work processes. Effective risk management requires that the Company ensures a functioning and established system of internal controls. The Company's systematic internal controls ensure the achievement of its objectives in terms of the efficiency and effectiveness of its operations, the reliability, timeliness and transparency of internal and external reporting, and compliance with applicable laws, regulations, and internal acts. All major business processes at Sava Re have

been specified, including details on control points together with persons responsible for individual controls. Basic controls are carried out by reviewing documents received or by an automatic or manual control procedure of processed data.

Sava Re complies with all rules and regulations on handling confidential data and inside information, on allocation of investments and prohibition of trading based on inside information.

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

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

5.5 External audit

In 2022, a contract was signed with Deloitte Revizija d.o.o., Dunajska cesta 165, 1000 Ljubljana, to audit the financial statements for the period from 2022 to 2024. Deloitte has also audited the financial statements of Sava Re and the Sava Insurance Group for 2022. In 2022, the Group's subsidiary companies were audited by the local auditing staff of the same auditing firm.

5.6 Disclosures in accordance with Article 70(6) of the Companies Act²²

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

The composition of Sava Re share capital, the list of qualifying shareholders under the Slovenian Takeover Act as at 31 December 2022, rights and obligations attached to the shares, restrictions on share transfer, and the absence or existence of shares carrying special control rights are presented in section [3 "Shareholders and share trading"](#).

Employee share schemes

Sava Re has no employee share scheme.

Restrictions of voting rights

Sava Re has adopted no restrictions on voting rights.

Shareholders' agreements restricting transferability of shares and voting rights

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

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

Company rules on appointment or removal of management board members

Under the Sava Re articles of association, the chair and the members of the management board are appointed by the supervisory board for a period of five years. Such appointments are renewable without limitation. To be appointed as a member of the management

board, natural persons must have full legal capacity and meet the requirements set down by law and internal rules. The process and criteria for the selection of candidates for members of the management board as well as the process of periodic fit and proper assessments of individual members as well as the assessment of the competence of the management board as a collective body is clearly set out in the Company's fit and proper policy of relevant personnel.

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

Company rules on appointment and removal of supervisory board members

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

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

Company rules on amendments to its articles of association

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

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

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

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

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

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

Sava Re limits its exposure by reinsuring its own account (retrocession). Retrocession contracts usually contain provisions governing contract termination in

cases involving significant changes in ownership or control of the counterparty.

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

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

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

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

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

5.7 Governance of Sava Insurance Group members²³

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

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

The Group has set up a systematic approach to risk management, including risk management at the level of individual companies, appropriate monitoring of the risks of individual companies by the parent company as well as risk management at the Group level. The latter takes into account any interaction between the risks of individual Group companies, in particular risk concentration and other material risks associated with the operation of the Group.

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

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

Ljubljana, 15 March 2023
Sava Re Management Board



Marko Jazbec, Chairman



Polona Pirš Zupančič, Member



Peter Skvarča, Member

Ljubljana, 22 March 2023
Sava Re Supervisory Board



Davor Ivan Gjivoje Jr, Chairman



6 Mission, vision, strategic focus and goals

6.1 Our purpose²⁴

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

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

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



OUR MISSION

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



OUR VISION

We are building a customer-centric, flexible and sustainability-oriented insurance group.



OUR VALUES

We build relationships with care, integrity and respect.

We exceed customer expectations by our ongoing effort to make improvements and strengthen relationships.

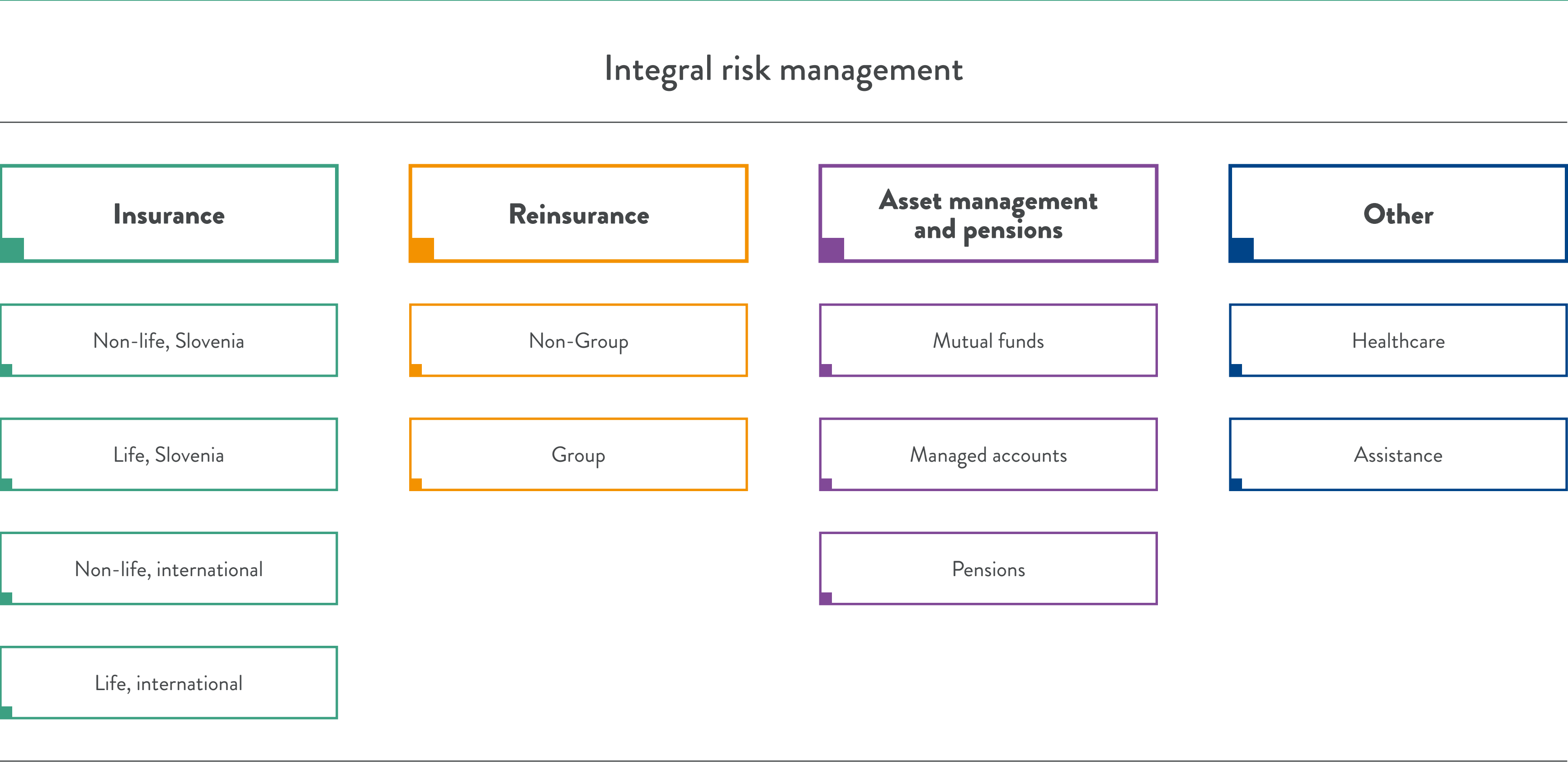
We are active in relation to our natural and social environment.



6.2 Strategic focus of the Sava Insurance Group

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

Key Group pillars



Corporate support functions

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



- The Group will take the **customer-at-the-centre** approach to the next level by always ensuring that customers, their wishes and their needs are central to the way business is done. To this end, the Group has set itself three objectives. The integration of all communication channels through a centralised customer relationship management system will help the Group achieve its goal of personalised communication. Secondly, we will establish a hybrid sales model that will enable the sales network to focus on more complex types of insurance and on advising customers. The third objective is to set up self-care platforms, such as customer portals, websites, mobile applications, which will improve customer service during sales, claims handling and other service.



- The Group has two key objectives in **optimising its business processes**: to speed up and to simplify customer service and internal processes. This will also help achieve cost efficiency, which will play a more important role in the next strategy period than in the past, given the changed macroeconomic environment. To achieve this strategic priority, the Group will undertake a comprehensive review of its processes to identify opportunities for improvement. Processes will then be redesigned and any other necessary changes will be made to align the organisation with these new processes.



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

Long-term strategic targets:

- Over a 5-year period, we will achieve a return on equity (excluding the fair value reserve) of between 9.5% and 10.5%.
- Over the 2023–2027 period, the solvency ratio at the Sava Insurance Group level will be between 170% and 210 % (in the target capital range).
- Non-life (re)insurance operations will achieve an underwriting combined ratio not exceeding 95%.
- The return on the Group's investment portfolio, net of subordinated debt expenses, will increase to reach 2.2% in 2027.



6.3 Business plan of the Sava Insurance Group for 2023

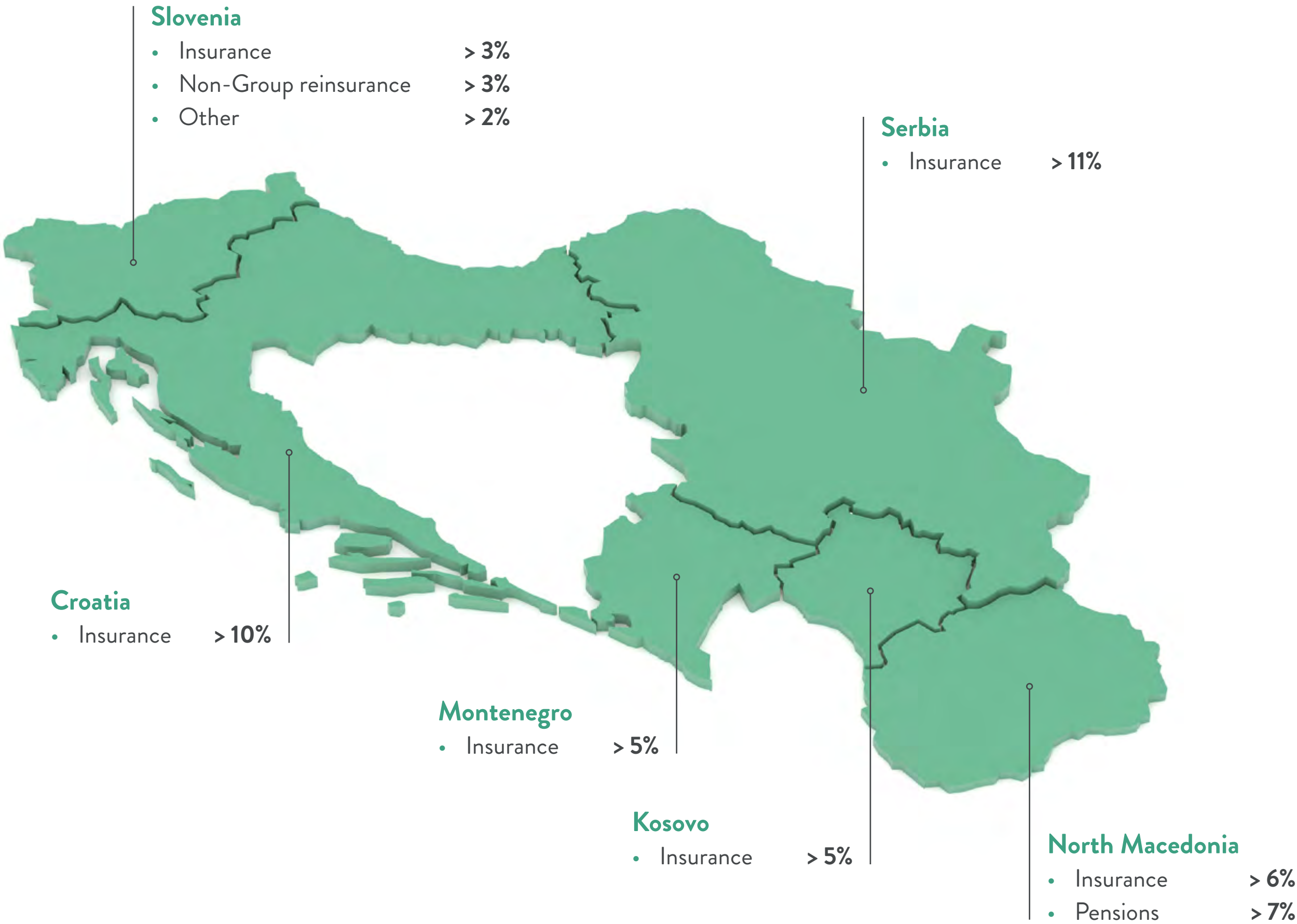
The Group’s business plan for 2023 is based on the new accounting standard IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”, which both came into force on 1 January 2023. The Group has set these targets.

Major targets achieved in 2023

	2023 plan
Operating revenue*	> EUR 800 million
Return on equity	> 9.5%
Profit, net of tax	> EUR 53 million
Solvency ratio	170–210%
Combined ratio	< 95%
Return on investment portfolio	> 1.5%

* Gross premiums written are taken into account for (re)insurance companies and operating revenue for non-insurance companies.

Planned growth in operating revenue for 2023





6.4 Goals achieved in 2022²⁵

6.4.1 Targets achieved in 2022

Achievement of targets in 2022

EUR million	2022	2022 plan	As % of plan
Operating revenue	753.6	> 700	107.7%
Profit, net of tax	68.2	> 60	113.7%
Return on equity (ROE)	14.9%	≥ 11.5%	✓
Net expense ratio*	29.3%	31–32%	✓
Investment return*/**	1.3%	1.4%	✗
Net combined ratio*	90.7%	< 94%	✓

* Excluding the effect of exchange differences.

** Excluding subordinated debt expenses.

In 2022, the Sava Insurance Group generated EUR 753.6 million in operating revenue, exceeding its revenue target. All operating segments exceeded their operating revenue targets for 2022, except the pensions and asset management segment, which was due to adverse developments in financial markets that resulted in lower assets under management than planned and consequently lower growth in operating revenue. Net profit for the period was EUR 68.2 million, which is more than planned for 2022. The 2022 net expense ratio was better than planned, driven by all major op-

erating segments, owing to higher revenue and lower operating expenses, mainly due to postponed IT projects. The net combined ratio remained within the planned range, although claims inflation was higher than planned for the Slovenian non-life segment. The return on the investment portfolio is only slightly below the 2022 target, mainly due to a decrease in the market value of the investments designated to the FVTPL category as the result of the increase in the required yields in the financial markets.

6.4.2 Achievement of strategic targets

The Sava Insurance Group has achieved all its key targets in the 2020–2022 strategy period. Through organic growth and the acquisition of Vita, the Group increased revenue by 28% to EUR 752.8 million over the last three years and achieved an average return on equity of over 12%. The outstanding performance reflects the

Group’s significant progress against its key priorities for the strategy period, in particular by improving the customer experience through digital transformation, putting the customer at the centre and tailoring services to customers’ wants and needs.

Achievement of strategic goals for 2020–2022

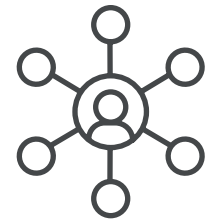
	2020–2022 plan	Average 2020–2022
Average growth in operating revenue	> 5% annually	8.9%
Return on equity (ROE)	> 12%	14.7%
Solvency ratio under Solvency II rules	180–220%	198.0%
Return on the investment portfolio*/**	> 1.5%	1.6%
Net combined ratio (reinsurance + non-life)*	< 95%	90.9%

* Excluding the effect of exchange differences.

** Excluding subordinated debt expenses.

Profit target
MORE
than planned

Goals achieved in the Group's strategic focus areas



Digital transformation and placing the customer at the centre

The main development activities focused on the consolidation of customer support processes in call centres and the introduction of multichannel solutions in several companies of the Sava Insurance Group, with an emphasis on managing processes involving a large number of organisational units and additional, interconnected communication channels. At the end of 2022, six Group companies used centralised multi-channel solutions.

We enhanced our digital and self-care solutions for customers, optimising the user experience, especially on websites (the websites of both of the Group's companies in Serbia were merged).

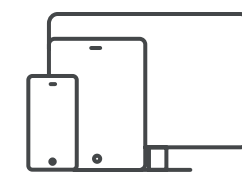
At the end of 2022, the processes of three Slovenian companies (Zavarovalnica Sava, Sava Pokojninska and Sava Infond) were introduced into the SavaNet Portal. A new process was set up for signing documents and requests using two-factor authentication and an improved identification module that now allows customers to identify themselves using qualified digital certificates.

Paperless business intelligence is being extended to additional business processes, and a solution to automate communication across multiple channels is being rolled out.

We continue to develop and deploy AI in various work processes to reduce lead times and improve the customer experience by introducing more advanced technologies.

By developing the use of additional sources of external databases and optimising a process for consolidating and cleansing customer data, we are looking to increase security and speed up processes for our customers. At Zavarovalnica Sava, we have created an enhanced business data dictionary that allows us to better review and use customer data internally and share it across different business processes.

A comprehensive redesign of the Zavarovalnica Sava website is underway and will serve as a model for subsequent redesigns in other Group companies.



Information technology initiatives and improvements

As part of the redesign of the core IT systems, we continued the implementation of the new reinsurance underwriting solution, continued the implementation of the new insurance underwriting solution in the Croatian branch (with a focus on the changeover to the

euro and IFRSs) and started the operational support of the first products in this solution.

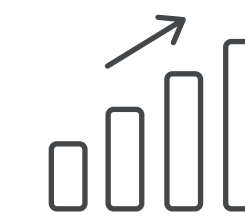
As for other business applications, we continued to implement the fraud detection system and the geographic information system at the Sava Insurance Company and to provide data for the IFRS project. We also provided regular maintenance and product development for all the companies' existing solutions.

Regarding business reporting and data warehouse solutions, we expanded the Zavarovalnica Sava data warehouse with new data sources and started building a Sava Re data warehouse aligned with the new core reinsurance solution. For IFRS 17 financial reporting purposes, we ran a technical test reporting cycle, supplementing and refining functionalities and data integration, while reviewing the data quality of the target subsidiaries, and then moved the solution into production.

On the infrastructure side, we provided ongoing support for various business application development projects. Through additional preventive and detective testing of IT operations, we carried out a regular replacement of disk capacity in the Group's main data centre, implemented an IT service management solution to support IT business processes in one company and began rolling it out to other Group companies.

In terms of IT security, we completed the integration of the security patch management system in the workstation environment and will continue to integrate

it in the server environment. The security policy was adapted to better define the methods and periodicity of the various types of independent security tests. The set of rules for detecting suspicious events in the security information and event management system was updated. The IT service management tool is currently being integrated with the above system to improve the internal handling of security events. We increased the number of penetration tests and checks, and started to implement a cyber incident response plan, which will be adapted/aligned with the national cyber incident response plan.



Acquisitions-based growth

The Sava Insurance Group pursued the strategic goal of growth through acquisitions. Acquisition activities continued in the private health segment, which the Group is developing through the company DCB, and in the road-side assistance segment, in which the Sava Insurance Group acquired an additional stake in TBS Team 24 in 2021.

Achievement of strategic goals by key business pillar

Non-life insurance

The Group successfully achieved its objectives in the 2020–2022 strategy period. In 2022, it continued to develop and improve its products: products with a strong sustainability component (extending the solar power plant insurance product to non-EU markets and improving the coverage for e-vehicles), products with an emphasis on online sales (designing the Mini Motor Own Damage product, marketed by an insurer in partnership with a bank) and products that enable individual insurers to enter the credit insurance sector. In terms of products, it is also worth mentioning the redesign of those targeted at specific policyholder segments (e.g. property policies for small and medium-sized enterprises) and some products with a strong assistance and prevention component, marketed as part of home insurance. The Group also implemented current ESG standards in non-life products and adopted guidelines to enable Group companies to underwrite insurance in a responsible manner. In addition, the Group successfully laid the groundwork for a project aimed at (further) harmonising and deploying ASP.ins software solutions in the non-EU companies.

Life insurance and pensions

As part of the expansion of the Group's life insurance product range, the Group's focus in 2022 was on further developing and improving protection policies and unit-linked life products. The Group was the first in Slovenia to develop a new generation of life insurance protection policies with pay-as-you-live benefits. Life protection policies were redesigned and linked, free of charge, via a modern mobile app, to a healthy lifestyle incentive programme that tracks the physical activity and healthy lifestyle of the insured. Based thereon, customers are entitled to discounts on their insurance premium and a range of other benefits related to the products of selected contractual partners. Particular emphasis was also placed on the development of health protection policies (such as specialist services and critical illness insurance). In 2022, the Group also successfully entered the unit-linked life segment in its non-EU markets and refreshed its pension annuity offering in its home market. As regards bancassurance in non-EU markets, a life insurance company partnered with a bank and a pension company teamed up with a new bank. In line with current legislative developments on ESG standards that address sustainability factors, risks and preferences, Group companies in the relevant markets regularly integrate and consider sustainability factors and objectives in the processes of developing and approving insurance products, identifying target markets, and distributing, managing and monitoring insurance products.

Reinsurance

The key priority was to further diversify geographically, as well as by market and class of insurance. Developments in 2022 were strongly linked to the macroeconomic situation in the global markets, which – combined with the impact of Covid-19, the Ukraine crisis, extreme weather events (e.g. storms, floods and fires) and other loss events – led to tighter reinsurance conditions, both in terms of prices and content (tighter conditions in reinsurance treaties, such as the strict exclusion of infectious diseases, exclusion of cyber risks, consistent application of relevant sanctions clauses and strict inclusion of war risk exclusion clauses). The aforementioned tightening of conditions in response to global developments was most pronounced for the 1 January renewals in 2023. This trend is expected to continue during the mid-year renewals, and Sava Re will follow this trend and focus its activities on achieving its newly set strategic objectives. Profitability and low portfolio volatility are key priorities and will remain so in 2023 and beyond.

Asset management

Sava Infond continued to digitise its business in 2022, maintaining its position in key sales channels and seeing positive net inflows into its fund of funds, despite the challenging situation in financial markets. In 2022, it increased the value of assets under management in the managed accounts.

Assistance services

TBS Team 24 ended the strategy period having achieved its major objective: a complete IT overhaul, optimising processes in both its front- and back-office functions. In doing so, TBS refreshed the customer journey. The company continues to strengthen its already good relationships with other Group companies and to attract additional customers from outside the Group, which is reflected in the very good performance of the business.

Management of investments

The Group achieved its target return over 2020–2022, except in 2022, when macroeconomic events had a negative impact on capital markets. The composition of the investment portfolio remained secure, so that the key objective of the Group's investment policy was achieved (to maintain low volatility and high security of assets supporting insurance contract liabilities and to maintain high liquidity and risk diversification). Over the strategy period, the share of the investment portfolio invested in real estate, infrastructure and sustainable investments increased. The share of sustainable investments (ESG investments) increased steadily over the strategy period, reaching almost 15% of the portfolio at the end of 2022.



7 Business environment

Global economic developments²⁶

The year 2022 was dominated by high inflation, slowing economic growth, Russian aggression against Ukraine, uncertainty in the financial markets and the ongoing Covid-19 pandemic. Economic growth was mainly negatively affected by increasing price pressures from high energy and commodity prices, as well as supply chain bottlenecks. The spike in key commodity prices was also caused by Russia's military aggression in Ukraine in February 2022 and the extensive sanctions against Moscow that followed. Rising prices hit developing countries particularly hard, as they are heavily dependent on food and energy imports. In Europe, which is dependent on Russian gas, natural gas and electricity prices increased sharply. Central banks responded to high inflation with significant interest rate hikes, ending the era of cheap money in the developed world.

The International Monetary Fund's forecasts show global economic growth slowing from 6.0% in 2021 to 3.4% in 2022 and 2.9% in 2023. Economic growth is forecast to slow sharply in the USA, to 1% in 2023, as

well as in the euro area, where growth is forecast to be only 0.5% in 2023. Global inflation is expected to rise from 4.7% in 2021 to 8.8% in 2022, but to fall to 6.5% in 2023 and to 4.1% by 2024.

The challenging macroeconomic and political environment also had an impact on the global corporate sector. Companies reported lower profits due to rising costs, higher borrowing costs and diminished fiscal support from governments; bankruptcies started to increase, especially for small companies. In addition to rising lending rates and tighter credit standards, increased risks stem from persistently high inflation, volatile commodity markets and heightened uncertainty about the global economy. In 2022, interest rate rises also made sovereign borrowing much more expensive, which (in addition to the extensive sovereign incentives during the pandemic) further increased the debt of many countries. Higher risks were also present in currency markets where the US dollar gained strength against the currencies of other major economies, both

due to the relatively better US economic situation and, in particular, sharp interest rate hikes by the US Federal Reserve in 2022. Other currencies also saw larger fluctuations.

Investors faced their worst year in global financial markets since the 2008 financial crisis, as high inflation led central banks worldwide to sharply raise interest rates and slow the supply of cheap money, which had a positive impact on a golden decade for investors. In particular, central bank interest rate hikes had a negative impact on the bond market, where the decline was even larger than in equity markets. Shares on global stock markets lost almost a fifth of their value in the previous year, after a relatively high rise during the Covid-19 pandemic. Movements in both asset classes will continue to be strongly influenced by central banks' actions aimed at getting inflation under control, as well as by the economic downturn.

²⁶ Summarised based on IMF: Global financial stability report for 2022, April and October editions, IMF: World Economic Outlook, October 2022, and IMF: World Economic Outlook update, January 2023.



Economic developments in markets where the Sava Insurance Group is present

Markets in the region were affected by the same factors as mentioned above. As a result, there was a noticeable slowdown in economic growth in all markets compared to the previous year, and most markets estimate that the economy will grow by less or about the same in 2023 as it did in 2022.

Overview of the main macroeconomic indicators for the countries where the Sava Insurance Group is present

	GDP (real growth in %)					Average inflation (%)					Unemployment rate (%)				
	2019	2020	2021	2022	N2023	2019	2020	2021	2022	N2023	2019	2020	2021	2022	N2023
Slovenia ²⁷	3.5%	-4.3%	8.2%	5.0%	1.4%	1.6%	-0.1%	1.9%	8.9%	6.0%	7.7%	8.7%	7.6%	5.8%	5.5%
Croatia ²⁸	3.4%	-8.6%	13.1%	6.3%	1.4%	0.8%	0.1%	2.6%	10.8%	7.5%	6.6%	7.5%	7.6%	7.0%	6.9%
Serbia ²⁹	4.3%	-0.9%	7.5%	2.3%	2.5%	1.9%	1.5%	3.0%	15.1%	8.3%	10.9%	13.4%	10.5%	9.9%	9.7%
North Macedonia ³⁰	3.6%	-5.4%	4.0%	2.3%	2.6%	2.0%	1.9%	3.2%	10.6%	4.5%	17.1%	16.6%	15.7%	15.2%	15.0%
Kosovo ³¹	4.0%	-6.0%	6.0%	2.9%	3.5%	2.7%	0.2%	3.4%	11.5%	4.9%	25.7%	25.9%	25.8%	n/a	n/a
Montenegro ³²	4.1%	-15.3%	13.4%	7.2%	2.5%	0.4%	-0.3%	2.1%	12.8%	9.2%	15.1%	19.0%	17.1%	14.8%	n/a

²⁷ Source: UMAR, Economic Mirror, No 1/2023 and UMAR, Autumn Forecast of Economic Trends 2022.

²⁸ Source: Croatian National Bank, Makroekonomska kretanja i prognoze, December 2022, and the National Institute for Statistics. <https://www.hnb.hr/statistika/glavni-makroekonomski-indikatori>, na dan 24. 2. 2023.

²⁹ Source: Serbian National Bank, Makroekonomska kretanja u Srbiji, January 2023, and Republički zavod za statistiku; 29 December 2022.

³⁰ Source: National Bank of the Republic of North Macedonia, quarterly report, November 2022; forecast by the International Monetary Fund, World Economic Outlook, October 2022.

³¹ Source: National Bank of Kosovo, Quarterly economic assessment, Q III/2022; forecast by the International Monetary Fund, World Economic Outlook, October 2022.

³² Source: Central Bank of Montenegro, Administration for Statistics of Montenegro; forecast by the International Monetary Fund, World Economic Outlook, October 2022.

Slovenia: According to the latest estimates, Slovenia's real economic growth was 5.0% in 2022 and 8.2% in 2021. GDP growth in 2022 was driven by consumption, with increases in both private and government consumption, as well as in fixed capital formation. However, GDP growth in 2022 was adversely affected by a negative external trade balance, mainly due to a contraction in the export-oriented part of the Slovenian economy.

Croatia: The Croatian economy is forecast to grow at a slightly lower rate of 6.3% in 2022 (10.7% in 2021). The main contributor to GDP growth in 2022 was export growth, in both goods and services. Personal and government consumption also increased, and investment activity picked up.

Serbia: GDP growth in Serbia was estimated at 2.3% in 2022, down from 7.5% in 2021. Industrial production remained at about the same level as the previous year, as did investment activity. Trading activities strengthened, as did exports, and imports also exceeded exports, weighing on economic growth. On the positive side, growth was boosted by an increase in tourism activity and transport.

North Macedonia: North Macedonia's GDP growth in 2021 was slightly lower, at 4.0%, compared to other countries in the region, but estimates suggest that growth in 2022 was comparable to other countries at 2.3%. Domestic demand was an important growth factor in 2022, especially on the investment side and also in household consumption, although the growth trend in household consumption moderated in the second half of the year due to inflationary pressures. In contrast, the contribution of net exports to economic growth was markedly negative.

Montenegro: Montenegro also recorded lower GDP growth than in 2021 according to first estimates, but growth was still relatively high (13.4% in 2021 and 7.2% in 2022). Tourism, trade, forestry and transport were the main contributors to growth, while industrial production and construction dropped. At the same time, exports of goods and services and private consumption showed a strong recovery. However, the second half of the year and especially the last two months were marked by high inflationary pressures, mainly as a factor of the international market.

Kosovo: According to the latest estimates, Kosovo's economic growth was 2.9% in 2022, whereas GDP increased by 6.0% in 2021. Inflationary pressures on consumption and a decrease in investment activity contributed to lower growth than in 2021, while exports continued to grow, but imports of goods dropped in line with lower investment activity, leaving the external trade balance positive.

Impact of the business environment on the operations of the Sava Insurance Group

After two years marked by the Covid-19 pandemic, its impact decreased in 2022, which was mainly reflected in an increase in the claim frequency in the motor insurance sector – in fact, the restrictions to contain the spread of Covid-19 had the effect of reducing traffic and consequently accidents in 2020 and 2021. In 2022, the claim frequency returned to pre-pandemic levels. In addition to the increase in claim frequency, the increase in claim payouts was strongly influenced by inflation reflected in an increase in the prices of services and materials. The Group's insurance companies addressed this by increasing their insurance prices. In addition, high inflation increased the expenses of Group companies.

The easing of the epidemic has led to higher consumption, which in turn has boosted insurance sales.

The financial results of insurance companies, particularly pension and fund management companies, were also affected by the adverse developments in financial markets, which had an impact on the expenses arising from fair-value changes of investments at fair value through profit or loss, on assets under management, the assets of pension and unit-linked policies, contributions to funds and the lower demand for unit-linked life insurance.



Markets where the Sava Insurance Group operates

Sava Re, the parent of the Sava Insurance Group, transacts reinsurance business in over 100 countries worldwide³³. The following section contains a description of the international non-life insurance market and insurance markets in which the Sava Insurance Group is present.

Global non-life reinsurance markets³⁴

The reinsurance sector’s performance over the past five years has been dismal. But during the past 18 months, underwriting results have improved as

the industry continues to battle a host of issues, including elevated natural catastrophe exposure, pricing adequacy given the loss experience, high inflation risk, increasing cost of capital and financial market volatility. S&P Global Ratings believe fundamental, disciplined underwriting and adequate risk pricing, tighter terms and conditions with clear exclusions, and overall sophisticated risk management are key if reinsurers are to defend their competitive position and preserve earnings and capital strength. On the bright side, reinsurance pricing is improving with the expectation that it will carry on into 2023 renewals, and new underwriting opportunities could be the lifebuoy

needed for the sector to regain its footing and begin to earn its cost of capital once again.

Insurance markets

All insurance markets in which Sava Insurance Group is present grew in 2022, and most of the Group’s insurers maintained or increased their market shares in 2021.

Overview of the main indicators of the trends in the insurance markets in which the Sava Insurance Group has a presence

	Growth/decline in premiums (%)				Premiums/population (EUR)				Premiums/GDP (%)			
	2019	2020	2021	2022	2019	2020	2021	2022	2019	2020	2021	2022
Slovenia ^{35*}	7.5%	2.0%	2.5%	7.0%	1,190.4	1,208.9	1,236.4	1,320.7	5.1%	5.4%	5.0%	4.8%
Croatia ³⁶	7.1%	-2.1%	11.0%	7.8%	355.6	354.1	404.3	435.7	2.6%	2.8%	2.7%	2.6%
Serbia ^{37**}	7.9%	2.5%	8.7%	12.1%	130.9	134.6	147.8	167.5	2.0%	2.0%	1.9%	1.9%
North Macedonia ^{38**}	6.6%	-5.2%	15.7%	10.0%	82.0	78.5	90.8	99.9	1.5%	1.5%	1.6%	1.6%
Kosovo ³⁹	9.0%	-0.2%	15.4%	14.2%	56.6	56.3	65.3	75.9	1.4%	1.5%	1.5%	1.5%
Montenegro ⁴⁰	9.1%	-1.1%	5.5%	9.6%	152.4	150.6	159.4	174.1	1.9%	2.2%	2.0%	1.9%

* Premiums are shown without the premiums of the branches of Adriatic Slovenica and Zavarovalnica Sava in Croatia.

** 2022 estimate based on premium growth in 1–9/2022.

³³ GRI 2-6.
³⁴ Summarised based on S&P Global Ratings: Global Reinsurance Highlights 2022, key points. Summarised based on S&P Global Ratings: Global Reinsurance Highlights 2022, key points.
³⁵ Source: Slovenian Insurance Association.
³⁶ Source: Croatian Insurance Bureau.
³⁷ Source: Serbian National Bank.
³⁸ Source: Insurance Supervision Agency of the Republic of Macedonia.
³⁹ Source: Central Bank of the Republic of Kosovo.
⁴⁰ Vir: Insurance Supervision Agency of Montenegro.

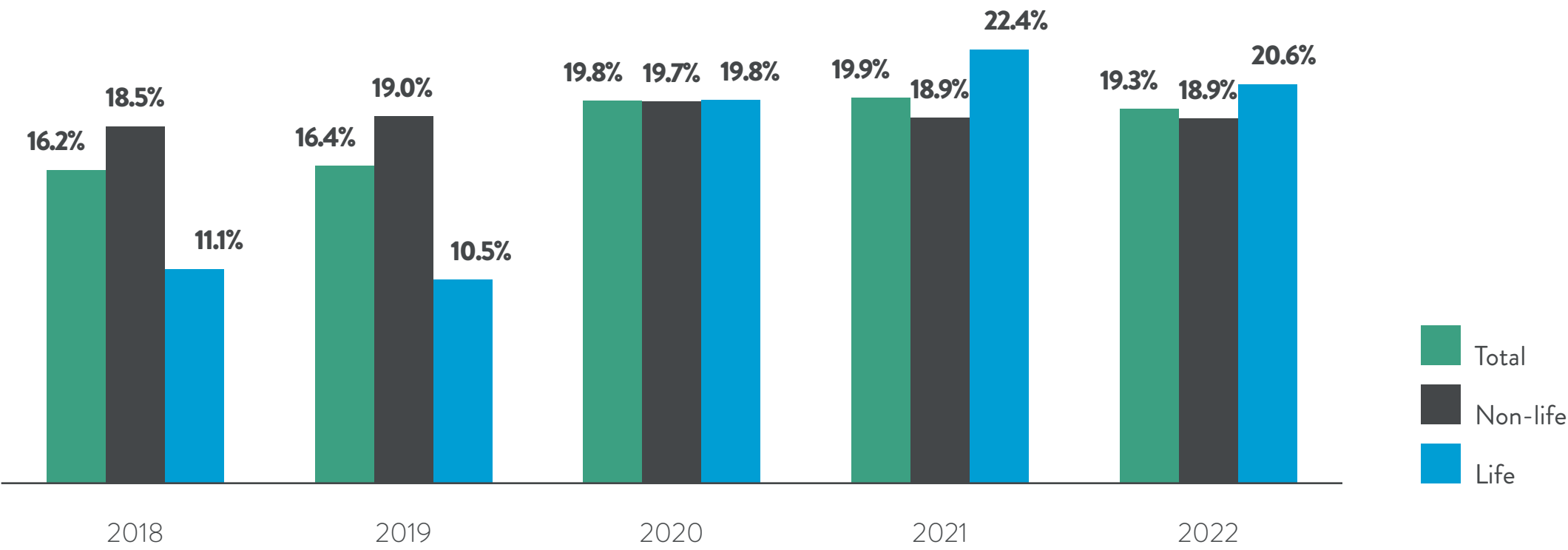
Slovenia: In 2022, the Slovenian insurance market consisted of 12 domestic insurance companies, 5 foreign branches, and 2 reinsurance companies, which are members of the Slovenian Insurance Association (SIA). In 2022, non-life insurance business accounted for 72.2% of total insurance premiums and life insurance for 27.8%. In 2022, gross premiums written in the Slovenian insurance market grew by 7.0% (non-life premiums by 8.5% and life premiums by 3.3%). The Sava Insurance Group operates in the market with two

insurance companies, Zavarovalnica Sava and Vita. Together, the two insurers ranked second among Slovenian insurers in 2022, with a market share of 19.3%.

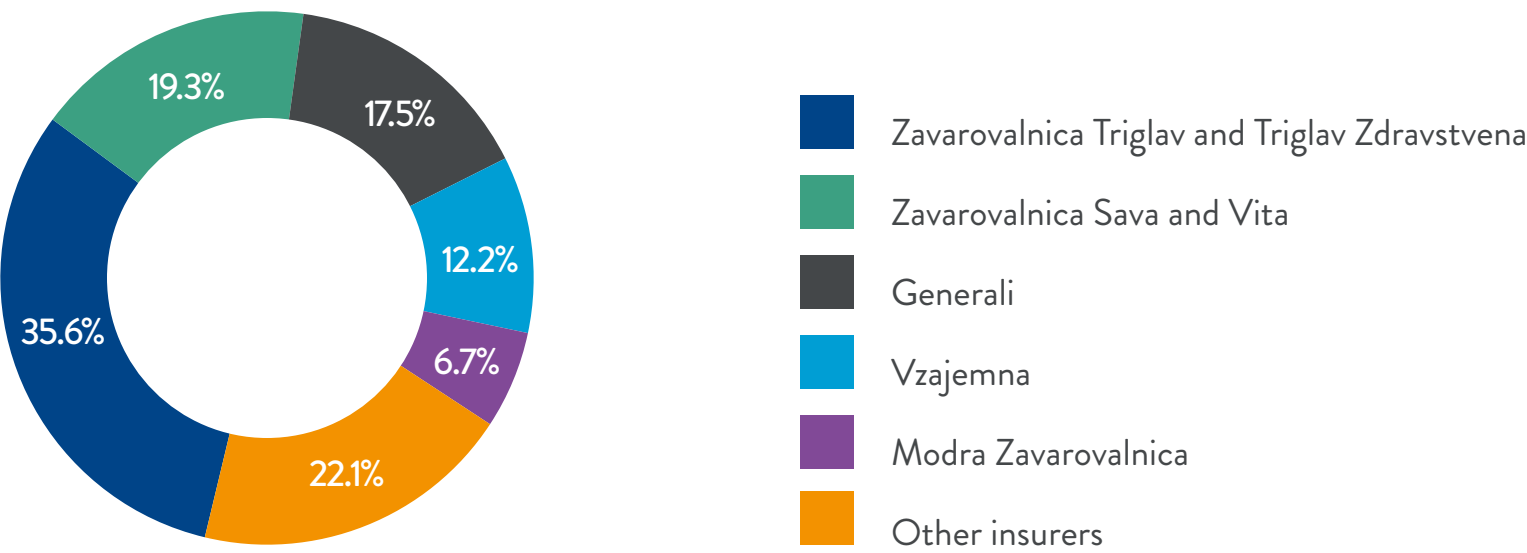
Two reinsurance companies are domiciled in Slovenia and are members of the Slovenian Insurance Association. The following table shows the market shares of the two reinsurance companies in the Slovenian market.

	2022		2021	
▼ EUR	Gross premiums written	Market share	Gross premiums written	Market share
Sava Re	199,405,329	44.3%	190,051,724	51.4%
Triglav Re	250,292,376	55.7%	202,282,034	48.6%
Total	449,697,705	100.0%	392,333,758	100.0%

Market shares of Zavarovalnica Sava and Vita

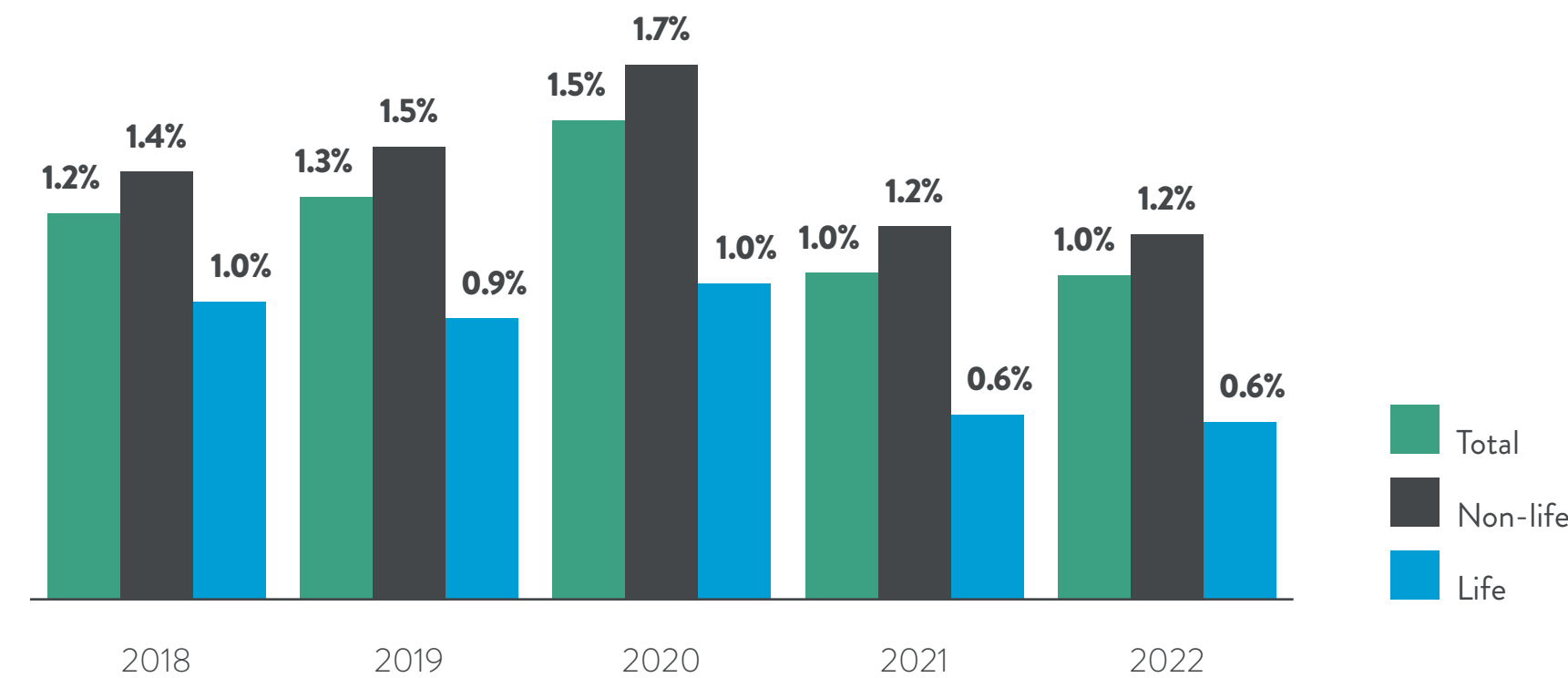


Slovenia: insurance market shares 2022

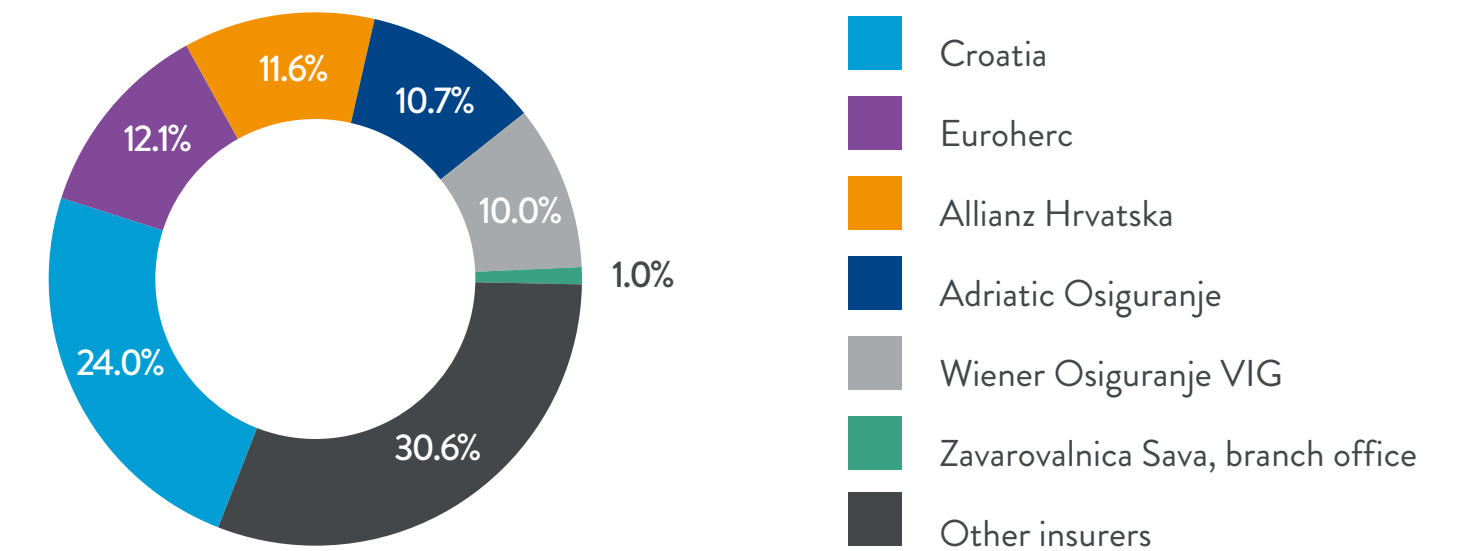


Croatia: In 2022, the Croatian insurance market consisted of 15 domestic insurers and 2 foreign branches. In 2022, non-life insurance business accounted for 78.0% of total insurance premiums and life insurance for 22.0%. In 2022, gross premiums written in the Croatian insurance market grew by 7.8% (non-life premiums grew by 11.5% and life premiums dropped by 3.7%). The Sava Insurance Group operates on the market through a branch of Zavarovalnica Sava, which sells non-life and life insurance in Croatia. In 2022, it ranked thirteenth among all companies operating in the Croatian insurance market, with a market share of 1.0%.

Market shares of Zavarovalnica Sava

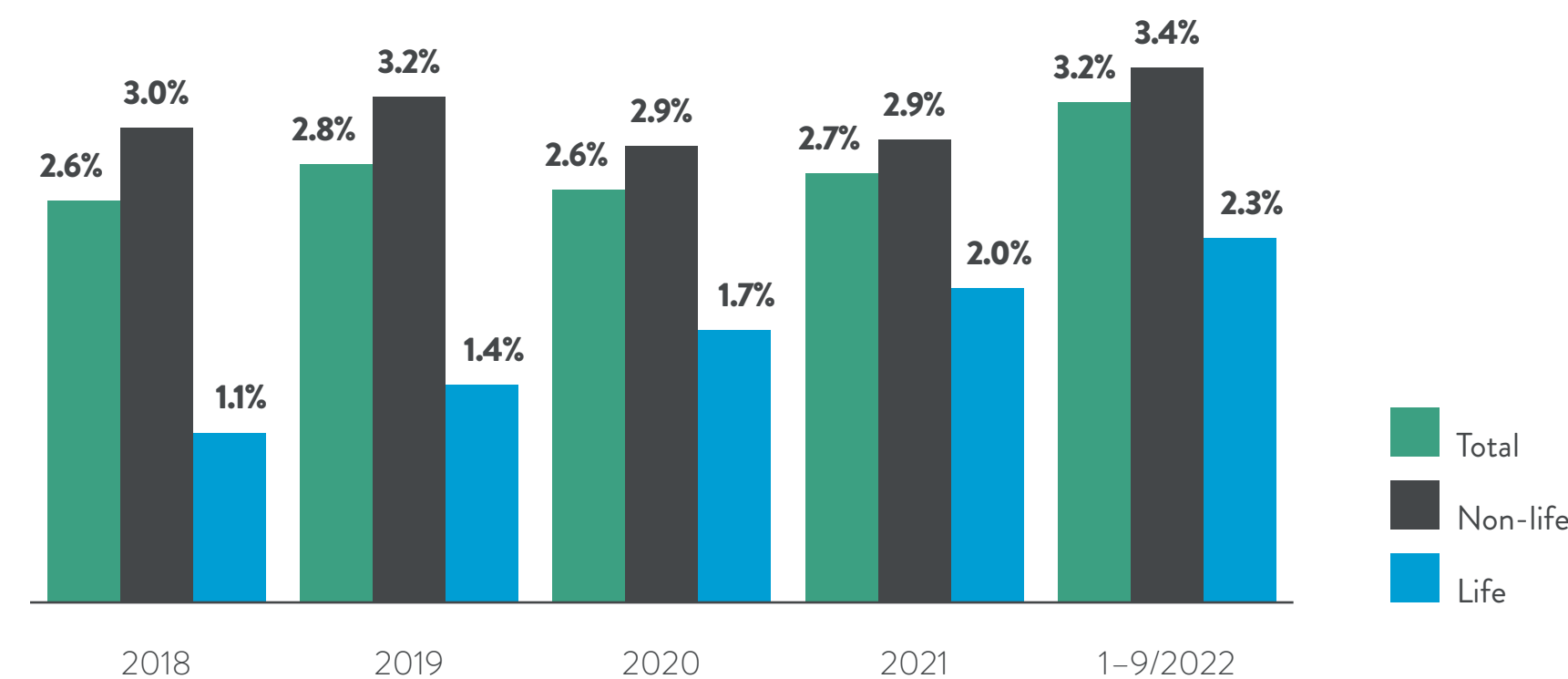


Croatia: insurance market shares 2022

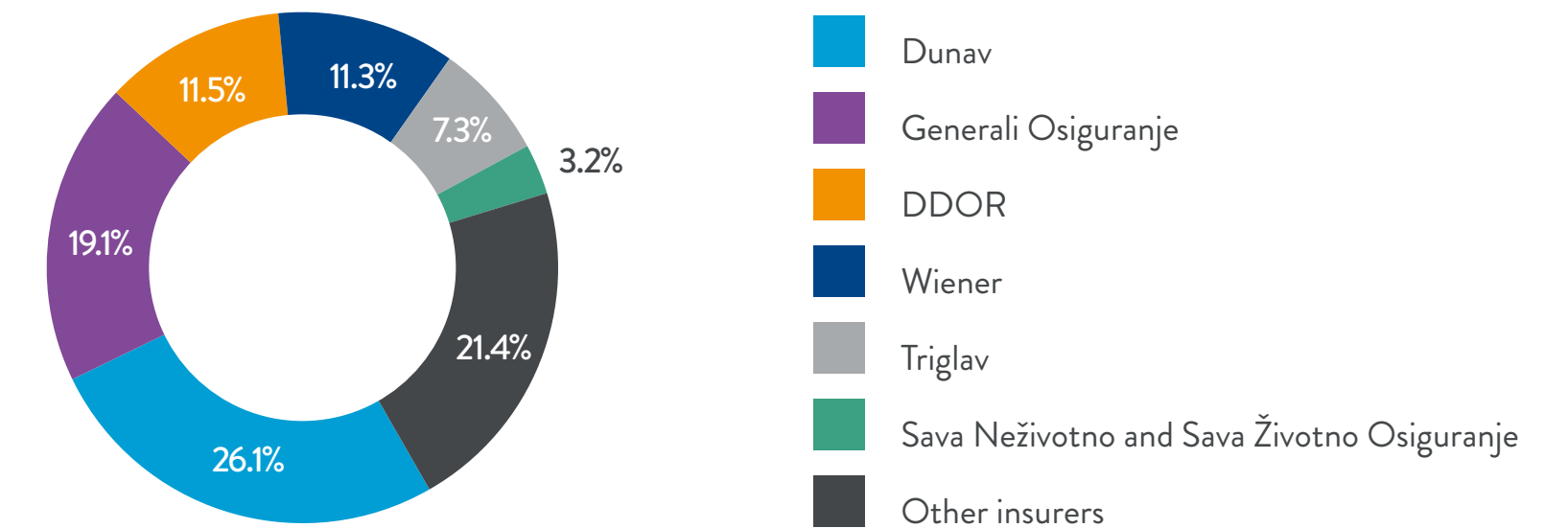


Serbia: In 2022, the Serbian insurance market consisted of 16 insurers. Non-life insurance business accounted for 79.7% of total insurance premiums in the first nine months of 2022 and life insurance for 20.3%. In the first nine months of 2022, gross premiums written in the Serbian insurance market grew by 12.1% (non-life premiums by 14.3% and life premiums by 4.6%). The Sava Insurance Group is present on the market with the non-life insurance company Sava Neživotno Osiguranje (SRB) and the life insurance company Sava Životno Osiguranje (SRB); together, the two insurers ranked 11th among all insurers on the market in the first nine months of 2022, with a market share of 3.2%.

Market shares of Sava Neživotno Osiguranje (SRB) and Sava Životno Osiguranje (SRB)

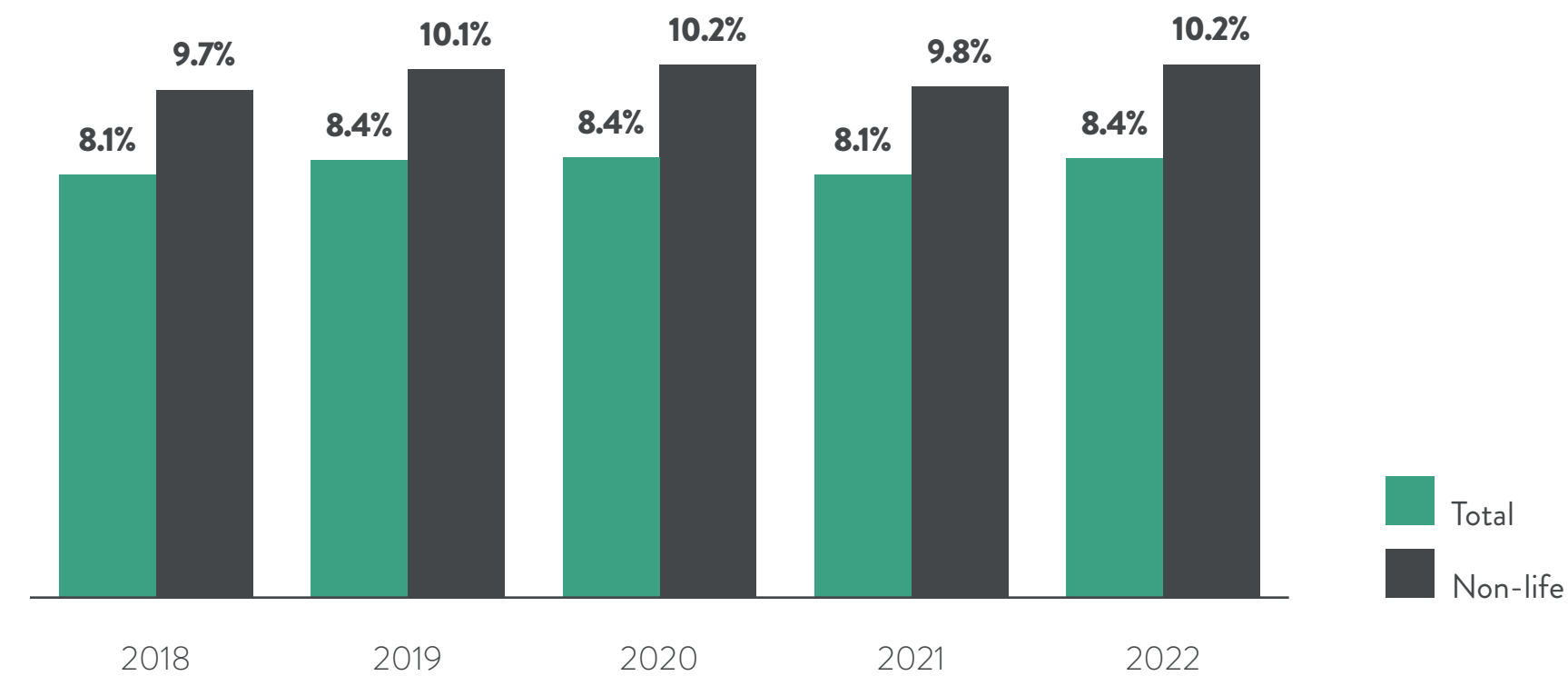


Serbia: insurance market shares 1-9/2022

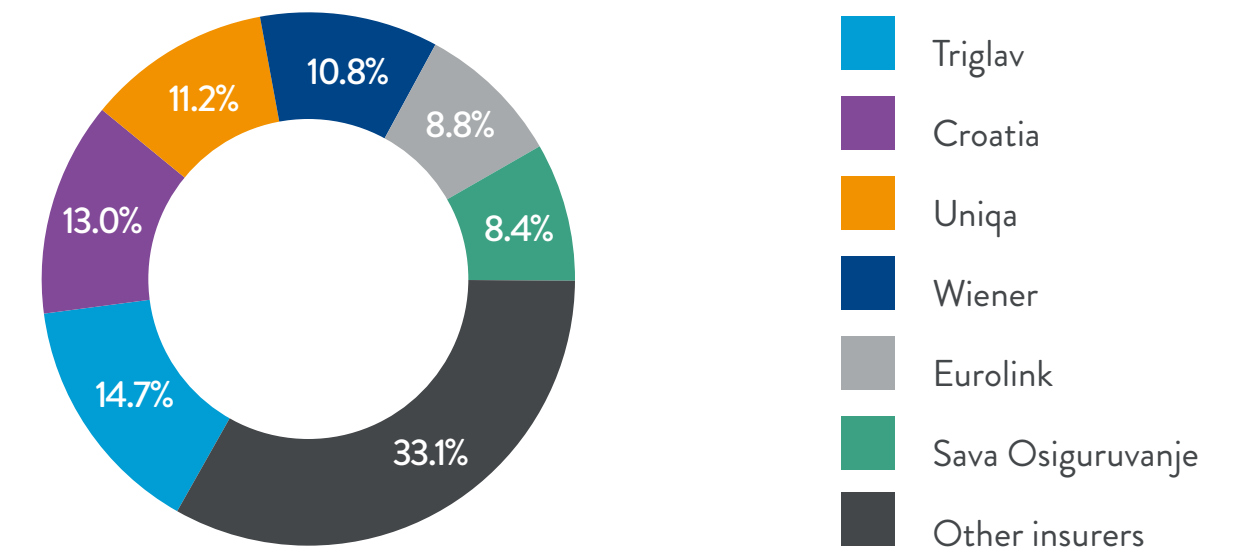


North Macedonia: The North Macedonian insurance market consisted of 16 insurance companies in 2022: 11 non-life and 5 life insurance companies. Non-life insurance business accounted for 82.2% of total insurance premiums in 2022 and life insurance business for 17.8%. In 2022, gross premiums in the North Macedonian insurance market grew by 10.0% (non-life premiums by 9.2% and life premiums by 13.8%). The Sava Insurance Group is present on the market with its non-life insurance company, which ranked sixth among all insurers on the market in 2022, with a market share of 8.4%.

Market shares of Sava Osiguruvanje (MKD)

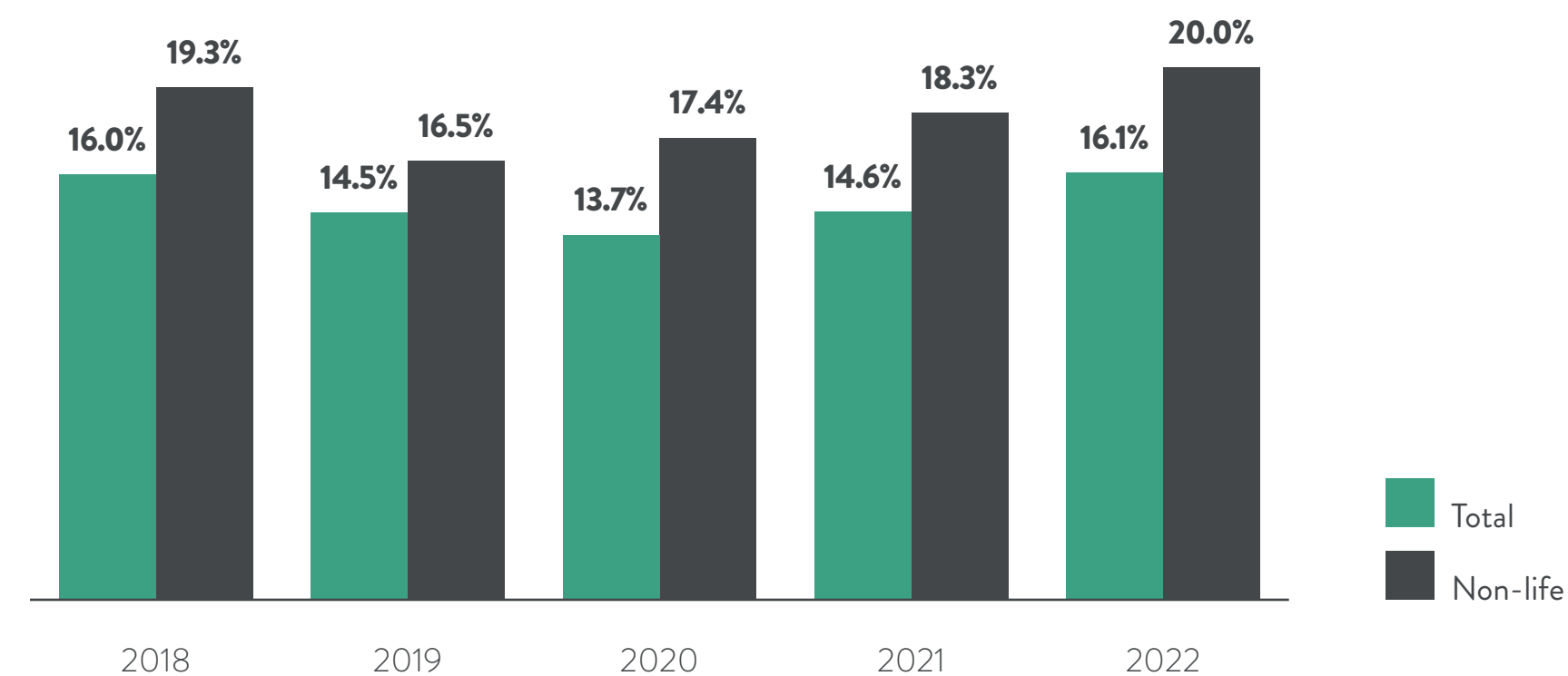


North Macedonia: insurance market shares 2022

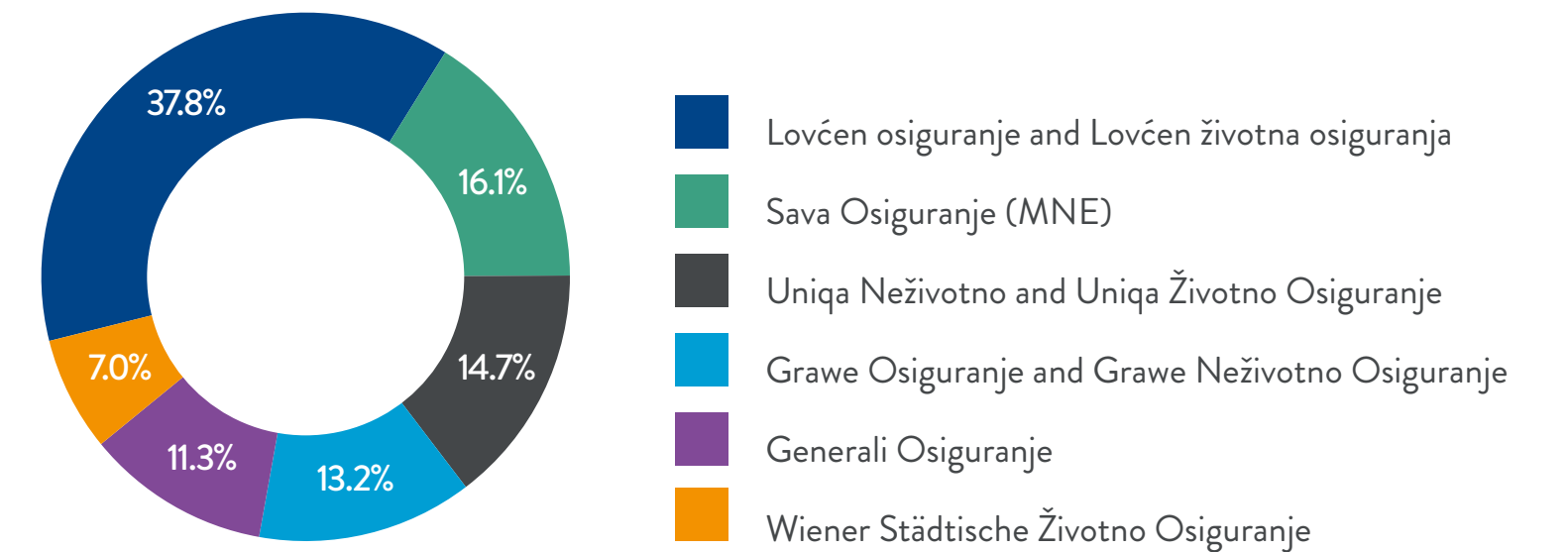


Montenegro: The Montenegrin insurance market in 2022 consisted of 9 insurance companies. In 2022, non-life insurance business accounted for 80.3% of total insurance premiums and life insurance for 19.7%. In 2022, gross premiums written in the Montenegrin insurance market grew by 9.6% (non-life premiums by 10.3% and life premiums by 6.8%). The Sava Insurance Group is present on the market with the non-life insurance company Sava Osiguranje (MNE), which ranked second among all insurers on the market in 2022, with a market share of 16.1%.

Market shares of Sava Osiguranje (MNE)



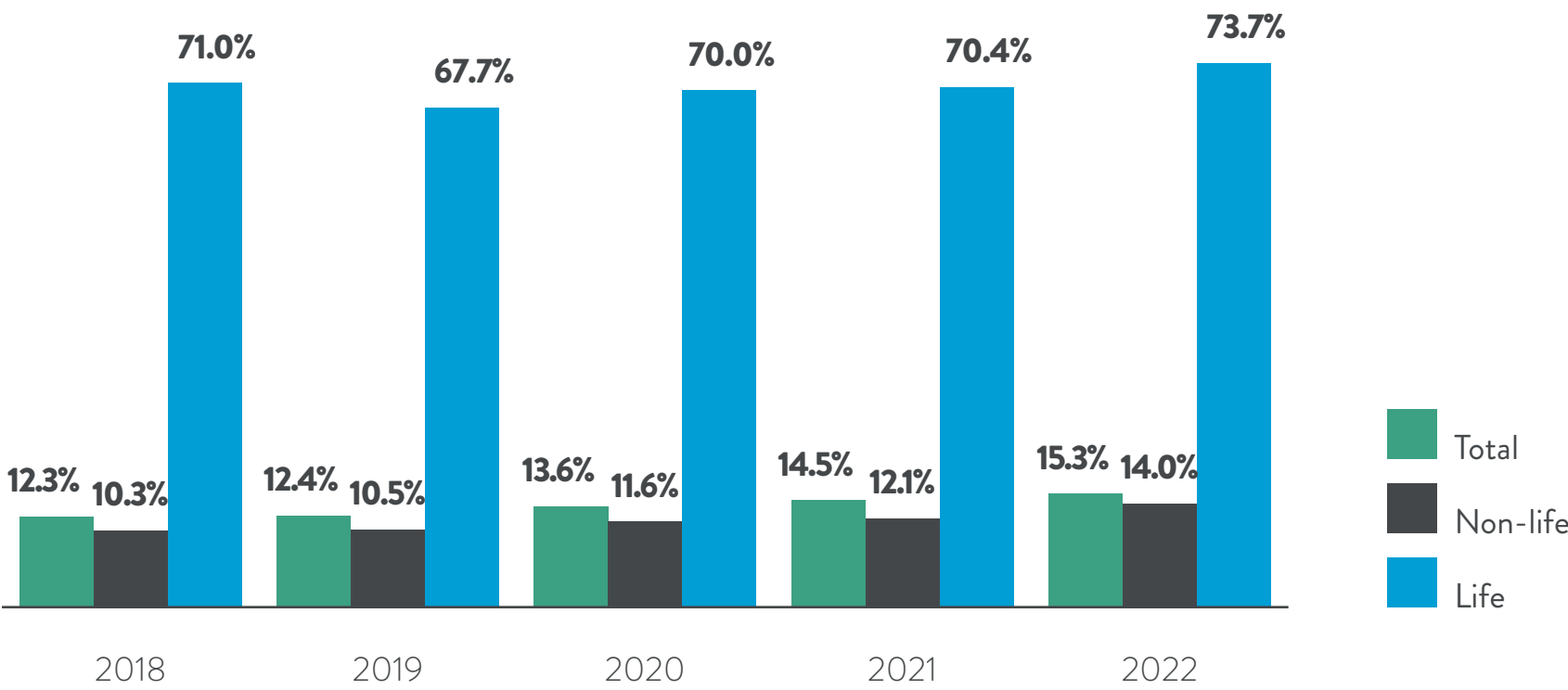
Montenegro: insurance market shares 2022



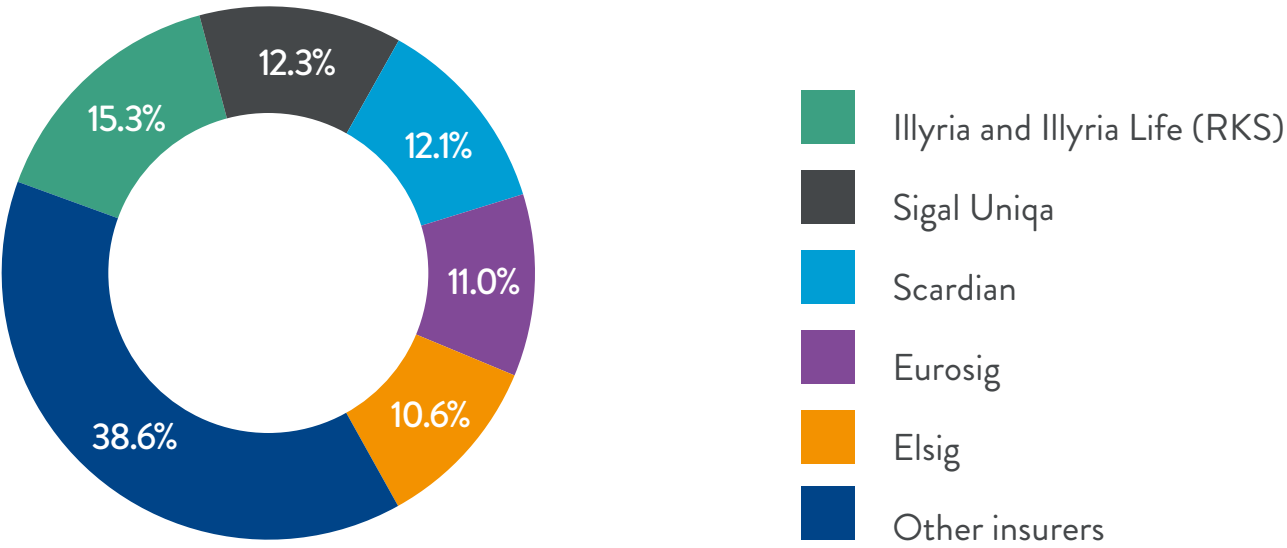


Kosovo: In 2022, the Kosovo insurance market consisted of 14 insurance companies. In the first eleven months of 2022, non-life insurance business accounted for 95.2% of total insurance premiums and life insurance for 4.8%. In 2022, gross premiums written in the Montenegrin insurance market grew by 14.2% (non-life premiums by 13.5% and life premiums by 31.5%). The Sava Insurance Group is present on the market with the non-life insurance company Illyria (RKS) and the life insurance company Illyria Life (RKS); together, the two insurers ranked first among all insurers on the market in 2022, with a market share of 15.3%.

Market shares of Illyria (RKS) and Illyria Life (RKS)



Kosovo: insurance market shares 2022



8 Review of operations of the Sava Insurance Group and Save Re⁴¹

8.1 Sava Insurance Group

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

The operating segments include the following companies:

- reinsurance: Sava Re (non-Group business);
- non-life, Slovenia: Zavarovalnica Sava (the Slovenian part of non-life insurance business, including FoS business), Vita (non-life insurance business);
- non-life, international: Zavarovalnica Sava (the Croatian part of non-life insurance business), Sava Neživotno Osiguranje (SRB), Illyria (RKS), Sava Osiguranje (MNE), Sava Osiguruvanje (MKD), Sava Car (MNE), Sava Agent (MNE), Sava Station (MKD), Sava Car (SRB);
- life, Slovenia: Zavarovalnica Sava (the Slovenian part of life insurance business), Vita (life insurance business), ZS Svetovanje (SVN), ASISTIM (SVN);
- life, international: Zavarovalnica Sava (the Croatian part of life insurance business), Sava Životno Osiguranje (SRB), Illyria Life (RKS);

- pensions and asset management: Sava Pokojninska (SVN), Sava Penzisko Društvo (MKD), Sava Infond (SVN);
- other: TBS Team 24 (SVN) and the equity-accounted companies DCB (SVN) and G2I (GBR). This segment also includes expenses on subordinate debt. S Estate was sold on 1 March 2022 and is therefore no longer included in the consolidated accounts from that date.

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

The following reallocations were made in the consolidated income statement:

- The effects of reinsurance (retrocession) relating to business with subsidiaries are reallocated to the other segments (Sava Re as the parent company handles the reinsurance of most business of its subsidiaries): in the segment reporting information, reinsurance premiums accepted by the reinsurer from its subsidiaries are reallocated to the segments from where they have arisen. The same applies, by

analogy, to reinsurance claims, commission income, the change in unearned premiums, the change in claims provisions, the change in other provisions and the change in deferred acquisition costs due to reinsurance.

- Operating expenses of the reinsurance segment are reduced by the portion of expenses attributable to the administration of the Sava Insurance Group. Sava Re operates as a virtual holding company; hence, a part of its expenses relates to the administration of the Group. Such expenses relating to the reinsurance segment are allocated to other segments based on each subsidiary’s revenue. Operating expenses associated with reinsurance business within the Group are also reallocated to other segments. In this way, 66.5% of operating expenses were allocated to the segments in 2022 (2021: 66.7%). In addition, there were re-allocations of operating expenses of the company TBS Team 24 (SVN) associated with the companies conducting business in the Slovenian or international non-life segments from the “other” segment to these two segments.
- Investment income and expenses are reallocated from the reinsurance segment to the non-life insur-

ance and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).

- The proceeds from the sale of S Estate (RKS) have been included in the “other” segment.

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

- Goodwill was attributed to the segment where it arose.
- The balance of financial investments associated with the Group’s reinsurance share of technical provisions is reallocated from the reinsurance segment to the non-life and life segments using the key for the apportionment of net technical provisions for the rolling year (average balance at the end of the past four quarters).
- The reinsurers’ share of technical provisions (reinsurers’ share of unearned premiums, claims provisions and other provisions) and deferred acquisition expenses are reallocated to other segments in the same way as described in indent one of reallocations of income statement items.
- Subordinated liabilities are shown in the “other” segment.

⁴¹ A glossary of selected insurance terms and calculation methods for ratios is appended to this annual report.

Summary of the consolidated income statement

EUR	2022	2021	Index
Net premiums earned	701,377,709	686,574,317	102.2
Income from investments in associates	1,285,731	772,886	166.4
Investment income	29,004,910	34,057,270	85.2
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	0	68,719,103	-
Other technical income	21,781,521	19,101,970	114.0
Other income	30,482,774	27,037,764	112.7
Net claims incurred	-419,716,183	-408,814,273	102.7
Change in other technical provisions	18,514,205	23,872,769	77.6
Change in technical provisions for policyholders who bear the investment risk	24,319,262	-115,064,830	-21.1
Expenses for bonuses and rebates	-302,347	-276,004	109.5
Operating expenses	-228,329,299	-219,931,765	103.8
Expenses for financial assets and liabilities	-13,872,931	-5,710,086	243.0
Net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk	-60,682,135	0	-
Other technical expenses	-17,532,777	-14,337,516	122.3
Other expenses	-2,347,232	-2,466,335	95.2
Profit or loss before tax	83,983,208	93,535,270	89.8

A key impact on the profit for 2022 compared to 2021 is the weaker underwriting performance and higher claims incurred in the Slovenian non-life segment, driven by several factors: claims inflation, the subsiding impact of the epidemic (with a rise in motor accident frequency) and increased property claims due to major weather-related and other claims. The recent surge in inflation was not expected, neither in Europe nor globally. Therefore, insurers could not factor it into the pricing of insurance products for policies written in the first half of 2022 and for years before. However, a claim filed a year or more after a policy is sold will have to be paid at inflation-adjusted rates. Rate increases on insurance products in the second half of the year offset the inflationary increase in the claims of new policies sold. The lower investment result was due to the drop in the market value of investments designated to the FVTPL category as a result of the increase in required yields in the financial markets (net effect of EUR 6.0 million) and the effect of the change on the revaluation of the HTM portfolio of Vita, which was revalued to fair value on its first-time consolidation in 2020.

In the income statement, exchange differences are recorded within the items to which the exchange differences relate. The Group seeks to maintain a balanced foreign currency position and, for the sake of transparency, the following table shows the impact of exchange rate differences on these items as well as the cumulative effect of exchange rate differences on the income statement. Below we explain the categories most affected by exchange rate differences, excluding their impact.



Effect of exchange differences on the consolidated income statement

EUR	2022			2021		
	Basic statement	Adjusted statement	Effect of exchange differences	Basic statement	Adjusted statement	Effect of exchange differences
Net premiums earned	701,377,709	700,950,140	427,569	686,574,317	686,849,526	-275,209
Commission income	9,749,076	9,749,645	-569	8,640,223	8,651,903	-11,680
Net claims incurred	419,716,183	420,105,579	389,396	408,814,273	403,616,209	-5,198,064
Change in deferred acquisition costs	-3,013,935	-3,082,869	-68,934	1,926,381	1,967,868	41,487
Net investment income/expenses	16,417,710	15,185,507	1,232,203	29,120,070	24,704,340	4,415,730
Net other technical income/expenses	-5,781,818	-4,951,550	-830,268	-3,875,769	-4,057,342	181,573
			1,149.397			-846.163

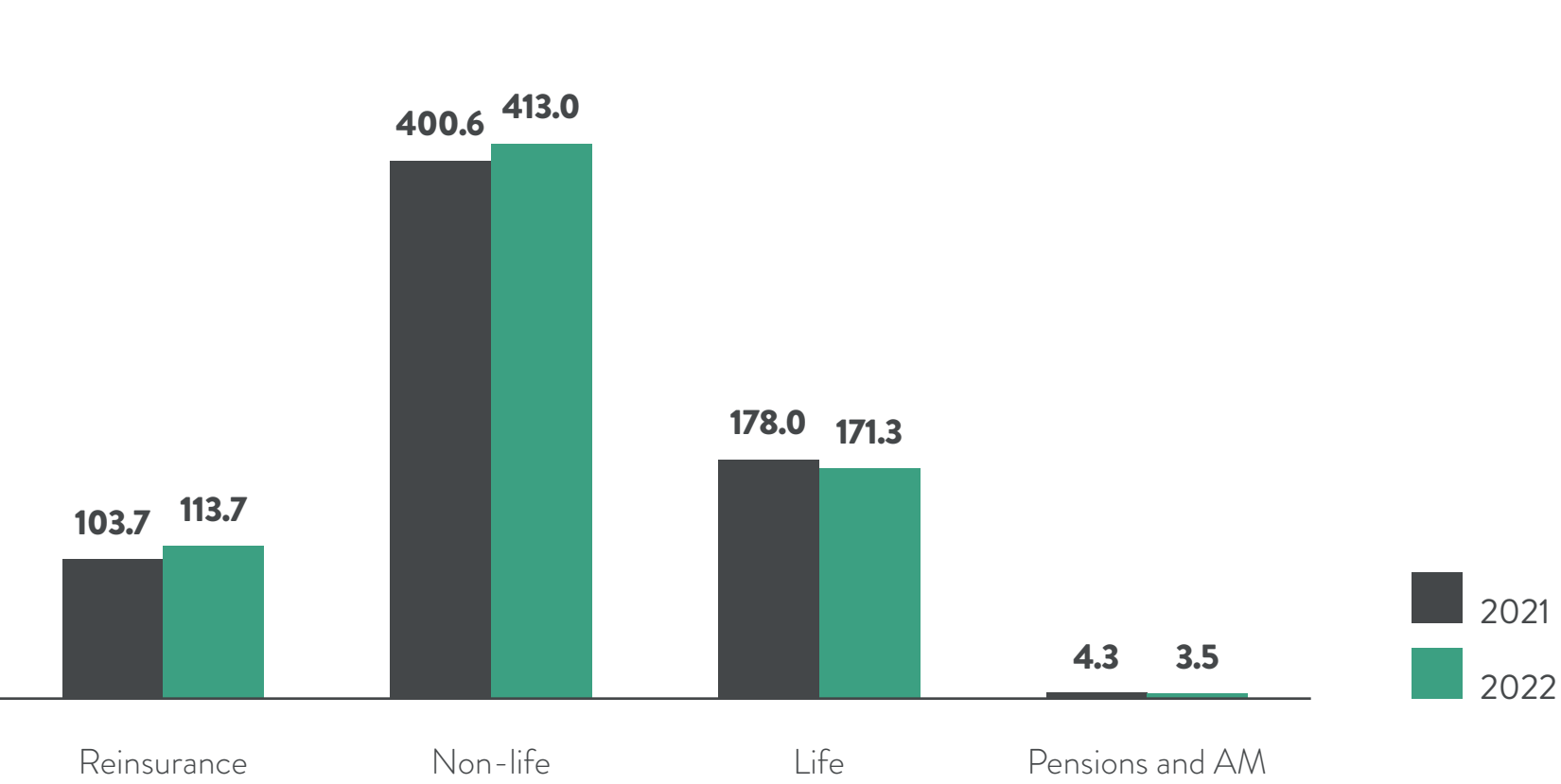
Net premiums earned⁴²

Net premiums earned

EUR	Net premiums earned	2021	Index
Gross premiums written	774,134,291	729,898,408	106.1
Net premiums earned	701,377,709	686,574,317	102.2

Net premiums earned by operating segment

(€m)



⁴² Included are also items of the pensions and asset management segment relating to pension annuity business in the distribution phase.

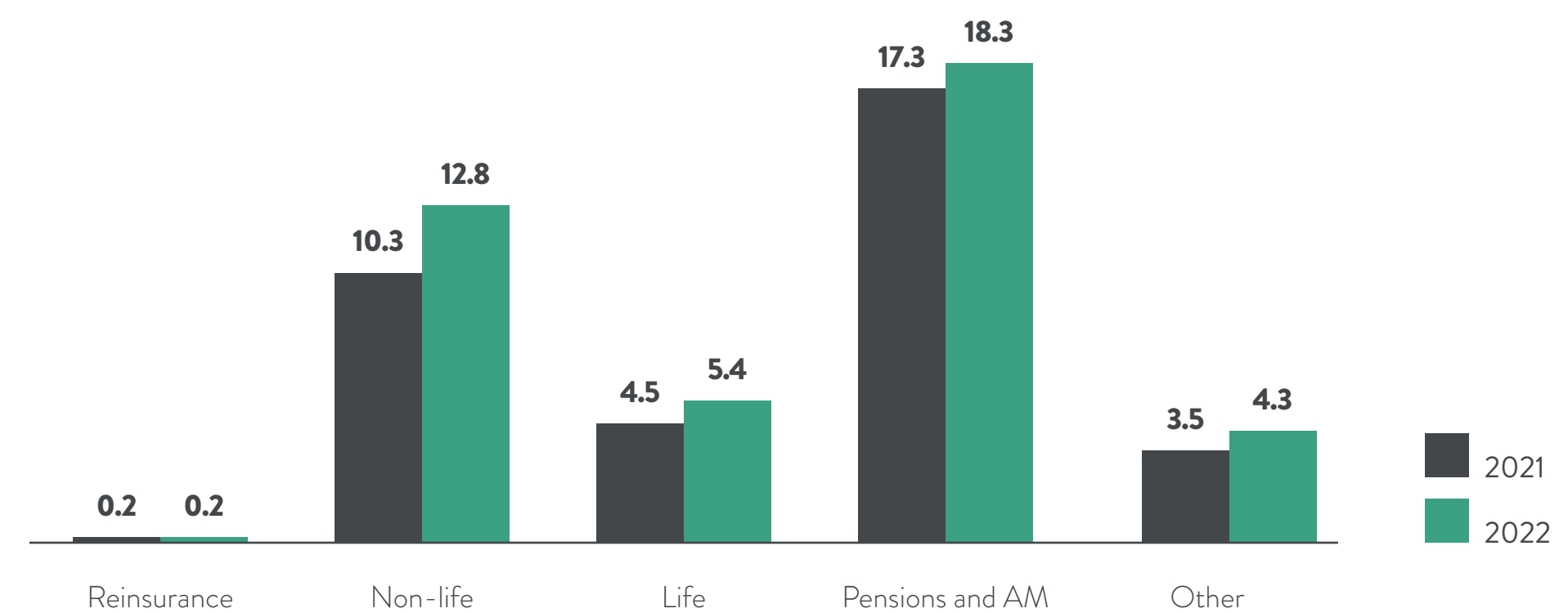
Net premiums earned by class of business⁴³

EUR	2022	2021	Index
Property	152,792,833	147,320,253	103.7
Land motor vehicles	140,712,007	128,913,705	109.2
Motor vehicle liability	126,104,292	123,475,030	102.1
Unit-linked life	109,854,342	117,255,228	93.7
Accident, health and assistance	69,875,096	62,387,121	112.0
Traditional life	65,155,570	65,171,980	100.0
General liability	20,881,219	24,899,714	83.9
Marine, suretyship and goods in transit	13,359,241	14,133,958	94.5
Other insurance	2,643,109	3,017,328	87.6
Total	701,377,709	686,574,317	102.2

Other technical income and other income

Other technical income and other income by segment (excluding the effect of exchange differences)⁴⁴

(€m)



Net claims incurred⁴⁵

Net claims incurred and the change in provisions related to life business

EUR	2022	2021	Index
Gross claims paid	453,351,834	406,908,665	111.4
Net claims incurred	419,716,183	408,814,273	102.7
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	376,882,716	500,006,334	75.4

* This largely comprises mathematical provisions.

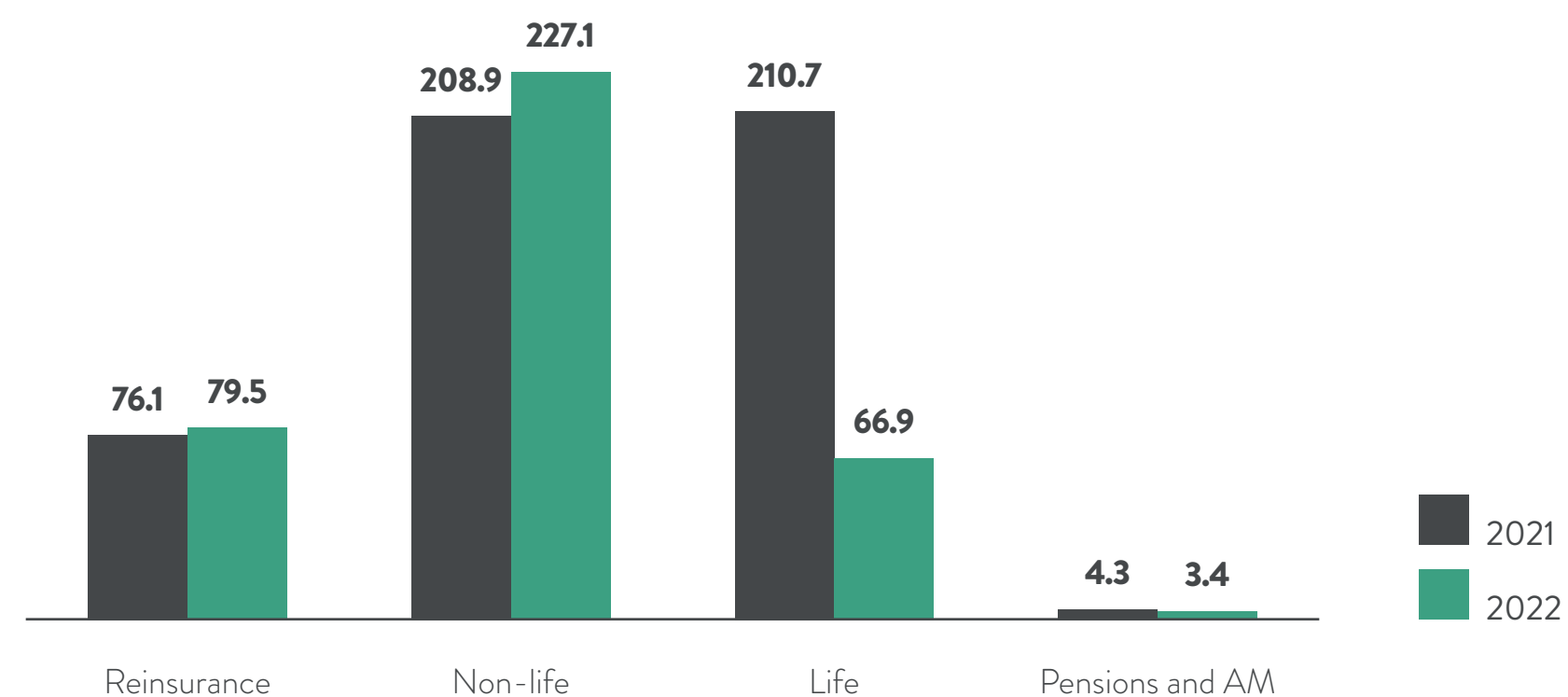
⁴³ Property insurance comprises the following classes of business fire and natural forces, other damage to property, miscellaneous financial loss and legal expense insurance. Other insurance comprises aviation and credit insurance.

⁴⁴ Commission income and investment property income are not included. The composition of the item “other technical income and other income” is described in section [17.4.35](#).

⁴⁵ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.



Composition of net claims incurred and the change in life insurance provisions⁴⁶ (€m)

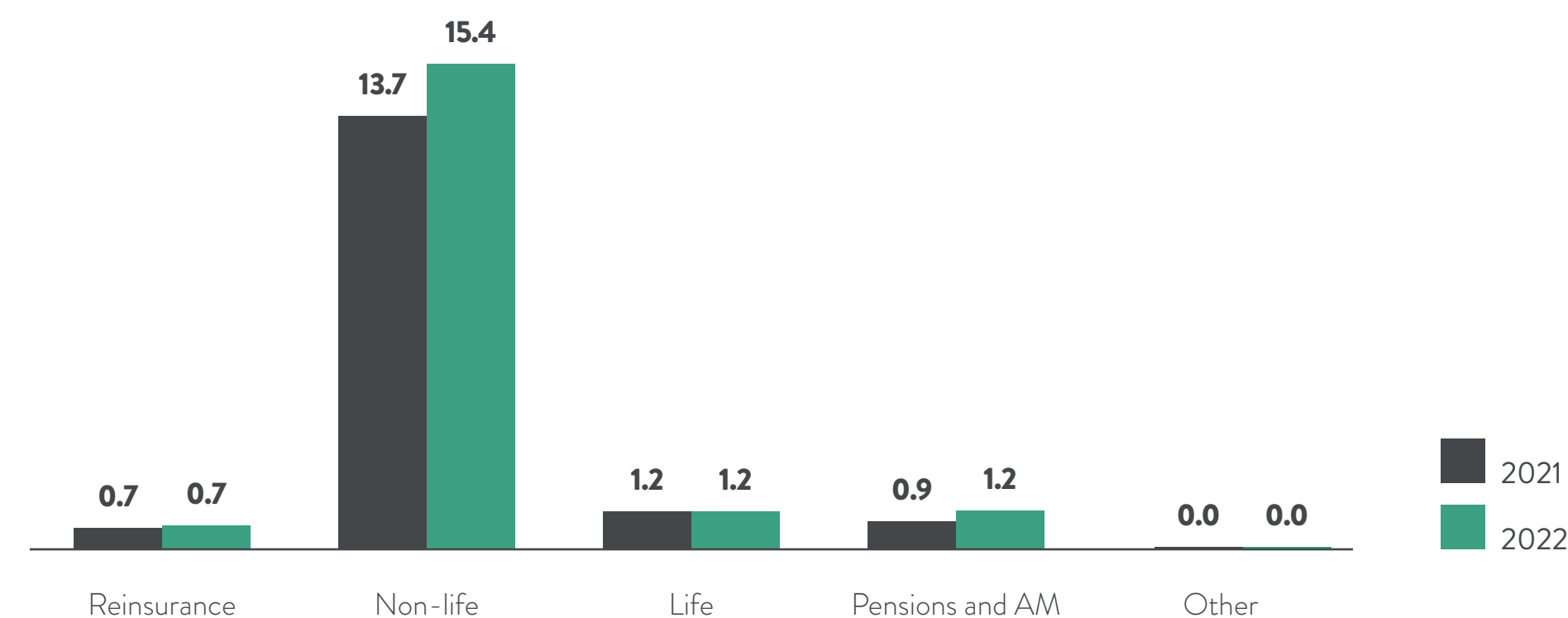


Net claims incurred and the change in provisions related to life business, by class of business⁴⁷

EUR	2022	2021	Index
Property	99,936,629	95,963,434	104.1
Land motor vehicles	91,127,648	76,600,918	119.0
Motor vehicle liability	79,702,015	60,539,139	131.7
Unit-linked life	44,735,295	177,111,476	25.3
Traditional life	27,953,560	36,716,601	76.1
Accident, health and assistance	25,613,371	23,153,641	110.6
Marine, suretyship and goods in transit	6,340,643	13,764,801	46.1
General liability	1,839,382	16,552,288	11.1
Other insurance	-365,827	-395,964	92.4
Total	376,882,716	500,006,334	75.4

Other technical expenses and other expenses

Composition of other technical expenses and other expenses by segment (excluding the effect of exchange differences)⁴⁸ (€m)



Operating expenses

Operating expenses

EUR	2022	2021	Index
Acquisition costs	81,688,701	77,684,219	105.2
Change in deferred acquisition costs (+/-)	-3,013,935	1,926,381	-156.5
Other operating expenses	149,654,533	140,321,165	106.7
Operating expenses	228,329,299	219,931,765	103.8
Reinsurance commission income	-9,749,076	-8,640,223	112.8
Net operating expenses	218,580,223	211,291,542	103.4

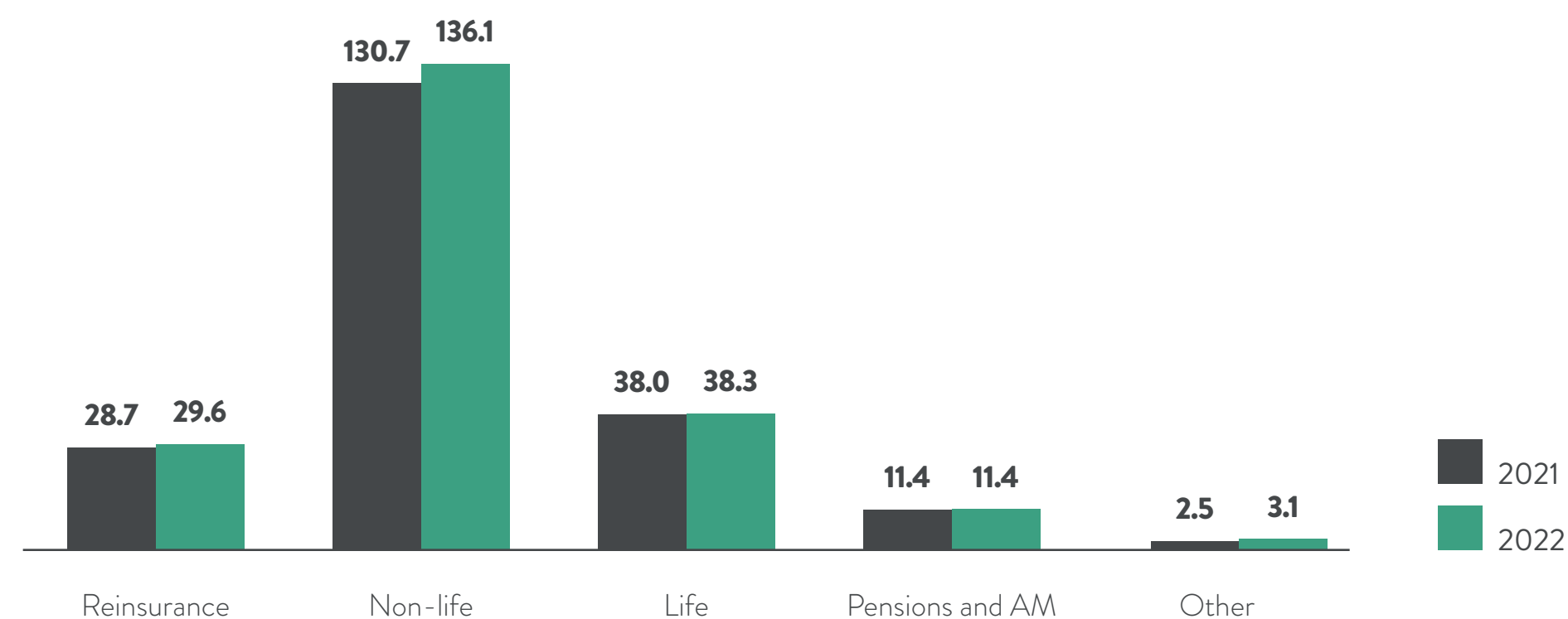
⁴⁶ The net claims incurred by operating segment include the change in other technical provisions and the change in technical provisions for policyholders who bear the investment risk.

⁴⁷ The net claims incurred by operating segment include the change in other technical provisions and the change in technical provisions for policyholders who bear the investment risk.

⁴⁸ Investment property expenses are excluded. The composition of other technical expenses and other expenses is described in section [17.4.35](#).

Net operating expenses by segment

(€m)



Net investment income

The Group generated lower net investment income in 2022 than in 2021, although it realised gains on the sale of investments due to the decline in the market

value of FVTPL assets as a result of increased required yields in financial markets.

Net investment income of the investment portfolio, excluding the effect of exchange differences⁴⁹

EUR	2022	2021	Absolute change
Net investment income relating to the investment portfolio	16,302,771	25,985,446	-9,682,675

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

EUR	2022	2021	Absolute change
Income			
Interest income at effective interest rate	16,400,437	16,842,749	-442,312
Gains on change in fair value – FVTPL	677,950	1,302,423	-624,473
Gains on disposal of FVTPL assets	159,357	2,486	156,871
Gains on disposal of other IFRS asset categories	6,837,013	7,783,807	-946,794
Income from associate companies	1,285,731	772,886	512,845
Income from dividends and shares – other investments	1,369,127	1,847,602	-478,475
Other income	1,738,401	1,647,566	90,835
Other income from alternative funds	2,107,021	1,756,597	350,424
Income relating to investment portfolio	30,575,037	31,956,116	-1,381,079
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	68,719,103	-68,719,103
Expenses			
Interest expenses	3,074,309	2,989,466	84,843
Losses on change in fair value of FVTPL assets	6,251,791	913,879	5,337,912
Losses on disposals of FVTPL assets	104,816	4,401	100,415
Losses on disposal of other IFRS asset categories	1,247,767	326,305	921,462
Impairment losses on other investments	532,232	161,960	370,272
Other	3,061,351	1,574,659	1,486,692
Expenses relating to investment portfolio	14,272,266	5,970,670	8,301,596
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	60,682,135	0	60,682,135

* Expenses for financial investments differ from the expenses in the income statement item “interest expenses” because they also include expenses for right-of-use assets (31 December 2022: EUR 145.9 thousand; 31 December 2021: EUR 139.5 thousand).

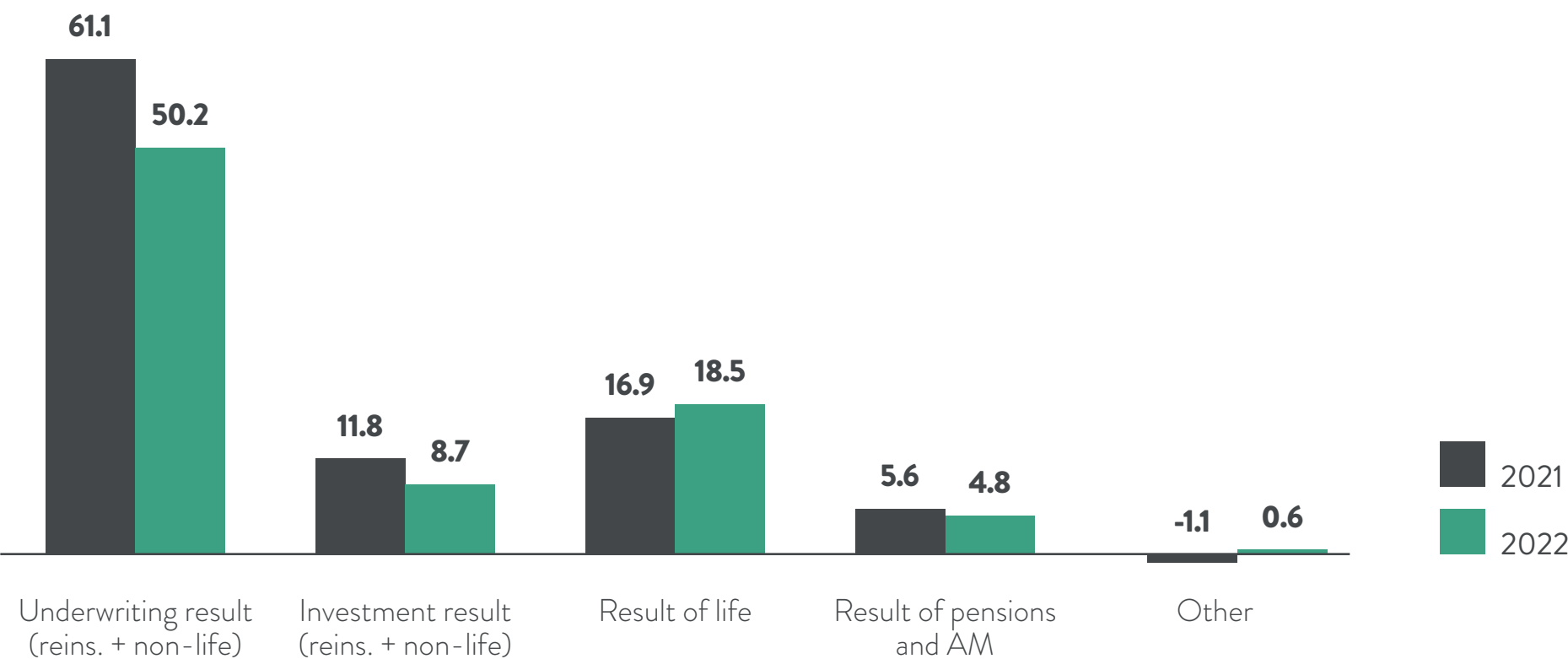
⁴⁹ Net investment income from the investment portfolio also includes income and expenses relating to investment property, but excludes right-of-use expenses. In the income statement, income and expenses relating to investment property are included in other income/expenses.



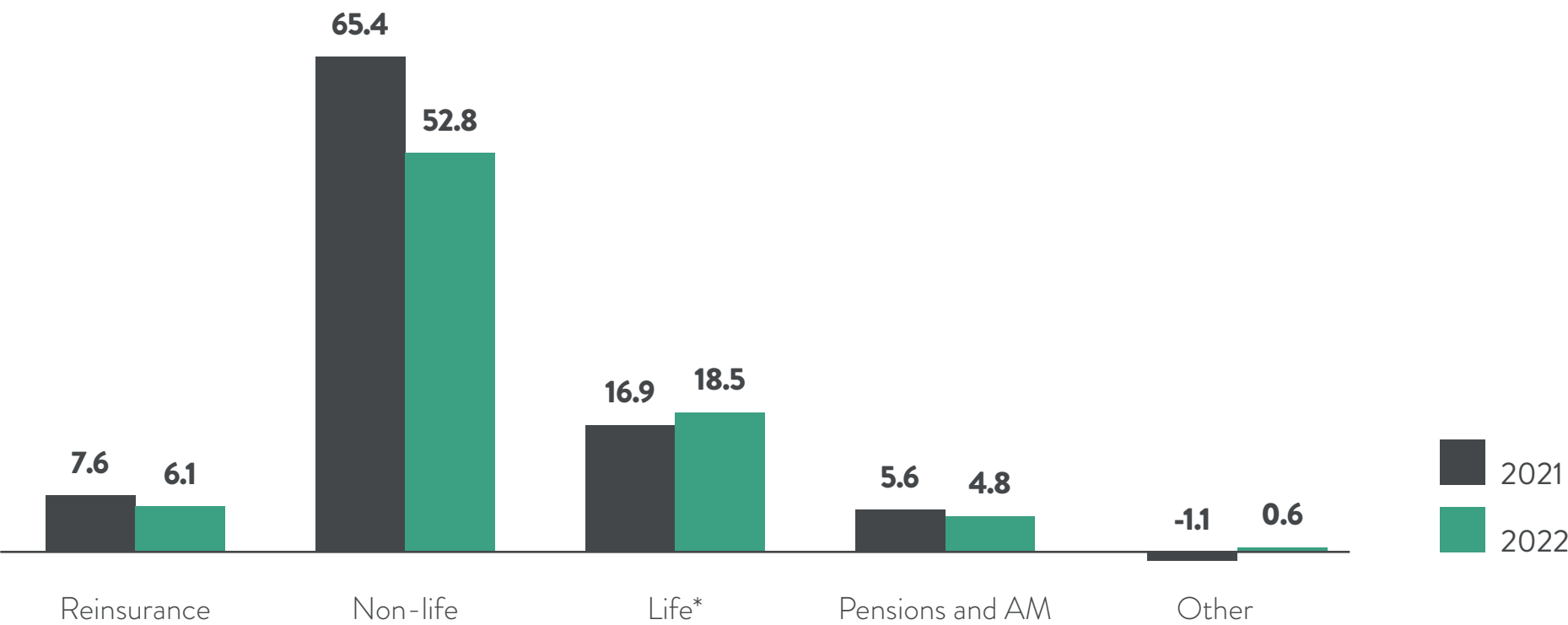
Net investment income relating to policyholders’ assets in 2022 was EUR -60.7 million (2021: EUR 68.7 million). Despite the difference between the two periods due to the adverse financial market conditions in 2022, the lower net investment income had no impact on the profit and loss account because assets and liabilities are closely matched so that the change in the value of investments in mutual funds was matched by the change in the value of liabilities to policyholders.

Gross profit/loss for the period

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



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

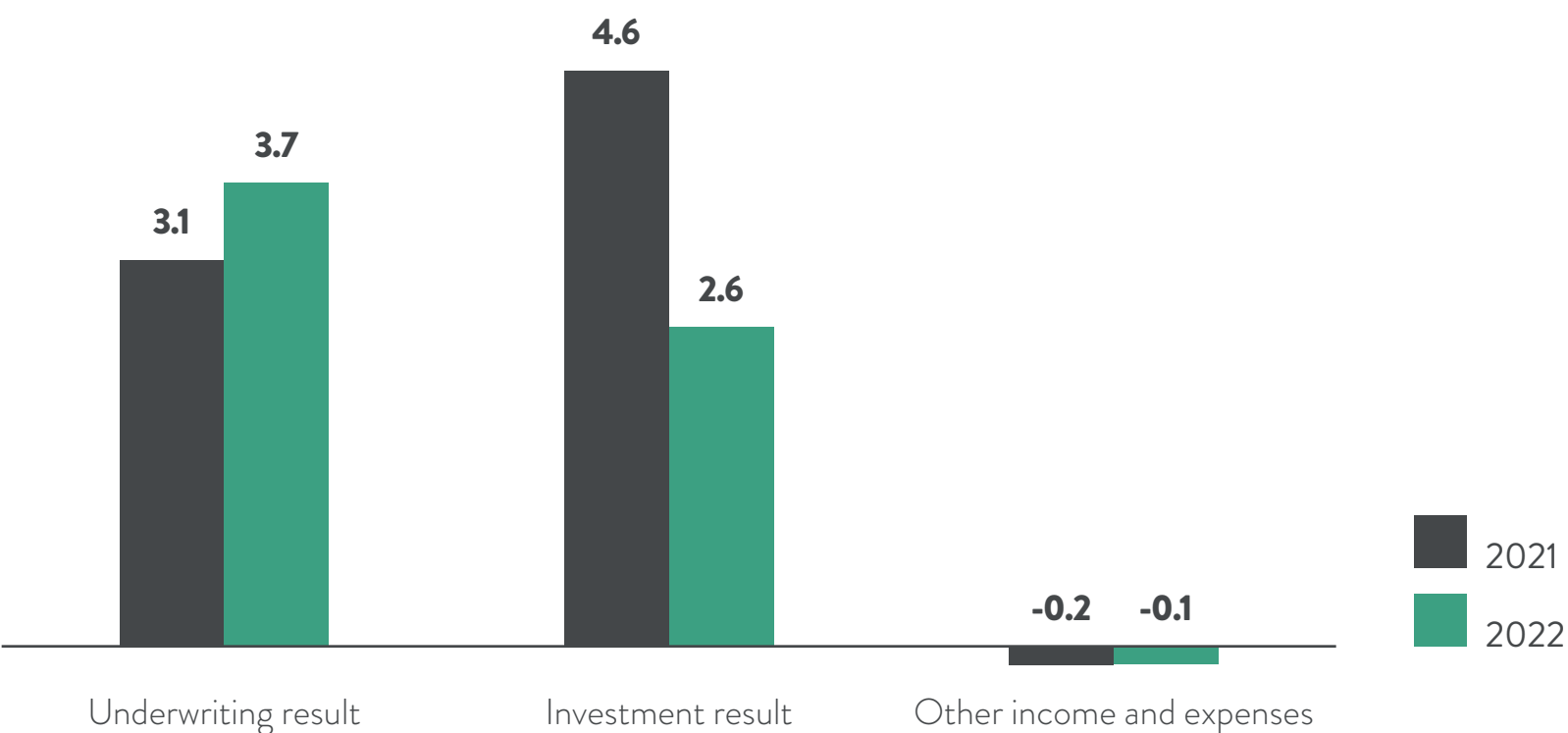


8.1.1 Reinsurance

Unconsolidated operating expenses are presented in more detail in section [8.2 Sava Re](#).

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

(€m)



Underwriting performance improved compared to 2021 due to higher net premiums earned as a result of favourable rate developments in the global reinsurance

markets. The investment result in 2022 was lower than in 2021 owing to the change in the fair value of FVTPL investments as a result of the financial market situation.



Net premiums earned

Net premiums earned, reinsurance

EUR	2022	2021	Index
Gross premiums written	120,876,083	112,091,269	107.8
Net premiums earned	113,696,164	103,729,231	109.6

The growth in gross premiums written was mainly driven by a 16.9% increase in premiums in non-proportional reinsurance, the aforementioned positive price

developments in global reinsurance markets and the capture of new business opportunities. Net premiums earned grew in line with gross premiums written.

Net claims incurred⁵⁰

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

EUR	2022	2021	Index
Gross claims paid	70,639,487	58,451,182	120.9
Net claims incurred	79,460,089	72,431,519	109.7

The higher gross claims paid are due to payment of claims from previous underwriting years. As these were paid out of established claims provisions, they had no significant impact on the final result. Net claims incurred increased at a slower rate than gross claims paid thanks to the structure of reinsurance protection for

major loss events. Hence, these had no significant impact on the result.

The net incurred loss ratio relating to the reinsurance segment thus improved by 1.3 p.p. year on year to 70.3% (2021: 69.0%).

Operating expenses

Operating costs, reinsurance

EUR	2022	2021	Index
Acquisition costs	25,048,978	24,777,943	101.1
Change in deferred acquisition costs (+/-)	76,870	-162,604	-47.3
Other operating expenses	5,241,335	4,927,409	106.4
Operating expenses	30,367,183	29,542,748	102.8
Reinsurance commission income	-751,800	-798,567	94.1
Net operating expenses	29,615,384	28,744,181	103.0

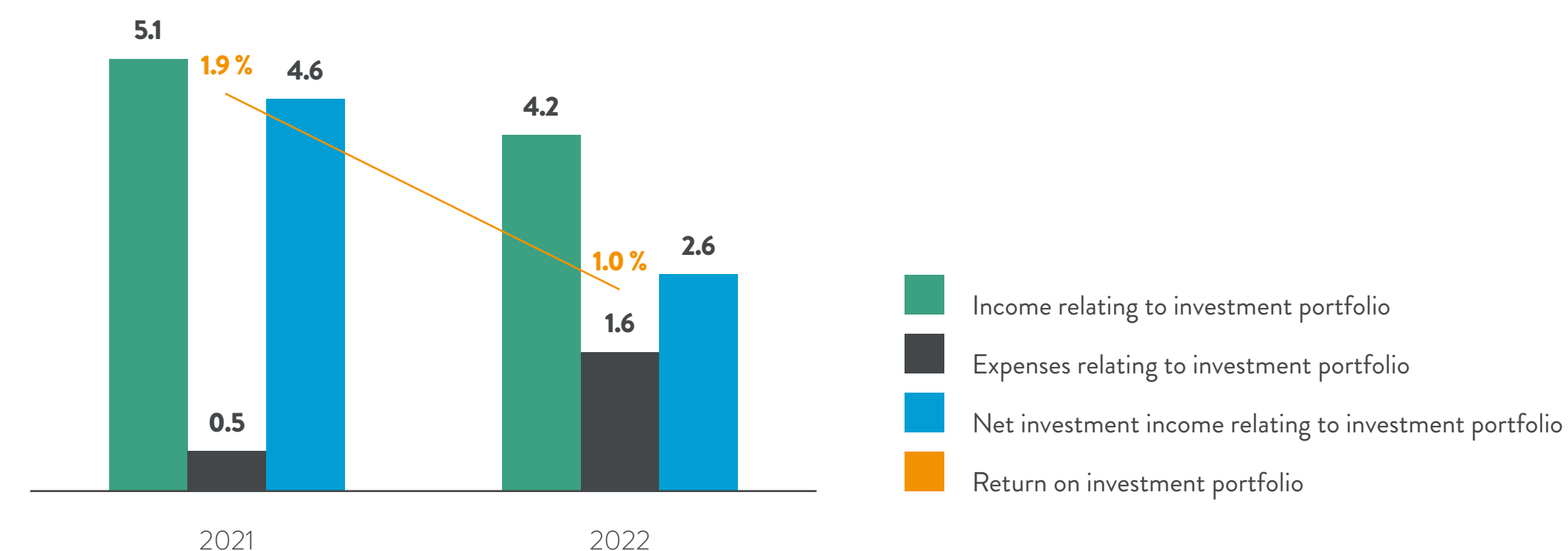
Acquisition costs (commissions) increased due to higher growth in gross premiums written. Acquisition costs accounted for 20.7% of gross premiums written in 2022 (2021: 22.1%), driven by the growth of the non-proportional business, which is subject to lower acquisition costs.

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

In 2022, the net expense ratio improved by 1.7 p.p. to 26.0% compared to 2021, as expenses grew more slowly than premiums.

Net investment income

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



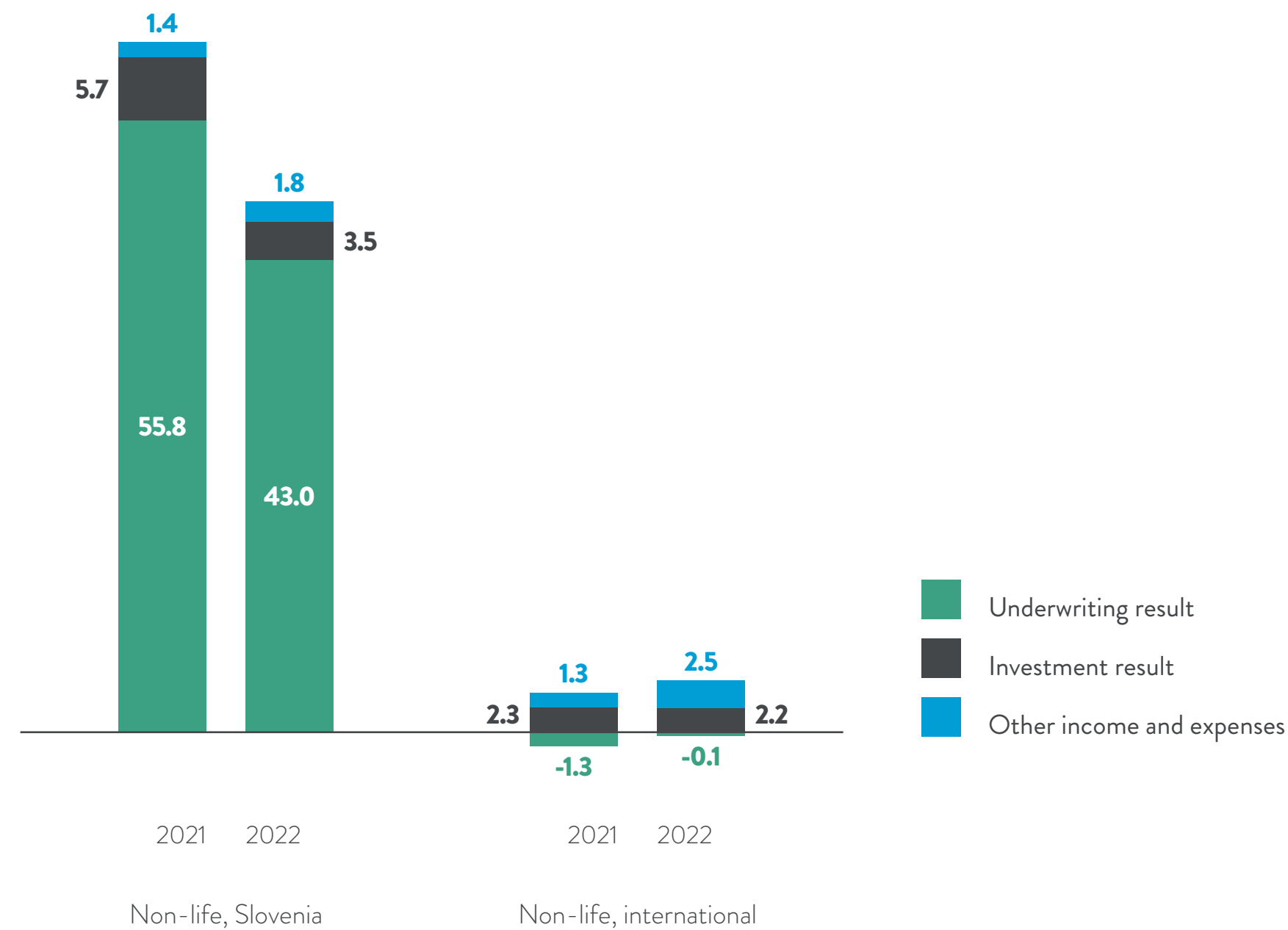
Compared to 2021, the Group generated a EUR 2.0 million lower net investment income in the reinsurance

segment, mainly due to higher valuation expenses on FVTPL assets. The 2022 return was 1.0%.

8.1.2 Non-life

Gross profit or loss, non-life insurance

(€m)



The 2022 result of the non-life segment declined compared to the prior year, chiefly due to weaker underwriting performance. This was mainly a result of higher net claims incurred in the Slovenian segment due to claims inflation and higher claims frequency in motor business as the impact of the epidemic is subsiding. Motor and property claims also increased due to weather-related claims, and property claims also in-

creased due to major claims. The foreign non-life business was not affected to the same extent and achieved a EUR 2.3 million better business result, driven by a higher underwriting result due to higher net premiums earned and a higher result from other income and expenses.

Net investment income was impacted by the new financial market conditions, which, in the Slovenian segment, resulted in an increase of EUR 1.6 million in the loss from the change in fair value of assets designated as at fair value through profit or loss. On the other hand, gains on the disposal of investments rose by EUR 1.2 million. However, the net investment income generated by the non-Slovenian non-life insurers remained flat compared to the previous year, as their portfolios

mainly contain bond investments valued through other comprehensive income.

Other income and expenses of the Slovenian non-life insurers increased by EUR 0.4 million due to lower impairment charges on receivables, whereas those of the foreign non-life insurers increased by EUR 1.2 million owing to higher income from successfully settled litigation.

Net premiums earned

Net premiums earned, non-life insurance

EUR	2022	2021	Index
Gross premiums written	477,626,640	434,834,569	109.8
Net premiums earned	412,967,719	400,601,653	103.1

Net premiums earned, non-life insurance

EUR	Slovenia			International		
	2022	2021	Indeks	2022	2021	Index
Gross premiums written	381,605,063	354,307,808	107.7	96,021,577	80,526,761	119.2
Net premiums earned	335,944,364	332,570,848	101.0	77,023,355	68,030,805	113.2

+9.8%

Gross premiums written

0.5 p. p.
better

Gross expense ratio

Unconsolidated gross non-life premiums of Sava Insurance Group members

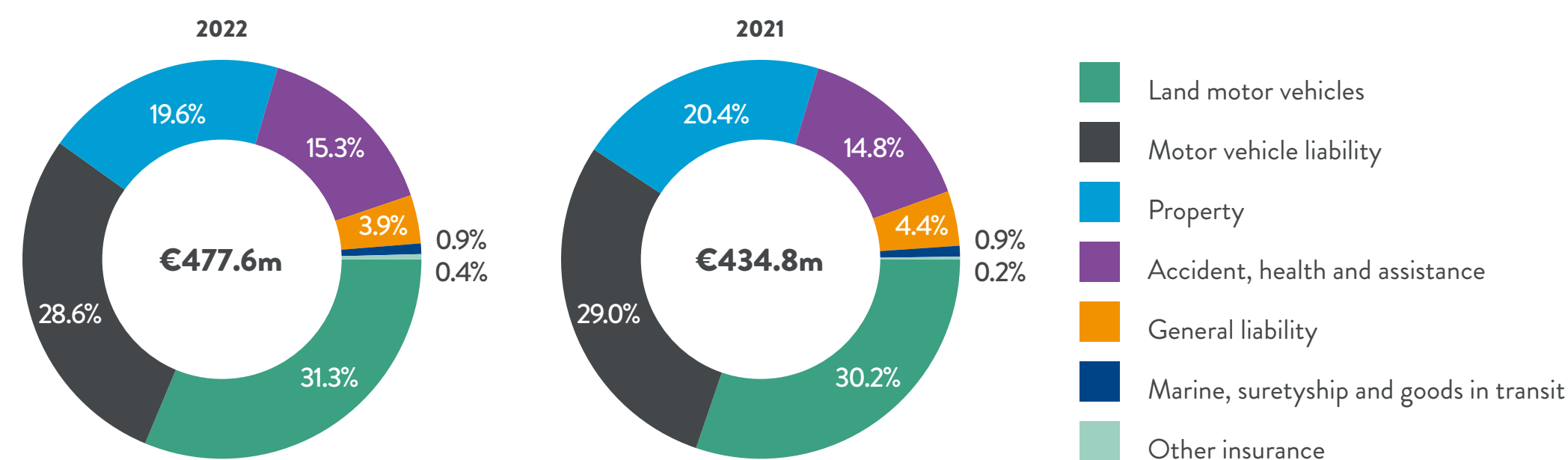
EUR	2022	2021	Index
Zavarovalnica Sava, Slovenian part (non-life)	376,611,675	350,060,589	107.6
Zavarovalnica Sava, Croatian part (non-life)	15,458,348	14,173,280	109.1
Sava Neživotno Osiguranje (SRB)	29,625,362	23,121,941	128.1
Illyria (RKS)	16,134,131	13,567,221	118.9
Sava Osiguruvanje (MKD)	17,432,536	15,280,678	114.1
Sava Osiguranje (MNE)	17,392,666	14,406,332	120.7
Vita (SVN)	5,168,569	4,497,864	114.9
Total	477,823,286	435,107,905	109.8

Growth in gross premiums written was achieved in both the domestic and the international part of the non-life segment. Net premiums earned in the Slovenian part of the segment remained at the year-on-year level, whereas in the international part they grew by 13.2%. This is because, in the Slovenian part of this segment, unearned premiums related to FoS business declined in 2021 after being largely discontinued, whereas in 2022 gross unearned premiums related to other non-life business rose due to healthy growth in gross premiums written. For international business, growth in net premiums earned follows growth in gross premiums written.

While FoS-related gross premiums written dropped by EUR 4.2 million, this premium loss was offset by other non-life premiums in both Slovenia and abroad. In non-

life insurance, the largest increase in gross premiums was in motor insurance, up by EUR 28.2 million. In Slovenia, this growth was mainly in the private motor segment, as a result of an increase in average premiums and a higher number of policies sold. The increase in the average premium was driven by claims inflation, higher claim frequency and higher service costs. Motor insurance also grew in all the Group's foreign markets, especially because of the more stable motor third-party liability market in Serbia, more policies sold and higher premiums of existing policyholders in the remaining markets. Gross premiums written also grew significantly in the assistance business, as the Covid-19 situation normalised, and in the property business, due to an increase in the number of policies sold and a rise in the average premium.

Gross non-life insurance premiums by class of business



As regards the composition of gross premiums written by class of insurance in 2022, compared to 2021 there was a rise in the share of land motor vehicle, accident, health, assistance and other insurance business, and

a drop in the share of property, motor vehicle liability and general liability business due to the phasing out of FoS business in these classes of insurance.

Net claims incurred

Net claims incurred, non-life insurance

EUR	2022	2021	Index
Gross claims paid	264,999,620	224,433,036	118.1
Net claims incurred	225,035,791	209,570,019	107.4

Net claims incurred, non-life insurance

EUR	Slovenia			International		
	2022	2021	Index	2022	2021	Index
Gross claims paid	224,522,449	183,096,666	122.6	40,477,171	41,336,370	97.9
Net claims incurred	186,146,341	175,224,523	106.2	38,889,450	34,345,496	113.2

In the Slovenian non-life segment, net claims incurred rose by EUR 10.9 million. Net claims incurred related to FoS business decreased, mainly reflecting a drop in gross claims provisions due to the settlement of claims, the closure of some files relating to business that had been discontinued and the release of IBNR provisions set aside to cover business interruption claims associated with Covid-19 after the positive outcome of a judgement in Ireland in June 2022. Net claims incurred in other non-life business increased for the

reasons already explained in the gross business result section.

The increase of EUR 4.5 million in net claims incurred in the international non-life segment mainly reflects the decline in the gross claims provision of the Croatian branch of Zavarovalnica Sava in 2021 owing to streamlining and shrinking the portfolio (in 2022 the provision increased somewhat) and the increase in the gross claims provisions of the non-life insurers in Kosovo and North Macedonian.

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

EUR	2022	2021	Index
Zavarovalnica Sava, Slovenian part (non-life)	226,671,311	185,208,122	122.4
Zavarovalnica Sava, Croatian part (non-life)	8,384,288	11,102,532	75.5
Sava Neživotno Osiguranje (SRB)	12,216,383	8,906,619	137.2
Illyria (RKS)	7,195,183	7,500,271	95.9
Sava Osiguruvanje (MKD)	7,403,864	7,381,844	100.3
Sava Osiguranje (MNE)	6,512,729	6,553,001	99.4
Vita (SVN)	863,038	846,278	102.0
Total	269,246,798	227,498,668	118.4

In 2022, gross non-life claims grew as the result of growth in Slovenian gross non-life claims of 22.6%, whereas gross claims paid by non-Slovenian non-life insurers dropped by 2.1%.

The rise in gross claims paid by the Slovenian non-life insurers was mainly driven by the rise in gross motor

and property claims. Gross motor claims rose as a result of an increase in the number of reported claims compared to the previous year, when Covid-19-related measures were more stringent, and as a result of an increase in the average claim incurred because of more additional equipment and assistance systems integrated in vehicles and the related higher repairs

and parts costs due to rising inflation. Motor claim frequency also rose due to the weather-related loss events in May, June and August 2022. Gross property claims grew because of individual major loss events and weather-related events.

Gross claims paid by the international insurers dropped by EUR 0.9 million. The biggest drop in gross claims

paid was in motor insurance, as the result of portfolio cleaning in Croatia and fewer claims reported and settled. Accident insurance claims also decreased due to the exclusion of certain risks and a drop in group accident insurance claims, as well as aviation claims, as one major claim was settled in 2021.

Operating expenses

Operating expenses, non-life segment

EUR	2022	2021	Index
Acquisition costs	42,558,972	40,079,961	106.2
Change in deferred acquisition costs (+/-)	-2,626,358	1,876,856	-139.9
Other operating expenses	105,079,216	96,396,661	109.0
Operating expenses	145,011,830	138,353,478	104.8
Reinsurance commission income	-8,873,637	-7,682,695	115.5
Net operating expenses	136,138,193	130,670,783	104.2

Gross operating expenses, non-life segment

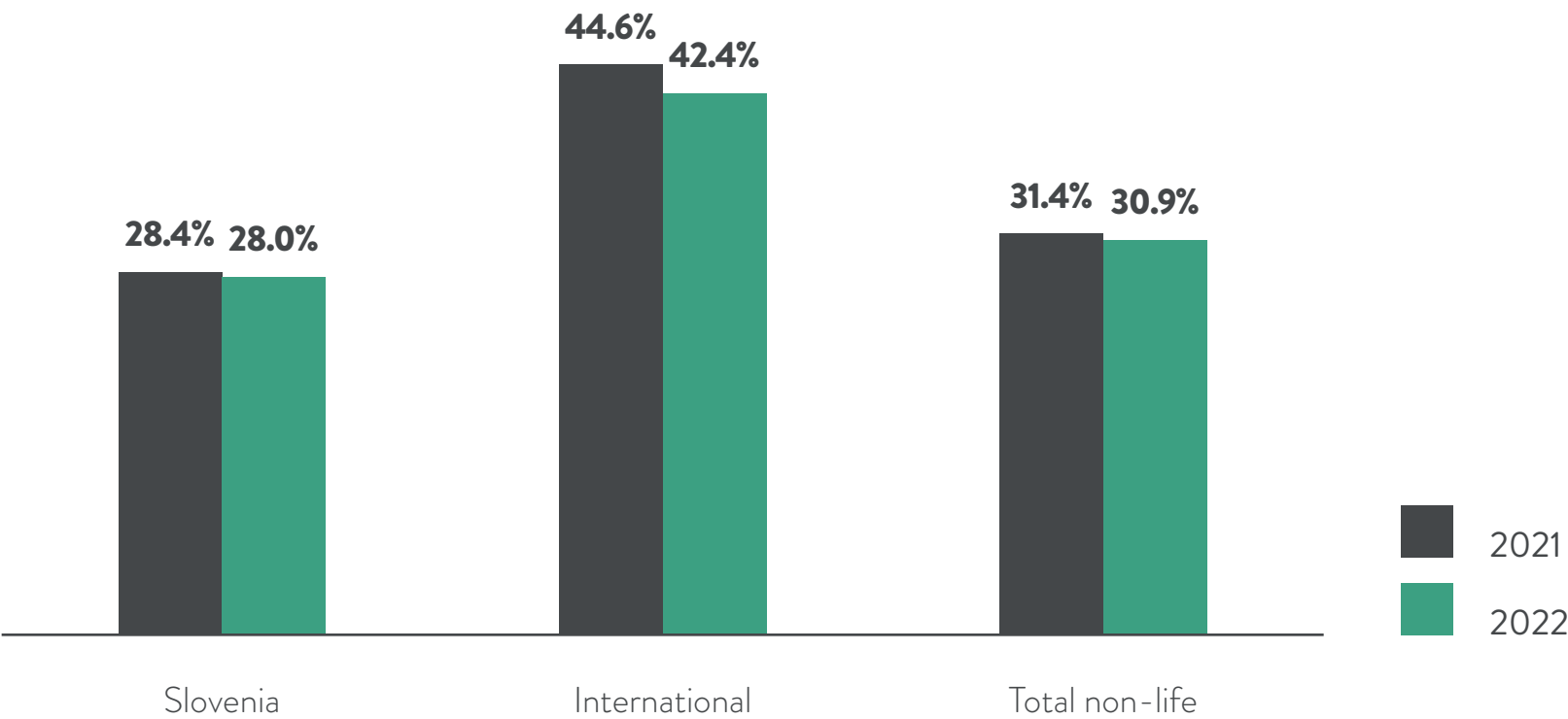
EUR	2022	2021	Index
Non-life, Slovenia	106,944,257	100,554,013	106.4
Non-life, international	40,693,931	35,922,609	113.3



Acquisition costs increased by 6.2%, mainly in the foreign non-life insurers, as a result of the increase in gross premiums written and the strengthening of external sales channels.

Other operating expenses rose by 9.0% in 2022, driven by the payout of a cost-of-living bonus and increased other labour costs, slightly higher IT, advertising, intellectual and personal services, and electricity costs as a result of price increases.

Gross expense ratio, non-life segment

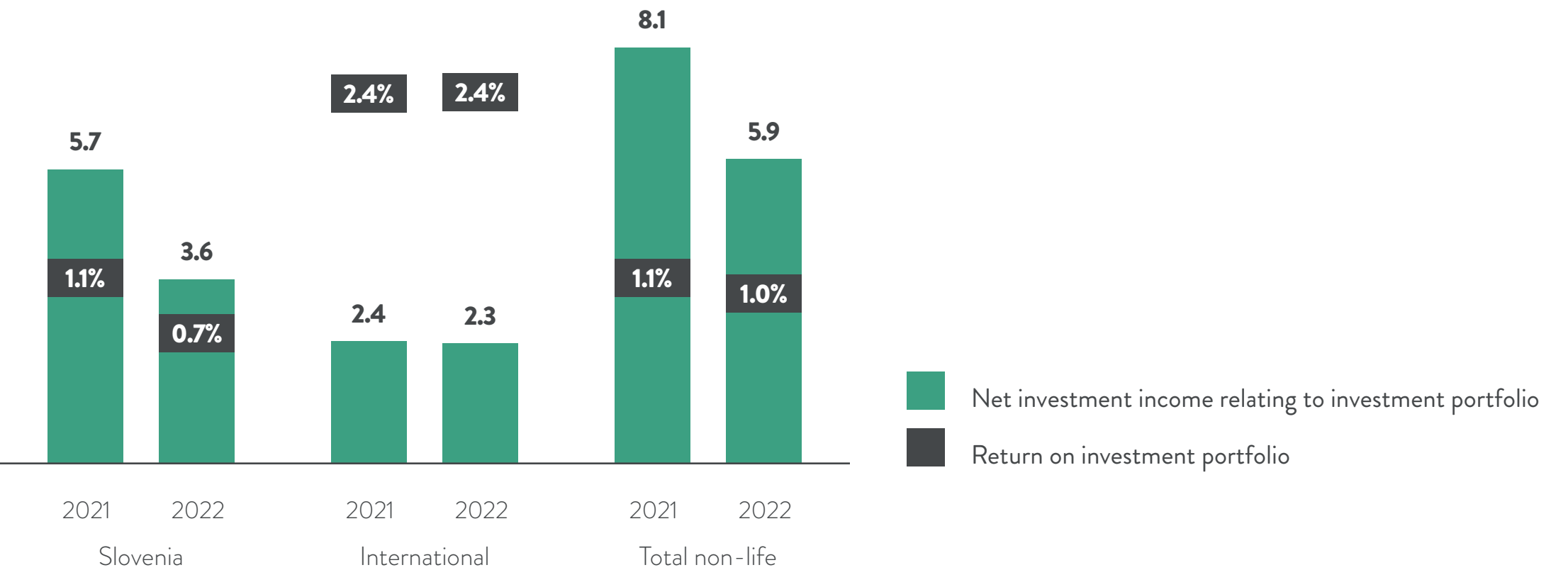


Expenses grew more slowly than premiums, which is why the expense ratio of the non-life segment improved by 0.5 p.p. compared to 2021, by 0.4 p.p. for

Slovenian non-life insurers and by 2.2 p.p. for foreign non-life insurers.

Net investment income

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



Net investment income of the investment portfolio of non-life insurance business totalled EUR 5.9 million in 2022, down by EUR 2.2 million from 2021. Net investment income was lower mainly as a result of higher expenses for changes in the fair value of FVTPL assets. The investment return was 1.0% in 2022.

8.1.3 Life

Net premiums earned

Net premiums earned, life insurance

EUR	2022	2021	Index
Gross premiums written	172,175,270	178,707,830	96.3
Net premiums earned	171,257,528	177,978,693	96.2

Net premiums earned, life insurance

EUR	Slovenia			International		
	2022	2021	Indeks	2022	2021	Index
Gross premiums written	160,155,231	168,474,253	95.1	12,020,039	10,233,577	117.5
Net premiums earned	159,486,341	167,917,411	95.0	11,771,187	10,061,282	117.0

Unconsolidated gross life premiums of Sava Insurance Group companies

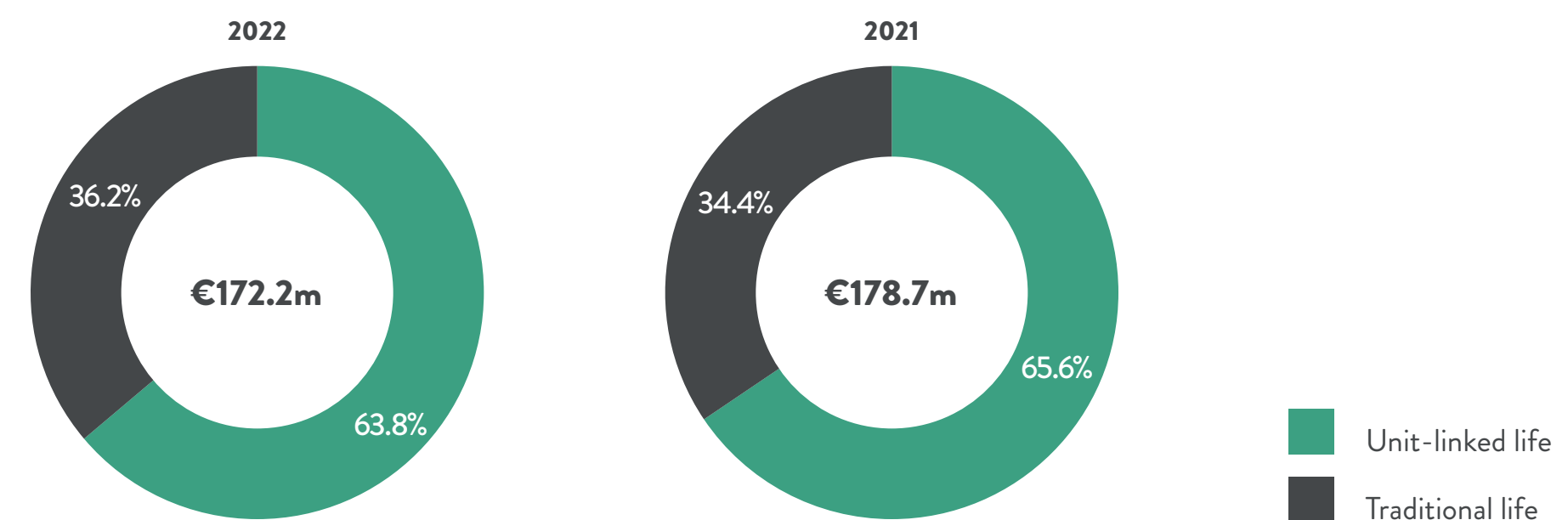
EUR	2022	2021	Index
Zavarovalnica Sava, Slovenian part (life)	71,260,779	71,863,249	99.2
Zavarovalnica Sava, Croatian part (life)	2,047,204	2,212,715	92.5
Illyria Life (RKS)	4,357,796	3,416,263	127.6
Sava Životno Osiguranje (SRB)	5,615,038	4,604,599	121.9
Vita (SVN)	88,894,452	96,611,004	92.0
Total	172,175,268	178,707,830	96.3

Gross premiums written by Slovenian life insurers decreased by 4.9% year on year, mainly due to lower single-premium payments at Vita compared to 2021, when they were above average due to the announced introduction of demurrage on assets in private bank accounts, which prompted bank customers to purchase life policies or make single premium contributions to existing policies. Gross premiums written by Zavarovalnica Sava in Slovenia remained roughly at the year-on-year level despite lost premiums due to maturities,

deaths and surrenders, as they were offset by new sales.

Non-Slovenian life insurers managed to increase gross premiums written by a remarkable 17.5%. Premium growth was strongest in the Kosovo company, which started selling through a bank in mid-2021, while steadily increasing sales through its own distribution network. Gross premiums written by the Serbian insurer also strengthened, driven by its own and external sales channels.

Gross life insurance premiums by class of business, including riders



The increase in the share of traditional insurance was due to increased sales of protection policies in the Slovenian market and other traditional policies in the non-Slovenian markets, as well as lower sales of unit-linked policies. The latter is solely due to the exceptional sales volume generated by Vita in the previous year as a result of the introduction of demurrage on bank deposits.

+10.6%

Gross profit for the period

Net claims incurred

Net claims incurred, life insurance

EUR	2022	2021	Index
Gross claims paid	116,104,981	122,750,241	94.6
Net claims incurred	113,750,323	121,119,510	93.9
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	66,890,257	210,699,192	31.7

* This largely comprises mathematical provisions.

Net claims incurred, life insurance

EUR	Slovenia			International		
	2022	2021	Index	2022	2021	Index
Gross claims paid	111,261,385	118,261,277	94.1	4,843,596	4,488,964	107.9
Net claims incurred	108,850,997	116,910,249	93.1	4,899,326	4,209,261	116.4
Consolidated net claims incurred, including the change in other provisions* and the change in the provision for unit-linked business	59,894,154	204,131,384	29.3	6,996,103	6,567,808	106.5

* This largely comprises mathematical provisions.

Unconsolidated gross life claims paid by Sava Insurance Group companies

EUR	2022	2021	Index
Zavarovalnica Sava, Slovenian part (life)	61,622,765	79,756,136	77.3
Zavarovalnica Sava, Croatian part (life)	1,878,810	1,908,286	98.5
Illyria Life (RKS)	819,905	712,346	115.1
Sava Životno Osiguranje (SRB)	2,144,881	1,868,332	114.8
Vita (SVN)	49,638,620	38,505,141	128.9
Total	116,104,981	122,750,241	94.6

Gross claims paid in Slovenia decreased by 5.9% compared to the previous year, owing to lower claims at Zavarovalnica Sava as a result of fewer traditional life policy maturities, surrenders and deaths. At Vita, gross claims paid increased due to portfolio maturities.

The change in technical provisions for the benefit of policyholders who bear the investment risk is mainly due to the change in the value of the investments supporting these liabilities, since the investment risk is borne by the policyholders. The change in the value of the provisions and of the associated investments is recognised in profit or loss, ensuring that the effects of these valuations are shown in a neutral way in the financial statements. The overall change in technical provisions for the benefit of life policyholders is not, as

a rule, exactly the same as the change in the value of the related investments, since the level of provisions is affected by factors other than the change in the value of the investments during the period (an increase due to new contributions, a decrease due to claims payments and a decrease due to a deduction of booked expenses). Because of the losses in the Slovenian unit-linked life business, net claims incurred, including the change in other and unit-linked business, were also significantly lower this year.

Gross claims paid by the non-Slovenian insurers increased by 7.9%, mainly because of higher mortality and surrenders in Kosovo and Serbia, as expected given the portfolio growth.

Operating expenses

Operating expenses, life segment

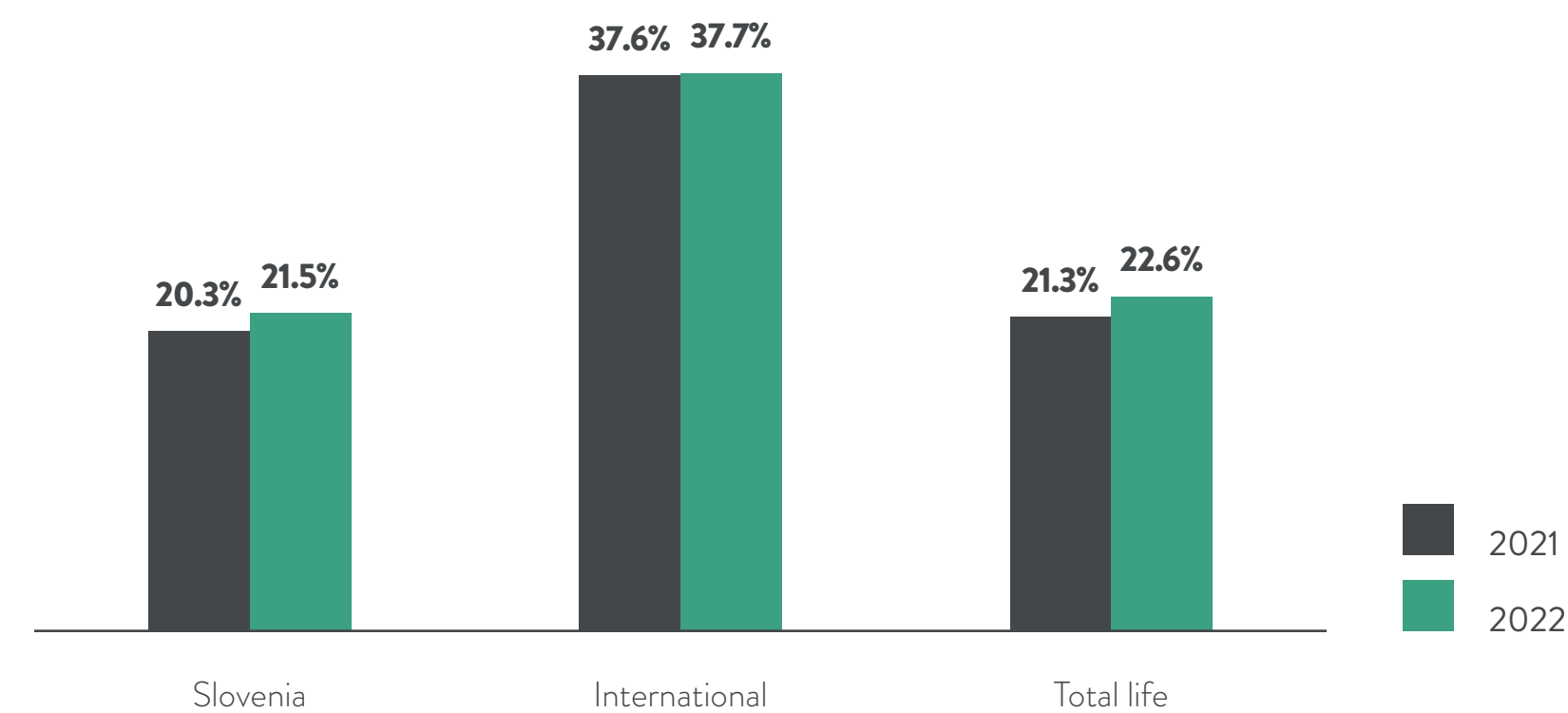
EUR	2022	2021	Index
Acquisition costs	14,044,959	12,787,016	109.8
Change in deferred acquisition costs (+/-)	-464,447	212,129	-218.9
Other operating expenses	24,868,403	25,199,764	98.7
Operating expenses	38,448,915	38,198,909	100.7
Reinsurance commission income	-123,639	-158,961	77.8
Net operating expenses	38,325,276	38,039,948	100.8

Gross operating expenses, life segment

EUR	2022	2021	Index
Life, Slovenia	34,378,617	34,140,052	100.7
Life, international	4,534,745	3,846,728	117.9

In 2022, policy acquisition expenses rose by 9.8% year on year, in line with stronger sales in most of the companies.

Gross expense ratio, life segment

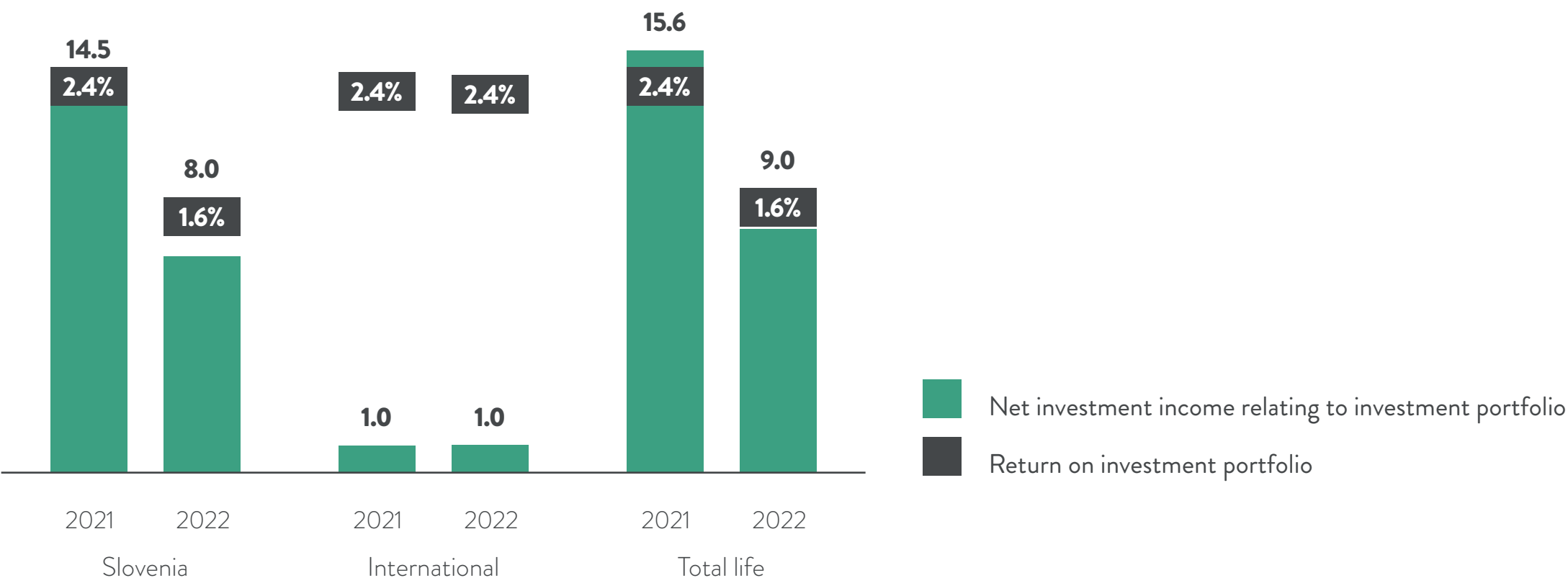


The gross expense ratio increased by 1.3 p.p. compared to the previous year, due to a decrease in premiums in the Slovenian segment, while acquisition costs increased slightly. The gross expense ratio of the international life insurers remained largely unchanged compared to 2021.



Net investment income

Investment return and net investment income (life insurance) (€m)



Net investment income of the investment portfolio of life insurance business declined by EUR 6.6 million compared to 2021. Net investment income was lower due to higher expenses for fair value changes of FVTPL

assets and lower interest income. In 2022, the Group generated gains on the disposal of investments of EUR 3.8 million in the life segment (2021: EUR 5.5 million). The investment return was 1.6% in 2022.

8.1.4 Pensions and asset management

Annuity part

EUR	2022	2021	Index
Gross premiums written	3,456,298	4,264,740	81.0
Gross claims paid	-1,607,746	-1,274,206	126.2
Change in other net technical provisions (+/-)	-1,799,659	-2,994,194	60.1

Gross premiums written relate to the annuity fund of Sava Pokojninska and fell by 19.0% in 2022 compared to the previous year. Recently, more policyholders have opted to remain in the accumulation part of the scheme even after meeting the retirement eligibility requirements.

Gross claims paid include supplementary pension an-

nunity payouts, which increased by 26.2% in 2022 compared to the previous year. Annuity payouts to policyholders increased in line with the rise in annuity fund assets over the recent years (increase upon meeting retirement eligibility requirements).

The change in the technical provisions for annuity funds reflects premiums paid in and claims paid out.

+5.5%

Asset management revenue

Accumulation part

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

EUR	2022	2021	Index
Other technical income and other income	18,269,102	17,309,584	105.5

Other technical and other income, representing asset management fees for pension and mutual funds, showed significant growth in 2022, especially for Sava

Penzisko Društvo (MKD), as a result of increased assets under management.

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

EUR	2022	2021	Index
Opening balance of fund assets (31 December)	1,541,670,574	1,241,028,424	124.2
Fund inflows	171,692,469	204,484,308	84.0
Fund outflows	-59,758,943	-42,472,037	140.7
Asset transfers	-13,798,074	-10,015,759	137.8
Net investment income of fund	-128,126,161	150,668,253	-
Entry and exit charges	-2,397,556	-2,504,467	95.7
Exchange differences and fair value reserve	-1,530,006	481,853	-
Closing balance of fund assets (31 December)	1,507,752,304	1,541,670,574	97.8

Contributions to pension and mutual funds:

- of the group of long-term business funds of the Slovenian pension company increased by 7.8%, as the company managed to increase the average value of contributions;
- of the mandatory and voluntary funds of the North Macedonian pension company increased by 12.2%,

- mainly due to the higher amount of the average contribution, but also because of the increase in the number of members;
- of the Slovenian mutual fund management company dropped by 37.1% because of the unfavourable trends in financial markets in 2022.

The liability funds of the Slovenian pension company generated a -5.7% return in 2022 (2021: 3.4%), and the mandatory and voluntary pension funds managed by the North Macedonian pension company made a return of -2.3% (2021: 9.1%); the Slovenian company for managing mutual funds generated a return of

-18.8% on mutual funds (2021: 15.9%). The negative returns in 2022 are due to adverse developments in financial markets related to the war in Ukraine, recession expectations, stagflation and increases in base rates, whereas financial market developments one year earlier were very favourable.

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

EUR	31 Dec 2022	31 Dec 2021	Index
Sava Pokojninska	165,831,325	167,095,042	99.2
Sava Penzisko Društvo	847,491,761	804,026,425	105.4
Sava Infond	494,429,217	570,549,108	86.7
Total	1,507,752,304	1,541,670,574	97.8

Since the Slovenian mutual fund manager and the North Macedonian pension company manage policyholder assets (separately from own funds) and have no

insurance function, assets under management are not included in the statement of financial position.

Operating expenses

Operating expenses, pensions and asset management segment

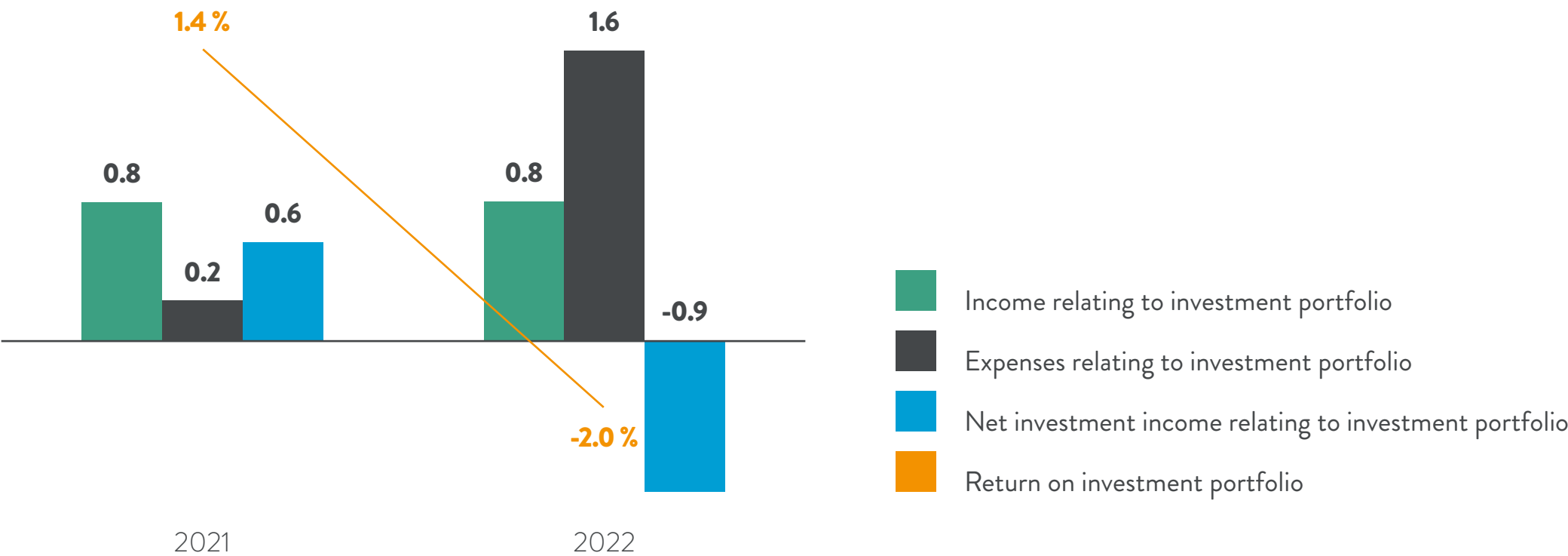
EUR	2022	2021	Index
Operating expenses	11,421,484	11,362,609	100.5

The cost efficiency of the operating segment continued to improve in 2022, with operating expenses increasing by only 0.5% against a 5.5% increase in other technical and other income.



Net investment income

Income, expenses and net investment income relating to investment portfolio (pensions and asset management segment)⁵¹ (€m)



Net investment income relating to the portfolio of the pension companies decreased by EUR 1.4 million compared to 2021. The decrease in net investment income is mainly due to the fair value remeasurement of assets at fair value through profit or loss. The investment return for the period was -2.0%.

In addition to the above, the lower pre-tax profit was also impacted by the provision for failure of the Slovenian pension company to meet its guaranteed return. In 2022, the North Macedonian pension company contributed more to the consolidated result of the pensions and asset management segment, while the Slovenian mutual fund management company contributed about the same as in the previous year.

8.1.5 Other

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

- disposal of the subsidiary S Estate: gain on disposal of EUR 1.0 million,
- subsidiary TBS Team 24: EUR 1.2 million (2021: EUR 1.1 million),
- associate companies DCB and G2I: EUR 1.3 million (2021: EUR 0.8 million).

Interest expense on subordinated debt totalled EUR 2.9 million in 2022, roughly the same year on year.



⁵¹ The figure includes the portfolios of Sava Pokojninska (excluding investment contracts), Sava Penzisko Društvo (excluding the return on the funds because the assets managed by Sava Penzisko Društvo are not stated in its statement of financial position) and Sava Infond (excluding net investment income generated by funds because fund assets managed by Sava Infond are not stated in the company’s statement of financial position).



8.2 Sava Re

Net premiums earned

Gross premiums written

EUR	2022	2021	Index
Non-Group	120,835,430	112,059,053	107.8
Group	78,569,899	77,992,670	100.7
Total	199,405,329	190,051,724	104.9

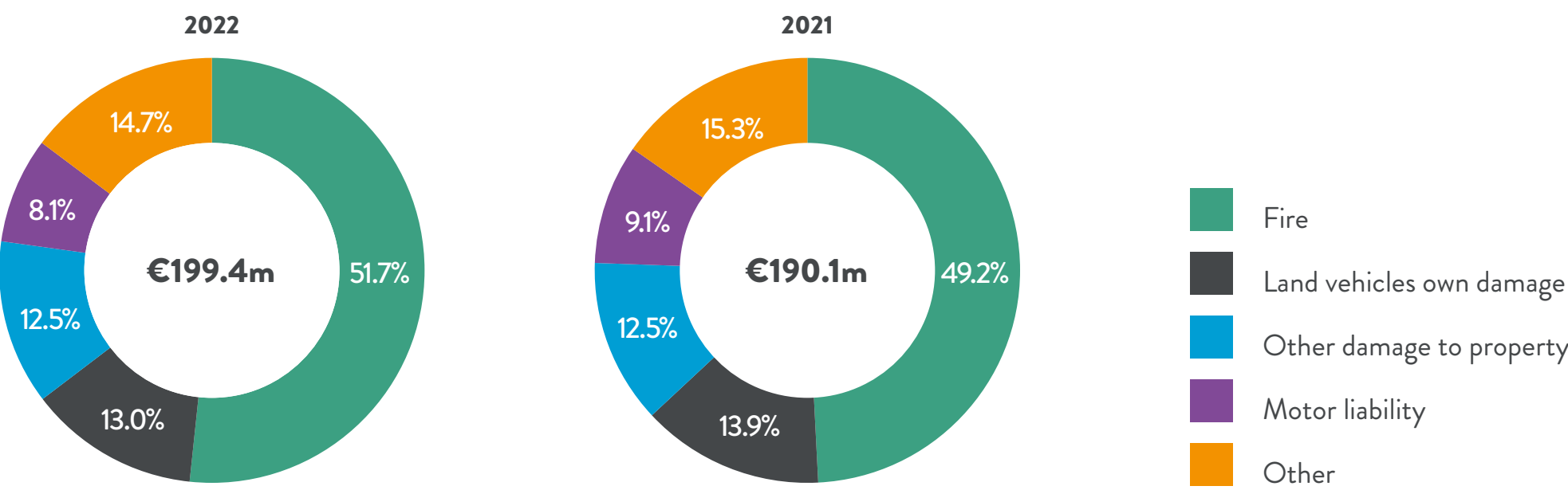
Net premiums earned

EUR	2022	2021	Index
Gross premiums written	199,405,329	190,051,724	104.9
Net premiums earned	165,480,370	162,736,587	101.7

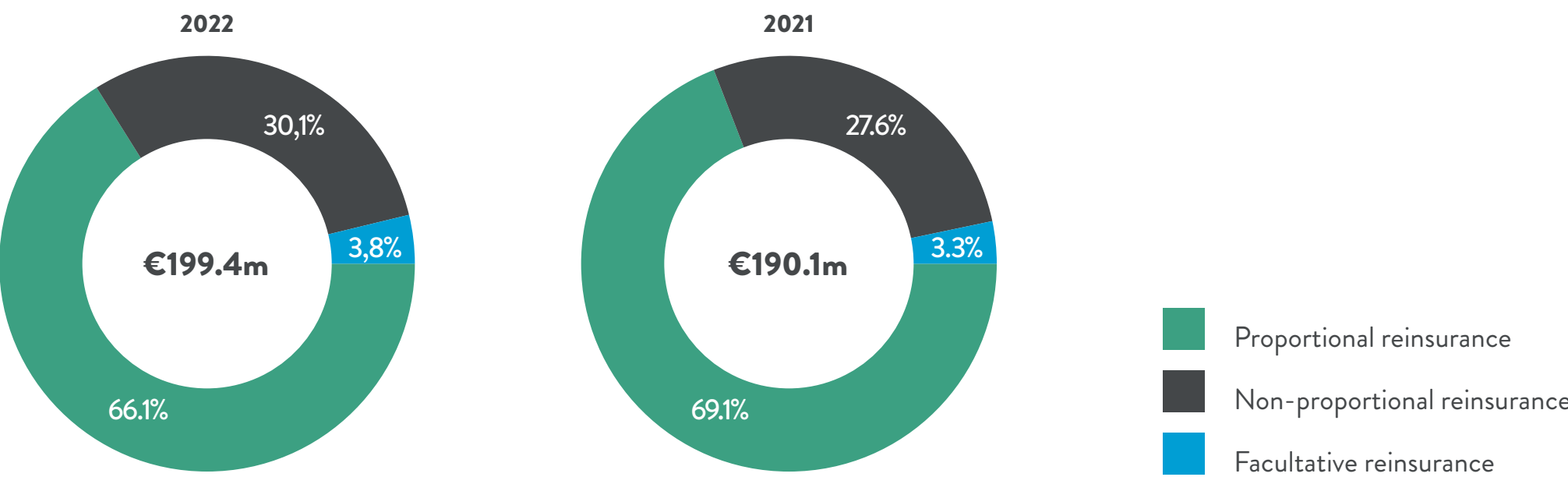
Gross premiums written outside the Group increased by EUR 8.8 million, driven by positive price developments in global reinsurance markets and the capture of new business opportunities.

The Group’s gross premiums written remained roughly at the same level as in the previous year.

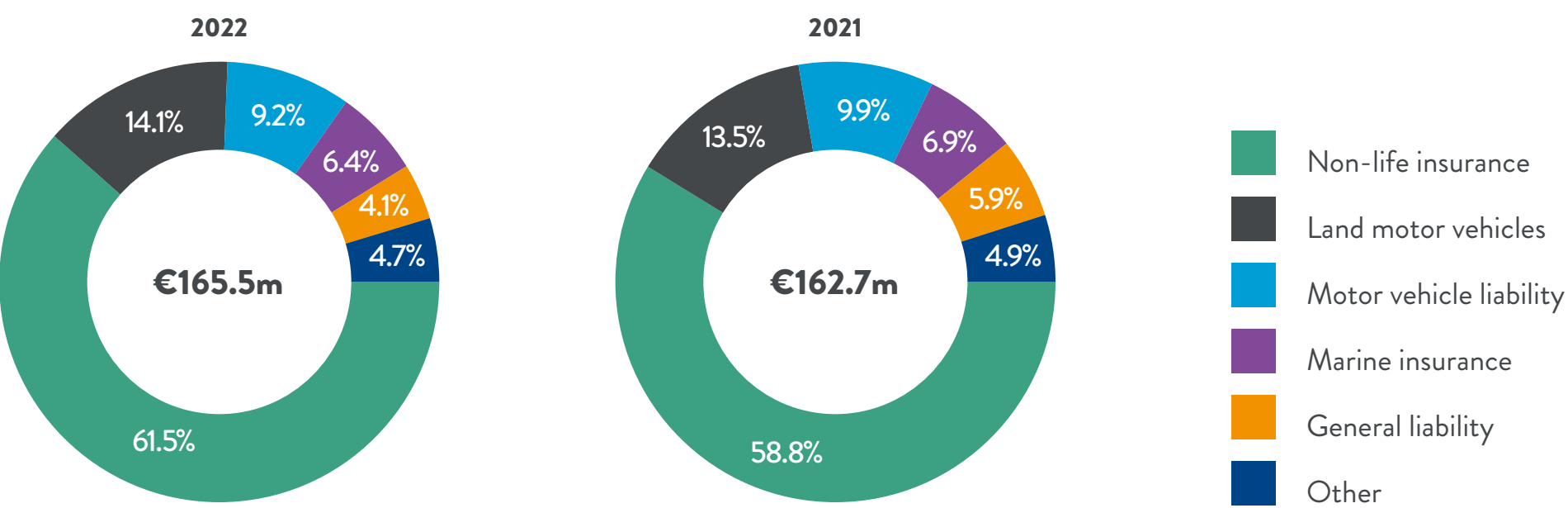
Gross premiums written by class of insurance



Gross premiums written by form of reinsurance



Net premiums earned by class of business



Net claims incurred⁵²

Gross claims paid

EUR	2022	2021	Index
Non-Group	70,639,487	58,451,181	120.9
Group	58,596,536	40,791,635	143.6
Total	129,236,023	99,242,817	130.2

Net claims incurred, excluding the effect of exchange differences

EUR	2022	2021	Index
Gross claims paid	129,236,023	99,242,817	130.2
Net claims incurred	106,311,685	107,116,357	99.2

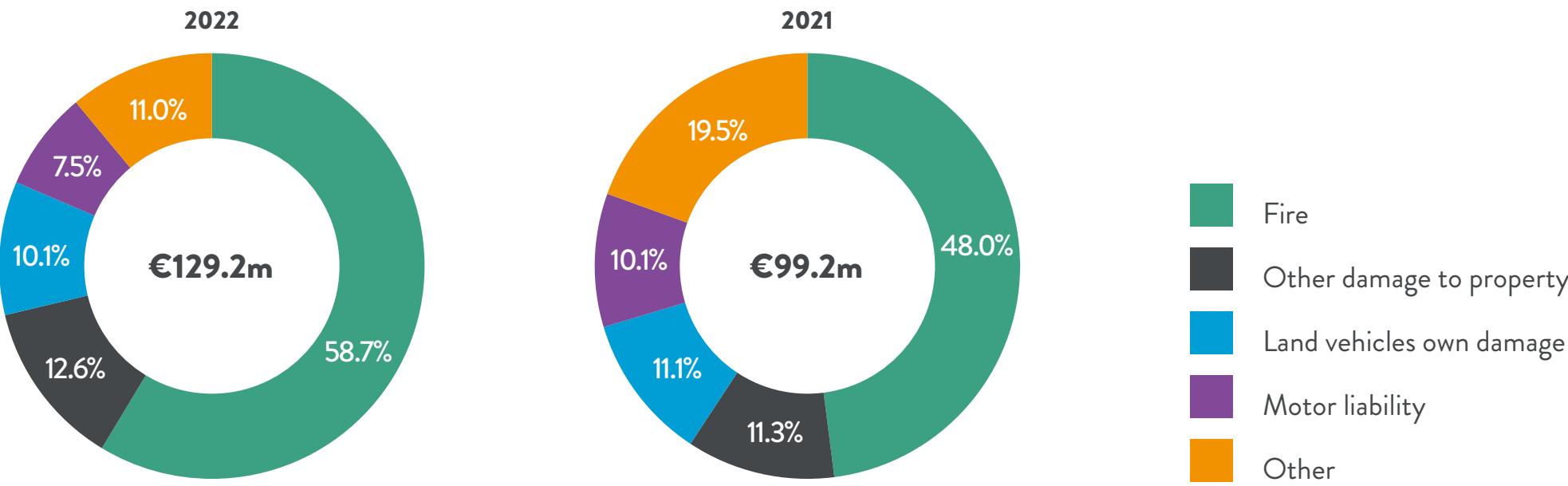
The higher gross claims paid are due to payment of claims from previous underwriting years for non-Group business. As these were paid out of established claims provisions, they had no significant impact on the final result. The development of net claims incurred reflects both a favourable development of business written and

an effective reinsurance programme to protect against large claims, which thus did not have a material impact on profits.

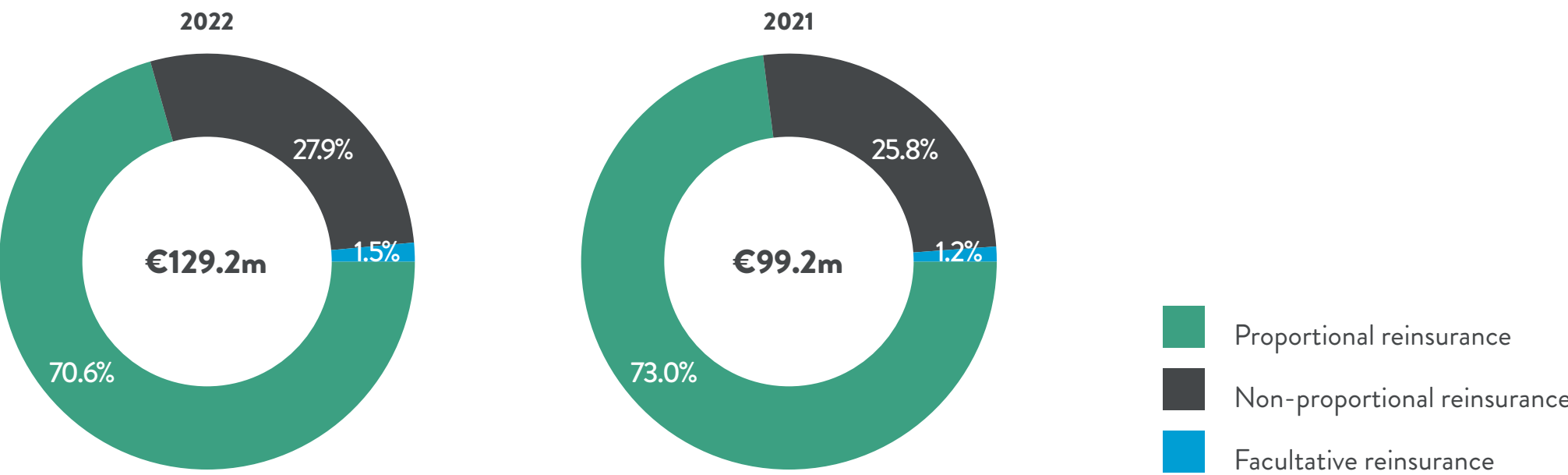
Sava Re’s net incurred loss ratio was 64.5% in 2022, an improvement of 0.8 p.p. compared to the previous year.

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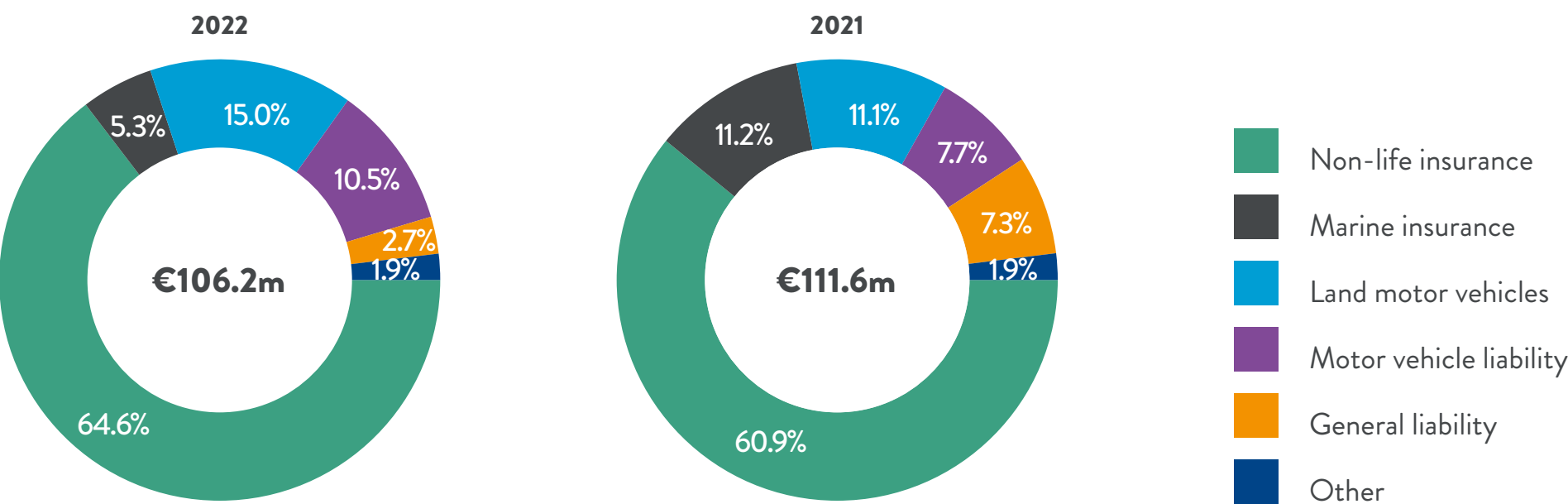
Gross claims paid by class of insurance



Gross claims paid by form of reinsurance



Net claims incurred by class of business



Operating expenses

Operating expenses

EUR	2022	2021	Index
Acquisition costs, including the change in deferred acquisition costs	44,149,728	46,212,626	95.5
Other operating expenses	16,014,556	15,055,471	106.4
Operating expenses	60,164,284	61,268,097	98.2
Reinsurance commission income	-5,230,850	-4,870,965	107.4
Net operating expenses	54,933,434	56,397,131	97.4

Acquisition costs decreased in 2022 owing to the smaller business volume of the Group portfolio and an increase in the structural share of non-proportional reinsurance in the non-Group portfolio, which is subject to lower acquisition costs. As a result, acquisition costs increased by only 2.1%, in line with the 8.6% increase in gross premiums earned. Acquisition costs thus account for 22.2% of gross premiums earned, down by 1.6 p.p.

Other operating expenses increased 6.4% compared to 2021 due to the cost of services related to the implementation of new IT solutions. The combined ratio for

reinsurance business includes costs related to the reinsurance business (50.2%) but excludes costs related to the management of the Group (49.8%).

Expenses by nature are shown in note [17.8.35](#) to the financial statements.

The higher reinsurance commission income is the result of increased commission income generated by Sava Re's retrocession business relating to reinsurance programmes of the Slovenian cedants.

Net investment income

Due to the prescribed income statement scheme, net investment income and return on investment also include exchange differences. The effect of exchange differences does not impact profit or loss, since the Company strives for maximum currency matching of investments and liabilities. For this reason, net invest-

ment income and return on investment are shown below, excluding foreign exchange differences. The total impact of exchange differences on the result is set out in the notes to the financial statement of the annual report, section [17.7.4.1.4 "Currency risk"](#).

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

EUR	2022	2021	Absolute change	Index
Income from financial investments	5,845,963	6,980,109	-1,134,146	83.8
Expenses for financial investments	2,145,555	572,939	1,572,616	374.5
Net investment income relating to financial investments, including investment property	3,700,408	6,407,170	-2,706,762	57.8
Net investment income of financial investments in subsidiaries and associates	51,728,827	50,417,783	1,311,044	102.6
Net investment income relating to the investment portfolio	55,429,235	56,824,952	-1,395,718	97.5
Expenses relating to financial liabilities	2,873,332	2,871,050	2,282	100.1
Net inv. income of the investment portfolio, excluding exchange differences but including subordinated debt expenses	52,555,903	53,953,902	-1,397,999	97.4
Net inv. income of the investment portfolio, excluding exchange differences and subordinated debt expenses	55,429,235	56,824,952	-1,395,718	97.5

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

Sava Re income, expenses and net investment income of the investment portfolio, excluding the effect of exchange differences⁵³

EUR	2022	2021	Absolute change
Income			
Interest income at effective interest rate	3,004,885	2,569,728	435,157
Gains on change in fair value of FVTPL assets	254,071	480,579	-226,509
Gains on disposal of FVTPL assets	54,611	2,200	52,411
Gains on disposal of other IFRS asset categories	1,582,420	1,927,703	-345,283
Income of subsidiary and associate companies	51,923,025	50,417,783	1,505,242
Income from dividends and shares – other investments	458,074	518,598	-60,524
Other income	832,323	874,008	-41,685
Other income from alternative funds	653,583	607,293	46,291
Total income from the investment portfolio	58,762,992	57,397,891	1,365,101
Expenses			
Interest expenses	2,905,070	2,898,611	6,459
Losses on change in fair value of FVTPL assets	1,679,022	307,819	1,371,202
Losses on disposals of FVTPL assets	14,909	3,423	11,486
Losses on disposal of other IFRS asset categories	204,775	28,537	176,238
Expenses of subsidiary and associate companies	1,188,202	0	1,188,202
Other	215,111	205,599	9,513
Total expenses for the investment portfolio	6,207,089	3,443,989	2,763,100
Net investment income relating to the investment portfolio	52,555,903	53,953,902	-1,397,999
Return on investment portfolio	7.7%	8.2%	-0.5 p.p.

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

Compared to 2021, the investment portfolio’s income grew by EUR 1.4 million, reflecting higher interest and dividends from subsidiaries. Expenses related to the investment portfolio rose by EUR 2.8 million compared to 2021 due to the change in the fair value of assets at fair value through profit or loss and expenses related to the investments in subsidiaries and associates. As a result, net investment income from the portfolio dropped by EUR 1.4 million.

⁵³ The net effect of exchange differences is presented.



9 Financial position of the Sava Insurance Group and Sava Re

9.1 Sava Insurance Group

Below we provide explanations to asset and liability items in excess of 5% of total assets at the end of the year or when items in the reporting period changed by more than 2% of equity. Notes to asset and liability items are classified according to materiality or structural proportion.

9.1.1 Assets

Total assets by type

EUR		31 Dec 2022	As % of total 31 Dec 2022	31 Dec 2021	As % of total 31 Dec 2021
ASSETS		2,534,002,659	100.0%	2,658,322,359	100.0%
1	Intangible assets	71,014,525	2.8%	67,306,775	2.5%
2	Property, plant and equipment	62,435,731	2.5%	56,337,174	2.1%
3	Right-of-use assets	7,425,544	0.3%	7,386,426	0.3%
4	Deferred tax assets	27,943,687	1.1%	5,487,403	0.2%
5	Investment property	22,795,759	0.9%	14,281,192	0.5%
6	Financial investments in associates	21,856,109	0.9%	20,479,729	0.8%
7	Financial investments	1,297,012,771	51.2%	1,472,688,443	55.4%
8	Assets held for the benefit of policyholders who bear the investment risk	483,893,869	19.1%	517,439,592	19.5%
9	Reinsurers' share of technical provisions	65,600,524	2.6%	57,767,056	2.2%
10	Investment contract assets	172,915,796	6.8%	172,836,349	6.5%
11	Receivables	174,160,961	6.9%	149,940,870	5.6%
12	Deferred acquisition costs	28,546,775	1.1%	22,572,741	0.8%
13	Other assets	4,174,340	0.2%	4,380,387	0.2%
14	Cash and cash equivalents	93,234,465	3.7%	88,647,678	3.3%
15	Non-current assets held for sale	991,803	0.0%	770,544	0.0%

9.1.1.1 Investment portfolio

The investment portfolio of the Sava Insurance Group is made up of financial investments (7), investment

property (5), financial investments in associates (6), and cash and cash equivalents (14).

Sava Insurance Group investment portfolio

EUR	31 Dec 2022	31 Dec 2021	Absolute change	Index
Deposits	19,276,121	18,561,697	714,424	103.8
Government bonds	732,594,106	718,499,980	14,094,126	102.0
Corporate bonds	417,797,270	592,136,103	-174,338,833	70.6
Shares	23,109,879	35,965,685	-12,855,806	64.3
Mutual funds	22,157,731	35,861,078	-13,703,347	61.8
Infrastructure funds	53,856,376	44,532,966	9,323,410	120.9
Real estate funds	16,497,061	15,846,059	651,002	104.01
Loans granted and other investments	1,389,258	1,674,538	-285,280	83.0
Deposits with cedants	10,334,969	9,610,337	724,632	107.5
Total financial investments	1,297,012,771	1,472,688,443	-175,675,672	88.1
Financial investments in associates	21,856,109	20,479,729	1,376,380	106.7
Investment property	22,795,759	14,281,192	8,514,567	159.6
Cash and cash equivalents	78,350,660	73,977,512	4,373,148	105.9
Total investment portfolio	1,420,015,298	1,581,426,876	-161,411,577	89.8

* Cash and cash equivalents of policyholders who bear the investment risk (2022: EUR 14.9 million; 2021: EUR 14.7 million) are excluded from the investment portfolio.

The investment portfolio decreased by EUR 161.4 million compared to the end of 2021, mainly due to the negative change in the fair value reserve of the bond portion of the investment portfolio as a result of the rise in required yields because of the situation in the financial markets. In addition to the negative revaluation, the value of corporate bonds also declined because of

sales and maturities. The value of shares and mutual funds also decreased because of disposals. Funds available were reinvested in government bonds. The increase in the balance of investment property is due to the reclassification of offices not used by the Group as investment property.

Composition of the investment portfolio

EUR	31 Dec 2022	31 Dec 2021	Change in structure (p.p.) 31 Dec 2022 – 31 Dec 2021
Fixed-rate financial investments	82.4%	84.1%	-1.7
Cash and cash equivalents	5.5%	4.7%	0.8
Infrastructure funds	3.8%	2.8%	1.0
Mutual funds	1.6%	2.3%	-0.7
Shares	1.6%	2.3%	-0.6
Property	1.6%	0.9%	0.7
Real estate funds	1.2%	1.0%	0.2
Other*	2.4%	2.0%	0.4
Total	100.0%	100.0%	0.0

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

Composition of fixed-rate investments

EUR	31 Dec 2022	As % of total 31 Dec 2022	31 Dec 2021	As % of total 31 Dec 2021	Change in structure (p.p.)
Government bonds	678,037,448	47.7%	660,649,307	41.8%	6.0
Regular corporate bonds	370,876,480	26.1%	502,924,829	31.8%	-5.7
Government-guaranteed bonds	54,556,658	3.8%	57,850,673	3.7%	0.2
Subordinated bonds	32,649,134	2.3%	47,877,472	3.0%	-0.7
Covered bonds	14,271,656	1.0%	41,333,802	2.6%	-1.6
Deposits	19,276,121	1.4%	18,561,697	1.2%	0.2
Total	1,169,667,497	82.4%	1,329,197,780	84.1%	-1.7

The composition of fixed-income investments differs from that shown in the 2021 annual report due to the exclusion of cash and cash equivalents from the table.

The proportion of fixed-income investments decreased by 1.7 p.p. compared to 2021, mainly due to fair value revaluation and partly due to higher balances of investment property and investments in infrastructure funds.

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

Assets held for the benefit of policyholders who bear the investment risk are a major asset item (8). Of the companies in the Sava Insurance Group, unit-linked products where the investment risk is borne by the policyholder are marketed by Zavarovalnica Sava, Vita and Sava Životno Osiguranje.

The assets of these policyholders are recorded as financial investments (mainly in mutual funds selected by policyholders) and cash. As at 31 December 2022, financial investments totalled EUR 484.0 million, whereas cash and cash equivalents stood at EUR 14.9 million. Compared to 31 December 2021, total assets decreased by EUR 33.3 million because of a drop in the value of investments in mutual funds and other policyholder assets of EUR 67.8 million, as well as new net inflows of EUR 34.5 million (inflows of EUR 164.3 million, outflows of EUR 129.8 million).

EUR	31 Dec 2022	31 Dec 2021	Absolute change	Index
Assets held for the benefit of policyholders who bear the investment risk	498,777,673	532,109,758	-33,332,085	93.7
– Financial investments	483,893,868	517,439,592	-33,545,724	93.5
– Cash and cash equivalents	14,883,805	14,670,166	213,639	101.5

9.1.1.3 Receivables

Receivables (11) increased by EUR 24.2 million, or 16.2%, compared to year-end 2021 (2021: a decrease of EUR 3.9 million, or 2.6%, from year-end 2020). Of this, EUR 15.2 million relates to primary insurance claims, most of this sum, EUR 9.0 million, representing not-past-due receivables of the reinsurance and Slovenian non-life segments. The increase in reinsurance is due to portfolio growth and, consequently, an increase in the estimated portion of premiums for the most recent underwriting year, whereas in non-life business, it is due to an increase in invoiced premiums.

Receivables arising from reinsurance and co-insurance business rose by EUR 3.7 million, or 40.6%, from 31 December 2021, as the result of major loss events in the reinsurance segment.

Current tax assets increased by EUR 3.6 million compared to 31 December 2021, with the majority of the increase coming from the Slovenian non-life segment.

Other receivables increased by EUR 1.7 million compared to year-end 2021 – an increase in the Slovenian life segment (increase in investment receivables related to the sale of investments shortly before the end of the year) and other (higher volume of assistance services at TBS Team 24).

EUR	31 Dec 2022	31 Dec 2021	Absolute change	Index
Investment contract assets	172,915,796	172,836,349	79,447	100.0

9.1.1.4 Investment contract assets

Investment contract assets (10) comprise liability fund assets relating to the group of life cycle funds managed by the Sava Pokojninska pension company for the benefit of policyholders and assets of the annuity fund the policies of which do not qualify as insurance contracts. As at 31 December 2022, investment contract assets totalled EUR 172.9 million, up EUR 0.1 million compared to 31 December 2021.

This increase in investment contract assets was mainly due to net flows of EUR 7.8 million (in 2022 inflows totalled EUR 14.4 million and outflows including entry and exit charges were EUR 6.6 million), net investment income of EUR -9.4 million generated in 2022 and EUR 1.7 million relating to appreciation of assets backing annuity policies.

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

9.1.1.5 Deferred tax assets

Deferred tax assets (4) increased by EUR 22.4 million compared to year-end 2021. The drop in available-for-sale debt securities and the resulting decline in the fair value reserve are the main reasons for the change in deferred tax assets.



9.1.2 Equity and liabilities

Balance and composition of equity and liabilities

EUR		31 Dec 2022	As % of total 31 Dec 2022	31 Dec 2012	As % of total 31 Dec 2021
EQUITY AND LIABILITIES		2,534,002,659	100.0%	2,658,322,359	100.0%
1	Shareholders' equity	411,951,369	16.3%	504,077,018	19.0%
	Share capital	71,856,376	2.8%	71,856,376	2.7%
	Capital reserves	42,702,320	1.7%	42,702,320	1.6%
	Profit reserves	256,945,591	10.1%	229,008,079	8.6%
	Own shares	-24,938,709	-1.0%	-24,938,709	-0.9%
	Fair value reserve	-116,548,560	-4.6%	21,246,888	0.8%
	Reserve due to fair value revaluation	2,093,462	0.1%	1,300,871	0.0%
	Retained earnings	142,589,630	5.6%	116,166,406	4.4%
	Net profit or loss for the period	40,034,954	1.6%	49,623,843	1.9%
	Translation reserve	-3,255,565	-0.1%	-3,256,354	-0.1%
	Equity attributable to owners of the controlling company	411,479,499	16.2%	503,709,720	18.9%
	Non-controlling interests in equity	471,870	0.0%	367,298	0.0%
2	Subordinated liabilities	74,924,356	3.0%	74,863,524	2.8%
3	Technical provisions	1,249,942,508	49.3%	1,237,500,117	46.6%
4	Technical provisions for the benefit of life insurance policyholders who bear the investment risk	499,351,605	19.7%	524,183,338	19.7%
5	Other provisions	8,094,491	0.3%	9,018,106	0.3%
6	Deferred tax liabilities	3,648,160	0.1%	11,387,395	0.4%
7	Investment contract liabilities	172,739,040	6.8%	172,660,266	6.5%
8	Other financial liabilities	567,871	0.0%	584,924	0.0%
9	Liabilities from operating activities	56,208,903	2.2%	54,783,379	2.1%
10	Lease liability	7,436,004	0.3%	7,224,138	0.3%
11	Other liabilities	49,138,352	1.9%	62,040,154	2.3%

9.1.2.1 Technical provisions

Gross technical provisions (3)

EUR	31 Dec 2022	31 Dec 2021	Index
Gross unearned premiums	229,798,730	207,022,452	111.0
Gross mathematical provisions	422,651,931	443,577,279	95.3
Gross provision for outstanding claims	586,617,285	578,713,597	101.4
Gross provision for bonuses, rebates and cancellations	1,863,047	1,530,854	121.7
Other gross technical provisions	9,011,515	6,655,935	135.4
Gross technical provisions	1,249,942,508	1,237,500,117	101.0

Gross provisions set aside for the non-life segment were up by EUR 21.8 million, or 4.0%, compared to year-end 2021, mainly due to higher unearned premiums, which grew by EUR 23.6 million (2021: by EUR 3.5 million) as a result of increased business volumes.

Gross provisions for reinsurance business increased by EUR 12.9 million, or 5.7%, compared to the end of 2021, due to higher claims provisions, with new provisions arising from portfolio growth and new major claims more than offsetting the decrease from claim payments.

Gross mathematical provisions declined by EUR 20.9 million, or 4.7%, mainly reflecting lower balances at Zavarovalnica Sava and Vita due to maturity payouts. The provisions of the other insurance companies increased driven by portfolio growth and the developments of the existing portfolio.

The provision for bonuses, rebates and cancellations, which represents only a small part of provisions, remained flat compared to the end of 2021.

Other gross technical provisions include gross provisions for unexpired risks. These increased by EUR 2.7 million from year-end 2021, which chiefly relates to the Slovenian non-life segment (increased business volume in fire insurance and an increase in expected loss ratios due to claims inflation).

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

Gross technical provisions for the benefit of life insurance policyholders who bear the investment risk (4) totalled EUR 499.4 million at the end of 2022, a decline of 4.7%, or EUR 24.8 million, mainly due to price movements in financial markets and, consequently, fund unit values.

9.1.2.3 Shareholders' equity

Shareholders' equity (1) decreased by EUR 92.1 million mainly due to a decrease in the fair value reserve as a result of the rise in required yields because of the situation in the financial markets in 2022.

9.1.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska totalled EUR 172.7 million at the end of 2022, up EUR 78,774 from year-end 2021. Their movement is in line with investment contract assets, driven largely by new premium contributions, payouts and changes in fund unit prices.

9.1.2.5 Other liabilities

Other liabilities (11) decreased by EUR 12.9 million due to other accrued costs (expenses) and deferred revenue in Slovenian non-life business (a high-value insurance policy was taken out in 2021, effective in 2022).

9.1.3 Financing sources and their maturity

As at 31 December 2022, the Sava Insurance Group held EUR 412.0 million in shareholders' equity and EUR 74.9 million in subordinated liabilities. In October 2019, the parent company issued subordinated bonds with a scheduled maturity in 2039 and an early recall option for 7 November 2029. The bond is admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at 31 December 2022, the market

price of the bond was 74.499% and the market value EUR 56,290,346 (31 December 2021: the market price 103.532%, the market value EUR 78,065,096).

9.1.4 Cash flow

In 2022, the Sava Insurance Group generated an operating cash flow of EUR 54.8 million (2021: EUR 121.0 million). In 2022, payments of claims and expenses were higher compared to 2021.

The lower cash flow from core business (EUR -67.1 million) led to lower net outflows in investing activities (less reinvestment).

The Group posted net cash used in financing activities in the amount of EUR 28.6 million (2021: EUR 18.8 million) due to a higher dividend payout compared to 2021.

The closing balance of cash at 31 December 2022 was EUR 93.2 million (31 December 2021: EUR 88.6 million). The net cash flow for 2022 was EUR 0.6 million below the year-on-year figure.



9.2 Sava Re

Below, we set out items of assets and liabilities in excess of 5% of total assets as at 31 December 2022, and items that changed by more than 2% of equity. Notes

to asset and liability items are classified according to materiality or structural proportion.

9.2.1 Assets

Total assets by type

EUR	31 Dec 2022	As % of total 31 Dec 2022	31 Dec 2021	As % of total 31 Dec 2021
ASSETS	863,105,571	100.0%	832,078,756	100.0%
1 Intangible assets	4,068,384	0.5%	3,194,031	0.4%
2 Property, plant and equipment	2,553,945	0.3%	2,464,213	0.3%
3 Right-of-use assets	320,124	0.0%	204,879	0.0%
4 Deferred tax assets	8,610,373	1.0%	3,688,957	0.4%
5 Investment property	7,721,693	0.9%	7,899,693	0.9%
6 Financial investments in subsidiaries and associates	322,935,793	37.4%	324,129,991	39.0%
7 Financial investments	333,328,717	38.6%	327,784,595	39.4%
9 Reinsurers' share of technical provisions	55,484,147	6.4%	48,486,444	5.8%
11 Receivables	91,271,934	10.6%	79,803,172	9.6%
12 Deferred acquisition costs	12,184,649	1.4%	4,869,156	0.6%
13 Other assets	699,783	0.1%	746,808	0.1%
14 Cash and cash equivalents	23,926,029	2.8%	28,806,817	3.5%

9.2.1.1 Investment portfolio

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

The Sava Re investment portfolio totalled EUR 687.9 million as at 31 December 2022 (31 December 2021: EUR 688.6 million).

Sava Re investment portfolio by asset class

EUR	31 Dec 2022	31 Dec 2021	Absolute change	Index
Government bonds	214,198,804	179,718,397	34,480,407	119.2
Government bonds (excl. gvmt-guaranteed bonds)	198,953,979	163,554,849	35,399,130	121.6
Government-guaranteed bonds	15,244,825	16,163,547	-918,723	94.3
Corporate bonds	73,992,930	104,042,314	-30,049,384	71.1
Regular corporate bonds	66,695,422	89,467,085	-22,771,663	74.5
Covered bonds	2,021,505	7,145,039	-5,123,535	28.3
Subordinated bonds	5,276,003	7,430,189	-2,154,185	71.0
Shares	5,599,554	6,850,703	-1,251,149	81.7
Mutual funds	3,933,982	6,011,306	-2,077,324	65.4
Infrastructure funds	18,843,871	14,554,843	4,289,029	129.5
Real estate funds	4,584,214	4,423,724	160,490	
Loans granted	1,840,393	2,572,974	-732,580	71.5
Deposits with cedants	10,334,969	9,610,337	724,632	107.5
Total financial investments	333,328,717	327,784,595	5,544,121	101.7
Financial investments in subsidiaries and associates	322,935,793	324,129,991	-1,194,198	99.6
Investment property	7,721,693	7,899,693	-178,000	97.7
Cash and cash equivalents	23,926,029	28,806,817	-4,880,788	83.1
Total investment portfolio	687,912,232	688,621,097	-708,865	99.9

The investment portfolio declined by EUR 0.7 million compared to the end of 2021. The largest change in the value of investments is in corporate and government bonds. The decrease in corporate bonds was driven by revaluation as a result of the rise in the yield curve for required yields, as well as maturities and disposals of this type of investment. Given the state of the financial markets, the proceeds from maturities and disposals were reinvested in government bonds.

The largest share of the investment portfolio as at 31 December 2022 were financial investments in subsidiary and associate companies, which accounted for 46.9% (31 December 2021: 47.1%). Fixed-rate finan-

cial investments accounted for 41.9% of financial investments and increased compared to year-end 2021. Compared to year-end 2021, there was an increase in the balance of alternative investments, specifically infrastructure and real-estate funds, which totalled EUR 23.9 million and represented 3.5% of the investment portfolio as at 31 December 2022. Owing to the time lag between the commitment and the actual investing, the uncalled commitment relating to infrastructure and real-estate funds is disclosed off the balance sheet (amounting to EUR 4.4 million as at 31 December 2022). The lower balance of loans granted is linked to the maturity of loans granted to subsidiaries.

Composition of the investment portfolio

	31 Dec 2022	31 Dec 2021	Change in composition in p.p.
Fixed-rate financial investments	41.9%	41.2%	0.7
Cash and cash equivalents	3.5%	4.2%	-0.7
Financial investments in subsidiaries and associates	46.9%	47.1%	-0.1
Infrastructure funds	2.7%	2.1%	0.6
Shares and mutual funds	1.4%	1.9%	-0.5
Property	1.1%	1.1%	0.0
Real estate funds	0.7%	0.6%	0.0
Other*	1.8%	1.8%	0.0
Total	100.0%	100.0%	

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

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

EUR	31 Dec 2022	As % of total 31 Dec 2022	31 Dec 2021	As % of total 31 Dec 2021	Change in composition in p.p.
Government bonds	198,953,979	28.9%	163,554,849	23.8%	5.2
Regular corporate bonds	66,695,422	9.7%	89,467,085	13.0%	-3.3
Government-guaranteed bonds	15,244,825	2.2%	16,163,547	2.3%	-0.1
Subordinated bonds	5,276,003	0.8%	7,430,189	1.1%	-0.3
Covered bonds	2,021,505	0.3%	7,145,039	1.0%	-0.7
Total	288,191,733	41.9%	283,760,710	41.2%	0.7

The composition of fixed-income investments differs from that shown in the 2021 annual report due to the exclusion of cash and cash equivalents from the table.

The proportion of other fixed-rate investments remained similar to that at year-end 2021.

9.2.1.2 Receivables

Receivables (11) recorded an increase of 14.4% or EUR 11.5 million compared to the end of 2021. Receivables arising out of primary insurance business increased by EUR 7.6 million. The largest increase was in not-past-due receivables (up EUR 3.8 million). Receivables arising out of reinsurance and co-insurance business increased by EUR 3.8 million (an increase in receivables for reinsurers’ shares in claims).

9.2.1.3 Reinsurers’ share of technical provisions

The reinsurers’ share of technical provisions (9) increased by 14.4%, or EUR 7.0 million, compared to year-end 2021, mainly due to higher claims provisions (up EUR 5.8 million), which was mainly driven by reinsurance of large individual claims and windstorms in Slovenia.

9.2.2 Equity and liabilities

Balance and composition of equity and liabilities

EUR	31 Dec 2022	As % of total 31 Dec 2022	31 Dec 2021	As % of total 31 Dec 2021
EQUITY AND LIABILITIES	863,105,571	100.0%	832,078,756	100.0%
1 Shareholders' equity	381,861,203	44.2%	371,166,000	44.6%
Share capital	71,856,376	8.3%	71,856,376	8.6%
Capital reserves	54,239,757	6.3%	54,239,757	6.5%
Profit reserves	257,222,058	29.8%	229,238,622	27.6%
Own shares	-24,938,709	-2.9%	-24,938,709	-3.0%
Fair value reserve	-18,461,344	-2.1%	3,619,684	0.4%
Reserve due to fair value revaluation	152,447	0.0%	96,544	0.0%
Retained earnings	13,807,182	1.6%	10,633,662	1.3%
Net profit or loss for the period	27,983,436	3.2%	26,420,064	3.2%
2 Subordinated liabilities	74,924,356	8.7%	74,863,524	9.0%
3 Technical provisions	347,000,232	40.2%	331,812,724	39.9%
5 Other provisions	392,640	0.0%	421,865	0.1%
6 Deferred tax liabilities	771,533	0.1%	76,227	0.0%
9 Liabilities from operating activities	49,649,234	5.8%	46,543,595	5.6%
10 Lease liability	320,490	0.0%	203,730	0.0%
11 Other liabilities	8,185,884	0.9%	6,991,091	0.8%

9.2.2.1 Shareholders' equity

Shareholders' equity (1) increased by 2.9%, or EUR 10.7 million, compared to year-end 2021, due to the net profit for the period, the decrease in the fair value reserve and dividend payments.

9.2.2.2 Technical provisions

Movements in gross technical provisions

EUR	31 Dec 2022	31 Dec 2021	Index
Gross unearned premiums	52,992,395	52,775,034	100.4
Gross provision for outstanding claims	292,973,124	278,281,619	105.3
Gross provision for bonuses, rebates and cancellations	361,276	272,725	132.5
Other gross technical provisions	673,437	483,346	139.3
Gross technical provisions	347,000,232	331,812,724	104.6

Technical provisions (3) increased by 4.6%, or EUR 15.2 million, compared to 31 December 2021. This is largely due to the growth in the gross claims provision of the non-Group portfolio, which increased by EUR 13.7 million due to portfolio growth and major loss events in recent years. The movement in technical provisions is discussed in detail in note [17.8.24](#) of the notes to the financial statements.

9.2.2.3 Subordinated liabilities

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

9.2.2.4 Liabilities from operating activities

Liabilities from operating activities (9) as at year-end 2022 decreased by 6.7%, or EUR 3.1 million, from 31 December 2021. Liabilities from insurance business increased by EUR 2.2 million, liabilities from reinsurance and co-insurance business increased by EUR 1.3 million and current tax liabilities decreased by EUR 0.3 million.



9.2.3 Other investments of Sava Re in the insurance industry

As at 31 December 2022 Sava Re held, in addition to its investments in subsidiaries, investments in other companies in the insurance industry.

Other investments of Sava Re in the insurance industry

Holding (%) as at 31 Dec 2022	
Slovenia	
Skupina Prva, zavarovalniški holding, d.d.	4.04%
Zavarovalnica Triglav d.d.	0.27%
EU and other international	
Bosna Reosiguranje d.d., Sarajevo, Bosnia and Herzegovina	0.51%
Dunav Re a.d.o., Belgrade, Serbia	0.93%

9.2.4 Financing sources and their maturity

As at 31 December 2022, Sava Re held EUR 381.9 million in equity capital and EUR 74.9 million in subordinated liabilities. In October 2019, it issued subordinated bonds with a scheduled maturity date of 2039 and with an early recall option for 7 November 2029. The bond is admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at 31 December 2022, the market price of the bond was 74.499% and the market value EUR 56,290,346 (31 December 2021: the market price 103.532%, the market value EUR 78,065,096).

9.2.5 Cash flow

In 2022, Sava Re generated a negative operating cash flow of EUR 1.3 million (2021: a positive cash flow of EUR 26.5 million). In 2022, payments of claims and expenses were higher compared to 2021.

The net cash inflows from investing activities increased due to the disposal and maturity of investments, the proceeds of which were not reinvested but were used to pay dividends, claims and expenses.

Sava Re’s net cash used in financing activities increased because of a higher dividend payment compared to 2021.

The closing balance of cash at 31 December 2022 was EUR 23.9 million (31 December 2021: EUR 28.8 million). Net cash flow for 2022 was EUR 6.6 million lower than for 2021.



10 Human resources management⁵⁴

10.1 Strategic guidelines for human resources management⁵⁵

In the Sava Insurance Group, we are aware of our responsibility to our employees; we, therefore, strive to closely follow our objectives in strategic human resources management. In the 2020–2022 strategy period, we delivered on all the key strategic objectives, and prepared an even more ambitious strategy for the 2023–2027 period.

The year 2022 marks the end of the 2020–2022 strategy period, for which we have set three priorities:

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

We have set ten strategic objectives to achieve our priorities in human resources management:

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

10.2 Key activities in human resources management⁵⁶

In 2022, human resources management focused on the following activities:

- Through the Never Alone project, we continued our Group-wide employee engagement activities to retain and attract the best people. We are building an employer brand so that each company in our Group is recognised as a responsible and attractive employer.
- We have fostered a good climate and commitment among our employees through various events and activities.
- Leaders, potential successors and other talents were involved in development activities.
- Through internal seminars, events and a strategy conference, we ensured the transfer of best practice and experience between Group companies.
- We started to optimise and digitise HR processes.
- Based on an in-depth analysis of our processes and environment, we developed a HR strategy for the period 2023–2027.



⁵⁴ GRI 2-7.

⁵⁵ GRI 3-3.

⁵⁶ GRI 3-3.



10.3 Recruitment and staffing levels

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

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

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

Ekvivalent polnega delovnega časa na zadnji dan leta

	2022	2021	Change
Zavarovalnica Sava	1,186.8	1,222.6	-35.8
Sava Neživotno Osiguranje (SRB)	359.3	341.0	18.3
Sava Osiguruvanje (MKD)	218.4	229.2	-10.9
Illyria (RKS)	215.8	211.3	4.5
Sava Osiguranje (MNE)	136.0	133.0	3.0
Sava Re	133.3	126.6	6.7
Sava Životno Osiguranje (SRB)	103.4	105.9	-2.4
Illyria Life (RKS)	63.0	59.0	4.0
Vita (SVN)	52.0	48.0	4.0
Sava Car (MNE)	46.5	43.3	3.3
Sava Penzisko Društvo (MKD)	43.0	37.0	6.0
TBS Team 24 (SVN)	35.5	30.3	5.3
Sava Infond (SVN)	35.0	33.5	1.5
ZS Svetovanje (SVN)	23.0	26.0	-3.0
Sava Agent (MNE)	17.0	16.8	0.3
Sava Pokojninska (SVN)	13.8	13.0	0.8
Ornatus KC (SVN)	13.0	12.0	1.0
Sava Car (SRB)	5.0	-	5.0
Sava Station (MKD)	4.8	10.8	-6.0
Total	2,704.3	2,698.9	5.4



10.3.1 Number of employees as at year end⁵⁷

In 2022, the number of employees in the Sava Insurance Group increased compared to the previous year, especially in the areas of sales support and IT.

A total of 20 people joined Sava Re in 2022. New staff was recruited primarily due to increased workload, re-deployment within the Company or the Group, departures and maternity leave.

In 2022, 15 employees left Sava Re. The most common grounds for termination of employment were termination by mutual agreement and redeployment to the Group's subsidiaries.

Number of employees by number of employment contracts on the last day of the year

	2022	2021	Change
Zavarovalnica Sava (SVN)	1,277	1,297	-20.0
Sava Neživotno Osiguranje (SRB)	398	352	46.0
Sava Osiguruvanje (MKD)	234	240	-6.0
Illyria (RKS)	221	217	4.0
Sava Osiguranje (MNE)	138	139	-1.0
Sava Re	147	142	5.0
Illyria Life (RKS)	65	60	5.0
Sava Životno Osiguranje (SRB)	140	138	2.0
Sava Pokojninska (SVN)	15	13	2.0
Sava Car (MNE)	53	51	2.0
Sava Agent (MNE)	44	44	0.0
Sava Station (MKD)	7	16	-9.0
ZS Svetovanje (SVN)	23	27	-4.0
ASISTIM (SVN)	13	12	1.0
TBS Team 24 (SVN)	36	31	5.0
Sava Penzisko Društvo (MKD)	43	39	4.0
Sava Infond (SVN)	37	34	3.0
Vita (SVN)	56	51	5.0
Sava Car (SRB)	5		5.0
Total	2,952	2,903	49



Number of employees by type of employment (part-time, full-time) as at year end⁵⁸

	Sava Insurance Group				Sava Re			
	2022		2021		2022		2021	
Type of employment	Number	Share	Number	Share	Number	Share	Number	Share
Part-time	306	10.4%	287	9.9%	24	16.3%	28	19.7%
Full-time	2,646	89.6%	2,616	90.1%	123	83.7%	114	80.3%
Total	2,952	100.0%	2,903	100.0%	147	100.0%	142	100.0%

As at year-end 2022, the Sava Insurance Group had 2,646 full-time employees (2022: 89.6%) and 306 part-time employees (2022: 10.4%). Part-time employees were those who had disabled status, those who exercised the right to child-care leave, agents in first employment, and employees in split employment in the Group.

As at year-end 2022, Sava Re employed 123 full-time employees (2022: 83.7%) and 24 part-time employees (2022: 16.3%). Most work on a full-time employment contract. Altogether 24 employees are in part-time employment, and the difference between this and full-time employment is covered by employment with the subsidiary, Zavarovalnica Sava. Additionally, part-time employment is offered to employees with statutory childcare rights.

Number of employees by type of contract as at year end⁵⁹

	Sava Insurance Group				Sava Re			
	2022		2021		2022		2021	
Type of employment	Number	Share	Number	Share	Number	Share	Number	Share
Fixed-term contract	485	16.4%	481	16.6%	2	1.4%	7	4.9%
Contract of indefinite duration	2,467	83.6%	2,422	83.4%	145	98.6%	135	95.1%
Total	2,952	100.0%	2,903	100.0%	147	100.0%	142	100.0%

The majority of jobs in both the Sava Insurance Group and Sava Re are permanent.

⁵⁸ GRI 2-7.
⁵⁹ GRI 2-7.

Employees covered by collective bargaining agreements as at year end⁶⁰

	Sava Insurance Group				Sava Re			
	2022		2021		2022		2021	
Employees covered by the collective bargaining system	Number	Share	Number	Share	Number	Share	Number	Share
Employees covered by the collective bargaining agreement	2,819	95.5%	2,675	92.1%	125	85.0%	120	84.5%
Employees not covered by the collective bargaining agreement	133	4.5%	228	7.9%	22	15.0%	22	15.5%
Total	2,952	100.0%	2,903	100.0%	147	100.0%	142	100.0%

The majority of employees are covered by a system of collective bargaining. The members of management and senior management are outside the collective bargaining system.

Employees by level of education as at year end⁶¹

	Sava Insurance Group				Sava Re			
	2022		2021		2022		2021	
Level of formal education	Number	Share	Number	Share	Number	Share	Number	Share
Primary and lower secondary education	7	0.2%	7	0.2%	0	0.0%	0	0.0%
Secondary education	1,175	39.8%	1,181	40.7%	13	8.8%	15	10.6%
Higher education	304	10.3%	288	9.9%	4	2.7%	3	2.1%
University education	1,322	44.8%	1,274	43.9%	110	74.8%	96	67.6%
Master's degree or doctorate	144	4.9%	153	5.3%	20	13.6%	28	19.7%
Total	2,952	100.0%	2,903	100.0%	147	100.0%	142	100.0%

In 2022, the structure of Sava Insurance Group employees by level of education did not change significantly compared to the previous year. The percentage of employees with primary school education remains low (2022: 0.2%), whereas the percentage of employees with secondary school education is high (2022: 39.8%) and is mainly related to insurance sales. The majority of employees, 44.8%, have a university degree.

All Sava Re employees have attained at least secondary-level education. The majority (2022: 74.8%) have a university degree, and the percentage of employees with a master's or doctoral degree is also high (2022: 13.6%). The Company's activity requires and relies on highly qualified staff, who are encouraged to take part in further training and participate in various formal education programmes.

⁶⁰ GRI 2-30.

⁶¹ GRI 2-7.



Employees by age group as at year end⁶²

	Sava Insurance Group				Sava Re			
	2022		2021		2022		2021	
Age group	Number	Share	Number	Share	Number	Share	Number	Share
From 20 to 25	140	4.7%	118	4.1%	3	2.0%	1	0.7%
From 26 to 30	202	6.8%	223	7.7%	13	8.8%	14	9.9%
From 31 to 35	382	12.9%	378	13.0%	23	15.6%	14	9.9%
From 36 to 40	427	14.5%	452	15.6%	18	12.2%	24	16.9%
From 41 to 45	568	19.2%	529	18.2%	28	19.0%	28	19.7%
From 46 to 50	454	15.4%	459	15.8%	29	19.7%	28	19.7%
From 51 to 55	390	13.2%	373	12.8%	16	10.9%	17	12.0%
over 56	389	13.2%	371	12.8%	17	11.6%	16	11.3%
Total	2,952	100.0%	2,903	100.0%	147	100.0%	142	100.0%

The composition of Sava Insurance Group employees by age group in 2022 was similar to previous years.

The average employee age at Sava Re increased slightly in 2022 to 43 years. The higher share of employees aged 35 and under is 5.7 p.p. higher due to the high number of young recruits. The average age of members of the Company’s management bodies in 2022 was 49 years⁶³.

Employees by gender as at year end⁶⁴

	Sava Insurance Group				Sava Re			
	2022		2021		2022		2021	
Gender	Number	Share	Number	Share	Number	Share	Number	Share
Women	1,709	57.9%	1,565	53.9%	93	63.3%	92	64.8%
Men	1,243	42.1%	1,338	46.1%	54	36.7%	50	35.2%
Total	2,952	100.0%	2,903	100.0%	147	100.0%	142	100.0%

The Sava Insurance Group’s employee structure by gender is still balanced, with a growing percentage of women in recent years (2022: 57.9%) compared to the percentage of men. Both women and men are represented in all business areas and at all levels of management.

The gender ratio at Sava Re in 2022 remained about the same as the previous year. The majority of employees were women (2022: 63.3%), who were represented at all levels of management and in all professional areas. The percentage of men (2022: 36.7%) was slightly larger than the previous year’s figure, when it was 1.5 p.p. higher.

The basic salary of women is the same as the basic salary of men in all employee categories⁶⁵.

⁶² GRI 2-7.
⁶³ The authorised representative of the management board was excluded from the calculation.
⁶⁴ GRI 2-7, 405-01.
⁶⁵ GRI 405-02.

Employees by years of service in company as at year end⁶⁶

	Sava Insurance Group				Sava Re			
	2022		2021		2022		2021	
Years of service	Number	Share	Number	Share	Number	Share	Number	Share
From 0 to 5 years	1,108	37.5%	678	23.4%	78	53.1%	80	56.3%
6–10 years	554	18.8%	427	14.7%	24	16.3%	23	16.2%
11–15 years	478	16.2%	490	16.9%	24	16.3%	20	14.1%
16–20 years	364	12.3%	361	12.4%	8	5.4%	6	4.2%
21–30 years	341	11.6%	575	19.8%	11	7.5%	11	7.7%
Over 30 years	107	3.6%	372	12.8%	2	1.4%	2	1.4%
Total	2,952	100.0%	2,903	100.0%	147	100.0%	142	100.0%

The largest employee group in the Sava Insurance Group in terms of years of service is the first group – employees with up to five years of service (2022: 37.5%). The percentage of employees with 21 to 30 years of service remains relatively high (2022: 11.6%).

Most Sava Re employees are in the first and second group, which is largely attributed to increased recruitment in the past decade. Employees with up to five years' service account for 53.1% of the Company's workforce.

Members of management body by gender

	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Members of management body by gender				
Number of men in management body	35	76.1%	2	66.7%
Number of women in management body	11	23.9%	1	33.3%
Total	46	100.0%	3	100.0%

At both the Sava Insurance Group and Sava Re, we work to ensure that both genders are represented in the management of our companies, with the aim of having an average representation of at least 25% of women.

The management board of Sava Re consists of three members: the chairman, and two members of the management board.

The management board, as defined in the Company's internal act on the organisation of work and job classification, also includes three authorised representatives of the management board, who are not authorised to conduct the business.

Employees at management levels 1 and 2 by gender

	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Employees by gender				
Number of men at management levels 1 and 2	146	58.4%	18	64.3%
Number of women at management levels 1 and 2	104	41.6%	10	35.7%
Total	250	100.0%	28	100.0%

The Sava Insurance Group's employee structure at the first and second management levels is balanced, with the proportion of men being 6.8% higher than the proportion of women.

The proportion of men at the first and second management levels in Sava Re is 28.6% higher than the proportion of women.



Absenteeism rate⁶⁷

Absenteeism is calculated as the number of lost work-days due to absences divided by the product of the average number of employees multiplied by the average number of workdays during the year. The following table shows the absenteeism rate by company in 2022 relative to 2021. The absenteeism rate in Sava Insurance Group companies remained largely the same as in the previous year.

In 2022, the absenteeism rate in Sava Re remained unchanged from the previous year at 0.31%. This result can be attributed in particular to the possibility of working from home and of promoting healthy lifestyles among employees.

Absenteeism rate⁶⁸

	2022	2021
	Rate	Rate
Zavarovalnica Sava (SVN)	5.96%	4.63%
Sava Neživotno Osiguranje (SRB)	3.14%	4.95%
Sava Osiguruvanje (MKD)	0.42%	0.33%
Illyria (RKS)	1.48%	0.36%
Sava Osiguranje (MNE)	3.15%	4.67%
Sava Re	0.31%	0.31%
Illyria Life (RKS)	0.53%	0.65%
Sava Životno Osiguranje (SRB)	1.82%	2.45%
Sava Pokojninska (SVN)	1.81%	1.39%
Sava Car (MNE)	1.09%	3.28%
Sava Station (MKD)	1.41%	1.15%
ZS Svetovanje (SVN)	0.44%	0.74%
Sava Agent (MNE)	8.46%	5.46%
ASISTIM (SVN)	7.04%	7.31%
TBS Team 24 (SVN)	4.83%	5.52%
Sava Penzisko Društvo (MKD)	0.44%	1.21%
Sava Infond (SVN)	3.18%	2.37%
Vita (SVN)	9.14%	5.76%
Sava Car (SRB)	4.92%	-

⁶⁷ GRI 403-02.

⁶⁸ GRI 403-02.



Work-related injuries⁶⁹

	Sava Insurance Group			Sava Re		
	2022	2021	Indeks	2022	2021	Index
Number of injuries	9	7	128.6	0	0	-
Number of working days lost	123	149	82.6	0	0	-
Number of working hours lost	639	1,142	56.0	0	0	-

The number of injuries in the Sava Insurance Group in 2022 was small. The number of working days lost and of working hours lost decreased in 2022 compared to 2021.

In 2022, Sava Re did not record any work-related injuries.

Employee turnover rate⁷⁰

The employee turnover rate is measured as the ratio of the number of employees who left during the year to the total number of employees as at the year end. The employee turnover rate remained roughly the same across the Group (2022: 16.88%, 2021: 16.62%).

Employee turnover rate

	Sava Insurance Group			Sava Re		
	2022	2021	Difference	2022	2021	Difference
Number of employees who left	490	483	7	15	10	5
Number of employees as at the previous year end	2,903	2,906	-3	142	130	12
Employee turnover rate	16.9%	16.6%	0.3%	10.6%	7.7%	2.9%

The employee turnover rate in Sava Re increased by 2.9 p.p. compared to the previous year, to 10.6%, which can also be attributed to redeployment within the Group (in particular the transfer of asset management to the subsidiary Infond and two cases of retirement).

69 GRI 401-02.

70 GRI 401-01.

Overview of employee arrivals and departures by gender in current year

Gender	Sava Insurance Group				Sava Re			
	Arrivals		Departures		Arrivals		Departures	
	Number	Structure	Number	Structure	Number	Structure	Number	Structure
Women	337	62.5%	305	62.2%	11	55.0%	10	66.7%
Men	202	37.5%	185	37.8%	9	45.0%	5	33.3%
Total	539	100.0%	490	100.0%	20	100.0%	15	100.0%

The gender structure of employees arriving and departing in 2022 did not have a significant impact on the gender structure of the Sava Insurance Group and Sava Re.

Overview of employee arrivals and departures by age in current year

Age group	Sava Insurance Group				Sava Re			
	Arrivals		Departures		Arrivals		Departures	
	Number	Share	Number	Share	Number	Share	Number	Share
From 20 to 25	102	18.9%	68	13.8%	3	15.0%	0	0.0%
From 26 to 30	102	18.9%	79	16.1%	2	10.0%	1	6.7%
From 31 to 35	76	14.1%	60	12.2%	8	40.0%	2	13.3%
From 36 to 40	68	12.6%	61	12.4%	1	5.0%	0	0.0%
From 41 to 45	78	14.5%	59	12.0%	1	5.0%	2	13.3%
From 46 to 50	45	8.3%	47	9.6%	4	20.0%	6	40.0%
From 51 to 55	28	5.2%	31	6.3%	1	5.0%	2	13.3%
over 56	40	7.4%	86	17.5%	0	0.0%	2	13.3%
Total	539	100.0%	491	100.0%	20	100.0%	15	100.0%

The Group recorded arrivals and departures of employees in all age groups. The largest share of employees joining the Sava Insurance Group were in 2022 in the 20–25 and the 26–30 age groups (2022: 18.9%).

Most new employees at Sava Re fall into the 31–35 age group (2022: 40.0%), 46–50 age group (2022: 20.0%) and 20–25 age group (2022: 15.0%). Other arrivals are largely balanced within all age groups. Most employees who left the Company were in the 46–50 age group (2022: 40.0%).



Parental leave⁷¹

Employees on parental leave

Sava Insurance Group					Sava Re			
2022			2021		2022		2021	
Gender	Number	Share	Number	Share	Number	Share	Number	Share
Women	90	5.3%	89	5.7%	5	5.4%	6	6.5%
Men	8	0.6%	6	0.4%	3	5.6%	3	6.0%
Total	98	3.3%	95	3.3%	8	5.4%	9	6.3%

Employees who returned from parental leave

Sava Insurance Group					Sava Re			
2022			2021		2022		2021	
Gender	Number	Share	Number	Share	Number	Share	Number	Share
Women	40	2.3%	39	2.5%	1	1.1%	4	4.3%
Men	7	0.6%	6	0.4%	3	5.6%	3	6.0%
Total	47	1.6%	45	1.6%	4	2.7%	7	4.9%

At both the Sava Insurance Group and Sava Re, we enable employees to take parental leave and ensure their smooth return to work.

71 GRI 401-03.

10.4 Employee training and development⁷²

10.4.1 Types and scope of training

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

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

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

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

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

We developed the leadership competencies of future leaders and those who have recently taken up a managerial position through participation in the Leader as a Coach training programme. A group of leaders took part in a networking training workshop on coaching to train their mindset and skills to use coaching and to practise effective leadership techniques. Each workshop participant also had an individual coach to support them in achieving their goals. In 2023, these workshops will be organised for the second group of leaders.

We are aware that we can achieve our goals only with competent, qualified, experienced and motivated employees. In the Sava Insurance Group, we promote the development and transfer of knowledge and skills. We create synergies by sharing knowledge and good practices between professional services and companies in the Group. To achieve this, we organise expert meetings for representatives of all companies at events or professional conferences, providing an opportunity to share knowledge and skills and to inform each other of results and plans. In 2022, we held internal seminars, including for data protection officers, human resources, procurement, sustainability, internal audit and risk management.

We organised an international strategic conference that brought together employees from across the Sava Insurance Group to exchange experiences, analyse current challenges, share best practices and prepare improvements that will contribute to more efficient operations. The main theme of the strategic conference was the preparation of the 2023–2027 business strategy.



Seminar for Data Protection Officers (DPOs) from all Group companies and their deputies.



Key data on employee training⁷³

	Sava Insurance Group			Sava Re		
	2022	2021	Indeks	2022	2021	Index
Hours of training	57,139	53,015	107.8	2,184	2,393	91.3
Number of training participants	2,326	2,264	102.7	93	125	74.4

The number of training participants in the Sava Insurance Group in 2022 was roughly the same as in the previous year, but the number of training hours was slightly higher. In 2022, there was a 7.8% increase.

Training events were attended by 93 Sava Re employees. This amounted to a total of 2,184 training hours.

In addition to a wide range of professional content, in 2022 the Sava Insurance Group employees attended various workshops and lectures on soft skills, language courses and in-house hands-on workshops to develop various functional skills and competencies.

Number of training hours by type of training⁷⁴

	Sava Insurance Group			Sava Re		
	2022	2021	Indeks	2022	2021	Index
Number of internal education/training hours	45,762	40,711	112.4	240	116	206.9
Number of external education/training hours	11,377	12,305	92.5	1,944	2,277	85.4
Total education/training hours	57,139	53,015	107.8	2,184	2,393	91.3

In 2022, the Sava Insurance Group had more hours of internal education/training and fewer hours of external education/training compared to the previous year. The number of hours of internal education/training hours was 12.4% higher in 2022, which could be linked to the

increase in online training that can be attended from anywhere.

The number of internal training hours in Sava Re increased by 106.9%.

⁷³ GRI 404-01.

⁷⁴ GRI 404-01.

⁷⁵ GRI 404-01.

Average hours of employee training by gender⁷⁵

Gender	Sava Insurance Group			Sava Re		
	Number	Hours of training	Average	Number	Hours of training	Average
Women	1,356	32,152	23.7	62	1,426	23.0
Men	970	24,987	25.8	31	758	24.5
Total	2,326	57,139	24.6	93	2,184	23.5

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

10.4.2 Succession planning

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

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

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

In annual interviews, all management board members and all directors directly reporting to the management board identify potential substitutes in case of an unforeseen prolonged absence, and identify potential successors in

case of the termination of the employee’s position.

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

We are aware how important our key professional and promising employees are, and through training we prepare them for more demanding tasks and positions with greater responsibilities. The range of the training programmes that we organise and deliver demonstrates our commitment to the professional development and progress of all our employees.

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

10.5 Management and motivation⁷⁶

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

In the Sava Insurance Group, we build and promote a culture of innovation. Companies have established formal and informal systems for collecting innovative proposals.

Zavarovalnica Sava introduced a new method of collecting innovative proposals or initiatives for improvement called “IzboljSava” (ImproveSava), and organised innovation days, which also welcomed employees from other Group companies. By completing an online form, all employees can submit, proposals for improvements or innovations, express their approval or report an inconsistency, deficiency or error. Proposals or reports may relate to business processes, insurance products, compliance of business operations, risks and internal controls, as well as employees and internal relationships.

10.5.1 Leader development

In all the companies, leaders are the key people who have a significant impact on creating a positive climate, employee engagement, satisfaction and loyalty. It is therefore of utmost importance that we educate them and build their leadership competencies in order to develop a modern organisational culture.

At Sava Re, we have established a process of analysing and developing leadership competencies for existing leaders, new leaders, and other key and potential members of senior management. We organise a competency assessment for a team of new leaders and potential successors in leadership positions, and draw up personal development plans based on the results and feedback. They then develop their leadership and collaboration skills in tailored, hands-on workshops where they put leadership theory to the test through teamwork and role-playing.

10.5.2 Never Alone project

The employment market is very competitive and every company aspires to attract staff with relevant skills and competencies that will help shape the company's future. At the Sava Insurance Group, we are aware of the importance of an attractive employer brand, as it allows us to communicate with prospective employees and maintain good relations with existing employees to increase their loyalty and satisfaction. To this end, in 2022 we continued to carry out many of the activities designed for the Never Alone project. Our aim is to create the best possible work environment for our employees and to become an even more attractive and welcoming employer. To be recognised as such by the public, the project went further and developed an employee value proposition. The project involved the creation of focus groups that would reflect as closely as possible the Company's employees. To get as realistic a picture as possible of the employee experience, the participants were from different age groups, with different lengths of service and with various professional backgrounds. Participation in the focus groups was voluntary. We

created a visual brand image for internal communication and the employee value proposition for both Sava Re and the Sava Insurance Group and all Group companies. We set up a communication strategy, implemented it, and set about establishing an extended communication infrastructure. Our communication strategy will be further strengthened and developed in the coming 2023–2027 strategy period, both with the existing staff and in the search for new staff. We also embarked on the overhaul or establishment of a new communication infrastructure for our employees, which encompasses a new intranet site for the Sava Insurance Group, Sava Re and Zavarovalnica Sava.



NEVER ALONE
WHERE EVERYONE MATTERS



10.5.3 Employee benefits⁷⁷

The Sava Insurance Group offers numerous benefits to our employees. Each company makes provision for this according to its capacities, including preventive healthcare, team building, a motivating and positive working atmosphere, work-life balance, and general wellbeing in the workplace. We also provide a flexible working environment and working hours, as well as solidarity in the event of any personal crises of our employees. In 2022, the first Sava Insurance Group Sports Games were organised, bringing together more than 700 employees from all Group companies and countries. Our ambition is to make the games an annual event where employees from different companies meet, make new friends, nurture old friendships and get together in an informal setting.

In 2022, Sava Re organised a number of meetings and events. In the spring, we invited all the participants in the creative competition that took place during the epidemic and their companions to a day trip to Gardaland, the biggest amusement park in Italy. In the summer, we organised a team-building event and a live picnic. The teambuilding event was an opportunity for employees to socialise and get to know each other through a game. At the end of the year, we had a New Year’s party, live after more than two years. Our colleagues from Vita joined us for the teambuilding and New Year’s party. In December, the children of the employees were also taken care of – a show was organised for them and each child received a present.

Every year Sava Re offers its employees at least four health and recreation events in the form of sports activities, workshops or lectures. In 2022, we organised a cross-country skiing course on the Pokljuka Plateau in the Triglav National Park, a lecture on “How to be OK” with Alyosha Bagola, and an e-bike trip through the Voja Valley in the Triglav National Park. There was also a free day when employees went hiking, jogging or cycling on their own. They can also join other sports activities organised by the Company: yoga, tennis and volleyball. Fresh seasonal fruit is delivered to the Company’s headquarters once a week, which also contributes to overall health and well-being.

77 GRI 3-3.

Benefits for Save Re employees



Flexible working hours

We offer all employees flexitime, which means that arrival and departure times are flexible. They can start work in the morning between 7am and 9am and finish between 3pm and 5pm. Compulsory attendance at work is between 9am and 3pm.



Working from home

In accordance with the Company’s rules on working from home, all employees, apart from some exceptions (e.g. during the probationary period), are normally entitled to occasional working from home, taking into account their individual needs.



Health Day

In addition to annual leave, staff may take an extra day off to carry out activities under the Health Promotion Programme. These are usually health-related sports activities or lectures on healthy lifestyles.



Sports activities

We encourage exercise, so every year we organise various exercise programmes as part of our Health Promotion Programme, such as: weekly yoga, volleyball and tennis sessions, which employees can join for free or at a minimal extra cost.



Professional training

Knowledge is power, so we focus on employee development through training sessions. We organise a number of professional and general training courses throughout the year. These are open to all employees on equal terms. We also offer a range of additional external professional training sessions.



Parent-friendly benefits

We care for the children of our people. Paid leave is offered to parents accompanying their first grader on the first day of school, and part-time work is offered to employees with statutory childcare rights.



Events for employees

We organise a number of events each year to maintain and deepen relationships between colleagues, such as group team-building events, departmental team-building events, a New Year’s party in December, sports games to get together with colleagues from other Group companies and more.



Insurance at a reduced price

We provide employees with affordable access to some types of insurance. They can join various group insurance schemes or take out individual insurance at a lower price with our subsidiaries.



Holiday facilities

Because a break is necessary to recharge one’s batteries and strengthen motivation, we offer our staff the opportunity to use our holiday facilities at a reduced price throughout the year. Two company-owned holiday facilities are offered in Bohinj, Slovenia, and Cres, Croatia.

Other Group companies offer similar activities and other benefits within their means.

Corporate volunteerism has been a tradition in all Sava Insurance Group companies, because we believe that by doing so, we do a lot of good in our local communities and give something back to society. In 2022, we organised various events in Slovenian companies, such as helping at the zoo and animal shelters, working with the elderly, as well as collecting clothes and supplies for those in need. Each employee can choose one event and dedicate one day to voluntary events organised by the Company. For more information on corporate volunteerism, see section [14 “Sustainability report”](#).

All Slovenia-based companies pay voluntary supplementary pension insurance premiums for their employees: The North Macedonian insurers Sava Osiguruvanje and Sava Penzisko Društvo also pay into the voluntary pension scheme on behalf of their employees.

Companies offer additional discounts to their employees for health and other insurance, as well as a collective accident insurance scheme.

At the Sava Insurance Group, we believe in the importance of work-life balance, which is why we offer our employees various options in this regard. Zavarovalnica Sava is also a fully certified family-friendly company.

10.5.4 Annual performance appraisal interviews⁷⁸

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

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

In Sava Re, annual appraisal interviews were conducted with all employees in 2022. This interview is a meeting between the manager and the employee to discuss the implementation of the previous year’s objectives and the plan for the current year’s objectives, the education and training provided and needed, satisfaction, expectations and other plans.

In 2022, the Sava Insurance Group conducted interviews with 1,460 employees, representing half of the total workforce. All Sava Re employees took part in annual performance appraisal interviews.

Employees involved in annual performance appraisal interviews

	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Women	824	48.2%	93	100.0%
Men	636	51.2%	54	100.0%
Total	1,460	49.5%	147	100.0%



Spring Strategy Conference of the Sava Insurance Group held on 25 and 26 May in Pristina, Kosovo.



Employees from all Group companies and countries brought together for the first Sava Insurance Group Sports Games.



10.5.5 Health and safety at work⁷⁹

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

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

In 2022, we carried out all statutory occupational health and safety, and fire protection measures. Additional attention was paid to new and improved health promotion measures. Again in 2022, we provided adequate information and took measures to ensure occupational health and safety during the spread of Covid-19.

In 2022, Sava Re continued to provide a sophisticated and improved health promotion programme. Health Day was again organised and attended by 105 employees (71.43%).

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

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

At Group level, we started in 2022 to update our procedures and measures for the prevention and elimination of mobbing, harassment and violence in the workplace in order to prevent and respond more effectively to incidents.

As in the previous year, there were no reports of harassment, bullying or other forms of violence in the workplace in 2022. We promote a culture of open and respectful relationships on which we build a positive organisational climate. We promote employee interaction and organise various formal and informal meetings to this end, while encouraging them to communicate with each other.

10.5.6 Other⁸⁰

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

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

Two representative labour bodies in Sava Re act as links between employees and the Company's management. These are the trade union and the workers' council. Their representatives represent all organisational units and participate in the drafting of internal acts of the Company and their amendments. Last year, we were involved in the revision of the rules on the organisation of work and job classification and in the dialogue on possible measures to alleviate the cost-of-living crisis.

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

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



Healthy breakfast for colleagues at Illyria Life, Kosovo.

⁷⁹ GRI 3-3.

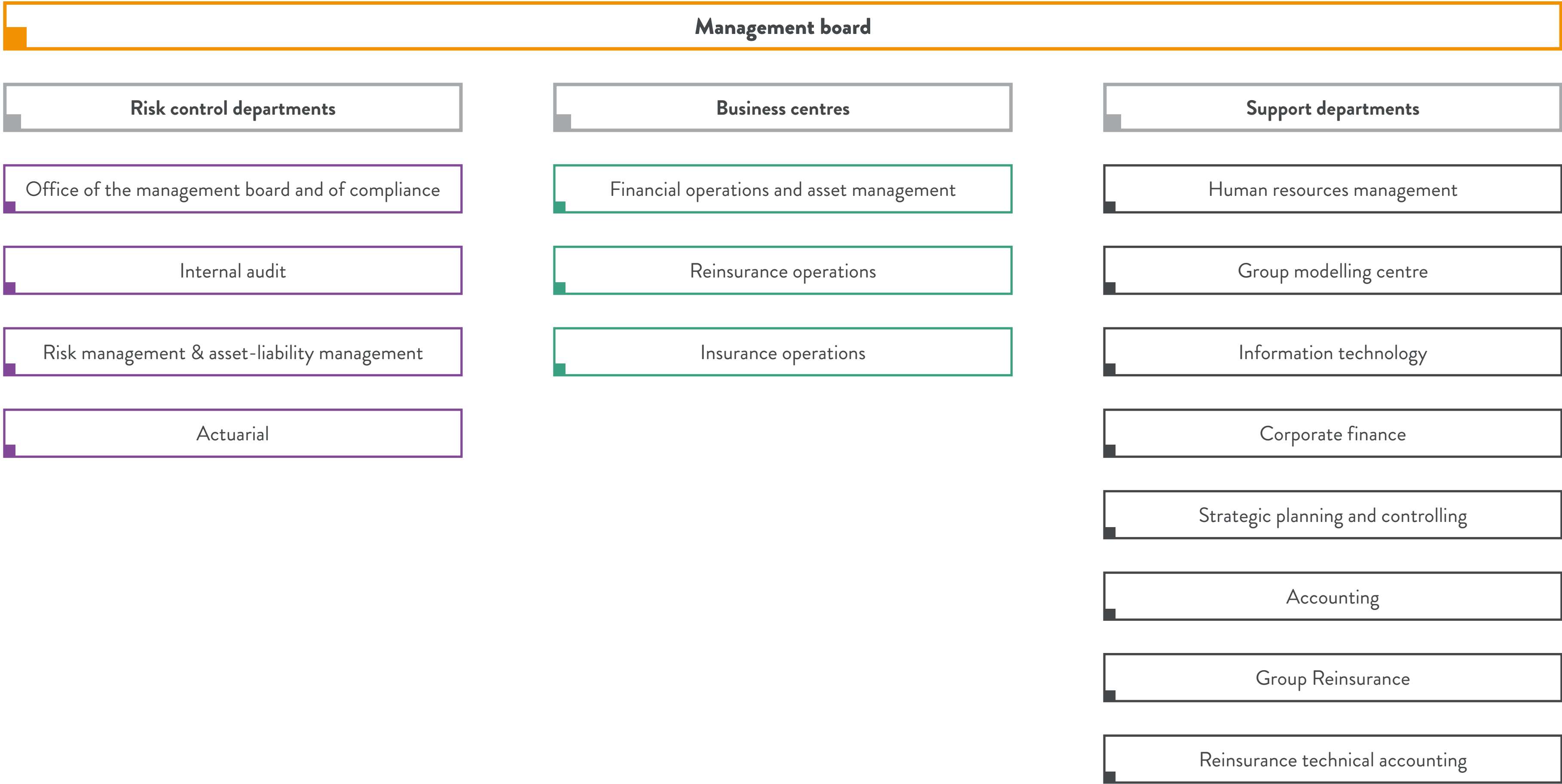
⁸⁰ GRI 3-3, 2-30.



10.6 Organisational structure

Sava Re is the parent company of the Sava Insurance Group, which manages the Group alongside its core reinsurance business. The following chart shows the Company’s organisation.

Organisational chart of Sava Re as at 31 December 2022⁸¹



⁸¹ GRI 2-9.

11 Risk management⁸²

Below we describe the risk and capital management systems and the significant risks to which the Sava Insurance Group is exposed. Qualitative and quantitative treatment of risk exposures is presented in section [17.7 “Risk management”](#). These areas will also be presented in more detail in the Solvency and financial condition report of Sava Re as at 31 December 2022, which will be posted on the Company’s website not later than on 6 April 2023, and in the Solvency and financial condition report of the Sava Insurance Group as at 31 December 2022, which will be published on the Sava Re website on 12 May 2023.

11.1 Risk management system

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

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

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

The Sava Insurance Group has implemented a risk strategy that defines the Group’s risk appetite and policies that cover the entire risk management framework, its own risk and solvency assessments, and risk management for each risk category. Based on the Group’s risk strategy and policies, individual Group companies

set up their own risk strategies and policies, taking into account their specificities and local legislation. The adequacy of policies underpinning the risk management system is examined annually. The risk strategy is prepared in line and in parallel with the strategic plan.

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

- clearly expressed risk appetite in the framework of the risk strategy and on this basis also operational limits;
- development of own risk assessment models and improving own risk and solvency assessment (ORSA),

- integration of the ORSA and risk strategy in the framework of business planning and shaping of the business strategy,
- integration of risk management processes into business processes,
- systematic upgrading of the internal control environment, adjustment of processes to new activities, monitoring of the occurrence of untoward events,
- establishment of adequate risk management standards in all Group companies depending on the scope, nature and complexity of business transactions and related risks.

11.1.1 Risk management organisation

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

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

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

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

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

- setting the risk strategy and approval of risk tolerance limits and operational limits,
- adopting policies relating to the risk management system,
- implementing effective risk management processes in the Company,
- monitoring operations in terms of risk and providing input for risk-based decision-making.

The supervisory board of each individual company approves the risk strategy, risk management policies and the appointment of key function holders in the risk management system. In addition, the supervisory board analyses periodic reports relating to risk management. A risk committee has been set up within the supervisory board of the parent company to provide relevant expertise and support in the risk management process in the Company and in the Group.

The first line of defence of each Group company involves all company employees responsible for ensuring that operational tasks are performed in a manner that reduces or eliminates risks. Additionally, risk owners are responsible for the individual risks listed in the risk register. Line managers are responsible for ensuring

that the operational performance of the processes for which they are responsible is conducted in a manner that reduces or eliminates risks, and that the frameworks laid down in the risk strategy are observed. The first line of defence is also responsible for monitoring and measuring risks, preparing data for regular reporting on individual risk areas and identifying new risks.

Each Group company has set up the following three key functions as part of the second line of defence: the actuarial, risk management and compliance functions. In addition, the Group's large members have in place a risk management committee. The members of the risk management committee and key function holders are appointed by the management board; key function holder appointments additionally require the consent of the supervisory board. Each company ensures the independence of the key functions, which are organised as management support services and report directly to the management board. Their roles and responsibilities are defined in the policy of each key function or in the risk management policy that defines the risk management function.

The risk management function of each individual company is mainly responsible for setting up effective risk management processes and for the coordination of risk management processes already in place at the company or Group level. It is involved in all stages of the processes of identifying, assessing, monitoring, managing and reporting of risks. It is also involved in the

preparation of the risk strategy and the setting of risk tolerance limits. The risk management function regularly reports to the risk management committee (if set up), the management and the supervisory boards, the risk committee (Sava Re) and the Group's risk management function holder, and works in cooperation with the risk management function on an ongoing basis. Furthermore, it offers support to the management board in decision-making (including in relation to the strategic decisions such as corporate business strategy, mergers and acquisitions, and major projects and investments).

The main tasks of the actuarial function in the risk management system are to provide an opinion on the underwriting policy, to provide an opinion on the adequacy of reinsurance arrangements, and to independently verify and challenge technical provision calculations, including assumptions, methods and expert judgment areas. The actuarial function of each company works in cooperation with the Group's actuarial function.

The main duties of the compliance function relating to the risk management system are to identify, manage and report any instances of non-compliance with regulations, including monitoring the legal environment, analysing existing processes regarding their compliance with internal and external rules and any changes in regulations.

Apart from the key functions, the second line of defence at Sava Re also consists of a risk management committee that addresses risks at the Company and Sava Insurance Group levels. Such a committee also operates in some (larger) subsidiaries. The committee includes the key representatives of the first line of defence and the management board with regard to the Company’s risk profile. The holders of other key functions of the risk management system are also invited to attend meetings of the committee. The committee is primarily responsible for monitoring the risk profile of the Company and the Group, analysing reports and assessing emerging and new risks, including sustainability risks, and for making recommendations to the management board.

The third line of defence consists of the internal audit function. Employees of the Sava Re internal audit department also perform the internal audit function for other Slovenian subsidiaries under outsourcing arrangements, while other subsidiaries have their own internal audit departments. The internal audit function operates at the individual company and Group levels and is completely independent from the business operations and other functions. In 2021, Group Internal

Auditing was introduced in the entire Sava Insurance Group, including in non-EU based Group companies. In the context of the risk management system, the internal audit function holders are responsible for the independent analysis, verification, and assessment of the performance and effectiveness of internal control and risk management systems.

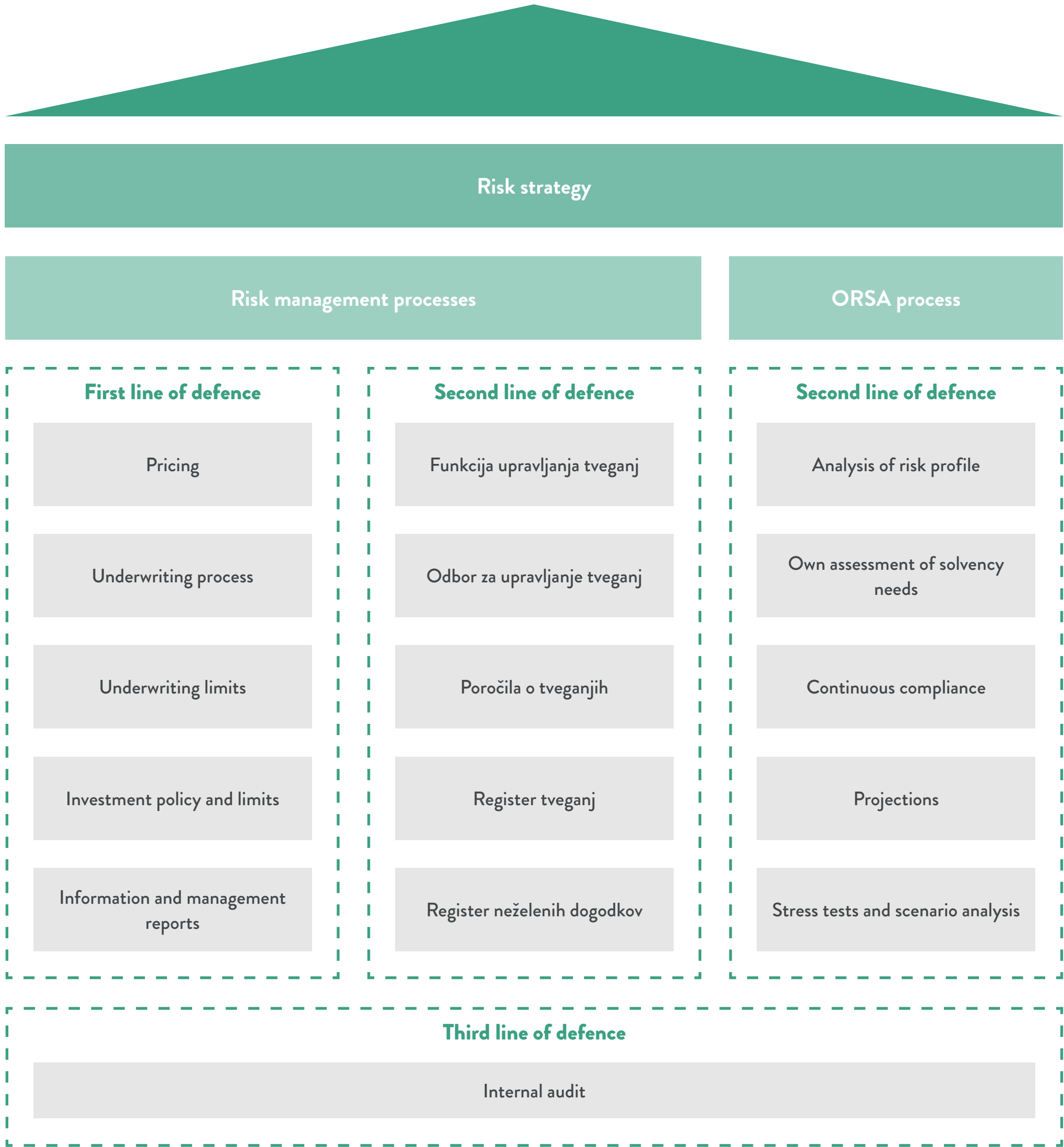
Good practices from Sava Re’s risk management model and the organisation of risk management are also transferred to other Group companies.

11.1.2 Components of the risk management system

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

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

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





11.1.2.1 Risk strategy

The Group seeks to operate in compliance with its business strategy and meet the key strategic objectives while maintaining an adequate capital level. With this in mind, in 2020 the management board, with the consent of the Sava Re supervisory board, approved the Sava Insurance Group risk strategy for 2020–2022, taking into account its risk-bearing capacity. Each Group company drafts its own risk strategy by taking into account the Group's risk strategy. In 2022, the new risk strategy of the Sava Insurance Group for the strategy period 2023–2027 was approved. At Group level, the document specifies:

- risk appetite by operating segment,
- a set of key indicators along with their limits and tolerances, and
- a set of operational indicators to be used by the operating segments to monitor risks on an ongoing basis.

The key areas that risk appetite is based on are:

- the solvency ratio,
- the profitability of the operating segments with acceptable tolerance,
- liquidity indicators.

Each Group company sets its own risk strategy, risk tolerance limits and operational limits based on the Group's risk appetite. Approved risk tolerance limits are limits set for individual risk categories included in individual companies' risk profiles, determining approved deviations from planned values. These limits

are set based on the results of the sensitivity analysis, stress tests and scenarios, and professional judgment.

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

For periodic monitoring of compliance with the risk strategy, individual Group companies define a minimum set of risk measures for each risk category to allow for monitoring of the Group's and each Group company's current risk profile and capital position. These risk measures are regularly monitored at the Group and individual company levels.

11.1.2.2 Risk management processes

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

The main risk management processes are:

- risk identification,
- risk assessment (measurement),
- risk monitoring,
- determining appropriate risk control measures (risk management), and

- risk reporting.

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

Risk identification

In the process of risk identification, each Group company identifies the risks to which it is exposed. The key risks, which are compiled in each company's risk register, and form the company's risk profile, are reviewed on a regular basis and new risks are added if so required. Risk identification at the Group level is conducted in the same way.

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

Bottom-up risk identification takes place in individual

organisational units and with risk owners (first line of defence). A Group company's risk thus identified is categorised and incorporated into the relevant monitoring, measuring, managing and reporting processes.

Risk identification is performed on an ongoing basis, especially as part of business planning and any major projects and business initiatives, such as the launch of a new product, investment in a new class of assets, acquisitions and other.

Risk assessment (measurement)

The Group has regular risk assessment (measurement) processes in place for all the risks to which individual companies or the Group are exposed. Risks are measured using both qualitative and quantitative methods, which are constantly being refined. A modelling department has been set up at the Sava Insurance Group level, which develops own quantitative models for Group-wide risk assessment.

Risks are thus measured:

- by using the Solvency II standard formula,
- by calculating the overall solvency needs within the own risk and solvency assessment (ORSA),
- by conducting and analysing stress tests and scenarios,
- through qualitative risk assessment in the risk register,
- by using various risk measures that allow simplified measurement and monitoring of the current risk profile.

Risk monitoring

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

Risk management

The management board of each Group company is responsible for risk management and the use of various risk management techniques and actions. In its decisions, the management board takes into account the cost-benefit aspect of actions as well as recommendations, if any, issued by the risk management committee and key functions.

Whenever the need arises to adopt a new risk control measure, the relevant company conducts an analysis of the measure in terms of economic and financial viability. Elimination or mitigation of individual risks must

be more cost-effective than mitigation of the potential impact should the risk materialise, if the likelihood of such an event and all its financial impact are fully taken into account.

In practice, it is already in the business planning process that a Group company examines the impact of the business strategy on its capital position, both with regard to the regulator as well as with regard to the own risk and solvency assessment. If, during a financial year, decisions are taken that have a significant impact on the risk profile but have not been assessed in terms of risk during the business planning process, the relevant company assesses the impact of such decisions on its risk profile and capital adequacy, and verifies compliance with the risk appetite. If a business decision could also have a significant impact on the Group's risk profile, such impact on the Group's risk profile and capital adequacy is also assessed. If any business decision fails to comply with the risk appetite, or if any risk tolerance limit is exceeded, the company is required to document such deviation and take relevant action to resolve the situation.

Risk reporting

Periodic risk reporting has been set up at the large Group companies and at the Group level. Risk owners report on each risk category to the risk management function, including a predetermined set of significant risk measures and qualitative information. Based on

this, the risk management function, in cooperation with risk managers, prepares a risk report covering each individual company's entire risk profile. The report is first discussed by the company's risk management committee (if the company has one), followed by the management board, risk committee (Sava Re) and the company's supervisory board. Finally, a company's risk management function submits the report to the Group's risk management function. A risk report is also prepared at Group level.

11.1.2.3 Own risk and solvency assessment (ORSA)

In addition to these risk management processes, EU-based Group (re)insurance companies and the Group also perform an ORSA, which is defined in the own risk and solvency assessment policy. ORSA is a process that includes the identification of the differences between a company's or the Group's risk profile and the assumptions of the standard formula, own assessment of solvency needs, capital adequacy projections, stress tests and scenarios, and establishment of the link between the risk profile and capital management. In ORSA, all material risks, whether quantifiable or not, are assessed that may have an impact on the operations of the Group or a Group company either from an economic or a regulatory perspective. The 2023 ORSA also includes sustainability risks, in particular climate change risk considered and assessed qualitatively, and two climate scenarios.

As a rule, the ORSA process is conducted annually; an ad hoc ORSA is performed in the event of a significant change in the risk profile. EU-based Group insurers and the Group report to the regulator on the ORSA (at least) on an annual basis. Every year, the ORSA is more closely integrated with other processes, in particular with risk and capital management and business planning. The risk management committee and the companies' management boards are actively involved in the ORSA throughout the process. Employees from different departments take part in the process, as we wish to obtain the most complete and up-to-date picture of a company's risk profile.

The primary objective of the ORSA is to better understand the own risk profile and the standard formula, and to analyse the impact of the changes in the risk profile on capital adequacy over the next three years. The ORSA is an integral part of the decision-making process conducted to ensure that the key decisions and the business strategy are adopted with consideration of risks and associated capital requirements. Using the ORSA results, we also check the compliance of the business strategy with the risk strategy. This establishes the links between the business strategy, the risks taken in the short, medium and longer term, the capital requirements arising from these risks and capital management.



11.2 Capital management

The capital management policy lays down objectives and key activities related to capital management. Capital management is inseparable from the risk strategy, which defines the risk appetite.

The Group's capital management objectives are:

- maintaining solvency within the optimal capitalisation range in the long term, in compliance with the risk strategy;
- maintaining an adequate degree of financing flexibility;
- maintaining an acceptable level of volatility of the available capital and the solvency ratio;
- steering operating segments that tie up capital towards achieving an adequate profitability;
- managing the business to achieve an adequate return on equity or an adequate dividend yield for shareholders.

The Group manages its capital to ensure that each Group company has available, on an ongoing basis, sufficient funds to meet its obligations and regulatory capital requirements. The composition of own funds held to ensure capital adequacy must comply with regulatory requirements and ensure an optimal balance between debt and equity capital. The amount of own funds of each Group company and the Group must be sufficient, at all times, to meet the statutory solvency capital requirement, as well as to satisfy the requirements of its target credit rating and other objectives of any Group member or the Group.

An important input element of capital management and business planning is the Group's risk strategy, including the risk appetite set out therein. The Group's risk strategy defines levels of capital adequacy. These levels serve as the basis for determining the capital adequacy of each Group company.

The Group risk strategy in conjunction with capital adequacy is defined to meet regulatory requirements and the requirements of rating agencies, and to ensure that the parent company has sufficient excess capital to cover any potential capital needs of the subsidiaries in the event of a major stress scenario materialising in any of them. To this end, excess of eligible own funds over the statutorily required is determined.

As provided by the risk strategy, all Group subsidiaries must have, on an ongoing basis, a sufficient amount of capital available to meet solvency requirements. In addition, Group subsidiaries subject to the Solvency II regime must have sufficient capital to absorb small to medium fluctuations in the SCR and own funds, which may result from the standard formula methodology and the possibility of small and medium stresses and stress scenarios materialising.



11.3 Material risks of the Sava Insurance Group

The Group and its individual companies classify all identified risks into key risk categories – underwriting risks, financial risks (comprising market, liquidity and credit risk and the risk of failure to achieve guaranteed returns), operational and strategic risks.

In addition, the Group and its companies monitor emerging risks that may affect any of the above risk categories. They are discussed in the strategic risks section of this report.

In accordance with Commission Delegated Regulation (EU) 2021/1256, the Group and its companies have also systematically identified and assessed sustainability risks as part of the identification of emerging risks from 2022 onwards. These can affect the risks of any risk category, but in the Sava Insurance Group they mainly affect the market and underwriting risk categories. In this report, they are discussed in the strategic risks section of this report.

Individual risks are described in detail in the notes to the financial statements of the Sava Insurance Group and Sava Re in section [17.7 “Risk management”](#).

In the following, we describe each risk category and the risks within each of them.

11.3.1 Underwriting risks

Underwriting risk arises from the Group’s (re)insurance activities, i.e. the underwriting of (re)insurance contracts, and performance of (re)insurance contracts and transactions directly related to (re)insurance activities. It relates to the risks covered under (re)insurance contracts and related processes and arises from the uncertainty as to the occurrence, extent and timing of obligations.

Underwriting risk is generally divided into:

- non-life underwriting risk,
- life underwriting risk,
- health underwriting risk – including accident (re) insurance.

The basic purpose of life, non-life and health insurance is the assumption of risk from policyholders. In addition to the risks assumed directly by the Group’s (direct) insurance companies, Sava Re assumes underwriting risk from cedants outside the Group through accepted reinsurance. Sava Re retains a portion of the assumed risks (Group and non-Group) and retrocedes the portion that exceeds its capacity.

The Group and Sava Re are exposed to all three categories of risks. Accepted life reinsurance business of non-Group cedants, including accident reinsurance business, is classified as health reinsurance risk. Due to its one-year duration and according to the nature of its coverage, this life reinsurance business is comparable to accepted accident reinsurance business.

First, we present underwriting risks arising out of non-life business. This is followed by risks arising out of life and health insurance business.

11.3.1.1 Non-life underwriting risk

Non-life underwriting risks are further subdivided into premium risk, reserve risk, lapse risk and catastrophe risk.

Premium risk

This is the risk that premiums written are insufficient to meet the obligations arising from (re)insurance contracts. This risk depends on many factors, such as inadequate assessment of market developments, poor assessment of claims development, use of inadequate statistics, intentionally insufficient premiums for certain classes of business expected to be offset by other classes of business, or inadequate assessment of exter-

nal macroeconomic factors that may change significantly during the term of a contract. These include:

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

Given the Group’s portfolio structure, the largest contributors to premium risk include motor vehicle and property (re)insurance (fire and other damage to property, including related business interruption insurance).

The Group seeks to mitigate underwriting process risk by restricting authorisations for mass underwriting, as well as by means of additional training of underwriters and agents, by providing understandable, clear and detailed instructions, and by defining appropriate underwriting limits that are consistent with the business strategy, the risk strategy and the reinsurance programme. We also make special efforts to offer products to appropriate target clients (to prevent mis-selling and/or adverse selection), to accept reinsurance from trusted cedants, and to ensure that appropriate limits are in place for exposure concentration by geographical location and homogeneous risk groups, which maintain favourable risk diversification.

Reserve risk

This is the risk that either the technical provisions are insufficient to meet the obligations arising from (re) insurance contracts due to inadequate methods, inappropriate, incomplete and inaccurate data, inefficient procedures and controls, or inadequate expert judgement, or misreporting, resulting in unreliable information about the financial position of the Company or the Group. These include:

- the risk of data availability and accuracy,
- the risk of adequacy of methods and assumptions used,
- the risk of a calculation error,
- the risk of complex tools used in processes yielding misleading results.

As with premium risk, the majority of reserve risk arises from motor vehicle insurance and property business, which account for the largest portion of technical provisions, reflecting the Group's traditional focus on such business.

The Group manages reserve risk by means of robust processes and effective controls as regards the calculation of technical provisions in accordance with both IFRS and Solvency II regulations. In addition, it conducts an annual backtesting of the appropriateness of technical provisions, analysing any major reasons for their insufficiency.

Lapse risk

This is the risk of loss or adverse change in the value of insurance liabilities resulting from changes in the level or volatility of lapse rates (rate of early contract termination). The Group and the Company are not materially exposed to this type of risk. This risk is mitigated primarily by maintaining good relationships with policyholders and cedants and by closely analysing market conditions.

Catastrophe risk

This is the risk of an occurrence of a catastrophic event; such events are rare but their financial impact is too high to be covered merely by otherwise adequate premiums and provisions. Catastrophe risk may materialise in the case of extreme events or a large number of catastrophic events over a short period. The risk also includes an excessive geographical accumulation of risks. The Group's portfolio is geographically relatively well diversified, with risks being slightly more concentrated in Slovenia, which is further addressed by means of the reinsurance programme. This risk is managed by means of a well-designed underwriting process, by controlling risk concentration for products covering larger complexes against natural disasters and fire, by geographical diversification, and by adequate retrocession protection against natural and man-made catastrophes.

Recently, climate change risks have become a highly

topical issue, which is why the Group and the Company pay more attention to them also by analysing long-term scenarios. Other underwriting risks, such as economic environment risk and policyholder behaviour risk, may be relevant, but their effect is already indirectly accounted for in the above non-life underwriting risk.

11.3.1.2 Life underwriting risks

We divide life underwriting risks into biometric risks, life expenses risk and life lapse risk.

Biometric risks

Among these, mortality risk, which is the most important risk for the Group, is the risk that the actual mortality of insured persons will turn out to be higher than that projected in the mortality tables used for premium pricing. It depends on the use of relevant statistics and the perception of the insured, whose mortality risk may be increased because of their health or lifestyle. The procedures used to manage this risk are: consistent application of underwriting protocols, which specify in detail the deviation from normal mortality risk, regular monitoring of exposures and the adequacy of mortality tables used, and appropriate reinsurance protection.

Life expense risk

This is the risk that the actual expenses incurred in servicing life insurance contracts turn out to be higher than projected in pricing. The level of risk depends on

the use of appropriate statistics and an increase in the actual cost of servicing life insurance contracts. Life expense risk is managed by the Group by periodically monitoring the expenses incurred in servicing life insurance contracts, monitoring the macroeconomic situation (e.g. inflation) and appropriately planning of these expenses for the coming years.

Life lapse risk

This is the risk of a (low or high) increase in lapse rates (rate of early contract termination) due to surrenders, conversions to paid-up status or premium default. The level of risk depends on the use of appropriate statistics, the identification of lapses for various reasons in an underwriting year and the economic situation, which may also affect policyholder behaviour. The level of risk also depends on the competitive insurance products available in the market and the advice provided by insurance intermediaries and financial advisers. The Group manages this risk mainly by monitoring the number and percentage of policies lapsed on a quarterly basis, by restricting surrenders if an approval by the insurer is required and by systematically preventing insurance rearrangements by intermediaries.

Life insurance risks also include other biometric risks (longevity risk and disability and morbidity risk), revision risk and life-catastrophe risk. These risks are minor for the Group and are therefore not discussed in detail.



11.3.1.3 Health underwriting risk

Health underwriting risks are divided into risks arising out of health insurance pursued on a similar technical basis as non-life insurance (NSLT health insurance) and health insurance pursued on a similar technical basis as life insurance (SLT health insurance).

The Group manages NSLT-health underwriting risks using techniques similar to those used in non-life insurance, namely prudent underwriting, control of risk concentrations in accident and health products and appropriate reinsurance protection. SLT health insurance is very similar to life insurance; therefore, the Group manages the risks arising from SLT health insurance using similar techniques as for life insurance.

11.3.2 Financial risks

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

11.3.2.1 Market risk

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

Interest rate risk

This is the risk that the Group or the Company will be exposed to losses resulting from fluctuations in interest rates. These can cause a decrease in investments or an increase in liabilities. We try to avoid this by carrying out sensitivity analyses and matching assets and liabilities, i.e. cash-flow matching.

Investment property risk

This is the risk of a change in the fair value of investment property directly or indirectly owned by the Group or the Company. In addition to investment property, real-estate funds are also exposed to it.

Equity risk

This is the risk that the value of investments will decrease due to fluctuations in equity markets. Shares and equity and mixed mutual funds are exposed to this risk. The Group manages equity risk through the diversification of this segment of the investment portfolio across different capital markets and a limit system that limits the exposure of the equity portfolio.

Currency risk

This is the risk that changes in exchange rates will lower the value of foreign-denominated assets or increase liabilities denominated in foreign currencies. The Group and the Group companies manage currency risk through the efforts of each company to optimise asset-liability currency matching.

11.3.2.2 Liquidity risk

This is the risk that, owing to unexpected or unexpectedly high obligations, the Company will not be able to meet all its financial obligations. Liquidity risk assumed by an individual Group company is also reduced by the regular measurement and monitoring of selected liquidity indicators. An indicator of liquidity risk is the level of maturity matching of financial assets and liabilities.

11.3.2.3 11.3.2.3 Credit risk

This is the risk of default on the obligations of a securities issuer or other counterparty towards the Company. Within the context of credit risk, the Company and the Group also address the excessive concentration of risk in a specific region, industry or issuer. Assets exposed to credit risk include financial investments (deposit investments, bonds, loans granted, deposits with cedants, bond and convertible mutual funds, and cash and cash equivalents), receivables due from reinsurers and other receivables.

11.3.2.4 Risk of failure to realise guaranteed returns

The Group is exposed to the risk of failing to achieve the guaranteed return, specifically with investment contracts and with traditional and unit-linked life insurance business.

11.3.3 Operational risks

This is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. To manage operational risks effectively, the Group companies have processes in place to identify, measure, monitor, manage and report on such risks.

11.3.4 Strategic risks

Group companies and the Group are exposed to a variety of internal and external strategic risks that may have a negative impact on the income or capital adequacy. Strategic risks also include reputational, project and sustainability risks. To prevent these risks from materialising, the Group companies mainly carry out preventive activities and have processes in place to identify, measure, monitor, manage and report on strategic risks to ensure that they are managed effectively.

Strategic risks are also managed by continually monitoring the realisation of short- and long-term goals of Group companies and by monitoring regulatory changes in the pipeline and market developments.

12 Internal auditing in the Sava Insurance Group

The objective of internal auditing is to provide assurance and advice to the management board in order to add value and improve the effectiveness and efficiency of operations. Internal auditing assists the Company in achieving its goals by systematically and methodically assessing the effectiveness and efficiency of the governance, risk management and internal control systems and making recommendations for their improvement.

The Company's internal audit function is carried out by an independent organisational unit, the internal audit department (IAD), which reports to the management board and is functionally and organisationally separate from other units of the Company. This ensures the autonomy and independence of its work.

In accordance with the Slovenian Insurance Act and under an outsourcing agreement, Sava Re d.d. performs the key function of internal audit for the companies Zavarovalnica Sava d.d., Vita, Živiljenjska Zavarovalnica, d.d., Sava Pokojninska Družba d.d. and Sava Infond, Družba za Upravljanje, d.o.o. for an indefinite period.

In 2022, Sava Re's internal audit conducted audits and performed other tasks in accordance with its annual plan.

Based on all the tests carried out and methods employed in individual audit areas, the IAD considers that the internal controls at Sava Re are adequate and that their reliability is good. It is also of the opinion that Sava Re's governance has proven to be appropriate and is being continuously improved to achieve key business

goals, and that risks are well managed with a view to efficiency and economy of operations. However, there remains room for improvement in the functioning of the system. The audit engagements revealed individual irregularities and weaknesses, to which the IAD drew attention, recommending these be remedied to improve control procedures, corporate governance and risk management. The IAD's recommendations were actively implemented by those responsible. The aim is to improve the effectiveness of internal controls and the regularity of operations.

Periodic IAD reviews were also focused on establishing the likelihood of fraud as well as any exposure and vulnerability to IT risks. Control systems have been put in place in the audited areas and are working to prevent fraud.

The IAD reports quarterly to the management board, the audit committee and the supervisory board on completed audit engagements, the effectiveness and efficiency of control systems, corporate governance, risk management, identified breaches and irregularities, and the status of recommendations. It has also pre-

pared an annual report on its activities in 2022, which forms part of the documentation for the general meeting of shareholders.

The external quality assessment of the internal audit at Sava Re d.d. (conducted on a five-year basis) was conducted by Deloitte Revizija d.o.o. in 2019. The assessment of the IAD's operation confirmed the compliance of the internal audit with the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics of Internal Auditors and the Code of Internal Auditing Principles.

The development of the IAD resulted in the first overall opinion being issued by the IAD for the Company and the Group in 2022. Activities related to the implementation of the new software to support the overall internal audit process at the Sava Insurance Group level were further refined. Improvements were also made to the Group Internal Audit, virtually in all Group companies. The IAD regularly monitors the development and quality of the internal audit departments in the Group's subsidiaries and provides them with the necessary professional support.

13 Development of information support

In 2022, we completed the three-year strategy period for the implementation of the IT strategy. Our ongoing practice is to conduct process maturity self-audits, the findings of which are used to further improve our IT processes. As part of this, we streamlined the processes of IT change management, IT architecture, internal controls and risks, and improved the control of IT costs and capital investments.

The change management of business applications was combined with the maintenance of existing solutions in accordance with the business and regulatory requirements of the companies. We continue to work on the project to replace the core IT solution for the insurance business (which we have already started to use to market some products) and on a similar project for the reinsurance business. In several companies, we are expanding our customer-relations solutions to include more channels (e.g. call centres and customer portals).

Regarding business intelligence, we provided ongoing support to operations, upgraded existing solutions and continued to develop data and reporting solutions for the IFRS 17 project. In line with our strategic priorities for the 2020–2022 strategy period, we upgraded the consolidated data warehouse solution by expanding the scope of data sources and reports.

The infrastructure team supported operations, upgrading technical and service capabilities to implement the strategy (deployment of new core business solutions

and digitalisation). The system software and hardware infrastructure were upgraded in line with the business plan, the depreciation cycle, day-to-day service requests and planned IT development projects, with investments in disk arrays and network infrastructure. We continued our mission of continuous improvement and optimisation by configuring server and network systems and enhancing the monitoring of critical services.

In terms of information security, we upgraded sensors and controls as part of our 24/7 security operations centre services and continued to expand the use of software to improve endpoint protection. We provided training to protect against social engineering cyber-attacks and trained key personnel to respond to a crisis in the event of such an attack.

With regard to business continuity, we carried out the planned preventive and control tasks, taking into account the increased use of hybrid work.



SUSTAINABILITY REPORT

■ Living sustainably is living well. We build long-term corporate social responsibility in continuous dialogue with our stakeholders, supporting global sustainability goals, with a particular focus on climate change, the health and well-being of our customers, employees and the wider community.





14 Sustainability report

About the report

In accordance with the GRI Standards, the 2022 sustainability report⁸³ of the Sava Insurance Group analyses economic, social and environmental aspects.

Key topics of Sava Insurance Group sustainability reporting⁸⁴

Economic aspects (GRI 200)	Economic performance Market presence Indirect economic impacts Procurement practices Prevention of corruption Tax
Social aspects (GRI 400)	Recruitment and staffing levels Employee training and development Diversity and equal opportunities Management and motivation Health and safety at work Customer relations / responsibility to consumers Relations with suppliers Local community Marketing and labelling Customer privacy Compliance
Environmental aspects (GRI 300)	Waste disposal policy Energy Supplier assessment Emissions

⁸³ GRI 3-1.
⁸⁴ GRI 3-2.
⁸⁵ GRI 2-2, 2-3.
⁸⁶ GRI 2-4, 3-2.
⁸⁷ GRI 2-5.

The consolidated annual report refers to a single financial and calendar year and is prepared in accordance with the International Accounting Standards, the Companies Act, the Solvency II Directive and international sustainability reporting standards of the Global Reporting Initiative (GRI). The annual report is prepared by Sava Re specialist services and all subsidiaries. The consolidated annual report incorporates all legal entities constituting the Sava Insurance Group⁸⁵.

Sustainability reporting is integrated into individual sections of the annual report. Disclosures are specially indicated with interactive references. Section 14 “Sustainability report” provides disclosures and business impacts not covered by other sections of the annual report. In addition to general disclosures and in accordance with prescribed principles, it provides disclosures on the economic, social and environmental aspects that are of vital importance for the Group and relate directly to the Group’s strategy.

The data on the sustainable operations of the Group was collected in cooperation with subsidiaries and Sava Re business line managers. The data was collected and the report was compiled by the sustainable development business line manager in Sava Re as the controlling company, which is also the reporting entity. Disclosures in accordance with the GRI standard refer to all Group companies, where possible; where it is not possible, to the parent company and the EU-based subsidiaries. The GRI content index appended to the

annual report offers a comprehensive overview of the type and scope of disclosures.

No statements or information from the previous report have changed on account of new findings, and the report therefore contains no corrections⁸⁶.

Sava Re did not seek external assurance of the sustainability report in 2022⁸⁷.

Non-financial statement

By providing non-financial information in accordance with the GRI standards, the annual report of the Sava Insurance Group and Sava Re d.d. for 2022 complies with (i) Directive 2014/95/EU of the European Parliament and of the Council as regards disclosure of non-financial and diversity information by certain large undertakings and groups, (ii) Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 in conjunction with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Article 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, (iii) the methodology for complying with this disclosure obligation, and (iv) the Companies Act.

14.1 Sustainable Development Strategy of the Sava Insurance Group for 2020–2022

The Sava Insurance Group has been integrating sustainable development into its strategy since 2017; since then it has given increasing attention to it as environmental, social and governance risks (ESG risks) significantly impact the insurance industry while at the same time offering new opportunities in the developments in operations.

In December 2022, the sustainable development strategy of the Sava Insurance Group for 2023–2027 was adopted, which outlines sustainable development as one of the three pillars of the Group’s further development.

The Sava Insurance Group’s objectives and its sustainable development strategy are rooted in its values, mission and vision. The Group’s goal for the strategy period was for its stakeholders to recognise it as:

- a socially responsible insurance and reinsurance company, and a socially responsible and trustworthy partner,

- a socially responsible asset and equity manager,
- a socially responsible and attractive employer,
- an organisation that is socially responsible to the wider community.

Highlights of the past strategy period

- **Focus on the United Nations sustainable development goals of “good health and wellbeing”,** while embedding them into our insurance products and services, to ensure healthy lives and promote well-being for all at all ages.
- **Interests and expectations of the relevant interested parties and stakeholders,** as communicated to us

through ongoing dialogue with individual stakeholder groups. The sustainable development strategy is thus based on building quality long-term relationships with all stakeholders, with customers and their satisfaction at the centre.

- **ESG criteria⁸⁸,** which we are gradually and systematically integrating into the decision-making processes in the Group.
- **Adoption of key performance indicators** and systematic measurement of progress towards sustainable development goals.
- **Corporate actions** and further promotion of corporate social and environmental responsibility.



⁸⁸ ESG criteria: ESG (Environmental, Social, Governance) criteria are a set of standards for corporate social responsibility covering three areas of criteria: environmental and social criteria, and responsible corporate governance.



14.1.1 Strategy implementation in 2022

In 2022, the Group's operations were mainly marked by the abatement of the Covid-19 epidemic and the restoration of business as we knew it prior to 2020.

Key sustainable development activities and the introduction of the ESG criteria continued with:

- putting the customer at the centre of all processes, and the digitisation of processes,
- product development and underwriting,
- the investment process,
- cybersecurity,
- sourcing process,
- employee development and strengthening sustainability culture.

Major activities in 2022 included the implementation of the adopted and monitoring of the evolving legislation aimed at pushing the European Union towards its goal of becoming carbon-neutral by 2050.

The Group was preparing for the introduction and implementation of legal requirements according to these documents:

- Regulation (EU) 2019/2088 or SFDR (Sustainable Finance Disclosure Regulation) – In December 2022, the Statement on principal adverse impacts

of investment decisions on the sustainability factors of the Sava Insurance Group was published on Sava Re's website, and the relevant pre-contractual disclosures in the financial and financial-insurance products offered by the Group to its customers were set out.

- Delegated Regulation (EU) 2021/1257 as regards the integration of sustainability factors, risks and preferences into the product oversight and governance requirements for insurance undertakings and insurance distributors and into the rules on conduct of business and investment advice for insurance-based investment products, which entered into force on 2 August 2022 and for which both insurance companies in the Group arranged for the necessary information on sustainability factors to be available on their websites.
- Delegated Regulation (EU) 2021/1256 as regards the integration of sustainability risks in the governance of insurance and reinsurance undertakings, which also entered into force on 2 August 2022 and on the basis of which the Sustainability Investment Policy of the Sava Insurance Group, the Remuneration Policy for Members of Supervisory and Management Bodies of Sava Re, d.d., as well as other relevant acts have been supplemented.
- Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, or the Taxonomy; the Group already reported in

accordance with the Taxonomy for 2021, based on available data and an estimate of Taxonomy-eligible revenues from activities. The activities to ensure the quality and relevance of the data needed for disclosures continued in 2022.

- Directive (EU) 2022/2464 on Corporate Sustainability Reporting (CSRD); the Group has accelerated preparations for the disclosure requirements under the new European Sustainability Reporting Standards (ESRS), in particular by organising and participating in various training sessions to ensure that we are adequately prepared for the 2025 reporting on 2024. Training was provided to the top management of the subsidiaries, as well as to business line managers and all potential authors of reports.

In addition to closely following and ensuring compliance with the sustainable development requirements, we also draw your attention to the following developments:

1. We performed the substantive assessment of the portfolio in terms of the ESG criteria and developed the guidelines for responsible non-life insurance and reinsurance underwriting, which were adopted in January 2022.
2. An online stakeholder survey was conducted in October and November 2022 in all markets in which we are present concerning significant sus-

tainability topics that will be given particular importance in the upcoming strategy period.

3. In October 2022, we held a sustainability conference for representatives of the subsidiaries and business line managers, focusing on European sustainability legislation and the Group's strategic goals for the next period.
4. A sustainable development strategy for the 2023–2027 period was adopted in December 2022.
5. In December 2022, the Sustainable Development Policy of the Sava Insurance Group⁸⁹, was adopted, which sets out the Group's general principles and approaches to ESG issues and the sustainable development management system.
6. The Sava Insurance Group's purchasing policy was revamped.
7. A number of corporate volunteerism campaigns were organised across the Group as part of the Heart for the World initiative, as well as training and information sessions for employees on pressing environmental issues. The initiative has grown into a year-long activity that encourages employees to be responsible towards natural and social environments.

The activities carried out are described in more detail below.

⁸⁹ ESG criteria: ESG (Environmental, Social, Governance) criteria are a set of standards for corporate social responsibility covering three areas of criteria: environmental and social criteria, and responsible corporate governance.

14.2 Relations with stakeholders⁹⁰

The needs and interests of stakeholders are met and monitored via a web of mutual relations at strategic and operational levels. Trust and mutual understanding with individual groups are thus strengthened on the basis of fair and balanced communications and inclusion.

The needs and interests of stakeholders are met and monitored via a web of mutual relations at strategic and operational levels. Trust and mutual understanding with individual groups are thus strengthened on the basis of fair and balanced communications and inclusion.

The Sava Insurance Group thus strives to establish various forms of cooperation with its stakeholders, and the Covid-19 pandemic also brought new challenges in this area in recent years, as traditional forms of communication were no longer viable in these circumstances. New technologies and the digitisation of operations thus took advantage of this renewed momentum and accelerated new solutions, remote communication, and the implementation of all processes, all of which are also used in post-pandemic times.

In those circumstances, it was particularly important to identify the needs of stakeholders for information or content. To this end, in 2020 we conducted an online

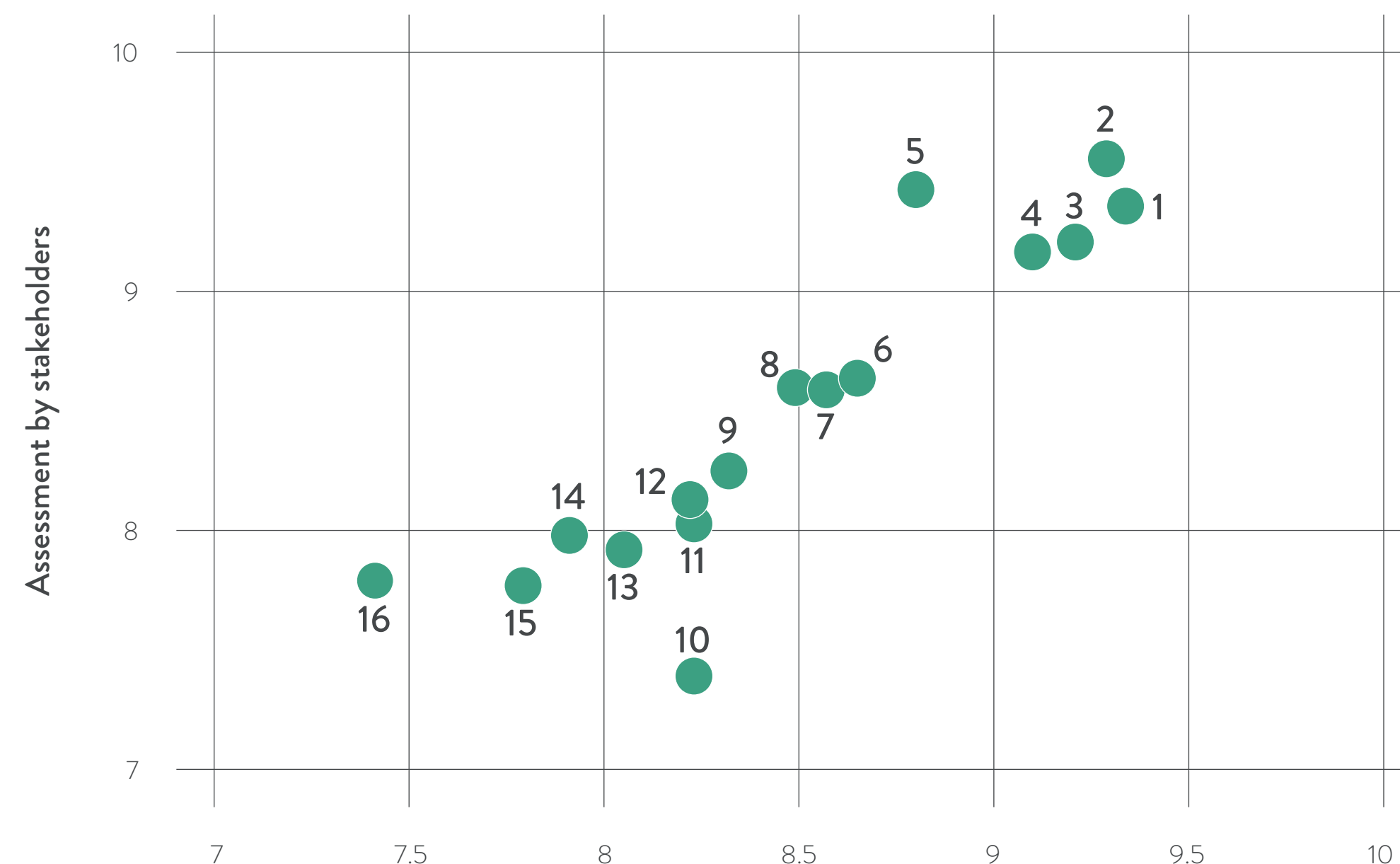
survey in all countries where we are present except in Montenegro, where the epidemiological situation was extremely difficult and it was feared that the survey could have a disturbing or negative impact on stakeholders.

The survey demonstrated that our stakeholders recognise the following business aspects or topics as the most important:

- sales network,
- customer satisfaction,
- compliance,
- products that are transparent and easy to understand,
- motivated, innovative and happy employees.

Below, we list those stakeholders believed to have a significant impact on each legal entity in the Group and vice versa; what is more, these stakeholders also actively contribute to adding value to our business operations.

Topics and aspects in terms of their importance for stakeholders and the Sava Insurance Group



Assessment by employees of Sava Insurance Group

- | | | | |
|---|--|----|---|
| 1 | sales network | 8 | digitalisation of operations |
| 2 | customer satisfaction | 9 | concern for the natural environment |
| 3 | compliance | 10 | climate change |
| 4 | products that are transparent and easy to understand | 11 | quality suppliers |
| 5 | committed and motivated employees | 12 | development of sustainable products |
| 6 | comprehensive risk management | 13 | responsible investment policy and underwriting (EGS criteria) |
| 7 | cyber security | 14 | local community |
| | | 15 | credit rating |
| | | 16 | demographic change |

⁹⁰ GRI 2-23, 2-29, 3-1, 2-12, 2-13, 2-14, 2-15, 2-17, 2-18.



14.2.1 Types of stakeholder involvement

We cultivate responsible and sincere relations with all our stakeholders. In doing so, we follow the recommendations and rules of public reporting, the code of ethics and internal rules. The following outlines the types and objectives of stakeholder involvement.

Types and objectives of stakeholder involvement

Stakeholders	Type of involvement	Objectives	The most important activities in 2022
Sava Insurance Group employees	<ul style="list-style-type: none">Employee participation (workers’ council and unions)Internal formal events (strategic conferences, professional and educational events)Internal informal eventsInternal training/consultationsManagement by objectives (annual appraisal interviews)Internal web and print mediaThinking out of the boxElectronic mailPersonal contactOpinion polls/questionnairesSports societiesCorporate volunteerism	<ul style="list-style-type: none">Information, awarenessStimulating ideas to improve the work environment and business processesTwo-way communicationCulture building, improving relations, fostering a good organisational climate	<ul style="list-style-type: none">Continuing the development of the Never Alone employer brand in internal communicationInforming all employees of pressing ESG issues by emailOngoing dialogue with employee and trade union representativesEvents, conferences, lecturesDepartmental meetingsAddresses by the chairman of the management board of Sava Re to all employees of the Group by e-mailDevelopment of the Heart for the World initiative in terms of corporate volunteerism, education, and awareness-raising on ecological and social issues. 5,430 hours of volunteering
Customers include: <ul style="list-style-type: none">the insuredpolicyholdersinjured partiescedantsinvestors in mutual and pension funds	<ul style="list-style-type: none">One-to-one counsellingMeetingsCompliments and complaintsWebsites, blogsContact centreMarket communication through different channelsExpert meetings/conferencesEventsSocial networks	<ul style="list-style-type: none">Service qualityCustomer focusInformationQuick problem solvingCustomer-friendly attitudeIdentifying actual market needsModern sales channels	<ul style="list-style-type: none">Strengthening of the Sava Insurance Group brand with the slogan “Among good people”Year-long and ongoing communication of sales representatives with customersInteractive chats – on web pagesElectronic monthly publications (Sava Infond sent to over 24,000 addresses)Direct mailSemi-annual presentation brochure for cedantsSocial media notifications
External sales network consisting of: <ul style="list-style-type: none">insurance agenciesinsurance intermediariesbanksbusiness partners, e.g. roadworthiness testing centres, tourist agencies	<ul style="list-style-type: none">Regular contactsProfessional trainingMeetings/events	<ul style="list-style-type: none">Product and offer expertiseKeeping up to date with developments in business processesKeeping up to date with developments in laws and regulations governing the businessBuilding genuine partnerships	<ul style="list-style-type: none">Ongoing communication of specialist services with representatives of the external sales network



Stakeholders	Type of involvement	Objectives	The most important activities in 2022
Suppliers (services and materials)	<ul style="list-style-type: none">• Tenders• Invitations to participation• Questionnaires• Meetings• Presentations	<ul style="list-style-type: none">• Selection of the most appropriate supplier in accordance with the criteria• Environmentally friendly materials• Paperless operation• Digitisation of operations• Payment reliability• Honouring agreements• Delivery of waste disposal certificates• Supporting local economy	<ul style="list-style-type: none">• Standing invitations to tender and supplier selections
Shareholders and prospective investors in POSR shares	<ul style="list-style-type: none">• At least once a year at the general meeting of shareholders• Regularly through public notifications (SEOnet of the Ljubljana Stock Exchange)• Regularly on the website (www.sava-re.si)• At least once a year in the letter to shareholders• Regularly via email (ir@sava-re.si)• Regularly in individual meetings and through conference calls• Regularly at investment conferences at home and abroad	<ul style="list-style-type: none">• Equal access to information• Clear dividend policy and yields• In-depth information on business operations, annual plan and strategic policy• Sustainable operations	<ul style="list-style-type: none">• Regular and transparent communication with shareholders and investors, participation in 6 events in 2022• 30 SEOnet announcements in 2022
Regulatory	<ul style="list-style-type: none">• Regular and extraordinary reporting to the Insurance Supervision Agency (ISA) and Securities Market Agency (SMA)• Regular and extraordinary reporting to the Slovenian Competition Protection Agency (CPA)	<ul style="list-style-type: none">• Compliance with legislation• Business transparency• Security of policyholders• Compliance	<ul style="list-style-type: none">• Consistent tracking of changes in legislations, regulatory measures and recommendations, and meetings
Credit rating agencies	<ul style="list-style-type: none">• Regular annual review of the financial position, operations and business results	<ul style="list-style-type: none">• Improved credit rating	<ul style="list-style-type: none">• AM Best confirmed the credit rating “A” (stable)• S&P confirmed the credit rating “A” (stable)
Media	<ul style="list-style-type: none">• Regularly through press releases• At least once a year at the press conference• Periodically through interviews• Regularly through answers to journalists’ questions	<ul style="list-style-type: none">• Providing information to the general public• Regular and transparent information on business operations• Strengthening the positive realistic image of the Company/Group• Maintaining regular and positive relationships	<ul style="list-style-type: none">• In 2022, Sava Re had 1420 mentions in the media, Zavarovalnica Sava 1459 mentions, and the Sava Insurance Group had 253 mentions• Responsive and timely communication with the media
Communities	<ul style="list-style-type: none">• Direct contact with local decision makers• Support to non-profit organisations through sponsorships and donations• Support for preventive actions• Employee assistance	<ul style="list-style-type: none">• Involving companies/employees in local communities and society at large• Co-financing of projects important for the local community• Enhancing security through preventive actions• Infrastructure investments• Awareness raising among the population	<ul style="list-style-type: none">• Section “Sponsorship, donations and preventive actions”• Section “Responsibility to the community”

14.3 Economic aspect⁹¹

Economic performance defined by the strategic goals in all areas and reported more extensively in the financial part of the report is the key performance indicator for the operations of the Sava Insurance Group. This is achieved through timely risk identification and management. We believe that both financial and non-financial risks have an impact on the economic performance of companies.

Distributed economic value of the Sava Insurance Group

EUR million	2022	2021	2020	2019	2018	2017	Index 2022/2021
Other economic impacts							
Economic value generated*	782.6	766.8	707.3	620.5	567.3	519.8	102.1
Economic value distributed	723.9	679.9	678.5	647.0	560.9	508.8	106.5
Net claims incurred and other technical expenses	437.2	423.2	446.0	421.5	344.1	313.6	103.3
Expenses for financial assets	13.9	5.7	13.1	6.1	9.6	11.9	243.0
Other expenses	2.3	2.5	3.3	4.6	2.9	2.8	95.2
Operating expenses**	136.5	128.4	119.9	111.0	102.8	87.7	106.3
Dividend payouts	23.4	13.2	0.0	14.7	12.4	12.5	176.4
Income tax expense	15.7	17.4	11.4	10.5	12.2	8.8	90.6
Investments in the social community (prevention, donations, sponsorships)	5.1	4.0	3.9	4.2	3.8	3.2	127.8
Employee payments, allowances and benefits	89.7	85.6	81.0	74.5	73.1	68.4	104.8
Economic value retained	58.7	86.8	28.7	-26.6	6.3	11.0	67.6

* Economic value generated = net premium earned + other technical income + investment income + other income.

** Operating expenses = commissions and other operating costs, excluding personnel costs, sponsorships, prevention and donations.

As evident from the table, the distributed economic value of the Sava Insurance Group in 2022 totalled EUR 723.9 million. It consists of net claims incurred and other insurance expenses, expenses for financial assets, other expenses, operating expenses, dividend payouts, tax expenses, community investments in the form of prevention, donations and sponsorships, payments, benefits and bonuses to employees.

14.3.1 Sponsorship, donations and preventive actions⁹²

The Sava Insurance Group promotes social responsibility and is gaining visibility as a sustainable partner in sponsorship and donation activities. Prevention action projects encourage society to identify different risks, thus contributing to better safety of lives and property.

For more, refer to section [14.5 “Responsibility to the community”](#).

⁹¹ GRI 3-3, 104-02, 201-01.

⁹² GRI 201-01, 203-02.

14.3.2 Sustainability guidelines for investment⁹³

14.3.2.1 The investment process and the Sustainability Investment Policy⁹⁴

The 2020–2022 strategy period was marked by the entry into force of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) and its implementation in the investment process. This Regulation lays down harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information.

The Regulation requires sustainability-related disclosures at both entity and financial product levels. At the entity level, it requires financial market participants and financial advisers to publish information on their websites about their policies on the integration of sustainability risks into their investment decision-making process or in their investment or insurance advice (the “outside-in” perspective). It also requires them to re-

port on the principal adverse impacts on sustainability factors (the “inside-out” perspective).

The management board of Sava Re first published the Sustainable Investment Policy of the Sava Insurance Group on 30 June 2021.

Its purpose is to regulate the Group’s approach by taking into account the environmental, social, and governance factors (ESG), and to ensure compliance with applicable laws and regulations governing investments. The policy defines how ESG criteria are integrated into investment decision-making, excluding derivatives and existing illiquid investments. The integration of these considerations into investment decision-making in the Group is based on the following three elements:

- monitoring and evaluating principal adverse impacts,
- monitoring and assessing greenhouse gas intensity, and
- exclusions.

A list of industries in which the Group does not invest is excluded. Thus, it does not knowingly finance, directly or indirectly, companies or projects in industries such as the production and retail sale of alcohol or tobacco,

the adult entertainment industry, gambling, mining and energy production from coal or shale oil, the military industry and controversial arms manufacturers.

In 2022, the Group updated its sustainable investment policy by integrating a sustainability risk management perspective into investment processes (required under Delegated Regulation 2021/1256) and by more actively integrating the principles of the UN Global Compact into the investment process. It also updated the criteria relating to the investment exclusion list.

At the end of 2022, the Group adopted an extended Statement on Principal Adverse Impacts of Investment Decisions on the Sustainability Factors of the Sava Insurance Group, and published it on its website. The statement is the basis for the disclosure of relevant data under the SFDR; the Group will disclose it on its website by 30 June 2023.

The Sustainable Investment Policy of the Sava Insurance Group also includes the accession to international commitments such as the UN PRI (Principles for Responsible Investment) and the UN Global Compact. As part of the adverse impact data, the Group will, starting

in 2023, check for potential violations of and compliance with the UN Global Compact principles and the Guidelines of the Organisation for Economic Co-operation and Development (OECD) for Multinational Enterprises. The Group is committed to incorporate such principles and guidelines into the investment process; in the future, when more detailed information is available, it will define the criteria for the exclusion of such investments from its portfolio.

14.3.2.2 Compliance of investments with the Sustainability Investment Policy of the Sava Insurance Group

The Sava Insurance Group adopted the sustainability investment policy in 2021 and amended it in 2022, establishing a list of exclusions with the industries in which the Sava Insurance Group would no longer invest or reduce its existing exposure to such investments. The sustainability investment policy sets out in more detail the sectors and thresholds (as a percentage of revenue). Exposure to such investments is presented using the data provided by Moody’s ESG Solutions (Vigeo Eiris) and criteria defined in the sustainability investment policy.

⁹³ GRI 3-3, 203-01.

⁹⁴ GRI 3-3, 201-01.

Value of investments aligned with the sustainability policy as at 31 December 2022

EUR	Value of aligned investments	Value of non-aligned investments	Value of investments with unavailable data	Total
Non-life	167,057,365	0	139,138,301	306,240,667
Life	222,935,882	24,484,575	34,313,854	281,734,309
UL guaranteed**	19,472,070	0	7,183,382	26,655,452
Investment portfolio captured	409,465,315	24,484,575	180,680,537	614,630,427
As % of portfolio captured	66.6%	4.0%	29.4%	100.0%
As % of total portfolio	27.9%	1.7%	12.3%	41.9%

* Investments that are assessed for alignment with the sustainability policy include investments in corporate bonds and equities, infrastructure and real estate funds, and mutual funds that are not mutual funds of the policyholder's choice (UL funds).
 ** Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

Number of investments aligned with the sustainability policy as at 31 December 2022

	Number of aligned investments	Number of non-aligned investments	Number of investments with unavailable data	Total
Non-life	195	0	96	291
Life	304	18	73	395
UL guaranteed*	38	0	12	50
Investment portfolio captured	537	18	181	736

* Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

14.3.2.3 Eligibility of investments with the Taxonomy

In 2020, Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, which defines the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable. In addition, two Commission Delegated Regulations were adopted in 2021, namely Commission Delegated Regulation (EU) 2021/2139 and (EU) 2021/2178, supplementing Regulation (EU) 2020/852 with detailed regulatory technical standards.

The tables below show the estimated data on the eligibility of the Group's investments with the Taxonomy and on the exposure of the Group's portfolio to investments on the list of excluded sectors set out in the sustainability investment policy.

14.3.2.3.1 Data methodology and assessment of eligibility of investments with the Taxonomy

Investments are assessed for Taxonomy eligibility based on six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;

- the transition to a circular economy;
- pollution prevention and control;
- the protection of healthy ecosystems.

An investment is considered to be eligible under the Taxonomy if it contributes to one of the objectives listed above.

In assessing Taxonomy eligibility, the Group included the investment portfolio covering non-life and life insurance liabilities, and the investment portfolio covering guaranteed unit-linked insurance, namely investments in corporate bonds, mutual funds, infrastructure and real estate funds and equities. The Sava Insurance Group does not use derivative financial instruments. In assessing Taxonomy eligibility, the Group excluded government as an issuer, as well as deposits, loans, investment property and issuers with fewer than 500 employees, as these are not subject to sustainability reporting requirements.

After excluding the above exposures to certain issuers and asset classes, the investment portfolio captured in the assessment of Taxonomy eligibility amounted to EUR 586.5 million (40.0% of the total portfolio), while the investment portfolio with unavailable data on Taxonomy eligibility amounted to EUR 178.6 million (12.2% of the total portfolio). The Group obtained data on Taxonomy eligibility from Moody's ESG Solutions (Vigeo Eiris).

Data on Taxonomy eligibility as at 31 December 2022

EUR	Value	As % of total portfolio	As % of portfolio captured
Total Group investment portfolio*	1,465,537,294	100.0%	
Investment portfolio assets captured**	586,529,249	40.0%	100.00%
Investment portfolio with available data	407,978,475	27.8%	69.6%
Investment portfolio with unavailable data	178,550,774	12.2%	30.4%

* Includes the investment portfolio covering non-life and life liabilities, and the investment portfolio of guaranteed unit-linked insurance.

** Includes investments in corporate bonds, infrastructure, real estate and other funds, and equities, does not include investments in issuers with fewer than 500 employees.

Only the investment portfolio captured in the Taxonomy eligibility assessment is shown below. Investments eligible under the Taxonomy amount to EUR 227.3 million and represent 38.7% of the investment portfolio captured. Investments not eligible under the Taxonomy amount to EUR 180.7 million and represent 30.8% of the investment portfolio captured. Investments with unavailable data amount to EUR 178.6

million and represent 30.4% of the portfolio captured.

Without investments with unavailable data we would have 55.7% of investments that are eligible under the Taxonomy and 44.3% of investments that are not eligible under the Taxonomy. The majority of Taxonomy eligible investments come from life funds, followed by non-life and guaranteed funds.

Taxonomy eligibility by fund type as at 31 December 2022

EUR	Taxonomy eligible investments	Taxonomy non-eligible investments	Investments with unavailable data	Total
Non-life	86,693,079	60,416,817	135,996,644	283,106,539
Life	130,517,601	112,484,960	34,852,190	277,854,751
UL guaranteed*	10,066,725	7,799,294	7,701,940	25,567,958
Investment portfolio	227,277,405	180,701,070	178,550,774	586,529,249

* Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

EUR	Taxonomy eligible investments with available data	Taxonomy eligible investments as % of portfolio with available data
Non-life	86,693,079	21.2%
Life	130,517,601	32.0%
UL guaranteed*	10,066,725	2.5%
Investment portfolio	227,277,405	55.7%

* Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

Taxonomy non-eligible investments with available data as at 31 December 2022

EUR	Taxonomy non-eligible investments	Taxonomy non-eligible investments (as %)
Non-life	60,416,817	14.8%
Life	112,484,960	27.6%
UL guaranteed*	7,799,294	1.9%
Investment portfolio	180,701,070	44.3%

* Guaranteed UL investments include investments covering unit-linked life insurance liabilities for which insurance companies guarantee the unit value.

14.3.2.4 ESG criteria for investments

The Sava Insurance Group considers ESG investments to include bonds issued to fund green environmental projects (so-called green bonds) and sustainable bonds (sustainability bonds), which are intended to finance green and social sustainability objectives of issuers and are issued primarily by governments and local authorities. It also considers ESG investments to include mutual funds that adhere to ESG principles and alternative funds that clearly adhere to ESG principles, including by signing the United Nations Principles of Responsible Investment.

The Sava Insurance Group applies a negative screening method when making investments, giving priority to those investments that comply with the ESG principles.

In building its investment portfolio, the Group avoids investing in securities that might have harmful effects of any kind, either on people or the environment, or that in any way deviate from the ESG principles. Part of our funds is invested in debt securities issued by international organisations such as the EBRD, the World Bank and the European Investment Bank, as we believe

that these organisations invest in environment-friendly projects and promote development in accordance with their environmental and social policies.

Sustainable investments increased from EUR 132.3 million in 2020 to EUR 195.5 million in 2021 (+EUR 63.2 million) and to EUR 218.4 million in 2022 (+EUR 22.9 million), or from 8.2% to 11.9% and 14.9% of the portfolio at year-end 2020, 2021 and 2022 respectively.

Common to all of the investments shown in the table below is the fact that the funds collected are used to finance projects and investments meeting ESG Standards.

The companies that became part of the Sava Insurance Group in 2020 have adopted the guidelines set out above and will take them into account in investment management in the future; however, they are subject to a transitional period, during which they must adjust their processes and investment portfolios.

Compliance with sustainability criteria is particularly emphasised in infrastructure investments, real estate funds and other alternative investments, since

non-compliance with the ESG guidelines constitutes (as a rule) an exclusion criterion when deciding on investments in funds and direct projects. Currently, all alternative investments in the portfolios of the Sava Insurance Group in the form of alternative funds comply with at least one industry sustainability standard (e.g. UN PRI – United Nations Principles of Responsible Investment, GRESB – Global ESG Benchmark for Real Estate, TCFD – Task Force on Climate-related Financial Disclosures) and are reported on in accordance with these standards. Rarely, where this is not the case, the Group has agreed on the exclusion of investments that do not meet our internal ESG criteria. Most alternative funds in the Group's portfolio have a favourable impact on the environment and society, as they are specifically focused on renewable energy projects, the construction of infrastructure that supports the transition to renewable energy sources and investments in energy savings. As regards energy savings and the so-called energy entrepreneurship, the Group has been active in the domestic environment for several years now through the financing of direct projects.

Real estate investments in the Group's portfolios integrate ambitious environmental, social and governance

commitments. The most important goals are a drastic reduction in the consumption of energy and water, a decrease in greenhouse gas emissions and efficient processing of waste. The managers of these funds have various certificates, including LEED, BREEAM, WELL and HQE⁹⁵. As part of the social goals, the funds also strive to strengthen local communities and cities, and the construction of residential real estate takes account of the fact that these buildings are surrounded by green areas for social gatherings and promote healthy living, and that real estate users have guaranteed access to social and educational institutions and actively participate in sustainable mobility projects.

Over the next years, the Group is planning to continue investing in renewable energy sources, energy efficiency projects and sustainable real property. Moreover, it intends to include ESG bonds in the portfolio even more actively. Under the new legislation entering into force in 2021, the Group will also comply with the uniform rules regarding the transparency of the integration of sustainability risks into processes and take due account of impacts harmful to sustainability when making investment decisions.

⁹⁵ LEED – Leadership in Energy and Environmental Design; BREEAM – Building Research Establishment Environment Assessment Method; WELL – WELL Building Standard; HQE – High Quality Environmental Standard.

Group’s ESG integrated investments as at 31 December 2022

EUR	Uncalled commitment	Called up already	Total	Total investments called up or already made as % of the Group’s total investment portfolio
Infrastructure funds	6,366,559	48,258,201	54,624,759	3.4%
Real estate funds	0	14,625,508	14,625,508	1.0%
Direct infrastructure projects	0	424,367	424,367	0.0%
Private debt funds	361,675	4,638,325	5,000,000	0.3%
ESG (green & sustainable) bonds	0	130,210,954	130,210,954	9.2%
Bond mutual funds	0	6,863,508	6,863,508	0.5%
ETFs	0	6,744,389	6,744,389	0.5%
Total	6,728,234	211,765,252	218,493,486	14.9%

The Group is a responsible asset and capital manager, and ensuring sustainable operation will be an important aspect of the management of investment portfolios for the 2023–2027 strategy period. By increasing the share of ESG investments, aligning with a sustainable investment policy and setting up a reporting system, it will strive to achieve its investment portfolio management objectives.

14.3.3 Risks and opportunities arising from climate change⁹⁶

Climate change is a serious threat to society, the economy and, in particular, to the business of insurance and reinsurance companies. Global temperatures are now about 1 °C above pre-industrial levels, and without appropriate mitigation strategies put in place, they could reach 3 °C or more by the end of this century.

The Group monitors climate change risks and reports on these in section [17.7 “Risk management”](#).

The year 2022 was less turbulent than the previous year for the Sava Insurance Group in relation to natural disasters, although international reinsurance markets were exposed to a number of major loss events. The most significant events for the reinsurance portfolio of Sava Re, with Sava Re’s share exceeding EUR 1 million, were the European storm Eunice in February, the floods in South Africa in April, Typhoon Hinnamnor in South Korea in September and Hurricane Ian in North America.

In relation to natural disasters, Zavarovalnica Sava was affected by three losses in excess of EUR 1 million, i.e. one more than in 2021.

Other subsidiaries did not record major differences in loss events due to natural disasters in 2022.

Group companies are exposed to transition risk associated with the shift to more sustainable business operations, and the Group manages this risk through regular monitoring of sustainability-related legislative changes and promptly adapts its business also by offering more sustainable products and by actively learning about its customers’ new needs.

Investments in sustainable development and preventive activities (renewables, awareness-raising among policyholders) will continue to be factors that will have a significant impact on the scope and scale of losses due to natural disasters.

14.3.3.1 Product development and underwriting⁹⁷

Climate and other environmental (increasing burden on the environment related to population growth, pollution from waste and other ecological problems), climate (greenhouse gas emissions) and social changes (introduction of new technologies, changes in legislation, demographic trends, population migration) are shaping a new landscape for the development of new products and underwriting. This gives rise to:

- new opportunities in the development of innovative products and services and
- the creation of new underwriting criteria for new and unfamiliar risks (e.g. climate change and related less common or uncommon weather-related natural disasters).

Development of non-life and accident insurance products

In new product development, the basis of a system was established that also focuses on sustainability components in the development process according to pre-defined rules. The development is thus formally supported by corresponding questionnaires and rules. The questionnaire aims to determine whether our offer has a direct or indirect impact on our customers’ attitude towards the environment or more responsible social behaviour, while making them aware of the sustainability features of each product.

⁹⁶ GRI 3-3, 201-02.
⁹⁷ GRI 3-3, 305-01, 305-02, 305-03, 302-01.

Sustainability aspects in products

In 2022, the Sava Insurance Group expanded some of its products with a strong sustainability component. In addition to the insurance of solar power plants already marketed by the Slovenian part of the Sava Insurance Group, the basic technical documents necessary to start offering this type of insurance were also prepared in two other subsidiaries. Motor casco insurance was also upgraded, in particular to provide coverage for electric vehicles.

Development of financial products

The adoption of the Taxonomy (Regulation (EU) 2020/852) and SFDR (Regulation (EU) 2019/2088) regulations aligned the criteria for the entire European market and clearly defined the sustainability of financial products so as to prevent greenwashing. The Group's competent departments keep track of regulations and promptly implement them (relevant disclosures, adoption of relevant policies and similar).

Responsible insurance and reinsurance underwriting

The Group's insurance companies and the reinsurance company are aware of the importance of environmental risks, which is why they seek to adopt and introduce internal rules that will contribute to responsible under-

writing of environmental, social and governance risks in non-life insurance.

To achieve this goal, the management board of Sava Re adopted, in January 2022, the [Sava Insurance Group's guidelines for responsible underwriting of environmental, social and governance risks in the non-life insurance business](#). They were introduced in the processes of individual subsidiaries in 2022 and aimed at ensuring that Group companies act responsibly and in accordance with environmental, social and governance values when underwriting risks. The guidelines define eighteen groups of activities that can be sensitive in view of the ESG criteria (e.g. tobacco industry, weapons production, mining), and that is why companies must pay special attention to them or exercise caution when underwriting.

At the same time, based on the guidelines, a reporting system is being established on activities and measures that are necessary to supplement policies, rules, questionnaires and such like. These measures will enable policyholders and insurance companies to raise the standards in underwriting in view of the ESG criteria. Given the six-month transitional period to transfer the guidelines into subsidiaries' operations, more concrete reports or the outcome of the implementation of the

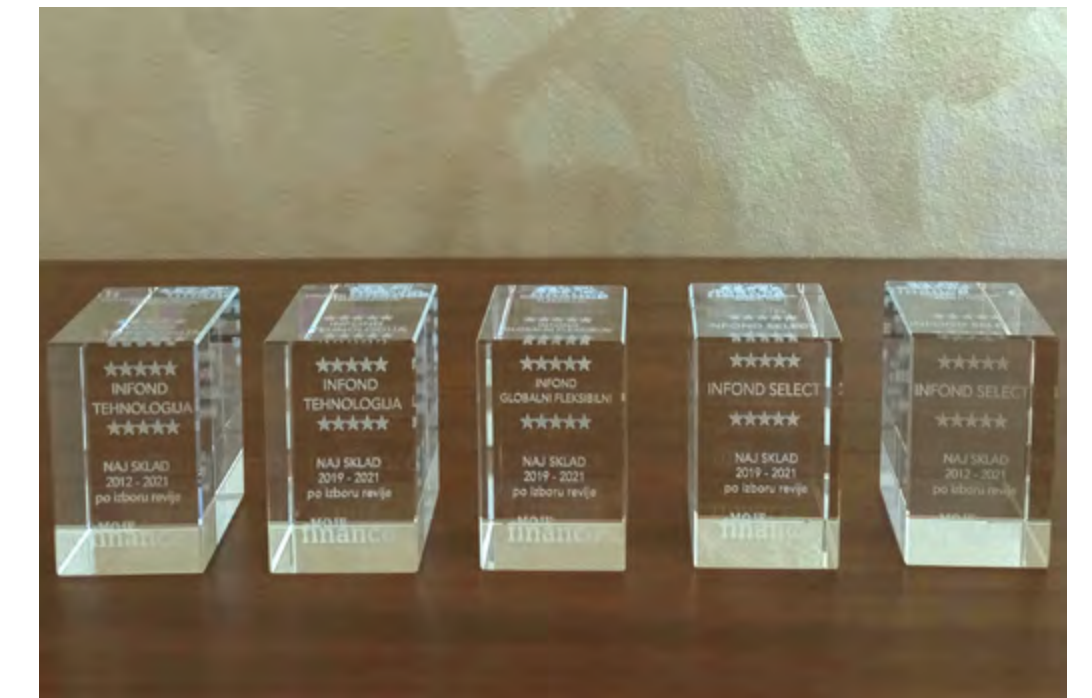
guidelines are expected to be seen in the first half of 2023.

In addition to the Group's insurers, which will use the guidelines in the primary insurance business, their application also makes sense in the reinsurance business.

Basic reinsurance underwriting rules, especially for the facultative business, were enhanced based on the guidelines for the identification and monitoring of exposed ESG transactions in non-Group reinsurance activities. In treaty reinsurance, sustainability opportunities are sought, and the development and creation of new reinsurance opportunities with beneficial effects on sustainability are also monitored.

Providing adequate data

Given the increasing complexity of the decision-making process with regard to ESG criteria, the introduction of the guidelines for responsible insurance portfolio management led to the establishment of an appropriate data collection system and the provision of appropriate data in line with the existing and emerging legislation, as well as an appropriate model for monitoring the impact of the introduction of ESG criteria.



Sava Infond (SVN): Awards presented by the Moje Finance magazine.



Sava Osiguranje (MNE): Company receives the Employers' Association Award for corporate social responsibility.



14.3.3.2 Taxonomy eligible non-life insurance activities

The Sava Insurance Group offers the following insurance coverages:

Consolidated gross premiums written and consolidated net premiums earned by class of business*

EUR		Gross premiums written			Net premiums earned		
		2022	2021	Index	2022	2021	Index
1	Medical expense insurance	12,802,027	10,894,787	117.5	11,073,474	8,875,579	124.8
2	Income protection insurance	3,230,277	2,628,428	122.9	1,939,292	2,197,660	88.2
3	Workers' compensation insurance	23,805,490	23,382,419	101.8	22,866,183	22,818,609	100.2
4	Motor vehicle liability insurance	137,553,034	127,700,580	107.7	126,104,292	123,475,030	102.1
5	Other motor vehicle insurance	73,431,760	135,424,687	54.2	67,257,394	128,913,705	52.2
6	Marine, aviation and transport insurance	15,063,293	14,942,917	100.8	13,149,972	14,312,756	91.9
7	Fire and other damage to property	182,211,159	174,039,022	104.7	146,940,674	144,998,489	101.3
8	Assistance	24,906,233	19,449,450	128.1	22,440,230	18,328,700	122.4
9	Total (1–8)	473,003,272	508,462,290	93.0	411,771,511	463,920,528	88.8
10	Other non-life	38,568,918	38,188,872	101.0	35,822,362	40,226,581	89.1
11	Total non-life	511,572,190	546,651,162	93.6	447,593,873	504,147,109	88.8
12	Life insurance	176,006,776	183,247,246	96.0	175,009,912	182,427,208	95.9
13	Total	687,578,966	729,898,408	94.6	622,603,785	686,574,317	90.7

* Included are gross premiums written and net premiums earned of Group insurers, and those of the reinsurer relating to non-Group business.
The data in the table for 2022 do not include the portion of the premium that refers to risk coverage that is not directly related to climate change (Article 10.1 of the Commission Delegated Regulation (EU) of 4 June 2021).



Consolidated gross premiums written and net premiums earned by class of business*

EUR		Gross premiums written		Net premiums earned	
		2022	Share	2022	Share
1	Medical expense insurance	12,802,027	2.5%	11,073,474	2.5%
2	Income protection insurance	3,230,277	0.6%	1,939,292	0.4%
3	Workers' compensation insurance	23,805,490	4.7%	22,866,183	5.1%
4	Motor vehicle liability insurance	137,553,034	26.9%	126,104,292	28.2%
5	Other motor vehicle insurance	73,431,760	14.4%	67,257,394	15.0%
6	Marine, aviation and transport insurance	15,063,293	2.9%	13,149,972	2.9%
7	Fire and other damage to property	182,211,159	35.6%	146,940,674	32.8%
8	Assistance	24,906,233	4.9%	22,440,230	5.0%
9	Total (1–8)	473,003,272	92.5%	411,771,511	92.0%
10	Other non-life	38,568,918	7.5%	35,822,362	8.0%
11	Total non-life	511,572,190	100.0%	447,593,873	100.0%
12	Life insurance	176,006,776		175,009,912	
13	Total	687,578,966		622,603,785	

* Included are gross premiums written and net premiums earned of Group insurers, and those of the reinsurer relating to non-Group business.
The data in the table for 2022 do not include the portion of the premium that refers to risk coverage that is not directly related to climate change (Article 10.1 of the Commission Delegated Regulation (EU) of 4 June 2021).

The data in the table for 2022 do not include the portion of the premium that refers to risk coverage that is not directly related to climate change (Article 10.1 of the Commission Delegated Regulation (EU) of 4 June 2021).



14.3.4 Relations with suppliers and the purchasing policy⁹⁸

Group companies coordinated purchasing policy and made it more uniform, which involves strategic guidelines and principles governing a transparent procurement process. Sustainability goals of the purchasing process are:

- the establishment and maintenance of partnerships with suppliers (which are our existing or potential policyholders); therefore, we prefer to locate suppliers from the local environment,
- the definition of additional criteria for the selection of suppliers that take into account environmental and social aspects, and the definition of criteria to be met by local suppliers.

Internal acts prescribe the inclusion of an anti-corruption clause in all purchase contracts⁹⁹. When ordering, taking over and paying for goods, the principle of four eyes is applied, which ensures a high degree of individual control over the business purchasing process. Sava Re assesses the risk inherent in purchasing on a

quarterly basis¹⁰⁰. The procurement procedure rules have an appended questionnaire on the sustainability of the Company¹⁰¹, which is intended for suppliers whose bids are collected through tenders (the value of goods exceeds EUR 50,000). A completed questionnaire is an important factor in the selection of a supplier and the first step towards promoting sustainability in partnerships as part of the procurement process. The general purchasing conditions, which as a rule constitute an integral part of every purchase, also emphasise the concern for the sustainable development of the Company. The internal acts governing the business purchasing process in all Group companies are updated with mechanisms monitoring suppliers' sustainability.

Group companies' suppliers are mainly providers of consulting services, IT maintenance, office supplies, small tools, computer hardware and software and company cars.

All Group companies are required to partner with local suppliers by the very nature of the business and the need to establish long-term partnerships in their own communities. The local market of any Group member is the

entire country in which its head office is situated¹⁰².

Although some of the purchases are made outside their home country, they are mainly limited to the goods and services that cannot be sourced in their home country or are offered at non-competitive prices. In the case of producers or service providers from other countries, business relationships are established through local agents or representatives. Frequently, looking for suppliers in foreign markets is not reasonable because companies can make purchases under better conditions and with less risk with domestic suppliers.

One of the objectives of the Group's purchasing policy is the collaboration of companies in joint purchasing. This most often involves companies registered in the same country. All or a major part of the Group companies take part in the purchasing or development of information solutions. The objective of joint purchasing is: optimisation of the purchasing process, cost savings and reduced risk in purchased goods. Collaborative purchasing also facilitates the sharing of expertise, experience and good practice between Group companies.

The Sava Insurance Group ensures competitiveness and transparency of the selection procedure in relationships with its suppliers by sending requests for proposals to several providers and increasing competencies and responsibilities for decision-making regarding the selection of suppliers, depending on the level of the estimated value of the goods. Special attention is paid to the development of quality criteria, mutual cooperation, creation of synergy and price competitiveness (rebate scales and similar), all of which are considered an appropriate basis on which to assess suppliers.

In terms of procurement, the Company/Group also takes into account a number of other internal acts defining procedures and other instructions. These include: the Group fleet management policy; the rules on procurement, use and maintenance of company vehicles; and the rules on the use of information technology assets.

In 2022, the Sava Insurance Group's purchasing policy and the fleet management policy were also revised. An internal procurement audit was also carried out in all subsidiaries.

⁹⁸ GRI 2-6, 204-1.

⁹⁹ GRI 205-1.

¹⁰⁰ GRI 205-1.

¹⁰¹ GRI 414-1.

¹⁰² GRI 204-01.

14.3.5 Financial assistance received from government¹⁰³

Slovenia adopted a number of measures in 2021 and 2022 to mitigate the impact of Covid-19 and rising energy prices on the economy. Beneficiaries include legal persons established in accordance with the Companies Act and registered to carry out business activities in Slovenia, with certain companies excluded under certain measures, e.g. companies engaged in certain activities, companies subject to bankruptcy or liquidation proceedings, companies with unpaid compulsory levies and other non-tax monetary liabilities, etc.

In this context, Sava Re and Zavarovalnica Sava were reimbursed in 2022 part of the costs of SARS-CoV-2 rapid antigen tests for self-testing in the amount of EUR 2,254 and EUR 15,077 respectively.

Zavarovalnica Sava was reimbursed for the salaries paid to its employees for their short-term absences of up to 3 days.

Sava Re was reimbursed in 2022 for part of the loss suffered due to increased energy prices in the amount of EUR 11,090.

14.3.6 Definition of other government incentives

In 2022, Sava Re was again granted a partial 30% exemption from the payment of employer's contributions for employees who reached the age of 60 and the exemption from the payment of the employer's share of social security contributions on employment contracts concluded for an indefinite period. These refunds totalled EUR 9,326 (2021: EUR 12,600).

Sava Re also set up a collective voluntary supplementary pension insurance scheme funded by the employer and has a contract in place on the accession to the pension company's pension scheme, registered in the pension scheme register at the Financial Administration of the Republic of Slovenia. Based on these contracts, the Company pays a voluntary supplementary pension insurance premium for those employees who have joined the pension scheme and are thus entitled to a reduced income tax base for the amount of the voluntary supplementary pension insurance premium paid in the tax year for its employees to the pension scheme provider. The total value of this tax relief was EUR 201,720 (2021: EUR 193,899).

Subsidiaries exercise incentives or reliefs in accordance with local legislation (employment of the disabled, inclusion of employees in the pension schemes, etc.).

14.3.7 Tax¹⁰⁴

In line with its sustainable development strategy the Sava Insurance Group invests its efforts in being recognised by its stakeholders as a socially responsible and community-minded organisation. This extends to its tax philosophy. Taxes provide for public health services and education. They provide for security as well as the construction and maintenance of public infrastructure. Taxes are a tool for progress and development, and forge relations between the wider community and enterprises.

As a socially responsible organisation the Sava Insurance Group:

- operates fairly and transparently,
- calculates and pays all incurred tax liabilities in accordance with international tax standards and national legislation in the countries in which it operates,
- regulates transfer pricing in accordance with international standards (including OECD guidelines) and national legislations,
- cooperates with tax authorities in an open and transparent manner.

Taxation is included in the Sustainable Development Policy of the Sava Insurance Group. In the 2023–2027 strategy period, the Sava Insurance Group Tax Policy will be developed.

The following table shows the amount of taxes and contributions assessed or paid by type and by tax jurisdiction in which the Sava Insurance Group operates.



Sava Osiguranje (SRB): Belgrade Half Marathon, a race for families.



Sava Re: Health Day on the slopes.

¹⁰³ GRI 201-04.

¹⁰⁴ GRI 207-1.



2022 EUR Tax jurisdiction / type of tax	Slovenia	Croatia	Montenegro	North Macedonia	Kosovo	Serbia	Total
Corporate income tax paid	17,134,075	0	340,540	133,326	229,398	121,759	17,959,098
Taxes on emoluments paid to natural persons (employer contributions and taxes)	7,380,457	579,275	59,026	112,485	0	24,833	8,156,076
Taxes and contributions withheld and paid on behalf of employees	19,787,061	707,956	904,225	1,300,861	429,810	1,138,422	24,268,335
Value added tax	6,057,261	103,427	153,301	53,197	1,506,804	132,679	8,006,669
Insurance premium tax	32,171,006	1,530,713	1,348,363	0	286,990	1,263,202	36,600,274
Fire brigade charge	3,475,964	23,716	40,473	291,857	0	0	3,832,010
Financial services tax	90,511	0	16,944	0	0	0	107,455
Fee for use of building land	303,328	0	668	0	0	7,240	311,236
Other charges	12,586	205,153	11,390	0	0	60,250	289,379
Total	86,412,249	3,150,240	2,874,930	1,891,726	2,453,002	2,748,385	99,530,532

2021 EUR Tax jurisdiction / type of tax	Slovenia	Croatia	Montenegro	North Macedonia	Kosovo	Serbia	Total
Corporate income tax paid	18,742,002	0	222,761	227,380	289,816	156,628	19,638,587
Taxes on emoluments paid to natural persons (employer contributions and taxes)	7,056,754	593,761	18,898	97,183	0	16,446	7,783,042
Taxes and contributions withheld and paid on behalf of employees	18,793,546	739,468	1,175,692	1,255,469	338,972	1,074,392	23,377,539
Value added tax	3,645,097	125,944	199,731	44,398	1,339,463	88,443	5,443,076
Insurance premium tax	31,364,003	1,669,900	1,170,788	0	244,021	976,700	35,425,412
Fire brigade charge	3,260,740	16,021	26,428	273,877	0	0	3,577,066
Financial services tax	101,514	0	17,757	0	0	0	119,271
Fee for use of building land	288,541	0	0	0	0	7,365	295,906
Other charges	8,872	248,259	13,003	0	0	51,276	321,410
Total	83,261,069	3,393,353	2,845,058	1,898,307	2,212,272	2,371,250	95,981,309

14.4 Social aspect

14.4.1 Responsibility to employees¹⁰⁵

At the Sava Insurance Group, we are aware of our responsibility to our employees and have made it a fundamental goal of our sustainable development strategy for the Group to be recognised by its stakeholders as a socially responsible and attractive employer in the region.

Section 10 “[Human resources management](#)” discloses in detail matters related to employees or HR affairs.

14.4.2 Responsibility to consumers¹⁰⁶

To manage the process of providing services all companies have in place rules, protocols or instructions that have a pivotal role in ensuring quality and in turn customer satisfaction: for underwriting, claims settlement, instigation of recourse proceedings and complaints resolution and describing the procedures for providing information about insurance products or services in accordance with the applicable regulations.

Companies offer their customers excellent products and services, and this is reflected in the awards and commendations, among which we would like to point out:

Sava Infond

At the awards ceremony for the best mutual funds, organised for the 12th year by Moje Finance magazine, the company received the title “best fund management company based in Slovenia” for the fifth consecutive year. In addition, three Infond funds received a total of five awards for the best fund in their categories.

Sava Penzisko Društvo (MKD)

In 2022, the Company received the title “best pension fund in Macedonia in 2022” awarded by World Finance.

Zavarovalnica Sava

The Our Paws (Slov. Naše tačke) digital campaign (promotion of pet insurance) was a gold award winner at the 9th DIGGIT Digital Trends Conference. E-janitor (Slov. EHišnik), a home assistance service, was awarded for its contribution to innovation in the Best Innovation of Podravje 2022 competition

14.4.2.1 Customer in the centre and digitisation of operations¹⁰⁷

In 2022, we focused on stabilising digital business channels for customers and on improving and speeding up the remote services introduced in 2021 – video identification, signatures and remote examination.

We added the possibility of fully automated e-commerce with Sava Infond to the shared portal for customers of the Sava Insurance Group, and the possibility of easier remote signing using one-time SMS signature codes. The customer portal now provides users with an overview of the entire operations of Zavarovalnica Sava, Sava Pension and Sava Infond, further simplifying business with the Sava Insurance Group.

In the past year, we started to introduce a central communication automation system that will allow us to centrally manage both business and marketing communication with our customers.



¹⁰⁵ GRI 3-3.

¹⁰⁶ GRI 3-3.

¹⁰⁷ GRI 3-3.

14.4.3 Client communication and information¹⁰⁸

14.4.3.1 Client communication and information in pre-contractual disclosures in the distribution of financial products

Important milestones in communicating information to clients consisted of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) and Regulation (EU) 2020/852 known as Taxonomy Regulation, which regulates the sustainability assessment of investments using a science-based approach to preventing greenwashing. To ensure the transition to a carbon-neutral economy by 2050 and the implementation of sustainable investment measures, we need to earn the trust of companies and investors by defining straightforward tools and guidelines adopted based on science-based evidence and experience in the market.

The SFDR regulation stipulates that financial market participants and financial advisers who have financial products in their offer must publish written policies on the integration of sustainability risks and ensure the transparency of such integration. In accordance with the regulation, the providers of financial services in the

Sava Insurance Group (Zavarovalnica Sava, Vita and Sava Pokojninska) provide information on the adverse impacts of their investment decisions on sustainability in pre-contractual disclosures for their financial products. In 2021, the Group thus adopted the already mentioned Sustainability Investment Policy of the Sava Insurance Group.

Sava Infond, a Group subsidiary, offers the Socially Responsible Fund, which is a product that promotes sustainability goals in accordance with the SFDR and complies with Article 8 of the SFDR.

All financial and insurance financial products offered by Group companies contain the relevant information in accordance with the legislation regarding their pre-contractual disclosures.

14.4.3.2 Customer information about sustainability factors in insurance products

In line with adopted regulations, the sustainability factors of an insurance product should be presented in a transparent manner to enable insurance distributors to provide the relevant information to their existing or potential customers. The impact assessment underpinning subsequent legislative initiatives demonstrated

the need to clarify that sustainability factors should be taken into account by insurance intermediaries and insurance undertakings distributing insurance-based investment products as part of their duties toward their existing and potential customers.

For each insurance product, the product approval process must identify the target market and the group of compatible customers. The target market must be identified at a sufficiently granular level, taking into account the characteristics, risk profile, complexity and nature of the insurance product, as well as its sustainability factors.

Thus, the Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (hereinafter: the IDD Directive) was implemented with the amendment to the ZZavar-1a in early 2019. This has been supplemented by the Commission Delegated Regulation 2021/1257 of 21 April 2021, which regulates the inclusion of sustainability factors and sustainability risks and preferences in the supervision and product governance requirements for insurance undertakings and distributors of insurance products, and in the conduct of business rules and investment advice for insurance investment products; it entered into force on 2 August 2022.

In accordance with the aforementioned Delegated Regulation, the insurance companies of the Sava Insurance Group in the relevant markets (Slovenia, Croatia) have started to take into account sustainability factors and sustainability objectives in the processes of the development or approval of insurance products, determination of the target market, distribution, as well as the management and control of insurance products.

Criteria for defining sustainability factors were developed. Based on these, the Sava Insurance Group assesses, when developing new and modifying existing insurance products, whether individual insurance products meet any of the sustainability factors, as well as their direct or indirect impact on the environment, society or matters relating to employees, respect for human rights and such like.

Insurance companies operating in markets governed by EU legislation carried out an assessment of compliance with sustainability factors for all insurance products marketed on or after 2 August 2022. Their findings are set out in individual documents dealing with product oversight and governance arrangements. The documents defining the sustainability factors by product were also published by the insurers on their websites.



14.4.3.3 The Sava Insurance Group brand with the slogan Among Good People

Customer satisfaction and customer relations are at the centre of every business decision in the Sava Insurance Group. Our activities are therefore directed at offering the best user experience, and these efforts are also the main focus of our strategic plan. Group growth and an expanded range of insurance products and services required new positioning. Today, the companies under the wing of the Sava Insurance Group offer comprehensive insurance coverage (non-life, life and supplementary health insurance and other insurance services), supplementary pension insurance, asset management and assistance services. The promise we made to our clients in 2016 under the slogan Never Alone thus grew another dimension.

In December 2021, the Sava Insurance Group made its first public appearance with its new comprehensive campaign, and in 2022 we continued to strengthen our brand, especially on social media. With a number of companies under our wing and under the Among Good People slogan, we communicate their increasingly stronger collaboration and, in the first place, our customer-centric orientation as our overarching value and key advantage.

14.4.4 Compliance¹⁰⁹

The Sava Insurance Group is obligated to comply with extensive legal and regulatory requirements as well as voluntary obligations. More than 2,700 employees working in Group companies are obliged to abide by these rules. The compliance function ensures that this commitment is implemented in practice, namely by creating rules, raising awareness, monitoring compliance with the rules and upholding integrity.

14.4.4.1 Organisation of the compliance function

Like the Sava Insurance Group, the compliance function is also decentralised. Each company has its own key compliance function holder, and these are overseen by the Sava Insurance Group compliance function holder. Roles, responsibilities and minimum standards are defined by the Sava Insurance Group's compliance policy. Function holders in each company are responsible for: monitoring the legal situation, providing recommendations for the adoption of relevant measures, identifying and assessing compliance risk, adopting measures to prevent violation of the rules, providing advice to employees, and monitoring existing processes and potential compliance incidents. The Group level function holder provides recommendations to function holders in subsidiaries, and assists and monitors them in fulfilling their obligations.

AMONG
GOOD PEOPLE



SAVA
INSURANCE
GROUP



14.4.4.2 Exchange of information within the Sava Insurance Group

To ensure compliance across the Group and continuous improvement of the compliance system, all compliance function holders normally meet once a year.

External experts are also invited as speakers, and together they discuss topics such as: comprehensive overview of the compliance management system; international standards and good practices with an emphasis on the role of compliance function holders and providers; characteristic compliance risk areas; how to perform compliance reviews and meet other duties of the compliance function holder; EU whistleblower protection directive and its effects on the Company's business, other relevant EU and local regulations and similar.

In 2021, a system was set up for reporting on legislative changes in countries where Sava Insurance Group companies have their registered office. Each month, compliance function holders in all subsidiaries outside Slovenia report to the Group-level function holder on new or amended regulations that affect the business operations of the relevant company. The List contains: the name of the regulation; a brief description of essential changes that affect the company's business; a list of processes affected by these changes; the time limit for the implementation of changes; the persons responsible for the implementation of changes and any related estimated costs, where relevant.

The reporting system established at the Group level facilitates the respective business function holders in managing risks associated with redesigning the business processes that were introduced due to amended legal regulations.

In 2023, the compliance function will continue to provide guidance and oversight in the implementation of EU sustainability regulations, including: the Corporate Sustainability Reporting Directive (CSRD), Regulation on sustainability-related disclosures in the financial services sector (SFRD); Directive on non-financial reporting (NFRD) and the EU Taxonomy Regulation.

14.4.4.3 Outsourced transactions

The Sava Insurance Group companies may outsource a function or activity that is critical or important for a company's business so that it is performed better and/or more efficiently. This entails certain risks, such as dependence on external service providers and similar. Group companies are therefore very careful when outsourcing, taking into account all legal requirements as well as recommendations by local regulators. The outsourcing policy of the Sava Insurance Group sets out the minimum outsourcing standards for contracts concluded within and outside the Group.

14.4.5 Complaint resolution

When handling complaints submitted by policyholders (and other beneficiaries of insurance contracts), individual companies that are insurance or pension companies follow the rules and procedures for resolving complaints that comply with local laws and guidelines of the European Insurance and Occupational Pensions Authority (EIOPA), and the asset management company complies with the guidelines of the European Securities and Markets Authority (ESMA) in addition to the applicable laws and regulations in this field.

In accordance with the Sava Insurance Group governance rules, complaints addressed at Sava Re but relating to subsidiaries' operations are recorded at Sava Re. After complaints have been examined, they are submitted to subsidiaries for resolution. The office of the management board and compliance at Sava Re maintains an internal online register of such complaints. Two complaints were lodged in 2022.

All subsidiaries also have in place internal rules, prescribed procedures and instructions for monitoring and handling complaints in accordance with applicable laws.



Cooperation with Ecologists Without Borders in Maribor on the international Plastic Pirates project and the Global Brand Inventory, where volunteers use nets to collect litter and water samples, providing data relevant to raising awareness on plastic pollution.



Environmental Clean-up Campaign in Croatia: Croatian colleagues are joined by football players of FC Rudes, whose main sponsor is the Croatian branch of Zavarovalnica Sava.

14.4.6 Fair business practices¹¹⁰

The values and principles of ethical conduct are defined in the Code of Ethics of the Sava Insurance Group (Code of Ethics), which was also adopted by the Group’s subsidiaries. The general principles of the Code of Ethics represent the basic values of the Sava Insurance Group, which are binding on all our employees and include: fairness and compliance of business operations, transparency, managing conflicts of interest, prevention of money-laundering and financing of terrorism, and prevention of restriction of competition. Employees who are aware of violations of the Code or other binding rules must report them to the compliance function holder. No violations of the Code of Ethics were observed in 2022.

The insurers also comply with the provisions of the adopted Insurance Code to ensure business development, a professional underwriting process and professional conduct. The (re)insurance companies’ operations are grounded in compliance with market principles, market competition based on loyalty and integrity, and insurance economics and business ethics, with the aim of providing customers with high-quality (re)insurance protection.

Sava Re has also signed the Slovenian Corporate Integrity Guidelines, which commits the Group to creating a work environment grounded in a culture of corporate integrity, zero tolerance for illegal and unethical conduct of its employees, compliance with legislation, rules and values, as well as in the highest ethical standards.

Sava Re uses as its reference code the revised Slovenian Corporate Governance Code for Listed Companies, which came into effect on 1 January 2022.

At the end of 2017, Sava Re also adopted a policy on the diversity of the management and supervisory boards of Sava Re, which governs, inter alia, the gender- and age-balance of all board members¹¹¹. Sava Re has integrated respect for human rights in its operations in accordance with the applicable legislation and follows the proposal for the national action plan on business and human rights of the Republic of Slovenia. The Company has adopted the rules on the prevention and elimination of violence, bullying, harassment and other forms of psychosocial risks in the workplace, including a protocol for recognising and resolving such risks¹¹². In 2022, Sava Re recorded no such cases.

Sava Re follows the principles and guidelines of the rules on the management of conflicts of interest. The

rules aim to mitigate the effects of conflicts of interest and manage conflicts of interest that may arise in the performance of the duties and tasks of individuals in the Company by establishing and implementing procedures and measures to be applied when a conflict of interest arises¹¹³.

Fraud prevention and detection systems are in place in all Group companies. In this regard, the Sava Insurance Group continuously updates its system and procedures, in particular by raising awareness, building knowledge and complying with standards of ethical conduct.

14.4.7 Anti-corruption¹¹⁴

In accordance with the provisions of the Slovenian Corporate Integrity Guidelines, the Sava Insurance Group purchasing policy and internal rules of the Slovenia-based Group members, all contracts establishing legal relations must include an anti-corruption clause, general terms and conditions of business cooperation as well as provisions regarding confidential data and protection of personal data.



The Sava Re “Rules on the management of conflicts of interest” prescribe the procedures and rules relating to receiving gifts, entertainment and hospitality. A detailed and transparent gift policy reduces the risk of unfounded allegations and the spread of distrust regarding employee integrity in the discharge of their duties.

The Sava Insurance Group did not record any corruption cases in 2022¹¹⁵.

¹¹⁰ GRI 2-15, 2-23, 3-3, 205-1, 205-3, 419-01.

¹¹¹ GRI 405-1.

¹¹² GRI 412-03.

¹¹³ GRI 2-23.

¹¹⁴ GRI 3-3, 205-01.

¹¹⁵ GRI 205-03.

14.4.8 Protection of personal data¹¹⁶

The Sava Insurance Group is aware of the wider societal implications of the irresponsible handling of personal data, and is taking into particular account the trends in artificial intelligence or machine learning, smart devices and other modern digital technologies. In line with its commitments to high ethical standards, it focuses its attention on this field in close connection with the provision of cyber security and goes beyond the minimum requirements of the law. The companies strive to ensure open, transparent and straightforward communication with individuals whose data they process, also by planning user experiences.

In 2021, Sava Re set up a support function for privacy and personal data protection to facilitate standardisation and harmonisation, and adopted a privacy and personal data protection policy, which was substantially adopted by all subsidiaries in 2022. In particular, the policy strengthens the role and competences of Data Protection Officers (DPOs) and integrates privacy as an important concern into all relevant business and support processes. In 2022, the Sava Insurance Group's subsidiaries continued to digitise the management of personal data protection and strengthened cooperation between relevant stakeholders to sustainably manage the privacy of the Group's employees, customers and business partners.

The Sava Insurance Group companies have in place internal acts that prescribe the procedures and measures for the protection of personal data and the management of risks that personal data processing in business and support processes poses to the rights of individuals. The data is protected through technical and organisational measures designed to ensure their confidentiality, integrity and availability, and risk minimisation mechanisms are built into the processing processes. All Group companies have appointed Data Protection Officers to carry out advisory, training and supervisory tasks in this area.

Due to the adoption of new legislation in the Republic of Slovenia, the personal data protection activities in 2023 of companies incorporated in the Republic of Slovenia will probably also focus on adjusting to these changes.

The Sava Insurance Group did not identify any major incidents in personal data protection in 2022.

14.4.8.1 Cyber security¹¹⁷

The Sava Insurance Group pays extremely close attention to cybersecurity, for which we continuously strengthen internal system controls with IT and organisational solutions, while training and educating our employees in the field of information security.

For more information on the development in this area, see section [13 "Development of IT support"](#).

14.4.9 Respect for human rights¹¹⁸

The Sustainable Development Policy of the Sava Insurance Group requires the Group companies to ensure respect for human rights in accordance with international conventions and applicable legislation, in particular:

- in corporate governance, by adopting and implementing rules on the diversity of management and supervisory bodies,
- in human resources management, by adopting and implementing internal rules to ensure the dignity and integrity of the individual and the prevention and elimination of psychosocial risks in the workplace,
- in the procurement of goods and services, by assessing suppliers or contractors using appropriately designed questionnaires and checking their references,
- in non-life underwriting, by adhering to the Sava Insurance Group's guidelines for responsible non-life underwriting of environmental, social and governance risks,
- by implementing the principles of the UN Global Compact,
- in relation to clients who are individuals, by adopting and implementing internal rules on respect for privacy and the protection of personal data.

14.4.10 Contributions to political parties¹¹⁹

In line with the adopted code of ethics and the rules on sponsorship and donations, Sava Re and Zavarovalnica Sava do not finance political parties.



Illyria Life Employee Celebration in December: A merry December get-together where employees receive New Year gifts. Special prizes are awarded to the best employees.

¹¹⁶ GRI 3-3, 205-01, 418-01.

¹¹⁷ GRI 3-3.

¹¹⁸ GRI 412-3.

¹¹⁹ GRI 415-01.



14.5 Responsibility to the community

The Sava Insurance Group members forge strong ties with the community they serve, seeking to establish long-term partnerships. They support their communities through projects with which they help institutions financially or with volunteer work and are actively involved in social activities and actions.

Having already developed an extensive business network, Group companies can more easily recognise the needs and potentials of local communities.

Based on the scope of giving back to the community, including donations, sponsorships and preventive means, Slovenia-based insurance companies (including the Croatian branch office) account for approximately 82% of all Group funds.

Certain members of our Group are the co-founders of the Network for Social Responsibility of Slovenia and members of the Partnership for National Strategy and Social Responsibility¹²⁰.

Our social responsibility efforts are also reflected in our awards:

- **Sava Osiguranje (MNE):** In 2022, the Association of Employers of Montenegro presented our Community the “Briga za zajednicu” (Care for the Community) award for corporate social responsibility.

- **Zavarovalnica Sava:** The Call of Loneliness initiative was also recognised in 2022, winning a Bronze Award in the Websites & Mobile Sites category at the AdForum PHNX Awards 2022.

14.5.1 Sponsorships and donations by substance¹²¹

The Sava Insurance Group promotes social responsibility and strengthens its visibility as a sustainability partner; it operates ethically and gives back to the community, primarily with financial and other assistance in the promotion of healthy life and well-being for all at all ages by supporting sports activities, investing in educational, development and training programmes, humanitarian projects, ecology and health, paying special attention to underprivileged groups. We also support the efforts that drive the growth and development of the economy, especially startups that develop innovative solutions.

Giving back to the community through sponsorship and donations is governed by rules. Sava Re’s rules are published on its website. The value of sponsorships and donations in 2022 was up 23%, with the bulk of funds allocated to sports (80%).

Sponsorships and donations by substance

Purpose (EUR)	2022	2021	Index
Humanitarian	138,292	53,829	257
Cultural	172,302	86,546	199
Sports	3,257,279	2,837,656	115
Education, training	74,690	71,711	104
Scientific	383	500	77
Social security	7,731	8,375	92
Disability	4,357	3,183	137
Health	27,673	19,615	141
Other*	606,035	414,653	146
Total	4,288,742	3,496,069	123

* Other costs for sponsoring activities other than sport, donations for protection against disasters and donations for other purposes that are in the public interest.

120 GRI 2-28.
121 GRI 3-3, 203-02.

Zavarovalnica Sava as the Group’s foremost sponsor promotes a healthy lifestyle, mainly by supporting sports at all levels – from recreation to professional sports. The most notable contributions in 2022 went to:

- sports: main sponsor of Maribor Football Club, Croatian football club Rijeka and Football Club Rudeš, and main sponsor of Golden Fox (Zlata Lisica) World Cup ski race;
- culture: main sponsor of the biggest Slovenian festival, Ljubljana Festival, and sponsor of Festival Lent;
- The Committed to Steps project, which raises awareness of the importance of enabling physically disabled children to live their lives to the full through a children's dance performance and a donation to the University Rehabilitation Institute of Soča.

Other notable Group sponsorships and donations:

- Slovenian Red Cross,
- Water Polo and Swimming Federation of Montenegro,
- Athletics Federation of Serbia.

Resources allocated to prevention

EUR	2022	2021	Index
Sava Osiguranje (MNE)	381,043	109,103	349
Zavarovalnica Sava	305,200	306,700	100
Sava Neživotno Osiguranje (SRB)	153,576	100,246	153
Total giving back to the community	839,819	516,050	163

In 2022, special mention should be made of donations to help with the Ukrainian refugee crisis; companies in the Slovenian part of the Sava Insurance Group responded at the start of the war in Ukraine and raised EUR 100,000, while at the same time employees followed the appeal by humanitarian organisations to collect clothes, shoes and other items and funds urgently needed by refugees from Ukraine.

14.5.2 Preventive action projects¹²²

Preventive projects have a significant impact on the insurance industry as they reduce the likelihood of loss events and raise awareness in the general public of the importance of protecting property and health. To this end the insurance companies create special funds for such projects in line with local legislation.

Such funds are available at Zavarovalnica Sava in Slovenia, Sava Neživotno Osiguranje (SRB) and Sava Osiguranje (MNE).

Zavarovalnica Sava invests in prevention, mainly to prevent fire hazards and increase road safety. At the local and national levels, it supports fire-fighting activities, while its long-standing cooperation with the national automobile association AMZS is crucial for better road safety. Two key projects resulting from this collaboration are the Best Driver project aimed at young drivers, raising awareness of the importance of road safety and gaining practical experience, and the 365 Days to Go! project that reminds motorists in the vicinity of schools and kindergartens that schoolchildren are on the road all year round, not just at the start of the school year when this issue is most often discussed.

An awareness campaign on the importance of wearing a helmet was also launched in 2022. In the summer, the campaign focused on the protection that helmets offered when using micromobility devices, with interesting publications and a charming helmet design by a Slovenian artist, and in the winter the campaign focused on wearing a helmet on ski slopes.

Prevention funds are allocated mainly to improve fire protection and road safety also in Serbia. In the context of preventive action, a donation for the purchase of laser radar devices for traffic speed control in cooperation with the police is certainly worth mentioning.

Montenegrin companies also allocate most of these funds to road safety, and Sava Osiguranje (MNE), the owner of the subsidiary Sava Car (MNE), has set up a network of 11 vehicle inspection centres.

Similarly, the subsidiary Sava Station in North Macedonia also has two vehicle inspection centres, and a vehicle inspection unit was also opened in Serbia in 2022. Offering technical inspection services according to strict technical standards, vehicle registration, with car insurance taken out upon vehicle inspection, contributes to better road safety.

Since 2019, Zavarovalnica Sava has been developing its Call of Loneliness initiative, which also won an award in 2022 and tackles the problem of emotional distress and suicide and raises awareness of the importance of mental health and problems that arise when it is disturbed. With the initiative, they communicate their belief that companies with call centres have the power and responsibility to help people in distress and invite such companies to join them.

In July 2022, Zavarovalnica Sava launched a new socially responsible You've Got This! (Maš to!) project, also dedicated to mental health, with the launch of the MASTO.SI website and the @_mas_to Instagram profile, which have become the central communication channels for mental health content, empowerment and personal growth while coping with life’s challenges. The content is developed in collaboration with selected expert psychologists and psychotherapists, ensuring professionalism, which is the foundation of a trusted and reliable resource on the path to better mental health.

122 GRI 203-02, 413-01.

14.5.3 Corporate volunteerism – Heart for the World¹²³ initiative

The Sava Insurance Group supports corporate volunteerism. Its major volunteer project in the past was the Sava Insurance Group Day, when employees went outdoors for clean-up actions or helped the elderly and with local community projects while enjoying each other's company. The outbreak of the Covid-19 pandemic made such gatherings impossible, so in 2021, under changed circumstances, volunteerism was organised differently, as the Heart for the World initiative. Volunteerism thus became a year-round activity for all employees of the Group and is an incentive for them to always act responsibly, both with people and the environment. Therefore, we renamed the Sava Insurance Group Day in 2021 and called it the Heart for the World initiative.

To this end, a working group was set up to ensure that activities are carried out in their respective environments, in accordance with the interests and wishes of the employees, and to liaise with the various philanthropic and environmental organisations in their area.

Various formats of volunteerism were carried out, including socialising with the elderly and people with special needs, caring for animals, cleaning up the environment, lawn care and blood donations.

The Heart for the World Working Group also places great importance on raising awareness of pressing environmental and social issues among all employees by organising training sessions and sending out e-mails on important global days (e.g. Human Rights Day, World Water Day).

This allowed the Group to organise a number of events and had 830 employees who were engaged in events and performed 5,430 hours of volunteer campaigning.

14.5.4 Commitments to external initiatives¹²⁴

In the Sava Insurance Group we participate in initiatives promoting ethical conduct and environmentally, socially and economically sustainable business practices. We comply with the fundamental standard of professional business conduct as laid down by the Insurance Code of the Slovenian Insurance Association. We follow the recommendations of the Ljubljana Stock Exchange for listed companies on disclosure of information and have signed the Slovenian Corporate Integrity Guidelines.

Sava Re's code of reference is the Slovenian Corporate Governance Code for Listed Companies.

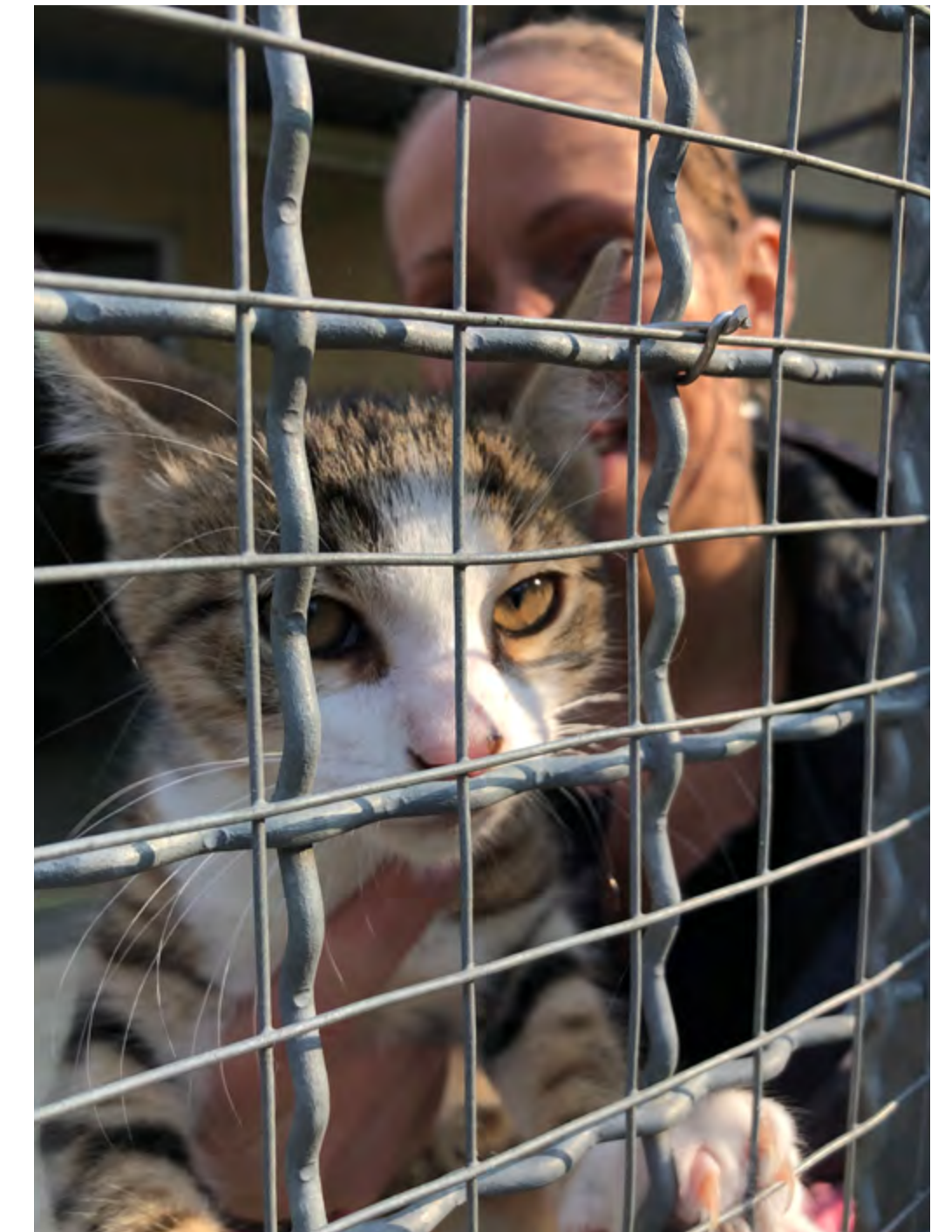
14.5.5 Membership in associations¹²⁵

Sava Re is active in several professional associations: Slovenian Insurance Association, Slovenian Directors' Association, British-Slovenian Chamber of Commerce, Chamber of Commerce of Dolenjska and Bela Krajina, Maritime Law Association of Slovenia, Sors (meeting of insurance and reinsurance companies), Slovenian Institute of Auditors, Slovenian Association of Actuaries, CFA Institute, European Institute of Compliance and Ethics (EISEP).

In 2021, the Sava Insurance Group joined the international pledges UN Global Compact and PRI (Principles for Responsible Investment).

In 2022, Sava Re also became a member of the Slovenian Green Network.

All subsidiaries are members of relevant associations and proactively contribute to the development of the industry and other social actions.



Maribor Animal Shelter: Volunteers walk dogs, groom cats and clean and sort food.

¹²³ GRI 3-3, 413-1.

¹²⁴ GRI 2-28.

¹²⁵ GRI 2-28.



14.6 Environmental aspect¹²⁶

Concern for the natural environment, environmental issues, climate change and related weather phenomena have a profound impact on the global insurance industry. Environmental problems bring new and unexpected risks to the insurance sector. The Group is aware this requires urgent action in daily operations, in both practice and in strategic terms.

14.6.1 Waste disposal policy¹²⁷

Sava Re has a waste separation system in place which is undergoing ongoing improvements. The Company also strives to reduce waste. We cannot yet measure the volume of waste by type, as waste is collected for the entire building, which accommodates a number of other legal entities.

Zavarovalnica Sava separates municipal waste by categories defined by regulations as waste collected by public waste collection services. Such waste is collected by the public service provider in a manner defined by state regulations and relevant municipal regulations for each branch office. The entities required to collect and report on municipal waste are, therefore, public utility companies.

Other waste generated by Zavarovalnica Sava through its activity is collected by registered waste treatment operators or collectors.

The table provides information on waste other than municipal waste, which is collected by public waste collection services, as previously noted.

The table provides comparable paper and cardboard data for previous years, showing a considerable reduction in the volume of waste:

¹²⁶ GRI 3-3.
¹²⁷ GRI 3-3, 306-02.

Waste generated by Zavarovalnica Sava in 2022

Category or type of waste	Quantity (kg)
Paper and cardboard	32,172
Discarded electrical and electronic equipment	19
Plastics	100
Discarded equipment	680
Concrete	1,320
Soil and stones*	10,440,000
Waste printing toners	159
Waste generated in 2022	10,474,450

* This figure relates to the construction of a new building in Maribor, not directly to operations.

Type of waste	2022	2021	2020	2019
Paper and cardboard	32,172	26,760	54,325	84,445

In the future, the Company expects that the digitalisation of processes or the transition to paperless operation will lead to even bigger savings or a reduction in the volume of waste paper.

Slovenia-based companies separate waste according to instructions of local utility companies and relevant regulations.

Non-EU-based companies have an electronic waste disposal service provider, whereas waste separation and removal are provided by public utility companies.

14.6.2 Energy consumption¹²⁸

Energy consumption and energy efficiency are environmental and economic concerns.

Especially in times of energy price hikes, the entire Group continually looks for ways to reduce energy costs through investments and appropriate work organisation.

On the basis of the findings of the energy audit and the calculation of its carbon footprint, an action plan to improve Sava Re's carbon footprint was adopted in 2020. It contains the following measures: homeworking, the performance of manual energy accounting, training of employees on efficient energy use, measures relating to the fleet and business travel.

Sava Re is gradually updating its fleet with plug-in hybrids and is preparing to build a charging point infrastructure that will service hybrid and electric company vehicles.

The action plan served as the basis for the adoption of the rules governing homeworking and the establishment of regular monitoring of energy consumption.

The Sava Insurance Group remains committed to sustainability also in investing and maintenance of invest-

ments. The rationale behind maintaining or replacing investments is always also assessed in terms of energy efficiency.

Among the investments to reduce energy consumption, the new central office building of Zavarovalnica Sava (completed in 2022) is significant, with around 500 jobs. The property has been designed as a highly energy-efficient, semi-self-sufficient building with a rooftop solar power plant and will be the shared location for all the Group's Maribor-based companies.

As the largest Group company, Zavarovalnica Sava strives to improve the energy-efficiency of its business premises, while at the same time meeting the demands of improving the customer experience and working conditions. The investments include the replacement of old electrical systems (mainly lighting with LED lights), mechanical installations (cooling and heating) and furniture, as well as the relocation of individual offices to newer, more energy-efficient and generally more suitable premises, both in terms of improving the quality of the work done by employees and the customer experience (accessibility, parking spaces, etc.).

Zavarovalnica Sava adopted several property management resolutions in the process of revamping larger business premises for its activity, which was to improve their energy-efficiency with building automation and

systems for their efficient technical management (CNS, energy management). Property management is thus gradually being upgraded with a central control system that is integrated into renovations and newly acquired larger locations. The central control system is the basis of energy management, as it provides insight into consumption patterns, which facilitates reduced consumption and improved energy efficiency.

The Sava Insurance Group also follows the trend of using electric and hybrid vehicles and takes into account the average fuel consumption when purchasing new vehicles. The type of vehicles to be purchased also depends on the availability of the available networks of charging stations in the countries where we are present.

The vast majority of Sava Insurance Company employees have the option of car sharing for business trips, which is particularly suitable in urban environments or in larger cities in Slovenia. In 2022, we also invested in charging infrastructure for electric vehicles; the plan is to install 10 such charging stations in Ljubljana and Maribor by the end of 2023.

Fleet management has in place an app or IT tool for central control over fuel consumption in company vehicles and the subsequent adoption of relevant measures.



Maribor Adventure Playground: Autumn projects and colourful preparations for the winter. Volunteers protect wooden structures and playground equipment, and rake autumn leaves.



Pristina Animal Shelter: Volunteers bring dog food and feed and pet stray dogs.

14.6.3 Carbon footprint of the Sava Insurance Group for 2022¹²⁹

The calculation of the carbon footprint for 2022 includes 16 companies of the Sava Insurance Group:

1. Sava Re,
2. Zavarovalnica Sava (10 sites),
3. Sava Infond,
4. Vita,
5. Sava Pokojninska,
6. TBS Team 24,
7. Sava Neživotno Osiguranje (SRB),
8. Sava Životno Osiguranje (SRB),
9. Ilyria (RKS),
10. Ilyria Life (RKS),
11. Sava Osiguranje (MNE),
12. Sava Car (MNE),
13. Sava Agent (MNE),
14. Sava Osiguruvanje (MKD),
15. Sava Penzisko Društvo (MKD), and
16. Sava Osiguranje – Croatian branch.

Emissions from these sources have been taken into account:

- direct emissions due to the use of fossil fuels for the heating of offices and fuel combustion in company-owned or managed vehicles (Scope 1),
- indirect emissions from the consumption of electricity and district heating (Scope 2), and
- indirect emissions from business journeys by means not owned or controlled by the Company (Scope 3).

The Group's carbon footprint in 2022 was 3,600.64 tonnes of CO₂ equivalent (tCO₂e), meaning 1.44 t of CO₂ equivalent per employee or 76 kg CO₂ equivalent per square metre of office space. Scope 1 emissions were 1,279 t of CO₂e (36% of the carbon footprint), Scope 2 emissions accounted for 2,059 tCO₂e (57% of the carbon footprint) and Scope 3 emissions accounted for 263 tCO₂e (7% of the carbon footprint).

The largest source of greenhouse gas emissions in 2022 was electricity consumption (44%), followed by business travel (32%) and heating (24%); it should be noted, however, that two companies use electricity for heating.

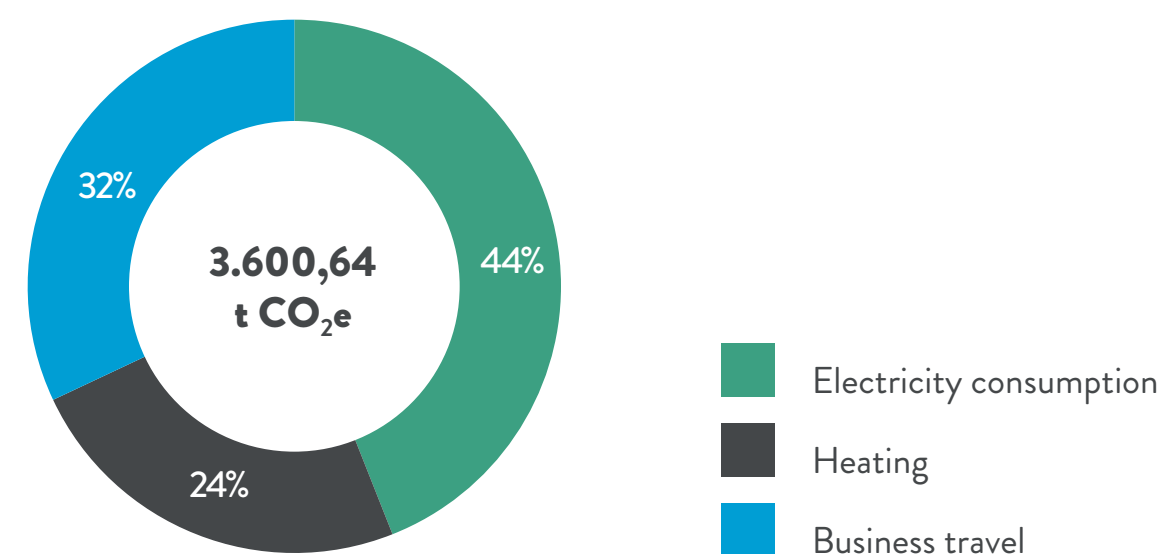
Sava Re and Sava Pokojninska calculated their carbon footprint already in 2019 and were joined in 2020 by Zavarovalnica Sava, Sava Infond and Sava Penzisko Društvo. A pilot group-wide carbon footprint calculation, which was a first estimate, was prepared for 2021. In 2022, Group companies worked to improve the quality of the data collected on energy consumption and the scope of emissions-generating activities for both 2022 and 2021. On the basis of verified data, they recalculated the emissions for 2021.

The carbon footprint of the Sava Insurance Group's operations in 2022 is the baseline or benchmark against which the Group's carbon footprint and the effectiveness of emission reduction measures in the coming years will be compared. In the coming years, Group companies will improve the scope and quality of the data collection system.

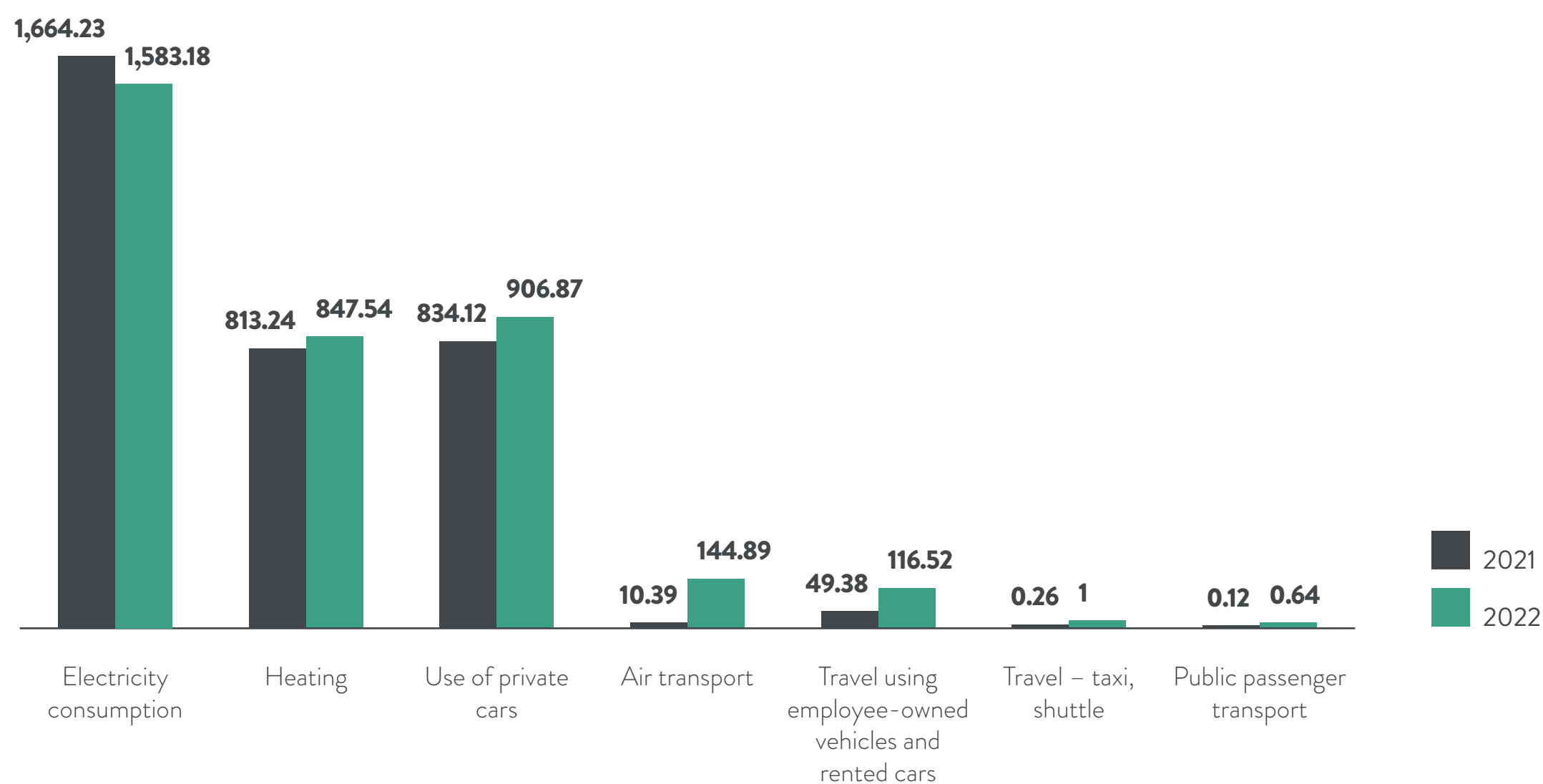




Percentage of emissions from electricity consumption, heating and business travel



Distribution of sources by emission volume in all 16 companies



As expected, mainly due to the resurgence of business travel in the post-pandemic period, our carbon footprint increased in 2022 compared to 2021.

SCOPE		2022	2021	Index 2022/2021
1.	Direct emissions from activities – Scope 1	1,278.70	1,165.65	110
1.1	Combustion of fossil fuels for space heating	371.83	331.53	112
1.2	Business travel using vehicles owned or controlled by the reporting entity – own fleet	906.87	834.12	109
2.	Indirect emissions – Scope 2	2,058.88	2,145.94	96
2.1	Electricity consumption (for electrical and electronic equipment, lighting, space heating and cooling)	1,583.18	1,664.23	95
2.2	District heating consumption for space heating	475.71	481.71	99
3.	Indirect emissions – Scope 3	263.05	60.15	437
3.1	Business travel using vehicles not owned by the reporting entity	263.05	60.15	437
3.1.1	Motor vehicles	116.52	49.38	236
3.1.2	Aircraft	144.89	10.39	1394
3.1.3	Public passenger transport – bus and rail	0.64	0.12	519
3.1.4	Taxi, shuttle	1.00	0.26	384
Total		3,600.64	3,371.74	107

14.7 Sustainable Development Strategy of the Sava Insurance Group for 2023–2027

In the next strategy period, we will continue to build long-term corporate social responsibility in continuous dialogue with our stakeholders, supporting global sustainability goals, with a particular focus on climate change, the health and well-being of our customers, employees and the wider community.

14.7.1 Main strategic goals for sustainable development for 2023–2027

The Sava Insurance Group set these strategic goals:

GOAL 1: Reducing carbon intensity

In its strategy, the Sava Insurance Group has committed to reducing greenhouse gas (GHG) emissions, thus joining the European Union's efforts to follow the Paris Agreement, i.e. to reduce GHG emissions by 55% by 2030 and become the first carbon-neutral economy or society by 2050.

The Sustainable development strategy of the Sava Insurance Group highlights its focus on climate impacts and thus includes an aspect of its impact on climate change, and addresses opportunities and goals that contribute to mitigating climate change in the areas of:

- development of products and services,
- investment and (re)insurance portfolio,
- process management,
- stakeholder engagement.

Following the European initiative to reduce greenhouse gas emissions by 55% by 2030 in the field of:

- the investment portfolio – reducing GHG emissions by 10% per year;
- own emissions in Scope 1 and Scope 2 by 55% by 2030 compared to 2022, whereby the achievement of the goal will also depend on measures taken at the level of the countries where we are present through our activities.

GOAL 2: Responsible (re)insurance underwriting

- We follow the guidelines for responsible underwriting in non-life insurance; premiums earned from activities on the sensitive list must not exceed 2% of the total premiums earned in non-life insurance.
- We reduce the carbon footprint of our insurance portfolio by excluding the activities that are linked

to those that cause significant harm. Activities that do not cause significant harm (DNSH principle) are those that do not include insurance of the extraction, storage, transport, or manufacture of fossil fuels or insurance of vehicles, property or other assets dedicated to such purposes.

- We develop Taxonomy-aligned products and activities, and increase revenues from Taxonomy-aligned activities.

GOAL 3: Sustainability in the value chain and processes

- We are increasing the share of ESG investments in the consolidated portfolio, which is to exceed 20% by 2027.
- We digitise our operations and reduce our carbon footprint by cutting business trips, paper consumption and waste generation.
- We apply due diligence procedures in our supply chains or audit our suppliers for social and environmental responsibility.

GOAL 4: Improving customer satisfaction

The adequacy of processes that meet customer expectations is measured using the NPS (Net Promotor Score) methodology; the result expresses the likelihood of the respondent recommending a company, product or service to a friend or colleague.

During the strategic period, we will improve the methodology for comparing achievements between companies and within the industry.

GOAL 5: Satisfied and committed employees and strengthening the sustainability culture

We achieve this goal by encouraging:

- healthy and high-quality lives for employees,
- individual and group involvement in ESG projects and activities,
- promoting diversity, equality and inclusion, and preventing discrimination and psychosocial risks.



Select sustainability performance indicators

Select Sava Insurance Group sustainability performance indicators

	2022	2021	Index 2022/2021
Environmental aspect			
CO ₂ emissions per employee (in tonnes)	1.44	1.39	103.6
Number of claims reported online	45,288	40,011	112.9
Social aspect			
Percentage of employees involved in annual performance appraisal interviews	49.5%	50%	99.7
Women as a percentage of all employees	58%	54%	107.4
Employee turnover rate	16.88%	16.62%	101.6
Average hours of employee training	24.6	23	106.9
Number of injuries in the workplace	9	7	128.6
Investments in the social community – prevention, donations, sponsorships	5.128.561	4.012.119	127,8
Governance aspect			
Percentage of women in management positions	23.9%	18.4%	132.7
Percentage of women on Group companies' supervisory boards	21.8%	21.0%	103.8
Economic value generated (EUR million)	782.6	766.8	102.1
Economic value distributed (EUR million)	723.9	679.9	106.5
Economic value retained (EUR million)	58.7	86.8	67.6

Select Sava Re sustainability performance indicators

	2022	2021	Index 2022/2021
Environmental aspect			
CO ₂ emissions per employee (in tonnes)	1.93	1.36	141.9
Annual electricity consumption per employee (kWh/employee)	1,468	1,371	107.1
Social aspect			
Percentage of employees involved in annual performance appraisal interviews	100%	100%	100
Women as a percentage of all employees	63%	65%	96.9
Employee turnover rate	10.56%	7.69%	137.3
Average hours of employee training	23.5	19	123.6
Number of injuries in the workplace	0	0	-
Governance aspect			
Percentage of women in management positions	33.3%	25%	133.2
Percentage of women on supervisory boards	17%	17%	100.0
Percentage of independent members on Sava Re's supervisory board	100%	100%	100.0



FINANCIAL STATEMENTS WITH NOTES

■ Among good people everyone counts. No one is just a number here. As we take stock of another successful year, we are proud to say that we measure our success not only by our bottom line, but also by the payouts we make to our customers, providing them with financial security and helping them get back on their feet.



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The management board of Sava Re d.d. hereby approves the financial statements of the Sava Insurance Group and Sava Re for the year ended 31 December 2022, and the accompanying appendices to the financial statements, accounting policies and notes to the financial statements. The management board confirms that the financial statements, including the notes, have been prepared on a going concern basis regarding the operations of the Company and the Group and that they comply with Slovenian law and the International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared using relevant judgements, estimates and assumptions, including actuarial judgements, which apply the methods most suited to the Company and the Group under given circumstances, based on which we can give the below assurances.

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

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

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

The tax authorities may, at any time within five years of the end of the year in which the tax was assessed, review the operations of the Company, which could result in additional tax obligations, default interest or penalties related to corporate income tax or other taxes or levies. The Company's management board is not aware of any circumstances that may give rise to any such significant liability.



Marko Jazbec,
Chairman of the Management Board



Polona Pirš Zupančič,
Member of the Management Board



Peter Skvarča,
Member of the Management Board

Ljubljana, 15 March 2023



15 Auditor's report



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INDEPENDENT AUDITOR'S REPORT
to the shareholders of Pozavarovalnica Sava, d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of the company Pozavarovalnica Sava, d.d. (hereinafter 'the Company') and consolidated financial statements of the company Sava Insurance Group and its subsidiaries (hereinafter 'the Group'), which comprise the separate and the consolidated statement of financial position as at 31 December 2022, and the separate and consolidated income statement, separate and consolidated statement of other comprehensive income, separate and consolidated statement of changes in equity, separate and consolidated cash flow statement for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (hereinafter 'IFRS').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities (EU Regulation). Our responsibilities under those rules are further described in *the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Company and the Group in accordance with the International Code of Ethics for Professional Accountants (including International



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Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and other ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Valuation of technical provisions in separate financial statements

Key Audit Matter	How our audit addressed the key audit matter
Disclosures related to technical provisions are included in note 17.4.25 <i>Technical provisions</i> , 17.4.27 <i>Liability Adequacy Test (LAT)</i> (accounting policies) and 17.8.24 <i>Technical provisions and technical provisions for the benefit of life insurance policyholders who bear the investment risk</i> (value and assumptions).	
Technical provisions are a significant item in the separate statement of financial position. The value of technical provisions as at 31 December 2022 equals EUR 347,000 thousand (2021: EUR 331,813 thousand) in the separate financial statements. Provisions are measured in accordance with accounting policies, which are described in the financial statements.	Our procedures that we carried out included, among others: <ul style="list-style-type: none">- Obtaining an understanding of key internal controls and testing their effectiveness. We have also reviewed the procedures for analyzing economic and non-economic assumptions applied in the calculation of provisions.
Calculation of provisions for reinsurance contracts is complex, as it entails a high level of management judgement and complex mathematical and statistical calculations. The models used to calculate technical provisions are designed for each category separately and this process largely depends on economic and demographic assumptions.	<ul style="list-style-type: none">- Evaluation of the design, implementation, and effectiveness of general IT controls performed by our IT experts.- Verifying the adequacy of the key management assumptions applied in assessing the amount of the said provisions for individual cases, and their alignment with the adequate supporting documentation. We assessed whether the provisions disclosed are in accordance with the requirements of the accounting framework, industry practice and legal requirements.
The management reviews premiums, claims payments and other input data and assumptions of a model; the Company's actuarial function is responsible for verifying the adequacy of provisions assessed.	<ul style="list-style-type: none">- The assessment of actuarial assumptions, including the consideration and assessment of management assumptions involved actuarial professionals as auditor's experts. Actuarial professionals took part in verifying the adequacy of the models and testing the calculations of the models, and they performed independent recalculations of provisions.
Technical provisions are significant accounting estimates and are subject to a high level of judgement, therefore we have considered them as a key audit matter.	<ul style="list-style-type: none">- We have also reviewed the disclosures in the separate financial statements in order to assess whether the information related to the technical provisions is adequately disclosed.



Valuation of financial investments in equity of subsidiaries in separate financial statements

Key Audit Matter	How our audit addressed the key audit matter
Disclosures related to financial investments in equity of subsidiaries are included in note 17.4.13 <i>Financial investments in subsidiaries and associates</i> (accounting policies) and 17.8.6 <i>Financial investments in subsidiaries and associates</i> (value and assumptions).	
Investments in the equity of subsidiaries equal EUR 303,361 thousand (2021: EUR 304,555 thousand) in the separate financial statements and are measured at cost less any impairments. The management assesses indications of impairment of such investments at least on an annual basis and performs impairment testing as necessary. These procedures require management judgement.	We have assessed the management's treatment of indications of impairment of investments in the equity of subsidiaries in the separate financial statements. The emphasis of our audit procedures was on assessing and testing the key assumptions that the management applied to define indications of impairment and to assess impairments.
Professional judgement and application of subjective assumptions made by the management are necessary in order to assess indications of impairment.	Our procedures included the following: <ul style="list-style-type: none">- checking and comparing the net assets of an individual subsidiary with the value of the investment in the separate financial statements as at 31 December 2022,- assessing the assumptions applied to calculate discount rates and their recalculation,- reviewing the projected future cash flows used by the Company to carry out impairment tests,- comparing the projected cash flows, including the assumptions related to revenue growth rates and operating margins, against historical performance to test the accuracy of previous management estimates, and checking other assumptions and estimates included in the judgements,- verifying the adequacy of disclosures in the separate financial statements.
Investments in equity of subsidiaries are subject to significant judgements and estimates. Due to that and because of the significance of the account balances in the separate statement of financial position, we have considered investments in the equity of subsidiaries as a key audit matter.	An auditor's expert took part in our procedures.



Valuation of technical provisions and technical provisions for the benefit of life insurance policyholders who bear the investment risk in consolidated financial statements

Key Audit Matter	How our audit addressed the key audit matter
Disclosures related to technical provisions are included in note 17.4.25 <i>Technical provisions</i> , 17.4.26 <i>Technical provisions for the benefit of life insurance policyholders who bear the investment risk</i> , 17.4.27 <i>Liability Adequacy Test (LAT)</i> (accounting policies) and 17.8.24 <i>Technical provisions and the technical provisions for the benefit of life insurance policyholders who bear the investment risk</i> (value and assumptions).	
Technical provisions and technical provisions for the benefit of life insurance policyholders who bear the investment risk are a significant item in the consolidated statements of financial position. The value of technical provisions as at 31 December 2022 equals EUR 1,249,943 thousand (2021: EUR 1,237,500 thousand), and the value of technical provisions for the benefit of life insurance policyholders who bear the investment risk as at 31 December 2022 equals EUR 499,352 thousand (2021: EUR 524,183 thousand). Provisions are measured in accordance with the accounting policies described in the financial statements.	Our procedures that we carried out included, among others: - Obtaining an understanding of key internal controls and testing their effectiveness. We have also reviewed the procedures for analysing economic and non-economic assumptions applied in the calculation of provisions. - Evaluation of the design, implementation and effectiveness of general IT controls performed by our IT experts.
The calculation of the above provisions entails a high level of management judgement and complex mathematical and statistical calculations. The models used to calculate these provisions are designed for each category separately and this process largely depends on economic and demographic assumptions.	- Verifying the adequacy of the key management assumptions applied in assessing the amount of the said provisions for individual cases, and their alignment with the adequate supporting documentation. We assessed whether the provisions disclosed are in accordance with the requirements of the accounting framework, industry practice and legal requirements.
The management reviews premiums, claims payments and other input data and assumptions of a model; the Company's actuarial function is responsible for calculating and verifying the adequacy of the assessed provisions.	- The assessment of actuarial assumptions, including the consideration and assessment of management assumptions involved actuarial professionals as auditor's experts. Actuarial professionals took part in verifying the adequacy of the models and testing the calculations of the models, and they performed independent recalculations of provisions.
Technical provisions and technical provisions for the benefit of life insurance policyholders who bear the investment risk are significant accounting estimates subject to a high level of judgement, therefore we have considered them as a key audit matter.	- We have also reviewed the disclosures in the consolidated financial statements in order to assess whether the information related to the technical provisions is adequately disclosed.



Other matter

The separate financial statements of company Pozavarovalnica Sava, d.d. and consolidated financial statements of Sava Insurance Group for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on April 21, 2022.

Other information

Management is responsible for the other information. The other information comprises the information, included in Annual report, other than the separate and consolidated financial statements and our auditor's report thereon. We obtained other information before the date of the auditor's report, except for the report of the supervisory board, which will be available later.

Our opinion on the separate and consolidated financial statements does not cover the other information and we express no assurance thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether the other information is materially inconsistent with the separate and consolidated financial statements, legal requirements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that other information include material misstatement we need to report such circumstances. In relation to this and based on our procedures performed, we report that:

- other information is, in all material respects, consistent with the audited separate and consolidated financial statements;
- other information is prepared in compliance with applicable law or regulation; and
- based on our knowledge and understanding of the Company and the Group and their environment obtained in the audit, we did not identify any material misstatement of fact related to the other information.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements of the Company and the Group, management is responsible for assessing their ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process and for approving audited annual report.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue



an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing and EU Regulation will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing and EU Regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

Report on the requirements of the Regulation (EU) No 537/2014 of the European Parliament and of the Council (Regulation EU 537/2014)

Appointment of the Auditor and the Period of Engagement

Deloitte revizija d.o.o. was appointed as the statutory auditor of the Company and the Group on General Shareholders’ Meeting held on 23 June 2022. Our total uninterrupted engagement has lasted 1 year.

Confirmation to the Audit Committee

We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 15 March 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

Auditor’s Report on Compliance of Financial Statements in Electronic Form with the Commission Delegated Regulation (EU) No. 2019/815 on European Single Electronic Format (ESEF)

We undertook a reasonable assurance engagement on whether the separate and consolidated financial statements of the Company and the Group for the year ended 31 December, 2022 (hereinafter ‘audited separate and consolidated financial statements’) are prepared taking into consideration the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format, valid for the year 2022 (hereinafter ‘Delegated Regulation’).

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and correct presentation of audited separate and consolidated financial statements in electronic form in accordance with the requirements of the Delegated Regulation and for such internal control as determined necessary by the management, to enable the preparation of separate and consolidated financial statements in electronic form that are free from material misstatement, whether due to fraud or error.

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Those charged with governance are responsible for overseeing the preparation of audited separate and consolidated financial statements in electronic form in accordance with the requirements of the Delegated Regulation.

Auditor’s Responsibility

Our responsibility is to carry out a reasonable assurance engagement and to express the conclusion on whether the audited separate and consolidated financial statements in electronic form are prepared in accordance with the requirements of the Delegated Regulation. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) – *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000)* published by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Regulation EU No. 537/2014 and IESBA Code. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality and professional conduct. We are in compliance with the International Standard on Quality Management (ISQM 1) and accordingly maintain an overall quality management system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and statutory requirements.

Summary of Work Performed

Within the scope of the work performed, we have carried out the following audit procedures:

- we have identified and assessed the risk of material non-compliance of audited separate and consolidated financial statements misstatement with the requirements of the Delegated Regulation;
- we have obtained understanding of the internal control processes considered important for our reasonable assurance engagement in order to design appropriate procedures in given circumstances, however, not with the purpose of expressing an opinion on the effectiveness of internal control;
- we have assessed whether the audited separate and consolidated financial statements satisfy the conditions of Delegated Regulations, valid on the reporting date;
 - we have obtained reasonable assurance that the audited separate and consolidated financial statements of the issuer are presented in the electronic XHTML format;
 - we have obtained reasonable assurance that the values and disclosures in the audited consolidated financial statements in the electronic XHTML format are tagged correctly and in the Inline XBRL technology (iXBRL), so that their machine reading can ensure complete and correct information that is included in the audited consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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Conclusion

In our opinion, based on the procedures performed and the evidence obtained we believe that the audited separate and consolidated financial statements of the Company and the Group for the year ended 31 December 2022, are in all material respect prepared in accordance with the requirements of the Delegated Regulation.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj
Certified auditor

For signature, please refer to the original Slovenian version.

Ljubljana, 15 March 2023

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Deloitte.
DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 3



16 Financial statements

16.1 Statement of financial position

EUR	Note	Sava Insurance Group		Sava Re	
		31 Dec 2022	31 Dec2021	31 Dec2022	31 Dec2021
ASSETS		2,534,002,659	2,658,322,359	863,105,571	832,078,756
Intangible assets	17.8.1	71,014,525	67,306,775	4,068,384	3,194,031
Property, plant and equipment	17.8.2	62,435,731	56,337,174	2,553,945	2,464,213
Right-of-use assets	17.8.3	7,425,544	7,386,426	320,124	204,879
Deferred tax assets	17.8.4	27,943,687	5,487,403	8,610,373	3,688,957
Investment property	17.8.5	22,795,759	14,281,192	7,721,693	7,899,693
Financial investments in subsidiaries	17.8.6	0	0	303,360,793	304,554,991
Financial investments in associates	17.8.6	21,856,109	20,479,729	19,575,000	19,575,000
- Equity-accounted		21,856,109	20,479,729	0	0
- Measured at cost		0	0	19,575,000	19,575,000
Financial investments:	17.8.7	1,297,012,771	1,472,688,443	333,328,717	327,784,595
- Loans and deposits		31,000,348	29,846,572	12,175,363	12,183,310
- Held to maturity		46,253,622	40,023,124	2,075,395	2,816,979
- Available for sale		1,200,776,061	1,368,432,673	313,703,700	303,501,261
- At fair value through profit or loss		18,982,740	34,386,074	5,374,259	9,283,045
Assets held for the benefit of policyholders who bear the investment risk	17.8.8	483,893,869	517,439,592	0	0
Reinsurers' share of technical provisions	17.8.9	65,600,524	57,767,056	55,484,147	48,486,444
Investment contract assets	17.8.10	172,915,796	172,836,349	0	0



EUR	Note	Sava Insurance Group		Sava Re	
		31 Dec 2022	31 Dec2021	31 Dec2022	31 Dec2021
Receivables	17.8.11	174,160,961	149,940,870	91,271,934	79,803,172
Receivables arising out of primary insurance business		143,751,656	128,544,723	82,025,975	74,410,185
Receivables arising out of reinsurance and co-insurance business		12,760,801	9,077,165	8,976,477	5,125,596
Current tax assets		3,945,207	330,518	49,594	0
Other receivables		13,703,297	11,988,464	219,888	267,391
Deferred acquisition costs	17.8.12	28,546,775	22,572,741	12,184,649	4,869,156
Other assets	17.8.13	4,174,340	4,380,387	699,783	746,808
Cash and cash equivalents	17.8.14	93,234,465	88,647,678	23,926,029	28,806,817
Non-current assets held for sale	17.8.15	991,803	770,544	0	0
EQUITY AND LIABILITIES		2,534,002,659	2,658,322,359	863,105,571	832,078,756
Shareholders' equity		411,951,369	504,077,018	381,861,203	371,166,000
Share capital	17.8.16	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	17.8.17	42,702,320	42,702,320	54,239,757	54,239,757
Profit reserves	17.8.18	256,945,591	229,008,079	257,222,058	229,238,622
Own shares	17.8.19	-24,938,709	-24,938,709	-24,938,709	-24,938,709
Fair value reserve	17.8.20	-116,548,560	21,246,888	-18,461,344	3,619,683
Reserve due to fair value revaluation	17.8.20	2,093,462	1,300,871	152,447	96,544
Retained earnings	17.8.21	142,589,630	116,166,406	13,807,182	10,633,662
Net profit or loss for the period	17.8.21	40,034,954	49,623,843	27,983,436	26,420,064
Translation reserve	17.8.20	-3,255,565	-3,256,354	0	0
Equity attributable to owners of the controlling company		411,479,499	503,709,720	381,861,203	371,166,000
Non-controlling interests in equity	17.8.22	471,870	367,298	0	0
Subordinated liabilities	17.8.23	74,924,356	74,863,524	74,924,356	74,863,524
Technical provisions	17.8.24	1,249,942,508	1,237,500,117	347,000,232	331,812,724



EUR	Note	Sava Insurance Group		Sava Re	
		31 Dec 2022	31 Dec2021	31 Dec2022	31 Dec2021
Unearned premiums		229,798,730	207,022,452	52,992,395	52,775,034
Technical provisions for life insurance business		422,651,931	443,577,279	0	0
Provision for outstanding claims		586,617,285	578,713,597	292,973,124	278,281,619
Other technical provisions		10,874,562	8,186,789	1,034,713	756,071
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	17.8.24	499,351,605	524,183,338	0	0
Other provisions	17.8.25	8,094,491	9,018,106	392,640	421,865
Deferred tax liabilities	17.7.4	3,648,160	11,387,395	771,533	76,227
Investment contract liabilities	17.8.10	172,739,040	172,660,266	0	0
Other financial liabilities	17.8.26	567,871	584,924	0	0
Liabilities from operating activities	17.8.26	56,208,903	54,783,379	49,649,234	46,543,595
Liabilities from primary insurance business		42,594,900	41,669,619	41,725,833	39,556,034
Liabilities from reinsurance and co-insurance business		11,516,239	10,109,076	7,877,987	6,592,809
Current income tax liabilities		2,097,764	3,004,684	45,414	394,752
Lease liability	17.7.3	7,436,004	7,224,138	320,490	203,730
Other liabilities	17.8.27	49,138,352	62,040,154	8,185,884	6,991,091

The notes to the financial statements in sections from [17.4](#) to 17.10 form an integral part of these financial statements.



16.2 Income statement¹³⁰

EUR	Note	Sava Insurance Group		Sava Re	
		2022	2021	2022	2021
Net premiums earned	17.8.29	701,377,709	686,574,317	165,480,370	162,736,587
Gross premiums written		774,134,291	729,898,408	199,405,328	190,051,724
Written premiums ceded to reinsurers and co-insurers		-51,679,242	-46,115,953	-34,948,870	-31,488,119
Change in gross unearned premiums		-21,947,690	3,425,874	-217,361	4,636,075
Change in unearned premiums, reinsurers' and co-insurers' shares		870,350	-634,012	1,241,273	-463,093
Income from investments in subsidiaries and associates	17.8.30	1,285,731	772,886	51,923,025	50,417,783
Profit from investments in equity-accounted associate companies		1,285,731	772,886	0	0
Income from investments in subsidiaries		0	0	51,923,025	50,417,783
Investment income	17.8.31	29,004,910	34,057,270	7,584,599	9,902,249
Interest income		16,400,437	16,842,749	3,004,885	2,569,728
Other investment income		12,604,473	17,214,521	4,579,714	7,332,521
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	17.8.31	0	68,719,103	0	0
Other technical income	17.8.32	21,781,521	19,101,970	5,684,008	5,824,719
Commission income		9,749,076	8,640,223	5,230,850	4,870,965
Other technical income		12,032,445	10,461,747	453,158	953,754
Other income	17.8.32	30,482,774	27,037,764	995,363	834,088
Net claims incurred	17.8.33	-419,716,183	-408,814,273	-106,217,717	-111,592,756
Gross claims payments, net of income from recourse receivables		-453,351,834	-406,908,665	-129,236,023	-99,242,817
Reinsurers' and co-insurers' shares		34,502,483	12,632,236	31,953,381	9,926,605
Change in the gross provision for outstanding claims		-6,522,292	-30,461,435	-14,691,505	-39,290,966
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares		5,655,460	15,923,591	5,756,430	17,014,422



EUR	Note	Sava Insurance Group		Sava Re	
		2022	2021	2022	2021
Change in other technical provisions	17.8.34	18,514,205	23,872,769	-190,091	723,394
Change in technical provisions for policyholders who bear the investment risk	17.8.34	24,319,262	-115,064,830	0	0
Expenses for bonuses and rebates	17.8.34	-302,347	-276,004	-88,551	1,643
Operating expenses	17.8.35	-228,329,299	-219,931,765	-60,164,284	-61,268,096
Acquisition costs		-81,688,701	-77,684,219	-48,083,564	-45,244,305
Change in deferred acquisition costs		3,013,935	-1,926,381	3,933,836	-968,321
Other operating expenses		-149,654,533	-140,321,165	-16,014,556	-15,055,470
Expenses from investments in associates and impairment losses on goodwill	17.8.30	0	0	-1,188,202	0
Impairment losses on goodwill		0	0	-1,188,202	0
Expenses for financial assets and liabilities	17.8.31	-13,872,931	-5,710,086	-4,807,876	-3,239,801
Impairment losses on financial assets not at fair value through profit or loss		-532,232	-161,960	0	0
Interest expense		-3,220,177	-3,128,936	-2,907,055	-2,898,715
Other investment expenses		-10,120,522	-2,419,190	-1,900,821	-341,086
Net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk	17.8.31	-60,682,135	0	0	0
Other technical expenses	17.8.32	-17,532,777	-14,337,516	-1,406,373	-464,594
Other expenses	17.8.32	-2,347,232	-2,466,335	-319,385	-269,002
Profit or loss before tax		83,983,208	93,535,270	57,284,886	53,606,214
Income tax expense	17.8.36	-15,740,622	-17,368,092	-1,318,014	-766,087
Net profit or loss for the period		68,242,586	76,167,178	55,966,872	52,840,127
Net profit or loss attributable to owners of the controlling company		68,018,387	76,074,721	-	-
Net profit or loss attributable to non-controlling interests		224,199	92,457	-	-
Earnings per share (basic and diluted)	17.8.21	4.39	4.91	-	-

The notes to the financial statements in sections from [17.4](#) to 17.10 form an integral part of these financial statements.



16.3 Statement of other comprehensive income

EUR	Razkritja	Sava Insurance Group		Sava Re	
		2022	2021	2022	2021
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	17.8.21	68,242,586	76,167,178	55,966,872	52,840,127
OTHER COMPREHENSIVE INCOME, NET OF TAX		-137,011,233	-18,581,762	-22,025,125	-2,370,146
a) Items that will not be reclassified subsequently to profit or loss		792,535	336,546	55,904	49,958
Other items that will not be reclassified subsequently to profit or loss	17.8.25	946,933	335,805	55,904	49,958
Tax on items that will not be reclassified subsequently to profit or loss		-154,398	741	0	0
b) Items that may be reclassified subsequently to profit or loss		-137,803,768	-18,918,308	-22,081,029	-2,420,104
Net gains/losses on remeasuring available-for-sale financial assets		-168,628,558	-23,140,493	-27,260,529	-2,987,782
Net change recognised in the fair value reserve	17.8.7	-165,013,451	-18,094,415	-27,260,529	-2,987,782
Net change transferred from fair value reserve to profit or loss		-3,615,107	-5,105,275	0	0
Other reclassifications		0	59,197	0	0
Tax on items that may be reclassified subsequently to profit or loss		30,824,325	4,212,448	5,179,500	567,678
Net gains or losses from translation of financial statements of non-domestic companies		465	9,737	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		-68,768,647	57,585,416	33,941,747	50,469,981
Attributable to owners of the controlling company		-68,983,681	57,494,564	-	-
Attributable to non-controlling interests		215,034	90,852	-	-

The notes to the financial statements in sections from [17.4](#) to 17.10 form an integral part of these financial statements.



16.4 Cash flow statement

EUR			Note	Sava Insurance Group		Sava Re		
				2022	2021	2022	2021	
A.	Cash flows from operating activities							
a)	Items of the income statement				137,252,802	6,272,151	4,466,060	-2,484,939
	Net profit or loss for the period				68,242,586	76,167,178	55,966,872	52,840,127
	Adjustments for:				69,010,216	-69,895,027	-51,500,812	-55,325,066
	1	Realised gains or losses on the disposal of subsidiaries			-994,004	0	-994,004	0
	2	Realised gains or losses on the disposal of property, plant and equipment assets			-959,637	-325,160	-75,958	-16,416
	3	Gains or losses of equity-accounted subsidiary		17.8.31	-1,285,731	-772,886	0	0
	5	Other financial expenses/income			46,782,360	-91,962,689	-50,961,254	-52,639,007
	6	Depreciation/amortisation			9,609,074	10,394,920	700,110	709,820
	7	Income tax expense			15,740,622	17,368,092	1,318,014	766,086
	8	Net exchange differences			117,532	-4,597,304	-1,487,720	-4,145,549
b.)	Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position				-82,490,477	114,721,511	-5,806,562	28,985,547
	1.	Change in receivables from primary insurance		17.8.11	-15,206,933	6,740,865	-6,864,683	5,252,723
	2.	Change in receivables from reinsurance		17.8.11	-3,683,636	-3,022,589	-5,581,942	-664,429
	3.	Change in other receivables from (re)insurance business			466,499	-476,290	0	0
	4.	Change in other receivables and other assets			-9,881,503	2,251,177	-7,261,077	2,868,700
	5.	Change in deferred tax assets		17.7.4	-22,456,284	-562,584	0	0
	6.	Change in inventories		17.8.13	-14,349	1,377	0	0
	7.	Change in liabilities arising out of primary insurance		17.8.26	925,281	-4,600,214	0	-1,009,856
	8.	Change in liabilities arising out of reinsurance business		17.8.26	1,407,163	3,271,917	4,684,649	1,769,265
	9.	Change in other operating liabilities			9,104,155	12,040,513	1,212,758	2,711,772



			Sava Insurance Group		Sava Re	
EUR		Note	2022	2021	2022	2021
	10.	Change in other liabilities (except unearned premiums)	-5,640,174	10,721,974	55,904	684,123
	11.	Change in technical provisions	-20,369,827	102,938,043	8,709,273	17,378,525
		- Change in unearned premiums	21,502,840	-2,791,862	-598,412	-4,172,982
		- Change in provision for outstanding claims	960,800	14,537,844	9,029,043	22,276,544
		- Change in other technical provisions	2,226,940	-1,381,815	278,642	-725,037
		- Change in mathematical provision	-20,741,145	-22,490,954	0	0
		- Change in mathematical provision for policyholders who bear the investment risk	-24,319,262	115,064,830	0	0
	12	Corporate income tax paid	-17,140,869	-14,582,678	-761,444	-5,276
	c)	Net cash from/used in operating activities (a + b)	54,762,325	120,993,662	-1,340,502	26,500,608
B. Cash flows from investing activities						
	a)	Cash receipts from investing activities	380,529,252	681,772,670	138,885,341	152,457,625
	1.	Interest received from investing activities	17.8.31 21,310,944	22,902,040	3,679,026	3,649,817
	2.	Cash receipts from dividends and participation in the profit of others	17.8.31 1,255,291	1,847,602	52,381,099	50,936,381
	3.	Proceeds from sale of intangible assets	21,137	1,310,598	0	0
	4.	Proceeds from sale of property, plant and equipment assets	6,790,751	1,548,925	107,892	16,417
	5.	Proceeds from disposal of financial investments	351,151,129	654,163,505	82,717,324	97,855,010
	5.1.	Proceeds from disposal of subsidiaries and other companies	1,000,000	0	1,000,000	0
	5.2.	Other proceeds from disposal of financial investments	350,151,129	654,163,505	81,717,324	97,855,010
	b)	Cash disbursements in investing activities	-402,149,557	-778,792,089	-116,254,278	-161,168,166
	1.	Purchase of intangible assets	-5,515,155	-6,728,193	-1,120,721	-2,048,184
	2.	Purchase of property, plant and equipment	-14,852,976	-11,220,649	-318,754	-137,395
	3.	Purchase of long-term financial investments	-381,781,426	-760,843,247	-114,814,803	-158,982,587
	3.1.	Purchase of subsidiary companies	0	-5,032,579	0	-5,032,579
	3.2.	Other disbursements to acquire financial investments	-381,781,426	-755,810,668	-114,814,803	-153,950,008



EUR		Note	Sava Insurance Group		Sava Re	
			2022	2021	2022	2021
c)	Net cash from/used in investing activities (a + b)		-21,620,305	-97,019,419	22,631,063	-8,710,541
C. Cash flows from financing activities						
a)	Cash receipts from financing activities		2,199,841	1,866,213	0	0
2.	Proceeds from long-term borrowing		2,199,841	1,866,213	0	0
b)	Cash disbursements in financing activities		-30,755,075	-20,651,372	-26,171,348	-16,063,395
1.	Interest paid	17.8.31	-2,919,213	-2,893,735	-2,908,497	-2,838,770
3.	Repayment of long-term financial liabilities		-4,478,860	-4,517,330	-16,307	-51,583
5.	Dividends and other profit participations paid		-23,357,002	-13,240,307	-23,246,544	-13,173,042
c)	Net cash from/used in financing activities (a + b)		-28,555,234	-18,785,159	-26,171,348	-16,063,395
D. Closing balance of cash and cash equivalents			93,234,465	88,647,678	23,926,029	28,806,817
x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)		4,586,786	5,189,084	-4,880,787	1,726,672
y)	Opening balance of cash and cash equivalents		88,647,678	83,458,594	28,806,817	27,080,146

The notes to the financial statements in sections from [17.4](#) to 17.10 form an integral part of these financial statements.



16.5 Statement of changes in equity for 2022

Sava Insurance Group			III. Profit reserves										IX. Equity attributable to owners of the controlling company		X. Non-controlling interests in equity		Total (15 + 16)
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve					
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.		
Closing balance in previous financial year	71,856,376	42,702,320	12,150,797	24,938,709	11,225,068	180,693,505	21,246,888	1,300,871	116,166,406	49,623,843	-24,938,709	-3,256,354	503,709,720	367,298	504,077,018		
Opening balance in the financial period	71,856,376	42,702,320	12,150,797	24,938,709	11,225,068	180,693,505	21,246,888	1,300,871	116,166,406	49,623,843	-24,938,709	-3,256,354	503,709,720	367,298	504,077,018		
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-137,795,448	792,591	0	68,018,387	0	789	-68,983,681	215,034	-68,768,647		
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	68,018,387	0	0	68,018,387	224,199	68,242,586		
b) Other comprehensive income	0	0	0	0	0	0	-137,795,448	792,591	0	0	0	789	-137,002,068	-9,165	-137,011,233		
Transactions with owners – payouts	0	0	0	0	0	27,937,512	0	0	-23,200,618	-27,983,436	0	0	-23,246,542	-110,460	-23,357,002		
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-23,246,542	0	0	0	-23,246,542	-110,460	-23,357,002		
Allocation of net profit to profit reserve	0	0	0	0	0	27,937,512	0	0	45,924	-27,983,436	0	0	0	0	0		
Movements within equity	0	0	0	0	0	0	0	0	49,623,844	-49,623,844	0	0	0	0	0		
Transfer of profit	0	0	0	0	0	0	0	0	49,623,844	-49,623,844	0	0	0	0	0		
Closing balance in the financial period	71,856,376	42,702,320	12,150,797	24,938,709	11,225,068	208,631,017	-116,548,560	2,093,462	142,589,630	40,034,954	-24,938,709	-3,255,565	411,479,499	471,870	411,951,369		



Sava Re

III. Profit reserves

EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	Total
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	179,313,389	3,619,683	96,544	10,633,662	26,420,064	-24,938,709	371,166,000
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	179,313,389	3,619,683	96,544	10,633,662	26,420,064	-24,938,709	371,166,000
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-22,081,029	55,904	0	55,966,872	0	33,941,747
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	55,966,872	0	55,966,872
b) Other comprehensive income	0	0	0	0	0	0	-22,081,029	55,904	0	0	0	-22,025,125
Transactions with owners – payouts	0	0	0	0	0	27,983,436	0	0	-23,246,544	-27,983,436	0	-23,246,544
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-23,246,544	0	0	-23,246,544
Allocation of net profit to profit reserve	0	0	0	0	0	27,983,436	0	0	0	-27,983,436	0	0
Movements within equity	0	0	0	0	0	0	0	0	26,420,064	-26,420,064	0	0
Transfer of profit	0	0	0	0	0	0	0	0	26,420,064	-26,420,064	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	207,296,824	-18,461,344	152,447	13,807,182	27,983,436	-24,938,709	381,861,203

The notes to the financial statements in sections from [17.4](#) to 17.10 form an integral part of these financial statements.



16.6 Statement of changes in equity for 2021

Sava Insurance Group			III. Profit reserves										IX. Equity attributable to owners of the controlling company		X. Non-controlling interests in equity		Total (15 + 16)
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve					
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.		
Closing balance in previous financial year	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,541	-24,938,709	-3,266,013	459,721,827	492,661	460,214,488		
Opening balance in the financial period	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,541	-24,938,709	-3,266,013	459,721,827	492,661	460,214,488		
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-18,926,202	336,386	0	76,074,721	0	9,659	57,494,564	90,852	57,585,416		
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	76,074,721	0	0	76,074,721	92,457	76,167,178		
b) Other comprehensive income	0	0	0	0	0	0	-18,926,202	336,386	0	0	0	9,659	-18,580,157	-1,605	-18,581,762		
Transactions with owners – payouts	0	0	200,304	0	0	26,522,195	0	0	-13,444,663	-26,450,878	0	0	-13,173,042	-67,265	-13,240,307		
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-13,173,042	0	0	0	-13,173,042	-67,265	-13,240,307		
Allocation of net profit to profit reserve	0	0	200,304	0	0	26,522,195	0	0	-271,621	-26,450,878	0	0	0	0	0		
Movements within equity	0	-333,628	0	0	0	0	0	0	56,197,541	-56,197,541	0	0	-333,628	-148,953	-482,581		
Transfer of profit	0	0	0	0	0	0	0	0	56,197,541	-56,197,541	0	0	0	0	0		
Acquisition of non-controlling interests	0	-333,628	0	0	0	0	0	0	0	0	0	0	-333,628	-148,953	-482,581		
Closing balance in the financial period	71,856,376	42,702,320	12,150,797	24,938,709	11,225,068	180,693,505	21,246,888	1,300,871	116,166,406	49,623,843	-24,938,709	-3,256,354	503,709,720	367,298	504,077,018		



Sava Re

III. Profit reserves

EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	Total
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,787	46,586	34,797,320	-10,990,617	-24,938,709	333,869,060
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,787	46,586	34,797,320	-10,990,617	-24,938,709	333,869,060
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-2,420,104	49,958	0	52,840,127	0	50,469,981
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	52,840,127	0	52,840,127
b) Other comprehensive income	0	0	0	0	0	0	-2,420,104	49,958	0	0	0	-2,370,146
Transactions with owners – payouts	0	0	0	0	0	26,420,064	0	0	-13,173,042	-26,420,064	0	-13,173,042
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-13,173,042	0	0	-13,173,042
Allocation of net profit to profit reserve	0	0	0	0	0	26,420,064	0	0	0	-26,420,064	0	0
Movements within equity	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0	0
Transfer of profit	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	179,313,389	3,619,683	96,544	10,633,662	26,420,064	-24,938,709	371,166,000

The notes to the financial statements in sections from [17.4](#) to 17.10 form an integral part of these financial statements.



17 Notes to the financial statements

17.1 Basic details

Reporting company

Sava Re d.d. (hereinafter also the Company) is the parent of the Sava Insurance Group (hereinafter also the Group). The Company was established under the Foundations of the Life and Non-Life Insurance System Act, and was entered in the company register kept by the Ljubljana Basic Court, Ljubljana Unit (now Ljubljana District Court), on 10 December 1990. Its legal predecessor, Pozavarovalna Skupnost Sava, was established in 1977.

The Group transacts reinsurance business (15% of operating revenue), non-life insurance business (58% of operating revenue), life insurance business (23% of operating revenue), pension business and asset management (3% of operating revenue) and other non-insurance business (1% of operating revenue)¹³¹.

In 2022, the Group employed on average 2,702 people (2021: 2,700 employees). As at 31 December 2022, the total number of employees on a full-time equivalent basis was 2,704 (31 December 2021: 2,699 employees). Statistics on employees in regular employment by various criteria are given in section [10 “Human resources management”](#).

In the 2022 financial year, the Company employed on average 130 people (2021: 123 employees). As at 31 December 2022, the total number of employees on a full-time equivalent basis was 133 (31 December 2021: 127 employees). Statistics on employees in regular employment by various criteria are given in section [10 “Human resources management”](#).

Business address of the controlling company	Dunajska cesta 56, Ljubljana, Slovenia
Name of reporting entity	Pozavarovalnica Sava, d.d. (Sava Reinsurance Company d.d., Sava Re d.d.)
Legal form of entity	delniška družba (public limited company)
Domicile of entity	Slovenia
Address of entity’s registered office	Dunajska cesta 56, Ljubljana, Slovenia
Country of incorporation	Slovenia
Principal place of business	Slovenia
Description of nature of entity’s operations and principal activities	reinsurance
Name of parent entity	Pozavarovalnica Sava, d.d. (Sava Reinsurance Company d.d., Sava Re d.d.)
Name of ultimate parent of group	Pozavarovalnica Sava, d.d. (Sava Reinsurance Company d.d., Sava Re d.d.)
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	no changes in 2022
Description of nature of financial statements	Financial statements of the Sava Insurance Group and Sava Re d.d. for 2022
Date of end of reporting period	31 December 2022
Period covered by financial statements	1 January 2022 – 31 December 2022
Description of presentation currency	euro
Level of rounding used in financial statements	rounded to the nearest whole number

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Educational profile of employees

	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Primary and lower secondary education	7	5	0	0
Secondary education	1,068	1,088	13	15
Higher education	279	269	4	3
University education	1,210	1,195	97	85
Master's degree and doctorate	141	141	20	24
Total	2,704	2,699	133	127

The bodies of the Company are the general meeting, the supervisory board and the management board.

The largest shareholder of the Company is Slovenian Sovereign Holding, with a 17.7% stake. The ultimate beneficial owner of Slovenian Sovereign Holding is the Republic of Slovenia. The second-largest shareholder is Intercapital securities Ltd. (custodial account) with a 14.7% stake, and the third-largest the Republic of Slovenia, with a 13.9% stake. The table “Ten largest shareholders and the list of holders of qualified holdings pursuant to the Takeovers Act as at 31 December 2022” (section [3 “Shareholders and share trading”](#)) is followed by an additional note on the share of voting rights in Sava Re (section [3 “Shareholders and share trading”](#)).

It is the responsibility of the Company’s management board to prepare the annual report and authorise it for issue to the supervisory board. The audited annual report is then approved by the Company’s supervisory board. If the annual report is not approved by the supervisory board, or if the management and supervisory boards leave the decision about its approval (authorisation for issue) to the general meeting of shareholders, the general meeting also decides on the approval (authorisation for issue) of the annual report.

The general meeting has the power to amend the annual report after it has been approved by the Company’s management board; however, it must be re-audited by the external auditor within two weeks after its approval by the general meeting.



17.2 Business combinations and overview of Group companies¹³²

The Company did not make any acquisitions or purchases during 2022, but S Estate was successfully divested in the first quarter of 2022. The vehicle inspection company Sava Car (MNE) established the vehicle company Sava Car (SRB) in Serbia in August 2022 to strengthen sales channels, and Ornatus KC was renamed ASISTIM at the end of 2022.

The tables below show individual items of the statement of financial position and the income statement based on the separate financial statements of subsidiaries and associates prepared in accordance with IFRSs, together with the parent company's share of voting rights.

Subsidiaries as at 31 Dec 2022

EUR	Activity	Country of incorporation	Assets	Liabilities	Equity as at 31 Dec 2022	Profit or loss for 2022	Total income	Share of voting rights (%)
Zavarovalnica Sava	insurance	Slovenia	1,064,779,021	889,133,654	175,645,367	46,525,330	411,690,126	100.00%
Sava Neživotno Osiguranje (SRB)	insurance	Serbia	41,091,665	30,639,629	10,452,036	1,216,985	24,010,061	100.00%
Illyria	insurance	Kosovo	23,194,384	17,998,398	5,195,986	1,054,391	14,956,022	100.00%
Sava Osiguruvanje (MKD)	insurance	North Macedonia	26,520,867	18,677,732	7,843,135	1,636,953	17,909,852	93.86%
Sava Osiguranje (MNE)	insurance	Montenegro	31,503,111	23,393,454	8,109,657	2,100,234	15,202,534	100.00%
Illyria Life	insurance	Kosovo	16,191,975	11,714,905	4,477,070	610,116	4,723,248	100.00%
Sava Životno Osiguranje (SRB)	insurance	Serbia	14,175,624	10,071,672	4,103,952	31,262	6,033,418	100.00%
Sava Car (MNE)	technical research and analysis	Montenegro	1,902,523	941,191	961,332	188,568	1,053,892	100.00%
ZM Svetovanje	consulting and marketing of insurances of the person	Slovenia	231,930	101,383	130,547	-21,870	932,598	100.00%
Asistim (former Ornatus KC)	ZS call centre	Slovenia	95,074	50,530	44,544	24,614	517,040	100.00%
Sava Agent	insurance agency	Montenegro	2,233,523	1,724,474	509,049	139,321	844,453	100.00%
Sava Station	technical research and analysis	North Macedonia	265,543	39,237	226,306	47,739	290,008	93.86%
Sava Pokojninska	pension fund	Slovenia	197,209,557	190,385,196	6,824,361	-538,699	6,035,783	100.00%
TBS Team 24	organisation of assistance services and customer service	Slovenia	4,386,768	3,411,534	975,234	960,992	15,960,076	87.50%
Sava Penzisko Društvo	pension fund management	North Macedonia	11,645,679	402,603	11,243,076	1,962,201	5,163,225	100.00%
SO Poslovno Savjetovanje d.o.o.	business consulting	Croatia	4,917,431	8,376	4,909,055	-7,916	7,315	100.00%
Sava Infond	fund management activities	Slovenia	10,329,677	1,035,018	9,294,659	3,290,258	11,767,575	100.00%
Vita	insurance	Slovenia	639,797,273	599,811,672	39,985,601	9,260,677	105,676,003	100.00%
Sava Car (SRB)	technical research and analysis	Serbia	87,338	5,389	81,949	-18,097	20,238	100.00%



Subsidiaries as at 31 Dec 2021

EUR	Activity	Country of incorporation	Assets	Liabilities	Equity as at 31 Dec 2021	Profit or loss for 2021	Total income	Share of voting rights (%)
Zavarovalnica Sava	insurance	Slovenia	1,163,953,793	938,955,403	224,998,390	58,087,630	425,791,464	100.00%
Sava Neživotno Osiguranje (SRB)	insurance	Serbia	39,319,494	27,093,402	12,226,092	558,440	19,470,508	100.00%
Illyria	insurance	Kosovo	21,641,407	16,892,677	4,748,730	815,729	11,876,123	100.00%
Sava Osiguruvanje (MKD)	insurance	North Macedonia	23,962,472	17,603,467	6,359,005	-266,161	14,726,479	93.86%
Sava Osiguranje (MNE)	insurance	Montenegro	29,118,285	20,416,941	8,701,344	1,741,085	13,400,639	100.00%
Illyria Life	insurance	Kosovo	14,922,563	9,954,829	4,967,734	354,074	3,680,081	100.00%
Sava Životno Osiguranje (SRB)	insurance	Serbia	13,157,644	8,597,904	4,559,740	27,312	5,096,806	100.00%
S Estate	currently none	Kosovo	5,868	0	5,868	-68	0	100.00%
Sava Car	technical research and analysis	Montenegro	1,750,895	955,224	795,671	55,165	889,070	100.00%
ZS Svetovanje	consulting and marketing of insurances of the person	Slovenia	244,515	99,927	144,588	14,404	999,529	100.00%
Ornatus KC	ZS call centre	Slovenia	53,510	33,580	19,930	2,606	296,349	100.00%
Sava Agent	insurance agency	Montenegro	2,279,925	1,902,690	377,235	159,510	827,677	100.00%
Sava Station	technical research and analysis	North Macedonia	223,914	45,877	178,037	10,524	248,971	93.89%
Sava Pokojninska	pension fund	Slovenia	196,479,232	187,600,754	8,878,478	616,287	6,826,261	100.00%
TBS Team 24	organisation of assistance services and customer service	Slovenia	3,633,574	2,735,648	897,926	883,684	12,339,040	87.50%
Sava Penzisko Društvo	pension fund management	North Macedonia	11,563,934	414,787	11,149,147	1,776,572	4,622,981	100.00%
SO Poslovno Savjetovanje d.o.o.	business consulting	Croatia	4,936,864	9,824	4,927,040	-28,213	566	100.00%
Sava Infond	fund management activities	Slovenia	9,905,198	1,465,502	8,439,696	2,957,166	11,004,539	100.00%
Vita	insurance	Slovenia	703,046,860	615,484,838	87,562,022	7,728,173	112,735,058	100.00%



Overview of companies with non-controlling interests

EUR	Sava Osiguruvanje		Sava Station		TBS Team 24	
	2022	2021	2022	2021	2022	2021
Non-controlling interest as % of equity	6.14%	6.14%	6.14%	6.14%	12.50%	12.50%
Proportion of non-controlling interest voting rights, in %	0.915%	0.915%	0.915%	0.915%	12.50%	12.50%
Statement of profit or loss and other comprehensive income						
Income	17,909,852	14,726,479	290,008	248,971	15,960,076	12,339,040
Net profit for the year	1,636,953	-266,161	47,739	10,524	960,992	883,684
- Of non-controlling interest	100,456	-16,334	2,930	646	120,124	110,461
Other comprehensive income	-150,114	-24,060	1,014	-947	74	-6
- Of non-controlling interest	-9,212	-1,477	62	-58	9	-1
Total comprehensive income	1,486,839	-290,221	48,753	9,577	961,066	883,678
- Of non-controlling interest	91,244	-17,810	2,992	588	120,133	110,460
Dividends to non-controlling interests	0	0	0	0	110,460	67,265
Statement of financial position						
Assets	26,520,867	23,962,472	265,543	223,914	4,386,768	3,633,574
Liabilities	18,677,732	17,603,467	39,237	45,877	3,411,534	2,735,648
Shareholders' equity	7,843,135	6,359,005	226,306	178,037	975,234	897,926

17.3 Consolidation principles

The parent company prepared both separate and consolidated financial statements as at 31 December 2022.

The consolidated financial statements include Sava Re as the parent and all its subsidiaries, i.e. companies in which Sava Re holds, directly or indirectly, more than half of the voting rights and has the power to control their financial and operating policies so as to obtain benefits from their activities.

The consolidated financial statements of the Sava Insurance Group include all companies directly or indirectly controlled by Sava Re, which controls a company if and only if it has all the following elements:

- power over the company (directs the relevant activities that significantly affect the company's returns),
- exposure, or rights, to variable returns from its involvement with the company, and
- the ability to use its power over the company to affect the amount of its returns.

- The Group's consolidated financial statements also include associate companies in which the members of the Sava Insurance Group (parent and subsidiaries) hold, directly or indirectly, between 20% and 50% of all voting rights. If they hold less than 20%, they can still have significant influence, provided such influence can be demonstrated.

All subsidiaries in the Sava Insurance Group are fully consolidated. The Group does not apply the exemption to exclude any of its companies from full consolidation. Interests in associates and joint ventures are accounted for in the consolidated financial statements using the equity method.

The financial year of the Group is the same as the calendar year.

Subsidiaries are fully consolidated as of the date of obtaining control and are deconsolidated as of the date that such control is lost.

Subsidiaries that manage pension (except Slovenia-based Sava Pokojninska Družba) funds and management companies that manage the funds' assets are consolidated without the funds as under law such fund assets are separate from the assets of the company that manages them. Accordingly, these funds are not included in the consolidated financial statements.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Subsequently, goodwill is measured at cost less any impairment losses. The non-controlling interest is measured at the current proportionate share of the equity interests in the acquiree's recognised net assets.

When acquiring a non-controlling interest in a subsidiary (when the Group already holds a controlling interest), the carrying amounts of the controlling and

non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The Group recognises any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid directly in equity, and attributes it to the owners of the parent. The difference between cost and the carrying amount of the non-controlling interest is accounted for in equity under capital reserves.

Profits earned and losses made by subsidiaries are included in the Group's income statement. Intra-Group transactions (receivables and liabilities, expenses and income between the consolidated companies) have been eliminated.

All companies within the Group apply uniform accounting policies. If the accounting policies of a subsidiary differ from the accounting policies applied by the Group, appropriate adjustments are made to the financial statements of such subsidiary prior to the compilation of the consolidated financial statements to ensure compliance with the accounting policies of the Group.

17.4 Significant accounting policies

Significant accounting policies applied in the preparation of the consolidated and separate financial statements are set out below. In 2022, the Group applied the same accounting policies as in 2021. As for the implementation of IFRS 9, the Group applied the temporary exemption until the adoption of IFRS 17 “Insurance contracts”. For more information, see section [17.5 Standards and interpretations issued but not yet effective, and new standards and interpretations](#).

17.4.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union. They have also been prepared in accordance with applicable Slovenian legislation (the Companies Act, ZGD-1). The “Sava Insurance Group financial control rules” lay down accounting policies that must be followed by subsidiaries when reporting for consolidation purposes. The “Rules on accounting and accounting policies of Sava Re d.d.” set down in detail the accounting policies of the Company.

Interested parties can obtain information on the financial condition and results of operations of the Sava Insurance Group by consulting the annual report. Annual reports are available on Sava Re’s website and at its registered office.

In selecting and applying accounting policies, as well as in preparing the financial statements, the management board of the parent company aims at providing understandable, relevant, reliable and comparable accounting information.

The financial statements have been prepared based on the going-concern assumption.

The Company’s management board approved the audited financial statements on 15 March 2023.

17.4.2 Measurement basis

The financial statements have been prepared on the historic cost basis, except for financial assets measured at fair value through profit or loss, and available-for-sale financial assets, which are measured at fair value. Assets of policyholders who bear the investment risk are also measured at fair value.

17.4.3 Presentation currency, translation of transactions and items

The financial statements are presented in euros (EUR) without cents. For ease of presentation, figures in the notes to the financial statements are rounded to the nearest million. The euro is the functional and presentation currency of Sava Re. The financial statements of the subsidiaries that have a functional currency different from the presentation currency are translated into euros as described below. Rounding of values may result in insignificant differences in the table totals.

Assets and liabilities as at 31 December 2022 denominated in foreign currencies have been translated into euros using the mid-rates of the European Central Bank’s reference rate list (hereinafter: “ECB”) as at 31 December 2022, as published by the Bank of Slovenia. Amounts in the income statements have been translated using the average exchange rate. As at 31 December 2021 and 31 December 2022, they were translated using the then applicable mid-rates of the ECB. Foreign exchange differences arising on settlement of transactions and on translation of monetary assets and liabilities are recognised in the income

statement. Exchange rate differences associated with non-monetary items, such as equity securities carried at fair value through profit or loss, are also recognised in the income statement, while exchange rate differences associated with equity securities classified as available for sale are recognised in the fair value reserve. Since equity items in the statement of financial position as at 31 December 2022 are translated using the exchange rates of the ECB on that day and since interim movements are translated using the average exchange rates of the ECB, any differences arising therefrom are disclosed in the equity item translation reserve.

In the consolidated financial statements, exchange rate differences resulting from the translation of a net investment in a foreign subsidiary are recognised in the equity item translation reserve.



17.4.4 Use of major accounting estimates, sources of uncertainty

Assumptions and other sources of uncertainty relate to estimates that require management to make complex, subjective and comprehensive judgements. Areas that involve significant management judgement are presented below.

- The need for impairment of goodwill is assessed using the accounting policy under section [17.4.7 “Goodwill”](#) and note [17.8.1](#).
- The determination of the fair value of land and buildings for the purpose of impairment testing is disclosed in section [17.4.8](#).
- The determination of the fair value of investment property for the purpose of impairment testing is disclosed in section [17.4.12](#), and the fair value of investment property is disclosed in section [17.4.21](#).
- Criteria for impairment of investments in subsidiaries and associates are determined using the accounting policy under section [17.4.13 “Financial investments in subsidiaries and associates”](#) and under note [17.8.6](#).
- Deferred tax assets are recognised if Group entities plan to realise a profit in their medium-term projections. For details, see section [17.4.11 “Deferred tax assets and liabilities”](#) and note [17.8.4](#).
- Receivables are impaired based on the accounting policy set out in section [17.4.17 “Receivables”](#). Any recognised impairment loss is shown in note [17.8.11](#).

- Financial investments, investment contract assets and assets held for the benefit of policyholders who bear the investment risk: Classification, recognition, measurement and derecognition, investment impairment and fair value measurement, are made based on the accounting policy set out in section [17.4.14 “Financial investments and assets held for the benefit of policyholders who bear the investment risk”](#). Movement in investments and their classification are shown in note [17.8.7](#), whereas the associated income and expenses, and impairment losses are shown in note [17.8.31](#).
- The valuation of non-current assets held for sale is set out in section [17.4.10](#).
- Technical provisions – calculation and liability adequacy tests pertaining to insurance contracts are shown in sections [17.4.24–26](#). Movement in these provisions is shown in note [17.8.24](#).
- Estimates are used for recognising technical items because reinsurance accounts relating to accepted reinsurance business are not received in time. Estimates relate to amounts in reinsurance contracts, which, according to contractual due dates, have already accrued, although the Company has yet to receive reinsurance accounts. These items include: premiums, claims, commissions, unearned premiums, claims provisions and deferred commissions. The basis for these estimates are expected ultimate premiums and expected underwriting combined ratios (excluding internal expenses) for each accepted reinsurance contract, which are set at inception

based on information gathered in renewal packs and then revised quarterly based on experience. Taking into account the inception of underlying business, premiums are estimated as the difference between expected accrued premiums and premiums booked based on accounts received. Commissions are estimated on the basis of estimated premiums using the respective commission rate. Unearned premiums and deferred commissions are estimated on the basis of their respective earning patterns. Incurred claims are estimated by targeting respective expected underwriting combined ratios.

17.4.5 Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash flow statement has been prepared as the sum of all cash flows of all Group companies less any intra-Group cash flows. Cash flows from operating activities have been prepared based on data from the 2021 statement of financial position and income statement, with appropriate adjustments for items that do not constitute cash flows. Cash flows from financing and investing activities are shown based on actual receipts and disbursements. Items relating to changes in net current assets are shown net.

17.4.6 Intangible assets

Intangible assets, except goodwill, are stated at cost, including any expenses directly attributable to preparing them for their intended use, less accumulated amortisation and any impairment losses. Amortisation is calculated for each item separately, on a straight-line basis, except for goodwill, which is not amortised. Intangible assets are first amortised upon their availability for use.

Intangible assets include computer software, licences pertaining to computer software (with useful life assumed to be five years). In case of recognition of a specific intangible asset with a longer useful life (customer list or contractual customer relationships), the useful life is defined in a separate valuation report.

Intangible assets are tested for impairment at least annually. If there is any indication of impairment, the recoverable amount of the intangible asset is reviewed. The recoverable amount is the net value in use estimated using future cash flows. The value in use is generally determined in a separate valuation report.

If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Intangible assets also include deferred policy acquisition costs. The accounting policy is set out in section [17.4.18](#), disclosures are presented in section [17.8.12](#).

17.4.7 Goodwill

Goodwill arises on the acquisition of subsidiaries. In acquisitions, goodwill relates to the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. If the excess is negative (negative goodwill), it is recognised directly in the income statement. The recoverable amount of the cash-generating unit so calculated is compared against its carrying amount, including goodwill belonging to such unit. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and value in use.

Method of calculating value in use

Value in use for each cash-generating unit is calculated using the discounted cash flow method (DCF method). The budget projections of the CGUs and the estimate of the long-term results achievable are used as a starting point. Value in use is determined by reference to free cash flows discounted at an appropriate discount rate.

The discount rate is determined as the cost of equity (COE), using the capital asset pricing model (CAPM). It is based on the interest rate on risk-free securities, equity premium, and insurance business prospects applying the beta factor. Added is a country risk premium and a size premium.

The elements of the discount rate have been taken from:

- The risk-free rate of return is based on the yield to maturity of 30-year German government bonds (source: Bloomberg).
- The equity risk premium has been taken from the publication of KPMG "Equity market risk premium," Research Summary, December 2022.
- Tax rates included in the discount rate calculation are the applicable tax rates in individual countries where companies operate.
- Beta for individual industries has been calculated with reference to comparable companies of the same industry of MSCI Small Cap Europe (source: Bloomberg).
- The country risk premiums have been calculated as the difference between the yield to maturity of German long-term government bonds and a comparable local bond issued (source: Bloomberg).
- Size premium: CRSP Deciles Study, Duff & Phelps, December 2021.

The bases for the testing of value in use are prepared in several phases: In phase one, the Company prepares five-year projections of performance results for each company as part of the regular planning process unified Group-wide. These strategic plans are approved by the parent company and confirmed by the relevant governance body. For insurance, pension and mutual fund management companies, it is additionally assessed whether the capital required for an insurance company to operate under local regulations would be fully engaged.

Premium growth and profitability was planned for foreign insurance companies in five-year projections in view of the low insurance penetration rates. Insurance penetration is expected to increase markedly due to the expected convergence of their countries' macroeconomic indicators towards levels common in western European countries. Western Balkan markets, which have a relatively low penetration rate, are expected to see a faster growth in gross premiums than in expected GDP.

The profitability of pension companies is expected to grow, driven by increased contributions to pension funds as the result of demographic trends and at relatively fixed operating costs.

To estimate the residual value used in the calculation of the estimated value of equity, the calculation considers normalised cash flow in the last year of the forecast made using the Gordon growth model. Subsidiaries have been valued using a long-term growth rate (g) ranging from 2.5–4% to calculate the residual value. For Slovenia-based companies, this growth rate is based on an average risk-free rate of return of 2.5%; for other markets, it is 4% and is based on the expected long-term industry growth.

A cash-generating unit consists of an individual company. Movement in goodwill is discussed in detail in section [17.8.1](#).

Goodwill of associate companies is included in their respective carrying amount. Any impairment losses on their goodwill are treated as impairment losses on investments in associate companies.

Section [17.8.1](#) sets out the main assumptions for cash flow projections with a calculation of value in use.



17.4.8 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost, including cost directly attributable to the acquisition of the asset. Subsequently, the cost model is applied: assets are carried at cost, less accumulated depreciation and any impairment losses.

Items of property, plant and equipment are first depreciated upon their availability for use. Depreciation is calculated for each item separately, on a straight-line basis. Depreciation rates are determined so as to allow the cost of property, plant and equipment assets to be allocated over their estimated useful lives.

An assessment is made annually to determine whether there is any indication of impairment. If any such indication exists, an estimate of the recoverable amount of the asset is made. The recoverable amount is the higher of the value in use and fair value less costs to sell. If the recoverable amount exceeds or is equal to the carrying

amount, the asset is not impaired. Value in use is assessed in terms of a cash-generating unit, with a company as a whole constituting a cash-generating unit.

Gains and losses on the disposal of items of property, plant and equipment, calculated as the difference between sales proceeds and carrying amounts, are included in profit or loss. The costs of property, plant and equipment maintenance and repairs are recognised in profit or loss as incurred.

The cost of major repairs and replacement of part of an item of property, plant and equipment is recognised in the carrying amount of the asset, if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Replaced parts are derecognised.

Investments in property, plant and equipment assets that increase future economic benefits are recognised in their carrying amount.

Depreciation rates of property, plant and equipment assets

Depreciation group	Rate
Land	0.0%
Buildings	1.3–2.0%
Transportation means	15.5–20.0%
Computer equipment	33.33%
Office and other furniture	10.0–12.5%
Other equipment	6.7–20.0%

17.4.9 Right-of-use assets and lease liabilities

At inception of a contract, an assessment is made whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

At the commencement date of the lease, an asset acquired under a lease is recognised as a right-of-use asset and a lease liability. Short-term leases (of up to 12 months) and low-value leases (the cost of an asset is less than EUR 5000) are exempt from recognition as right-of-use assets and lease liabilities. Short-term and low-value leases are treated by the Group companies as lease expenses, which are recognised in the income statement and classified within operating activities in the cash flow statement.

Right-of-use assets are measured applying a cost model. On initial recognition at the commencement date of the lease, the cost of a right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, any initial direct costs incurred by the lessee, and an estimate of the costs to be incurred by the lessee in dismantling and removing

the underlying asset. On subsequent measurement, the initial cost of a right-of-use asset is reduced by any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis. If, by the end of the lease term, the lease transfers the ownership of the underlying asset to the lessee, or if the value of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee depreciates the right-of-use asset from the commencement date until the end of the useful life of the underlying asset. Otherwise, the lessee depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee uses the lessee’s incremental borrowing rate. After initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. Right-of-use assets and lease liability are recognised net of taxes.

The lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease term is the non-cancellable period for which a lessee has the right to use an underlying asset. The lease term includes periods covered by an option to extend the lease, if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease, if the lessee is reasonably certain not to exercise that option.

For leases of indefinite duration and leases with an extension option, the lease term is either contractually fixed or estimated based on the Group's past experience and strategic priorities.

Right-of-use assets and lease liabilities are presented as two separate line items in the statement of financial position. In the income statement, the depreciation charge is a component of operating expenses or expenses, whereas interest expense is a component of finance costs. In the statement of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities, and cash payments for the interest portion within operating activities.

A lease modification is deemed a separate lease only if it involves the addition of the right to use one or more underlying assets at a price that would apply if the additional asset were leased on a stand-alone basis. If a modification is not a separate lease, the accounting treatment is to reflect the fact that there is a connection between the original lease and the modified lease. The existing liability is remeasured by taking into account the new level of the consideration for the lease, when the new asset is added, the total consideration is spread evenly over all the related underlying assets, taking into account the new lease term, and remeasuring the lease liability using the new discount rate in effect at the time of the modification.

On the other side, an adjustment is made to the right-of-use asset based on the difference between the remeasured liability and the liability before the modification. If the carrying amount of the latter is zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement is recognised in profit or loss.

17.4.10 Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, its sale must be highly probable, and it must be available for immediate sale in its present condition. There must be a commitment to sell the asset and the sale should be completed within one year. Such assets are measured at the lower of the assets' carrying amount or fair value less costs to sell. Intangible assets are tested for impairment at least annually. If there is any indication of impairment, the recoverable amount of the intangible asset is reviewed.

17.4.11 Deferred tax assets and liabilities

Deferred tax assets and liabilities are amounts of income taxes expected to be recoverable or payable, respectively, in future periods depending on taxable temporary differences. Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax assets and liabilities are established for temporary non-deductible impairments of portfolio investments. Deferred tax assets are additionally established for impairment losses on receivables, unused tax losses and for provisions for employees.

Deferred tax liabilities arise from catastrophe equalisation reserves transferred from technical provisions to profit reserves (as at 1 January 2007), which were tax-deductible when set aside (prior to 1 January 2007), and from fair value adjustments and newly recognised intangible assets (customer lists or contractual customer relationships) on acquisition of a new company.

Deferred tax assets and liabilities are established also for the part of value adjustments recorded under fair value reserve. Deferred tax assets and liabilities are also accounted for actuarial gains or losses arising on the calculation of provisions for severance pay upon retirement. This is because actuarial gains and losses, and the related deferred tax assets or liabilities, affect the statement of other comprehensive income.

Deferred tax assets and liabilities of a Group company are offset only if they relate to income taxes levied by the same taxation authority and the company has a legally enforceable right to set off current tax assets against current tax liabilities. The Group does not offset deferred tax assets against deferred tax liabilities in its consolidated financial statements.

A deferred tax asset is recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

17.4.12 Investment property

Investment property comprises assets not used directly for carrying out business activities but held to earn rent or to realise capital gains at disposal. Investment property is accounted for using the cost model and straight-line depreciation. Investment property is depreciated at the rate of 1.3–2.0%. The basis for calculating the depreciation rate is the estimated useful life. All leases where the Group companies act as lessors are cancellable operating leases. Lease payments (rentals) received are recognised as income on a straight-line basis over the lease term. A cash-generating unit consists of an individual property. An assessment is made annually as to whether there is an indication of impairment of investment property. If any such indication exists, an estimate of the recoverable amount of the asset is made. The recoverable amount is the higher of the value in use and the net selling price less costs to sell. If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired.

17.4.13 Financial investments in subsidiaries and associates

Investments in subsidiaries are measured at cost, less any impairment losses. Subsidiaries are entities in which the Company holds more than 50% of voting rights and which the Company controls, i.e. has the power to control their financial and operating policies so as to obtain benefits from their activities. Subsidiaries are included in the consolidated financial statements using the full consolidation method.

Associates are entities in which the Company holds between 20% and 50% of voting rights or over which the Company has significant influence. Associates are accounted for using the equity method.

Impairment

Impairment testing in Group companies and associates is carried out at least on an annual basis. Pursuant to IAS 36, the controlling company, when reviewing whether there are indications that an asset may be impaired, considers external (changes in market or legal environment, interest rates, elements of the discount rate, capitalisation) as well as internal sources of information (business volume, manner of use of asset, actual versus budgeted performance results, decline in expected cash flows and such like).

If impairment is necessary, an impairment test is carried out for each individual investment by calculating the recoverable amount of the cash-generating unit based on the value in use. Cash flow projections used in these calculations are based on the business plans approved by the management for the period until and including 2027. The discount rate used is based on market rates adjusted to reflect company-specific risks. The recoverable amount of each cash-generating unit so calculated was compared to its carrying amount.

Main assumptions for cash flow projections with calculations of value in use

Discounted cash flow projections are based on the Group companies' business plans covering a 5-year period (strategic business plans for individual companies for the period 2023–2027).

Growth in premiums earned by insurance companies reflects the growth expected in their insurance markets, as well as the characteristics of their portfolios (a small share of non-motor business). In all their markets, insurance penetration is relatively low. However, insurance penetration is expected to increase due to the expected convergence of their countries' macroeconomic indicators towards EU levels. Social inflation is also expected to rise, i.e. claims made against insurance companies are expected to become more frequent and

higher. Costs are expected to lag slightly behind premiums owing to expected business process optimisation in subsidiaries. Business process optimisation will thus contribute to the growth in net profits.

Growth in pension companies' revenues is due to increased contributions to pension funds as a result of demographic trends, at relatively fixed operating costs, which may lead to greater profitability.

The discount rate is determined as the cost of equity (COE), using the capital asset pricing model (CAPM). It is based on the risk-free interest rate and equity premium, as well as prospects for the relevant business. Added is a country risk premium and a size premium.

Assessments as to whether there is any indication of impairment of investments in subsidiaries are made using the same model as for goodwill. For more information on the assumptions, see section [17.4.7 "Goodwill"](#) of the financial statements with notes.

17.4.14 Financial investments and assets held for the benefit of policyholders who bear the investment risk

17.4.14.1 Classification

Financial assets are classified into the following categories:

Financial assets at fair value through profit or loss

Financial assets held for trading comprise instruments that have been acquired exclusively for the purpose of trading, i.e. realising gains in the short term. Financial assets designated as at fair value through profit or loss comprise subordinated financial assets, primarily because they provide the issuer with the option of early redemption, and assets held for the benefit of policyholders who bear the investment risk

Held-to-maturity financial assets

Held-to-maturity financial assets are assets with fixed or determinable payments and fixed maturities that the Group companies have the intention and ability to hold to maturity. These are non-derivative financial assets quoted in an active market.

Loans and receivables (deposits)

This category includes loans and bank deposits with fixed or determinable payments that are not traded in any active market, and deposits with cedants. Under

some reinsurance contracts, part of the reinsurance premiums is retained by cedants as guarantee for payment of future claims, and generally released after one year. These deposits bear contractually agreed interest.

Available-for-sale financial assets

Available-for-sale financial assets are assets that are intended to be held for an indefinite period and are not classified as financial assets at fair value through profit or loss, as held to maturity financial assets, or loans and receivables (deposits).

17.4.14.2 Recognition, measurement and derecognition

Available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables are initially measured at fair value plus any transaction costs. Financial assets at fair value through profit or loss are initially measured at fair value, with any transaction costs recognised as investment expenses.

Acquisitions and disposals of securities, loans and deposits are recognised on the trade date.

Gains and losses arising from fair value revaluation of financial assets available for sale are recognised in the statement of other comprehensive income and transferred to the income statement upon disposal or impairment. Gains and losses arising from fair value revaluation of financial assets at fair value through profit or loss are recognised directly in the income statement.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the assets are transferred, and the transfer qualifies for derecognition in accordance with IAS 39.

Loans and receivables (deposits) and held-to-maturity financial assets are measured at amortised cost.

17.4.14.3 Determination of fair values

All financial instruments are measured at fair value, except for deposits, shares not quoted in any regulated market that constitute the non-material portion of the investment portfolio, loans (assuming that their carrying amount is a reasonable approximation of fair value) and financial instruments held to maturity, which are measured at amortised cost. The fair value of investment property, and land and buildings used in business operations and the fair value of financial instruments measured at amortised cost are set out in note [17.8.28](#). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either (i) in the principal market for the asset or liability, or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market

participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Valuation techniques are used that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

On the valuation date, the fair value of a financial investment is established by determining the price in the principal market based on:

- for stock exchanges: the quoted closing price on the stock exchange on the measurement date or on the last day of operation of the exchange on which the investment is quoted;
- for the OTC market: the quoted CBBT closing bid price or, if unavailable, the Bloomberg BVAL bid price, where the price must not be older than 15 days;
- the price calculated based on an internal valuation model or yield curve valuation.

For the valuation the Company uses the closing price on the stock exchange or the published CBBT bid price for debt investments (according to the defined Bloomberg methodology) as the unadjusted quoted price, while the BVAL bid price calculated on the basis of the internal valuation model or the yield curve valuation do not represent unadjusted quoted prices.

The BID BVAL price (based on the defined Bloomberg methodology) represents a price that is not quoted, but calculated based on directly and indirectly observable market inputs. When calculating the price using a valuation model, the company shall first use the directly and indirectly observable market inputs. If these are not available, the company shall determine the price of a financial investment using a model with unobservable inputs, as defined from IFRS 13.86 to IFRS 13.90.

The BVAL score is the basis for assessing the quality of the BVAL price, with a higher score indicating a better price quality in the market.

Assets and liabilities measured or disclosed at fair value in the financial statements are measured and presented in accordance with the IFRS 13 fair-value hierarchy that categorises the inputs of valuation techniques used to measure fair value into three levels.

Assets and liabilities are classified in accordance with IFRS 13 based primarily on the availability of market information, which is determined by the relative levels of trading identical or similar instruments in the market, with a focus on information that represents actual market activity or binding quotations of brokers or dealers.

Investments measured or disclosed at fair value are presented in accordance with the levels of fair value under IFRS 13, which categorises the inputs used to measure fair value into the following three levels of the fair value hierarchy:

- Level 1: financial investments for which fair value is determined based on quoted prices (unadjusted) in active markets for identical financial assets that the Company can access at the measurement date. This level includes the prices of debt assets with CBBT prices and those BVAL prices that have a calculated BVAL score of 8 or higher, with 10 or more direct observations.
- Level 2: financial investments whose fair value is determined using inputs that are directly or indirectly observable, other than the quoted prices included within Level 1. Unobservable market inputs have no significant impact on the valuation. Pursuant to IFRS 13.82, level 2 inputs may include:

- quoted prices for similar financial investments in markets that are not active,
- quoted prices for identical or similar financial investments in markets that are not active,
- inputs other than quoted prices that are observable for financial investments,
- market-corroborated inputs.

This level thus includes BVAL prices of debt investments with a calculated BVAL score of 8 or higher but with 9 or fewer direct observations and BVAL prices with a calculated BVAL score of 7 or lower.

- Level 3: financial investments for which observable market inputs are not available. Fair value is thus determined based on valuation techniques using inputs that are not directly or indirectly observable in the market. This level includes BVAL prices of debt investments with a BVAL score of 5 or lower. Unobservable market inputs may have a significant impact on the valuation.

The company classifies as level-3 investments its investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds, private equity funds and similar. There are no market prices available for such investments; therefore, valuation based on available market data is not possible.

In accordance with IFRS 13.97, the Company also classifies within the fair value hierarchy all financial investments that are not measured at fair value in the statement of financial position but for which the Company discloses fair value (loans granted, deposits, deposits with cedants) and for which the Company assumes that their carrying amount is a reasonable approximation of fair value (in accordance with IFRS 7.29).

The policy of determining when transfers between levels of the fair value hierarchy are deemed to have occurred is disclosed and fully complied with. Policy on the timing of recognising transfers is the same for transfers into the levels as that for transfers out of the levels. Examples of policies include: (a) the date of the event or change in circumstances that caused the transfer; (b) the beginning of the reporting period; (c) the end of the reporting period. The Company reviews quarterly the categorisation of investments into the three levels of the fair value hierarchy. To this end, it applies the rules for determining the fair value set out under note [17.8.28](#). If the categorisation conditions change, financial investments are reclassified into the relevant level.

17.4.14.4 Impairment losses on investments

A financial asset other than at fair value through profit or loss is impaired and an impairment loss incurred only if there is objective evidence of impairment as a result of events that occurred after the initial recognition of the asset and if such events have an impact on future cash flows that can be reliably estimated. An assessment is made quarterly as to whether there is any objective evidence that a financial asset is impaired (when preparing interim and annual reports).

17.4.14.4.1 Debt securities

Investments in debt securities (other than investments in debt securities at fair value through profit or loss) are impaired when any of the following conditions are met:

- the issuer fails to make a coupon or principal payment, and/or it is likely that such liabilities will not be settled in full in accordance with the assessment of circumstances on the reporting date;
- the issuer is subject to a bankruptcy, liquidation or compulsory settlement procedure.

If the first condition above is met, an impairment loss is recognised in the income statement in the amount of the difference between market value and the amortised cost of such debt cost of such debt securities.

If the second condition above is met, an impairment loss is recognised in profit or loss as the difference between the potential payment out of the bankruptcy or liquidation estate and the cost of the investment. The potential payment out of the bankruptcy or liquidation estate is estimated based on information concerning the bankruptcy, liquidation or compulsory settlement proceedings, or, if such information is not available, based on experience or estimates made by a credit rating or other financial institution.

In respect of debt securities, only impairment losses recognised pursuant to indent one above (first condition) may be reversed. An impairment loss is reversed when the issuer's liability is settled. Impairment losses are reversed through profit or loss.

17.4.14.4.2 Equity securities

Quoted shares and mutual fund investments

Equity investments (other than equity investments at fair value through profit or loss) are impaired when any of the following conditions are met:

- their market price is significantly below cost;
- the market price of any share is below its cost continuously for 1 year or continuously for 3 years in the case of mutual funds;
- the model based on which the Group assesses the need for impairment of unquoted securities indicates that the asset needs to be impaired.

Unquoted shares

Unquoted portfolio shares include shares not quoted in any regulated securities market and shares for which the Group can demonstrate that they do not have an active market and that the company carries at cost with regular impairment testing.

The cost model is used if an investment is considered non-material, either in relation to the issuer (share of equity) or in relation to the portfolio of the holder (share of the investment portfolio).

At the reporting date, it must be determined whether the purchase price paid for a share still represents its fair value (unless the relevant investment is considered non-material). If the established fair value of an unquoted security is less than its cost, an impairment loss is recognised. A company may use a valuation made by a business appraiser in order to verify the model and test for impairment.

An impairment loss is recognised in the amount of the difference between market value and cost of financial assets.

17.4.14.4.3 Investments in unlisted alternative funds

Alternative funds during the investment phase typically experience a J-curve effect. During this phase the fund incurs high management expenses and expenses related to the acquisition of investments, which may result in the fund value falling below the value of contributions. By adding investments, the size of the fund increases, while the share of expenses relative to the fund's total value decreases. The value of the fund gradually rises towards the value of contributions and then moves depending on the profitability of investments. As long as the alternative fund is in the investment phase and shows a drop in its fair value due to the described J curve effect, the fund is valued through the fair value reserve. As soon as the alternative fund is past the investment phase, the need for impairment is assessed as indicated in the following paragraph.

Investments in alternative funds beyond the investment phase are impaired when, as at the statement of financial position date:

- the value of the investment in an alternative fund is significantly below cost, or
- the market value of the investment in an individual alternative fund is below cost continuously for 5 years.

An impairment loss, being the difference between the fund value quoted by the manager of the alternative fund and the cost of the investment in the alternative fund, is recognised in profit or loss.

17.4.15 Reinsurers' share of technical provisions

The amount of the reinsurers' share of technical provisions represents the part of gross technical provisions and unearned premiums for transactions that the Group cedes to reinsurers and co-insurers outside the Sava Insurance Group. The amount is determined at the close of each accounting period in accordance with the provisions of co-insurance and reinsurance (retrocession) contracts and in line with movements in the portfolio, based on gross technical provisions for the business that is the subject of these contracts.

Assets are tested for impairment on the reporting date. Assets ceded to individual partners are tested individually. The impact of the reinsurance programme on risk is described in section [17.7.3.1 "Non-life underwriting risk"](#).

17.4.16 Investment contract assets and liabilities

Contracts of homogeneous groups are classified as investment contracts if they bear significant financial risk and are accounted for in accordance with IAS 39. Investment contract assets and liabilities only include the investment contract assets and liabilities of the company Sava Pokojninska, which manages pension funds. Investment contract assets comprise the assets supporting the liability funds "My Life-Cycle Funds" for the transaction of voluntary supplementary pension business. Valuation is described in section [17.4.14 "Financial investments and assets held for the benefit of policyholders who bear the investment risk"](#). Classification and valuation of assets is presented in detail in note [17.8.10](#). Investment contract liabilities are liabilities arising out of pension insurance business under group and individual plans for voluntary supplementary pension insurance, for which the administrator maintains personal accounts for pension plan members. These are liabilities relating to the voluntary supplementary pension life liability fund for premiums paid, guaranteed returns and additional liabilities to cover the difference between the actual return and the guaranteed return. Investment contract liabilities are presented in note [17.8.10](#).

Sava Pokojninska initially recognises investment property assets in respect of pension fund business under investment contract assets using the cost model, plus any transaction costs. The following measurements are made using the fair value model due to regulatory requirements and the fact that these are pension fund assets. Appraisals are carried out at least once every three years by certified real estate appraisers licensed by the Slovenian Institute of Auditors. The amounts of investment property in investment contract assets are not adjusted for consolidation purposes.

17.4.17 Receivables

Receivables consist mainly of premium receivables due from policyholders or insurers as well as receivables for claims and commissions due from reinsurers.

17.4.17.1 Recognition of receivables

Receivables are initially recognised based on policies issued, invoices or other authentic documents (e.g. confirmed reinsurance or co-insurance accounts). In financial statements, receivables are reported in net amounts, i.e. net of any allowances made.

Receivables arising out of reinsurance business are recognised when inwards premiums or claims and commissions relating to retrocession business are invoiced to cedants or reinsurers, respectively. For existing reinsurance contracts for which no confirmed invoices have been received from cedants or reinsurers, receivables are recognised in line with policies outlined in sections [17.4.31 “Net premiums earned”](#) and [17.4.32 “Net claims incurred”](#). Receivables of the parent company arising out of reinsurance contracts have not been specifically secured.

Recourse receivables are recognised as assets provided that, on the basis of a recourse claim, an appropriate legal basis exists (a final order of attachment, a written agreement with or payments by the policyholder or debtor, or subrogation for credit risk insurance). In case of subrogation, recourse receivables are recognised only after the debtor’s existence has been verified and the debtor is contactable. Recognition of principal amounts to which recourse receivables relate decreases claims paid. Group companies recognise impairment losses on recourse receivables based on past experience. Recourse receivables are tested for impairment on a case-by-case basis.

The Group companies have pledged no receivables as security.

17.4.17.2 Impairment of receivables

Receivables are classified into groups with similar credit risk in order to be assessed in terms of recoverability or impairment. All material items of receivables are subject to this assessment.

An allowance is created for receivables expected not to be collectible in full or in part. Such receivables are recognised as doubtful. If the Company recognises receivables from and liabilities to the same entity, receivables are subject to impairment even if older than one year.

In case of litigation, such receivables are recognised as disputable; allowances are established for such receivables and charged against operating expenses from revaluation.

In addition to age, the method of accounting for allowances takes into account the phase of the collection procedure, historical data on the percentage of write-offs made and the ratio of recoverability. Assumptions are reviewed at least annually.

17.4.17.3 Receivables write-offs

Write-offs of receivables require appropriate supporting documents, such as a court decision, bankruptcy order or other document evidencing that the company has lost its legal title, or in cases where it is evident that collection is not meaningful due to excessive costs of the proceedings.

17.4.18 Deferred acquisition costs

Acquisition costs that are deferred include that part of operating expenses directly associated with policy underwriting.

Deferred acquisition costs consist primarily of deferred commissions. These are invoiced commissions relating to the next financial year and are recognised based on (re)insurance accounts and estimated amounts obtained using estimated commissions taking into account straight-line amortisation.

17.4.19 Other assets

Other assets consist of capitalised short-term accruals and deferrals, namely short-term deferred costs.

17.4.20 Cash and cash equivalents

The statement of financial position and cash flow item “cash and cash equivalents” comprises:

- cash, including cash in hand, cash in bank accounts of commercial banks and other financial institutions, and overnight deposits, and
- cash equivalents, including demand deposits and deposits with an original maturity of up to three months.



17.4.21 Fair values of assets

Determination of fair values

Asset class / principal market	Level 1	Level 2	Level 3
Debt securities			
OTC market	Debt securities measured based on CBBT prices in an active market.	Debt securities measured based on CBBT prices in an inactive market.	Debt securities measured using an internal model that does not consider level 2 inputs. The internal model applies the expected present value method, where bond prices are calculated based on the required bond yield.
		Debt securities measured at the BVAL price if the CBBT price is unavailable.	
		Debt securities measured using an internal model based on level 2 inputs.	
Stock exchange	Debt securities measured based on stock exchange prices in an active market.	Debt securities measured based on stock exchange prices in an inactive market.	Debt securities measured using an internal model that does not consider level 2 inputs.
		Debt securities measured at the BVAL price when the stock exchange price is unavailable.	
		Debt securities measured using an internal model based on level 2 inputs.	
Shares			
Stock exchange	Shares measured based on stock exchange prices in an active market.	Shares measured based on stock exchange prices in an inactive market.	Shares measured using an internal model that does not consider level 2 inputs.
		Shares without available stock exchange prices that are measured using an internal model based on level 2 inputs.	
Unquoted shares and participating interests			
			Unquoted shares the fair value of which cannot be determined, valued at cost less impairment losses or measured at fair value using an internal model using Level 3 inputs.
Mutual funds			
	Mutual funds measured at the quoted unit value on the measurement date.		
Alternative funds			
			The fair value is determined based on the valuation of individual projects for which discounted cash flow methods are used.
Deposits and loans			
- with maturity			Measured at amortised cost.
Investment property			
			Fair value determined on the basis of valuation or internal fair value models.

17.4.22 Shareholders' equity

Composition:

- share capital comprises the par value of paid-up ordinary shares, expressed in euros;
- capital reserves comprise amounts paid up in excess of the par value of shares;
- profit reserves comprise reserves provided for by the articles of association, legal reserves, reserves for own shares, catastrophe equalisation reserves and other profit reserves;
- own shares acquired in line with a share repurchase programme (published on the Company's website, at <https://www.sava-re.si/en-si/investor-relations/our-share/>);
- fair value reserve;
- retained earnings;
- net profit or loss for the year;
- translation reserve;
- non-controlling interest.

Reserves provided for by the articles of association are used:

- to cover the net loss that cannot be covered (in full) out of retained earnings and other profit reserves, or if these two sources of funds are insufficient to cover the net loss in full (an instrument of additional protection of tied-up capital);
- to increase share capital;
- to regulate the dividend policy.

Profit reserves also include catastrophe equalisation reserves set aside pursuant to the rules on technical provisions and capital reserves as calculated by appointed actuaries. These are tied-up reserves and their distribution cannot be decided in the general meeting.

Pursuant to the Companies Act, the Company's management board has the power to allocate up to half of the net profit to other reserves.

17.4.23 Subordinated liabilities

Subordinated liabilities represent a long-term liability of the Group in the form of a subordinated bond to be used for general corporate purposes of the Sava Insurance Group and for the optimisation of its capital structure valued at amortised cost. For more details see note [17.8.23](#).

17.4.24 Classification of insurance contracts

The Group transacts traditional and unit-linked life business, non-life business and reinsurance business, the basic purpose of which is the transfer of underwriting risk. Underwriting risk is considered significant, if an insured event results in payments for the Group of at least 5% of the claim payment. Accordingly, the Group classified all such contracts concluded as insurance contracts. Proportional reinsurance contracts represent a risk that is identical to the underlying in-

surance policies, which are insurance contracts. Since non-proportional reinsurance contracts provide for the payment of significant additional pay-outs in case of loss events, they also qualify as insurance contracts.

17.4.25 Technical provisions

In the statement of financial position technical provisions are shown in gross amounts under liabilities. The share of technical provisions for the business ceded to non-Group reinsurers is shown in the statement of financial position under the asset item reinsurers' share of technical provisions. Technical provisions must be set at an amount that provides reasonable assurance that liabilities from assumed (re)insurance contracts can be met. The main principles used in calculations are described below.

Unearned premiums are the portions of premiums written pertaining to periods after the accounting period. Unearned premiums are calculated on a pro rata temporis basis at insurance policy level, except for contracts with changing exposure, where the movement of the sum insured is taken in account (credit insurance). Since there is generally insufficient data available for accepted reinsurance business at the individual policy level, the fractional value method is used for calculating unearned premiums at the level of individual reinsurance accounts for periods for which premiums are written.

Mathematical provisions for life insurance contracts represent the actuarial value of obligations arising from policyholders' guaranteed entitlements. In most cases, they are calculated using the net Zillmer method with the same parameters as those used for premium calculation, except for the discount rate applied, which was a technical interest rate of at least 1.25%. Other parameters are the same as those used in the premium calculation. Any calculated negative liabilities arising out of mathematical provisions are set to nil. The Zillmer method was used for amortising acquisition costs. The calculation of mathematical provisions is based on the assumption that the full agent commission was paid upon the conclusion of the contract, while agents actually receive the commission within two to five years, depending on the policy term. The mathematical provision includes all deferred commissions. Deferred policy acquisition costs are shown under assets, in the event of commission prepayments, or show the difference between the positive Zillmerised mathematical provision and the Zillmerised mathematical provision.

Provisions for outstanding claims (claims provision) are established in the amount of expected liabilities for incurred but not settled claims, including loss adjustment expenses. These comprise provisions both for reported claims, which are calculated based on case estimates, and claims incurred but not reported (IBNR), which are calculated using actuarial methods. Future liabilities are generally not discounted, with the exception of the part relating to annuities under certain liability insurance contracts. In such cases, the related provisions are established based on the expected net present value of future liabilities.

Provisions for incurred but not reported claims are calculated for the major part of the portfolios of primary insurers using methods based on paid claims triangles; the result is the total claims provision, and the IBNR provision is calculated as the difference between the result of the triangle method and the provision based on case reserves. In classes where the volume of business is not large enough for reliable results from the triangle methods, the calculation is made based on either (i) the product of the expected number of subsequently reported claims and the average amount of subsequently reported claims or (ii) methods based on expected loss ratios. The consolidated IBNR provision also includes the IBNR provision for the share of business written outside the Group. For this part of the portfolio, technical categories based on reinsurance accounts are not readily available; therefore, it is necessary to estimate items that are received untimely, including claims provisions, taking into account expected premiums and expect-

ed combined ratios for each underwriting year, class of business and form of reinsurance as well as development triangles for underwriting years by accounting quarters; the IBNR provision is then established at the amount of the claims provision thus estimated.

The provision for outstanding claims is thus established based on statistical data and using actuarial methods; therefore, its calculation also constitutes a liability adequacy test.

The provision for bonuses, rebates and cancellations is intended for agreed and expected pay-outs due to good results of insurance contracts and expected payment due to cancellations in excess of unearned premiums.

Other technical provisions include the provision for unexpired risks derived from a liability adequacy test for unearned premiums, as described below.

Unearned premiums are deferred premiums based on coverage periods. If based on such a calculation the premium is deemed to be inadequate, the unearned premium is also inadequate. Group companies carry out liability adequacy tests for unearned premiums at the level of homogeneous groups appropriate to portfolios. The calculation of the expected combined ratio in any homogeneous group is based on premiums earned, claims incurred, commission expenses and other operating expenses. Where the expected combined ratio exceeds 100%, thus revealing a deficiency in unearned premiums, a corresponding provision for unexpired risks is set aside within other technical provisions.

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

These are provisions for unit-linked life business. They comprise mathematical provisions, unearned premiums and provisions for outstanding claims. The bulk comprises mathematical provisions. Their value is the aggregate value of all units of funds under all policies, including all premiums not yet converted into units, plus the discretionary bonuses of guaranteed funds managed by us. The value of funds is based on market value as at the statement of financial position date.

17.4.27 Liability adequacy test (LAT)

Adequacy testing of provisions set aside based on insurance contracts is conducted as at the financial statement date, separately for non-life and life business. The liability adequacy test for non-life business is described in section [17.4.25 “Technical provisions”](#) (Other technical provisions).

Liability adequacy testing for life business

The liability adequacy test for life policies is carried out as a minimum at each reporting date against a calculation of future cash flows using explicit and consistent assumptions of all factors – future premiums, mortality, morbidity, investment returns, lapses, surrenders, guarantees, policyholder bonuses and expenses. For this purpose, the present value of future cash flows is used.

Discounting is based on the yield curve for euro area sovereign bonds at the statement of financial position date; but for EU Member States either the risk-free yield curve of government bonds at the statement of financial position date is used, including a loading for the investment mix, or a yield curve based on the investment mix and in case of reinvestments the Solvency II risk-free rate is used. Where reliable market data is available, assumptions (such as the discount rate and investment return) are derived from observable market prices. Assumptions that cannot be reliably derived from market values are based on current estimates calculated by reference to the Group’s own internal models (lapse rates, actual mortality and morbidity) and publicly available resources (demographic information published by the local statistical bureau). For mortality, higher rates are anticipated than are realised due to uncertainty.

Input assumptions are updated annually based on recent experience. Correlations between risk factors are not taken into account. The principal assumptions used are described below.



The liability adequacy test is performed on the policy and/or product level. If the test is performed at the policy level, the results are shown at the product-level, with products grouped by class of business. A company generally evaluates the test results separately for traditional policies other than annuities, unit-linked policies and annuities. If insurance liabilities, including related assets, cannot be evaluated separately as part of traditional or unit-linked policies, the company may evaluate the test results together. The adequacy of liabilities is checked separately for each group of insurance products. In determining any additional liabilities to be established, the liability inadequacies of individual groups are not offset against surpluses arising on other groups. The net present value of future cash flows calculated using the assumptions described below is compared with the insurance liabilities, for each group separately. If this comparison shows that the carrying amount of the insurance liabilities is inadequate in the light of the estimated cash

flows, the entire deficiency is recognised in profit or loss by establishing an additional provision.

Mortality is usually based on data supplied by the local statistical bureau or on the mortality of the portfolio and is amended by the Group based on a statistical investigation of its mortality experience. Assumptions for mortality and morbidity are adjusted by a margin for risk and are higher than actual.

Future contractual premiums are included and for most business also premium indexation is taken into consideration. Estimates for lapses and surrenders are made based on experience. Actual persistency rates by product type and duration are regularly investigated, and assumptions updated accordingly. The actual persistency rates are adjusted by a margin for risk and uncertainty.

Estimates for future maintenance expenses included in the liability adequacy test are derived from experience.

For future periods, cash flows for expenses have been increased by a factor equal to the estimated annual inflation.

Yield and the discount rate are based on the same yield curve; a loading for market development is added when discounting.

The liability adequacy test takes into account expected future discretionary bonuses. Expected future discretionary bonuses are aligned with the bonus methodology. The share of discretionary bonuses complies with internal rules and is treated as a discounted liability.

For most life policies estimates are made of the impact of changes in key variables that may have a material effect on the results of liability adequacy tests at the end of the year. Sensitivity analyses are prepared separately for traditional life business and investment-linked life business.

The base run is calculated using the same assumptions as for liability adequacy testing. Changes in variables represent reasonable possible changes which, had they occurred, would have led to significant changes in insurance liabilities at the statement of financial position date. The reasonable possible changes represent neither expected changes in variables nor worst-case scenarios. A change in key variables would affect the corresponding component of the result in the same proportion.

The analysis is prepared for the change in variables, with all other assumptions remaining unchanged, and ignores changes in the values of related assets. Sensitivity was calculated for an unfavourable direction of movement, except for net investment income. The income statement and insurance liabilities (as shown in the LAT test) are mostly impacted by changes in the net investment income and operating expenses.

EUR	31 Dec 2022		31 Dec 2021	
	LAT test for traditional life policies	LAT test for unit-linked life policies	LAT test for traditional life policies	LAT test for unit-linked life policies
Base run	299,444,407	452,499,048	370,901,785	487,677,285
Investment return + 100 basis points	291,028,065	450,012,768	353,462,458	480,550,191
Investment return - 100 basis points	309,353,037	455,272,885	391,268,128	496,337,863
Mortality + 10%	304,531,870	453,848,148	376,278,112	488,945,012
Lapses + 10%	302,187,970	454,973,202	372,904,989	489,419,664
Operating expenses on policy + 10%	305,400,080	457,713,443	377,707,799	493,641,149



17.4.28 Other provisions

Employee benefits include severance pay upon retirement and jubilee benefits. Provisions for employee benefits are the net present value of the Group's future liabilities proportionate to the years of service in the Group (the projected unit credit method). Pursuant to IAS 19 "Employee benefits" actuarial gains and losses arising on re-measurement of net liabilities for severance pay upon retirement are recognised in other comprehensive income.

These provisions are calculated based on personal data of employees: date of birth, date of commencement of employment in the Group, anticipated retirement, and salary. For each Group company, the amounts of severance pay upon retirement and jubilee benefits are in accordance with local legislations, employment contracts and other applicable regulations. Expected payouts also include tax liabilities where payments exceed statutory non-taxable amounts.

The probability of an employee staying with the Group includes both the probability of death and the probability of termination of employment relationship. Assumptions relating to future increases in salaries, severance pay upon retirement and jubilee benefits, as well as those relating to employee turnover depend on developments in individual markets and individual Group companies. The same term structure of risk-free interest rates is used for discounting as that in the capital adequacy calculation under Solvency II.

17.4.29 Other financial liabilities

Other financial liabilities mainly include dividend payment obligations relating to previous years.

17.4.30 Liabilities from operating activities and other liabilities

Liabilities are initially recognised at amounts recorded in the relevant documents. Subsequently, they are increased or decreased in line with documents, and reduced through payments. Liabilities from operating activities comprise liabilities for claims, for premiums from ceded retrocession business, for claims from accepted reinsurance business and for liabilities relating to retained deposits.

Other liabilities include amounts due to employees, amounts due to clients, deferred reinsurance commissions, current income tax liabilities and other short-term liabilities (accrued expenses).

17.4.31 Net premiums earned

Group companies use the accrual basis method of accounting for insurance premiums earned. The following are disclosed separately: gross (re)insurance premiums, co-insurance and retrocession premiums, and unearned premiums.

Estimates are made on the basis of amounts in reinsurance contracts, which, according to contractual due dates, have already accrued, although the Group has yet to receive reinsurance accounts. Net premiums earned are calculated based on invoiced gross reinsurance premiums less invoiced premiums retroceded, both adjusted for the movement in gross unearned premiums and the change in reinsurers' share of unearned premiums. Premiums earned are estimated based on individual reinsurance contracts.

Premiums earned are recognised based on confirmed (re)insurance accounts or (re)insurance contracts and based on estimated reinsurance premiums earned. Together, these items constitute net premiums written in the income statement.

The companies monitor premiums earned by insurance group and insurance class.

17.4.32 Net claims incurred

Claims and benefits incurred are accounted for on an accrual basis. Net claims incurred comprise gross claims payments, net of recourse receivables and reinsured claims, i.e. amounts invoiced to retrocessionaires. The amount of gross claims paid includes the change in the claims provision, taking into account estimated claims and provisions for outstanding claims. Estimates are made on the basis of amounts in reinsurance contracts, which, according to contractual due dates, have already accrued, although corresponding reinsurance accounts have not been received. Claims incurred are estimated based on estimated premiums and combined ratios for individual reinsurance contracts. These items are used to calculate net claims incurred in the income statement.

17.4.33 Investment income and expenses

Investment income and expenses are recorded separately by source of funds, i.e. in three separate registers: the non-life insurance investment register, the life insurance investment register and own funds investment register. Own fund investments support the Group's shareholders' funds, non-life insurance investments support technical provisions, and life insurance investments support mathematical provisions.

Investment income includes:

- dividend income (income from shares);
- interest income;
- net exchange gains;
- income from changes in fair value and gains on disposal of investments designated at fair value through profit or loss;
- gains on disposal of investments of other investment categories, and
- other income.

Investment expenses include:

- interest expense;
- net exchange losses;
- expenses due to changes in fair value and losses on disposal of investments designated at fair value through profit or loss;
- losses on disposal of investments of other investment categories, and
- other expenses.

These income and expenses are disclosed depending on whether the underlying investments are classified as investments held to maturity, at fair value through profit or loss, available for sale, loans and receivables, or deposits.

Interest income and expenses for investments classified as held to maturity or available for sale are recognised in the income statement using the effective interest rate method. Interest income and expenses for investments at fair value through profit or loss are recognised in the income statement using the coupon interest rate. Dividend income is recognised in the income statement when payout is authorised. Gains and losses on the disposal of investments represent the difference between the carrying amount of a financial asset and its sale price, or between its cost less impairment, if any, and the sale price in the case of investments available for sale.

17.4.34 Operating expenses

Operating expenses include:

- policy acquisition costs in the period;
- change in deferred policy acquisition costs;
- other operating expenses classified by nature, as follows:
 - a. depreciation/amortisation of operating assets;
 - b. personnel costs including employee salaries, social and pension insurance costs and other personnel costs;
 - c. remuneration of the supervisory board and its committees; and payments under contracts for services;
 - d. other operating expenses relating to services and materials.

17.4.35 Other technical income and expenses and other income/revenue and expenses

Other technical income of the Group comprises income from commissions (reinsurance commissions less the change in deferred acquisition costs relating to reinsurers) and is recognised based on confirmed reinsurance accounts and estimated commission income taking into account straight-line amortisation. These include other technical income such as income on the realisation of impaired receivables, revenue from other insurance business (green card sales, claims handling as accommodation business), exchange gains and revenue from other services. This income is recognised in the income statement when services are completed or invoices issued.

Other technical expenses of the Group comprise expenses for loss prevention activities and fire brigade charge, contribution for covering claims of uninsured and unidentified vehicles and vessels, regulator fees and exchange losses, operating expenses from revaluation and other expenses.

Other income comprises income from investment property, income from property, plant and equipment assets, other income not directly attributable to insurance business and revenue from sales for non-insurance companies (including asset management revenue, e.g. entry and exit fee income and management fee income).

Revenue is measured as the consideration to which the Group expects to be entitled under contracts with customers and excludes amounts collected on behalf of third parties.

Revenue is recognised when the customer has taken control of the goods or has received the benefits from the services rendered. Sales revenue does not include any charges paid upon purchase or sale, in line with IFRS 15. This income is included in the income statement within the “other income” item and relates either to the “pensions and asset management” operating segment or the “other” operating segment. This revenue is not multi-year in nature, is recognised on an accrual basis in the financial year and presented under note [17.8.32](#).

Other expenses, which are made up of non-technical items, consist of allowances for other receivables, direct operating expenses arising from investment property, impairment losses on intangible assets and other extraordinary expenses. Other expenses are recognised in the income statement when the service is rendered.

17.4.36 Income tax expense

Income tax expense for the year comprises current and deferred tax. Current income tax is presented in the income statement, except for the portion relating to the items presented in shareholders’ equity; deferred tax is also presented in shareholders’ equity. Current tax is payable on the taxable profit for the year using the tax rates enacted by the date of the statement of financial position, as well as on any adjustments to tax liabilities of prior periods. Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred tax amount is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using the tax rates effective on the date of the statement of financial position. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group income tax expense has been determined in accordance with the requirements of each member’s local legislation.

17.4.37 Segment reporting

Operating segments as disclosed and monitored were determined based on the different activities carried out in the Group. Segments were formed through the aggregation of operations of companies that generate revenue and expenses, including revenue and expenses arising from intra-group transactions, based on similar services provided by companies (features of insurance products, market networks, and the circumstances in which companies operate).

The operating segments are reinsurance (reinsurance business), non-life (non-life insurance business), life (life insurance business, broken down into Slovenia and international), pensions and asset management (pension insurance business in Slovenia and North Macedonia, and fund management) and the “other” segment (assistance services associated with motor, home owners and health insurance business). Section [8.1](#) explains in more detail how the companies are included in operating segments.

Performance of these segments is monitored based on different indicators, with net profit calculated in accordance with IFRSs a common performance indicator for all segments. The management board monitors performance by segment to the level of underwriting results, net investment income and other aggregated performance indicators, as well as the amounts of assets, equity and technical provisions on a quarterly basis.



Asset items by operating segment as at 31 December 2022

Sava Insurance Group EUR 31 Dec 2022	Non-life				Life			Pensions and AM		Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total				
ASSETS	396,892,192	664,163,860	159,953,066	824,116,926	989,425,034	46,723,349	1,036,148,383	248,842,712	28,002,447	2,534,002,659	
Intangible assets	4,068,385	16,878,485	9,266,489	26,144,974	7,994,207	118,787	8,112,994	29,879,226	2,808,946	71,014,525	
Property, plant and equipment	2,553,946	39,625,416	13,938,149	53,563,565	4,007,100	1,923,288	5,930,388	340,235	47,597	62,435,731	
Right-of-use assets	248,062	4,054,798	2,753,098	6,807,896	221,030	24,397	245,427	121,639	2,520	7,425,544	
Deferred tax assets	8,610,374	7,921,925	339,371	8,261,296	10,797,289	216,463	11,013,752	58,265	0	27,943,687	
Investment property	7,721,692	11,839,443	3,200,383	15,039,826	34,241	0	34,241	0	0	22,795,759	
Financial investments in associates	0	0	0	0	0	0	0	0	21,856,109	21,856,109	
Financial investments:	243,222,138	438,724,588	85,729,643	524,454,231	453,277,926	39,544,978	492,822,905	36,513,497	0	1,297,012,771	
- Loans and deposits	8,157,310	3,113,245	14,580,652	17,693,897	18,513	2,030,546	2,049,059	3,100,082	0	31,000,348	
- Held to maturity	1,519,064	1,535,457	2,965,120	4,500,576	18,654,630	7,771,083	26,425,712	13,808,270	0	46,253,622	
- Available for sale	229,612,132	428,299,253	68,071,761	496,371,014	431,166,795	29,389,230	460,556,026	14,236,889	0	1,200,776,061	
- At fair value through profit or loss	3,933,632	5,776,633	112,111	5,888,743	3,437,988	354,120	3,792,108	5,368,256	0	18,982,740	
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	483,456,810	437,059	483,893,869	0	0	483,893,869	
Reinsurers' share of technical provisions	20,258,423	36,734,552	7,903,792	44,638,344	613,163	90,594	703,757	0	0	65,600,524	
Investment contract assets	0	0	0	0	0	0	0	172,915,796	0	172,915,796	
Receivables	77,060,690	71,378,204	18,568,284	89,946,488	2,995,476	960,366	3,955,842	972,915	2,225,026	174,160,961	
Receivables arising out of primary insurance business	67,866,129	62,232,603	11,806,627	74,039,230	995,548	830,938	1,826,486	19,811	0	143,751,656	
Receivables arising out of reinsurance and co-insurance business	8,976,476	2,492,636	1,282,082	3,774,718	5,202	4,405	9,607	0	0	12,760,801	
Current tax assets	49,594	3,551,197	342,733	3,893,930	0	1,683	1,683	0	0	3,945,207	
Other receivables	168,491	3,101,768	5,136,842	8,238,610	1,994,726	123,340	2,118,066	953,104	2,225,026	13,703,297	
Deferred acquisition costs	8,522,669	13,843,926	5,869,815	19,713,742	197,472	112,892	310,364	0	0	28,546,775	
Other assets	699,783	1,058,145	855,432	1,913,577	361,021	47,448	408,469	588,623	563,888	4,174,340	
Cash and cash equivalent	23,926,029	21,724,095	11,367,974	33,092,069	25,469,298	3,247,077	28,716,375	7,001,631	498,361	93,234,465	
Non-current assets held for sale	0	380,282	160,636	540,918	0	0	0	450,885	0	991,803	



Asset items by operating segment as at 31 December 2021

Sava Insurance Group EUR 31 Dec 2021	Non-life				Life			Pensions and AM			Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total					
ASSETS	370,861,211	694,187,221	153,666,435	847,853,656	1,118,810,072	46,822,190	1,165,632,261	248,579,384	25,395,845	2,658,322,359		
Intangible assets	3,194,031	13,861,616	8,916,376	22,777,992	7,608,332	46,759	7,655,091	30,871,429	2,808,232	67,306,775		
Property, plant and equipment	2,464,212	35,377,174	14,216,375	49,593,549	1,849,234	1,896,304	3,745,538	489,457	44,418	56,337,174		
Right-of-use assets	192,886	2,730,815	3,762,553	6,493,368	430,632	29,558	460,190	207,331	32,651	7,386,426		
Deferred tax assets	3,688,957	1,115,818	24,199	1,140,017	626,942	9,933	636,875	21,554	0	5,487,403		
Investment property	7,899,693	2,771,050	3,192,081	5,963,131	35,583	0	35,583	382,785	0	14,281,192		
Financial investments in associates	0	0	0	0	0	0	0	0	20,479,729	20,479,729		
Financial investments:	228,470,510	512,785,009	86,829,981	599,614,990	568,792,382	41,504,468	610,296,850	34,306,093	0	1,472,688,443		
- Loans and deposits	7,574,664	3,202,386	12,961,392	16,163,778	15,772	1,622,720	1,638,492	4,469,639	0	29,846,572		
- Held to maturity	1,971,444	1,900,803	2,975,617	4,876,421	24,909,197	1,248,300	26,157,497	7,017,762	0	40,023,124		
- Available for sale	212,403,436	496,888,334	70,670,982	567,559,316	538,001,848	37,883,084	575,884,932	12,584,989	0	1,368,432,673		
- At fair value through profit or loss	6,520,966	10,793,486	221,989	11,015,475	5,865,565	750,364	6,615,929	10,233,703	0	34,386,074		
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	516,900,819	538,773	517,439,592	0	0	517,439,592		
Reinsurers' share of technical provisions	24,217,574	26,777,147	6,233,981	33,011,128	497,659	40,695	538,354	0	0	57,767,056		
Investment contract assets	0	0	0	0	0	0	0	172,836,349	0	172,836,349		
Receivables	65,891,719	64,687,883	15,081,699	79,769,582	1,399,676	857,186	2,256,862	1,179,991	842,716	149,940,870		
Receivables arising out of primary insurance business	60,539,206	57,802,959	8,590,216	66,393,175	897,128	677,557	1,574,685	37,657	0	128,544,723		
Receivables arising out of reinsurance and co-insurance business	5,125,596	3,002,694	944,338	3,947,032	1,006	3,531	4,537	0	0	9,077,165		
Current tax assets	0	18,581	220,043	238,624	88,879	1,683	90,562	1,332	0	330,518		
Other receivables	226,917	3,863,649	5,327,102	9,190,751	412,663	174,415	587,078	1,141,002	842,716	11,988,464		
Deferred acquisition costs	5,288,004	12,460,262	4,556,330	17,016,592	182,641	85,504	268,145	0	0	22,572,741		
Other assets	746,808	1,462,435	898,809	2,361,244	379,729	100,254	479,983	468,238	324,114	4,380,387		
Cash and cash equivalent	28,806,817	19,847,044	9,494,476	29,341,520	20,106,442	1,712,756	21,819,198	7,816,157	863,986	88,647,678		
Non-current assets held for sale	0	310,969	459,575	770,544	0	0	0	0	0	770,544		



Equity and liabilities items by operating segment as at 31 December 2022

Sava Insurance Group EUR 31 Dec 2022	Non-life				Life			Pensions and AM		Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total				
EQUITY AND LIABILITIES	418,115,614	634,198,334	164,663,449	798,861,784	933,706,659	46,918,289	980,624,948	225,628,105	110,772,207		2,534,002,659
Subordinated liabilities	0	0	0	0	0	0	0	0	74,924,356		74,924,356
Technical provisions	238,969,513	460,169,171	111,510,490	571,679,661	389,742,902	33,703,170	423,446,072	15,847,262	0		1,249,942,508
Unearned premiums	26,189,969	157,198,831	44,991,990	202,190,821	846,672	571,268	1,417,940	0	0		229,798,730
Mathematical provisions	0	0	0	0	374,671,612	32,134,945	406,806,557	15,845,374	0		422,651,931
Provision for outstanding claims	212,106,107	296,065,907	63,221,808	359,287,715	14,224,618	996,957	15,221,575	1,888	0		586,617,285
Other technical provisions	673,437	6,904,433	3,296,692	10,201,125	0	0	0	0	0		10,874,562
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	498,403,636	947,969	499,351,605	0	0		499,351,605
Other provisions	392,640	4,925,711	924,952	5,850,663	1,155,805	11,838	1,167,643	625,968	57,577		8,094,491
Deferred tax liabilities	771,533	2,063,425	184,778	2,248,203	102,443	10	102,453	525,971	0		3,648,160
Investment contract liabilities	0	0	0	0	0	0	0	172,739,040	0		172,739,040
Other financial liabilities	2	-8	567,291	567,283	0	586	586	0	0		567,871
Liabilities from operating activities	34,089,336	10,177,932	3,000,922	13,178,854	8,167,111	581,311	8,748,422	159,258	33,033		56,208,903
Liabilities from primary insurance business	26,165,935	7,942,718	597,039	8,539,757	7,366,398	522,810	7,889,208	0	0		42,594,900
Liabilities from reinsurance and co-insurance business	7,877,987	1,986,962	1,561,560	3,548,522	68,411	21,319	89,730	0	0		11,516,239
Current income tax liabilities	45,414	248,252	842,323	1,090,575	732,302	37,182	769,484	159,258	33,033		2,097,764
Lease liability	246,929	4,161,552	2,860,213	7,021,765	0	28,682	28,682	131,013	7,615		7,436,004
Other liabilities	8,220,611	23,726,351	7,619,038	31,345,389	3,971,579	861,262	4,832,841	1,426,202	3,313,309		49,138,352
Shareholders' equity											411,951,369
Equity attributable to owners of the controlling company											411,479,499
Non-controlling interests in equity											471,870



Equity and liabilities items by operating segment as at 31 December 2021

Sava Insurance Group EUR 31 Dec 2021	Non-life				Life			Pensions and AM		Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total				
EQUITY AND LIABILITIES	393,961,667	664,179,708	156,379,206	820,558,914	1,065,381,650	46,781,050	1,112,162,699	225,318,988	106,320,085	2,658,322,359	
Subordinated liabilities	0	0	0	0	0	0	0	0	74,863,524	74,863,524	
Technical provisions	226,015,867	449,275,943	100,615,847	549,891,790	416,324,878	31,220,556	447,545,434	14,047,026	0	1,237,500,117	
Unearned premiums	27,169,894	140,791,194	37,832,354	178,623,548	823,015	405,995	1,229,010	0	0	207,022,452	
Mathematical provisions	0	0	0	0	399,577,869	29,953,695	429,531,564	14,045,715	0	443,577,279	
Provision for outstanding claims	198,362,627	303,333,536	60,231,263	363,564,799	15,923,994	860,866	16,784,860	1,311	0	578,713,597	
Other technical provisions	483,346	5,151,213	2,552,230	7,703,443	0	0	0	0	0	8,186,789	
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	523,134,539	1,048,799	524,183,338	0	0	524,183,338	
Other provisions	421,865	5,678,863	1,021,274	6,700,137	1,370,287	9,949	1,380,236	449,402	66,466	9,018,106	
Deferred tax liabilities	76,227	3,119,986	133,758	3,253,744	7,206,457	91,047	7,297,504	759,920	0	11,387,395	
Investment contract liabilities	0	0	0	0	0	0	0	172,660,266	0	172,660,266	
Other financial liabilities	0	0	584,172	584,172	0	259	259	493	0	584,924	
Liabilities from operating activities	30,836,632	11,100,202	4,157,629	15,257,831	7,730,272	498,458	8,228,730	362,392	97,794	54,783,379	
Liabilities from primary insurance business	23,849,071	7,148,115	2,575,844	9,723,959	7,654,233	442,356	8,096,589	0	0	41,669,619	
Liabilities from reinsurance and co-insurance business	6,592,809	2,046,399	1,375,017	3,421,416	76,039	18,812	94,851	0	0	10,109,076	
Current income tax liabilities	394,752	1,905,688	206,768	2,112,456	0	37,290	37,290	362,392	97,794	3,004,684	
Lease liability	191,824	2,826,494	3,925,946	6,752,440	0	30,900	30,900	216,243	32,731	7,224,138	
Other liabilities	7,072,154	39,446,744	6,117,494	45,564,238	4,298,488	725,932	5,024,420	1,841,264	2,538,078	62,040,154	
Shareholders' equity										504,077,018	
Equity attributable to owners of the controlling company										503,709,720	
Non-controlling interests in equity										367,298	



Income statement items by operating segment 2022

Sava Insurance Group EUR 2022	Non-life				Life					Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total	Pensions	Other	
Net premiums earned	113,696,164	335,944,364	77,023,355	412,967,719	159,486,341	11,771,187	171,257,528	3,456,298	0	701,377,709
Gross premiums written	120,876,083	381,605,063	96,021,577	477,626,640	160,155,231	12,020,039	172,175,270	3,456,298	0	774,134,291
Written premiums ceded to reinsurers and co-insurers	-8,965,393	-29,364,180	-12,568,688	-41,932,868	-693,407	-87,575	-780,982	0	0	-51,679,242
Change in gross unearned premiums	979,923	-15,452,008	-7,294,777	-22,746,785	-15,479	-165,349	-180,828	0	0	-21,947,690
Change in unearned premiums, reinsurers' and co-insurers' shares	805,551	-844,512	865,243	20,731	39,996	4,072	44,068	0	0	870,350
Income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	1,285,731	1,285,731
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	1,285,731	1,285,731
Investment income	4,934,040	6,117,977	2,119,968	8,237,945	12,904,892	1,138,414	14,043,306	795,618	994,000	29,004,910
Interest income	2,154,129	2,318,223	2,002,081	4,320,304	8,192,842	1,105,024	9,297,866	628,138	0	16,400,437
Other investment income	2,779,911	3,799,754	117,887	3,917,642	4,712,050	33,390	4,745,440	167,480	994,000	12,604,473
Other technical income	809,253	9,437,667	6,658,016	16,095,683	4,551,208	118,671	4,669,878	206,707	0	21,781,521
Commission income	751,800	5,235,937	3,637,700	8,873,637	113,024	10,616	123,639	0	0	9,749,076
Other technical income	57,453	4,201,730	3,020,316	7,222,046	4,438,184	108,055	4,546,239	206,707	0	12,032,445
Other income	994,166	3,136,898	3,162,236	6,299,134	800,710	65,381	866,091	18,062,395	4,260,988	30,482,774
Net claims incurred	-79,321,746	-186,146,341	-38,889,451	-225,035,792	-108,850,995	-4,899,326	-113,750,322	-1,608,323	0	-419,716,183
Gross claims payments, net of income from recourse receivables	-70,639,487	-224,522,449	-40,477,171	-264,999,620	-111,261,385	-4,843,596	-116,104,981	-1,607,746	0	-453,351,834
Reinsurers' and co-insurers' shares	9,925,678	20,576,444	3,788,662	24,365,105	195,669	16,030	211,699	0	0	34,502,483
Change in the gross provision for outstanding claims	-13,743,235	8,218,779	-3,023,555	5,195,224	2,139,211	-112,915	2,026,296	-577	0	-6,522,292
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-4,864,703	9,580,885	822,614	10,403,499	75,509	41,155	116,664	0	0	5,655,460
Change in other technical provisions	-190,091	-1,485,407	-551,442	-2,036,849	24,711,707	-2,170,903	22,540,804	-1,799,659	0	18,514,205
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	24,245,136	74,126	24,319,262	0	0	24,319,262
Expenses for bonuses and rebates	0	-166,201	-136,146	-302,347	0	0	0	0	0	-302,347



Sava Insurance Group EUR 2022	Non-life				Life					Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total	Pensions	Other	
Operating expenses	-30,367,183	-105,608,902	-39,402,928	-145,011,830	-33,941,431	-4,507,484	-38,448,915	-11,421,484	-3,079,886	-228,329,299
Acquisition costs	-25,048,978	-34,740,427	-7,818,545	-42,558,972	-13,264,131	-780,828	-14,044,959	-35,792	0	-81,688,701
Change in deferred acquisition costs	-76,870	1,335,355	1,291,003	2,626,358	437,186	27,261	464,447	0	0	3,013,935
Other operating expenses	-5,241,335	-72,203,830	-32,875,386	-105,079,216	-21,114,486	-3,753,917	-24,868,403	-11,385,692	-3,079,886	-149,654,533
Expenses for financial assets and liabilities	-1,424,284	-2,620,978	-216,925	-2,837,904	-4,945,824	-136,906	-5,082,729	-1,653,019	-2,874,995	-13,872,931
Impairment losses on financial assets not at fair value through profit or loss	0	0	0	0	-531,994	-238	-532,232	0	0	-532,232
Interest expense	-32,998	-117,287	-145,608	-262,895	-33,097	-453	-33,550	-15,739	-2,874,995	-3,220,177
Other investment expenses	-1,391,286	-2,503,691	-71,317	-2,575,009	-4,380,733	-136,215	-4,516,947	-1,637,280	0	-10,120,522
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-60,619,119	-63,016	-60,682,135	0	0	-60,682,135
Other technical expenses	-1,406,373	-8,991,583	-4,820,198	-13,811,781	-975,607	-203,858	-1,179,465	-1,135,158	0	-17,532,777
Other expenses	-527,485	-1,313,218	-383,059	-1,696,277	-14,815	-7,795	-22,610	-89,874	-10,986	-2,347,232
Profit or loss before tax	7,196,460	48,304,276	4,563,426	52,867,701	17,352,202	1,178,491	18,530,693	4,813,501	574,852	83,983,208
Income tax expense										-15,740,622
Net profit or loss for the period										68,242,586
Net profit or loss attributable to owners of the controlling company										68,018,387
Net profit or loss attributable to non-controlling interests										224,199



Income statement items by operating segment 2021

Sava Insurance Group EUR 2021	Non-life				Life			Pensions and AM	Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	103,729,231	332,570,848	68,030,805	400,601,653	167,917,411	10,061,282	177,978,693	4,264,740	0	686,574,317
Gross premiums written	112,091,269	354,307,808	80,526,761	434,834,569	168,474,253	10,233,577	178,707,830	4,264,740	0	729,898,408
Written premiums ceded to reinsurers and co-insurers	-8,738,892	-26,528,426	-10,136,059	-36,664,485	-648,912	-63,664	-712,576	0	0	-46,115,953
Change in gross unearned premiums	158,677	5,523,056	-2,191,364	3,331,692	44,932	-109,427	-64,495	0	0	3,425,874
Change in unearned premiums, reinsurers' and co-insurers' shares	218,177	-731,590	-168,533	-900,123	47,138	796	47,934	0	0	-634,012
Income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	772,886	772,886
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	772,886	772,886
Investment income	8,008,178	5,891,920	2,123,339	8,015,259	16,209,231	1,038,915	17,248,146	785,687	0	34,057,270
Interest income	1,764,040	2,336,467	1,927,954	4,264,422	9,239,837	1,025,272	10,265,109	549,178	0	16,842,749
Other investment income	6,244,138	3,555,453	195,385	3,750,837	6,969,394	13,643	6,983,037	236,509	0	17,214,521
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	68,641,409	77,694	68,719,103	0	0	68,719,103
Other technical income	1,355,079	8,148,158	5,193,927	13,342,085	4,178,448	24,625	4,203,073	201,918	-183	19,101,970
Commission income	798,567	4,490,122	3,192,573	7,682,695	148,332	10,629	158,961	0	0	8,640,223
Other technical income	556,512	3,658,036	2,001,354	5,659,390	4,030,116	13,996	4,044,112	201,918	-183	10,461,747
Other income	832,892	3,085,348	2,129,221	5,214,569	324,289	58,651	382,940	17,107,666	3,499,697	27,037,764
Net claims incurred	-76,849,909	-175,224,523	-34,345,496	-209,570,020	-116,910,247	-4,209,261	-121,119,509	-1,274,835	0	-408,814,273
Gross claims payments, net of income from recourse receivables	-58,451,182	-183,096,666	-41,336,370	-224,433,037	-118,261,277	-4,488,964	-122,750,241	-1,274,206	0	-406,908,665
Reinsurers' and co-insurers' shares	947,191	7,286,035	4,253,971	11,540,006	141,315	3,723	145,039	0	0	12,632,236
Change in the gross provision for outstanding claims	-35,917,831	957,746	3,042,221	3,999,967	1,156,146	300,912	1,457,058	-629	0	-30,461,435
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	16,571,912	-371,638	-305,318	-676,956	53,567	-24,932	28,635	0	0	15,923,591
Change in other technical provisions	723,394	588,148	70,273	658,421	27,762,661	-2,277,513	25,485,148	-2,994,194	0	23,872,769
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-114,983,796	-81,034	-115,064,830	0	0	-115,064,830



Sava Insurance Group EUR 2021	Non-life						Life		Pensions and AM	Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total				
Expenses for bonuses and rebates	0	-217,764	-58,240	-276,004	0	0	0	0	0	0	-276,004
Operating expenses	-29,542,748	-102,900,724	-35,452,754	-138,353,478	-34,377,320	-3,821,589	-38,198,909	-11,362,609	-2,474,021		-219,931,765
Acquisition costs	-24,777,943	-33,960,746	-6,119,215	-40,079,961	-12,230,512	-556,504	-12,787,016	-39,299	0		-77,684,219
Change in deferred acquisition costs	162,604	-2,346,711	469,855	-1,876,856	-237,268	25,139	-212,129	0	0		-1,926,381
Other operating expenses	-4,927,409	-66,593,267	-29,803,394	-96,396,661	-21,909,540	-3,290,224	-25,199,764	-11,323,310	-2,474,021		-140,321,165
Expenses for financial assets and liabilities	-266,373	-486,480	-175,364	-661,844	-1,664,744	-32,296	-1,697,040	-211,722	-2,873,108		-5,710,086
Impairment losses on financial assets not at fair value through profit or loss	0	-13,246	0	-13,246	-148,714	0	-148,714	0	0		-161,960
Interest expense	-27,665	-66,355	-152,285	-218,640	-6,287	-707	-6,994	-2,529	-2,873,108		-3,128,936
Other investment expenses	-238,708	-406,879	-23,079	-429,958	-1,509,743	-31,589	-1,541,332	-209,193	0		-2,419,190
Other technical expenses	-464,593	-7,199,095	-4,725,309	-11,924,404	-1,037,402	-129,552	-1,166,954	-781,567	0		-14,337,516
Other expenses	-410,292	-1,391,452	-564,886	-1,956,338	-5,982	-2,654	-8,636	-90,381	-688		-2,466,335
Profit or loss before tax	7,114,859	62,864,385	2,225,515	65,089,900	16,053,955	707,269	16,761,225	5,644,703	-1,075,417		93,535,270
Income tax expense											-17,368,092
Net profit or loss for the period											76,167,178
Net profit or loss attributable to owners of the controlling company											76,074,721
Net profit or loss attributable to non-controlling interests											92,457



Inter-segment business – inter-segment consolidation eliminations

	Reinsurance		Non-life		Life		Pensions		Other	
EUR	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Gross premiums written	78,529,246	30,339,527	196,645	120,466	-1,109,529	-1,006,287	1,109,529	1,006,287	0	0
Net premiums earned	77,331,962	21,250,353	-76,314,455	-21,049,144	-2,040,604	-1,170,446	1,109,529	1,006,287	0	0
Gross claims paid	-58,596,537	-9,828,252	-112,989	-112,989	0	0	0	0	0	0
Net claims incurred	-59,544,807	-9,670,028	59,052,425	7,927,964	378,594	361,914	0	0	0	0
Operating expenses	-19,371,898	-5,518,948	-2,319,416	-378,673	-936,642	-233,409	-40,705	-16,791	-918,770	-218,874
Investment income	61,842	14,783	0	0	3,717	0	2,107	1,585	0	0
Other technical income	395,705	96,713	386,089	44,877	746,143	166,019	0	0	1,578,736	339,834
Other income	1,196	299	274,668	8,195	32,865	0	0	0	3,037,013	1,818,039

Cost of intangible and property, plant and equipment assets by operating segment

	Reinsurance		Non-life insurance		Life insurance		Pensions		Other		Total	
EUR	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Investments in intangible assets	1,118,179	1,556,253	4,278,034	4,578,980	672,280	414,800	23,683	143,862	260,217	34,299	6,352,393	6,728,194
Investments in property, plant and equipment	605,833	359,691	11,707,585	10,460,614	2,489,402	173,053	14,736	217,191	35,419	10,100	14,852,975	11,220,649



17.5 Standards and interpretations issued but not yet effective, and new standards and interpretations

The accounting policies adopted by the Group companies in preparing their financial statements are consistent with those of the previous financial year, except for the following new or amended IFRSs adopted for annual periods beginning on or after 1 January 2022.

Amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

Amendment to IAS 16 “Property, Plant and Equipment”

Proceeds before Intended Use adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).

Proceeds before Intended Use issued by the IASB on 14 May 2020. The amendments prohibit deducting from the cost of an item of property, plant and equip-

ment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – Onerous Contracts

Cost of Fulfilling a Contract issued by the IASB on 14 May 2020 (effective for annual periods beginning on or after 1 January 2022).

The amendments specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

Amendments to IFRS 3 “Business Combinations”

Reference to the Conceptual Framework with amendments to IFRS 3 adopted by the EU on 28 June 2021 (effective for annual periods beginning on or after 1 January 2022).

The amendments: (a) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; (b) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and (c) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to various standards due to “Improvements to IFRSs (2018–2020 cycle)”, Amendments to various standards resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41), primarily to remove inconsistencies and clarify wording. The amendments: (a) clarify that a subsidiary which applies paragraph D16(a) of

IFRS 1 is permitted to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs (IFRS 1); (b) clarify which fees an entity includes when it applies the “10 percent” test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf (IFRS 9); (c) remove from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example (Illustrative Example 13 accompanying IFRS 16); and (d) remove the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique (IAS 41).

The adoption of these amendments to existing standards has not resulted in any material changes to the financial statements of the Company and the Group.



Standards and amendments to the existing standards adopted that will become effective at a later date and that the Group and the Company do not apply in their financial statements

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by the IASB and adopted by the EU and which are not yet effective:

IFRS 17 “Insurance Contracts”

Including amendments to IFRS 17 issued by the IASB on 25 June 2020 – adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023). The new standard requires insurance liabilities to be measured at the current fulfilment value and introduces a more uniform measurement and presentation method for all insurance contracts. The purpose of the requirements is to ensure consistent and principles-based accounting for insurance contracts. IFRS 17 replaces IFRS 4 “Insurance Contracts” and the related notes. The amendments to IFRS 17 “Insurance Contracts” issued by the IASB on 25 June 2020 postponed the date of application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. In addition, the amendments issued on 25 June 2020 introduce simplifications and interpretations to some of the requirements of the standard and provide additional assistance for the first-time application of IFRS 17.

Amendments to IFRS 17 “Insurance Contracts” – Initial Application of IFRS 17 and IFRS 9

Comparative Information adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023).

Amendments to IAS 1 “Presentation of Financial Statements”

Disclosure of Accounting Policies adopted by the EU on 2 March 2022. The amendments provide a more general approach to classifying liabilities under IAS 1 based on contractual arrangements in place at the reporting date. The amendments to IAS 1 issued by the IASB on 15 July 2020 postponed the effective date by one year to annual periods beginning on or after 1 January 2023.

Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”

Definition of accounting estimates adopted by the IASB on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023). The amendments focus on accounting estimates and provide guidance on how to distinguish between accounting policies and accounting estimates.

Amendments to IAS 12 “Income Taxes”

Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the IASB on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023). According to the amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

The adoption of these amendments to existing standards has not resulted in any material changes to the financial statements of the Company or the Group, except for the impact of the new standard IFRS 17 “Insurance Contracts”. For more information on the impact of this standard on the performance of the Company and the Group, refer to section [17.6 Impact of the new standards IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”](#).

New standards and amendments to the existing standards issued by the IASB but not yet adopted by the EU

At present, IFRSs as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards:

Amendments to IAS 1 “Presentation of Financial Statements”

Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023). The amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability.

Amendments to IAS 1 “Presentation of Financial Statements”

Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024). The amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability.

Amendments to IFRS 16 “Leases”

Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024). Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.



IFRS 14 “Regulatory Deferral Accounts”

Effective for annual periods beginning on or after 1 January 2016. The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The effective date has been deferred indefinitely until the research project on the equity method has been concluded. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Management anticipates that the adoption of these new standards and amendments to the existing standards during the period of initial application will not have a material impact on the financial statements of the Group or the Company.

Hedge accounting for a portfolio of financial assets and liabilities the principles of which have not been adopted by the EU remains unregulated.

Management assesses that the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39 “Financial Instruments: Recognition and Measurement” would not have had a significant impact on the financial statements, if it had been applied at the balance sheet date.

Standards issued by the International Accounting Standards Board (IASB) but not yet applied by the Group companies

IFRS 9 “Financial Instruments”

The final version of IFRS 9 “Financial Instruments” reflects all phases of the financial instruments project and replaces IAS 39 “Financial Instruments: Recognition and Measurement” and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

Due to the adoption of the new standard on insurance contracts, IFRS 17, insurance companies may defer the application of IFRS 9 until 1 January 2023. All the Group’s insurance companies have taken advantage of the option to postpone application due to the application of IFRS 17 “Insurance Contracts”.

Late application is conditional upon the carrying amount of liabilities arising out of insurance business exceeding 90% of the total carrying amount of liabilities. The Group and the Company first tested the sat-

isfaction of this condition on 31 December 2015. There have been no changes that would have a significant effect on the satisfaction of the condition since then. Compliance with conditions and disclosures under IFRS 9 are presented below.

IFRS 9 Financial Instruments – Qualifying for the temporary deferral from IFRS 9 and specific disclosures

Sava Insurance Group

EUR	31 Dec 2015	As % of total liabilities
Technical provisions and liabilities from operating activities	937,776,777	79.1%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	207,590,086	17.5%
Liabilities under insurance contracts subject to IFRS 4	1,145,366,863	96.6%
Other liabilities	40,674,000	3.4%
Total liabilities*	1,186,040,863	100.0%

* Excluding equity and investment contract liabilities.

Sava Re

EUR	31 Dec 2015	As % of total liabilities
Technical provisions and liabilities from operating activities	268,773,864	94.7%
Liabilities under insurance contracts subject to IFRS 4	268,773,864	94.7%
Other liabilities	14,899,307	5.3%
Total liabilities*	283,673,171	100.0%

* Excluding equity.



Sava Insurance Group

EUR	31 Dec 2022	As % of total liabilities	31 Dec 2021	As % of total liabilities
Technical provisions and liabilities from operating activities	1,304,053,647	69.6%	1,289,278,812	67.6%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	499,351,605	26.6%	524,183,338	27.5%
Liabilities under insurance contracts subject to IFRS 4	1,803,405,252	96.2%	1,813,462,150	95.1%
Other liabilities	70,982,642	3.8%	93,259,401	4.9%
Total liabilities*	1,874,387,894	100.0%	1,906,721,551	100.0%

* Excluding equity, subordinated liabilities and investment contract liabilities.

Sava Re

EUR	31 Dec 2022	As % of total liabilities	31 Dec 2021	As % of total liabilities
Technical provisions and liabilities from operating activities	396,604,052	97.6%	377,961,568	97.9%
Liabilities under insurance contracts subject to IFRS 4	396,604,052	97.6%	377,961,568	97.9%
Other liabilities	9,715,960	2.4%	8,087,664	2.1%
Total liabilities*	406,320,012	100.0%	386,049,232	100.0%

* Excluding equity and subordinated liabilities.

The other liabilities item does not include investment contract liabilities disclosed by the Slovenian pension company, as the company already applies IFRS 9 (the calculation excluding investment contracts totals EUR 172,915,796) and subordinated liabilities from the Sava Re bond issue (EUR 74,924,356).



The table below provides an analysis of the fair value of financial assets. They are divided into assets whose contractual cash flows consist solely of payments of principal and interest on the principal amounts outstanding (SPPI financial assets), excluding financial assets held for trading, and other financial assets.

Sava Insurance Group

EUR	SPPI financial assets			Other financial assets		
	Fair value as at 31 Dec 2021	Change (purchase, sale, redemption, etc.)	Fair value as at 31 Dec 2022	Fair value as at 31 Dec 2021	Change (purchase, sale, redemption, etc.)	Fair value as at 31 Dec 2022
Debt securities	1,463,254,614	-195,016,056	1,268,238,558	45,505,615	-943,125	44,562,490
Equity securities (FVTPL)	0	0	0	589,315,956	-23,022,355	566,293,601
Equity securities (FVOCI option)	0	0	0	21,374,809	-6,447,132	14,927,677
Loans and deposits	23,454,782	6,102,832	29,557,614	0	0	0
Total	1,486,709,396	-188,913,224	1,297,796,172	656,196,381	-30,412,612	625,783,768

Sava Re

EUR	SPPI financial assets			Other financial assets		
	Fair value as at 31 Dec 2021	Change (purchase, sale, redemption, etc.)	Fair value as at 31 Dec 2022	Fair value as at 31 Dec 2021	Change (purchase, sale, redemption, etc.)	Fair value as at 31 Dec 2022
Debt securities	275,855,145	7,202,057	283,057,202	8,374,243	-3,098,240	5,276,003
Equity securities (FVTPL)	0	0	0	31,840,575	1,121,046	32,961,621
Derivatives (FVOCI option)	0	0	0	0	0	0
Loans and deposits	2,572,974	-732,580	1,840,393	0	0	0
Total	278,428,119	6,469,476	284,897,595	40,214,818	-1,977,194	38,237,624

* SPPI assets - funds with contractual terms and cash flows on specified dates that are exclusively payments of principal and interest on the unpaid principal amount. Exempted are financial assets that meet the definition of held for trading according to IFRS 9 or that are managed and whose performance is assessed on the basis of fair value. This is any financial asset that:

- is suitable for measurement at amortised cost in accordance with IFRS 9;
- is a debt instrument that is suitable for measurement at fair value through profit or loss according to IFRS 9; or
- an asset that would meet the eligibility criteria in IFRS 9 for measurement at amortised cost or; or
- if the debt instrument were to be measured at fair value through profit or loss in order to avoid an accounting mismatch.

** Other financial assets - all other financial resources, except for those mentioned above. This is any financial asset:

- with contractual terms with cash flows on specific dates that are not exclusively payments of principal and interest on the unpaid principal amount (which includes capital instruments measured at fair value through profit or loss under IFRS 9);
- which would correspond to the definition of the term for trading in accordance with IFRS 9; or
- which is managed or whose performance is assessed on the basis of fair value.



The table below shows the carrying amounts of the assets whose contractual cash flows consist solely of payments of principal and interest on the principal amounts outstanding, in view of their credit risk rating.

Sava Insurance Group

EUR	Total	AAA	AA/A	BBB	BB/B	Not rated
Debt securities*	1,279,481,729	251,493,620	584,971,757	274,369,358	61,144,370	107,502,624
Loans and deposits*	29,548,957	0	0	0	1,009,017	28,539,939
Total	1,309,030,686	251,493,620	584,971,757	274,369,358	62,153,387	136,042,564

* Including IRLF debt securities.

** Including loans to subsidiaries and two IRLF deposits.

Sava Re

EUR	Total	AAA	AA/A	BBB	BB/B	Not rated
Debt securities	282,915,730	97,030,066	133,073,747	28,168,089	1,402,758	23,241,071
Loans and deposits	1,840,393	0	0	0	0	1,840,393
Total	286,596,516	97,030,066	133,073,747	28,168,089	1,402,758	26,921,857

The table below discloses the fair value and carrying amounts of the assets whose contractual cash flows consist solely of payments of principal and interest on the principal amounts outstanding, and which have been assessed as not having a low credit risk.

Sava Insurance Group

EUR	Fair value as at 31 Dec 2022	Carrying amount as at 31 Dec 2022
Debt securities	166,105,116	168,646,994
Loans and deposits	3,437,506	3,428,849
Total	169,543,622	172,075,843

Sava Re

EUR	Fair value as at 31 Dec 2022	Carrying amount as at 31 Dec 2022
Debt securities	24,643,829	24,643,829
Loans and deposits	1,840,393	1,840,393
Total	26,484,222	26,484,222



17.6 Impact of the new standards IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”

On 25 June 2020, the International Accounting Standards Board (IASB) issued the final accounting standard for insurance contracts IFRS 17, with the effective date 1 January 2023. The new IFRS 17 accounting standard will replace the existing accounting standard IFRS 4.

At the same time, IFRS 9 “Financial instruments”, which replaces IAS 39, will enter into force for the Group on 1 January 2023. For IFRS 9, the date of the first application was set as 1 January 2018, but the Group and the Company exercised the option to temporarily exempt the implementation of the standard until 1 January 2023.

The Group will therefore apply IFRS 17 and IFRS 9 for the first time in its financial statements as at 1 January 2023 and in its comparative information for 2022. The Group and the Company have not preliminarily adopted any other standard, interpretation or amendment that has been issued but has not yet entered into force.

17.6.1 Impact assessment of the implementation of IFRS 9 and IFRS 17

The following is an assessment of the impact of the adoption of IFRS 9 and IFRS 17 on the Group’s and the Company’s equity at the date of transition, 1 January 2022, and represents the effect that will be recorded in retained earnings. The implementation of IFRS 17 and IFRS 9 also results in significant changes to other equity items, in particular the fair value reserve. The assessment has been prepared on the basis of information available on the date of preparation of this report. These figures present assessments and may be subject to change between now and the publication of the final financial statements for 2023 in accordance with IFRS 17 and IFRS 9.

The estimated contractual service margin for reinsurance and insurance contracts at the transition date of 1 January 2022 is between EUR 126 million and EUR 130 million at the Group level and between EUR 3 million and EUR 5 million for Sava Re.

EUR million		
1 Jan 2022	Sava Insurance Group	Sava Re
Impact assessment of adoption of IFRS 17	from 59 to 63	from 2 to 5
Impact assessment of adoption of IFRS 9	14	5.5
Estimated deferred income tax liabilities	from -13.9 to -14.6	from -1.4 to -2
Impact assessment of adoption of IFRS 17 and IFRS 9 on retained earnings	from 59.9 to 62.4	from 6.1 to 8.5
Impact assessment of adoption of IFRS 17 and IFRS 9 on accumulated comprehensive income	-21.1	-1
Assessment of combined impact of adoption of IFRS 17 and IFRS 9 on equity	from 38 to 41.3	from 5.1 to 7.5

The estimated amount of the non-financial risk adjustment on reinsurance and insurance contracts is between EUR 81 million and EUR 85 million at the Group level and between EUR 26 million and EUR 29 million for Sava Re.

As shown in the table above, the estimated impact of the adoption of IFRS 9 and IFRS 17 as at 1 January 2022 is an increase in the Group’s retained profit after tax of between EUR 59.9 million and 62.4 million, and for Sava Re between EUR 6.1 million and 8.5 million.

The stated assessment of the value impact of both standards on equity and profit after taxes on 1 January 2023 and for the year 2022 may change mainly due to:

- adjustments to methodologies, accounting policies, accounting estimates and other components that affect calculations, including input data required for the preparation of the final version of the financial statements;
- adjustments to accounting processes and the introduction of additional internal controls into these processes;
- uncertainties regarding the tax treatment of the effects of the transition.



17.6.2 IFRS 17 “Insurance Contracts

On 13 May 2022, the European Securities and Markets Authority (ESMA) published a public statement on the implementation of IFRS 17, encouraging issuers to apply the provisions of the standard in a consistent and high-quality manner when implementing the required changes to financial reporting. In its statement, ESMA requested that insurance companies inform users of their financial statements, in accordance with IAS 8, of the forthcoming changes related to the IFRS 17 accounting standard, in particular in comparison with existing accounting practices under IFRS 4.

In accordance with the ESMA requirements and IAS 8, the purpose of this section is to inform users of the Group’s financial statements about the new requirements of the new accounting standard IFRS 17 and their expected impact on the Group’s financial statements, taking into account the information available at the date of this report.

IFRS 17 implements a completely new concept of accounting for insurance contracts, which significantly changes the existing long-standing practices. The standard also fundamentally changes the way in which financial statements are prepared and the information they provide.

The most important changes in the measurement of insurance and reinsurance contracts under the new standard are as follows:

- the introduction of new measurement models:
 - the general measurement model of insurance contracts issued and reinsurance contracts held, based on the prospective method;
 - the premium allocation approach, which is primarily designed to measure contracts with a duration of one year or less;
 - the mandatory model for measuring insurance contracts with direct participation features – variable fee approach;
 - the use of current, explicit, unbiased assumptions that reflect the entity’s point of view to measure insurance contract liabilities,
 - taking into account the time value of money (discounting),
 - introducing a non-financial risk adjustment to explicitly capture uncertainty in cash flows on the performance of insurance contracts,
 - introduction of contractual service margins (CSM) for unearned future profit of a group of insurance contracts, which are allocated over the duration of the group of insurance contracts,
 - separate measurement of insurance contracts and reinsurance contracts held by the entity,
 - elimination of investment components from income and expenses,
 - separate presentation of the insurance service result, which only includes costs directly attributable to insurance contracts,
 - a separate presentation of the insurance finance result,
 - the introduction of the other comprehensive income option to be used for measuring insurance liabilities, which reduces some volatility in profit or loss for insurers where financial assets are measured at amortised cost or fair value through other comprehensive income, in accordance with IFRS 9.
- The standard has a significant effect on profit or loss dynamics, especially for long-term contracts, and disclosures are made on the current and expected profitability by type of insurance contract.
- The implementation of the standard required significant changes in processes, actuarial models and redefinition of the classification of insurance contracts from all the different perspectives required by IFRS 17. It was also necessary to implement a completely new tool to support all the necessary calculations, in line with IFRS 17, to ensure quality input data from existing IT systems and to build an adequate database.
- At Group level, a dedicated implementation task force was set up to implement IFRS 17 and has been active since 2018. In 2022, activities have been underway to complete the project, in particular validating new methodologies and guidelines for the valuation of insurance contracts, setting up new processes to ensure timely reporting, performing transition calculations and the impact of the transition, completing all necessary new disclosures, preparing comparable data for 2022, setting up new and adjusted indicators. Business processes have also changed significantly.

17.6.2.1 The key requirements of the standard and the selected accounting policies of the Group

The key requirements of IFRS 17 and the significant accounting policies chosen by the Group and the Company in the implementation of these requirements are presented below.

17.6.2.2 Scope of the policy

The Group and the Company apply IFRS 17 to:

- insurance contracts, including reinsurance contracts issued,
- reinsurance contracts held, and
- investment contracts with discretionary participation features.

A contract is deemed an insurance contract if the issuer accepts significant insurance risk from another party by agreeing to compensate the other party if it is adversely affected by a specified uncertain future event (an insured event). A contract that transfers significant insurance risk from an insurance undertaking to a reinsurance undertaking is a reinsurance contract.

A set or series of insurance contracts with the same or a related counterparty may achieve, or be designed to achieve, a common commercial effect. In order to report the substance of such contracts, it is necessary to treat the set or series of contracts as a whole.

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. These components include:

- investment components,
- service components,
- embedded derivatives.

An investment component exists if an insurance contract requires the entity to repay an amount to a policyholder in all circumstances, regardless of whether an insured event occurs.

An investment component is separated from a host insurance contract if, and only if, that investment component is distinct. IFRS 9 is applied to account for a separated investment component unless it is an investment contract with discretionary participation features within the scope of IFRS 17.

The Group identifies investment components that cannot be separated from insurance contracts, mainly in traditional life insurance and unit-linked life insurance, as well as in reinsurance contracts with claims-related commission clauses.

The Group and the Company do not expect any significant changes in the classification of insurance and reinsurance contracts compared to IFRS 4.

17.6.2.3 Level of aggregation of insurance contracts into group of insurance contracts

The level of aggregation of insurance contracts into groups of insurance contracts (also known as units of account under IFRSs) is determined in accordance with the standard as follows:

- Portfolios consist of contracts exposed to similar risks and managed together;
- Groups of contracts: on initial recognition of contracts, the contracts in each contract portfolio are classified into groups of contracts according to:
 - policy year (annual cohorts),
 - profitability, specifically:
 - a group of contracts that are onerous upon initial recognition (unprofitable);
 - a group of contracts that, on initial recognition, are highly unlikely to become onerous subsequently, if any; and
 - a group of the remaining contracts, if any.

Because reinsurance contracts have different characteristics, it is deemed that each reinsurance contract constitutes a separate group of reinsurance contracts, except where several contracts are entered into for the purpose of common protection (e.g. bouquets of contracts).

The Group and the Company have determined the level of aggregation of insurance and reinsurance contracts into groups of (re)insurance contracts, and the method of measurement in accordance with the standard.

17.6.2.4 Contract boundaries

Insurance contracts

The Group and the Company include in the measurement of a group of insurance contracts all future cash flows that are within the boundary of each contract in the group. Cash flows are within the contract boundaries of the insurance contract if:

- the contract issuer can compel the policyholder to pay the premiums,
- the contract issuer has a substantive obligation to provide the policyholder with insurance contract services.

No liability or asset is recognised for amounts relating to expected premiums or expected claims outside the boundary of the insurance contract. Such amounts refer to future contracts.

If a contract requires the policyholder to renew or otherwise continue the contract, the Group and the Company assess whether the premiums and related cash flows that arise from the renewed contract are within the boundary of the original contract. When reassessing the contract boundaries, all risks that would be considered when underwriting equivalent contracts at the renewal date for the remaining service are taken into account.

Contract boundaries are reassessed at each balance sheet date and are subject to change.

Reinsurance contracts

When measuring reinsurance contracts, the Group and the Company include all cash flows within the boundary of the contract. Cash flows are within the contract boundary, if:

- the contract holder can require the reinsurer to provide coverage and other services,
- there is a significant obligation of the contract holder to pay a reinsurance premium to the reinsurer.

The contractual boundary of a reinsurance contract is determined by the date of the option to terminate or renew the contract, which is usually one year, or the agreed date of termination of the contract, whereby to determine the term of coverage of a particular reinsurance contract, the coverage of the underlying insurance contracts also needs to be taken into account.



17.6.2.5 Initial recognition of insurance and reinsurance contracts

Insurance contracts

The Group recognises a group of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

Insurance contracts acquired in a transfer of contracts or in a business combination are recognised on the date of the transaction.

When an insurance contract is recognised, it is included in the group of insurance contracts to which it belongs according to its annual cohort and profitability. A group of insurance contracts is recognised upon recognition of the first contract that is part of the group.

Reinsurance contracts

The standard provides a slightly modified recognition approach for reinsurance contracts held by a Group company. Such a reinsurance contract is recognised on the earlier of the following dates:

- the beginning of the coverage period of a group of reinsurance contracts held by the Group or the Company;
- the date on which the underlying group of onerous insurance contracts is recognised if, on or before that date, a related reinsurance contract from the group of reinsurance contracts held has been entered into.

Notwithstanding the above provision, the recognition is delayed for a reinsurance contract that provides proportionate coverage until the date on which any underlying insurance contract is initially recognised if that date is later than the beginning of the coverage period of the reinsurance contract.

Reinsurance contracts acquired in a transfer of contracts or a business combination are recognised on the date of the transaction.

17.6.2.6 Measurement of insurance and reinsurance contracts

The basic method of measuring insurance and reinsurance contracts under IFRS 17 is the so-called general model or building block approach (BBA). The standard also allows for the use of a simplified measurement method in some cases – the premium allocation approach (PAA approach). The standard requires the mandatory use of the variable fee approach (VFA) in cases of a group of insurance contracts with direct participation features. Insurance contracts with direct participation features are contracts that meet the following criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly defined set of assets;
- the contract issuer expects the policyholder to be paid an amount equal to a substantial share of the fair value returns on the defined set of assets;
- the contract issuer expects a substantial portion of any changes in the amounts to be paid to the policyholder to vary with the change in the fair value of the defined set of assets.

17.6.2.6.1 The general measurement model (GMM) or building block approach (BBA)

Upon initial recognition, liabilities are measured at the level of the group of contracts, namely as the sum of:

- fulfilment cash flows, which comprise:
 - estimates of future cash flows,
 - an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows,
 - a risk adjustment for non-financial risk (RA),
- the contractual service margin (CSM).

The fulfilment cash flows represent an explicit, unbiased and probability-weighted estimate of future cash flows within the contract boundary adjusted for changes in the time value of money and associated financial risks. They include cash flows attributable to the fulfilment of existing insurance contracts, as well as expectations regarding the future behaviour of the policyholders.

In accordance with the standard, estimates of expected cash flows are adjusted for **the time value of money and the financial risk** associated with these cash flows. The Group and the Company apply a bottom-up approach when calculating appropriate discount rates. The Group and the Company use a risk-free interest rate in the form of a swap curve plus a liquidity premium as the discount rate to be used in estimating future cash flows.

The adjustment for non-financial risk reflects the compensation required by the Group and the Company for bearing the uncertainty in the amount and timing of cash flows arising from non-financial risks.



The contractual service margin (CSM) represents the unearned profit under insurance contracts, which will be recognised during the provision of insurance services from these contracts in the future. The contractual service margin is recognised when the net present value of future cash flows is positive. It is determined in the amount of the excess of inflows over outflows, less an allowance for non-financial risk. A contractual service margin is determined to prevent the recognition of a gain on initial recognition of contracts. It is released over the term of the insurance contract in accordance with the dynamics of the provision of insurance contract services provided within the group of insurance contracts during the period. After initial recognition, the contractual service margin changes due to the recognition of new contracts during the period, interest on the carrying amount (measured at the discount rates at contract recognition), changes in fulfilment cash flows related to future services, the effect of foreign exchange differences, and the amount of insurance revenue recognised due to the performance of services during the period. After initial recognition, the contractual service margin for each group of insurance contracts is remeasured on the balance sheet date.

In the event of a transfer of insurance contracts or business combination, the consideration received or paid on the acquisition date is taken into account as a proxy for the premiums received on initial recognition of the contracts.

In the event of identified future losses arising out of a group of insurance contracts, when the net present value of future cash flows is negative, the loss is recognised in the current period. In the event of an onerous (unprofitable) group of contracts, the **loss component** is shown in the liability for remaining coverage.

- The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of:
- the liability for remaining coverage comprising:
 - the fulfilment cash flows relating to future services allocated to the group at that date;
 - the contractual service margin of the group at that date; and
 - the liability for incurred claims, comprising the fulfilment cash flows related to past service allocated to the group at that date.

Liability for incurred claims represents the expected cash flows for claims and related costs that have already been incurred and have not yet been paid. The liability for incurred claims includes claims incurred but not yet reported (IBNR) and claims reported but not yet settled (RBNS).

When measuring liabilities under insurance contracts on the balance sheet date, the Group and the Company apply current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes to these components affect the following items:

Assumption – change	Impact
Changes related to future service	Change in CSM
Changes related to current or past service	Change in the insurance service result for the financial year
The effects of the time value of money, financial risk and changes thereof on estimated future cash flows	Change of insurance finance income and expenses

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Group and the Company allocate insurance acquisition cash flows to groups of insurance contracts using a systematic and rational method, unless they choose to recognise them as expenses for the period.

The Group and the Company recognise an asset or liability for insurance acquisition cash flow or other cashflow relating to a group of issued contracts that has not yet been recognised but for which the Group and the Company have already received a premium or paid certain costs. The aforementioned asset or liability is derecognised when the group of contracts is recognised.

At the end of each reporting period, the recoverability of an asset for insurance acquisition cash flows is assessed, and the facts and circumstances indicating that the asset may be impaired are verified. If the Group or

the Company identify an impairment loss, they adjust the carrying amount of the asset and recognise the impairment loss in profit or loss.

If the conditions for impairment no longer exist or have improved, a reversal of part or all of the previously recognised impairment loss is recognised in profit or loss and the carrying amount of the asset is increased.

17.6.2.6.2 Variable fee approach – VFA

For direct participation contracts, e.g. unit-linked and index-linked life insurance policies, and certain with-profits contracts, IFRS 17 specifies a mandatory measurement model – the variable fee approach. The approach is aligned with the general measurement model for insurance contracts, with a significant difference in the calculation of the contractual service margin, as this approach takes into account the participation of the contract issuer in the change in fair value of the contractually defined set of assets. This approach cannot be used in the measurement of reinsurance contracts.



17.6.2.6.3 Premium allocation approach (PAA)

For insurance contracts with a duration of cover of one year or less and for contracts, for which the Group and the Company reasonably expect that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general approach, a simpler measurement model – the premium allocation approach – can be applied. This simplified approach is similar to the method of calculating unearned premiums currently used to measure non-life insurance over the duration of the cover. Under this method, on initial recognition, the carrying amount of the liability for remaining coverage is equal to the premiums received minus any insurance acquisition cash flows at that date. On subsequent measurement, the liability is increased by the premiums received and decreased by the amount of insurance acquisition expenses and the amount recognised as insurance revenue in that period. Under the previous approach, a provision was made for unexpired risks in the event of a loss, whereas under IFRS 17, the loss component is determined using a modified general measurement model. Under the premium allocation approach, liabilities for remaining coverage are not discounted.

Even with the premium allocation approach, the Group and the Company do not consider the insurance acquisition cash flows as period costs but consider them in the fulfilment cash flows as attributable costs. Likewise, the future cash flows of liabilities for incurred claims are adjusted for the time value of money and the effect of financial risk.

17.6.2.6.4 Group reinsurance

The valuation methods for reinsurance contracts are the same as for insurance contracts.

In measuring reinsurance contracts, both issued and held by a Group company, cash flows are separated into those that are not claims-related (e.g. premiums and the related reinsurance commissions) and those that are claims-related (e.g. claims, sliding scale and profit commissions, renewal premiums). Therefore, when measuring reinsurance contracts issued, reinsurance commissions are subtracted from premium revenue, whereas expenses for claims are minus any renewal premiums, plus profit commission and plus or minus the sliding scale commission.

Reinsurance contracts held by Group companies are measured using consistent assumptions for groups of underlying insurance contracts. In this case, the future cash flows in the valuation of reinsurance contracts are increased by cash flow representing the effect of the risk of the reinsurer's non-performance, including the effects of collateral and losses from disputes. For reinsurance contracts held by Group companies, recovery of losses on underlying insurance contracts are recognised in accordance with the standard.

The risk adjustment for non-financial risk for reinsurance contracts represents the amount of risk being transferred by the insurer to the reinsurer.

In the valuation of reinsurance contracts held by a company, the unearned profit represented by the contractual service margin is replaced by the net gain or loss on purchasing the reinsurance.

Measurement – use of the Group's methods

The Group and the Company will use all three measurement models described, depending on the characteristics of insurance contracts:

- As a rule, the Group and the Company will use the general measurement model (GMM). This model will be applied to all reinsurance contracts, insurance contracts of pension companies and most life insurance contracts.
- A simplified measurement model (the premium allocation approach – PAA) will be used for non-life and accident insurance contracts with a duration of one year or less.
- For direct participation contracts, such as unit-linked life insurance contracts, the Group will use the variable fee approach (VFA).

17.6.2.7 Significant accounting estimates in the measurement of insurance and reinsurance contracts

The following describes the key assumptions regarding the future that are sources of uncertainty and significant risks in the measurement of insurance and reinsurance contracts at the reporting date. Their change in subsequent reporting periods may lead to significant adjustments of the amounts of insurance and reinsurance contract assets and liabilities that the Group and the Company report in their financial statements at the reporting date. The Group and the Company base their assumptions and estimates on parameters that are available at the time the financial statements are prepared, but existing circumstances and assumptions about future periods are subject to change due to changes in the market or circumstances beyond the control of the Group or the Company. Such changes are reflected in the assumptions as they occur. The Group and the Company break down the information for the disclosure of (re)insurance contracts issued separately.

Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows,
- an adjustment to reflect the time value of money and financial risks related to the future cash flows, and
- a risk adjustment for non-financial risk.

When estimating future cash flows, the Group and the Company primarily use forecasts based on deterministic forecasting models. For certain groups of contracts, stochastic techniques for modelling future cash flows are also used to supplement them. The objective of estimating future cash flows is to determine the expected value, or probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date.

Cash flows within the insurance contract boundary are those that relate directly to the fulfilment of the contract, including cash flows for which the entity has discretion over the amount or timing. To assess the contract boundary specifying which future cash flows are included in the measurement of the contract, the Group's and the Company's substantive rights and obligations under the (re)insurance contract need to be assessed and considered.

When estimating future cash flows, the Group and the Company apply certain market and non-market variables or assumptions. Assumptions that cannot be reliably derived from market values are based on current estimates calculated using the Group's internal models and publicly available sources (demographic information from the local statistical office) and reflect historical experience, adjusted where necessary to reflect the Group's expected experience. When estimating future cash flows, assumptions regarding the mortality, morbidity, lapse and surrender rate are particularly important.

RA – risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the Group and the Company require for bearing the uncertainty related to the amount and timing of the cash flows that arise from non-financial risk as they fulfil the contractual agreements. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk. The adjustment for non-financial risk reflects the estimated cost for which the Group and the Company could transfer the uncertainty related to non-financial risk to another party.

The Group and the Company assess the risk adjustment for non-financial risk using the confidence level technique (VaR, TVaR) to determine the maximum possible loss at a given confidence interval. The Group and the Company estimate that calculations will be made using a confidence interval of 75% to 85%.

Changes in the risk adjustment for non-financial risk will be fully reflected in the insurance service result.

Contractual service margin (CSM)

The amount of the contractual service margin for a group of insurance contracts is recognised in profit or loss in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- identifying the coverage units in the group. The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided under a contract and its expected coverage period;
- allocating the contractual service margin at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future;
- recognising in profit or loss the amount allocated to coverage units provided in the period.

Most insurance contracts use the contractually agreed level of benefits or the sum insured or premiums earned as the basis for determining the coverage units. In the case of annuity insurance, the basis is the annual annuity, whereas for reinsurance contracts the earned or ceded reinsurance premium in the period is taken into account.

The aggregate units of cover of each group of insurance contracts are reassessed at the end of each reporting period by making adjustments for increases in coverage for newly recognised contracts and decreases in the remaining coverage for claims incurred, and for expected surrenders and cancellations during the period.

Expenses

Cash flows within the boundary of a contract also include expenses necessary to fulfil an insurance contract. Expenses that can be directly attributed to insurance contracts are as follows:

- acquisition expenses that are directly related to the portfolio (product or policy);
- claims handling and administration costs (investigating, processing and settling claims);
- contract administration and maintenance costs;
- other general expenses directly attributable to the fulfilment of insurance contracts.

Assumptions about operating costs reflect expectations about the development of expenses required to meet the obligations under valid insurance contracts and related activities. Past levels of costs are taken into account as an appropriate basis for estimating future costs. If necessary, the estimates are adjusted for expected inflation and planned costs in advance.

Cash flows within the contract boundary include both fixed and variable administrative costs that are directly attributable to the fulfilment of insurance contracts. Expenses that cannot be directly allocated to an insurance policy are allocated to groups of insurance contracts using methods that are systematic and rational and consistently applied to all expenses that have similar characteristics. Expenses that are not attributable to or not strictly necessary for the fulfilment of insurance contracts are directly recognised in the income statement outside the insurance service result when incurred.

Discount rates

The Group and the Company adjust their estimates of expected cash flows for the time value of money and financial risks associated with these cash flows. The Group and the Company apply a bottom-up approach when calculating appropriate discount rates. The Group and the Company use a risk-free interest rate in the form of a swap curve plus a liquidity premium as the discount rate to be used in estimating future cash flows. The liquidity premium is determined on the basis of yield data for AAA-rated covered bonds and a multiple of the liquidity premium. The multiple of the liquidity premium is determined by taking into account the characteristics of the groups of insurance contracts. Cash flows that vary based on the returns of the contractually defined set of assets are discounted using rates that reflect this variability. Discount interest rates are set at each balance sheet date.

Investment component

The investment component represents the amounts that will be paid to the insured in all circumstances, regardless of whether the insured event occurs or not. An investment component is separated from the insurance contract only if the conditions prescribed by the standard requiring the independence or unbundling of the investment and insurance components are met.

If the investment component and the insurance component are interrelated, both components are valued in the scope of IFRS 17, and the effect of the investment part is excluded from the insurance revenue and insurance service expenses.

17.6.2.8 Presentation and disclosure

The introduction of IFRS 17 will significantly change the presentation and disclosure of assets and liabilities, income and expenses arising from insurance and reinsurance contracts. The layout of financial statements will also change significantly.

Thus, instead of the previous items of premiums earned, claims incurred and changes in technical provisions, the income statement will include the following items: insurance revenue, insurance service expenses, revenue and expenses arising from reinsurance contracts, and (re)insurance finance income and expenses.

In the statement of financial position, the previous items of technical provisions are replaced by insurance and reinsurance contract assets and liabilities. In addition, in the statement of financial position, the previous receivables and liabilities relating to direct insurance business will be part of insurance contract assets and liabilities and will not be shown as separate line items. The same applies to deferred acquisition costs, which will no longer be reported as an intangible asset but will be implicitly included in the contractual service margin.

(Re)insurance contract assets and liabilities

The statement of financial position will present separately the carrying amounts of the following portfolios:

- insurance contracts issued that are assets;
- insurance contracts issued that are liabilities;
- reinsurance contracts held by the Group and the Company that are assets;
- reinsurance contracts held by the Group and the Company that are liabilities.

The Group and the Company will include any assets or liabilities for insurance acquisition cash flows or other cashflows for as yet unrecognised contracts in the carrying amount of the portfolios of insurance contracts issued, and any assets or liabilities for cash flows related to as yet unrecognised portfolios of reinsurance contracts in the carrying amount of the portfolios of reinsurance contracts.

Insurance revenue and insurance service expenses

The Group and the Company disaggregate the amounts recognised in the income statement and the statement of other comprehensive income (OCI) into:

- the insurance service result, which consists of insurance revenue and insurance service expenses; and
- insurance financial income or expenses.

The Group and the Company will present separately the results of insurance and reinsurance contracts.

Insurance revenue will depict the provision of services arising from a group of insurance contracts, i.e. an amount that reflects the consideration to which the entity expects to be entitled in exchange for the services provided. Insurance service expenses will represent incurred claims and expenses and other expenses related to insurance services. Both insurance revenue and insurance service expenses will not include an investment component.

The Group and the Company will determine insurance revenue related to insurance acquisition cash flows by allocating the portion of the premiums that relate to recovering those cash flows to each reporting period in a systematic way on the basis of the passage of time. The Company and the Group will recognise the same amount as insurance service expenses.

If the PAA method is used to evaluate liabilities for future coverage, the insurance revenue will be the amount of the expected premiums, excluding any investment component relating to the reporting period. The allocation of the premium by period will be even over the duration of the cover, except for insurance contracts where the amount of insurance coverage changes during period of cover (decrease in the amount of insurance coverage in the case of credit insurance and increase in the amount of insurance coverage in the case of construction and erection insurance).

Finance income and expenses

Finance income and expenses arising from insurance and reinsurance contracts comprise the change in the carrying amount of a group of contracts resulting from the effect of the time value of money. The standard allows part of the stated change to be shown among finance income and expenses in profit or loss, while part of the change is shown in other comprehensive income. The Group and the Company will use the above option to split the effect of financial assumptions, which is expected to reduce accounting mismatches and contribute to lower volatility in profit or loss.

Disclosures

The standard requires detailed additional disclosures that, together with information from the statement of financial position, the income statement and the statement of cash flows, provide a basis on which users of the financial statements can assess the effect of contracts within the scope of IFRS 17 on an entity's financial position, financial performance and cash flows. To achieve that objective, it will be necessary to disclose qualitative and quantitative information about the amounts recognised in the financial statements for contracts within the scope of IFRS 17. In addition, it will also be necessary to disclose information about significant judgements and changes in those judgements in applying IFRS 17 and the nature and extent of the risks inherent in contracts within the scope of IFRS 17.

17.6.2.9 Transition

The Group and the Company performed an evaluation for each unit of account in order to assess the possible transitional approaches provided by the standard. As required, the fully retrospective approach was adopted unless it was considered impracticable for the unit of account under consideration. In all other cases either the modified retrospective or the fair value approach were adopted instead.

The Group and the Company will not disclose quantitative information about the amount of the settlement for the current period and for each prior period presented for each line item in the financial statements and earnings per share reported.

Full retrospective approach

At the transition date of 1 January 2022, the Group and the Company will:

- determine, recognise and measure each group of insurance contracts, as if IFRS 17 had always applied;
- determine, recognise and measure all assets for insurance acquisition cash flows, as if IFRS 17 had always applied;
- derecognise any existing balances that would not exist had IFRS 17 always applied; and
- recognise any resulting net difference in equity.

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to the full retrospective approach; therefore, the Group and the Company will use all reasonable and supportable information available applying such an approach. Accordingly, in applying this approach, they will, to the greatest extent possible, use the information they would use in the full retrospective approach.

The reasons for applying the modified retrospective or fair value approach are as follows:

- cash flow data are not available in an appropriate format or at an appropriate level of granularity;
- the information necessary to define fixed and variable expenses relating to groups of insurance contracts is not available;
- information on assumptions and estimates as well as on changes to those assumptions and estimates is not available;
- data for calculating the risk adjustment for non-financial risk are not available;
- data on contract profitability expectations and contract-related risks are not available.

Fair value approach

When using the fair value approach, the Group and the Company will, based on the information available at the transition date:

- define groups of insurance contracts;
- assess whether an insurance contract meets the definition of an insurance contract with direct participation features; and
- define discretionary cash flows for insurance contracts without direct participation features.

When using the fair value approach, the Group and the Company will determine the contractual service margin or the loss component of the liability for remaining coverage as the difference between the fair value of the group of insurance contracts and the value of the expected cash flows (including a risk adjustment for non-financial risk) measured at the transition date.



17.6.3 IFRS 9 “Financial Instruments”

On 1 January 2023, the Group and the Company will initially apply IFRS 9 “Financial Instruments”, which replaces IAS 39. Entities started applying the new standard IFRS 9 no later than the beginning of the first financial year, which began on or after 1 January 2018, except for insurance undertakings that qualified for a deferral of IFRS 9 until the financial year beginning on or after 1 January 2023. The reason for delaying the date of initial application by insurance companies is the adoption of a new standard for insurance contracts (IFRS 17). The Group and the Company have met the conditions for deferring the first application of IFRS 9 and have exercised the option to temporarily delay the application of the standard until 1 January 2023.

The Group and the Company will therefore apply IFRS 9 for the first time in the preparation of its financial statements on 1 January 2023 and present comparative information for 2022.

17.6.3.1 Classification of financial assets

In accordance with IFRS 9, the Group and the Company classify financial instruments on the basis of both their business models for managing the financial assets and the contractual cash flow characteristics of their financial asset. The standard introduces three new categories for measuring financial assets:

- at amortised cost (AC)
- at fair value through other comprehensive income (FVOCI) and
- at fair value through profit or loss (FVTPL).

These measurement categories for financial assets replace the previous categories of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets as defined under IAS 39, while the FVTPL category remains unchanged.

The business model for managing financial assets reflects the management of a group of financial assets to achieve certain objectives. The management of such a group of financial assets is based on:

- the nature of the company’s liabilities supported by any investment portfolio;
- how the performance of a business model and the financial assets held within that business model are evaluated and reported to the entity’s key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated.

The business model is determined based on a consideration of the main factors mentioned above that influence the purpose of achieving the asset management objectives.

IFRS 9 defines the following business models:

- a business model whose objective is to hold assets in order to collect contractual cash flows (hereafter referred to as the hold-to-collect model),
- a business model whose objective is to both collect contractual cash flows and sell financial assets (hereafter referred to as the hold-to-collect-and-sell model) and
- other business models.

As discussed above, the Group and the Company will classify financial instruments based on both the identified business model and the contractual cash flow characteristics of their financial assets.

A financial asset is measured **at amortised cost (AC)** if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured **at fair value through other comprehensive income (FVOCI)** if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured **at fair value through profit or loss (FVTPL)** if:

- it is a debt instrument and does not fall into one of the above measurement categories (AC/FVOCI);
- it is an equity instrument and is not designated for measurement at fair value through other comprehensive income (FVOCI option);
- it eliminates or significantly reduces an “accounting mismatch”; and
- it is a derivative.



Equity instruments are primarily classified for measurement through fair value through profit and loss. Notwithstanding the above provisions, an entity may make an irrevocable election, at initial recognition, for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. This is true, when such equity instruments are not held for trading. With such designation, all changes in value, as well as profit or loss that occur with selling the investment, are recognized in other comprehensive income, which is not true for default FVOCI measurement (for other types of investments), where the profit and loss that occur with selling the investment, are recognized in profit and loss.

Despite the provisions of the standard regarding the classification of financial assets, an entity may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Impact assessment:

Under IAS 39, the Group and the Company classify most of their financial assets in the form of debt securities as available for sale (AFS). Under IFRS 9, the Group and the Company will classify these financial assets into one of the following categories, depending on the circumstances: at fair value through other comprehensive income or at fair value through profit or loss.

Most of the equity instruments classified as available for sale under IAS 39 will be classified as at fair value through profit or loss under IFRS 9, while there is an option to designate shares and participations at fair value through other comprehensive income (FVOCI) under the standard. The Group companies will classify equity instruments primarily into the measurement at fair value through profit or loss (FVTPL).

Other types of investments classified as available for sale under IAS 39, such as units in collective investment undertakings, ETFs, alternative funds, etc., will be classified as measured at fair value through profit or loss (FVTPL) under IFRS 9.

Debt instruments, such as bonds, that were classified as available for sale (AFS) under IAS 39, will be classified as FVOCI under IFRS 9 if these instruments pass the SPPI test. A financial asset passes the SPPI test to the extent its contractual cash flows consist solely of payments of principal and interest on the principal amounts outstanding. New debt investments will primarily be classified as FVOCI if they pass the SPPI test, which means that the principal amount is the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Held-to-maturity financial assets, such as deposits with a maturity of more than 3 months, debt securities, loans and receivables that are measured at amortised cost under IAS 39, will also be measured at amortised cost under IFRS 9.

For the majority of the Group’s financial assets supporting unit-linked life insurance contracts, the Group and the Company apply, under IAS 39, an irrevocable designation at initial recognition to measure financial assets at fair value through profit or loss because this eliminates or significantly reduces a measurement or recognition inconsistency (“accounting mismatch”). The Group and the Company will also apply the classification and measurement method described above to financial assets when applying IFRS 9.

As most financial assets are measured at fair value under both IAS 39 and IFRS 9, the Group and the Company do not expect any material impact from the classification of financial assets.



Estimated classification of financial assets (Sava Re)

Classification of financial investments under IAS 38		Value under IAS 39 as at 31 Dec 2021	Remeasurement of expected credit losses			Value under IFRS 9 as at 1 Jan 2022
EUR million	Classification of financial investments under IFRS 9		Stage 1	Stage 2	Stage 3	
Investments in loans at amortised cost	Investments in loans at amortised cost	2.6	0.0	0.0	0.0	2.5
Held-to-maturity investments	Investments at amortised cost	2.8	0.0	0.0	0.0	2.8
Available-for-sale investments	Assets at fair value through other comprehensive income	271.8	-0.2	-0.2	0.0	271.8
Available-for-sale investments	Investments at fair value through profit or loss	31.7	0.0	0.0	0.0	31.7
Additional impact due to model change	Impact of change in model valuation of investments at fair value through profit or loss	0.0	0.0	0.0	0.0	1.5
Investments at fair value	Investments at fair value through profit or loss	9.3	0.0	0.0	0.0	9.3
Deposits with cedants	Investments are classified as IFRS 17 investments	9.6	0.0	0.0	0.0	0.0
Total financial investments under IAS 39		327.8	-0.3	-0.2	0.0	319.6

Estimated classification of financial assets (Sava Insurance Group)

Classification of financial investments under IAS 38		Value under IAS 39 as at 31 Dec 2021	Remeasurement of expected credit losses			Value under IFRS 9 as at 1 Jan 2022
EUR million	Classification of financial investments under IFRS 9		Stage 1	Stage 2	Stage 3	
Investments in deposits at amortised cost	Investments in deposits at amortised cost	18.6	-0.3	0.0	0.0	18.2
Investments in loans, advances at amortised cost	Investments are classified as IFRS 17 investments	0.1	0.0	0.0	0.0	0.0
Investments in loans at amortised cost	Investments in loans at amortised cost	1.5	0.0	0.0	0.0	1.5
Held-to-maturity investments	Investments at amortised cost	40.0	-0.1	0.0	0.0	40.0
Available-for-sale investments (debt)	Investments at fair value through other comprehensive income (debt)	1,233.9	-1.8	-1.0	0.0	1,233.9
Available-for-sale investments (debt)	Investments at fair value through profit or loss	7.5	0.0	0.0	0.0	7.5
Available-for-sale investments (equity)	Investments at fair value through other comprehensive income option (equity)	21.4	0.0	0.0	0.0	21.4
Available-for-sale investments	Investments at fair value through profit or loss	105.7	0.0	0.0	0.0	105.7
Additional impact due to model change	Impact of change in model valuation of investments at fair value through profit or loss	0.0	0.0	0.0	0.0	1.9
Investments at fair value	Investments at fair value through profit or loss	34.4	0.0	0.0	0.0	34.4
Deposits with cedants	Investments are classified as IFRS 17 investments	9.6	0.0	0.0	0.0	0.0
Total financial investments under IAS 39		1,472.7	-2.3	-1.0	0.0	1,464.4
Assets held for the benefit of policyholders who bear the investment risk		0.0	0.0	0.0	0.0	
Investments in deposits at amortised cost	Investments in deposits at amortised cost	2.0	0.0	0.0	0.0	2.0
Held-to-maturity investments	Investments at amortised cost	4.1	0.0	0.0	0.0	4.1
Available-for-sale investments	Assets at fair value through other comprehensive income	60.9	-0.2	-0.1	0.0	60.9
Available-for-sale investments	Investments at fair value through profit or loss	2.0	0.0	0.0	0.0	2.0
Investments at fair value	Investments at fair value through profit or loss	448.5	0.0	0.0	0.0	448.5
Total assets held for the benefit of policyholders who bear the inv. risk		517.4	-0.2	-0.1	0.0	517.4
Total financial investments under IFRS 9		1,990.1	-2.5	-1.1	0.0	1,981.8

17.6.3.2 Classification of financial liabilities

The provisions for classifying financial liabilities are the same under IAS 39 and IFRS 9. In accordance with the standard, the Group and the Company classify all financial liabilities as subsequently measured at amortised cost, except as specified in the standard. In those cases, financial liabilities are measured at fair value through profit or loss.

The Group and the Company will, at initial recognition, irrevocably designate liabilities under financial contracts as measured at fair value through profit or loss when this results in more relevant information because it eliminates or significantly reduces a measurement or recognition inconsistency (“accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the related gains and losses on different bases. IAS 39 requires that the entire change in fair value on those liabilities be recognised in profit or loss. Whereas under IFRS 9:

- the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability are presented in other comprehensive income;
- the remaining amount of change in the fair value of the liability is presented in profit or loss unless the treatment of the effects of changes in the liability’s credit risk may create or enlarge an accounting mismatch in profit or loss. In such a case, the entity presents any gains and losses on that liability in profit or loss.

IFRS 9 also provides that an entity must not reclassify any financial liability.

Impact assessment:

The Group and the Company do not expect any material impact from the requirements of the standard described above because they are liabilities with a unit-linking feature whereby the amount due to investors is contractually determined on the basis of the performance of specific assets. The effect of that unit-linking feature on the fair value of the liability is asset-specific performance risk, not credit risk.

17.6.3.3 Measuring impairment

17.6.3.3.1 General approach

IFRS 9 introduces the concept of an expected credit loss based on the expected future solvency of the debtor. An entity must recognise a loss allowance for expected credit losses on a financial asset that is measured at amortised cost or fair value through other comprehensive income, on a lease receivable, a contract asset or a loan commitment and a financial guarantee contract.

An entity must also apply the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance must be recognised in other comprehensive income and must not reduce the carrying

amount of the financial asset in the statement of financial position.

Subject to the standard, at each reporting date, an entity must measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The credit risk of a financial instrument has not significantly increased since initial recognition, if the financial instrument is determined to have a low credit risk at the reporting date and has an investment grade credit rating. Increased credit risk is connected with non-investment grade instruments for which the rating falls by 3 notches.

Subject to the standard, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity must measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

At each reporting date, an entity assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. To make this assessment, an entity must use reasonable and supportable forward-looking information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

An entity may assume that the credit risk on a financial instrument has not increased significantly enough to be classified from Stage 1 to Stage 2 since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

The transition to Stage 3 is carried out if one of the following criteria is met:

- at least one of the credit rating agencies assesses that the issue or the issuer is in default (technical default – late payment by the borrower is excluded);
- a delay in the payment of the contractual amount of principal or interest for more than 30 days (for bonds it is higher than 15 days, which does not arise from technical problems or force majeure), unless the contract or prospectus stipulates otherwise and such delay is not considered as default or significant increase in credit risk or risk of non-payment (payment deferral);
- the delay in payment of the contractual amount for loans is greater than 90 days.

17.6.3.3.2 Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Expected credit losses are determined based on historical data on recoverability, expected macroeconomic trends and certain other factors that indicate the expected solvency of a debtor. The main input parameters for determining credit losses are the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The expected credit loss is the product of the expected probability of default, the expected loss given default and the expected exposure at the time of default.

The expected credit loss also depends on the stage of the asset. In this respect, the standard divides loss allowances and the expected credit loss calculation into three stages:

- Stage 1: for assets for which credit risk has not increased significantly since initial recognition, expected 12-month credit losses are calculated.
- Stage 2: for assets for which credit risk has in-

creased significantly since initial recognition, lifetime expected credit losses are calculated.

- Stage 3: for assets that are credit-impaired or in default, the lifetime expected credit loss is calculated and considers appropriate PD as well as expected cash flows stemming from proceeds from sale, etc., but at the net carrying amount (the gross carrying amount less impairment loss).

Assets are classified into stages based on external or internal credit ratings and taking into account the number of days past due. An internal credit rating is calculated based on an internal credit risk model. The credit model is based on the analysis of market data and on verification and comparison of market data with expected values for each investment. To determine an internal rating, model uses several analysis: the analysis of probability of default (PD), the analysis of z-spread, the analysis of hazard rate, the analysis and comparison of option-adjusted spread (OAS), and the analysis of existing credit ratings. For the purposes of calculating the necessary indicators on the basis of which the internal assessment is determined, static data on a certain day are used.

The PD parameter will be obtained from Moody's rating reports, where long-term averages of default rates and transition matrices from initial to final rating over a given period can be obtained. The reports are usually separate for corporate bonds and government bonds, and the data is updated once a year. The underlying data will be adjusted based on expectations for the eco-

nomie situation, thus achieving the forward-looking approach required by the standard.

The standard provides no guidance how to determine loss given default (LGD) or the recovery rate (RR), which is why the Group and the Company will follow established practice and use data provided by credit rating agencies annually calculated based on historic data and published in reports. Such reports would usually contain a section on corporate and one on government bonds. Due to ease of access and the comprehensive presentation of default rates in reports, the Group's and the Company's methodology will focus on the credit rating agency Moody's, while comparative information can also be obtained from the reports prepared by S&P Global Ratings.

The EAD parameter represents the expected exposure at default. The Group and the Company will obtain this information from their internal information system.

Impact assessment:

At the date of transition, on 1 January 2023, and in 2022 the Group and the Company will recognise impairment losses on financial assets in accordance with the expected credit loss model. The estimated impact for the Group as of 1 January 2022 is estimated at EUR 2.5 million.



17.6.3.4 Transition

The Group and the Company will first apply IFRS 9 on 1 January 2023. The Group and the Company will also prepare comparative financial statements for the 2022 financial year in accordance with IFRS 9. The Group and the Company will use the “classification overlay approach” described below to prepare comparative data for 2022.

At the date of initial application, the Group and the Company will:

- assess whether a financial asset meets the conditions for classification, considering the business model and contractual cash flow characteristics specified in paragraphs 4.1.2(a) or 4.1.2 A(a) on the basis of the facts and circumstances that exist at that date. The resulting classification applies retrospectively irrespective of the entity’s business model in prior reporting periods;
- designate a financial asset as measured at fair value through profit or loss in accordance with paragraph 4.1.5 of the standard;
- designate an investment in an equity instrument as measured at fair value through other comprehensive income in accordance with paragraph 5.7.5 of the standard;
- designate a financial liability as measured at fair value through profit or loss in accordance with paragraph 4.2.2(a) of the standard;
- assess whether a financial asset is in a low credit risk category.

Such assessment or designation will be made on the basis of the facts and circumstances that exist at the date of initial application. The Group and the Company will apply this classification retrospectively.

Impact assessment:

In order to provide comparable data for 2022 and on 1 January 2023, which is the date of first application of IFRS 9, the company implemented an impairment of financial assets in accordance with the expected credit loss model, which amounts to EUR 0.3 million on 1 January 2022, which will fully be included in the reduced amount of retained earnings. Of the stated amount, EUR 0.2 million refers to financial assets at fair value through other comprehensive income and EUR 0.1 million to financial investments at amortised cost. For financial assets at fair value through other comprehensive income, the impact of expected credit losses will be shown in other comprehensive income and will not affect the investment balance, and the net effect on the capital of the insurance company, together with the change in retained earnings, will be equal to 0. For financial assets at amortised cost, the impairment mentioned above will result in a decrease in the asset balance and in retained earnings of the Company.

As of 1 January 2022, part of the surplus from the revaluation of investments in the amount of EUR 4.3 million refers to investments that, according to IFRS 9, will be reclassified from investments available for sale to the group of investments valued at fair value through profit or loss.

On the transition date, the company also checked for permanent impairments and eliminated them in accordance with IFRS 9, from which a net increase in retained earnings as of 1 January 2022 in the amount of EUR 8.9 million was shown.

After the reclassification of available-for-sale investments into the group of investments valued at fair value through profit or loss and after the elimination of permanent impairments as of 1 January 2022 according to IAS 39, taking into account the aforementioned amounts, the total effect on the retained profit or loss of the insurance company is negative in the amount of EUR 4.7 million.

Upon the transition to IFRS 9, the company changed the method of valuing non-market equity investments, which were valued at cost according to IAS 39, and established a model valuation for them using market inputs. The net increase in retained earnings from this is EUR 1.5 million.

17.7 Risk management¹³³

The main risk categories that the Group is exposed to are:

- insolvency risk,
- underwriting risks (non-life underwriting risks, life underwriting risks, health underwriting risks),
- financial risks (market risks, liquidity risks, credit risks, risk of failure to realise guaranteed returns),
- operational risk, and
- strategic risk.

The table on the righ shows a summary of risks in 2022.

Below is a review of risks in terms of the potential volatility of business re- sults and the resulting impact on the financial statements of the Group and Sava Re. The potential impact of an extreme internal or external risk ma- terialising and its impact on the Group’s and Sava Re’s solvency position is addressed in the Solvency and Financial Condition Report of the Sava In- surance Group for 2022, which will be posted on the Sava Re website on 12 May 2023, and in the Solvency and Financial Condition Report of Sava Re d.d. for 2022, which will be posted on the Company’s website on 6 April 2023.

Risk profile of Sava Insurance Group and Sava Re

Risks	Summary of risks in 2022	Risk described in section
Insolvency risk	The Group and the Company ensure an adequate level of excess capital. During 2022, the Group’s capital adequacy in accordance with the Solvency II standard formula remained within the target capital range as defined in the risk strategy and well above regulatory requirements. Throughout 2022, Sava Re’s capital adequacy was consistently assessed to be above the optimal level of the solvency ratio as defined in the risk strategy and significantly above regulatory requirements.	17.7.2
Underwriting risks	According to capital requirements, the Group’s most important risks include non-life, life, and health underwriting risks. Risks are adequately managed, but the exposure to non-life and life insurance underwriting risks is slightly higher relative to the previous year. Sava Re is predominantly exposed to non-life underwriting risks, which were slightly higher in 2022 than the previous year due to claims inflation. Life underwriting risks were slightly higher due to unfavourable macroeconomic conditions.	17.7.3
Financial risks	The Group and the Company ensure the appropriate management of financial risks. Exposure to these risks is actively monitored and managed, and adequate diversification of the investment portfolio and management of assets and liabilities are ensured. Financial risks were slightly higher than the previous year due to the unfavourable macroeconomic and geopolitical situation in 2022. The investment policy was adapted to the changed circumstances. The Group and the Company maintain a sufficient level of highly liquid investments.	17.7.4
Operational risks	The Group and the Company actively manage operational risks by continuously improving the internal control environment and processes. Operational risks were slightly higher than the previous year mainly on account of a slight increase in cyber-risk in 2022.	17.7.5
Strategic risks	Due to an uncertain macroeconomic environment and the geopolitical situation, strategic risks are an important risk category for the Group and Sava Re. These risks were higher than the previous year, which was mainly the consequence of events in 2022 and the resulting uncertainty regarding future developments. The strategic risks section also discusses sustainability risk and climate change risk. The Group and Sava Re endeavour to limit the risks sufficiently and effectively respond and adapt to the changes in the environment.	17.7.6

17.7.1 Main challenges and associated risks

17.7.1.1 Macroeconomic and geopolitical environment

At the beginning of 2022, the Sava Insurance Group examined the business implications of the war in Ukraine and assessed that these circumstances do not have a considerable direct impact on its business results due to very low investment exposure to war-affected countries and due to limited exposures arising from the (re)insurance business.

In contrast, the indirect impact of the war was significantly higher, with rising prices of raw materials (in particular energy sources), a high inflation rate and rising interest rates significantly affecting the Sava Insurance Group and Sava Re business operations in 2022. Further uncertainty was added by increased tensions over Taiwan and the difficulties of the economy in China, where it seems increasingly likely that the property bubble is about to burst, while the economy is also impacted by the country's zero tolerance to Covid-19. These factors substantially increased the likelihood of economic slowdown or even recession. Taken together, they were reflected in the upshift of the risk-free interest curve, the opening of credit spreads and negative stock market trends. Movements in capital markets will continue to be strongly influenced by central banks' actions aimed at getting inflation under control, as well as by the increasing likelihood of an economic downturn.

Macroeconomic volatility resulting from rapidly rising interest rates was reflected above all in the valuation of debt-based assets, which recorded their historically highest fall in value in 2022. The precarious economic situation and a growing likelihood of a recession had a negative impact on the valuation of equity investments, which recorded negative value development in 2022. The result of these factors was a material reduction in the value of the Group's investment portfolio in 2022. The decrease in the value of assets was largely due to the reduced value of debt securities mainly resulting from inflationary pressures and the related rise in risk-free interest rates.

In 2022, the Sava Insurance Group adopted measures to reduce the investment portfolio risk and will continue to carefully monitor the macroeconomic and geopolitical situation and developments in capital markets, taking appropriate measures to adapt to new circumstances.

In terms of inflation, 2022 saw a significantly higher risk of declining profitability in non-life insurance, which reflected the increase in average claims that was primarily seen in motor and property insurance. In the first stage, the most significant effects were seen in the Slovenian market, which reacted relatively quickly by raising premiums accordingly. Zavarovalnica Sava followed suit by adapting its insurance products for which claims inflation was perceived. Technical provisions also went up, depending on the estimated effects. We established a system for monitoring claims inflation

and reporting through regular risk reports. Inflationary pressures have also been perceived in other markets where the Group operates and in the reinsurance segment, which therefore remains one of the main challenges in the future. The reinsurance markets have reacted by raising rates, which has a positive impact on inwards reinsurance contract underwriting in Sava Re. However, this makes it difficult to obtain adequate reinsurance coverage for the transfer of risks or leads to substantially higher prices of such coverage.

Despite the challenging environment, both the Sava Insurance Group and Sava Re achieved most of their plans in 2022, which is reflected in good business results that are consistent with the plans.

The Sava Insurance Group and Sava Re monitored the impact on the solvency ratio on a quarterly basis in 2022. Solvency ratio assessments demonstrate that the Sava Insurance Group and Sava Re solvency ratio remains well above the level required by law in 2022 and is consistent with the internal criteria.

Despite unfavourable macroeconomic and geopolitical circumstances, neither the Sava Insurance Group nor Sava Re suffered liquidity problems in 2022. Sava Re has a highly liquid portfolio of financial investments, which are used for the repayment of liabilities from insurance and other contracts. To ensure liquidity, Sava Re maintains a large share of its investment portfolio invested in government bonds, cash and demand deposits. The Group companies have adequate liquidity positions. In addition to their own sources of liquidi-

ty, they keep credit lines with Sava Re as a secondary source of liquidity.

A higher global inflation rate, unstable supply chains as well as military conflicts and tensions in Europe and Asia are feeding the uncertainty in the Group's operations. The continuation and escalation of these events or an occurrence of similar new events could increase the systemic risks that might materialise as a result of more significant fluctuations in financial markets, geopolitical tensions, changes in consumer behaviour and an unfavourable macroeconomic environment. The Group manages risks through ongoing monitoring of the situation in the market and by adopting timely decisions, while simultaneously ensuring adequate diversification of the investment portfolio and a sufficient percentage of highly liquid assets to meet extraordinary liquidity needs.

The Group also analyses the effects of extreme events in its own risk and solvency assessment (hereinafter ORSA). The basis for conducting the 2023 ORSA (which was reported to the regulator in March 2023) is the business plan of Sava Re and the Sava Insurance Group for 2023 confirmed in December 2022, and the financial projections for 2024 and 2027. The capital adequacy projections in the 2023 ORSA confirmed that, over the entire strategy period, the solvency position was compliant with both statutory provisions and Group/Company internal rules, ensuring continuous and adequate liquidity.

As part of ORSA, the Group also analysed the impact of increased geopolitical and economic risks on its business operations and solvency under the scenarios of a higher inflation rate, negative developments in the business environment, climate change and a supply chain breakdown resulting from a military conflict in Asia.

Scenario analyses showed that both the Sava Insurance Group and Sava Re have a robust solvency ratio resilient to various adverse scenarios as the solvency remains well above the regulatory level even if a scenario materialises.

17.7.1.2 Climate change and transition to sustainable business

Having a direct and indirect impact on their business activity, climate change is a significant sustainability risk for the Sava Insurance Group and Sava Re, so it is of key importance for the Group's operations that this risk is monitored and managed. Climate change is a serious risk for society and the economy, but also for the business of insurance and reinsurance companies. Global temperatures are now about 1° C above pre-industrial levels, and without appropriate mitigation strategies put in place, global warming could reach 3° C or more by the end of this century.

The Group monitors climate risk, including physical and transition risks. Physical risks are those that arise from the physical effects of climate change. Transition risks

are those that arise from the transition to a low-carbon and climate-resilient economy.

Given its activity, physical risks are extremely important for the Group, and the harmful effects of global warming on natural and human systems are already visible today. Without further international climate action, the average global temperature will continue to rise, and so will the unpredictability of damage associated with the risk of natural disasters. This will result in higher underwriting risk and the need to change business strategies.

Also significant for the Group is transition risk, which relates to potential material negative impact on the value of investments and other significant effects on its business operations.

Both transition risk and physical risks are and will continue to be extremely important for the Group and its companies, so they are subject to constant Group-level monitoring. Climate risk was also (qualitatively and quantitatively) analysed in the ORSA.

In 2022, the Group conducted intense preparations for the next strategy period and developed a sustainable development strategy for the 2023–2027 period. We are aware that the Group's transition to sustainable business brings numerous challenges and risks. We have established a risk-monitoring system in view of sustainable development and social responsibility, and related

reporting. Much attention was also paid to the efficient and meaningful implementation of sustainability legislation.

17.7.1.3 Covid-19 pandemic

In the first half of 2022, the measures to mitigate the pandemic had specific impacts on the Group companies' operations, but the situation was more or less back to normal in the second half of the year. Hybrid work, which combines working from home with office work, has become a well-established practice in Group companies. In line with the new work model, we also made certain technical adjustments to ensure enhanced protection of the operation of information systems, which have become more vulnerable with the new work regime. Our customer service also saw certain adaptations during the pandemic and, consequently, most underwriting and claims settlement services can now be conducted remotely.

Covid-19 did not have a significant adverse impact on business results in 2022.

With regard to business interruption due to Covid-19 in the market of Ireland, Zavarovalnica Sava took legal action in the first half of 2021. The Court considered the action as a "test case" as part of the Central Bank of Ireland's special supervision of Covid-19 and business interruption coverage. The high court upheld the insurer's position that the Zavarovalnica Sava insurance policy for business interruption and/or loss of licence does

not cover Covid-19 related claims, which significantly affects further Covid-19 related business interruption claims against Zavarovalnica Sava. Zavarovalnica Sava sent the information on the court judgement to the affected policyholders.

In the future, we do not expect major Covid-19-related effects on Group companies' business and operations. Risks are monitored as part of regular risk monitoring and reporting.

Should the situation deteriorate again, the Group has prepared a plan and instructions that define four phases of conduct, depending on the situation, and are intended to reduce risks and facilitate planning of work activities under different circumstances.

17.7.1.4 Risk assessment and the going-concern assumption

For the past three years, the Sava Insurance Group and Sava Re have been operating in a challenging external environment. This difficult period began in 2020 with Covid-19 and continued with direct and indirect impacts of the pandemic in 2021. The most profound impact in 2022 was the war in Ukraine as well as the challenging geopolitical and macroeconomic situation (rising energy prices and inflation, higher interest rates, decline in equity markets and similar). The Group constantly identifies, monitors, analyses and manages risks, adopts relevant decisions and makes necessary adjustments.



Further deterioration of the macroeconomic and geopolitical situation could also have an adverse impact on the Sava Insurance Group and Sava Re’s assets and liabilities in 2023. Although this may directly or indirectly impact the Group and the Company’s business, we estimate that most of our plans will be achieved in 2023. Solvency may also be affected, but it is reasonably expected that the Sava Insurance Group’s and Sava Re’s solvency will not be threatened given the high level of capitalisation. We also believe that the liquidity risk within the Group is well-managed and do not expect a significant increase of this risk over the coming 12 months, so the going-concern assumption remains valid. Our assumption is based on the cash flow expected from the main activity and the composition of the investment portfolio that can provide adequate liquidity over a longer period of difficult circumstances.

17.7.2 Capital adequacy and capital management in the Sava Insurance Group and Sava Re

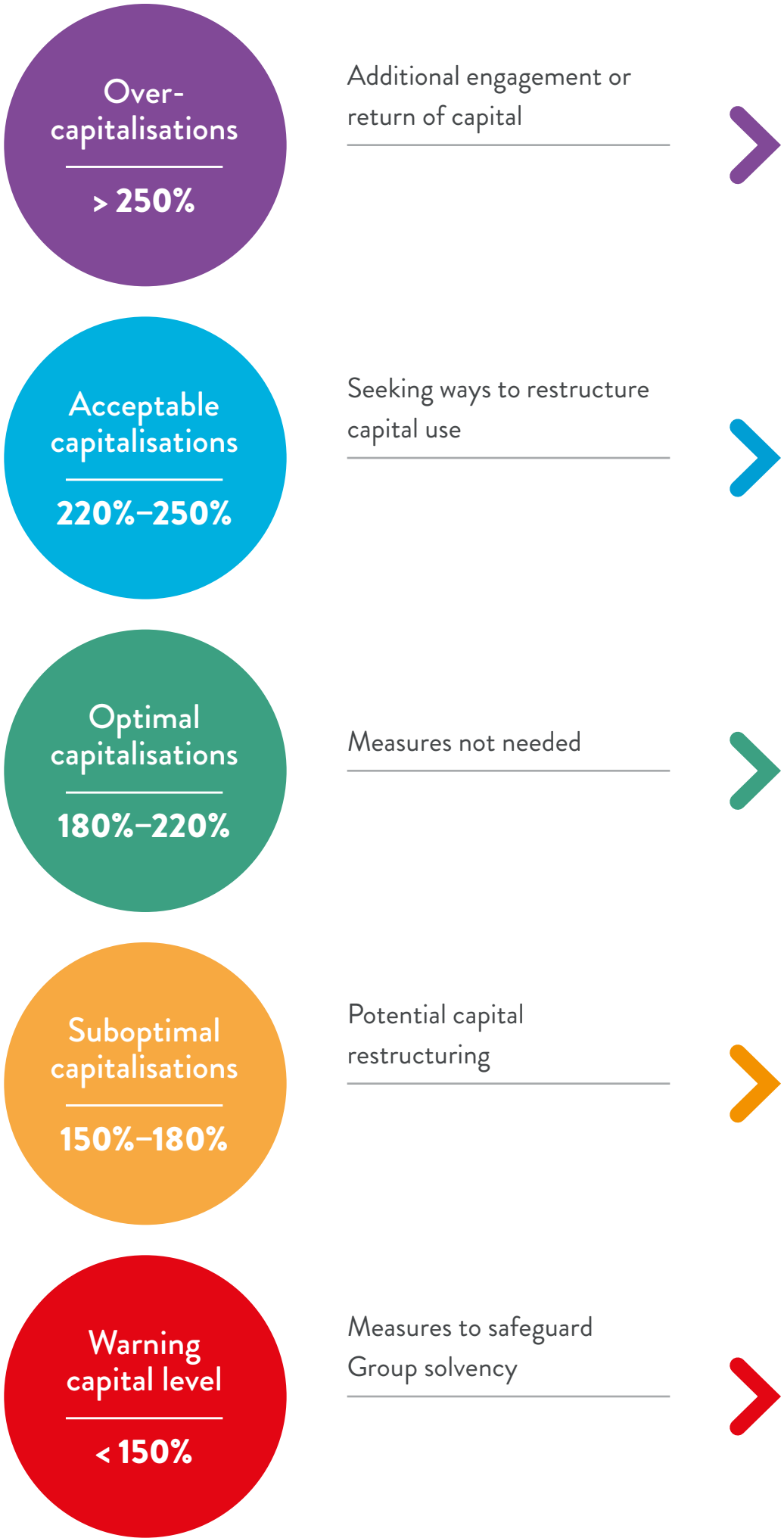
The Group and Sava Re use the standard formula for calculating their capital requirements under the Solvency II regime. The calculation of the solvency capital requirement (hereinafter: SCR) is carried out once a year completely, whereas eligible own funds supporting the Group’s solvency requirements are assessed quarterly and the solvency position is assessed during the year. Thus, on a quarterly basis, the solvency position is shown as an interval within which the solvency ratio is estimated to lie in the quarter.

Thus, the Group’s estimated solvency position as at 31 December 2022 indicates that the Group is well capitalised, with a solvency ratio expected within the range of 177% to 187% (31 December 2021: 198%). As at 31 December 2021, the Group’s eligible own funds to cover the SCR totalled EUR 601.3 million; however, we estimate that they somewhat decreased at the end of the year, chiefly as the result of the falling value of investments due to adverse developments in financial markets and claims inflation. As at 31 December 2021, the Group’s solvency capital requirement totalled EUR 304.4 million. According to our estimate, it rose slightly by the end of 2022, which was mainly a result of higher non-life underwriting risk and lower SCR adjustment for the loss-absorbing capacity of deferred taxes.

Based on the estimate, we believe that the Group’s solvency as at 31 December 2022 remains high and significantly above the regulatory requirement.

At the Sava Insurance Group level, in addition to ensuring regulatory capital adequacy, it is important to manage capital in such a way that it meets the requirements of credit rating agencies for “A” ratings, and that the Group remains solvent and is able to meet its obligations even if stress scenarios materialise. To this end, the risk strategy of the Sava Insurance Group for 2020–2022, which defines the Group’s risk appetite, defines the levels of required solvency ratios, as listed below. Thus, the Group ensures an adequate level of excess capital.

Solvency ratio levels in line with internal rules defined by the risk strategy





Due to the previously described adverse situation in 2022, the year-end solvency ratio estimate for the Sava Insurance Group stands at a slightly lower level than the solvency ratio at year-end 2021, which is near the lower limit of the optimal level, as shown in the figure below.

The upper right shows the Group’s solvency ratio ranges by quarter compared to the lower and upper limits of the optimal level of the solvency ratio under internal criteria.

Thus, Sava Re’s estimated solvency position as at 31 December 2022 indicates that the Company is well capitalised, with a solvency ratio in the range of 256% to 266% (31 December 2021: 282%). As at 31 December 2021, the eligible own funds to cover the SCR totalled EUR 615.7 million; however, we estimate that they somewhat decreased by the end of 2022, chiefly as the result of the falling value of investments and participations in subsidiaries due to adverse developments in financial markets. The Company’s solvency capital requirement (SCR) was EUR 218.0 million as at 31 December 2021 and is estimated to have decreased slightly by the end of 2022, mainly due to a lower capital requirement for market risks as a result of the decline in the value of investments and participations in subsidiaries due to adverse movements in financial markets.

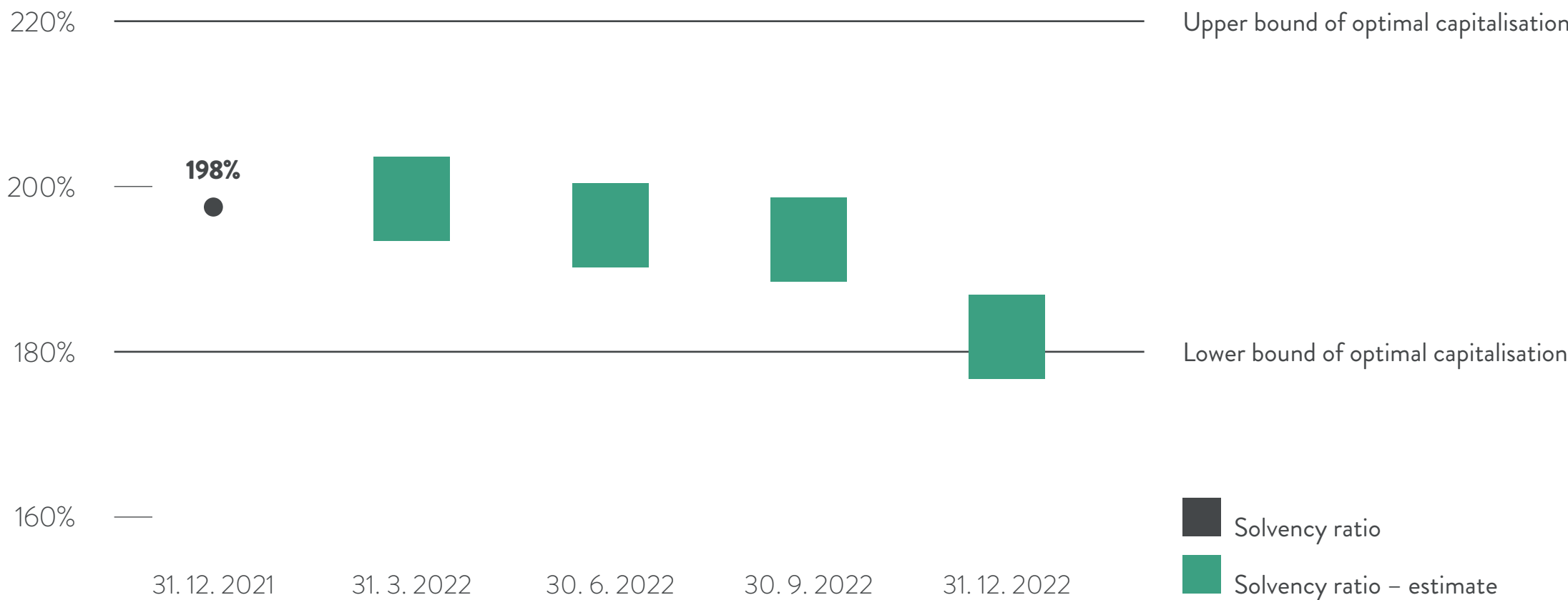
Throughout 2022, the Company’s capital adequacy was consistently assessed to be above the solvency ratio floor defined in the risk strategy (more than 200%) and significantly above regulatory requirements.

The lower right shows the Sava Re’s solvency ratio ranges by quarter compared to the lower limit of the optimal level of the solvency ratio under internal criteria.

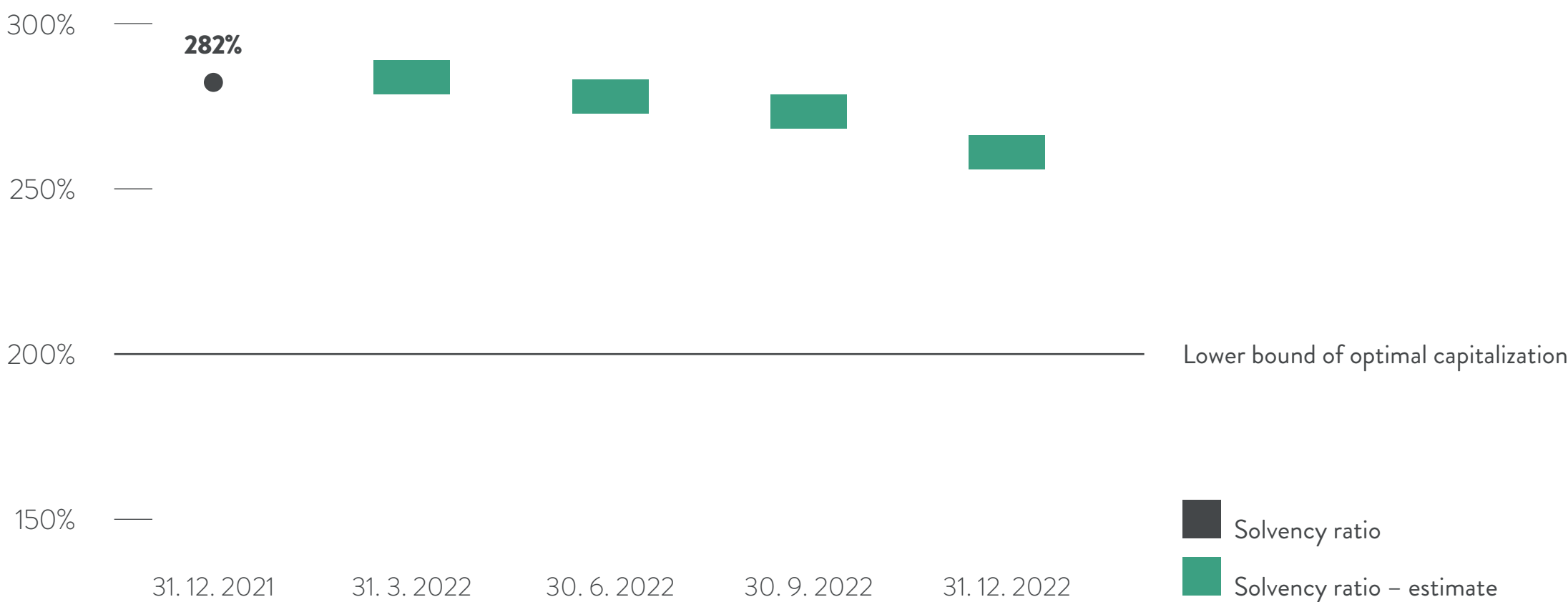
The Sava Insurance Group and Sava Re have strong solvency ratios, and insolvency risk is small. We estimate that, despite the adverse impact of the macroeconomic environment, the Group and Sava Re will continue to maintain high solvency ratios in the calculation at 31 December 2022, well above the regulatory solvency ratio. The scenarios conducted under ORSA 2023 also demonstrated the robustness of the Group’s and Sava Re’s solvency position.

The annual calculation of capital adequacy will be discussed in more detail in the Solvency and Financial Condition Report of the Sava Insurance Group and the Solvency and Financial Condition Report of Sava Re d.d.

Capital adequacy of Sava Insurance Group as at 31 December 2021 and in 2022



Capital adequacy of Sava Re as at 31 December 2021 and in 2022





17.7.3 Underwriting risks

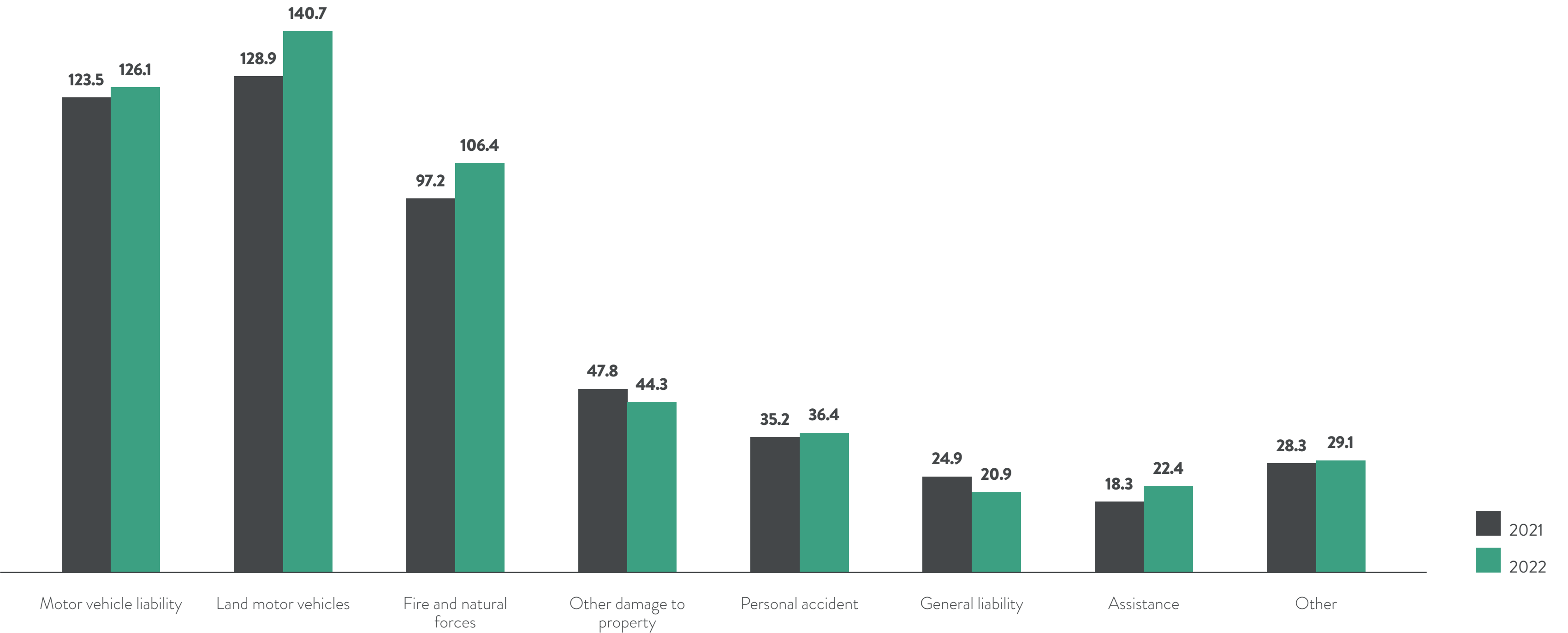
The Group and Sava Re are exposed to non-life, life and health underwriting risks. Accepted life reinsurance business of non-Group cedants, including accident reinsurance business, is classified as health reinsurance risk. Due to their one-year duration and according to the nature of their coverage, this life reinsurance business is comparable to accepted accident reinsurance business.

First, we present underwriting risks arising out of non-life business. This is followed by risks arising out of life and health insurance business.

17.7.3.1 Non-life underwriting risk

The Group’s exposure to non-life underwriting risk, measured by the volume of consolidated net premiums earned by insurance class, is shown in the graph on the right.

Sava Insurance Group consolidated net non-life premiums earned¹³⁴ by class of business EUR million



¹³⁴ The figure includes health insurance business, provided on a similar basis as non-life insurance business. Those risks are addressed in section [17.7.3.3 Health underwriting risk](#).



The breakdown of the Group’s net non-life premiums earned did not change significantly in 2022.

The Group sources the largest premium volume in the Adriatic region, where its direct insurance subsidiaries operate; exposure to Slovenia is predominant. Diversification in 2022 remains similar to that of the previous year. Other exposures of Sava Re in other areas are relatively well diversified globally.

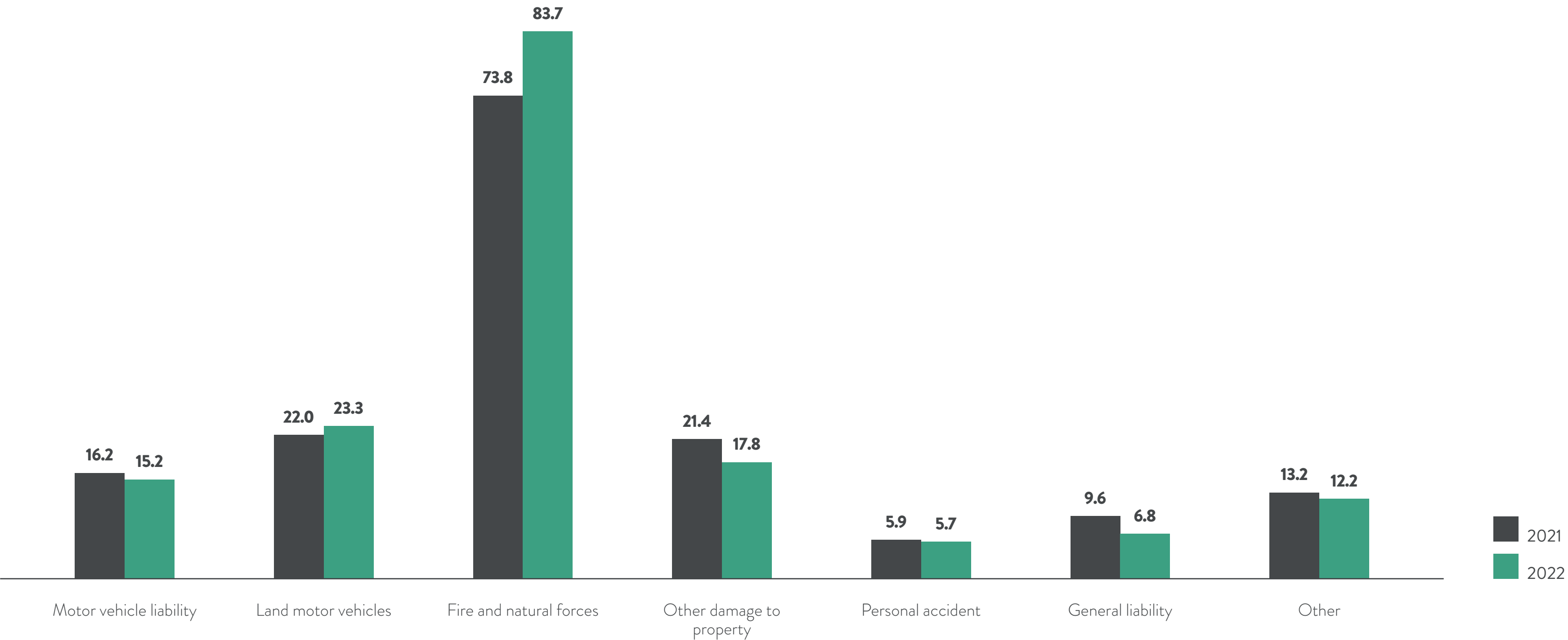
Because the Group as a whole has an adequate retrocession programme in place, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic losses. More likely is an increase in net claims due to a mass of small adverse developments (an increase in claims or expenses or decrease in premiums), which would affect the net combined ratio.

A change in the **Group’s net combined ratio** by 1 p.p. due to higher/lower realised underwriting risks would result in a decrease/increase in net profit before tax of EUR 5.5 million (2021: EUR 5.3 million).

Sava Re’s exposure to non-life underwriting risk, measured by the volume of consolidated net premiums earned by insurance class, is shown in the graph on the right.

Sava Re net non-life premiums earned by class of business¹³⁵

EUR million



¹³⁵ The figure includes health insurance business, provided on a similar basis as non-life insurance business. Those risks are addressed in section [17.7.3.3 Health underwriting risk](#).

The breakdown of Sava Re's net non-life (re)insurance premiums earned did not change significantly in 2022.

A change in **Sava Re's net combined ratio** by 1 p.p. due to higher/lower realised underwriting risks would result in a decrease/increase in net profit before tax of EUR 1.7 million (2021: EUR 1.7 million). In 2022, an additional maximum net claim of EUR 5.0 million would have deteriorated the combined ratio by 2.9% (2021: 3.0%).

The Group and Sava Re manage non-life underwriting risks with:

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

The sections below explain risk management in greater detail by each non-life underwriting risk.

Premium risk

The Group's premium risk was slightly higher than in 2021 and is estimated as moderate. We further assess that this risk in Sava Re is also moderate. Having increased significantly in 2022 (which also had a negative impact on the Group's annual result), the claims inflation is a source of uncertainty. In the future, we will have to carefully monitor the adequacy of used assumptions and promptly react by adjusting the premium rates so as to ensure the achievement of planned Group results to the greatest extent possible.

Most accepted non-life (re)insurance contracts are renewed annually. This allows insurers to amend the conditions and rates to take into account any deterioration in the underwriting results of entire classes of business, and for major policyholders in a timely manner. In response to rising inflation, the Group raised the premium rates for motor and property insurance. Due to deteriorating macroeconomic conditions and the increased intensity of natural disasters in recent years, reinsurance premium rates increased substantially in 2022, which has been very beneficial for the management of premium risk in reinsurance underwriting.

The Group seeks to mitigate price risk before launching a product by making in-depth market analyses, staying informed (media, competitors, clients), monitoring applicable regulations and associated requirements, and monitoring historical claim trends (for the entire market) and forecasts. In the case of obligatory proportional reinsurance treaties, Sava Re follows the fortune of its ceding companies, while with non-proportional and facultative contracts, the decision on assuming a risk is on Sava Re. It follows from the foregoing that in order to manage this risk, it is essential to review the practices of existing and future ceding companies and to analyse developments in the relevant markets and in the relevant classes of insurance. Consequently, coverage may only be granted by following internal underwriting guidelines, and the results must be consistent with the target combined ratios, based on available information, prices set and other relevant contractual provisions. The suitability of pricing is verified through modelling and other detailed profitability reviews.

Another underwriting process risk is PML error, the inaccurate assessment of the Probable Maximum Loss (hereinafter: PML). In order to mitigate this risk, the Group has in place guidelines for PML assessment, requirements that PML assessments are a team exercise, and ensures that the reinsurance programme covers PML error.

The Group mitigates claims risk through in-depth assessments of underwriting process risk, by restricting the authorisations in the underwriting process, and by developing IT support that allows an accurate overview of claims accumulation. For accepted reinsurance, this risk, too, can be managed by means of special clauses in proportional reinsurance contracts, which limit the reinsurer's share of unexpected claims, and by not accepting unlimited layers under non-proportional contracts. Also central to reducing this risk is the annual testing of the appropriateness of reinsurance protection using a variety of stress tests and scenarios, and setting appropriate retentions. Retention levels and per risk reinsurance protection in 2022 remain similar to the previous year.



Reserve risk

The Group's and Sava Re's reserve risk is estimated as moderate and is slightly higher than in 2021 due to claims inflation. For the same reason, Zavarovalnica Sava substantially increased claims provisions for non-life insurance in 2022, taking into account the realised inflation and an additional increase from the expected future inflation of claims in the claims provision. At the end of 2022, having received information from cedants, Sava Re also increased provisions on account of the inflation in 2022 as well as expected future inflation.

The risk is managed through the measures described below.

Insufficiency of technical provisions may occur because of inaccurate actuarial estimates or an unexpectedly unfavourable loss development. It may be a result of new types of losses that have not been excluded in cedants' insurance conditions and for which no claims provisions have yet been established, which is common with liability insurance contracts, but can also occur due to changed court practices. All experience so gained is then used in the calculation of future technical provisions. The adjustment of claims provision as-

sumptions in 2022 was shaped by the increased claims inflation, but run-off analyses for provisions established (subsequently) show positive results despite the 2022 increase.

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

- risk of data availability and accuracy,
- risk of adequacy of methods and assumptions used,
- risk of a calculation error,
- risk associated with supporting IT systems and tools.

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

Such controls include:

- reconciliation of technical provision items with accounting records,
- peer review of actuarial methods and assumptions,
- changes to management controls relating to the IT tools used in the process,
- actuarial review and approval of the level of technical provisions.

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

Back-testing of the appropriateness of technical provisions in 2022

Unearned premiums are established by Group members on a pro rata basis at the insurance policy level. In addition to unearned premiums, Group companies establish provisions for unexpired risks for those homogeneous risk groups where the combined ratio (loss ratio plus expense ratio) is expected to exceed 100%, as described in the notes to technical provisions.

The adequacy of the values of claims provisions or technical provisions is verified through a run-off analysis. This can only be applied to past years – the further back in time, the more precise the results. Given that technical provisions are calculated using consistent actuarial methods, we can conclude, based on past discrepancies between originally estimated liabilities and subsequently established liabilities at individual dates of the statement of financial position, that the provisions as at 31 December 2022 are adequate. Due to the difference in posting claims provisions for accepted reinsurance and primary insurance business (discussed later in this section), the run-off analysis was made separately for primary insurance and reinsurance business; in the latter case, we only show the accepted business of cedants outside the Group to show the adequacy of gross provisions at the Group level.

Group primary insurance companies record and analyse claims provision data by accident year. The table below shows an analysis of gross claims provisions established by the Group for liabilities under non-life primary insurance contracts. Amounts were translated from local currencies into euros using the exchange rate prevailing at the end of the year (provisions) or in the middle of the year (claims paid).



Adequacy analysis of gross claims provisions for the Sava Insurance Group's non-life insurance business

EUR thousand	Year ended 31 Dec										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Estimate of gross liabilities											
As originally estimated	290,499	292,999	311,802	303,829	314,973	316,588	306,594	322,958	346,481	343,019	338,903
Re-estimated as of 1 year later	246,769	248,045	251,886	256,131	257,762	258,291	264,189	283,213	292,931	293,887	
Re-estimated as of 2 years later	230,036	217,668	232,313	219,350	216,504	233,585	244,567	254,568	266,250		
Re-estimated as of 3 years later	207,394	207,611	205,152	186,396	199,595	218,796	224,719	242,461			
Re-estimated as of 4 years later	200,443	186,060	179,713	172,868	186,872	206,174	216,887				
Re-estimated as of 5 years later	183,294	165,670	168,502	162,830	179,287	205,137					
Re-estimated as of 6 years later	166,503	157,871	160,722	158,942	177,143						
Re-estimated as of 7 years later	160,050	152,384	157,832	155,789							
Re-estimated as of 8 years later	156,602	151,397	155,791								
Re-estimated as of 9 years later	155,956	150,363									
Re-estimated as of 10 years later	155,524										
Cumulative gross redundancy (latest estimate – original estimate)	134,975	142,636	156,011	148,039	137,830	111,451	89,707	80,497	80,232	49,132	-
Cumulative gross redundancy as % of original estimate	46.5%	48.7%	50.0%	48.7%	43.8%	35.2%	29.3%	24.9%	23.2%	14.3%	-
Cumulative gross redundancy as % of original estimate (2021)	46.3%	48.3%	49.4%	47.7%	43.1%	34.9%	26.7%	21.2%	15.5%	-	-



The Group cannot use triangles organised by accident year data for recording claims provisions in respect of accepted reinsurance business. This is because ceding companies report claims under proportional treaties broken down by underwriting year. As claims under one-year policies written during any one year may occur either in the year the policy is written or in the year

after, data on losses for proportional reinsurance contracts is only broken down by underwriting year. Furthermore, some markets renew treaty business during the year, resulting in additional discrepancies between the underwriting year and the accident year. Due to these specifics, the Group provides data on reinsurer's share by underwriting year. The estimated liabilities re-

late to claims that have already been incurred (reported and not reported) and the settlement of which is covered by the claims provision, and claims arising from accepted contracts that have not yet been incurred and the settlement of which is covered by unearned premiums less deferred commission.

The following table therefore shows originally estimated gross or net liabilities with claims provisions included at any year-end plus unearned premiums less deferred commission, which is compared to subsequent estimates of these liabilities.

Adequacy analysis of gross technical provisions of Sava Re for non-Group accepted reinsurance business

EUR thousand	Year ended 31 Dec										
Estimate of gross liabilities	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
As originally estimated	121,735	123,079	125,023	142,850	146,463	149,017	150,198	163,050	183,917	219,519	232,359
Re-estimated as of 1 year later	109,506	107,622	119,263	132,998	127,717	132,200	143,738	152,741	165,885	209,914	
Re-estimated as of 2 years later	103,445	107,313	112,468	122,748	119,454	129,376	136,424	148,246	154,100		
Re-estimated as of 3 years later	101,933	104,790	106,666	117,864	120,620	126,985	135,101	145,083			
Re-estimated as of 4 years later	100,548	99,270	103,714	119,066	117,370	126,431	134,834				
Re-estimated as of 5 years later	97,783	97,472	106,072	118,033	117,930	127,427					
Re-estimated as of 6 years later	96,073	99,853	104,740	117,088	118,464						
Re-estimated as of 7 years later	97,321	98,776	104,385	116,643							
Re-estimated as of 8 years later	96,944	98,682	104,200								
Re-estimated as of 9 years later	96,915	98,760									
Re-estimated as of 10 years later	97,117										
Cumulative gross redundancy (latest estimate – original estimate)	24,618	24,320	20,823	26,207	27,999	21,589	15,365	17,968	29,816	9,604	-
Cumulative gross redundancy as % of original estimate	20.2%	19.8%	16.7%	18.3%	19.1%	14.5%	10.2%	11.0%	16.2%	4.4%	-
Cumulative gross redundancy as % of original estimate (2021)	20.4%	19.8%	16.5%	18.0%	19.5%	15.2%	10.1%	9.1%	9.8%	-	-



When establishing technical provisions, the Group takes into account any under-reserved technical provisions identified on the subsidiary company level, recognising any identified deficiencies at the Group level. As at 31 December 2022, there were no aforementioned deficiencies.

We also analyse Save Re's gross provisions in a similar way.

Adequacy analysis of gross technical provisions for Sava Re

EUR thousand	Year ended 31 Dec										
Estimate of gross liabilities	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
As originally estimated	206,099	199,339	207,416	209,963	218,615	224,093	225,314	253,098	290,564	326,187	337,163
Re-estimated as of 1 year later	179,499	170,890	183,590	191,260	191,207	196,533	212,977	230,594	266,524	307,795	
Re-estimated as of 2 years later	169,304	160,099	174,579	175,447	177,623	193,586	201,337	226,207	252,154		
Re-estimated as of 3 years later	158,181	156,865	164,654	165,546	179,783	188,634	198,852	223,337			
Re-estimated as of 4 years later	155,634	147,772	157,337	168,051	173,940	187,557	199,083				
Re-estimated as of 5 years later	149,283	142,401	160,186	164,979	174,546	189,997					
Re-estimated as of 6 years later	144,100	144,796	158,029	164,560	175,528						
Re-estimated as of 7 years later	144,541	143,401	158,146	164,958							
Re-estimated as of 8 years later	144,271	144,228	158,838								
Re-estimated as of 9 years later	144,727	145,343									
Re-estimated as of 10 years later	146,124										
Cumulative gross redundancy (latest estimate – original estimate)	59,974	53,996	48,578	45,005	43,088	34,097	26,231	29,761	38,410	18,392	-
Cumulative gross redundancy as % of original estimate	29.1%	27.1%	23.4%	21.4%	19.7%	15.2%	11.6%	11.8%	13.2%	5.6%	-
Cumulative gross redundancy as % of original estimate (2021)	29.8%	27.6%	23.8%	21.6%	20.2%	16.3%	11.7%	10.6%	8.3%	-	-



Similarly, we can monitor the analysis of the run-off of the net provision for outstanding claims or technical provisions, which is also divided into primary insurance and accepted reinsurance business. As the ceded re-insurance of primary insurance has already been deducted from net provisions, accepted reinsurance for the purposes of the analysis of the Group and for purposes of the analysis of Sava Re is the same.

Adequacy analysis of net claims provisions for the non-life insurance business of the Sava Insurance Group

EUR thousand	Year ended 31 Dec										
Estimate of liabilities	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
As originally estimated	221,249	230,665	245,530	248,737	256,314	258,080	251,549	260,084	266,847	261,009	252,647
Re-estimated as of 1 year later	194,017	195,502	205,547	207,917	210,223	211,880	212,514	218,994	222,965	221,191	
Re-estimated as of 2 years later	180,774	175,825	188,199	178,841	177,350	189,419	191,374	195,776	200,476		
Re-estimated as of 3 years later	166,003	166,620	167,128	152,494	161,866	173,720	175,266	185,456			
Re-estimated as of 4 years later	160,059	150,089	146,973	140,308	148,933	163,408	168,407				
Re-estimated as of 5 years later	146,944	134,035	137,035	130,171	142,611	161,763					
Re-estimated as of 6 years later	133,832	127,028	129,090	126,853	140,576						
Re-estimated as of 7 years later	128,085	121,242	126,610	124,169							
Re-estimated as of 8 years later	124,023	120,289	124,820								
Re-estimated as of 9 years later	123,417	119,269									
Re-estimated as of 10 years later	122,861										
Cumulative gross redundancy (latest estimate – original estimate)	98,387	111,396	120,710	124,568	115,738	96,317	83,142	74,629	66,371	39,818	-
Cumulative gross redundancy as % of original estimate	44.5%	48.3%	49.2%	50.1%	45.2%	37.3%	33.1%	28.7%	24.9%	15.3%	-
Cumulative gross redundancy as % of original estimate (2021)	44.2%	47.9%	48.4%	49.0%	44.4%	36.7%	30.3%	24.7%	16.4%	-	-

Analysis of the amount of net technical provisions for accepted reinsurance or net technical provisions of Sava Re

EUR thousand	Year ended 31 Dec										
Estimate of liabilities	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
As originally estimated	174,480	173,344	177,031	194,262	200,824	204,479	204,392	222,739	259,627	278,603	282,579
Re-estimated as of 1 year later	153,136	153,577	161,973	175,595	175,066	178,102	192,189	207,659	237,256	260,163	
Re-estimated as of 2 years later	147,655	142,529	151,267	159,178	158,850	171,432	179,817	201,645	220,945		
Re-estimated as of 3 years later	136,270	137,887	140,291	147,913	157,175	165,987	176,628	197,435			
Re-estimated as of 4 years later	132,322	127,700	131,429	146,688	151,959	164,308	175,629				
Re-estimated as of 5 years later	125,137	120,791	131,813	144,196	151,660	165,481					
Re-estimated as of 6 years later	119,238	121,578	129,328	142,752	151,444						
Re-estimated as of 7 years later	118,405	119,416	128,404	141,642							
Re-estimated as of 8 years later	117,369	119,004	127,547								
Re-estimated as of 9 years later	116,795	118,561									
Re-estimated as of 10 years later	116,701										
Cumulative gross redundancy (latest estimate – original estimate)	57,779	54,783	49,484	52,620	49,381	38,999	28,762	25,304	38,682	18,440	-
Cumulative gross redundancy as % of original estimate	33.1%	31.6%	28.0%	27.1%	24.6%	19.1%	14.1%	11.4%	14.9%	6.6%	-
Cumulative gross redundancy as % of original estimate (2021)	33.1%	31.3%	27.5%	26.5%	24.5%	19.6%	13.6%	9.5%	8.6%	/	-

Lapse risk

The lapse risk in 2022 for both Sava Re and the Group is assessed as low and comparable to the previous year.

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

ance policy is no longer owned by the policyholder or has been destroyed due to a loss event). The majority of accepted reinsurance contracts is also written for a period of one year. This risk is mitigated primarily by maintaining good relationships with policyholders and cedants and by closely analysing market conditions.

Catastrophe risk

We assess the Group's disaster risk in 2022 as moderate and (given the volume of insurance portfolios) similar to the previous year. We also assess the same risk for Sava Re as moderate.

The Group manages catastrophe risk by means of a well-designed underwriting process, by controlling risk concentration for products covering larger complexes

against natural disasters and fire, by geographical diversification, and by adequate retrocession protection against natural and man-made catastrophes. In managing these risks, due consideration is given to the fact that maximum net aggregate losses in any one year are affected by both the maximum net claim arising from a single catastrophe event and the frequency of such events.



An appropriate reinsurance programme is important for managing the underwriting risk to which the Group is exposed. Sava Re uses retrocession treaties to diversify risk appropriately. The reinsurance programme is set up to reduce exposure to potential single large losses or the effect of a large number of single losses arising from the same loss event. The Group considers its reinsurance programme (including proportional and non-proportional reinsurance) to be appropriate in view of the risks to which it is exposed. Net retention limits set by the Group are only rarely applied. The Group also concludes co-insurance and reciprocal contracts

Gross exposure of Sava Re to natural catastrophes by country¹³⁶

EUR thousand	31 Dec 2022	31 Dec 2021
Slovenia	672,500	627,500
Croatia	36,157	45,868
Greece	27,100	29,477
Turkey	27,036	30,725
Cyprus	26,811	26,645
Serbia	26,095	32,126
Germany	26,063	33,133
Hungary	23,966	27,938
Vietnam	22,498	22,129
China	21,378	45,109
Total	909,604	920,649

with other reinsurers to further disperse risks.

We consider natural catastrophe risk to be the biggest catastrophe risk for the Company’s and the Group’s non-life insurance business. The Company has the highest exposure to natural disasters in Slovenia, whereas exposures elsewhere are relatively well-diversified globally.

The following table shows the Company’s gross natural catastrophe exposures for the 10 countries with the highest exposure as at 31 December 2022.

Exposure to Slovenia was lower than the previous year and a more significant decrease was also recorded for exposure to Croatia and China.

At the Group level, the exposure to natural catastrophes is higher than shown above only in the regions where the Group companies underwrite property in-

Gross aggregate exposures in Slovenia by peril

EUR thousand ¹³⁷	2022	2021
Flood	12,891,510	12,469,313
Earthquake	15,159,157	13,298,175
Storm and hail	53,163,175	51,152,165

The Group’s primary insurance business and separately accepted non-Group reinsurance business is protected against natural catastrophes based on non-proportional CAT XL coverages for own account. Even prior to the operation of the non-proportional protection, the portfolio of earthquake (re)insurance business of the Group’s cedants is protected by a quota share retrocession treaty. This means that if a major event occurs, the Group will suffer a loss equal, at most, to the amount of the priority of the catastrophe excess-of-loss cover plus reinstatement premium; the priority of the catastrophe programme for Group business remained unchanged in 2022 at EUR 5.0 million, while the priority of the catastrophe programme for non-Group accepted reinsurance was reduced to EUR 3.0 million in 2022, resulting in reduced net ex-

posure to a catastrophic event in this portfolio. If the Group makes additional use of the coverage, it is subject to provisions concerning reinstatements, meaning that it would purchase protection for the remaining period of cover. This is a common instrument available in the international reinsurance market at a price that is usually lower than the original cover due to the shorter coverage period. To cap the aggregate amount of claims in a period, the Slovenian portfolio is further covered by an aggregate reinsurance cover. It ensures that the Group remains solvent even if several catastrophic events occur in a single year.

136 The exposures for the previous year are shown for comparison purposes; they are not necessarily the highest exposures in the year.

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



Other than for the aforementioned reduced priority of the CAT programme for non-Group accepted reinsurance of cedants, the reinsurance programme remains more or less the same as the previous year. In this way, the Group maintains catastrophe risk at a level comparable to 2021.

Assessed risk exposure in 2022 compared to 2021

The Group’s non-life underwriting risk is assessed as moderate. In 2022, the premium and reserve risk slightly increased due to claims inflation, while other risks remained at the 2021 level. We find that the risks within the Sava Insurance Group and Sava Re are adequately managed.

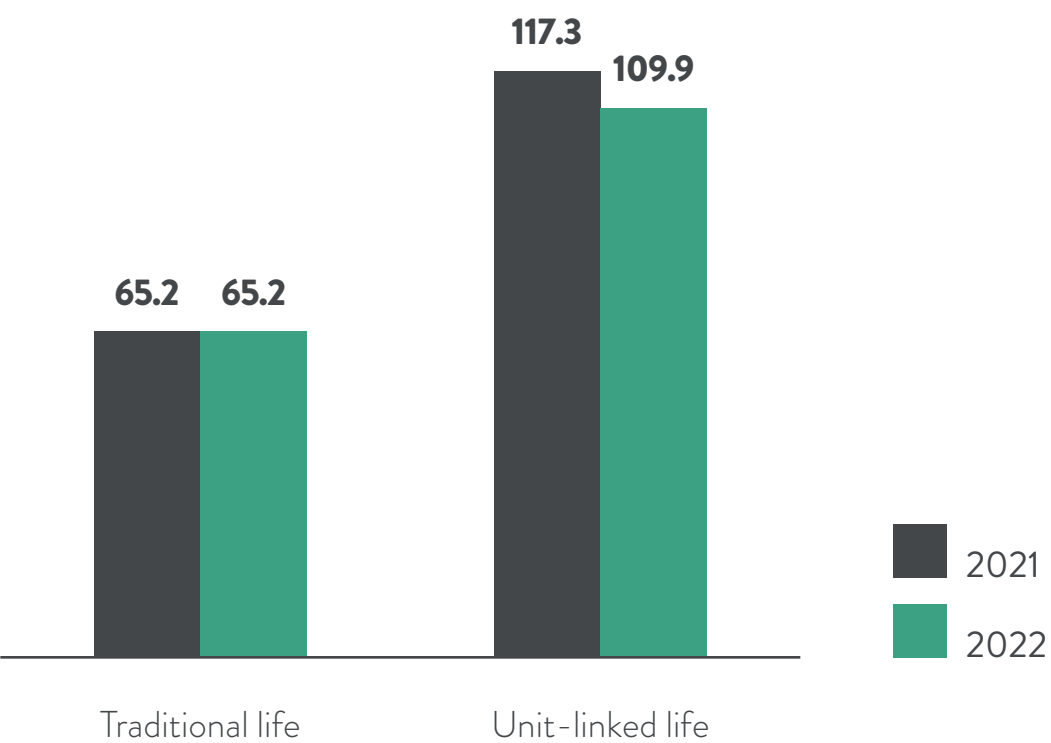
According to our assessment, the likelihood that the non-life underwriting risk would seriously compromise the Group’s or Sava Re’s financial stability is estimated as low.

17.7.3.2 Life underwriting risk

The main life underwriting risks relevant for Sava Re and the Group are the mortality risk, life expense risk and lapse risk (which includes terminations due to surrenders, changes to paid-up status and defaults).

The Group is moderately exposed to life underwriting risk. The Group’s main exposure to life underwriting risk is in the EU. The structure of net premiums earned from the Group’s life insurance business is shown in the chart below.

Consolidated net premiums earned of the Sava Insurance Group by line of business (EUR million)



Sava Re’s exposure to life underwriting risk is low. In 2022, net premiums earned from the reinsurance of traditional life insurance amounted to EUR 759 thousand (2021: EUR 548 thousand) and net premiums earned from unit-linked life insurance to EUR 68 thousand (2021: EUR 42 thousand).

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

The Group additionally manages life underwriting risk by strictly following underwriting and risk assessment procedures. These specify the criteria and terms of approving risk acceptance. At given premium rates, risk assumption depends on the age at entry and the requested sum insured. The Group accepts risks if the insured’s health, as a measure of risk quality, is in line

with table data listing criteria for medical examinations. An additional factor in the assumption of risks is lifestyle, including leisure activities and occupation. The Group has in place an appropriate reinsurance programme in order to limit the impact of underwriting risk (death and additional risks); covers are generally on a proportional basis. The retention of insurance companies does not exceed EUR 100,000.

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

Assessed risk exposure in 2022 compared to 2021

We estimate the Group’s life underwriting risk as moderate and well managed, remaining at a similar level to 2021.



17.7.3.3 Health underwriting risk

Most of the exposure in health underwriting relates to accident insurance classified as NSLT health insurance, but the exposure to SLT health insurance is very low.

NSLT health underwriting risks are, inherently, very similar to non-life underwriting risks and are therefore discussed in greater detail in section [17.7.3.1 “Non-life underwriting risk”](#) focusing on non-life business. The Group manages NSLT-health underwriting risks through similar techniques, i.e. by means of a well-designed underwriting process, control of risk concentration for accident and health insurance products, and adequate reinsurance protection.

SLT health underwriting risks are by their nature very similar to life underwriting risks and are therefore managed by the Group using similar techniques. They are discussed in greater detail in section [17.7.3.2 “Life underwriting risk”](#).

Assessed risk exposure in 2022 compared to 2021

We consider the Group’s and Sava Re’s exposure to health underwriting risk in 2022 low and comparable to 2021.

17.7.4 Financial risks¹³⁸

The value of the investment portfolio includes the following balance sheet items: financial investments, investment property, investments in subsidiaries, cash and cash equivalents, and assets held for the benefit of policyholders who bear the investment risk.

As at 31 December 2022, the balance-sheet value of this investment portfolio stood at EUR 1,918.8 million (31 December 2021: EUR 2,113.5 million).

In terms of risk, the investment portfolio portion focused on the assets held for the benefit of policyholders who bear the investment risk (hereinafter: IRLF) can be divided into:

- The investments of policyholders relating to the liabilities of unit-linked life business where policyholders fully bear the full investment risk. This part of the investment portfolio is invested in mutual funds selected by policyholders (matching of assets and liabilities). In accordance with the revaluation of investments in mutual funds based on market rates, mathematical provisions are also revalued, so these investments are excluded from the risk analysis, but the data is presented in the tables below showing the entire investment portfolio. The value of these investments was EUR 431.4 million at the end of 2022 (in 2021: EUR 447.2 million).

- Investments supporting the liabilities of unit-linked life business for which the insurer provides guaranteed unit values. For this part of the investment portfolio, the insurance company assumes the risk of achieving the guaranteed return and all market risks. The Company defines an investment policy for this investment portfolio part, which covers various types of investments included in a more detailed analysis of financial risks, as the insurance company assumes them in full.

This portion of the investments of assets of policyholders who assume investment risk from the point of view of the insurance company’s financial risk exposure is shown in the table below, together with investments supporting non-life and traditional life insurance.

138 For financial risks, we disclose other financial risks in addition to those identified in IFRS 7.



Value and structure of the investment portfolio in terms of financial risk assumption as at 31 December 2022

Sava Insurance Group			IRLF			
EUR	Non-life	Life	Insurer investments*	Policyholder's investments**	Total	Investments exposed to financial risk
Deposits and CDs	14,287,803	4,988,318	0	0	19,276,121	19,276,121
Government bonds	473,851,165	258,742,940	30,417,058	0	763,011,163	763,011,163
Corporate bonds	178,274,157	239,523,114	20,371,478	0	438,168,749	438,168,749
Shares (excluding strategic shares)	8,180,114	14,929,764	0	0	23,109,878	23,109,878
Mutual funds	16,795,953	5,361,779	1,705,764	431,399,568	455,263,063	23,863,496
bond and money market	12,721,179	1,373,844	1,705,764	41,853,078	57,653,865	15,800,787
mixed	0	0	0	92,506,399	92,506,399	0
equity funds	4,074,774	3,987,935	0	297,040,090	305,102,799	8,062,709
Infrastructure funds	53,856,376	0	0	0	53,856,376	53,856,376
Real estate funds	14,700,362	1,796,699	0	0	16,497,061	16,497,061
Loans granted and other investments	1,248,137	141,120	0	0	1,389,257	1,389,257
Deposits with cedants	10,334,969	0	0	0	10,334,969	10,334,969
Financial investments	771,529,035	525,483,734	52,494,300	431,399,568	1,780,906,636	1,349,507,069
Financial investments in associates	21,856,109	0	0	0	21,856,109	0
Investment property	22,761,518	34,241	0	0	22,795,759	22,795,759
Cash and cash equivalents	62,628,926	15,721,734	14,883,805	0	93,234,465	93,234,465
Investment portfolio	878,775,588	541,239,709	67,378,106	431,399,568	1,918,792,969	1,465,537,294

* Investments supporting the liabilities of unit-linked life business with which the insurer covers guaranteed unit values and assumes market risk.

** Investments for the benefit of life-insurance policyholders who bear the investment risk (mutual funds selected by policyholders).



Value and structure of the investment portfolio in terms of financial risk assumption as at 31 December 2021

Sava Insurance Group			IRLF			
EUR	Non-life	Life	Insurer investments*	Policyholder investments**	Total	Investments exposed to financial risk
Deposits and CDs	12,605,079	5,956,618	2,008,600	0	20,570,296	20,570,296
Government bonds	445,328,578	273,171,403	36,001,448	0	754,501,428	754,501,428
Corporate bonds	266,180,211	325,955,892	30,297,820	0	622,433,923	622,433,923
Shares (excluding strategic shares)	9,843,601	26,122,084	0	0	35,965,685	35,965,685
Mutual funds	28,522,221	7,338,860	1,977,081	447,154,643	484,992,805	37,838,159
bond and money market	16,019,824	1,874,078	1,977,081	36,183,144	56,054,123	19,870,979
mixed	0	0	0	89,947,477	89,947,477	0
equity funds	12,502,397	5,464,782	0	321,024,022	338,991,201	17,967,179
Infrastructure funds	44,532,966	0	0	0	44,532,966	44,532,966
Real estate funds	14,209,049	1,637,010	0	0	15,846,059	15,846,059
Loans granted and other investments	1,539,703	134,836	0	0	1,674,539	1,674,539
Deposits with cedants	9,610,337	0	0	0	9,610,337	9,610,337
Financial investments	832,371,745	640,316,702	70,284,949	447,154,643	1,990,128,039	1,542,973,392
Financial investments in associates	20,479,729	0	0	0	20,479,729	0
Investment property	14,245,609	35,583	0	0	14,281,192	14,281,192
Cash and cash equivalents	63,072,752	10,904,760	14,670,166	0	88,647,678	88,647,678
Investment portfolio	930,169,835	651,257,045	84,955,115	447,154,643	2,113,536,638	1,645,902,262

* Investments supporting the liabilities of unit-linked life business with which the insurer covers guaranteed unit values and assumes market risk.

** Investments for the benefit of life-insurance policyholders who bear the investment risk (mutual funds selected by policyholders).



As at 31 December 2022, the Sava Re investment portfolio totalled EUR 687.9 million (31 December 2021: EUR 688.6 million) and consists of:

- financial investments (2022: EUR 333.3 million; 2021: EUR 327.8 million),
- financial investments in subsidiaries and associates (2022: EUR 322.9 million; 2021: EUR 324.1 million),
- investment property (2022: EUR 7.7 million; 2021: EUR 7.9 million),

- cash and cash equivalents (2022: EUR 23.9 million; 2021: EUR 28.8 million).

In 2022, the value of Sava Re's investment portfolio exposed to financial risk decreased by EUR 0.7 million compared to year-end 2021, which is explained in section [9.2.1.1 "Investment portfolio"](#) of the business part of the report.

Value and structure of the investment portfolio in terms of financial risk assumption

Sava Re Type of investment	31 Dec 2022	As % of total 31 Dec 2022	31 Dec 2021	As % of total 31 Dec 2021	Absolute change	Change in structure (p.p.)
Government bonds	214,198,804	31.1%	179,718,397	26.1%	34,480,407	5.0
Corporate bonds	73,992,930	10.8%	104,042,314	15.1%	-30,049,384	-4.4
Shares (excluding strategic shares)	5,599,554	0.8%	6,850,703	1.0%	-1,251,149	-0.2
Mutual funds	3,933,982	0.6%	6,011,306	0.9%	-2,077,324	-0.3
bond funds	2,246,501	0.3%	2,648,312	0.4%	-401,811	-0.1
equity funds	1,687,481	0.2%	3,362,993	0.5%	-1,675,513	-0.2
Infrastructure funds	18,843,871	2.7%	14,554,843	2.1%	4,289,029	0.6
Real estate funds	4,584,214	0.7%	4,423,724	0.6%	160,490	0.0
Loans granted	1,840,393	0.3%	2,572,974	0.4%	-732,580	-0.1
Deposits with cedants	10,334,969	1.5%	9,610,337	1.4%	724,632	0.1
Financial investments	333,328,717	48.5%	327,784,595	47.6%	5,544,121	0.9
Financial investments in Group companies	322,935,793	46.9%	324,129,991	47.1%	-1,194,198	-0.1
Investment property	7,721,693	1.1%	7,899,693	1.1%	-178,000	0.0
Cash and cash equivalents	23,926,029	3.5%	28,806,817	4.2%	-4,880,788	-0.7
Total financial investments exposed to financial risk	687,912,232	100.0%	688,621,097	100.0%	-708,865	-



17.7.4.1 Market risk

The following table shows the Group's investments exposed to market risk

Group financial investments exposed to market risk

Sava Insurance Group Type of investment	31 Dec 2022	As % of total 31 Dec 2022	31 Dec 2021	As % of total 31 Dec 2021	Absolute change	Change in structure (p.p.)
Deposits and CDs	19,276,121	1.4%	20,570,296	1.3%	-1,294,175	0.1
Government bonds	763,011,163	55.1%	754,501,428	48.1%	8,509,735	7.0
Corporate bonds	438,168,749	31.7%	622,433,923	39.7%	-184,265,174	-8.1
Shares (excluding strategic shares)	23,109,878	1.7%	35,965,685	2.3%	-12,855,808	-0.6
Mutual funds	23,863,496	1.7%	37,838,159	2.4%	-13,974,663	-0.7
bond and money market	15,800,787	1.1%	19,870,979	1.3%	-4,070,193	-0.1
mixed	0	0.0%	0	0.0%	0	0.0
equity funds	8,062,709	0.6%	17,967,179	1.1%	-9,904,470	-0.6
Infrastructure funds	53,856,376	3.9%	44,532,966	2.8%	9,323,410	1.1
Real estate funds	16,497,061	1.2%	15,846,059	1.0%	651,003	0.2
Loans granted and other investments	1,389,257	0.1%	1,674,539	0.1%	-285,283	0.0
Financial investments	1,339,172,100	96.8%	1,533,363,056	97.8%	-194,190,956	-1.0
Financial investments in associates	21,856,109	1.6%	20,479,729	1.3%	1,376,380	0.3
Investment property	22,795,759	1.6%	14,281,192	0.9%	8,514,567	0.7
Investment portfolio	1,383,823,968	100.0%	1,568,123,977	100.0%	-184,300,009	-
Investment portfolio excluding investments in associates	1,361,967,859	98.4%	1,547,644,248	98.7%	-185,676,389	-0.3

The value of the Group's investments portfolio exposed to market risk decreased by EUR 184.3 million in 2022 compared to year-end 2021, which is explained in section [9.2.1.1 "Investment portfolio"](#) of the business report part.

Sava Re financial investments exposed to market risk

Sava Re Type of investment	31 Dec 2022	As % of total 31 Dec 2022	31 Dec 2021	As % of total 31 Dec 2021	Absolute change	Change in structure (p.p.)
Government bonds	214,198,804	32.8%	179,718,397	27.6%	34,480,407	5.1
Corporate bonds	73,992,930	11.3%	104,042,314	16.0%	-30,049,384	-4.7
Shares (excluding strategic shares)	5,599,554	0.9%	6,850,703	1.1%	-1,251,149	-0.2
Mutual funds	3,933,982	0.6%	6,011,306	0.9%	-2,077,324	-0.3
bond funds	2,246,501	0.3%	2,648,312	0.4%	-401,811	-0.1
equity funds	1,687,481	0.3%	3,362,993	0.5%	-1,675,513	-0.3
Infrastructure funds	18,843,871	2.9%	14,554,843	2.2%	4,289,029	0.6
Real estate funds	4,584,214	0.7%	4,423,724	0.7%	160,490	0.0
Loans granted	1,840,393	0.3%	2,572,974	0.4%	-732,580	-0.1
Financial investments	322,993,748	49.4%	318,174,259	48.9%	4,819,489	0.5
Financial investments in Group companies and associates	322,935,793	49.4%	324,129,991	49.9%	-1,194,198	-0.4
Investment property	7,721,693	1.2%	7,899,693	1.2%	-178,000	0.0
Total financial investments	653,651,234	100.0%	650,203,943	100.0%	3,447,291	-

The value of Sava Re's financial investments exposed to market risk rose by EUR 3.4 million in 2022 compared to year-end 2021, as explained in section [9.2.1.1 "Investment portfolio"](#) of the business report part.

17.7.4.1.1 Interest rate risk

The major part of interest rate risk on the liabilities side affects the life insurance segment (mathematical provisions). Based on the prescribed methodology for the calculation of technical provisions for the purposes of preparing financial statements, on the non-life business side only temporary and life annuities arising out

of liability policies are interest-rate sensitive; however, any change in liabilities due to changes in the capitalised value of annuities as a result of a decline in interest rates is negligible and has therefore not been considered in those calculations.

Interest rate risk is measured through a sensitivity analysis, by observing the change in the value of investments in interest-rate sensitive assets or the value of mathematical provisions in case of a change in interest rate of 1 p.p. The interest-rate sensitive bond portfolio includes government and corporate bonds, deposits, loans, bond mutual funds with a weight of 1 and mixed mutual funds with a weight of 0.5.

Interest rate risk of the Group

The total value of investments included in the interest risk calculation as at 31 December 2022 was EUR 1,235.7 million (31 December 2021: EUR 1,422.5 million). Of this, EUR 680.6 million (31 December 2021: EUR 743.8 million) relates to assets of non-life insurers (including Sava Re) and EUR 555.1 million (31 December 2021: EUR 678.8 million) to assets of life insurers. The Group's exposure to floating interest rate instruments was EUR 13.0 million (2021: EUR 38.7 million); Sava Re's exposure was EUR 3.8 million (2021: EUR 11.7 million).



The sensitivity analysis of the non-life segment as at 31 December 2022 showed that in the event of an interest rate increase of 1 p.p., the value of the interest rate sensitive investments would drop by EUR 21.2 million (31 December 2021:

EUR 29.4 million) or 3.1% (31 December 2021: 4.0%). The table below shows in greater detail how the value of investments changes in response to a change in interest rates and the impact on the financial statements, where the impact on equity is

a result of available-for-sale and held-to-maturity investments, loans and deposits, and the impact on profit or loss is a result of investments classified as at fair value through profit or loss.

Results of the sensitivity analysis on interest-rate sensitive non-life investments

Sava Insurance Group						
31 Dec 2022						
EUR	+100 bp			-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	473,515,661	459,596,264	-13,919,398	473,515,661	488,305,270	14,789,609
Corporate bonds	178,274,157	171,900,262	-6,373,894	178,274,157	185,039,297	6,765,140
Bond and convertible mutual funds	12,721,179	12,325,775	-395,404	12,721,179	13,148,026	426,847
Other interest rate sensitive assets	16,055,731	15,590,836	-464,894	16,055,731	16,909,906	854,176
Total	680,566,727	659,413,137	-21,153,590	680,566,727	703,402,500	22,835,772
Effect on equity	-	-	-20,721,862	-	-	22,375,316
Effect on the income statement	-	-	-431,728	-	-	460,456

Sava Insurance Group						
31 Dec 2021						
EUR	+100 bp			-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	445,914,810	427,971,202	-17,943,608	445,914,810	465,198,334	19,283,524
Corporate bonds	266,179,925	255,795,509	-10,384,416	266,179,925	277,371,195	11,191,270
Bond and convertible mutual funds	16,019,821	15,386,775	-633,046	16,019,821	16,708,961	689,139
Other interest rate sensitive assets	15,644,785	15,215,151	-429,634	15,644,785	16,475,826	831,041
Total	743,759,342	714,368,638	-29,390,704	743,759,342	775,754,316	31,994,974
Effect on equity	-	-	-28,358,766	-	-	30,871,902
Effect on the income statement	-	-	-1,031,938	-	-	1,123,072



The sensitivity analysis of interest rate sensitive life insurance investments showed that in case of a 1 p.p. increase in interest rates, the value would decrease by EUR 24.3 million or 4.3% (31 December 2021: 35.1 million; 5.2%). The table below

shows in greater detail how the value of investments changes in response to a change in interest rates and the impact on the financial statements, where the impact on equity is a result of available-for-sale and held-to-maturity assets, and loans and

deposits, whereas the impact on profit or loss is a result of investments classified as at fair value through profit or loss.

Results of the sensitivity analysis on interest-rate sensitive life investments

Sava Insurance Group						
31 Dec 2022						
EUR	+100 bp			-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	286,844,130	273,557,453	-13,286,677	286,844,130	301,333,736	14,489,607
Corporate bonds	258,756,622	248,071,833	-10,684,790	258,756,622	270,219,295	11,462,673
Bond and convertible mutual funds	2,978,537	2,848,042	-130,496	2,978,537	3,120,846	142,309
Other interest rate sensitive assets	6,557,168	6,337,495	-219,673	6,557,168	6,985,958	428,789
Total	555,136,458	530,814,822	-24,321,635	555,136,458	581,659,836	26,523,378
Effect on equity	-	-	-24,040,148	-	-	26,223,631
Effect on the income statement	-	-	-281,488	-	-	299,747

Sava Insurance Group						
31 Dec 2021						
EUR	+100 bp			-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	310,028,667	291,797,037	-18,231,630	310,028,667	330,217,976	20,189,309
Corporate bonds	356,606,682	340,132,301	-16,474,381	356,606,682	374,451,659	17,844,977
Bond and mixed mutual funds	3,851,158	3,651,748	-199,410	3,851,158	4,070,787	219,629
Other interest rate sensitive assets	8,270,503	8,030,428	-240,075	8,270,503	8,725,648	455,145
Total	678,757,010	643,611,515	-35,145,495	678,757,010	717,466,070	38,709,060
Effect on equity	-	-	-34,399,938	-	-	37,899,442
Effect on the income statement	-	-	-745,561	-	-	809,618



As at 31 December 2022, the value of the mathematical provisions included in the sensitivity analysis on the liabilities side amounted to EUR 422.7 million (31 December 2021: EUR 443.6 million). A sensitivity analysis for liabilities (mathematical provisions) showed that if the present value of mathematical provisions is cal-

culated using an interest rate that is 1 p.p. higher, the mathematical provisions in accordance with the LAT test would decrease by EUR 8.4 million, or 2.0%, (31 December 2021: EUR 17.4 million; 3.9%). By contrast, if the provision is calculated using a 1 p.p. lower interest rate, mathematical provisions in accordance

with LAT test would increase by EUR 9.9 million, or 2.3% (31 December 2021: EUR 20.4 million; 4.6%). The sensitivity analysis includes the results of the LAT test set out in section [17.4.27 “Liability adequacy test \(LAT\)”](#).

Results of the sensitivity analysis on life insurance liabilities

Sava Insurance Group		+100 bp			-100 bp		
EUR	Value of mathematical provision	Post-stress value based on LAT test	Change in value	Value of mathematical provision	Post-stress value based on LAT test	Change in value	
31 Dec 2022	422,651,931	414,235,589	-8,416,342	422,651,931	432,560,561	9,908,630	
31 Dec 2021	443,577,279	426,137,952	-17,439,327	443,577,279	463,943,621	20,366,342	

The results of the sensitivity analysis on the assets and liabilities side show that assets and liabilities are moderately less sensitive to changes in interest rates compared to 2021. In 2022, the Group also adjusted the maturity of assets and liabilities to reduce the net effect of interest rate changes on the Group’s balance sheets. The difference between the average maturity of assets and liabilities separately for life and non-life business is presented below.

The average maturity of bonds and deposits of non-life business was 3.23 years at year-end 2022 (31 December 2021: 4.06 years), while the expected maturity of non-life liabilities was 1.95 years (31 December 2021: 2.10 years).

The average maturity of bonds and deposits of life business was 4.58 years at year-end 2022 (31 December 2021: 5.43 years), and the expected maturity of life liabilities was 6.16 years (31 December 2021: 6.04 years).

Although the nominal effects on the investment side were lower, reflecting the lower value of the investment portfolio, the interest rate risk in 2022 was not lower than the previous year. At the end of 2022, the value of interest rate sensitive assets was substantially lower than at year-end 2021, but at the same time interest rates in 2022 were more volatile as a result of the higher inflation rate.

However, higher interest rates have reduced reinvestment risk, which is more important for the life operating segment, where we are committed to delivering a technical interest rate over a longer period.



Sava Re interest rate risk

Given that according to the prescribed methodology for the calculation of technical provisions, Sava Re does not have in-

terest-rate sensitive technical provisions, changes in market interest rates are only reflected in the value of the investment portfolio. The interest-rate sensitive investment portfolio in-

cludes government and corporate bonds, loans granted, bond and convertible mutual funds with a weight of 1, and mixed mutual funds with a weight of 0.5.

Results of the sensitivity analysis

Sava Re		31 Dec 2022				
EUR		+100 bp			-100 bp	
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	214,340,275	208,827,401	-5,512,874	214,340,275	219,559,039	5,218,763
Corporate bonds	73,992,930	71,399,490	-2,593,440	73,992,930	76,740,554	2,747,624
Bond mutual funds	2,246,501	2,183,313	-63,189	2,246,501	2,308,631	62,130
Other interest rate sensitive assets	1,840,393	1,784,834	-55,560	1,840,393	1,899,098	58,705
Total	292,420,100	284,195,038	-8,225,062	292,420,100	300,507,322	8,087,222
Effect on equity	-	-	-8,018,375	-	-	7,866,979
Effect on the income statement	-	-	-206,687	-	-	220,243

Sava Re		31 Dec 2022				
EUR		+100 bp			-100 bp	
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	180,187,341	173,888,217	-6,299,124	180,187,341	186,926,993	6,739,652
Corporate bonds	104,042,047	99,877,407	-4,164,640	104,042,047	108,516,256	4,474,208
Bond mutual funds	2,648,312	2,551,130	-97,182	2,648,312	2,752,461	104,149
Other interest rate sensitive assets	2,572,974	2,512,269	-60,705	2,572,974	2,638,032	65,059
Total	289,450,674	278,829,023	-10,621,651	289,450,674	300,833,742	11,383,068
Effect on equity	-	-	-10,133,529	-	-	10,853,406
Effect on the income statement	-	-	-488,121	-	-	529,662

The sensitivity analysis showed that an increase in interest rates would lower the value of the investment portfolio included in the analysis by EUR 8.2 million (31 December 2021: EUR 10.6 million) or 2.8% (31 December 2021: 3.7%).

The portfolio’s interest rate sensitivity was slightly lower than the previous year, but in contrast the expected volatility of market interest rates increased due to the macroeconomic situation. We estimate that the interest rate risk remained at about the same level as the previous year.

Investment property

Investment property EUR	31 Dec 2022	As % of total portfolio as at 31 Dec 2022	31 Dec 2021	As % of total portfolio as at 31 Dec 2021	Absolute change	Change in structure (p.p.)
Investment property	22,795,759	1.6%	14,281,192	0.9%	8,514,567	0.7
Real estate funds	16,497,061	1.2%	15,846,059	1.0%	651,003	0.2
Total	39,292,820	2.8%	30,127,250	1.9%	9,165,570	0.9

Sava Re EUR	31 Dec 2022	As % of total portfolio as at 31 Dec 2022	31 Dec 2021	As % of total portfolio as at 31 Dec 2021	Absolute change	Change in structure (p.p.)
Investment property	7,721,693	1.1%	7,899,693	1.1%	-178,000	0.0
Real estate funds	4,584,214	0.7%	4,423,724	0.6%	160,490	0.0
Total	12,305,907	1.9%	12,323,417	1.9%	-17,510	0.0

As at 31 December 2022, the value of the Group’s investments exposed to property risk stood at EUR 39.3 million (31 December 2021: EUR 30.1 million) and increased by EUR 9.2 million compared to the previous period on account of business premises not used for the performance of core business classified as investment property. As at 31 December 2022, the value of the Sava Re investments exposed to investment property risk stood at EUR 12.3 million (31 December 2021: EUR 12.3 million) and remained at the same level as in the previous period.

17.7.4.1.2 Investment property risk

The Group and Sava Re are exposed to investment property risk within investment portfolio risks. In addition to investment property, real estate funds shown as alternative investments under financial investments are also exposed to this risk.

The following two tables show the value of investment property of the Group and Sava Re.

Property risk was assessed by applying a 15% decrease to the value of investments. The result is shown in the tables below.

Estimated value of investment property taking account of the shock

Sava Insurance Group		31 Dec 2022			31 Dec 2021	
EUR	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investment property	22,795,759	19,376,395	-3,419,364	14,281,192	12,139,013	-2,142,179
Real estate funds	16,497,061	14,022,502	-2,474,559	15,846,059	13,469,150	-2,376,909
Total	39,292,820	33,398,897	-5,893,923	30,127,250	25,608,163	-4,519,088

Sava Re		31 Dec 2022			31 Dec 2021	
EUR	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investment property	7,721,693	6,563,439	-1,158,254	7,899,693	6,714,739	-1,184,954
Real estate funds	4,584,214	3,896,582	-687,632	4,423,724	3,760,165	-663,559
Total	12,305,907	10,460,021	-1,845,886	12,323,417	10,474,905	-1,848,513

In the case of such a shock, the value of the Group's investments exposed to investment property risk would decrease by EUR 6.0 million, while the value of investments of Sava Re exposed to investment property risk would decrease by EUR 1.8 million.

17.7.4.1.3 Equity risk

Assets exposed to the risk include shares, equity and mixed mutual funds (a stress test takes into account half of the value) and alternative funds (infrastructure).

Unlike the bond portfolio, which moves inversely to interest rates, the value of equities and mutual funds changes linearly with stock prices. A 10% drop in the value of equity securities to assess the sensitivity of the Group's investments to equity risk would result in a de-

crease in the value of investments by EUR 8.5 million (31 December 2021: EUR 9.8 million). Thus, a 20% fall in equity prices would reduce the value of investments by EUR 17.0 million (31 December 2021: EUR 19.7 million). The Group shows the highest concentration of equity risk is to Slovenia-based issuers. The value of investments in Slovenian-issued equity securities at year-end 2022 stood at EUR 8.1 million, accounting for 9.4% of all assets sensitive to changes in equity securities (2021: EUR 12.8 million, 13.0%).



Equity investments included in the sensitivity analysis

Sava Insurance Group		As % of total portfolio as at 31 December 2022		As % of total portfolio as at 31 December 2021	Absolute change 31 Dec 2022 – 31 Dec 2021	Change in structure (p.p.)
EUR	31 Dec 2022		31 Dec 2021			
Shares	23,109,878	1.7%	35,965,685	2.3%	-12,855,808	-0.6
of which Slovenian shares	8,070,670	0.6%	12,797,641	0.8%	-4,726,971	-0.2
Equity and mixed mutual funds	8,062,709	0.6%	17,967,179	1.1%	-9,904,470	-0.6
Infrastructure funds	53,856,376	3.9%	44,532,966	2.8%	9,323,410	1.1
Total	85,028,962	6.1%	98,465,831	6.3%	-13,436,868	-0.1

Sensitivity assessment of equity investments

Sava Insurance Group	31 Dec 2022			31 Dec 2021		
EUR	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investments sensitive to equity risk	-	-	-	-	-	-
loss of 10%	85,028,962	76,526,066	-8,502,896	98,465,831	88,619,248	-9,846,583
loss of 20%	85,028,962	68,023,170	-17,005,792	98,465,831	78,772,665	-19,693,166

The Sava Insurance Group's exposure to equity risk decreased slightly in 2022 compared to year-end 2021 due to a decreased exposure to shares and mutual funds. We estimate that the risk remained at similar levels in 2022 due to increased uncertainty in equity investment trends.

Sava Re's assets exposed to equity risk include equities, equity and mutual funds, and infrastructure funds. Investments in subsidiaries are excluded from stress tests, as the Group and the Company assess their value in accordance with the policy described in section [17.4.13 "Financial investments in subsidiaries and associates"](#).

As at 31 December 2022, investments exposed to the equity risk accounted for 3.8% of Sava Re's investment portfolio, 0.2 p.p. more compared to year-end 2021.



Equity investments included in the sensitivity analysis

Sava Re		As % of total portfolio as at 31 Dec 2022		As % of total portfolio as at 31 Dec 2022	Absolute change 31 Dec 2022 – 31 Dec 2021	Change in structure (p.p.)
EUR	31 Dec 2022		31 Dec 2021			
Shares	5,599,554	0.8%	6,850,703	1.0%	-1,251,149	-0.2
of which Slovenian shares	5,411,009	0.8%	6,681,248	1.0%	-1,270,239	-0.2
Equity mutual funds	1,687,481	0.2%	3,362,993	0.5%	-1,675,513	-0.2
Infrastructure funds	18,843,871	2.7%	14,554,843	2.1%	4,289,029	0.6
Total	26,130,906	3.8%	24,768,539	3.6%	1,362,367	0.2

Sensitivity assessment of equity investments

Sava Re		31 Dec 2022			31 Dec 2021	
EUR	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investments sensitive to equity risk						
loss of 10%	26,130,906	23,517,815	-2,613,091	24,768,539	22,291,685	-2,476,854
loss of 20%	26,130,906	20,904,725	-5,226,181	24,768,539	19,814,831	-4,953,708

In order to assess the sensitivity of investments to equity risk, we assume a 10% drop in the value of all equity securities included in the stress test, which would result in a drop in the value of investments by EUR 2.6 million (31 December 2021: EUR 2.5 million). Thus, a 20% drop in equity prices would reduce the value of investments by EUR 5.23 million (31 December 2021: EUR 5.0 million).

Sava Re shows the highest concentration of equity risk to Slovenia-based issuers. The value of investments in equity securities of Slovenian issuers at year-end 2022 stood at EUR 5.4 million, representing 20.6% of assets sensitive to changes in equity securities (2021: EUR 6.7 million, 27.0%).

The Group's and Sava Re's equity risk increased slightly in 2022.

Risk related to financial investments in subsidiaries and associates of the Sava Insurance Group and Sava Re

Regarding the risk related to their financial investments in associates, the Sava Insurance Group and Sava Re are mostly exposed to the risk of a decline in the value of these investments. As at 31 December 2022, the Group's total exposure to the risk of financial investments in subsidiaries and associates was EUR 21.9 million (31 December 2021: EUR 20.5 million).

The following table shows the sensitivity of investments in associates to changes in value.

Assessed sensitivity of Sava Insurance Group's investments in associates

Sava Insurance Group EUR	31 Dec 2022			31 Dec 2021		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Decrease in value of 10%	21,856,109	19,670,498	-2,185,611	20,479,729	18,431,756	-2,047,973
Decrease in value of 20%	21,856,109	17,484,887	-4,371,222	20,479,729	16,383,783	-4,095,946
Value decrease of largest subsidiary of 10%	21,856,109	19,670,498	-2,185,611	20,479,729	18,431,756	-2,047,973
Value decrease of largest subsidiary of 20%	21,856,109	17,484,887	-4,371,222	20,479,729	16,383,783	-4,095,946

Regarding the risk related to its financial investments in subsidiaries and associates, Sava Re is especially exposed to the risk of a decline in these investments and to concentration risk. In 2021, Sava Re's financial investments in subsidiaries and associates included one major exposure, i.e. the invest-

ment in Zavarovalnica Sava, the value of which as at 31 December 2022 accounted for 38.2% (31 December 2021: 38.1%) of the total value of its financial investments in subsidiaries and associates. As at 31 December 2022, Sava Re's total exposure to the risk related to financial investments in

subsidiaries and associates was EUR 322.9 million (31 December 2021: EUR 324.1 million).

The following table shows the sensitivity of investments in subsidiaries and associates to changes in value.

Assessed sensitivity of investments in subsidiaries and associates of Sava Re

Sava Re EUR	31 Dec 2022			31 Dec 2021		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Decrease in value of 10%	322,935,793	290,642,214	-32,293,579	324,129,991	291,716,992	-32,412,999
Decrease in value of 20%	322,935,793	258,348,635	-64,587,159	324,129,991	259,303,993	-64,825,998
Value decrease of largest subsidiary of 10%	123,364,958	111,028,462	-12,336,496	123,364,958	111,028,462	-12,336,496
Value decrease of largest subsidiary of 20%	123,364,958	98,691,967	-24,672,992	123,364,958	98,691,966	-24,672,992

Sava Re's exposure to the risk related to financial investments in subsidiaries and associates was at a similar level in 2022 as in 2021. Taking account of all the impacts, we believe that the risk related to participations remained moderate due to their active management.

The Sava Insurance Group and Sava Re manage the risk related to their financial investments in subsidiaries and

associates through active management of the companies, comprising:

- a governance system (management and supervision), and clear segregation of responsibilities at all levels;
- risk management policy;
- systematic risk management with a three-lines-of-defence framework (detailed in section [11 "Risk manage-](#)

[ment"](#));

- the setting of business and risk management strategies from the top down, taking into account both the Group as a whole as well as its individual members;
- a comprehensive system of monitoring operations, reporting on business results and risks at all levels.

17.7.4.1.4 Currency risk

As at 31 December 2022, the Sava Insurance Group recorded 9.0% of liabilities nominated in a foreign currency (2021: 8.6%).

The Sava Insurance Group manages currency risk through the efforts of each company to optimise asset-liability currency matching. Based on the market situation, individual companies assess the ability of

currency matching in the primary currency, and, if this is not possible, the transaction currency is used for matching.

The following table includes the currency mismatch for the Sava Insurance Group for the five currencies that account for the largest share of liabilities. The mismatch is shown by both the settlement currency and the transaction currency.

Currency (mis)match as at 31 December 2022 (all amounts translated to euros)

Sava Insurance Group Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,268,028,691	2,305,094,382	-	-
Foreign currencies	265,973,967	228,908,276	-	-
US dollar (USD)	61,521,657	38,768,371	22,753,286	158.7
Croatian kuna (HRK)	26,939,100	31,784,081	4,844,981	84.8
Serbian dinar (RSD)	41,829,236	26,401,789	15,427,447	158.4
Macedonian denar (MKD)	33,515,681	19,435,834	14,079,847	172.4
Korean won (KRW)	21,037,085	20,402,471	634,614	103.1
Other	81,131,208	92,115,730	10,984,522	88.1
Total	2,534,002,658	2,534,002,658	68,724,697	-
Currency-matched liabilities (%)	-	-	97.3%	-

Currency (mis)match as at 31 December 2021 (all amounts translated to euros)

Sava Insurance Group Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,383,196,350	2,428,623,444	-	-
Foreign currencies	275,126,009	229,698,916	-	-
US dollar (USD)	70,833,678	39,538,332	31,295,346	179.2
Croatian kuna (HRK)	28,445,422	36,340,161	7,894,739	78.3
Serbian dinar (RSD)	40,050,567	23,087,728	16,962,839	173.5
Macedonian denar (MKD)	33,539,880	16,833,540	16,706,340	199.2
Korean won (KRW)	14,800,937	16,595,883	1,794,946	89.2
Other	87,455,525	97,303,272	9,847,747	89.9
Total	2,658,322,359	2,658,322,359	84,501,957	-
Currency-matched liabilities (%)	-	-	96.8%	-

Transaction currency (mis)match as at 31 December 2022 (all amounts translated to euros)

Sava Insurance Group Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,295,767,620	2,338,143,685	-	-
Foreign currencies	238,235,039	195,858,974	-	-
US dollar (USD)	67,646,921	54,428,422	13,218,499	124.3
Croatian kuna (HRK)	21,037,085	20,402,471	634,614	103.1
Serbian dinar (RSD)	13,485,469	11,058,536	2,426,933	121.9
Macedonian denar (MKD)	8,387,172	8,666,558	279,385	96.8
Korean won (KRW)	3,131,410	1,848,597	1,282,813	169.4
Other	124,546,981	99,454,390	25,092,591	125.2
Total	2,534,002,658	2,534,002,658	42,934,836	-
Currency-matched liabilities (%)	-	-	98.3%	-

Transaction currency (mis)match as at 31 December 2021 (all amounts translated to euros)

Sava Insurance Group Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,384,158,817	2,431,088,936	-	-
Foreign currencies	274,163,542	227,233,424	-	-
US dollar (USD)	75,651,244	54,222,526	21,428,718	139.5
Croatian kuna (HRK)	28,445,422	36,340,161	7,894,739	78.3
Serbian dinar (RSD)	40,050,567	23,087,728	16,962,839	173.5
Macedonian denar (MKD)	33,539,880	16,833,540	16,706,340	199.2
Korean won (KRW)	14,800,937	16,595,883	1,794,946	89.2
Other	81,675,491	80,153,585	1,521,906	101.9
Total	2,658,322,359	2,658,322,359	66,309,488	-
Currency-matched liabilities (%)	-	-	97.5%	-

The Sava Insurance Group shows high levels of exposure to the currencies of the countries in which its subsidiaries operate. The Sava Insurance Group manages a high level of currency matching by monitoring assets and liabilities matching at the level of individual companies and portfolio.

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2022 (all amounts translated into euros)

Sava Insurance Group Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Foreign currencies	37,065,691	3,706,569	-3,706,569
US dollar (USD)	22,753,286	2,275,329	-2,275,329
Croatian kuna (HRK)	-4,844,981	-484,498	484,498
Serbian dinar (RSD)	15,427,447	1,542,745	-1,542,745
Macedonian denar (MKD)	14,079,847	1,407,985	-1,407,985
Korean won (KRW)	634,614	63,461	-63,461
Other	-10,984,522	-1,098,452	1,098,452
Effect on income statement	-	3,706,569	-3,706,569

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2021 (all amounts translated into euros)

Sava Insurance Group Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Foreign currencies	45,427,093	4,542,709	-4,542,709
US dollar (USD)	31,295,346	3,129,535	-3,129,535
Croatian kuna (HRK)	-7,894,739	-789,474	789,474
Serbian dinar (RSD)	16,962,839	1,696,284	-1,696,284
Macedonian denar (MKD)	16,706,340	1,670,634	-1,670,634
Korean won (KRW)	-1,794,946	-179,495	179,495
Other	-9,847,747	-984,775	984,775
Effect on income statement	-	4,542,709	-4,542,709

Sava Re is the Sava Insurance Group member with the largest exposure to currency risk.

As at 31 December 2022, the Company's liabilities denominated in foreign currencies accounted for 17.1% of its total liabilities. As the proportion of international business is rising (as is the number of different currencies), Sava Re has put in place rules on currency matching. It took measures for the matching of assets and liabilities in foreign currencies aimed at decreasing currency risk. The currency matching rules lays down the criteria as to when the Company is to start the currency matching by accounting currency¹³⁹. Based on

the market situation, the Company assesses the ability of currency matching in the primary currency, and if this is not possible, the transaction currency is to be used for matching¹⁴⁰. The currency matching rules of a company define the conditions and method of matching. Currency matching of assets and liabilities using the accounting and transaction currency methodology is shown in the table "Transaction currency match".

Currency mismatch of assets and liabilities is monitored by individual accounting currency. The following table includes the currency mismatch for the five currencies that account for the largest share of liabilities.

Currency (mis)match as at 31 December 2022 (all amounts translated to euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	717,623,339	715,471,971	-	-
Foreign currencies	145,482,233	147,633,601	-	-
US dollar (USD)	48,755,317	38,270,354	10,484,963	127.4
Korean won (KRW)	21,037,085	20,402,471	634,614	103.1
Chinese yuan (CNY)	13,485,469	11,058,536	2,426,933	121.9
Indian rupee (INR)	6,511,366	4,705,449	1,805,918	138.4
Taka (BDT)	3,352,249	10,344,296	6,992,046	32.4
Other	52,340,746	62,852,495	10,511,749	83.3
Total	863,105,571	863,105,571	32,856,223	-
% currency matched	-	-	96.2%	-

Currency (mis)match as at 31 December 2021 (all amounts translated to euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	690,155,277	686,687,328	-	-
Foreign currencies	141,923,479	145,391,429	-	-
US dollar (USD)	51,534,886	38,865,102	12,669,784	132.6
Korean won (KRW)	14,800,938	16,595,883	1,794,945	89.2
Chinese yuan (CNY)	11,508,020	11,186,734	321,287	102.9
Indian rupee (INR)	7,689,555	5,903,170	1,786,385	130.3
Taka (BDT)	3,015,573	9,926,558	6,910,985	30.4
Other	53,374,507	62,913,983	9,539,475	84.8
Total	832,078,756	832,078,756	33,022,860	-
% currency matched	-	-	96.0%	-

Transaction currency (mis)match as at 31 December 2022 (all amounts translated to euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	719,155,770	717,383,000	-	-
Foreign currencies	143,949,802	145,722,571	-	-
US dollar (USD)	54,880,581	53,930,405	950,176	101.8
Korean won (KRW)	21,037,085	20,402,471	634,614	103.1
Chinese yuan (CNY)	13,485,469	11,058,536	2,426,933	121.9
Indian rupee (INR)	8,387,172	8,666,558	279,385	96.8
Russian rouble (RUB)	3,131,410	1,848,597	1,282,813	169.4
Other	43,028,084	49,816,004	6,787,920	86.4
Total	863,105,571	863,105,571	12,361,842	-
% currency matched	-	-	98.6%	-

¹³⁹ The accounting currency is the local currency used in the accounting documentation. Reinsurance contracts may be accounted for in various accounting currencies. Generally, this is the currency of liabilities and receivables due from cedants, and hence also the reinsurer.

¹⁴⁰ The transaction currency is the currency in which reinsurance contract transactions are processed.



Transaction currency (mis)match as at 31 December 2021 (all amounts translated to euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	691,117,745	689,152,589	-	-
Foreign currencies	140,961,012	142,926,168	-	-
US dollar (USD)	56,352,452	53,549,296	2,803,156	105.2
Korean won (KRW)	14,800,938	16,595,883	1,794,945	89.2
Chinese yuan (CNY)	11,508,020	11,186,734	321,287	102.9
Indian rupee (INR)	8,960,928	9,291,991	331,063	96.4
Russian rouble (RUB)	3,858,328	3,996,289	137,961	96.5
Other	45,480,345	48,305,975	2,825,631	94.2
Total	832,078,756	832,078,756	8,214,041	-
% currency matched	-	-	99.0%	-

Sava Re has set itself a target of matching assets and liabilities at least 90%. In 2022 assets and liabilities were matched 96.2% (2021: 96.0%).

In the management of currency risk (management aspect), Sava Re managed to directly match all substantially liquid currencies. Other currencies were matched

based on their correlation with the euro or the US dollar. As the US dollar is used for currency matching purposes for the currencies closely correlated to its value, the excess of assets over liabilities in US dollars decreased to EUR 1.0 million (from EUR 10.5 million). This further increased the currency matching percentage to 98.6% (2021: 99.0%).

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2022 (all amounts translated into euros)

Sava Re Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Foreign currencies	-2,151,368	-	-
US dollar (USD)	10,484,963	1,048,496	-1,048,496
Korean won (KRW)	634,614	63,461	-63,461
Chinese yuan (CNY)	2,426,933	242,693	-242,693
Indian rupee (INR)	1,805,918	180,592	-180,592
Russian rouble (RUB)	-6,992,046	-699,205	699,205
Other	-10,511,749	-1,051,175	1,051,175
Effect on income statement	-	-215,137	215,137

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2021 (all amounts translated into euros)

Sava Re Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Foreign currencies	-3,467,951	-	-
US dollar (USD)	12,669,784	1,266,978	-1,266,978
Korean won (KRW)	-1,794,945	-179,495	179,495
Chinese yuan (CNY)	321,286	32,129	-32,129
Indian rupee (INR)	1,786,385	178,638	-178,639
Russian rouble (RUB)	-6,910,985	-691,099	691,098
Other	-9,539,476	-953,948	953,948
Effect on income statement	-	-346,797	346,795

The Company also uses a stochastic analysis to measure currency risk and to predict the average surplus funds as well as the 5th percentile of surplus funds after one year from the risk valuation date.

Based on exchange rates to which Sava Re has been exposed to over the past five years and the corresponding euro equivalent surpluses of assets and liabilities as at 31 December 2022, we made a stochastic analysis that projected that, assuming an unaltered currency structure, after one year the average surplus of assets over liabilities would be EUR 0.8 million (31 December 2021: EUR 0.1 million), but with a 5-percent probability that the deficit of assets exceeds EUR 0.7 million (31 December 2021: EUR 0.3 million).

Effect of exchange differences on the income statement

A currency mismatch also affects profit or loss through accounting for exchange rate differences due to the impact of exchange rate changes on various statement of financial position items.

When assets and liabilities are 100% matched in terms of foreign currencies, changes in exchange rates have no impact on profit or loss. This is because any change in the value of assets denominated in a foreign currency as a result of a change in the exchange rate is offset by the change in the value of liabilities denominated in that currency. As Sava Re's assets and liabilities are not 100% currency matched, changes in exchange rates do affect profit or loss. The following table shows the impact of exchange differences.

Effect of exchange differences on the income statement

Sava Insurance Group Statement of financial position item	Exchange differences	
	31 Dec 2022	31 Dec 2021
Euro (EUR)		
Investments	1,232,203	4,415,730
Technical provisions and deferred commissions	747,462	-5,443,466
Receivables and liabilities	-830,268	181,573
Total effect on the income statement	1,149,397	-846,163

Sava Re Statement of financial position item	Exchange differences	
	31 Dec 2022	31 Dec 2021
Euro (EUR)		
Investments	1,573,662	3,706,465
Technical provisions and deferred commissions	449,965	-4,658,448
Receivables and liabilities	-982,717	439,083
Total effect on the income statement	1,040,910	-512,900

Other Group companies whose local currency is the euro (companies based in Slovenia, Montenegro and Kosovo) have the majority of euro-denominated liabilities, while a process of currency matching is conducted with regard to liabilities denominated in currencies other than euro when the materiality threshold is exceeded. Group companies whose local currency is not the euro (companies based in Croatia, Serbia and North Macedonia), transact most business in their respective local currencies, while due to Group relations, they are to a minor extent subject to euro-related currency risk.

We estimate that currency risk at the Group level remained the same in 2022 compared to 2021 since Sava Re is taking measures to reduce exposure to currency risk, and it continues currency matching of assets and liabilities both directly based on accounting currencies and indirectly based on transaction currencies, and thus reduces exposure to currency risk.



17.7.4.2 Liquidity risk

Individual Group companies manage liquidity risk in line with the guidelines laid down in the Sava Re Group liquidity risk management policy. Each Group member carefully plans and monitors the realisation of cash flows (cash inflows and outflows), and in the case of liquidity problems, informs the parent company, which assesses the situation and provides the necessary funds to ensure liquidity.

Liquidity risk assumed by an individual Group company is also reduced by the regular measurement and monitoring of selected liquidity indicators. The maturity matching of financial assets and liabilities is one of the key indicators.

Liquidity requirements are met by allocating funds to money market instruments in the percentage consistent with the estimated normal current liquidity requirement. In this regard, each EU-based Group com-

pany maintains a liquidity buffer of highly liquid assets accounting for at least 20% of its investment portfolio. Highly liquid assets are intended to provide liquidity to meet any extraordinary liquidity requirements and are available on an ongoing basis. The other Group members manage their short-term liquidity requirements through cash in bank accounts and short-term deposits.

The table below shows the value of financial invest-

ments and technical provisions covering life policies by year based on undiscounted cash flows, while the value of technical provisions covering non-life business is shown by year and expected maturity based on triangular development. The Group companies cover the excess of liabilities over assets with a maturity of less than one year with assets available on call and through surplus cash flows arising out of current operations.

Maturity profile of financial assets and liabilities

Sava Insurance Group	Carrying amount as at	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	Total 31 Dec 2022
EUR	31 Dec 2022						
Financial investments	1,297,012,769	0	232,017,764	740,370,497	478,666,656	115,621,046	1,566,675,964
- At fair value through profit or loss	18,982,740	0	12,335,203	31,272,621	25,862,092	3,375,046	72,844,962
- Held to maturity	46,253,623	0	2,932,548	40,068,669	-21,369,626	0	21,631,591
- Loans and deposits	31,000,347	0	21,820,048	9,845,198	1,098,454	0	32,763,700
- Available-for-sale	1,200,776,058	0	194,929,966	659,184,008	473,075,736	112,246,000	1,439,435,711
Reinsurers' share of technical provisions	65,600,524	0	33,778,320	21,682,008	9,537,704	602,492	65,600,524
Cash and cash equivalents	78,350,658	18,010,285	60,340,373	0	0	0	78,350,658
TOTAL ASSETS	1,440,963,950	18,010,285	326,136,457	762,052,505	488,204,360	116,223,538	1,710,627,146
Subordinated liabilities	74,924,356	0	2,812,500	11,250,000	80,625,000	0	94,687,500
Technical provisions	1,249,942,508	0	566,269,542	415,735,934	266,627,717	1,309,315	1,249,942,508
TOTAL LIABILITIES	1,324,866,864	0	569,082,042	426,985,934	347,252,717	1,309,315	1,344,630,008
Difference	116,097,086	18,010,285	-242,945,585	335,066,571	140,951,643	114,914,223	365,997,138

Sava Insurance Group							
EUR	Carrying amount as at 31 Dec 2021	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	Total 31 Dec 2021
Financial investments	1,472,688,443	0	235,336,192	596,389,507	633,445,005	132,205,788	1,597,376,491
- At fair value through profit or loss	34,386,074	0	1,236,917	7,858,636	34,811,763	5,085,711	48,993,028
- Held to maturity	40,023,124	0	8,745,779	25,597,236	12,884,627	0	47,227,642
- Loans and deposits	29,846,572	0	26,423,579	4,682,169	1,081,936	0	32,187,685
- Available-for-sale	1,368,432,673	0	198,929,916	558,251,465	584,666,679	127,120,077	1,468,968,137
Reinsurers' share of technical provisions	57,767,056	0	29,849,258	18,639,883	8,655,550	622,365	57,767,056
Cash and cash equivalents	73,977,510	21,344,906	52,632,604	0	0	0	73,977,510
TOTAL ASSETS	1,604,433,008	21,344,906	317,818,054	615,029,390	642,100,555	132,828,153	1,729,121,058
Subordinated liabilities	74,863,524	0	2,812,500	11,250,000	83,437,500	0	97,500,000
Technical provisions	1,237,500,117	0	518,952,517	427,586,458	287,797,347	3,163,795	1,237,500,117
TOTAL LIABILITIES	1,312,363,641	0	521,765,017	438,836,458	371,234,847	3,163,795	1,335,000,117
Difference	292,069,367	21,344,906	-203,946,963	176,192,932	270,865,708	129,664,358	394,120,941

The gap between the value of assets and liabilities with a maturity of up to one year is managed through operational liquidity management and an adequate amount of highly liquid assets.

As at 31 December 2022, highly liquid investments of the Sava Insurance Group represented 43.0% (31 December 2021: 37.5%) of the entire investment portfolio, which demonstrates its high liquidity.

Sava Re manages liquidity risk by ensuring funds in the amount of the estimated liquidity requirement. This comprises estimated ordinary current liquidity needs and liquidity reserves, which are ensured through the allocation of funds in money market instruments and through setting minimum percentages of portfolios that must be invested in highly liquid assets readily available to provide liquidity in case of emergency.

Sava Re makes the normal current liquidity assessment based on the projected cash flow analysis in the period of up to one year included in the monthly and weekly plans, which take into account the planned investment maturity dynamics as well as other inflows and outflows from operating activities. To this end, historical data from previous monthly and weekly liquidity plans and projections regarding future operations are used. The liquidity reserve is then calculated on the basis of an assessment of the maximum weekly outflows based on historical data.

Exposure to liquidity risk is also measured by maturity-matching of assets and liabilities. The following table shows the value of financial investments by year based on undiscounted cash flows, while the value of technical provisions is shown by year and expected maturity based on triangular development.



Maturity profile of financial assets and liabilities

Sava Re								
EUR	Carrying amount as at 31 Dec 2022	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	Total 31 Dec 2022	
Financial investments	333,328,717	0	89,849,332	172,743,508	75,004,603	30,836,206	368,433,649	
- At fair value through profit or loss	5,374,259	0	1,523,800	745,200	7,320,306	98,256	9,687,562	
- Held to maturity	2,075,395	0	102,500	2,307,500	0	0	2,410,000	
- Loans and deposits	12,175,362	0	10,797,231	1,505,372	134,309	0	12,436,913	
- Available-for-sale	313,703,700	0	77,425,800	168,185,436	67,549,989	30,737,950	343,899,174	
Reinsurers' share of technical provisions	55,484,147	0	0	0	0	0	0	
Cash and cash equivalents	23,926,029	8,080,000	15,846,029	0	0	0	23,926,029	
TOTAL ASSETS	412,738,893	8,080,000	105,695,361	172,743,508	75,004,603	30,836,206	392,359,678	
Subordinated liabilities	74,924,356	0	2,812,500	11,250,000	80,625,000	0	94,687,500	
Technical provisions	347,000,232	0	158,796,236	129,842,625	58,361,371	0	347,000,232	
TOTAL LIABILITIES	421,924,588	0	161,608,736	141,092,625	138,986,371	0	441,687,732	
Difference	-9,185,695	8,080,000	-55,913,376	31,650,883	-63,981,768	30,836,206	-49,328,054	

Sava Re	Carrying amount as at 31 Dec 2021	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	Total 31 Dec 2021
EUR							
Financial investments	327,784,595	0	61,698,421	146,698,011	98,031,895	29,192,263	335,620,590
- At fair value through profit or loss	9,283,045	0	291,920	3,357,700	9,718,539	126,024	13,494,183
- Held to maturity	2,816,979	0	844,500	2,410,000	0	0	3,254,500
- Loans and deposits	12,183,310	0	10,898,506	711,716	716,862	0	12,327,085
- Available-for-sale	303,501,261	0	49,663,495	140,218,595	87,596,494	29,066,239	306,544,822
Reinsurers' share of technical provisions	48,486,444	0	21,952,110	18,054,742	8,479,592	0	48,486,444
Cash and cash equivalents	28,806,817	8,000,000	20,806,817	0	0	0	28,806,817
TOTAL ASSETS	405,077,857	8,000,000	104,457,348	164,752,754	106,511,487	29,192,263	412,913,851
Subordinated liabilities	74,863,524	0	2,812,500	11,250,000	83,437,500	0	97,500,000
Technical provisions	331,812,724	0	150,641,099	123,274,509	57,897,117	0	331,812,724
TOTAL LIABILITIES	406,676,249	0	153,453,599	134,524,509	141,344,617	0	429,312,724
Difference	-1,598,392	8,000,000	-48,996,251	30,228,245	-34,823,130	29,192,263	-16,398,873

Sava Re held EUR 185.1 million or 50.9% (31 December 2021: EUR 160.2 million; 45.3%) of highly liquid investments.

Sava Re's liabilities with up to 1 year's maturity at the end of 2022 exceeded short-term assets. Taking into consideration expected operating income and a high share of liquid investments, we estimate the Company's liquidity position as appropriate.

The average maturity of assets and liabilities also indicates the liquidity situation. The average maturity of bonds and deposits of the non-life insurance register was 2.79 years at year-end 2022 (31 December 2021: 3.81 years), while the expected maturity of liabilities was 2.76 years (31 December 2021: 2.84 years).

Based on the above, we estimate that the liquidity risk of Sava Re is well managed and did not change significantly compared to year-end 2021.

17.7.4.3 Credit risk

Assets exposed to credit risk include financial investments (deposit investments, bonds, loans granted, de-

posits with cedants, bond and convertible mutual funds, and cash and cash equivalents), receivables due from reinsurers and other receivables.

The Group's exposure to credit risk

Sava Insurance Group EUR	31 Dec 2022	31 Dec 2021
Fixed-rate investments	1,341,215,511	1,517,309,181
Debt instruments	1,237,646,077	1,419,051,166
Deposits with cedants	10,334,969	9,610,337
Cash and cash equivalents	93,234,465	88,647,678
Receivables due from reinsurers	76,943,293	65,533,428
Reinsurers' share of technical provisions	65,600,524	57,767,056
Receivables for shares in claims	11,342,769	7,766,372
Other receivables	162,818,193	142,174,498
Receivables arising out of primary insurance business	143,751,656	128,544,723
Receivables arising out of co-insurance and reinsurance business (other than receivables for shares in claims)	1,418,032	1,310,793
Current tax assets	3,945,207	330,518
Other receivables	13,703,298	11,988,464
Total exposure	1,580,976,997	1,725,017,112

Sava Re's exposure to credit risk

Sava Re EUR	31 Dec 2022	31 Dec 2021
Fixed-rate investments	328,403,707	327,399,150
Debt instruments	294,142,709	288,981,996
Deposits with cedants	10,334,969	9,610,337
Cash and cash equivalents	23,926,029	28,806,817
Receivables due from reinsurers	63,752,552	53,053,054
Reinsurers' share of technical provisions	55,484,147	48,486,444
Receivables for shares in claims	8,268,404	4,566,609
Receivables, excluding receivables arising out of reinsurance business	83,003,529	75,236,562
Receivables arising out of primary insurance business	82,025,975	74,410,185
Receivables arising out of co-insurance and reinsurance business (excluding receivables for shares in claims)	708,072	558,987
Current tax assets	49,594	0
Other receivables	219,888	267,390
Total exposure	475,159,788	455,688,765

Credit risk due to issuer default

As at 31 December 2022, the Group was exposed to credit risk in the amount of EUR 1,341.2 million (31 December 2021: EUR 1,517.3 million).

As at 31 December 2022, the Company was exposed to credit risk in the amount of EUR 328.4 million (31 December 2021: EUR 327.4 million).

Credit risk for investments is estimated based on two factors:

- credit ratings used in determining credit risk for fixed-rate investments¹⁴¹ and cash assets¹⁴²;
- performance indicators for other investments.

Below we set out an assessment of credit risk for fixed-rate investments.

¹⁴¹ Included are government bonds, corporate bonds, deposits and loans granted, deposits with cedants, bond and convertible mutual funds, and private debt fund investments.

¹⁴² This includes cash and demand deposits.

Fixed-rate investments by issuer credit rating*

Sava Insurance Group EUR Rated by S&P/Fitch	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
AAA	271,703,967	21.7%	272,294,913	19.0%	2.7
AA	229,739,428	18.3%	201,403,974	14.1%	4.3
A	321,305,418	25.6%	424,557,880	29.7%	-4.0
BBB	260,829,302	20.8%	341,065,905	23.8%	-3.0
BB	57,371,966	4.6%	53,830,163	3.8%	0.8
B	15,014,634	1.2%	16,873,016	1.2%	0.0
Not rated	96,729,726	7.7%	120,980,656	8.5%	-0.7
Total	1,252,694,441	100.0%	1,431,006,507	100.0%	-

* The data for 2021 is different from the data in the 2021 annual report, because the table does not include the value of cash and cash equivalents. This is presented in the additional table below. Not-rated investments include private debt.

Investments – cash and cash equivalents by credit rating

Sava Insurance Group EUR Rated by S&P/Fitch	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
A	124	0.0%	1,499,925	1.7%	-1.7
BBB	38,565,530	41.4%	41,271,191	46.6%	-5.2
BB	291,586	0.3%	1,870	0.0%	0.3
Not rated	54,377,223	58.3%	45,874,692	51.7%	6.6
Total	93,234,463	100.0%	88,647,678	100.0%	-

As regards management of credit risk, the objective pursued by the Group determines that the share of debt instruments and cash and cash-equivalents accounts for at least 75% of the investment portfolio val-

ue. As at 31 December 2022, these assets represented 90.1% of the investment portfolio (31 December 2021: 90.9%).

As at 31 December 2022, fixed-rate investments rated “A” or better accounted for 65.6% of the total fixed-rate portfolio (31 December 2021: 62.8%). The share of the best-rated investments increased somewhat in

2022 compared with the previous year. Fixed-rate investments with no credit rating available accounted for 7.7% of fixed-rate investments.

Fixed-rate investments by issuer credit rating*

Sava Re EUR Rated by S&P/Fitch	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
AAA	123,438,923	40.8%	101,082,457	33.9%	6.9
AA	76,283,976	25.2%	52,320,746	17.5%	7.7
A	53,810,756	17.8%	67,916,296	22.7%	-5.0
BBB	32,149,991	10.6%	44,294,729	14.8%	-4.2
BB	997,504	0.3%	1,014,564	0.3%	0.0
B	405,256	0.1%	752,966	0.3%	-0.1
Not rated	17,391,271	5.1%	32,148,575	10.5%	-5.3
Total	304,477,678	100.0%	299,530,334	100.0%	-

* The data for 2021 is different from the data in the 2021 annual report, because the table does not include the value of cash and cash equivalents. This is presented in the additional table below. Not-rated investments also include private debt (MV Senior).

Investments – cash and cash equivalents by credit rating

Sava Re EUR Rated by S&P/Fitch	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
A	124	0.0%	1,499,925	5.2%	-5.2
BBB	14,877,410	62.2%	17,978,561	62.4%	-0.2
Not rated	9,048,495	37.8%	9,328,331	32.4%	5.4
Total	23,926,029	100.0%	28,806,817	100.0%	-



In terms of credit risk management, the Company strives to ensure that a material part of debt-based assets is invested in investments rated “A-” or better. As at 31 December 2022, debt investments rated “A” or better represented 83.8% of total investments (31 December 2021: 74.1%). The Company regularly monitors exposure to individual issuers and any changes in credit standing in order to be able to prepare for a timely response to any adverse developments in financial markets or increase in risk related to any issuer.

Sava Re mitigates credit risk with other investments through a high degree of diversification and by investing in liquid securities.

The investment portfolios of the Sava Insurance Group and Sava Re are diversified in accordance with local law and Group internal rules in order to avoid large concentration in a certain type of investment, large concentration with any counterparty or economic sector or other potential forms of concentration.

Diversification of financial investments by industry

Sava Insurance Group EUR Industry	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
Government	770,495,808	52.6%	759,704,436	46.2%	6.4
Banking	157,333,687	10.7%	193,717,225	11.8%	-1.0
- Cash and cash equivalents	85,339,750	5.8%	79,270,472	4.8%	1.0
- Other	71,993,937	4.9%	114,446,754	7.0%	-2.0
Utilities	132,795,813	9.1%	192,919,178	11.7%	-2.7
Finance & insurance	126,163,944	8.6%	172,084,715	10.5%	-1.8
Consumables	104,100,456	7.1%	139,401,765	8.5%	-1.4
Industry	68,737,038	4.7%	93,011,474	5.7%	-1.0
Property	53,856,376	3.7%	44,532,966	2.7%	1.0
Infrastructure	52,054,172	3.6%	50,530,503	3.1%	0.5
Total	1,465,537,294	100.0%	1,645,902,262	100.0%	-

The table herein is different than in the annual report 2021, because the “Banking” heading is additionally divided into “Cash and cash equivalents” and other investments in the industry.

Diversification of financial investments by industry

Sava Re EUR Industry	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
Government	215,692,875	59.1%	180,134,800	49.4%	9.7
Banking	38,872,331	10.7%	54,102,391	14.8%	-4.2
- Cash and cash equivalents	23,926,029	6.6%	28,806,817	7.9%	-1.3
- Other	14,946,302	4.1%	25,295,574	6.9%	-2.8
Finance & insurance	26,700,430	7.3%	29,638,049	8.1%	-0.8
Utilities	23,968,363	6.6%	33,368,605	9.2%	-2.6
Infrastructure	18,843,871	5.2%	14,554,843	4.0%	1.2
Consumables	17,216,033	4.7%	22,428,066	6.2%	-1.4
Property	15,149,931	4.2%	18,210,798	5.0%	-0.8
Industry	8,532,604	2.3%	12,053,553	3.3%	-1.0
Total	364,976,439	100.0%	364,491,106	100.0%	-

The table herein is different than in the annual report 2021, because the “Banking” heading is additionally divided into “Cash and cash equivalents” and other investments in the industry

The Group had the highest exposure to government bonds (31 December 2022: Germany 8.2%; 31 December 2021: Slovenia 7.5%); Sava Re also had the highest exposure to government bonds (31 December 2022: Germany 10.5%; 31 December 2021: Germany 7.5%).

Diversification of financial investments by region

Sava Insurance Group EUR Region	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
Slovenia	226,431,314	15.5%	259,798,182	15.8%	-0.3
Europe, EU Member States	834,762,223	57.0%	927,044,832	56.3%	0.6
Europe, non-EU members	166,120,512	11.3%	184,540,165	11.2%	0.1
United States of America	150,720,068	10.3%	185,984,102	11.3%	-1.0
Rest of the world	87,503,177	6.0%	88,534,980	5.4%	0.6
Total	1,465,537,294	100.0%	1,645,902,262	100.0%	-

The Group's largest exposure by region is to the EU member states (31 December 2022: 57.0%, 31 December 2021: 56.3%), with the exposure spread among 25 countries. This is followed by the exposure to Slovenia-based issuers (31 December 2022: 15.5%;

31 December 2021: 15.8%) and the exposure to non-EU issuers (31 December 2022: 11.3%; 31 December 2021: 11.2%). Exposure to other regions did not change significantly compared to the end of 2021.

Diversification of financial investments by region

Sava Re EUR Region	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
Slovenia	55,014,471	15.1%	63,088,191	17.3%	-2.2
Europe, EU Member States	212,542,088	58.2%	203,948,992	56.0%	2.3
Europe, non-EU members	8,745,286	2.4%	11,187,081	3.1%	-0.7
United States of America	44,825,050	12.3%	49,808,674	13.7%	-1.4
Rest of the world	43,849,543	12.0%	36,458,167	10.0%	2.0
Total	364,976,439	100.0%	364,491,106	100.0%	-

Sava Re's largest exposure is to EU Member States (31 December 2022: 58.2%, 31 December 2021: 56.0%), with the exposure spread among 22 countries. This is followed by the exposure to Slovenia-based is-

suers (31 December 2022: 15.1%; 31 December 2021: 17.3%) and exposure to issuers based in the United States of America (31 December 2022: 12.3%; 31 December 2021: 13.7%).

Exposure to Slovenia by asset type

Sava Insurance Group EUR Type of investment	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
Government bonds	102,970,435	7.0%	133,230,479	8.1%	-1.1%
Cash and cash equivalents	77,128,062	5.3%	73,729,658	4.5%	0.8%
Corporate bonds	13,064,162	0.9%	19,857,583	1.2%	-0.3%
Shares	8,070,670	0.6%	12,797,641	0.8%	-0.2%
Investment property	19,595,377	1.3%	11,089,110	0.7%	0.7%
Deposits	0	0.0%	2,008,600	0.1%	-0.1%
Loans granted	1,076,548	0.1%	1,300,812	0.1%	0.0%
Mutual funds	3,265,204	0.2%	4,827,558	0.3%	-0.1%
Infrastructure funds	1,260,856	0.1%	956,741	0.1%	0.0%
Sum total	226,431,314	15.4%	259,798,182	15.8%	-0.3%

The Group's exposure to Slovenia decreased by 0.4 p.p. in 2022. As at 31 December 2022, investments in government bonds represented the largest exposure to Slovenia, the same as at 31 December 2021. They accounted for 7.0% of the total portfolio, down by 1.1 p.p. compared to the previous year.

Exposure to Slovenia by asset type

Sava Re EUR Type of investment	31 Dec 2022		31 Dec 2021		Change in structure (p.p.)
	Amount	Structure	Amount	Structure	
Cash and cash equivalents	22,551,153	6.2%	25,978,561	7.1%	-1.0
Government bonds	12,354,289	3.4%	14,080,976	3.9%	-0.5
Investment property	7,721,693	2.1%	7,899,693	2.2%	-0.1
Shares	5,411,009	1.5%	6,681,248	1.8%	-0.4
Corporate bonds	3,962,278	1.1%	6,404,008	1.8%	-0.7
Loans granted	1,753,193	0.5%	1,086,964	0.3%	0.2
Infrastructure funds	1,260,856	0.3%	956,741	0.3%	0.1
Total	55,014,471	15.1%	63,088,191	17.3%	-2.3

At the year end, the exposure of Sava Re to Slovenia-based issuers was EUR 55.0 million, representing 15.1% of financial investments (31 December 2021: EUR 63.1 million; 17.3%). Compared to 31 December 2021, the share of such investments decreased by 2.3 p.p., chiefly due to the lower balance of cash and cash equivalents and shares.

As at 31 December 2022, the Group's exposure to the ten largest issuers was EUR 466.7 million, representing 31.8% of financial investments (31 December 2021: EUR 481.7 million; 29.3%). The largest single issuer of securities to which the Group is exposed is the Republic of Slovenia.

As at 31 December 2022, Sava Re's exposure to the ten largest issuers was EUR 150.5 million, representing 41.2% of financial investments (31 December 2021: EUR 134.6 million; 36.9%). The largest single issuer of securities to which Sava Re is exposed is Germany. As at 31 December 2022, it totalled EUR 38.5 million or 10.5% of financial investments (31 December 2021: EUR 28.9 million; 7.2%).

We assess that in 2022, the Sava Insurance Group companies – by maintaining a large percentage of highly-rated investments, diversification of investments by industry and geography and reducing concentration – managed credit risk well, maintaining it on the same level as in 2021.

Counterparty default risk

The Group is also exposed to credit risk in relation to its reinsurance programme. As a rule, subsidiaries conclude reinsurance contracts directly with the parent company. Exceptionally, if so required by local regulations, they buy reinsurance from providers of assistance services and local reinsurers. In such cases, local reinsurers transfer the risks to Sava Re, thus reducing the effective credit risk exposure relating to reinsurers below the one correctly shown according to accounting rules.

The tables below show the receivables ageing analysis for the Group and Sava Re, including receivables arising out of reinsurance business relating to reinsurance contracts.



Receivables ageing analysis

Sava Insurance Group EUR	31 Dec 2022			Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
	Gross amount	Allowance	Receivables								
Receivables due from policyholders	159,379,516	-18,755,949	140,623,567	108,049,012	11,147,940	6,012,250	3,084,765	5,855,157	3,837,239	2,637,204	140,623,567
Receivables due from insurance intermediaries	2,572,130	-865,894	1,706,236	537,371	1,107,099	26,668	6,188	22,706	5,109	1,095	1,706,236
Other receivables arising out of primary insurance business	1,556,347	-134,494	1,421,853	172,163	16,878	137,997	700	790,122	235,474	68,519	1,421,853
Receivables arising out of primary insurance business	163,507,993	-19,756,337	143,751,656	108,758,546	12,271,917	6,176,915	3,091,653	6,667,985	4,077,822	2,706,818	143,751,656
Receivables for shares in claims	11,615,218	-272,449	11,342,769	8,239,284	1,202,831	692,690	6742	667,294	133,304	400,624	11,342,769
Other receivables arising out of co-insurance and reinsurance business	1,418,032	0	1,418,032	1,192,487	0	91,512	9	57,678	62,184	14162	1,418,032
Receivables arising out of reinsurance and co-insurance business	13,033,250	-272,449	12,760,801	9,431,771	1,202,831	784,202	6751	724,972	195,488	414,786	12,760,801
Current tax assets	3,945,207	0	3,945,207	3,945,207	0	0	0	0	0	0	3,945,207
Other short-term receivables arising out of insurance business	15,785,499	-13,016,693	2,768,806	1,083,773	128,415	130,609	75,732	176,275	265,306	908,696	2,768,806
Receivables arising out of investments	442,096	-166,929	275,167	250,433	6,461	0	0	0	0	18,273	275,167
Other receivables	13,022,366	-2,363,041	10,659,325	10,387,216	99,233	97,902	10,073	22,390	5,619	36,892	10,659,324
Other receivables	29,249,961	-15,546,663	13,703,298	11,721,422	234,109	228,511	85,805	198,665	270,925	963,861	13,703,297
Total	209,736,411	-35,575,449	174,160,961	133,856,946	13,708,857	7,189,628	3,184,209	7,591,622	4,544,235	4,085,465	174,160,961



Sava Insurance Group EUR	31 Dec 2021			Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
	Gross amount	Allowance	Receivables								
Receivables due from policyholders	146,939,903	-20,410,622	126,529,281	98,895,556	9,440,530	4,465,130	3,143,952	5,147,448	2,829,707	2,606,958	126,529,281
Receivables due from insurance intermediaries	2,412,729	-871,452	1,541,277	713,272	763,151	27,923	8,563	16,767	11,601	0	1,541,277
Other receivables arising out of primary insurance business	621,026	-146,861	474,165	129,697	14,216	2,041	1,500	251,420	38,540	36,751	474,165
Receivables arising out of primary insurance business	149,973,658	-21,428,935	128,544,723	99,738,525	10,217,897	4,495,094	3,154,015	5,415,635	2,879,848	2,643,709	128,544,723
Receivables for shares in claims	7,993,897	-227,525	7,766,372	7,144,678	88,666	22,292	75	34,211	77,148	399,302	7,766,372
Other receivables arising out of co-insurance and reinsurance business	1,310,793	0	1,310,793	1,292,332	0	129	140	3,347	14,845	0	1,310,793
Receivables arising out of reinsurance and co-insurance business	9,304,690	-227,525	9,077,165	8,437,010	88,666	22,421	215	37,558	91,993	399,302	9,077,165
Current tax assets	330,518	0	330,518	330,518	0	0	0	0	0	0	330,518
Other short-term receivables arising out of insurance business	17,365,268	-14,129,963	3,235,305	1,165,644	242,582	114,860	109,961	183,514	353,473	1,065,271	3,235,305
Receivables arising out of investments	440,212	-167,108	273,104	248,083	438	313	625	937	3,555	19,153	273,104
Other receivables	10,846,117	-2,366,062	8,480,055	7,766,242	538,955	96,750	12,292	17,103	14,866	33,847	8,480,055
Other receivables	28,651,597	-16,663,133	11,988,464	9,179,969	781,975	211,923	122,878	201,554	371,894	1,118,271	11,988,464
Total	188,260,463	-38,319,593	149,940,870	117,686,022	11,088,538	4,729,438	3,277,108	5,654,747	3,343,735	4,161,282	149,940,870

The Group assessed its receivables for impairment. Allowances were established for receivables that needed to be impaired. Receivables are discussed in greater detail in note [17.8.11](#).

Reinsurance programmes are mostly placed with first-class reinsurers with an appropriate credit rating (at least “A-” according to S&P Global Ratings for long-term business and at least “BBB+” for short-term business). Thus, more than 80% of the Sava Insurance Group’s credit risk exposure to reinsurers at the end of 2022 (2021: at least 80%) related to reinsurers rated “BBB” or better. When classifying reinsurers by credit rating group, we considered the credit rating of each individual reinsurer, also where the reinsurer is part of a group. Often such reinsurers are unrated subsidiar-

ies, while the parent company has a credit rating. We consider such a treatment conservative, as ordinarily a parent company takes action if a subsidiary gets into trouble.

As at 31 December 2022, the total exposure of the Sava Insurance Group to credit risk relating to reinsurers was EUR 76.8 million (31 December 2021: EUR 65.5 million), of which EUR 65.5 million (31 December 2021: EUR 57.7 million) relates to the reinsurers’ share of technical provisions and EUR 11.3 million (31 December 2021: EUR 7.8 million) to receivables for the reinsurers’ and co-insurers’ shares in claims. As at 31 December 2022 the Group’s total credit risk exposure relating to reinsurers represented 3.0% of total assets (31 December 2021: 2.5%).

Sava Insurance Group’s exposures to reinsurers by reinsurer credit rating

EUR	31 Dec 2022		31 Dec 2021	
	Amount	Structure	Amount	Structure
Rated by S&P / AM Best				
(A++ or A+) / (AAA or AA)	58,806,410	76.6%	19,682,915	30.1%
A / (A or A-)	7,454,941	9.7%	30,985,239	47.3%
BBB / (B++ or B+)	346,451	0.5%	6,222,418	9.5%
Less than BBB / less than B+	1,066,160	1.4%	955,393	1.5%
Not rated	9,137,630	11.9%	7,646,270	11.7%
Total	76,811,592	100.0%	65,492,236	100.0%





Receivables ageing analysis

Sava Re EUR	31 Dec 2022			Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
	Gross amount	Allowance	Receivables								
Receivables due from policyholders	81,339,797	-744,384	80,595,413	62,496,337	5,031,773	2,670,303	1,776,648	4,312,248	2,685,384	1,622,719	80,595,413
Other receivables arising out of primary insurance business	1,430,562	0	1,430,562	208,773		136,567		789,175	233,990	62,057	1,430,562
Receivables arising out of primary insurance business	82,770,359	-744,384	82,025,975	62,705,110	5,031,773	2,806,870	1,776,648	5,101,423	2,919,374	1,684,776	82,025,975
Receivables for shares in claims	8,538,859	-270,455	8,268,404	5,168,477	1,202,831	692,690	6742.09	667,294	133,304	397,065	8,268,404
Other receivables arising out of co-insurance and reinsurance business	708,072	0	708,072	482,528		91,512	9.13	57,678	62,184	14,162	708,072
Receivables arising out of reinsurance and co-insurance business	9,246,932	-270,455	8,976,477	5,651,005	1,202,831	784,203	6751.22	724,972	195,488	411,227	8,976,477
Other receivables	610,517	-341,035	269,482	269,482	0	0	0	0	0	0	269,482
Other receivables	610,517	-341,035	269,482	269,482	0	0	0	0	0	0	269,482
Total	92,627,808	-1,355,874	91,271,934	68,625,597	6,234,605	3,591,073	1,783,399	5,826,395	3,114,862	2,096,003	91,271,934

Sava Re EUR	31 Dec 2021			Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
	Gross amount	Allowance	Receivables								
Receivables due from policyholders	74,475,114	-656,690	73,818,424	58,619,395	4,328,425	1,843,705	2,012,040	3,666,622	1,927,894	1,420,345	73,818,425
Other receivables arising out of primary insurance business	591,761	0	591,761	274,038	0	0	0	247,547	40,895	29,281	591,761
Receivables arising out of primary insurance business	75,066,875	-656,690	74,410,185	58,893,433	4,328,425	1,843,705	2,012,040	3,914,169	1,968,789	1,449,625	74,410,185
Receivables for shares in claims	4,792,142	-225,533	4,566,609	3,949,023	88,127	22,292	75	34,211	77,148	395,732	4,566,609
Other receivables arising out of co-insurance and reinsurance business	558,987	0	558,987	543,556	0	129	140	317	14,845	0	558,987
Receivables arising out of reinsurance and co-insurance business	5,351,129	-225,533	5,125,596	4,492,579	88,127	22,421	215	34,528	91,993	395,732	5,125,596
Other receivables	608,425	-341,035	267,390	267,390	0	0	0	0	0	0	267,390
Other receivables	608,425	-341,035	267,390	267,390	0	0	0	0	0	0	267,390
Total	81,026,429	-1,223,257	79,803,172	63,653,403	4,416,551	1,866,126	2,012,255	3,948,697	2,060,783	1,845,358	79,803,172



Sava Re assessed its receivables for impairment. Allowances were established for receivables that needed to be impaired. Receivables are discussed in greater detail in note [17.8.11](#).

Reinsurance programmes are mostly placed with first-class reinsurers with an appropriate credit rating (at least “A-” according to Standard & Poor’s for long-term business, and at least “BBB+” for short-term business). We consider this risk as low, particularly as the investment portfolio is adequately diversified. See details in the following table. Thus, at least 80% of the credit risk exposure relating to reinsurers at the end of 2022 (2021: at least 80%) related to reinsurers rated “BBB” or better.

As at 31 December 2022, the total exposure of Sava Re to credit risk relating to reinsurers was EUR 63.8 million (31 December 2021: EUR 53.1 million). Of this, EUR 55.5 million (31 December 2021: EUR 48.5 million) relates to retroceded gross technical provisions (EUR 7.4 million to unearned premiums and EUR 48.1 million to provisions for outstanding claims) and EUR 8.3 million (31 December 2020: EUR 4.6 million) to receivables for reinsurers’ shares in claims. The total credit risk exposure of Sava Re to retrocessionaires accounted for 7.4% of total assets in 2022 (31 December 2021: 6.4%).

Sava Re’s exposures to reinsurers by reinsurer credit rating

EUR	31 Dec 2022		31 Dec 2021	
Rated by S&P / AM Best	Amount	Structure	Amount	Structure
(A++ or A+) / (AAA or AA)	54,153,343	84.9%	18,517,919	34.9%
A / (A or A-)	3,619,057	5.7%	27,599,994	52.0%
BBB / (B++ or B+)	346,451	0.5%	2,833,975	5.3%
Less than BBB / less than B+	1,066,160	1.7%	902,579	1.7%
Not rated	4,567,541	7.2%	3,198,586	6.0%
Total	63,752,552	100.0%	53,053,054	100.0%

17.7.4.4 Risk of failure to realise guaranteed returns

The Group is also exposed to the risk of failing to achieve guaranteed returns, specifically with traditional life insurance contracts, some types of unit-linked life insurance contracts and investment contracts relating to the long-term business funds of the voluntary supplementary pension insurance business (VSPI) that Sava Pokojninska manages for the benefit of its policyholders.

Traditional and unit-linked life insurance contracts

The Group is exposed to the risk of failure to realise guaranteed returns for its traditional and some unit-linked life insurance business with guaranteed returns (e.g. guaranteed fund unit value). Taking into account the realised book return on financial investments and the guaranteed return on the liabilities side for 2022, the effect of achieving the guaranteed return was a loss of EUR 1.5 million (2021: EUR 0.02 million). The impact of achieving the guaranteed return is negative in 2022 and significantly lower than in the previous year, mainly due to the lower book return on investments and the increase in provisions due to the reduction in the technical interest rate in 2022.

Investment contracts

The Group's investment contracts include a group of life cycle funds called MY Life-cycle Funds (Slovenian: MOJI skladi življenjskega cikla), relating to supplementary pension business of the company Sava Pokojninska

in the accumulation phase. Investment contract liabilities are not included in the consolidated technical provisions item, and are, therefore, not included in the presentation of underwriting risk. Investment contract assets are not included in the consolidated financial investments item, and are, therefore, not included in the presentation of investment portfolio risk.

As regards investment contract assets and liabilities, the Group is exposed to the risk of not achieving the guaranteed return in one of the long-term business funds with a guaranteed return (the MGF¹⁴³ fund).

The guaranteed return of MGF is 60% of the average annual interest rate on government securities with a maturity of over one year. Liabilities relating to MGF comprise paid in premiums, guaranteed return and amounts in excess of the guaranteed return, provided the company achieved it.

In years when the return in excess of guaranteed return is realised, liabilities to the members of the MGF for assets in excess of guaranteed levels of assets are increased; if, however, realised return is below the guaranteed level, this part of liabilities decreases until the provision is fully exhausted. The described control of guaranteed return is carried out at the level of individual members' accounts. In the event that individual provisions of any account are not sufficient to cover the guaranteed assets, the company is required to make provisions for the difference, which may exceed 20% of the capital.

The risk of failing to realise guaranteed returns is managed primarily through appropriate management of policyholder assets and liabilities, an appropriate investment strategy, an adequate level of the company's capital and provisioning. The Group tests its risk exposure arising out of guaranteed return through stress tests and scenarios as part of the own risk and solvency assessment. We estimate that the risk of additional payments being made in order to achieve guaranteed returns in 2022 was higher than in 2021 because of the unfavourable valuation of debt securities, which constitute the bulk of the fund's investments.

The value of fund assets of the North Macedonian pension company Sava Penzisko Društvo (two funds, mandatory and voluntary) is not included in the statement of financial position of the company as these are funds under management (similar treatment as for fund management companies). The role of the North Macedonian pension company is solely to manage the assets; the funds have no guaranteed return. Consequently, the company is not exposed to the risk to which investment contracts are exposed, i.e. failure to realise the guaranteed return.

We estimate that the risk of failure to achieve guaranteed returns is medium and slightly increased in 2022 compared to the previous year due to financial market volatility.

¹⁴³ Moj zajamčeni sklad (My Guaranteed Fund).



17.7.5 Operational risks

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

Operational risks are not among the major risks faced by the Sava Insurance Group and Sava Re; however, these risks are actively monitored and managed at the level of the Group and Sava Re. To assess operational risks in Group companies and at the Group level, qualitative assessment of the probability and financial impact within the scope of the risk register is applied. Through regular risk assessments, the Group companies obtain insight into the actual level of their exposure to such risks and take the necessary measures to mitigate them.

According to a qualitative assessment, the exposure of the Sava Insurance Group and Sava Re to operational risk is medium.

The key operational risks of the Sava Insurance Group in 2022, ranked according to their rating in the risk register (from highest to lowest) are set out below. Risks that increased in 2022 are marked as such:

- personal data breaches in EU companies increased because of the high fines imposed by the regulator,
- cyber-attack (increased due to the war in Ukraine and the related increase in cyber threats),
- the risks associated with the reporting of subsidiaries to the parent company,
- inadequate outsourcing of IT services (internal or commercial cloud services) – the risk increased because the introduction of cloud services in the Save Re core business has not yet been fully completed and due to the higher likelihood of a cyber-attack and stricter regulatory requirements,
- failure to address a significant risk in the Group’s ORSA (increased due to the unpredictable external environment and the consequent difficulty in identifying and forecasting risks in the coming years),
- partial or total failure of the IT system due to natural disasters or fire,
- partial or total failure of the IT system due to failure of computer or communication systems,
- partial or total failure of the IT system (in relation to transactions, implementation and maintenance),
- loss of data as a result of a compromised or non-functioning IT system,
- risks related to the control of the Group’s subsidiaries.

The key operational risks of Save Re in 2022, ranked according to their rating in the risk register (from highest to lowest) are set out below. Risks that increased in 2022 are marked as such:

- personal data breaches in EU companies (increased because of the high fines imposed by the regulator),
- cyber-attack (increased due to the war in Ukraine and the related increase in cyber threats),
- inadequate IT support for reinsurance operations,
- inadequate outsourcing (internal or commercial cloud) increased because the introduction of cloud services in the Save Re core business has not yet been fully completed and also due to the higher likelihood of a cyber-attack and stricter regulatory requirements,
- the risk related to the sanctions clause,
- failure to address a significant risk in Sava Re’s ORSA,
- incomplete data for actuarial calculations (increased due to the migration to a new IT system, which increased some operational risks).

Cyber risks were identified as key operational risks in 2022, and it will be increasingly important to monitor and manage these risks in the future. If these risks materialise, they could result in a complete business interruption, significant financial losses and damage to the Group’s reputation. Therefore, in addition to the mitigation measures already in place at the Group level, activities are planned to manage these risks, such as the integration of a multi-level user authentication system and the definition of a cyber incident response plan. Key cyber risks identified include ransomware, malware, social engineering, data leakage/theft and denial of service.

Security threats and incidents are regularly monitored through the Security Operations Centre (SOC). In 2022, information security training was also provided to employees to limit the risk of social engineering and to raise awareness. The Group is also planning to implement some additional systems with more control mechanisms for data protection, integrity and availability, to develop more anomaly detection methods and to conduct independent security testing on an ongoing basis.

Group companies have established processes for identifying, measuring, monitoring, managing and reporting on such risks for the effective management of operational risk. Operational risk management processes have also been set up at the Group level and are defined in the operational risk management policy.

The main measures of operational risk management at the individual company and Group levels include:

- maintaining an effective business processes management system and a system of internal controls,
- maintaining records of and monitoring incidents,
- awareness-raising and training of all employees on their role in the implementation of the internal control system and management of operational risks,
- implementing appropriate policies as regards information security,
- having in place a business continuity plan for all critical processes (in order to minimise the risk of unpreparedness for incidents and external events and any resulting business interruption),
- having in place IT-supported processes and controls in the key areas of business of every Group company,
- awareness-raising and training of all employees.

We estimate that the Company's exposure to operational risks in 2022 was moderate and increased slightly compared to 2021 due to higher assessed cyber risks.

17.7.6 Strategic risks

Group companies and the Group are exposed to a variety of internal and external strategic risks that may have a negative impact on the income or capital adequacy. Strategic risks are by nature very diverse, difficult to quantify and heavily dependent on various (including external) factors.

Group companies' and the Group's strategic risks are assessed qualitatively in the risk register by assessing the frequency and potential financial impact of each risk materialising. In addition, key strategic risks are evaluated in the EU-based Group (re)insurance companies, using qualitative analysis of various scenarios. Based on both analyses combined, an overview is obtained of the extent and change in the exposure to this type of risk.

The key strategic risks of the Sava Insurance Group in 2022, ranked according to their rating in the risk register (from highest to lowest) are set out below. Risks that increased in 2022 are marked as such:

- the risk of a deterioration in macroeconomic conditions and the resulting decrease in the Group's profitability (increased because of the situation),
- the risk of significant changes in local accounting/tax policies/standards affecting the Group's operations (increased due to the introduction of the new accounting standards),
- the risk that macroeconomic and capital market developments could result in the investment portfolio not achieving its target returns (increased due to the situation),
- the risk of amendments to or new interpretation of legislation governing the SCR and own funds,
- risks associated with the Sava Insurance Group IT development strategy and risks associated with digitalisation and innovations (increased),
- the risk of insufficient human and financial resources to implement the IT strategy,
- the risk of increased competition in the markets in which the Group is present,
- the risk of IT support for a business area not being harmonised with other Group processes (increased),
- risks associated with subsidiaries' growth in certain segments,
- the risk related to changes in legal and regulatory practices and the resulting impact on the Group's operations.

The year 2022 was marked not only by increased volatility in the macroeconomic and geopolitical environment but also by inflation, which continues to be the biggest economic risk. Central banks reacted to the changed circumstances by raising key interest rates; credit spreads went up, and this led to a significant decline in the value of the Group's investment portfolio. The price rise also fuelled the claims inflation, which increases the risk of declining profitability in non-life insurance, in particular in motor and property insurance. The situation remains uncertain. The Group has adopted the measures necessary to reduce the effects of said risks and will continue to monitor the situation and take appropriate measures.

In 2022, the Group was also preparing for the transition to the new accounting standards (IFRS 17 and IFRS 9) and developed a plan for the new strategy period, which will also focus on the IT development strategy. The Group will, as far as possible, limit regulatory risks and the risks associated with new accounting regulations; however, both will remain high. The Group also adopted measures to mitigate these IT risks (examination of alternative offers between IT service providers, establishment of the business process committee and harmonisation of IT and processes, active advertising and recruitment, centralised digital platform administration).

The key strategic risks of Sava Re in 2022, ranked according to their rating in the risk register (from highest to lowest) are set out below. Risks that increased in 2022 are marked as such:

- the risk of deteriorated terms for purchasing reinsurance coverage and the inability to obtain adequate reinsurance (increased),
- the risk of a deterioration in macroeconomic and geopolitical conditions and the resulting more difficult reinsurance underwriting,
- the risk of amendments to or new interpretation of legislation governing the SCR and own funds,
- the risk that macroeconomic and capital market developments could result in the investment portfolio not achieving its target returns (increased),
- the risk related to changes in legal and regulatory practices and the resulting impact on the Company's operations or insurance underwriting,
- the risk that reinsurance prices do not keep pace with claims due to excess capital – soft market (increased),
- the risk of making the wrong decision on new strategic investments,
- the risk of deteriorated relationships with important business partners of Sava Re in the field of reinsurance,
- the risk of choosing the wrong IT solution.

Changes in the level of risk were mainly a result of the uncertain situation in macroeconomic markets and geopolitical tensions. The effect of Covid-19 on risks declined significantly in 2022, and the increased uncertainty was mainly the result of the war in Ukraine and soaring prices, in particular energy prices. The price rise led to, among other things, claims inflation, which has been reflected in reinsurance contracts, as their structure does not follow the inflation-related rise in sums insured on original policies, which in turn increases the likelihood of claims in non-proportional insurance (CAT XL). There have also been changes in the reinsurance market, where the claims inflation and loss experience raise expectations of further price rises and pressures to increase the retention rate. We also expect these risks to remain high in the coming year. The Company will strive to ensure that the amounts of cover and premiums in reinsurance contracts appropriately incorporate the effects of the claims inflation and loss experience and to obtain optimum retrocession coverage in given circumstances.

Group companies mitigate individual strategic risks mainly through preventive measures, and individual companies have in place various processes that ensure that they can properly identify, measure, monitor, manage, control and report strategic risks, thus ensuring their effective management. In addition to the

competent organisational units in Group companies, strategic risks are identified and managed by management bodies, risk management committees, risk management functions and the key function holders of the risk management system. Strategic risks are additionally identified by the Group's risk management committee. Strategic risks are also managed by continually monitoring the realisation of short- and long-term goals of Group companies, and by monitoring regulatory changes in the pipeline and market developments.

The Group is aware that its reputation is important in realising its business goals and in order to achieve its strategic plans in the long term. Group companies have taken steps aimed at mitigating reputation risk, such as setting up fit and proper procedures applicable to key employees, ensuring systematic operations of their respective compliance functions, having in place business continuity plans, developing stress tests and scenarios, and planning actions and responses in the case such risks materialise. Toward ensuring the Group's good reputation, each and every employee is responsible for improving the quality of services delivered and overall customer satisfaction.

We estimate that the Group's exposure to strategic risks in 2022 was moderate and slightly higher than in 2021.

17.7.6.1 Emerging risks

To ensure successful long-term business operations, it is extremely important for the Sava Insurance Group and Sava Re to predict and identify new risks. We attempt to follow trends, technological developments and events that may shape future risk development. It is a challenge to accurately predict such risks, so we source information externally and seek to define what could significantly affect our business operations in the future. In 2022, we conducted a Group-level survey assessing emerging risks for the strategy period (through 2027) and the long-term period (after 2027). Assessors from every Group company assessed the risks in terms of significance in a specific period.

Based on the results received from each Group company, we prepared a weighed Group-level risk assessment. The highest-rated risks through 2027 are the geopolitical risk, economic risk and risk related to new regulatory requirements. The risks were discussed during the preparation of the 2023–2027 strategy plan.

The key risks identified for the period after 2027 were climate change risk, digitalisation risk, health-related risks and the risks of demographic and social change. The Group will also study the risks in view of the potential impact on its business operations and will analyse prospective responses and measures.



17.7.6.2 Sustainability risk and climate change risk

Climate change risks

The Group monitors both physical and transition risks relating to climate change risk.

Under the insurers' business model, physical risks are those most clearly manifested in the increased risk of natural disasters and weather-related losses. The year 2022 was less turbulent than the previous year for the Sava Insurance Group in relation to natural disasters, although international reinsurance markets were exposed to a number of major loss events. During 2022, Sava Re recorded 4 events for which the Company's claims exceeded EUR 1 million. In relation to natural disasters, Zavarovalnica Sava was affected by 3 losses in excess of EUR 1 million, i.e. one more than in 2021. Other subsidiaries did not record major differences in loss events due to natural disasters in 2022.

Investments in sustainable development and preventive activities (renewables, awareness-raising among policyholders) will continue to be factors that will have a significant impact on the scope and scale of losses due to natural disasters.

Group companies are exposed to transition risk associated with the shift to more sustainable business operations, and the Group manages this risk through regular

monitoring of sustainability-related legislative changes and promptly adapts its business also by offering more sustainable products and by actively learning about its customers' new needs. The Group has implemented its guidelines for responsible underwriting of environmental, social, and governance risks in non-life insurance, which guide Group companies in underwriting and Sava Re in reinsurance underwriting of individual risks. The Group-level Sustainability Investment Policy of the Sava Insurance Group defines, among other things, the activities in which the Sava Insurance Group will no longer invest (industries identified as non-sustainable). In this way, the Group manages the risks associated with the transition to sustainable business on the investment side.

Climate change risk is included in the risk register and periodically evaluated against other risks. The risks were correlated with the basic risk groups that they impact (market, insurance, credit, strategic and operational risks). The key climate change risks in the Group are:

- the risk of an increase in weather-related events and climate change-related natural disasters (higher number/intensity of losses),
- the risk of loss of income/premiums and poor portfolio diversification due to (re)insurance underwriting restrictions,

- the risk of reduced availability and less unaffordable reinsurance/retrocession due to the increased frequency of causation and the strength of natural catastrophes,
- the risk of negative effects on the value of investments in companies that have an adverse impact on climate change.

In its ORSA, the Group conducted two quantitative climate scenarios: in the first, it analysed the transition risk in the investment portfolio in the medium term, and in the other the impact of physical risks on the non-life insurance portfolio in the long term.

Owing to its robust solvency position, the Group would remain solvent even if such scenarios materialised. Importantly, the Group has put in place a system to monitor the developments related to transition and physical risks so that it can respond promptly and take appropriate action.

Other sustainability risks

In addition to climate change, the Group and Sava Re also monitor other sustainability risks. These are included in the risk register and periodically evaluated against other risks. The key sustainability risks of the Company and the Group in 2022 ranked according to their rating in the risk register (from highest to lowest) are set out below:

- the risk of sustainability-related changes in legislation and their impact on business operations,
- the risk associated with reputation risk (including the risk of being accused of greenwashing),
- the risk of opportunity losses for Group companies due to compliance with the restrictions imposed by sustainability policies and other regulations,
- the risk of higher costs due to adaptation of policies or operations to be environmentally friendly (in line with SFDR, CSRD and other regulations),
- the risk of inadequate or untimely implementation of sustainability regulation, and
- the risk of inadequate or untimely reporting under sustainability regulation.

The Group and Sava Re estimate that certain above-listed risks will increase in the strategic period, mainly on account of the increased scope and complexity of the new legislation. In addition to the above risks, we also monitor risks of social and/or financial inequality between genders in the insurance Group, the risk of non-compliant or inadequate internal regulations and policies regarding the principles for responsible investment (PRI), the risk of non-existing or inappropriate whistleblowing protocols and the risk of changes in sustainability-related legislation that affects the business operations of Group companies and reinsurance underwriting. Individual companies also monitor other risks relevant to their particular business.



17.8 Notes to the financial statements

17.8.1 Intangible assets

Movement in cost and accumulated amortisation / impairment losses of intangible assets

Sava Insurance Group						
EUR	Software	Goodwill	Deferred acquisition costs	Other intangible assets	Intangible assets in progress	Total
Cost						
31 Dec 2021	17,087,910	40,877,792	4,697,567	34,524,529	9,915,405	107,103,203
Additions	907,178	0	422,355	500,930	4,521,930	6,352,393
Transfer to use	1,121,623	0	0	0	-1,121,623	0
Disposals	-107,235	0	0	-1,502	0	-108,737
Exchange differences	-1,741	0	0	-10,592	-14	-12,347
31 Dec 2022	19,007,735	40,877,792	5,119,922	35,013,365	13,315,698	113,334,512
Accumulated amortisation and impairment losses						
31 Dec 2021	11,584,047	8,444,979	0	19,767,402	0	39,796,428
Additions	1,502,273	0	0	1,131,250	0	2,633,523
Disposals	-106,067	0	0	0	0	-106,067
Exchange differences	-2,405	0	0	-1,491	0	-3,896
31 Dec 2022	12,977,848	8,444,979	0	20,897,161	0	42,319,988
Carrying amount as at 31 Dec 2021	5,503,863	32,432,813	4,697,567	14,757,127	9,915,405	67,306,775
Carrying amount as at 31 Dec 2022	6,029,887	32,432,813	5,119,922	14,116,204	13,315,698	71,014,525



Sava Insurance Group

EUR	Software	Goodwill	Deferred acquisition costs	Other intangible assets	Intangible assets in progress	Total
Cost						
31 Dec 2020	14,494,358	40,877,792	4,915,589	34,109,747	7,262,740	101,660,226
Additions	549,288	0	22,037	423,425	5,733,444	6,728,194
Reclassification	0	0	0	0	19,006	19,006
Transfer to use	3,064,086	0	0	0	-3,064,086	0
Disposals	-1,022,289	0	-240,059	-12,556	-35,694	-1,310,598
Exchange differences	2,467	0	0	3,913	-5	6,375
31 Dec 2021	17,087,910	40,877,792	4,697,567	34,524,529	9,915,405	107,103,203
Accumulated amortisation and impairment losses						
31 Dec 2020	11,127,001	8,444,979	0	17,809,635	0	37,381,615
Additions	1,457,268	0	0	1,956,949	0	3,414,217
Disposals	-1,003,001	0	0	0	0	-1,003,001
Exchange differences	2,779	0	0	818	0	3,597
31 Dec 2021	11,584,047	8,444,979	0	19,767,402	0	39,796,428
Carrying amount as at 31 Dec 2020	3,367,357	32,432,813	4,915,589	16,300,112	7,262,740	64,278,611
Carrying amount as at 31 Dec 2021	5,503,863	32,432,812	4,697,567	14,757,127	9,915,405	67,306,775



Sava Re EUR	Software	Other intangible assets	Intangible assets in progress	Total
Cost				
31 Dec 2021	2,569,361	34,715	2,141,491	4,745,568
Additions	40,777	8,698	1,068,704	1,118,179
Transfer to use	407,113	0	-407,113	0
Disposals	0	-1,502	0	-1,502
31 Dec 2022	3,017,251	41,911	2,803,082	5,862,245
Accumulated amortisation and impairment losses				
31 Dec 2021	1,551,538	0	0	1,551,538
Additions	242,323	0	0	242,323
31 Dec 2022	1,793,861	0	0	1,793,861
Carrying amount as at 31 Dec 2021	1,017,824	34,715	2,141,491	3,194,031
Carrying amount as at 31 Dec 2022	1,223,391	41,911	2,803,082	4,068,384

Sava Re EUR	Software	Other intangible assets	Intangible assets in progress	Total
Cost				
31 Dec 2020	2,295,828	36,083	1,190,467	3,522,379
Additions	41,595	5,393	1,509,265	1,556,253
Transfer to use	522,547	0	-522,547	0
Disposals	-290,609	-6,761	-35,694	-333,064
31 Dec 2021	2,569,361	34,715	2,141,491	4,745,568
Accumulated amortisation and impairment losses				
31 Dec 2020	1,575,322	0	0	1,575,322
Additions	263,445	0	0	263,445
Disposals	-287,229	0	0	-287,229
31 Dec 2021	1,551,538	0	0	1,551,538
Carrying amount as at 31 Dec 2020	720,507	36,083	1,190,467	1,947,056
Carrying amount as at 31 Dec 2021	1,017,824	34,715	2,141,491	3,194,031

Other intangible assets in the Group consist mainly of estimated values of customer lists EUR 8,537,034 (2021: EUR 8,938,778) and contractual customer relationships EUR 4,160,000 (2021: EUR 4.800.000).

Assets in progress relate to new IT solutions acquired, in particular to prepare for the implementation of the new accounting standards IFRS 17 and IFRS 9, and to support the core business of Zavarovalnica Sava and Sava Re.



Movement in goodwill

Movement in goodwill in 2022

Sava Insurance Group EUR	
Total amount carried forward as at 31 Dec 2021	32,432,813
Balance as at 31 Dec 2022	32,432,813
Sava Neživotno Osiguranje (SRB)	4,565,229
Sava Osiguranje (MNE)	3,648,534
Zavarovalnica Sava	4,761,733
Sava Agent	2,718
TBS Team 24	2,787,676
Sava Penzisko Društvo	1,666,838
Sava Infond	15,000,085

Movement in goodwill in 2021

Sava Insurance Group EUR	
Total amount carried forward as at 31 Dec 2020	32,432,813
Balance as at 31 Dec 2021	32,432,813
Sava Neživotno Osiguranje (SRB)	4,565,229
Sava Osiguranje (MNE)	3,648,534
Zavarovalnica Sava	4,761,733
Sava Agent	2,718
TBS Team 24	2,787,676
Sava Penzisko Društvo	1,666,838
Sava Infond	15,000,085

Goodwill impairment testing

In the impairment testing of goodwill arising out of the acquired companies listed at the beginning of this section, the recoverable amount of each cash-generating unit as at 31 December 2022 in all companies exceeded its carrying amount including goodwill belonging to the unit. The assumptions used to calculate the recoverable amount are described below.

The cash flows are derived from the strategic plans of the companies constituting the cash-generating units. The companies' plans have been approved by the parent company and adopted by the companies' governing bodies. The supervisory board of Sava Re d.d. adopted the Strategic Plan of the Sava Insurance Group for 2023–2027 on 14 December 2022. The strategic plans of the companies were prepared on the basis of the following key strategic directions:

- premium growth in relation to past performance, expected GDP growth and the level of development of the insurance sector in Slovenia and abroad,

- growth of assets under management of the pension and mutual fund management company in relation to the macroeconomic environment, demographic trends, projected trends in inflows and outflows, and returns in relation to expected developments in the financial markets,
- growth in assistance services revenues in relation to the macroeconomic environment, the market conditions and the expected demand for assistance services,
- improved cost effectiveness in all companies,
- a target combined ratio in line with the specifics of the Slovenian and non-Slovenian non-life segments,
- a target new business margin for life insurance, and
- a return on investments in relation to the expected developments in financial markets.

A long-term growth rate (g) in the range of 2.5–4% is used to estimate the residual value after the 5-year planning projections. For Slovenia-based companies, this growth rate is based on an average risk-free rate of return of 2.5%; for other markets, it is 4% and is based on the expected long-term industry growth.

The discount rate methodology is explained in section [17.4.7](#).

Assumptions used in goodwill impairment testing in 2022

	Zavarovalnica Sava (SVN)	Sava Neživotno Osiguranje (SRB)	Sava Osiguranje (MNE)	Sava Penzisko Društvo (MKD)	Sava Infond (SVN)	TBS Team 24 (SVN)
Discount rate (%)	10.9	14.5	15.7	13.0	10.7	10.9
Long-term growth rate (%)	2.5	4.0	4.0	4.0	2.5	2.5



17.8.2 Property, plant and equipment

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

Sava Insurance Group						
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 Dec 2021	5,578,483	56,069,050	25,704,990	589,920	9,460,484	97,402,927
Additions	0	106,390	1,316,012	213,018	13,217,555	14,852,975
Reclassification	-112,267	-8,195,699	-442,409	-15,945	0	-8,766,320
Transfer to use	433,464	19,171,538	3,015,267	0	-22,620,269	0
Disposals	-676,883	-3,289,830	-2,558,369	-265,669	0	-6,790,751
Reductions – subsidiaries – disposal	-5,376	0	0	0	0	-5,376
Exchange differences	-1,035	-2,530	26	115	-1	-3,425
31 Dec 2022	5,216,386	63,858,919	27,035,517	521,439	57,769	96,690,031
Accumulated depreciation and impairment losses						
31 Dec 2021	0	22,100,341	18,779,149	186,263	0	41,065,753
Additions	0	1,010,884	3,054,865	34,560	0	4,100,309
Reclassification	0	-7,537,181	-495,875	-16,081	0	-8,049,137
Disposals	0	-616,422	-2,232,056	-12,641	0	-2,861,119
Exchange differences	0	-1,108	-401	2	0	-1,507
31 Dec 2022	0	14,956,514	19,105,682	192,103	0	34,254,299
Carrying amount as at 31 Dec 2021	5,578,484	33,968,709	6,925,841	403,657	9,460,484	56,337,174
Carrying amount as at 31 Dec 2022	5,216,386	48,902,405	7,929,835	329,336	57,769	62,435,731



Sava Insurance Group						
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 Dec 2020	5,576,811	54,791,481	23,962,225	201,165	1,434,695	85,966,377
Additions	0	63,040	735,363	242,263	10,179,984	11,220,650
Reclassification	0	1,115,682	503,052	146,417	-19,007	1,746,144
Transfer to use	0	86,013	2,049,175	0	-2,135,188	0
Disposals	0	0	-1,548,925	0	0	-1,548,925
Exchange differences	1,673	12,834	4,100	75	0	18,682
31 Dec 2021	5,578,484	56,069,050	25,704,990	589,920	9,460,484	97,402,928
Accumulated depreciation and impairment losses						
31 Dec 2020	0	20,950,868	16,679,787	-769	0	37,629,886
Additions	0	1,057,034	2,956,381	40,615	0	4,054,030
Reclassification	0	89,095	500,840	146,417	0	736,352
Disposals	0	0	-1,360,695	0	0	-1,360,695
Exchange differences	0	3,344	2,836	0	0	6,180
31 Dec 2021	0	22,100,341	18,779,149	186,263	0	41,065,753
Carrying amount as at 31 Dec 2020	5,576,811	33,840,613	7,282,438	201,934	1,434,695	48,336,491
Carrying amount as at 31 Dec 2021	5,578,484	33,968,709	6,925,841	403,657	9,460,484	56,337,174

The change in assets in progress (increase of EUR 13.2 million and transfer to use of EUR 22.6 million) relates to the acquisition of new equipment and a building intended for the insurance business of Zavarovalnica Sava. In 2021, EUR 9.5 million of assets in progress also relates to the acquisition of new equipment and a

building for Zavarovalnica Sava's own use.

In 2022, EUR 4.6 million of property, plant and equipment assets were sold or reclassified to non-current assets held for sale due to the relocation to the new office building of Zavarovalnica Sava.



Sava Re				Other items of property, plant and equipment		
EUR	Land	Buildings	Equipment		In progress	Total
Cost						
31 Dec 2021	151,374	2,417,758	1,492,148	314,358	10,554	4,386,191
Additions	0	0	366,711	207,242	31,880	605,833
Reclassification	0	31,950	1,360	0	0	33,310
Transfer to use	0	0	42,434	0	-42,434	0
Disposals	0	0	-364,359	-247,408	0	-611,767
31 Dec 2022	151,374	2,449,708	1,538,294	274,192	0	4,413,567
Accumulated depreciation and impairment losses						
31 Dec 2021	0	787,358	1,086,069	48,551	0	1,921,979
Additions	0	33,150	185,554	7,174	0	225,878
Reclassification	0	3,408	1,128	0	0	4,536
Disposals	0	0	-280,131	-12,641	0	-292,772
31 Dec 2022	0	823,916	992,620	43,084	0	1,859,621
Carrying amount as at 31 Dec 2021	151,374	1,630,400	406,078	265,807	10,554	2,464,213
Carrying amount as at 31 Dec 2022	151,374	1,625,792	545,673	231,108	0	2,553,945



Sava Re						
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 Dec 2020	151,374	2,417,758	1,473,852	82,195	0	4,125,178
Additions	0	0	107,107	232,163	20,421	359,691
Disposals	0	0	-98,678	0	0	-98,678
Transfer to use	0	0	9,867	0	-9,867	0
31 Dec 2021	151,374	2,417,758	1,492,148	314,358	10,554	4,386,191
Accumulated depreciation and impairment losses						
31 Dec 2020	0	754,686	966,864	46,780	0	1,768,331
Additions	0	32,672	187,108	1,771	0	221,551
Disposals	0	0	-67,903	0	0	-67,903
31 Dec 2021	0	787,358	1,086,069	48,551	0	1,921,979
Carrying amount as at 31 Dec 2020	151,374	1,663,072	506,987	35,415	0	2,356,848
Carrying amount as at 31 Dec 2021	151,374	1,630,400	406,078	265,807	10,554	2,464,213

Property, plant and equipment assets are unencumbered by third-party rights.

17.8.3 Right-of-use assets and liabilities

Movement in cost and accumulated amortisation / impairment losses of right-of-use assets

Sava Insurance Group EUR	Land and buildings	Motor vehicles	Computers and IT equipment	Total
As at 31 Dec 2021	6,968,618	405,669	12,139	7,386,426
Depreciation of right-of-use assets	-1,901,647	-204,825	-19,221	-2,125,693
Change in right of use	367,689	79,535	0	447,224
New contracts	2,115,345	197,997	69,043	2,382,385
Derecognition of right-of-use assets	-514,450	-150,348	0	-664,798
As at 31 Dec 2022	7,035,555	328,028	61,961	7,425,544

Sava Insurance Group EUR	Land and buildings	Motor vehicles	Computers and IT equipment	Total
As at 31 Dec 2020	7,969,959	648,513	30,122	8,648,594
Depreciation of right-of-use assets	-1,790,989	-202,784	-17,983	-2,011,756
Change in right of use	1,006,513	17,760	0	1,024,273
New contracts	227,360	-30,334	0	197,026
Derecognition of right-of-use assets	-444,225	-27,486	0	-471,711
As at 31 Dec 2021	6,968,618	405,669	12,139	7,386,426

Sava Re EUR	Land and buildings	Total
As at 31 Dec 2021	204,879	204,879
Depreciation of right-of-use assets	-74,135	-74,135
Change in right of use	193,899	193,899
Derecognition of right-of-use assets	-4,519	-4,519
As at 31 Dec 2022	320,124	320,124

Sava Re EUR	Land and buildings	Total
As at 31 Dec 2020	89,258	89,258
Depreciation of right-of-use assets	-74,585	-74,585
Change in right of use	192,558	192,558
Derecognition of right-of-use assets	-2353	-2353
As at 31 Dec 2021	204,879	204,879

The amounts recognised in the income statement related to leases are shown in the table below.



EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Depreciation/amortisation	2,125,693	2,011,756	74,135	74,585
- Land and buildings	1,901,647	1,790,989	74,135	74,585
- Motor vehicles	204,825	202,784	0	0
- Computers and IT equipment	19,221	17,983	0	0
Interest on lease liabilities	150,489	138,383	1,985	106
Costs associated with short-term leases	194,057	56,857	0	0
Costs associated with low value leases	45,119	49,289	0	0
Total	2,515,358	2,256,285	76,120	74,691

Cash flow from leases

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Cash flow from leases	2,265,303	2,767,429	78,444	76,657

Movement in short- and long-term lease liabilities¹⁴⁴

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Lease liability – maturity up to 1 year	2,461,740	2,672,119	78,425	74,982
Lease liability – maturity over 1 year	5,195,292	4,984,537	242,063	128,746
Total	7,657,032	7,656,656	320,488	203,728

EUR	Sava Insurance Group		Sava Re	
	Short-term	Long-term	Short-term	Long-term
31 Dec 2021	2,672,117	4,984,539	74,982	128,746
New leases		2,115,190		193,218
Repayments	-210,377	-2,054,926		-78,444
Interest attribution		150,489		1,985
Transfer to short-term liabilities		0	3,443	-3,443
31 Dec 2022	2,461,740	5,195,292	78,425	242,063

EUR	Sava Insurance Group		Sava Re	
	Short-term	Long-term	Short-term	Long-term
31 Dec 2020	2,615,590	6,311,344	44,726	43,108
New leases		1,358,768		192,447
Repayments		-2,767,429		-76,657
Interest attribution		138,383		106
Transfer to short-term liabilities	56,527	-56,527	30,256	-30,258
31 Dec 2021	2,672,117	4,984,539	74,982	128,746

Lease terms for land and buildings range from 1 to 10 years (the term of one contract is for up to 23 years), for cars from 1 to 5 years, and for hardware and IT equipment it is 6 years. For leases with an indefinite term, the Group has set the lease term at 5 years.

Group companies also act as lessors. The majority of these leases are for land and buildings as disclosed in note 17.8.5 “Investment property”.

¹⁴⁴ The disclosure also includes long-term liabilities under finance lease contracts.



17.8.4 Deferred tax assets and liabilities

Sava Insurance Group EUR	Netted value as at 31 Dec 2022	Included in income statement	Included in other comprehensive income	Offset value as at 31 Dec 2021	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-1,324,929	89,915	0	-1,235,014	10,638	-1,245,651
Intangible assets	-701,123	197,869	0	-503,254	0	-501,526
Long-term financial investments and investment property	-7,080,849	-76,815	30,824,472	23,666,808	25,287,865	-1,817,725
Short-term operating receivables	275,515	0	0	275,515	275,515	0
Provisions for jubilee benefits and severance pay (retirement)	825,153	-119,738	-154,399	551,016	725,597	-7,031
Provision for tax losses	2,182,498	-538,427	0	1,644,071	1,644,072	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	-5,899,962	-447,195	30,670,073	24,322,916	27,943,687	-3,648,160

Sava Insurance Group EUR	Netted value as at 31 Dec 2021	Included in income statement	Included in other comprehensive income	Offset value as at 31 Dec 2020	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-1,275,360	-49,569	0	-1,324,929	12,963	-1,337,892
Intangible assets	-898,320	197,784	0	-701,123	0	-701,123
Long-term financial investments and investment property	-11,397,432	86,146	4,240,690	-7,080,849	2,169,973	-9,250,822
Short-term operating receivables	257,859	17,656	0	275,515	275,515	0
Provisions for jubilee benefits and severance pay (retirement)	821,746	30,908	-27,501	825,153	846,454	-21,302
Provision for tax losses	2,576,671	-394,173	0	2,182,498	2,182,499	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	-9,991,063	-111,248	4,213,189	-5,899,963	5,487,403	-11,387,366

Sava Re EUR	Netted value as at 31 Dec 2022	Included in income statement	Included in other comprehensive income	Offset value as at 31 Dec 2021	Deferred tax assets	Deferred tax liabilities
Long-term financial investments and investment property	1,244,584	-485,886	5,179,499	5,938,197	6,633,504	-691,355
Short-term operating receivables	275,515	0	0	275,515	275,515	0
Provisions for jubilee benefits and severance pay (retirement)	57,728	-446	0	57,282	57,282	-3,951
Provision for tax losses	2,111,130	-467,058	0	1,644,072	1,644,072	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	3,612,730	-953,390	5,179,499	7,838,839	8,610,373	-771,533

Sava Re EUR	Netted value as at 31 Dec 2021	Included in income statement	Included in other comprehensive income	Offset value as at 31 Dec2020	Deferred tax assets	Deferred tax liabilities
Long-term financial investments and investment property	676,906	0	567,678	1,244,584	1,244,584	0
Short-term operating receivables	257,859	17,656	0	275,515	275,515	0
Provisions for jubilee benefits and severance pay (retirement)	47,269	10,459	0	57,728	57,728	0
Provision for tax losses	2,505,303	-394,173	0	2,111,130	2,111,130	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	3,411,110	-366,058	567,678	3,612,730	3,688,957	-76,227

In 2022, deferred tax assets and liabilities were accounted for using tax rates that the management believes will be used to tax the differences. Tax has been accounted for at the statutory rates applicable to each Group company. The tax rate applicable to most Group companies (Slovenia) is 19% (2021: 19%), and 9–18% for other companies (Croatia 18%, Serbia 15%, Kosovo and North Macedonia 10%, Montenegro – a progressive scale of 9–15% applies).

The decline in the prices of available-for-sale debt securities and the resulting decrease in the fair value reserve is the main reason for the change in the balance of deferred tax assets and liabilities.



17.8.5 Investment property

Movement in cost and accumulated depreciation of investment property

Sava Insurance Group					
EUR	Land	Buildings	Equipment	In progress	Total
Cost					
31 Dec 2021	2,158,752	13,216,427	186,075	0	15,561,254
Additions	0	0	0	9,135,430	9,135,430
Reclassification	0	14,285	-15,459	0	-1,174
Transfer to use	756,622	8,006,050	372,758	-9,135,430	0
Disposals	-266,147	-76,841	-4,593	0	-347,581
Exchange differences	243	2,830	-16	0	3,057
31 Dec 2022	2,649,470	21,162,751	538,765	0	24,350,986
Accumulated depreciation and impairment losses					
31 Dec 2021	28,640	1,159,564	91,858	0	1,280,063
Additions	0	319,549	19,768	0	339,317
Reclassification	0	-34,069	-15,331	0	-49,400
Disposals	0	-10,711	-4,580	0	-15,291
Exchange differences	-30	569	0	0	539
31 Dec 2022	28,610	1,434,902	91,715	0	1,555,228
Carrying amount as at 31 Dec 2021	2,130,112	12,056,862	94,217	0	14,281,192
Carrying amount as at 31 Dec 2022	2,620,860	19,727,849	447,050	0	22,795,759



Sava Insurance Group EUR	Land	Buildings	Equipment	Total
Cost				
31 Dec 2020	2,346,752	14,976,482	184,866	17,508,100
Additions	0	76	16,512	16,588
Reclassification	0	-1,116,718	-15,051	-1,131,769
Disposals	-189,588	-629,652	-252	-819,492
Impairment	0	-16,000	0	-16,000
Exchange differences	1,588	2,239	0	3,827
31 Dec 2021	2,158,752	13,216,427	186,075	15,561,254
Accumulated depreciation and impairment losses				
31 Dec 2020	28,629	1,273,563	84,830	1,387,022
Additions	0	279,695	20,066	299,761
Reclassification	0	-90,132	-12,840	-102,972
Disposals	0	-307,743	-198	-307,941
Impairment	0	90	0	90
Exchange differences	11	4,092	0	4,103
31 Dec 2021	28,640	1,159,565	91,858	1,280,063
Carrying amount as at 31 Dec 2020	2,318,123	13,702,919	100,036	16,121,079
Carrying amount as at 31 Dec 2021	2,130,112	12,056,862	94,217	14,281,192

Sava Re EUR	Land	Buildings	Equipment	Total
Cost				
31 Dec 2021	1,497,711	7,058,306	83,822	8,639,839
Reclassification	0	-31,950	-1,376	-33,326
31 Dec 2022	1,497,711	7,026,356	82,446	8,606,513
Accumulated depreciation and impairment losses				
31 Dec 2021	0	720,320	19,825	740,146
Additions	0	141,282	7,929	149,211
Reclassification	0	-3,408	-1,128	-4,536
31 Dec 2022	0	858,194	26,626	884,821
Carrying amount as at 31 Dec 2021	1,497,711	6,337,985	63,997	7,899,693
Carrying amount as at 31 Dec 2022	1,497,711	6,168,161	55,820	7,721,693

Sava Re EUR	Land	Buildings	Equipment	Total
Cost				
31 Dec 2020	1,497,711	7,058,306	68,119	8,624,136
Additions	0	0	15,703	15,703
31 Dec 2021	1,497,711	7,058,306	83,822	8,639,839
Accumulated depreciation and impairment losses				
31 Dec 2020	0	578,559	13,702	592,262
Additions	0	141,761	6,123	147,884
31 Dec 2021	0	720,320	19,825	740,146
Carrying amount as at 31 Dec 2020	1,497,711	6,479,747	54,417	8,031,875
Carrying amount as at 31 Dec 2021	1,497,711	6,337,985	63,997	7,899,693

The increase of EUR 8.5 million in investment property relates mainly to the new office building of Zavarovalnica Sava, which will be leased out in 2023, largely to Group companies.

In 2022, the Group generated income of EUR 1.4 million from the lease of its investment property (2021: EUR 1.3 million). Maintenance costs associated with investment property are either included in the rent or charged to the lessee. Costs covered by the Group in 2022 totalled EUR 202,917 (2021: EUR 85,283). We estimate that the Group will continue to lease its investment property in 2023 and over the next five-year period in a similar scope as in 2022 and generate a similar amount of lease income.

In 2022, the Company generated income of EUR 829,030 by leasing out its investment property (2021: EUR 784,325). Maintenance costs associated with investment property are either included in rent or charged to the lessees in a proportionate amount.

The investment properties are unencumbered by any third-party rights.

The fair values of investment property are resented in note [17.8.28 “Fair values of assets and liabilities”](#).



17.8.6 Financial investments in subsidiaries and associates

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Financial investments in subsidiaries	0	0	303,360,793	304,554,991
Financial investments in associates	21,856,109	20,479,729	19,575,000	19,575,000
Total	21,856,109	20,479,729	322,935,793	324,129,991

Financial investments in subsidiaries

Sava Re	31 Dec 2021		Impairment (-) Value	Disposal/decrease (-) Value	31 Dec 2022	
EUR	Holding	Value			Holding	Value
Zavarovalnica Sava	100.00%	123,364,958	0	0	100.00%	123,364,958
Sava Neživotno Osiguranje (SRB)	100.00%	16,143,299	0	0	100.00%	16,143,299
Illyria	100.00%	9,563,104	0	0	100.00%	9,563,104
Sava Osiguruvanje (MKD)	93.86%	10,094,070	-1,188,202	0	93.89%	8,905,868
Sava Osiguranje (MNE)	100.00%	15,373,019	0	0	100.00%	15,373,019
Illyria Life	100.00%	4,035,893	0	0	100.00%	4,035,893
Sava Životno Osiguranje (SRB)	100.00%	5,142,278	0	0	100.00%	5,142,278
S Estate	100.00%	5,996	0	-5,996	100.00%	0
Sava Pokojninska	100.00%	6,417,800	0	0	100.00%	6,417,800
TBS Team 24	78.50%	3,326,504	0	0	78.50%	3,326,504
Sava Penzisko Društvo	100.00%	19,714,494	0	0	100.00%	19,714,494
Sava Infond	85.00%	24,583,778	0	0	85.00%	24,583,778
Vita	100.00%	66,789,797	0	0	100.00%	66,789,797
Total		304,554,991	-1,188,202	-5,996		303,360,793



Sava Re	31 Dec 2020		Acquisition/ recapitalisation Value	31 Dec 2021	
EUR	Holding	Value		Holding	Value
Zavarovalnica Sava	100.00%	123,364,958	0	100.00%	123,364,958
Sava Neživotno Osiguranje (SRB)	100.00%	16,143,299	0	100.00%	16,143,299
Illyria	100.00%	9,563,104	0	100.00%	9,563,104
Sava Osiguruvanje (MKD)	92.57%	10,031,490	62,580	93.86%	10,094,070
Sava Osiguranje (MNE)	100.00%	15,373,019	0	100.00%	15,373,019
Illyria Life	100.00%	4,035,893	0	100.00%	4,035,893
Sava Životno Osiguranje (SRB)	100.00%	5,142,278	0	100.00%	5,142,278
S Estate	100.00%	5,996	0	100.00%	5,996
Sava Pokojninska	100.00%	6,417,800	0	100.00%	6,417,800
TBS Team 24	75.00%	2,906,504	420,000	78.50%	3,326,504
Sava Penzisko Društvo	100.00%	19,714,494	0	100.00%	19,714,494
Sava Infond	85.00%	24,583,778	0	85.00%	24,583,778
Vita	100.00%	66,789,797	0	100.00%	66,789,797
Total		304,072,412	482,580		304,554,991



Financial investments in associates

Sava Insurance Group EUR	31 Dec 2021		Attributed profit or loss	31 Dec 2022		Share of voting rights (%)
	Holding	Value		Holding	Value	
DCB	50.00%	20,479,729	1,376,380	50.00%	21,856,109	50.00%
G2I	17.50%	0	-90,649	17.50%	0*	25.00%
Total		20,479,729	1,285,731		21,856,109	

Sava Insurance Group EUR	31 Dec 2020		Additions		Attributed profit or loss	31 Dec 2021		Share of voting rights (%)
	Holding	Value	Holding	Value		Holding	Value	
DCB (formerly ZTSR)	50.00%	15,092,165	0.00%	4,550,000	837,564	40.10%	20,479,729	50.00%
G2I	17.50%	-36,022	0.00%	0	-64,678	17.50%	0*	25.00%
Total		15,056,143		4,550,000	772,886		20,479,729	

* Negative value of the investment of EUR 191,349 (2021: EUR 100,700), resulting from the attribution of the company’s losses, is recorded as a liability.

Sava Re EUR	31 Dec 2021		31 Dec 2022		Share of voting rights (%)
	Holding	Value	Holding	Value	
DCB	50.00%	19,575,000	50.00%	19,575,000	50.00%
G2I	17.50%	0	17.50%	0	25.00%
Total		19,575,000		19,575,000	

Sava Re EUR	31 Dec 2020		Additions		31 Dec 2021		Share of voting rights (%)
	Holding	Value	Holding	Value	Holding	Value	
DCB	50.00%	15,025,000	0.00%	4,550,000	50.00%	19,575,000	50.00%
G2I	17.50%	0	0.00%	0	17.50%	0	25.00%
Total		15,025,000		4,550,000		19,575,000	



Sava Insurance Group
EUR

31 Dec 2022 31 Dec 2021

DCB (formerly ZTSR)

Value of assets	46,338,747	44,373,702
Liabilities	17,455,813	18,380,231
Shareholders' equity	28,882,934	25,993,471
Income	30,423,226	25,928,230
Profit or loss for the period	2,752,760	1,675,127
Part of the profit or loss attributable to the Group	1,376,380	837,564

G2I

Value of assets	1,250,937	3,732,026
Liabilities	1,127,753	3,067,181
Shareholders' equity	123,184	664,846
Income	3,373,482	5,818,938
Profit or loss for the period	-517,993	-369,588
Part of the profit or loss attributable to the Group	-90,649	-64,678

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

The assumptions used in the valuation are discussed in greater detail in section [17.4.13 “Financial investments in subsidiaries and associates”](#).





17.8.7 Financial investments

Sava Insurance Group		At FVTPL			
EUR		Non-derivative			
31 Dec 2022	Held-to-maturity	Designated to this category	Available for sale	Loans and receivables	Total
Debt instruments	46,253,622	15,607,694	1,088,530,060	20,665,379	1,171,056,755
Deposits and CDs	0	0	0	19,276,121	19,276,121
Government bonds	34,760,690	444,108	697,389,308	0	732,594,106
Corporate bonds	11,492,932	15,163,586	391,140,752	0	417,797,270
Loans granted	0	0	0	1,389,258	1,389,258
Equity instruments	0	3,375,046	41,892,564	0	45,267,610
Shares	0	109,843	23,000,036	0	23,109,879
Mutual funds	0	3,265,203	18,892,528	0	22,157,731
Investments in infrastructure funds	0	0	53,856,376	0	53,856,376
Investments in real-estate funds	0	0	16,497,061	0	16,497,061
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	10,334,969	10,334,969
Total	46,253,622	18,982,740	1,200,776,061	31,000,348	1,297,012,771



Sava Insurance Group

EUR

31 Dec 2021

	At FVTPL				
	Held-to-maturity	Non-derivative	Available for sale	Loans and receivables	Total
		Designated to this category			
Debt instruments	40,023,124	29,300,362	1,241,312,597	20,236,235	1,330,872,318
Deposits and CDs	0	0	0	18,561,697	18,561,697
Government bonds	28,338,756	1,613,883	688,547,341	0	718,499,980
Corporate bonds	11,684,368	27,686,479	552,765,256	0	592,136,103
Loans granted	0	0	0	1,674,538	1,674,538
Equity instruments	0	5,085,712	66,741,051	0	71,826,763
Shares	0	258,154	35,707,531	0	35,965,685
Mutual funds	0	4,827,558	31,033,520	0	35,861,078
Investments in infrastructure funds	0	0	44,532,966	0	44,532,966
Investments in real-estate funds	0	0	15,846,059	0	15,846,059
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	9,610,337	9,610,337
Total	40,023,124	34,386,074	1,368,432,673	29,846,572	1,472,688,443



Sava Re		At FVTPL			
EUR		Non-derivative			
31 Dec 2022	Held-to-maturity	Designated to this category	Available for sale	Loans and receivables	Total
Debt instruments	2,075,395	5,276,003	280,840,335	1,840,393	290,032,127
Government bonds	2,075,395	0	212,123,408	0	214,198,804
Corporate bonds	0	5,276,003	68,716,927	0	73,992,930
Loans granted	0	0	0	1,840,393	1,840,393
Equity instruments	0	98,256	9,435,280	0	9,533,536
Shares	0	98,256	5,501,298	0	5,599,554
Mutual funds	0	0	3,933,982	0	3,933,982
Investments in infrastructure funds	0	0	18,843,871	0	18,843,871
Investments in real-estate funds	0	0	4,584,214	0	4,584,214
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	10,334,969	10,334,969
Total	2,075,395	5,374,259	313,703,700	12,175,362	333,328,717



Sava Re		At FVTPL			
EUR		Non-derivative			
31 Dec 2021	Held-to-maturity	Designated to this category	Available for sale	Loans and receivables	Total
Debt instruments	2,816,979	9,157,021	271,786,710	2,572,974	286,333,684
Government bonds	2,074,942	0	177,643,454	0	179,718,397
Corporate bonds	742,036	9,157,021	94,143,256	0	104,042,314
Loans granted	0	0	0	2,572,974	2,572,974
Equity instruments	0	126,024	12,735,984	0	12,862,008
Shares	0	126,024	6,724,679	0	6,850,703
Mutual funds	0	0	6,011,306	0	6,011,306
Investments in infrastructure funds	0	0	14,554,843	0	14,554,843
Investments in real-estate funds	0	0	4,423,724	0	4,423,724
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	9,610,337	9,610,337
Total	2,816,979	9,283,045	303,501,261	12,183,310	327,784,595

The Sava Insurance Group held 2.5% of financial investments constituting subordinated instruments for the issuer (31 December 2021: 3.3%). The total value of subordinated investments was EUR 32.6 million (31 December 2021: EUR 47.9 million).

Sava Re held 0.8% of financial investments that constitute subordinated instruments for the issuer (31 December 2021: 1.1%). The total value of subordinated investments amounted to EUR 5.3 million (31 December 2021: EUR 7.4 million).

Subordinated bank debt is classified as debt at fair value through profit or loss.



Movement in financial investments

Sava Insurance Group EUR	Equity securities	Debt securities	Deposits	Loans	Deposits with cedants	Total
Balance as at 1 Jan 2022	132,205,788	1,310,636,085	18,561,697	1,674,538	9,610,337	1,472,688,443
Additions – portfolio assumption	0	0	0	0	0	0
New acquisitions	15,367,791	233,384,856	16,013,513	465,875	9,487,923	274,719,958
Transfer between asset classes	0	0	0	0	0	0
Maturities	0	-178,675,071	-15,336,947	-756,430	0	-194,768,448
Interest income	0	-20,184,026	-248,758	-60,592	0	-20,493,376
Disposal	-25,007,932	-55,392,131	-3,954	0	-8,772,307	-89,176,324
Change in fair value – in equity	-11,237,198	-148,888,731	0	0	0	-160,125,929
Change in fair value – from equity to IS – disposals	5,470,901	-898,785	0	0	0	4,572,116
Change in fair value – from equity to IS – impairment	0	-5,417	0	0	0	-5,417
Change in fair value through profit or loss	-1,178,450	-4,853,767	0	0	0	-6,032,217
Change in amortised cost, exchange differences	2,140	15,304,657	294,992	65,755	9,016	15,676,561
Exchange differences	-1,995	-36,295	-4,424	110	0	-42,604
Balance as at 31 Dec 2022	115,621,046	1,150,391,374	19,276,120	1,389,257	10,334,969	1,297,012,771

* Debt securities include government and corporate bonds.



Sava Insurance Group EUR	Equity securities	Debt securities*	Deposits	Loans	Deposits with cedants	Total
Balance as at 1 Jan 2021	118,692,147	1,279,661,013	22,415,443	2,119,569	7,261,165	1,430,149,336
Additions – portfolio assumption	0	0	0	0	0	0
New acquisitions	33,036,361	265,169,240	10,856,051	237,616	7,896,091	317,195,359
Transfer between asset classes	0	0	0	0	0	0
Maturities	0	-163,197,067	-14,708,880	-694,593	-5,874,559	-184,475,099
Interest income	0	-21,533,650	-332,746	-59,876	0	-21,926,272
Disposal	-33,510,194	-40,775,573	-7,158	0	0	-74,292,926
Change in fair value – in equity	7,898,538	-28,479,649	0	0	0	-20,581,111
Change in fair value – from equity to IS – disposals	6,106,965	596,129	0	0	0	6,703,094
Change in fair value – from equity to IS – impairment	-25,468	0	0	0	0	-25,468
Change in fair value through profit or loss	5,016	-285,751	0	0	0	-280,735
Change in amortised cost, exchange differences	-248	19,351,974	332,857	71,612	327,639	20,083,835
Exchange differences, opening balance	2,671	129,419	6,129	211	0	138,429
Balance as at 31 Dec 2021	132,205,788	1,310,636,085	18,561,697	1,674,538	9,610,337	1,472,688,443

* Debt securities include government and corporate bonds.



Sava Re EUR	Equity securities	Debt securities	Deposits	Loans	Deposits with cedants	Total
Balance as at 1 Jan 2022	31,840,575	283,760,710	0	2,572,974	9,610,337	327,784,595
Additions – portfolio assumption	0	0	0	0	0	0
New acquisitions	4,498,004	99,256,078	0	1,000,000	9,487,923	114,242,006
Transfer between asset classes	0	0	0	0	0	0
Maturities	0	-45,445,137	0	-1,759,349	0	-47,204,486
Interest income	0	-3,597,813	0	-90,696	0	-3,688,510
Disposal	-1,923,528	-23,817,003	0	0	-8,772,307	-34,512,838
Change in fair value – in equity	-2,000,495	-25,260,034	0	0	0	-27,260,529
Change in fair value – from equity to IS – disposals	572,472	-188,832	0	0	0	383,641
Change in fair value – from equity to IS – impairment	0	0	0	0	0	0
Change in fair value through profit or loss	-27,768	-1,357,481	0	0	0	-1,385,249
Change in amortised cost, exchange differences	2,360	4,841,246	0	117,465	9,016	4,970,086
Exchange differences (opening balance)	0	0	0	0	0	0
Balance as at 31 Dec 2022	32,961,621	288,191,733	0	1,840,393	10,334,969	333,328,717



Sava Re EUR	Equity securities	Debt securities*	Deposits	Loans	Deposits with cedants
Balance as at 1 Jan 2021	25,643,576	231,665,408	4,967,639	7,261,165	269,537,788
Additions – portfolio assumption	0	0	0	0	0
New acquisitions	7,938,160	116,391,710	0	7,896,091	132,225,961
Transfer between asset classes	0	0	0	0	0
Maturities	0	-46,534,167	-2,396,828	-5,874,559	-54,805,554
Interest income	0	-3,543,029	-104,143	0	-3,647,172
Disposal	-5,117,080	-15,814,593	0	0	-20,931,673
Change in fair value – in equity	1,660,499	-4,648,281	0	0	-2,987,782
Change in fair value – from equity to IS – disposals	1,565,533	333,633	0	0	1,899,166
Change in fair value – from equity to IS – impairment	0	0	0	0	0
Change in fair value through profit or loss	149,887	21,650	0	0	171,537
Change in amortised cost, exchange differences	0	5,888,380	106,306	327,639	6,322,324
Exchange differences, opening balance	0	0	0	0	0
Balance as at 31 Dec 2021	31,840,575	283,760,710	2,572,974	9,610,337	327,784,595

* Debt securities include government and corporate bonds.

No securities have been pledged as security by the Group companies.

Loans of the parent granted to Group companies

EUR	31 Dec 2022	31 Dec 2021
Illyria (RKS)	0	909,093
Sava Životno Osiguranje (SRB)	0	450,852
Sava Pokojninska (SVN)	1,030,575	0
Total	1,030,575	1,359,945

Fair values of financial investments are shown in note [17.8.28](#).



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

Sava Insurance Group		FVTPL			
EUR		Non-derivative			
31 Dec 2022	Held to maturity	Designated to this category	Available for sale	Loans and receivables	Total
Debt instruments	2,104,789	817,954	47,865,793	0	50,788,536
Government bonds	508,121	0	29,908,937	0	30,417,058
Corporate bonds	1,596,668	817,954	17,956,856	0	20,371,478
Equity instruments	0	431,399,569	1,705,764	0	433,105,333
Mutual funds	0	431,399,569	1,705,764	0	433,105,333
Total	2,104,789	432,217,523	49,571,557	0	483,893,869

Sava Insurance Group		FVTPL			
EUR		Non-derivative			
31 Dec 2021	Held to maturity	Designated to this category	Available for sale	Loans and receivables	Total
Debt instruments	4,078,892	1,338,186	60,882,191	2,008,600	68,307,868
Deposits and CDs	0	0	0	2,008,600	2,008,600
Government bonds	513,310	0	35,488,138	0	36,001,448
Corporate bonds	3,565,582	1,338,186	25,394,053	0	30,297,820
Equity instruments	0	447,154,643	1,977,081	0	449,131,723
Mutual funds	0	447,154,643	1,977,081	0	449,131,723
Total	4,078,892	448,492,829	62,859,271	2,008,600	517,439,592



Investments for the benefit of life-insurance policyholders who bear the investment risk are investments placed by the Group insurer in line with requests of life insurance policyholders.

Movement in financial investments

Sava Insurance Group

EUR	Equity securities	Debt securities	Deposits	Total
Balance as at 1 Jan 2022	449,131,723	66,299,269	2,008,600	517,439,592
Additions – portfolio assumption	0	0	0	0
New acquisitions	94,185,241	6,434,612	0	100,619,853
Transfer between asset classes	0	0	0	0
Maturities	0	-11,907,000	-2,000,000	-13,907,000
Interest income	0	-816,128	-8,678	-824,806
Disposal	-49,038,751	-1,237,360	0	-50,276,111
Change in fair value – in equity	-271,317	-8,219,978	0	-8,491,295
Change in fair value – from equity to IS – disposals	0	-21,773	0	-21,773
Change in fair value – from equity to IS – impairment	0	0	0	0
Change in fair value through profit or loss	-60,963,852	-179,737	0	-61,143,590
Change in amortised cost, exchange differences	63,389	436,632	78	500,099
Exchange differences	-1,100	0	0	-1,101
Balance as at 31 Dec 2022	433,105,332	50,788,536	0	483,893,869

Sava Insurance Group

EUR	Equity securities	Debt securities	Deposits	Total
Balance as at 1 Jan 2021	329,038,804	78,176,936	4,009,072	411,224,812
Additions – portfolio assumption	0	0	0	0
New acquisitions	95,363,772	7,351,995	0	102,715,767
Transfer between asset classes	0	0	0	0
Maturities	0	-7,821,004	-2,000,000	-9,821,004
Interest income	0	-975,137	-4,634	-979,771
Disposal	-43,253,598	-9,548,072	0	-52,801,670
Change in fair value – in equity	18,424	-1,641,891	0	-1,623,467
Change in fair value – from equity to IS – disposals	-2,112	196,877	0	194,765
Change in fair value – from equity to IS – impairment	-4,731	0	0	-4,731
Change in fair value through profit or loss	67,885,712	18,877	0	67,904,589
Change in amortised cost, exchange differences	83,942	540,686	4,162	628,790
Exchange differences	1,511	0	0	1,511
Balance as at 31 Dec 2021	449,131,724	66,299,268	2,008,600	517,439,592



17.8.9 Investment contract assets and liabilities

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
From unearned premiums	10,618,996	8,788,390	7,424,311	6,183,038
From provisions for claims outstanding	54,849,826	48,937,470	48,059,836	42,303,406
From other technical provisions	131,702	41,196	0	0
Total	65,600,524	57,767,056	55,484,147	48,486,444

The reinsurers’ and co-insurers’ share of technical provisions increased by 13.6%, or EUR 7.8 million, at the Group level (2021: 35.6% or EUR 15.2 million) and by EUR 7.0 million at the Company level (2021: EUR 16.6 million). The increase in claims provisions of

EUR 5.9 million (2021: increase of EUR 15.9 million due to accepted reinsurance business from abroad and windstorms in western Europe) relates mainly to provisions for major individual claims and windstorms in Slovenia.

17.8.10 Investment contract assets and liabilities

Investment contract assets and liabilities relate to the management of pension funds at the subsidiary Sava Pokojninska. The Group had EUR 172.9 million (2021: 172.8 million) of investment contract assets and EUR 172.7 million (2021: EUR 172.7 million) of investment contract liabilities. Its investment contracts include a group of life cycle funds called MOJI Skladi

Življenjskega Cikla (MY life-cycle funds), relating to supplementary pension business of the company Sava Pokojninska in the accumulation phase. Further details on the risks associated with investment contract liabilities are provided in section [17.4.14 “Financial investments and assets held for the benefit of policyholders who bear the investment risk”](#).

Investment contract assets

Sava Insurance Group EUR	31 Dec 2022	31 Dec 2021
Financial investments	155,647,643	150,852,305
Investment property	593,000	506,000
Receivables	1,863,355	17,751
Cash and cash equivalents	14,815,315	21,460,293
Internal relation	-3,516	0
Total	172,915,796	172,836,349



Sava Insurance Group

EUR

31 Dec 2022

	FVTPL		Available for sale	Cash and receivables	Investment property	Total
	Held to maturity	Non-derivative				
		Designated to this category				
Debt instruments	88,105,167	34,408,345	637,586	0	0	123,151,099
Bonds	88,105,167	34,408,345	637,586			123,151,099
Equity instruments		26,634,985				26,634,985
Total financial investments	88,105,167	61,043,330	637,586	0	0	149,786,084
Investments in infrastructure funds		1,992,155				1,992,155
Investments in real-estate funds		3,869,404				3,869,404
Cash and receivables				16,675,154		16,675,154
Investment property					593,000	593,000
Total investment contract assets	88,105,167	66,904,889	637,586	16,675,154	593,000	172,915,796

Sava Insurance Group

EUR

31 Dec 2021

	FVTPL		Available for sale	Cash and receivables	Investment property	Total
	Held to maturity	Non-derivative				
		Designated to this category				
Debt instruments	54,699,216	66,799,835	0	0	0	121,499,051
Bonds	54,699,216	66,799,835				121,499,051
Equity instruments		25,987,161				25,987,161
Total financial investments	54,699,216	92,786,996	0	0	0	147,486,212
Investments in infrastructure funds		666,260				666,260
Investments in real-estate funds		2,699,832				2,699,832
Cash and receivables				21,478,044		21,478,044
Investment property					506,000	506,000
Total investment contract assets	54,699,216	96,153,088	0	21,478,044	506,000	172,836,349



Investment contract assets by level of the fair value hierarchy

Sava Insurance Group EUR 31 Dec 2022	Fair value					Difference between FV and CA
	Carrying amount	Level 1	Level 2	Level 3	Total fair value	
Investment contract assets measured at fair value	67,542,475	57,172,426	4,508,491	5,861,559	67,542,475	0
FVTPL	66,904,889	56,534,839	4,508,491	5,861,559	66,904,889	0
Designated to this category	66,904,889	56,534,839	4,508,491	5,861,559	66,904,889	0
Debt instruments	34,408,345	29,899,854	4,508,491	0	34,408,345	0
Equity instruments	26,634,985	26,634,985	0	0	26,634,985	0
Infrastructure funds	1,992,155	0	0	1,992,155	1,992,155	0
Real estate funds	3,869,404	0	0	3,869,404	3,869,404	0
Available for sale	637,586	637,586	0	0	637,586	0
Debt instruments	637,586	637,586	0	0	637,586	0
Investment contract assets not measured at fair value	88,105,167	76,141,446	4,223,101	0	80,364,547	-7,740,620
Held-to-maturity assets	88,105,167	76,141,446	4,223,101	0	80,364,547	-7,740,620
Debt instruments	88,105,167	76,141,446	4,223,101	0	80,364,547	-7,740,620
Total investment contract assets	155,647,642	133,313,872	8,731,592	5,861,559	147,907,022	-7,740,620



Sava Insurance Group EUR 31 Dec 2021	Fair value					Difference between FV and CA
	Carrying amount	Level 1	Level 2	Level 3	Total fair value	
Investment contract assets measured at fair value	96,153,089	81,289,348	10,646,095	4,217,646	96,153,088	0
FVTPL	96,153,089	81,289,348	10,646,095	4,217,646	96,153,088	0
Designated to this category	96,153,089	81,289,348	10,646,095	4,217,646	96,153,088	0
Debt instruments	66,799,835	55,302,187	10,646,095	851,553	66,799,835	0
Equity instruments	25,987,161	25,987,161		0	25,987,161	0
Infrastructure funds	666,260	0		666,260	666,260	0
Real estate funds	2,699,832			2,699,832	2,699,832	0
Investment contract assets not measured at fair value	54,699,216	42,159,241	21,071,070	0	63,230,311	8,531,095
Held-to-maturity assets	54,699,216	42,159,241	21,071,070	0	63,230,311	8,531,095
Debt instruments	54,699,216	42,159,241	21,071,070		63,230,311	8,531,095
Total investment contract assets	150,852,305	123,448,589	31,717,164	4,217,646	159,383,399	8,531,094

The fair value of investment property as at 31 December 2022 stood at EUR 593,000 (2021: EUR 506,000).



Investment contract liabilities

Sava Insurance Group EUR	31 Dec 2022	31 Dec 2021
Net liabilities to pension policyholders	172,328,228	171,883,551
Other liabilities	546,309	925,947
TOTAL IN BALANCE SHEET – LONG-TERM BUSINESS FUNDS OF VOLUNTARY PENSION INSURANCE	172,874,537	172,809,498
Inter-company transactions between company and life insurance liability fund	-135,496	-149,231
TOTAL IN BALANCE SHEET	172,739,040	172,660,266

Movement in financial investments

Sava Insurance Group EUR	Debt securities	Equity securities	Total
Balance as at 1 Jan 2022	121,499,051	29,353,254	150,852,305
New acquisitions	55,918,099	10,111,707	66,029,806
Maturities	-9,894,523	0	-9,894,523
Disposal	-37,335,905	-3,204,396	-40,540,301
Interest income	2,668,420		2,668,420
Interest paid	-2,604,613		-2,604,613
Change in fair value – from equity to IS – disposals	110,625	-5,384	105,241
Change in fair value – in equity	-18,226		-18,226
Change in fair value through profit or loss	-7,437,704	-4,051,612	-11,489,316
Exchange differences	245,876	292,975	538,851
Balance as at 31 Dec 2022	123,151,100	32,496,544	155,647,644

Sava Insurance Group EUR	Debt securities	Equity securities	Total
Balance as at 1 Jan 2021	117,998,552	20,714,425	138,712,977
New acquisitions	20,463,436	9,468,198	29,931,634
Maturities	-6,140,729	0	-6,140,729
Disposal	-10,677,724	-5,295,465	-15,973,189
Interest income	-160,819	0	-160,819
Change in fair value – from equity to IS – disposals	4,621	16,043	20,664
Change in fair value through profit or loss	-400,600	4,281,339	3,880,739
Exchange differences	412,314	168,714	581,028
Balance as at 31 Dec 2021	121,499,051	29,353,254	150,852,305



Movement in investments, and income and expenses relating to investment contract assets measured at fair value – level 3

Sava Insurance Group EUR	Debt instruments		Investments in infrastructure funds		Investments in real-estate funds	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Opening balance	851,553	132,741	666,260	0	2,699,832	2,434,949
Additions	0	847,870	1,286,841	795,269	1,000,000	53,096
Maturities	-856,202	-138,870	0	-153,625	0	0
Revaluation to fair value	4,648	9,812	39,054	24,616	169,571	211,787
Closing balance	0	851,553	1,992,155	666,260	3,869,404	2,699,832
Income	4,502	4,997	103,335	39,870	227,809	270,526

The pension company eliminates inter-company transactions of the joint balance sheet; therefore, liabilities to pension policyholders exceed investment contract liabilities. Internal transactions between the group of My-Life-cycle long-term business funds and the pension company were eliminated in the balance sheet. These include entry charges and management fees for the current month, which may be recognised upon conversion or when credited to personal accounts.

Liabilities in the balance sheet of the long-term liability fund of the voluntary supplementary pension insurance are mostly long-term. These are liabilities relating to the voluntary supplementary pension life liability fund for premiums paid, guaranteed return and the return in excess of guaranteed return (provisions).

The table below shows income and expenses relating to investment contracts in 2022.



Net investment income for the financial period (EUR)	Investment contracts	Annuity contracts
Finance income	3,856,905	161,301
Dividend income	306,709	0
Interest income	2,596,851	77,770
Gains on disposal of financial investments	182,066	5,225
Other finance income	771,278	78,306
Income from investment property	140,609	0
Rental income	53,609	0
Gains on change in fair value	87,000	0
Financial expenses	-11,505,893	-83,398
Losses on disposals	-79,724	-2,327
Losses from fair value changes	-11,426,169	-81,071
Expenses relating to investment property	-5,172	0
Expenses arising from management and renting	-5,172	0
Expenses relating to management of life insurance business fund	-1,891,750	0
Asset management commission	-1,624,728	0
Expenses relating to custodian bank	-32,084	0
Audit-related expenses	-24,222	0
Expenses relating to communication with life insurance business fund members	-35,706	0
Brokerage expenses for purchase and sale of securities	-2,548	0
Other expenses charged against the life ins. liability fund under applicable rules	-172,462	0
Transfer of cash from supplementary pension scheme	0	2,141,115
Net claims incurred	0	-532,463
Change in mathematical provision	0	-1,615,305
Expenses factored in policies	0	-59,527
Net profit/loss attributable to policyholders	-9,405,302	11,723

Profit or loss realised from investment contract assets is fully recognised in investment contract liabilities.

17.8.11 Receivables

Receivables increased by EUR 24.2 million at the Group level compared to year-end 2021 (2021: decrease of EUR 3.9 million compared to year-end 2020) and by EUR 11.4 million at the Company level (2021: decrease of EUR 6.9 million compared to year-end 2020). More detailed reasons for this increase in receivables are set out in sections [9.1.1.3 Receivables](#) and [9.2.1.2 Receivables](#).

The increase in reinsurance receivables is due to portfolio growth and, consequently, an increase in the estimated portion of premiums for the most recent underwriting year, as well as major claims, whereas the increase in in non-life receivables is due to an increase in invoiced premiums. The increase in other receivables is due to the sale of investments shortly before the year-end.

Receivables by type

Sava Insurance Group EUR	31 Dec 2022			31 Dec 2021		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	159,379,516	-18,755,949	140,623,567	146,939,903	-20,410,622	126,529,281
Receivables due from insurance intermediaries	2,572,130	-865,894	1,706,236	2,412,729	-871,452	1,541,277
Other receivables arising out of primary insurance business	1,556,347	-134,494	1,421,853	621,026	-146,861	474,165
Receivables arising out of primary insurance business	163,507,993	-19,756,337	143,751,656	149,973,658	-21,428,935	128,544,723
Receivables for shares in claims	11,615,218	-272,449	11,342,769	7,993,897	-227,525	7,766,372
Other receivables arising out of co-insurance and reinsurance business	1,418,032	0	1,418,032	1,310,793	0	1,310,793
Receivables arising out of reinsurance and co-insurance business	13,033,250	-272,449	12,760,801	9,304,690	-227,525	9,077,165
Current tax assets	3,945,207	0	3,945,207	330,518	0	330,518
Other short-term receivables arising out of insurance business	15,785,499	-13,016,693	2,768,806	17,365,268	-14,129,963	3,235,305
Receivables arising out of investments	442,096	-166,929	275,167	440,212	-167,108	273,104
Other receivables	13,022,366	-2,363,041	10,659,325	10,846,117	-2,366,062	8,480,055
Other receivables	29,249,961	-15,546,663	13,703,297	28,651,597	-16,663,133	11,988,464
Total	209,736,411	-35,575,449	174,160,961	188,260,463	-38,319,593	149,940,870

Sava Re EUR	31 Dec 2022			31 Dec 2021		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	81,339,797	-744,384	80,595,413	74,475,114	-656,690	73,818,424
Other receivables arising out of primary insurance business	1,430,562	0	1,430,562	591,761	0	591,761
Receivables arising out of primary insurance business	82,770,359	-744,384	82,025,975	75,066,875	-656,690	74,410,185
Receivables for shares in claims	8,538,859	-270,455	8,268,404	4,792,142	-225,533	4,566,609
Other receivables arising out of co-insurance and reinsurance business	708,072	0	708,072	558,987	0	558,987
Receivables arising out of reinsurance and co-insurance business	9,246,932	-270,455	8,976,477	5,351,129	-225,533	5,125,596
Current tax assets	49,594	0	49,594	0	0	0
Other receivables	560,923	-341,035	219,888	608,425	-341,035	267,390
Other receivables	560,923	-341,035	219,888	608,425	-341,035	267,390
Total	92,627,808	-1,355,874	91,271,934	81,026,429	-1,223,257	79,803,172



Net receivables ageing analysis

Sava Insurance Group EUR 31 Dec 2022	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	108,049,012	26,100,112	3,837,239	2,637,204	140,623,567
Receivables due from insurance intermediaries	537,371	1,162,661	5,109	1,095	1,706,236
Other receivables arising out of primary insurance business	172,163	945,697	235,474	68,519	1,421,853
Receivables arising out of primary insurance business	108,758,546	28,208,470	4,077,822	2,706,818	143,751,656
Receivables for reinsurers' shares in claims	8,239,284	2,569,557	133,304	400,624	11,342,769
Other receivables arising out of co-insurance and reinsurance business	1,192,487	149,199	62,184	14,162	1,418,032
Receivables arising out of reinsurance and co-insurance business	9,431,771	2,718,756	195,488	414,786	12,760,801
Current tax assets	3,945,207	0	0	0	3,945,207
Other short-term receivables arising out of insurance business	1,083,773	511,031	265,306	908,696	2,768,806
Short-term receivables arising out of financing	250,433	6,461	0	18,273	275,167
Other short-term receivables	10,387,216	229,598	5,619	36,892	10,659,325
Other receivables	11,721,422	747,090	270,925	963,861	13,703,297
Total	133,856,946	31,674,316	4,544,235	4,085,465	174,160,961



Sava Insurance Group
EUR
31 Dec 2021

	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	98,895,556	22,197,060	2,829,707	2,606,958	126,529,281
Receivables due from insurance intermediaries	713,272	816,404	11,601	0	1,541,277
Other receivables arising out of primary insurance business	129,697	269,177	38,540	36,751	474,165
Receivables arising out of primary insurance business	99,738,525	23,282,641	2,879,848	2,643,709	128,544,723
Receivables for reinsurers' shares in claims	7,144,678	145,244	77,148	399,302	7,766,372
Other receivables arising out of co-insurance and reinsurance business	1,292,332	3,616	14,845	0	1,310,793
Receivables arising out of reinsurance and co-insurance business	8,437,010	148,860	91,993	399,302	9,077,165
Current tax assets	330,518	0	0	0	330,518
Other short-term receivables arising out of insurance business	1,165,644	650,917	353,473	1,065,271	3,235,305
Short-term receivables arising out of financing	248,083	2,313	3,555	19,153	273,104
Other short-term receivables	7,766,242	665,100	14,866	33,847	8,480,055
Other receivables	9,179,969	1,318,330	371,894	1,118,271	11,988,464
Total	117,686,022	24,749,831	3,343,735	4,161,282	149,940,870



Sava Re EUR 31 Dec 2022	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	62,496,337	13,790,972	2,685,384	1,622,719	80,595,413
Other receivables arising out of primary insurance business	208,773	925,742	233,990	62,057	1,430,562
Receivables arising out of primary insurance business	62,705,110	14,716,714	2,919,374	1,684,776	82,025,975
Receivables for reinsurers' shares in claims	5,168,477	2,569,558	133,304	397,065	8,268,404
Other receivables arising out of co-insurance and reinsurance business	482,528	149,199	62,184	14,162	708,072
Receivables arising out of reinsurance and co-insurance business	5,651,005	2,718,757	195,488	411,227	8,976,477
Current tax assets	49,594	0	0	0	49,594
Other short-term receivables	219,888	0	0	0	219,888
Other receivables	219,888	0	0	0	219,888
Total	68,625,597	17,435,472	3,114,862	2,096,003	91,271,934

Sava Re EUR 31 Dec 2021	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	58,619,395	11,850,791	1,927,894	1,420,345	73,818,425
Other receivables arising out of primary insurance business	274,038	247,547	40,895	29,281	591,761
Receivables arising out of primary insurance business	58,893,433	12,098,338	1,968,789	1,449,625	74,410,185
Receivables for reinsurers' shares in claims	3,949,023	144,706	77,148	395,732	4,566,609
Other receivables arising out of co-insurance and reinsurance business	543,556	585	14,845	0	558,987
Receivables arising out of reinsurance and co-insurance business	4,492,579	145,291	91,993	395,732	5,125,596
Other short-term receivables	267,390	0	0	0	267,390
Other receivables	267,390	0	0	0	267,390
Total	63,653,403	12,243,629	2,060,783	1,845,358	79,803,172



Movement in allowance for receivables

Sava Insurance Group EUR	31 Dec 2021	Additions	Collection	Write-offs	Exchange differences	31 Dec 2022
Receivables due from policyholders	-20,410,622	-1,356,174	897,119	2,122,146	-8,418	-18,755,949
Receivables due from insurance intermediaries	-871,452	-63,994	65,854	4,298	-600	-865,894
Other receivables arising out of primary insurance business	-146,861	-64	12,343	0	88	-134,494
Receivables arising out of primary insurance business	-21,428,935	-1,420,232	975,316	2,126,444	-8,930	-19,756,337
Receivables for shares in claims	-227,525	-44,931	9	0	-2	-272,449
Receivables arising out of reinsurance and co-insurance business	-227,525	-44,931	9	0	-2	-272,449
Other short-term receivables arising out of insurance business	-14,129,963	-3,217	217,558	899,442	-513	-13,016,693
Receivables arising out of investments	-167,108	0	7	0	172	-166,929
Other short-term receivables	-2,366,062	-89,985	78,832	15,737	-1,563	-2,363,041
Other receivables	-16,663,133	-93,202	296,397	915,179	-1,904	-15,546,663
Total	-38,319,593	-1,558,365	1,271,722	3,041,623	-10,836	-35,575,449

Sava Insurance Group EUR	31 Dec 2020	Additions	Collection	Write-offs	Exchange differences	31 Dec 2021
Receivables due from policyholders	-21,560,418	-1,404,544	854,679	1,706,239	-6,578	-20,410,622
Receivables due from insurance intermediaries	-837,647	-106,547	65,168	8,071	-497	-871,452
Other receivables arising out of primary insurance business	-156,428	-139	9,763	0	-57	-146,861
Receivables arising out of primary insurance business	-22,554,493	-1,511,230	929,610	1,714,310	-7,132	-21,428,935
Receivables for shares in claims	-177,659	-50,009	145	0	-2	-227,525
Receivables arising out of reinsurance and co-insurance business	-177,659	-50,009	145	0	-2	-227,525
Other short-term receivables arising out of insurance business	-15,289,228	-116,690	260,046	1,016,537	-628	-14,129,963
Receivables arising out of investments	-1,223,923	0	1,045,015	11,280	520	-167,108
Other short-term receivables	-1,182,361	-1,326,994	137,425	7,363	-1,495	-2,366,062
Other receivables	-17,695,512	-1,443,684	1,442,486	1,035,180	-1,603	-16,663,133
Total	-40,427,664	-3,004,923	2,372,241	2,749,490	-8,737	-38,319,593



Sava Re EUR	31 Dec 2021	Additions	Collection	Exchange differences	31 Dec 2022
Receivables due from policyholders	-656,690	-103,144	24,007	-8,557	-744,384
Receivables arising out of primary insurance business	-656,690	-103,144	24,007	-8,557	-744,384
Receivables for shares in claims	-225,533	-44,931	9	0	-270,455
Receivables arising out of reinsurance and co-insurance business	-225,533	-44,931	9	0	-270,455
Other short-term receivables	-341,035	0	0	0	-341,035
Other receivables	-341,035	0	0	0	-341,035
Total	-1,223,258	-148,075	24,015	-8,557	-1,355,874

Sava Re EUR	31 Dec 2020	Additions	Collection	Write-offs	Exchange differences	31 Dec 2021
Receivables due from policyholders	-598,410	-103,421	49,560	0	-4,418	-656,690
Receivables arising out of primary insurance business	-598,410	-103,421	49,560	0	-4,418	-656,690
Receivables for shares in claims	-175,669	-50,009	145	0	0	-225,533
Receivables arising out of reinsurance and co-insurance business	-175,669	-50,009	145	0	0	-225,533
Receivables arising out of investments	-88	0	0	88	0	0
Other short-term receivables	-329,726	-11,309	0	0	0	-341,035
Other receivables	-329,814	-11,309	0	0	0	-341,035
Total	-1,103,894	-164,739	49,705	88	-4,418	-1,223,257



17.8.12 Deferred acquisition costs

Deferred acquisition costs

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Short-term deferred acquisition costs	19,118,281	16,476,228	0	0
Short-term deferred reinsurance acquisition costs	9,428,495	6,096,513	12,184,649	4,869,156
Total	28,546,775	22,572,741	12,184,649	4,869,156

The increase in deferred policy acquisition costs at the Group level is related to the growth in non-life premium volume. In 2021, the Group recorded lower deferred acquisition costs than in the previous year due to the decline in this operating segment.

17.8.13 Other assets

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Inventories	155,299	140,950	0	0
Other short-term deferred costs (expenses) and accrued revenue	4,019,041	4,239,437	699,783	746,808
Total	4,174,340	4,380,387	699,783	746,808

Other short-term deferred costs (expenses) and accrued revenue consist mainly of prepaid licence costs.

17.8.14 Cash and cash equivalents

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Cash in hand	24,051	16,632	0	0
Cash in bank accounts	56,248,962	54,118,887	15,846,029	20,806,817
Call and overnight deposits, and deposits of up to 3 months	36,961,452	34,512,159	8,080,000	8,000,000
Total	93,234,465	88,647,678	23,926,029	28,806,818

The percentage of cash and cash equivalents in the Sava Insurance Group's investment portfolio did not change significantly.

17.8.15 Non-current assets held for sale

Sava Insurance Group EUR	31 Dec 2022	31 Dec 2021
As at 1 Jan	770,544	1,288,664
Reclassification	504,218	0
Disposal	-282,959	-518,120
As at 31 Dec	991,803	770,544

Sava Insurance Group EUR	31 Dec 2022	31 Dec 2021
Buildings and equipment	991,803	770,544
Total	991,803	770,544

17.8.16 Share capital

As at 31 December 2022, the parent's share capital was divided into 17,219,662 shares (the same as at 31 December 2021). All shares are ordinary registered shares of the same class. Their holders are entitled to participate in the Company's control and profits (dividends). Each share carries one vote in general meeting and entitles the bearer to a proportionate share of the dividend distribution.

Shares are recorded in the Central Securities Clearing Corporation (KDD) under the POSR ticker symbol.

As at year-end 2022, the Company's shareholders' register listed 4,316 shareholders (31 December 2021: 4,274 shareholders). The Company's shares are listed in the prime market of the Ljubljana Stock Exchange.

17.8.17 Capital reserves

Movement in capital reserves

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
As at 1 Jan	42,702,320	43,035,948	54,239,757	54,239,757
Acquisition of non-controlling interests by company	0	-333,628	0	0
- TBS Team 24	0	-339,854	0	0
Sava Osiguruvanje (MKD)	0	6,226	0	0
Balance as at 31 Dec	42,702,320	42,702,320	54,239,757	54,239,757

The difference between the market value and the book value of acquired non-controlling interests is recorded as a contra account in capital reserves. There were no such purchases in 2022.

17.8.18 Profit reserves

EUR	Sava Insurance Group			Sava Re		
	31 Dec 2022	31 Dec 2021	Distributable/ non-distributable	31 Dec 2022	31 Dec 2021	Distributable/ non-distributable
Legal reserves and reserves provided for by the articles of association	12,150,797	12,150,797	non-distributable	14,986,525	14,986,525	non-distributable
Reserve for own shares	24,938,709	24,938,709	non-distributable	24,938,709	24,938,709	non-distributable
Credit risk equalisation reserve	0	0	non-distributable	0	0	non-distributable
Catastrophe equalisation reserve	11,225,068	11,225,068	non-distributable	10,000,000	10,000,000	non-distributable
Other profit reserves	208,631,017	180,693,505	distributable	207,296,824	179,313,388	distributable
Total	256,945,591	229,008,079		257,222,058	229,238,622	

In 2022, the Company transferred EUR 27.9 million of net profit to other profit reserves (2021: EUR 26.4 million).

17.8.19 Own shares

As at 31 December 2022, the Company held a total of 1,721,966 own shares (2021: 1,721,966) traded on the Ljubljana Stock Exchange under the ticker symbol “POSR” (accounting for 10% less one share of the issued shares) for a value of EUR 24,938,709 (2021: EUR 24,938,709).

Own shares are a contra account of equity. Own shares are not pledged.

17.8.20 Fair value reserve

The fair value reserve comprises the change in fair value of available-for-sale financial assets.

In 2022, the fair value changes resulted in a EUR 137.8 million decline in the Group’s fair value reserve (2021: decline of EUR 18.9 million) and in

a EUR 22.1 million decline in that of the Company (2021: decrease of EUR 2.4 million). The table shows the net change in the fair value reserve, which is an equity component.

The reserve due to fair value revaluation relates to provisions for severance pay upon retirement and amounted to EUR 2.1 million at the Group level at 31 December 2022 (31 December 2021: EUR 1.3 million). The Company’s reserve due to fair value revaluation at 31 December 2022 was EUR 152.4 thousand (31 December 2021: EUR 96.5 thousand).

The translation reserve relates to exchange differences arising from the translation or consolidation of the financial statements of subsidiaries. In 2022, translation differences amounted to EUR 789 (2021: EUR 9,659). Translation differences mainly relate to the change in the value of the Croatian kuna, the Serbian dinar and the Macedonian denar.

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
As at 1 Jan	21,246,888	40,173,090	3,619,684	6,039,787
Change in fair value	-165,003,702	-18,093,438	-27,260,529	-2,987,782
Transfer from fair value reserve to the IS due to disposal	-3,615,107	-5,105,275	0	0
Deferred tax	30,823,361	4,212,833	5,179,499	567,678
Other reclassifications	0	59,678	0	0
Total fair value reserve	-116,548,560	21,246,888	-18,461,344	3,619,684

17.8.21 Net profit or loss and retained earnings

The net profit attributable to the owners of the controlling company relating to the 2022 financial year totalled EUR 68.2 million (2021: EUR 76.1 million).

The Company ended the 2022 financial year with a net profit of EUR 55.7 million (2021: loss of EUR 52.8 million).

Earnings or loss per share

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Net profit or loss for the period	68,242,586	76,167,178	55,966,872	52,840,127
Net profit or loss attributable to owners of the controlling company	68,018,387	76,074,720	0	0
Weighted average number of shares outstanding	15,497,696	15,497,696	15,497,696	15,497,696
Earnings or loss per share	4.39	4.91	3.61	3.41

Comprehensive income per share

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Comprehensive income for the period	-68,768,647	57,585,415	34,296,094	50,469,981
Comprehensive income for the owners of the controlling company	-68,983,681	57,494,563	0	0
Weighted average number of shares outstanding	15,497,696	15,497,696	15,497,696	15,497,696
Comprehensive income per share	-4.45	3.71	2.21	3.26

The weighted number of shares takes into account the annual average calculated on the basis of monthly averages of ordinary shares less the number of own shares. The weighted average number of shares outstanding in

the financial period was 15,497,696 and the same as in 2021. The parent does not have potentially dilutive capital instruments, which is why basic earnings per share equal diluted earnings per share.



Retained earnings as at 31 December 2022 grew by EUR 26.4 million from 31 December 2021 (2021: increase of EUR 42.8 million).

In 2022, the Company paid out EUR 23,246,544 in

dividends (2021: EUR 13,173,042). The distributable profit for 2022 totals EUR 41.8 million (2021: EUR 37.1 million).

Statement of distributable profit or loss

Sava Re EUR	2022	2021
Net profit or loss for the period	55,966,871.71	52,840,127.40
- profit or loss for the year under applicable standards	55,966,871.71	52,840,127.40
Release from profit reserve	0.00	0.00
Retained earnings or losses	13,807,182.07	10,633,662.37
Adjustment to retained earnings	0.00	0.00
Additions to profit reserve as per resolution of the management board	0.00	0.00
- Additions to reserves for own shares	0.00	0.00
Additions to other reserves as per resolution of the management and supervisory boards	27,983,435.86	26,420,063.70
Distributable profit to be allocated by the general meeting	41,790,617.92	37,053,726.07
- to shareholders	not yet published	23,246,544.00
- to be carried forward to the next year	0.00	13,807,182.07

17.8.22 Non-controlling interests in equity

Non-controlling interests in equity

Sava Insurance Group EUR	31 Dec 2022	31 Dec 2021
Sava Osiguruvanje (MKD)	401,492	309,711
Sava Station	1,670	-1,457
TBS Team 24	68,708	59,044
Total	471,870	367,298

17.8.23 Subordinated liabilities

In October 2019, Sava Re issued subordinated bonds with a scheduled maturity of 2039, ISIN code XS2063427574 and with an early recall option for 7 November 2029.

The total issue size is EUR 75 million. Until the early recall option of the bond, the annual interest rate is fixed at 3.75% and the coupon is payable annually. If the issuer does not exercise the early recall option, the annual interest rate after the date of the early recall will be 4.683% over the three-month Euribor, with

coupons payable quarterly.

The bond is admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at 31 December 2022, the market price of the bond was 74.499% and the market value EUR 56,290,346 (2021: price 100.532% and market value EUR 78,065,096). The book value of the bond as at 31 December 2022 was EUR 74,924,356 (31 December 2021: EUR 74,863,524).

The effective interest rate on the bond issued (calculated from the early recall option) is 3.86%.

Sava Re EUR	31 Dec 2021	Additions	Reductions	31 Dec 2022
Subordinated bond	74,863,524	2,873,332	-2,812,500	74,924,356

Additions relate to attributable interest; reductions relate to interest paid.

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

Movement in gross technical provisions and the technical provision for the benefit of life insurance policyholders who bear the investment risk

Sava Insurance Group EUR	31 Dec 2021	Additions	Uses	Reversals	Exchange differences	31 Dec 2022
Gross unearned premiums	207,022,452	290,731,409	-260,919,191	-6,624,062	-411,878	229,798,730
Technical provisions for life insurance business	443,577,279	42,562,092	-62,100,029	-1,368,643	-18,768	422,651,931
Gross provision for outstanding claims	578,713,597	280,509,868	-163,928,892	-108,464,748	-212,540	586,617,285
Gross provision for bonuses, rebates and cancellations	1,530,854	1,783,945	-1,399,897	-51,907	52	1,863,047
Other gross technical provisions	6,655,935	7,657,291	-4,005,246	-1,297,525	1,060	9,011,515
Total	1,237,500,117	623,244,605	-492,353,255	-117,806,885	-642,074	1,249,942,508
Technical provision for the benefit of life insurance policyholders who bear the investment risk	524,183,338	49,108,596	-73,090,800	-847,123	-2,406	499,351,605

Sava Insurance Group EUR	31 Dec 2020	Additions	Uses	Reversals	Exchange differences	31 Dec 2021
Gross unearned premiums	210,614,842	277,970,688	-273,237,168	-8,506,710	180,800	207,022,452
Technical provisions for life insurance business	465,641,679	50,285,890	-71,677,100	-612,837	-60,353	443,577,279
Gross provision for outstanding claims	547,764,679	266,553,482	-142,186,269	-97,843,245	4,424,950	578,713,597
Gross provision for bonuses, rebates and cancellations	1,300,797	1,402,907	-1,112,097	-60,514	-239	1,530,854
Other gross technical provisions	7,990,057	5,955,262	-5,487,904	-1,798,215	-3,265	6,655,935
Total	1,233,312,054	602,168,229	-493,700,538	-108,821,521	4,541,893	1,237,500,117
Technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	169,430,901	-53,924,606	-932,792	5,407	524,183,338

Sava Re EUR	31 Dec 2021	Additions	Uses	Reversals	Exchange differences	31 Dec 2022
Gross unearned premiums	52,775,034	50,385,473	-49,738,955	0	-429,156	52,992,395
Gross provision for outstanding claims	278,281,619	149,528,196	-105,624,132	-29,283,901	71,342	292,973,123
Gross provision for bonuses, rebates and cancellations	272,725	321,245	-232,694	0	0	361,276
Other gross technical provisions	483,346	190,091	0	0	0	673,437
Total	331,812,724	200,425,004	-155,595,781	-29,283,901	-357,814	347,000,232

Sava Re EUR	31 Dec 2020	Additions	Uses	Reversals	Exchange differences	31 Dec 2021
Gross unearned premiums	57,411,109	50,552,521	-55,481,908	0	293,312	52,775,034
Gross provision for outstanding claims	238,990,654	143,364,934	-76,932,193	-31,940,047	4,798,271	278,281,619
Gross provision for bonuses, rebates and cancellations	274,368	272,725	-274,368	0	0	272,725
Other gross technical provisions	1,206,740	483,346	-1,206,740	0	0	483,346
Total	297,882,871	194,673,526	-133,895,209	-31,940,047	5,091,583	331,812,724

The Group's gross technical provisions increased by 1.0%, or EUR 12.4 million, in 2022 (2021: EUR 4.2 million):

- Gross unearned premiums grew by 11.0%, reflecting the growth in non-life insurance portfolios.
- The gross provision for outstanding claims increased by 1.4%, with new provisioning due to portfolio growth and new claims offsetting decreases due to claim payments out of previously established provisions.

- Mathematical provisions (technical provisions for life business) declined by 4.7% because of maturing life insurance portfolios of the Slovenian insurers, slightly offset by the growth seen in the other companies.

The composition of gross and net provisions for outstanding claims is shown in the following table.

Composition of the provision for outstanding claims

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Net provision for claims incurred but no reported	203,996,023	228,769,676	69,949,326	62,131,812
Gross provision for outstanding claims	205,274,678	230,736,378	70,269,682	63,041,529
Reinsurers' share	-1,278,655	-1,966,702	-320,356	-909,716
Net provision for claims reported but not settled, triangles	310,785,512	281,003,785	175,196,537	174,046,481
Gross provision for outstanding claims	363,762,787	327,471,155	222,936,018	215,440,171
Reinsurers' share	-52,977,275	-46,467,370	-47,739,481	-41,393,690
Net provision for expected subrogation recoveries	-2,681,148	-2,450,618	-232,576	-200,081
Gross provision for outstanding claims	-2,681,148	-2,450,618	-232,576	-200,081
Net provision for loss adjustment expenses	16,998,828	17,626,038	0	0
Gross provision for outstanding claims	16,998,828	17,626,038	0	0
Net provision for accepted co-insurance business	2,668,244	4,827,246	0	0
Gross provision for outstanding claims	3,262,140	5,330,644	0	0
Reinsurers' share	-593,896	-503,398	0	0
Total gross provision for outstanding claims	586,617,285	578,713,597	292,973,124	278,281,619
Total reinsurers' share	-54,849,826	-48,937,470	-48,059,837	-42,303,406
Net provision for outstanding claims	531,767,459	529,776,127	244,913,287	235,978,213

- The provision for bonuses, rebates and cancellations is a small part of technical provisions; it mainly grew in Slovenian non-life insurance business.
- The provision for unexpired risks (shown as part of other gross technical provisions) increased by 34.4% as a result of the growth in non-life portfolios and a deterioration in the expected claims experience (inflation, return to pre-pandemic claim frequency).
- The provision for the benefit of life insurance policyholders who bear the investment risk decreased by 4.7%, mainly due to the unfavourable changes in unit prices of funds caused by market conditions, partially offset by new premiums.

Sava Re's gross technical provisions increased by 4.6%, or EUR 15.2 million, year on year. Unearned premiums grew by EUR 0.4 million, relatively less than premiums, because of a smaller proportion of proportional reinsurance. The provision for outstanding claims increased by 5.3%, or EUR 14.7 million, with the majority of the increase (EUR 13.7 million) reflecting the increase in business from non-Group cedants due to portfolio growth and large loss events in recent years.



Calculation of the gross provision for unexpired risks by class of insurance

EUR 31 Dec 2022	Primary insurance	Sava Re
Personal accident	248,052	0
Health	192,293	0
Land motor vehicles	879,087	0
Railway rolling stock	538	11,822
Aircraft hull	35,775	35,284
Ships hull	38,002	381,301
Fire and natural forces	4,292,626	245,030
Other damage to property	234,044	0
Motor vehicle liability	2,128,554	0
Aircraft liability	4,675	0
Liability for ships	10,652	0
General liability	179,783	0
Suretyship	9,817	0
Miscellaneous financial loss	78,965	0
Assistance	5,216	0
Total	8,338,078	673,437

EUR 31 Dec 2021	Primary insurance	Sava Re
Personal accident	244,470	0
Health	270,269	248
Land motor vehicles	710,129	0
Railway rolling stock	1,156	13,626
Aircraft hull	4,140	50,803
Ships hull	9,291	413,583
Goods in transit	27,536	0
Fire and natural forces	3,596,001	0
Other damage to property	258,394	0
Motor vehicle liability	917,840	0
Aircraft liability	1,644	0
Liability for ships	6,357	0
General liability	70,887	0
Suretyship	3,549	0
Miscellaneous financial loss	30,347	5,086
Assistance	20,576	0
Total	6,172,588	483,346



We also present the movement in net technical provisions for the Group and Sava Re for 2022 and 2021.

Movement in net technical provisions and the technical provision for the benefit of life insurance policyholders who bear the investment risk

Sava Insurance Group EUR	31 Dec 2021	Additions	Uses	Reversals	Exchange differences	31 Dec 2022
Net unearned premiums	198,234,062	281,311,129	-253,365,582	-6,589,082	-410,793	219,179,734
Net technical provisions for life insurance business	443,577,279	42,562,092	-62,100,029	-1,368,643	-18,768	422,651,931
Net provision for outstanding claims	529,776,127	256,585,769	-144,410,966	-109,806,635	-376,836	531,767,459
Net provision for bonuses, rebates and cancellations	1,489,658	1,682,334	-1,391,564	-51,893	2,809	1,731,344
Other net technical provisions	6,655,935	7,657,291	-4,005,246	-1,297,525	1,060	9,011,515
Total	1,179,733,061	589,798,615	-465,273,387	-119,113,778	-802,528	1,184,341,983
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	524,183,338	49,108,596	-73,090,800	-847,123	-2,406	499,351,605

Sava Insurance Group EUR	31 Dec 2020	Additions	Uses	Reversals	Exchange differences	31 Dec 2021
Net unearned premiums	201,032,696	270,322,681	-264,782,949	-8,435,453	97,087	198,234,062
Net technical provisions for life insurance business	465,641,679	50,285,890	-71,677,100	-612,837	-60,353	443,577,279
Net provision for outstanding claims	514,762,029	238,218,733	-130,474,421	-96,822,766	4,092,552	529,776,127
Net provision for bonuses, rebates and cancellations	1,273,554	1,388,265	-1,112,097	-59,773	-291	1,489,658
Other net technical provisions	7,992,879	5,955,262	-5,490,726	-1,798,215	-3,265	6,655,935
Total	1,190,702,837	566,170,831	-473,537,293	-107,729,044	4,125,730	1,179,733,061
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	169,430,901	-53,924,606	-932,792	5,407	524,183,338



Sava Re							
EUR	31 Dec 2021	Additions	Uses	Reversals	Additions – acquisition of subsidiary	Exchange differences	31 Dec 2022
Net unearned premiums	46,591,996	42,990,681	-43,589,093	0	0	-425,500	45,568,085
Net technical provisions for life insurance business	0	0	0	0	0	0	0
Net provision for outstanding claims	235,978,212	128,307,773	-88,648,822	-30,629,909	0	-93,968	244,913,286
Net provision for bonuses, rebates and cancellations	272,725	321,245	-232,694	0	0	0	361,276
Other net technical provisions	483,346	190,091	0	0	0	0	673,437
Total	283,326,281	171,809,790	-132,470,609	-30,629,909	0	-519,467	291,516,085

Sava Re EUR	31 Dec 2020	Additions	Uses	Reversals	Exchange differences	31 Dec 2021
Net unearned premiums	50,764,978	44,451,893	-48,836,731	0	211,856	46,591,996
Net provision for outstanding claims	213,701,669	116,879,517	-67,822,312	-31,257,060	4,476,398	235,978,212
Net provision for bonuses, rebates and cancellations	274,368	272,725	-274,368	0	0	272,725
Other net technical provisions	1,206,740	483,346	-1,206,740	0	0	483,346
Total	265,947,755	162,087,482	-118,140,151	-31,257,059	4,688,255	283,326,281

We have identified the most important uncertain assumption on which the level of gross claims provisions depends as the claims ratio for the most recent year. We present the sensitivity of non-life (re)insurance claims provisions to this assumption for the Group and Sava Re:



Sensitivity of the Group's gross non-life insurance claims provision (CP) as at 31 December 2022

Scenario EUR	Base CP	Post-stress CP	Stress impact	Stress impact (%)
5% rise in loss ratio for most recent year	571,393,822	590,768,939	19,375,117	3.39%
5% drop in loss ratio for most recent year	571,393,822	552,018,704	-19,375,118	-3.39%

Sensitivity of Sava Re's gross claims provision (CP) as at 31 December 2022

Scenario EUR	Base CP	Post-stress CP	Stress impact	Stress impact (%)
5% rise in loss ratio for most recent year	292,973,124	298,758,148	5,785,024	1.97%
5% drop in loss ratio for most recent year	292,973,124	287,188,100	-5,785,024	-1.97%

We have identified the expected combined ratio as the most important uncertain assumption on which the level of the provision for unexpired risks depends. We present the sensitivity of the provision for unexpired risks to this assumption for the Group and Sava Re:

Sensitivity of the Group's provision for unexpired risks (PUR) as at 31 December 2022

Scenario EUR	Base PUR	Post-stress PUR	Stress impact	Stress impact (%)
5% rise in expected combined ratio	10,874,562	15,378,845	4,504,283	41.42%
5% drop in expected combined ratio	10,874,562	6,706,330	-4,168,232	-38.33%

Sensitivity of Sava Re's provision for unexpired risks (PUR) as at 31 December 2022

Scenario EUR	Base PUR	Post-stress PUR	Stress impact	Stress impact (%)
5% rise in expected combined ratio	673,437	1,619,479	946,042	140.48%
5% drop in expected combined ratio	673,437	376,160	-297,277	-44.14%



17.8.25 Other provisions

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Provision for severance pay upon retirement	4,244,938	4,954,165	266,392	295,760
Provision for jubilee benefits	2,648,899	2,976,448	126,248	126,105
Other provisions	1,200,654	1,087,490	0	0
Total	8,094,491	9,018,106	392,640	421,864

Movement in the provision for severance pay upon retirement and jubilee benefits

EUR	Sava Insurance Group			Sava Re		
	Provision for severance pay upon retirement	Provision for jubilee benefits	Total	Provision for severance pay upon retirement	Provision for jubilee benefits	Total
Balance as at 31 Dec 2021	4,954,165	2,976,448	7,930,616	295,760	126,105	421,864
Interest expense (IS ¹⁴⁵)	120,050	67,432	187,482	-1,730	-855	-2,585
Current service cost (IS)	303,743	255,154	558,897	28,266	15,495	43,761
Past service cost (IS)	3,736	19,867	23,603	0	14,064	14,064
Payout of benefits (-)	-171,197	-260,007	-431,204	0	-11,835	-11,835
Actuarial losses (IS)	-4,650	-409,871	-414,521	0	-16,726	-16,726
Actuarial losses (SFP ¹⁴⁶)	-960,947	0	-960,947	-55,904	0	-55,904
Exchange differences	38	-124	-86	0	0	0
Balance as at 31 Dec 2022	4,244,938	2,648,899	6,893,837	266,392	126,248	392,640

¹⁴⁵ Income statement or IS for short.

¹⁴⁶ Statement of financial position or SFP for short.

EUR	Sava Insurance Group			Sava Re		
	Provision for severance pay upon retirement	Provision for jubilee benefits	Total	Provision for severance pay upon retirement	Provision for jubilee benefits	Total
Balance as at 31 Dec 2020	4,975,802	3,004,424	7,980,226	307,978	116,366	424,345
Interest expense (IS)	34,011	17,033	51,044	-1,977	-786	-2,764
Current service cost (IS)	424,008	259,366	683,374	30,329	18,131	48,461
Past service cost (IS)	-6,989	12,783	5,794	9,387	6,558	15,945
Payout of benefits (-)	-124,336	-226,263	-350,599	0	-6,596	-6,596
Actuarial losses (IS)	0	-90,945	-90,945	0	-7,570	-7,570
Actuarial losses (SFP)	-348,386	0	-348,386	-49,957	0	-49,957
Exchange differences	55	50	105	0	0	0
Balance as at 31 Dec 2021	4,954,165	2,976,448	7,930,613	295,760	126,103	421,865

The main assumptions used in the calculation of provisions for jubilee benefits and severance pay upon retirement are as follows: The interest rate curves used for discounting are those published by EIOPA for the calculation of capital adequacy. The expected increase in salaries and jubilee benefits is calculated using real growth based on historical data for individual companies (Sava Re: 0.8%) and long-term inflation of 2.7%. The expected early departure rates used vary by age

group and are based on the historical departure rates of each company (Sava Re: 3.1% up to 35 years, 4.2% between 35 and 45 years, 4.9% over 45 years). Expected mortality is determined on the basis of the population mortality tables of the country of incorporation of each Group company.

Below we provide a sensitivity analysis of the provision for severance pay upon retirement and the provision for jubilee benefits.

Sava Insurance Group	Provision for severance pay upon retirement		Provision for jubilee benefits	
Impact on the level of provisions (EUR)	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Decrease in discount rate of 1%	456,051	704,379	214,049	330,433
Increase in discount rate of 1%	-387,196	-584,251	-186,735	-282,534
Decrease in real income growth of 0.5%	-196,066	-300,545	-85,090	-131,747
Increase in real income growth of 0.5%	210,276	327,320	89,990	141,195
Decrease in staff turnover of 10%	152,777	180,285	77,227	87,290
Increase in staff turnover of 10 %	-144,684	-168,800	-73,859	-82,691
Decrease in mortality rate of 10%	30,399	36,456	11,564	13,558
Increase in mortality rate of 10%	-30,099	-34,607	-11,469	-12,645

Sava Insurance Group	Provision for severance pay upon retirement		Provision for jubilee benefits	
Impact on the level of provisions (EUR)	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Decrease in discount rate of 1%	32,369	41,386	9,474	10,778
Increase in discount rate of 1%	-27,498	-34,493	-8,314	-9,413
Decrease in real income growth of 0.5%	-14,738	-17,947	0	0
Increase in real income growth of 0.5%	16,032	19,883	0	0
Decrease in staff turnover of 10%	16,194	17,579	4,405	4,549
Increase in staff turnover of 10 %	-15,037	-16,344	-4,168	-4,321
Decrease in mortality rate of 10%	2,137	2,473	290	309
Increase in mortality rate of 10%	-2,115	-2,445	-289	-307

Sava Insurance Group				Additions – acquisition of subsidiary	Exchange differences	31 Dec 2022
EUR	31 Dec 2021	Additions	Uses and reversals			
Other provisions	1,087,490	432,681	-318,209	0	-1,308	1,200,654
Total	1,087,490	432,681	-318,209	0	-1,308	1,200,654

Sava Insurance Group				Exchange differences	31 Dec 2021
EUR	31 Dec 2020	Additions	Uses and reversals		
Other provisions	1,307,509	138,974	-361,916	2,923	1,087,490
Total	1,307,509	138,974	-361,916	2,923	1,087,490

Other provisions consist mainly of provisions for the guarantee fund.



17.8.26 Liabilities from operating activities

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Liabilities to policyholders	14,777,987	13,902,460	24,472,648	23,705,142
Liabilities to insurance intermediaries	5,573,720	5,078,410	0	0
Other liabilities from primary insurance business	22,243,193	22,688,749	17,253,185	15,850,892
Liabilities from primary insurance business	42,594,900	41,669,619	41,725,833	39,556,034
Liabilities for reinsurance premiums	11,431,141	9,958,801	7,877,696	6,592,670
Liabilities for shares in reinsurance claims	72,475	116,011	291	139
Other liabilities due from co-insurance and reinsurance	12,623	34,264	0	0
Liabilities from reinsurance and co-insurance business	11,516,239	10,109,076	7,877,987	6,592,809
Current income tax liabilities	2,097,764	3,004,684	45,414	394,752
Total	56,208,903	54,783,379	49,649,234	46,543,595

Sava Insurance Group EUR 31 Dec 2022	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	1,468,577	13,309,410	14,777,987
Liabilities to insurance intermediaries	0	5,573,720	5,573,720
Other liabilities from primary insurance business	488,868	21,754,325	22,243,193
Liabilities from primary insurance business	1,957,445	40,637,455	42,594,900
Liabilities for reinsurance and co-insurance premiums	18,633	11,412,508	11,431,141
Liabilities for shares in reinsurance claims	0	72,475	72,475
Other liabilities from reinsurance and co-insurance business	0	12,623	12,623
Liabilities from reinsurance and co-insurance business	18,633	11,497,606	11,516,239
Current income tax liabilities	0	2,097,764	2,097,764
Total	1,976,078	54,232,825	56,208,903

Sava Insurance Group EUR 31 Dec 2021	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	1,295,018	12,607,442	13,902,460
Liabilities to insurance intermediaries	0	5,078,410	5,078,410
Other liabilities from primary insurance business	408,355	22,280,394	22,688,749
Liabilities from primary insurance business	1,703,373	39,966,246	41,669,619
Liabilities for reinsurance and co-insurance premiums	158	9,958,643	9,958,801
Liabilities for shares in reinsurance claims	0	116,011	116,011
Other liabilities from reinsurance and co-insurance business	0	34,264	34,264
Liabilities from reinsurance and co-insurance business	158	10,108,918	10,109,076
Current income tax liabilities	0	3,004,684	3,004,684
Total	1,703,531	53,079,848	54,783,379

The Group has no liabilities with a maturity of more than 5 years.



Sava Re EUR 31 Dec 2022	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	1,468,577	23,004,071	24,472,648
Other liabilities from primary insurance business	488,868	16,764,317	17,253,185
Liabilities from primary insurance business	1,957,445	39,768,388	41,725,833
Liabilities for reinsurance and co-insurance premiums	18,633	7,859,062	7,877,696
Liabilities for shares in reinsurance claims	0	291	291
Liabilities from reinsurance and co-insurance business	18,633	7,859,354	7,877,987
Current income tax liabilities	0	45,414	45,414
Total	1,976,078	47,673,155	49,649,234

Sava Re EUR 31 Dec 2021	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	1,295,018	22,410,125	23,705,142
Other liabilities from primary insurance business	408,355	15,442,537	15,850,892
Liabilities from primary insurance business	1,703,373	37,852,662	39,556,034
Liabilities for reinsurance and co-insurance premiums	158	6,592,512	6,592,670
Liabilities for shares in reinsurance claims	0	139	139
Liabilities from reinsurance and co-insurance business	158	6,592,652	6,592,809
Current income tax liabilities	0	394,752	394,752
Total	1,703,530	44,840,065	46,543,595

The other liabilities due from co-insurance and reinsurance item comprises liabilities for reinsurance commission.

Other financial liabilities relate to liabilities for a loan in a subsidiary in Serbia of EUR 567 thousand as at 31 December 2022 (31 December 2021: EUR 584 thousand).





17.8.27 Other liabilities

Other liabilities by maturity

Sava Insurance Group EUR 31 Dec 2022	Contractual maturity		
	Over 1 year	Up to 1 year	Total
Other liabilities	239,948	22,309,143	22,549,091
Short-term provisions (deferred income and accrued expenses)	0	26,589,261	26,589,261
Total	239,948	48,898,402	49,138,352

Sava Insurance Group EUR 31 Dec 2021	Contractual maturity		
	Over 1 year	Up to 1 year	Total
Other liabilities	447,147	29,363,572	29,810,719
Short-term provisions (deferred income and accrued expenses)	0	32,229,435	32,229,435
Total	447,147	61,593,007	62,040,154

Other liabilities and short-term provisions (deferred income and accrued expenses) are unsecured.

Short-term provisions include reinsurance commission items and accrued charges for unused vacation and severance payments to employees.

Sava Re EUR 31 Dec 2022	Contractual maturity	
	Up to 1 year	Total
Other liabilities	2,014,726	2,014,726
Short-term provisions (deferred income and accrued expenses)	6,171,158	6,171,158
Total	8,185,884	8,185,884

Sava Re EUR 31 Dec 2021	Contractual maturity	
	Up to 1 year	Total
Other liabilities	4,104,690	4,104,690
Short-term provisions (deferred income and accrued expenses)	2,886,400	2,886,400
Total	6,991,091	6,991,091

Diverse other liabilities

EUR	Diverse other liabilities		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Short-term liabilities due to employees	4,107,320	3,787,253	637,853	584,768
Diverse other short-term liabilities for insurance business	5,559,846	4,827,142	0	0
Short-term trade liabilities	8,749,734	11,590,073	972,581	1,837,846
Diverse other short-term liabilities	3,892,241	9,159,104	404,292	1,682,076
Other long-term liabilities	239,948	447,147	0	0
Total	22,549,089	29,810,719	2,014,726	4,104,690

Diverse other short-term liabilities relate to liabilities for insurance premium tax and fire brigade charges.

Diverse other short-term liabilities also include liabilities for value added tax and liabilities for contributions and payroll taxes.



Change in short-term provisions

Short-term accrued expenses EUR	31 Dec 2021	Additions	Uses	Reversals	Exchange differences	31 Dec 2022
Short-term accrued expenses	8,549,454	32,821,666	-28,855,548	-23,913	-679	12,490,980
Other accrued costs (expenses) and deferred revenue	23,679,981	30,613,254	-40,190,157	-6,126	1,329	14,098,281
Total	32,229,435	63,434,920	-69,045,705	-30,039	650	26,589,261

Short-term accrued expenses EUR	31 Dec 2020	Additions	Uses	Reversals	Exchange differences	31 Dec 2021
Short-term accrued expenses	7,981,663	24,535,691	-23,958,984	-10,529	1,613	8,549,454
Other accrued costs (expenses) and deferred revenue	13,525,798	39,903,374	-29,745,220	-6,194	2,223	23,679,981
Total	21,507,461	64,439,065	-53,704,204	-16,723	3,836	32,229,435

Sava Re EUR	31 Dec 2021	Additions	Uses	31 Dec 2022
Short-term accrued expenses	2,635,193	6,491,308	-3,257,844	5,868,657
Other accrued costs (expenses) and deferred revenue	251,207	51,293	0	302,500
Total	2,886,400	6,542,601	-3,257,844	6,171,157

Sava Re EUR	31 Dec 2020	Additions	Uses	31 Dec 2021
Short-term accrued expenses	2,319,591	1,525,025	-1,209,422	2,635,193
Other accrued costs (expenses) and deferred revenue	277,438		-26,231	251,207
Total	2,597,028	1,525,025	-1,235,653	2,886,400



17.8.28 Fair values of assets and liabilities

Financial assets by level of the fair value hierarchy

Sava Insurance Group EUR 31 Dec 2022	Fair value					Difference between FV and CA
	Carrying amount	Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	1,219,758,801	1,018,241,046	126,976,175	74,541,580	1,219,758,801	0
At FVTPL	18,982,740	4,936,358	12,721,070	1,325,312	18,982,740	0
Designated to this category	18,982,740	4,936,358	12,721,070	1,325,312	18,982,740	0
Debt instruments	15,607,694	1,572,899	12,721,070	1,313,725	15,607,694	0
Equity instruments	3,375,046	3,363,459	0	11,587	3,375,046	0
Available for sale	1,200,776,061	1,013,304,688	114,255,105	73,216,268	1,200,776,061	0
Debt instruments	1,088,530,060	973,904,449	113,768,156	857,455	1,088,530,060	0
Equity instruments	41,892,564	39,400,239	486,949	2,005,376	41,892,564	0
Investments in infrastructure funds	53,856,376	0	0	53,856,376	53,856,376	0
Investments in real-estate funds	16,497,061	0	0	16,497,061	16,497,061	0
Investments for the benefit of policyholders who bear the investment risk	481,789,080	479,972,635	1,702,086	114,359	481,789,080	0
Investments not measured at fair value	77,253,970	33,296,083	6,474,935	33,784,170	73,555,188	-3,698,782
Held-to-maturity assets	46,253,622	33,296,083	6,474,935	2,783,822	42,554,840	-3,698,782
Debt instruments	46,253,622	33,296,083	6,474,935	2,783,822	42,554,840	-3,698,782
Loans and deposits	31,000,348	0	0	31,000,348	31,000,348	0
Deposits	19,276,121	0	0	19,276,121	19,276,121	0
Loans granted	1,389,258	0	0	1,389,258	1,389,258	0
Deposits with cedants	10,334,969	0	0	10,334,969	10,334,969	0
Investments for the benefit of policyholders who bear the investment risk not measured at fair value	2,104,789	2,010,684	0	0	2,010,684	-94,105
Total investments	1,297,012,771	1,051,537,129	133,451,110	108,325,750	1,293,313,989	-3,698,782
Total investments for the benefit of life policyholders who bear the investment risk	483,893,869	481,983,319	1,702,086	114,359	483,799,764	-94,105



Sava Insurance Group EUR 31 Dec 2021	Fair value					Difference between FV and CA
	Carrying amount	Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	1,402,818,747	1,096,267,790	236,756,942	69,794,015	1,402,818,747	0
At FVTPL	34,386,074	17,194,823	15,708,219	1,483,032	34,386,074	0
Designated to this category	34,386,074	17,194,823	15,708,219	1,483,032	34,386,074	0
Debt instruments	29,300,362	12,120,683	15,708,219	1,471,460	29,300,362	0
Equity instruments	5,085,712	5,074,140	0	11,572	5,085,712	0
Available for sale	1,368,432,673	1,079,072,967	221,048,723	68,310,983	1,368,432,673	0
Debt instruments	1,241,312,597	1,014,982,697	220,365,284	5,964,616	1,241,312,597	0
Equity instruments	66,741,051	64,090,270	683,439	1,967,342	66,741,051	0
Investments in infrastructure funds	44,532,966	0	0	44,532,966	44,532,966	0
Investments in real-estate funds	15,846,059	0	0	15,846,059	15,846,059	0
Investments for the benefit of policyholders who bear the investment risk	511,352,100	509,280,047	2,072,053	0	511,352,100	0
Investments not measured at fair value	69,869,696	21,855,896	18,909,719	30,694,309	71,459,924	1,590,228
Held-to-maturity assets	40,023,124	21,855,896	18,909,719	847,737	41,613,352	1,590,228
Debt instruments	40,023,124	21,855,896	18,909,719	847,737	41,613,352	1,590,228
Loans and deposits	29,846,572	0	0	29,846,572	29,846,572	0
Deposits	18,561,697	0	0	18,561,697	18,561,697	0
Loans granted	1,674,538	0	0	1,674,538	1,674,538	0
Deposits with cedants	9,610,337	0	0	9,610,337	9,610,337	0
Investments for the benefit of policyholders who bear the investment risk not measured at fair value	6,087,492	3,990,270	276,810	2,008,600	6,275,680	188,188
Total investments	1,472,688,443	1,118,123,686	255,666,661	100,488,324	1,474,278,671	1,590,228



Sava Re EUR 31 Dec 2022	Fair value					Difference between FV and CA
	Carrying amount	Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	319,077,960	259,193,644	33,216,245	26,668,071	319,077,960	0
At FVTPL	5,374,259	98,256	3,962,278	1,313,725	5,374,259	0
Designated to this category	5,374,259	98,256	3,962,278	1,313,725	5,374,259	0
Debt instruments	5,276,003		3,962,278	1,313,725	5,276,003	0
Equity instruments	98,256	98,256			98,256	0
Available for sale	313,703,701	259,095,388	29,253,967	25,354,346	313,703,701	0
Debt instruments	280,840,336	251,163,086	29,253,967	423,283	280,840,336	0
Equity instruments	9,435,280	7,932,302		1,502,978	9,435,280	0
Investments in infrastructure funds	18,843,871			18,843,871	18,843,871	0
Investments in real-estate funds	4,584,214			4,584,214	4,584,214	0
Investments not measured at fair value	14,250,757	2,216,867	0	12,175,362	14,392,229	141,472
Held-to-maturity assets	2,075,395	2,216,867	0	0	2,216,867	141,472
Debt instruments	2,075,395	2,216,867			2,216,867	141,472
Loans and deposits	12,175,362	0	0	12,175,362	12,175,362	0
Loans granted	1,840,393			1,840,393	1,840,393	0
Deposits with cedants	10,334,969			10,334,969	10,334,969	0
Total investments	333,328,717	261,410,511	33,216,245	38,843,433	333,470,189	141,472



Sava Re EUR 31 Dec 2021	Fair value					Difference between FV and CA
	Carrying amount	Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	312,784,306	263,433,279	23,112,215	26,238,813	312,784,306	0
At FVTPL	9,283,045	3,289,895	4,668,448	1,324,703	9,283,045	0
Designated to this category	9,283,045	3,289,895	4,668,448	1,324,703	9,283,045	0
Debt instruments	9,157,021	3,163,871	4,668,448	1,324,703	9,157,021	0
Equity instruments	126,024	126,024	0	0	126,024	0
Available for sale	303,501,261	260,143,384	18,443,767	24,914,110	303,501,261	0
Debt instruments	271,786,710	249,104,071	18,212,040	4,470,599	271,786,710	0
Equity instruments	12,735,984	11,039,313	231,727	1,464,944	12,735,984	0
Investments in infrastructure funds	14,554,843	0	0	14,554,843	14,554,843	0
Investments in real-estate funds	4,423,724	0	0	4,423,724	4,423,724	0
Investments not measured at fair value	15,000,289	2,543,887	0	12,925,080	15,468,967	468,678
Held-to-maturity assets	2,816,979	2,543,887	0	741,770	3,285,657	468,678
Debt instruments	2,816,979	2,543,887	0	741,770	3,285,657	468,678
Loans and deposits	12,183,310	0	0	12,183,310	12,183,310	0
Loans granted	2,572,974	0	0	2,572,974	2,572,974	0
Deposits with cedants	9,610,337	0	0	9,610,337	9,610,337	0
Total investments	327,784,595	265,977,166	23,112,215	39,163,893	328,253,273	468,678

The fair value of the investment property of the Company as at 31 December 2022 stood at EUR 9,997,159 (2021: EUR 8,990,602), that of the Group at EUR 25,680,767 (2021: 15,893,227). The Company classifies investment property as level 3 assets.



Movement in investments, income and expenses measured at fair value – level 3

Sava Insurance Group	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in real-estate funds	
EUR	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Opening balance	7,436,076	1,773,017	1,978,914	1,911,070	44,532,966	27,436,469	15,846,059	14,340,307
Exchange differences	144,694	0	15	0	0	-2	0	0
Additions	0	80,104	0	0	10,051,674	16,069,997	144,555	0
Disposals	-1,094,491	0	0	0	-437,330	-955,057	0	0
Maturities	-5,167,541	-417,985	0	0	0	0	0	0
Revaluation to fair value	-5,014	-31,952	11,741	67,844	-290,934	1,981,559	506,447	1,505,752
Reclassification into levels	857,455	6,032,892	26,293	0	0	0	0	0
Closing balance	2,171,179	7,436,076	2,016,963	1,978,914	53,856,376	44,532,966	16,497,061	15,846,059
Income	244,687	151,073	53,323	10,484	1,925,727	1,429,893	181,294	349,833
Expenses	0	-396	0	0	0	0	0	0
Unrealised gains/losses	-10,978	-17,131	0	0	0	0	0	0

Sava Re	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in real-estate funds	
EUR	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Opening balance	5,795,302	1,704,752	1,464,944	1,397,109	14,554,843	9,200,979	4,423,724	3,969,161
Exchange differences	144,694	0	0	0	0	-1	0	0
Additions	0	0	0	0	4,724,062	5,454,838	48,185	0
Disposals	-1,094,491	0	0	0	-437,330	-955,057	0	0
Maturities	-3,525,151	-350,396	0	0	0	0	0	0
Revaluation to fair value	-6,630	-29,653	11,741	67,835	2,297	854,084	112,305	454,563
Reclassification into levels	423,283	4,470,599	26,293	0	0	0	0	0
Closing balance	1,737,009	5,795,302	1,502,978	1,464,944	18,843,872	14,554,843	4,584,214	4,423,724
Income	238,580	142,363	53,323	10,484	602,302	506,705	51,281	100,588
Expenses	0	-396	0	0	0	0	0	0
Unrealised gains/losses	-10,978	-17,131	0	0	0	0	0	0



Reclassification of assets and financial liabilities between levels

Sava Insurance Group EUR 31 Dec 2022			
	Level 1	Level 2	Level 3
FVTPL	-173,593	173,593	0
Debt securities designated to this category reclassified from level 1 into level 2	-173,593	173,593	0
Available for sale	-8,394,401	7,510,653	883,748
Debt instruments	-8,394,401	7,536,946	857,455
Reclassification from level 1 into level 2	-8,560,024	8,560,024	0
Reclassification from level 2 into level 1	165,623	-165,623	0
Reclassification from level 2 into level 3	0	-857,455	857,455
Equity instruments	0	-26,293	26,293
Reclassification from level 2 into level 3	0	-26,293	26,293
Total	-8,567,994	7,684,247	883,748

Sava Insurance Group EUR 31 Dec 2021		
	Level 1	Level 2
FVTPL	-57,495	57,495
Debt securities designated to this category reclassified from level 2 into level 1	-304,077	304,077
Equity securities designated to this category reclassified from level 2 into level 1	246,581	-246,581
Available for sale	27,634,818	-27,634,818
Debt instruments	17,757,961	-17,757,961
Reclassification from level 1 into level 2	-201,731	201,731
Reclassification from level 2 into level 1	17,959,693	-17,959,693
Equity instruments	9,876,857	-9,876,857
Reclassification from level 2 into level 1	9,876,857	-9,876,857
Total	27,577,323	-27,577,323

Sava Re
EUR
31 Dec 2022

	Level 1	Level 2	Level 3
Available for sale	-6,322,988	5,873,412	449,576
Debt instruments	-6,322,988	5,899,705	423,283
Reclassification from level 1 into level 2	-6,322,988	6,322,988	0
Reclassification from level 2 into level 3	0	-423,283	423,283
Equity instruments	0	-26,293	26,293
Reclassification from level 2 into level 3	0	-26,293	26,293
Total	-6,322,988	5,873,412	449,576

Sava Re
EUR
31 Dec 2021

	Level 1	Level 2
FVTPL	126,024	-126,024
Designated to this category	126,024	-126,024
Equity instruments	126,024	-126,024
Reclassification from level 2 into level 1	126,024	-126,024
Available for sale	22,427,459	-22,427,459
Debt instruments	17,399,452	-17,399,452
Reclassification from level 2 into level 1	17,399,452	-17,399,452
Equity instruments	5,028,007	-5,028,007
Reclassification from level 2 into level 1	5,028,007	-5,028,007
Total	22,553,483	-22,553,483

As at 31 December 2022, a large proportion of the debt securities portfolio is valued at the CBBT bid

price, which represents the unadjusted quoted price and thus meets the criteria for a tier 1 classification.

Mutual funds and listed equity securities that meet the criteria of an active market, as well as debt securities valued at BVAL bid prices that meet the relevant price quality criteria, are also classified into this level.

As at 31 December 2022, level-1 investments represented 83.4% (31 December 2021: 78.1%) of financial investments measured at fair value.

In 2022, the proportion of OTC market assets measured using closing CBBT bid prices decreased compared to year-end 2021. As at 31 December 2022, level-1 investments represented 81.1% (31 December 2021: 84.2%) of financial investments measured at fair value.

Debt securities for which no CBBT bid price exists at the classification date, but a BVAL bid price of lower quality is available, are classified into Level 2. We classify into the same Level investments valued based on an internal model that uses directly and indirectly observable market inputs, such as the risk-free interest rate curve, yield of similar financial instruments, and credit and liquidity risk premiums. Equity securities valued using stock exchange prices that meet the criteria for a non-functioning market are also classified into this Level.

The Company classifies into Level 3 unquoted shares valued at cost, loans granted valued at amortised cost and investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds,

private equity funds and such like. There are no market prices available for such investments; therefore, valuation based on available market data is not possible.

The Sava Insurance Group classifies as level-3 investments its investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds, private equity funds and similar. Alternative funds are valued by fund managers in the form of fund unit values or as the value of invested assets, being the best approximation of fair value. Assets are valued based on material non-public information on assets invested in funds. The Company has only limited access to input data as used by fund managers, which is why own valuations are not carried out nor is it possible to run sensitivity analyses.

In order to value fund assets, managers of such funds generally use methods that comply with International Private Equity and Venture Capital Valuation standards, such as discounting of cash flows and the multiples method.

Valuation techniques for all items described above are defined in accounting policies. The method for investment property is described in section 17.4.12 “Investment property”, for financial investments in subsidiaries and associates in section 17.4.13 “Financial investments in subsidiaries and associates”, and for financial investments in section 17.4.14 “Financial investments and assets held for the benefit of policyholders who bear the investment risk”.



17.8.29 Net premiums earned

Net premiums earned

Sava Insurance Group 2022 EUR	Gross premiums written	Premiums written for assumed co-insurance	Reinsurers' and co- insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	37,334,987	32,953	-336,385	-673,478	3,315	36,361,392
Health	12,579,337	222,690	-919,393	-822,448	13,288	11,073,474
Land motor vehicles	153,627,614	2,041	-4,332,335	-9,596,248	1,010,935	140,712,007
Railway rolling stock	322,902	0	0	521	0	323,423
Aircraft hull	1,070,723	0	-408,684	-232,853	186,836	616,022
Ships hull	5,904,177	118,668	-758,812	-81,112	72,684	5,255,605
Goods in transit	6,986,472	250,195	-771,046	15,274	196,273	6,677,168
Fire and natural forces	129,164,520	1,068,949	-22,742,840	-1,530,347	468,147	106,428,429
Other damage to property	55,535,679	1,140,912	-9,957,364	-1,338,612	-1,079,031	44,301,584
Motor vehicle liability	137,553,034	0	-5,677,236	-5,737,781	-33,724	126,104,293
Aircraft liability	257,557	19,433	-171,445	-25,564	21,539	101,520
Liability for ships	853,969	0	-15,750	-31,418	-1,320	805,481
General liability	23,041,169	327,431	-2,538,114	169,783	-119,050	20,881,219
Credit	1,483,234	1,468	-148,782	584,400	5,247	1,925,567
Suretyship	381,150	0	0	-83,802	216	297,564
Miscellaneous financial loss	3,109,851	120,426	-1,320,239	-46,725	75,979	1,939,292
Legal expenses	703,853	5,887	-626,679	14,113	26,353	123,527
Assistance	24,906,233	0	-101,307	-2,341,914	-22,782	22,440,230
Life	65,916,319	172,152	-782,743	-195,661	45,503	65,155,570
Unit-linked life	109,918,167	138	-70,088	6,182	-57	109,854,342
Total non-life	594,816,461	3,311,053	-50,826,411	-21,758,211	824,905	526,367,797
Total life	175,834,486	172,290	-852,831	-189,479	45,446	175,009,912
Total	770,650,948	3,483,343	-51,679,242	-21,947,690	870,350	701,377,709



Sava Insurance Group 2021 EUR	Gross premiums written	Premiums written for assumed co-insurance	Reinsurers' and co- insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	35,709,624	27,425	-301,692	-266,037	13,521	35,182,841
Health	10,798,019	96,768	-822,531	-1,056,811	-139,868	8,875,577
Land motor vehicles	135,424,115	574	-2,386,112	-4,308,575	183,709	128,913,711
Railway rolling stock	332,071	0	0	-25,996	0	306,075
Aircraft hull	701,003	0	-216,948	-36,274	-2,694	445,087
Ships hull	5,804,322	421,936	-857,137	2,481,580	-1,404,768	6,445,933
Goods in transit	5,953,089	702,980	-455,025	84,688	49,729	6,335,461
Fire and natural forces	118,041,887	1,138,387	-21,785,202	-629,133	440,963	97,206,902
Other damage to property	53,344,975	1,513,775	-8,473,915	1,115,392	291,361	47,791,588
Motor vehicle liability	127,700,576	0	-5,442,483	1,524,481	-307,547	123,475,027
Aircraft liability	328,817	17,589	-231,023	5,604	3,187	124,174
Liability for ships	681,110	0	-18,148	-7,930	993	656,025
General liability	23,426,473	319,980	-2,609,379	3,573,482	189,158	24,899,714
Credit	1,059,174	0	-14,301	1,420,609	-17,415	2,448,067
Suretyship	302,307	0	-19	88,175	0	390,463
Miscellaneous financial loss	2,484,600	143,828	-979,322	550,039	-1,485	2,197,660
Legal expenses	719,522	6,785	-610,052	13,268	-5,419	124,104
Assistance	19,449,450	0	-121,513	-1,015,466	16,228	18,328,699
Life	65,924,848	0	-711,095	-98,236	56,463	65,171,980
Unit-linked life	117,322,240	158	-80,056	13,014	-127	117,255,229
Total non-life	542,261,134	4,390,027	-45,324,802	3,511,096	-690,347	504,147,108
Total life	183,247,088	158	-791,151	-85,222	56,336	182,427,209
Total	725,508,223	4,390,185	-46,115,953	3,425,874	-634,012	686,574,317



Sava Re 2022 EUR	Gross premiums written	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	5,760,218	-33,435	-72,467	-2,657	5,651,659
Health	45,274	0	-3,301	0	41,973
Land motor vehicles	25,870,954	-2,103,813	-1,056,769	597,939	23,308,311
Railway rolling stock	234,660	0	6,568	0	241,228
Aircraft hull	649,782	-408,684	-79,981	190,356	351,473
Ships hull	5,622,395	-753,579	-27,809	71,992	4,912,999
Goods in transit	4,868,055	-456,605	154,639	115,528	4,681,616
Fire and natural forces	103,038,238	-19,876,054	12,186	495,210	83,669,580
Other damage to property	25,011,736	-7,277,538	309,401	-250,316	17,793,284
Motor vehicle liability	16,074,659	-1,250,640	397,952	-32,118	15,189,853
Aircraft liability	319,741	-55,733	-113,768	25,958	176,198
Liability for ships	621,214	-15,750	-25,019	-1,320	579,125
General liability	7,932,462	-1,198,948	181,024	-90,923	6,823,615
Credit	598,192	0	99,084	0	697,276
Suretyship	220,857	0	-18,773	0	202,084
Miscellaneous financial loss	1,235,468	-1,035,293	41,414	84,650	326,240
Legal expenses	9,506	0	565	0	10,071
Assistance	-4,456	9,870	40	-9,468	-4,014
Life	1,201,748	-461,807	-26,970	46,441	759,412
Unit-linked life	94,626	-30,861	4,621	0	68,386
Total non-life	198,108,955	-34,456,202	-195,012	1,194,831	164,652,572
Total life	1,296,374	-492,668	-22,349	46,441	827,798
Total	199,405,329	-34,948,870	-217,361	1,241,273	165,480,370



Sava Re 2021 EUR	Gross premiums written	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	5,980,868	-39,237	3,503	925	5,946,059
Health	22,378	0	-66	0	22,311
Land motor vehicles	23,762,397	-812,717	-914,026	6,823	22,042,477
Railway rolling stock	252,822	0	-20,813	0	232,009
Aircraft hull	367,241	-925	-37,886	0	328,430
Ships hull	5,912,171	-855,705	2,181,865	-1,404,767	5,833,563
Goods in transit	4,579,050	-194,787	91,649	-3,941	4,471,970
Fire and natural forces	93,483,332	-19,217,991	-892,553	455,792	73,828,580
Other damage to property	26,349,830	-6,313,105	743,937	578,584	21,359,246
Motor vehicle liability	17,354,493	-1,372,589	477,386	-303,322	16,155,967
Aircraft liability	80,709	-1,164	54,751	-45,971	88,325
Liability for ships	471,681	-18,148	1,132	993	455,657
General liability	8,442,839	-1,469,748	2,455,494	163,212	9,591,797
Credit	749,498	0	248,010	0	997,509
Suretyship	228,722	0	78,251	0	306,972
Miscellaneous financial loss	936,827	-763,218	238,368	24,500	436,476
Legal expenses	9,301	0	-300	0	9,001
Assistance	43,673	-10,595	-630	6,993	39,441
Life	945,978	-383,196	-71,413	57,087	548,455
Unit-linked life	77,914	-34,994	-583	0	42,337
Total non-life	189,027,832	-31,069,928	4,708,071	-520,180	162,145,795
Total life	1,023,892	-418,190	-71,996	57,087	590,792
Total	190,051,724	-31,488,119	4,636,075	-463,093	162,736,587

17.8.30 Income and expenses relating to investments in subsidiaries and associates

In 2022, the Group generated income from profit distributions of associates of EUR 1,285,731 (2021: EUR 772,886). No impairment losses on goodwill were recognised in 2021 or 2022.

In 2022, the Company recognised EUR 51.9 million (2021: EUR 50.4 million) of dividend income and profit distributions. In 2022, an expense of EUR 1.2 million was recognised in respect of an impairment loss on the shares in Sava Osiguruvanje (MKD) (2021: no such expenses).

17.8.31 Investment income and expenses

Investment income by IFRS categories

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Investment income	43,516,123	40,670,647	20,752,999	15,756,089
- of which exchange gains	15,743,417	11,029,108	14,742,062	9,560,306
- netting of exchange differences	-14,511,213	-6,613,377	-13,168,400	-5,853,841
Investment income after netting	29,004,910	34,057,270	7,584,599	9,902,249
Investment expenses	28,384,144	12,323,463	17,976,275	9,093,642
- of which exchange losses	14,511,213	6,613,377	13,168,400	5,853,841
- netting of exchange differences	-14,511,213	-6,613,377	-13,168,400	-5,853,841
Investment expenses after netting	13,872,931	5,710,086	4,807,876	3,239,801

Sava Insurance Group EUR	2022	2021
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	70,872,774	87,404,487
- netting of unrealised gains and losses	-70,872,774	-18,685,384
Net unrealised gains on investments of life insurance policyholders who bear the investment risk after netting	0	68,719,103
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	131,554,909	18,685,384
- netting of unrealised gains and losses	-70,872,774	-18,685,384
Net unrealised losses on investments of life insurance policyholders who bear the investment risk after netting	60,682,135	0



Sava Insurance Group 2022 EUR	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and shares – other investments	Exchange gains	Other income	Total	Net unrealised gains on investments of life insurance policyholders who bear the investment risk
Held to maturity	1,524,054	0	0	0	30,525	21	1,554,600	76,366
Debt instruments	1,524,054	0	0	0	30,525	21	1,554,600	76,366
At fair value through P/L	782,994	837,307	0	11,193	8,417	162,689	1,802,600	70,481,450
Designated to this category	782,994	837,307	0	11,193	8,417	162,689	1,802,600	70,481,450
Debt instruments	782,994	791,729	0	0	8,417	5	1,583,145	87,198
Equity instruments	0	45,578	0	11,193	0	0	56,771	70,394,252
Other investments	0	0	0	0	0	162,684	162,684	0
Available for sale	13,662,727	0	6,837,013	1,357,934	12,891,257	2,164,616	36,913,547	314,880
Debt instruments	13,662,727	0	166,235	0	12,888,897	5,243	26,723,102	314,880
Equity instruments	0	0	6,670,778	1,346,539	2,360	52,352	8,072,029	0
Investments in infrastructure funds	0	0	0	0	0	1,925,727	1,925,727	0
Investments in real-estate funds	0	0	0	11,395	0	181,294	192,689	0
Loans and receivables	404,694	0	0	0	2,813,218	1,496	3,219,408	78
Debt instruments	389,549	0	0	0	1,757	1,496	392,802	78
Other investments	15,145	0	0	0	2,811,461	0	2,826,606	0
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	25,968	0	0	0	0	0	25,968	0
Total	16,400,437	837,307	6,837,013	1,369,127	15,743,417	2,328,822	43,516,123	70,872,774

Detailed presentation of net unrealised gains on investments of life insurance policyholders who bear the investment risk

EUR

	31 Dec 2022
Interest income	436,710
Change in fair value of FVTPL assets	70,143,376
Gains on disposal of FVTPL assets	125,599
Income from dividends and shares – other investments	5,032
Exchange gains	162,056
Total	70,872,774



Sava Insurance Group								
2021								
EUR	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and shares – other investments	Exchange gains	Other income	Total	Net unrealised gains on investments of life insurance policyholders who bear the investment risk
Held to maturity	1,474,192	0	0	0	13,061	0	1,487,253	122,935
Debt instruments	1,474,192	0	0	0	13,061	0	1,487,253	122,935
Other investments	0	0	0	0	0	0	0	0
At FVTPL	820,970	1,304,909	0	40,803	7,624	1,209	2,175,515	86,701,636
Designated to this category	820,970	1,304,909	0	40,803	7,624	1,209	2,175,515	86,701,636
Debt instruments	820,970	895,091	0	0	7,624	1,202	1,724,887	97,167
Equity instruments	0	409,818	0	40,803	0	7	450,628	86,604,469
Available for sale	14,083,029	0	7,783,807	1,806,799	8,335,560	1,860,777	33,869,972	575,754
Debt instruments	14,083,029	0	1,129,392	0	8,335,560	89,894	23,637,875	574,902
Equity instruments	0	0	6,654,415	1,783,670	0	14,286	8,452,371	852
Investments in infrastructure funds	0	0	0	0	0	1,429,893	1,429,893	0
Investments in real-estate funds	0	0	0	23,129	0	326,704	349,833	0
Loans and receivables	440,487	0	0	0	2,672,863	486	3,113,836	4,162
Debt instruments	423,132	0	0	0	3,774	486	427,392	4,162
Other investments	17,355	0	0	0	2,669,089	0	2,686,444	0
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	24,071	0	0	0	0	0	24,071	0
Total	16,842,749	1,304,909	7,783,807	1,847,602	11,029,108	1,862,472	40,670,647	87,404,487

Detailed presentation of net unrealised gains on investments of life insurance policyholders who bear the investment risk

EUR

	31 Dec 2021
Interest income	544,847
Change in fair value of FVTPL assets	86,243,291
Gains on disposal of FVTPL assets	275,503
Gains on disposal of other IFRS asset categories	203,036
Income from dividends and shares – other investments	4,914
Exchange gains	132,896
Total	87,404,487



Sava Re 2022 EUR	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and shares – other investments	Exchange gains	Other income	Total
Held to maturity	134,215	0	0	0	0	0	134,215
Debt instruments	134,215	0	0	0	0	0	134,215
At fair value through P/L	291,402	308,682	0	6,013	0	0	606,097
Designated to this category	291,402	308,682	0	6,013	0	0	606,097
Debt instruments	291,402	276,642	0	0	0	0	568,044
Equity instruments	0	32,040	0	6,013	0	0	38,053
Available for sale	2,435,823	0	1,582,420	452,062	12,151,306	656,876	17,278,487
Debt instruments	2,435,823	0	15,944	0	12,148,947	3,293	14,604,006
Equity instruments	0	0	1,566,476	452,062	2,360	0	2,020,898
Investments in infrastructure funds	0	0	0	0	0	602,302	602,302
Investments in real-estate funds	0	0	0	0	0	51,281	51,281
Loans and receivables	117,477	0	0	0	2,590,755	0	2,708,232
Debt instruments	117,465	0	0	0	0	0	117,465
Other investments	12	0	0	0	2,590,755	0	2,590,767
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	25,968	0	0	0	0	0	25,968
Total	3,004,885	308,682	1,582,420	458,074	14,742,062	656,876	20,752,999



Sava Re 2021 EUR	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and shares – other investments	Exchange gains	Other income	Total
Held to maturity	144,881	0	0	0	0	0	144,881
Debt instruments	144,881	0	0	0	0	0	144,881
At FVTPL	300,227	482,779	0	35,615	0	0	818,622
Designated to this category	300,227	482,779	0	35,615	0	0	818,622
Debt instruments	300,227	292,179	0	0	0	0	592,406
Equity instruments	0	190,600	0	35,615	0	0	226,215
Available for sale	1,994,241	0	1,927,703	482,983	7,305,907	696,975	12,407,808
Debt instruments	1,994,241	0	362,170		7,305,907	89,683	9,752,000
Equity instruments	0	0	1,565,533	482,983	0	0	2,048,516
Investments in infrastructure funds	0	0	0	0	0	506,705	506,705
Investments in real-estate funds	0	0	0	0	0	100,588	100,588
Loans and receivables	106,308	0	0	0	2,254,400	0	2,360,707
Debt instruments	106,306	0	0	0	0	0	106,306
Other investments	2	0	0	0	2,254,400	0	2,254,402
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	24,071	0	0	0	0	0	24,071
Total	2,569,728	482,779	1,927,703	518,598	9,560,306	696,975	15,756,089



Investment expenses by IFRS categories

Sava Insurance Group								Net unrealised losses on investments of life insurance policyholders who bear the investment risk
2022								
EUR	Interest expenses	Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Impairment losses on investments	Exchange losses	Other	Total	
Held to maturity	0	0	0	0	40,142	2,353,628	2,393,770	0
Debt instruments	0	0	0	0	40,142	2,353,628	2,393,770	0
At FVTPL	0	6,356,607	0	0	6,542	225	6,363,374	131,511,217
Designated to this category	0	6,356,607	0	0	6,542	225	6,363,374	131,511,217
Debt instruments	0	5,647,871	0	0	6,542	0	5,654,413	221,550
Equity instruments	0	708,736	0	0	0	225	708,961	131,289,667
Available for sale	0	0	1,247,767	532,232	11,217,047	158,935	13,155,981	21,773
Debt instruments	0	0	1,058,636	0	11,217,047	41,284	12,316,967	21,773
Equity instruments	0	0	189,131	532,232	0	117,651	839,014	0
Loans and receivables	346,845	0	0	0	3,247,482	3,360	3,597,687	21,919
Debt instruments	152,930	0	0	0	8,074	3,360	164,364	21,919
Other investments	193,915	0	0	0	3,239,408	0	3,433,323	0
Subordinated liabilities	2,873,332	0	0	0	0	0	2,873,332	0
Total	3,220,177	6,356,607	1,247,767	532,232	14,511,213	2,516,148	28,384,144	131,554,909

Detailed presentation of net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk

EUR

31 Dec 2022

Interest expenses	21,919
Change in fair value of FVTPL assets	131,164,371
Losses on disposals of FVTPL assets	248,147
Losses on disposal of other IFRS asset categories	21,773
Exchange losses	97,045
Other	1,655
Total	131,554,909



Sava Insurance Group									Net unrealised losses on investments of life insurance policyholders who bear the investment risk
2021									
EUR	Interest expenses	Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Impairment losses on investments	Exchange losses	Other	Total		
Held to maturity	0	0	0	0	16,024	873,817	889,841		0
Debt instruments	0	0	0	0	16,024	873,817	889,841		0
At FVTPL	0	918,280	0	0	9,373	123,077	1,050,730		18,663,405
Designated to this category	0	918,280	0	0	9,373	123,077	1,050,730		18,663,405
Debt instruments	0	837,059	0	0	9,373	889	847,321		32,405
Equity instruments	0	81,221	0	0	0	1,306	82,527		18,631,000
Other investments	0	0	0	0	0	120,882	120,882		0
Available for sale	0	0	326,305	161,960	4,408,229	172,397	5,068,891		13,002
Debt instruments	0	0	54,757	0	4,407,982	37,895	4,500,634		6,159
Equity instruments	0	0	271,548	161,960	247	134,502	568,257		6,843
Loans and receivables	257,886	0	0	0	2,179,751	5,314	2,442,951		8,977
Debt instruments	78,183	0	0	0	2,651	5,314	86,148		8,977
Other investments	179,703	0	0	0	2,177,100	0	2,356,803		0
Subordinated liabilities	2,871,050	0	0	0	0	0	2,871,050		0
Total	3,128,936	918,280	326,305	161,960	6,613,377	1,174,605	12,323,463		18,685,384

**Detailed presentation of net realised and
unrealised losses on investments of life insurance
policyholders who bear the investment risk**

EUR	31 Dec 2021
Interest expenses	8,977
Change in fair value of FVTPL assets	18,571,908
Losses on disposals of FVTPL assets	42,544
Losses on disposal of other IFRS asset categories	8,271
Impairment losses on investments	4,731
Exchange losses	48,850
Other	102
Total	18,685,384



Sava Re 2022 EUR	Interest expenses	Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Impairment losses on investments	Exchange losses	Other	Total
At FVTPL	0	1,693,931	0	0	0	0	1,693,931
Designated to this category	0	1,693,931	0	0	0	0	1,693,931
Debt instruments	0	1,634,123	0	0	0	0	1,634,123
Equity instruments	0	59,808	0	0	0	0	59,808
Available for sale	0	0	204,775	0	10,167,027	2,115	10,373,916
Debt instruments	0	0	204,775	0	10,167,027	2,115	10,373,916
Loans and receivables	33,724	0	0	0	3,001,373	0	3,035,097
Debt instruments	31,738	0	0	0	0	0	31,738
Other investments	1,985	0	0	0	3,001,373	0	3,003,359
Subordinated liabilities	2,873,332	0	0	0	0	0	2,873,332
Total	2,907,055	1,693,931	204,775	0	13,168,400	2,115	17,976,275

Sava Re 2021 EUR	Interest expenses	Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Exchange losses	Other	Total
At FVTPL	0	311,243	0	0	1,306	312,549
Designated to this category	0	311,243	0	0	1,306	312,549
Debt instruments	0	270,529	0	0	0	270,529
Equity instruments	0	40,713	0	0	1,306	42,020
Available for sale	0	0	28,537	3,856,876	0	3,885,413
Debt instruments	0	0	28,537	3,856,876	0	3,885,413
Loans and receivables	27,665	0	0	1,996,965	0	2,024,630
Debt instruments	27,561	0	0	0	0	27,561
Other investments	104	0	0	1,996,965	0	1,997,069
Subordinated liabilities	2,871,050	0	0	0	0	2,871,050
Total	2,898,715	311,243	28,537	5,853,841	1,306	9,093,642



Net investment income

Sava Insurance Group 2022 EUR	Interest income/ expenses	Change in fair value and gains/losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories	Income from dividends and shares – other investments	Impairment losses on investments	Foreign exchange gains/ losses	Other income/ expenses	Total	Net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk
Held to maturity	1,524,054	0	0	0	0	-9,617	-2,353,607	-839,170	76,366
Debt instruments	1,524,054	0	0	0	0	-9,617	-2,353,607	-839,170	76,366
At fair value through P/L	782,994	-5,519,300	0	11,193	0	1,875	162,464	-4,560,774	-61,029,767
Designated to this category	782,994	-5,519,300	0	11,193	0	1,875	162,464	-4,560,774	-61,029,767
Debt instruments	782,994	-4,856,142	0	0	0	1,875	5	-4,071,268	-134,352
Equity instruments	0	-663,158	0	11,193	0	0	-225	-652,190	-60,895,415
Other investments	0	0	0	0	0	0	162,684	162,684	0
Available for sale	13,662,727	0	5,589,246	1,357,934	-532,232	1,674,210	2,005,681	23,757,566	293,107
Debt instruments	13,662,727	0	-892,401	0	0	1,671,850	-36,041	14,406,135	293,107
Equity instruments	0	0	6,481,647	1,346,539	-532,232	2,360	-65,299	7,233,015	0
Investments in infrastructure funds	0	0	0	0	0	0	1,925,727	1,925,727	0
Investments in real-estate funds	0	0	0	11,395	0	0	181,294	192,689	0
Loans and receivables	57,849	0	0	0	0	-434,264	-1,864	-378,279	-21,841
Debt instruments	236,619	0	0	0	0	-6,317	-1,864	228,438	-21,841
Other investments	-178,770	0	0	0	0	-427,947	0	-606,717	0
Deposits with cedants	25,968	0	0	0	0	0	0	25,968	0
Subordinated liabilities	-2,873,332	0	0	0	0	0	0	-2,873,332	0
Total	13,180,260	-5,519,300	5,589,246	1,369,127	-532,232	1,232,204	-187,326	15,131,979	-60,682,135

Detailed presentation of net unrealised
gains/losses on investments of life insurance
policyholders who bear the investment risk

EUR	31 Dec 2022
Interest income/expenses	414,791
Change in fair value of FVTPL assets	-61,020,995
Gains/losses on disposal of FVTPL assets	-122,548
Gains/losses on disposal of other IFRS asset categories	-21,773
Dividend income	5,032
FX gains/losses	65,011
Other	-1,655
Total	-60,682,136



Sava Insurance Group 2021 EUR	Interest income/ expenses	Change in fair value and gains/losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories	Income from dividends and shares – other investments	Impairment losses on investments	Foreign exchange gains/ losses	Other income/ expenses	Total	Net unrealised gains/losses on vestments of life insurance policyholders who bear the investment risk
Held to maturity	1,474,192	0	0	0	0	-2,963	-873,817	597,412	122,935
Debt instruments	1,474,192	0	0	0	0	-2,963	-873,817	597,412	122,935
At FVTPL	820,970	386,629	0	40,803	0	-1,749	-121,868	1,124,785	68,038,231
Designated to this category	820,970	386,629	0	40,803	0	-1,749	-121,868	1,124,785	68,038,231
Debt instruments	820,970	58,032	0	0	0	-1,749	313	877,566	64,762
Equity instruments	0	328,597	0	40,803	0	0	-1,299	368,101	67,973,469
Other investments	0	0	0	0	0	0	-120,882	-120,882	0
Available for sale	14,083,029	0	7,457,502	1,806,799	-161,960	3,927,331	1,688,380	28,801,081	562,752
Debt instruments	14,083,029	0	1,074,635	0	0	3,927,578	51,999	19,137,241	568,743
Equity instruments	0	0	6,382,867	1,783,670	-161,960	-247	-120,216	7,884,114	-5,991
Investments in infrastructure funds	0	0	0	0	0	0	1,429,893	1,429,893	0
Investments in real-estate funds	0	0	0	23,129	0	0	326,704	349,833	0
Loans and receivables	182,601	0	0	0	0	493,112	-4,828	670,885	-4,815
Debt instruments	344,949	0	0	0	0	1,123	-4,828	341,244	-4,815
Other investments	-162,348	0	0	0	0	491,989	0	329,641	0
Deposits with cedants	24,071	0	0	0	0	0	0	24,071	0
Subordinated liabilities	-2,871,050	0	0	0	0	0	0	-2,871,050	0
Total	13,713,813	386,629	7,457,502	1,847,602	-161,960	4,415,731	687,867	28,347,184	68,719,103

Detailed presentation of net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk

EUR	31 Dec 2021
Interest income/expenses	535,870
Change in fair value of FVTPL assets	67,671,383
Gains/losses on disposal of FVTPL assets	232,958
Gains/losses on disposal of other IFRS asset categories	194,765
Dividend income	4,914
Impairment losses on investments	-4,731
FX gains/losses	84,045
Other investment income/expenses	-102
Total	68,719,103

Net unrealised gains and losses on investments of life policyholders that bear investment risk include all gains and losses on financial instruments that are shown in the balance sheet as assets of policyholders who bear investment risk. These assets include:

- the investments of policyholders relating to the liabilities of unit-linked life business where policyholders fully bear the full investment risk. This part of the investment portfolio is invested in mutual funds selected by policyholders (matching of assets and liabilities). Here the mathematical provisions are also revalued in line with the revaluation of the mutual fund investments based on market rates, with these income and expenses having no impact on the profit or loss. In 2022, the Group generated negative net investment income of EUR 61.0 million from the change in fair value of investments in mutual funds selected by policyholders classified as FVTPL (31 December 2021: positive net investment income of EUR 67.7 million);
- investments supporting the liabilities of unit-linked life business for which the insurer provides guaranteed unit values. Income and expenses from these types of investments are treated as other non-life and life insurance investments. Interest income accounts for the largest share of the net investment income of these investments (31 December 2022: EUR 0.4 million; 31 December 2021: EUR 0.5 million).

Sava Re 2022 EUR	Interest income/ expenses	Change in fair value and gains/losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories	Income from dividends and shares – other investments	Foreign exchange gains/losses	Other income/ expenses	Total
Held to maturity	134,215	0	0	0	0	0	134,215
Debt instruments	134,215	0	0	0	0	0	134,215
At fair value through P/L	291,402	-1,385,249	0	6,013	0	0	-1,087,834
Designated to this category	291,402	-1,385,249	0	6,013	0	0	-1,087,834
Debt instruments	291,402	-1,357,481	0	0	0	0	-1,066,079
Equity instruments	0	-27,768	0	6,013	0	0	-21,755
Available for sale	2,435,823	0	1,377,645	452,062	1,984,280	654,761	6,904,571
Debt instruments	2,435,823	0	-188,832	0	1,981,920	1,178	4,230,090
Equity instruments	0	0	1,566,476	452,062	2,360	0	2,020,898
Investments in infrastructure funds	0	0	0	0	0	602,302	602,302
Investments in real-estate funds	0	0	0	0	0	51,281	51,281
Loans and receivables	83,753	0	0	0	-410,618	0	-326,865
Debt instruments	85,727	0	0	0	0	0	85,727
Other investments	-1,973	0	0	0	-410,618	0	-412,591
Deposits with cedants	25,968	0	0	0	0	0	25,968
Subordinated liabilities	-2,873,332	0	0	0	0	0	-2,873,332
Total	97,830	-1,385,249	1,377,645	458,074	1,573,662	654,761	2,776,723



Sava Re 2021 EUR	Interest income/ expenses	Change in fair value and gains/ losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories	Income from dividends and shares – other investments	Impairment losses on investments	Foreign exchange gains/ losses	Other income/ expenses	Total
Held to maturity	144,881	0	0	0	0	0	0	144,881
Debt instruments	144,881	0	0	0	0	0	0	144,881
At FVTPL	300,227	171,537	0	35,615	0	0	-1,306	506,073
Designated to this category	300,227	171,537	0	35,615	0	0	-1,306	506,073
Debt instruments	300,227	21,650	0	0	0	0	0	321,877
Equity instruments	0	149,887	0	35,615	0	0	-1,306	184,196
Available for sale	1,994,241	0	1,899,166	482,983	0	3,449,031	696,975	8,522,396
Debt instruments	1,994,241	0	333,633	0	0	3,449,031	89,683	5,866,587
Equity instruments	0	0	1,565,533	482,983	0	0	0	2,048,516
Investments in infrastructure funds	0	0	0	0	0	0	506,705	506,705
Investments in real-estate funds	0	0	0	0	0	0	100,588	100,588
Loans and receivables	78,643	0	0	0	0	257,435	0	336,077
Debt instruments	78,745	0	0	0	0	0	0	78,745
Other investments	-102	0	0	0	0	257,435	0	257,332
Deposits with cedants	24,071	0	0	0	0	0	0	24,071
Subordinated liabilities	-2,871,050	0	0	0	0	0	0	-2,871,050
Total	-328,987	171,537	1,899,166	518,598	0	3,706,465	695,669	6,662,448

Net investment income of the Group totalled EUR 15.1 million in 2022 (2021: EUR 28.3 million). The main factor contributing to the lower return compared to the previous year was the net negative change in fair value on disposals of assets designated at fair value through profit or loss. Net exchange gains in 2022 totalled EUR 1.2 million (2021: net exchange gains of EUR 4.4 million).

Net investment income of the Company totalled EUR 2.8 million in 2022 (2021: EUR 6.6 million). The main factor contributing to the lower return compared to the previous year was the net negative change in fair value of assets designated at fair value through profit or loss. Net exchange gains in 2022 totalled EUR 1.6 million (2021: net exchange gains of EUR 3.7 million).

Investment income and expenses by source of funds

The Group records investment income and expenses separately by source of funds, i.e. separately for own fund assets, non-life insurance register assets and life insurance register assets. Own fund investments support the Group's shareholder funds; non-life insurance register assets support technical provisions relating to non-life business, whereas life insurance register assets support technical provisions relating to life insurance business.

Investment income – non-life insurance business

Liability fund EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Interest income	5,935,089	5,855,949	2,633,323	2,372,965
Change in fair value and gains on disposal of FVTPL assets	490,861	782,831	220,742	477,109
Gains on disposal of other IFRS asset categories	1,887,630	1,132,538	588,416	841,172
Income from dividends and shares – other investments	624,514	572,336	442,578	389,128
Exchange gains	12,813,528	10,787,708	12,151,306	9,558,741
Other income	2,113,526	1,849,291	656,876	696,975
Total investment income – liability fund	23,865,148	20,980,653	16,693,241	14,336,090
Capital fund EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Interest income	544,547	176,397	371,563	196,763
Change in fair value and gains on disposal of FVTPL assets	175,883	55,510	87,940	5,670
Gains on disposal of other IFRS asset categories	1,155,598	1,094,072	994,004	1,086,531
Income from dividends and shares – other investments	15,497	129,470	15,497	129,470
Exchange gains	2,590,772	1,590	2,590,755	1,566
Other income	1,496	486	0	0
Total investment income – capital fund	4,483,793	1,457,525	4,059,758	1,420,000
Total investment income – non-life business	28,348,941	22,438,178	20,752,999	15,756,090



Investment income – life insurance business

Sava Insurance Group	Long-term business fund	
EUR	2022	2021
Interest income	8,955,514	10,027,592
Change in fair value and gains on disposal of FVTPL assets	158,999	306,125
Gains on disposal of other IFRS asset categories	3,389,283	5,495,694
Income from dividends and shares – other investments	727,514	1,145,240
Exchange gains	289,550	216,370
Other income	49,263	2,939
Total investment income – liability fund	13,570,123	17,193,960
	Capital fund	
	2022	2021
Interest income	965,287	782,811
Change in fair value and gains on disposal of FVTPL assets	11,564	160,443
Gains on disposal of other IFRS asset categories	404,502	61,503
Income from dividends and shares – other investments	1,602	556
Exchange gains	49,567	23,440
Other income	164,537	9,756
Total investment income – capital fund	1,597,059	1,038,509
Total investment income – life business	15,167,182	18,232,469

Expenses for financial assets and liabilities – non-life business

Liability fund	Sava Insurance Group		Sava Re	
EUR	2022	2021	2022	2021
Interest expenses	192,626	174,839	5,012	13,516
Change in fair value and losses on disposal of FVTPL assets	2,958,361	515,694	1,389,809	264,656
Losses on disposal of other IFRS asset categories	355,965	62,475	204,775	28,537
Impairment losses on investments	0	13,246	0	0
Exchange losses	11,171,016	6,360,238	10,167,027	5,853,002
Other	11,153	12,618	0	1,306
Total investment expenses – liability fund	14,689,121	7,139,110	11,766,623	6,161,017
	Capital fund		Sava Re	
	2022	2021	2022	2021
Interest expenses	2,978,262	2,944,574	2,902,043	2,885,199
Change in fair value and losses on disposal of FVTPL assets	1,115,427	103,567	304,122	46,588
Losses on disposal of other IFRS asset categories	44,795	2,866	0	0
Impairment losses on investments	0	0	0	0
Exchange losses	3,001,419	860	3,001,373	839
Other	2,115	0	2,116	0
Total investment expenses – capital fund	7,142,018	3,051,867	6,209,653	2,932,626
Total investment expenses – non-life business	21,831,139	10,190,977	17,976,276	9,093,643

Expenses for financial assets and liabilities – life business

Sava Insurance Group	Long-term business fund	
EUR	2022	2021
Interest expenses	24,957	1,249
Change in fair value and losses on disposal of FVTPL assets	1,170,080	240,175
Losses on disposal of other IFRS asset categories	836,031	256,761
Impairment losses on investments	532,232	135,430
Exchange losses	245,407	224,810
Other	2,499,233	1,039,449
Total investment expenses – liability fund	5,307,940	1,897,874
	Capital fund	
	2022	2021
Interest expenses	24,332	8,274
Change in fair value and losses on disposal of FVTPL assets	1,112,739	58,844
Losses on disposal of other IFRS asset categories	10,976	4,203
Impairment losses on investments	0	13,284
Exchange losses	93,371	27,469
Other	3,647	122,538
Total investment expenses – capital fund	1,245,065	234,612
Total investment expenses – life business	6,553,005	2,132,486

Net investment income from non-life and life business

	Sava Insurance Group		Sava Re	
EUR	2022	2021	2022	2021
Non-life insurance	6,517,802	12,247,201	2,776,723	6,662,447
Life insurance	8,614,177	16,099,983	0	0
Total	15,131,979	28,347,184	2,776,723	6,662,447

Sava Insurance Group	Long-term business fund	
EUR	2022	2021
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	70,872,774	87,404,487
	Long-term business fund	
	2022	2021
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	131,554,909	18,685,384
EUR	-60,682,135	68,719,103

Impairment losses on investments

In 2022, the Group recognised impairment losses of EUR 0.5 million on its financial investments (2021: EUR 0.1 million).



17.8.32 Other technical income and expenses and other income/revenue and expenses

Other technical income

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Other technical income	33,215,233	31,711,898	16,576,788	17,815,266
- of which exchange gains	11,433,712	12,791,501	10,892,780	12,429,630
- netting of exchange differences	-11,433,712	-12,609,928	-10,892,780	-11,990,547
Other technical income after netting	21,781,521	19,101,970	5,684,008	5,824,719
Other technical expenses	28,966,489	26,947,444	12,299,153	12,455,141
- of which exchange losses	12,263,980	12,609,928	11,875,497	11,990,547
- netting of exchange differences	-11,433,712	-12,609,928	-10,892,780	-11,990,547
Other technical expenses after netting	17,532,777	14,337,516	1,406,373	464,594

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Reinsurance commission income	9,749,076	8,640,223	5,230,850	4,870,965
Revenue from other insurance business	3,214,154	2,683,132	0	0
Other technical income	12,963,230	11,323,355	5,230,850	4,870,965
Income on the realisation of impaired receivables	3,133,978	2,279,958	24,015	71,722
Exchange gains	11,433,712	12,791,501	10,892,780	12,429,630
Revenue from exit charges and management fees	4,486,359	4,068,263	0	0
Revenue from other services	1,197,954	1,248,821	429,143	442,948
Other income	20,252,003	20,388,543	11,345,938	12,944,301
Total	33,215,233	31,711,898	16,576,788	17,815,266

Reinsurance commission income

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Personal accident	40,928	40,497	7,480	11,119
Land motor vehicles	676,554	375,737	94,100	0
Aircraft hull	-2	0	-2	0
Ships hull	3,715	38,469	3,881	38,468
Goods in transit	44,321	30,492	11,664	0
Fire and natural forces	3,746,305	3,659,389	3,170,278	3,151,058
Other damage to property	1,937,436	1,865,642	1,583,820	1,517,560
Motor vehicle liability	2,276,895	2,155,931	0	0
Aircraft liability	14,120	6,330	3,353	0
Liability for ships	-275	0	0	0
General liability	311,220	255,238	140,611	86,537
Credit	17,193	1,430	0	0
Miscellaneous financial loss	213,889	118,760	163,967	53,639
Legal expenses	294,736	-4,525	0	0
Assistance	30,977	-9,920	-100	9,442
Life	114,202	106,753	29,479	3,140
Unit-linked life	26,862	0	22,319	0
Total non-life	9,608,012	8,533,470	5,179,052	4,867,825
Total life	141,064	106,753	51,798	3,140
Total	9,749,076	8,640,223	5,230,850	4,870,965



Other income

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Income on the realisation of impaired receivables	110,599	263,923	5,353	0
Lease payments received from investment properties	1,366,029	1,348,174	829,030	784,325
Revenue from exit charges and management fees	17,978,588	16,980,563	0	0
Penalties and damages received	591,117	609,512	580	0
Income from disposal of investment property	150,571	193,517	0	0
Revenue from other services	10,285,870	7,642,075	160,400	49,763
Total	30,482,774	27,037,764	995,363	834,088

Income from other services comprises gains on the disposal of items of property, plant and equipment, extraordinary interest income and income from the use of holiday facilities.

Other technical expenses

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Expenses for loss prevention activities and fire brigade charge	4,368,179	4,159,100	6	12
Contribution for covering claims of uninsured and unidentified vehicles and vessels	1,907,638	1,056,921	0	0
Regulator fees	2,437,707	2,229,326	275,575	277,941
Exchange losses	12,263,980	12,609,928	11,875,497	11,990,547
Operating expenses from revaluation	3,445,960	2,598,484	148,075	164,736
Other expenses	4,543,025	4,293,685	0	21,904
Total	28,966,489	26,947,444	12,299,153	12,455,141

Other technical expenses include foreign exchange losses based on the gross principle, whereas in the financial statements they are included based on the net principle.

Other expenses

Other expenses of EUR 2.3 million (2021: EUR 2.5 million) include allowances for and impairment losses on other receivables, indirect business expenses relating to investment property, expenses arising out of impaired items of property, plant and equipment for own use, and other extraordinary expenses.



17.8.33 Net claims incurred

Net claims incurred

Sava Insurance Group 2022 EUR	Gross amounts		Reinsurers' share of claims (-)	Co-insurers' share of claims (-)	Change in the gross claims provision (+/-)	Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	Net claims incurred
	Claims	Recourse receivables					
Personal accident	12,420,067	-115	-138,695	8,029	-6,655,703	33,074	5,666,657
Health	5,825,900	-412	-113,385	113,585	502,833	-166,707	6,161,814
Land motor vehicles	95,363,244	-2,332,173	-2,898,679	0	2,997,677	-2,002,421	91,127,648
Railway rolling stock	71,994	0	0	0	-9,857	0	62,137
Aircraft hull	207,924	0	-2,430	0	368,888	398	574,780
Ships hull	3,329,623	0	-1,530,557	2,196,430	-2,140,109	1,607,333	3,462,720
Goods in transit	1,621,526	446	-5,160	231,104	327,768	-2,099	2,173,585
Fire and natural forces	94,136,399	-152,237	-27,636,707	940,886	18,780,360	-2,312,523	83,756,178
Other damage to property	24,487,495	-140,004	-1,716,723	505,167	-741,864	-689,434	21,704,637
Motor vehicle liability	82,568,818	-3,898,118	-2,692,047	0	4,572,380	-849,018	79,702,015
Aircraft liability	24,748	0	-8,514	668	-29,430	7,000	-5,528
Liability for ships	333,497	0	0	0	61,572	0	395,069
General liability	6,229,981	-16,717	-102,242	107,166	-3,724,240	-654,566	1,839,382
Credit	1,156,690	-1,692,801	-326,715	0	-59,876	-12,377	-935,079
Suretyship	368,614	0	-18,550	0	-129,883	26,951	247,132
Miscellaneous financial loss	2,751,699	0	-1,194,724	29,779	-6,580,938	-529,189	-5,523,373
Legal expenses	8,155	0	-3,828	898	-10,187	4,149	-813
Assistance	12,776,179	-1,788	-29,958	0	1,043,495	-3,028	13,784,900
Life	48,367,000	0	-202,596	0	-1,588,125	-108,514	46,467,765
Unit-linked life	69,536,200	0	-14,685	0	-462,469	-4,489	69,054,557
Total non-life	343,682,553	-8,233,919	-38,418,914	4,133,712	8,572,886	-5,542,457	304,193,861
Total life	117,903,200	0	-217,281	0	-2,050,594	-113,003	115,522,322
Total	461,585,753	-8,233,919	-38,636,195	4,133,712	6,522,292	-5,655,460	419,716,183



Sava Insurance Group 2021 EUR	Gross amounts		Reinsurers' share of claims (-)	Co-insurers' share of claims (-)	Change in the gross claims provision (+/-)	Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	Net claims incurred
	Claims	Subrogation recoveries					
Personal accident	12,250,510	-445	-144,589	2,550	-3,378,091	260,729	8,990,664
Health	4,611,703	-26,379	0	16,310	-165,245	301,414	4,737,803
Land motor vehicles	77,248,317	-2,032,295	-1,110,184	0	2,693,517	-198,446	76,600,909
Railway rolling stock	44,315	0	0	0	25,226	0	69,541
Aircraft hull	548,773	0	-175,831	0	-37,341	110,817	446,418
Ships hull	5,212,411	0	-2,399,848	3,143,850	3,717,588	-557,506	9,116,495
Goods in transit	2,350,955	0	-750	270,963	1,299,819	9,918	3,930,905
Fire and natural forces	63,591,605	-405,266	-4,688,972	88,389	28,120,804	-20,202,033	66,504,527
Other damage to property	22,243,367	-31,324	-2,470,545	91,131	-1,907,723	1,180,181	19,105,087
Motor vehicle liability	78,589,934	-3,348,868	-3,324,270	0	-12,537,085	1,159,432	60,539,143
Aircraft liability	25,252	0	-9,116	0	52,402	-6,995	61,543
Liability for ships	402,768	0	0	0	-99,741	0	303,027
General liability	7,275,496	-28,634	-125,001	64,231	8,324,777	1,041,420	16,552,289
Credit	1,449,310	-1,878,419	0	0	-474,815	0	-903,924
Suretyship	103,119	-4,188	-5,304	0	251,735	-531	344,831
Miscellaneous financial loss	4,626,900	0	-1,672,172	0	6,408,057	993,816	10,356,601
Legal expenses	14,238	0	-5,642	727	-15,706	3,610	-2,773
Assistance	9,884,290	-11,436	-27,889	0	-427,335	7,542	9,425,172
Life	61,733,673	0	-131,966	0	-974,026	-38,311	60,589,370
Unit-linked life	62,468,983	0	-18,308	0	-415,382	11,352	62,046,645
Total non-life	290,473,263	-7,767,254	-16,160,113	3,678,151	31,850,843	-15,896,632	286,178,258
Total life	124,202,656	0	-150,274	0	-1,389,408	-26,959	122,636,015
Total	414,675,919	-7,767,254	-16,310,387	3,678,151	30,461,435	-15,923,591	408,814,273



Sava Re 2022 EUR	Gross amounts		Reinsurers' share of claims (-)	Change in the gross claims provision (+/-)	Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	Net claims incurred
	Claims	Recourse receivables				
Personal accident	2,123,732	-1,576	-2,650	-797,063	27	1,322,471
Health	18,189	0	0	9,286	0	27,475
Land motor vehicles	16,552,218	-222,223	-1,688,495	3,265,330	-2,017,235	15,889,594
Railway rolling stock	71,994	0	0	-9,857	0	62,138
Aircraft hull	116,940	-4	-2,430	332,781	398	447,685
Ships hull	5,021,495	-23	-1,530,557	-1,700,033	1,607,332	3,398,216
Goods in transit	1,390,883	-60	-410	321,502	0	1,711,915
Fire and natural forces	75,821,923	-21,385	-26,007,112	19,939,542	-3,438,677	66,294,291
Other damage to property	9,745,421	-17,777	-805,806	-954,672	123,270	8,090,436
Motor vehicle liability	13,528,902	-413,725	-615,607	-681,428	-659,672	11,158,470
Aircraft liability	16,234	0	0	-32,770	0	-16,535
Liability for ships	323,997	-24	0	62,973	0	386,945
General liability	3,071,502	-1,484	-20,056	374,214	-536,062	2,888,113
Credit	143,932	-189,965	0	-16,817	0	-62,850
Suretyship	143,355	-371	0	-76,443	0	66,542
Miscellaneous financial loss	1,537,322	-97	-1,115,771	-5,414,293	-765,764	-5,758,602
Legal expenses	1,758	0	0	0	0	1,758
Life	457,981	0	-149,802	106,849	-92,997	322,031
Unit-linked life	16,959	0	-14,685	-37,598	22,948	-12,375
Total non-life	129,629,798	-868,715	-31,788,894	14,622,254	-5,686,381	105,908,061
Total life	474,941	0	-164,487	69,251	-70,049	309,656
Total	130,104,739	-868,715	-31,953,381	14,691,505	-5,756,430	106,217,717



Sava Re 2021 EUR	Gross amounts		Reinsurers' share of claims (-)	Change in the gross claims provision (+/-)	Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	Net claims incurred
	Claims	Subrogation recoveries				
Personal accident	2,289,462	-75	-1,283	-648,849	-27	1,639,227
Health	-249,790	0	0	-16,680	0	-266,470
Land motor vehicles	11,427,298	-219,975	-158,899	1,474,931	-139,799	12,383,556
Railway rolling stock	44,315	0	0	29,709	0	74,025
Aircraft hull	336,057	0	-7,698	74,624	50,818	453,801
Ships hull	7,984,579	0	-2,399,847	3,511,229	-557,507	8,538,455
Goods in transit	2,182,870	-1	0	1,163,882	433	3,347,184
Fire and natural forces	47,646,185	-33,949	-3,601,820	25,821,325	-19,862,047	49,969,694
Other damage to property	10,070,682	-6,611	-946,576	-2,149,835	944,956	7,912,616
Motor vehicle liability	11,389,850	-374,960	-1,637,288	-1,907,193	1,091,863	8,562,272
Aircraft liability	16,136	0	0	50,685	3	66,824
Liability for ships	449,260	0	0	-138,195	0	311,065
General liability	3,245,093	-3,424	-6,138	4,063,443	798,592	8,097,566
Credit	268,473	-422,000	0	2,605	0	-150,922
Suretyship	36,033	-864	0	168,041	0	203,211
Miscellaneous financial loss	2,838,356	-2	-1,081,909	7,434,162	837,765	10,028,371
Legal expenses	2,944	0	0	-48	0	2,896
Assistance	3	0	0	-23	0	-20
Life	300,717	0	-66,838	354,813	-178,071	410,621
Unit-linked life	26,154	0	-18,308	2,339	-1,401	8,784
Total non-life	99,977,807	-1,061,861	-9,841,459	38,933,813	-16,834,950	111,173,351
Total life	326,871	0	-85,146	357,152	-179,472	419,405
Total	100,304,678	-1,061,861	-9,926,605	39,290,966	-17,014,422	111,592,756

The effect of the change in the claims provision is described in note [17.8.24](#).



17.8.34 Change in other technical provisions, change in the technical provision for policyholders who bear the investment risk and expenses for bonuses and rebates

The change in other technical provisions relates to changes in the net provision for unexpired risks and the mathematical provision. The change in technical provisions is described in note [17.8.24](#).

The change in other technical provisions was a decrease of EUR 5.4 million in 2022 (in 2021: decrease of EUR 16.7 million) and mainly reflected the change in the mathematical provision for life insurance. The change in the technical provision of policyholders who bear the investment risk increased by EUR 139.4 million (2021: decrease of EUR 79.6 million).

The Group’s expenses for bonuses and rebates in 2022 amounted to EUR 302.3 thousand (2021: EUR 276.0 thousand).

17.8.35 Operating expenses

The Group classifies operating expenses by nature. Compared to 2021, these expenses rose by 3.8%, or EUR 8.4 million, (2021: EUR 16.7 million).

The Company’s operating expenses decreased by 1.8%, or EUR 1.1 million, chiefly due to the EUR 4.9 million change in deferred policy acquisition costs.

Operating expenses by nature

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Acquisition costs (commissions)	81,688,701	77,684,219	48,083,564	45,244,305
Change in deferred acquisition costs	-3,013,935	1,926,381	-3,933,836	968,321
Depreciation/amortisation of operating assets	9,274,469	10,108,054	543,794	561,935
Personnel costs	89,732,838	85,639,887	9,969,809	9,806,405
- Salaries and wages	65,912,267	63,509,304	7,727,933	7,766,997
- Social and pension insurance costs	9,534,333	9,182,342	1,283,969	1,277,413
- Other personnel costs	14,286,238	12,948,241	957,907	761,996
Costs of services by natural persons not performing business, incl. of contributions	975,695	837,540	327,662	324,245
Other operating expenses	49,671,531	43,735,684	5,173,291	4,362,886
Total	228,329,299	219,931,765	60,164,284	61,268,096

The proportion of other operating expenses as a percentage of gross premiums written rose to 6.4% in 2022 (2021: 6.0%).



The main items of other operating expenses, excluding audit expenses, are as follows.

Sava Insurance Group EUR	2022	2021
Other operating expenses	48,824,840	43,098,938
- Cost of materials	1,579,458	1,316,263
- Energy costs	2,010,370	1,359,783
- Rent costs	3,838,023	1,998,672
- Employee reimbursements and training costs	1,474,085	1,136,104
- Cost of other services	13,242,214	12,287,899
- Payment transaction costs	2,481,845	2,564,701
- Costs of intellectual and personal services	11,053,127	11,194,419
- Insurance premiums	420,146	273,896
- Cost of advertising, promotion and entertainment	8,669,014	7,793,563
- Provisions for pensions and other provisions	1,041,039	815,002
- Cost of donations, sponsorship, membership fees	3,015,519	2,358,636
Total	48,824,840	43,098,938

Audit fees

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Audit of annual report	709,487	572,663	145,594	155,341
Other assurance services	137,203	64,084	52,567	26,032
Total	846,690	636,747	198,161	181,373

The cost of auditing the annual report includes audit costs incurred by each Group company, and additionally for the Company, in addition to the cost of auditing the separate financial statements, the cost of auditing the consolidated financial statements of the Sava Insurance Group. Other audit services relate to assurance services for reports drawn up by the Company and the Group under Solvency II requirements, and for other reports in respect of which the auditor provides assurance services (report on related parties, compliance with ESEF reporting, remuneration report, approval of financial statements for foreign regulators, etc.).



17.8.36 Income tax expense

Tax expense recognised in the income statement

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Income tax expense	15,293,428	17,256,845	364,624	400,028
Deferred tax expense	447,196	111,247	953,391	366,058
Total tax expense recognised in the income statement	15,740,624	17,368,092	1,318,014	766,086

Tax expense recognised in other comprehensive income – items that will not be reclassified to profit or loss

Sava Insurance Group		2022			2021	
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
Provisions for jubilee benefits and severance pay – actuarial gains/losses	946,933	-154,398	1,101,332	335,805	741	335,064
Total	946,933	-154,398	1,101,332	335,805	741	335,064

Sava Re		2022			2021	
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
Provisions for jubilee benefits and severance pay – actuarial gains/losses	55,904	0	55,904	49,958	0	49,958
Total	55,904	0	55,904	49,958	0	49,958

Tax expense recognised in other comprehensive income – items that will be reclassified to profit or loss

Sava Insurance Group		2022			2021	
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
Long-term financial investments and investment property	-168,628,558	30,824,325	-137,804,234	-23,124,823	4,212,448	-18,912,376
Exchange differences	0	0	0	-15,670	0	-15,670
Other comprehensive income	-168,628,558	30,824,325	-137,804,234	-23,140,493	4,212,448	-18,912,376



Sava Re	2022			2021		
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
Long-term financial investments and investment property	-27,260,529	5,179,499	-22,081,030	-2,987,782	567,678	-2,420,104
Other comprehensive income	-27,260,529	5,179,499	-22,081,030	-2,987,782	567,678	-2,420,104

Tax rate reconciliation

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Profit or loss before tax	83,983,208	93,535,270	57,284,886	53,606,214
Income tax expenses at statutory tax rate (19%)	15,956,810	17,771,701	10,884,128	10,185,181
Adjustment to actual rates	9,478,875	8,999,541	0	0
Tax effect of income deductible for tax purposes	-10,443,245	-10,092,004	0	0
Tax effect of expenses not tax deductible	567,978	1,200,758	-9,955,777	-9,675,090
Tax effect of income that increases tax base	686,575	667,507	-440,525	86,493
Tax relief	-1,796,768	-1,524,324	497,643	484,573
Temporarily unrecognised deferred tax	1,251,563	335,381	-620,846	-681,129
Other	38,836	9,535	953,391	366,058
Total income tax expense in the income statement	15,740,624	17,368,095	1,318,014	766,086
Effective tax rate	18.74%	18.57%	2.30%	1.43%

Unused tax losses

EUR	Sava Insurance Group		Sava Re	
	2022	Expiry date	2022	Expiry date
With expiry date	1,034,211	2023–2027	2,266,620	2022–2026
Without expiry date	8,653,008	-	11,745,495	-
Total	9,687,219	-	14,012,115	-

EUR	Sava Insurance Group		Sava Re	
	2021	Expiry date	2021	Expiry date
With expiry date	2,266,620	2022–2026	-	-
Without expiry date	11,745,495	-	11,133,298	-
Total	14,012,115		11,133,298	

17.9 Contingent assets and liabilities

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Outstanding recourse receivables	30,003,944	28,366,399	0	0
Receivables from the cancellation of subordinated financial instruments	37,960,300	37,960,300	10,038,000	10,038,000
Other potential receivables	1,891,582	1,672,497	244,026	24,941
Contingent assets	69,855,826	67,999,196	10,282,026	10,062,941

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Guarantees issued	12,398,533	24,373,833	4,372,752	8,491,853
Civil claims (lawsuits)	60,908	118,737	0	0
Contingent liabilities	12,459,441	24,492,570	4,372,752	8,491,853

Other contingent assets mainly relate to the participation in a class action.

In off-balance sheet items for 2022 and 2021, the Group and the Company show contingent assets in the amount of their cancelled subordinated instruments, regarding which the Group is continuing activities for the protection of its interests. In December 2016, claims were filed against the issuing banks of the cancelled subordinated financial instruments held by the Group.

Guarantees issued mostly represent potential liabilities

arising from investments in alternative funds. At the time of signing the subscription, which represents a commitment to make future payments into the alternative fund, the Company records the amount of the commitment under off-balance sheet items, which are then decreased at every capita call-up by the amount called up.

17.10 Related party disclosures

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

- owners and related enterprises,
- key management personnel: management board, supervisory board including its committees, and employees not subject to the tariff section of the collective agreement,
- subsidiary companies,
- associates.

Owners and related enterprises

The Group's largest shareholder is Slovenian Sovereign Holding, with a 17.7% stake. The ultimate beneficial owner of Slovenian Sovereign Holding is the Republic of Slovenia.

Remuneration of management board members in 2022

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	210,586	155,623	426	3,281	369,916
Jošt Dolničar	62,625	140,082	1,750	1,010	205,467
Polona Pirš Zupančič	179,400	53,460	5,442	9,012	247,314
Peter Skvarča	179,400	53,460	5,451	4,696	243,007
Total	632,011	402,625	13,069	17,999	1,065,705

Remuneration of management board members in 2021

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	199,050	59,400	442	4,101	262,993
Jošt Dolničar	179,400	53,460	5,471	3,608	241,939
Polona Pirš Zupančič	179,400	53,460	5,438	2,740	241,038
Peter Skvarča	179,400	40,838	5,440	5,977	231,655
Total	737,250	207,158	16,791	16,426	977,625



Liabilities to management board members based on gross remuneration

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

In 2022, EUR 96,249 was paid to the chairman of the management board, Marko Jazbec, and EUR 86,622 was paid to the member of the management board, Jošt Dolničar, in respect of deferred remuneration for 2021, 2020, 2019 and 2018.

As at 31 December 2022, the Company disclosed liabilities for potential payment of the variable part of pay of management board members in respect of 2018, 2019, 2020 and 2021 payable subject to certain conditions, in the amount of EUR 132,889.

As at 31 December 2022, the Company had no receivables due from the management board members. Management board members are not remunerated for their functions in subsidiary companies. They have other entitlements under employment contracts, i.e. an allowance for annual leave of EUR 1,200, severance pay upon retirement and contributions to voluntary supplementary pension insurance. Management board members are not entitled to jubilee benefits for 10, 20 or 30 years of service.





Remuneration of the supervisory board and its committees in 2022

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Benefits in kind – insurance premiums	Total
Supervisory board members						
Davor Ivan Gjivoje	chairman	2,915	19,500	38,248	81	60,744
Keith William Morris	deputy chair	2,915	14,300	4,909	81	22,206
Klemen Babnik	member	2,915	13,000	47	81	16,043
Matej Gomboši	member	2,915	13,000	1,559	81	17,555
Gorazd Andrej Kunstek	member	2,915	13,000	244	81	16,240
Edita Rituper	member	2,915	13,000	0	81	15,996
Total supervisory board members		17,490	85,800	45,007	488	148,785
Audit committee members						
Matej Gomboši	chairman	2,596	4,875	1,735	0	9,206
Gorazd Andrej Kunstek	member	2,596	3,250	271	0	6,117
Katarina Sitar Šuštar	external member	0	10,625	107	0	10,731
Dragan Martinović	external member	0	6,851	0	0	6,851
Total audit committee members		5,192	25,600	2,113	0	32,905
Members of the nominations and remuneration committee						
Klemen Babnik	chairman	1,100	4,875	22	0	5,997
Davor Ivan Gjivoje	member	1,100	3,250	25,258	0	29,608
Keith William Morris	member	1,100	3,250	2,316	0	6,666
Matej Gomboši	member	1,100	3,250	735	0	5,085
Gorazd Andrej Kunstek	member	1,100	3,250	115	0	4,465
Edita Rituper	member	440	0	0	0	440
Total nominations committee members		5,940	17,875	28,446	0	52,261



EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Benefits in kind – insurance premiums	Total
Members of the risk committee						
Keith William Morris	chairman	1,540	4,875	3,242	0	9,657
Davor Ivan Gjivoje	member	1,540	3,250	25,258	0	30,048
Janez Komelj	external member	0	6,254	0	0	6,254
Total risk committee members		3,080	14,379	28,500	0	45,959
Members of the fit & proper committee						
Keith William Morris	chairman	660	4,875	1,389	0	6,924
Klemen Babnik	member	660	3,250	13	0	3,923
Rok Saje	external member	660	3,250	0	0	3,910
Klara Hauko	external member	660	3,250	0	0	3,910
Total members of the fit & proper committee		2,640	14,625	1,403	0	18,668

Remuneration of the supervisory board and its committees in 2021

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Benefits in kind – insurance premiums	Total
Supervisory board members						
Davor Ivan Gjivoje	chairman	3,795	15,970	36,636	69	56,470
Keith William Morris	deputy chair	3,795	14,300	2,202	69	20,366
Klemen Babnik	member	1,925	5,941	49	69	7,984
Matej Gomboši	member	1,925	5,941	763	69	8,698
Gorazd Andrej Kunstek	member	3,795	13,000	0	69	16,864
Mateja Živec	member	3,795	13,000	0	69	16,864
Mateja Lovšin Herič	chair until 16 July 2021	1,870	10,589	0	0	12,459
Andrej Kren	member until 16 July 2021	1,870	7,059	0	0	8,929



EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Benefits in kind – insurance premiums	Total
Total supervisory board members		22,770	85,800	39,650	414	148,634
Audit committee members						
Matej Gomboši	chairman	880	2,228	436	0	3,544
Gorazd Andrej Kunstek	member	880	1,485	0	0	2,365
Katarina Sitar Šuštar	external member	0	6,675	22	0	6,697
Dragan Martinović	external member	0	4,973	0	0	4,973
Andrej Kren	chair until 16 July 2021	2,420	2,647	0	0	5,067
Mateja Lovšin Herič	member until 16 July 2021	2,420	1,765	0	0	4,185
Ignac Dolenšek	external member until 16 July 2021	0	9,038	0	0	9,038
Total audit committee members		6,600	28,811	458	0	35,869
Members of the nominations and remuneration committee						
Klemen Babnik	chairman	220	2,228	7	0	2,455
Davor Ivan Gjivoje	member	1,760	3,250	21,238	0	26,248
Keith William Morris	member	880	3,250	638	0	4,768
Matej Gomboši	member	220	1,485	109	0	1,814
Gorazd Andrej Kunstek	member	1,100	1,553	0	0	2,653
Mateja Lovšin Herič	chair until 16 July 2021	1,540	2,647	0	0	4,187
Andrej Kren	member until 16 July 2021	660	1,765	0	0	2,425
Total nominations committee members		6,380	16,178	21,992	0	44,550
Members of the risk committee						
Keith William Morris	chairman	1,540	4,875	1,117	0	7,532
Davor Ivan Gjivoje	member	1,496	3,250	18,053	0	22,799
Slaven Mičković	external member	0	12,451	0	0	12,451



EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Benefits in kind – insurance premiums	Total
Janez Komelj	external member	0	2,313	0	0	2,313
Total risk committee members		3,036	22,889	19,170	0	45,095
Members of the fit & proper committee						
Keith William Morris	chairman	1,056	3,993	766	0	5,815
Klemen Babnik	member	660	1,485	0	0	2,145
Rok Saje	external member	1,496	3,250	0	0	4,746
Klara Hauko	external member	660	1,485	0	0	2,145
Mateja Živec	chair until 16 July 2021	660	2,647	0	0	3,307
Andrej Kren	alternate member until 16 July 2021	396	1,765	0	0	2,161
Gorazd Andrej Kunstek	alternate member	440	542	0	0	982
Davor Ivan Gjivoje	alternate member	440	542	0	0	982
Total members of the fit & proper committee		5,808	15,709	766	0	22,283

As at 31 December 2022, the Company had no receivables due from the supervisory board members and had no liabilities due to any members of the supervisory board or its committees based on gross remuneration.



Employee remuneration not subject to the tariff section of the collective agreement for 2022

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind and other benefits	Total
Individual employment contracts	2,107,804	176,142	138,041	2,421,988

Employee remuneration not subject to the tariff section of the collective agreement for 2021

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind and other benefits	Total
Individual employment contracts	2,394,623	606,634	136,748	3,138,005

Average gross salary in Group companies

The average gross salary of Group companies is calculated as the sum of all personnel costs of Group companies (income statement item “personnel costs”) multiplied by the number of months in operation, which is

then divided by the average number of all employees based on the number of hours worked of all Group companies.

Sava Insurance Group EUR	2022	2021
Average monthly gross salary	2,768	2,648
Total	2,759	2,648

Subsidiaries

Investments in and amounts due from Group companies

Sava Re EUR		31 Dec 2022	31 Dec 2021
Loans granted to Group companies	gross	1,030,575	1,359,945
Receivables for premiums arising out of reinsurance assumed	gross	13,951,635	13,594,556
Other short-term receivables	gross	51,397	40,472
Short-term deferred acquisition costs	gross	2,866,215	1,144,493
Total		17,899,822	16,139,465

Liabilities to Group companies

Sava Re EUR	31 Dec 2022	31 Dec 2021
Technical provisions	108,030,721	105,796,856
- Unearned premiums	26,802,427	25,605,140
- Provision for outstanding claims	80,867,018	79,918,992
- Other technical provisions	361,276	272,725
Liabilities for shares in reinsurance claims due to Group companies	12,445,723	12,577,473
Other payables from co-insurance and reinsurance	3,114,174	3,129,491
Other short-term liabilities	156,624	19,633
Total (excl. provisions)	123,747,241	121,523,453



Liabilities to Group companies by maturity

EUR	Contractual maturity			Total
	Over 5 years	from 1 to 5	Up to 1 year	
31 Dec 2022				
Technical provisions	18,169,501	40,423,582	49,437,638	108,030,721
Liabilities for shares in reinsurance claims due to Group companies	0	0	12,445,723	12,445,723
Other payables from co-insurance and reinsurance	0	0	3,114,174	3,114,174
Other short-term liabilities	0	0	156,624	156,624
Total (excl. provisions)	18,169,501	40,423,582	65,154,158	123,747,241

EUR	Contractual maturity			Total
	Over 5 years	from 1 to 5	Up to 1 year	
31 Dec 2021				
Technical provisions	18,454,675	39,293,684	48,048,498	105,796,856
Liabilities for shares in reinsurance claims due to Group companies	0	0	12,577,473	12,577,473
Other payables from co-insurance and reinsurance	0	0	3,129,491	3,129,491
Other short-term liabilities	0	0	19,633	19,633
Total (excl. provisions)	18,454,675	39,293,684	63,775,094	121,523,453

Income and expenses relating to Group companies

Sava Re EUR	2022	2021
Gross premiums written	78,529,245	77,960,454
Change in gross unearned premiums	-1,197,286	4,477,398
Gross claims payments	-59,459,428	-41,839,681
Change in the gross provision for outstanding claims	-948,270	-3,373,134
Income from gross recourse receivables	862,891	1,048,046
Change in gross provision for bonuses, rebates and cancellations	-88,551	1,643
Other operating expenses	-333,877	-247,383
Dividend income	51,923,025	50,417,783
Interest income	61,843	49,106
Acquisition costs	-23,034,586	-20,466,362
Change in deferred acquisition costs	4,010,707	-1,130,925
Other non-life income	395,705	398,015
Total	50,721,419	67,294,961

Associate companies

No material operating income or expenses was posted with associate companies in 2022 and 2021.

Majority state-owned companies

Disclosures relating to state-owned companies are prepared for state-owned companies that are monthly updated on the websites of [SDH – List of Investments](#).



Receivables due from the state and majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Interests in companies	3,418,761	4,562,784	3,418,761	3,637,316
Debt securities and loans	61,717,733	83,165,547	14,304,654	16,521,297
Receivables due from policyholders	457,256	557,981	0	0
Total	65,593,750	88,286,313	17,723,415	20,158,613

Liabilities to the state and majority state-owned companies

Sava Insurance Group EUR	31 Dec 2022	31 Dec 2021
Liabilities for shares in claims	0	1,191
Total	0	1,191

Income and expenses relating to majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	2022	2021	2022	2021
Dividend income	294,171	401,483	290,832	339,990
Interest income at effective interest rate	1,350,977	1,668,329	261,117	264,509
Other investment income	702,964	1,782,648	36,832	1,651,980
Other investment expenses	-473,200	0	-473,200	0
Gross premiums written	12,173,456	12,388,063	0	0
Gross claims payments	-3,348,982	-2,267,096	0	0
Total	10,699,386	13,973,426	115,580	2,256,480

Characteristics of loans granted to subsidiaries

Sava Re Borrower	Principal	Type of loan	Maturity	Interest rate
Sava Pokojninska (SVN)	1,500,000	subordinated	28 June 2027	6.00%
Total	1,500,000			



18 Significant events after the reporting date

- On 15 January 2023, a new five-year term of office for Polona Pirš Zupančič, a member of the management board of Sava Re, was entered in the register of companies.
- At the beginning of 2023, Zavarovalnica Sava and Sava Infond sold two properties in Maribor, which were classified as available for sale at the reporting date. The sale value of the properties was EUR 4.2 million. This sale will have no impact on the consolidated income statement of the Sava Insurance Group for 2023.
- In March 2023, an agreement was signed for the sale of G2I (GBR). Sava Re's ownership of the company will cease after the transfer of the shareholding becomes effective in the English register of companies.





Appendices (unaudited)

■ Every person is unique, leaves a unique footprint and makes a unique contribution. Among good people, we want to create an environment where everyone can thrive, fulfil their aspirations and become the best version of themselves. That's why we will continue to be a support you can rely on, with a network of services and continuous development aimed at the well-being of each individual and the community.



Appendix A – Sava Re performance indicators¹⁴⁷

Development of gross premiums written

EUR	2022 1	2021 2	Index 1/2
Personal accident	5,760,218	5,980,870	96.3
Health	45,274	22,378	202.3
Land motor vehicles	25,870,954	23,762,397	108.9
Railway rolling stock	234,660	252,822	92.8
Aircraft hull	649,782	367,241	176.9
Ships hull	5,622,395	5,912,171	95.1
Goods in transit	4,868,055	4,579,050	106.3
Fire	103,038,238	93,483,332	110.2
Other damage to property	25,011,736	26,349,830	94.9
Motor vehicle liability	16,074,659	17,354,493	92.6
Aircraft liability	319,741	80,709	396.2
Liability for ships	621,214	471,681	131.7
General liability	7,932,462	8,442,839	94.0
Credit	598,192	749,498	79.8
Suretyship	220,857	228,722	96.6
Miscellaneous financial loss	1,235,468	936,827	131.9
Legal expenses	9,506	9,301	102.2
Assistance	-4,456	43,673	-10.2
Life	1,201,748	945,978	127.0
Unit-linked life	94,626	77,914	121.4
Total non-life	198,108,955	189,027,832	104.8
Total life	1,296,374	1,023,892	126.6
Total	199,405,329	190,051,724	104.9

Net premiums written as a percentage of gross premiums written

EUR, except percentages	Gross premiums written 1	Net premiums written 2	2022 2/1	2021
Personal accident	5,760,218	5,726,783	99.4%	99.3%
Health	45,274	45,274	100.0%	100.0%
Land motor vehicles	25,870,954	23,767,141	91.9%	96.6%
Railway rolling stock	234,660	234,660	100.0%	100.0%
Aircraft hull	649,782	241,098	37.1%	99.7%
Ships hull	5,622,395	4,868,816	86.6%	85.5%
Goods in transit	4,868,055	4,411,449	90.6%	95.7%
Fire	103,038,238	83,162,184	80.7%	79.4%
Other damage to property	25,011,736	17,734,198	70.9%	76.0%
Motor vehicle liability	16,074,659	14,824,019	92.2%	92.1%
Aircraft liability	319,741	264,009	82.6%	98.6%
Liability for ships	621,214	605,464	97.5%	96.2%
General liability	7,932,462	6,733,514	84.9%	82.6%
Credit	598,192	598,192	100.0%	100.0%
Suretyship	220,857	220,857	100.0%	100.0%
Miscellaneous financial loss	1,235,468	200,176	16.2%	18.5%
Legal expenses	9,506	9,506	100.0%	100.0%
Assistance	-4,456	5,414	-121.5%	75.7%
Life	1,201,748	739,941	61.6%	59.5%
Unit-linked life	94,626	63,765	67.4%	55.1%
Total non-life	198,108,955	163,652,752	82.6%	83.6%
Total life	1,296,374	803,706	62.0%	59.2%
Total	199,405,329	164,456,459	82.5%	83.4%

¹⁴⁷ Performance indicators are given pursuant to the Decision on the annual report and quarterly financial statements of insurance companies (Official Gazette of the Republic of Slovenia, nos. 1/2016 and 85/2016).



Development of gross claims paid

EUR	2022 1	2021 2	Index 1/2
Personal accident	2,122,156	2,289,387	92.7
Health	18,189	-249,790	-7.3
Land motor vehicles	16,329,995	11,207,323	145.7
Railway rolling stock	71,994	44,315	162.5
Aircraft hull	116,936	336,057	34.8
Ships hull	5,021,473	7,984,579	62.9
Goods in transit	1,390,823	2,182,869	63.7
Fire	75,800,537	47,612,236	159.2
Other damage to property	9,727,643	10,064,070	96.7
Motor vehicle liability	13,115,177	11,014,890	119.1
Aircraft liability	16,234	16,136	100.6
Liability for ships	323,973	449,260	72.1
General liability	3,070,018	3,241,669	94.7
Credit	-46,033	-153,527	30.0
Suretyship	142,985	35,169	406.6
Miscellaneous financial loss	1,537,226	2,838,354	54.2
Legal expenses	1,758	2,944	59.7
Assistance	0	3	4.7
Life	457,981	300,717	152.3
Unit-linked life	16,959	26,154	64.8
Total non-life	128,761,083	98,915,946	130.2
Total life	474,941	326,871	145.3
Total	129,236,023	99,242,817	130.2

Loss ratios

EUR, except percentages	Gross premiums written 1	Gross claims paid 2	2022 2/1	2021
Personal accident	5,760,218	2,122,156	36.8%	38.3%
Health	45,274	18,189	40.2%	-1116.3%
Land motor vehicles	25,870,954	16,329,995	63.1%	47.2%
Railway rolling stock	234,660	71,994	30.7%	17.5%
Aircraft hull	649,782	116,936	18.0%	91.5%
Ships hull	5,622,395	5,021,473	89.3%	135.1%
Goods in transit	4,868,055	1,390,823	28.6%	47.7%
Fire	103,038,238	75,800,537	73.6%	50.9%
Other damage to property	25,011,736	9,727,643	38.9%	38.2%
Motor vehicle liability	16,074,659	13,115,177	81.6%	63.5%
Aircraft liability	319,741	16,234	5.1%	20.0%
Liability for ships	621,214	323,973	52.2%	95.2%
General liability	7,932,462	3,070,018	38.7%	38.4%
Credit	598,192	-46,033	-7.7%	-20.5%
Suretyship	220,857	142,985	64.7%	15.4%
Miscellaneous financial loss	1,235,468	1,537,226	124.4%	303.0%
Legal expenses	9,506	1,758	18.5%	31.7%
Assistance	-4,456	0	0.0%	0.0%
Life	1,201,748	457,981	38.1%	31.8%
Unit-linked life	94,626	16,959	17.9%	33.6%
Total non-life	198,108,955	128,761,083	65.0%	52.3%
Total life	1,296,374	474,941	36.6%	31.9%
Total	199,405,329	129,236,023	64.8%	52.2%



Administrative expenses as percentage of gross premiums written

	Gross premiums written 1	Operating expenses* 2	2022 2/1	Index 1/2
EUR, except percentages				
Personal accident	5,760,218	1,880,790	32.7%	32.5%
Health	45,274	10,506	23.2%	-276.8%
Land motor vehicles	25,870,954	7,132,734	27.6%	28.2%
Railway rolling stock	234,660	142,648	60.8%	56.8%
Aircraft hull	649,782	125,322	19.3%	30.2%
Ships hull	5,622,395	1,376,775	24.5%	33.5%
Goods in transit	4,868,055	1,304,957	26.8%	25.0%
Fire	103,038,238	24,838,681	24.1%	26.0%
Other damage to property	25,011,736	6,962,178	27.8%	30.0%
Motor vehicle liability	16,074,659	4,860,621	30.2%	28.8%
Aircraft liability	319,741	16,779	5.2%	30.7%
Liability for ships	621,214	182,572	29.4%	30.4%
General liability	7,932,462	2,518,367	31.7%	41.1%
Credit	598,192	280,835	46.9%	50.7%
Suretyship	220,857	71,629	32.4%	46.9%
Miscellaneous financial loss	1,235,468	304,738	24.7%	50.1%
Legal expenses	9,506	4,197	44.1%	62.0%
Assistance	-4,456	-3,016	67.7%	21.4%
Life	1,201,748	173,904	14.5%	11.9%
Unit-linked life	94,626	9,469	10.0%	21.4%
Total non-life	198,108,955	52,011,312	26.3%	28.5%
Total life	1,296,374	183,373	14.1%	12.6%
Total	199,405,329	52,194,685	26.2%	28.4%

* Included are only the operating expenses relating to reinsurance operations (excluding administrative expenses relating to the Group).

Acquisition costs (commission) as percentage of gross premiums written

	Gross premiums written 1	Acquisition costs 2	2022 2/1	2021
EUR, except percentages				
Personal accident	5,760,218	1,949,722	33.8%	29.4%
Health	45,274	8,946	19.8%	-363.8%
Land motor vehicles	25,870,954	7,633,678	29.5%	26.9%
Railway rolling stock	234,660	79,409	33.8%	34.9%
Aircraft hull	649,782	66,835	10.3%	12.8%
Ships hull	5,622,395	1,203,052	21.4%	20.7%
Goods in transit	4,868,055	1,091,499	22.4%	20.3%
Fire	103,038,238	21,428,798	20.8%	22.1%
Other damage to property	25,011,736	6,385,468	25.5%	24.6%
Motor vehicle liability	16,074,659	5,103,814	31.8%	26.3%
Aircraft liability	319,741	8,637	2.7%	24.8%
Liability for ships	621,214	156,619	25.2%	24.1%
General liability	7,932,462	2,227,878	28.1%	26.0%
Credit	598,192	210,742	35.2%	43.9%
Suretyship	220,857	64,144	29.0%	34.2%
Miscellaneous financial loss	1,235,468	333,841	27.0%	31.4%
Legal expenses	9,506	3,740	39.3%	60.5%
Assistance	-4,456	-4,147	93.1%	19.1%
Life	1,201,748	125,220	10.4%	8.2%
Unit-linked life	94,626	5,662	6.0%	17.7%
Total non-life	198,108,955	47,952,674	24.2%	23.9%
Total life	1,296,374	130,881	10.1%	9.0%
Total	199,405,329	48,083,556	24.1%	23.8%

Net paid loss ratio

	Net premiums earned 1	Net claims incurred 2	2022 2/1	2021
EUR, except percentages				
Personal accident	5,651,659	1,322,471	23.4%	27.6%
Health	41,973	27,475	65.5%	-1194.3%
Land motor vehicles	23,308,311	15,889,594	68.2%	56.2%
Railway rolling stock	241,228	62,138	25.8%	31.9%
Aircraft hull	351,473	447,685	127.4%	138.2%
Ships hull	4,912,999	3,398,216	69.2%	146.4%
Goods in transit	4,681,616	1,711,915	36.6%	74.8%
Fire	83,669,580	66,294,290	79.2%	67.7%
Other damage to property	17,793,284	8,090,436	45.5%	37.0%
Motor vehicle liability	15,189,853	11,158,470	73.5%	53.0%
Aircraft liability	176,198	-16,535	-9.4%	75.7%
Liability for ships	579,125	386,945	66.8%	68.3%
General liability	6,823,615	2,888,113	42.3%	84.4%
Credit	697,276	-62,850	-9.0%	-15.1%
Suretyship	202,084	66,542	32.9%	66.2%
Miscellaneous financial loss	326,240	-5,758,602	-1765.1%	2297.6%
Legal expenses	10,071	1,758	17.5%	32.2%
Assistance	-4,014	1	0.0%	-0.1%
Life	759,412	322,031	42.4%	74.9%
Unit-linked life	68,386	-12,375	-18.1%	20.7%
Total non-life	164,652,572	105,908,061	64.3%	68.6%
Total life	827,798	309,656	37.4%	71.0%
Total	165,480,370	106,217,717	64.2%	68.6%

Combined loss ratio for non-life insurance business (EUR, except percentages)

Net claims incurred 1	Administrative expenses 2	Net premiums earned 3	2022 (1+2)/3	2021
105,908,061	16,014,556	164,652,572	74.0%	77.8%

Net investment income as percentage of average investments

EUR	Average investments	Investment income	Investment expenses	Effect of investments 2022	Effect of investments 2021
Non-life insurance register of assets	275,605,291	20,102,667	14,975,512	1.9%	3.2%
Capital fund	386,294,951	53,402,387	4,399,977	12.7%	13.6%
Total	661,900,242	73,505,054	19,375,489	8.2%	9.2%

Net provisions for outstanding claims as percentage of net earned premiums

	Net provision for outstanding claims 1	Net premiums earned 2	2022 1/2	2021
EUR, except percentages				
Personal accident	1,908,163	2,630,075	72.6%	87.7%
Health	4,512	-8,074	-55.9%	4.8%
Land motor vehicles	9,812,532	8,105,607	121.1%	29.4%
Railway rolling stock	54,081	70,506	76.7%	38.8%
Aircraft hull	24,756	-198,048	-12.5%	175.7%
Ships hull	782,031	918,915	85.1%	253.7%
Goods in transit	578,934	527,599	109.7%	118.9%
Fire	18,866,849	2,873,380	656.6%	165.2%
Other damage to property	5,142,231	6,032,718	85.2%	70.7%
Motor vehicle liability	6,190,084	7,897,017	78.4%	177.5%
Aircraft liability	129,661	74,620	173.8%	94.8%
Liability for ships	156,411	67,099	233.1%	80.1%
General liability	1,269,970	1,521,919	83.4%	249.8%
Credit	477,640	593,541	80.5%	53.8%
Suretyship	40,660	98,330	41.4%	210.2%
Miscellaneous financial loss	-18,685	6,287,436	-0.3%	2720.2%
Legal expenses	1,662	2,227	74.6%	0.0%
Assistance	4,210	-5,218	-80.7%	0.0%
Life	142,312	147,931	96.2%	54.0%
Unit-linked life	71	19,341	0.4%	38.5%
Total non-life	45,425,702	37,489,649	121.2%	145.3%
Total life	142,383	167,273	85.1%	52.8%
Total	45,568,085	37,656,922	121.0%	145.0%

Gross profit or loss for the period as percentage of net premiums written (EUR, except percentages)

Gross profit/loss 1	Net premiums written 2	2022 1/2	2021
57,284,886	164,456,459	34.8%	33.8%

Gross profit or loss for the period as percentage of average equity (EUR, except percentages)

Gross profit/loss 1	Net premiums written 2	2022 1/2	2021
57,284,886	376,513,602	15.2%	15.2%

Gross profit or loss for the period as percentage of average assets (EUR, except percentages)

Gross profit/loss 1	Net premiums written 2	2022 1/2	2021
57,284,886	847,592,164	6.8%	6.7%

Gross profit or loss for the period per share (EUR, except percentages)

Number of shares 1	Number of shares 2	2022 1/2	2021
57,284,886	17,219,662	3.33	3.11



Receivables arising out of reinsurance business and reinsurers' share of technical provisions as percentage of equity (EUR, except percentages)

Reinsurance receivables 1	Reinsurers' share of technical provisions 2	Equity 3	2022 (1+2)/3	2021
8,976,477	55,484,147	381,861,203	16.9%	14.4%

Net premiums written as percentage of average equity and average technical provisions (EUR, except percentages)

Net premiums written 1	Average equity 2	Average technical provisions 3	2022 (1+2)/3	2021
164,456,459	376,513,602	339,406,478	23.0%	23.8%

Average technical provisions as percentage of net earned premiums (EUR, except percentages)

Average net technical provisions 1	Net premiums earned 2	2022 1/2	2021
287,421,183	37,656,922	763.3%	168.8%

Equity as percentage of liabilities and equity (EUR, except percentages)

Equity 1	Liabilities and equity 2	2022 1/2	2021
381,861,203	863,105,571	44.2%	44.6%

Net technical provisions as percentage of liabilities and equity (EUR, except percentages)

Net technical provisions 1	Liabilities and equity 2	2022 1/2	2021
291,516,085	863,105,571	33.8%	34.1%

Gross premiums written per employee (EUR, except percentages)

Gross premiums written 1	Number of employees in regular employment 2	2022 1/2	2021
199,405,329	133.3	1,496,475	1,501,792



Appendix B – Financial statements of the Sava Insurance Group pursuant to requirements of the Insurance Supervision Agency

Consolidated statement of financial position – assets

EUR	31 Dec 2022	31 Dec 2021	Index
ASSETS	2,534,002,659	2,658,322,359	95.3
Intangible assets	71,014,525	67,306,775	105.5
Property, plant and equipment	69,861,275	63,723,600	109.6
Non-current assets held for sale	991,803	770,544	128.7
Deferred tax assets	27,943,687	5,487,403	509.2
Investment property	22,795,759	14,281,192	159.6
Financial investments in associates	21,856,109	20,479,729	0.0
Financial investments:	1,297,012,771	1,472,688,443	88.1
- Loans and deposits	31,000,348	29,846,572	103.9
- Held to maturity	46,253,622	40,023,124	115.6
- Available for sale	1,200,776,061	1,368,432,673	87.7
- Measured at fair value	18,982,740	34,386,074	55.2
Assets held for the benefit of policyholders who bear the investment risk	483,893,869	517,439,592	93.5
Reinsurers' and co-insurers' share of technical provisions	65,600,524	57,767,056	113.6
Investment contract assets	172,915,796	172,836,349	100.0
Receivables	174,160,961	149,940,870	116.2
1. Receivables arising out of primary insurance business	143,751,656	128,544,723	111.8
2. Receivables arising out of reinsurance and co-insurance business	12,760,801	9,077,165	140.6
3. Current tax assets	3,945,207	330,518	1,193.6
4. Other receivables	13,703,297	11,988,464	114.3
Other assets	32,721,115	26,953,128	121.4
Cash and cash equivalents	93,234,465	88,647,678	105.2
Off-balance sheet items	108,587,402	92,483,933	117.4



Consolidated statement of financial position – equity and liabilities

EUR	31 Dec 2022	31 Dec 2021	Index
EQUITY AND LIABILITIES	2,534,002,659	2,658,322,359	95.3
Equity	411,951,369	504,077,018	81.7
Share capital	71,856,376	71,856,376	100.0
Capital reserves	42,702,320	42,702,320	100.0
Profit reserves	232,006,882	204,069,370	113.7
Fair value reserve	-116,548,560	21,246,888	-548.5
Reserve due to fair value revaluation	2,093,462	1,300,871	160.9
Retained earnings	142,589,630	116,166,406	122.7
Net profit or loss for the period	40,034,954	49,623,843	80.7
Translation reserve	-3,255,565	-3,256,354	100.0
Equity attributable to owners of the controlling company	411,479,499	503,709,720	229.5
Non-controlling interests in equity	471,870	367,298	128.5
Subordinated liabilities	74,924,356	74,863,524	0.0
Technical provisions	1,249,942,508	1,237,500,117	101.0
Unearned premiums	229,798,730	207,022,452	111.0
Technical provisions for life insurance business	422,651,931	443,577,279	95.3
Provision for outstanding claims	586,617,285	578,713,597	101.4
Other technical provisions	10,874,562	8,186,789	132.8
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	499,351,605	524,183,338	95.3
Other provisions	8,094,491	9,018,106	89.8
Deferred tax liabilities	3,648,160	11,387,395	32.0

EUR	31 Dec 2022	31 Dec 2021	Index
Investment contract liabilities	172,739,040	172,660,266	100.0
Other financial liabilities	567,871	584,924	97.1
Liabilities from operating activities	56,208,903	54,783,379	102.6
1. Liabilities from primary insurance business	42,594,900	41,669,619	102.2
2. Liabilities from reinsurance and co-insurance business	11,516,239	10,109,076	113.9
3. Current income tax liabilities	2,097,764	3,004,684	69.8
Other liabilities	56,574,356	69,264,292	81.7
Off-balance sheet items	108,587,402	92,483,933	117.4

Disclosure of off-balance sheet items

Sava Insurance Group EUR	2022	2021
Outstanding recourse receivables	30,003,944	28,366,399
Receivables from the cancellation of subordinated financial instruments	37,960,300	37,960,300
Other potential receivables	1,891,582	1,672,497
Contingent assets	69,855,826	67,999,196

Sava Insurance Group EUR	2022	2021
Guarantees issued	12,398,533	24,373,833
Civil claims (lawsuits)	60,908	118,737
Contingent liabilities	12,459,441	24,492,570



Consolidated income statement

EUR	2022	2021	Index
Net premiums earned	701,377,709	686,574,317	102.2
- Gross premiums written	774,134,291	729,898,408	106.1
- Written premiums ceded to reinsurers and co-insurers	-51,679,242	-46,115,953	112.1
- Change in unearned premiums	-21,077,340	2,791,862	-755.0
Investment income	114,388,897	128,075,134	89.3
Other technical income, of which	33,215,233	31,711,898	104.7
- Commission income	9,749,076	8,640,223	112.8
Other income	30,482,774	27,037,764	112.7
Net claims incurred	-419,716,183	-408,814,273	102.7
- Gross claims payments	-453,351,834	-406,908,665	111.4
- Reinsurers' and co-insurers' shares	34,502,483	12,632,236	273.1
- Change in provision for outstanding claims	-866,832	-14,537,844	6.0
Change in other technical provisions	18,514,205	23,872,769	77.6
Change in technical provisions for policyholders who bear the investment risk	24,319,262	-115,064,830	-21.1

EUR	2022	2021	Index
Expenses for bonuses and rebates	-302,347	-276,004	109.5
Operating expenses, of which	-228,329,299	-219,931,765	103.8
- Acquisition costs	-78,674,766	-79,610,600	98.8
Investment expenses	-159,939,053	-31,008,847	515.8
Other technical expenses	-28,966,489	-26,947,444	107.5
Other expenses	-2,347,232	-2,466,335	95.2
Profit or loss before tax	83,983,208	93,535,270	89.8
Income tax expense	-15,740,622	-17,368,092	90.6
Net profit or loss for the period	68,242,586	76,167,178	89.6
Net profit or loss attributable to owners of the controlling company	68,018,387	76,074,721	89.4
Net profit or loss attributable to non-controlling interests	224,199	92,457	242.5
Basic earnings/loss per share	4.39	4.91	89.4
Diluted earnings/loss per share	4.39	4.91	89.4

**Consolidated statement of other comprehensive income**

EUR		2022	2021	Index
A	Technical account – non-life insurance business other than health insurance business			
I.	Net premiums earned	526,288,127	504,039,954	104.4
1.	Gross premiums written	595,191,670	542,535,810	109.7
1.3	Gross written premiums from other companies	595,191,670	542,535,810	109.7
2.	Premiums written for accepted co-insurance (+)	3,311,053	4,390,028	75.4
2.3	Assumed co-insurance premiums written from other companies	3,311,053	4,390,028	75.4
3.	Ceded co-insurance premiums written (-)	-1,625,937	-1,422,410	114.3
3.3	Ceded co-insurance premiums written for other companies	-1,625,937	-1,422,410	114.3
4.	Gross reinsurance premiums written (-)	-49,693,142	-44,320,582	112.1
4.3	Gross reinsurance premiums written for other companies	-49,693,142	-44,320,582	112.1
5.	Change in gross unearned premiums (+/-)	-21,766,862	3,490,369	-623.6
6.	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	871,345	-633,261	-137.6
II.	Allocated investment return transferred from the non-technical account (item D VIII)	26,768	26,315	101.7
III.	Other net technical income	3,379,995	2,637,810	128.1
1.3	Other net technical income for other companies	3,379,995	2,637,810	128.1
IV.	Net claims incurred	304,124,923	286,158,871	106.3
1.	Gross claims payments	343,873,025	290,651,472	118.3
1.3	Gross claims payments for other companies	343,873,025	290,651,472	118.3
2.	Income from realised gross recourse receivables (-)	-8,233,918	-7,767,254	106.0
3.	Co-insurers' shares paid (+/-)	4,133,712	3,678,151	112.4
3.3	Co-insurers' shares paid for other companies	4,133,712	3,678,151	112.4
4.	Reinsurers' shares paid (-)	-38,583,401	-16,245,259	237.5
4.3	Reinsurers' shares paid for other companies	-38,583,401	-16,245,259	237.5
5.	Change in the gross claims provision (+/-)	8,548,011	31,917,864	26.8
6.	Change in the provision for outstanding claims, reinsurers' and co-insurers' shares (+/-)	-5,612,506	-16,076,103	34.9



EUR		2022	2021	Index
V.	Change in other net technical provisions (+/-)	2,226,940	-1,381,815	-161.2
VI.	Net expenses for bonuses and rebates	302,347	276,004	109.5
1.3	Net expenses for bonuses and rebates for other companies	302,347	276,004	109.5
VII.	Net operating expenses	179,538,038	172,447,298	104.1
1.	Acquisition costs	67,607,950	64,857,904	104.2
2.	Change in deferred acquisition costs (+/-)	-2,549,488	1,714,252	-148.7
3.	Other operating expenses	124,139,386	114,411,752	108.5
3.1.	Depreciation/amortisation of operating assets	7,952,575	8,723,287	91.2
3.2.	Personnel costs	75,011,512	70,344,449	106.6
3.3.	Costs of services by natural persons not performing business (costs relating to contracts for services, copyright contracts and relating to other legal relationships), incl. of contributions	792,563	706,501	112.2
3.4.	Other operating expenses	40,382,736	34,637,515	116.6
3.1.4	Other operating expenses for Group companies	-1	-3	33.3
3.1.4	Other operating expenses for other companies	40,382,737	34,637,518	116.6
4.	Income from reinsurance commission and reinsurance contract profit participation (-)	-9,659,810	-8,536,610	113.2
4.3	Income from reinsurance commission for other companies	-9,659,810	-8,536,610	113.2
VIII.	Other net technical expenses	10,338,204	9,083,964	113.8
1.	Expenses for loss prevention activities	4,368,179	4,159,100	105.0
2.	Contributions for covering claims of uninsured and unidentified vehicles	1,907,638	1,056,921	180.5
3.	Other net technical expenses	4,062,387	3,867,943	105.0
IX.	Expenses for loss prevention activities	33,164,438	40,119,757	82.7
B	Contributions for covering claims of uninsured and unidentified vehicles			
I.	Other net technical expenses	175,089,582	182,534,363	95.9
1.	Gross premiums written	175,459,278	182,972,412	95.9
2.	Premiums written for accepted co-insurance (+)	172,290	158	-
3.	Ceded co-insurance premiums written (-)	-13,782	-15,812	87.2



EUR			2022	2021	Index
4.	Gross reinsurance premiums written (-)		-346,381	-357,149	97.0
4.3	Gross reinsurance premiums written for other companies		-346,381	-357,149	97.0
5.	Change in gross unearned premiums (+/-)		-180,828	-64,495	280.4
6.	Change in unearned premiums for the reinsurance part (+/-)		-995	-751	132.5
II.	Investment income		15,167,182	18,232,469	83.2
1.	Income from participating interests		729,116	1,145,796	63.6
1.3.	Income from participating interests in other companies		729,116	1,145,796	63.6
2.	Income from other investments		10,632,717	11,529,191	92.2
2.2.	Interest income		9,920,801	10,810,403	91.8
	- in other companies		9,920,801	10,810,403	91.8
2.3.	Other investment income		711,916	718,788	99.0
	2.3.1. Financial income from revaluation		498,116	706,093	70.6
	- in other companies		498,116	706,093	70.6
	2.3.2. Other finance income		213,800	12,695	1684.1
	- in other companies		213,800	12,695	1684.1
4.	Gains on disposal of investments		3,805,349	5,557,482	68.5
III.	Net unrealised gains on investments of life insurance policyholders who bear the investment risk		70,872,774	87,404,487	81.1
IV.	Other net technical income		4,676,818	4,233,922	0.0
V.	Net claims incurred		115,591,260	122,655,402	94.2
1.	Gross claims payments		117,712,727	124,024,447	94.9
3.	Reinsurers' shares paid (-)		-52,794	-65,128	81.1
3.3	Reinsurers' shares paid for other companies		-52,794	-65,128	81.1
4.	Change in the gross claims provision (+/-)		-2,025,719	-1,456,429	139.1
5.	Change in the provision for outstanding claims for reinsurance (+/-)		-42,954	152,512	-28.2
VI.	Change in diverse other net technical provisions (+/-)		-45,060,407	92,573,876	-48.7
1.	Change in mathematical provision		-45,060,407	92,573,876	-48.7



EUR				2022	2021	Index
	1.1.	Change in the gross mathematical provision (+/-)		-45,060,407	92,573,876	-48.7
VIII.	Net operating expenses			39,042,185	38,844,244	100.5
	1.	Acquisition costs		14,080,751	12,826,315	109.8
	2.	Change in deferred acquisition costs (+/-)		-464,447	212,129	-219.0
	3.	Other operating expenses		25,515,147	25,909,413	98.5
	3.1.	Depreciation/amortisation of operating assets		1,321,894	1,384,767	95.5
	3.2.	Personnel costs		14,721,326	15,295,438	96.3
	3.3.	Costs of services by natural persons not performing business (costs relating to contracts for services, copyright contracts and relating to other legal relationships), incl. of contributions		183,132	131,039	139.8
	3.4.	Other operating expenses		9,288,795	9,098,169	102.1
	3.1.4	Other operating expenses for other companies		9,288,795	9,098,169	102.1
	4.	Income from reinsurance commission and reinsurance contract profit participation (-)		-89,266	-103,613	86.2
	4.3	Income from reinsurance commission for other companies		-89,266	-103,613	86.2
IX.	Investment expenses			6,554,347	2,133,828	307.2
	1.	Depreciation of investments not necessary for operations		1,342	1,342	100.0
	2.	Asset management expenses, interest expenses and other financial expenses		2,552,169	1,171,510	217.9
	2.3	Asset management expenses, interest expenses and other financial expenses for other companies		2,552,169	1,171,510	217.9
	3.	Financial expenses from revaluation		3,074,731	699,536	439.5
	4.	Losses on disposal of investments		926,105	261,440	354.2
X.	Net unrealised losses on investments of life insurance policyholders who bear the investment risk			131,554,909	18,685,384	704.1
XI.	Other net technical expenses			1,902,629	1,846,715	103.0
	2.	Other net technical expenses		1,902,629	1,846,715	103.0
XII.	Allocated investment return transferred to the non-technical account (item D V) (-)			40	9	444.4
XIII.	Balance on the technical account – life business (I+II+III+IV-V+VI-VII-VIII-IX-X-XI-XII)			16,221,393	15,665,783	103.6
C.	Non-technical account					
I.	Balance on the technical account – non-life business (A X)			33,164,438	40,119,757	82.7



EUR		2022	2021	Index
II.	Balance on the technical account – life business (B XIII)	16,221,393	15,665,783	103.5
III.	Investment income	31,000,701	24,559,238	126.2
	1. Income from participating interests	1,925,742	1,474,692	130.6
	1.2. Income from shares in associates	1,285,731	772,886	166.4
	1.3. Income from participating interests in other companies	640,011	701,806	91.2
	2. Income from other investments	25,883,938	20,855,735	124.1
	2.1. Income from land and buildings	1,366,029	1,348,174	101.3
	- in other companies	1,366,029	1,348,174	101.3
	2.2. Interest income	6,479,636	6,032,346	107.4
	- in Group companies	1,291	-607	-212.7
	- in other companies	6,478,345	6,032,953	107.4
	2.3. Other investment income	18,038,273	13,475,215	133.9
	2.3.1. Financial income from revaluation	15,924,747	11,625,924	137.0
	- in other companies	15,924,747	11,625,924	137.0
	2.3.2. Other finance income	2,113,526	1,849,291	114.3
	- in other companies	2,113,526	1,849,291	114.3
	4. Gains on disposal of investments	3,191,021	2,228,811	143.2
V.	Allocated investment return transferred to the technical account, life insurance (B XII)	40	9	444.4
VII.	Investment expenses	22,141,091	10,461,216	211.7
	1. Depreciation of investments not necessary for operations	309,952	270,239	114.7
	2. Asset management expenses, interest expenses and other financial expenses	3,184,156	3,132,031	101.7
	2.3 Asset management expenses, interest expenses and other financial expenses for other companies	3,184,156	3,132,031	101.7
	3. Financial expenses from revaluation	18,220,505	6,989,680	260.7
	4. Losses on disposal of investments	426,478	69,266	615.7
VIII.	Allocated investment return transferred to the technical account for non-life business other than health business (A II)	26,768	26,315	101.7
IX..	Other technical income	15,409,344	16,199,943	95.1



EUR		2022	2021	Index
	1. Other income from non-life business other than health business	15,266,317	16,075,470	95.0
	2. Other income from life business	143,027	124,473	114.9
X.	Other technical expenses	16,725,656	16,016,765	104.4
	1. Other expenses for non-life business other than health business	16,242,154	15,800,618	102.8
	2. Other expenses for life business	483,502	216,147	223.7
XI.	Other income	29,116,745	25,689,590	113.3
	1. Other non-life income	21,573,097	19,100,641	112.9
	2. Other expenses for life business	7,543,648	6,588,949	114.5
XII.	Other expenses	2,035,938	2,194,754	92.8
	1. Other non-life expenses	1,931,310	2,114,792	91.3
	2. Other expenses for life business	104,628	79,962	130.9
XIII.	Profit/loss for the year before tax (I+II+III+IV+V+VI-VII-VIII+IX-X+XI-XII)	83,983,208	93,535,270	89.8
	1. Profit or loss for the period for non-life business	60,663,230	71,452,165	84.9
	2. Profit/loss for the period for life business	23,319,978	22,083,105	105.6
XIV.	Tax on profit	15,293,426	17,256,844	88.6
	1.2. Tax on profit for life business	4,708,191	17,256,844	27.3
XV.	Deferred tax	447,196	111,248	402.0
	1.2. Deferred tax for life business	-463,059	111,248	-416.2
XVI.	Net profit or loss for the period (XIII-XIV+XV)	68,242,586	76,167,178	89.6
	Disaggregation of profit or loss			
	- From non-life insurance business	49,167,740	57,934,671	84.9
	- From life business	19,074,846	18,232,507	104.6
D.	Calculation of comprehensive income			
I.	Profit/loss for the year, net of tax	68,242,586	76,167,178	89.6
II.	Other comprehensive gain, net of tax (1+2+3+4+5+6+7+8+9+10)	-137,011,233	-18,581,762	737.3
a)	Items that will not be reclassified subsequently to profit or loss	792,535	336,546	235.5



EUR		2022	2021	Index
	5. Other items that will not be reclassified subsequently to profit or loss	946,933	335,805	282.0
	6. Tax on items that will not be reclassified subsequently to profit or loss	-154,398	741	-20836.4
b)	Items that may be reclassified subsequently to profit or loss	-137,803,768	-18,918,308	728.4
	1. Net gains or losses on remeasuring available-for-sale financial assets	-168,628,558	-23,140,493	728.7
	4. Tax on items that may be reclassified subsequently to profit or loss	30,824,325	4,212,448	731.7
	5. Exchange differences on translating foreign operations	465	9,737	4.8
III.	Total comprehensive income (I + II)	-68,768,647	57,585,416	-119.4



Consolidated statement of cash flows

EUR		2022	2021	Index
A.	Cash flows from operating activities			
a)	Items of the income statement	98,843,333	94,093,643	105.0
1.	Net premiums written in the period	722,455,049	683,782,455	105.7
2.	Investment income (other than finance income)	2,328,822	1,862,472	125.0
3.	Other operating income (excl. revaluation income and releases from provisions) and finance income from operating receivables	52,264,295	45,958,161	113.7
4.	Net claims payments in the period	-418,849,351	-394,276,429	106.2
5.	Expenses for bonuses and rebates	-302,347	-276,004	109.5
6.	Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-222,081,229	-207,897,330	106.8
7.	Investment expenses (excluding amortisation and financial expenses)	-2,516,148	-1,174,605	214.2
8.	Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-18,715,136	-16,516,985	113.3
9.	Tax on profit and other taxes not included in operating expenses	-15,740,622	-17,368,092	90.6
b)	Changes in net operating assets (premium receivables, other receivables, other assets and deferred tax assets/liabilities) of operating items of the income statement	-44,081,008	26,900,019	-163.9
1.	Change in receivables from primary insurance	-15,206,933	6,740,865	-225.6
2.	Change in receivables from reinsurance	-3,683,636	-3,022,589	121.9
3.	Change in other receivables from (re)insurance business	466,499	-476,290	-97.9
4.	Change in other receivables and other assets	-9,881,503	2,251,177	-438.9
5.	Change in deferred tax assets	-22,456,284	-562,584	3.991.6
6.	Change in inventories	-14,349	1,377	-1.042.0
7.	Change in liabilities arising out of primary insurance	925,281	-4,600,214	-20.1
8.	Change in liabilities arising out of reinsurance business	1,407,163	3,271,917	43.0
9.	Change in other operating liabilities	9,104,155	12,040,513	75.6
10.	Change in other liabilities (except unearned premiums)	2,997,834	14,770,027	20.3
11.	Change in deferred tax liabilities	-7,739,235	-3,514,180	220.2
c)	Net cash from/used in operating activities (a + b)	54,762,325	120,993,662	45.3



EUR		2022	2021	Index
B. Cash flows from investing activities				
a)	Cash receipts from investing activities	380,529,252	681,772,670	55.8
1.	Interest received from investing activities	21,310,944	22,902,040	93.1
2.	Cash receipts from dividends and participation in the profit of others	1,255,291	1,847,602	67.9
3.	Proceeds from sale of intangible assets	21,137	1,310,598	1.6
4.	Proceeds from sale of property, plant and equipment assets	6,790,751	1,548,925	438.4
5.	Proceeds from disposal of financial investments	351,151,129	654,163,505	53.7
5.1	Proceeds from disposal of subsidiaries and other companies	1,000,000	0	-
5.2.	Other proceeds from disposal of financial investments	350,151,129	654,163,505	53.5
b)	Cash disbursements in investing activities	-402,149,557	-778,792,089	51.6
1.	Purchase of intangible assets	-5,515,155	-6,728,193	82.0
2.	Purchase of property, plant and equipment	-14,852,976	-11,220,649	132.4
3.	Purchase of long-term financial investments	-381,781,426	-760,843,247	50.2
3.1.	Purchase of subsidiaries or other companies	0	-5,032,579	-
3.2.	Other disbursements to acquire financial investments	-381,781,426	-755,810,668	50.5
c)	Net cash from/used in investing activities (a + b)	-21,620,305	-97,019,419	22.3
C. Cash flows from financing activities				
a)	Cash receipts from financing activities	2,199,841	1,866,213	117.9
2.	Proceeds from long-term borrowing	2,199,841	1,866,213	117.9
b)	Cash disbursements in financing activities	-30,755,075	-20,651,372	148.9
1.	Interest paid	-2,919,213	-2,893,735	100.9
3.	Repayment of long-term financial liabilities	-4,478,860	-4,517,330	99.1
5.	Dividends and other profit participations paid	-23,357,002	-13,240,307	176.4
c)	Net cash from/used in financing activities (a + b)	-28,555,234	-18,785,159	152.0
C2.	Closing balance of cash and cash equivalents	93,234,465	88,647,678	105.2
x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	4,586,787	5,189,084	88.4
y)	Opening balance of cash and cash equivalents	88,647,678	83,458,594	106.2



Appendix C – Financial statements of Sava Re pursuant to requirements of the Insurance Supervision Agency

Statement of financial position

EUR	31 Dec 2022	31 Dec 2021	Index
ASSETS (A–F)	863,105,571	832,078,756	103.7
A. Intangible assets	4,068,384	3,194,031	127.4
B. Property, plant and equipment	2,874,069	2,669,091	107.7
D. Deferred tax assets	8,610,373	3,688,957	233.4
E. Investment property	7,721,693	7,899,693	97.8
F. Financial investments in Group companies and associates, of which	322,935,793	324,129,991	99.6
G. Financial investments	333,328,717	327,784,595	101.7
- in loans and deposits	12,175,362	12,183,310	99.9
- held to maturity	2,075,395	2,816,979	73.7
- available for sale	313,703,700	303,501,261	103.4
- measured at fair value	5,374,259	9,283,045	57.9
I. Amount of technical provisions transferred to reinsurers and co-insurers	55,484,147	48,486,444	114.4
K. Receivables	91,271,934	79,803,172	114.4
1. Receivables arising out of primary insurance business	82,025,975	74,410,185	110.2
2. Receivables arising out of reinsurance and co-insurance business	8,976,477	5,125,596	175.1
3. Current tax assets	49,594	0	-
4. Other receivables	219,888	267,390	82.2
L. Other assets	12,884,432	5,615,963	229.4
M. Cash and cash equivalents	23,926,029	28,806,817	83.1
N. Off-balance sheet items	14,654,779	18,554,794	79.0

EUR	31 Dec 2022	31 Dec 2021	Index
EQUITY AND LIABILITIES (A–H)	863,105,571	832,078,756	103.7
A. Equity	381,861,203	371,166,000	102.9
1. Share capital	71,856,376	71,856,376	100.0
2. Capital reserves	54,239,757	54,239,757	100.0
3. Profit reserves	232,283,349	204,299,913	113.7
4. Fair value reserve	-18,461,344	3,619,684	-510.0
5. Reserve due to fair value revaluation	152,447	96,544	157.9
6. Retained earnings	13,807,182	10,633,662	129.8
7. Net profit or loss for the period	27,983,436	26,420,064	105.9
B. Subordinated liabilities	74,924,356	74,863,524	100.1
C. Technical provisions	347,000,232	331,812,724	104.6
1. Unearned premiums	52,992,395	52,775,034	100.4
3. Provision for outstanding claims	292,973,124	278,281,619	105.3
4. Other technical provisions	1,034,713	756,071	136.9
E. Other provisions	392,640	421,865	93.1
G. Deferred tax liabilities	771,533	76,227	1012.2
J. Liabilities from operating activities	49,649,234	46,543,595	106.7
1. Liabilities from primary insurance business	41,725,833	39,556,034	105.5
2. Liabilities from reinsurance and co-insurance business	7,877,987	6,592,809	119.5
3. Current income tax liabilities	45,414	394,752	11.5
K. Other liabilities	8,506,373	7,194,821	118.2
L. Off-balance sheet items	14,654,778	18,554,794	79.0



Disclosure of off-balance sheet items

Sava Re EUR	2022	2021
Receivables from the cancellation of subordinated financial instruments	10,038,000	10,038,000
Other potential receivables	244,026	24,941
Contingent assets	10,282,026	10,062,941

Sava Re EUR	2022	2021
Guarantees issued	4,372,752	8,491,853
Contingent liabilities	4,372,752	8,491,853

Income statement

EUR	2022	2021	Index
Net premiums earned	165,480,370	162,736,587	101.7
- Gross premiums written	199,405,329	190,051,724	104.9
- Written premiums ceded to reinsurers and co-insurers	-34,948,870	-31,488,119	111.0
- Change in unearned premiums	1,023,912	4,172,982	24.5
Income from investments in associated companies, of this	51,923,025	50,417,783	103.0
Other income from investments in subsidiaries and associates	51,923,025	50,417,783	103.0
Investment income	7,584,599	9,902,249	76.6
Interest income	3,004,885	2,569,728	116.9
Other investment income	4,579,714	7,332,521	62.5
Other technical income, of which	5,684,008	5,824,719	97.6
- Commission income	5,230,850	4,870,965	107.4
- Other technical income	453,158	953,754	47.5
Other income	995,363	834,088	119.3

EUR	2022	2021	Index
Net claims incurred	-106,217,717	-111,592,756	95.2
- Gross claims payments	-129,236,023	-99,242,817	130.2
- Reinsurers' and co-insurers' shares	31,953,381	9,926,605	321.9
- Change in provision for outstanding claims	-8,935,075	-22,276,544	40.1
Change in other technical provisions	-190,091	723,394	-26.3
Expenses for bonuses and rebates	-88,551	1,643	-5,388.8
Operating expenses, of which	-60,164,284	-61,268,096	98.2
- Acquisition costs	-44,149,728	-46,212,625	95.5
- Other operating expenses	-16,014,556	-15,055,471	106.4
Expenses for investments in subsidiary and associate companies	-1,188,202	0	-
Impairment losses	-1,188,202	0	-
Investment expenses, of this	-4,807,876	-3,239,801	148.4
Interest expense	-2,907,055	-2,898,715	100.3
Other investment expenses	-1,900,820	-341,086	557.3
Other technical expenses	-1,406,373	-464,594	302.7
Other expenses	-319,386	-269,002	118.7
Profit or loss before tax	57,284,886	53,606,214	106.9
Income tax expense	-1,318,014	-766,086	172.0
Net profit or loss for the period	55,966,872	52,840,127	105.9
Basic earnings/loss per share	3.61	3.41	105.92
Diluted earnings/loss per share	3.61	3.41	105.92



Statement of other comprehensive income

EUR		2022	2021	Index
A	Technical account – non-life insurance business other than health insurance business			
I.	Net premiums earned	165,480,369	162,736,585	101.7
1.	Gross premiums written	199,405,328	190,051,723	104.9
4.	Gross reinsurance premiums written (-)	-34,948,870	-31,488,119	111.0
5.	Change in gross unearned premiums (+/-)	-217,362	4,636,074	-4.7
6.	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	1,241,273	-463,093	-268.0
II.	Allocated investment return transferred from the non-technical account (item D VIII)	5,127,155	8,753,062	58.6
IV.	Net claims incurred	106,217,717	111,592,755	95.2
1.	Gross claims payments	130,104,739	100,304,678	129.7
2.	Income from realised gross recourse receivables (-)	-868,715	-1,061,861	81.8
4.	Reinsurers' shares paid (-)	-31,953,381	-9,926,605	321.9
5.	Change in the gross claims provision (+/-)	14,691,505	39,290,966	37.4
6.	Change in the provision for outstanding claims, reinsurers' and co-insurers' shares (+/-)	-5,756,430	-17,014,422	33.8
V.	Change in other net technical provisions (+/-)	-190,091	723,394	-26.3
VI.	Net expenses for bonuses and rebates	88,551	-1,643	-5388.8
VII.	Net operating expenses	54,933,437	56,397,131	97.4
1.	Acquisition costs	48,083,564	45,244,305	106.3
2.	Change in deferred acquisition costs (+/-)	-3,933,836	968,321	-406.3
3.	Other operating expenses	16,014,559	15,055,471	106.4
3.1.	Depreciation/amortisation of operating assets	543,794	561,935	96.8
3.2.	Personnel costs	9,969,809	9,806,405	101.7
3.3.	Costs of services by natural persons not performing business (costs relating to contracts for services, copyright contracts and relating to other legal relationships), incl. of contributions	327,662	324,245	101.1
3.4.	Other operating expenses	5,173,294	4,362,886	118.6
4.	Income from reinsurance commission and reinsurance contract profit participation (-)	-5,230,850	-4,870,965	107.4



EUR			2022	2021	Index
VIII.	Other net technical expenses		275,581	277,953	99.2
	1.	Expenses for loss prevention activities	6	12	49.5
	3.	Other net technical expenses	275,575	277,941	99.2
IX.	Balance on the technical account – non-life business other than health business (I+II+III-IV+V-VI-VII-VIII)		8,902,147	3,946,846	225.6
C.	Non-technical account				
I.	Balance on the technical account – non-life business other than health business (A X)		8,902,147	3,946,846	225.6
III.	Investment income		73,505,054	66,958,197	109.8
	1.	Income from participating interests	52,381,099	50,936,381	102.8
	1.1.	Income from participating interests in Group companies	51,923,025	50,417,783	103.0
	1.3.	Income from participating interests in other companies	458,074	518,598	88.3
	2.	Income from other investments	19,486,924	14,091,914	138.3
	2.1.	Income from land and buildings	829,030	784,325	105.7
		- in Group companies	1,196	1,196	100.0
		- in other companies	827,834	783,129	105.7
	2.2.	Interest income	3,004,885	2,569,728	116.9
		- in Group companies	87,811	73,177	120.0
		- in other companies	2,917,074	2,496,550	116.8
	2.3.	Other investment income	15,653,009	10,737,861	145.8
		2.3.1. Financial income from revaluation	14,996,133	10,040,886	149.4
		- in other companies	14,996,133	10,040,886	149.4
		2.3.2. Other finance income	656,876	696,975	94.3
		- in other companies	656,876	696,975	94.3
	4.	Gains on disposal of investments	1,637,031	1,929,903	84.8
V.	Investment expenses		19,305,760	9,235,403	209.0
	1.	Depreciation of investments not necessary for operations	141,282	141,761	99.7



EUR		2022	2021	Index
	2. Asset management expenses, interest expenses and other financial expenses	2,909,171	2,900,022	100.3
	3. Financial expenses from revaluation	16,035,623	6,161,660	0.0
	4. Losses on disposal of investments	219,684	31,960	687.4
VI.	Allocated investment return transferred to the technical account for non-life business other than health business (A II)	5,127,155	8,753,062	58.6
VII.	Other technical income	11,345,938	12,944,301	87.7
	1. Other income from non-life business other than health business	11,345,938	12,944,301	87.7
VIII.	Other technical expenses	12,023,572	12,177,188	98.7
	1. Other expenses for non-life business other than health business	12,023,572	12,177,188	98.7
IX.	Other income	166,332	49,763	334.3
	1. Other non-life income	166,332	49,763	334.3
X.	Other expenses	178,098	127,241	140.0
	1. Other non-life expenses	178,098	127,241	140.0
XI.	Profit or loss for the year before tax (I+II+III+IV-V-VI+VII-VIII+IX-X)	57,284,886	53,606,213	106.9
	1. Profit or loss for the period for non-life business	57,284,886	53,606,213	106.9
XIV.	Tax on profit	364,623	400,027	91.2
	1.1. Tax on profit from non-life business	364,623	400,027	91.2
XV.	Deferred tax	953,391	366,058	260.5
	1.1. Deferred tax for non-life business	953,391	366,058	260.5
XVI.	Net profit or loss for the period (XIII-XIV+XV)	55,966,872	52,840,128	105.9
	Disaggregation of profit or loss			
	- From non-life insurance business	55,966,872	52,840,127	105.9
D.	Calculation of comprehensive income			
I.	Net profit or loss for the year	55,966,872	52,840,128	105.9
II.	Other comprehensive gain, net of tax (1+2+3+4+5+6+7+8+9+)	-22,025,125	-2,370,146	929.3
	a) Items that will not be reclassified subsequently to profit or loss	55,904	49,958	111.9



EUR			2022	2021	Index
	5.	Other items that will not be reclassified subsequently to profit or loss	55,904	49,958	111.9
	b)	Items that may be reclassified subsequently to profit or loss	-22,081,029	-2,420,104	912.4
	1.	Net gains/losses on remeasuring available-for-sale financial assets	-27,260,529	-2,987,782	912.4
	5.	Tax on items that may be reclassified subsequently to profit or loss	5,179,500	567,678	912.4
III.	Comprehensive income for the year, net of tax (I + II)		33,941,747	50,469,982	67.3

Cash flow statement

EUR			2022	2021	Index
A.	Cash flows from operating activities				
	a.)	Items of the income statement	11,857,319	15,367,296	77.2
	1.	Net premiums written in the period	164,456,459	158,563,605	103.7
	2.	Investment income (other than finance income)	0	696,975	-
	3.	Other operating income (excl. revaluation income and releases from provisions) and finance income from operating receivables	829,702	6,658,807	12.5
	4.	Net claims payments in the period	-97,194,091	-89,316,212	108.8
	5.	Expenses for bonuses and rebates	-88,551	1,643	-5.388.8
	6.	Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-54,389,640	-59,737,841	91.0
	8.	Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-438,544	-733,596	59.8
	9.	Tax on profit and other taxes not included in operating expenses	-1,318,014	-766,086	172.0
	b.)	Changes in net operating assets (premium receivables, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position	-13,197,822	11,612,299	-113.7
	1.	Change in receivables from primary insurance	-6,864,683	5,252,723	-130.7
	2.	Change in receivables from reinsurance	-4,599,225	-664,429	692.2
	4.	Change in other receivables and other assets	-8,243,794	2,868,700	-287.4
	5.	Change in deferred tax assets	953,391	0	-
	7.	Change in liabilities arising out of primary insurance	0	-1,009,856	-



EUR			2022	2021	Index
	8.	Change in liabilities arising out of reinsurance business	3,455,268	1,769,265	195.3
	9.	Change in other operating liabilities	2,045,319	2,711,773	75.4
	10.	Change in other liabilities (except unearned premiums)	55,903	289,371	19.3
	11.	Change in deferred tax liabilities	0	394,752	-
	c.)	Net cash from/used in operating activities (a + b)	-1,340,503	26,979,595	-5.0
B. Cash flows from investing activities					
	a.)	Cash receipts from investing activities	138,885,341	151,978,637	91.4
	1.	Interest received from investing activities	3,679,026	3,649,817	100.8
	2.	Cash receipts from dividends and participation in the profit of others	52,381,099	50,936,381	102.8
	4.	Proceeds from sale of property, plant and equipment assets	107,892	16,416	657.2
	5.	Proceeds from disposal of financial investments	82,717,324	97,376,023	84.9
	b.)	Cash disbursements in investing activities	-116,254,278	-161,168,166	72.1
	1.	Purchase of intangible assets	-1,120,721	-2,048,184	54.7
	2.	Purchase of property, plant and equipment	-318,754	-137,395	232.0
	3.	Purchase of financial investments	-114,814,803	-158,982,587	72.2
	c.)	Net cash from/used in investing activities (a + b)	22,631,063	-9,189,529	-246.3
C. Cash flows from financing activities					
	b.)	Cash disbursements in financing activities	-26,171,348	-16,063,395	162.9
	1.	Interest paid	-35,165	-2,838,770	1.2
	3.	Repayment of long-term financial liabilities	-2,889,639	-51,584	5.601.8
	5.	Dividends and other profit participations paid	-23,246,544	-13,173,042	-
	c.)	Net cash from/used in financing activities (a + b)	-26,171,348	-16,063,395	162.9
C2. Closing balance of cash and cash equivalents			23,926,029	28,806,817	83.1
	x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	-4,880,788	1,726,671	-282.7
	y)	Opening balance of cash and cash equivalents	28,806,817	27,080,146	106.4



Appendix C2 – Glossary of selected terms and calculation methods for indicators

Accounting currency. A local currency used in the accounting documentation. Reinsurance contracts may be accounted for in various accounting currencies. Generally, this is the currency of liabilities and receivables due from cedants, and hence also the reinsurer.
Administrative expense ratio. Operating expenses, net of acquisition costs and the change in deferred acquisition costs, as a percentage of gross premiums written.
Associate entity. An entity over which the investor has significant influence (the power to participate in the financial and operating policy decisions) and that is neither a subsidiary nor an interest in a joint venture.
Book value per share. Ratio of total equity to weighted average number of shares outstanding.
Business continuity plan. Document that includes procedures for ensuring the continuous operation of key business processes and systems. The contingency plan is an integral part of the business continuity plan and sets out technical and organisational measures to restore operations and mitigate the consequences of severe business disruptions.
BVAL price (Bloomberg valuation). Price obtained from the Bloomberg information system.
Capital fund. Assets representing the capital of the Company.
CBBT price (Composite Bloomberg Bond Trader). Closing price published by the Bloomberg system based on binding bids.
Cedant, cede, cession. A cedant is the client of a reinsurance company. To cede is to transfer part of any risk an insurer has underwritten to a reinsurer. The part thus transferred to any reinsurer is called a cession.
Claims inflation. The change in the expected claims cost level over time. This includes the cost for an individual claim (severity effects), but also changes in the likelihood of claiming (frequency effects).
CODM (chief operating decision maker) may refer to a person responsible for monitoring an operating segment or to a group of persons responsible for allocating resources, and monitoring and assessing performance.
Composite insurance company. Insurer that writes both life and non-life business.
Comprehensive income. Comprehensive income is made up of two parts. The first part is net profit for the period net of tax as in the income statement; the second part is other comprehensive income for the period, net of tax, comprising the effects of other gains and losses not recognised in the income statement that affect equity, mainly through the fair value reserve.
Consolidated book value per share. Ratio of consolidated total equity to weighted average number of shares outstanding.
Consolidated earnings or loss per share. Ratio of net profit/loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding.

Credit risk. The risk of loss of or adverse change in the financial situation of the insurer, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance undertakings are exposed, in the form of counterparty default risk, spread risk or market risk concentrations.
Currency risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.
Dividend yield. Ratio of dividend per share to the rolling average price per share in the 12-month period.
EIOPA (European Insurance and Occupational Pensions Authority). European Insurance and Occupational Pensions Authority
Eligible own funds. Own funds eligible to cover the solvency capital requirement.
Equity risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of market prices of shares and infrastructure funds.
Excess of loss reinsurance. A type of reinsurance in which the insurer agrees to pay a specified portion of a claim and the reinsurer agrees to pay all or a part of the claim above the specified currency amount or “retention”.
Facultative reinsurance. A type of reinsurance under which the ceding company has the option to cede and the reinsurer has the option to accept or decline individual risks of the underlying policy. Typically used to reinsure large individual risks or for amounts in excess of limits on risks already reinsured elsewhere.
FATCA. Foreign Account Tax Compliance Act.
Financial investments. Financial investments do not include financial investments in associates, investment property, or cash and cash equivalents.
Financial risk. It comprises the risk of failure to achieve the guaranteed return, market risk (interest rate risk, equity risk, currency risk and property risk), credit risk and liquidity risk.
FoS (freedom of service). Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.
FVTPL (fair value through profit or loss). Financial instruments measured at fair value through profit or loss.
Gross claims paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables. Gross claims paid are claims before deduction of reinsurance.
Gross claims payments. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses. Gross/net: before or after deduction of reinsurance. Gross claim payments less realised income from recourse receivables (short: gross claims paid) Net claim payments, net of realised income from recourse receivables (short: net claims paid).



Gross expense ratio. The ratio of operating expenses as a percentage of gross premiums written. The Group’s ratio is calculated for the reinsurance, non-life insurance and life insurance operating segments.
Gross incurred loss ratio. Gross claims paid, including the change in the gross provision for outstanding claims, as a percentage of gross premiums written, including the change in gross unearned premiums. The Group’s ratio is calculated for the reinsurance and non-life insurance operating segments.
Gross insurance premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross/net: before or after deduction of reinsurance. Gross premiums written (short: gross premiums). Net premiums written (short: net premiums).
Gross operating expenses. Operating expenses, net of the change in deferred acquisition costs (policy acquisition costs and other operating expenses).
Gross premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross premiums written are premiums before deduction of reinsurance.
Gross/net. In insurance terminology, the terms gross and net usually denote figures before or after deduction of reinsurance.
IBNER (incurred but not enough reported). Provision for claims that are incurred but not enough reported.
IBNR (incurred but not reported). Provision for claims incurred but no reported.
Insurance density. Gross premiums written as a percentage of the number of inhabitants.
Insurance penetration. Gross premiums written as a percentage of gross domestic product.
Interest rate risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.
Investment portfolio. The investment portfolio includes financial investments in associates, investment property, and cash and cash equivalents.
IRLF (investment risk liability fund). Liability fund for unit-linked life insurance business.
IS Income statement.
Life insurance register of assets. Register of assets used to cover mathematical provisions.
Liquidity risk. Liquidity risk is the risk that the company will not have sufficient liquid assets to meet its obligations as they fall due and will have to sell its less liquid assets at a discount or raise new loans.
Market risk. It includes interest rate risk, equity risk, currency risk and property risk.
Minimum capital requirement. The minimum capital requirement is equal to the amount of eligible basic own funds below which policyholders, insured persons and other beneficiaries of insurance contracts would be exposed to an unacceptable level of risk if the insurer was allowed to continue operating.

Net (insurance) premiums earned. Net premiums written for a given period, including the change in net unearned premiums.
Net claims incurred. Net claims payments, net of income from recourse receivables (short: net claims paid) in the period, including the change in the net provision for outstanding claims.
Net claims paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables and reinsurers’ and co-insurers’ share of claims paid.
Net combined ratio. Ratio of total expenses (other than investment) to total income (other than investment). The Group’s ratio is calculated for the reinsurance and non-life insurance operating segments.
Net earnings or loss per share. Net profit or loss as a percentage of the weighted average number of shares outstanding.
Net expense ratio. For (re)insurance operating segments, the ratio is calculated as operating expenses, net of commission income, as a percentage of net earned premiums. For the Group, the ratio is calculated as the ratio of operating expenses, net of commission income, to the sum of net premiums earned, other technical income and other income. Not included are one-off impacts on operations and amortisation of client lists or contractual customer relationships.
Net incurred loss ratio. Net claims incurred gross of the change in other technical provisions as a percentage of net premiums earned. The Group’s ratio is calculated for the reinsurance and non-life insurance operating segments.
Net investment income from the investment portfolio. Calculated from income statements items: income from investments in subsidiaries and associates plus investment income plus income from investment property minus expenses for investments in associates and impairment losses on goodwill less expenses for financial assets and liabilities less expenses for investment property. Income from and expenses for investment property are included in the other income / other expenses item. Net investment income relating to the investment portfolio does not include net realised and unrealised gains or losses on investments of life insurance policyholders who bear the investment risk as these do not affect the income statement. These items move in line with the mathematical provision of policyholders who bear the investment risk.
Net operating expenses. Operating expenses net of commission income.
Net premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Net premiums written are premiums after deduction of reinsurance.
Net/gross. In insurance terminology, the terms gross and net usually denote figures before or after deduction of reinsurance.
Non-life insurance register of assets. Register of assets used to cover non-life technical provisions.
Non-proportional reinsurance (excess reinsurance). A reinsurance arrangement whereby the reinsurer indemnifies a ceding company above a specified level (usually a monetary amount) of losses that the ceding company has underwritten. A deductible amount (priority) is set; any loss exceeding that amount is paid by the reinsurer.
NSLT – health business. Health underwriting risks pursued on a similar technical basis as non-life insurance.
Operating revenue. Total income less investment income.



Operational limit. Operational limits for particular areas are determined on the basis of expressed risk tolerance limits. In absolute terms, this is the maximum amount acceptable for a particular risk so that the Company remains within its risk appetite framework.

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

ORSA (own risk and solvency assessment). Own assessment of the risks associated with a company’s or the Group’s business and strategic plan and assessment of the adequacy of own funds to cover them.

OTC market. (Engl. over-the-counter). A transaction in the OTC market is one between two parties in securities or other financial instruments outside a regulated market.

Paid loss ratio. Gross claims paid as a percentage of gross premiums written.

Primary (direct) insurance company. Insurance company that has a direct contractual relationship with the holder of the insurance policy (private individual, firm or organisation).

Property risk. The risk that the value of property will decrease due to fluctuations in real estate markets.

Proportional reinsurance. A reinsurance arrangement whereby the reinsurer indemnifies a ceding company for a pre-agreed proportion of premiums and losses of each policy that the ceding company has underwritten. It can be subdivided into two main types: quota-share reinsurance and surplus reinsurance.

RBNS (reported but not settled). Provision for claims that are reported but not settled.

Realised recourse receivables (short: recourse receivables). Amount of recourse claims recognised in the period as recourse receivables based on (i) any agreement with recourse debtors, (ii) court decisions, or (iii) for credit business – settlement of an insurance claim.

Reserving risk. Risk that technical provisions are not sufficient to cover the commitments of the (re)insurance business assumed.

Retention ratio. Net premiums written as a percentage of gross premiums written.

Retention. The amount or portion of risk (claim) that a ceding company retains for its own account, and does not reinsure. The claim and loss adjustment expenses in excess of the retention level are then paid by the reinsurer to the ceding company up to the limit of indemnity, if any, set out in the reinsurance contract. In proportional reinsurance, the retention may be a percentage of the original policy’s limit. In non-proportional insurance, the retention is usually a monetary amount of the claim, a percentage of the claim or a claim-to-premium ratio.

Retrocession. The reinsurance bought by reinsurers; a transaction by which a reinsurer cedes risks to another reinsurer.

Return on equity. The ratio of net profit for the period as a percentage of average equity in the period.

Return on revenue. Ratio of net profit for the year to operating revenues. All one-off effects on operations are excluded.

Return on the investment portfolio. The ratio of net investment income relating to the investment portfolio to average invested assets. It includes the following statement of financial position items: investment property, financial investments in subsidiaries and associates, financial investments, and cash and cash equivalents. The average amount is calculated based on figures as at the reporting date and as at the end of the prior year.

Risk appetite. Risk level that a company is willing to take in order to meet its strategic goals.

Risk register. List of all major identified risks periodically maintained, monitored, assessed and reported on by a company.

SFP. Statement of financial position.

SLT – health business. Health underwriting risks pursued on a similar technical basis as life insurance.

Solvency Capital Requirement (SCR). An amount based on the regulatory calculation of risk, including non-life underwriting risk, life underwriting risk, health underwriting risk, market risk, counterparty default risk and operational risk.

Solvency ratio. The ratio of eligible own funds as a percentage of the SCR. A solvency ratio in excess of 100% indicates that the firm has sufficient resources to meet the SCR.

Standard formula. Set of calculations prescribed by Solvency II regulations used for generating the solvency capital requirement.

Strategic risk. The risk of an unexpected decrease in a company’s value due to the adverse effects of management decisions, changes in business and legal environment and market developments.

Subsidiary entity. An entity that is controlled by another entity.

Sustainability risk. This risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential negative impact on the value of investments or liabilities. This risk can arise if a company or group fails to consider the negative impacts of its business or investment decisions on sustainability factors.

TP. Technical provisions.

Transaction currency. The currency in which reinsurance contract transactions are processed.

Underwriting result. Profit or loss realised from insurance operations as opposed to that realised from investments or other items.

Underwriting risk. Risk of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions. Underwriting risk comprises non-life, life and health underwriting risk.

Unearned premiums. That part of premiums written relating to the unexpired portion of the policy period and is attributable to and recognised as income in future years.

Appendix D – GRI index¹⁴⁸

GRI 1 used	GRI 1: Foundation 2021			
GRI 2: General disclosures	The organization and its reporting practices			
	GRI 2-1	Organisational details	2.1, 2.7, 2.6	Sava Re
	GRI 2-2	Entities included in the organisation’s sustainability reporting	2.5, 2.6, 2.7, 14, 17.2	Sava Insurance Group
	GRI 2-3	Reporting period, frequency and contact point	2.1, 14	Sava Insurance Group
	GRI 2-4	Restatements of information	14	Sava Insurance Group. The report does not include corrected statements.
	GRI 2-5	External assurance	14	/
	Activities and workers			
	GRI 2-6	Activities, value chain and other business relationships	2.5, 2.7, 2.8, 7, 16.2, 14, 13.4, 2.8	Sava Insurance Group
	GRI 2-7	Employees	10, 10.3.1	Sava Insurance Group
	Governance			
	GRI 2-9	Governance structure and composition	2.7, 5.3, 10.3.5	Sava Insurance Group
	GRI 2-10	Nomination and selection of the highest governance body	4	Sava Re
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	14	Sava Insurance Group
	GRI 2-13	Delegation of responsibility for managing impacts	14	Sava Insurance Group
	GRI 2-14	Role of the highest governance body in overseeing the management of impacts	14	Sava Insurance Group
	GRI 2-15	Conflicts of interest	14	Sava Insurance Group
	GRI 2-17	Collective knowledge of the highest governance body	14	
	GRI 2-18	Evaluation of the performance of the highest governance body	14	Sava Insurance Group
	GRI 2-19	Remuneration policies	5.2.2, 5.3.1,	Sava Re
	GRI 2-20	Process to determine remuneration	5.2.2, 5.3.1,	Sava Re
	Strategy, policies and practices			
	GRI 2-22	Statement on sustainable development strategy	1	Sava Re



GRI 1 used		GRI 1: Foundation 2021		
	GRI 2-23	Policy commitments	5, 6.1, 14	Sava Insurance Group
	GRI 2-27	Compliance with laws and regulations	14	Sava Insurance Group
	GRI 2-28	Membership associations	14.5.5	Sava Re
	GRI 2-29	Approach to stakeholder engagement	3.3, 14	Sava Insurance Group
	GRI 2-30	Collective bargaining agreements	10.3.1	Sava Insurance Group
	Stakeholder engagement			
	GRI 2-29	Approach to stakeholder engagement	3-1, 14	Sava Insurance Group
	GRI 2-30	Collective bargaining agreements	10	
GRI 3: Material Topics 2021		Disclosures on material topics		
	GRI 3-3	Management of material topics	5.4, 5.7, 6.4, 10.1, 10.2, 10.4, 10.5, 11, 14, 17.7,	Sava Insurance Group
	GRI 3-1	Process to determine material topics	14	Sava Insurance Group. The materiality matrix has been prepared in cooperation with the stakeholders of the Sava Insurance Group.
	GRI 3-2	List of material topics	14	Sava Insurance Group
ECONOMIC IMPACTS				
GRI 201: Economic performance	GRI 3-3	Management of material topics	5.4, 6.2, 10.1, 10.2, 10.4, 10.5, 14	Sava Insurance Group
	201-01	Direct economic value generated and distributed	14, 6.2	Sava Insurance Group
	201-02	Financial implications and other risks and opportunities due to climate change	8.1.1, 8.2, 14	Sava Insurance Group
	201-03	Defined benefit plan obligations	14	Sava Insurance Group
	201-04	Financial assistance received from government	5.6, 14	Sava Insurance Group
GRI 202: Market presence	GRI 3-3	Management of material topics	14	Sava Insurance Group
	202-02	Proportion of senior management hired from the local community	2.7, 5.3.4	Sava Insurance Group
GRI 203: Indirect economic impacts	GRI 3-3	Management of material topics	14	Sava Insurance Group
	203-01	Infrastructure investments and services supported	14	Sava Insurance Group
	203-02	Major indirect economic impacts	14	Sava Insurance Group



GRI 1 used		GRI 1: Foundation 2021		
GRI 204: Procurement practices	GRI 3-3	Management of material topics	14	Sava Insurance Group
	204-01	Proportion of spending on local suppliers	14	Sava Insurance Group. Proportion not disclosed.
GRI 205: Prevention of corruption	GRI 3-3	Management of material topics	14	Sava Insurance Group
	205-01	Operations assessed for risks related to corruption	14	Sava Insurance Group
	205-03	Confirmed incidents of corruption and actions taken	14	Sava Insurance Group
	207	Tax	14	Sava Insurance Group
ENVIRONMENTAL STANDARDS				
GRI 302: Energy	GRI 3-3	Management of material topics	14	Sava Insurance Group
	302-01	Energy consumption within the organisation	14	Sava Insurance Group
GRI 305: Emissions	GRI 3-3	Management of material topics	14	Sava Insurance Group
	305-01	direct GHG emissions	14	Sava Insurance Group
	305-02	indirect GHG emissions	14	Sava Insurance Group
	305-03	other indirect GHG emissions	14	Sava Insurance Group
GRI 306: Effluents and waste	GRI 3-3	Management of material topics	14	Sava Insurance Group
	306-02	Waste by type and disposal method	14	Sava Insurance Group
GRI 308: Supplier environmental assessment	GRI 3-3	Management of material topics	14	Sava Insurance Group
	308-01	New suppliers that were screened using environmental criteria	14	Sava Re. Proportion not disclosed.
SOCIAL IMPACTS				
GRI 401: Recruitment	GRI 3-3	Management of material topics	10, 20.3	Sava Insurance Group
	401-01	Employment and fluctuation	10	Sava Insurance Group
GRI 403: Health and safety at work	GRI 3-3	Management of material topics	10, 20.3	Sava Insurance Group
	403-02	Lost days	10.3.1	Sava Insurance Group
GRI 404: Education and training	GRI 3-3	Management of material topics	10	Sava Insurance Group
	404-01	Average hours of training per year per employee	10.4	Sava Insurance Group



GRI 1 used	GRI 1: Foundation 2021			
	404-03	Percentage of employees receiving regular performance and career development reviews	10.5.1	Sava Insurance Group
GRI 405: Diversity and equal opportunities	GRI 3-3	Management of material topics	10	Sava Insurance Group
	405-01	Diversity of governance bodies and employees	5.3.1, 10.3.1, 14	Sava Insurance Group
	405-02	Basic salary factor of women is the same as that of men in all employee categories	10.3.1	Sava Re
GRI 412: Human rights assessment	GRI 3-3	Management of material topics	10, 14	Sava Insurance Group
	412-03	Contracts and agreements that include provisions concerning the protection of human rights or have been subject to a human rights review	10, 14	Sava Insurance Group
GRI 414: Local communities	GRI 3-3	Management of material topics	14	Sava Insurance Group
	413-01	Operations with local community engagement, impact assessments, and development programs	14	Sava Insurance Group
GRI 414: Assessment of supplier in terms of impact on society	GRI 3-3	Management of material topics	14	Sava Insurance Group
	414-01	New suppliers that were screened using social criteria	14	Sava Insurance Group
GRI 417: Marketing and labelling	GRI 3-3	Management of material topics	14	Sava Insurance Group
	417-01	Requirements for product and service information and labelling	14	Sava Insurance Group
GRI 419: Compliance	GRI 3-3	Management of material topics	14	Sava Insurance Group
	GRI 2-27	Compliance with laws and regulations	14	Sava Insurance Group



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